



## **Seeing the Wood for the Trees: Challenges and Changing Policies for the Third Sector**

**Speech at launch of NWTWC Conference  
Ed Cox  
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It is nearly 5 years ago now since I sent a proposal to the Home Office Active Communities Unit with some ideas to establish a pilot regional empowerment partnership in the North West. Although the government's Civic Pioneers Network was not going so well, credit must be given to Henry Tam and Duncan Prime, the civil servants at the time who decided give the plans a try.

Within a year the North West Civic Pioneers Network became the North West Together We Can Network, the Active Communities Unit was moved into DCLG, and regional empowerment partnerships were formed in all of the 9 English regions.

This is a great example of the North West leading the way. The government listening. And good practice rolling out around the country.

And so it is a real honour and pleasure to be asked to give the keynote address at this year's conference. And I want to offer my congratulations to Richard, Eve, Helena, Dave and the many other people who have worked so hard over recent years to make North West Together We Can such a success.

As you might imagine, the last few months have provided a lot of opportunities to look back over the past decade and think about what has happened and what could have been. But I have been very struck by just how far things have come in terms of community involvement and empowerment.

I remember 10 years ago, battling to get even simple notions of community consultation and involvement into the policy arena. I remember being told by councillors that too much democracy would bring anarchy. I remember the battles we had with Manchester City Council to try to get voluntary sector representation on Ward Committees and the LSP. And I remember the huge breakthrough we made when first we got a community engagement indicator into Manchester's LPSA which then set a precedent for NI4 to become part of the national indicator set.

The fact that community involvement, engagement and empowerment are now part of the mainstream debate about the future of British politics and public service reform says a huge amount about how far this agenda has come.

And yet I'm sure that many of you will be surprised that I have chosen to start my address on such a positive note. Because talking to colleagues in recent weeks I sense real

frustration that genuine empowerment remains such a distant hope for so many people; and that there is a deep anxiety that the new Coalition government's programme heralds a time of great turbulence for those of us working in this sector.

To be more specific, two major challenges facing the voluntary sector in the North West today: Firstly, public sector spending constraint and the threat to the financial sustainability of the third sector; and secondly, the new policy context – not least the focus on the Big Society.

I want to come back to these at the end of my talk but I think if I my whole contribution was focused on these then in the months and years to come I think I could be accused of not seeing the wood for the trees; and more than that, I think I would have completely misjudged the nature and scale of what I believe is meant by the new politics and the commitment to a radical decentralisation of power and opportunity from Westminster to people.

To focus my talk this morning on new government policy would be to reinforce precisely what the new government is willing us to avoid. Whether rightly or wrongly, whether for good reasons or bad, we should stop looking to government for guidance and direction. To put things very bluntly: we might just as well be on our own.

At ippr north we have a rather grand vision statement and that is that we *seek to make the north of England the place-to-be for progressive policy making in the whole of Europe*. Many of my think-tank friends raise their eyebrows when I suggest this but it is not such a crazy ambition: Years of sending delegations down to London haven't really got us as far as we might have hoped with the localist agenda – even when a sizeable number of cabinet seats were held by northern MPs. And I think we really need to take this government at its word and seize the freedoms and responsibilities that they are promising.

We need to move to a whole new language of leading and not pleading in the way in which we do policy in the north of England – something that I believe that the north west generally, and Manchester in particular, is getting better and better at doing.

But before I set out what I think leading not pleading might actually look like for the third sector in the North West, I think first we need to establish the context in which we are working. For it is this context that in my view needs to really drive and motivate the sector.

If our third sector activity is driven by, or simply a response to, an unfolding policy agenda (whether set nationally, regionally or locally) then I think we have somehow lost our *raison d'être*.

And there are four dimensions to this context which I think are completely compelling – and also demonstrate that here in the north of England we already have some of the leading thinkers as regards progressive policy-making.

## 1) Injustice

Earlier this year, Danny Dorling, Professor of Geography at the University of Sheffield, published a book called *Injustice*. It is one of the most compelling books I have read this year. And one which really stirs the activist blood in me.

In the book Dorling uses very strong evidence which argues that injustice in the world is based not so much on the five social evils that Beveridge highlighted at the dawn of the welfare state – but on 5 hidden beliefs that we barely acknowledge but that propagate and sustain social inequality. The five tenets of injustice that he highlights are as follows:

- a) Elitism is efficient – all around us I think we see evidence of an increasing focus on those who are gifted: the high earners, the big-thinkers, the stars and the celebrities. Dorling argues very powerfully that this focus on the elite has a flip-side which leaves us with an education system in which one seventh of all children are categorised as having limited abilities.
- b) Exclusion is necessary – Dorling shows that in rich countries one in six households is poor and effectively excluded from normal social activity but that in most cases such exclusion is precisely to protect the riches of others. We see this most obviously in gated communities and security-patrolled shopping centres but social exclusion works in a wide range of more subtle and insidious ways too – all the time justified as protecting the liberties of the majority.
- c) Dorling argues we live in a society which somehow accepts that ‘Prejudice is natural’ – there is growing evidence of social segregation and a breakdown in social trust – particularly amongst those at the bottom of the heap – and this perpetuates a strong sense of social Darwinism and notions of the deserving and undeserving poor that, for example, sit at the heart of our conversations about welfare to work.
- d) Society tells us that ‘Greed is good’ – this one needs very little explanation. Stand up in a conference like this and question notions of economic growth and competitiveness and you are quickly branded as a loony maverick. And yet take something like car ownership and it is very easy to see that individual greed not only leads to perverse outcomes but also has a hugely unjust impact on the poor.
- e) And the fifth tenet of injustice is that ‘Despair is inevitable’ – we live in a society where by 2006 one third of all families in the UK had at least one person who was suffering from depression or chronic anxiety and yet so often this is accepted this as simply a by-product of modern life.

Elitism, exclusion, prejudice, greed, despair? Aren't these the very ills that so many voluntary and community organisations have been established to tackle in some way? And yet Dorling argues they are increasingly getting out of hand and holding back progress. (And that's before we even come to the deficit!)

*Please see Slide 2*

One of the reasons I find Dorling's book so compelling is that such injustices are of particular concern in the north of England.

Which leads me to the second bit of context:

## 2) Inequality

Dorling's graphs show a clear North-South divide – a visible manifestation of inequality.

But if we were to map our own north western region, or Manchester or Liverpool, we would find that whilst inequality exists on a global and national scales, it also exists regionally and very locally.

And it is another pair of northern-based researchers who have shown us precisely what the implications of such inequality might be:

Richard Wilkinson and Kate Pickett, based at the University of York, have produced what I believe will be seen as an agenda-changing piece of work exploring the relationship between unequal societies and a whole range of measures of well-being.

*Please see slide 3*

The implications of their research are twofold:

- Firstly, your life expectancy or level of crime or propensity for mental illness is determined much less by your level of income and much more by the level of inequality in the country.
- And secondly, these findings have an impact both for the poorest and the richest within any given society.

The stats on injustice and inequality are largely based on data up until the mid 1990s or early 2000s and in that sense are very big picture.

What I think then becomes even more compelling and concerning is that

- firstly, although progress has been made in specific areas and on specific issues, by many counts a decade of the New Labour government has done surprisingly little to buck these wider trends;
- secondly, there is ample evidence to show that far from being a white collar recession it is the north of England that has suffered most from the most recent recession and in all likelihood – despite the so-called urban renaissance in the north of England – in actual fact regional and local inequalities will have widened;
- and then thirdly, given the extent and nature of proposed public spending cuts, and the apparent dependence of the north west and other northern economies on the public sector economy, we are likely to bear the brunt of public sector spending constraint worsening the north-south divide even further.

*Please see slide 4 for context around environmental sustainability and slide 5 for context around political marginalisation.*

So not only are we doomed economically,  
not only are social ills about to escalate,  
not only are public services going to be unable to cope,  
but the challenge of environmental sustainability is massive,  
and our political marginalisation is growing.

So despite starting on a positive footing, you are now probably wondering why you invited me to come and bring such a miserable message!

Well actually, I'm surprisingly hopeful about what might emerge from the ashes of the current context – not least if we grasp the nettle ourselves, as people so concerned about community empowerment in the North of England. This is our time. We have a real window of opportunity if only we can seize it.

But in order to do so I think we have to ask ourselves three big questions.

**The first question:**

1) How far is your organisation seeking to address the real challenges facing the north west of England – the challenges of injustice, inequality and environmental sustainability – and how far is it simply paying lip-service to a government policy agenda?

This might be one for you to take back to your trustees or for the next staff away-day.

But it seems to me that just as notions of welfare dependency seem to dog our poorest communities and public spending dependency our local and regional agencies, so too many of our voluntary and community sector organisations are losing the ability to act independently.

Today, ippr north and NWTWC is giving you a sneak preview of some research we have carried out looking at community and social enterprise in the North West. You can read for yourself what we have found but I want to highlight one aspect in particular:

First, we have found a worryingly high level of dependency on grant funding and public sector contracts.

*Please see slide 6*

Now this of course is only a sample of those organisations calling themselves community and social enterprises and the third sector is far wider and more diverse, including many many organisations who operate entirely on the basis of voluntary effort.

But with so much focus on social enterprise as an apparent 'solution' to step in and shore up public services on the cheap; and with so much pressure on local authorities and other public agencies to contract out to the third sector there is a great danger we will lose even further very essence of what the sector stands for.

Don't misunderstand me, I am a strong advocate of VCS seizing opportunities to design and deliver public services and work in close partnership with public sector colleagues – but they should not lose their cutting edge and the very reasons that drive the sector to work with people and places that the private and public sector too often neglects.

### **The second question:**

2) To what extent do your policies and practices perpetuate any of the 5 tenets of injustice – perhaps the sense that elitism is efficient or that prejudice is natural?

Over the last few years I have given a lot of time to transforming my local church into a community hub and I'm very excited that in just a few months time the Levenshulme Inspire Centre will open its doors to people from all over South Manchester. But I have been very struck that in all the funding applications I have had to make I'm always being asked to write about the community's needs. It has forced me into thinking about my area as a 'needy community' and yet my day-to-day experience is of a bunch of people who may not have a lot of money, who may not even be in paid employment, but who are incredibly busy, resourceful and enterprising.

But is this the way that in the third sector we treat people? How do you approach your clients or users? I am increasingly challenged by those who argue for an asset-based approach to addressing social change. Asking not what people's needs are – but instead looking at what assets they have and the building blocks upon which we can build.

### **The third question:**

3) To what extent can the voluntary and community sector in the North West start to redefine a social and political economy that places innovation and enterprise at its heart but that measures its success not by financial turnover or number of contracts won, but by the extent to which it reduces regional and local inequality.

I think this question poses huge challenges about what we measure and monitor. But more fundamentally it asks us to reassess all of our activity from the perspective of inequality, well-being and environmental sustainability.

Finally, as promised, 10 statements about public sector spending and the Big Society:

- 1) David Cameron and the Conservative Party have struck something of a nerve with their rhetoric about Big Society. Whilst it may not have played well on the doorsteps, it is absolutely the case that 12 years of a Labour government has left us more centralised, more dependent and less responsible for our own lives at every level. Not all of this can be blamed directly on the previous government, but we do need to recast the relationship between state and society.
- 2) Big Society is nothing new. Much of what is being said by the Conservatives is very similar to what was said in the Empowerment White Paper of 2008 and by a wide range of third sector organisations such as the new economics foundation, the social enterprise coalition, ACEVO and many others in recent years. In actual fact you can trace this debate back many centuries.
- 3) The relationship between state and society is not a zero-sum game. The state does not necessarily crowd out society and neither does it have to shrink in order for society to step up to the plate. There are plenty of good examples of nations where there is both Big State and Big Society – not least in Scandinavia (the Conservatives preferred model for schooling).
- 4) Where the Big Society analysis breaks down is in its failure to address the role of the market. It is very often unemployment, low pay or exploitative working practices that lead to the atomisation and social alienation that lies at the root of so-called 'Broken Britain'.
- 5) It is – at best – naïve for the government to think that Big Society will pick up the pieces as public spending cuts start to bite. At worst, it is thoroughly dishonest not to admit that the logic behind Big Society is at least in part a strategy for low-cost services to reduce the damage likely to be caused by massive cuts in welfare and social care.
- 6) The expectations that seem to be being placed on the voluntary and community sector are significantly out of step with the reality of the sector on the ground for three reasons:
- 7) First, the capacity of the sector is being massively over-estimated. It is not that there aren't millions of motivated and capable individuals but our own research at ippr north shows that 74% of all organisations in the north west claiming to be social enterprises are still dependent on grant funding with over half looking to local government as their second port of call. This is to say nothing of those organisations who do not aspire to be social enterprises. In general, the sector is under-capitalised and un-enterprising and the limited resources named in the coalition agreement for the Big Society Bank are derisory in this context.
- 8) Second, the kind of contracts and commissioning processes which the government might hope voluntary sector organisations to deliver are currently getting larger in scale and scope putting them even further out of reach of the very organisations government hopes will deliver them.

- 9) Thirdly, in my own experience there is very limited appetite amongst many voluntary and community organisations to take a step-up to delivering public services on a social enterprise basis. This is particularly true in the most deprived communities where the need is greatest but much Big Society activity is done more on the basis of reciprocity than as 'enterprise'. By contrast, it is most likely that the 'little platoons of civic society' will emerge in leafy suburbs which will ultimately only serve to widen the gap between rich and poor neighbourhoods.
- 10) Forget all of the 9 points above. It is the kind of negative whingeing that represents the worst of the voluntary sector. The Big Society is the only game in town. We must seize the agenda and drive it forward for the benefit of all of the communities we serve in the North West. For if we don't, God knows who will!

**The ippr north, Manchester Business School and NWTWC report, *Growing the Big Society: Encouraging success in social and community enterprise in deprived communities* will be published in June.**

**For more information, or if you would like to invite Ed to speak at your event please contact [north@ippr.org](mailto:north@ippr.org)**