

# **The role of the state and charities**

**Macmillan Cancer Relief**

**21st May 2002**



Compass Partnership

# Structure of presentation

- 1. Dramatic changes in state – charity relationships in the 1990's**
- 2. Poised for further change**
- 3. Two scenarios for charities to consider**



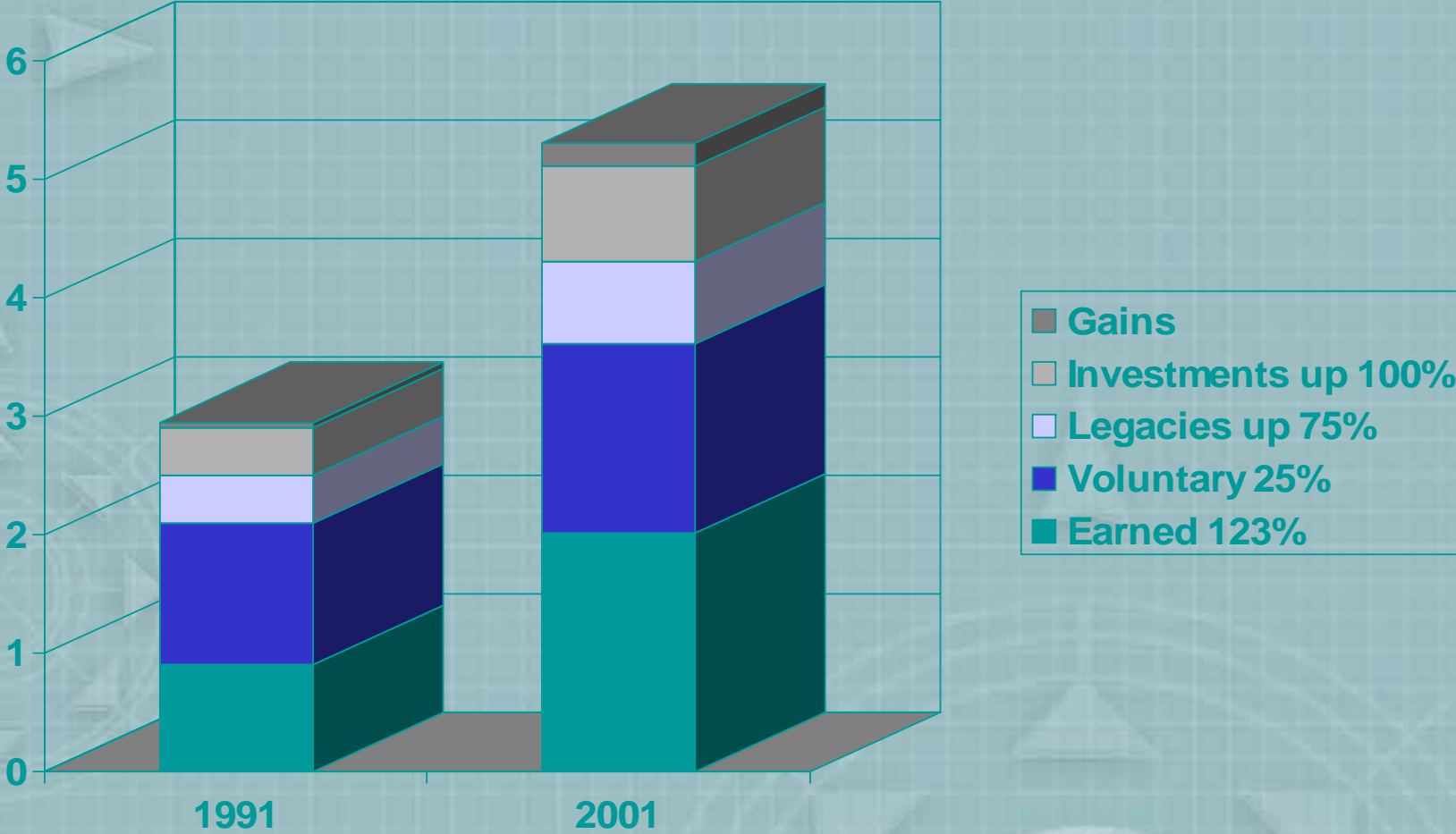
# Dramatic changes in the 1990's

## Voluntary sector income by source £bn

	1991	2001	Change	% change
<b>Public</b>	<b>4.4</b>	<b>5.5</b>	<b>1.1</b>	<b>25%</b>
<b>Government</b>	<b>3.1</b>	<b>4.7</b>	<b>1.6</b>	<b>52%</b>
<b>Internal</b>	<b>1.8</b>	<b>3.5</b>	<b>1.7</b>	<b>94%</b>
<b>Voluntary orgs</b>	<b>1.6</b>	<b>1.2</b>	<b>-0.4</b>	<b>-25%</b>
<b>Business</b>	<b>1</b>	<b>0.7</b>	<b>-0.3</b>	<b>-30%</b>
<b>Total</b>	<b>11.9</b>	<b>15.6</b>	<b>3.7</b>	<b>31%</b>



# Changes in income of charities larger than £10bn



# Changing sector – state relationships in 1990's

- Pre 1997** - Varied and difficult relationships
- 1997** - A watershed
- 1998** - Compact agreed
- 1999**
  - Consultation fatigue
  - Concern about funding weak organisations
  - Perceived loss of independence
- 2001**
  - Manifesto commitment
  - “Labour will build on its Compact with the voluntary sector, as we develop more far reaching partnerships for the delivery of services and the renewal of our communities”



# Poised for further change

## Strategy Unit report

- most significant report for 10 years
- will shape legislative/regulatory framework for next 10 years
- key issues: public benefit test, accountability and freedom to trade

## Treasury spending review

- service delivery
- social and community enterprise
- capacity
- structures
- compact



## Politicians views

**‘The goal ...is not a zero-sum competition between the different sectors. It is instead about building bridges and networks between established institutions’**

**D Blunkett**

**‘History shows that the most successful societies are those that harness the energies of voluntary action’**

**T Blair**

**‘The way forward is government and charities, working in partnership based on mutual respect, a recognition that the voluntary sector is not a cut-price alternative to statutory provision’**

**G Brown**



# Two scenarios charities to consider

1. Grasp new service delivery opportunities
2. Champion independence



# Grasp new service delivery opportunities

## The view

- Further separation of purchaser and provider is inevitable
- Voluntary organisations provide high 'value added'
- Unique opportunity to demonstrate their impact

## The actions

- Invest in organisation capacity and business skills
- Compete and co-operate with private and public sectors
- Measure performance and demonstrate results



# Champion independence

## The view

- **Delivering services undermines freedom to represent users and criticise government**
- **Creates financial dependencies and leads to ‘mission drift’**
- **Greatest social change not achieved by service delivery organisations**

## The actions

- **Focus on raising un-restricted funds**
- **Stay close to users, strengthen representative structures**
- **Use ‘unique’ strategic freedom to achieve significant change**



## Compass Partnership books:

*Managing Without Profit*, Mike Hudson, (DSC, 2000) sets out the theory and practice of creating highly successful nonprofit organisations.

*Managing at the Leading Edge*, Mike Hudson, (DSC, 2003) describes what can be learned from the management and governance of nonprofit organisations in the USA.

Both are available from [www.dsc.org.uk](http://www.dsc.org.uk)

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