

Barnet and Beyond: The Role of the Voluntary Sector in Delivering Public Services

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On 28 May 2003, the British Red Cross signed a new contract to provide community equipment services to the people of Barnet. In its first year, we expect the service to deliver around 10,000 commodes, beds and other items to more than 6,000 residents with a disability or illness.

The contract, awarded to the Red Cross by Barnet Council and Primary Care Trust, owes a lot to our eight years' experience of running the medical loan service in Leicester and Rutland, recently held up as an example of good practice by the Audit Commission. These are just two, albeit the largest, of more than 200 medical loan services we run throughout the UK. They sit alongside our other intermediate care services: home from hospital, transport and escort, therapeutic care and skin camouflage. In 2002, we helped more than 390,000 people through these five services alone.

Taking a wider view, the Red Cross is one of many UK charities that are an integral part of public service delivery. The National Council of Voluntary Organizations (NCVO) estimates that general charities received £2.5 billion—a fifth of their income—from government in 2000/2001. Of this, 42% came from local authorities, 35% from central government and 22% from the National Health Service.

Funding is critical to the success of

the Government's drive to improve services, but it is about much more than money. Introducing the 2002 Treasury review of *The Role of the Voluntary and Community Sector in Service Delivery*, the Chief Secretary to the Treasury, Paul Boateng, said:

As we begin the 21st century, we look again to the voluntary and community sector to help us reawaken the spirit of strong civic communities, reform the operation of public services and build a bridge between the needs of individuals and the capacity of the state.

The Government has already put its money where its mouth is. The Active Community Unit, based in the Home Office and backed up with £188M, will implement the Treasury review. On top of that, the Government has set aside £125M for 'Futurebuilders', a one-off investment fund designed to help charities in their public service work.

Added Value

So what does the Government see in us? Writing in 1998, Billis and Glennerster looked at the welfare problems that might lead people to be unable to benefit from traditional supply mechanisms. They argued that charities have an advantage over other sectors in situations where their 'distinctive, ambiguous and hybrid structures' help them overcome these problems.

In particular, charities may have specialist knowledge, experience or skills, and may be able to involve users in service delivery. They may also be better placed to innovate and push the boundaries; be independent of existing and past models of service; stay free of institutional pressures; and have access to the wider community without institutional baggage.

Note the wording of the last three: charities are often valued for what they are not—part of the state. From across the political spectrum, there has been a reaction against the ever-expanding state, and charities are benefiting from this. We have become

the Heineken of public service delivery, refreshing the parts other sectors cannot reach.

At its best, the voluntary sector is interwoven in community life, its volunteers drawn from and answerable to the people they serve, whether they are cancer patients, refugees, drug users or the visually impaired. With the breakdown in traditional social structures, our volunteers' local knowledge and experience is a strength that can only grow.

But the voluntary sector may have other, more specific strengths. Look again at the example of community equipment services. The Department of Health wants to professionalize these services across England and Wales, pooling health and social services budgets and operations. The Red Cross is well placed to respond to this agenda. We don't just have the necessary experience. As a charity, we are trusted to reinvest any surpluses in service delivery. And we are seen as a halfway house between in-house and private sector provision, in that ownership of the assets remains with health or social services—who would otherwise have to pay for new stock when a contract ended.

Room for Improvement

We have our weaknesses, too. Billis and Glennerster's 'ambiguous and hybrid structures' may give charities a competitive advantage—but they may also be signs of woolly governance, poor management or weak financial controls.

Charities that want to be taken seriously in the public service marketplace need to shake off any vestiges of well-meaning amateurism. We need to do this as individual charities, but we also need to work together to raise the game of the sector as a whole.

But charities' problems are not all of their own making. The Treasury review noted that the 1998 Compact was being held back in part by lack of awareness in government departments, and it recommended that each of these appoint a

champion, who would embed the Compact in the department's day-to-day work.

Better mutual understanding will be one step towards improving the funding relationship, one of the biggest obstacles for many charities. Speaking at an NCVO conference in 1999, Tony Blair described the relationship between voluntary organizations and government as 'at best unequal, at worst oppressive'.

The Treasury review identified a series of problems:

- Charities need to charge the full cost of service delivery, including overheads.
- The application system needs to be streamlined.
- We need better guidance on government accounting rules, currently open to many interpretations.
- Charities need stable funding relationships—renewable one-year contracts mean too much time bidding for work and not enough doing it.

Investing in and Developing the Voluntary Sector

Earlier this year I tried to address some of the problems faced by charities when I chaired a working group set up to look at the scale and scope of service delivery. We recommended five priorities for capital investment from the Futurebuilders fund:

- *Evidence and communication:* The voluntary sector needs to develop a much stronger research and evidence base for its added value. We need comprehensive information, qualitative and quantitative, on the voluntary sector in general and parts of it in particular. And having done the research, we need to communicate it.
- *Doing more of it:* New contracts mean growth—and charities need to get better at growing. That may mean help with financial planning, or advice on governance. So the

sector should leverage working capital, provide funding for consultancy, and fund pilot projects that take it into new areas of service delivery.

- *Working and learning together:* The voluntary sector needs to share information. So let's set up knowledge management systems and networks, form partnerships between national and local organizations and work together on environmental scanning.
- *Developing and sharing infrastructure:* Many charities do not have the money to develop their infrastructure as they would like. Charities need to look at co-location, develop IT infrastructure together and share back-office functions. In some parts of the sector it is already happening, but much more could be done.
- *Building individuals' skills and attitudes:* As charities take part in more and more contract negotiations, they need to develop their staff's understanding of issues like pricing and risk management. Leadership and management skills need to be developed, and volunteers, as well as staff, may need extra training. This might mean e-learning programmes, secondments to the statutory sector or 'assisted places' on statutory training schemes.

Where—in this brave new world of contracts, co-location and call centres—is the humble volunteer? People volunteer for many reasons, but a desire to make a difference outside the world of bureaucracy and management-speak is a common theme. Simon Armson, chief executive of the Samaritans, has warned: 'An increasing professionalism may be associated with a decrease in the sheer guts and determination that has made the voluntary sector what it is today'.

This is a real challenge for us. To give just one example: the community equipment service we are about to start running in Barnet is run entirely by paid staff. We will be

looking at how our local volunteers can play their part in delivering this service. Having better public services does not always mean central purchasing, bar-coding and online ordering. It is also about really caring for people—with that extra touch of 'TLC' that makes all the difference.

Other charities may have other issues. They will pay heed to recent research, by the universities of Brighton and Hull, which suggests that the increased involvement of the voluntary sector in delivering public policies threatens the sector's critical edge, its ability to be the grit in the oyster.

For charities, our increased role in public service delivery presents us with a series of dilemmas: to join the mainstream while maintaining our independence; to increase income from public service work, but not rely on it; to become more professional while retaining the spirit of volunteering.

There is a real opportunity for us here, and one that I hope we will grasp, not out of wishful thinking or organizational greed, but to improve services for our users. This will enable us to play an ever more significant role as the glue that holds civil society together. ■