The Future of 'Doing Good' in Wales:

a discussion paper

Charities, voluntary organisations and social enterprises of all kinds – the social sector - play a major role in Wales today. Together there are more than 33,000 organisations, supported by nearly 1 million volunteers and 79,000 paid staff.[1] Their activities range from sport and recreation, to services for vulnerable children and adults, to conservation and wildlife, to health and social care. They are united by being motivated by social, cultural or environmental objectives rather than profit.

Many of the activities of the social sector involve things, experiences or opportunities that benefit people but which often do not have a market price. We call them 'doing good'. Some of the public sector too 'does good', whether it is providing health care or picking up litter. Unfortunately for some people the phrase 'doing good' implies actions that are well-meaning but unhelpful – but we think it should be reclaimed.

Charities, voluntary and community groups and social enterprises are experiencing major challenges:

- Funding is under pressure - Welsh Government grants alone have fallen by £142 million between 2010/11 and 2014/15.[2]
- Demand for services of many kinds is up, whether for emergency food aid, shelter for homeless people or advice.
- There are rapid social, economic, technological and environmental changes that they need to adjust to.

These changes raise some fundamental questions about the future of the many services and activities provided by Wales' not-for-profit organisations and about the prospects for organisations themselves.

The Big Lottery Fund Wales is working with the Bevan Foundation to stimulate discussion amongst with communities, charities, social enterprises, government and business about what the future might look like. This note sets out some of the issues we'd like to hear from you about, drawing on a report the Big Lottery Fund commissioned by Sonia Sodha[3].

We have identified some big issues which we're keen to discuss. These are as follows:

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[1] WCVA (2016) **Third sector statistical resource.**
[2] WCVA (2016) **Third sector statistical resource**, Table 7
[3] Sodha, S. (2016) **The future of 'doing good' in the UK**, Big Lottery Fund

1. Who sets our mission, vision and values?

Almost every organisation has a mission or vision which defines their core purpose. There are many different types of mission or vision that organisations can adopt, but all embody values of some sort. Sometimes the values may be overt, e.g. because they reflect a particular faith, and other times they may be presented as 'common sense' or 'neutral', but in fact all are laden with values.

Funders of all kinds can play a major role in shaping organisations' missions, visions and values. They:

- frame the problems that they expect the social sector to solve,
- often shape the methods that organisations adopt to address problems, and
- almost always determine what are acceptable outcomes.

Government plays an especially important role. Nearly nine out of ten Welsh charities receive some government funding[4] and Welsh Government, local authority and health board grants account for 31% of third sector income.[5] In addition many third sector organisations secure government contracts to deliver services.

The extent of government funding raises important questions about the social sector's independence. In 'following the money' organisations may risk drifting from their purpose, while funding requirements may affect or even compromise organisational values.

Reductions in funding mean organisations may face tough decisions about who they support and how, including whether to withdraw or ration access to services.

The shift to contracts may squeeze out some of the 'good' created because the benefits cannot be 'captured within a contract specification. And as contracting replaces grants, the already-blurred distinction between the third sector, private and public sectors may decrease further.

Questions for discussion

- Who really shapes our organisation's and the sector's agenda?
- How do charities, voluntary and community groups and social enterprises maintain and demonstrate their independence from government?
- How should the sector respond to a shrinking and contract-oriented state?
- Does the distinction between the public, private and third sector matter? Should they collaborate more for the good of all?

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[4] Allies, O., Jennings, Y. and Pharoah, C. (2015) **An insight into the future of charity funding in Wales**, Garfield Weston Foundation
[5] WCVA (2016) Third sector statistical resource, Fig. 1

2. Why do we do what we do?

The second big issue is about how charities, voluntary and community organisations and social enterprises organisations achieve their mission – what we actually do. Sonia Sodha identifies three broad approaches:

- **Needs or deficit approach**: this focuses on reducing people's problems or short-comings and is deeply ingrained.
- **Capabilities approach**: this recognises that all people have strengths and assets, and that they can use these qualities to improve their own lives.
- **Systems change approach:** this involves seeking to change policies, legislation or institutions – typically of government - to improve people's lives.

Each of these has strengths and weaknesses. The issue is not which one is best but whether there is the right balance between them – some people suggest there is too much emphasis on 'needs' at the expense of capabilities and system change.

In deciding how to achieve their mission, many organisations focus on activities, projects or programmes - we are all familiar with the idea of 'the ABC programme which delivers X beneficiaries participating in Y events'. Success of activities is typically measured by achievement against specific output or outcome measures, usually measured in the short-term. There is much less focus on action that substantially reduces or even eradicates the problem in the long-term, despite the use of Results (or Outcomes) Based Accountability in some quarters.

Funders often reinforce this tendency by supporting specific, time-limited projects. Many are reluctant to fund organisational overheads, and it is unusual for funders to support organisations, the people who work in them or the dissemination of knowledge acquired by through an organisation's work.

Questions for discussion

- Do we have the right balance between meeting need, building capacity and system change? If not how can we change the balance?
- Is the idea of 'need' and 'social problems' useful? How can it be used without portraying and treating the people and communities as passive or victims?
- How can the focus be shifted away from 'activity' towards achieving sustainable, long-term improvements in people's lives?
- How can long-term change rather than short-term outputs be captured?

3. How can organisations grow and get better?

The third set of issues is about how social sector organisations can improve and develop.

Most organisations highlight their achievements very effectively, as seen in glossy annual reports and infographics. It is in their interests to paint a positive image. Many fewer appear to be able and willing to look critically at how they could improve their activities, for example evaluations rarely provide more than verification of outputs and outcomes, and organisations are sometimes loathe to learn from each other. As well as good practice it is highly likely that there is bad practice in the sector too.

Many social sector organisations and the individuals who work in them have unique knowledge and expertise. It is not clear if this is valued, rewarded or shared across the sector, still less with organisations in the public or private sector. The result is that the 'good' that these organisations can create is not maximised.

As a result, some people feel that social sector organisations have become self-perpetuating, existing for their own sake. To a critical observer it can appear that 'needs' are hardly ever met despite the organisations' work. Yet reflection, learning, innovation and knowing when to stop should be central to the operation of the social sector.

Although social sector organisations are independent, they are also accountable to regulators such as the Charity Commission and to funders. With some recent high profile difficulties in the social sector and the drive towards contracts rather than grant funding, it is timely to consider whether accountability arrangements are effective. There is also a case for arguing that social sector organisations have an accountability the people and communities they serve, although this has a much lower profile.

Questions for discussion

- How can organisations be encouraged to look honestly and critically at their performance? How should bad practice be identified and improved?
- How can organisations avoid being self-perpetuating? And what should be done if organisations are no longer sustainable either financially or because they are no longer needed?
- How should the expertise of social organisations in creating 'good' be valued and shared?
- How can accountability be strengthened? Does the balance between accountability to funders, regulators and people and communities need to change and if so how?

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