



In association with *The Third Sector  
Research Centre*

# The Future of the Third Sector



Cumberland  
Lodge  
The Great Park  
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Berkshire  
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## **The Future of the Third Sector**

15 – 17 June 2011

*Speakers:*

**Professor Pete Alcock** – Director, TSRC

**Professor Nicholas Deakin** – Chair of 1996 Commission on Voluntary Sector

**Lynne Berry**, CEO, WRVS and Trustee, Cumberland Lodge

**Professor John Mohan** – Deputy Director, ESRC-OTS and TSRC University of Southampton

**Rob Macmillan** – Research Fellow, TSRC (Qualitative)

**Caroline Cooke**, Head of Policy Engagement and Foresight, Charity Commission

**Nick Hurd**, MP, Minister for Civil Society

**Roberta Blackman-Woods**, MP, Shadow Civil Society Minister

**Steve Wyler** - Chief Executive, Locality

**Stephen Lloyd** – Senior Partner, Bates Wells and Braithwaite Solicitors

**Neil Jameson** – Executive Director and Lead Organiser, Citizens UK

**Andri Soteri-Proctor** – Research Fellow, TSRC

**Professor Diana Leat** – Visiting Professor, CASS Business School

**Professor Sarah Smith** – Professor of Economics, University of Bristol

**Sarah Mistry**, Head of Research and Learning, Big Lottery Fund

**Simon Burall**, Director, Involve

**John Mohan** (as before) and **Angela Ellis Paine** – Research Fellow, TSRC

**Graham Smith**, Professor of Politics, University of Southampton

**Sir Stephen Bubb** – Chief Executive Officer, ACEVO

**Professor Tony Bovaird**, Professor of Public Management and Policy, INLOGOV, School of Government and Society – and TSRC

**Rob Beckley**, Deputy Chief Constable, Avon and Somerset Police

**Professor Fergus Lyon** - Centre for Enterprise and Economic Development  
Research and TSRC

**Katharine Danton**, Director of Research and Policy, UNLtd

**Baroness Pitkeathley**, Trustee, Cumberland Lodge

**Martin Brookes**, Chief Executive, New Philanthropy Capital

**Malin Arvidsen** – Research Fellow, TSRC

**David Emerson**, Chief Executive Officer, Association of Charitable Foundations

**Rosie Chapman**, latterly, Director, Policy and Effectiveness, Charity  
Commission

**Sir Stuart Etherington**, Chief Executive Officer, NCVO

# What will the Third Sector look like in 2015?

Rosie Chapman

*latterly* Director of Policy and Effectiveness, Charity Commission

[Delivered during a residential conference entitled *The Future of the Third Sector*, Cumberland Lodge, June 2011. The conference was run in association with the Third Sector Research Centre.]

I wanted to give a personal perspective of what the sector might look like in 2015, but based upon my experience at the Charity Commission.

I want to focus on a few areas that, if I were still at the Commission, I'd be concerned about. And these are:

- the distinctiveness of charity
- their independence of action; and
- their lines of accountability.

Now, whilst I'm happy to engage in looking into the crystal ball of the future, I would like to make two quick points by way of a general caveat if it all proves to be wrong, just in case.

First, five years is not really a large enough timescale to allow for grand sweep-of history style developments, either for better or for worse.

So my first prediction is that the sector in 2015, save for the impact of an event here and there, and save for some consolidation, may not look dramatically different to the way it looks in 2011.

To me, one of the most striking characteristics of the sector in 2011 is its diversity – and remember 64% of third sector organisations receive no public funding. So the sector's unlikely to be evenly affected by any of the developments we've been discussing over the past couple of days.

Next, it's worth remembering that people have made bold predictions about the voluntary sector in the past, based on some of the factors – the global economy, the size and scope of the state, the proper rights and responsibilities of the individual – that are being discussed in the context of the coalition government. They were often wrong.

As people have said over the last couple of days, and as the voluntary sector historian Dr Alex Mold recently reminded us, back in the late 40s and early 50s, many predicted that the sector would largely wither away once the welfare state had had a chance to settle in. As we know, it didn't take long for that vision of a state-funded utopia to be shattered. But subsequently the 60s, 70s and 80s saw one of the most creative and vibrant phases in the history of the sector – many of today's most well-known social change charities - such as Shelter and Child Poverty Action Group - were formed at that time. So in a sense the development of the modern charitable sector during that time was in part a response to the realisation that, even in times of relative prosperity, there are limits to what the state can or will provide. I think that's worth remembering at a time at which we're talking about the likely impact of a retreat of the state from the provision of certain services - life's complicated.

I do have a few predictions to make, though, about the direction in which I think we're heading. First, I think debates about the charity brand are going to become more acute. By charity brand, I mean the interface between the public perception of what charities ought to be like, and the reality of the sector in the 21 century.

We have strong indications that the mismatch between perception and reality is already quite considerable. I think most people, unless they have connections to the sector, think of a 'charity', primarily as a vehicle for redistributing wealth from the relatively rich to the relatively poor.

The Charity Commission's most recent research into public trust and confidence reveals that, when prompted, people do recognise that charities include organisations like art galleries, the National trust, museums, universities, scout groups, faith groups. But unprompted and instinctively, people think of charities as social safety nets – and most people therefore don't like to see themselves as actual or potential beneficiaries.

While people associate charities with a caring approach, that doesn't mean they have particular confidence in their ability to provide public services. Only 19% of people asked say they would feel more confident if a charity, rather than another type of provider, delivered a public service to them or a member of their family. And only 6 % say they think charities are better at providing a professional service than the public and the private sectors.

Again, this is about perception – it's not necessarily that peoples' experiences of charities as service providers are bad – it's more that they don't realise the extent to which charities are already frequently providing services across a range of areas.

As charities expand in to new areas of public service provision – such as health, primary education, criminal justice – there's a danger that people will start asking why charities should enjoy the fiscal and legal privileges they do if they're so similar to other types of organisations. And those that are most likely to start asking these questions are those organisations, such as certain types of 'social enterprise' or even some private companies, which may be doing work which has a positive impact on communities or society generally, but which do not enjoy the privileges currently restricted to the particular legal form of the charity. And it's worth noting that those privileges amounted to some £2.56bn in 2010/11.

So I predict that between now and 2015, that there will be increasing tension between on the one hand charities developing their narrative to explain why they are special (not least for their tax reliefs) and, on the other, social enterprises and even some socially responsible companies asking for a level playing field compared with charities.

For charities developing their narrative – and you may say here that I'm biased - I think the Commission's work on public benefit reporting provides a good starting point. And it's also interesting how the term public benefit has become more common currency - for example in the University tuition fees debate. I think we will see more of this.

This brings me to a second, related, point concerning a growing tension between a government wanting to transfer public services whilst - in a number of areas – also appearing to want to retain public sector governance and

control arrangements. For charities this is clearly incompatible and I think it's a tension that will play out in the next few years.

To illustrate my point: in recent months I've seen a numerous examples of this tension. I suspect many in the sector are blissfully unaware of these but to name three examples:

One - the somewhat hastily drawn up proposals within the Public Bodies Bill started with the presumption that bodies such as the National Trust could be 'directed' to act in a certain way, and 'required' to take over the function of a government agency.

A second example is the government's 'rules' about the treatment and control over the use of formerly exempt charitable museums and galleries' reserves, where the government is counting charitable funds in its own bank balance and the museums and galleries can't spend their voluntary funds without advance permission from Treasury. This applies to most of London's best known museums.

A third is the anticipated decision by the HM Treasury appointed 'NHS Charities Review Group' that NHS Charities with corporate trustees should not be regarded as independent for accounting purposes and instead should form part of the government 'balance sheet' - albeit with a three year deferred implementation date.

There are more examples, and I think we will see more, until more thought is giving to applying appropriate models of governance and accountability which reflect the nature of the charitable and not for profit sector.

But – just to end on a slightly controversial and political point – you might also argue that there may also be a trend towards transferring accountability, along with the transfer of services to fragmented service providers, absolving the government of any macro accountability. It potentially lets government 'off the hook'. So, for example, no one now blames the government for poor railways, and local authorities seem to be shouldering a lot of the blame for the refuse collection timetable.

On that note I'll finish!

### ***About Rosie Chapman***

Until the beginning of June 2011 Rosie Chapman was Director of Policy and Effectiveness at the Charity Commission, a role she held for ten years. During that time Rosie was a member of the senior management team and was responsible for leading the Commission's policy, corporate affairs and strategic planning work. Her achievements include increasing the Commission's visibility and profile, including its award winning website, and defining its regulatory approach. She also transformed the Commission's policy role, outputs and guidance, drawing upon evidence, sector experience and feedback. In particular, Rosie led the Commission's input into the Charities Act, and its subsequent implementation, including the new public benefit reporting requirement.

Prior to joining the Commission, Rosie spent six years at the Housing Corporation in a variety of roles culminating as Assistant Director (Regulation Policy). In the past she has worked for a housing association, acted as company secretary for a number of charitable organisations, and within local government. Rosie is a Fellow of the Institute of Chartered Secretaries and Administrators, a member of the Economic and Social Research Council's grants assessment panel, a Fellow of the Royal Society of Arts, and a former board member of Homes for Haringey.

### ***About Cumberland Lodge***

Cumberland Lodge is a former royal residence built in the middle of the 17th century by John Byfield, a captain in Cromwell's army. Taken over by Charles II, for much of its subsequent history it was the official residence of the Ranger of The Great Park. Among those who have lived at the Lodge are the first Ranger, Baptist May, Sarah Churchill Duchess of Marlborough and William Augustus Duke of Cumberland.

Since 1947, Cumberland Lodge has been an independent educational charity, which aims to promote ethical debate and cross-sector cooperation on a range of matters affecting the development of society. Cumberland Lodge fulfils its mission by designing and running about ten conferences a year which enable invited guests to discuss contemporary issues of national and international significance. In addition, Cumberland Lodge encourages university students and academics to discuss the social and ethical implications of their work. Each year the Lodge is used by over 4,000 students and their teachers, predominantly from the colleges of the University of London, but also from other universities and institutions of higher education, including the Inns of Court. Over 8,000 other visitors a year from charities, learned societies, national organisations and the corporate world come here to talk about ethical, moral and spiritual issues.

### ***Staying in touch with Cumberland Lodge***

If you would like to stay in touch with us after your visit, there are a number of ways to do so. On our webpage ([www.cumberlandlodge.ac.uk](http://www.cumberlandlodge.ac.uk)) you can find information on forthcoming events, reports on past conferences and you can also listen to podcasts of talks which have taken place here. You can, for example, hear The Rt Hon Lord Justice Laws, Shami Chakrabarti, HH Judge Daniel Pierce-Higgins and The Rt Hon Lord Phillips of Worth Matravers. Cumberland Lodge podcasts are also available via *iTunes*. Cumberland Lodge is on *Facebook* and *Twitter* (@cumberlandlodge).