

In praise of odd-shaped fruit.

I think one of the best things about working for charities, or not-for-profit organisations as you might say, is the diverse range of views and opinions and the ability to publicly debate differences. It's something I really treasure about my work and the culture of the voluntary sector back in the UK. I hope it's the same here.

I don't pretend to be an expert on the Australian Voluntary and Community Sector – so will simply share our experiences in the hope that you might find some of it useful.

I'm going to talk about the trends in the voluntary and community sector in the UK

The approach of the old Labour Govt and the new Coalition govt and its impact on our sector

The commoditisation of charitable activity

The challenges we face

And what I believe our response should be

And to illustrate this I'm going to talk about odd-shaped fruit.

One thing you don't really have to contend with down under is the European Union – the views of people in the UK tend to range from it being a totalitarian oppressor to a benign if highly bureaucratic force for liberal progress.

Well, a little-known but illustrative fact about the EU is that until recently its regulations specified that fruit and vegetables had to conform to a certain pre-determined shape, weight and size in order to be suitable for public consumption. The net effect of this was that something like 20% of British harvest had to be thrown away in order to comply with these regulations. This also added something like as much as 40% to the price of some vegetables. It's a classic example of the control agenda gone completely mad – an apple is an apple, regardless of the shape – but the good news is that the rules have now changed so that curvy cucumbers, knobbly carrots, wonky aubergines and ugly artichokes will go on sale in shops again.

My (ex?) husband works in agriculture – soft fruits actually – and I saw for myself absolutely gorgeous tasting strawberries being thrown away because they were too big – apparently the average Brit expects a certain number of strawberries in a punnet – and big ones weigh more – same amount of fruit of course - but don't look as many so we don't buy them. So, in fairness – it's not just daft EU regulations to blame – we don't help because our expectations of consistency aren't rational. And it's too easy to blame politicians – but that's a later point.

You may wonder what on earth the size, shape, weight and colour of an aubergine has to do with the voluntary sector. You see, I believe that charities are a bit like this odd-shaped fruit. We're diverse, irregular, non-conformist. But the trend in the UK over the past decade or so has been towards rationalising and organising the voluntary sector. The previous Labour administration ploughed millions into so-called 'infrastructure' – those organisations and

networks which support frontline organisations – in an attempt to make things more regular and consistent. In a way, this reflected Labour’s attitude to how it served it’s citizens too – much of its policy was intended to reduce disparities between regions or social classes for example.

That’s not necessarily wrong but the side-effect was expressed in its voluntary sector policy too – and that’s where the problems started. Because this approach started to distort the way in which charities began to behave. We were in effect forced into adapting ourselves to become more like what the government wanted us to be. In the short term of course – that worked – lots of money poured our way – the more we danced to the paymaster’s tune the more money we got. But here’s the thing - I think it is fundamentally counter to everything that is meaningful and indeed most powerful about voluntary endeavour to force charities into conforming to shapes and sizes that aren’t true to our basic natures by the funding conditions or government priorities.

So I also want to use the concept of odd-shaped fruit and veg to talk about the commoditisation and standardisation of charitable activity, why I think that’s wrong, and what we can do about it.

Commoditisation of charitable activity

We don’t fit into any easily understandable ‘sector’ per se, yet we are constantly being asked to speak with one voice. The last government actually funded representative membership bodies to provide

‘consensus’ and to promote state policy back to the sector, which I feel was fundamentally flawed. We can’t speak with one voice - and indeed neither should we. We are diverse – different – we often don’t agree with each other. That’s ok, even if government finds it inconvenient. In fact its more than ok – it’s vital for healthy democracies and change.

I’ll give you an example - a couple of years ago on one of our fundraising training programmes there was a big argument – one of the delegates was from the Countryside Alliance, an organisation which supports traditional rural interests including fox-hunting, and one was from an extremist animal rights charity – neither thought the other had any right to **any** funding! That’s what I love about our sector. You see the same in cancer charities – those who think less money should be spent on palliative care because by then it’s too late and that the main resources should be ploughed into research. Completely different approaches and perspectives – should they be made to homogenise?

This push to homogenise from our previous government was about making it easier for them to deal with us. It was about institutions wanting to do business not with messy civil society, but with other institutions. It was about standardising the produce so it could be easily identified and processed in the system of policy production.

Interestingly, the new coalition Government has a quite different approach. They are still seeking to rationalise the sector in a sense,

because they need to reduce the funding they provide it. But they are disdainful of these systems of consensus constructed by Labour. Many of the representative bodies have been somewhat sidelined since the election, as the new Government looks more to individual citizens and activists, not organisations, for opinion and ideas.

One thing that has not changed however is that we are still being asked to adapt how we do things to fit the way government works. In fact, not just to the way government works – but the way government works with business and the way we work with business.

Our new government is set to rapidly accelerate the outsourcing of public services to the private and voluntary sectors. They want a ‘smaller, strategic state’ which makes things happen rather than does things itself. Many in the voluntary sector – particularly the larger, more influential charities who can compete with the private sector for contracts, welcome this.

But the risks remain. I think as this process continues we will see the middle ground of our sector hollowed out. The large number of small organisations who never got state funding anyway will continue to go their own way (with their contributions somewhat more appreciated by the new regime). A few may band together into consortia to bid, or sub-contract to larger private companies with state contracts. A small number of larger organisations will successfully compete with the private sector on their own, but risk losing their charitable identity in doing so. They will become more directed, through the terms of their contracts, by state priorities. And more and more corporate in their approach – spending millions on slick marketing and PR. And the

middle? The rule will be this: get larger by choice or get smaller by force. Grow or die.

Now the pragmatists will say that's logical and just the way of the world and we should adapt ourselves to this new environment. But I could not disagree more. We do not exist to grow, to accumulate money, or even to survive. We exist to serve. George Bernard Shaw said 'reasonable men adapt themselves to their circumstances, unreasonable men adapt their circumstances to themselves – that is why all progress depends upon unreasonable men'. It is not our job to be reasonable in the sector – we never create change by accepting the status quo – we create it by challenging it – by being different – in effect by being unreasonable.

And surely if there is anything we charities should have in common – it's about progress and change – making things better – improving the lot of the unfortunate. We're not here to make money. We're not here to beat the competition. We're not here to 'win' if all that means is getting a contract for some work. Isn't it our job to be unreasonable – to push the boundaries – to change the way things are done for the better? Surely, if we conform too much we change the very nature of our being – and we become a straight cucumber or a perfectly round apple – because that's what the rules say we should be.

Over the last decade in the UK charities have come to be seen as just another mechanism for delivering public services. The new Government sees them as that but also as more than that – as

agents of community, civic responsibility, and local decision making. That is a new approach and one I really welcome, as at DSC we been calling for it for years. But in competing for contracts to deliver public services, there is still the danger of treating vulnerable people and causes as if they're commodities – widgets if you will. How many abused kids or people in crippling debt can you get through the system and how cheaply? The term 'value for money' gets bandied about...really a euphemism for cheapest. Despite promises from the coalition that they are going to radically reform the way services are contracted, it's a huge challenge, and will ultimately involve emulating the private sector in order to be successful.

And I have to say that this constant comparison with business and its practices is rather ironic given that isn't it business practices that have got the global economy into this mess in the first place? The utterly colossal failure in corporate governance of the banks, in the UK and across the world, plunged us into the worst recession in 70 years. Yet we charities are constantly told that our governance by voluntary boards of trustees is old-fashioned and inadequate, and increasingly, that we are easy targets for fraudsters and scams. It makes my blood boil! In my opinion business has more to learn from us than we do from them! I'm not against working with business or learning from it at all – I just resent the assumption that business is somehow, inherently more efficient, effective, and accountable. It clearly isn't!

At any rate, the point is that we are not the private sector, nor are we the public sector - we are the voluntary sector. This is true even if we

earn income by selling stuff. At our core, we should exist for moral and social purposes, not to make a profit. This is crucial.

And it matters in considering the way we are funded. In the UK we've steadily seen grants becoming a thing of the past. As I've said, the future for charities, as far as the state is concerned, is about contracts to deliver public services.

The argument for contracts is that its public money which must be scrutinised and spent properly (which is daft because grants are also scrutinised). However, what gets missed is that a contract potentially changes the nature of the relationship between the funder and funded. In theory at least (and in law), a grant is a gift. A contract is a business transaction. All money is not created equally – and the differences matter. In many cases that I have observed there is a subtle psychological shift in who the client is under a contract. Suddenly the client becomes the person who pays the contract (the state) not the beneficiaries – they're now widgets. A contract also tends to be top-down – about the client's requirements, whereas grants can leave the flexibility to respond to needs from the bottom-up.

Here's a story to illustrate what I mean. There's a canal in a local community. It's a tip – overgrown, used for dodgy purposes by some dodgy characters – not a place we feel safe. It needs to be cleaned up. So the local government has two options:

1 Issue a tender notice for someone to win a contract to clean it up – and what you get is a bunch of blokes with shovels out to make a quick buck, ...then it gets dirty again, so you have to re-tender for either the same bunch of blokes, or another lot to come and clean it up or...

2 Give a grant to the Clean Up the Canal Campaign which they can use to pay for the shovels – and give them some money for their core costs to help them recruit and engage local volunteers to clean it up – and use it – and develop it – and care about it – and think of creative ways of getting others involved. And what you get is an engaged community enabling a sustainable canal-side.

Now, I ask you. If you wanted sustainable change which also helps to build broken communities – which option would you choose?

The perverse irony is that the first option, ie tenders and contracts to deliver services is often labelled 'sustainable' and 'enterprising' by policymakers in government and even in the voluntary sector in the UK. There has been a failure to see that real sustainability means enabling the community to help itself – which I think can happen more successfully with a grant than with procuring a service. The new Government shows signs of understanding this better, at least in its rhetoric. But its got sod all money so the jury's still out on whether it can deliver in practice.

The point being that we are more than our cause

I recognise that the problems governments all over the world face are serious – overwhelming – and there are many of them. And to a certain extent pointing the finger of blame doesn't change anything – the problems still exist and we all have to help solve them. I honestly think that people who have the guts to stand up for public office are to be respected. It's a thankless task. You probably know we've just been through a massive scandal over MPs expenses. It caused more damage to the integrity of our politics and the public perception of politicians than anything in decades. And it's the best thing that could have ever happened to British politics – our politicians have become aware that they are not above us and that we will not tolerate being treated as fools. As a result something like 1/3 of our MPs are brand new following the recent election – many long-standing and honourable MPs stood down because they simply couldn't take it anymore.

But returning to my point, I think if we are being truly honest, we charities, have contributed to these problems. I wonder if we have forgotten that the work that we do as charities is more than the work that we do. It's actually not just about cleaning up canals, or sheltering the homeless, or feeding the poor, or caring for disenfranchised children – fundamentally the work that we do, whatever form it takes – is about rebuilding communities, encouraging people to take responsibility for their lives, their environment, each other. We are more than the sum of our parts. We are more than the job and we are much, much more than a deliverer of services! We are about engaging citizens in their own society! We are about the social fabric that keeps people together.

In my view we in the sector should absolutely **not** be about becoming a leaner, meaner more rationalised, more business-like, more ruthlessly competitive. That is a bunch of rubbish spoken by people who have no clue about the reality of running a small local voluntary organisation – or about how real social change is effected. It happens by thousands if not millions of individuals caring about each other, one on one, locally. In the UK we are told we have to compete to survive. We are told we have to be more ‘professional’, that we have to ‘scale up’. I don’t agree. We have to **collaborate** to survive – totally different thing. It is not our job to focus on what we can do for government so we can get a slice of an ever-shrinking funding pie. Because if that is our focus we will lose our way and in the UK guess what quite a lot of our charities have indeed got lost.

The implication of the way our previous government engaged with us in recent years was that we weren’t good enough. The word professional or ‘business-like’ gets bandied around way too much. The idea that people who are teachers, accountants, businesspeople, doctors, talented home-makers or skilled tradesmen, suddenly lose all their competence when they volunteer to join a board of trustees is breathtakingly arrogant and insulting. In fact without such people there would be no voluntary sector at all. Personally I find it offensive to hear so much drivel about how many badly run charities there are. And the truth is – in the UK it’s often our own sector colleagues saying it! And it’s getting worse! The new Government’s emphasis on the ‘Big Society’ – basically the idea that people need to take more responsibility for themselves and look less to the state to solve their problems – has resulted in an increased focus on charity from the chattering classes.

Back home we're more seeing pot-shots from pundits claiming that charities 'aren't fit for purpose' – more insinuations from lazy journalists that we're all hiding horrible secrets that would shock the world if exposed. We're under attack from the right, which views any charity that gets public money as an agent of some kind of socialist state, and from the left, from public sector unions who see outsourced services a threat to their members. The increase in profile for charities during the last election, and the increasing policy focus on what they do, has put us in the spotlight – and the volume of nonsense spoken about us has gone way up.

But honestly – I personally don't know any badly run charities – at least certainly not very small ones. I often think when people say 'badly run' they mean run on a shoestring. Well, I always think better a piece of string in a free man's shoe than a leather tie in a bound man's boot. Those of us with little money often have, ironically, more freedom.

It's almost like we're not trusted. Yet you are no more likely to get fraudsters in the voluntary sector than you are anywhere else. In fact less so. In the UK poll after poll shows that the public trust us more than they do the governments that give us money. A recent survey showed that top charities were more trusted, when compared to leading companies. And our Charity Commission's own survey shows that people trust charities more if they have a personal involvement with them. What does that tell you? It tells you that distrust is based on media disinformation and trust is based on real experience. Pretty solid ground if you ask me.

Why are we trusted? Not because we have inherently more trustworthy people, or nicer than those who work in the private or public sector – in fact some of the most ruthless, back-stabbing self-aggrandising people I have ever met run voluntary organisations! We are trusted because in the UK our legislative framework makes us so. Because our legal governing documents make us so. Because our charitable objects make us so. Because the Charities Act and its regulations and the need to prove public benefit make us so. Because we are audited and inspected and observed by our Trustees, our accountants, auditors, the Office of the Scottish Charity Regulator or the Charity Commission of England and Wales, the media, our beneficiaries, our volunteers, our staff – and let me not even get started on how much we have to prove ourselves to our funders. Because we have to use the money we are given for the purpose for which it was given and comply with our charitable objects or face our trustees being prosecuted. We are subject to literally thousands of regulations, yet we have people going around saying we are not accountable or trustworthy enough. It boggles my mind.

I know you have a different system in your country of course – you have your own regulations and checks and balances – for us in the UK many of our checks and balances are ridiculously over-bureaucratic and risk averse – which is ironic given that the very nature of voluntary endeavour means you have to take risks. I know that there are added complications which arise from the distance between places and the federal system of government – I'm not here to tell you what those are obviously - I'm here in part to learn from you what those are. But I suspect you face many of the same the

issues with public perception, regulation, and trust – even on the other side of the world.

The last government threw huge sums of money at social problems – Labour constantly spoke about how it ‘supported’ the voluntary sector financially, as if money was the sole marker for progress and appreciation. The new Government, for reasons of ideology but also practical reality, simply cannot take this position. The UK faces a annual budget deficit of something like £166bn – which amounts to a quarter of what we spend each year. It must cut spending, in fact our central government departments are likely to be asked to cut as much as 30% out of their budgets - but in doing so it risks engendering cynicism about its true motives, not just in the voluntary sector but elsewhere.

But really this focus on money as evidence of consideration or appreciation has been damaging, and some of it is our fault. It seems to me that we have become obsessed with the money in our sector. For every problem we face in the UK many of us have fallen into the shocking trap of thinking that it’s only money that can solve it.

I wonder if we have allowed the lure of money to get in our way? It does seem like we chase it, chase it, chase it. I don’t know what it’s like in Australia, but when we are talking to our local authority or MPs about change too often we start with the phrase ‘show me the money’. Do we really think we can’t achieve anything without money?

Many of my peers might disagree with me, but I see the crisis in our public finances as an opportunity to get back to some basic principles of charitable endeavour.

There is little doubt in my mind that the crises in the economy and public spending will change how we do things, and of course there will be some carnage. But I think there is also an opportunity for us to get back to core values here.

Few people in our sector – at least too few leaders – see the big picture clearly enough. It's understandable, because they're embroiled in the practical realities of day-to-day survival. This expresses itself in fighting about money, or saying we need to do whatever it takes to adapt to new circumstances and survive. I think both approaches are wrong. Our purpose isn't self-preservation, it's social change. Some say success in the future means marketing yourself to the state, 'scaling up', competing with the private sector, adopting corporate ways of operating. I couldn't disagree more. True success in the future – in the UK at least – means being independent so you can serve your beneficiaries in the absolute best way you know how. That may mean staying small – and that's just fine – because I honestly believe that a million small organisations can be worth more in social terms than a thousand huge ones.

Of course we've all been cutting costs wherever we can, but, unlike business and government, for most of us turning on a penny is the norm not the exception. With the possible exception of the very large charities we are incredibly efficient and effective. We are really,

really good at achieving quite remarkable things with very few resources.

The other problem we've faced in the UK voluntary sector is the changing narrative – the way in which we describe ourselves and our activities. The last government's 'love in' with us has had a really quite dramatic impact on the narrative that our sector uses when we describe ourselves. Even if we're not in receipt of statutory funds, there has been a creeping change in language which I personally do not feel has or ever will benefit our sector. We talk about professionalism, growth, return on investments. And this language is starting to distort our behaviour. If we describe ourselves in terms that are better fit for the private sector – then inevitably we are going to adopt some of less attractive characteristics of that sector. For example, competition. Of course we've always had to compete for funds – but that competition has largely consisted of simply applying for the same money as a fellow charity, putting a good case together and waiting to see if our case was strong enough to convince our funder. The competition part of that wasn't overt. Now, increasingly, we see charities rubbishing each other's work – or trying to convince a funder that the other charity isn't as good as them – based on nothing much more than our desperate desire to keep funding ourselves.

Somehow the words that truly describe our sector are no longer seen as fashionable – words like love, trust, hope, altruism, care, selflessness, charity, faith. And this is madness. And we use ridiculous terminology – social capital, regeneration, social investment. Here's the thing. I have never yet met a volunteer who

says that they're giving up their precious time and emotional energy in order to facilitate a competitive regeneration of social capital.....they volunteer because they care deeply about Mark, who is a troubled homeless drug-taking teenager, or about Lizzie, who has special needs and can't get the support she needs from the state, or Clive, a single dad living on benefits caring for his 2 young sons.

In this new era, we need to rediscover our campaigning roots. Remember the days when we never let up – we never let go? We didn't stop yelling because we didn't have any money to commission a research report carried out by a consultant at a cost of thousands to back up what we said. We argued for what we thought was right simply because it was right. We courted our local journalists – in fact no! We positively stalked them to make sure they covered our issue, our cause, our story. We begged, bartered, and bullied to make progress. We have to get back to that.

We must not lose our anger. We must not lose our passion. Most of us don't work for charities for the money. We work for them precisely because we're angry. We're angry about the environment; the poor; the starving; the disenfranchised; the abused. We must not lose that fire in our bellies. We must never compromise our values and our ethics - our principles and our beliefs. We must stop believing that we can only achieve social change with money. Money is the mechanism not the motive – and that is what distinguishes us from the private sector. If the private sector loses money it shuts down. If we haven't got money we dig our bloody-minded heels in and find

another way to help people. We help people. Let me say that again. We help people.

So you need to ask yourselves are you still doing what you set out to do or have you inadvertently got diverted on to other roads? Did you slightly change what you do in order to meet the qualifying criteria for the grant or the contract?

We **MUST NOT** take money because that's how we can keep staff. Let's not forget. We **do not** exist to employ people or pay rent – we exist to serve our beneficiaries and improve their circumstances – being smaller and thinner with fewer paid staff and more volunteers is just as valid a way of meeting our vision – and I would argue probably more effective and sustainable. In the course of assessing our organisations performance or changing income levels, we have to have the guts to consider **all** the possibilities.

That hugely paring down your paid workforce and doing things differently might not be as bad for your beneficiaries as you might think. At the very least, do you have the courage to at least consider it?

I'm a great believer in not worrying about what you can't do or haven't done and focusing instead on what you can do and what you have done. That's how we have to think now – we have to stop using what we haven't got as an excuse to do nothing – and think about what we have got and use it well. There's a saying: when the money stops, the thinking starts. Seemingly constraining circumstances can lead to

enormous innovation and creativity. It's just about thinking outside of the money box we've become trapped in.

Everything we do and everything we don't do needs to be done – the trick is to identify what we can do with what we've got. And trust me – its loads.

There's a reason people volunteer for charities and not for businesses. There's a reason people donate money to charities without expecting a dividend! It's called altruism. It's called conscience. It's called love. Tap back into those basic primal emotions which never change regardless of the economic circumstances.

If we reminded ourselves of what is needed from the viewpoint of the people or cause we are serving we might think very differently about what we do and how we do it.

Most of our interactions with the state are with local governments, and we have to acknowledge that they are not just under financial pressures but also huge political pressures. Our new Government says it wants to 'turn government on its head' and carry out a radical redistribution of power to the local level. Many of us are scared about what this might mean, as our relationships with local governments can often be confrontational. So we must have sympathy – it's hard for them too – and they're also good, committed people who want things to be better. And we have to look for opportunities to improve these relationships, which a new policy direction may bring.

But we must also be careful and manage our expectations – they're not us.

We're different creatures with different ecological pressures – changes in politics and politicians mean changes in policies mean changes in priorities. We forget that at our peril.

So – given all this I believe, and I hope, that the future for UK charities will be a refocus on core purpose, a re-evaluation of how we do what we set out to do – and a rethinking about the way in which we engage with statutory funders. As I have said, there is a danger that our sector gets split even further, with some charities losing their identity and purpose as they chase state funding and mimic the private sector. But at DSC we are urging UK charities to be alert to the risk of mission drift and remember the difference between charitable endeavour and business.

Of recent years, not unlike those EU fruit regulations, we've tended to measure success in terms of size – size of turnover, size of reserves, size of contracts with those charities 'growing' and winning large contracts appearing on the surface to be the most successful. And of course we've seen that reflected in banking and business – ironically the most vulnerable in the recent crisis were the huge businesses and banks who tried to do too much too fast and grew too quick without thinking about the consequences. On the whole this is not as true for those of us who are smaller charities. So I think we'll all remember that it's not the size that counts it's what we do with what we've got.

Again in contrast to many of my peers, I am so hopeful about the future. Not confident, not blindly optimistic but hugely hopeful. Charities are experts at surviving and thriving with little or no money. That hasn't changed really. Of course some of us will die off, some will suffer a bit of malnutrition and some will get fatter! But that would have happened anyway.

It's always hard to raise money in the voluntary sector - I'm sure that's true here too. But we don't have to allow the financial constraints to limit what we can achieve. There is a quote I love which for me defines precisely why I, and many of you I suspect, work in the voluntary sector – for poor pay, long hours and genuine heart-breaking emotional challenges. George Bernard Shaw tells us, better than I ever could, why we do it.

This is the true joy in life, the being used for a purpose recognized by yourself as a mighty one; the being thoroughly worn out before you are thrown on the scrap heap; the being a force of Nature instead of a feverish selfish little clod of ailments and grievances complaining that the world will not devote itself to making you happy. I am of the opinion that my life belongs to the whole community and as long as I live, it is my privilege to do for it what I can. I want to be thoroughly used up when I die, for the harder I work, the more I live. I rejoice in life for its own sake. Life is no brief candle to me. It is a sort of splendid torch which I have got hold of for the moment and I want to make it burn as brightly as possible before handing it on to future generations.

Thank you for listening.