

Voluntary Power

Reform Scotland's consultation
report on expanding the third
sector in Scotland

Voluntary Power

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About Reform Scotland

Reform Scotland is an independent, non-party think tank that aims to set out a better way to deliver increased economic prosperity and more effective public services based on the traditional Scottish principles of limited government, diversity and personal responsibility.

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1. Introduction

In March 2010, Reform Scotland published a consultation document seeking views as to how the third sector in Scotland could be expanded to play a greater role in the provision of public services. The consultation process ran to 30 June 2010 and included a roundtable event involving a number of leading voluntary sector organisations.

Building on that consultation, this report attempts to answer some of the questions posed in the consultation paper as well as outlining how Reform Scotland believes the role of the voluntary sector should be reformed in Scotland.

In Reform Scotland's reports on health, 'Patient Power', on education, 'Parent Power' and on justice, 'Power to Protect', we advocated a wider diversity of provision to give the public choice in the delivery of public services. However, it was made clear that such a choice does not mean just public or private sector provision, but would envisage the expansion of the third, or voluntary, sector.

As our reports highlighted, it is the third sector which can, more often than not, present new ways of dealing with old problems, provide innovation and best understand local needs.

The third sector comprises social enterprises, voluntary organisations, co-operatives and mutuals.

The Scottish Council for Voluntary Organisations (SCVO) defines voluntary organisations as non-profit, non-statutory and autonomous with unpaid individuals running the boards. There are currently 45,000 voluntary organisations, with around 20,000 registered as

charities, housing associations or credit unions.¹ The sector had an annual income of £4.1 billion in 2008 employing 130,000 paid staff, approximately 5 per cent of Scotland's workforce in addition to 1.3 million adult volunteers.²

The voluntary sector is part of civil society and it is involved in a wide range of areas from the arts to social care and housing to education.

The Scottish Government recognises the important role that the third sector plays in Scotland and sets out on its website that it believes the third sector *“has an important role in helping the Scottish Government achieve its purpose of creating a more successful country with opportunities for all to flourish, through achieving sustainable economic growth.”*³

The Scottish Government is committed to providing £93 million of funding to the sector up until 2011.⁴ As part of this commitment, the Government has signed a joint statement outlining the relationship between the third sector and government as well as establishing the Enterprising Third Sector Action Plan.

¹ SCVO, 'Get to know Scotland's third sector', July 2009 - www.scvo.org.uk/scvo/Information/ViewInformation.aspx?al=t&page=&all=&from=DSR&Info=1623&TCID=27&PageName=Facts

² SCVO, 'Get to know Scotland's third sector', July 2009 - www.scvo.org.uk/scvo/Information/ViewInformation.aspx?al=t&page=&all=&from=DSR&Info=1623&TCID=27&PageName=Facts

³ www.scotland.gov.uk/Topics/People/15300

⁴ www.scotland.gov.uk/Topics/People/15300

2. Policy Recommendations

2.1 Enhancing the role of the third sector through the extension of self-directed support

Self-directed support is a term that describes the ways in which individuals and families can have informed choice about the way that support is provided to them. It has generally been used to describe the delivery of social care but it can cover a much wider range of services such as health and education. Direct payments are a key component of this and they are payments made by local authorities directly to a person whom it has assessed as needing community care services. The council makes the payment instead of arranging services, allowing people to purchase their own choice of community care services. The aim is that the service provided is better tailored to the individual's specific needs. From 2003, every Scottish local authority was obliged to offer a direct payment to those who are eligible. Almost any disabled person or older person who has been assessed as needing community care by their local authority is eligible and it can be used to purchase all defined community care services and support, except long-term residential care.

The money can be used for a wide range of services and individuals can choose whether they would prefer to get support from a service provider such as a voluntary organisation or care agency, or by employing a personal assistant, or a combination of both. It can also be used to pay for someone to provide care and support to enable an individual to take a short break. However, it is not an all-or-nothing policy as those eligible can choose to get a mixed package of self-directed support and local authority-arranged social care services. Individuals who choose self-directed care have to show their local

authority that the support they want to buy meets their assessed needs and they need to show how the money is being spent.⁵

In the consultation paper, Reform Scotland highlighted that although self-directed support offers individuals more choice and allows them to better tailor their individual care to their specific needs, there has been relatively low take-up in Scotland.

A number of reasons for the low take up were given by consultation respondents including:

- Grants being offered falling short of the estimated costs
- Lack of clear information
- Poor awareness of the scheme by local authority staff
- Unnecessary and over-bureaucratic paperwork
- Inconsistencies in approach
- The person in receipt of payment needs to be skilful in choosing the best options for their care – it would be helpful to have some sort of kite mark to monitor care providers
- Local authorities are unsupportive of this method.

The Scottish Government has recognised that there is a problem with low take-up of direct payments and, since the publication of Reform Scotland’s consultation document, the Scottish Government has published its own consultation on changing the law with regard to self-directed support in Scotland.⁶ One of the main proposals for new legislation is to consolidate the existing law on direct payments under one piece of statute. The consolidation could provide an opportunity to set out the eligibility for and use of direct payments along with provisions on the process involved in the offer of a direct payment.

⁵ Scottish Government, ‘Directing Your Own Support: A User’s Guide to Self-Directed Support in Scotland’ 2009

⁶ Scottish Government, “Proposals for a Self-Directed Support (Scotland) Bill”, 31 March 2010

Reform Scotland has previously argued that there is merit in extending the direct payments model beyond social care. It, therefore, welcomes the proposals included in the consultation paper indicating that the proposed legislation could set the parameters for the areas where Scottish Ministers would be able to bring forward future legislation to introduce self-directed support to areas beyond social care as well as setting the parameters to allow for the combining of social and health care and other budgets into one direct payment or individual budget.

Specific Recommendations

- **Reform Scotland recommends that the Scottish Government should seek to extend the take up of direct payments by removing the barriers to greater take up identified by our consultation respondents such as unnecessary bureaucracy and lack of awareness of the scheme amongst local authority staff, whilst at the same time looking at providing more information about social care providers through a directory in each local authority area.**
- **Reform Scotland recommends that the Scottish Government's proposed legislation on self-directed support extends eligibility for direct payments, for example by giving local authorities the power to provide payments to carers as in England.**
- **Reform Scotland recommends that the Scottish Government's proposed Bill on self-directed support should enable Scottish Ministers to bring forward future legislation extending self-directed support beyond social care as well as setting the parameters for combining social and health care plus other budgets into one direct payment or individual budget.**

2.2 Enhancing the role of the third sector

Reform Scotland has argued throughout our series of reports that increased diversity and choice in the provision of public services improves those services and drives up standards.

We have recommended that the role of third sector organisations in the delivery of public services is enhanced to foster greater diversity of provision and choice for service users. Reform Scotland believes that this is best achieved by making public services more accountable to the people and local communities they serve as we have set out in previous publications looking at local government, criminal justice, education and healthcare.

In areas such as education and health, giving people much greater control over the services they receive and choice from a wider range of providers is the key to higher standards. By ending public sector monopolies in the provision of such services and creating a level playing field, third sector organisations would have a much greater opportunity to deliver services. Our proposals to reform health and education would ensure that public funding reflected choices made by people and people will often look to third sector providers because they frequently offer more personalised, compassionate and innovative approaches. So, in education, third sector organisations would be able to set up and run new independent, publicly-funded schools for parents looking for an alternative to local authority provision. In healthcare, Reform Scotland advocated all hospitals and community healthcare providers becoming independent, not-for-profit trusts. Such bodies would become part of the third sector and third sector organisations would also be able to set up new bodies to provide healthcare.

All this would expand the role of the third sector in Scotland greatly and create a genuine alternative to public sector provision. However, we need to extend this principle further by ensuring that in other areas

of public service provision funding reflects the needs and wishes of people and local communities. This would enable the third sector to increase its role in public service delivery through public choice. On a broader level, it was suggested that rather than being seen purely as delivery agents, the contribution of the voluntary sector in designing services needs also to be recognised. Thus involving third sector organisations from an early stage allows them to contribute their expertise in suggesting novel solutions to difficult problems.

Further, extending the role of the third sector should not be seen simply as a way of saving money, although this can sometimes be the case. It should instead be seen as a way of adding value by doing things differently, and often in a manner more personalised to service users which is why given the choice people will often choose a voluntary sector provider.

As illustrated by some of the examples used in the consultation paper, the third sector already contributes a great deal towards the delivery of public services in Scotland and it is the third sector which is currently providing much of what little diversity and choice there is. However, as we progress to a situation where the third sector is providing more and more public services, it is important that such organisations are able to maintain their independence from government.

Consultation respondents offered some possible solutions to ensuring that the independence of the sector could be retained, while at the same time playing a bigger role in provision of public services. The key theme running through most responses was that of transparency.

Specific suggestions included changing the nature of the relationship between third sector organisations and local and central government so that it becomes more businesslike, with organisations carrying out work on a contractual basis for specific tasks and for such contracts to

run for three years rather than one year which is often the case at present.

Mainly, however, it was felt that the independence of the voluntary sector is best maintained through robust governance arrangements in third sector organisations themselves. This should be underpinned by transparency about where their funding comes from and the work that they do.

There was broad support for increasing the role of the third sector along with a recognition that increasing public support and understanding of this change would require publicity and communication.

There was also a suggestion that increased participation within voluntary organisations would help increase public support and one specific suggestion put forward by the Social Justice Foundation was to build on the old saying that ‘charity begins at home’ and establish a home version of the charity work often done abroad by gap-year students.

A ‘Voluntary Service at Home’ scheme would need some sort of co-ordinating organisation, similar to the way in which Project Trust sends about two hundred volunteers to twenty-five countries annually to undertake charity work. Carrying out the charity work at home could also enable students and/or volunteers to undertake part-time work at the same time which could broaden the potential intake.

Another idea put forward which would make local people more aware of the role and benefits of voluntary service was through the new Community Payback Orders. Community Payback Orders are introduced in the Criminal Justice and Licensing (Scotland) Act. A Community Payback Order can include a requirement for the offender to carry out unpaid work or other activity lasting from 20 to 300

hours. This must be completed within six months, or three months where it is a sentence of 100 hours or less. One respondent argued that such orders should be undertaken in the offender's local area or the area where the offence was committed. This would not only give the local community a sense of justice, but could also increase the offender's feeling of having given something back.

Specific Recommendations

- **Reform Scotland recommends that the role of the third sector in the provision of public services is extended by giving local communities and people much greater control over the services they use. This would enable them to choose services that best meet their needs and foster a wider range of providers which are the keys to higher standards.**
- **Reform Scotland recommends that the vital independence of the voluntary sector is maintained through clear and robust governance arrangements within third sector organisations, underpinned by transparency about where funding comes from and what it is for.**
- **Reform Scotland recommends that public confidence in, and support for, the third sector is enhanced through the encouragement of greater participation in voluntary activity and, to this end, would like to see a 'Voluntary Service at Home' scheme set up. This would enable gap-year students, amongst others, to become involved in charity work at home, similar to work they often undertake abroad.**

2.3 Strengthening civil society through greater financial powers

Reform Scotland has called for government to create the conditions in which the institutions of civil society will thrive, in particular those independent, third sector organisations in which people voluntarily come together to pursue public purposes or the common good. This

requires a long-term shift in the balance of power from the state towards voluntary action which is most likely to be achieved if power in society is decentralised.

Reform Scotland has set out in earlier publications how autonomy and financial responsibility should be devolved from Westminster to Holyrood and from Holyrood down to local authorities. This would enable both the Scottish Government and local authorities to decide whether functions should be performed directly by them, should be publicly financed yet provided by independent organisations under contract or should be left to the third and private sectors to provide. Diverse approaches across Scotland would be encouraged which should provide a better balance between what is done by government and what is done by the institutions of civil society, thereby creating the space in which third sector organisations could develop to meet public needs. Such an environment may take some years to create; however, it is the best way of building on reforms which enhance the role of the third sector by giving it a greater opportunity to deliver public services.

Greater financial responsibility for the Scottish Parliament would also give the Scottish Government the power to create a fiscal environment that encourages charitable giving by extending tax reliefs. This would enable third sector organisations to increase their funding from non-governmental sources and so enhance their freedom of manoeuvre. This should be our long-term aim as it ensures the essential independence and autonomy of third sector organisations.

The issue of devolving power – whether it is from Westminster to Holyrood, Holyrood to local authorities or local authorities to the third sector – was one on which the consultation paper sought views.

With regard to powers which could be usefully transferred to Holyrood, respondents made a number of suggestions of areas of policy:

- **Employment legislation:** One respondent felt that if direct payments were to be extended the service-users could become de-facto employers. To ensure any issues or unintended consequences of extending self-directed support could be addressed quickly, it was felt that there was merit in devolving this area of law.
- **Social security:** It was suggested that allocation of a Scottish social security budget to Holyrood would enable a Scottish direct payments scheme to be set up and allow for greater flexibility in the allocation and disbursement of the money. In particular, the ability to tailor current schemes run by the Department of Work and Pensions to more local Scottish circumstances may allow smaller, Scottish organisations to bid for more of the work done to get benefit claimants back into work.

There was also a feeling that if councils had more control over certain issues this would help. For example, the transfer of responsibility for community health to councils could improve the coordination of social work, social care, education and health.

While there was general agreement that more could and should be done by voluntary sector organisations, there was a feeling that local authorities are reluctant to pass responsibility for more public services to the third sector. This is despite the fact that it was felt there exists the potential for a virtuous market in social care at a local authority level. There is an independent quality inspector (the Care Commission); a sufficient number of competing local providers; democratically accountable commissioners (councils); and an obligation to provide 'Best Value'. However, many respondents felt

that the market in provision of services at a local authority level is being hampered. First, councils tend to have a bias towards using their own in-house provision, crowding out the voluntary sector which in many cases can provide a more personalised service. Secondly, a functioning market is held back by a lack of information for service users about the quality of the different providers on offer. Thirdly, the complicated nature of the tendering process often makes it difficult for third sector organisations to penetrate the market.

It may be that as councils are facing budget cuts over the next three years they may be more willing to consider devolving services. However, other possible remedies suggested included requiring councils to publish the reasons for their contract decisions and investment in developing sophisticated outcome measures which would help provide better comparisons between services run by councils and by other bodies.

Clearly one of the main considerations in involving the voluntary sector in the provision of public services has to be value for money for taxpayers. This can be demonstrated through a robust outcomes monitoring examination. Barnardo's, for example, has embarked on a programme of outcomes monitoring and has been awarded the Committed to Excellence accreditation issued by the European Foundation for Quality Management. A similarly thorough check on outcomes could be replicated across the third sector. Many voluntary organisations are extremely keen to follow this approach. Instead of measuring inputs and outputs, the public sector should concentrate on *outcomes*. This approach allows for greater innovation in the provision of public services and institutes a robust mechanism of accountability.

It was suggested that councils could also pass on interests that are not being put to the best use. For example, disused land, abandoned community centres etc. Giving the community an actual right could

put them in a stronger position in negotiation with the council. The principle could be extended beyond assets to a percentage of the budget or endowment. Such a move could also help to give communities an incentive to come together.

In addition to suggestions about what government can do to involve the voluntary sector more in the provision of public services, respondents also considered how the voluntary sector could make it easier for government to engage with it. It was suggested that although the voluntary sector benefits from its diversity, it must be careful to avoid duplication where services and organisations can be sensibly merged. Although such decisions must be left to the discretion of voluntary organisations themselves, it was felt that dedication to a particular organisation must not be allowed to cloud more practical concerns.

Specific Recommendations

- **Reform Scotland recommends that both the Scottish Parliament and local authorities should be responsible for raising far more of their own budgets which would provide a far greater incentive to achieve a better balance between what is done by government and what is done by the institutions of civil society, thereby creating the space in which third sector organisations could develop to meet public needs. In addition, it would give the Scottish Government the power to create a fiscal environment that encourages charitable giving by extending tax reliefs.**
- **Reform Scotland recommends that, as part of the deliberations over the forthcoming Scotland Bill at Westminster, consideration should be given to devolving employment law and some of the responsibilities of the Department of Work and Pensions to the Scottish Parliament. Devolving employment law would help in the extension of direct payments and more local control over**

areas such as finding employment for benefit claimants would help smaller Scottish voluntary organisations in their bids for work.

- Reform Scotland recommends that a pilot scheme is set up by the Scottish Government to evaluate the benefits of transferring responsibility for community health to councils as a means of improving the co-ordination of social work, social care, education and health as well as facilitating the combination of different budgets into one direct payment or individual budget.
- Reform Scotland recommends that the Scottish Government, in conjunction with councils and voluntary organisations, focuses on developing robust and objective means of measuring outcomes along the lines of those used by Barnado's. This would enable better comparisons to be made of the effectiveness of services provided by local authorities and other bodies. The Scottish Government should also ensure that local authorities publish the reasons for their decisions about service contracts.
- Reform Scotland recommends that, as set out in the paper we published on local government, where there is local demand as expressed in a referendum, local communities should have the right to acquire powers from existing local authorities along with the associated funding. This could include control over assets not being put to best use such as disused land or community centres.
- Reform Scotland recommends that, whilst respecting the independence and autonomy of voluntary organisations, the third sector examines how it can improve its own performance by merging with other organisations where this makes sense.

3. Conclusion

Reform Scotland carried out this consultation exercise with a view to prompting a debate on how we can best utilise the skills and expertise available within the third sector to deliver public services. The exercise has been a useful one which has thrown up many innovative and worthwhile suggestions.

Since the publication of our original document, we are also pleased with the proposals outlined by the Scottish Government on self-directed support and Reform Scotland looks forward to the publication of the Bill.

Reform Scotland's view is that the key to creating a better, fairer society is to ensure that power is exercised by people, or as close to them as possible, so that they and local communities assume greater responsibility for their own development. This enables them to choose their own goals and how they might be achieved rather than have central government choose for them.

The voluntary, or third, sector is vital to this transformation because its independence allows it to adopt innovative and imaginative solutions to social problems, unfettered by governmental or political pressures. It is, therefore, vital that the structure of our public services allows the third sector to thrive.

Overall, a more long-term approach is needed when considering the role of the voluntary sector. The voluntary sector has the expertise and the potential not only to improve efficiency, but also to improve quality. In Scotland, we need to reach a situation where public services are provided by those organisations which best meet the needs and wishes of people and local communities. Sometimes this

will be the public sector. However, where the voluntary sector can contribute, we should endeavour to remove all barriers.

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