

The Future Role of the Third Sector in Social and Economic Regeneration- Interim Report

This review is part of the 2007 Comprehensive Spending Review (2007 CSR), which will set departmental spending plans and priorities for the years 2008-09, 2009-10, 2010-11.

The Government defines the third sector as non-governmental organisations which are value driven and which principally re-invest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

After the first phase of consultation and response from the sector, the second stage of the review will focus on five themes;

- **Voice and campaigning**
- **Communities**
- **Public Services**
- **Social enterprise**
- **A healthy third sector**

Firm Foundations

The Home Office Civil Renewal Unit launched *Firm Foundations - The Government's Framework for Community Capacity Building* at a conference on 8 December 2004.

The result of a two year review and consultation process, *Firm Foundations* sets out a broad framework for pursuing the Government's ambitions for civil renewal. It sets out a community development approach to strengthening the Community Sector

The document defines community capacity building as:

"Activities, resources and support that strengthen the skills, abilities and confidence of people and community groups to take effective action and leading roles in the development of their communities".

Building on the measures set out in the Local Government White Paper, and the principles of Firm Foundations and to support the outcomes of the Quirk review, the Government will establish a Community Assets Fund of £30 million to make it easier for communities and community groups to take on the management or ownership of assets. The fund will offer capital for the

refurbishment of assets that will be transferred to community management or ownership.

For **2007-2008** The Department for Communities and Local Government (DCLG) will allocate an extra £6.5 million within the Safer Stronger Communities block of LAA's. Those local authorities in receipt of the SSC – NE will get an additional £65,000 on top of their existing £516,000 allocation for 2007-2008.

DCLG will be encouraging Local Authorities and their partners to use the funding to build the capacity of local community groups, especially those operating at the neighbourhood level, and to help strengthen the voice of the third sector and local people in the design and delivery of LAA's. **This includes supporting Community Empowerment Networks.**

- **Enabling Voice and Campaigning**

The third sector is also taking an increasing role in public service delivery, which it can use to empower users and inform campaigns. One of the significant skill sets the sector brings to service delivery is its knowledge and experience of engaging users in the services it delivers.

An additional benefit of this user engagement is the extent to which it empowers those citizens, increasing their confidence, skills and ability to influence their surroundings. Public service delivery should not restrict the sector's ability to campaign and advocate on behalf of its members.

A compact was established in 1998 which sets out an agreement between the third sector and Government to promote an effective relationship for mutual benefit. The appointment of the Commissioner for the Compact in 2006 and the plans for Compact Plus will seek to strengthen the implementation of these commitments

The Local Government White Paper published in October 2006 seeks to make the best of local partnership working the norm everywhere, ensuring that there is high quality third sector representation and engagement at a local level to support local government's 'place-shaping' role.

It states that 'where the sector seeks to represent localities, and in particular vulnerable and underrepresented groups, the sector should work in partnership with frontline councillors' and says that Government 'will empower the sector and build capacity, alongside other communities of local interest, to provide that voice and accountability'.

To continue the implementation of these policies and strategies in a coherent way, the Commission for Equality and Human Rights (CEHR), will come into being in October 2007, and will work across Government and actively with organisations across the third sector to take this agenda forward.

Enabling and empowering citizens

Take Part is the new national framework for adult citizenship skills, developed from the Active Learning for Active Citizenship pilot programme which aimed to test out different approaches to active citizenship learning. The framework includes principles, case studies, good practice advice and guidance on how to run active learning programmes and is supported by the Take Part Network. Take Part provides the necessary learning opportunities to deliver the principles of Together We Can and Firm Foundations. It will also help to achieve the ambition set out in the Local Government White Paper of informed, empowered citizens at the centre of reform of local services and a new, dynamic and responsive relationship between elected councillors and local residents. For young people, citizenship education in schools provides opportunities to learn about community involvement and political processes.

The Government has commissioned an independent diversity and citizenship review led by Keith Ajegbo. The review has two aims: to promote diversity across the curriculum at all ages; and consider whether to incorporate 'modern British cultural/social history' as a fourth pillar of the secondary citizenship programme. The review will report in December 2006. A second independent review led by Dr. Ataullah Siddiqui will look at how to improve the information about Islam that is available to students in English universities, and increase their understanding of how the teachings of Islam can be put into practice in pluralist contemporary society. Following the publication of the 14-19 Education and Skills White Paper, the Qualifications and Curriculum Authority is also carrying out a review of the curriculum for young people aged 11 to 14, which will report next year.

Third Sector Voices Together (INFRANET ?)

Finally, the consultation has identified a desire among third sector organisations that where they have similar objectives or opinions they should seek to join their voices together in order to more effectively work with Government and campaign for change.

To improve and encourage this exchange the Government is funding a number of key strategic partners at national and regional level to ensure that the views of the sector can make an impact on the development of Government policy toward the sector. At national level, this funding is for a minimum of three years and will enable the Government to develop a more positive and proactive joint approach to the needs and values of the sector than previously.

e.g. The Third Sector Alliance

The Third Sector Alliance (3SA) is the regional network of 225 networks of voluntary and community organisations for London. It was set up in 2000 after extensive consultation across the region identified the need for London's third sector agencies to play a leading role in the development and implementation of regional policy. It aims to channel the views of different groups from the grassroots to policy and decision makers in London. 3SA members benefit from shared expertise, skills and resources. By combining forces, 3SA is developing into a powerful alliance to influence regional agendas, and an effective means for funders and policy makers to engage in London.

Volunteering and Mentoring

In 2005, over 20 million people in England volunteered formally or informally at least once a month, representing half of the adult population and up from just over 18 million people in 2001.

Thirty one per cent of women and 27 per cent of men volunteer formally at least once a month while similar percentages of younger and older people volunteer formally each month (apart from the over 75s where formal volunteering declines more significantly).

Volunteers also form a major part of the third sector workforce. Without volunteers, many third sector organisations (particularly community groups) would struggle to survive. The National Council of Voluntary Organisations (NCVO) estimated that in 2006, formal volunteers equated to double the paid full-time equivalent third sector workforce.

Volunteering policy and practice continue to develop. The Commission on the Future of Volunteering, chaired by Baroness Julia Neuberger, has been established by the England Volunteering Development Council.

Volunteering is one of the six themes of the Government's ChangeUp infrastructure programme and significant investment has been made to support the development of infrastructure at local, regional and national levels.

The 2003 Citizenship Survey suggested that there are around two million mentors and befrienders in England and Wales.

Promoting enterprising solutions (i.eLEGI)

The Government definition of a social enterprise is 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.' Social enterprise represents a different way of doing business.

There are 55,000 social enterprises representing around 5 per cent of all businesses with employees. The combined turnover of these social enterprises is £27 billion with a contribution to GDP estimated to be around £8.4 billion.

Findings from Global Entrepreneurship Monitor highlight that women and certain black and minority ethnic groups are more likely to choose to be social entrepreneurs than conventional entrepreneurs.

Community Development Financial Institutions (CDFIs) are organisations that supply capital and business support to individuals and organisations who are unable to access it from conventional sources such as commercial banks. Support to the CDFI sector has now been devolved to the Regional Development Agencies.

The Government has taken steps to promote the social enterprise sector, notably through supporting the sector to establish the Social Enterprise Coalition, as the voice for social enterprise. The Social Enterprise Action plan,⁵⁵ launched in November 2006, sets out measures to build the evidence and raise awareness of the impact of social enterprise and to promote successful social enterprise models.

Transforming public services

There have been two major landmarks in the developing partnership on public services between the Government and the third sector: the 1998 establishment of the Compact (and in particular for public services the code on funding and procurement) and the 2002 cross-cutting review of the role of the voluntary sector in service delivery, and the subsequent 2004 Spending Review.

- the Welfare Reform Green Paper⁶⁵ committed Government to increasing the role of the third sector in the delivery of welfare to work services, particularly Pathways to Work and the New Deal for Disabled People. The Department for Work and Pensions (DWP) is taking a number of steps to ensure the full involvement of the broadest range of third sector organisations, both in the delivery of existing services and in designing new welfare programmes;
- subject to legislation, from 2008 the Home Office will begin to contest the work of probation services, opening up opportunities for the third and private sectors to play a bigger role in delivering services to offenders;
- the Department of Health (DH) has established a Social Enterprise Fund to support social enterprise in the health sector, and are taking forward the proposals from the Third Sector Commissioning Taskforce to improve commissioning and procurement of health and social care;
- the Department for Education and Skills (DfES) has set out plans to build the involvement of the third sector in services for children and young people,

and established a £3 million fund for 2006-08 to build the capacity of the sector to play a greater strategic and delivery role in children and young people's services;⁶⁷ and

- the Office of the Third Sector has developed an Action Plan for Third Sector

Public Service Delivery. The plan, bringing together the work of Government departments, will help improve commissioning and procurement from the third sector and identifies the opportunities for the third sector to play a greater role.

The 2007 Comprehensive Spending Review (2007 CSR) offers wider opportunities for progress. With 90 per cent of Public Service Agreement targets (PSAs) due to end in the forthcoming spending period, the Government will articulate a smaller set of 'corporate' PSAs in 2007 CSR, focused on the Government's top priority outcomes for the spending period. Measures to strengthen the PSA framework in the 2007 CSR will drive effective joint working across Government, ensure clear accountability for delivery, reduce bureaucracy and build citizen engagement. In line with the commitment in the Local Government White Paper, the total number of indicators impacting on Local Authorities will fall to about 200.

As a further step in the third sector review, the Government will commission research on where the third sector plays an important role in shaping public services, the mechanisms through which they are involved and the resulting improvement in services. The Government will also undertake an analytical study on how the public sector can learn from and spread the third sector's innovative approaches to delivering public services.

The Treasury and Office of the Third Sector will work closely with departments through the next stage of the review to ensure that the commitments set out in the Action Plan are fully embedded in the wider Comprehensive Spending **Review.**

Creating an environment for a healthy third sector

There are a number of essential building blocks needed to create a supportive environment for third sector organisations. Drawing on the issues from the consultation, the Government has identified five critical elements to creating the environment for third sector organisations to thrive:

- creating the right financial base so that viable organisations have access to finance and funding;
- building the capacity needed to enable organisations to work effectively, particularly through supporting skills and infrastructure;
- enabling effective relationships;
- ensuring that regulation is proportionate; and
- gathering and disseminating evidence and best practice.

Key investments such as the Futurebuilders fund and the ChangeUp programme alongside the Compact are working to build an environment where organisations can thrive.

The Charities Act 2006 includes a number of measures to reduce the regulatory burden on charities. For example, the charitable incorporated organisation will be a new legal form specifically for charities. It will enable charities to have the benefits of incorporation without the dual registration and regulation that is currently required of charities in company form. Other measures will particularly help small charities, such as increasing the mandatory registration threshold or giving them freedoms to take certain actions without the need to obtain the approval of the Charity Commission.

The Local Government White Paper set a clear expectation that Local Authorities, where appropriate will pass on three year funding settlements to their partner organisations. Moreover, when Government departments and their agencies receive their 2008-09 to 2010-11 budgets through the 2007 Comprehensive Spending Review (2007 CSR), they will be expected to pass on the flexibility and certainty of that three year funding to third sector organisations that they fund as the norm rather than the exception. The Government is also interested in the case for development of a single source of information on funding and other Government provision of support to the third sector.

Feedback from the consultation demonstrated that high quality infrastructure and business support organisations can play a vital role in building third sector capacity at a local level.

Government support provided through Business Link and the ChangeUp infrastructure programme, should together ensure that the range of third sector organisations can access the type of support they need. The Social Enterprise Action Plan announced additional funding for the Regional Development Agencies to support Business Link, as set out in Chapter 5, and the ChangeUp programme is investing £70 million to 2008.

The Government has also made funding available to promote the development of effective partnerships through the Invest to Save Budget – Inclusive Communities Fund (ISB). Since 1998, the ISB has allocated nearly £100 million to innovative approaches to public service delivery involving the third sector. In response to the early feedback from the consultation, the ninth ISB resource allocation round is focusing on developing genuine partnerships between Local Authorities and third sector organisations to enable more effective delivery of local services. Up to £13.5 million will be allocated to innovative partnership projects that will deliver real benefits to local communities, and foster closer relations between Local Authorities and community organisations. The outcome of ISB Round 9 will be announced during Budget 2007.

CROSS-DEPARTMENTAL MINISTERIAL GROUP

The review is overseen by a cross-departmental ministerial group. The members are:

- Rt. Hon. Hilary Armstrong MP - Social Exclusion Minister and Chancellor of the Duchy of Lancaster
- Ed Miliband MP - Minister for the Third Sector
- Rt. Hon. Dawn Primarolo MP - Paymaster General, HM Treasury
- Vera Baird QC MP - Parliamentary Under-Secretary of State for Constitutional Affairs, Department for Constitutional Affairs
- Parmjit Dhanda MP - Parliamentary Under-Secretary of State, Department for Education and Skills
- Barry Gardiner MP - Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs
- Rt. Hon. Margaret Hodge MBE MP - Minister of State for Industry and the Regions, Department of Trade and Industry
- David Lammy MP - Parliamentary Under-Secretary of State for Culture, Department for Culture, Media and Sport
- Ivan Lewis MP - Parliamentary Under-Secretary of State for Care Services, Department of Health
- Jim Murphy MP - Minister of State for Employment and Welfare Reform, Department for Work and Pensions
- Phil Woolas MP - Minister of State for Local Government, Department for Communities and Local Government.

THE THIRD SECTOR ADVISORY PANEL

The review is advised by a third sector advisory panel, drawn from a range of organisations. The members are:

- Maeve Sherlock - Chair
- Chris Bain - Infrastructure National Partnerships (INP)
- Fran Beckett - Church Urban Fund
- Jonathan Bland - Social Enterprise Coalition (SEC)
- Stephen Bubb - Association of Chief Executives of Voluntary Organisations (ACEVO)
- Jeremy Crook - Black Training and Enterprise Group (BTEG)
- Kevin Curley - National Association for Voluntary and Community Action (NAVCA)
- Stuart Etherington - National Council for Voluntary Organisations (NCVO)
- Anjelica Finnegan - v20 member
- Tom Flood - BTCV
- Olga Heaven - Hibiscus
- Dame Elisabeth Hoodless - CSV
- Bharat Mehta - City Parochial Foundation (CPF)
- Baroness Jill Pitkeathly - Futurebuilders Advisory Panel
- Dr Mohammed Raza - Muslim College

- Sir Jonathan Sacks - Chief Rabbi
- Joe Saxton - Institute of Fundraising
- Stephen Sears - ECT Group
- Dr John Sentamu - Archbishop of York
- Christopher Spence - Volunteering England
- Clare Tickell - NCH
- Steve Wyler - Development Trusts Association (DTA)