NCIA in Parliament in June 2015:
'Cuts, Co-options and Trojan Horses – Voluntary Groups Against a Conservative Government'

John McDonnell said in February 2014 that it was 'time for the people's Parliament'. He pointed to the poor level of debate of during the 2015 election debate and in response 'we are opening up parliament's rooms for truly public debate… There are meeting rooms in parliament. Let's use them and bring some real politics to the place.' [1]

NCIA's contribution to the People's Parliament was *'Cuts, Co-options and Trojan Horses – Voluntary Groups Against a Conservative Government'* – a debate which took place in Committee Room 9 at the House of Commons on Tuesday 30th June. Andy Benson commented that it was: 'A chance to press our case for radical voluntary action. This, we hope, is a chance to tell Labour MPs and Peers what has been happening to voluntary groups and what needs to happen to put things right.' [2]

Four speakers from different parts of the voluntary sector presented their evidence: Les Huckfield (ex-Labour MP and freelance consultant), James Lazou (Research Officer, Unite the Union), Elizabeth Bayliss (recently retired CEO of Social Action for Health), and Maurice Wren (CEO, Refugee Council. The meeting was chaired by Andy Benson (Co-Convenor NCIA). John McDonnell added perceptive and supportive points at the end and a number of us put in questions or reflections from the floor.

Thanks to Les Huckfield, Andy Benson and James Lazou and NCIA supporters for leading on the organisation of the event. Over 30 people attended.

Notes by Mike Aiken

Short summary of the main speeches

Andy Benson of NCIA opened the meeting by thanking John McDonnell for the opportunity to debate these important issues within the walls of the House of Commons. NCIA was never established as a lobby group; rather we have seen our purpose as ringing an alarm bell within the voluntary and community sector about the damage being done to independent voluntary action by progressive co-option into state and private sector agendas. Over the 10 years of NCIA's existence these changes have had catastrophic effects on the ability of voluntary action to play its proper role within civil society. And the response of the 'voluntary sector' and most especially its 'leadership' has been supine and complicit. The result has been that large swathes of the sector now find themselves in a cul-de-sac of their own making and with little appetite (or indeed competence) to back their way out. Given the circumstances now surrounding voluntary services groups in particular, NCIA has decided to close in order to make room for the new forms of opposition and resistance that are now needed. This meeting was, therefore, an opportunity to present a 'last word' inside an institution that could, if it wished, finally listen to a different narrative that has been ignored for too long.

Les Huckfield, himself a former Labour MP, began by discussing social enterprise and the situation in Scotland. He pointed out that the contracting experiences in many parts of England had not yet arrived north of the border and the government there still supports and pays for infrastructure organisations. *'We want to keep the English agenda out of Scotland'* he argued. He spoke of the complacency of major third sector infrastructure organisations in England including ACEVO, Social Enterprise UK, NAVCA and others which in relation to contracting and outsourcing of public services had *'hardly ever opposed the shift.'*

There had been a reduction in overall funding for the voluntary sector but what was also important was the shift in co-ordination from public to private or voluntary sectors *and* staff cuts with reductions to service conditions. The transfer of criminal justice rehabilitation services provided one of many examples, with the privatisation process of the probation service. Rather than oppose this, the response has been that *'NCVO and ACEVO are training their members to get involved in this.'* In one organisation in Northants, 4,000 staff are being reduced to 200 with the remainder contracted out. *'The way that outsourcing saves money'*, Les Huckfield argued, *'is by organisations that win bids operating staff teams with low wages and zero hour contracts with no sick pay or holiday entitlements.'*

'Social investment' bonds provides another insidious mechanism whereby when organisations in receipt of outsourced funds meet given outcomes there will be a financial return. So, for example, *'performance against a target such as "no admissions to hospital" will mean private investors have an incentive to, and gain from, people dying at home rather than in hospital.'*

The Newcastle CCG's 'ways to wellness' scheme in 2015 encourages people to meet a link worker and Les Huckfield pointed out *'if they help a patient stop smoking a private investor gets a return on their "social investment".'* Similarly he argues that the £20m social outcomes fund of the Big Lottery means that *'Big Lottery are paying out to investors returns for social impact bonds with the overall long term implication here being that only things that can be measured will be funded.'*

Other developments of concern for the voluntary sector are initiatives, such as those by the British Council, to replace grants with loans. Again, the implication is, Les argued, that *'social outcomes that can't easily be measured will be harder to fund.'* It is against this background that Les Huckfield's analysis is that *'organisations such as ACEVO have supported welfare reform…and third sector infrastructure organisations then agreed to the social investment market if they could have a social investment bank.'*

Maurice Wren from the Refugee Council (though speaking in a private capacity) said that the NCIA had provided him with a useful corrective to the systemic pressure on NGOs to forgo dissent and focus more on client throughput than outcomes. The argument that the surpluses generated by taking Government or other statutory funding can pay for campaigning, advocacy or policy work that is much harder to fund, was persuasive. What is not always appreciated is that the extent to which the work required to service and sustain statutory funds, which invariably become a key element of the NGO funding mix, not only saps vital energy from organisations with limited capacity, but also fosters a risk averse culture, albeit often subconsciously. These are powerful and insidious pressures and, though not a fan of ACEVO, he thought the organisation more naïve than venal in buying in to the fiction that an empathetic, client-centric, ethos can survive being co-opted as a delivery vehicle for public services.

Maurice argued that this was not a question of preserving the voluntary sector at all costs. In the asylum and refugee movement, for example, for-profit organisations are often just as important in upholding rights-based approaches and in contributing to movement building as are NGOs.

What is at threat is not a ‘voluntary ethos’, but a broader sense of solidarity and empathy that transcends the private and the public. He cited the resistance of licensed taxi drivers - a group rarely known for its progressive attitudes – to the threat of deregulation. Their determination to fight is borne not only of the determination to defend their individual businesses and livelihoods, but also of their sense of solidarity that’s rooted in their professionalism and in the rules and standards of customer care to which they adhere as LTDA members.

He was clear that the needs and interests of service users must be the starting point for designing services and systems, for devising funding strategies and developing monitoring and evaluation frameworks. Instead, what we are experiencing is the systematic undermining of empathy and solidarity.

Maurice cited an example from his experience which illustrates how funders increasingly drive NGO behaviour. When the grant funding for an independent advice service to a highly marginalised group was re-tendered, the money stayed the same, despite a demonstrable increase in demand. The commissioners wanted one lead provider, instead of the previous consortium – to which no objection was raised – but the efficiencies required in order to meet the increased demand could only mean an expansion of phone and IT based service provision at the expense of face-to-face work, further marginalising many in the client group. Financial penalties were introduced into the funding agreement for underperformance and any advocacy undertaken on the basis of individual cases or broader data trends was explicitly ruled out. In the event, the funding went to a different NGO that had a strong public service commitment, but no experience of, or interest in, advocacy. As the client/provider interaction became more impersonal, affecting the quality and reputation of the service, tensions began to emerge between the new provider and its peer NGOs.

James Lazou discussed the way voluntary organisation’s staff are being affected by the new culture emerging in the sector. He pointed out that *‘Trade unions, like Unite are some of the largest voluntary sector organisations, having arisen from a history of mutual aid and solidarity.’* Trade unions rely on large networks of dedicated volunteer shop stewards in workplaces. *‘One of the important things that Trade Union’s do is that we advocate.’* Sadly that advocacy role is under heavy attack by new national (anti) strike laws and attacks on the union’s political funds. The former is designed to restrict power and influence in the workplace while the latter is an attack on wider political and advocacy work, for example, support for Anti-Fascist campaigns or defending the NHS. James pointed out that Unite is the biggest voluntary and community sector trade union too with over 60% of voluntary sector workers in trade unions being members of Unite.

James said that Unite members are strongly concerned about the change in culture in the sector, with over 80% of respondents surveyed saying they were afraid to speak out about issues in their organisation. James then gave examples of recent disputes within the sector in which Unite had been involved. Voluntary organisations working in the social care sector, for example, are being forced to compete to undercut each other to win contracts from the public sector, but when they get the contract they cannot afford to run the service and start attacking staff terms and conditions.

At the same time many are increasing pay for senior figures. This is driving a race to the bottom. Examples of disputes involving Unite has included the campaign in Turning Point to prevent thousands of staff being put on zero hours contracts. James highlighted strikes and disputes with St Mungo's Broadway, several arts organisations, at WEA, Shelter and Amnesty International. In all these cases Unite members won a better deal and fought off draconian changes to their organisations structure or terms and conditions. James said *'while the sector's culture is changing, workers in the voluntary sector don't have to take those changes lying down. If they are unhappy about what their organisation is doing they are able to resist. By organising, staying united and working together they can win!'*

Elizabeth Bayliss had been involved in grassroots social action since the 1970s. She encouraged us to *'listen to what is going on in communities…for people to share, learn and to take active part in public life.'* All people are interested in their health so SAfH started the conversation there, talking explicitly about health inequalities: some communities are less healthy than others, why is this? SAfH asks. For example, there is a high prevalence of hypertension amongst African Caribbean men, heart disease in the Bengali community. People make the connection for themselves between health and the social determinants, like overcrowding in housing and unemployment.

Listening to thousands of people, SAfH hears the same fears expressed: *'...that they might never work again, that the benefits system will excluded them, that the NHS is going to collapse and that the government does not care.'*
She found that *'people are frightened'* but keen for opportunities to socialise cross culturally. Through social events around health and wellbeing, SAfH brings people together and this is the warp and weft of living democracy. People thrive in active collaborations. In one area the biggest health issue for Bengali women was the lack of an open park *'... they all lived in flats and the park was the only place for the kids to run and play so a group got together to work on getting the park open'*. SAfH supported them to sustain their initiative and gather support. The resources needed for groups to come together are relational, encouraging conversation and reflection to build awareness so that people learn by direct action that taking agency enhances life. SAfH is aware of the danger of turning people into tick boxes for funding purposes and by focussing *'on putting the community first and working from their needs'*, agency is built and power shifts into the community. This suggests that if the intention is developmental in working with communities, great care has to be taken to avoid turning communities into commodities rather than self defining local people collaborating.

Questions from the floor included observations that we were seeing the de-factor privatisation of the voluntary sector, there was a narrative victory for the value of markets and social investment into the social sphere, and there was a reduction in advocacy for disadvantaged communities as key voluntary sector organisations had become part of the business world.

References and additional notes

[1] 'Let's establish a People's Parliament' on John McDonnell's blog February 11th 2015 (http://www.john-mcdonnell.net/peoples_parliament_events) and in an article published in the Guardian's 'Comment is Free section' on February 11th 2014.
[2] 'Cuts, Co-options and Trojan Horses – Voluntary Groups Against a Conservative Government' NCIA 2 page briefing for People's Parliament on Tuesday 30 June 2015 5.30pm- 8.30pm in Committee Room 9, House of Commons.
[3] A fuller list of references for this speech are available from Les Huckfield. Huckfield, L. (2015) Headlines from his research into 'Cuts and Co-options' indicates:

- Northamptonshire County Council – all of services contracted out to mutuals and social enterprises. Initial Adult Care CIC involving NHS Foundation Trust, University of Northampton and County Council. Staffing reduced from 4000 to around 200.

- **Mutuals Supply Pipeline – Cabinet Office website - Supported by Coops UK and Coop Group** Mostly Labour Controlled Councils – Probation Trusts. 70 contracts: Mutual Ventures - £1.1mn**;** Bates, Wells and Braithwaite - £431,000**;** Anthony Collins - £338,000**;** Stepping Out - £265,000 – Craig Dearden Phillips

- **End of Life Coordination at Sandwell and West Birmingham** Tender Notice for End of Life Care Coordination Hub and Urgent Response Team services through social investment for Sandwell and West Birmingham CCG. Tender Notice June 30 2014: *"Social investors are therefore being sought to invest in the services and pay the provider to deliver them. The investor would carry the financial risk should the outcomes not be met. Where the outcomes are met then the investor would receive a varying return on their investment. Outcomes and payment metrics: The key outcomes that the services will be measured against are: a) an increase in the number of patient dying in usual place of residence; and b) fewer emergency hospital admissions. Payments to the investor will be determined by performance against these outcomes. The investment needed is estimated to be the region of £1mn per year for the [3 year] life of the services contract. In addition funding, to support delivery of outcomes, will be made available by the CCG and through Big Lottery Fund Funding".*

- **Newcastle Ways to Wellness – Social Impact Bond for Difficult Patients** Newcastle Gateshead CCG - March 27 2015. Patient Referrals start on April 07 2015: *"developed an innovative programme based on the concept of 'social prescribing' – the use of non-medical interventions to achieve sustained lifestyle change and improved self-care among people with long-term health conditions ….. approximately 11,000 people living in the west of Newcastle. The Ways to Wellness programme will be funded by a social impact bond commissioned by the NHS Newcastle West Clinical Commissioning Group (NWCCG), Big Lottery Fund's Commissioning Better Outcomes and the Cabinet Office's Social Outcomes Fund. Through the Commissioning Better Outcomes scheme, the Big Lottery Fund will pay up to £2 million in outcomes payments and the Cabinet Office's Social Outcomes Fund will support Ways to Wellness with up to £1 million in payments. "Patients will be referred directly onto the programme by their GP and will remain on it for an average of 21 months, supported at all times by a dedicated 'Link worker'. The aim is to enhance their ability to manage their illness, through healthier behaviours, increased community participation, and better access to specialist health services, supplementing the support they get from their healthcare professional.*

- **Commissioning Better Outcomes - £40mn. Cabinet Office Social Outcomes Fund £20mn** Guidance from BIG; Outcomes payments *"There is no minimum or maximum funding available for each SIB but we expect the average amount of funding to be around £1 million. We will only contribute a minority proportion of outcomes payments, and expect the average contribution to be around 20 per cent of the total outcomes payments".* Is using Lottery funding to pay investors legal under National Lottery Act 2006?

- **British Council on measurement** *What will Social Enterprise look like in Europe by 2020?* says on page 4: *"And as the funding pendulum swings away from grants towards loans and* *venture capital, priorities start to be assessed based on which social outcomes can be profitable, monetised or marketised. Social issues where it's difficult to put a financial value on the outcomes will become much harder to fund".* And concludes on page 7: *"There may well not be a recognisable 'Social Enterprise sector' by 2020. Certainly any attempts to confine social enterprise to specific legal structures or models of governance will have ceased".*

- **Where did all this come from? From New Labour** The February 2015 OECD report Social Impact Investment – Building the Evidence Base described 'Social Impact Investment' as: *"the provision of finance to organisations addressing social needs with the explicit expectation of a measurable social, as well as financial, return".*

  - Sir Ronald Cohen's Social Investment Task Force: "Social Investment: Ten Years On". Chapter Five says: (Cohen, Social Investment Task Force 2010) *"If 5% of the £86.1bn estimated to be invested in ISAs (Individual Savings Accounts) were also directed to Social Investment, this would generate a flow of an additional £4.3bn. Taken together, these four sources – philanthropic foundations, institutionally managed assets, grant funding and individual savings accounts – could generate* ***£14.2bn for Social Investment".***
  - Coalition Government's Cabinet Office White Paper, February 2011 "Growing the Social Investment Market" in Chapter Two simply echoes this: (Cabinet Office 2011) *"But the opportunity is large. UK charitable investment and endowment assets alone account for nearly £95bn. If just 5% of these assets, 0.5% of institutionally managed assets and 5% of retail investments in UK ISAs were attracted to Social Investment, that would unlock around* ***£10bn of new finance capacity."***

- **But always encouraged by supine Third Sector Organisations – Knighthoods and CBEs**: 1978 Wolfenden – NCVO – Management Consultancy Unit under Charles Handy, Management Guru; Nick Deakin's Commission in 1996 – funded by NCVO – recommended Compact between Voluntary Sector and Government as basis for contacts; ACEVO Task Force 2009 following Freud's Welfare to Work – OK as long as we have "Big Society Bank". Recommended Social Investment Bank.
  - Friday 19 October 2012 Letter to Sajid Javid, Economic Secretary to the Treasury – signed by all major third sector infrastructure organisations *"We therefore ask Ministers to give special consideration to the important work that our sector, and particularly advice services, can play in relation to welfare reforms and preparing for their impact".*
  - There is the continuing role of Stephen Bubb at ACEVO.

- **Only criticism of this litany of Tame Complicity has been Independence Panel for the Voluntary Sector 2013 Report suggested joint Judicial Review.**
  (p43)"We also believe that infrastructure bodies could do even more than just question practices that threaten the independence of the sector – for example by launching judicial reviews of contractual terms which reduce independence".
  Independence Panel 2015 Report
  p14)"As one of our members, Professor Nicholas Deakin puts it, 'The voluntary sector risks declining over the next ten years into a mere instrument of a shrunken state, voiceless and toothless, unless it seizes the agenda and creates its own vision.'"
  - NCVO simply bought the Panel:
  NCVO offered £100,000 "to support work of this important commission". February 11 2015, Etherington:

"In the same way that the Deakin report was a creature of its time and its recommendations marked a turning point in the history of the voluntary sector, I hope this commission will enable the sector to shape its own future" "Such an endeavour needs to be properly resourced and we are pleased to be offering £100,000 to support the work of this important commission."

- **Despite £1bn of subsidy, the social investment market still can't get it going:**
  Financial Times THU 18 JUN page 12 – Social Investment tiny:
  "Nevertheless, the social impact investment market is still tiny. US and UK companies in the Fortune Global 500 spend $15.2bn in total a year on corporate responsibility and FTSE 100 companies give about £2.5bn to charities. By comparison, the social impact investment market is estimated to be worth just £250m. But it has grown fast, boosted in the UK by measures such as 30% tax relief on social investment introduced in last year's Budget".

- **Cheaper to just use loans -** oranges and Lemons – SIFIs return rates from investees – 5% to 15%; Average for debt loans is 7%. Interesting diagram show biggest category where investees – so that easiest to measure; Now advancing the concept of "carried interest"
  BSC Annual Report May 20 2013 £19.4mn for 15 "investments signed"

- **Big Society Capital Annual Report 2014 (a)** "*Money reaching charities and social enterprises" £104mn from BSC and Co Investors, of which £36mn from BSC* **(b)** *Money available to charities and social enterprises (Cumulative amount of investments signed by BSC and Co investors) - £359mn, of which £158mn from BSC.* **(c)** *"amount of money reaching charities and social enterprises has reached £136mn, with £51mn coming from BSC.*
  In desperation: *giving between £5mn and £15mn to big companies to match their "corporate social responsibility"*