

acevo

Charity Leaders Network

The state of charity in 2014

Speech to ACEVO AGM

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“

Speak out on behalf of the voiceless,
and for the rights of all who are
vulnerable.

Speak out in order to judge with
righteousness

and to defend the needy and the
poor. ”

Proverbs 31: 8-10

[Common English Bible]

2013 was a difficult year for charities and social enterprises. The state of politics and the political role of our sector have never been far from the public debate. We have successfully endured hardship both in our sources of funding and in the freedom of our political voice. At ACEVO our ‘CEO in crisis’ helpline, adeptly handled at all times by our indefatigable Jenny Berry, endured its busiest year ever; calls almost doubled compared to 2012.

I wish to argue that in 2014 our sector has cause for a good deal of optimism. The political narrative for the sector in the next sixteenth months remains wide open. None of the major political parties offer a convincing alternative to the ‘Big Society’ of 2010 – which of course I pronounced to be dead in the *Times* just over one year ago – and it is incumbent upon ACEVO and upon all of us to produce a convincing and workable successor. In the 2015 election we can and will ensure that, regardless of which political party or parties end up holding office, the voluntary sector emerges as the winner.

This essay examines not only the current state of charities and social enterprise vis-à-vis their age-old relationship with the state, but aims to situate the public’s current idea of the word ‘charity’ within its age-old historical trajectory. This makes a useful corrective to periodic hysteria amongst the media about the sector compromising its ‘independence’. Our country’s oldest charity – the King’s School in Canterbury – was founded in 597 AD. Since then the general public’s faith in our sector has consistently remained undimmed, and I was encouraged to see that the first opinion poll results from 2014 show that charities are as trusted as ever. It would be hard to say the same for our counterparts in Westminster, who neither trust our sector nor are particularly trusted by the British people.

What is charity today?

Conceptions of the role of civil society always contain a tension between the virtue ethic of action itself and a focus on outcomes, on righting wrongs. The religiously-inspired ethic of charitable virtue – which nowadays may of course have moved beyond religion for its inspiration – insists that the life and good deeds of the charitable worker or donor are as important as the outcomes of the work they do. Charity is a state of mind and life which must be lived, never mind the fact that beneficiaries might be better off through different approaches. I like to see last year's controversy over Charity Chief Executive salaries in the light of this point of view. The public are shocked when they see that 'good pay', defined as the pay which trustees feel will bring about the best-value outcomes for a charity's beneficiaries, is in some cases higher than the level which they believe to be 'appropriate' to the lifestyle of the normal 'charity worker'. Hostile media coverage never stops to ponder the counterfactual of whether beneficiaries would be better off if charity pay were capped at some arbitrary level.

The reality of the management of many of our greatest charities and social enterprises today is that success is measured by outcomes and impact above all else. As it should be. ACEVO has long argued for proper measurement of impact, playing a pioneering role in the formation of the ImpACT Coalition and in promoting Full Cost Recovery last decade. In December 2013 we put to rest the latest debate about Chief Executive Pay through the publication of our 'Good Pay Guide for Charities and Social Enterprises', which silenced the critics by setting out the basic principles of professional pay for all to see. Even if politicians and journalists occasionally catch sight of and circle around the fact that a professional impact-based approach makes a charity rather different to the religiously-inspired nineteenth-century ideal, I am confident that our sector still commands unusually high trust and respect from the general public.

A highly trusted sector

Although the public don't always know what exactly charities are for, or what our work actually involves, we can be confident that they still trust us to carry out our work with distinction. A host of polls and surveys from the last few months bear ample testament to this.

A YouGov survey we commissioned for ACEVO on 11-12 August 2013, just after the silly season story on pay started, showed that 49% of people trust charities 'to use their influence over government policy for the benefit of society', as opposed to 33% distrusting them and 19% being apathetic. This is in stark contrast to 28% trusting trade unions, 8% trusting lobbying consultancies, 16% trusting private companies and 21% trusting think-tanks.¹ The 2012 *British Social Attitudes* survey asked whether the public supported or opposed charities or other non-profits providing personal care for older people. 48.1% agreed with the proposition and only 24.7% disagreed.² We should not infer from the media storm of the last six months that this position of trust has been eroded.

Polls in early 2014 by the consultants nfpSynergy suggested that 58% of the public agree 'charities should be able to campaign to change laws and government policies relevant to their work', while only 10% disagree.³ Only 4% said they would be put off donating by 'the charity campaigning to change the law'. I should also mention that 62% of respondents said that 'too little money going to the cause' would put them off, but I take this as an

¹ YouGov, survey for ACEVO of 1660 adults in England, Wales and Scotland. Fieldwork conducted 11-12 August 2013. Questions asked were: "How much influence, if any, do you think the following organisations have over government policy?" and "To what extent, if at all, do you trust the following organisations to use this influence over government policy for the benefit of society?"

² NatCen, *British Social Attitudes 29* (September 2012). [bsa-29.natcen.ac.uk/].

³ nfpSynergy, 'The Politics of Charities' (January 2014). [nfpsynergy.net/politicscharities].

injunction to communicate our impact better, and to show that money may 'go to the cause' through investment in human resources and in efficient administration, not just direct spending in traditional 'aid'. The overall message was of a strong level of public trust in all of our sector's work, provided we could convincingly and transparently communicate our work and our impact.

The challenge in this nfpSynergy survey's findings was the contrast between the opinions of the public about the proper role of charities, and those of journalists and MPs. Two-thirds of journalists surveyed were ambivalent about charities being seen to be 'political', and 24% were negative (with 6% positive), while a significant number of MPs in each party (78%, 23% and 38% in the Conservatives, Labour and Liberal Democrats respectively) took a negative view of charities being 'political'. Strikingly few politicians were prepared to be positive about charities' campaigning, with no Conservatives, 16% of Labourites and 8% of Liberal Democrats reported as positive about charities having a 'political' role.

These results show that many politicians in Westminster are out of step with the public view of charities, and that we should not be put off from campaigning and speaking truth to power by the voices of a few politicians in the echo chamber of the media.

Our challenge, brought into sharp relief by the recent campaign on the Government's Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill, is to emphasise that charities are intrinsically 'political' but that this does not translate into partisanship. We should have the same response to the ongoing row between charities who run food banks like the Trussell Trust and the Secretary of State for Work and Pensions, Iain Duncan Smith. It emerged in December that Mr. Duncan Smith was refusing to meet these charities until they stopped 'scaremongering' about the causes of the increasing use of the Trussell Trust's 400 food banks. He decried the 'political

messaging of your organisation’, expanding on his case by saying: ‘I understand a feature of your business model must require you to continuously achieve publicity, but I’m concerned that you are now seeking to do this by making your political opposition to welfare reform overtly clear’.⁴ In fact the only reason that crisis has been averted here is thanks to the fantastic work of charities like the Trussell Trust, and they have been speaking out because that is commensurate with their charitable objectives. It is not some kind of opposition for opposition’s sake. It is time for the government – and other parties too – to acknowledge this fact and understand that charities must be ‘political’ with a small ‘p’. We advocate for our beneficiaries and our causes, not on behalf of particular politicians or partisan causes. The adversarial nature of the Westminster bubble can make this fact difficult for politicians to accept, but it accept it they must.

The prospects for our sector have in fact never looked so promising, even after this dark period. Demand for our services in light of the continued austerity promised across the political spectrum – while not a ‘good’ thing in the ideal case – does present a challenge that we can rise to with confidence. The latest ‘Managing in a Downturn’ survey of senior fundraising and finance professionals, produced by PwC, Charity Finance Group and the Institute of Fundraising, reported that 67% of their sample said demands for their services had increased, while 42% said they may have to dip in to cash reserves in the near future.⁵

What is needed is a little more strong and visible leadership over the next sixteen months. If we rise to this challenge as I know we can, we shall be capable of greater success than ever before.

⁴ Toby Helm, ‘Charities condemn Iain Duncan Smith for food bank snub’, *The Observer* (21 December 2013). [theguardian.com/politics/2013/dec/21/iain-duncan-smith-food-banks-charities].

⁵ PwC, Charity Finance Group and Institute of Fundraising, ‘Managing in a Downturn’ (results of 2013 survey). [institute-of-fundraising.org.uk/research/managing-in-a-downturn/].

Charities in British history

The historic role of charity gives me comfort and confidence that our sector always responds successfully to pressure from its critics. It also shows that the sector's distinctiveness comes from its ability to speak truth to power, rather than the source of its funding or the extent to which it is 'separate' from state service provision.

I have written and spoken many times in the past about the unique place of charities in British society. Our oldest charity was founded in 597 AD, the King's School Canterbury. One ACEVO member is Chief Executive of St John's Hospital in Bath, which was established in 1180 and remains in the same location and carrying out the same mission – updated for the twenty-first century – even 834 years later.

The place of charity in British society has ebbed and flowed over the years, but at its heart has always been a religious injunction to 'caritas'. This 'love' or 'duty of care' was central to the teaching of Christianity in an age when it was hard to distinguish church, state and charity. A papal letter of 1215 urged the faithful to seek their salvation by bequeathing part of their wealth in support of pious causes for the "day of harvest is coming."

The break with Rome in 1536 – and subsequent erosion of the English church's great wealth – marked a new phase in the relationship between church, charities and state. The secularisation of charities was confirmed in statute at the end of Elizabeth's reign, in the 1601 Statute of Charitable Uses (or Elizabethan Statute) and then the Relief of the Poor Act later in the same year.⁶ For the first time, English law set out the appropriate uses for charitable funds, enumerating the categories of 'public' benefit which, as you will know, have lasted largely

⁶ 43 Eliz, c2; 43 Eliz c 4.

unchanged ever since. It has been accepted ever since that it is desirable and right that charities should agitate for these ‘political’ causes, and that when they do so they are doing so with public benefit rather than partisan benefit in mind.

Between Elizabeth I’s reign and the late nineteenth century industrialisation radically altered the relationship between charities and the state. Growing societal inequality between capitalist classes and the mass of industrial workers weakened the personal bonds in society between rich and poor. The campaigning charity was born from the realisation that traditional forms of charitable action could be amplified many times over by intervention through political campaigns. Witness many of the great social campaigns that were led at least in part by charities, such as those against the ill-treatment of animals and children, and of course the abolition of slavery.

Throughout these centuries of its history I would argue that the defining, hallmark characteristic of our great charitable sector has been its ability to speak truth to power. This is irrespective of the sources of its funding or the form of services it has delivered.

The important ongoing challenge of independence is therefore not to transcend the ridiculous political attempts to deny the ‘true’ charitable nature of state-funded charities, but to maintain our distinctive voice in the public sphere.

It is this – perhaps even more than our ability to finance our work – that has been the defining challenge for our sector in 2013 and is what gives me grounds for optimism in 2014. Despite the ever-present questions of what charities are for, the British people still trust our charities and social enterprises more than any other to be faithful to our core responsibilities of service delivery, representation of the voiceless and speaking truth to power. That gives us a firm and age-old base on which to assert our place in public life.

A look at the fundamentals

Since 2000 – when I started at ACEVO – our sector’s share of the public sector service market has grown considerably. In 2000 it was £4.3bn while in 2012 it reached £13bn. In 2016 this is projected to grow to £25bn. Despite the gloom of many commentators this is a huge market, and a challenge we should rise to with optimism. What is crucial is to enter it as a strong and independent voice. That is what takes good leadership.

This new level of demand will be worth anything from £300m to £1bn. But to ensure our sector provides the services it should do in this sector we will need greater access to unsecured loans. At present these make up only 5% of the market, and there is a particular lack of support for small and intermediate organisations.

Challenges in the last year

Beside the ongoing challenges of funding and public service commissioning our sector faced a succession of legislative threats last year from within the walls of Westminster. These cannot be expected to abate in the near future but there are good signs that our response has improved.

Our largest-scale mobilisation last year was in response to the Lobbying Bill. ACEVO and many of our members were instrumental in the formation of the Commission on Civil Society and Democratic Engagement, under the Chairmanship of Lord Harries of Pentregarth and with ACEVO’s Chair, Lesley-Anne Alexander CBE, sitting as a commissioner. The Commission brought together over one hundred charities and campaigning groups, who set aside their differences in common cause. As I write it is too early to know exactly how the Bill will end, but suffice to say that the Commission’s unprecedented unity put

enough pressure on the Government to win some important concessions.

The proposed changes to judicial review and legal aid produced a less unified response across the sector, because they were a less existential threat to such a wide range of organisations, but we can be confident that these harmful changes will not be allowed to persist too long in to the future if our sector reasserts its independent voice. My overwhelming impression is that by defining the political narrative in the next few years for ourselves, we will be far better-placed to defend the independence that is our lifeblood.

ACEVO's work

ACEVO's project for 2014 starts with our members. Our member events continue to go from strength to strength, and the programme for the 2014 Party Conferences will be our most ambitious one yet. We have planned for this year our most prolific series of other conferences and member forums, addressing such topics as the challenge of leadership, the Scottish Referendum, and our ongoing critical role in health and social care.

Some statistics from our 2013 calendar give an idea of the situation from which we develop:

- During 2013 over 2,000 people attended ACEVO events.
- 149 members have networked through our 7 different Special Interest Groups.
- Our Annual Conference in 2013 saw over 300 delegates listen to keynote speakers from business and the third sector – the largest gathering of charity and social enterprise chief executives and chairs in the UK.
- Our most popular publications continue to be ordered by hundreds of members and other sector leaders, particularly 'Leading the CEO and Chair to Effective Governance', 'The

Chief Executive's First 100 Days' and the annual ACEVO Pay Survey.

- We continue to develop our thought leadership in the sector's commercial side, for example in the support provided throughout 2013 to the Knowsley 'Forward Together' Consortium which has just been awarded its first contract.⁷

Towards the latter part of the year we began returning to our boldest and most effective territory, with the publication of our 'Good Pay Guide for Charities and Social Enterprises'. Along with the hard work of many of our members, this leaves ACEVO in a strong position for 2014.

Prospects for 2014/15.

The Lobbying Bill has shown beyond all doubt the strength of our sector when we work in unity. Peers across the House, in the last debates on the Bill, praised the work of the Commission on Civil Society. This is testament to how right ACEVO was to strongly support Lord Harries' Commission from its very inception, and we look forward to taking a lead in ensuring the Commission's legacy is to the lasting benefit of the sector.

It is always churlish of course to try to predict the future, most of all within the corridors of Westminster. But the message I hope you will take from this essay is that with strong leadership we can chart a strong and durable course that will take our work to 2015 and beyond to new heights, all to the good of our beneficiaries. The 2013/14 ACEVO Pay Survey reported that 85% of our members already feel optimistic about the future, which I take as a compliment and as a challenge.⁸ It is now down to ACEVO in partnership with our members – as the leading voice and supporter of civil society leaders – to translate optimism into

⁷ ACEVO *Impact Report 2013* (published January 2014).

⁸ ACEVO *Pay Survey 2013/14* (published November 2013). [acevo.org.uk].

action. Our media footprint and impact report, to name but two pieces of evidence, show we are amply resourced to be able to achieve this.

I would like to conclude this evening by officially launching our programme for the 2015 Election. We are taking the lead for the sector with a broad spectrum of research on leadership and our place in the political narrative.

Our programme will be called 'Leading the Way: the road to 2015'. It will include our political engagement work, including essay collections featuring writing by leading members of all 3 major political parties, and other research on topics as diverse as social investment and innovative campaigning. This will all contribute to what will be launched on 1 January 2015 as a comprehensive manifesto offer from our sector to the political parties.

Conclusion

The challenges of 2013 show that our sector will not succeed if we lie dormant and allow ourselves to be buffeted by the turbulent waters of a sixteen-month election campaign.

Our society and our beneficiaries are looking for leadership, towards which it is incumbent upon us to speak truth to power and to maintain our ability to do so. Our sector is most effective when we join with power as a critical friend.

ACEVO's 'Leading the Way: the road to 2015' programme comprises a wide range of research projects that will culminate in our manifesto for the voluntary sector in 2015. In the general election we can and will ensure that regardless which political party ends up holding office, the voluntary sector emerges as the winner. I look forward to all that it will bring.