Reforming Scotland: Enabling is key to strengthening our society

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Fiona Duncan

Fiona Duncan is the chief executive of Lloyds TSB Foundation for Scotland.

Reforming Scotland

This is the latest in a series of individual contributions to the publication, 'Reforming Scotland', which aims to set out a possible vision for Scotland's future which can inform and influence the policy debate in the coming years. The contributions are by people from a range of different backgrounds and political perspectives who have looked at how policy could be reformed across a range of different areas and they represent the views of the authors and not those of Reform Scotland. They are published under the banner of our blog, the Melting Pot, since they are in keeping with the shorter pieces done by various people for this which can be found on our website reformscotland.com

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Enabling is key to strengthening our society

If we are to think about the role Scotland's third sector might play in strengthening our society, we need to understand where Scotland's third sector comes from and what it looks like today.

Advancing education is the most commonly reported purpose of the 24,127 charities on the Office of the Scottish Charity Regulator's[1] (OSCR) register, which is unsurprising, given that much of today's sector emerged from the provision of education. On his death in 1624, George Heriot, a court goldsmith and philanthropist, bequeathed around £25,000 to found an institution to care for Edinburgh's *"puir, faitherless bairns"*, with the school in his name being founded four years later. Over 200 years before that in 1413, St Andrews University was founded. And some of the charities that today are considered to be mainstream good causes started with education. A group of parents and professionals got together in 1946 and opened Westerlea School to educate disabled children that had, in the 1944 Education Act[2,] been deemed 'ineducable'. Today Capability Scotland has a turnover in excess of £26 million and delivers services to around 1,000 disabled adults and children.

Moreover, charities retain a strong locus in place-based communities. Almost half of the charities operating in Scotland report that their activities benefit people within a specific local point, community or neighbourhood, with a further fifth working in only one local authority area. Again, this reflects the sector's roots growing out of Scottish parishes and philanthropy. For example, in 1709 the James Blair Mortification for Poor Irvine was established to benefit poor and indigent people in the town. It was one of many funds emerging from that parish to provide aid to people unable to support themselves.

However tempting it is, space precludes a meander into the Enlightenment but some of the great philosophers of that period were most pre-occupied with the idea of society and community and were even then considering what we are today – the role of the state apropos society and its component parts. The 20th Century, in particular, saw the rise of the state and of statutory roles and duties in all aspects of our everyday life, but not at the expense of the third sector.

Since the register of charities was established in 2006[3], the number has remained relatively static. In financial terms, Scotland's third sector is a power house of the economy, generating gross annual income in excess of £20 billion

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[1] www.oscr.org.uk

[2] eleven categories of disabled children http://shura.shu.ac.uk/6098/1/hodge_-_Needs_or_rights_submitted_version.pdf

[3] As a result of the Charities and Trustee Investment (Scotland) Act 2005
http://www.legislation.gov.uk/asp/2005/10/contents

(though this includes "cross border" charities registered both here and in England and Wales). Yet income is not equitably distributed: over 90% is generated by only 7% of all charities. The vast majority of Scottish charities are small and community-based: over 19,000 Scottish charities have an annual income under £100,000.

Nor are charities evenly spread across the country: the split by local authority varies, with fewer charities in North Lanarkshire, South Lanarkshire and Falkirk, the latter also having the lowest income for charities by resident. Larger charities tend to be based in Edinburgh, Glasgow, Fife and the Highlands; this last partly as a consequence of European funding and support which enabled new charities and organisations to form. The impact on rural areas – and on the Scottish charity sector more widely – of the UK's decision to leave the European Union remains to be seen.

The Shetland Islands have the most charities and greatest income for charities per 10,000 of population, possibly skewed by the existence of The Shetland Charitable Trust[4], a charity with an annual spend in excess of £10m to provide benefit to, and improve the quality of life for the people of Shetland, especially in the areas of: social care; housing and welfare; arts; culture; sport and recreation; the environment; natural history; and heritage. This is pretty much a microcosm of the Scottish charitable sector whose main purposes are: the advancement of education; development of community; improved health; alleviating poverty and need, supporting the arts, our heritage and culture and scientific advances; provision of recreation and sport; equality, human rights and promoting religious and racial harmony; and the protection of the environment and animal welfare.

What is interesting is how the growth of charitable interests and purposes reflects the issues devolved to Scotland, and how since the dawn of devolution, the charitable sector has broadened and deepened to engage with those devolved areas. What we have is a virtuous circle with Scotland's charities and state in a symbiotic relationship. But that is also riddled with challenge, not least of a financial nature.

Half the respondents to a 2011 OSCR survey stated that their principal purpose is the delivery of services paid for by the state[5], with 50% of participants' total income coming from public sector grants, contracts and service level agreements. Whether this level of dependency on state funding or activity is healthy or not is moot: what is clear is that at times like this when there is less

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[4] http://www.shetlandcharitabletrust.co.uk/assets/files/accounts/SCT-Financial-Statements-to-31-March-2014.pdf
[5] OSCR's report *Scottish Charities 2011 (*https://www.oscr.org.uk/media/1405/scottish-charities-2011.pdf

money to go around in the public sector, it puts many charities – national, regional, local, large, medium and small – on a precarious footing.

Moreover, in the past, Scotland's third sector has developed in order to respond to need, particularly at a local level, on key issues which impact on people's lives. That still holds true today – but when that need is to reform public services, does the sector's increasing role in delivering those services compromise its ability to provide alternatives or solutions? Indeed, is one of the solutions for a third sector increasingly living off the state to return to its roots by focusing on its role in strengthening society through being active agents and participants in reform. Whatever, the challenge is clear and indeed, urgent, as the Christie Commission identified: "…*Scotland's public services are in need of urgent and sustained reform to meet unprecedented challenges.*"[6]

When the Christie Commission reported five years ago, its recommendations set out a remedy that focused on what Scotland needed to do, not only to strengthen the state, but society itself. The first principle informing its recommended process suggested that "*reforms must aim to empower individuals and communities… by involving them in the design and delivery of services they use*".[7] Christie pointed to failures in the current approach to design and delivery, describing the public service system as: "…*often fragmented, complex and opaque…. As a whole, the system can be "top down" and unresponsive to the needs of individuals and communities.*"[8]

The Commission considered that this had created a disconnect, which was hampering the burgeoning of a healthy and strong society, resulting in entrenched inequality and injustice in communities across Scotland. Christie argued that systemic change was required: "*Addressing these systemic defects will require a fundamental overhaul of the relationships within and between those institutions and agencies – public, third sector and private – responsible for designing and delivering public services*".[9]

So, half a decade on what has changed? Can we point to exemplars of transformation that have led to a different design and delivery of public services?

While there are undoubtedly good examples, the challenge is turning these from pockets of innovation to a wholesale shift. When the Scottish Parliament's

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[6] *Commission on the Future Delivery of Public Services*, Key Messages viii June 2011
http://www.scotland.gov.uk/Publications/2011/06/27154527/0
[7] *Ibid,* Foreword
[8] *Ibid,* Key Messages
[9] *Ibid,* Key Messages

Local Government and Regeneration Committee reported on its inquiry[10] into progress towards Christie it was clear about factors that produce success: '...*our evidence overwhelmingly shows that the best results involve real community engagement, clear communication and leadership that is strong, responsive and enabling*'. It is important however, to recognise how difficult it can be to implement a change agenda and the Committee explored in some detail the financial, structural and cultural barriers that undermine the pace and scale of change required.

Some local authorities have tried to create shared services, particularly around backroom operations, and found the policy and process landscape made it too hard. In Scottish Government there remain significant silos, with a complex landscape of targets that do not always support the shift towards outcomes focused, person-centred approaches.

The fiscal environment has proved to be both a driver and a barrier. When times are tough, people tend to resort instinctively to what they know. They hunker down; they deflect; they see only challenge instead of opportunity, with the risk that the public sector creates a fire sale approach to impending cuts. Crisis can result in institutions losing sight of the bigger picture: are budgetary decisions being taken in order to bring about long lasting change that will strengthen communities, or to achieve a much shorter term objective of keeping services in place and people in jobs?

The BOLD plan to reshape the structure of City of Edinburgh council and deliver services in a more community-focused and oriented way suggests that, at least some local authorities are rising to the challenge of the former approach.[11] Scotland's local authorities, with support from Scottish Government and input from the third sector, are developing participatory budgeting as a mechanism for making real Christie's recommendations on community empowerment. And the integrated package of measures proposed by General Practitioners at the Deep End[12], GPs working in the 100 most deprived populations in Scotland, aims to meet the dual challenge of preventing and reducing health inequalities. At its heart, the report recommends working in partnership with people who use services and already a number of the proposals have been translated into programmes, delivered in partnership with communities and the third sector.

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[10] http://www.parliament.scot/S4_LocalGovernmentandRegenerationCommittee/Reports/lgr-13-09w.pdf

[11] City of Edinburgh Council, *BOLD business cases: delivering a lean and agile Council*, Item 7.3 Finance and Resources Committee, Thursday 15 January 2015
http://www.edinburgh.gov.uk/blog/newsblog/post/707/bold-proposals-approved

[12] GPs at the Deep End, *What can NHS Scotland do to prevent and reduce health inequalities? Proposals from General Practitioners at the Deep End,* March 2013 http://www.gla.ac.uk/media/media_271030_en.pdf

So, what of the third sector? What role are charities, voluntary organisations, community groups and social enterprises playing in rethinking, influencing, reshaping and reforming relationships with other sectors and in the design and delivery of services?

The third sector in Scotland is flourishing, in spite, or perhaps because of the challenges of operating within a constrained fiscal environment. Yes, the number of registered charities is fairly steady but we can add to that figure, over 20,000 community groups and voluntary sector bodies and at least 3,500 social enterprises. There are also numerous funding organisations, with new grant making trusts emerging all the time. We are legion, to coin a phrase.

Clearly there are casualties, with organisations closing but also new ones forming. One of the strengths of Scotland's third sector is its willingness and appetite to adapt. Change is the one constant in our lives and yet, our capacity to innovate, to lead and respond, is undimmed. There are stunning examples, particularly in the new social enterprise model which deliver impact through generating profit for good. First Port was set up to support individuals with business ideas which benefit people, communities and the environment. Its approach to supporting new start social entrepreneurs has resulted in some amazing success stories. This marrying of two traditionally apposite sectors' values shows what can be done when there is a will and how we might also shift the public sector model towards becoming more collaborative and less siloed.

It is interesting to note the superficial differences with which the third and public sectors have approached the current funding and financial challenge, of being expected to deliver more – or at least, better – for less. There is no doubt less money flowing from the public sector to the third, in grants and contract fees. Moreover, raising money from grant-making trusts, businesses and donors is certainly more difficult, not least because these sources are becoming more demanding and discerning. Businesses and philanthropists want a different relationship with good causes; one that involves more than just putting their hands in their pockets. Rightly so, they feel they have more to contribute and gain from a direct and sustainable relationship with organisations.

In short, everyone wants more bang for their buck.

Yet there is a dichotomy in this too. Research suggests that the public hold a range of stereotypes about charities and how they work. They associate charities with amateurism and tut at charities having staff, offices and pensions. That disconnect is a potentially dangerous one, particularly when there is but a

germ of truth in these views, and other funders – trusts and public sector sources in particular – actively demand greater professionalism.

The third sector prides itself, with considerable justification, in its role in strengthening our society but there is a risk of mission confusion with organisations considering the need to strengthen themselves as the way to achieve their causes. Reform a la Christie might diminish the third sector or particular elements of it, but it could be a way of contributing to a higher purpose of stronger communities.

For example, do charities do enough to share services, premises, skills, knowledge and learning? Should more charities working in the same field for the same outcome be thinking of merging? What evidence is there that we are taking seriously our responsibility to think and do differently in a differently ordered, structured and financed world?

Again, there are examples of organisations grasping the nettle – the relatively recent uniting of Breakthrough Breast Cancer and the Breast Cancer campaign makes perfect sense when the two charities had similarly aligned aims and objectives. The new merged organisation creates the largest dedicated breast cancer research programme in the UK and the potential savings in overheads means more funding for cause rather than existence.

But such initiatives are, as they are in the public sector, the exception rather than the rule. We are still far from Christie's ideal of public services being redesigned and delivered involving individuals and communities as a matter of course and there is little sign that our society is strengthening, particularly in our most deprived communities where social capital is lowest[13].

Of course, the state we are in cannot just be linked to a reluctance to seize the opportunity for change. Recession and austerity are taking their toll and, arguably playing a much more crucial role in the growth of inequality. Austerity is harming us in old and new ways. An example of the former is the rise in fuel poverty, an example of the latter the increase in food poverty. Diseases we thought long gone, that signal poverty and malnutrition, have returned; the gap between rich and poor widens on all indicators, including the most basic of life expectancy[14]. The failure to close the educational attainment gap with the poorest children in the poorest areas having the worst exam results, and the fewest opportunities for further study, suggests we are failing to create a rising tide that lifts all boats. If the gloomiest predictions of the economic and social

[13] Exploring Dimensions of Social Capital in Scotland: Findings from The Scottish Social Attitudes Survey and Scottish Household Survey (2012) http://www.gov.scot/resource/0040/00406055.pdf

[14] GPs at the Deep End, *ibid,* p4

impact of the EU Referendum come to pass we can expect these issues to be prolonged, and almost certainly compounded.

We are a divided nation.

Whose Society (Slocock, 2015)[15] suggests Big Society activities in England *"might have been expected to result in a more united and better society – but so far the signs are of a more divided one"*. This is the final report on the impact of the UK Government's (arguably, David Cameron's) flagship project to create a Big Society: the report suggests the project failed to deliver on its core objectives. And while it never took off as an initiative in Scotland, there are lessons surely for us to learn.

But in acknowledging that our society is weaker than it might be, we should not fall into the trap of approaching potential remedies using a deficit-based model. If we want to strengthen our society, we must acknowledge its strengths and explore how to work to make them stronger still and remove the barriers that prevent them from flourishing. Fortunately, there has been considerable focus in recent years in doing so.

Whose Society sets out five steps the authors of the report, the Civil Exchange, think are needed to create a successful Big Society. Interestingly, they echo the eight steps identified by the Carnegie Trust UK in its *Route Map to an Enabling State* (Elvidge, 2014)[16], the document which concludes the Trust's exploration of the changing nature of our relationship with the state. Both share similarities with the principles identified as precursors to change in the Christie report.

The reports suggest that the state needs to share more, to give more of its power away, to step back from delivery and to involve others more. They also suggest targeting is needed, of resources in their widest sense, so that those with most disadvantage and greatest indicators of inequality, who have greatest need, get more. Finally, both suggest a much enhanced role for civic society. Where they differ on this last point is in the nature of that civic society.

Civil Exchange promotes the more traditional solution, suggesting that *"collaboration with civil society… is needed to mobilise wider social forces."* It believes the Big Society has left voluntary organisations and charities worse, not better off, yet this sector *"remains a major resource that should be better*

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[15] Slocock, C *Whose Society, the final Big Society Audit* Civil Exchange, January 2015
http://www.civilexchange.org.uk/wp-content/uploads/2015/01/Whose-Society_The-Final-Big-Society-Audit_final.pdf
[16] Elvidge, J *Route Map to an Enabling State* Carnegie UK Trust, 2014
http://www.carnegieuktrust.org.uk/publications/2014/a-route-map-to-the-enabling-state

supported". Meanwhile, Carnegie suggests that investing in communities is key to creating an enabling state: its recommendations are peppered with phrases like "*facilitating mutual support.. building capacity.. presumption in favour of control and engagement...focus on wellbeing*".

This latter approach is definitely the more intriguing and the one which is suggestive of a radical shift in the nature of relationships between state, individual, communities and charities. While we all might accept that change is desirable, is there agreement on what we want to change to achieve and what redrawn relationships might look like in this new societal order?

Over the past decade there has been a strong shift in favour of focusing not just on outputs, but on outcomes for people. Policy, from Getting it Right for Every Child, to integration of health and social care, is focused on improving individual and collective wellbeing. There are efforts to embed a more participatory, 'co-production' approach across these policies, however too much remains top down. The Community Empowerment (Scotland) Act represents an attempt to change this, by providing statutory duties on public bodies to transfer assets and share decision making with communities. There is a drive too (championed by the First Minister) towards a greater focus on Human Rights Based Approaches, in which community participation, empowerment and equality are central; this in stark contrast to the direction of travel in the rest of the UK.

If we are agreed that improving our well-being is desirable, what that constitutes is something we are still considering. In a presentation at the Scottish Parliament, a world-renowned economist, Enrico Giovannini, suggested that if we are to arrest projected declines in growth of emerging and advanced economies' GDP all around the world, we need to focus more on increasing equitable and sustainable well-being. And to listen – really listen – to what people say are their priorities in terms of improving their well-being.

So, if here in Scotland, we want to achieve improved well-being for those individuals and communities who have the least currently, we need to engage directly with them, collaborate fully and be prepared to hand control, power and responsibility over, if that is what they deem necessary to change their circumstances. Enabling then is key to strengthening our society.

Of course, finding populations willing to engage is quite another challenge. But who might have thought that nearly 86% of Scots would have bothered to turn out and vote in a referendum on their future in September 2014? Could we have envisaged how enthusiastically people engaged in the debate? Words such as different, future, opportunity, better, society, fairer, change and obviously,

independence peppered conversations. On buses, in shops, over dinner, at the school gates, among children, teenagers, friends, families and colleagues – everywhere, people were thinking, reading and talking about who we are as a country and society, who we might want to be, and what level of control we want over our lives at a macro as well as a micro level.

The conclusion is that this period of fervent political discourse has changed Scotland and those of us who live here for ever. Putting aside questions of what the post-'Brexit' future may mean for Scotland's place within the UK, the debate that took place two years ago appears to have left a lasting legacy of engagement. People want to be part of making something happen, of belonging to something bigger than themselves. Could this be something to build on in our communities as we attempt to enable a stronger society?

And what of the role for the third sector in enabling not just the state, but also communities to improve their own outcomes and well-being? Often, voluntary sector bodies play a key role between state and individual, with public sector bodies increasingly passing service design and delivery to voluntary organisations. This is acknowledged by the Civil Exchange. But does that approach take power, control and decision making any closer to individuals and communities? After all, charities and groups are not people, they are still institutions. Increasingly, they act as community thoroughfares through which money, voice and decisions pass before they reach their intended beneficiaries. How does that differ from current public service design and delivery?

Perhaps one of the issues with all our discourse around strengthening society and public service reform is the one identified by the Carnegie UK Trust, that we are starting at the wrong end of the telescope, by applying change top down. But what if we started at the other end?

If we start with communities and the individuals who live there as the essential building blocks for a strong society, we can potentially build quite different relationships. These would be ones where citizens have power and control over what happens to them and around them. It is a grassroots approach with nothing imposed, everything debated and agreed. Funders, charities and statutory agencies do not tell people and communities what they want and what they can have; our role is not to decide but to present opportunities and challenges. No more top down, no more setting the rules nor the boundaries. We shift from being providers (and often as not, non-providers) to enablers.

Even more radically, what might result if we start with those communities and individuals who have the least? There are cold spots identified by grant-makers and funders all over Scotland; communities with few existing charities or

community groups, which take very little by way of charitable funding. They tend – though not exclusively so – to be amongst the most deprived and therefore, unequal in our society. What if we actually try to strengthen our society by starting with a radically different approach; one based on sharing assets, power and decision making, starting with those who face the biggest challenges and who least often have a voice?

We have seen how by allowing people to have conversations about their future, to form their own groups of shared interests, people can be trusted to think big, to consider all the options and to act in their own (and the collective) interest. What if the third sector took the lead in harnessing some of that energy, to continue those conversations at a micro-level, to give people the tools they need to change what happens around them?

At the Foundation, we are taking our own steps on this journey through our Place-based Programme[17]. We have identified communities which do not access grant funding ('cold spots') and also score highly on the Scottish Index of Multiple Deprivation (SIMD). The Foundation is taking a radically different approach, dismissing traditional grant-making approaches and working directly with local people. Local people hold the power, with the Foundation and its partners supporting and enabling so that communities can develop plans, agree priorities and achieve the change *they* want to improve their lives. The programme relies fundamentally on the notion of reciprocity, with pledges made between the Foundation, the communities and the local authorities, promising an equal, respectful and mutually supportive relationship.

To offer a hopeful conclusion, we may live in a period of fluidity and change, but that provides us with a unique opportunity to change the discourse forever, to turn the pyramid on its head, to allow people to continue to gather in communities of place and interest, to find shared needs and wants and, crucially, to make those happen with the right support.

Put simply, we have the opportunity to go full circle, to go back to the beginning, to strengthen our society by investing in local communities, allowing them to forge their own groups and commonalities. The role for Scotland's third sector could be to enable: rather than acting as a conduit between people and institutions, to turn heel and travel in a different direction; enabling the state, institutions and the public sector to reach the grassroots where people whose voice needs to be heard, are. And crucially, to enable a flow of resources, power and control back to those very communities from whence they all came.

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[17] Delivered in partnership with Esmee Fairbairn Foundation; Joseph Rowntree Foundation; Lankelly Chase; and the Tudor Trust.

It's a risky approach but we could learn as much from our failures as our successes. And it could just be the catalyst we need to finally act on the Christie Commission and change the relationship between public, third and private sectors and individuals and communities. By becoming enablers, the third sector could play a key role in strengthening our society for good, supporting citizens to find – and act on – solutions to intractable issues of poverty, unfairness and inequality. That's a prize worth trying for.

Reform Scotland is committed to informing and influencing the public policy debate in Scotland.

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