

‘Voluntary and community welfare’

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Overview

Voluntary organisations and community groups have long been involved providing welfare support and services in different fields, although over time their relationships with state, commercial and informal welfare have changed. It is unlikely that their role in the mixed economy of welfare will diminish in the near future. This chapter provides an outline of the nature and scope of voluntary and community welfare, a historical overview of its role, and examines the current context, challenges and prospects faced by voluntary organisations and community groups.

Key concepts

- Voluntary and community sector
- Civil Society
- Welfare pluralism
- Voluntary sector independence
- Horizontal and vertical fields and dimensions of policy
- Public service delivery

1. Introduction – definitions

Conventionally we think of the welfare state in terms of the state: what it provides by way of welfare services, what it costs to provide them, and what they achieve. However, as the chapters in this book amply demonstrate, this is at best a narrow conception of welfare and of the services, policies and practices operating to promote it. This chapter looks beyond the state at the vast array of non-profit making organisations and services in the voluntary and community sector. It does not remove the state from the picture, however. The state is heavily involved and implicated in the way the voluntary and community sector has developed, the roles it plays and the way it operates. The relationship between the state and the voluntary and community sector remains an ongoing tension, where increasing concern over threats to the independence of the sector have been voiced in recent years.

After some introductory discussion of context and definition, the chapter looks in turn at data on the voluntary and community sector's scale, scope and activities (section 2), an overview of its historical development in welfare services from the late Victorian era

(section 3), before looking more closely at the sector's experience from the New Labour governments through to Brexit (section 4). The chapter concludes by considering the main challenges facing the sector (section 5) and its future prospects (section 6).

In the discussion we refer to the voluntary and community sector, but this presents unfamiliar readers with two immediate problems: firstly, what do we mean by 'voluntary and community', and secondly, what is implied by the idea of 'sector'? The first problem is compounded by the existence of multiple alternative labels which are intended to cover more or less the same territory. References may be found in the academic and research literature and professional commentary, for example, to: the third sector, civil society, the social sector, the social economy, the charitable sector, the non-profit or not-for-profit sector and the voluntary sector, alongside our favoured term here, the voluntary and community sector¹.

Yet whilst more or less the same sphere is being described, the choice of label often involves a subtle display of preferences. Labels have a political implication. For example, the New Labour governments of 1997-2010 preferred the term 'third sector' (after the state and the market), which would encompass all non-governmental and value-driven organisations that 'would define themselves as voluntary and community organisations, charities, social enterprises, mutuals or co-operatives' (HM Treasury, 2005: 7). This was explicitly intended to cover traditional charities voluntary organisations and community groups, but also organisations which seek to trade, whilst still primarily reinvesting profits in the organisation, rather than distributing them to shareholders. However, in 2010, in the early days of the Conservative-led coalition government, new Prime Minister David Cameron challenged the 'third sector' label: *'we will want to do everything we can to help what used to be called, rather condescendingly, the third sector but I believe is the first sector: the excellent charities, voluntary organisations and social enterprises that do so much for our country...so often these first sector organisations have the right answers to the social problems in our country'* (Cameron, 2010).

This 'sector', however described, tends to be regarded as comprising a wealth of organisations and groups: charities, voluntary organisations, community groups, social enterprises, civil society organisations, third sector organisations and so on. The variety of labels is amplified by the wide diversity of organisations and groups operating in the sector, of different sizes, structures and histories, operating at different and often overlapping geographical scales, and focusing on a wide variety of social issues in pursuit of different purposes (or 'missions'). The sector encompasses, at one and the same time, very large international and national household-name charities, such as Oxfam, Barnardo's and Macmillan Cancer Support, alongside very small and often informal groups operating at a local level, in villages or neighbourhoods, such as lunch clubs, youth clubs and Scout Groups. For these reasons Kendall and Knapp (1995) characterised efforts to define the sector as contending with a 'loose and baggy monster'. Yet such variety also calls into question the idea of a single 'sector', at least in so far as it suggests organisations having common experiences and interests. Politicians, commentators and academics typically refer to a 'sector', but this should only be taken as a short-hand description, rather than any

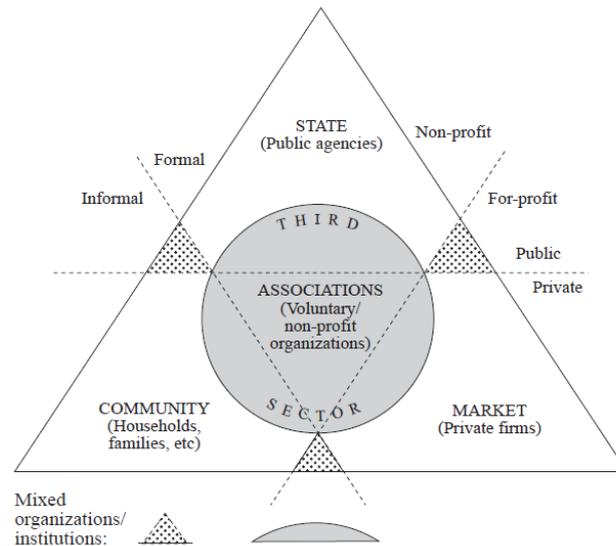
¹ See Milbourne (2013), especially chapter, 1 for further discussion.

assumption of a single entity with a common or unified purpose. Attempts to construct a 'strategic unity' across the sector, out of such diversity, will always be partial, contested and fragile (Alcock, 2010).

For the purposes of this chapter, we define 'voluntary and community welfare' as *the activities of those primarily non-governmental and non-market organisations and groups which aim to address social welfare issues*. They may be more or less formally structured, more or less aligned to government policy, or funded and regulated by government bodies, and they may pursue their missions in more or less business-like and enterprising ways. The activities in mind include providing social welfare services, advocating on behalf of particular marginalised and disadvantaged individuals and groups, and lobbying and campaigning to change policy and practice.

There have been a number of attempts to conceptualise this field of activity beyond the state and the market. Economists have referred to the existence of either 'market/state failure' in some key areas of service, or of 'contract failure'. Weisbrod (1988), for example, suggests that non-profit organisations may find a role in niche service areas where no market is possible (because service users are unable to pay, or providers are unable to exclude non-payers), and where governments are unlikely to be active (because they tend to focus resources on popular services supported by majorities of voters). Hansmann (1980) stresses the fact that non-profit organisations do not seek to maximise profits for distribution to private interests, and suggests as a result that vulnerable and marginalised groups and communities are more likely to trust non-profit organisations than private companies (or organised professional interests). This kind of theoretical work assumes something of a zero-sum relationship between sectors. In this view the state, market and voluntary sector would each tend to operate in separate spheres, depending on their comparative advantage (Billis and Glennerster, 1998). In response to this stream of argument, Salamon (1987) calls for acknowledgement that, in practice, the state and the voluntary sector, and latterly the market, are deeply inter-twined rather than separate: there is a greater sense of complementary 'partnership' than suggested by economic theory. In this view, the voluntary and community sector can act to mitigate potential state failure (such as its bureaucratic unresponsiveness) whilst the state acts to compensate for the suggested failings of the voluntary and community sector (that it is, for example, an insufficient response to need, paternalistic and amateur).

In one helpful attempt to encapsulate the complex relationships and fuzzy boundaries between different forms of welfare provision, Evers (1995) suggests that the voluntary sector operates in an intermediate area in a 'welfare triangle' bounded by the state, the market and informal household provision. This area consists of hybrid organisations which draw from and mix resources and rationales from the other sectors. Evers and Laville (2005) subsequently develop this conceptual framework with further distinctions between 'public'/'private', 'non-profit'/'for-profit', and formal/informal organisations - see figure 1. below.



(Evers and Laville, 2005: 17, figure 1.3)

Following this, research attention has focused on measuring the scale of activity at the core of the intermediate area, and understanding the dynamics and relationships along the fuzzy boundary lines. We discuss these issues in the next two sections.

2. Scope

So, how many voluntary organisations and community groups are there in the UK, and what do we know about them? Our understanding of the role of the sector in social welfare has been helped in the last two decades by an ongoing and developing programme of quantitative research to map the scale, scope and trajectories of voluntary organisations and community groups in the UK, organised by the National Council of Voluntary Organisations (NCVO). NCVO publishes an annual 'Almanac' of data on civil society² and the voluntary sector, with headline statistics on, amongst other things, total income, sources and types of income, expenditure and assets for 'general charities'³ (where most information is available), based on a sample of financial accounts data submitted to the Charity Commission (Benard et al, 2018). This remains the most comprehensive picture of the voluntary and community sector in the UK, covering both social welfare activities and the whole range of other causes for which voluntary and community organisations exist.

² Data comes from NCVO's online data resource for the Almanac programme, <https://data.ncvo.org.uk/>, accessed 1-6-18.

³ 'General charities' are those registered with the Charity Commission which are also: formal (institutionalised to some extent), independent (separate from the state), non-profit distributing (not returning profits generated to owners or directors), self-governing, involve some meaningful degree of voluntary participation, and provide a public benefit. Some registered charities are thus excluded from the definition, such as religious organisations or places of worship, independent schools, government-controlled bodies and housing associations.

NCVO reports that in 2015-16⁴ there are 166,001 voluntary organisations in the UK. Beyond this relatively formal, narrow calculation, lie an estimated 390,000 other civil society organisations, such as sports clubs, co-operatives, friendly societies and housing associations, and further, a suggested 600,000 to 900,000 unincorporated organisations, sometimes referred to as groups which are 'below the radar' (McCabe and Phillimore, 2017).

Latest survey data suggests that in 2016-17, 22% of people volunteer regularly (that is, at least once a month) through a group, club or organisation, estimated to amount to approximately 11.9m people in total. Despite the name, though, the sector is not just made up of volunteers. The paid workforce in the sector is estimated (in June 2017) to be 880,556. The workforce is primarily female (63%), and around two thirds (64%) of paid staff are full time.

In total the annual income of the voluntary and community sector is estimated to be £47.8bn in 2015-16. This figure has grown steadily during the New Labour years (from £31.7bn in 2000-01, at 2015-16 prices), but has subsequently faltered during the Conservative-led Coalition government's austerity programme. Most of sector's income is concentrated in the largest organisations. In fact, voluntary organisations with annual incomes of £1m and above represent only 3% of all voluntary organisations, but account for 81% of the sector's aggregate income. In contrast, the vast bulk of the sector consists of much smaller organisations: those with annual incomes of £100K or less represent 82% of all voluntary organisations but less than 5% of total sector income. There is some suggestion that income growth in the last couple of years has been confined to the largest organisations, whilst overall income for smaller and medium sized organisations has declined or stayed the same, and income volatility has been highest for the smallest organisations (Crees et al, 2016; Benard et al, 2018). Variable fortunes across different types of organisation further undermine attempts to talk of a single unified 'sector'.

Box 1: The voluntary and community sector in children and young people's services

Voluntary organisations and community groups have long played a vital role in providing services for children, young people and families, and for advocating on their behalf. Some of the best-known children's charities today have long histories of providing welfare support for children. For example, Family Action, with an income of £21.9m in 2016-17, runs family support, mental health and early years childcare services. It was originally the Charity Organisation Society, established in 1869 to coordinate poor law relief efforts in London more effectively. It pioneered early social work methods, such as family visiting and 'casework'. Barnardo's, now with an annual income of £312.8m, was originally established in 1867 when Thomas Barnardo opened the ragged school for boys in the east end of London, and its first children's home in 1870. Over time its work has changed, from primarily running children's homes, to supporting adoption and fostering, alongside work on domestic violence, child sexual exploitation, and campaigning on child poverty.

³ The last financial year for which data is available.

It was estimated that in 2013-14 there was a core of 36,965 charities in England with children and young people listed as primary beneficiaries, and a further 28,403 where they are beneficiaries amongst other groups (NCVO, 2016). The core is primarily made up of relatively small organisations, for example play groups, youth clubs, Scout Groups and Parent Teacher Associations. Total income for the core children and young people's voluntary sector increased slightly to £6.1bn in 2013-14, but as with the voluntary and community sector as a whole, this is skewed: the 94 largest organisations (with annual incomes of £10m or more) account for around 45% of the sector's total income.

Alongside the division according to size, voluntary organisations and community groups also vary considerably in the sources and types of income they access. Overall, just over half (52%) of the sector's income is classified as 'earned', meaning that it comes from fees, charges and contract payments for goods and services. Income classified as 'voluntary', such as grants, donations and legacies, represents 41% of the sector's income. In aggregate, funding mainly comes from individuals (47%) and government (32%). The latter has continued at a broadly similar proportion of the sector's total income for many years, amounting to £15.3bn in 2015-16 (although this only represents about 2% of total government expenditure). But over half of government funding (£8.6bn) goes to the largest organisations (with incomes over £10m per year). Only 15% of the aggregate income of the smallest organisations (those with annual incomes less than £100K) comes from government, compared with 40% and 27%, respectively, for 'major' and 'super major' organisations - those with incomes, respectively, of £10m-£100m and £100m or more.

Whilst these figures provide a picture of the voluntary and community sector as a whole, it is possible, albeit imprecisely, to identify key fields of social welfare in which the sector has a presence⁵. In 2015-16, for example, it was estimated that voluntary and community organisations spent £10.2bn in 'social services', £5.13bn in health, £1.88bn in education, £1.4bn in housing (not including the work of housing associations) and £1.17bn in employment and training. Activities by organisations classified as working in social services by far outstripped any other single category. Disaggregating the sector by primary activities suggests another important set of fault-lines between organisations. Kendall (2003) suggests that it may be fruitful to think of the voluntary sector, in policy terms, along two dimensions: 'horizontally', where the emphasis is on policies and institutions designed to act on the sector as a whole; and 'vertically', where the focus is on the particular 'sub-sector' or 'industry' in which organisations operate (such as social services, health, advice services, housing, etc.). The latter maybe more important as a focus of attention and affiliation for organisations, than membership of a broader general notion of a voluntary and community sector. Boxes 1 and 2 highlight the importance of the 'sub-sector' dimension, focusing on the sector in children and young people's services, and on the sector in criminal justice.

Box 2: The voluntary and community sector in criminal justice

The voluntary and community sector in criminal justice is primarily made up of small and medium sized organisations: a recent study indicated that 26% of specialist criminal justice

⁵ Based on the International Classification of Non-profit Organisations (ICNPO).

organisations (whose primary purpose involves work in criminal justice) have an annual income of less than £100K, and overall 75% have an income of less than £1m, but in combination these organisations account for just 12% of total income in 2014-15. Organisations in this sub-sector provide a range of services to offenders and their families, in prisons and in the community, including mentoring and befriending, providing advice and information, employment support, training and education, accommodation, and family support.

Government funding, at 70%, makes up the vast majority of income for the voluntary sector in criminal justice. This has been stable since 2008-09, but the balance has shifted: away from local government (down 40% over 7 years) to central government (up 68% over 7 years), and away from grants to contracts. Larger organisations are more likely to receive government funding, in the form of contracts, compared with smaller organisations, who tend to be more reliant on grants from charitable trusts and foundations. A recent 'State of the sector' survey from umbrella body Clinks reported that voluntary and community organisations were seeing increasing, more complex and more immediate needs amongst service users, and that the funding environment was becoming more challenging and competitive, with more resources needing to be deployed in fundraising to support the work (Drinkwater, 2017; NCVO, 2017).

3. Development

Having considered questions of naming, definition and scope, in this section we provide a brief historical overview of the changing role of voluntary and community organisations in welfare services. The aim here is to outline some necessary historical context to discussions about the role of voluntary and community welfare today⁶. The account begins in the 19th century because this proves to be an especially significant era for the role of voluntary welfare organisations and for the emergence of welfare state in the 20th century, although it is important to note that the origins of voluntary action in Britain go as far back and beyond the Tudor period in the 1500s (Davis Smith, 1995: 9).

William Beveridge distinguished two main 'impulses' for voluntary action – philanthropy and mutual aid - in his 1948 report on '*Voluntary Action*', a lesser known follow up to the more famous 'Beveridge Report' of 1942 (Beveridge, 1948). Broadly speaking, these two forms of class-based social provision came to prominence amidst the expanding population and social upheaval associated with urbanisation and industrialisation in the 19th century, although as noted, much earlier roots are traceable. On the one hand the longstanding tradition of (primarily middle class) philanthropy, charitable association and home visiting provided alms and basic services for the poor and needy. This was supported by a combination of evangelical Christian theology and classical Victorian liberalism which promoted self-help and assumed a minimal role for the state. On the other hand, working class mutual aid and friendly societies formed, particularly in newly industrialising areas of Lancashire and Yorkshire, to pool resources and provide basic insurance against significant risks such as sickness and funeral costs. Both movements can be seen as pioneers in the

⁶ See Chapter 2 by John Stewart for a fuller historical discussion of the mixed economy of welfare.

emergence of welfare services, and their legacies are still in evidence today. For example, the professional practices we associate now with social work and probation were both originally developed by charitable organisations in the late 19th century: by the Charity Organisation Society (COS) and the Church of England Temperance Society respectively (Pierson, 2011); whilst the development of trade unions, co-operatives, building societies and credit unions arose in the mutual aid movements of the 19th century. Both models, however, came under criticism. Philanthropy was condemned by the left for being a middle-class 'Lady Bountiful' project to reform and discipline the working classes, as well as for not being up to the task of meeting need. Meanwhile mutual aid was criticised for its partial coverage, inability to provide insurance for older members, and the exclusion of the poorest.

Although significant reforms to welfare provision were introduced in the Edwardian era (notably the introduction of old age pensions and national insurance), more significant developments in both welfare services and the role of voluntary action were not to arise until the 1940s. The 1942 Beveridge Report *Social Insurance and Allied Services* became a blueprint for the post-war establishment of a 'cradle to grave' comprehensive welfare state designed to vanquish the five giant evils of squalor, ignorance, want, disease, and idleness (Timmins, 2017). Given left of centre criticism of traditional charity, and the new pre-eminence for the state in organising, funding and delivering welfare services, it is probable that many voluntary organisations and community groups now considered themselves redundant. This was not to be the case, however. Many organisations sought to work with state services in new ways, for example by making their expertise available for the new state-led services. Whilst arguing for the state to ensure and provide a welfare minimum, Beveridge remained anxious to retain a role for voluntary social services. In a 1949 debate in the House of Lords following publication of *'Voluntary Action'*, he made the case for a continuing role for voluntary social services, arguing that there are many activities which should not be left for the state to undertake on its own:

'however much the State has done or may yet continue to do, Philanthropy will still be needed...It will be needed to pioneer ahead of the State. The State has taken over many things which occupied the philanthropists of the early nineteenth century.... That means merely that there is a perpetually moving frontier for philanthropic action' (Beveridge, HL Debates, 22 June 1949, vol. 163, cc75-136).

Beveridge's concerns went largely unheeded. In the practical development of post-war social policy, and in the newly emerging field of study of social policy, the focus was firmly on state welfare services, as part of what became known as the social democratic welfare state. But this apparent consensus was to fracture in the mid to late 1960s, as disquiet about the role, reach and impact of the state welfare 'safety net' began to be voiced. New organisations were established to take more of a critical campaigning role around aspects of welfare, for example against child poverty (Child Poverty Action Group, established in 1965) and homelessness (Shelter, established in 1966). Alongside the promotion of bottom-up community development from the late 1960s, official recognition of the role of volunteers and voluntary effort in social services was provided by the report of the Aves Committee (1969), which recommended the establishment of a 'Volunteer Centre' to support the development of volunteering (Deakin, 1995).

'Crisis' talk intensified around the social democratic welfare state by the mid-1970s. It was criticised for its rising costs, bureaucracy, paternalist operating models and lack of responsiveness to service user needs and demands. An influential stream of 'welfare pluralist' thinking emerged, seeking to challenge the idea of state-dominated welfare services (Gladstone, 1979; Hadley and Hatch, 1981). In its place it advocated a new and enhanced role for voluntary and community led services, developed at a more responsive local, neighbourhood or 'patch' level. A report on the future of voluntary organisations recommended developing the voluntary and community sector in order to realise a welfare pluralist model (Wolfenden Committee, 1978), but by this time the political tide was turning.

The election of Margaret Thatcher's Conservative government in 1979 promised a concerted effort to 'roll back' the frontiers of the state. A more thoroughgoing attack on the very notion of a welfare state was mounted, but not from a welfare pluralist starting point. Under the influence of public choice thinking and the 'New Public Management' (NPM) (Hood, 1991), Conservative politicians and policy makers sought to develop competitive market mechanisms and a quasi-market architecture of contracts, pricing, competitive tendering, managerial targets and business-like systems. Voluntary organisations were seen as putative non-state independent providers of services under a new 'contract culture', and in this sense conceptually indistinguishable from the private sector. They were seen as competitors to state services, alternative providers in a new set of public service markets, particularly in Community Care. A parallel 'active citizenship' strand of policy development emerged during John Major's term as Prime Minister (1990-1997), designed to empower individuals as consumers. The voluntary and community sector would enable citizens to take a more active and responsible role in social life.

4. The broad policy context: from New Labour to Brexit

The New Labour government from 1997 brought a renewed emphasis on deepening the voluntary sector's role in the mixed economy of welfare. This was highlighted at the political level by a discourse of partnership with the sector and in more concrete terms by the introduction of a Compact to improve relations with the sector, which in turn reflected earlier disquiet with the instrumental 'contract culture' that emerged from reforms enacted in the 1990s (Lewis, 2005). Memorably described by Kendall (2009) as a period of hyperactive mainstreaming, the period saw a focus on involving the sector across a wide range policy domains, including neighbourhood regeneration, 'civic renewal' and community cohesion, and public service delivery. Rhetorical commitments were backed up by 'capacity building' investments in the form of Futurebuilders and Capacitybuilders (Alcock, 2016), led within central government by the newly established Office of the Third Sector. Capacity building was designed to improve the ability of the sector to engage in public service delivery through increased knowledge and professionalism. Nevertheless, critics argued that New Labour's policy represented an effort to subordinate the sector to its own agenda, attempting to reshape it as a 'governable terrain' of pliant delivery agents (Kelly, 2007; Carmel and Harlock, 2008). Many were critical of the perceived increase in competitive pressures, and the threat to independence and ability to speak out against local and national government policies (Buckingham, 2009).

The latter part of the New Labour period saw incremental evolution of mechanisms with which to ‘purchase’ services from the sector, particularly within the paradigm of increasingly commercially-oriented public sector commissioning (Rees, 2014). Although in theory commissioning is a cyclical approach to the purchase of services from non-state providers, thereby involving consultation with the voluntary and community sector, research suggests the sector experienced it as a highly problematic market-based approach (Rees, 2014). Although this was continued by the Coalition government formed in 2010, the closing years of the New Labour period saw significant upheaval marked by the financial crisis and the onset of austerity politics, contributing to the sense of a wider ‘unsettlement’ in roles, relationships and funding within the sector (Macmillan et al, 2013).

Nevertheless, the incoming Conservative-led Coalition attempted to frame its policy towards ‘civil society’ (its preferred term covering the sector) with a positive vision, namely the ‘Big Society’. Although mercilessly criticised as nebulous, contradictory and a diversion from deep public sector retrenchment, a more positive reading saw it as the opening up of space for social action and civil society organisations created by a programme of activity explicitly designed to rebalance the responsibilities – and expectations - of the state, private, and civil society sectors. Specific programmes designed to support this included a Big Society Bank funded by dormant assets, a Community Organisers programme designed to stimulate social action, renewed support for philanthropic giving, and a National Citizen Service to encourage youth volunteering. Many within the sector also interpreted the Big Society idea as a more conventional form of government support for the voluntary sector’s role in the mixed economy of public service delivery. Indeed, this perception was encouraged by other aspects of early Coalition policy, notably the Open Public Services agenda that sought to ‘modernise’ commissioning and ‘open up’ public services to a wider range of providers; albeit with an even more determined emphasis on a rigorous and commercial approach to commissioning, involving the transfer of risk and the specification of and reward for achieving outcomes, notably through payment by results and social impact bonds (HM Government, 2011).

The Work Programme, for instance, was heralded as a major boost for the Big Society (see Box 3), and similar rhetoric of opportunities for the voluntary sector accompanied the Transforming Rehabilitation reforms to Probation services (Taylor et al, 2016; Macmillan, 2016b).

Box. 3: Public services and prime contracting

The introduction of ‘Prime’ contracting arrangements, particularly since 2010, has had a significant impact on the parts of the sector involved in public service delivery. The most high-profile of these was the Work Programme, a welfare-to-work scheme introduced by the Coalition aimed at the majority of those on work-related benefits. The programme involved the adoption of a comprehensive supply-chain contracting model with an intensification of payment by results (PbR) financing.

Sold, rhetorically, as a ‘triumph for the Big Society’ involving many third sector organisations, the Work Programme involved the DWP commissioning large mainly private

sector 'Prime' providers, who were responsible for delivery in each geographical area and in turn subcontracted work to other providers, establishing a web of supply chain relations between providers across the private, third and public sectors. Taken together these shifts created a much more commercially-focused, more results-driven environment with greater resource constraints, which heightened fears that the third sector would be 'squeezed out'.

Indeed, voluntary sector involvement in the programme was widely regarded as disappointing, at all levels of the supply chain. Many organisations struggled with the low or unpredictable volume of referrals and financial pressures. Both the prevalence of 'creaming and parking', and the mandatory elements of the programme, conflicted with the value and mission of many voluntary organisations.

The Work Programme was introduced by DWP minister Chris Grayling, who on moving to the Ministry of Justice in 2012 was determined to introduce a similar contracting model in reforms to the Probation Service. The resulting 'rehabilitation revolution' was supposed to have learnt lessons from the Work Programme, and was intended to widen the involvement of the voluntary sector in rehabilitating offenders in order to drive down reoffending and improve service quality. Recent research suggests that again results are deeply disappointing, with voluntary organisations struggling to survive in a resource-constrained system, that has proven to be highly fragmented, and has left many feeling less central than prior to the reforms (Clinks, 2018).

The ideological foundations of the Big Society idea came under sustained criticism from many quarters. But ultimately, it was perhaps undone by the contradiction inherent in a vision of expansive social action being accompanied by significant and very practical effects of the cuts being made to both social welfare and public services, and the curtailing of the effectiveness of local government. A short-term Transition Fund was designed to soften the blow of cuts but also to encourage VSOs to become less reliant on public funding. More broadly, many of the previous policy and practical supports to the voluntary sector have been gradually withdrawn, and the Office for Civil Society has been downgraded. Coupled with a shift of capacity-building to a more market-based and demand-led model (Macmillan, 2016a), this suggests that the era of hyperactive mainstreaming has come to an end.

Thus in many respects the formation of a majority Conservative government in 2015 ushered in an even more complete 'de-coupling' of the state-sector relationship than that first envisaged by Macmillan (2013b) in his examination of the Big Society agenda. At the very least, subsequent events have suggested a very considerable dimming of the favourable policy spotlight previously afforded the sector. In 'vertical' policy fields such as employment services, the voluntary sector has continued to play a part, but evidence suggests that early concerns about the squeezing out of the sector have been partly borne out (Damm, 2014), and there have been notable winners and losers, while Government ministers have displayed their indifference for 'uncompetitive' organisations who cannot survive in this 'commercial' landscape. There have been occasional bursts of enthusiasm for the sector, but within central government the Office for Civil Society (OCS), and its minister, have played a diminished role in policymaking. Indeed, following the 2017 election the OCS was moved again into the Department for Digital, Culture, Media and Sport. The situation is

perhaps best characterised as one in which specialised parts of the voluntary and community sector endure in public service niches; appreciated even by a relatively hostile Government where organisations can prove their delivery credentials. It is also important to note that, following the June 2016 referendum decision to leave the European Union, UK Government policymaking has been almost entirely directed to the challenges of negotiating Britain's withdrawal. Thus, since at least early 2016 the voluntary sector has fallen even further down the policy agenda, while the upheavals flowing from 'Brexit' could have profound implications for the landscape in which the voluntary sector delivers in the mixed economy of welfare. We take these issues further by considering, in the next two sections, the major challenges, and likely future prospects that face the sector given these broad, and rather unpropitious circumstances.

5. Challenges

Commentary on the voluntary sector since the late 2000s has been largely pessimistic, reflecting the scale of cuts to national and local government budgets (Milbourne and Cushman, 2015). At the same time, there have been concerns that smaller and less formal organisations would be squeezed out of the large-scale contracted programmes, leading to a loss of a 'distinctive' voluntary sector input (Damm, 2014). Clearly the voluntary sector's role in the mixed economy of welfare has to be set within the context of the trends on the broader trajectory of public spending in recent years: particularly public sector austerity. As noted, that trend in government funding for the voluntary sector, from 2000-01, was clearly upwards, peaking in 2009-10. Since then growth has stalled, and government funding has levelled off at just over £15bn per year. Rather than the voluntary sector experiencing a 'cliff edge', it might be more appropriate to think of the changes since the financial crisis and public sector austerity as an unsettling of existing assumptions and expectations developed in the New Labour years (Macmillan et al, 2013). Although public funding, from the sector's point of view, appears to come with more strings attached, the sector as a whole has largely maintained its place in the welfare mix.

However, arguably just as important as the volume of funding and the position of the sector in the landscape of the welfare mix, is the tone and quality of key state-sector relationships. This has been particularly reflected in recent years in a public debate about threats to voluntary sector 'independence' or constraints in its 'voice' or campaigning role (Civil Exchange, 2016, Hemmings, 2017). Concerns about autonomy and independence of voluntary organisations and community groups matter because they reflect normative beliefs within the sector about what the sector is for; but they also are rooted in more theoretical concerns with why the sector exists, notably what distinguishes it from the public or private realms (Macmillan, 2013a). Echoing earlier discussions of the 'contract culture', recent criticism has focused on the idea that government contracting and commissioning arrangements have reduced the scope for innovation, valued ways of working, and stymied collaboration and cooperation – for instance in encouraging organisations to keep knowledge and ideas to themselves in order to win contracts (Buckingham, 2009; Milbourne and Cushman, 2015). More generally, competitive funding allocation is argued to encourage 'mission drift', short-termism as well as risk aversion and a convergence of approaches (Egdell and Dutton, 2017). There is evidence that the design of recent programmes has become more conditional and precarious for provider organisations

(see Box 3). Such programmes also often present stark dilemmas to organisations: between engagement with government and threatening the trust invested in them by beneficiaries.

Towards the end of the Coalition period and subsequently there has been a hardening of attitudes towards the sector at the political level. The Big Society was seen by many as an opportunity for the sector but as its appeal began to wane more atavistic messages began to emerge. The right-wing Institute for Economic Affairs (IEA) attacked charities which they saw as ‘sock puppets’: publicly-funded charities that lobby Government over supposedly trendy left-wing causes. Similarly, the then Minister for Civil Society Brooks Newmark told charities that they should ‘stick to their knitting’, i.e. keep out of politics and get on with delivering services rather than campaigning. This groundswell appeared to have real effects, with the Government introducing a ‘Lobbying Act’⁷ in 2014; while in 2016 the Cabinet Office introduced an anti-advocacy clause into government contracts which explicitly “banned [organisations] from using these taxpayer funds to lobby government and Parliament” (Cabinet Office, 2016). Similarly, large national programmes such as the Work Programme were considered to contain ‘gagging clauses’ to prevent subcontracted providers from speaking out (Civil Exchange, 2016). Certainly it is worth noting that public funding is based on a quid pro quo: funders are entitled to expect a degree of influence – through monitoring, specification of outcomes, or measuring ‘impact’ – in return for their funding. But much of this trend has been met with some resentment by the voluntary sector, which has come uneasily to accept a gradual cooling and a less trustful state-sector relationship.

However it is worth noting that there are multiple ways in which voluntary and community organisations can influence and represent the interests of their users: through co-producing new and improved services, or developing innovative new approaches to solve or mitigate social issues; they can advocate behind the scenes with multiple stakeholders; they can campaign publicly (for instance collating uniquely grounded messages from their own work, or by carrying out research); and they can take part in wider campaigning coalitions or social action. Nevertheless, even this more positive sector-centric vision has been stymied by a succession of recent charity-related ‘scandals’; for example, over-assertive marketing and fundraising techniques, the collapse of Kids Company in 2014, and most recently the sexual abuse allegations within Oxfam’s international and UK operations. These have cast a long shadow over the sector, inviting intense scrutiny of charity governance, legitimacy, and the degree of trust invested in charities by the public. They have also led to intense soul searching within the sector and a sense that aspects of its culture and practices should be cleaned up. Furthermore, the collapse of the private outsourcing company Carillion in early 2018 has further shaken faith in the provision of services outside of the state, emboldening a more left-wing Labour Party to declare its policy would reduce the role of the private sector. Arguably the nature of these shifts and pressures on the sector are nothing new, and it is likely to adapt accordingly. What perhaps is new is the combination of governmental ambivalence towards the sector, outright antipathy from some quarters, and a situation of deep uncertainty resulting from Brexit. The future of these trends is assessed in the final section of this chapter.

⁷ Full title: Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014

6. Future prospects

It is worth noting that the role of the voluntary sector in the mixed economy of welfare has always attracted controversy from across the political spectrum, and particularly from those associated with the 'traditional' left and right. The Left has sometimes been wary of the sector's role insofar as it is seen as a Trojan Horse for privatisation, softening up opposition to the vision of universal (state-led) public service; while from within the sector the role undermines the independence and 'purity' of independent social action (Rochester, 2013). Conversely, the right is wary of the dilution of free market principles and seeks to challenge special pleading for 'good causes', clientelism or the growth of a 'charity industry' (Whelan, 1999). But as this chapter makes clear, the history of the voluntary and community sector in the mixed economy of welfare shows such claims to be simplistic. A 'third way' interpretation posits that the sector could be something of a saviour of welfare, with it being well placed to pioneer and maintain associational and relational welfare, advance co-production, and enhance personalisation and accountability (Pestoff et al, 2012).

Meanwhile many voluntary sector commentators have been critical of both the embrace by the state of the voluntary sector within the mixed economy of welfare in the expansionary years of New Labour (Carmel and Harlock, 2008), *as well as* of the subsequent cuts and re-casting of that role following the financial crisis, recession and the post-2010 austerity programme (Milbourne and Cushman, 2015). Again, as this chapter demonstrates, the aggregate picture of the sector's experience as a whole should caution against deep pessimism. There is evidence of both stability and limited growth in particular sub-sectors, suggesting a certain degree of mutual-dependence and indeed partnership underlying the mixed economy of welfare. Nor is it clear that, despite some high profile casualties, those parts of sector directly engaged in the mixed economy of welfare are irreconcilably damaged by involvement in the ways suggested by critics. Although these fears may come to be realised – and there are good reasons to remain cautious, including in the various ways that the changes to public services may have as much impact on service users and citizens – there is a lack of empirical evidence to be confident about the future trajectory.

Indeed, the most salient feature of the current juncture is uncertainty, following the upheavals of the vote to leave the European Union in June 2016 and the relatively inconclusive outcome of the snap general election of June 2017. Clearly the Conservative government under Theresa May, and arguably much of the machinery of central government, is preoccupied with one very big issue: Brexit. There seem to be no flagship programmes for public service reform. What remains of the domestic social policy agenda looks set to be dominated by the NHS, schools, and possibly prisons, typically fields without a large voluntary and community sector presence.

In contrast, although the Coalition government's leitmotif was deficit reduction, it still managed to launch the Big Society narrative and some allied programmes, the Localism and Open Public Services agendas, the Work Programme, and later the Transforming Rehabilitation reforms to probation services, all of which were considered to have implications for the sector's role in the mixed economy of welfare. Many in the sector were suspicious of the intentions underlying these programmes, but recognised that, in each

case, the sector was rhetorically welcomed with warm words about its potential contribution.

Theresa May has talked up the idea of a 'shared society' (May, 2017), but this appears to have remained at the level of rhetoric, apart from some prioritisation of enhanced mental health provision, and the somewhat belated development of a civil society strategy (DCMS, 2018). Overall, the current policy environment feels qualitatively different: cooler at best, hostile at worst. Where a role for the sector remains (in health and social care, probation and rehabilitation, employment and social integration), it looks set to be a constrained one, defined by the narrow and instrumental aims of the Government's domestic policy agenda. The government is now effectively saying to the voluntary and community sector: compete to deliver on our terms, within narrow parameters, don't campaign (and embarrass us), and do it all for less.

It is a far cry from the era of 'partnership': modern hegemonic Conservatism at the national level at least is essentially agnostic about the sector of 'independent' providers, or err towards favouring particularly large providers, especially those in the private sector. The voluntary and community sector could very well find itself held at arms-length from the state, through an intermediary relationship with the private sector. There is some emerging evidence, however, of a voluntary and community sector forging a less state-oriented future; perhaps reinforcing government-led 'decoupling' of the state and the sector in an austerity and now Brexit-dominated policy landscape. For example, an independent inquiry is exploring 'Civil Society Futures' in England, and many grant-making bodies, such as the Big Lottery Fund, Lankelly Chase Foundation and Lloyds Bank Foundation for England and Wales are taking a more strategic approach in encouraging voluntary and community organisations to lead broader 'system change' efforts in the organisation and delivery of public services (see for example, Davidson-Knight et al, 2017). Finally, therefore, it is clear that thinking about the voluntary and community sector's role inescapably leads us to think about the very nature of contemporary public services. It leads us to ask deeper questions about: what is now the essential nature of many public services, what is their purpose, do the ends justify the means, and what can we afford?

Summary

- The voluntary and community sector comprises a wide range of non-state and non-market organisations and groups, of different sizes, purposes and activities – this diversity almost defies efforts to define and measure the sector's scale and scope.
- Voluntary organisations and community groups have long been involved in developing, organising and delivering welfare services in the mixed economy of welfare, including campaigning for change.
- The future for voluntary and community welfare is highly uncertain in the current austerity and Brexit-dominated policy landscape, but its role in the mixed economy of welfare will remain deeply contested.

Questions for discussion

- Is the voluntary and community sector a saviour of the welfare state, or a cover for retrenchment?
- Is the voluntary and community sector compromised by its relationship with the state?
- What role can and should the voluntary and community sector play in campaigning for social justice?

Further reading

The best source of data on the voluntary and community sector is the annual UK Civil Society Almanac produced by the National Council of Voluntary Organisations (NCVO). The data is published online each Spring: <https://data.ncvo.org.uk/>

Overviews of the voluntary and community sector in the UK from a range of perspectives, including the policy context for the sector, can be found in: Kendall (2003); Milbourne (2013); Rochester (2013); Rees and Mullins (eds)(2016) and Mohan and Breeze (2016).

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