The third sector and the policy process in the UK: ingredients in a hyper-active horizontal policy environment

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General introduction to TSEP Working Paper series

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This paper is part of the **TSEP Working Paper series**, and is based upon work conducted by the authors within the Third Sector European Policy (TSEP) network. The primary, overarching objective of the network is to describe and analyse the trajectory of 'horizontal' (industry cross-cutting) European policy towards the 'third sector', understood as a 'multi-level process' (see Appendix for a Glossary of terms).

Individual members of the network share an expertise on the third sector in their countries, but come from diverse disciplinary backgrounds (including political science, sociology, and policy studies). Countries included are the Czech Republic, France, Germany, the Netherlands, Italy, Spain, Sweden, Switzerland and the UK. The sample includes:
 • Major geographical regions of the EU/larger as well as smaller countries
 • Different types of national constitutional structures and welfare systems
 • 7 established Member States, one new Member, and Switzerland

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Executive Summary

Hyper active policy

Britain's third sector, understood predominantly as a 'voluntary [and community] sector', has long been acknowledged as a significant element of society. Public policy towards it has built on historic foundations in recent years to underpin an increasingly elaborate and specialised policy community specifically geared towards its support. This community's scope and scale differentiates it from other parts of Europe, where a sector *per se* has not been mainstreamed in policy to the same degree.

Links with governance and social exclusion as central and enduring themes

Although the sector itself is much wider the policy community itself is characterised by a strong orientation towards the social welfare domain of policy. It has been mobilised deliberately as a partner in public service delivery by the current government, tying in with its agenda of public service reform and political product differentiation. The development of appropriate *governance* is seen as a central issue faced by these organisations, and grows out of a longstanding preoccupation with the legal regulation of charities in particular. *Social exclusion* has long been seen as an implicit role of, and justification of support for, the sector. This has recently become more explicit, and is reflected in the policy discourse, in concrete funding priorities. It is also reflected in 'public service agreement' targets, which structure the relationship between the Treasury, the UK's Ministry of Finance, and the Home Office which is the spending Department of State with lead policy responsibility in this field. A link with *unemployment* is theoretically evident, because often the problems of unemployment and social exclusion are closely related. However, while the sector has had a key role in delivering responses when unemployment has reached crisis proportions, this has been sporadic and *ad hoc*: it has not been a persistent and stable theme over time.

Continuity and change in policy actor identity and agenda priority

Continuities are very evident in the British case in terms of policy actor identity (for example, in England, with the persistent prominence of the National Council for Voluntary Organisations, the Charity Commission and the Home Office), and policy topics - involving preoccupations with legal structures, funding and voluntarism, and related problems of governance and social exclusion. But there has also been change. As the policy salience of the field has increased dramatically, new actors have come to positions of prominence, as with the specialist institutions formed inside the sector in the 1980s and early 1990s - such as the Association of Chief Executives of Voluntary Organisations and the Charity Law Association. New specialist Government units were also established in the late 1990s and early 2000s, as with the Civil Renewal Unit and the Social Enterprise Unit; and we have witnessed dramatically heightened interest from the Treasury. The agenda has been elaborated to incorporate emerging concerns, in the light of influences from wider society and the world of policy and politics.

Understanding the trajectory: a combination of political and social factors

There has been no single cause of this pattern of development. The existence of a specialised policy community, with its legal (common law) *problematique* and national bases both inside and outside Government, was a necessary but not a sufficient condition for mainstreaming to occur. It took coalitional policy entrepreneurship backed by the sector's own resources, political will from New Labour in the context of a relatively centralised system of Government, persuasion in relation to the sector's claimed core values, and a particular style of bureaucratic working, to foster the transition. In addition, recognition of supportive public opinion towards the sector may have been important. In a

context in which politicians are highly sensitive to the decline in trust towards them, engaging with the third sector - which demonstrably has a trust premium over most other components of social and economic life - will have been advantageous. Another important ingredient in shaping the sector's trajectory has been the legacy of the effects of earlier reforms, seeking to limit the role of the local State in the direct provision of services, within vertical sub-systems reform under the previous, Conservative administration. Enthusiasts for involving the sector more conspicuously in public policy as a general, horizontal principle have been able to point to specific examples of economic growth within two vertical fields in particular, social care and social housing, as suggestive of its wider potential.

However, the third sector's higher profile reflects more than its apparent attraction as an arena in which trust can and should be cultivated in a variety of forms, and its utility in a narrow and economic political sense. It also reflects persistent values and beliefs fostered by individuals and organisations that have successfully sought, and continue to seek, to support it. They plausibly stress its importance as an arena for fostering diversity in an increasingly heterogeneous society, and also claim that appropriate policies can enhance its ability to innovate, address otherwise unmet social needs, and foster community cohesion.

Values and the third sector: surface consensus, but conflicting undercurrents

The sector is now deeply embroiled in the follow-through to the agenda jointly developed between coalitions of specialists and experts, including the current Government, policy entrepreneurs and a wider policy community of consultants and academics. The re-election of New Labour for a third term in office in May 2005 has guaranteed continuity (although it is unlikely that many of the reforms would have been reversed if another Political Party had dislodged them, given the position taken by competitor Political Parties in the election). There is a surface consensus about protecting core values long fostered by specialists, and now subscribed to more generally.

However, commentators are divided on the legal treatment of elite institutions, and on whether and how to place limits on these organisations' commercial activities. Furthermore, the extent to which the instruments currently being employed to involve the sector more deeply in public policy - with leadership from NCVO, including promotion of a 'Compact' and a new set of tools associated with a 'Change Up' process - are ultimately compatible with the sector's claimed core values is a contentious issue. There is a considerable variety of views regarding the appropriateness and legitimacy of their design and mode of implementation within the third sector itself, and differences in perspective amongst the specialist policy actors now geared towards supporting it inside the British state.

Acknowledgements

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Foreword

While studies of the third sector as an economic and social actor, and their significance within particular fields of policy have grown significantly in recent years, their links to broader policy processes are poorly understood. This paper is part of an effort to fill that gap, and is one in a series which seeks to build our understanding of the nature of the third sector's relationship to the European policy process.

Putting together 'European public policy process' and the 'third sector' suggests an extraordinarily wide range of potential subject matter. This paper, however, has a very particular focus. It feeds into the wider process of knowledge building by developing an analysis of the relationship defined in three ways which limit its scope, but at the same time, which is assumed will ultimately be important in helping us understand the broader European landscape.

First, its primary explanandum is the *national* situation, looking at the position in just one of the nine countries in the TSEP network. The sub-national and supra-national levels feature here only to the extent they allow us to understand the national position. Later papers attend specifically to other levels and their interactions *per se*, but it is assumed that a deeper knowledge of national policy landscapes is a prerequisite to understanding how policy evolves at other levels.

Second, it attends to the third sector using the collective noun or nouns that dominate, or are most prominent in this country's own actually existing policy community or communities. This is important because language and terminology are themselves part of the policy process, providing symbols for mobilisation, as well as being bound up with resource allocation (see the first working paper in this series).

Third, here and throughout the TSEP network's research endeavours, we are interested in 'horizontal third sector-specific policy'. By this, we mean policies and practices that shape the environment of these organisations by virtue of their non-market, non-state arrangements for ownership and control, and which are not limited to their situation in a particular 'industry' or 'vertical field'. (The general meaning of these and other terms used to guide our research can be found in a glossary appendix at the end of this paper.)

In approaching this particular, but important dimension of the third sector policy process, we have taken additional decisions regarding the disciplinary and topical scope of our inquiry, which are reflected directly in the structure of this paper. Being politically and culturally embedded, national third sector policies are heavily influenced by historical conditions, so we need to at least sketch this formative background. The country's arrangements for building and consolidating its social welfare system have been central to this story. Indeed, our Working Papers show that often - but not always - it is third sector policy actors in and around the social welfare domain who occupy most of the (theoretically available) space for horizontal policy institution building. The papers also explore how three key problems, shared across Europe and linked to the social welfare domain in different ways, play into and are processed by, this component of the policy space: social exclusion, unemployment and (more broadly) governance

Furthermore, while we have noted that language is indeed at the heart of policy development, it is also important to be aware that rhetoric in this sphere of policy is often regarded as particularly prone to emptiness (Kendall, 2003). We have therefore sought to explicate not only the character of the policy discourse, but also to assess the significance of the associated institution building efforts. Wherever possible, the papers seek to point to the relationship between agenda setting and concrete implementation, and refer to the extent of economic and political investment in the process.

Most importantly, throughout the research, we have been guided not only by a desire to explicate *what* is happening, but also a wish to explicitly ask and move towards answering - the *why* question. Each paper seeks therefore to move from a descriptive stock-take of the national policy landscape to a synthesis of the factors which seem to have been particularly important in generating this situation.

In so doing, we have been guided by insights from the more general policy analytic literature. This has been cross disciplinary exploratory research in a new field, so it has not been possible to pre-determine too specifically the range of influences. But we have been aware that some of the most apparently successful efforts at policy process theorising in recent years have sought to judiciously combine structure and agency (Parsons, 1995; Sabatier, 1999). We, therefore, have sought to consider the potential and actual role of

- relatively stable institutional factors, such as broad constitutional design, and deeply embedded aspects of welfare system architecture;
- 'external' shocks and changes to these systems, associated with shifts in societal values, or unanticipated social movements; and
- the role of policy entrepreneurship, in particular the 'internal' role of third sector specialists - inside the sector itself, the State, and as part of the broader policy community - as catalysts, individually or collectively, of policy evolution. What beliefs, values and motivations have characterised those actors who have had proximate responsibility for shaping policy, and how have they been constrained or enabled by the structures that they inhabit?

The evidence base for this paper is two-fold. First, the paper builds on the expertise of the authors in research on the third sector for their own countries, including their familiarity with the national scholarly literature. Second, primary evidence was collected. As the TSEP network started countries presented descriptions characterising the *policy* activities and salience of the sector in their national case. The main data points for these reports were bi-lateral meetings with policy actors - including leaders from third sector bodies, policy makers within the public sector, or academics and other experts. Potentially relevant sources were identified using country-level Partner's familiarity with the general third sector policy community or networks in their country, and by 'snowballing' from actors identified in earlier meetings. Relevant events and fora were also attended and observed. Meetings were used to access documentary sources, in addition to those available publicly, and websites belonging both to third sector organisations and groupings, and to administrative units in government that had some responsibility for working with the sector, were also investigated. The balance between these different sources varied according to the specific national situation: where third sector umbrella groups or government units with a special focus on relationships with the sector were in existence, these formed the focus of research. Elsewhere, Partners were guided by the emergent and more informal activities of third sector actors, especially as they connected to key policy issues (including in relation to the shared European problems of unemployment, social inclusion and governance). Initial reports were produced in May 2003 and circulated, discussed and reviewed in an iterative process over the following two year period.

These are first and tentative efforts to move towards more systematic accounts of third sectors' places in policy processes, but we hope they will provide a platform in the years to come.

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1. Introduction: Hyper-active national policy, implicit European dimension

The UK national third sector horizontal public policy situation (see Appendix 1 for a glossary of terms) is truly exceptional by European standards. While Britain is actually fairly 'average' in terms of the economic and social significance of the sector (Kendall, 2003), from a comparative perspective in terms of pro-active cross-cutting national policy making regarding the sector *per se*, it is far from typical. Nowhere has witnessed quite the hyper-activity that has been evident in this country in recent years, or the historically uninterrupted foundations upon which those efforts have built. The gathering of momentum in the UK over the past decade has been extraordinary, as has the sustained positioning of this set of actors and their supporting institutions on the agendas of some of the most powerful interests in the British state, including the Prime Minister's Office and the Treasury.

The focal point for most of this effort has been the 'voluntary and community sector' construct building rapidly upon a longstanding tradition of legal regulation in relation to charities, and more broadly, recent formulations of the voluntary sector and community groups as policy actors per se. Much more novel has been the arrival of the notion of 'social enterprise', which has not had any substantive legacy from which to build, and which, as we shall see, now has a controversial and uneasy relationship with the more familiar sector formulation.

How does the British third sector link to the three shared European problems of governance design, social exclusion and unemployment, chosen to intensify the comparative character in this study[1]? The *implicit* relationship is a strong one. The mobilisation of the sector has increasingly been seen as a highly relevant part of the national policy response to these difficulties. However, the specific links between these problems and the voluntary sector have predominantly been framed as matters of national and sub-national policy. Thus, the *European* dimension is typically not made explicit, or

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[1] It may be helpful to note here the definitions of 'social exclusion' and 'governance' that are currently favoured by the British Government in its third sector oriented policy documents. These are similar to, but not synonymous with the definitions developed for overarching TSEP purposes (see Appendix 1). 'Governance', following Chris Cornforth, refers to 'the systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation' (Home Office, 2004a: 33). 'Social exclusion' is a 'shorthand term for what can happen when people or areas suffer from a combination of linked problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown' (Home Office, 2004b: 3, note 2).

where it has been developed, it has been promoted more by a handful of enthusiastic third sector organisations, and not gained 'critical mass' in either the sector itself or external policy actors. Most obviously, this has played out in the particular case of structural fund implementation processes, which account for the largest single source of European money for the sector[2].

This paper draws on the author's existing research (Kendall and Knapp, 1996; Kendall, 2003) to offer an overview of the UK situation but both updates and goes beyond earlier work. First, it tries to point to the main drivers for the unusually high degree of institutionalisation of third sector policy that we observe in this country. What has been the pathway to this position, and why and how is it sustained? It seeks to be more consciously comparative than previous work in responding to these questions. Second, it emphasises relevant policy entrepreneurship as a reflection of *collective institutional* action, rather than as proximate action. Third, it considers directly how the three European problems feature in the policy process as part of the overall narrative - even though they are rarely recognised by those involved as specifically *European* concerns. The evidence base combines analysis of secondary sources (a wide range of policy documents, and academic literature relating to third sector policy) with primary data gathered in interviews.

The following section (section 2) sets the historical context and draws out how specialist policy institutions have co-evolved with the trends highlighted above. Section 3 considers the definitional question, pointing out that the collective noun used to organise the previous section - the voluntary [and community] sector - is dominant in policy terms, but acknowledging other categories, especially 'social enterprise' which has achieved some limited currency in recent years. Sections 4 and 5 map the key actors that currently populate this policy territory and their main preoccupations. Section 6 considers how the three shared European problems fit in this terrain. The analytic heart of the paper is Section 7, suggesting the key factors underpinning/that appear to underpin the developments and current scenario described in earlier sections. Section 8 is a summary conclusion.

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[2] It is important to underline that this characterisation refers to cross cutting policy, rather than policy within vertical policy fields. The European dimension is not only explicit but prominent within certain of the latter, most particularly environmental action and overseas relief and development.

2. Twentieth Century historical development

General background

There are long traditions of both charitable and mutually oriented forms of activity by organisations between market and State in the UK (Taylor and Kendall, 1996; Taylor, 2004). Much of this has evolved in relation to the social welfare domain. It is therefore unsurprising that the development of the national welfare system has had a profound effect on the sector's development.

In the UK, the 'welfare state' was consolidated during and immediately after the Second World War (Thane, 1986). It is common to argue that the 1940s welfare state settlement downgraded the third sector from being the dominant route for providing social welfare to a 'junior partner in the welfare firm' (Owen, 1965). It is certainly true that the third sector lost control to central government of key strategic components of the welfare system, including the income maintenance and health care fields. This was a moment when the State was associated with social progress (basking in wartime success). Conversely, existing third sector providers were often characterised as inefficient in scale and scope, and for some (especially in the case of charities) too conservative and paternalistic for the brave new Post War world (Marshall, 1949).[3]

If the 1940s to the 1960s can be portrayed as an era of pro-State welfare optimism, analysts have tended to date the tide of 'pessimism' and even crisis in the UK to the mid to late 1970s (George, 1996; Timmins, 2001). The contributory factors are well known. They included economic difficulties, which were thought to undermine the State's ability to continue to expand the national welfare system. There was disillusionment with the performance of the State owned and controlled services in the social welfare domain, now often portrayed as over bureaucratised, too centralised and unresponsive. Buoyed by convincing social research, many came to argue that the State had failed to

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[3] However, a slightly more variegated pattern was evident in practice than this simple portrayal suggests. First, even amongst those hostile to charity, there was no credible suggestion that this class of organisations as a whole should be systematically appropriated by the State. This would have run counter to the liberal constitutional values whose protection had been a central motivation for the War. Accordingly, the Charity Commission, the legal regulatory apparatus for supporting these organisations, was not subject to interference, and even given a wider remit in the 1960s (see below). Second, in one core welfare system field - education - for pragmatic and political reasons, the State reached accommodations with existing organisations. These allowed them to access State finance while retain a good deal of autonomy. Other welfare fields were not given high political priority and significant space was left for third sector action, for example in social care in many of the grey areas between this field and social housing, community development and health care. Not only did a range of established organisations consolidate their positions, but as social needs and demands evolved, it was often new organisations under third sector auspices which evolved to meet them (Taylor and Kendall, 1996).

end poverty, and indeed had sometimes even perpetuated it by inadvertently creating new dependencies and through short sighted decisions in urban planning and social housing.

The new economic and social conditions created opportunities for the third sector. As with the previous era developments varied according to field, but there was a *zeitgeist* which seemed to favour these organisations anew. It could be cast as everything that the state was not - unbureaucratic, responsive, decentralised and close to the community - but also as an alternative to the for-profit market, which was considered infeasible. In addition, positive reasons were put forward for embracing the third sector.

The Wolfenden report 'The Future of Voluntary Organisations' in 1978 was a turning point in a number of senses. First, it developed the idea of an organisational 'sector' of activity, as opposed to voluntarism or mutuality as social principles (6 and Leat, 1997). Second, it suggested a supportive narrative specifying third sector comparative advantage due to its positive capacity to mobilize volunteers, and (supposedly) operate cost-effectively. Third, it also provided justification for the strengthening of a horizontal policy architecture centred on the idea of 'intermediary bodies' at local and national level. This increased the legitimacy of existing organisations like NCVO, but also encouraged the idea that such a framework should be national in scale and scope and involve significant State investment towards the cultivation of a supportive policy environment. As we will see in the sections to follow, when the political decision was made in the 1990s to affect a 'step change' in this sector's policy prominence, the responsible Political Party - New Labour - sought to build upon these institutional foundations.

Co-evolution of specialised policy architecture

The specialised apparatus of third sector policy has co-evolved with these more general trends. Three phases can be identified.

In phase one, up until the mid 1970s, the process was one of <u>legally oriented incremental institution building centred on the Charity Commission</u>. During this time, those organisations deemed 'charities' were recognized as sharing the pursuit of public purposes rather than private gain - with a specialist public regulatory regime to match (Thomas and Kendall, 1996). A Charity Commission had been established in 1601 to ensure the protection of resources reserved for public purposes from either direct State or private individuals' profitable ownership and control. In the nineteenth century, it was

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given permanent existence as a Government department, and over the next one hundred years widened its focus from endowed trusts to regulate emerging forms of associational and fundraising charity. When the modern welfare system was consolidated, it continued to develop these legal roles (reforms in the 1960s being particularly important (see Thomas and Kendall, 1996)).

While there was considerable State financial and other support within particular vertical fields, the Charity Commission's legal functioning (with associated fiscal policies administered via the Inland Revenue) was the only example of sustained, national and cross cutting public policy in this period. As noted earlier, third sector organisations had *de facto* to adapt to the State assuming a much wider role within vertical fields when the welfare system was consolidated in the 1940s and a national umbrella body, the National Council for Social Service had been in place for two decades already (see Box 1). But at this point the State had itself developed a specialist overarching body only with respect to the legal-regulatory aspect of sectoral policy via its continued support of the Charity Commission.

Box 1: The origins and development of the NCVO

The 'National Council for Social Service' was founded in 1919 by five social workers and a civil servant. Brasnett (1969) provides a fascinating descriptive account of its origins and development up until the 1960s. These actors, Brasnett suggests, shared as a 'guiding principle' a 'simple idea':

> The belief that the rich and varied pattern of voluntary societies which is the distinctive feature of English social life is worth preserving; that it could best be preserved if the diverse agencies were to come together into some form of overall federation or council to eliminate confusion and overlapping; and to work together as partners with the newly developing statutory services (op cit: 19)

A number of features are striking about this statement, including the willingness and ability to 'think horizontally' is implicit by the use of 'voluntary societies' as a category with meaning and value; the explicit attachment of significance to this category, coupled with recognition that it grouped together diverse organisations; the notion that it was feasible and desirable to co-operate rather than compete; and the positive disposition towards the State as 'partner'

Although a national organisation, much of the activities of NCSS - renamed NCVO in the 1970s - revolved around providing local support structures for local voluntary organisations. Its 'first great task' was developing a model constitution for 'local councils of social service' to encourage 'co-operation', 'co-ordination' and spread information. The imprint of their State orientation at local level was reflected in the suggestion that both local government officials and the voluntary sector itself should be represented in governance, and that their geographical remit should 'generally coincide' with the relevant units of local government. Nationally, the board was also to include representatives of public officialdom: for instance, the Charity Commission was present, as was the National Association of Local Government. NCVO's early development was essentially a story of horizontal institution building and interaction with the State in an attempt to create a legal and wider policy environment perceived to be supportive for these organisations, including:

- ➢ the promotion of local 'councils for social service' (now typically known as 'councils for voluntary service');
- ➢ recruitment of national members from a wide range of vertical policy fields, providing an arena for them to come together and carve out a common agenda through shared problem perceptions and priorities;
- ➢ adapting the organisation over time to provide space for 'mixed' issues, meaning issues located somewhere between the vertical orientation of most members and the organisations overall horizontal orientation. Where subgroups of members perceived there was a need to work together on specific issues with mixed characteristics, mechanisms were developed to enable collective action to proceed. To this end, within the organisation there were national committees, groups, fora and 'standing conferences';
- ➢ keen interest in any horizontal policy proposals (as with the Charity Commission and charity law reforms of the 1950s and 1960s, for example).

The NCSS/NCVO was also important for another reason: it acted as an incubator or midwife for a range of more specialist bodies, which were 'spun off' when it was perceived to be appropriate on the grounds of need and efficiency. For example, Charities Aid Foundation, which went on to become an important facilitator of private charity finance, originated here. Specialist umbrella bodies at the national level were also formed from within NCVO's interstices - cutting across vertical fields, as with the National Association of Councils for Voluntary Sector; focusing on client groups (as with Age Concern's origins as the NCSS's National Old People's Welfare Committee); or on what we now see as a specialist policy field or 'industry' (as with BOND, in relation to overseas development).

The first signs that a wider overarching policy apparatus might be thought appropriate coincided with the late 1970s to the mid 1990s, when social commentators where becoming increasingly frustrated with the limitations of the State. From the publication of the Wolfenden report in 1978, we can therefore refer to a second phase with the beginnings of <u>wider incremental institutional consolidation</u>. There was now explicit reference to charities as part of a 'voluntary sector', accompanied by the introduction of new supporting institutions inside the State (particularly the Home Office's Voluntary Services Unit). State sponsorship of special developmental units at local and national level (called 'intermediary' bodies initially and later 'infrastructure' bodies) was significant, but geographically uneven. The agenda of these bodies included but also extended beyond the problems associated with legal status and governance. They were typically styled as promoting the formation of voluntary bodies as an intrinsic good, often based upon 'community development' rationales, and sought to foster volunteerism more generally.[4] The interactions of the Charity Commission, the Home Office and the intermediary bodies at this time were arguably frequent and structured enough to justify the label of 'policy community'.

The field was also becoming more crowded, with more intermediary bodies in the traditional mould (including those formed from *within* NCVO) as well as organisations specializing in particular aspects of policy functioning. The early 1990s, under the Major Conservative administration, was important in terms of growing policy oriented epistemic self-awareness (reflected in a number of special inquiries) and formal organization building within and outside the State. The introduction of a National Lottery, with special distributors established to allocate funds from its profits to the sector, was a new form of actor at 'arms length' from the State but established and shaped by it. Independently, the Charity Law Association and what is now the Association of Chief Executives of Voluntary Organisations were constituted in the early 1990s (and now have approximately 700 and 1,800 members respectively). However, because of the extremely loose coupling between traditional intermediary bodies, function specific specialist groups and the diverse and largely autonomous voluntary sector more generally, in no sense could horizontal arrangements be seen as 'corporatist' (6 and Kendall, 1994).

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[4] The concept of 'community development' in the English sense may differ from mainstream European understandings. The Government's favoured definition is 'the process of collective action to achieve social justice and change by working with communities to identify needs and take action to meet them... it is particularly important to the achievement of social inclusion and helps to draw marginalized individuals and groups in to the process of change' (Civil Renewal Unit, *Firm Foundations: the Government's Framework for Community Capacity Building*, 2004: 36).

Since 1997 (New Labour's accession) a dramatic and abrupt injection of State interest and resources has proceeded. A massive expansion of specialist support institutions has taken shape, boosting the scale of those inherited from previous administrations and creating new ones. More details of this third phase are given in later sections. I have argued elsewhere that this can be seen as part of a process whereby the sector has effectively been <u>mainstreamed</u> as a public policy actor (see Appendix 1). By this, I refer to the deliberate investment in horizontal institutions as a highly visible policy priority, and the finding of unprecedented political space in generic policy debates to discuss this sector's roles and problems. This can be contrasted with the previous phases where cross cutting policy had a low profile, and in which the horizontal third sector institutions that did develop were relatively disconnected from the core debates about public policy.

It is important to underline, therefore, that a community involving the third sector and State agencies as mentioned earlier, already existed <u>before</u> New Labour chose to 'mainstream' the sector in this way. The language of 'sectors' was intelligible (even if precise boundary specifications were disputed), horizontal institutions existed inside and outside the State and were evolving incrementally (the 'shock' of the National Lottery apart); and while development was patchy, it was proceeding at both national and local levels. The arrival of New Labour involved rapid building on inherited foundations and raising the sector's profile by catapulting it from the periphery to the centre of public policy debates (Kendall, 2003: chapter 3).

Links to three European problems

In a rather obvious sense, governance and social exclusion have been at the heart of the sector's 'problem set' from the beginning. Here we start by concentrating on the pre-mainstreaming period - not least so as to clarify the extent to which interest has intensified under New Labour, rather than emerged *de novo*. First, the establishment and practice of legal regulation in relation to charities as a group of organisations was (and is) an issue of <u>governance</u>. This is obvious in terms of the Charity Commission's legally sanctioned protection of these organisations' assets from direct State control or interference; the insistence on volunteerism as a principle of organised responsibility, through the requirement that agencies' trustee boards are unpaid (other than in exceptional circumstances); and the perpetuation of structures for internal design decision making, through the promotion of particular constitutional models. The difficulties associated with the functioning of these principles, (and their implementation) has been a significant element of third sector policy, whether framed in the language

of a 'sector' (i.e. since Wolfenden) or otherwise (e.g. in the 1950s and 1960s debates involving, inter alia, the NCSS).

The development of policy in relation to what we now refer to as <u>social exclusion</u> has also long been bound up with the sector's development. Specialist horizontal sector organisations (within and outside the State) have routinely claimed that meeting the needs of the vulnerable is central to this sector's social role. Addressing this problem is now included under official projects of 'community development', but well before this the association between charities and poverty alleviation was already a deep one. The issue took a number of forms. One links back to governance: the legal definition of charity, reflecting Christian and secular currents of thought, was premised on the notion that the activities in question would support people without the resources they needed or 'deserved'. The extent to which, over time, the legal meaning of charity was extended beyond this core justification has been an ongoing source of controversy in the field (see section 3).

Another connection was evident in the third sector's response to the State's global role in allocating financial resources to tackle/combat poverty (Glennerster et al, 2004). Here, the central State's takeover of responsibility for income maintenance in the post-War settlement clearly undermined (in contrast to other European countries) the social insurance role of mutual societies and downgraded the significance of charities' grant making and provision of social welfare services. Indeed, reliance on such services was one of the main sources of Leftwing antipathy towards charity and charges that charities perpetuated social hierarchy, injustice and inequality (although this point should not be overstated: see below).

However, the State was very visibly running into its own limitations in policy on poverty from the 1960s. In this context, the role of established social welfare organisations was rediscovered as significant complements to the State. In addition, a whole range of new organisations were formed within the sector, to combat poverty by providing services (most obviously, perhaps, in the case of social housing; Kendall, 2003: chapter 6), and also by campaigning on behalf of socially excluded people. Some organisations in the latter group, such as War on Want or the Child Poverty Action Group quickly became respected for their expertise in the details of relevant policy, as much as their commitment to their constituents. To varying degrees, they became part of the specialist national policy community dealing with social security and related issues (Whiteley and Winyard, 1989).

Unemployment was another problem where the third sector co-evolved with the State as campaigner, policy expert, and implementer/service provider. (To the extent that unemployment was connected with social exclusion, this was naturally linked with the concerns just discussed.) Unemployment was dramatically recognised as a problem in the recessionary context of the 1930s.[5] In a highly controversial move, NCSS, with royal patronage, became involved in implementing Government policy at this time.

It was not until the growth in unemployment under the first and second Thatcher administrations (1979-1987) that extensive national third sector involvement in policy implementation was again evident. A series of dedicated volunteering schemes were linked in part to the unemployment problem (Sheard, 1995); but more quantitatively significant was the sector's participation in generic job creation schemes (Addy and Scott, 1988). As with the 1930s, this process created a range of ideological and political problems at local and national levels, which were linked to trade unions' fears of a threat to 'real jobs'. An enormous bureaucratic delivery apparatus was created, in which third sector actors were involved as implementers and specialists (Moon and Richardson, 1984). As conditions improved into the 1990s, the State's hasty withdrawal of financial support - when many delivering organisations believed many needs had been left unmet - was to generate enormous resentment and a great deal of cynicism concerning the motivations of politicians (Kendall and Knapp, 1996; 143-146).

3. Definitions and typologies: a contested terrain

Section 2 framed the historical account primarily with reference to the voluntary sector, not least because this has been, and remains (for those who believe 'sector' is a legitimate construct[6]) the dominant way in Britain of referring to organisations between the market and the State.[7] Kendall and Knapp (1995) provide a detailed review of how this and alternative definitions relate, and the

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[5] Much traditional charitable support from the pre-modern era onwards, was aimed at apprenticeship, training, vocational support and education. This activity was in a sense *de facto* preventive of the problem, even before 'unemployment' was recognised *per se* by policy elites in the nineteenth century (Glennerster et al, 2004).

[6] 'Sector' is sometimes rejected by those who are well aware of these organisations' economic and social significance on the grounds that there is too much internal diversity between organisations to justify treating them as part of the same group - although they rarely acknowledge that the same point could be made in relation to business and the State. For a useful recent discussion on the utility or otherwise of the sector construct setting Britain in the international context, and linking to wider civil society debates, see Deakin (2001).

[7] Most - but not all - New Labour official documents now prefer the usage 'voluntary and community sector' to make explicit that the label is meant to be inclusive of small as well as large organisations, including those without paid staff and operating at neighbourhood level. However, many practitioners and commentators still cleave to 'voluntary sector'.

typologies used to differentiate between organisations within the sector. Wilding et al (2004: chapter 3) provide an undated perspective, following the former authors in explicating defining criteria which can usefully be applied, but accepting the lack of a universal definition and agreeing that the appropriate definition and its interpretation depends upon purpose. The defining criteria discussed as sufficient are formality, independence and self-governance, non-profit-distribution, voluntarism and public benefit.[8]

A persistent reference has been the concept of <u>charity</u>, whose historical prominence in terms of institution building via the Charity Commission we have already underlined. References to this concept immediately reveal one particularly fraught aspect of definition. We noted in section 2 that the legal definition has evolved over the centuries away from a meaning closely associated with support for people in poverty to a broader conceptualisation admitting bodies able to claim a public good orientation. This has even stretched to the admission of elite institutions, such as exclusive schools and hospitals, as charitable in law. Yet, for the lay person, the concept is still strongly associated with its original meaning. This disjuncture between the legal and 'street' definition has generated controversy and been continuously thematised as a problem amongst the policy community, not least because of the tax advantages associated with this legal status. Most recently, this has been one of the issues with which Parliament has grappled in introducing new charities legislation (House of Lords, House of Commons Joint Committee on the Draft Charities Bill, 2004).

Other labels are used, but are less familiar to the lay person, and have a relatively weak set of specialist institutions to support and perpetuate them. <u>Social economy</u> came to prominence in the 1990s (see Kendall et al, 1992) and is weakly institutionalised in some parts of local government. It is now trumped overall by <u>social enterprise</u>. The Government (DTI, 2001) has defined this as:

> business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners.

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[8] Current Government policy in principal eschews a 'tight' definition. However, when it comes to defining which organisations will be eligible for support of its 'infrastructure' investment activities (also defined later), it essentially reproduces the criteria discussed by Kendall and Knapp, and by Wilding, but now interpreting non-profit distribution in terms of 'lock in' of capital - probably to allow for the inclusion of 'social enterprises' whose legal structure allows them to distribute some of their operational surpluses to members. 'Constituted bodies which are either charities, voluntary or community organisations or social enterprises and therefore must be clearly constituted for public or community benefit; not be able to dispose of their assets for private gain [an asset-based version of the famous non-distribution constraint]; and have some non-executive (unpaid) members on their board management committee' (Home Office, 2004b: 5).

However, like other third sector definitions, this is controversial. Three issues are:

- the extent of co-terminosity or otherwise with the voluntary sector;
- whether it is framed too narrowly, implying an inappropriate weight to the economic dimension (cf Grenier, 2004); and
- whether it should be considered a sector collective noun (as a discrete group of organisations differentiated by ownership form); a looser concept (potentially referring to multiple forms of ownership); a 'business model' (the approach favoured by co-operatives); activities separable from organisational purposes; or rather as a verb or social principle.[9]

This term has become significant only recently, but has already been the focus of a range of conferences, forums and special events, drawing audiences and interest from outside and within the sector.[10] New legislation currently being processed, primarily aimed at modernising for-profits' legal position, also includes a section aimed at allowing the formation of social enterprises as 'community interest companies'. This sits rather awkwardly between specialist policy communities, considered in scope by those interested in corporate governance reforms, but also as a potential vehicle of relevance to voluntary sector stakeholders. Since 2000, the concept has been most visible at a national level by the existence of a special 'Social Enterprise Unit' to promote the concept within central government, and by State support for a 'Social Enterprise Coalition'. However, the infrastructure resources at stake are very limited compared to those associated with the voluntary [and community] sector category. Co-operatives/co-operative enterprises are sometimes mentioned in this context - or more generally (HM Treasury, 2005). However, it is worth noting that they are economically less significant in the UK than most other European countries, and their 'infrastructure' (with Co-operatives UK now at its peak) is typically considered separately (Kendall et al., 1992; CIRIEC, 2000).

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[9] Sources: interviews with actors both in social enterprise promotional bodies and voluntary sector promotional bodies.

[10] One influence which differentiates this (and previously, social economy) from the voluntary sector concept has been EU influence as a catalyst. Organisations adopting this usage have often done so opportunistically in order to comply with funding requirements for European regional policy programmes (most importantly, the structural funds). However, interviews with a number of the key promoters involved (including actors with backgrounds in other European countries) suggested this influence was relatively indirect and diffuse in terms of overall agenda setting. What really mattered for the term's salience was national political will - and those involved tending to frame the issue as essentially domestic, rather than European in character. (I am grateful to Jonathan Bland and Barbara Phillips in particular for clarifying this point.)

4. Current voluntary sector-specific horizontal policy architecture: key facets

At one remove from the immediate policy process are academic institutions, think tanks and the media. In the world of ideas, third sector oriented specialisms have proliferated in recent years; practitioner and specialist media have carved niches; and mainstream media have special sections. In research, two of the most important recent events at the national level have been the consolidation of the Voluntary Sector Studies Network and the launch by the prestigious Governmental Economic and Social Research Council of a non-governmental action research programme.[11]

More immediately, the current machinery for *directly* developing and handling national cross cutting policies now involve a complex group of specialists, with linkages to non-specialists within vertical policy fields (such as social care organisations, health groups without significant infrastructure roles), and to sub-national members whom these actors wish to account for in the overall patterning of general third sector oriented policies. Some of the specialist bodies are permanent, inherited from phases 1 and 2 as noted in earlier sections, many currently undergoing reform. There is also a new set of bodies and processes initiated in phase 3 - both within and outside government.

In addition, because the New Labour administration sought to process new primary legislation on legal forms and structures, a Parliamentary Select Committee was put in place in 2004 to scrutinise and improve the proposed new law. In its election manifesto, New Labour indicated its intention to continue with this process, and at the time of writing (June 2005) the Bill continues to be processed, picking up with a reading in the Lords immediately after the post-election resumption of Parliament (see *Third Sector* magazine reportage, March-June 2005). (Much other third sector policy has proceeded without primary legislation or, in the case of tax treatments and budgetary provisions, has proceeded as part of the Budget legislative process.) During 2003 and 2004, the Houses of Parliament also briefly focused on a Private Member's Bill to alter the legal position of volunteers and a Committee and supporting services were geared towards these ends, although this was to prove unsuccessful.[12] Prior to this Committee's establishment, more general Parliamentary support has

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[11] Respectively, see for example http://www.instituteforphilanthropy.org.uk/; http://www.thirdsector.co.uk/home/index.cfm; http://www.charityfinance.co.uk/; http://society.guardian.co.uk/voluntary/; and http://www.vssn.org.uk/.

[12] A Private Member's Bill is 'not a private bill, but a public bill that aims to change the general law of the land' (Rogers and Walters, 2004: 205-212). Many result from the personal interest of individual Members of Parliament, and achieve success through a ballot. [This particular Bill was introduced at the behest of Canterbury MP Julian Brazier in response to concerns that fears of volunteer liability for damages were deterring individuals from voluntary activities, particularly in sports and social activities. It appeared very much

traditionally been channelled, with support from the NCVO, via an <u>All Party Group on charities and the voluntary sector</u>. In addition, bound up with the mainstreaming process, since 1996 there have been several Parliamentary debates on the sector's social role (cf. Kendall, 2003, chapter 5; these are a useful source of evidence on politicians' beliefs, to which we return in section 6 below).

Much of the policy process proceeds on a day-to-day basis outside Parliament. The <u>Charity Commission</u> has a very particular legal role as registrar, legal interpreter and regulator of the law in relation to charities in England and Wales.[13] Its current functions were recently stated before the Parliamentary select committee (see Appendix), where its officials were questioned in considerable depth (and came in for criticism for failing to deliver these goals - particularly in its approach to balance 'compliance' and 'advice' roles. The adequacy or otherwise of its resources was also discussed).

Within the third sector policy community, a range of organisations are controlled by the sector itself. The <u>National Council for Voluntary Organisations</u> and the <u>National Association of Councils for Voluntary Service</u> are the most prominent of the 'intermediary bodies', whose historical origins in phase 1 we have noted. The government (and some parts of the sector) now prefer the label 'infrastructure body' for these kinds of body: definitions are shown in Box 2.

Box 2: 'Infrastructure' defined

<u>Infrastructure</u> refers to the physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, coordinate, represent, and promote front line organisations (voluntary organisations that work directly with individuals and communities in order to provide services, offer support and campaign for change) thus enabling them to deliver their missions more effectively. <u>Voluntary and community sector infrastructure</u> refers to those organisations whose primary purpose is the provision of infrastructure functions (support and development, co-ordination, representation and promotion) to frontline voluntary and community organisations. They are sometimes called umbrella, second tier or intermediary bodies

Source: Home Office, 2004, Annex D

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unexpectedly from the perspective of the national third sector policy actors and institutions discussed here. The main public reaction from within this group was dismissal. Most visibly, Community Service Volunteers took this position, based on the claim that its proposed certification process remedy would impose an unwanted bureaucratic burden on many organisations (source: interviews).]

[13] Voluntary organisations which are not registered charities but are exempted, or do not have charitable status are regulated by other agencies, including the Registrar of Friendly Societies and the Registrar of Companies (for non-profit distributing companies limited by guarantee; if charitable, these register both as companies and as charities). The current legislation on company law, potentially creating 'community interest companies' as an option for social enterprises, will bring with it a completely new regulatory apparatus.

Some of this terrain has been mapped by Mike Hudson (see Compass Partnership and OPM, 2004a), as reproduced in Figure 1.

Figure 1: Overview of "infrastructure organisations" within the third sector
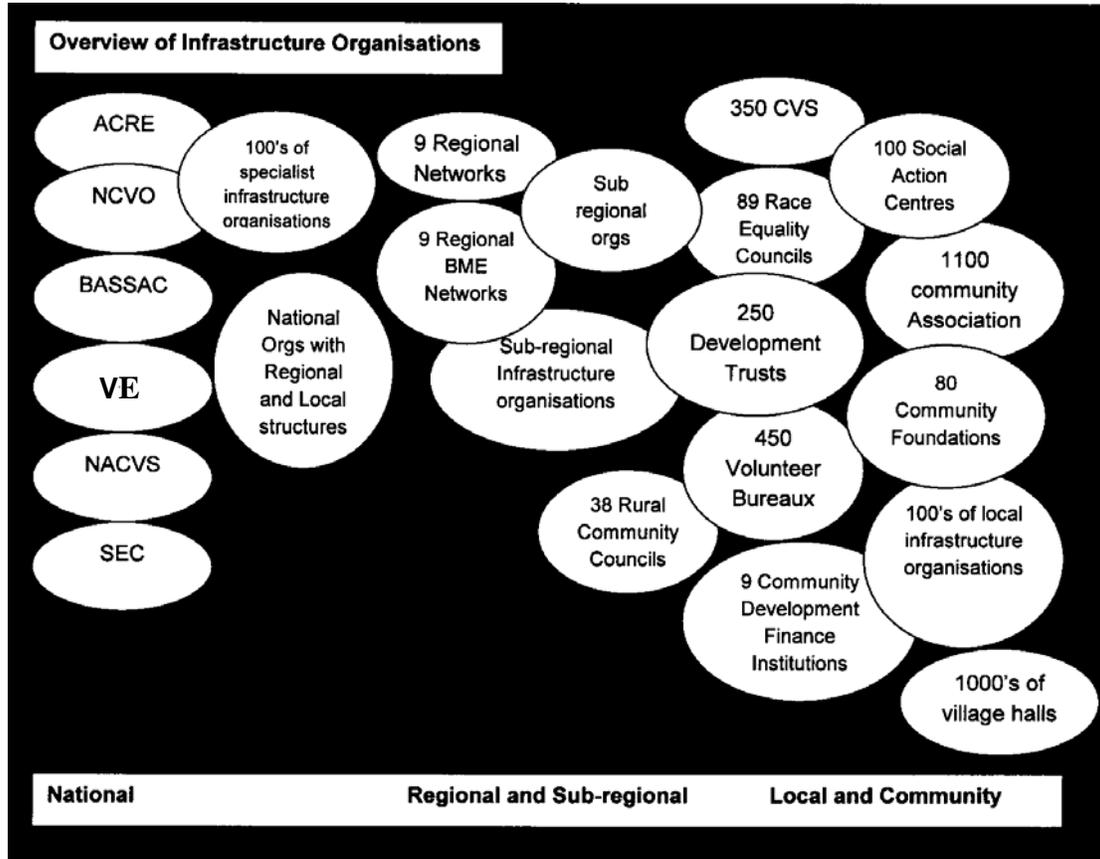
Acronyms: Action with Community in Rural England (ACRC); National Council for Voluntary Organisations (NCVO); British Association of Settlements and Social Action Centre (BASSAC); Volunteering England (VE); National Association of Councils for Voluntary Service (NACVS); and Social Enterprise Coalition (SEC).

However, if our purpose is to identify relevant horizontal policy actors, a picture based on these infrastructure bodies alone is not complete. Particularly from phase 2 onwards, this community has grown with the proliferation of specialist organisations who claim to speak for the sector, or parts of it at various levels (representing cross cutting functional roles or specialisms). This has resulted in a yet more diverse set of specialist groups, who are not included in Hudson's schema. At the national level in particular, this arguably excludes some membership bodies who should be considered as 'insiders', such as the Charity Finance Directors Group, the Association of Chief Executives of Voluntary Organisations, and the Charity Law Association.

The schema also does not make explicit the policy role of a number of other important and consciously horizontal policy actors. These are also policy 'insiders', but their legitimacy originates in their experiential knowledge rather than representative links. Prime examples are grant-making bodies, such as the Rowntree Foundation; some prominent large service providers, such as Community Service Volunteers and the Royal National Institute for the Blind, and the Charities Aid Foundation. Hudson's 'map' therefore is limited but is nevertheless a useful starting point for marking out the field as it now formally stands, and alerting us to how the national level infrastructure bodies overlay and link with sub-national members. (Links with supra-national, including EU level institutions are very weak in comparison.)

As far as central government is concerned, five primary sites for voluntary sector horizontal policy processing can be identified which have a significant degree of specialism, as reflected in Divisional structure and staffing (for more details see Appendix). First, the Home Office (to whom the Charity Commission is also affiliated at arm's length) operates, within its Communities Group, an <u>Active Communities Division</u>, which had its origins in part as the Voluntary Services Unit, established at the onset of phase 2. The dramatic growth of its budget and personnel in phase 3 (since 1997) represents one of the most significant symptoms of third sector policy mainstreaming (Kendall, 2003). However, it has suffered from a poor reputation for effectiveness (NCVO, 2002) and unusually high rates of change among senior personnel. Interviews revealed that the balance between career civil servants and secondees from the third sector has created a challenge for all involved - with some seeing the ensuing 'culture clash' as creative, while others pointing to confounded expectations (on both sides) and a lack of shared focus (see discussion of *Change Up* below). The sub-divisions for the organisation have changed over time, but the current structure - the generic 'active communities unit', and more specialised, 'charities unit' and a 'volunteering and charitable giving unit' - reflects the extent to which the ACD focuses on the third sector's core concerns.

Second, a special <u>Inland Revenue-Charities</u> body has now been created to handle the implementation of tax policies in relation to this sector. Other specialist national units and teams owe their origins and recent expansion very much to New Labour initiative. <u>Her Majesty's Treasury</u> now has a dedicated voluntary and community sector team of five people (before, a single official had part time responsibility for this area as part of a much wider brief on fiscal policy). This is striking, since the whole staff body of this most powerful of Government Departments only amounts to just over one thousand.

Also relevant are other, *de novo* Home Office Communities Group special units - the <u>Civil Renewal Unit</u> (with 13 dedicated staff), some other small units - in particular the <u>Cohesion and Faiths Unit</u> - as well as the rural affairs component of the <u>Department for Environment, Food and Rural Affairs</u>, and the <u>Office of the Deputy Prime Minister</u> (probably the most significant in terms of voluntary sector-relevant resources). Although none of these units define themselves as specialising purely on voluntary sector issues, they need to be acknowledged. They are concerned with promoting social exclusion, cohesion and 'active citizenship' at the community level, with both urban and rural dimensions - issues wherein locally active voluntary bodies are seen as relevant 'partners' by the Government and third sector umbrella organisations. They can be considered 'cross cutting', because tackling social exclusion and community building are understood as not reducible to the delivery of discrete single 'industry' services - such as education, culture, or health. Instead, they relate to issues of access to services and participation opportunities *across* different services within the traditional fields of policy.[14]

Finally, in connection with the social enterprise strand, the Department of Trade and Industry's <u>Social Enterprise Unit</u> has ten staff. The Unit was founded in 2001 initially fully within the DTI, but in 2004 it was absorbed into the Small Business Unit, at arms length from this Department. (Whether or not this re-location represents a downgrading of the Unit is a subject of some debate.)

In toto, the Home Office, Treasury, DEFRA, ODPM and DTI feature with more prominence than other Departments of State in relevant specialist policy design documentation, although all Departments are theoretically implicated in the follow through on relevant measures (e.g. Craig et al, 2004). Our interviews suggested these five Departments have been the most active in terms of attendance at key meetings (although all Departments are often theoretically meant to engage). The content of the agenda considered is discussed in the following section.

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[14] See definition of social exclusion at note 1 supra. In all cases, the link with the third sector is explicit. So, for example, the CRU claims that 'Civil renewal involves local people in identifying and solving the problems that affect their communities', and refers to 'doing' not 'being done to' in communities, and promotes this 'way of working' across government to the voluntary and community sector, to partners in local government, and to the public. One strand, 'community development' is said to involve 'building strategic relationships with organisations working in the community and voluntary sector'. For the Cohesion and Faiths Communities Unit, seeking to ensure 'appropriate services' are delivered to such communities, 'faith in the voluntary and community sector' is one of three strands. The strand includes 'taking forward initiatives to encourage and facilitate faith communities' involvement in the voluntary sector and active citizenship'.

5. Current horizontal policy agenda content and priorities

Much of the current agenda for cross cutting policy from the Government's perspective has been specified in two strategic reviews which came to fruition in 2002. A third 'discussion document' complements these with a wider view in relation to voluntarism. The strategic reviews had in turn built upon two earlier reviews - the Deakin report (1996) and New Labour's own pre-election review (Labour Party, 1997) - which were themselves symptomatic of the third sector's mainstreaming. This was the turning point between phases 2 and 3 referred to earlier, to which we will also return in later sections.

The two key government strategic reviews of 2002 were:

- 'Private Action, Public Benefit. A review of charities and the wider not-for-profit sector' released by the Strategy Unit (a policy development body servicing the Cabinet Office). The aim was to undertake an assessment of the sector's policy situation, with an emphasis on legal structures and frameworks. In 2003 the Government published its response to this; measures are now being processed in Parliament. A key intention has been to develop a new interpretation of the principle of 'public benefit' more aligned with public opinion/common sense. However, the issue is still the subject of heated debate (House of Lords and House of Commons Charities Select Committee, 2004). Two particularly controversial issues have been the appropriateness of allowing charitable status to elite institutions, as mentioned earlier; and the acceptability of charities directly undertaking large scale commercial or 'trading' activity, inter alia, seen by some as undermining their distinctiveness, and unfair on small businesses who do not share their tax advantages (op cit: 27-30, 89-95). These issues have been contentious for many years (Thomas and Kendall, 1996). However, the broad thrust of the legislation has been welcomed by most of the one thousand voluntary and community sector bodies that responded to a large scale consultation and agreed that the protection of public trust and confidence in them was an imperative. Yet as mentioned earlier, at the time of writing, the legislation has been put on hold.
- 'The role of the voluntary and community sector in service delivery. A cross cutting review', released by the Treasury. This aimed at reviewing 'the relationship between the voluntary sector and the government in service delivery, taking account of the key role the sector can play in strengthening civil society and building capacity in local communities' (HM Treasury, 2002: 35). The most significant follow-through to date has been a *Futurebuilders* fund (Box 3) and a 'Voluntary and Community Sector Infrastructure' review, which in turn fed into what is now

packaged as the *Change Up* agenda, again with considerable consultation (Home Office, 2004; see Box 4).

Box 3: The Compact and Futurebuilders

4a. The Labour government's *Compact* with the 'voluntary and community sector' (1998 onwards)

Principles:
- An independent and diverse voluntary and community sector is fundamental to the well-being of society
- In the development and delivery of public policy and services, the government and the sector have distinct but complementary roles
- There is added value in working in partnership towards common aims and objectives
- The government and sector have different forms of accountability but common values of commitment to integrity, objectivity, openness, honesty and leadership

Government's undertakings
- To recognise and support the voluntary sector's independence
- On funding *inter alia* common, transparent arrangements for agreeing and evaluating objectives … [and] the use of long-term … funding to assist … stability
- To consult the sector on issues which are likely to affect it
- To promote mutually affective working relations
- To review the operation of the *Compact* annually

Voluntary sectors undertakings
- To maintain high standards of governance and accountability
- To respect the law
- To ensure users and other stakeholders are consulted in presenting a case to government and developing management of activities
- To promote mutually affective working relations
- To review the operation of the *Compact* annually

Source: Adapted from Home Office (1998)

The Compact is reviewed Annually (see section 6), and its support and promotion is facilitated on a day to day basis by a 'Compact Working Group' based at NCVO with a staffed secretariat.

4b. Futurebuilders (2003/04 – 2006/07)

The Compact Working Group/NCVO is also important in relation to a major funding scheme 'Futurebuilders'. According to the official literature, the Compact Working Group has provided a means by which 'the voluntary sector has been in the driving seat' (http://www.futurebuilders-england.org.uk/aboutus/partnership.asp). This initiative however, unlike the Compact itself, came from within Government, being promoted by the Treasury as a 'unique undertaking' to facilitate sector 'modernisation' as part of the Cross Cutting review. According to promotional literature, the fund of £125 million is a 'one off investment fund spread over three years…to assist the sector in its public service [services wholly or partly funded, or could be funded, from the public purse] work. It is 'intended to showcase the best of voluntary and community service provision; to transform the capacity of some individual organisations, or groups of organisations working together, to engage in service delivery; and to capitalise on the sector's distinctive contribution to service delivery and ability to lead the way. It will reinforce the independence of the sector, highlight its potential and lead to a better understanding of its role in service delivery'

Source: HM Treasury and Compact Working Group (2003) 'Futurebuilders: An investment fund for voluntary and community sector public service delivery'.

Box 4: 'Change Up' - objectives, structure, funding and controversies

The review whose outcome was to be labelled *Change Up* was initiated in 2003 as the process of developing a 'capacity and infrastructure framework', and published in June 2004. It was initially intended as essentially a follow up to the recommendations from the Treasury's Cross Cutting Review of 2002 - but initial consultants' drafts (see below) in fact had to be re-written in early 2004 to accommodate the agenda of the Civil Renewal Unit (which was not established until 2003). It styles itself as a 'planning tool' with an aim that 'by 2014 the needs of front line voluntary and community organisations will be met by support which is available nationwide, structured for maximum efficiency, offering excellent provision which is accessible to all while reflecting and promoting diversity, and is sustainably funded' (p. 7). The agenda is differentiated at the national level in terms of 'national hubs of expertise'. Two of these - funding and volunteering - pick up obviously and directly on the established concerns from the second phase of development outlined in section 2.2 - while a third - 'governance' - to the extent it focuses on board functioning as in part a legal issue also represents continuity with that agenda, but brings in a 'diversity' theme more explicitly than before. The other three 'hubs' relate to 'performance improvement', 'workforce development and leadership' and 'ICT' (Home Office, 2004a). These hubs' design and character is unclear at the time of writing. A proposed 'social enterprise' hub was not adopted.

While the timeframe for the objectives is ten years, funding seems to have been committed for the first three years only. Of a total budget of £72 million, about £5 million goes directly to the hubs. Only 'indicative' figures are available at the time of writing, but something like one third of this amount will be retained nationally. The balance of the budget will support 'quality embedding', 'improving reach', 'modernising infrastructure', 'public service priorities', 'fund management, pre-investment support and evaluation' at subnational level (Home Office, 2004b).

Interviews revealed that the use of the 'hubs' metaphor to structure national policy seems to have emerged from joint discussions between NCVO and the consultant responsible for drawing together the synthetic framework in early 2004, Mike Hudson, including consultations involving several hundred organisations (Compass Partnership/OPM, 2004a, 2004b and 2004c). The leading established national infrastructure bodies were all closely involved not only in submitting considered consultations, but also in reviewing evidence, and the commissioning and undertaking of relevant research. In terms of Hudson's 'infrastructure' map, NCVO, NACVS, BASSAC, Community Matters and Volunteering England emerge as the leading examples, but ACEVO and others were also involved. Some of these in turn have now benefited from the hub arrangements, reflecting existing patterns of thematic specialisation - with Volunteering England effectively assuming the volunteering hub position, and NCVO and/or NACVS leading collaborator on most of the others. This prominence was seen by some interviewees as a legitimate reward for the organisations' ability to take the lead and respond in a sophisticated way to the developing agenda - although others were concerned about their extent of influence, and the wisdom of perpetuating existing organisations' powerful positions (especially to the extent it was believed this was exclusionary of local interests). However, the process was not entirely dominated by the 'usual suspects' (an evocative expression actually used in interviews). In particular, a new organisation, the 'Foundation for Good Governance' linked to 'Governance Works', in collaboration with respected independent academics, were given a central role in relation to research on the 'governance' theme, deliberately to inject fresh thinking. Interestingly, while the pathway to the consultant's synthetic report (and ultimately *Change Up* itself) was quite smooth in relation to other themes, in the 'governance' case there was considerable controversy, with many of the recommendations not adopted (compare Foundation for Good Governance, 2003; Compass Partnership, 2004c; Home Office, 2004). Interviewee opinions differed as to whether this was the 'usual suspects' unimaginatively closing ranks and missing an opportunity for policy innovation; or a well-judged rejection of a report which did not reflect the messages gleaned from the consultation process, and had unrealistic and infeasible goals.

Aside from the controversy in relation to 'governance' and concerns about NCVO's dominance of the national hubs, most of those interviewed (who were all directly involved in various capacities) felt that the intentions expressed in *Change Up* were in the main commendable, and a reasonable reflection of the balance of evidence and argument which had been explicated (and was in line with support expressed in the consultant-led consultation). However, two problems have dogged the initiative, in terms of style rather than substance. First, the language used in the document was welcomed by no one, but roundly condemned as, for example, 'inaccessible Government speak' and a 'dog's breakfast'. Second, the credibility of the outcome was seen by some as having been undermined by exclusivity in the final stages of the process. The final draft was completed in isolation from the third sector by a single career civil servant (within the Home Office). The individual was acknowledged to be a highly skilled and competent civil servant in the traditional mould, but from the perspective of those involved in earlier stages, to have been overly enthusiastic in differentiating between external inputs into decision making, and the need for complete secrecy regarding the actual priorities as finalised. Some felt this had essentially undermined the sense of ownership amongst external stakeholders so carefully cultivated in earlier phases of policy design (and which had indeed been an explicit aim of the process, in line with the 'partnership' aspiration).

Sources: CIBIF documentation; associated consultation and research reports; policy actor interviews.

A further policy document is less tangibly significant or widely discussed, but is important nonetheless in terms of agenda setting, topical coverage and packaging:

> 'Next Steps on volunteering and giving in the UK. A discussion document' released in December 2002 jointly by the Home Office and the Treasury, examined ways to promote the current incentives for giving, develop new initiatives on volunteering and map out the way towards realising the Government's vision of a 'giving society'.

In this context, it is also important to note that between 1997 and 2003, in almost every Budget, the Chancellor of the Exchequer has elaborated an increasingly expansive and generous set of tax reliefs, while a joint 'Giving Campaign' was also launched by voluntary sector support bodies and Government[15]. Pre-Budget statements now routinely find room to refer to the importance of the sector both as a vehicle for voluntarism, and as a 'partner' in public services (HM Treasury, 2004: chapter 5).

The agenda in these 2002 documents, plus the Compact codes, reflected clear priorities. The agenda privileges legal/fiscal/tax structures, 'infrastructure' funding issues and voluntarism promotion, consolidating central positions on the policy agenda, and following through on the reviews of the mid 1990s. However, other topics are more recent additions, including:

- Attention to achieving race equality, and to the black and minority ethnic and faith-based components of the voluntary sector[16];
- The 'social enterprise' stream;
- The 'discovery' of the third sector's role as a paid employer. This supplements the longer established pattern of national promotion of unpaid employment (volunteering);
- A drive to promote ICT in the third sector - part of 'modernisation', according to *Change Up*;
- An emphasis on performance improvement and performance management.

In addition, there is a strong thematisation of the rural dimension of third sector policy in the aforementioned documents, reflecting DEFRA's engagement.[17]

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[15] See Pharoah et al, 2004; Walker et al, 2002; http://www.givingcampaign.org.uk/; websites listed at Institute for Philanthropy.

[16] As we note below, 'ethnic minority employment' has also emerged as a priority as part of the Treasury's follow through to the Cross Cutting voluntary sector review.

Social welfare domain and accompanying problem focus

How do these issues relate to the current challenges faced in and around this country's social welfare domain? How, and to what extent are these issues now 'packaged' in relation to the three specific problems introduced in earlier sections?

In one sense, the process is defined more widely than this domain. The dominant definitions for the voluntary sector and charity are *not* limited to social welfare fields (Kendall and Knapp, 1996). The policy documents mentioned above occasionally refer to non-charitable sports and social clubs in particular, as examples of fields not usually considered in scope by most social welfare commentators, and importantly, the current law reform proposals would widen the definition of charity by stretching the meaning of 'public benefit' to include these types of body in principle. Moreover, the infrastructure bodies working with the Government on developing the agenda have members across the full range of ICNPO industry groups, so their orientation is theoretically broader.

However, the links with social welfare are clear in *practice,* which we can see if we consider the actors and processes mentioned thus far. First, the vast bulk of the examples of the voluntary sector's contributions to public life evoked in Parliamentary debates have come from this area. Second, historically the dominant orientation of the NCVO's members has been towards social welfare. Within this and other horizontal bodies, the most active members are drawn from social welfare, to an even greater extent than their share of economic and social activity would suggest (section 1). Moreover, the most prominent non-infrastructure organisations active in shaping horizontal policy, such as CSV, RNIB and the Rowntree Foundation, are essentially social welfare organisations. At the same time, there is evidence from the local level that organisations in the relevant ICNPO groups (2-4 and 6-7) are more likely to classify themselves as part of 'the voluntary sector', rather than, or in addition to, self-definition by their field of activity (Shore et al, 1994).

Third, in a number of senses, the reform and 'capacity building' efforts currently underway are geared towards social welfare. It is worth underlining that the Compact Working Group is run from NCVO. In the case of the 'service delivery' role towards which that the Treasury review was especially geared, the emphasis has been almost exclusively on social welfare activities, and this has

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[17] The prominence of the latter seems to reflect the sustained personal interest and enthusiasm of the incumbent Minister in 2004, Alun Michael. We will note in section 7 below how he was central to the mainstreaming process in the mid 1990s, before adopting this Departmental responsibility.

become clearer as a number of 'key areas' and 'priority areas' have been identified in 2004 for special programme support by the Treasury and the Home Office ACU. *Futurebuilders* (cf. Box 4 above) also privileges social welfare services. Most of the areas are unsurprising, and reflect to a large degree long acknowledged sector concentrations of activity in particular fields. The interesting possible exception is crime prevention/'correctional services', where the sector has historically been important, but its role less acknowledged in the official policy discourse.[18]

In addition, although deliberately framing the issues in terms of very general 'public benefit', the legal structure review process is also strongly linked in to the welfare domain. For example, apart from the infrastructures which themselves in practice have a strong social welfare orientation, most of the organisations submitting evidence as part of the legal reform process (from the initial Strategy Unit consultation through to the deliberations of the Select Committee - a process involving contributions from thousands of organisations) have been bodies working within or across the human service fields.

The three problems are both explicitly prominent and implicitly pervasive - although as we noted earlier, not framed as European in character. <u>Governance,</u> understood at its broadest as the process of steering political decision making in a democracy (see Appendix 1) has long referred to the contribution of this sector in its campaigning, advocacy, community building and pioneering roles, alongside service provision. The protection of these multiple roles and the voluntarism associated therewith was a primary motivation of the architects of the Compact, and is theoretically imprinted in the supporting Codes (although the evidence on whether the sector's organisations systematically discharges these roles in practice is somewhat murky from a comparative perspective (cf section 7)).

Most recently, the salience of governance has been bolstered as an *external* issue in the context of a policy for 'democratic renewal' and 'civil engagement', with local voluntary associations assumed to be key partners in social capital regeneration. This agenda is of concern to the Treasury in general[19],

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[18] The 'specific services' singled out for 'further development' out of the cross-cutting review include health and social care for older people; homeless hostel provision; correctional services; ethnic minority employment; and parenting support and adult learning. At the same time part of the special 'invest to save' budget on 'inclusive communities' will prioritise these areas (HM Treasury, 2004: 68-69). 'Futurebuilders' refers explicitly to community cohesion; crime; education and learning; health and social care; and support for children and young people. This group have also been singled out for particular attention via a community foundation network, and the Government intends to involve the sector in new local level 'children's trusts' as a matter of principle (Kendall, 2003: 68; Active Community Unit, 2004b: 14).

[19] The most recent pre-Budget statement's discussion of 'the voluntary and community sector' starts with the following two assertions: 'Voluntary and community activity is key to building social networks, community

but also to the specialist units within the Home Office discussed earlier, particularly the Civil Renewal Unit and the Office of the Deputy Prime Minister. Cutting across internal and external aspects, to the extent governance refers to the understanding of decision making supported by *policy networks*, rather than markets or hierarchies, is directly relevant (Rhodes, 1997). The Government's efforts to make the latter more open to the voluntary sector as a principle can be seen as an issue of governance in this sense (Kendall, 2003: chapter 3).

Looking at 'governance' more particularly as a matter of *internal* organisation, the debate on how to 'modernise' legal structures in relation to charities, and the new social enterprise option ('community interest companies') come in to focus. Finally and more prosaically - but significant in its use a language - we note that one of the *Change up* hubs explicitly attends to 'governance' (see Box 5).

How do the other two European problems fit in here? With regard to <u>unemployment</u>, well in advance of the 2002 reviews, a role for the voluntary sector was designed as part of New Labour's flagship 'New Deal' policy in relation to young people (later extended to other unemployed people). This has involved inputs from third sector specialists with expertise in attending to the problems of unemployed people, as well as from the national infrastructure bodies, particularly NCVO. The latter's involvement repeats the 1930s pattern, but on a much smaller scale. The New Deal policy involved NCVO only in a relatively limited design and research role, and did not embroil the modern organisation itself directly in implementation controversies.[20]

The position of <u>social exclusion</u> is somewhat different. Regarding overlap with employment, it is clear that the third sector is widely believed to have a particular niche in meeting the needs of 'hard to reach' people - including otherwise socially excluded unemployed groups, as part of its role in delivering New Deal, and in other programmes (National Learning and Skills Council, 2004). In relation to its more general social welfare services and advocacy roles, a belief in its capacity to reach

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spirit and a sense of common purpose between and across communities. Higher levels of voluntary activity and participation ('social capital') result in better health, higher educational achievement, better employment outcomes and lower crime rates' (HM Treasury, 2004: para 5.44). The evidence base for these assertions is unclear, however (see Kendall, 2003: chapter 6).

[20] Outside the New Deal, the third sector is heavily involved in employment programmes as part of European structural fund regional policy. But as noted earlier, this has a very low profile nationally, and features only rarely in the specialist national third sector policy community's debate. The third sector is also involved in a wide range of local economic development programmes with training elements, sometimes styled as 'social enterprise', although no nationally coherent picture of this activity overall is available (see DTI, 2003; Pharoah et al, 2004; Spear, 2001; Spear and Aitken, 2004).

socially excluded people is routinely expressed in Parliamentary discussions. The sector's historical, as well as current poverty and social exclusion orientation is often evoked (cf. section 2.3).

In terms of a role as expert and experienced critic, the sector has visibly built upon its traditional role in the specialist poverty policy community.[21] At the same time, Treasury and Home Office documents relating to new public expenditure on the third sector over coming years increasingly motivate financial commitments to horizontal voluntary sector policy with reference to the social exclusion strand of Government policy. For example, the investment and guidance criteria used to decide on *Change Up* priorities includes the cultivation of a third sector 'equipped to improve the quality of life of the socially excluded in rural and urban areas'.[22]

Finally, perhaps the most tangible links being made between the third sector and social exclusion appear in the Public Service Agreement between the Treasury and the Home Office. These agreements now frame all relationships between the UK's Finance Ministry and the 'spending Departments' (see Deakin and Parry, 2000). As Box 5 shows, the relevant PSAs make clear that both spending and funding Department had, by 2004, come to see the third sector's policy role as explicitly bound up with combating social exclusion - and to the promotion of voluntarism more generally.

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[21] Under the Departmental redesigns and new specialist institutions this now means that the relevant groups increasingly relate to the Office of the Deputy Prime Minister (as well as the Department for Work and Pensions, formerly the DSS/DHSS around which this community traditionally clustered). Significantly, the policy network-oriented governance reforms noted earlier have had major implications in this sphere, with large scale third sector contributions to social exclusion related consultations, and high level secondments to key bodies. The issue of how the sector can and should find a role in the complex inter-Departmental architecture seeking to address area-based social exclusion has been raised in *Compact* Annual Review meetings (Kendall, 2003, chapter 3).

[22] More specifically, within programmes, this tends to be interpreted as justifying support for particular specialist infrastructure organisations and/or strengthening the capacity of non-specialist infrastructure organisations to meet particular needs:
- Area-based policies, wherein involving the third sector in local and neighbourhood 'partnerships' is encouraged in locales with high levels of deprivation, and therefore concentrations of socially excluded people;
- Black and minority ethnic organisations, and faith based groups;
- 'Other organisations working with excluded and marginalized groups';
- Particular client groups: the funding for third sector organisations in the 'priority public service fields' mentioned earlier is justified in part with reference the extent to which some, or even all, of the beneficiaries are 'socially excluded'.

Box 5: Home Office Targets and the Voluntary Sector

There has been a gradual evolution in the nature of the targets agreed between the Treasury and the Home Office used in relation to the third sector:

- The first target, in the Spending Review (SR) of 1998 'aimed to increase the quantity and quality of people's involvement in their community and ensure fulfilment on the vision of the giving age'.
- The second target in the SR of 2000 requires the Home Office to 'make substantial progress towards one million more people being actively involved in their communities'.
- The third target in the SR of 2002 requires the Home Office to 'increase voluntary and community sector activity, including increasing community participation, by 5% by 2006'. Two foci:
  - Increase the contribution of the sector to the delivery of public services by 5% between 2003/04 and 2005/2006 (undefined)
  - Increase the participation rate of people over 16 years of age involved in 'civic participation', formal volunteering or informal volunteering by 5% between 2003/04 and 2007/08.
- The fourth target in the SR of 2004, requires the Home Office to 'increase community engagement, especially among those at risk of social exclusion'. Three foci
  - Increase voluntary activity for the general population between 2001 and 2007 as measured by the combination of formal and informal volunteering
  - Increase the capacity of the sector to the delivery of public services between 2003/04 and 2007/08 - now defined in terms of median numbers of employees, volunteers, and median total level of government funding
  - Increase formal and informal volunteering by individuals at risk of social exclusion between 2003/04 and 2007/08 - where 'social exclusion' is defined in terms of
    - absence of qualifications
    - ethnic minority group membership
    - disability.

The evolution of the targets seems to involve two key trends. First, increasing willingness and ability to quantify objectives. Second, a shift from a vague orientation towards voluntarism and volunteering towards an increasingly hard edged concern with public service involvement - and, significantly since 2004, by those 'at risk of social exclusion'. In general, interviews revealed some bemusement concerning how any such trends could be attributed to Government policy. Amongst those involved, the operationalisation of most of these definitions has proved quite contentious, and revealed differences of emphases between the Home Office and the Treasury. However, this was not reducible to simply a 'voluntary sector as public service provider' orientation from the Treasury, versus a less instrumental 'general voluntarism' orientation from the Home Office (although one Home Office insider thought the Treasury misunderstood the nature of volunteering - at least as that which was understood by the former Department's Volunteering unit and Volunteering England). In fact, the most contested definition was in relation to 'social exclusion'. Which categories to use, and how to interpret the three that were eventually determined, seemed to resist consistent decision making, making it hard to gear the necessary data collection accordingly.

Source: Home Office documentation; interviews

6. Review of implementation of the third sector specific horizontal policy agenda[23]

This section briefly reviews aspects of the implementation of third sector policy by describing the progress of three of the institutions and processes whose design was identified as significant in the previous section. For most of initiatives reviewed thus far, the substantive implementation stage is still some way off or only just beginning. The new laws in relation to charities and social enterprise are, at the time of writing, still under Parliamentary scrutiny. *Futurebuilders* has yet to produce an evaluative report; while *Change Up* has an implementation timeline over ten years (to 2014). Whether these initiatives can succeed in an 'up scaling' of third sector involvement in 'front line' services (to use the most recently favoured language) without unbalancing other social roles is *the* key issue in the community, and we will need to return to it in the following section.

Here we simply point to early challenges and issues, in relation to policies *already* substantially in place at the end of the 1990s, whose implementation is relevant for the three European problems. With regard to social exclusion, at the time of writing most of the implementation issues have played out in a more fragmented way at the local level, as will be reflected in the discussion. The second case examined is explicitly geared towards unemployment. We briefly also describe the Compact process as a governance concern, but hold back on critical commentary until section 7, where it is used as one central 'instrument' of policy in relation to which policy beliefs can be understood.

The third sector and national social exclusion policy: local implementation

In the case of social exclusion per se, for now, we are limited to local implementation evidence. Researchers have begun to piece together impressions of how the newly elaborated policy environment - now led strategically by specialist units affiliated to ODPM - has been experienced by local community groups (as opposed to the voluntary sector more generally). Analysts sympathetic to these organisations have tended to welcome the new programmes as further widening opportunities for participation that were already developing in the 1990s particularly under urban policy initiatives, although their sheer number and complexity has generated confusion, 'initiative-itis' and consultation fatigue.

Parallels with the mixed NDYP experiences of involvement (discussed below) are also striking. Despite some notable achievements in meeting headline objectives and the effusive rhetorical

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[23] This section draws upon Kendall, 2003: chapter 4.

encouragement from central government, persistent problems of implementation with adverse effects for the sector have been reported. Aside from some local government actors who may be hostile to change, blame for this is often laid at the door of self-interest led Departments at both levels of government, lacking the incentives, resources or ability to co-operate ('persistent Departmentalism'). Claims of 'excessive' burdens of bureaucracy, whereby middle or lower tier 'street level' officials are portrayed as frustrating higher intentions, were rife. Some groups have had the impression that they had been involved only for 'cosmetic' purposes. Similarly, many of the output or outcome targets that matter (including those that trigger financial resources) were still apparently imposed, not negotiated. They were not developed in such a way as to reflect learning processes at the community level, even with those policies that had claimed to do precisely this (see Taylor, 2001: 99-103; Newman, 2001).

Unemployment: New Deal for Young People implementation

The New Deal for Young People was championed by Gordon Brown as government policy fundamental to New Labour's 'welfare to work' agenda, with piloting and implementation unfolding from early 1998. As with the Compact itself, voluntary sector involvement was discussed prior to the Election with national generalist intermediary bodies, albeit over a shorter period; there were also pre-Election discussions with voluntary sector specialists in special needs training.

No consensus has emerged as to the specific marginal impact of this scheme (since there is disagreement as to how many of these jobs would have been offered anyway; most recently, see Grant, 2003; Knight, 2005). Yet its aspiration towards 'holistic' processes involving 'partners' with relevant expertise providing focused and sustained attention was widely welcomed by voluntary sector analysts. There were several instances where rules and procedures were modified during consultations, and these were welcomed and can be contrasted positively with the lack of flexibility in the 1980s employment programme arrangements (Patel and Elgar, 1998; Patel, 1998; Cooke, 2000; Dewson and Eccles, 2000).

However, the evidence available points to serious difficulties. Despite the emphasis commentators have tended to put on change under New Labour, some problems experienced by providers clearly resonate both with prior adverse experiences of voluntary organisations in delivering training to Government (Kendall, 2003). First, smaller groups, particularly those claiming to have expert knowledge about particular local community needs but lacking financial infrastructure, apparently failed to become extensively part of the process. A more general routine complaint, not confined to

smaller organisations, was of 'excessive bureaucracy and paperwork', whatever the claims of the government to have improved the situation in that regard (Cook, 2000: 11-12).

Second, it has been claimed that 'insufficient' financial resources have been made available (Employment Studies Institute, 1999).[24] Third, the top-down manner of adjustment, as much as the poor outcome (trainees in temporary, unsatisfactory jobs) was widely interpreted as going against the grain of holism, and created a disabling sense that the government was arbitrarily 'moving the goal posts'. Initial impressions emerging from some research currently in progress also implies that difficulties associated with limited access and support, the clash between needs-based and political objectives, and bureaucratic allocation mechanisms, have intensified in recent years.[25]

Governance: Compact implementation

Attempts to implement this agenda have involved the Compact Working Group, housed at NCVO, with an annual review in the House of Commons of relations between Ministers (accompanied by civil servants), 'representatives' of the voluntary sector - including the NCVO, NACVS and a few other organisations - and local government representatives (at four of the five meetings so far undertaken). Five themes dominate:

- The variable extent to which the national Compact is actually being complied with by central government bodies, not least because of the low status, level of authority and resource capacity of implementing officers (Carrington, 2002);
- Progress reporting on the associated 'Codes of Good Practice';
- Discussion of how to develop dispute resolution mechanisms;

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[24] The funding entitlement tied to each voluntary sector placement tends to be less than 'the going rate'. In order to pay trainees a 'proper wage', many providers found themselves cross-subsidizing the State, sometimes apparently illegally, given their constitutions (Cartwright and Morris, 2001). Moreover, the appropriateness of the mechanism for provider remuneration has been a point of contention, and vulnerability to political pressures experienced as undermining. Not only had part of the 'output related funding' formula used to reward voluntary sector providers for 'performance' been linked to a measure of achievement which seemed excessively narrow, this element was actually given greater emphasis - by fiat - as political imperatives dictated. As the 2001 General Election loomed, this was experienced as intensifying pressure to demonstrate that people were quickly moving into jobs, regardless of those individuals' needs.

[25] In at least one locale, large numbers of voluntary sector providers are now withdrawing from the scheme, because the resources available are not thought to cover the costs of the 'high maintenance' New Dealers whom they wish to train. This problem seems to reflect not only the inadequate level of the overall budget allocated by Government, but specialist voluntary providers receipt of funding late in the budgetary cycle in a context where overspending on other providers has already occurred. I am grateful to Andrea Soteri-Procter for these early findings from current Ph.D research in Greater Manchester.

- Reporting on the extent of adoption of local and regional versions of Compacts;

- Discussion of the development of voluntary sector - public sector 'partnership' more generally at local level, with a strong emphasis on how these were fitting - or failing to fit - with the broader new institutional architecture of 'joined up governance'.[26]

Given its symbolic importance, we will examine this case in more detail in section 7.

7. Towards an understanding in comparative perspective

The primary feature of the UK third sector's cross-cutting policy situation, which is worthy of attention from a comparative perspective, must be the sheer scale, scope and intensity of institution building at the national level in recent years. Several hundred public officials across key Departments of State - including the Treasury - and associated units are now dedicated full time to developing and implementing policy. This activity is clearly of significance, since in the UK only the State at this level can make law and commit very significant resources.

At the same time, the State has also come to depend directly on a complex web of specialist support organisations within the third sector (in terms of ownership and control) to process and execute such policies. These organisations in turn support and are linked to a set of actors and institutions that usually shape policy rather more indirectly. Included here are local third sector organisations (as members, or otherwise indirectly represented stakeholders, in national processes); academics, management consultants and think-tanks; and a specialised media.

In short, the necessary conditions in terms of longevity and sustained patterns of formal institutionalisation for a national specialist horizontal 'policy community' to be diagnosed are clearly and unambiguously evident (Sabatier and Jenkins-Smith, 1993; Parsons, 1995; Rhodes, 1997). Patterns of sub-specialism are characteristic of such a community (Grant et al, 1988). With the key exceptions of NCVO in the third sector, and ACU within the State, most organised policy actors tend towards particular specialist roles or functions, rather than pan-sector orientations. Box 6 building upon the description from earlier sections, points to some of the most obvious formal sources of differentiation as far as some leading organisations are concerned.

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[26] It is in this context that the references to area-based social exclusion policies and the space they provide for the third sector have surfaced in the Compact review, as mentioned in section 5.

Box 6: Patterns of specialization within the national voluntary sector policy community - key examples of organized sub-specialism differentiation†

- *Voluntarism promotion (money and time)*: Volunteering England; Community Service Volunteers; Volunteering and charitable giving sub-unit (within ACD)*; Charities Aid Foundation.
- *Legal and fiscal dimension*: Charity Commission*; Charities sub-unit (within ACD)*; Inland Revenue Charities Division*, Charity Law Association.
- *Occupational categories*: Charity Finance Directors' Group, Association of Chief Executives of Voluntary Organisations.
- *Support to local horizontal 'infrastructure' and 'community-based' groups*: NACVS, BASSAC, Community Matters, Community Development Foundation‡, Community sector coalition, Civil Renewal Unit*.

Notes

† Only refers to well established organisations which define themselves with reference to a *sub*-specialism. ACU*, the VCS Treasury team*, and NCVO are also involved as policy actors in these sub-specialisms, but as part of broader, more generic specialist roles.

* Indicates bodies within the State: Others are part of the third sector in terms of constitutional ownership and control (although sometimes funded by the State). Does not include media, think tanks, academics etc; see text for discussion of these more indirectly involved institutions.

‡ Legally charitable body, but fully funded by the State and treated as a Non Departmental Public Body (within the State) for public expenditure and administration purposes.

Boundary cases/relative newcomers

- Social Enterprise Coalition and the Social Enterprise Unit* have a difficult relationship with voluntary and community sector actors (see text); cannot be considered as 'within' the sector community.
- Ethnic Minority Foundation/Council for Ethnic Minority Voluntary Organisations: Not enough information is currently available on this organisation to ascertain whether it is sufficiently durable and credible to be categorized as part of the policy community.

This pattern of highly developed formal institutionalisation puts the UK in a small minority of countries by European standards. Moreover, if account is taken of the *levels* of economic and political resource commitment and *intensity* of policy activity in recent years, Britain is unique. The primary task of the comparative third sector policy analyst must therefore be to point to factors which can help us explain this exceptional dramatically intensified interest, which builds upon longer established foundations.

Of the European issues, two have been persistently present, but become more visible as language has evolved. The issues of <u>governance</u> and <u>social exclusion</u> have long been implicit, and in phase three are increasingly explicit *per se* in this policy community's debates. These concerns are essentially

framed as national, consistent with a more general pattern, involving passivity and resource-oriented pragmatism towards the European dimension. This is in spite of the sporadic efforts of a small group of enthusiasts within the third sector itself (if there is an international orientation evident, it is more American than European; see Box 7). Box 8 puts forward some possible reasons for this lack of engagement, which contrasts with a number of other countries in the TSEP network.

Unemployment, surfacing prominently when economic conditions have deteriorated, is a more episodic concern, with the third sector mobilised in special schemes designed to respond when the problem intensifies. But this issue sits quite awkwardly alongside the others. Implementation experiences have been especially problematic. It has not been so directly and consistently thematised in the cross cutting policy community as the other two problems.[27] The category 'social enterprise' arguably fits relatively comfortably with this problem: prototypical examples in this strand of policy often refer to organisations formed by, or geared towards the needs of, unemployed people. But since the category itself has lacked currency, this connection lacks prominence.

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[27] This is unless one considers recent efforts to carve recognition of the third sector as a distinctive paid 'occupation' to be part of a broader process of increasing economic activity and upskilling the workforce to *pre-empt* unemployment.

Box 7: Overseas orientation of the UK third sector policy community; More America than Europe?

The lack of interest in explicitly framing the third sector's relationship with governance and social exclusion as shared European problems seems to be consistent with a wider pattern. Broadly, in considering policy developments overseas, it has been US, rather than European, experiences which have been evoked as relevant to this country. So, the 'Giving Campaign' and the extension of fiscal benefits have explicitly drawn inspiration from America. There are examples of direct references to the US case in key public policy documents, such as the Parliamentary Committee's reference to the dangerous effects of scandals on charities in that country (Charities Bill Scrutiny Committee, 2004). There is also the UK's importation, via the Institute for Philanthropy, of the US's 'Guidestar' model in order to tabulate 'performance'. It may be significant that the lead consultant charged with consolidating the CIBIF structure that was later to be packaged as *Change Up*, Mike Hudson, had written a popular book on 'management of non-profits' based on a US study tour (Hudson, 2003), a practice built on precedent: In the early 1990s, NCVO had dispatched one of its senior officers to learn from the US about the 'contract culture'. (However, as it turned out, for Hudson this evidence only affected his approach quite indirectly, because the limited reliance of 'capacity building' third sector groups in that country on the State was deemed to limit the transferability of policy models (interview, January 2005)).

More indirectly, at the Ministerial level, the single overseas scholar who has made most impact on the UK has been the American political scientist and populariser of 'social capital', Robert Putnam, who has made visits to both Numbers 10 and 11 Downing Street. Anecdotally and more diffusely, in interviews, Ministers were also reported to have been influenced by the experiences of some large US youth organisations, and to be aware of that country's philanthropic tradition, and the tax regime association associated with it. This would tie in with a general tendency for recent British social policy architects to look across the Atlantic in search of inspiration which precedes New Labour, but has, if anything, been reinforced by the latter administration, as has occurred most spectacularly in relation to the New Deal and the importation of 'welfare to work' principles (Dolowitz, 1998; Keegan, 2004)? Finally, in the particular case of 'social enterprise', despite British participation in European research networks on this topic and some interest in exchanging information in the policy community with continental Europe, it has been the establishment of a 'Skoll Centre for Social Entrepeneurship' at Said Business School, Oxford University, with a £4.4 million grant from e-bay founder Jeff Skoll, which has generated most interest (Grenier, 2004).

As far as Brussels-based policy evidence and argument is concerned, there are linkages in evidence that NCVO also has a thematic 'eurogroup' with around thirty interested members. Other infrastructure bodies reported in interviews that some of their members were affected by Europe via funding schemes, health and safety regulatory provisions, and occasionally volunteer-related exchange and good practice schemes. But these relationships have tended to be largely passive, with local members either seeing the EU as just another funding opportunity (and sometimes unaware of the European origins of funds entirely), or as a source of irritating regulatory burdens. British national third sector horizontal bodies have certainly been far less proactive than their counterparts within vertical fields: UK NGOs have been leaders on the European stage in environmental policy, or international development and relief, for example. (Two very limited exceptions have been the catalytic role of Volunteering England's predecessor, and Community Service Volunteers in promoting the Centre for European Volunteering and Eurovol; and Charities Aid Foundation's role in relation to the European Foundation Centre.) Finally, British third sector's involvement in the structural funds has been recognised and seen as important *within* that highly specialised implementation sub-community. However, relevant actors - such as the Third Sector European Network - have failed to interact with, or exert influence upon, the core national processes outlined in earlier sections of this paper, despite attempts to do so in relation to funding in particular (Crowhurst et al, 2005; see also box 8 for a discussion of possible explanations).

Box 8: UK Third sector detachment from Europe

The TSEP network has shown that in most European countries where an established or emerging horizontal third sector policy community or communities can be identified, the associated national policy discourse routinely frames problems and issues with a European dimension. The problems of governance, unemployment and social exclusion tend to be understood as shared with other European countries, and the institutions connecting the national and EU levels are seen as worthwhile sites in which to invest time and energy. In particular, the EESC, and European Parliamentary inter-groups, attract significant involvement from French, Spanish, and Italian 'association', 'social action NGO', 'social economy' and 'third sector' actors.

Why is the UK currently so different? The following factors, mixing third sector-specific with more general considerations, emerged from interviews and from the literature:

- Current national domestic third sector policy hyper-activity may have been so demanding as to lead to little spare capacity - effectively crowding out the time and capacity to consider the European dimension in a sustained way;
- A perception that previous active investments of time and energy - particularly in the 1990s - did not reap appropriate rewards, leading to increasing passivity or withdrawal (Kendall and Fraisse, 2005);
- Poor reputation of European sources of funding - especially the structural funds - as excessively bureaucratic, complex and difficult to access and implement (Home Office, 2004c), deflecting policy actor's interest;
- Extremely low/zero levels of awareness - and scepticism where awareness has been evident - of the relevance and salience of the third sector oriented activities of the European institutions, including the Commission, the European Economic and Social Committee and the European Parliament;
- The relatively limited political and economic resources of organisations specifically seeking to promote a European agenda for the third sector - such as the Third Sector European Network (cf TSEN and ACED, 2005) - and clashes between the policy entrepreneurship style of TSEN and more powerful third sector policy specialists;
- More general lack of communication/'joining up' between those parts of the specialist third sector community which *have* latterly developed an active orientation towards the EU - in England in particular in relation to the structural funds, and aspects of the Open Method of Coordination, in the case of TSEN and the English Anti-Poverty Network - and those which have not (both within the sector and in those parts of the State which specialise in third sector affairs);
- The spill-over of more generally passive and/or detached attitudes towards Europe in thinking about policy possibilities in this domain (Garton Ash, 2000; Pilkington, 2001).

The remainder of this section will present a stylised analysis of the overall national situation, organised by the TSEP framework as developed for application at the national level (Kendall et al, 2005).

Relatively stable systemic parameters

Stable/basic problem attributes

Unlike most countries, UK policy debates involve a durable, core 'problem set', which, as we shall see below, links closely to actors' stable policy beliefs. Three components to this core are readily identifiable and are worth drawing out from earlier sections:

- *Trust cultivation through regulation*: The notion that fostering trust in the sector and protecting it from the State by the legal apparatus - and in particular, charity law and the Charity Commission - is conducive to the public good;
- *Diversity:* The existence of a societal need for formal voluntary organisations is seen as a natural complement to informal volunteering and private, for-profit enterprise. Public policy should accordingly cultivate voluntarism, underpin pluralism and sustain a 'healthy' civil society alongside the State;
- *Legitimate Wider State role:* An understanding that the three formal sectors can have 'positive sum' relations - or 'partnership'- more broadly, involving mutually advantageous direct resource exchange. In particular, the State can legitimately extend its relationship with the third sector *beyond* a regulatory one to include funding and other supporting roles without undermining the sector's advantages, with the sector providing valued services and expertise in return; and that such interventions should be a matter of national concern (albeit low salience, prior to mainstreaming).

That public policy has a role with the first two issues or 'problems' (put negatively, *avoiding* trust atrophy and sectoral 'imbalance') is a 'stable' attribute because that theme extends over all three phases identified in our historical narrative. The third characteristic (again, negatively, our 'problem' is now to *avoid* adversarial or negative sum State-third sector relations) is also stable in the sense that it has endured as an aspiration for a quarter of a century (being evident from phase 2 onwards).[28]

From a comparative European perspective, these can all be seen as 'governance' concerns, in both external and internal meanings of that term, even if only implicitly. Also implicit is the link to social

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[28] In phase 1, the specific idea of partnership involving funding was apparent within vertical fields, for example, State funding schemes in child care and education can be dated back to the nineteenth century. The idea of State funding specifically to build up what we now call specialist 'infrastructure' horizontally on a national scale was not formulated as a necessary corollary until the Wolfenden report of 1978, with its differentiation of the 'voluntary sector' per se as part of the 'mixed economy of welfare' (Lewis, 1993; 6 and Leat, 1997).

exclusion. The interpretation of regulation for the 'public good' has shifted over time, rendering these concerns more or less dominant, but a core attachment to social exclusion, and to the broader social welfare domain role, has persisted, while the value of diversity has implied the meeting of a range of both wants and social needs, including those of the most vulnerable in society. The problem of unemployment does not really feature here as such.

Why these particular national stable issues/problems? To understand this configuration, we need to refer to the role of both stable supporting factors at the systemic level (in the balance of section 7), and over-time consistencies in the presented beliefs and values of the specialist actors identified (see below). It is also worth noting here, that to recognize the persistence of this core is not to deny change in the 'problem set' more broadly.[29]

Fundamental Socio-Cultural Values

Three values seem worth singling out. First, since the nineteenth century, the <u>liberalism</u> of J.S. Mill, and the associated arguments for tolerance of both individual and *associational* variety in the face of a necessarily imperfect State finds resonance across the political spectrum (although tested to the limit in climates of insecurity, including most recently, post 9/11). Second, linked to the 'wider State role' argument, the <u>mixed economy of welfare</u> became widely accepted, at least among policy elites, as a legitimate goal. Following Wolfenden (1978), this involved referring to the sector's 'comparative advantages' for justification (see also discussion of motivating beliefs below). Third, <u>charity</u> as a *moral* principle - inherently cross cutting and knowing no bureaucratic constraints - is deeply embedded in the national psyche. Thus, over and above any self-interested motivation for such support - which economists would signal as universally applicable - supporting charity organisations in Britain has traditionally been seen as 'doing the right thing', therefore opening up a legitimate role for State policy to ensure that such efforts are protected.[30]

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[29] As we shall see, we can try to capture this dynamic element by referring to (a) how changes in the specific interpretation of the core problems has shifted as the policy community itself, and social and political conditions have evolved; and (b) accounting for changing understandings of the appropriate means to achieve the ends which link into this problem set.

[30] As section 2 recognised, it is certainly the case that during the high tide of enthusiasm for the State as essentially a force for the good (1940s-1970s), charities could sometimes be seen in a rather negative light, as reactionary or elitist. However, from a comparative perspective, the Labour Party in power tended to be relatively centrist, tolerant and pragmatic by continental European standards. Historical research suggests that, at the national level, enthusiasm for the State was <u>not</u> systematically twinned with active hostility towards charity, as in other parts of Europe. Moreover, charities established more recently had a more positive image (and often depended on the support of enthusiasts from the political center-Left, as well as the Right).

Constitutional Factors

Even though third sector policy actors interact in specialized networks (Rhodes, 1997), these relations are ultimately linked to, and shaped by a relatively unified systemic backdrop. The unwritten British constitution concentrates a remarkable amount of <u>territorial power</u> in central government under the doctrine of Westminster 'Parliamentary sovereignty', and the clustering of Government Departments and key associated agencies in the capital. Some argue we are heading for a 'quasi-federal constitution' (Bogdanor, 2003). However, the Government's initiation of a devolution agenda has distributed *relatively* little power by comparison with the federal/'autonomous' arrangements in countries such as Germany, Spain and Switzerland. Accordingly, London has provided a single geographical point at which national horizontal policy has been developed, hosting all but one of the Government Departments identified in earlier sections, and all but one of the national third sector infrastructure bodies discussed.[31]

<u>Local government</u> - the main statutory point of contact for most voluntary organisations (Kendall and Knapp, 1996; Kendall, 2003) - is also relatively constrained by European and US standards.[32] Sometimes this centralization of power seems to have been to the advantage of national voluntary sector policy, in situations where ideology at the lower level would otherwise have generated indifference or hostility.[33] This could happen within vertical fields, at the horizontal level, or in domains mixing these elements (see Box 9).

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[31] The Charity Commission's main offices are in London, but it also has three other offices. In the third sector, the exception is NACVS, which is now based in Sheffield: but tellingly the Director has to come to London by train at least once a week to do his job, and some interviewees felt the organisation 'missed out' by not being based in London.

[32] The Conservative administration that preceded New Labour used this apparatus to vigorously constrain local government's autonomy. Sometimes, the voluntary sector indirectly benefited from this intra-State conflict, as with the social housing field which secured public resources that might otherwise have been channeled to the local State. Again, this Government seeks to differentiate itself from previous administrations, and is fond of referring to a 'new localism', for example conferring a general power to allow local government to pursue measures conducive to their locale's social and economic welfare. However, in practice local government seems to have little opportunity to develop its own initiatives, because it lacks an autonomous financial base. Local taxes only account for a relatively small proportion of funding, and for the balance of income, aside from a small amount of revenue from fees and charges, it has to rely on central government grants allocated on needs based formulae. These allocations are increasingly accompanied by rafts of central government defined target and performance measures, 'shaming' for what the government believes is poor performance, and sometimes financial sanctions for activities deemed to have failed.

[33] Thus, the earlier remark about all national administrations' lack of hostility towards the sector has to be partly qualified at the local level, where more Left leaning authorities have sometimes tended towards a dismissive and exclusionary, or even an adversarial approach towards the third sector (cf. Taylor and Landsley, 1995).

Box 9: Local-central government effects

One of our locally connected national horizontal infrastructure body interviewees put forward an example of central government intervention as a catalyst for third sector local infrastructure building. The respondent explained how, in the 1990s, in cities hostile to the sector because of 'statist' traditions or other, non-ideological reasons, the stipulation by central government than urban regeneration monies would only be released to that local authority if it involved the voluntary sector in policy could have major consequences. Some commentators have been cynical about 'tick the box' tokenistic styles of consultation. But this respondent noted that not, only had local intermediary bodies had a seat at the table in terms of policy design, but had secured a considerable amount of project funding which they otherwise would not have obtained. Other examples could be cited, but as we see elsewhere in this paper, the playing out of local-central politics also impinges considerably on implementation in the case of the Compact. Central government is now putting local government under pressure in a range of ways, in part mediated by the Local Government Association, in its attempt to develop nationwide Compact coverage.

If territorial arrangements *spatially* concentrate power in the State, then <u>legal arrangements</u> disperse it over *time*. Over and above the requirement to comply with general law (a mixture of Parliamentary statute law and EU requirements), charities in particular are affected by the country's <u>common law</u>. Provided charities can demonstrate they will pursue public goods that the Courts have defined as charitable, they are protected by law from political interventions. They therefore have a guarantee of stability - insurance against political manipulation in the initial recognition/registration process and against the threat of subsequent interventions from the Executive. The Charity Commission, which we have noted is so central to the sector's policy community, is charged with safeguarding charities in this way as part of the broader trust perpetuation role mentioned above.[34]

Party Political system characteristics

The UK electoral system famously discourages coalition Governments. The 'first-past-the-post' and Simple Majority system, combined with the British inheritance of a predominantly two party system (notwithstanding recent gains by a third party, the Liberal Democrats), means that a single Party tends to take the reins of central Government. With traditional soft norms of local discretion eroded over time, first the victim of central-local Government hostility, and more recently flowing from the explosion of centrally determined targets and performance measures (Marquand, 2004) the concentration of power in British central government is very high by international standards.

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[34] This should not to obscure the relative narrowness of the definition of the public good which the legal system has developed through case law. The definitional issue was indeed one of the motives for the legal reform agenda (Parliamentary Select Committee, 2004). This legal reform widens the definition to align it more closely with public opinion as to the appropriate meaning of 'charity', rather than rejecting the principle of charity and the law that supports it.

Again, it is important to stress the mixed blessings this dynamic generates for horizontal policy. On one hand, now that the political party in power has sought to prioritize a voluntary sector agenda (see below) it has had the means of setting new institutions in place relatively rapidly. On the other hand, some of the implementation failures we referred to in section 5 may ultimately reflect the fact that new initiatives are constantly being pushed through nationally, without sufficient time and consideration from the perspective of those who are familiar with the relevant problems at 'street level'.

Central Bureaucratic institutionalization style

Absence of 'direct democratic procedures'

The British State lacks the formally mandated procedures for direct democratic access that are available in, for example, the Scandinavian countries or Switzerland (Heclo and Wildavsky, 1981; Kreisi et al, 1995). Voluntary organisations have not had democratic <u>rights</u> of access to State decision-making, but have had to rely on the cultivation of informal 'insider' connections (Grant, 2000). Despite the Freedom of Information Act and the Government's claim that it has 'opened up' the policy process as part of its more general policy thrust towards 'Open Government', it seems likely - given the patterns reported in section 5 - that this overplays the extent to which entrenched bureaucratic cultures can be swiftly modified.

Other bureaucratic system attributes

At the same time, another relatively stable feature of the British structure is the nature of the <u>core civil service bureaucracy's epistemological system</u>.[35] The bureaucratic heart of the British system involves:

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[35] By this we raise the question of how the system is designed to categorise and process policy-relevant information. Is effective administration best developed through emphasising *specialist* understanding acquisition in particular vertically defined policy domains, placing a premium on deep familiarity with the technical knowledge needed within such specific policy communities? In Europe, the Netherlands is a prime example of this approach (elsewhere New Zealand and Australia are examples), where vertical Departments of State are relatively autonomous, and most bureaucratic career mobility is *within* vertical fields, between external agencies (including third sector organisations) and the civil service. The alternative approach is the *unified or generalist* bureaucracy, of which France, Germany and (as the text expresses) Britain are examples (Hague and Harrap, 2001: 257).

> The cult of the amateur [pushed to] extremes. Administration is seen as the art of judgment, born of intelligence and honed by experience. Specialist knowledge should be sought by bureaucrats but then treated with skepticism; experts should be on tap but not on top … the key requirement is not knowledge but the ability to learn (Hague and Harrap, 2001: 256).

This approach would theoretically tend to foster a mindset sympathetic to voluntarism in a cross cutting sense for at least two reasons. First, it may produce empathetic faith in the (unpaid) amateur, relevant to the continued significance of voluntarism for the sector's identity (Kendall, 2003). Second, for similar reasons, it could lead bureaucrats to 'think horizontally' about social and policy problems that could potentially be defined either vertically or horizontally. The movement of elites across vertical policy fields that is axiomatic to this system provides opportunities to recognize 'shared issues', and to propose common solutions (if the political will is expressed to pursue them). Certainly Sir Kenneth Stowe, one of the individuals leading on the mainstreaming process, was very much a product of this tradition (see Box 10).

However, this 'advantage' should not be overplayed. It may be that empathy is most likely with a narrow subset of organisations whose leaders share a similar background and values, disadvantaging others as 'outgroups' (Dearlove and Saunders, 2001). More tangibly, a tendency towards 'turf war' and 'boundary disputes' has been all too evident from the third sector perspective (for example, see Hudson, 2004b): on the ground, the 'legacy of Departmentalism' persists alongside elite generalists' supposed intent, or recent Government rhetoric (Sullivan and Skelcher, 2002: chapter 2). In addition, the approach of the State itself no longer straightforwardly reflects traditional elite values (whether those be seen as constructive or otherwise): latterly, we noted that a cohort of seconded personnel with entirely different backgrounds now work alongside this elite, many in senior positions, creating considerable difficulties in fostering policy coherence.

External shocks / system events

Changes in the systemic governing coalition/Party Political control

When systemic 'events' take place in the political domain, the centralisation of power means that they take place in a very clear and dramatic fashion. However the British-style clean systemic 'shock' of a change in political administration only matters in a specialist policy domain as long as the Political Party in office actually wants to *use* the levers of political power to prioritize change. The

first phases of historical development were, of course, characterised by shifts of Party Political control in the background, but we did not refer to them, because these transitions made relatively limited *deliberate* impact on the sector: its specialist policy institutions evolved more or less incrementally, with low political visibility. Since 1979, the dramatic policy changes that the Conservatives did affect were framed using a two sector model. The accent was on rolling back the State sector, and widening the market sector, affecting the third sector *incidentally* (see discussion of subsystem spillover below).

The really significant political 'shock' took place with the current New Labour Government in 1997 (the mainstreaming turning point we stressed, between phase two and phase three). The political motivation for this shift can in part be understood as following from the positive desire to put into practice beliefs in the capabilities and unrealised potential of organisations between the market and the State. These beliefs were becoming more refined, as part of a series of policy reviews and dialogues conducted between key politicians and the specialist third sector policy community in the 1990s (Kendall, 2003: chapter 3).

At the same time, the shift could theoretically be understood as consistent with political sensitivity towards public opinion (see below). More demonstrably, it fitted with the political 're-invention' which Labour strategists perceived to be necessary in order to secure electoral success in the 'first-past-the-post' system. Leading figures attempted to differentiate the party not only from the incumbent Conservative administration, but from its own past. A 'sector' storyline was one useful means of so doing. New Labour was to portray itself as distinct from the Conservatives by its rejection of the latter's 'market dogma'. But it also contrasted itself with previous *Labour* administrations by distancing itself from their 'statism'[36]. Third sector friendly policies could be presented as offering a 'third way', allowing the 'reborn' Party to reclaim the political middle ground between the 'Old Left' and the Conservatives.

Changes in public opinion

There is no consistent, long-term time series data available specifically on attitudes to the voluntary sector, and the recent evidence that is available involves fairly crude references to 'trust'. But surveys show that, over recent decades, trust in the other sectors - business (particularly multi-national

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[36] This is an exaggerated portrayal, if the historical record is examined, at least at national level. However, such a contrast is suitably dramatic to catch attention in the theatrical world of Westminster-centred politics.

corporations) and at least the 'political' components of the State - has fallen dramatically; the recent evidence on trust in the voluntary sector tends to put these organisations ahead of those other sectors.

If the norms and values favourably disposed towards the sector are stable, this would imply a growth over time in the sector's trust premium. As noted earlier, a perception that allying itself with the voluntary sector will 'rub off' on it in terms of trust could conceivably, therefore, be a motivating factor for politicians' aspiration to widen policy engagement. However, there is no *direct* empirical material to either refute or validate this theoretical possibility.

Changes in socio- political and economic conditions

It was suggested earlier that catering for diversity has been an enduring and recognized attribute of the third sector. However, its policy salience has grown dramatically in recent decades and it is important to recognize its role as a catalyst for change. The growing political strength of those in society who have traditionally been relatively powerless - buoyed by informal 'new' social movements and the advocacy role of the formal third sector - has fed through into heightened public service expectations. This has created differentiated and excess demands for public goods (James, 1987), opening up a gap between what publicly provided services are capable of supplying and the wants and needs of an increasingly resourceful population. Sometimes, these pressures have been absorbed by the existing voluntary sector, so one effect has been to strengthen the 'established' voluntary sector at the expense of the public sector.[37] Increasingly articulate older people, and people with disabilities, willing and able to press for more resources across health care, social care and housing, have been a source of pressure.

At the same time, patterns of migration have generated increasing cultural and ethnic heterogeneity in British society. Problems of cultural appropriateness and even racism have sometimes limited the extent to which this has been reflected by 'established' sectors. In this case, the government's attempts to establish and sponsor a specialised horizontal infrastructure bear witness to the extent to which this claim for differentiation is now reflected directly in policy design.[38] The other newer

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[37] Much of this growth has been publicly *funded*, with the growth of contracting out in key fields; see discussion of 'subsystem spillover' below.

[38] However, critics suggest the new infrastructure bodies lack credibility with those they are supposed to represent (for example, Black Information Link, 2004; http://www.blink.org.uk/print.asp?key=2952). More broadly, the picture is extremely varied. Within vertical fields and at different levels of the state, black and minority ethnic communities have had mixed success in securing a public policy settlement accommodating culturally appropriate standards; the positive experiences of the social housing field can be contrasted to the

strands of infrastructure related policy are also partly a response to social change. 'Social enterprise' policy and the greater stress of 'performance improvement' can be read as attempts to accommodate greater political and social pressure for public goods, while attempting to deflect additional demands on the public purse.[39] The proposed investment in ICT could also reap efficiency gains, although the values of many of those involved from the third sector have traditionally been more oriented towards community level equity and access (Plant, 2002).

Socio-economic change has also shaped third sector policy in at least two ways, one tying in with unemployment and social exclusion. First, we noted in our earlier narrative that unemployment has been a key example where the third sector's policy involvement has been linked to economic trends: this is, thus, a case of occasional, rather than stable and continuous engagement. As far as social exclusion is concerned, it was increasingly argued by CAF and others in the 1990s that public policy could have a role in encouraging giving to strengthen society's capacity to meet such social needs. This argument found a receptive audience in New Labour. Their political 'product differentiation' was coupled with evidence of a growing economic problem: the demonstrable decline of private giving. This was also a catalyst for the Government's enthusiasm for pro-charity fiscal policy change (and leading also to the launch - with CAF - of the joint Giving Campaign referred to in section 5). The analysis recognized the effects of poor economic conditions during the recessionary early 1990s, but also stressed the perceived limits to the British 'culture of giving' compared to the US (Wright, 2002; cf. Box 8).

Policy decisions and impacts from other subsystems

The analysis of change presented thus far has pointed to a combination of purposive policy innovation as a function of recent political dynamics, and more spontaneous but longer term societal pressures (the increase in social diversity and assertiveness having played out over half a century). An additional exogenous influence occurs when the changes within other fields have knock-on effects. There has been one obvious short term political effect involving 'spill-over' from another sub-system: charities were adversely affected by reforms to the tax treatment of share-owning pension funds, and demanded compensating action. Some in the sector believe this 'cross fire' effect was

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barriers and limitations that have tended to characterize social care, for example. The selection of 'ethnic minority employment' as a field for special attention within the Treasury's 2004 'public service priorities' for the sector is the latest example of the Government's attempts to accommodate this aspect of diversity.

[39] To the extent greater recourse to commercial activities is a part of this agenda, it could generate additional resources for third sector organisations, while 'performance improvement' would theoretically mean greater quantities, or higher quality services, were being achieved within existing budgets (Kendall and Knapp, 2000; Paton, 2003).

even the main catalyst for the fiscal changes already discussed. In fact, it would be more accurate to see this as reinforcing the existing political-ideational and empirical pressures for action in relation to public policy on private giving which were discussed earlier.

The most significant spill-over effects, however, can be traced over a longer period to the previous Conservative administration in the late 1980s and early 1990s. These involved developments concentrated in the social welfare domain. One example already given was the direct effect on local infrastructure of the national urban regeneration policy (Box 9 *supra*). But it is in two other vertical fields where the effect has been most dramatic: social care and social housing. In both cases, in line with its overarching pro-market philosophy the Conservatives secured radical reforms (exploiting the centralised apparatus of the State mentioned earlier to push them through). There was a move from State dominance in funding and provision to a combination of 'quasi market' State funding and regulation, but with independently owned services. Alongside the for-profit sector, some voluntary organisations chose to respond to this opportunity by delivering under contract services that had previously been owned and controlled by local government.

In this way an existing complementary and specialist role on behalf of the public sector (the roles endorsed by Wolfenden) was *de facto* modified to extend into a substitution role on a very significant scale, in at least some areas (Kendall and Knapp, 1996).

This has proved to be of more general importance for third sector policy in three key respects. First, this heightened responsibility for welfare services was associated with professionalisation. Although greater levels of engagement with the State are just one of several drivers of such a trend (cf. Salamon, 1987; DiMaggio and Powell, 1981), it does seem to have been an important one in the UK. The complexity associated with contracting for those organisations that chose to get involved with such services increased the demands for appropriate specialist expertise and advice. In turn, key professional groups formed associations to protect their shared interests and exchange experiences and information, well in advance of the 'top down' political mainstreaming process considered earlier in this section. The Charities Finance Directors Group and the Association of Chief Executives of Voluntary Organisations are the main examples of such specialist organisations formed in the 1980s. In addition, an interview revealed that the contract law issues raised by the shift to large scale contracting in social care was one of the main reasons for which the Charity Law Association was formalised as a society in the 1990s.

Second, there was a <u>demonstration</u> effect since these sub-system trends seemed to show that at least some third sector organisations were willing and able to become involved in large-scale delivery. If this could evidently come to fruition in social housing and social care, it then became possible to argue, by analogy, that a more general 'upscaling' of third sector involvement across a wider range of public services was a feasible policy option: the very issue which now sits at the heart of the policy agenda.[40] Third, <u>awareness of the sector's aggregate economic trend</u> - albeit driven by intra social care and social housing factors - was to throw into ever sharper relief the issue of independence. We noted that legal autonomy from State 'interference' has long been recognised as an issue, with the principle of protection embedded in charity law. With the growth of large-scale contracting and the associated patterns of *financial* dependence, the question of independence assumed added urgency.

Motivating beliefs, policy entrepreneurship and coalitional activity

Ultimately it is individual and organisational agency which is responsible for the conversion of problems and issues into policy. The opportunity structures and trends reviewed in section 7 have been critical in framing the possibilities for policy development, but policy entrepreneurship is needed to catalyse and package concrete, explicit and purposive reform (Kingdon, 1995). Who have been the individual and institutional actors who have taken advantage of the combination of stable and changing conditions outlined thus far in this section, to push policy in its current direction of travel? What are their beliefs, and which resources have allowed their conversion into action?

We already have the key ingredients from earlier sections. Section 4 identified the specialist policy community of actors involved at the 'technical' and low political end of the process, while at the beginning of section 7, we emphasised the key role of national Party Political organisation, followed through in government, in catapulting the issues into the political limelight, and keeping them there, in recent years. In this subsection, we will try to portray how these politically situated actors can be seen as entrepreneurial carriers of some of the topical concerns reviewed, expressing and enacting shared values, but also increasingly involved in disputes over how to protect them. Based loosely upon a distinction made by Sabatier and Jenkins-Smith (1993), the goal is to tease out key protagonists' *core beliefs* of a foundational ends-based nature, characterised by durability and persistence; and relevant *secondary/policy beliefs*, having more to do with the means of policy,

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[40] This argument has been pressed consistently in recent years by the Association of Chief Executives of Voluntary Organisations (ACEVO, 2003).

including the specific instruments of policy; and to suggest how these play out in and around a policy community.

Core beliefs

The core beliefs concerning the third sector tie in closely with the stable issues already identified in section 7: throughout the phases identified, policy actors have expressed beliefs about *governance*, emphasising the need for a <u>legal regulatory nexus to 'protect' the sector and its reputation</u>; there has also been recognition of the sector's importance as a vehicle for expressing <u>social diversity</u>, especially by capitalising on its voluntary resources; and since phase two (so, for over a quarter of a century) an understanding that Central Government can and should have a role in providing <u>funding and other support</u>, horizontally rather than purely on a field-by-field basis (although vertical field-specific funding accounts for the vast bulk of State expenditures; Kendall, 2003).

Also, since phase two, a supporting narrative concerning the comparative advantage of the third sector has been developed in terms of <u>impacts and outcomes</u>. The claims here mention the value of its expressive role, but also refer to cost effectiveness and efficiency advantages; a capacity to pioneer new responses to social problems; and the ability to foster community development. Such claims do not always stand up to systematic critical scrutiny because the arguments seem not to be generally valid, and scientifically defensible only under certain conditions (Kendall, 2003). Nevertheless, they are routinely evoked both by 'technical' policy specialists to justify policy measures and in Parliamentary discussions and general Party Political statements about social policy.

The links with *social exclusion* have always tended to be implicit in these discussions, but as we have seen they are now much more explicit. References are to be found permeating policy documentation with increasing regularity, built into the community development rationale and have, since 2004, been reflected in Home Office targets. The relationship with <u>unemployment</u>, by contrast, we have already proposed was too weak to be integrated into core beliefs.

This bundle of beliefs has, over both phases two and three, assumed the character of a 'motherhood and apply pie' consensus. Over time, these core beliefs were not significantly modified; rather, they were expressed with increasing conviction among those already specialising on this policy area, while simultaneously, they were becoming more pervasive, particularly in social welfare policy circles. To speak of 'learning' might be too strong, but we could certainly suggest that key fora acted as staging

posts for awareness-raising. The various policy reviews of the 1990s (see Kendall, 2003: chapter 3) and the demonstrable expansion of the sector in the two key vertical fields mentioned (themselves expanding overall) ratcheted up the salience of the third sector's role in broader policy debates. The mainstreaming coalition that recognised, reinforced and capitalised on this trend in the 'step change' from phase two to phase three involved an effective melding of individual policy entrepreneurial, specialist organisational resources and political opportunity (Box 10).

Box 10: The mainstreaming coalition
Individual policy entrepreneurship backed by organisational resources

➢ NCVO/Nicholas Deakin. Deakin was a respected social policy academic of a social democratic persuasion. The secretariat for the Deakin Commission was 'independent' from, but physically based at and support by, the National Council for Voluntary Organisations. Deakin, with the support of NCVO's ambitious chief executive Stuart Etherington, used this inheritance as his point of departure, but situated his analysis in wider policy debates, and underlined connections with pressing concerns.

➢ New Labour/Alun Michael. Michael was a Blairite New Labour politician with a track record of commitment to, and experience of, the sector evident from a 'community work' background was backed by that Political Party's political and economic resources. He was able to point to the backing of the Party's Leader - in fact, the initiative was presented as one with Blair's 'personal interest' - and use that Party's networks and financial resources to consult country-wide over a relatively long period of time.

➢ Civil service/Kenneth Stowe. Stowe one of the leading high flying 'generalist' civil servants of the post war generation (Hennessy, 2001). Ken Stowe's unique 'insider knowledge' and experience of the complex machinery of the British civil service bureaucracy gave him immense credibility and he was particularly critical in managing the embedding the idea of mainstreaming's symbolic flagship - the Compact - at Whitehall. He provided continuity in the transition to implementation by chairing the Compact Working Group in its formative bedding down phase at NCVO, with the aid of Home Office financial support.

Current secondary beliefs: specific policy instruments

While the *core* policy beliefs specified above are shared, this does not mean that stakeholders are seamlessly pursuing a consensual agenda. This will already have been evident from our discussion concerning definitions (section 3) and implementation (section 4), where major tensions between the sector and various tiers of Government were exposed. Here, we use perspectives expressed in interviews with policy actors to identify three key lines of controversy. These are chosen because of their salience and because they capture three meanings of 'instrument'. First, we refer to beliefs concerning the functioning of a key organisational actor; second, we refer to beliefs regarding the

Compact process, which we have seen acts as a <u>bridging policy process</u> - linking recent phases; and finally we consider the Treasury Review and *Change Up* as an <u>instrumental modernising policy</u>, because it has emerged within phase three under New Labour auspices, and, as we have seen, is explicitly linked to the goal of enhancing public services.

In one rather predictable sense, secondary belief-based conflicting coalitions could be said to exist in the sense that organisations have claimed their 'needs' for public funding are especially pressing (Wilson, 1995). Within the third sector, specialist organisations have sought to argue that the particular needs they represent should be a dominant priority. As public resources have been allocated, there is what one respondent described as 'fierce competition' between the spoils (despite the official discourse of co-operation and 'partnership'). The main contests have been between different levels (national, regional and local), between generic specialists and sub-specialisms; and within sub-specialisms. For example, respectively the Community Sector Coalition was in part formed with a distributional agenda; there has been an economic dimension to tensions between NCVO and the sub-specialist bodies listed in Box 9 (as part of a wider political dispute, as we see below), while within the volunteering specialism, Volunteering England and CSV have repeatedly clashed over funding priorities.

However, funding apart, the perspectives gathered seem not to align with neat organisation or coalitional boundaries: it has not proved possible at this stage to delineate clear coalitions in terms of secondary belief structures. This exploratory research suggested that contrasting secondary beliefs existed *within* the same organisation; typically, there seems to be no unifying, or even dominant perspective. More in-depth research would be needed to identify these patterns with confidence. This section therefore simply rehearses some of the key controversies, without attributing beliefs to specific organisations.[41]

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[41] At one remove from the specialist implementing policy community, principled critiques of aspects of the policy process have been developed by academics. The three clearly stated positions are: Lord Dahrendorf objecting to both from a liberal theoretical perspective; Morison, critical of the Compact from a neo-Foucauldian angle; and Osborne and McLaughlin (2005) on the cross-cutting review, picking up on themes elaborated eclectically by Knight (1993). However, Dahrendorf's critique is the only one widely known in the community, having been expressed in the Council of Charitable Support; in a series of lectures and statements; and in Parliamentary debate. See Kendall (2003) for a comparison.

NCVO: Hero or Villain?

NCVO is acknowledged to have been a central actor by all policy specialists. Just as the subsystem pressures identified were beginning to bite from the late 1980s, the organisation had undertaken internal governance reforms and decided to reduce its dependence on Government funding, particularly by diversifying into delivering commercial services to members. On its own terms, this reform has been a success, with rapidly expanding membership and increased independence from Government in recent years. Latterly, it has effectively consolidated a nodal position in relation to key initiatives, including the instruments considered below. For example, it led on an extensive consultation in relation to *Change Up*. Finally, most members questioned about their 'satisfaction' with the organisation are positive or very positive.[42]

Yet the beliefs of some policy actors captured in interviews were mixed. Some argued that the organisation had squandered a 'community development' and 'think tank' inheritance with its new style of operating. While the organisation's formal governance structure links it with sub-national levels - and NCVO prides itself for being more democratic in its internal governance than other infrastructure bodies - there was at least a belief amongst some of our interviewees that its concrete *modus operandi* did not foster appropriate patterns of member participation. A view was also expressed that aggressive tactics adopted to consolidate its nodal policy position in recent years were not 'in the interests of the sector', but exploitative of power in the political market-place, placing the individual organisation's success ahead of the wider interest.[43]

Compact: contested local relevance

The most spectacular effect in relation to the Compact has actually taken place outside, and not within, the specialist community. In a Green paper put out from the Opposition benches in 2003, the Conservative Party endorsed the process reversing their rejection of the idea in 1996. The motives for this high political shift are unclear.

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[42] Source: unpublished evidence from the Home Office panel of voluntary organisations. This panel also reports quite high levels of satisfaction with other infrastructure membership bodies.
[43] One example was said to be the self-aggrandisement engineered in relation to the *Change Up* 'hubs', an idea at least partly originating in NCVO itself (in collaboration with the consultant employed by ACU). The criticism was, first that the 'hub' idea should have been debated within the policy community; and second, that the organisation had inappropriately exploited the first-mover advantage acquired in the mainstreaming process to position itself prominently in arrangements for designing and implementing the hubs (perhaps at the cost of relevant sub-sector representation) (cf. Box 4).

Turning to the community itself, from our interviews we do know that beliefs tend to be bound up with views concerning NCVO. Some of those who resented NCVO's power and influence saw its position in relation to the Compact institutions - the leading role in the annual process and the situation of the Compact Working Group at NCVO - as an example of inappropriately acquisitive behaviour. On the other hand, interviewees supporting the organisation could claim this was the 'natural' place for leadership.[44]

In terms of process effectiveness, sympathetic and unsympathetic views could be defended by different readings of the evidence (Craig et al, 2002; 2004). Greater Departmental commitment to the process (as reflected in policy statements) and rapidly increasing levels of take-up at the local level, together with anecdotes of impact, could be read as significant by enthusiasts. On the other hand, the more sceptical pointed out that the marginal impacts attributable to the process were hard to discern and perverse unintended side effects were evident.[45] It was also claimed that local Compacts were insufficiently inclusive, often tokenistic, with some suggestion that the lack of legal force rendered any other advantages of little value in practice.

Change Up process: signs of alliance in a sea of organisational ambivalence?

Evidence gathered on the evolution of this process does provide one apparently clear example of a clash of secondary beliefs between organisational units within central government. In early 2004, an intermediate draft of a document that was the main raw material for *Change Up* and had at that point evolved essentially under ACU auspices was subject to a dramatic intervention from David Blunkett, soon after the establishment of the new Civil Renewal Unit. According to insiders, this reflected the then Home Secretary's concern that the process had become too strongly focused on the sector's national public service delivery role and insufficiently representing localist community development themes. The next iteration of the document (and in a somewhat watered down fashion, the final *Change Up* plan) interwove a string of references to the sector's 'civil renewal' role alongside its supposed potential in relation to 'front line services'.

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[44] However, more typically, NCVO was neither blamed nor celebrated for 'performance' of the Compact process, because this had now evolved into a complex bureaucratic procedure involving a multiplicity of actors at different levels of governance. This very attribute tended to split opinion, since for some, any process smacking of bureaucracy was ripe for criticism. For others, it was inevitable that such a large-scale undertaking on a national scale needed at least a centralised core.

[45] For example, in relation to consultation, the framing of policy agendas in such a way as to actually cut back on the range of relevant issues over which consultation took place, in order to avoid having to comply with the relevant code's requirement in terms of timeliness and transparency.

This seems to suggest that the competing agendas *within* the third sector between community group representatives and other parts of the sector - which we suggested have been evident in the contest for public funding - be reproduced as a dispute over policy content among components of Government (in this case within the same Department). This single example raises the intriguing possibility of the existence of implicit coalitions involving competing government-third sector alliances characterised by different emphases on *Change Up* as an instrument for enhancing public services, versus *Change Up* as more pluralistic route to sector development.

More generally, however, it has proved impossible to explicate in this exploratory research clearly differentiated secondary belief structures at the organisational level. Rather, beliefs seemed to differ as much between individuals within agencies (in the third sector and the State), including splits on the desirability of the project. In each case, the first view implies the instrument is being developed in such as way as to support the sector's core values, while its antonym ultimately implies the instrument is incompatible with those core values:

- *Change Up* as a legitimate and sensible route to exploiting relevant economies of scale and scope (boosting operational efficiencies) - versus *Change Up* as tending towards an undue concentration of resources at the national level, incompatible with the dispersal of control locally as a foundational characteristic;
- *Change Up* as a way to sensibly bind together enhancement of the sector's service delivery role with its other functions - versus *Change Up* as a threat to community building, expressive and innovatory roles;
- *Change Up* as a route to fostering the capacity of the third sector, thus preserving a healthy balance with other sectors - versus *Change Up* as driving the third sector into either a public sector or for-profit sector straightjacket (to the extent the policy is believed to be heavily laced with business school/management speak insufficiently adapted to the specificities of public life). This could mean threatening its prized autonomy and responsiveness to diversity, and ultimately undermining its ability to retain public trust and goodwill.

8. Conclusion

Britain's third sector, understood as a 'voluntary [and community] sector', has long been acknowledged as a significant element of society. Public policy towards it has built on historic foundations in recent years to underpin an increasingly elaborate and specialised policy community. This policy community is characterised by a strong social welfare orientation and has been mobilised deliberately as a partner in public service delivery by the current government, tying in with its agenda of public service reform and political product differentiation. The development of appropriate *governance* is seen as a central issue faced by these organisations, and grows out of a longstanding preoccupation with the legal regulation of charities in particular. *Social exclusion* has long implicitly been seen as a role of, and justification of support for, the sector. This has become more explicit, and is reflected in the policy discourse and in concrete funding priorities and public service agreement targets. The link with *unemployment* is theoretically evident, because often the problems of unemployment and social exclusion are closely related. However, while the sector has had a key role in delivering responses when unemployment has reached crisis proportions, this has been *ad hoc*: it has not been a persistent and stable theme over time.

The continuities so evident in the British case in terms of policy actor identity (as with NCVO, the Charity Commission and the Home Office), preoccupations with legal structures, funding and voluntarism, and related problems of governance and social exclusion, have been accompanied by change. As the policy salience of the field has increased new actors have come to positions of prominence, as with the specialist institutions formed inside the sector in the 1980s and early 1990s, and Government units established in the late 1990s and early 2000s. The agenda has been elaborated to incorporate emerging concerns, in the light of influences from wider society and politics.

There has been no single cause of this pattern of development. The existence of a specialised policy community, with its legal (common law) *problematique* and national bases both inside and outside Government, was a necessary but not a sufficient condition for mainstreaming to occur. It took policy entrepreneurship backed by the sector's own resources, political will in the context of a relatively centralised system of government, persuasion in relation to the sector's claimed core values, and a particular style of bureaucratic working, to foster the transition. In addition, public opinion may have been important, and it seems that the effects of externalising reforms within vertical sub-systems under the previous administration have inadvertently ended up shaping the process as well.

The sector is now deeply embroiled in the follow through to the agenda jointly developed between Government, policy entrepreneurs and the wider policy community. There is a surface consensus about protecting core values long fostered by specialists, and now subscribed to more generally. However, the extent to which the instruments currently being employed to involve the sector more deeply in public policy are ultimately compatible with these core values is a cause of ambivalence, since for most purposes it seems difficult to distinguish clearly between organised coalitions.

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Appendix 1: Working Glossary
Version of 23 June 2005

Case refers to the TSEP unit of analysis in relation to public policy as a multi-level process: there are 'closed cases', being particular policy events/programmes chosen to capture a range of policy modes and stages in the policy process of relevance to the third sector in Europe; or 'open cases', which are more thematic and diffuse in character. The former include the European Statute of Association; Global grants for social capital; the Convention/Constitution; National Actions Plans for social exclusion and employment; and the United Nations Year of Volunteering; the latter include Services of General Interest; and the European Structural Funds and the third sector at the sub-national level.

Coalition refers to alliances of policy actors, who can be individuals or organisations, who come together to pursue shared values, concretely expressed in policy change or policy perpetuation goals. Understanding the functioning and roles of such coalitions in national, EU or multi-level contexts requires accounting for the nature of their values and goals; the economic, political and cultural resources they are able to mobilise, and the political opportunity structure within which they operate. In the TSEP network, research effort has been directed at describing and analysing coalitions formed and perpetuated by full or part time *specialist third sector-specific policy actors*.

Collective noun refers to the language used by domestic or EU level actors to group organisations sectorally at a level higher than *vertical policy fields*, and involving some implicit or explicit reference to ownership and control not reducible to either the market or the state. In some countries the collective noun and associated expressions involves a relatively stable or dominant language supported by formal or informal institutions and practices, while in others there is a more open field, with competing concepts and formulations, often fluidly co-existing and interacting with one another. Examples in Europe at the EU and national levels of expressions sometimes used in this way (and sometimes also used in other ways) include associations, [social] [action] NGOs, non-profit sector, nonprofits, organised civil society, popular movements, social economy, social enterprise, solidarity economy, third system, voluntary [and community] sector.

Community method has been described by the Commission as 'a procedure leading to decisions or Act, involving balanced participation [at the EU institutional level] between Council, the European Parliament and the Commission'. It was the 'classical' or 'traditional' method of processing EU policy in the second half of the twentieth century, but in the twenty-first is increasingly supplemented or displaced by the *Open Method of Co-ordination* which rebalances control away from the EU institutional level, towards Member State level actors.

Cross-cutting is used as shorthand for third sector relevant cross-cutting, and refers to concepts/beliefs or policies/practices/actions which are not confined to within *vertical policy fields*, but which are (a) either held to be relevant or applied discretely but according to common principles within two or more vertical policy fields, especially in the social welfare domain; or (b) which are held to be relevant/applied as a matter of 'generic' policy. Policy development in relation to these processes typically involves *specialist third sector-specific policy actors* within and outside the State, forming relatively loosely coupled 'policy networks' and/or a more formally institutionalised and recognised 'policy community' nominally involving a core of shared values and beliefs expressed in political rhetoric and/or the technical codified discourse associated with specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of a particular vertical field.

Domain Used to specify the level of policy between vertical policy field and the macro system of policy and politics. In relation to the third sector, the domain which TSEP has demonstrated is of most (but not universal) relevance is the *social welfare domain*.

European problem set refers to the cluster of high salience European policy issues or problems with which the third sector has most consistently been linked by policy actors at European, national and sub-national levels. Included here are *governance*; *social exclusion*; and unemployment. Third sector organisations may be seen as 'partners' whose contributions can and should be mobilised as part of the process of problem management, or problem solving.

Governance has multiple and contested meanings; but at its broadest, it can be used to refer to institutionally ordered arrangements for shaping the processing of policy at the key stages of agenda setting, decision making, implementation and evaluation. It tends to be linked to steering or strategic - as opposed to tactical - processes; patterned as opposed to unstructured relationships and interactions; and to be associated with such values as accountability, transparency, and effectiveness. The ways in which the third sector is linked to governance varies significantly across contexts, but often considered in scope are issues both in relation to internal governance - the design and application of appropriate legal structures and micro-constitutional models in the light of third sector specificities such as voluntarism and non-profit-distribution; and issues in relation to external governance, including how the third sector can and should fit as an actor at each of the policy stages, wherein it is one policy actor amongst many.

Horizontal policy is synonymous with *cross cutting* policy. Note that there are 'pure' cases of horizontality, whereby policies or concepts are related to the entire third sector as defined in the relevant collective nouns. But we *also* include as 'horizontal' narrower-in-scope concepts or policies which cut across some but not all *vertical fields*. In particular, overarching social welfare regime policies and practices, social inclusion policies and community development policies can be considered in scope, even if not extending outside the *social welfare domain*, to the extent that they necessarily suggest, involve or imply, participation by the third sector and its stakeholders.[1]

Industry-specific policies that are relevant to a particular *vertical field* only.

Mainstreaming is shorthand for *public policy* mainstreaming and refers to a situation in which the mainstreamed policy issue or problem (here, the third sector) is not only supported by technical institutions, but has high political and social visibility, and is seen by systemically powerful actors as of high generic public policy salience.

Multi-level process refers to how the European, national and subnational levels of public policy are inter-related. The extent to which this constitutes third sector policies is examined in the TSEP network by policy *cases*. Note that this is not synonymous with multi-level *governance* - which is typically used as a framing concept to claim that substantive power is situated at more than one level. The extent to which multi-level processes involve a reconfiguration towards multi level governance is treated as an open question for research.

Open Method of Coordination is based on mutual agreement of policy objectives by Member States; the development of common guidelines, indicators, and targets; benchmarking of performance and exchange of good practices, formulation of national action plans; and peer review and joint monitoring of implementation in an iterative multi-year cycle. It increasingly supplements and even displaces the *Community Method*.

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[1] Note that other writers use this term differently, often including *intra-vertical* policy field *multi-sector* initiatives as horizontal, while we do not consider *per se* as the core subject matter of our network. However, indirectly such policies may lead indirectly to our notion of horizontality, through spillover effects or *ex post* political construction of policy, as noted elsewhere.

Path dependency Refers to how historical policy decisions create a 'policy legacy', which can have long term consequences for the possibilities of current and future policies

Policy is used in TSEP as shorthand for *public policy*.

Policy entrepreneurship refers to actions taken either to deliberately change, or to deliberately protect, public policies - here, third sector specific policies. Such efforts typically involve the formation of *coalitions* between individuals or organisations, or both and are heavily constrained by national political opportunity structures. In the TSEP network, research effort has been directed at describing and analysing the entrepreneurship of full or part time *specialist third sector-specific policy actors*. Most horizontal third sector policy entrepreneurship takes place at the national level or below, but there are some individuals and organisations that specialise at the EU level, and some who operate on multiple levels.

Policy field is shorthand for *vertical policy field*.

Policy mode is a helpful way of recognising and analysing the different types of broad policy approaches that jointly constitute the highly complex EU public policy process. Examples of distinctive modes are the *community method* (relevant to the third sector in the European Statute of Association case) and the *open method of co-ordination* (relevant to the third sector in the case of National Action Plans for *social exclusion* and employment).

Policy learning refers to the impetus for policy change which occurs when actors adopt strategies, or various forms of policy belief, in the light of experience; or policy changes due to new information and analysis, generated by *policy entrepreneurs*, perhaps operating as part of *coalitions*.

Public policy comprises two elements. Unless otherwise qualified, 'policy' refers to intended courses of action which are explicitly and proactively articulated by actors with significant levels of political authority, and reflected in patterned policy discourse, events and institutions. If past policy decisions continue to be relevant because (due to *path dependency*) they shape current administration practices, resource allocation and the distribution of power, but they are *not* actively sustained and pushed as a categorical, proactive policy, they can be described as 'latent', that is implicit, policy. 'Public' refers to institutions and events involving 'that dimension of human activity which is regarded as requiring governmental or social regulation or intervention, or at least common action' (Parsons, 1995).

Social exclusion has been defined by the European commission as 'referring to the multiple and changing factors resulting in people being excluded from the normal exchanges, practices and rights of modern society. Poverty is one of the most obvious factors, but social exclusion also refers to housing, education, health and access to services'.

Social welfare domain This corresponds to the 'welfare state regime' policy space. It is a 'meso level' concept nested within, and developmentally bound up with, the prevailing generic national political and public policy system, while being broader than a single *vertical field*. Within it are the family of 'human services' or 'social [welfare] services' whose vertical components include ICNPO groups 4 ('personal' social services, or social care, and income maintenance), group 6 (development and housing, including employment & training), part of group 7 (advocacy, to the extent it is geared towards social welfare; and excluding political parties); group 3 (health) and group 2 (education and research). Many of these services are (jointly) implicated in tackling *social exclusion*. Note that this formulation is not limited to 'service provision' in the sense of ownership and management of establishments (as with provision of care homes, social housing) but inclusive also of social welfare oriented activities in addition to/separate from direct services, including social welfare oriented self-help and community based activities, advocacy

(campaigning on social policy issues, and individual clients' rights etc), involvement in social welfare and social policy design, monitoring etc.

Specialist third sector-specific policy actors are the carriers of purposive *third sector specific policy* who claim to hold relevant expertise and knowledge. They may be full time specialist individuals or organisations, but such actors are often part time, fulfilling this role separately and/or in conjunction with other contributions to the policy system (particularly in the social welfare domain). They operate within and outside the State, forming relatively loosely coupled 'policy networks' and/or a more formally institutionalised and recognised 'policy community', or 'policy communities'. At a minimum they share a language involving third sector collective nouns (otherwise they cannot be specialists); they may nominally claim to share a core of values and beliefs in relation to the third sector, expressed in political rhetoric and/or the technical codified discourse associated with the relevant specialist policy instruments. The result can be the creation and perpetuation of a policy space jointly recognised by these experts as constituting the subject matter of third sector policy (using some collective noun) which is not reducible to the policy contents of any particular vertical field[2].

Spill over effects Policy effects and actions designed to apply in one domain or field which have consequences once adopted - and thus implicitly or explicitly, shape policies in other domains or fields.

Third sector at the highest level of generality refers to organisations situated between the market and the state in terms of ownership and control. TSEP needed more specificity to initiate research into this construct as an object of policy: It was therefore provisionally taken to include those organisations which are self-governing and constitutionally independent of the state; do not involve the distribution of profits to shareholders; and benefit to a significant degree from voluntarism. This was an initial orienting working definition of the third sector - but in application, this has had to be sensitive to national conditions, since our unit of analysis has been the actual existing horizontal policy community or communities with its associated constructs. In other words, the specific 'indigenous' conceptualisation (or conceptualisations) deployed in practice was a question to be determined empirically, not *a priori* imposed. By referring to more than one collective noun, and the relative salience of each from the perspective of policy network or community members, we are also able to reflect differences within countries, where boundary disputes and the contest between competing definitions is itself part of the policy process (since notions putting the accent on 'civil society', 'voluntarism', and 'social economy' for example, typically co-exist).

Third sector [specific] policy is usually used either as shorthand for *horizontal* third sector policy; or to refer to the sum of horizontal cross cutting policies, policies which are partly horizontal and partly vertical. As used in this network, it is by definition concerned *only* with public policy that is horizontal to at least a certain extent. It thus can contain both 'deliberate' policy designed or constructed for the third sector, and policies which are more accidental, *ex post* constructed as third sector policies, and therefore seen as relevant by actors who style themselves as third sector stakeholders. Third sector specific policies are sustained by policy networks and/or policy communities, where the latter are characterised by specialisation, involving claims-making in relation to expertise. In these specialist networks and/or communities, the third sector is often - but not always - coupled to problems and issues associated with the social welfare domain,

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[2] Policies may not be cross cutting *initially* if developed independently within vertical policy fields; but *become* cross cutting if *ex post* 'joined up' by significant policy actors coordinating across or (if powerful) able to authoritatively transcend vertical policy fields. These policies can then be viewed after, and only after, the formative, politically constructive event of 'joining up' by policy actors as jointly constituting a shared 'horizontal' policy; otherwise they are considered not to exist as 'horizontal', or only 'latent'.

particularly social exclusion and unemployment. The agendas of these policy networks or communities tend to include reference to the third sector's policy environment in terms of legal structures and wider governance arrangements; institutional processes for mediating third sector-public sector/State relations; arrangements for involvement across policy stages and policy modes; and the promotion of voluntarism, including volunteering.

Third sector stakeholders include actors who consciously have a significant role in third sector policy. It includes third sector organisations themselves, but also other actors including politicians, public officials, academics, the media, trade unions and (for-profit) business.

Vertical policy field Policies that are developed and apply essentially *within* a particular field or domain: here, horizontal institutions may differentiate between organisations but in the background or incidentally, rather than as the focal point of policy activity. To define 'field' boundaries, we follow the standard industrial classification adapted to account for the specificities of the third sector, as represented in the International Classification of Nonprofit Organisations (ICNPO). Policies which relate to a particular Group or subgroup of the ICNPO are considered 'vertical'; while those which relate to two or more fields may be considered horizontal, either 'narrower' or 'broader' according to the range of fields in scope. Empirically in Europe, relevant policies are often (but not always) closely linked to the *social welfare domain*.

Further Reading

Kendall, J. (2003). *The Voluntary Sector: Comparative Perspectives in the UK*, Routledge, London.

Kubler, D. (2001). Understanding policy change with the Advocacy Coalition Framework: an application to Swiss drug policy, *Journal of European Public Policy*, 8(4), 623-641.

Parsons, W. W. (1995). *Public Policy: An Introduction to the Theory and Practice of Policy Analysis*, Edward Elgar, Aldershot.

Wallace, H. and Wallace, W. (2000). *Policy Making in the European Union*, Oxford University Press, Oxford.

Zeitlin, J. and Trubel, D. (ed) (2003). *Governing Work and Welfare in a New Economy: European and American Experiments*, Oxford University Press, Oxford.

Appendix 2: Research Sources

The paper leans heavily on existing scholarship, but also uses primary evidence to refine and update. Between January 2003 and January 2005, the author held meetings with 35 actors within the policy community as delineated here, face to face or by telephone, particularly in support of section 7. In addition, comments regarding the European dimension have drawn upon observations and interviews involving 36 third sector and State sector actors involved either in European policy design or implementation in a general capacity, or in relation to specific 'European policy cases' which are also being researched within the research network.

The mainstream UK policy community interviews ranged across key actors in the third sector itself, including infrastructure bodies and other voluntary organisations; mainstream civil servants, third sector actors seconded into the public sector, and researchers. They were conducted in confidence, on the understanding that the material would be written up so as not to reveal individual identities. Typically these semi structured meetings lasted 1-1.5 hours. They were guided by topic sheets, whose precise focus was tailored according to the role and expertise of the individual, but typically ranged over: the respondent's background; their perception of the meaning of the sector according to relevant collective nouns; their understanding of the nature of 'public policy' towards the sector (using their preferred definition), and how it had evolved over time; factors associated with continuity and change in policy, with two periodic emphases: medium term development, since New Labour's accession in 1997; and recent shifts, with an accent on the design and implementation of policies pursuant to the Strategy Unit's proposals for legal reform, and follow through to the Treasury Cross cutting review of 2002.

All interviewees were informed that evidence would be presented in an anonymised format to avoid inference of identity.

Appendix 3: Basic characteristics of selected prominent horizontal third sector policy specialists in England/the UK[1]

<u>**Charity Commission for England and Wales**</u>[2]

Sector of ownership and control:
A statutory - that is, public sector - body. Technically, a 'Non Ministerial Department' linked to (but independent of) the Home Office (a Government Department headed by a Cabinet Minister, the Home Secretary). The Charity Commissioners who lead the agency are appointed by the Home Secretary.

Year of origin: 1601 on temporary, ad hoc roving basis; 1853 on permanent basis.

Current membership:
As a statutory body, cannot be said to have 'members'. But one of functions is to register and supervise organisations recognised as charitable in England and Wales. The charitable status of these bodies confers legal, social and economic advantages (including tax benefits) and concomitant responsibilities and constraints.
The Bill before Parliament in 2004/05 to reform the law proposes 'modernising' the Commission in several management and regulatory capacities, but also widening the range of organisations eligible for charitable status, away from its traditional quite 'narrow' core (Thomas and Kendall, 1996). Of most economic and social significance are probably the proposal to systematically allow recreation (amateur sports), social housing and human rights and similar campaigning organisations charitable status (see House of Lords and House of Commons Select Committee, 2004).

Financial Resources (2003): £21 million

Human Resources (1999): 555 paid employees (with no dramatic change in staffing between 1999 and 2002/03)
source: http://www.homeoffice.gov.uk/docs/hoaran.pdf

Balance of activities:
The official aim is to provide the 'best possible regulation of charities in England and Wales, in order to increase charities' efficiency and effectiveness and public confidence and trust.' The Commission is established by law as the regulator and registrar for charities in England and Wales. It seeks i).compliance with charity law, and dealing with abuse and poor practice; ii) to enable charities to work better within an effective legal, accounting and governance framework, keeping pace with developments in society, the economy and the law; and iii) to promote sound governance and accountability.

Current relations with other bodies:
The Commission works particularly closely with the Home Office Active Community Unit inside the State, and with NCVO and other third sector specialist organisations outside. According to its (own) literature, it 'works in partnership with charities, umbrella bodies, local and central Government bodies, and our stakeholders'.
Website address: http://www.charity-commission.gov.uk/

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[1] NCVO, NACVS and Volunteering England relate only to England; separate arrangements exist in other parts of the UK. The Charity Commission relates to England and Wales. The Inland Revenue covers the whole of Britain. These organisations are particularly prominent in the policy process, but of course there are multifarious others: see section 4 *suprn*.
[2] Separate arrangements apply in Scotland and Northern Ireland.

National Council for Voluntary Organisations

Sector of ownership and control:
Third sector membership body with charitable status, independent of the State, with formally democratic internal governance arrangements

Year of origin: Originally founded as 'National Council for Social Service' in 1919. Re-named National Council for Voluntary Organisations in the 1970s.

Current membership:
Includes some 3,500 direct members, but linked to many more via members of these direct members. (Many are national federations in a particular vertical specialism or policy field with local members; it also has as members a significant proportion of Councils for Voluntary Service and similar bodies, which discharge a role in representing the sector at the local level (see also NACVS information)). It thus claims to be able to 'cascade down' and reach approximately 10 - 15,000 individual organisations at national, regional and local level. Reflecting historical and legal factors, although the membership is not limited to the social welfare domain, large organisations from within it tend to be the most active, and issues in relation to social welfare dominate its agenda.

Financial Resource (2002): Total income of £4.3 million, of which most is private earned income - from services and projects and, membership dues (£2 million). Two other major sources are grant from Charities Aid Foundation (£0.8 million), and core government Grant (£0.8 million).

Human Resources (2001): 71 paid employees

Balance of activities:
NCVO literature/website claims a role as 'the voice of the voluntary sector' and 'the umbrella body for the voluntary sector in England'. Formally, its 'mission' is to give a shared voice to voluntary organisations, to cultivate an environment that fosters their development, to help voluntary organisations to achieve the highest standards of practice and effectiveness, and to provide leadership to the voluntary sector in tackling new issues and unmet needs. Its working values involve the 'priorities and needs of the member organisations' to which it inter alia, provides services, and amongst whom it seeks to encourage learning.

Current relations with other bodies: Close links to all those listed in this Appendix

Website address: http://www.ncvo-vol.org.uk/asp/search/ncvo/main.aspx?siteID=1

National Association of Councils for Voluntary Service

Sector of ownership and control:
Third sector membership body with charitable status, independent of the State, with formally democratic internal governance arrangement.

Year of origin: Formed as an independent association in 1991. Prior to this date, function fulfilled from within NCVO.

Current/recent membership:
300 CVS, which are local organisations 'set up, owned and run by local groups to support, promote and develop local voluntary and community action'. In turn, these CVS, now covering most local government areas (local authorities), typically have several hundred members. NACVS claims that 'member CVS have a total membership of nearly 45,000 groups, and are in touch with over 140,000' (Annual Review, 2002/03).

Financial Resources (2002): £1.1 million - mostly of from central government (Active Community Unit), but Community Fund (distributing funds from the National Lottery) and Lloyds TSB foundation (established by private company) also significant, with some earned income from members in addition.

Human Resources: Information not currently available.

Balance of activities:
NACVS 'is the growing network of CVS throughout England. NACVS helps to promote voluntary and community action by supporting member CVS and by acting as a national voice for the local voluntary and community sector'. It supports the 'core functioning' of local CVS - covering forming new voluntary organisations and supporting existing ones - via information and advice, networking, learning opportunities, and surmounting financial and management problems.

Current relations with other bodies:
Funded by, and works closely with, ACU; historically connected to NCVO, with some overlap of members and interests.

Website address: http://www.nacvs.org.uk/

Inland Revenue - Charities*

Sector of ownership and control:
Public sector: 'section' within 'Revenue Policy' as part of wider Government Department, the Inland Revenue (since 2005, HM Revenue and Customs*).

Year of origin: Not known when separate 'section' established.

Current membership:
Not applicable (but note relevant for increasing number of organisations, because of potential widening of 'charity' definition: see Charity Commission entry).

Financial Resources: Information not provided

Human Resources (2004): 'Around 100 full time equivalent' in charity section of 'Revenue Policy'. Source: personal communication

Balance of activities/Current policy priorities:
Eleven activities refer to the institutional arrangements for qualifying for, and implementing, tax benefits. Includes: applications for charitable status, gift aid, payroll giving, gifts of land etc, claims and returns, auditing of charity claims, life assurance and capital redemption, qualifying expenditure, qualifying investments, tax credit traditional relief, trading.

Current relations with other bodies:
Not available

Website address (current): http://www.hmrc.gov.uk/charities/   *

* The Inland Revenue merged with Customs and Excise to form 'HM Revenue and Customs' in 2005.

Active Communities Directorate/Active Communities Unit

Sector of ownership and control:
Public sector: part of the 'Communities Group' at the Home Office (a Government Department). The Active Communities Directorate includes the Active Communities Unit, the Charities Unit and the Volunteering and Charitable Giving. The smaller Civil Renewal Unit and other Units (see text) are also situated within the 'Communities Group'.

Year of origin: The precedent for a third sector special unit within the Home Office was set in 1973 with the establishment of a 'Voluntary Services Unit'. This latest manifestation - as the ACD with three specialist sub-units - is, however, of a different order of scope and scale.

Current membership:
Not applicable

Financial Resources (2002/03): ACU has a budget of £57 million, but most of this is for external grants to the voluntary sector, with £3 million on directly employed civil servants/secondee pay and other internal costs (see below).

Human Resources (2003): ACU/ACD had 47 full time staff, and 20 seconded staff (from the voluntary sector).

Balance of activities/Current policy priorities:
The Active Community Unit has five priorities: 'development of a healthy voluntary and community sector, emphasis on encouraging more public services through the sector, through development of the Compact, and development and implementation of *Change Up*, and removing barriers on funding and procurement issues'. The Charities Unit aims to 'develop and maintain a legal and regulatory framework which enables the charitable sector to realise its potential whilst ensuring public confidence in the sector is maintained. The Volunteering and Charitable Giving Unit 'has a vision involving more volunteers, volunteering more regularly' and 'more people giving to good causes in a planned, regular and tax effective way'.

Current relations with other bodies:
Works closely with, and funds NCVS, NCVO and a wide range of other 'infrastructure bodies' as part of a main grants programme (see 'map' of 'infrastructure' in main text).

Website address: http://www.homeoffice.gov.uk/inside/org/dob/direct/accu.html

Note: See also Kendall (2003: 68-69) for more details

Volunteering England

Sector of ownership and control:
Third sector 'development organisation' with charitable status.

Year of origin: Formed in 2004 by a merger of 'Volunteer Development England', the National Centre for Volunteering (originally founded in 1973) and the Consortium for Opportunities for Volunteering (a groups of voluntary organisations responsible for administering public sector grants in support of volunteering).

Current membership:
By virtue of absorbing Volunteer Development England - previously known as the National Association of Volunteer Bureaux - Volunteering England includes a national network of approximately 350 local volunteer bureaux, often co-located at, or operating alongside, local CVS (see NACVS entry).

Financial Resources: Annual reports and account not yet published for Volunteering England, but information on the National Centre for Volunteering for 2003 is available. It had an income of £2.7 million in this year, the largest single source being a grant from the ACD (£0.9 million) with other resources from other public sources, and private giving from grant making trusts and companies.

Human Resources: Not currently available

Current policy priorities:
'Purpose is to increase the quality, quantity, contribution and accessibility of volunteering throughout England'. As an 'independent agency' aims to 'keep volunteering high on the policy agenda, working with government to promote opportunities'.

Current relations with other bodies:
Works closely with public funders. Now leads a national 'Volunteering Forum' jointly with Community Service Volunteers (see text).

Website address: http://www.volunteering.org.uk/

Third Sector European Policy Working Paper Series

The background and motivation for the network's research efforts is set out in the first TSEP Working Paper. After this, a first group of critically examines the third sector's policy environment at the national level; a second set explores how a small number of specially selected European policy cases are processed at both the national and EU level; in addition, the more general topics of 'services of general interest' and ESF sub-national policy implementation are an additional focus of ongoing research in some countries under TSEP auspices.

TSEP 11   **The European Statute of Association: Why an obscure but contested symbol in a sea of indifference and scepticism?** Jeremy Kendall and Laurent Fraisse
June 2005, ISBN 07530 1891 8

TSEP 12   **The challenges of translation: the Convention and debates on the future of Europe from the perspective of European third sectors**, Catherine Will, Isabel Crowhurst, Ola Larsson, Jeremy Kendall, Lars-Erik Olsson and Marie Nordfeldt
June 2005, ISBN 07530 1892 6

TSEP 13   **From the European Social Fund Local Social Capital Pilots to mainstreamed Global Grants: the third sector and policy transfer**, Isabel Crowhurst, Ignacia Fernandez and Jeremy Kendall
June 2005, ISBN 07530 1893 4

TSEP 14   **The National Action Plan on Social Inclusion: an opportunity for the third sector?** Taco Brandsen, Emmanuele Pavolini, Costanzo Ranci, Birgit Sittermann and Annette Zimmer
June 2005, ISBN 07530 1894 2

TSEP 15   **The United Nations International Year of Volunteers: How a supranational political opportunity affects national civil societies**, Simone Baglioni
June 2005, ISBN 07530 1898 5

* forthcoming

Papers can be found at http://www.lse.ac.uk/collections/TSEP/.

Background to the Centre for Civil Society

The Centre for Civil Society (CCS) is a leading, international organisation for research, analysis, debate and learning about civil society. It is based within the Department of Social Policy at the London School of Economics. Established initially as the Centre for Voluntary Organisation, the Centre has for over 20 years pioneered the study of the voluntary sector in the UK, development NGOs and civil society organisations throughout the world. The CCS is distinguished by its interdisciplinary and reflective approach to understanding whether and how civil society contributes to processes of social, political and policy change and continuity. Its core staff, research associates and visiting fellows cover a range of disciplines, including social policy, anthropology, political science, development studies, law, sociology, international relations and economics.

Objectives

Through research, teaching and policy analysis, the Centre adds to knowledge about the types, roles and contributions of civil society and social economic institutions in Britain, Europe and other parts of the world. The Centre's four major objectives are to:
- Improve understanding of civil society and social economy institutions;
- Inform policy-making at local, regional, national and international levels;
- Provide academic and professional education; and
- Create a vibrant intellectual community for the study of civil society/the social economy.

Research

Research is one of the Centre's core activities. It maintains a highly active and diversified research programme, ranging from basic theoretical approaches and empirical work to organisational and policy studies to historical analysis. Many research projects are inter-disciplinary and comparative. Examples of current and planned research projects include:
- Mapping civil society;
- The culture of giving in Britain;
- The European Union and the voluntary sector;
- Civil society and value changes in Britain;
- History of housing associations;
- Foundations in Europe;
- Studying small, local organisations; and
- NGOs and development.

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