

RAN Advice Forum Report

'Labour's policy on the voluntary sector'

November 24, 2023

Introduction

1 This was the third and last of our 2023 Advice Forums, and the first one in which we had invited an MP - Matt Rodda, the MP for Reading East - to come and speak to us. We had issued a parallel invitation to Sir Alok Sharma, the MP for Reading West, to join us to talk about the Conservatives' policy on the Voluntary Sector, but he was unavailable.

The Presentation

2 Matt Rodda has been a journalist, a civil servant and has worked in the charity sector. He moved to Reading in the early 2000s and represented Katesgrove Ward as a Reading Councillor from 2011-2017. He was elected as the MP for Reading East in 2017 and is currently the Shadow Minister for AI and Intellectual Property.

3 Matt began by thanking everyone present for their work in the voluntary sector. He knew, from his own constituency casework, the huge contribution that the voluntary sector made. It had a deeper and more rounded understanding of the needs of vulnerable groups, and achieved much more than the statutory services, or the public, recognised. Without it the country would be in a much worse state.

4 He went on to explain that, as a member of the Shadow team, facing a difficult economic and political situation in the run-up to the next election, he could not make any spending commitments. The Labour Party, if elected to government, would want to try and generate more growth, and would use the proceeds of growth to tackle priorities such as greening the economy and building more houses.

5 But the Labour Party strongly supported the voluntary sector and wanted to see it flourish. He had spoken to his colleague Lilian Greenwood, the Shadow Minister for Arts, Heritage and Civil Society, who had policy responsibility for the voluntary sector, and she would be glad to meet a group from the Reading Advice Charities in Westminster to learn more about the issues they were grappling with and to discuss possible solutions. Reading was a particularly good example because it was such a diverse community.

6 He recognised that there were particular pressures on advice-giving. Vulnerable people had a specific need for good advice, and the changes in society such as the growth of social media and increasing rates of disability had intensified those pressures. He knew it was difficult to hold onto skilled staff and he wondered about the training and support available for advice-givers. He asked the meeting if a qualification across the sector, or an apprenticeship-type model, or more systematic professional development would be helpful. He also asked whether there was a pathway for career progression, and about the development of people with particular skills, such as fundraisers or middle managers.

7 He concluded by asking about the level of governance across the sector, particularly financial governance. How well did the current arrangements for regulation work? Did we have any practical observations about governance to feed into policy discussions?

Discussion Groups

8 After the presentation, participants broke into four discussion groups. In view of what Matt Rodda had said, the question they were asked to address was:

- What would you like to see in Labour's policy on the Voluntary Sector that could make a real difference to your work, and the help you are able to give to your clients?

9 In the event the discussions focused more on the issues facing their organisations that they would like Labour's policy to address, and rather less on particular policy ideas themselves, though where these emerged they are set out below. Two important general points emerged:

- It's unusual, and very welcome, to be approached and consulted while policy is being formed. Most recent Government consultations appear to have been done as an afterthought, with no real intention to take contributions seriously. This is particularly important as there is widespread ignorance about the voluntary sector and how it operates.
- Local voluntary advice charities vary significantly in size, and thus in management capacity, knowledge of the wider system, and so on. Some, such as Age UK or Citizens Advice, are part of national organisations on which they can draw for support and expertise. Smaller local charities are dependent on the knowledge of their staff and trustees.

10 The key points from the discussions are grouped under four headings - funding, staffing, working in partnership, and other.

Issues for local voluntary advice organisations

Policy ideas

Funding

Until around 2010, most funding for local voluntary advice organisations was in the form of grants, primarily from local authorities. Over the last 15 years, these have been replaced by commissioned contracts, and voluntary organisations now have to look for funding from a wide variety of different funders. This has led to a number of different problems:

- For administrative reasons, many funders, including government, like to limit the numbers of organisations with which they contract. This can lead to large national charities securing funding, even where smaller organisations may have more local knowledge and can be more flexible in their support for clients.
- A significant proportion of senior management time goes into developing funding bids to secure contracts. Competition is fierce, so only about 1 in 10 bids are likely to be successful. There is a risk of organisations being pulled away from their main objectives, simply to try and secure funding. The contracting process also absorbs significant contractor resources, particularly for local authorities.
- The application process, and the reporting requirements, vary widely between funders. Some are not proportionate to the level of funding involved and can make compliance very difficult for smaller local organisations.
- Most contracts are short term, typically 1 - 3 years, so both the organisations and the jobs of their staff are essentially insecure. It also makes it harder to provide consistent support to clients with more complex needs.
- Longer term contracts often do not provide for increases in funding over the term of the contract, even when inflation is relatively high.
- Very few funders will provide core funding - the funding that pays for a charity's basic infrastructure and enables it to exist in the first place. While most allow some allocation for 'overheads', they want the great majority of their funding to go on projects for the particular groups of clients they want to support.
- Some funders will not fund activities they consider to be statutory responsibilities, even if the statutory authorities are not providing these.
- Local government contracts often do not cover the costs of delivering the specified services, so charities subsidise these with funding raised from the public and other donors. Reading Mencap estimates that it subsidises its £15,000 contract with Reading Borough Council for information and advice services for people with a learning disability by £85,000 a year. Launchpad Reading has two local government contracts totalling £600,000 and subsidises these by £250,000.
- Because austerity has reduced the capacity of local authorities, they are referring more and more complex cases to voluntary organisations without understanding whether the organisation is equipped to deal with them, and without providing the funding to support them
- The Charity Commission recommends that charities do not hold reserves greater than 6 months' normal expenditure. This can prevent smaller charities from building reserves to run projects, particularly if they are only partly grant funded. In addition, many funders use this recommendation as part of their bidding rules. Charities holding less than 6 months' reserves may not be seen as sufficiently financially

Could we move back to an increasing proportion of funding, particularly that provided by local authorities, coming as grants rather than contracts?

Commissioning has been justified as securing better and more focused services for taxpayers' money, but we have seen little evidence to support this.

Could local authority contracts be for longer periods, such as 5 - 10 years?

Would it be possible to link statutory and voluntary budgets in particular areas?

viable to bid; charities holding more than 6 months' reserves may be seen as not really needing the funding for which they are bidding.

Issues for local voluntary advice organisations	Policy ideas
<p>Staffing</p> <ul style="list-style-type: none"> • The problems with funding have a profound effect on staffing. Because funding is always tight and often short term, pay levels are relatively low and many staff are part-time and on short term contracts. This makes it difficult to attract and retain young people who need to have the pay and security that will enable them to buy a house, build a career, etc. As a result the sector is over-represented by white, middle class, middle aged people who can afford to work there. • There are university courses for people wanting to work in large charities, but nothing for people wanting to work in smaller local charities. • Short term funding also makes it difficult to plan and manage staffing levels. Too often organisations have to lose staff they have invested in when funding for a particular project comes to an end, and then have to recruit and train new staff a few months later when they manage to secure new funding. • The cost of living crisis means that increasing numbers of clients are now coming with problems - such as debt levels and negative budgets without headroom for change, or an inability to afford a social housing or supported housing place they have been offered - that staff and volunteers are unable to solve. Moreover there are often no other organisations better able to help to which they can refer these clients. This is at best demoralising for the staff, and if the client gets frustrated and angry, which understandably is not uncommon, can be traumatic and affect their mental health. • So good HR and strong support for staff is essential, but can be very difficult for smaller organisations with limited resources to provide. • Good management is equally important, and when staff who were recruited as advisers get promoted into roles where they manage staff or services they need to develop additional skills. However, management training is not easy or cheap to provide, particularly for smaller organisations. • Other training, such as safeguarding for adults and children, can also be a significant expense. The regulations on this are vague and constantly changing, which is unhelpful. 	<p>Could local authority contracts enable charities to pay higher salaries to attract new and more diverse staff into the sector?</p> <p>Could there be a higher education path that would attract young people into the sector as a local level?</p>

Issues for local voluntary advice organisations	Policy ideas
<p>Working in partnership</p> <ul style="list-style-type: none"> • Working effectively in partnership, with the local authority, other charities, or other organisations, can significantly enhance the support an advice organisation can give to its clients. But this is not easy to achieve, • Reading Borough Council's appointment of Mark Redfearn, as the focal point for contact between the voluntary sector and the local authority, is a very positive development at a time when many local authorities have dispensed with that type of intermediary role. The Council has also recently agreed a 'Compact' with the voluntary sector which sets out how the Council and the sector intend to work together over the next two years. • However, there remain problems. Statutory bodies such as local authorities and the NHS expect to be able to consult senior staff in voluntary organisations and draw on significant amounts of their time to attend meetings without any reimbursement - which does not recognise their professional expertise, the value of their contribution, or the scarcity of the resource on which they are drawing. And while sometimes there is joint local planning before significant groups of refugees arrive in an area, and funding provided to local voluntary organisations to support them, this does not always happen. • A number of the local advice charities in Reading are now working together in a variety of different partnerships, funded by Council contracts, to deliver more closely integrated services to vulnerable residents with complex problems, and this is working well. But not all geographical areas have good working partnership models. • Closer links between the voluntary and business sectors would be beneficial, particularly if businesses were to ask the voluntary sector what they could most usefully do to support it, instead of just deciding what they want to do, which is often what happens and doesn't always meet existing needs. 	<p>Could Government encourage business to take a more thoughtful approach to their support for charities?</p>

Issues for local voluntary advice organisations	Policy ideas
<p>Other There were a number of other important points made:</p> <ul style="list-style-type: none"> • Talking about the ‘voluntary’ sector creates, amongst those who know nothing about the sector, an impression of amateur organisations providing free services. • Banks can be inflexible and inefficient when dealing with small charities who need to make changes such as setting up a new signatory. • Providing common accommodation for a group of charities sounds attractive but can be problematic. Organisations have different needs for office space and work with clients, client needs can conflict, clients sometimes need to be segregated, and there can be issues over privacy and confidentiality. • AI is likely to have a role in the work of our charities. But a more immediate issue is the number of vulnerable people who cannot afford access to the internet. • Language translation is often necessary and can be very expensive. • The models of excellence produced by organisations such as NCVO and the Lloyds Foundation are valuable - they show charities what to do and how to do it. • A number of our members give advice on Universal Credit. Their view is that while it might need reforming, replacing or abolishing it would be a costly distraction, cause more problems than it would solve, take a long time, and cost a fortune. • They also believe it would be a mistake to make significant changes to charity governance regulations, for the same reasons. 	<p>Could the Government refer to us as the Third Sector, and engage with us as they do other sectors such as Health or Industry?</p> <p>Could the Charity Commission be more of a champion for the voluntary sector?</p>

Conclusion

11 Matt Rodda welcomed the feedback from the discussions, and repeated his invitation to set up a meeting in Westminster with Lilian Greenwood. Richard Harrison thanked him again for stimulating such an excellent Forum.

Richard Harrison
Chair, Reading Advice Network