

Community Anchors: Fit for Purpose

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A New Settlement for the Community Sector

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Introduction

Today's conference comes at an important time and this workshop on the sustainability of Community Anchors is of particular relevance.

Since the summer of 2006, communities have moved centre stage. The Government has been engaged in a frenetic burst of energy, creating new departments, policies and programmes as if there is no tomorrow culminating last year in the Empowerment White Paper – Communities in Control: Real People, Real Power.

Money too has followed the words: ACF (£15m), Futurebuilders (£215m), Capacity Builders (£90m), Big Lottery's Community Buildings programme (£50m), Asset Transfer programme (£30m), support for volunteering (£120m), Small grants programme (£130m), Social Investment Enterprise Fund (£100 million), myplace programme (£190 m), CommunityBuilders (£70m) and Credit Crunch Support package (£45m). The DoWP Task Force recently laid claim to £250m from the dormant accounts held by banks to fund a Social Investment Bank.

That tots up to over £1.3 billion. That is serious money and on top of that the government has committed itself to increase commissioning to the Third Sector by £500m a year.

Something is taking shape but governments never tell you their underlying thinking. That takes place away from the public gaze. We are presented with the products of those conversations not the reasoning.

Drivers

There are many drivers behind this avalanche of activity but the most important to my mind is the ‘It’s the economy stupid’ agenda– and we can see it unfurling in real time in front of our eyes as we speak – but it has been happening over decades.

The UK economy has changed and is continuing to change.

Labour markets are under stress. We first experienced the collapse of old industries such as iron, steel, ship building, coal mining, cotton and wool. Next came manufacturing - white goods and car industry. Now we have the financial services sector. There have been revolutions in methods of distribution. The advent of containerisation was the death knell of London and other shallow waters docks and internet shopping is transforming our high streets.

These changes have been driven by forces beyond the control of national governments. People are being tumbled out of jobs at all levels of society. There is no indication that these forces are going to abate in the near to medium term – indeed they will become augmented by the demands of climate change and food and energy security. No one knows where the next bombshell will explode.

With all forms of change there are winners and losers. Those who lose out are those who have the least to give. The poor, those with least skills, those on the margins. Those that can pull up the ladder on those who can’t. Intervention is difficult. Government, at national, regional and local is in permanent catch up mode.

It gets pilloried for not anticipating the change, for not protecting those most damaged, for not acting fast enough and getting it wrong when they do intervene. That is one of the major causes of the withdrawal of support for the political class: the expenses farrago is the ‘gotcha’ moment.

Key role of Community Anchors

There is an understanding that a new landscape has opened up that is beyond the reach or remit of either the public or private sectors. With that understanding comes the recognition that needs to be a local, non-state infrastructure – a thriving community sector - to respond to changes when they happen and where they happen.

Key to a thriving community sector is a network of sustainable, independent, multi-purpose, open door, community hubs – community anchor organisations. By community anchors, I mean organisations that beyond making meaningful contributions to their communities and neighbourhoods in their own right but also nurture and foster the community sector within their locality.

Many of the elements of that network are already in existence – the older Settlements, the newer development trusts, community centres, village halls – and new ones are emerging all the time. Work is taking place at a national level to enable that network to take shape and come together through second tier organisations such as bassac, Community Matters, DTA and ACRE as well as third tier organisations such as the Community Alliance and Community Sector Coalition, V4CE and the Urban Forum.

Government – indeed all political parties - now recognise the important strategic role that community anchors play within civil society – they help maintain the social glue that can hold society together during these stressful times. That is to be welcomed.

Financial and organisational fragility

The problem is that many of the organisations that carry this load are in a parlous condition.

Older organisations have buildings that need to be brought up to modern standards. Many need time and resources to re-orientate to the changed demographic and economic environment in which they operate. Newer organisations need to grow to scale and have a secure base for their operations. But there is wider agenda too - communities that do not have a community anchor organisation - for whatever reason - need external and internal support to grow their own.

However, most community-based organisations including community anchors are struggling. Many are in day-to-day survival mode and any deterioration in their situation can tip them over the edge. They are scared to take on long term commitments because they do not know where their future funding will come from.

Even those who appear to be operating successfully can be living with huge uncertainty. These organisations can have long term commitments that are covered by short-term funding agreements with no certainty that the organisations and programmes that fund them will still be in place when those agreements come to an end.

Yet on the face of it, income of the Third Sector has grown over the last decade – grants, earned income and capital. Why in a feast of plenty with solid governmental support for the Third Sector are community organisations apparently endemically fragile – financially and organisationally?

Unintended consequences of change

I think a large part of the answer lies in the fact that community-based organisations are committed to their locality and to meeting the needs of the communities within those localities. They cannot up sticks and move to another neighbourhood if the going gets tough. They are not like a private company: they are not in the business of changing products because sources of funds dry up.

Also because they are local they are more dependent upon a small number of stakeholders than larger organisations. These funders are frequently the only conduits for funding for the work that they carry out. So changes in attitudes, policies and practices of a few local funders - the local authority, the local primary care trust, the local Learning and Skills Council - can have a dramatic effect on their income streams. If those changes are blind to the consequences for organisations that operate at local level, community-based organisations can be adversely affected. If those changes are widespread then a multitude of tiny lights go out across the country.

It has happened before when the when in the 1980s when the GLC was abolished and when the Housing Corporation decided that it no longer supported housing co-operatives. It happened again in the early 1990s when the government closed the Social Programme. There is a danger that is happening now.

I think there are three inter-related dynamics.

First, there has been a wind down of national, area-based, grant funded programmes such as SRB, Coalfields Regeneration, EU Objective 1 and 2 programmes and the NRF. These had the effect of supporting the maintenance of a community sector infrastructure. They have been replaced by generic programmes that do not have that as an explicit objective.

At a local level, it is also reported that local authorities have reduced their discretionary grant funded programmes. So on grant funding community-based organisations have faced a double whammy.

As a consequence, community-based organisations have struggled to find replacement funding and their grant funded activities have declined.

Second, one of the reasons why local authorities have closed their discretionary grant funding programmes is that there has been a significant growth areas has been in public service commissioning.

There are those who are rightly concerned that the switch from grant funding to service contracts undermines the independence and responsiveness of Third

Sector organisations. However, for community-based organisations, there has been another consequence. The switch has been accompanied by a change in commissioning practices which has seen the termination of local area agreements and their replacement by authoritywide, sub regional and sometimes regional tendering.

Larger contracts favour larger organisations. Community-based organisations have had contracts terminated, been excluded from new tender lists, expected to form consortia against impossible deadlines while others have been offered stripped-out sub-contracts by the new contractors.

Third, there has been a growth by and goods and services sold to individuals. However, larger organisations have the reach, the scale and resources to invest in this area. We can see it on the high streets in terms of charity shops and ‘chugging’.

It is little wonder that over 80 per cent of the growth in the Third Sector has taken place among the larger organisations that now dominate the sector. In many ways what has happened in the Third Sector is similar to what has happened in retailing with community-based organisations cast in a similar role to the corner shop. The difference is that community-based organisations are not competing with larger charities – they serve a different purpose.

A New Settlement of the community sector.

If ‘double devolution’ is to have any meaning, if there is to be a thriving community sector and community anchors are to be sustainable institutions there needs to be a new settlement established for community-based organisations. It is not something that is hammered out between the State and the community sector. Charitable foundations, the private sector, the National Lottery, larger charities are involved too. That is why today’s conference is so timely.

What will this new settlement look like?

First, this will not be solved simply at the local level. More money needs to come to the community sector from outside.

There needs to be an alliance between the community sector and local government and health authorities to demand the National Lottery is freed from central government control. We understand that the funds available to the Big Lottery Fund have been raided to support the Olympic Games. That cannot be undone but once the Games are over, the BLF should, like the Bank of England, be freed from central government interference and specifically charged with supporting a thriving and sustainable civil society. That will mean more money coming into local communities without more pressure being placed on local funding bodies – such as local authorities and health authorities.

There is much talk about introducing a Community Reinvestment Act into the UK which will make banks invest in disadvantaged neighbourhoods. That will take some time in coming. In the shorter term, charitable foundations and government programmes should be required to account for how much of the funding they are responsible for actually reaches community-based organisations.

At a local authority level, the community sector needs to have secure funding. We accept that there is a precept levied on every household to pay for the police. If we are willing to do this for security then we should also do it for community benefit - in the form of a 2% precept on the Council Tax. This would provide a realistic budget to support the emerging agenda within community-based organisations.

This too could provide an additional stream of funds coming into the community sector independently of local funding bodies.

Second, on the capital side, there needs to be an alliance between the community sector and the municipal sector to ensure that the dormant accounts by the banks and building societies that are to go to the Social Investment Wholesale Bank are channelled to grass roots organisations. It is accepted that the money does not belong to the banks but they do not belong to government either. They should not be used to make good holes in government programmes. The Government is about to issue a consultation paper on the Social Investment Wholesale Bank – do not be confused, that dormant accounts. You need to respond to that call for consultation. There could be £1 billion at stake.

We need to expand the ‘commons’. The buildings owned by public sector bodies need to be seen as being held in trust on behalf of civil society. As part of the local well-being agenda of a proportion of these should be reallocated to the civil society organisations to provide a secure base for their operations.

Redundant buildings and under used land should be offered to civil society organisations for ‘meanwhile’ use and, where a long-term solution can be established, the freehold should follow.

Third, local commissioning needs support the active participation by community sector providers either singly or as consortia. Existing services need to be assessed to see which can be delivered by community-based organisations. And where they don’t exist work needs to be put in place so that there are local providers who can. The proportion of local authority services commissioned from the community-based organisations should double over the next 10 years.

Fourth, the idea that all new residential developments should include a significant element of affordable housing is well understood. This concept should be extended to commercial and retail development whereby a proportion – 15% say - is earmarked for community benefit.

This would provide another form of income stream for the community sector.

Taken together these initiatives begin to generate the level of investment that needs to take place at a local level without impacting on the budgets of local authorities or adding extra demands on central government finances.

Community sector needs to step up to the plate

This is not a one way ticket. Local authorities need community sector partners to step up to the plate. Local authorities need a thriving responsible community sector to be able to do their strategic task well. No one should shy away from the shift in cultures that this entails.

The community sector needs to change its story. Too often the community sector organisations squabble amongst themselves; knife each other in the back; play the guilt card and do not deliver. Supporting the community sector can be like pouring water into the sand and having kicked in your face the same time. There is nothing to show for it and it is unpleasant.

Community sector organisations need to stop playing the Holier than thou trick. Local authorities and health authorities have a job to do. They are constrained in ways that community sector organisations are not. It is pointless arguing that they are bureaucratic – that is their job. Don't criticise them, help them. Form constructive partnerships that enable them to do their job better.

The community sector has to offer positive reasons for being at the table. Instead of looking always to others to support them, community-based organisations need to be challenged to raise their own finance, through community shares and community bond schemes.

Individual community sector organisations also need to be fit for purpose. There are many that were established for purposes that no longer exist. There are others that are the fiefdoms of their self-perpetuating trustees. There are others whose aims and actions do not compute. The community sector needs to outlaw bad practice. Community-based organisations need to embrace the demands of good governance and good management. If they don't, they will either be sidelined or have their agenda shaped to the likings of others.

The community sector also needs to establish a strong, accountable and responsible infrastructure at the local authority level. Too often they do not reach that threshold. Where they do not, it should not be left to the local

authority to sort it out; community sector regional and national bodies should have the authority and competence to intervene.

Conclusion

The stakes are high. Both the community sector and public agencies need to understand the changed and serious context within which we live. The challenge is to make it work on the ground.

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