



*The future of*  
**'DOING GOOD'**  
**IN THE UK**

Commissioined by

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## ABOUT THE REPORT

Setting out to define the future of ‘doing good’ in the UK might at first glance seem a rather lofty ambition. But rather than offering up its own worldview, this paper frames a debate for others with an interest in ‘doing good’. It seeks to spark conversations across civil society about how people and communities can best be supported to achieve remarkable things in a rapidly changing context.

Communities in the UK face sizeable challenges, such as the changing role of the state in their lives, demographic trends such as ageing, and the impact of globalisation on the labour market. But this moment is also one of opportunity: to radically rethink the way people and communities can shape and improve their lives and ultimately thrive.

While this paper will certainly inform our own approach to funding a flourishing civil society in future, we hope it will catalyse broader thought and action across all sectors to crack the tough challenges outlined here.

Sonia’s task has been to pique and provoke; to unpack some of the knotty and complex issues that many of us will be grappling with. It has not been to create solutions – a challenge that now falls to all of us collectively.

### **Dawn Austwick**

Chief Executive of the Big Lottery Fund

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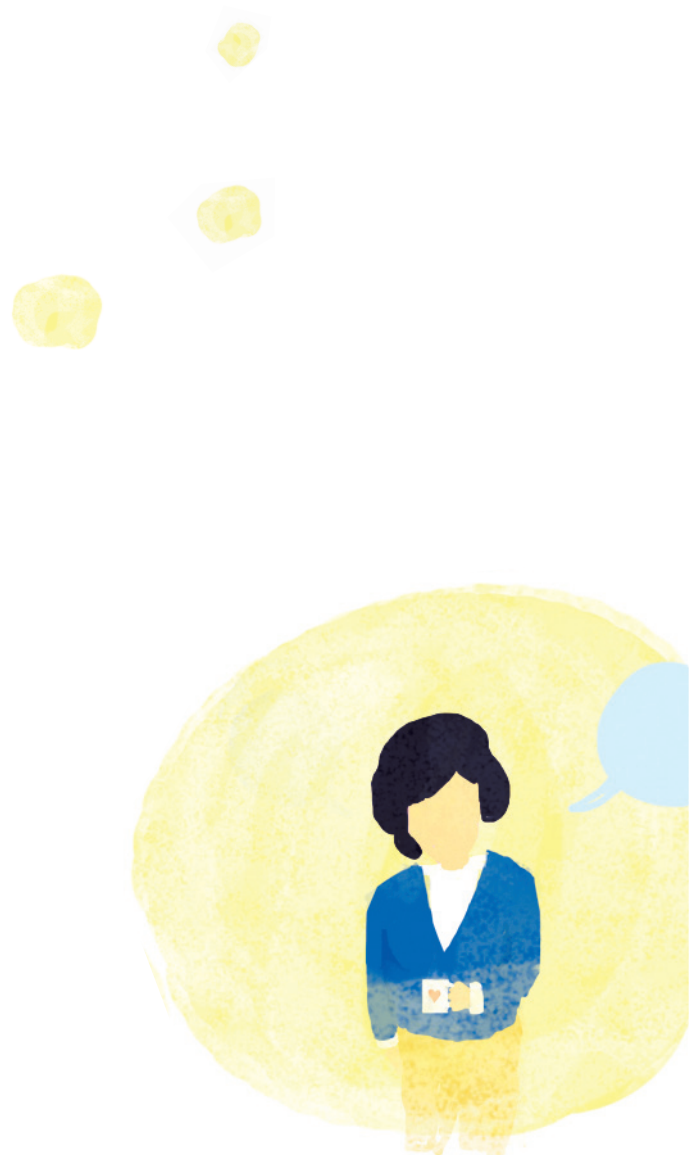
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## INTRODUCTION

What does it currently mean to ‘do good’ – or create social value – in the UK? How should this evolve in the decades to come? This paper seeks to ask some provocative questions of those of us who seek to do good, and contribute to the live debate already taking place about this, rather than provide a conclusive set of answers. In this spirit, it attempts to give a fair hearing to the diversity of views across the social, public and private sectors, rather than start from a particular perspective on what the sector is for, and what it should be looking to achieve. It is informed by a set of interviews with thinkers, practitioners and entrepreneurs from across the social, private and public sectors.

The paper is structured in three main sections. The very idea of ‘doing good’ is highly contestable and values-laden. Section 1 therefore discusses what it means to do good, based on different philosophical traditions. Given the values-driven nature of doing good, it also looks at who shapes doing good: is it government, funders, charities, or communities and people?

Section 2 sets out the context for doing good in the UK. It briefly reviews the social challenges we face as a society, focusing particularly on domestic social challenges: inequality, the health of our communities, and democratic engagement. It then looks at the ecology of the social sector, outlining the way in which the social sector in many ways mirrors the private sector: an ecology made up of lots of very small charities, but, at the other end of the spectrum, characterised by a small number of very large charities. Given the social sector is much smaller than the public and private sectors, should the social sector be looking to leverage its impact through these other two sectors to a greater extent than it already does? The shifting role of the state and its relationship with the social sector – particularly the growth of contract-based funding, the retracting state,



and devolution – is also considered. The section concludes with looking at the role of the private sector in doing good – should we be evaluating it by the social value it does or does not create rather than by its motives, and what does this mean for how the social and private sectors should be working together?

Section 3 considers some key questions about how we currently create good, drawing heavily on the interviews carried out with stakeholders from across the social, private and public sectors. It considers a number of themes, including whether the sector remains too needs-focused at the expense of building people’s capacity to improve their own lives; whether we are too focused on activities and organisations at the expense of people and systems change; how we measure good; how we get better at doing good; competition versus collaboration in the sector; accountability for doing good; the role of funders and philanthropy in doing good; and why technology has not been a bigger disrupter in the creation of good.

The paper concludes with a brief section that draws out some themes and questions for what this means for how we look to create good in the future.

The ‘social sector’ is here defined with respect to its function rather than any particular legal form: those organisations and associations whose primary purpose is to create social value rather than make profit, and which are independent from the state. This is a broad and messy definition that includes everything from the largest national charities, to the smallest local groupings, some of which perhaps don’t even have a formal structure – and a lot in between, including social enterprises, community associations and community interest companies. It reflects the reality of today’s social sector, and the fact that boundaries between the social, private and public sectors are no longer so distinct.

For example, some charities are independent of the state but the majority of their funding may come from government contracts to deliver services on behalf of it. And some private companies claim creating social value is, for them, an important objective that is complementary to, rather than a distraction from, profit creation. What sets the social sector apart is its mission to create social value: but at the same time, it certainly does not have an exclusive claim on this.

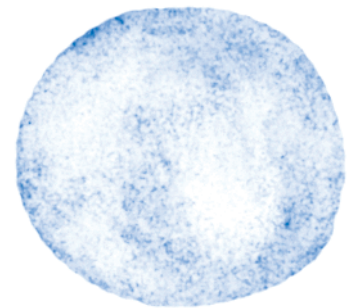
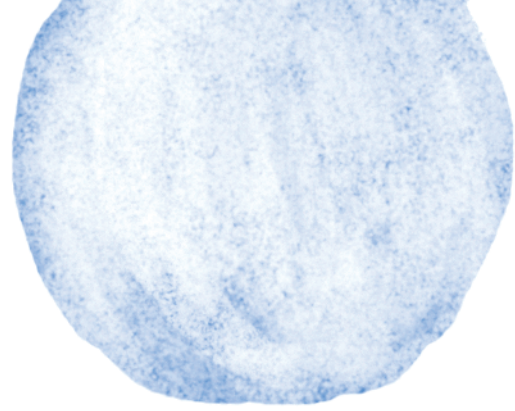


## WHAT DO WE MEAN BY 'DOING GOOD'?

Any discussion about what it means to do good will be inherently values-laden. We all have our own views about what good is, and it's impossible to take a neutral approach to this question. Perhaps the most important thing is therefore to acknowledge this is a normative question, and to be transparent about the values that inform the answers to it.

Different secular philosophical traditions place emphasis on different types of social value:

- **Liberalism** emphasises the importance of an individual's freedom to pursue their own view of the 'good life': whether that is starting a charity, making money in the corporate sector, going into politics, or none of the above. It therefore places stress on the resources, skills and capabilities that individuals need to make the most of their lives: but it's up to them to choose what to pursue.
- **Communitarians** argue that the good life cannot just be realised through individuals having the freedom to pursue their own ends. It is realised through community, association with other people and mutual interdependence. Indeed, communitarians argue that it doesn't make sense to talk of individuals with no reference to the communities in which they live: their identities are in part shaped by them, and unlike liberals, they believe we should be nurturing the shared values of a particular community or society.



- **Republicanism** sees democratic participation as a fundamental part of the good life – not just participation in the processes of democracy (like voting), but taking part in the institutions of democracy (such as political parties and grassroots movements for change). Without this, no individual can really claim to be free, as they are simply living at the whim of a state, a set of agencies or a group of individuals that they have no meaningful influence over.

Faith-based approaches to ‘doing good’ have also and continue to be influential in the UK; for example, the Quaker tradition of philanthropy.

These views of the good are not mutually exclusive. Their influences can be traced in different parts of the social sector throughout history. For example, in Victorian times, there was a strong emphasis on philanthropy as transferring resources from the wealthy to the poor to help them make the best of their lives: some of this work brought immense benefits and set the tone for a philanthropic tradition that still exists today; some was very patronising and based on fundamental misunderstandings about the causes of poverty. But at the same time, there existed a flourishing network of friendly societies that provided mutual assistance in times of poor health and unemployment: here the emphasis was on people providing non-financial and financial support to each other through local associations. We continue to see great diversity in missions within today’s social sector: there are organisations that seek to develop skills and resources in individuals, those that seek to promote community life and build social capital, and those that seek to build democratic engagement through community organising.

A broad range of different but overlapping conceptions of what it means to do good emerged from the stakeholder interviews

conducted for this project. People variously defined doing good with reference to:

- The extent to which we’re able to address people’s immediate and critical needs (for example, hunger, or for shelter).
- The extent to which we’re building specific skills and capabilities in people who might be at a disadvantage because they lack them (for example, building employability and job search skills in people who have been long-term unemployed).
- The extent to which we’re developing people holistically, perhaps measured by the control or agency they have over their lives.
- The extent to which we’re building relationships and associations between people; and assets, resilience and social capital within communities.
- The extent to which we’re building the democratic health of local communities.

In terms of the state, however, the emphasis, particularly in recent years, has been on the liberal ideal of social value: the idea that when it comes to ‘doing good’, the primary job of the state is to help people build the resources, capabilities and health they need to secure good outcomes for themselves. This is not to say that there have not been strains of thinking that have emphasised communitarian and republican views of social value. For example, in the wake of riots in northern towns in 2001, there was an acknowledgement by government that a failure of to promote integration and cohesion was partly to blame. Communitarian strands of thinking have been enjoying a revival on both sides of the political spectrum, in the form of the Blue Labour and Red Tory movements. Republican values have been evident in policies to promote citizenship education in schools. But liberal values have remained by far the most dominant strain of thinking in political discourse and policy.



Some stakeholders interviewed for this project argued that the sector needs to coalesce around a unifying vision. But given that doing good is so value-laden, is this even possible? Or is as far as we can go the embracing of the diversity of how good is defined across the sector, and of the organisations and missions that might trace their roots to different philosophical traditions?

Given that doing good is value-laden, it is very important to be aware of which actors are really shaping what it is to do good, both within the social sector and society more widely. There was a shared sense in the stakeholder interviews that the power dynamics we see in the social sector mean that rather than it necessarily being the people and communities whose lives the social sector is looking to support shaping the agenda around doing good, it is still overwhelmingly:

- Those who hold the purse strings – government and funders – particularly the state in recent years, whose influence has grown as a result of an increasing amount of contracting with the sector to deliver specific services (see further discussion below).
- Leaders in the sector, many of whom may be motivated by their own personal conceptions of what it means to do good, which will likely be influenced by their own life experiences rather than those of the communities in which they are working.

This is critical to understanding how we view doing good in society: as set out above, the state has overwhelmingly taken a liberal interpretation of what it means to do good at the expense of other notions of doing good. And when organisations are forced to converge on the state's version of doing good in order to win funding and influence, it can compromise their ability to work from their insights and understanding of local communities.

There have, however, been innovative approaches that have sought to involve communities much more in defining the vision for what would improve lives. For example, Amplify is an initiative run by the Young Foundation that has aimed to build a movement of people to create positive social change. It worked with 800 people in Northern Ireland using a range of ethnographic techniques and creative ways of engaging the community, such as art and storytelling workshops, to develop a shared narrative about how these communities would like to look in the future. As a result of the work, the initiative has supported 24 innovative projects and ideas that emerged from this shared narrative<sup>1</sup>.

Finally, there is a question about the value of the social sector itself, given its evolution over time. In the last century, charity was dominated by voluntarism: in modern times, charities themselves can be highly professionalised organisations, employing many staff. If it is no longer voluntarism, what distinguishes the social sector from the private and public sectors, which are often driven by their own values – is there a clear differentiator? What makes a large charity delivering a service different from a private sector company or a public sector service: is it that it is not part of the state but at the same time not driven by a profit motive? This is a theme to which the paper will return to later.

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<sup>1</sup> <http://youngfoundation.org/publications/amplify>

## Questions:

- Do we adequately recognise how values-laden 'doing good' is?
- Who is really shaping the social sector's agenda on doing good? Are people and communities playing enough of a role? If not, how could we make this more people-powered than top-down? Should the social sector conceive of its role as defining and delivering good – or supporting people and communities to define good themselves and help them achieve it – is this a helpful distinction to draw?



# THE CHANGING CONTEXT FOR DOING GOOD

## THE SOCIAL CHALLENGES FACING SOCIETY

It would be beyond the scope of this paper to set out in detail a comprehensive analysis of the challenges we face as a society. But it might be helpful to loosely group the kinds of domestic social challenges that set the context for the work of the social sector:

- **Inequality.** We see stark inequalities in financial resources, skills and capabilities. These tend to be perpetuated across the generations, with children born in poverty and disadvantage less likely to enjoy good employment, education and health outcomes as their more advantaged peers. In recent years, there has also been a big focus on intergenerational equity: the baby boomer generation has collectively done well out of fast-rising house prices, the welfare state settlement and generous private pensions; in contrast, the younger generation have been locked out of some of these benefits. In reality, this trend further accentuates the influence of inequalities by class and social background, as better-off baby boomers can insulate their children from some of these effects.
- **Resilient communities.** Social capital – the networks, associations and relationships within a community – is closely related to the resilience of a community, and its ability to support its members to cope with adverse circumstances. Yet it can be trickier for communities where people lack financial resource and/or time – perhaps due to poverty, perhaps due to working long hours – to build this social capital. The UK is set to get more ethnically diverse in the decades to come: yet we have not always understood how to encourage integration and cohesion between people from different backgrounds,

faiths and communities, which has resulted in tensions between different communities living in close proximity to one another. Isolation and loneliness have as damaging an impact on our health as smoking 15 cigarettes a day – yet too many people feel isolated from the communities around them, and suffer from a lack of the fulfilling relationships that help many of us make sense of our lives.

- **Democratic engagement.** The debate about democratic engagement often focuses on headline figures like voter turnout in national and local elections: voter turnout is related to age, with younger people less likely to vote. But beyond the headlines, how deeply and meaningfully engaged are we in the political system and creating positive change? How much influence do we as citizens have over the decisions that matter to our lives? How does empowering people in their local communities relate to engagement with national politics?

There are also new social challenges on the horizon, already making themselves felt but which could change society in ways we are yet to predict. We are an ageing society – and there will be more people living with cognitive as well as physical impairments, like dementia, towards the end of their lives. Technological advancement – along with globalisation – has already changed the nature of jobs in the labour market: it has increased inequality by increasing the returns to capital and high-skill labour, while decreasing the returns to lower-skilled jobs. Technological progress in the decades to come is likely to continue to shift power dynamics in the labour market, creating new jobs but replacing others, and platforms like Uber and TaskRabbit may contribute to a growth in self-employment, in which people are not entitled to basic employment rights such as the minimum wage and sick pay. Technology has also shifted the way we communicate and relate to each other. Of course, there are also exciting opportunities that come from living

longer and technology, but some people are more likely to benefit than others.

These challenges are of course by no means an exhaustive list, and they focus on domestic social challenges rather than the global challenges we also face: climate change, microbial resistance, and large population movements as a result of war and natural disasters, to name a few.

Neither the social sector, nor the state, nor the private sector, acting alone can respond to these social challenges. But the social sector could have a critical role to play in leading a cross-sector effort.

## THE ECOLOGY OF THE SOCIAL SECTOR

How is the ecology of the social sector changing? This is a difficult question to answer using a broad-based definition of the sector based on function rather than legal form, as there is no comprehensive map or data source that exists.

The NCVO 2015 Almanac provides a source of information about the voluntary sector more traditionally defined, as registered charities<sup>2</sup>. But it excludes information about 'below the radar' community groups and organisations, or about social enterprises and community interest companies. The main trend in recent years has been the decline in funding from government sources, and a shift from grant-based to contract funding within that.

## VOLUNTARY SECTOR FACTS AND FIGURES<sup>3</sup>

Unless otherwise stated, the year the data is from is 2012/13.

- There are 160,000 charities in the UK with a combined turnover of £40.5bn, and funds worth £105bn. Almost half have an annual turnover of less than £10,000; 83%, less than £100,000.
- The voluntary sector is much smaller than the public and the private sectors.

### Income

- Income from individuals is the most significant source of income for charities – it makes up 46% of the sector's income (and more for smaller charities).
- Contracts and grants from the state are the second most significant source of income: 33% of the sector's income. But government income – which steadily rose over the last decade – has fallen by £1.9bn between 2009/10 to 2012/13, to £13.3bn. Just under half of government income came from central government and the NHS; just over half from local government.
- Government funding has shifted from grant funding to contracts. Grant funding from government is at one-third the level it was a decade ago. Grant funding peaked at £6bn in 2003/4 – when it represented more than half of all income from government. Grant funding now makes up just 17% (£2.2bn) of funding from government: the rest is made up by contract funding.

<sup>2</sup> <http://data.ncvo.org.uk/a/almanac15/introduction-2>

<sup>3</sup> Source: the NCVO 2015 Almanac, available at link above

- While income from government represents a significant share of voluntary sector income; a relatively small share of government contracting is with the voluntary sector: around 4% of central government contracting, and 10% of local government contracting.

### People

- The voluntary sector employed 821,000 to March 2014. This represents 2.7% of the total UK workforce, which has grown from 2.2% since 2004. The social sector is a much smaller employer in aggregate than the public and private sectors.
- Around two in five members of the public reported volunteering formally at least once in the previous year in 2013/14; one in four at least once a month.

### Geography

- Most charities (78%) operate locally, 13% nationally, 3% both nationally and overseas, and 6% overseas.
- Charities tend to be concentrated in major urban centres.
- There are slightly more charities per head in the more affluent half of the UK, but charities in the least affluent half of the UK receive almost double the income of those in the more affluent half.

Given that the boundaries between the social sector, the state and the private sector are becoming fuzzier – and that both the state and the private sectors create social value – we cannot understand the context for doing good without understanding how the state and private sectors are also evolving. This is also very important given the small size of the social sector compared to the public and private sectors. In order to do the maximum good it can, the social sector should arguably be looking to create good in partnership with the public and private sectors, influencing the social impact that they have.

### Questions:

- Is the ecology of the social sector – with large numbers of very small organisations – a strength or a weakness?
- Should the social sector be doing more to leverage change via the public and private sectors, as well as directly doing good itself?

## THE EVOLUTION OF THE STATE - AND ITS RELATIONSHIP WITH THE SOCIAL SECTOR

There have been some important trends in the evolution of the state that have been critical in shaping its relationship with the social sector – some have been long-standing, others much more recent.

First, new public management theory, and competition and choice, have been dominant paradigms in relation to public service reform over the last three decades, championed by successive governments from across the political spectrum. As the government has looked to contract out the provision of services through competitive tendering, opportunities for the social sector to contract with the state to provide services has increased. Government contracting now represents around a quarter of the voluntary sector's income.

Contracting brings opportunities: social sector organisations can aim to deliver services in line with their own values and missions in so far as contract specifications allow. But there are also real risks. Government contracts at the national level – for example for the Work Programme and probationary services – tend to be very big, meaning that all but the largest social sector organisations can end up being subcontractors to large private companies rather than directly contracting with the state themselves. The contracts can be written in such a way that charities can find themselves taking on inappropriate amounts of risks from the state.

More fundamentally, these contracts tend to specify how services need to be delivered, rather than just setting high-level outcomes. This means social sector organisations can end up delivering services that may not fit with their values, for example, government-mandated sanctions regimes. It means that these organisations essentially have to accept the state's notion of doing good, compromising their independence.



Far from encouraging social sector organisations to share knowledge, contracts such as those for the Work Programme contain gagging clauses about performance and financial information; even where they don't exist, organisations may feel compromised about speaking out about issues with government policy in case it risks their ability to win contracts. Together with the Lobbying Act, which introduced limits on the amount charities can spend on campaigning on issues in the run up to the election, these developments have had a chilling effect on the sector's independence<sup>4</sup>. There is no doubt that government influence on the sector has increased significantly in the last twenty years. But whether or not to contract to deliver government-funded services may be a tough call: many social sector organisations may feel that they need to consider who might end up delivering these services if they don't go for the contracts, as well as their viability without income from government contracts.

A second important trend since 2010 has been the government's austerity agenda, and the consequences in terms of a retracting state. Funding for services outside health and education has been significantly scaled back. Grant funding for the social sector has been a big casualty: it has fallen by a third since 2006, when it constituted over half of funding for the sector; now, grant-based funding makes up less than 20%.

How should the social sector respond to a retracting state? Long debated, this is a critical strategic question for the sector. Should it be trying to fill in meeting people's needs where the state takes a step back? Or should it be trying to show how the state can make a difference to people's lives in new, less resource-intensive ways? Some of the stakeholders interviewed commented that there had been a misplaced sense of optimism that the state might reconfigure the way it does things as a

result of austerity. But they also argued that this creates an opportunity for the social sector to try and work with the public sector to redefine the state.

For example, Grapevine and the Coventry Law Centre are collaborating on a project to work with local statutory services in Coventry to support them to become more focused on capacity-building than problem-fixing. And while food banks are oft-cited as an example of the social sector stepping in where the state has retracted, the Trussell Trust has designed them to try and avoid creating dependence: they signpost people to other, longer-term services and have a rule that people can use no more than three vouchers in six months.

A third shift has been the growing political commitment to devolution to local government. The extent to which this commitment will manifest itself in real devolution of budgets remains to be seen. But if it does, it represents a real opportunity for the social sector. Local government could potentially be a better locus for organisations trying to influence place-based strategic and cross-sector ways of working, rather than simply responding to tenders and contracts that have already been drawn up. However, this will depend on a number of factors, including the quality and approach of local government leadership, which will vary from area to area; the level to which powers are devolved (many of the devolution deals signed by the government so far are with regions that combine several local authority areas); and the budget areas that are devolved (with one or two exceptions, the devolution deals seem to be focused on promoting local growth and jobs rather than joining up local public service budgets).

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<http://www.independencepanel.org.uk>

Fourth, there has long been a recognition that public services need to shift away from focusing on acute need to becoming more preventative, and that an important way to do this is for them to become more personalised. For example, the NHS has a new five-year strategy that is designed to support it to move from being a system that mainly focuses on fixing sick people, to a service that is about preventing avoidable health issues like type II diabetes and helping people manage long-term conditions. Implementing this strategy will be incredibly tough for a hugely complex system of organisations that collectively are the fifth largest employer in the world. But there is an opportunity for the social sector to work with public services to help show them the way.

Questions:

- How does the social sector influence the way that the state does good, rather than getting captured by it – particularly given the power dynamics that often exist between the state and the sector?
- How should the social sector respond to a retracting state?



## THE ROLE OF THE PRIVATE SECTOR IN 'DOING GOOD'

Businesses may have a different objective at their core – creating profit – to social sector organisations. But like charities, they create positive and negative social impacts; for some businesses, the positives will outweigh the negatives, for others, the reverse will be true.

Historically, the ‘offset’ model of corporate social responsibility (CSR) has been the way that many businesses have thought about and talked about their social value. This refers to the model through which businesses give a pot of resources to a specific team or department tasked with doing good, without addressing their social impact as part of their core business model. The risks of this model are apparent: the amount of money that is spent on CSR can be far outweighed by the positive and negative social impacts a business has through its day-to-day operations.

In recent years, there has been a growing interest in a different model of doing good in the private sector, whereby businesses instead think about how they can create social value through the same activities they use to generate a return. There are some businesses who have long pursued this model, for example the Body Shop, and other more recent converts, for example Unilever. The distinction between profit-making organisations generating a return while at the same time also creating good, and social-value driven organisations like social enterprises making a profit to help them do more good, is a blurry one.

To some extent, this model of doing good is inbuilt in businesses to the extent they create jobs and economic growth; although we shouldn't over-romanticise – there is no question that some businesses make short-term profit at the expense of their employees and longer-term value creation. But by voluntarily committing to pay people the living



wage, for example, or to provide high-quality apprenticeships for young people, businesses can create huge amounts of social value whilst at the same time improving their bottom line.

There is, however, undoubtedly some suspicion of the private sector's profit motive in the social sector. But while some of the stakeholders interviewed for this project acknowledged that there is indeed over-claiming about social value creation within the business sector, they questioned whether this inherent suspicion is justified.

They argued *motivation* for creating social value is less important than the social value that actually ends up getting created. It is true that many businesses see engaging in the social value agenda as being good for their brand and reputation. An annual barometer by C & E Advisory that surveys a group of companies and charities involved in private-social sector partnerships, found that enhancing brand, corporate reputation or credibility was a primary motive for engaging in relationships with the social sector for 96% of the corporates they surveyed.

But does this matter? The motives of people and organisations working in the social sector are also rarely purely selfless. Of course people are attracted to the sector because of their values and because they want to do good – but also because they want a fulfilling career, and, as discussed below, social sector organisations *also* tend to over-claim about their impact in the interests of fundraising and differentiating themselves from other organisations.

So perhaps we could conclude the extent to which business activity creates social value is more important than the private sector's motivations. And the social sector certainly has a role in working with the private sector to improve the impact of both sectors, for example by forming genuine partnerships that are about more than just an exchange of CSR

funds. There are some great examples of such collaborations. For example, the cancer charity Macmillan has formed a partnership with Boots: the result is not just joint fundraising, but better advice and support on the high street for people with cancer. In-store beauty advisers have been trained in how to manage the visible side effects of cancer treatment, and pharmacists have been trained to provide information about cancer support services. But some of those interviewed for this project argued these sorts of meaningful collaborations remain an exception rather than the norm.

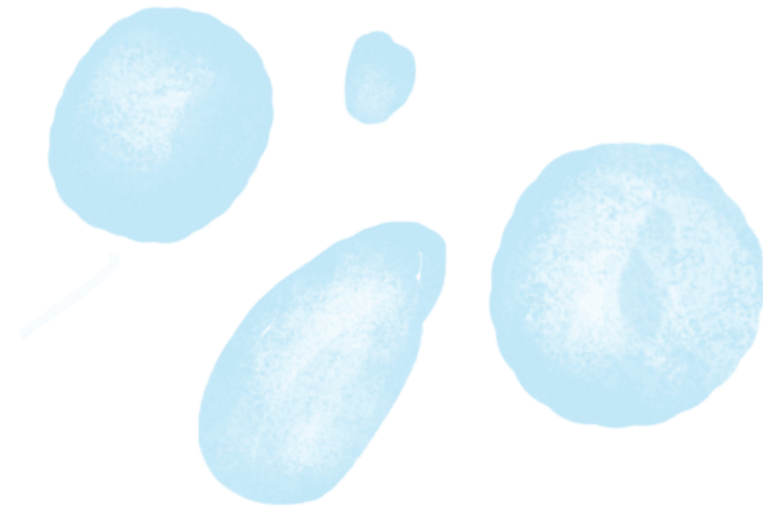
Creating more of these sorts of partnerships will require culture change in the social sector not just the private sector: some people will have to overcome their inherent suspicion of the profit motive. Just as businesses give the main motivation for partnering with charities as brand and reputation, rather than innovation or improving effectiveness, 98% of charities in the C&E corporate-charity barometer listed resource generation as a main reason for partnering, although access to people and contacts and innovation also featured on the list.

Another way of challenging business to create more social value would be through the accountability that comes through investment and consumption. For example, the living wage campaign – working with some of the charitable foundations who have investments – has successfully raised the issue of the living wage at shareholder AGMs. Consumers can also provide further incentives to engage with the social value agenda if they choose to buy from companies that care about their social footprint. In this sense, perhaps it is to be welcomed that many companies see social responsibility as a key part of promoting their brand and their reputation.

The fuzzy boundaries between the private and social sector – represented by social enterprises and community interest companies, for example – are symptomatic of the fact that whereas in the past, people who wanted to spend their careers creating social value might have overwhelmingly looked to do this through the social sector, many people now go into the private sector to do this. There are arguably more opportunities to create good through the private sector, and increasingly, some people may set up a limited company rather than a charity as a legal entity through which to create social value. What are the implications for the voluntary sector: does it matter?

Question:

- How can the social sector work in partnership with the private sector to change the way it sees doing good? What can the sectors learn from each other? And what cultural and attitudinal shifts do we need to see in order to help make that happen?



## HOW DO WE CREATE GOOD?

This section of the paper explores some key themes and questions about how we currently create social value, including:

- Meeting needs and deficits versus promoting strengths, resilience and self-reliance: how do we conceive of our mission?
- Activities, people, organisations and systems change: what are the vehicles through which we seek to achieve good?
- How do we measure good?
- How do we get better at doing good?
- Competition vs collaboration: what are the dynamics of doing good?
- Accountability for doing good: have we got the balance right?
- The role of funders in doing good
- Technology: why hasn't it been a bigger disrupter in the creation of good?

### MEETING NEEDS VERSUS BUILDING STRENGTHS: HOW DO WE CONCEIVE OF OUR MISSION?

Sir William Beveridge, the architect of the modern welfare state, eventually concluded that it had an important flaw: an underemphasis on the role of people in improving their own lives. He feared that the welfare state he helped create would encourage a passive focus on people's needs, rather than supporting them to become self-reliant in the long term. This critique has been echoed by many since then<sup>5</sup>.

Many of the stakeholders interviewed for this project argued that the social sector, like the state, remains too focused on needs and deficits, and not enough on empowering people to create positive change in their own lives.

<sup>5</sup> See for example [www.hilarycottam.com/wp-content/uploads/2010/01/Beveridge-4.pdf](http://www.hilarycottam.com/wp-content/uploads/2010/01/Beveridge-4.pdf) and <http://quarterly.demos.co.uk/article/issue-6/the-connecting-state>

They highlighted the dangers of thinking about people's individual and acute needs in silos – for example, homelessness and drug addiction – when for many people, these needs are not only related, but have the same root cause.

However, some stakeholders strongly defended the principle of meeting need, and almost everyone thought that people have needs that need to be addressed.

These two positions need not be thought of as inconsistent. Interviewees described asset-based approaches as being more about how holistically people's needs are viewed, rather than denying that need exists at all. And as being about the design of the approaches we use to support people – is it about providing a service 'to' people or about providing them with the support and resources they need to resolve their own issues over the long term? Specifically, asset-based approaches might be defined through the extent to which they support people to improve their own lives, rather than viewing people as passive participants in that objective.

For example, Wevolution has supported communities in Scotland to set up self-reliant groups, based on an approach developed in India. Self-reliant groups bring together a group of five to ten people (mostly women) from a local community so they can support each other, grow in confidence, learn new skills, create new small businesses, and in time, generate an income. The ultimate objective is to support people to turn their own communities around: a move from dependence to interdependence.

But the truth is that we've long debated as a sector how to become more asset-based and strengths-focused. Why are we still talking about it – and why do people feel we haven't gone nearly far enough?

It is perhaps a sign of how deep the concept of need runs in the psychology of our sector.

It's how we know who needs our support and where to focus efforts. Funding applications often start with a question asking charities to set out what the need is. Government contracts specify the delivery of services that are about addressing needs. Fundraising campaigns for individual donations often play on issues of need and vulnerability in the belief this is a good way to get members of the public to make donations. Many of us who work in the sector are motivated by the idea of helping people 'less fortunate' than ourselves, and many charities are born out of the impulse to rescue people or fix an injustice.

The dangers of this approach – when taken too far – are well-established. Starting from need – and an overwhelming focus on the problems and the issues – means that the social sector sometimes forgets that people *do* have the capacity to improve their own lives, and that this should be the starting point. It can lead to stark divisions in the sector between those who are being 'helped' and those who are doing the 'helping'. If we're not careful, it can lead to approaches based on pity rather than empathy, and at the extreme end, people seeing those they are 'helping' as being somehow different to themselves.

In contrast, asset-based approaches may not draw such a clear distinction between 'benefactor' and 'beneficiary'. For example, youth volunteering organisations often refer to the concept of 'double-benefit' volunteering as being critical to what they do. This is based in the idea that by taking part in structured volunteering in their communities, young people can develop new skills and relationships that they would not otherwise have the chance to do, while also making a difference to people in the community, whether that is through volunteering in primary schools or care homes. The charity North London Cares focuses on supporting people in communities to develop rich intergenerational relationships – to create mutual understanding and benefits, not just for

older people who may be feeling isolated or lonely, but also for young professionals who feel like they lack connection to any sense of community.

This idea of mutual gain of course extends beyond volunteering. People who work in the social sector also benefit from it: it provides them with a livelihood, job satisfaction, the opportunity to live the values that are important to them, and opportunities for personal development.

Given we've talked about becoming more asset-based as a sector for so long, how do we make progress on this? How do we acknowledge that people may have needs – without taking away from people's agency to do something about them themselves, even if they may require support to do so?

Question:

- How do we remain aware of needs – and use the concept of need to help us focus the sector's efforts – whilst recognising and supporting people's capacity to improve their own lives?

### ACTIVITIES, PEOPLE, ORGANISATIONS AND SYSTEMS CHANGE: WHAT ARE THE VEHICLES THROUGH WHICH WE SEEK TO ACHIEVE GOOD?

There was a consensus amongst the stakeholders interviewed for this project that the social sector focuses too much on activities and programmes and not enough first on people, and second on systems change – the broader context within which activities and programmes sit, including the way in which the public, private and social sectors interact to produce particular outcomes and behaviours.

This starts with funders – who often conceive of doing good as funding a particular project or

activity to fix a specific need. Combined with a general reticence to fund overheads in order to maximise spending on the frontline, the funding of individual programmes and activities can come at the expense of organisational sustainability and development, and the development of people who work in the sector. It is unusual for funders to be interested in organisations, the people who work in the sector, and the knowledge that a particular project or activity may generate, after a grant comes to an end. Should they be?

Social sector organisations also tend to be very focused on activities and programmes – and, for obvious reasons, organisational sustainability. Some interviewees argued that, particularly when charities get beyond a certain size and turnover, sustaining the organisation can become the over-riding objective, sometimes distracting from a charity's original mission. Yet despite this, organisational growth tends to be the criterion against which charity CEOs are commonly measured. Most felt that the social sector as a whole is insufficiently focused on systems change, working in collaboration with the public and private sectors.

How do we avoid the trap of the social sector sustaining activity and organisations for their own sakes? Some in the sector have argued that the social sector should be looking to put itself out of business: it should be working to eliminate the need for it to exist. For example, MAC UK, founded by Charlie Howard, is a charity that seeks to change the way mental health services work for young people in gangs, taking services out of a clinical setting and onto the street. It was set up on a ten-year timescale: the objective is for the charity to permanently change how statutory services work and thus remove the need for it to exist; rather than to provide services itself on an ongoing basis. Noel Mathias, the founder of Wevolution, has also argued that the social sector should be aiming to make itself irrelevant.



But although most organisations are very much focused on organisational sustainability, this does not mean that all organisations are going to survive in a climate where there is less funding to go round. In recent months, there have been several high-profile closures of social sector organisations due to shortfalls in funding, and other organisations that have been at risk of closure. Sometimes closure might be the right action; in other circumstances, great organisations with good people going through a tough spell might be able to survive with the right support, particularly if they are flexible and adaptable about their structure and model for making an impact. Some interviewees argued that the tough funding climate provides a further impetus to encourage mergers and greater rationalisation in the sector – more of which should be happening regardless of what’s happening with funding.

But how does the sector support organisations to survive where that is achievable, and how should we manage organisations closing where that is the right course of action, without losing the learning, assets and resources in an organisation? Do we need a source of expertise in the sector – perhaps even a specific institution, as David Robinson of Community Links has argued – that could provide independent advice, broker the embedding of learning and resources elsewhere in the sector to avoid them getting lost, and encourage mergers where that might be appropriate?

Some interviewees also expressed the view that neither charities nor funders are focused enough on people – people who make up the sector as leaders, employees and volunteers – but also, related back to the discussion above, people in communities more broadly. For example, do we as a sector think enough collectively about how to build the citizens and community members of the future – supporting young people to develop the skills and outlooks they need to be the creators of social value in the future?

And how do we think beyond activities, people and organisations – to changing the system? This requires all three sectors that influence people’s lives – the public, private and social sectors – working together, collaborating to agree a different way of doing things. There are many different approaches to try and create system change, for example, the collective impact approach described by FSG; Communities that Care, a community-change process for reducing youth violence, alcohol and tobacco use; and Evidence2Success, a model developed by the Dartington Social Research Unit, the Social Development Research Group and the Annie E Casey Foundation, which seeks to bring together local system leaders, people from the social sector, and members of the community to agree evidence-based strategies to improve children’s outcomes.

But they all have certain elements in common: facilitating a process through which people from different sectors and the community agree a common strategy to tackle an issue based on a shared understanding of what needs to be addressed, common implementation of this strategy, and the use of shared measurement systems to hold each other to account for the extent to which the dial is being shifted.

Does the preoccupation of some parts of the sector with programmes and activities also mean that we don’t think enough about changing broader culture, behaviours and public discourse – and the way society thinks about social problems? For example, the FrameWorks Institute conducts research on how the public thinks about social issues – and how the social sector can build on the frames that people already use to think about the world to help shape the way they think about social problems – and whether or not they can be addressed – for the better<sup>6</sup>. For example, what are the implications of the very declinist view

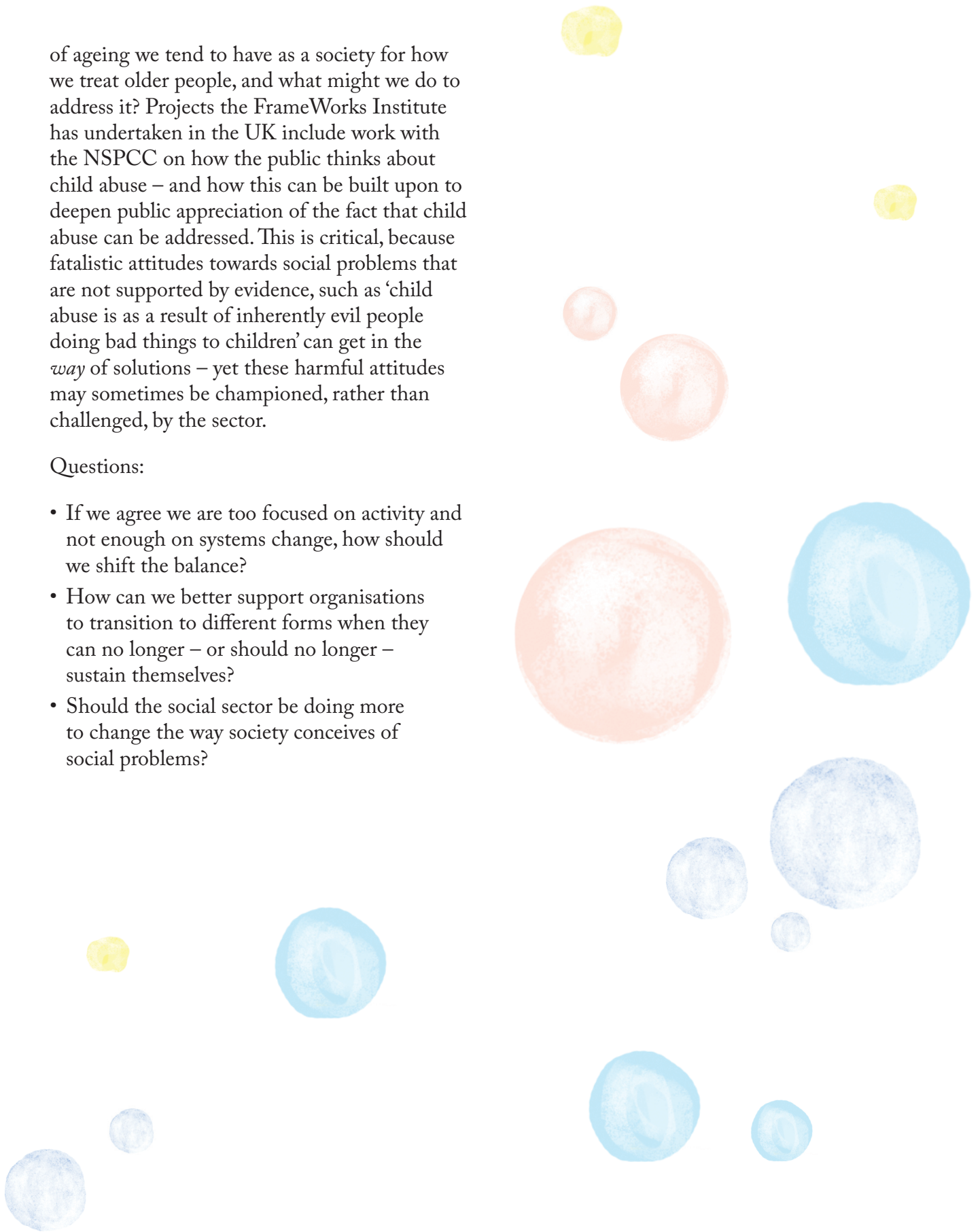
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<sup>6</sup> [www.frameworksinstitute.org/early-childhood-development-and-adversity.html](http://www.frameworksinstitute.org/early-childhood-development-and-adversity.html)

of ageing we tend to have as a society for how we treat older people, and what might we do to address it? Projects the FrameWorks Institute has undertaken in the UK include work with the NSPCC on how the public thinks about child abuse – and how this can be built upon to deepen public appreciation of the fact that child abuse can be addressed. This is critical, because fatalistic attitudes towards social problems that are not supported by evidence, such as ‘child abuse is as a result of inherently evil people doing bad things to children’ can get in the way of solutions – yet these harmful attitudes may sometimes be championed, rather than challenged, by the sector.

#### Questions:

- If we agree we are too focused on activity and not enough on systems change, how should we shift the balance?
- How can we better support organisations to transition to different forms when they can no longer – or should no longer – sustain themselves?
- Should the social sector be doing more to change the way society conceives of social problems?



## HOW DO WE DO MEASURE GOOD?

The social sector has a number of perceived strengths:

- Its mission to create social value, and the passion and values of the people who work in the sector.
- The fact that it is often perceived as being closer to the communities it seeks to support than public sector services; because local charities may be more trusted than state agencies in hard-to-reach communities, they may have a better chance of engaging with people.
- The knowledge, skills and expertise that come from being closer to the people the sector is looking to serve.
- The social sector is often talked about as having greater capacity for innovation and appropriate risk-taking than the state.

These strengths are often talked about, but rarely evidence-based. The social sector's mission should not mean that we take its effectiveness for granted. On the contrary, just like in other sectors, there will be variance in performance. Just because a charity's heart is in the right place does not mean it will always be creating social value; in fact, well-meaning organisations can do immense harm to people and communities. For example, between the 1920s and 1960s, thousands of unaccompanied children were sent to Australia in the Child Migrant Programme, organised by local authorities, charities like Barnado's and the Catholic Church<sup>7</sup>. They were often the children of single mothers who had been forced to give them up for adoption. The authorities involved believed they were giving these children a better life; in reality, this cruel and inhumane policy resulted in many children being torn from the life they knew and being subject to

serious physical, mental and sexual abuse in orphanages, institutions and farms.

To know the extent to which we are creating good, and to have a baseline against which organisations can see whether they are improving, we need to be able to measure good.

But are some things easier to measure than others? For example, outputs – such as the number of children receiving extra literacy support – are often easier to measure than outcomes – such as the amount of progress children make with their reading. And some people interviewed for this project argued that some types of outcome – for example a child's progress in literacy – may be easier to measure than broader concepts like the quality and richness of relationships someone has, or the amount of agency and control they have over their life.

If some things are indeed easier to measure than others, we should perhaps be putting resources into developing good ways of measuring these things. But we must also recognise that measurement brings costs, and that these costs should be proportionate to the size and cost of a particular activity or project. Furthermore, measurement of outcomes may not always be appropriate, for example, if we think an output has an inherent value (such as playgrounds for children: would we really only want to build these if we thought they improved children's health?).

Another important issue around measurement is whether we make enough use of the insights and judgements of people whom the social sector is aiming to support in getting a sense of how we are doing. In healthcare, experts have long seen capturing, understanding and applying patient feedback as critical to the continual improvement of services (even if this has not always been successfully applied).

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<sup>7</sup> [www.theguardian.com/society/2010/feb/24/child-migrant-programme-slavery](http://www.theguardian.com/society/2010/feb/24/child-migrant-programme-slavery)



There has been a growing interest in this ‘beneficiary feedback’ agenda in education in the US.

For example, the Bill and Melinda Gates Foundation has funded the development of YouthTruth, a survey methodology that asks young people about their experiences of school in a way that is designed to provide schools with comparative, action-oriented data to inform on-the-ground and continual improvement within a school<sup>8</sup>. Research has shown that there is a correlation between student perceptions and academic outcomes. This suggests if designed right, beneficiary feedback could potentially play a role not just in complementing measurement of other sorts of outcomes, but even substituting for it altogether where outcomes may be very difficult to measure.

Again this comes with costs: it can be expensive to collect feedback from people well; particularly outside of controlled environments like hospitals and schools (although smart technology should make this much easier). But there are undoubtedly broader lessons for the social sector. The Fund for Shared Insight, a collaboration of US funders, is running a joint initiative to support the social sector to solicit, put into use and learn from feedback from the people they aim to support<sup>9</sup>.

#### Questions:

- Should we accept that some things are harder to measure than others? Or should we be trying to develop ways to measure the harder-to-measure?
- Do we make enough use of feedback from the people who the social sector is looking to support to get a sense of how we’re doing?

<sup>8</sup> [http://ssir.org/articles/entry/listening\\_to\\_those\\_who\\_matter\\_most\\_the\\_beneficiaries](http://ssir.org/articles/entry/listening_to_those_who_matter_most_the_beneficiaries)

<sup>9</sup> [www.fundforsharedinsight.org/grants/listen-for-good/](http://www.fundforsharedinsight.org/grants/listen-for-good/)



## HOW DO WE GET BETTER AT WHAT WE DO?

How should we be looking to improve the social sector's impact? There are two polarised positions in this debate, with many people falling somewhere in between.

The scientific paradigm posits that we should build new innovations based on the best available evidence and knowledge; test whether they work, making any necessary improvements and tweaks; test them in different geographies and cultural contexts; and if this works, look to scale them more widely.

The critique of this paradigm argues it is theoretically neat but impossible to apply to many social problems: social change and behaviour are messy and unpredictable, and different contexts and cultures make it difficult. Alternative approaches have been suggested. For example, the positive deviance approach is based on the idea that communities already have the solutions, resources and assets to address their issues. A lot can be learned from looking at people who are doing well against the odds in these communities and applying these lessons within the broader community. It is argued that the fact that these uncommon but successful behaviours are already being practiced in those communities makes this a more sustainable approach.

Both positions are problematic. There are some programmes, techniques and interventions that seem to work across different cultural contexts, if implemented faithfully to their model. For example, the Incredible Years programme, a behaviour programme for parents and young children that seeks to prevent and treat children's behavioural problems, has been shown using robust evaluation to achieve positive results across different cultures and socioeconomic groups. A supporter of the scientific paradigm would also argue that just focusing on what's going on in one

community risks missing learning: what if there is something in common between people who are doing well against the odds in similar communities, and there are tried and tested techniques to help others develop those common traits or characteristics? A failure to join up the dots might result in lots of unnecessary reinventing of the wheel at best, or failing people at worst.

However, there have been very few programmes indeed that have been successfully scaled whilst maintaining impact, along the lines of the process implicit in the scientific paradigm. Design, test, replicate: this mechanical, neat view of how the sector could improve its impact is easy to grasp in theory, yet fiendishly difficult to attain in the real world.

But it feels like we've perhaps kidded ourselves that this is as easy to achieve as it is to understand, and that the design, test, replicate paradigm is applicable to everyone in the sector. As a result, it is something to which many organisations aspire, without understanding just how challenging this might be to achieve, perhaps both because of its superficial simplicity but also because of a strong desire for silver bullets or panaceas. A symptom of this is how much interest there is – from both government and social sector organisations – in commissioning randomised control trials, seen as the gold standard test of impact – as a way of certifying what's good when it is sometimes unclear even what is being tested.

As a sector, we perhaps talk a much better game on impact than we practice. The sector collectively spends a significant amount on evaluation, much of which is poorly-designed and not set up to answer specific questions with practical application, which can therefore help organisations improve what they do. Impact evaluations have become more about proving or certifying impact than informing improvements to practice. And we over-claim on impact: it can sometimes feel like there is an arms race

to claim responsibility for creating ever-greater social value as a result of everyone – providers, funders and government – buying into a myth that the vast majority of what the social sector does is high impact, and the job of evaluators is simply to prove this.

Instead of buying into the idea that most of what the sector does can fit into the impact and scale model, or denying that there is any value in applying a scientific paradigm to social change at all, we should perhaps take a step back to remind ourselves of the fundamental point of evaluation: to help us think about how we can improve what we do. And once we have some knowledge about this, how can we ensure it doesn't go to waste?

To what extent are we genuinely a sector of learning organisations: organisations that use evidence, data and contextual understanding to inform what they do – not just at the point of designing a new activity or innovation, but to continuously tweak and improve it as they are delivering it? How often do we collect data without actually engaging with what it means for what we do? To what extent do we reflect on why we are doing what we do before we even get into measurement? And to what extent are we honest about when it might be appropriate to commission an expensive impact evaluation, which attempts to isolate the impact a particular activity is having on somebody's life, and when it might be more appropriate to simply track whether the dial is being shifted in the right direction on a set of indicators, as a result of all the things that might be going on in someone's life?

Many stakeholders spoken to in the course of this project argued that we need to see better understanding of how to apply evaluation techniques in the sector, and much more innovation in terms of how organisations use real-time data to improve what they do as they go along, for example through rapid cycle testing, rather than commissioning an

evaluation that takes years to report, and is not set up to provide information of practical use. But this requires a recognition that there are tensions between using evaluation to learn how to do good better, and for accountability or certification purposes. And it would require a real shift in the way that funders approach questions around impact, outcomes and evaluation.

This debate about improving impact also has implications for scale. A common way of thinking about scale in the sector is as the last stage in a linear process: once you know what works, roll it out.

But how much sense does it make to emphasise this model of scale in a world where it is unlikely that more than a small percentage of what we do will fit into the impact and scale paradigm? And what does that mean for the dynamics of how we try to spread knowledge and ideas? Julian Corner of the Lankelly Chase Foundation has argued that for many in the sector, it would be more helpful to think about scale in terms of inspiring movements of people to use common knowledge and ideas to achieve social change, rather than in relation to scaling a product via an organisation or a franchise<sup>10</sup>. This was echoed by some interviewees.

## COMPETITION V COLLABORATION: THE DYNAMICS OF CREATING GOOD

Competition between social sector organisations can in theory be a force for good: it can encourage organisations to up their game, and help ensure that organisations who are creating social value, and reflecting on how to do this better, are sustained, while organisations not so interested in improving fall away.

However, there was a strong consensus amongst most people interviewed for this project that there is too much competition on the wrong

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<sup>10</sup> Ref – Julian Corner essay

basis in the sector: it is not always, or even often, the best organisations who benefit from it, and it gets in the way of collaboration. The result is that while we as a sector are good at paying lip service to collaboration, we end up with too many superficial partnerships that are not about organisations genuinely sharing learning and getting better at what they do by working together.

This arises as a combination of factors:

- The ideology of competition and choice has seen a growing proportion of state services that have been contracted out to the private and voluntary sectors through a process of competitive tendering. As discussed above, some contracts, such as those for the Work Programme, even include gagging clauses that prevent charities and other contractors sharing outcomes data.
- The people interviewed for this project thought that more generally, a competitive funding climate in which many funds are channelled towards individual activities – together with an inconsistent understanding of impact and evaluation in the sector – has incentivised organisations to over-claim on impact. Charities are incentivised to sell solutions to government, public service commissioners and funders based on the idea that it is their proposed activity that will be what makes the key difference.

- Some interviewees also thought that one of the strengths of the voluntary sector – the passion and sense of mission of those who work in it – could also be a downside in terms of getting in the way of collaboration. More than one interviewee mentioned the potential for ego to hold the sector back from collaboration: people's passion can sometimes translate into them thinking they have the best ideas or a superior approach. People who've gone into the sector to do good, but also to be known for doing good, may be reluctant to see their organisations subsumed into bigger projects, collaborations or even organisations. So in some cases, leadership and ego can actively hold the sector back from, rather than encourage, collaboration.

This competitive culture holds the sector back from collaboration that could improve its impact – both collaboration within the sector, and broader collaborations that span the public and private sectors.

Some interviewees commented that they felt there were too many organisations in the sector duplicating functions, particularly backroom office functions. But they also recognised the downsides that can come from being a large organisation: greater bureaucracy, a change in culture, and the fact that it can be harder to maintain strategic focus or to take risks.

Are there ways of combining the benefits of the local and more specialist, together with the economies of scale that come with larger organisations? For example, could large and small charities with related missions work more closely together, with larger charities helping the smaller leverage their impact, and avoiding unnecessary duplication? Could large charities absorb smaller charities in a way that reduces financial exposure and risk, but in a way that enables smaller organisations to maintain some independence and a different culture? Rather than letting charities go under at a time when



funds are more limited than they have been in the past, should we be looking to facilitate more mergers?

Mergers between charities remain very rare, and tend to happen as a last resort rather than as a strategic move to strengthen both charities<sup>11</sup>. But there are some interesting models. For example, the criminal justice charity Only Connect has recently been acquired by the much larger charity Catch 22 in a way designed to allow Only Connect to keep its identity and autonomy, but to operate at scale through the support of the larger Catch 22. Only Connect will continue to operate with an independent brand, board of trustees, premises and charity number, but will operate as a wholly-owned and distinct business unit within Catch22's group structure<sup>12</sup>.

A lack of genuine collaboration is also a feature of the way in which some social sector organisations work with other sectors. Many social problems require combined action by the state, by the private sector and by the social sector. As already noted, the social sector is relatively small compared to the public and private sectors, so in order to increase its overall impact it should arguably be trying to achieve more through changing behaviours and practice in them. But too often, inherent suspicion of other sectors – and different ways of thinking – stops people from all three sectors working together. And for many social sector organisations, the relationship they have with government and businesses is a transactional one, based around financial resources.

Collaboration across sectors is fundamental to the collective impact approach, which has been described and analysed by Mark Kramer and others at FSG<sup>13</sup>. The collective impact approach is not a prescriptive model for partnership, but

its proponents have observed that successful, cross-sector collaborations tend to share a set of common features:

- A common agenda
- Shared measurement systems
- Mutually reinforcing activities
- Continuous communication
- Investment in the organisational support functions needed to sustain a collaborative initiative.

Why don't we see more cross-sector collaboration? Collaboration between different partners takes time: FSG argues that it can take a year or two simply to build the trust required for a genuine partnership and a common agenda. Agreeing shared measurement and a common way to measure progress requires more honesty about what's being achieved with each other, rather than over-claiming impact and trying to attribute social change to a single organisation's activities. Collaboration also takes resource: it requires investment in the organisational functions needed to sustain communication and conversation and to keep a partnership going.

Questions:

- What would it take to sustain more genuine collaboration – both within the sector and across sectors?
- To what extent is ego holding the social sector back from collaboration – and what do we do about this?
- How do we ensure the sector is competing on the basis of the right things?

11 Eastside Primetimers (2015) The Good Merger Index available at <http://ep-uk.org/wp-content/uploads/2015/11/Good-Merger-Index-2014-5.pdf>

12 [www.catch-22.org.uk/news/catch22-acquires-only-connect](http://www.catch-22.org.uk/news/catch22-acquires-only-connect)

13 [www.fsg.org/approach-areas/collective-impact](http://www.fsg.org/approach-areas/collective-impact)

## ACCOUNTABILITY FOR DOING GOOD

Debates about accountability in the social sector have become particularly charged in the last year, in the wake of a series of high-profile incidents that have raised questions about the integrity of our sector. These include the closure of Kids Company, controversy about inappropriate and unethical fundraising practices by the sector, and debates about executive pay in the sector. Some interviewees expressed a concern that certain sections of the media see vested interests in the social sector that have not been sufficiently held to account, and that the sector is vulnerable to this.

These controversies have impacted on levels of public trust in the sector, which are at their lowest level for eight years. 53% of the public saying they trust charities ‘quite a lot’ or ‘a great deal’, compared to 77% for the armed forces, 70% for the NHS and 62% for schools<sup>14</sup>. Levels of trust in the sector remains higher than trust in government and political parties, however.

Accountability is important in ensuring that the sector is achieving the best that it can in terms of doing good. But there are many different forms of accountability: have we got the balance right?

First, there is institutional accountability, based on the legal framework and regulation that governs the sector, and institutions such as the Charity Commission. This form of accountability is set up to try and ensure minimum standards rather than maximise the social value of the sector, and sometimes it has failed to even do that. We of course need robust institutional accountability and minimum standards, but it would seem a stretch to argue that this could ever help drive big improvements in the way we do good. Some interviewees argued that institutions such as the Charity Commission, Companies House and

HMRC have overlapping responsibilities and functions which increases the burden – but not necessarily the efficacy – of scrutiny on charities.

Second, there is accountability to the people who hold the purse strings in the sector: in particular, to government and funders. Interviewees felt that although there is of course variation in practice, with some funders adopting better approaches than others, this is too often an arbitrary sort of accountability, based on outcomes imposed top-down from funders, and holding people to account for milestones and specific ways of delivery set out in proposals almost guaranteed to need to change in the messy world of working with people.

Third, there is accountability to the people and the communities the social sector is looking to empower and support. Some interviewees commented there is a danger of being trite about this form of accountability: saying we don’t do it enough without actually acknowledging what being properly accountable to communities would mean. The power dynamics of the social sector – people might be able to choose not to engage with services and activities provided by the social sector, but there may be few alternatives – mean that people’s voice and feedback is more important than in private markets. But the fact that people don’t have the option to take their custom elsewhere means that there can be less, not more, of an incentive for social sector organisations to really listen to the people they work with, and improve what they do as a result. Organisational culture is critical: it needs to be set up so that people working in the organisation welcome constructive feedback and see it as vital to the process of getting better; and that people being supported by the sector feel able to provide feedback without worrying about the consequences.

<sup>14</sup> <http://nfpsynergy.net/press-release/trust-charities-now-lowest-eight-years-scotland-and-northern-ireland-have-higher-trust>

A fourth type of accountability is that which comes from a group of peers collaborating to achieve shared goals. When this works well, organisations can hold each other to account as equal partners in a joint strategy and programme of work, who recognise that each party has responsibilities, rather than the more vertical, top-down form of accountability we tend to see between funders and social sector providers.

A final form of accountability that emerged from the stakeholder interviewers was accountability to ourselves through self-reflection. Do we spend enough asking ourselves why we are doing what we are doing? Are we sufficiently aware of our own motivations: is it to address a particular need, to help people to become self-sufficient, to get a reputation as a social entrepreneur, to build up a charity's profile so it can do more good? It would be disingenuous to pretend we are a sector of saints, driven only by pure selflessness: human motivation is much more complicated than that, and the sector provides opportunities for people who are values-driven to achieve job satisfaction and a sense of personal fulfilment. This is not a problem, so long as we're able to reflect on why we are doing things and check that the values of the sector are sufficiently prominent in our decision-making.

Accountability is often talked about as having a 'support' and a 'challenge' function, for example in relation to the role governing bodies have in relation to schools. Do we have more of an emphasis on support rather than challenge in relation to accountability in the social sector?

Questions:

- Have we got the right balance between these different types of accountability? Or do we rely too much on mechanical and institutional forms of accountability?
- Is accountability in the social sector based too much on the assumption that we are creating social value for purely selfless reasons?

- Do we have the right balance between support and challenge in relation to accountability in the social sector?
- What can the social sector do to improve public levels of trust in it?

## ROLE OF FUNDERS IN SHAPING HOW WE DO GOOD

To what extent are funders complicit in some of the issues we see in the social sector around doing good? A common view that emerged from the interviews was that funder behaviour is one, but not the only, driver of some of the problems we see. But that the assets that funders have put them in a privileged position of true independence. This means they have the freedom, and the responsibility, to act as a lodestone for doing good better in the sector, but they can sometimes end up being some of the worst culprits.

Others have written extensively about issues in the way that trusts and foundations make grants in the UK<sup>15</sup>. The following questions and issues emerged from the interviews conducted for this project:

- By focusing on funding specific activities do funders undermine incentives to collaborate? Do they think enough about system change? And are funders interested enough in what happens to great organisations and people in the sector when their grant comes to an end – not organisational sustainability for its own sake, but to ensure we don't lose value from the sector?
- Do funders sufficiently ask hard questions about whether the sector is practicing its values in relation to the people it employs as well as those it is looking to support?

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<sup>15</sup> [www.pioneerspost.com/news-views/20150423/not-fit-purpose-why-im-done-the-foundation-world](http://www.pioneerspost.com/news-views/20150423/not-fit-purpose-why-im-done-the-foundation-world)

- Do funders place too much emphasis on deficit and need in funding applications, at the expense of asking the social sector to demonstrate how it will be supporting people to achieve better outcomes for themselves?
- Do funders themselves sufficiently recognise that doing good is values-laden, and do they sufficiently reflect this in the way they fund the social sector? Could they be doing more to help protect the sector's independence from the state?
- Funders tend to be complicit in the channelling of resources to poorly-designed evaluation. Many funders include the expectation that a certain proportion of a grant will be spent on evaluation, but engage in little discussion about how that money would be best spent to capture learning in a way that might be helpful for a social sector organisation. Instead, the emphasis for evaluation tends to be on measuring whether or not a funder's money has made a difference, often an inappropriate focus for the sort of evaluation budgets involved.

Power dynamics go to the heart of the discussion about the role of funders in the social sector. Just as people working for social sector organisations can be in a position of power in relation to the communities in which they are working; so funders are naturally in a position of great power in relation to social sector organisations, by dint of the fact that they get to make yes/no decisions in relation to grant applications. Some social sector organisations see funders as customers rather than as a partner.

The active debate about strategic philanthropy highlights some of these tensions. Critiques of strategic philanthropy centre around the fact that taken to the extreme, it can consist of funders trying to impose top-down theories of change on the social sector developed with little consultation with communities, and based on poor knowledge of the communities and contexts in which they are looking to make a difference.





Critics of more reactive forms of philanthropy, on the other hands, criticise people involved in this approach for relying on anecdote and trusting that well-meaning organisations will always achieve social value.

There are problems with both the extreme ends of this debate: of course funders have a lot of power that can be abused by telling people what to do when they are not best placed to know; and of course social sector organisations, while they have unique knowledge, are not infallible, and it would be wrong to act as if they were so.

A recent report by Collaborate on the funding ecology of the social sector sets out a third way. The report argues funders should see themselves as partners, recognising that they bring complementary skills and strengths to the table to those working in frontline organisations. It sets out: “funders should see their role less as guardians of self-identified change from issue-to-outcome, and more as partners within a well-functioning ecosystem of support for others.”<sup>16</sup>

What might such an approach look like in practice? It would need to build on an analysis of what funders’ natural strengths are. They work with many social sector organisations: many more than the organisations they fund. Unlike the organisations they fund, they don’t generally need to compete for funding (although some may compete for profile). This means funders are well-placed to support the wider social sector to genuinely become a sector of collaborative, learning organisations. Their lack of reliance on government funding means funders may also be more able to coordinate speaking out and delivering hard truths to government than individual social sector organisations in receipt of government funding.

Capturing and sharing learning across different organisations is difficult: because funders work

with many organisations, they could act as a repository for data and help facilitate shared learning. Because they fund so much evaluation, funders could become more expert in innovative evaluation techniques and work much more collaboratively with the organisations they fund to help them structure evaluations appropriate to the budgets in question, designed to answer specific questions that will help them shape their practice and improve what they do. They could try and facilitate more collaboration in the sector to offset the inherently competitive dynamic of funding, for example, by providing safe spaces in which collaboration can happen, and by designing grant streams so they encourage more organisations to work together, both within the sector and cross-sector. For example, they could encourage organisations to include funding to service collaboration in their funding applications and fund collaborations on the longer timescales that collaborative approaches generally need to flourish. They could also facilitate shared learning in other areas, for example on how social sector organisations working in a particular area could collaborate on how to shape the way the public thinks about social issues like child abuse; and shared learning on how to work with the private and public sectors to leverage its impact.

Another theme that emerged from the interviews was the opportunities and risks associated with newer models of funding, such as impact investing via equity and loans, rather than grant-funding. Some stakeholders viewed impact investing very positively, as something that could support charities to think about how they could move from becoming dependent on grant funding to generating their own income, whether that is directly from the people and communities they are looking to serve, or from being paid by government to provide services. Others highlighted the risks of over-emphasising how transformational this can be for the whole sector: while some social sector organisations may be able to run on a self-sustaining model; for many, this will never be possible due to the nature of their work.

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<sup>16</sup> <http://collaboratei.com/2015/04/supporting-social-change-a-new-funding-ecology>

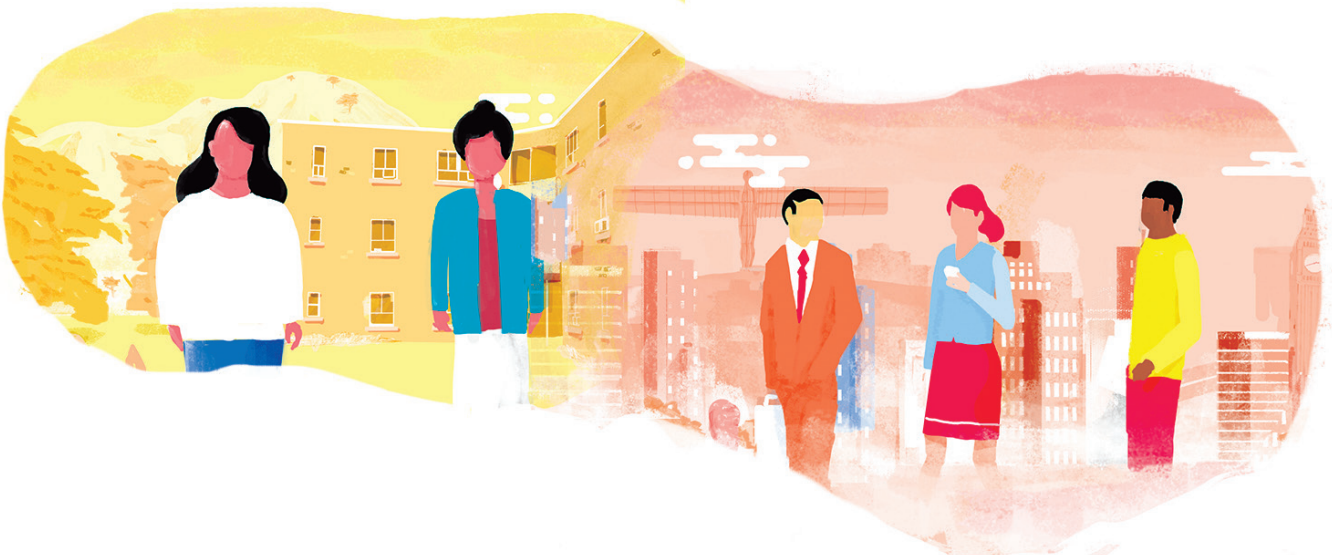
## TECHNOLOGY

Interviewees with views about the role of technology in doing good argued that technology has not yet been the disruptive force it could be, in the same way that it has played a disruptive role in other sectors. Technology has huge potential to augment what the sector does – and address many of the questions raised in this report – whether it is through:

- Fundraising, for example through platforms such as JustGiving.
- Providing services and supporting people to build relationships through tech that can complement face-to-face services.
- Building movements of people interested in creating good.
- Using tech to enable the collection of data and production of analytics that support the social sector in improving what it does.
- Improving campaigning and communications.

Some interviewees did, however, sound a cautionary note about the limitations of technology: in some areas, it can augment, but not replace.

Why haven't we realised the full potential of technology? The stakeholders interviewed thought this was a combination of factors. There is a culture in the social sector that sees technology as an add-on, something that is commissioned out to experts to deliver, rather than being part of the business of the sector. This means technology – and its potential to augment doing good – is not fully incorporated into the social sector's theory of change. Interviewees also argued that the fact that social sector organisations compete on the basis of the wrong things mean that there is little incentive for this culture to change, unlike in some parts of the private sector where businesses operating in highly competitive markets have had to embrace the use of technology in order to win business. There are perhaps commonalities with the public sector: for example, the NHS is often slow to adopt.



## CONCLUSION: THE IMPLICATIONS FOR DOING GOOD IN THE FUTURE

This paper set out to pose some challenging questions for us a sector about how we look to achieve good in the future, rather than paint a detailed picture for how doing good needs to evolve. The following important themes emerged about the future of doing good:

- **Whose agenda is it?** Who is shaping 'doing good' in the UK? Is it too much the state, funders and sector leaders, and not enough from the people and communities the social sector is looking to support?
- **Need undermining agency.** Do we let the social sector's focus on people's needs undermine approaches that improve their capacities to improve their own lives? How can we move away from delivering activities that are done 'to' people and towards those that are about supporting people to become self-reliant?
- **Leverage through the public and private sectors.** Given the relatively small size of the social sector, how can it work more through the bigger public and private sectors, as well as directly delivering activities? How can we ensure the social sector is helping to shape what the state does, rather than getting captured by it in a way that compromises its independence? What cultural and attitudinal change needs to happen in the social and private sectors to allow more collaboration and for organisations from both sectors to learn from each other?
- **Collaboration within the sector.** How can we create more collaboration within the social sector? For example, should we be seeing larger and smaller charities working more closely together in different models and more charities merging where that might be appropriate? How can we maintain knowledge and learning even as some charities close their doors?
- **Collaboration across sectors.** How can we create more collaboration between different sectors, bringing actors from the social sector, government and the private sector together to think about a systems change approach to tackling social problems?



- **Competition.** Competition can be a healthy dynamic, but how can we ensure competition between social sector organisations is happening on the basis of the right things?
- **Motivations of people working in the social sector.** We are not a sector of purely selfless saints: human nature is much more complex than that, and people go into the sector because they want to do good but also for a huge variety of reasons, including wanting a fulfilling career, personal development, and to build their own profile and reputation for doing good. Are we honest enough about this? Are we honest enough about the extent to which egos can hold the sector back?
- **Learning.** How can we become more of a learning sector, adopting a more intelligent, innovative and above all – honest – approach to continuous learning and getting better at doing good, rather than over-claiming about our impact?
- **Scale.** Are we too locked into the ‘design, test, replicate’ paradigm – simple to understand, much more difficult to do? What is the role of movements in spreading ideas and knowledge?
- **The role of funders.** What role can independent funders play in helping us achieve the type of social sector we want to see, building on their unique strengths and characteristics?

If we want to create more good in the decades to come, there are implications for how social sector organisations, funders, the private sector and the state all seek to create social value. But it is an agenda in which the social sector has the opportunity, the responsibility – and the capacity – to lead the way.



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