Civil Society Strategy: Building a Future that Works for Everyone – A more detailed look

17th August 2018

Last week saw the launch of the Government’s highly anticipated Civil Society Strategy: Building a Future that Works for Everyone. NAVCA welcomes the publication of this Strategy which, in recognising that the VCSE sector sits at the heart of civil society, sets out a range of proposals for support and joint-working between the state and our sector.

Recently, we shared some of the key policy take outs with particular relevance to local infrastructure organisations. The Strategy now in the public domain giving time for reflection and critique of its content, and in this summary, NAVCA sets out a more detailed look at some of the policy implications of the Civil Society Strategy. Of the many positive elements to the Civil Society Strategy, the most important of all is the recognition within it that a strong and independent civil society is vital to a healthy democracy, and that local infrastructure plays a vital role in supporting and encouraging this. Other positive outcomes from the strategy include:

- An aim to give individuals and communities control to take action on their futures and on issues they care about, involving local people in the design and development of services;
- A commitment to reviewing and overhauling commissioning processes. Unlocking alternative sources of funding for the VCSE sector via increased grant-making and dormant accounts;
- Encouraging collaborative commissioning, to give local players meaningful involvement in the way that public services are created and delivered;
- An extension of the principles of the Social Value Act across all aspects of public sector commissioning of goods and services.
- Renewed commitment to the Voluntary Sector Compact, an emphasis on involving VCSE Organisations in policy-making and a pledge to work on the right of charities to campaign.

At NAVCA, we feel the strategy is a step in the right direction to strengthening civil society, yet does not go quite far enough. In the following sections of this paper, we outline NAVCA’s key policy asks of government and highlight where they have been included or omitted from the Strategy. We also look at a handful of proposals from the Strategy, highlight their implications for local infrastructure and where the gaps exist.
NAVCA’s Key Policy Asks to Government for Local Infrastructure

In spring 2018 we carried out a series of roundtable events to consult NAVCA members on the content of the Civil Society Strategy, and to formulate a submission back to Government on behalf of our sector; We are pleased to see that many of the policy priorities that we outlined for local infrastructure have been incorporated into the Civil Society Strategy. The table below outlines the key asks and how these have been included or omitted from the Strategy.

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<tr>
<th>NAVCA Policy Ask</th>
<th>Inclusion in the Civil Society Strategy</th>
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<td>To increase creative, innovative and sustainable partnerships between the VCS and statutory partners at local level: For Government to actively work with relevant national infrastructure bodies to develop understanding amongst policy leads and others within government around the very different context of small, local charities and voluntary organisations</td>
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<td>Strengthen the relationship between the VCS and Government by developing terms of reference along the same lines as the Compact</td>
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<td>Facilitating closer cross-sector relationships between the VCSE, statutory sector and business.</td>
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<td>Review, and commit to improving public sector commissioning processes. Incorporate co-production and heavier emphasis on the Social Value Act in commissioning.</td>
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<td>Continuing development of new/alternative funding models</td>
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<td>Increased involvement of people and communities in strategic decision-making on devolution via increased representation of the VCSE within new leadership structures.</td>
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<td>Joint-working to facilitate public service transformation. More local level decision-making on spending powers and budget management</td>
<td>✓</td>
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<td>Revitalise grant making as part of the funding mix for the VCSE sector.</td>
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<td>Recognise and acknowledge the value in resourcing the infrastructure that supports the local VCS.</td>
<td>✓</td>
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<tr>
<td>Government to address issues and model improvements to public sector procurement processes, and model improvements in other parts of the public sector procurement environment. Increased and improved use of the Social Value Act.</td>
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Policy Implications – Our Analysis

Strengthening Local Infrastructure

- NAVCA outlined to government the importance and value of the local infrastructure in ensuring a thriving voluntary sector ecosystem, and strong local communities. The strategy makes explicit reference to the important role of local infrastructure in strengthening civil society by supporting and representing VCSE groups, and it’s very encouraging to see clear acknowledgement from Government that operational and strategic support such as networking, information and advice, knowledge and skills and collaboration are as vital to the survival of VCSE organisations as they are to commercial business.

Government Response & What This Means for Local Infrastructure

It’s very positive that the Strategy makes direct reference to local infrastructure, and to the importance of its role in ensuring a healthy and sustainable VCSE sector. This recognition of local infrastructure has been noticeably lacking in past national policy and strategy – we welcome it as a commitment from Government to listening to our sector and centrally embedding these views in future policy and delivery.

One area of slight concern is Government’s reference to alternative models of support for VCSE organisations. We recognise that in a changing world the ability to respond flexibly and innovatively to local circumstances is key to the effectiveness of local infrastructure. We also know and can evidence across our membership that existing local infrastructure bodies are highly adaptive and innovative, whilst maintaining the core values that have underpinned local infrastructure throughout its history.

We are very open to discussions around innovation, collaboration and alternative ways of delivering local sector support and we look forward to playing a leading role in developing those discussions, but we strongly stress to Government that local infrastructure already leads the way in offering the best support to local voluntary and community groups, responding to local context and local need. We will argue that support for existing local infrastructure to provide consistently good support is of greater and more sustainable value than investing in untried or unsustainable alternative models of sector support and development.

- We highlighted the impact that declining resources have had on the provision of infrastructure support, with austerity measures leading to severe cuts in funding and compromising much needed support for the most vulnerable groups and disadvantaged communities. The Strategy does not make explicit reference to the political and financial landscape that local infrastructure has had to negotiate and adapt to, but it does express a commitment to developing a sector-led approach to further strengthening infrastructure support, and this is key to ensuring the VCSE sector is able to thrive and to meet the needs of local communities.

- Interestingly, whilst government makes a clear commitment to engage with and support our sector, details on where practical and financial resources will come from are missing.
Commissioning Processes

- NAVCA called for changes to the way commissioning and contracts currently work. We highlighted that current models of commissioning and procurement are damaging the voluntary sector and harming the relationship between the voluntary sector and statutory commissioners. We outlined that commissioning processes can be murky and at times often be prohibitive for small local VCSE organisations, forcing some to move away from bidding for contracts altogether. We also highlighted the need for more emphasis on the Social Value Act in competitive tendering.

- We told Government that marketized service delivery has moved VCSE organisations into a difficult space where they’re often forced to become subcontractors to the public sector and left competing with the private sector (and sometimes each other).

Government Response & What This Means for Local Infrastructure

The Strategy sets out a range of proposals to address current problems in commissioning and contracting. Government intends to use the Crown Representative for the VCSE sector to run an awareness campaign to encourage use of Contracts Finder and Mystery Shopper services to promote early engagement and co-design. The Strategy also sets out an intention for the Crown Representative to hold statutory organisations to account for poor practice in commissioning and contracting. This signals an intention to bring increased transparency and accountability into commissioning. NAVCA welcomes this move and in the coming months but would like to see cross-sector discussions between Government, VCSE and local statutory stakeholders to determine how new accountability processes would work in practice. We would also encourage Government to engage with the VCSE sector to help inform its exploration into commissioning and social purpose.

The Strategy also outlines increased and improved use of the Social Value Act, which will be applied to all public sector spending and decision-making, alongside a duty to account for social value in all procurements rather than simply consider it.

The proposals set out by Government on contracting and commissioning are steps in the right direction, however, the Strategy lacks detail on what Government can do to protect VCSE providers and local communities in the face of system failure. We have seen the hugely detrimental impact of this Northamptonshire, where financial and management failures by the County
NAVCA made a call to Government to make a genuine commitment to incorporating co-design and co-delivery into commissioning.

**Government Response & What This Means for Local Infrastructure**

We are pleased to see Government’s intention to encourage collaborative commissioning; a framework for future for joint working across sectors and with communities to improve the way that services are funded, created and delivered. Government announces it aims to do this by encouraging the national roll-out of Citizen Commissioners, where local people will be given support to make commissioning decisions on behalf of their communities. It also briefly mentions plans to include civil society representation on the Cabinet Office’s Strategic Supplier Group for public sector commissioning, as well as plans to explore how to support social and community-led organisations to form mutuals to deliver public services. Its strong co-production element makes the roll-out of Citizen Commissioners a potentially effective way of ensuring that services are more sustainable, responsive and closely tailored to the needs of the local communities they are intended to support. The scheme will need to ensure, however that it gives a real voice and power to local people and communities and does not simply pay lip-service.

The Strategy does not outline exactly how the scheme would work or any meaningful detail on how the Citizen Commissioner initiative would be rolled out at local level. **We feel that there is a lead role for local infrastructure organisations to advise local and central government on how this could be best done. This would be particularly fitting given local infrastructure organisations’ expert knowledge of the communities they work in and their expertise in acting as a bridge between communities and the statutory sector.**

**Diversified Funding & Increased Grant-making**

- NAVCA have outlined to Government the need for sustainable, accessible, and diversified funding sources for local infrastructure organisations and the wider VCSE sector. We also highlighted the essential role of grants as a mechanism for funding VCSE groups and called for an increase in grant-making.

**Government Response & What This Means for Local Infrastructure**

Based on our ask of Government, it’s encouraging to see the Strategy announce plans to revive and increase grant-making, through “Grants 2.0” and the plan to
introduce the Grants Functional Standard to support this, which will set out minimum grant standards for general grants. Grants are in many ways a more flexible source of funding than contracts as they provide beneficiaries with a say over design and delivery outcomes.

However, there is a lack of detail on the content and proposed implementation of Grants 2.0. Alongside this, NAVCA, with other VCSE colleagues, has some concerns about the rationale for introducing a new approach to grant-making, which is positioned by Government as combining “flexibility with the accountability and performance rigour of a contract”. Recognition is needed within Government that grants and contracts are distinct. Grants 2.0 needs a clear set of operating principles to ensure that future grant funding does not morph into a hybridised version of contracts.

- NAVCA also called on Government to encourage the development of new/alternative funding models alongside the reinvigoration of grant-making.

### Government Response & What This Means for Local Infrastructure

Government announced the its intention to develop new models of community funding, bringing together “social impact investment with philanthropic funding, crowdfunding, community shares and corporate investment to create substantial place-based investment programmes”, to be funded by unlocking around £35 million from dormant accounts (administered by Big Society Capital and Access - The Foundation for Social Investment). Whilst this is welcomed, we feel the use of dormant assets doesn’t go far enough, since Government has access to an estimated £2bn in dormant assets which could be unlocked to make a far more significant difference if committed to local communities.

We also urge Government to ensure that proposed funding models such as social impact investment, crowdfunding, community shares and corporate investment are subject to effective evaluation and thorough consultation with local infrastructure organisations to identify any unforeseen consequences for VCSE organisations and their beneficiaries and before being widely promoted as ‘the answer to all VCSE funding problems’.

### Co-Production & Relationships

- NAVCA highlighted that small, local VCSE organisations are often undervalued by their state partners – not just financially, but in terms of trust and understanding of their role and we highlighted the need for development of a new VCSE Compact.

#### Government Response & What This Means for Local Infrastructure

We are pleased to see that Government now proposes to renew its commitment to the principles of the Compact. This demonstrates an intention to improve and reinvigorate the relationship between the statutory sector and voluntary sector. We encourage Government to ensure that the new Compact is a living document that is practically embedded into the relationship with the VCSE sector as opposed to a set of well-intentioned, but infrequently
VCSE organisations recognise the value of developing relationships between private sector businesses and the voluntary sector, however this relationship is lacking due to an inherent lack of understanding in the private sector about what the voluntary sector does and about how partnerships can work effectively. NAVCA highlighted that significant work is needed to remedy this, to break down barriers of perception on both sides; and to enable the exchange of strategic and operational skills between the two sectors.

**Government Response & What This Means for Local Infrastructure**

The Strategy refers to the Inclusive Economy Partnership (IEP), which has been running since August 2017, and fosters cross-sector partnerships between business and civil society leaders to address challenging social problems. The government will publish an update on next steps for the Inclusive Economy Partnership by the end of 2018. We would welcome continuation of work of the IEP. Initiatives such as the IEP could be boosted if relationships between the private sector and VCSE were supported and strengthened. The IEP is a national initiative which involves big business. It is disappointing to see the Strategy currently lacks detail or vision on how Government would help to facilitate and increased partnership working between SMEs and the VCSE sector at local level.

**Devolution**

Through our previous work on devolution with Locality, and through this Strategy’s consultation process, NAVCA has flagged to Government that opportunities have been missed to meaningfully involve people and communities in local devolution. We have made calls for increased representation of the VCSE sector in new leadership structures to give local people a strong voice through their voluntary and community groups on local decision-making, spending and budgets, and public service transformation.

**Government Response & What This Means for Local Infrastructure**

Government has stated that working with the National Association of Local Councils and “others” it will explore the option for local ‘charters’ local government and community group, which would be designed to allow more cross sector commissioning and service co-delivery. The introduction of local charters would be a positive move which would support the design and delivery of services targeted and designed to meet the needs of individual communities. It's
NAVCA’s Conclusions on the Civil Society Strategy

NAVCA see the Civil Society Strategy as an **opportunity to re-set the relationship between the state and the population.** Whilst there are omissions and future policy gaps, many of the pledges and principles set out in the Strategy are extremely positive: We are delighted to see the government recognise the value of local infrastructure, and that it has set out that the VCSE sector should play a strong role in designing services and shaping policy. Proposed changes to funding and commissioning will be a huge step forward, and the intention to give people more control over the future of the communities they live in, with user-led, community-led services is also very encouraging indeed.

Having said that, it's also clear that details are sparse on how the Strategy will be practically implemented, on timescales for action and on what resources will be used to do this.

We feel that the Strategy needs to be part of a process of long-term change that happens and the real challenge for Government starts now with how it will work with local infrastructure and the wider VCSE sector to practically enact the Strategy’s principles.

disappointing though that the Strategy’s vision for VCSE groups in devolution appears to stop at service delivery and there is no content around a future for our sector in decision making and community engagement on devolution. Devolution should not continue to be remote and abstract from the valuable work that VCSE organisation deliver at grassroots level.