

# Looking forward to giving back: wishlists for the next decade

***'There is nothing wrong with change, if it is in the right direction,' said Winston Churchill. The next decade will undoubtedly present challenges for the charity sector, but it will also present opportunities for change. In this article, we ask foundations, philanthropy advisors, charities and leading commentators in the charity sector about the changes they would like to see take place in philanthropy and the charity world over the next decade.***

## The funders

**Gerald Oppenheim is Director of Policy and Partnerships at the Big Lottery Fund and the Chair of the Trustees at The Camden Society. He writes in a personal capacity.**



'As a funder, it's tempting to think of changes you would like to see in purely financial terms. Everyone knows that the environment in which charities seek funds for projects they want to run, or in which they deliver commissioned services for public bodies, is driven by thoughts of the bottom line. There is inevitability about that.

I am very conscious of the financial drivers as a charity trustee myself. We know that, as a mid-size charity with a turnover of around £7m and with a lot of contract income, we could be vulnerable because of the need to retain contracts we have now and to win new ones for the future, alongside our own self-generated income and sums to be raised in grants or other donated income. So I'd like to hope that, in the next decade, we can move to longer contract periods and less frequent renegotiations, as well as grants which meet the full costs of the project (as those from the Big Lottery Fund have done for several years).

All of this means a much greater emphasis on explaining successes alongside things that didn't work as well. It needs honesty about that by charities and an acceptance by funders that, whether it's a contract, a loan or a grant, expectations of total success will need tempering. Funders need to accept the nature of the risks charities take in working with their service users to find new ways of meeting needs.

I'd also like to see the relationship between trustees and staff running charities day-to-day be a genuine partnership. There should be much greater value placed on trusteeship so that it is not taken for granted, and simply the subject of debates about payment or not, which misses the point of the role.

As someone working for a large funder, I'd hope that we are valued for what we've learnt and told others about as a result of the funds we've made available.'

**Andrew Blessley is Chief Executive of The Clothworkers' Foundation.**



'At The Clothworkers' Foundation we feel trusteeship is an area in which there could be demonstrable progress over the next decade, and we are interested in exploring ways that charity governance can be improved. It requires two things in particular: more diverse boards, with a broader mix in terms of age, ethnicity and background; and greater thought given by trustees as to how their charity's resources can be used most effectively, whether by merging with organisations providing similar services or by dropping services that are no longer successful.

On the charity side, another positive step would be for charities to make greater efforts to monitor both their long- and short-term impact on the people they help, which would provide useful and vital information on what's working and what isn't for both charities and funders. From the perspective of a foundation, it would also be a great change if fundraisers were to do a better job of researching what grant-makers will and won't fund before preparing and submitting an application.

Of course, my list could go on. A greater appreciation among all funders of the need to fund charities' core costs would be fantastic, as would greater engagement from both government agencies and charities with the government Compact to ensure optimum partnership work. And of course, less third sector jargon!

## The charities

**Maurice Wren is Director of Asylum Aid, a charity providing advice and legal representation to asylum seekers and refugees.**



'For those who believe that a strong, opinionated and above all independent voluntary sector—standing up for the vulnerable and excluded—is an essential component of a healthy democracy, the 2010s are set to be worrying times.

There is growing political consensus over the value of contracting out more statutory services to voluntary organisations, while at the same time, the private sector is being encouraged into more "traditional" areas of voluntary activity through open competitive tendering. The recession is impacting on donation income, while trusts and foundations report far higher application rates.

My fear is that these trends will change the character of the voluntary sector, as more NGOs (non-governmental organisations) rely on attracting and retaining statutory contracts for their survival and, as a result, are obliged to drive down their costs to compete.

The capacity of the sector to argue, criticise, oppose and dissent will be diminished, with more time and energy directed to securing and managing contracts, and less to challenging the status quo. More NGOs will have to adapt to this increasingly commercial environment to survive, and their appetite for biting the hand that funds them will shrink.

What I'd like to see over the next decade is a growing understanding amongst charitable funders that the true independence of voluntary organisations cannot be taken for granted and that, without adequate support for this fundamental principle, the vibrancy, diversity, plurality and passion of the voluntary ethos will be under threat. What this might mean in practice is the provision of "investment grants", given to NGOs that offer a distinct vision of their strategic potential, and that have the latitude to be responsive, opportunistic, and even speculative, in the pursuit of beneficial change.

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When a voluntary organisation is strapped for cash, its lowest priority is usually its external communications, even when advocacy is at the core of its mission. I'd like to see charitable funders prioritising voluntary sector voices, particularly where they are used to express informed and constructive dissent. This might take the form of funded "advocacy consultancies", assisting NGOs to use the evidence they generate from their day-to-day service delivery to drive and to

implement their influencing strategies.

To speak out effectively, we need to be heard; to be heard, particularly in support of politically unpopular or contentious causes, we need to be credible and persistent; to be credible and persistent, we need the means to advocate and campaign, over time and without fear or favour, on the basis of our experience, knowledge and insight.'

**Susan Ringwood is Chief Executive of beat, a UK charity supporting people with eating disorders and their families.**



'I have three wishes for the sector in the next decade:

to think and act long term; to extend our accountability; and to demonstrate our impact.

Long-term thinking and action takes a leap of faith at times, and courage to lift your eyes beyond the next funding deadline, contract or budget year end. So much of the sector is working on issues that are long term: ending poverty, overcoming illness and inequalities, tackling disadvantage in its many forms. Of course, we have to think about acting in the here and now, but I believe we will be able to do that so much more effectively if we have the horizon in our sights too.

The rise of venture philanthropy in the first decade of this millennium introduced the sector to the notion of social return—the idea that you can get a return on investment beyond the mere monetary. This requires charities to become more accountable to their funders, an accountability I would wish to see held by every individual involved with our work. This accountability could lead to a greater transparency that is not yet universal to the sector.

This links strongly to my third and final wish: that the sector gets to grips with how we describe and demonstrate the difference we are making in the world—our impact. I see a tension, but no contradiction with thinking long term and proving what we have done

here and now. We have moved a long way in the last ten years. Talking about objectives and outputs was an anathema to many in the sector as the decade began.

The next step change has to be about impact, and for me that doesn't mean a reductive approach that just ticks boxes with easily measured hard facts. We need a language and metrics that capture the richness of the truly marvelous things we are achieving—bringing real change to people's lives.'

**Des Ryan is Director of Edinburgh Cyrenians, one of Scotland's leading homelessness charities.**



'Over the next decade the voluntary sector—along with the rest of the

UK—is going to have to adapt to some pretty sizeable shifts. How we manage this transition as a society is vitally important—yet I don't see either government or the business sector properly squaring up to this task. I hope that the voluntary sector will be able to lead the way.

At a basic level, this will involve several things. First, charities will have to deliver services that measure up to this new world. While government increasingly covers people's basic needs, a whole range of new 'softer' issues remain relatively overlooked. Yet it is these areas—such as community cohesion, environmental quality and general well-being and happiness—that are so important to us, and that will provide our society with the resilience to deal with the coming decade. The charity sector should lead the way in developing this work.

But it is not just a question of adding a new set of projects to our work. Rather, I'd like to see these themes and issues permeate everything that we do. As a sector we really need to lead the way in these issues if we expect everyone else to follow suit. This should include accounting for the environmental impact of our work and our projects, and working out ways to improve it, or adapt how we work.

The same goes for how we interact with the communities we serve. I feel that volunteering is key for this. Too often organisations use volunteers as free labour rather than as a route to the community. We should be involving people in designing and deciding what we do, harnessing the ideas and the interests of our different communities, rather than just getting them to do our filing.

Underpinning these shifts in attitudes and activities is an understanding of what the voluntary sector is actually for, and its role. It is almost useless to think of a unitary voluntary sector any more as the disparity is just too large—from tiny community groups to massive charities chasing public contracts. And I fear that those charities that just focus on large-scale government contracts and exploiting economies of scale, have turned into generic public service providers and lost the charitable spark that justifies their tax-free status.

I want there to be more support for that part of the third sector that is truly independent, entrepreneurial and pushing change—rather

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than just delivering established services. The current infrastructure for the sector is weak—particularly in Scotland—and is often focused on ancillary issues, such as tendering processes or setting up social enterprises. What we need is more support

with areas such as innovation, community involvement, measurement, management and project design. It is this that will strengthen our ability to meet the challenges of the decade head-on, and draw on the passion and commitment that make the voluntary sector such as potent force.’

## The philanthropy experts

**Clive Cutbill is a consultant at Withers Worldwide, where he leads the firm’s philanthropy practice.**



‘My two changes are about encouraging charitable giving.

After being sceptical at first about lifetime legacies—where donors make a gift to a charity during their lifetime and get immediate tax benefits, while being able to enjoy some benefit from the gift until their death—I’ve now been converted to the cause. They are very popular in the United States and, were they to be introduced over here, I think they would provide an additional source of secure funding for charities.

The second change I’d like to see is for the European Union (and its member states) to get their act together in relation to the recognition of charities from other EU member states. There are undoubtedly difficult issues here, but I have clients who cannot give tax-effectively to charities because, for example, their German business income is taxable both in the UK and in Germany, subject to “unilateral tax relief”. The consequence is that, if they give this income to a UK charity, they pay tax on it in Germany, and vice versa. While the Netherlands has introduced a system to enable appropriate foreign charities to be recognised for Dutch tax purposes, and other EU states are taking steps in the same direction, the UK and some others appear to

have their heads in the sand. If the European Commission, which threatened the UK with enforcement proceedings in 2006, is serious about this they need to say, “*The Dutch have already found a way of doing this; it can’t be impossible.*”

Will these changes happen? I think in principle they could, but if you had asked me outside of a recession, the chances that they would happen sooner rather than later would have been higher. No government is likely to feel that it is in a position to increase tax breaks at present. But we need to see the opportunities that increased charitable giving could provide. When charities cover the cost of work that the state would otherwise have to pay for, they relieve it of 100% of the cost of that work. Rather than worrying about the cost of the 40% tax relief it might have to give when someone makes a donation to such a charity, the government might focus instead on the 60% of the cost that has been unlocked from the donor, which might not have been otherwise, and which would then have had to be borne by the state.’

**Joe Saxton is founder of and Driver of Ideas at nfpSynergy, a specialist research consultancy for not-for-profit organisations.**



‘The new government after this year’s election will have some pretty tough decisions to make on spending in order to balance its books. And there is no reason why the expenditure on charities, community organisations and social enterprises should escape the scrutiny. Over the last decade, government has poured pretty substantial funds into the infrastructure of the sector in particular, as well as its work in general. Indeed, government income is now the charity sector’s largest source of income.

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So has the investment been worth it? Can the sector show that the government’s cash has earned more than it cost? Sadly the answer is we have no idea. The sector appears to have made no effort to demonstrate the cumulative impact of the funds placed in it. There are some areas, like volunteering, where it is

easier to show that volunteering rates have changed little since 2003, while the level of investment has continued unabated. Neither is there a concerted effort to show that we are worth the investment; nor is there even a consensus that we ought to make that effort. The assumption appears to be that we are doing a great job and that alone should justify our funds.

There are individual organisations and infrastructure bodies that looked at their own investment and have shown the difference they have made (or have changed the subject as it were!).

So when the next (Tory) Chancellor starts to sharpen his knives and bring the sector in front of an actual or metaphorical Star Chamber, we may have little to say to justify our continued funding—except for platitudes about how worthy we are and how important the work we do is.

And that, for a sector that wants to be taken seriously in the 21<sup>st</sup> century as professional, forward-looking and credible, is something

that we really have to change. We need to underpin our work with evidence and data—not just as occasional stars shining in a dark night sky, but as a sun illuminating every aspect of the sector’s work.’

### Looking forward to change

Charities, foundations and philanthropy experts are aware of the challenges the charity sector will face over the coming years. But, as this article shows, they are also hopeful about what could change the sector for the better. Will all these changes take place over the next ten years? Who knows. But with so many of our contributors singing from the same hymn sheet when it comes to the need to cover charities’ full costs, to improve charity trusteeship, and to put more effort into demonstrating impact, then it would seem that, if we work together, it will be possible to make these changes happen.

Jane Thomas



## Making data count with NPC

NPC loves data. But we know that it is not enough simply to collect data—what matters is what you do with it.

Many grant-making trusts and foundations struggle to find the time or have the skills to analyse the data they collect and draw lessons from it. This is where NPC can help.

Last year, NPC was approached by the STARS Foundation, a UK-based foundation that supports disadvantaged children in developing countries. In 2007, STARS launched the Impact Awards, providing US\$100,000 of unrestricted funding and consultancy support to organisations achieving excellence in the provision of health, education and protection services for children. The awards aim to encourage the replication of effective approaches among front-line NGOs and funders.

Over the past three years, the STARS Foundation has captured data on over 1,000 applicants from across Africa and Asia through its rigorous application process. The Foundation approached NPC for help in thinking about how it could share what it has learned about unrestricted funding, draw attention to the needs of front-line NGOs, and provide guidance to future applicants.

Like STARS, NPC believes in funding great organisations without restrictions. Such funding gives charities the power to make the best decisions for their beneficiaries and the flexibility to respond to the unexpected. However, despite the strong logical case for unrestricted funding and a wealth of anecdotes documenting its benefits, there currently isn’t much formal evidence in its favour. The data and experiences of the STARS Foundation offered an opportunity to boost this evidence base and build a stronger case for unrestricted funding.

NPC worked with STARS to produce a report, which holds useful lessons on unrestricted funding not only for the STARS Foundation, but also for the wider sector. In the words of Muna Wehbe, STARS’ chief executive, *‘The STARS Foundation has long recognised the importance of giving unrestricted funding to effective charities. It is our hope that by disseminating this report, we can get a great number of donors thinking about and adopting more responsive funding methods.’*

**Adrian Fradd and Gustaf Lofgren**

If you would like to discuss a potential consulting project with NPC, call Lucy de Las Casas on 020 7785 6311.