

Levelling up our communities: proposals for a new social covenant

A report for government by Danny Kruger MP

September 2020

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Acknowledgments

This report follows an invitation, copied below, from the Prime Minister to consider ways of sustaining the community spirit we saw during lockdown, into the recovery phase and beyond.

I received over five hundred written submissions and held dozens of online conversations with individuals and groups, all of which have informed what follows. Footnotes refer to published sources - where individuals or organisations are quoted without a footnote the source is their written communication to me.

My thanks to everyone who has contributed, from volunteers and community groups to business, councils and my fellow MPs, and I look forward to further conversations.

I am also very grateful to Baroness Diana Barran, Minister for Civil Society, and her officials in the Office for Civil Society for their support and advice. I hope this report gives further impetus to the excellent work that they do.

Finally, my thanks to Imogen Sinclair for her invaluable help with the research and proposals in this report.

The commission



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THE PRIME MINISTER

23 June 2020

Dear Danny,

Across our country since the start of the Coronavirus pandemic we have seen awe-inspiring acts of generosity, public spirit and neighbourliness. Over a million people have signed up for formal volunteer roles with the NHS or other public agencies, and it is estimated that three million people have acted with local organisations, outside the formal system, to help their village, town or city. Many more have simply done the right thing by checking on neighbours or giving to charity.

We have also seen tremendous examples of innovation, flexibility and can-do spirit from charities and social enterprises; an unprecedented degree of collaboration between local councils, the public sector and civil society; and businesses of all sizes stepping forward to support communities.

As we enter the next phase of our response to the crisis, the recovery phase, we need to sustain and build on this goodwill. The recovery will be long and hard and it is clear that our communities will need help that goes beyond both statutory welfare and economic stimulus. Government has a role to play in supporting the voluntary effort and social entrepreneurialism that have proved so valuable so far, and will be just as vital in the years ahead.

Working closely with Baroness Barran, the Minister for Civil Society in DCMS, I would like you to consult with civil society organisations, local authorities, our colleagues in Parliament, and across government to develop proposals to maximise the role of volunteers, community groups, faith groups, charities and social enterprises, and contribute actively to the government's levelling up agenda.

Your proposals should cover the following topics:

- How civil society can support **the NHS and other public services** more effectively
- Local **social infrastructure** such as libraries, youth clubs and services for older people, and the role of local communities in supporting this infrastructure
- How civil society can help people facing **unemployment** as a result of the pandemic, especially young people who are new to the labour market
- Public **procurement**, and how better commissioning of services can strengthen local civil society and improve outcomes
- The role of **philanthropy, social investment and business**, and what new forms of finance can be used to support communities
- The contribution of **faith groups** in strengthening social capital and community resilience
- Opportunities for **young people** and the particular contribution they can make
- The opportunities of **data and technology** to improve the effectiveness of charities and social enterprises, and to enhance collaboration between organisations in the public, private and community sectors.

The public response to Coronavirus shows that we can, in future, have a better system for supporting our communities: more local, more entrepreneurial and more trusting. I look forward to your proposals. I would be grateful if you could report back to me by Friday 24 July.

with best wishes
Yours sincerely
Danny Kruger

Mr Danny Kruger MBE MP

Dear Prime Minister

I have pleasure in sending you a series of proposals to sustain the community spirit we have seen during the coronavirus pandemic.

As I set out in the first section of my report, we are on the cusp of a new era of economic and social policy. The era just ending was governed by economic and social doctrines which have caused us to become the most regionally unequal country in the developed world, with a range of chronic social challenges. The era now opening must address these challenges by putting communities at the heart of policy making.

The experience of the recent crisis - the willingness of local people to step forward and collaborate, the flexibility shown by public services and the social commitment of businesses - shows what is possible. Add the extraordinary new dynamics of data and digital innovation, and a wholly new paradigm is possible in which *community power* replaces the dominance of remote public and private sector bureaucracies.

The rest of the report sets out a series of recommendations to take us towards this vision. I hope they will help begin a discussion both in government but also, crucially, in civil society itself about the way forward.

'The process you use to get to the future is the future you get'. This dictum has been repeated to me a number of times during my conversations about this report. We want a more plural, local, bottom-up system, and this vision should influence the way we proceed. In keeping with the doctrine of community power, therefore, I hope government will undertake a process of engagement - an open conversation - with the millions of people who have volunteered through the recent crisis, with charities and businesses, with local councils and public services. We should act speedily, but collaboratively, to put communities at the centre of the national recovery and the great mission of levelling up our country.

Yours ever

A handwritten signature in black ink, appearing to read 'Danny Kruger', with a long horizontal flourish underneath.

Danny Kruger MP

Introduction: a new Social Covenant

Communities under lockdown

Mutual aid

'The cholera most forcibly teaches us our mutual connection,' wrote Titus Salt, Mayor of Bradford, in 1844. We have learned the same lesson in the age of coronavirus. The pandemic has been a national tragedy. It has exposed failings in our official systems, and it has cruelly exacerbated existing inequalities in our society. But the response to the tragedy has been, as in Bradford in 1844, one of extraordinary mutual connection.

In Devizes (where I am the MP) the vicar of St James' Church, the Rev. Keith Brindle, and his team were the first to move. On 20 March, three days before the national lockdown was announced, they put out a call to the congregation and the wider community. Within a week they had 344 volunteers vetted and referenced; there was no time for the criminal records check process, so they took volunteers on the word of people who knew them. And so began the Devizes Covid-19 Support Group: three months of leafleting and phone calls; delivering shopping and prescriptions; checking on the lonely and the worried.

4000 of these spontaneous 'mutual aid groups' were set up in local communities during the lockdown, part of a general phenomenon of neighbourliness across the country.¹ The Office for National Statistics estimates that almost half of people provided help or support to someone outside of their household, such as shopping or providing meals, during the first month of lockdown.² And this spontaneous support was itself supported by the exertions of local charities, foundations and businesses.

Official support

As this suggests, the essence of the response in the early days of the crisis was messy informality, which nevertheless resolved itself into spontaneous order through the common sense and self-organising instincts of communities. The task for official systems was to quickly catch up, to support the mutual aid effort, and to plug it into the government's public health and welfare policies. In Devizes, the Town Council immediately offered the Covid-19 Support Group the use of the Town Hall and its phone lines, so a rota of volunteers could process the hundreds of calls for help that came in each day. The County Council set up a virtual Wellbeing Hub of its

¹ A sample were celebrated in June in the Queen's Award for Voluntary Service: <https://www.gov.uk/government/news/winners-of-the-2020-queens-award-for-voluntary-service-announced>

² ONS, 'Coronavirus and the impact on caring', July 2020, accessed via: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/morepeoplehavebeenhelpingothersoutsidetheirhouseholdthroughthecoronaviruscovid19lockdown/2020-07-09> (14.09.20)

own, but as Jessica Gibbons, Director of Communities and Neighbourhoods for Wiltshire Council, told me, this was designed to support rather than replace voluntary effort:

‘We were a convenor and enabler, providing the structure and guidance, monitoring where support was being provided by community groups, mapping resource need, and identifying gaps in provision. Through the Wiltshire Wellbeing hub, we connected those in need with groups that could respond. We brought voluntary sector partners together, initially daily, to monitor impact and respond to emerging need. We learned to not step into spaces where we weren’t needed. Wiltshire Council did not convene or coordinate volunteers ourselves. Early on it was obvious community groups could do this well. What they needed from us was guidance providing reassurance that they were doing the right thing and a strong network of support to formal services and advice when needed.’

Throughout the pandemic we have seen examples of new-found openness and can-do spirit in public services often seen as bureaucratic, resistant to innovation, and poor at community engagement. As Michael Little, formerly of Dartington Social Research Unit, puts it, public servants allowed themselves ‘a lot of ethical rule-breaking... the citizen was put ahead of the process.’ Helen Buckingham of the Nuffield Trust described how the NHS ‘changed almost out of all recognition’ as normal systems were abandoned and new ways of working were embraced. Councils suddenly found it was possible to do the impossible: in response to the crisis for children in care during lockdown, Bristol City Council was able to process applications by would-be foster carers in six weeks rather than the usual nine months. And at a national level, government moved fast to relax the rules around procurement which for years have frustrated innovation and gummed up supply chains.

The value of connection

It is possible to exaggerate the scale of this revolution, or its likely longevity. Evaluation of the spontaneously-erupting mutual aid groups may show that they displaced or duplicated organisations already available in local communities, or that they were predominantly found in more affluent areas. The upsurge in neighbourliness may recede as the furlough scheme ends and many working age people return to their jobs or look for work. And even if, as I hope, the community spirit of lockdown is sustained, the type of volunteering we have seen during the ‘response’ phase of the crisis might not be appropriate to the ‘recovery’ phase we are now entering, with fewer people needing immediate help but having more persistent and complex needs. There is a difference between collecting a bag of shopping for someone, and meeting the needs of a family facing a combination of bereavement, unemployment and mental ill health.

All that said, however, the case for trying to sustain the community spirit of lockdown is strong. If we get another surge of infections, the more connected our communities are the better they will cope. Indeed, it appears that while neighbourhoods where people mix and know each other may experience higher initial infection rates than places with less social capital, these places are able to respond to an outbreak better. As the Behavioural Insights Team summarise the evidence from European countries, ‘the same ties that bind people and communities together,

increasing the risk of infection, appear to have protected them in the long term.’ Contact tracing is more successful, especially in vulnerable and marginalised communities, when public health professionals on the ground work in close partnership with local civil society. People are more willing to observe social distancing and other precautionary measures when they feel part of, and responsible for, their community.

The need for change

The crisis in communities

We need the ‘ties that bind people and communities together’, not just to protect us against coronavirus but to help us rebuild our communities and the country.

Official estimates predict unemployment rates of up to 13 per cent by next year - up to four million people out of work.³ Other studies predict 500,000 young people entering long-term unemployment.⁴ Educational inequality is likely to have worsened during lockdown; people with mental ill health are probably suffering more; and the lockdown may have had a serious knock-on effect on physical health as people’s treatment for non-coronavirus conditions was delayed. A survey by Action on Addiction found that over a third of all people in recovery have reported a relapse or a recurrence of addictive behaviour.⁵ There is the terrible likelihood that domestic violence and child abuse have greatly increased during the lockdown too.

Statutory services such as benefits, housing and health have received significant additional resources from government. But the social safety nets that help people in crisis are fraying. Demand for help has risen sharply, but the Charities Finance Group estimates that charities will suffer a 24% loss in income, or £12.4 billion, this year, with the highest losses felt by the small charities which rely on fundraising events. Social enterprises like shops and cafes, which have built a model of income generation dependent not on grants and gifts but on trading, have suffered most of all as retail shut down.

No charity or social enterprise has a right to survival, and there may be a salutary shake-out as the sector adjusts to the challenges and opportunities of the new era. Nevertheless, we risk losing some brilliant and essential organisations if we do not act deliberately and quickly to create a support structure for local communities.

In April, the Treasury awarded a £750 million grant to the charity sector. This was a lifeline to organisations working flat out on the ‘response’ phase of the pandemic. If we are to maintain the social sector’s role in the ‘recovery’ phase, more support will be needed. Crucially, however, we

³ OBS, ‘Coronavirus Analysis’, July 2020, accessed via: <https://obr.uk/coronavirus-analysis/> (14.09.20)

⁴ Youth Employment Group, ‘A rapid response to COVID 19’, June 2020

⁵ Action on Addiction, ‘Summary of Findings’, June 2020, accessed via: <https://www.actiononaddiction.org.uk/media/464/summary-of-findings.pdf?1591598011> (14.09.20)

need to support the role of communities beyond the recovery phase, and into the future model that must emerge from the experience of coronavirus.

To 'build back better' we need a new economic and social model to replace the one that preceded the crisis. Because before the crisis hit, our communities were in trouble.

Don't go back

The government is committed to levelling-up the country. As Professor Sir Paul Collier has shown, the UK before coronavirus was already the most spatially unequal society among developed nations.⁶ Communities have been 'left behind', especially in the industrial heartlands of the North and Midlands but also in coastal and rural communities across the country.

These communities have experienced the failure of successive governments to adequately support the deindustrialisation of the British economy. For 40 years governments have hoped that the former industrial towns would prosper as labour and capital sought each other out through the laws of supply and demand. New investment would come to these towns because of the low labour costs, and people would move to find jobs elsewhere. It didn't work out that way. Businesses did not choose to set up in places without economic and social infrastructure (the assets and services that make business easier and life more pleasant). And it turned out that places are sticky: the people of the former industrial towns were attached to them, and lacked the desire, or possibly the skills and contacts, to make moving to a big city an easy option.

The 2008 crash precipitated further distress. The capital released into the economy through quantitative easing did not seek new growth opportunities in the Midlands and the North, but flowed into assets - mainly housing - in the South East. On the face of it, the economy recovered quickly. Jobs have been created across the country, and we had ten years of GDP growth until this year. But 'GDP growth' rings hollower the further you go from London. Personal income not national income is what matters, and during the last decade wages grew at their slowest pace for 200 years. Wage growth has improved recently, but median incomes before coronavirus were still lower than in 2008, and the income of the poorest fifth of the population was no higher in 2019 than in 2005.⁷

These distressing developments coincided with cuts in public spending consequent on the economic crash and the UK's high budget deficit. Under austerity, while the principal public services were protected, deep cuts were made to local authority services and social infrastructure. These are the institutions that reduce demand for expensive public services, but

⁶ Paul Collier, 'Getting somewhere: How the Tories leapt ahead of mainstream economists to give towns their due', Prospect Magazine, June 2020, accessed via: <https://www.prospectmagazine.co.uk/magazine/getting-somewhere-how-the-tories-leapt-ahead-of-mainstream-economists-to-give-towns-their-due-boris-johnson-red-wall-north> (14.09.20)

⁷ Resolution Foundation, 'Charting the UK's lost decade of income growth', March 2020, accessed via: <https://www.resolutionfoundation.org/comment/charting-the-uks-lost-decade-of-income-growth/>

do not deliver immediately quantifiable outcomes and are, anyway, not statutory obligations on councils.

Some councils managed to preserve their social infrastructure through a combination of back-office cuts and handing assets and services over to community groups. But in general communities saw a sad depletion of the amenities and services that helped hold them together. Youth services suffered the deepest cut of all, with a 70% reduction in funding between 2010 and 2020. Parks and leisure centres lost almost as much.⁸

These reductions continued the legacy of loss that had afflicted communities since well before 2010. Over the last generation public services have become more impersonal and bureaucratic, driven by targets and quasi-markets which eroded their links with local places. A quarter of all pubs, a quarter of all post offices, and a fifth of all libraries have closed since the turn of the century.⁹ The much lamented decline of the high street, with the replacement of indigenous local retailers by chain stores, discount stores or empty shops, has further hollowed out the public spaces and gathering places of our communities.

The Big Society

Against these dismal trends - wage stagnation and asset inflation; stubborn low productivity in the former industrial towns; a centralised, bureaucratic and impersonal public sector; cuts to local services and the fraying of the social fabric of communities - a new idea emerged. For a time after 2010 the Big Society was the bright spot in the post-crash gloom: a vote of confidence in the capabilities and wisdom of ordinary people to take more responsibility for themselves and their neighbours.

David Cameron's government promised a transformation of social policy to put communities in charge of their own destinies. The revolution was begun, with the 2011 Localism Act creating new opportunities for local power and responsibility, and the establishment of Big Society Capital as a lending wholesaler for social enterprises and community projects. Education was reformed to allow community groups and charities to set up new schools with public money.

But the great dream of the Big Society - a general shift in the culture of communities, of the public sector and of government itself - was never fulfilled. Some argued that the concept lacked a satisfactory account of the proper role of government in stimulating self-help and mutualism. But the essential problem was the association with austerity, and the failure to establish a better narrative than the one the public seemed to hear, namely: 'We're cutting spending on public services, and you're not doing enough in your neighbourhoods anyway, so from now on you're

⁸ Andrew Ellson, 'Leisure centres close as spending on council-run sports facilities plunges', The Times, December 2019, accessed via: <https://www.thetimes.co.uk/article/leisure-centres-close-as-spending-on-council-run-sports-facilities-plunges-6tqg7gxmb> (14.09.20)

⁹ Onward, 'Repairing our Social Fabric', March 2020, accessed via: <https://www.ukonward.com/wp-content/uploads/2020/03/ONWJ8080-Community-report-200302-1.pdf> (14.09.20)

on your own.’ The idea took hold that the government wanted communities to fill the gaps left by the retreating state, while the fundamental economic order remained in place, palliated by the efforts of volunteers picking up the pieces from a broken model.

Some time before David Cameron left office in 2016, the ‘Big Society’ had foundered as a political slogan. The idea of a greater role for communities and community organisations remained potent, however, and in 2018 Theresa May’s government launched a review of civil society, under the leadership of DCMS minister Tracey Crouch MP. This culminated in the 2018 Civil Society Strategy, in which I had a hand as a DCMS adviser at the time.

The Civil Society Strategy committed ministers to a large number of tactical interventions and policy goals, and the government continues to drive towards these. This report builds on that work and is, I hope, fully compatible with it. However, since 2018 a new government has been elected with a mandate for sweeping economic and social reform; Brexit has happened, creating an opportunity for a reset across public policy; and the Covid-19 pandemic has made profound changes both possible and overwhelmingly necessary.

This report is intended to respond to the imperative and opportunity of the moment. It is based on a critique of the model we have inherited.

Levelling up communities: the articles of a new social covenant

For 40 years we have tried to drive economic and social progress by varying mixtures of the market and the state. We have relied on the power of government and of business to help the UK as a whole and left-behind towns in particular. It hasn’t worked, because there is something missing in the mixture.

What is missing in our current model is community power: the role of local people, acting together spontaneously or through enduring institutions, to design and deliver the kind of neighbourhood they want to be part of.

The economic and social model we need for the future has community power, and the civil society that enables it, at its heart. This is the way to level up the country - to make great places ‘from within’ rather than by outside interventions.

The UK is recruiting more front-line staff for public services and investing in major economic infrastructure projects to boost business in our left-behind areas. The imperative and the opportunity now is to complement these commitments to the public and the private sectors with a commitment to the social sector, or civil society.

In this report I set out a series of recommendations to give civil society a greater role in levelling up the country. In essence, I suggest government should do a deal with communities. I call this

deal the 'social covenant' because it is both more substantial and less transactional than a 'social contract', the common phrase to describe the respective duties of citizen and state.

In a sentence, the social covenant is the mutual commitment by citizens, civil society and the state, each to fulfil their discrete responsibilities and to work together for the common good of all. This ambition is at heart profoundly radical, entailing transformation of our political, economic and social model. But it is radical in a conservative way, working with the grain of British history, public opinion and the reality of our communities today.

The 'deal' implied in the social covenant is one of mutual responsibility - there is work for individual citizens, for civil society (including businesses) and for the state (meaning public services, central and local government). The terms of this deal will need to be worked out by the parties over time. To aid this process, I suggest four 'articles of the social covenant' which government might adopt as a set of principles to guide policy and practice towards the settlement we want.

1. Public purpose

Social and environmental purpose should be embedded more firmly in both public policy and business activity. There should be a new focus in government on spending that builds social capital, perhaps by means of a new accounting category to measure the capital and resource spending that enables communal activity, and which has preventative or long-term fiscal benefits. The review of the Treasury Green Book announced in the March 2020 budget, intended to rebalance infrastructure spending in favour of long-term investment outside the South East, should also review the valuation given to social infrastructure and to community investment.

The private sector could likewise be enjoined or incentivised to put social and environmental purpose more firmly at the centre of the economy. A number of proposals are being made in this area, including tax relief for good business practices and reform of the Companies Act to create a new corporate form with public purpose, not just shareholder return, at the heart of directors' responsibilities. This report does not make recommendations for the profit-distributing economy but it is important to note that business is really part of civil society, as simply another way in which people choose to carry out their social relations, and therefore it, too, must consider the purpose it serves outside itself.

2. Subsidiarity and inclusion

The second article is the combination of subsidiarity and inclusion. Decisions on what is done in local places should be taken by people as close to the ground as possible, ideally the people who actually live there. The reason for this is the same reason government should not manage the private economy - because of what economists call the 'knowledge problem': the inability of any player, including central government, to see all the action on the field. Government is particularly unable to understand the special

circumstances, the assets and liabilities of a local community, be it urban, coastal or rural. As Professor Collier puts it, there is a 'radical uncertainty about what works' in creating local prosperity, and therefore a need for flexibility, experimentation, and the primacy of local knowledge and responsibility.¹⁰

This does not mean government should step away and allow any dominant local group or interest to lead local policy-making. The framework government creates must ensure a plurality of voices and interests, and proper processes to manage and reconcile disagreement.

This particularly applies to policy that affects Black, Asian and Ethnic Minority communities. Government needs to be very deliberate about ensuring that the perspective and experiences of BAME people are included in policy design and implementation. Perhaps more importantly, policy should very deliberately seek to create opportunities and occasions for people from marginalised communities to work with others across the boundaries of ethnicity and faith. We will bring our country together from the ground up, by stitching together different 'communities of identity' in the same 'community of place'. Subsidiarity enables inclusion, by empowering local people to work together on common projects.

Vehicles for government to fulfill the principles of subsidiarity and inclusion are the upcoming Devolution White Paper, and recommendations arising from the work of the Commission on Race and Ethnic Disparities. More generally, however, the opportunity lies in the way government takes decisions on economic development and infrastructure, and the way it organises and commissions public services. There is a particular role for local government as the convenor and enabler of civil society, all the while ensuring that councils do not inhibit the independent social action they should be supporting.

3. Strengths-based approaches

The third article of the social covenant is that society is composed of assets not liabilities. We should have a far more positive approach to the people and places 'left behind'. They are not problems to be solved but opportunities to be realised. The principle of self-efficacy - that people have the capacity, with the right help, to effect positive changes in their own lives and the lives of others - should be at the heart of our social system.¹¹

And at a community level, we should have confidence that places which have struggled for 40 years can do more than 'catch up'; they can become, as they once were, the engines of a new and better national economy. In practice this means a robust

¹⁰ Paul Collier, *op. cit.*

¹¹ As Rich Wilson puts it, 'Unfortunately, many of our mainstream public services inadvertently undermine people's agency, aspiration and independence, locking them into cycles of dependence which exacerbate inequalities.' *Unlocking Potential After Lockdown*, OSCA 2020

determination to reward services and organisations that apply strengths-based approaches to their work with individuals and communities, discouraging 'victim thinking' and the soft bigotry of low expectations.

It also entails high expectations of the community groups, charities and foundations that government should partner with to deliver social change. Their responsibility under the social covenant - part of the new deal we need - is to deliver high standards of professionalism, accountability, collaboration and transparency. This begins with a new determination across civil society to provide comprehensive, comprehensible and comparable data on their activities, finances and outcomes.

4. Social infrastructure

Recent years have weakened the connecting tissues of our country: the institutions and gathering places, and the people (from youth workers to librarians, and all those working on informal and 'below the radar' social projects) who bring people together and enable the common life of a community. As recent research from Onward shows, this infrastructure is the social fabric of our country, closely linked to better social and economic outcomes: it makes us healthier, wealthier and happier.¹² We need a new commitment to renewing and modernising the social infrastructure of the UK.

The following pages lay out a set of recommendations to fulfil these principles, grouped around the three themes of 'Power', 'People' and 'Place'.

¹² Onward, 'Repairing our Social Fabric'

Recommendations: Power

The new social model we need - more entrepreneurial, more trusting, and with opportunity levelled up across the country - requires a great transfer of power and wealth to our communities. This first section of my report outlines how a transfer of power might be achieved. It proposes:

- Reforms to the use of data and digital technology to empower individuals and communities;
- Reform of procurement and commissioning to ensure that social enterprises and community groups - not just big public and private sector organisations - can play a proper role in public services;
- A new Community Power Act to give communities formal powers to effect change in their neighbourhoods.

Data and digital

Data and digital bring the possibility of great democratisation - a more distributed, less hierarchical social model in which the costs of innovation and collaboration are reduced to close to zero, and the voices and needs of everyone can be heard and addressed. If that vision is the mountaintop, we are still in the foothills. But the path ahead is clear enough: we have to measure the right things; get the right data; and deploy tech well.

Measuring civil society

What we measure reflects what we value. After the Second World War a major emphasis was placed on measuring value in the private economy, with the adoption of Gross Domestic Product and a range of other metrics to understand the country's wealth. From the 1990s, new methods of counting value in the public sector were developed, leading to the adoption of targets, unit costs, internal markets and the other features of New Public Management. In the 2020s it is time to focus attention on measuring the third pillar of the social and economic system, civil society.

As the United Nations has pointed out, the UK does not properly measure the work or value of volunteers and voluntary organisations¹³. Andy Haldane, Chief Economist at the Bank of England, argues that the usual estimate of the economic value of charities in the UK, around

¹³ John Hopkins Centre for Civil Society Studies, 'UN TSE Sector Handbook Project', accessed via: <http://ccss.jhu.edu/research-projects/un-tse-sector-handbook/>

£17 billion a year, may be an underestimate by a factor of twelve: the reality is more like £200 billion.¹⁴ But it is impossible to be sure, because the data is not properly collected or presented.

The UN's Third or Social Economy (TSE) Sector Handbook offers a means for countries to more accurately measure the value of non-profit, non-statutory activity. The UK's Office for National Statistics (ONS) does not apply this methodology, citing resource constraints. This should be rectified. We should either adopt the UN's measures or develop our own. In line with the commitment in the Civil Society Strategy (2018), **the government should speed up work with the ONS and sector experts to agree a means of accurately measuring civil society activity and value.** The National Audit Office should also be tasked with measuring the social value of Government spending.

Getting good data from government

If government gets its own house in order data-wise, it will set a pattern of transparency, accountability and good practice throughout the sector and wider society. Across the board - government, corporates and foundations - we simply don't know who makes what grants, for what and where. This starts with government, where there is a sad tendency of working with civil society but failing to properly account for the money that is spent, or even being able to answer basic questions about it. As Rachel Rank has pointed out, it is currently not possible to answer these questions:

'How many charities are registered in areas of high multiple deprivation? How many grants has government provided to those areas, what for, what is the average size of those charities and the grants made? Who else has provided funding to that region and/or those government grantees? How many of those charities are providing front-line services and how many have commercial arms, e.g. a shop, café, etc?'

Across government and its quangos, data is lacking, substandard, incomparable with other datasets, or simply not made available to non-government organisations working in the same field. Examples include DWP data on getting people into employment; NHS data on different treatment options in mental health, GP and A&E services; MHCLG data on homelessness; or data from DCMS on the work of its arms-length-bodies including the Arts Council. Even where data is made available, as with the National Pupil Database, data requests typically take six months to process and are tightly controlled by the Department for Education.

There is considerable activity underway in government to improve the quality of official data, and I pay tribute to the work of the Office for Civil Society in DCMS and the Cabinet Office minister Lord Agnew. **It is vitally necessary that the different teams working on the civil**

¹⁴Pro Bono Economics, 'Undervalued and overlooked? The need for better understanding civil society's contribution to the UK economy', May 2020, accessed via: https://www.probonoeconomics.com/sites/default/files/files/Undervalued%20and%20overlooked%20The%20need%20for%20better%20understanding%20civil%20society%E2%80%99s%20contribution%20to%20the%20UK%20economy_0.pdf (14.09.20)

society data challenge - spread across the Cabinet Office, DCMS, ONS and the Charity Commission - are properly coordinated with a specific set of goals, under a Chief Data Officer, with deadlines to deliver a cross-government data architecture. The first deadline should be to publish all government grants to the 360Giving open data standard by the end of 2020. This work should be subject to an accountability board comprising civil society representatives as well as ministers and officials.

Every government department should have a datalab, similar to the one run by the Ministry of Justice to assess the effectiveness of different programmes delivered in prisons by charities and private companies. The datalab should publish all data on the department's spending on external organisations, using the 360Giving data standard that sets basic rules for how to describe the amount paid, who to, who by and what for. The DCMS datalab should include complete data on all its arms-length-bodies, such as the Arts Council, Sport England, and the National Lottery distributors. The Cabinet Office should be tasked with linking data across Departments so the impact of cross-cutting initiatives, like the Troubled Families programme, can be measured.

Getting good data from civil society

These steps will justify a far higher expectation of data transparency in civil society itself. A recent study found that less than half of all charities have the skills to use data to improve their services.¹⁵ As part of its deal with civil society - to reform procurement and public services to admit more community-based organisations and charities - **government should insist that organisations benefiting from public funding or tax relief should publish coherent and comparable data on their activities and outcomes.** This should not impose onerous requirements on small charities and social enterprises. It should, however, hold organisations to account to a degree proportionate to their size and responsibility. It should certainly include - indeed start - with charitable foundations which raise and distribute private money to charities under a highly favourable tax regime. Already, 80% of foundations voluntarily publish data to the 360Giving Standard. We should now move to legislate to require all foundations benefiting from tax relief to do so.

Better data from public and private sources will make great things possible. The Volunteer Passport scheme outlined below would be significantly enhanced by good data in the charity sector, to enable volunteers to accurately judge where they could be most useful. Good data will boost the confidence, and retain the loyalty, of private funders, and therefore increase the volume of philanthropy which is committed to civil society. And crucially, good data will enable a shift in the culture of accountability from 'proving' to 'improving'. Rather than using data - inevitably patchy and long after the event - to attempt to show that an intervention worked or didn't work, providers and funders can use comprehensive, real-time data to assess success as they go, and adjust programmes accordingly. This supports the need for more experimental,

¹⁵ NPC, 'State of the Sector 2020', March 2020, accessed via: <https://www.thinknpc.org/resource-hub/state-of-the-sector-2020/> (14.09.20)

‘venture’-style grant-making that seeks to find out what works before committing large-scale funding.

Good data will also enable proper indexing of community strengths and assets, to be overlaid on existing data around deprivation, and tracked over time.

Management of community data should not be the responsibility of proprietary systems i.e. commercial firms. Nor is it likely that such firms would attempt to build the sophisticated infrastructure we need. There is no business model for collecting data for an uncertain and non-commercial purpose. We need open APIs and open data standards across civil society. This will only be possible if the platforms are neutral, independent and trusted.

Digital civil society

Digital technology is bringing about a step-change in civil society. From the new platforms matching volunteers to tasks, to those that aggregate funding applications and reduce duplication in making and assessing funding bids, those that spread learning and good practice, those that identify people and places with unmet needs, to new online or text-message-based services that operate entirely virtually - the quality, reach and cost-effectiveness of charitable work is poised to increase exponentially in the years ahead.

This ambition must go hand-in-hand with another one: to leave no-one behind as we accelerate into the digital future. Nine million people are estimated to be ‘digitally excluded’, without the basic skills to get online. 40 per cent of benefit claimants have very low digital skills.¹⁶ Civil society has a crucial role in helping them gain these skills and the tech they need. **Government should convene a partnership of tech firms and community infrastructure organisations (like the Good Things Foundation, which delivers digital literacy training through libraries as part of its general provision of support to disadvantaged individuals) to agree an urgent strategy to help the nine million catch up.**

Big tech

This brings me to the role of big tech. The government is working out how to tax and regulate the giants of the internet. As part of the emerging settlement with these firms I suggest a very explicit request for their help with the challenges and opportunities of civil society. **Big tech should be persuaded to provide, for free, the wiring of our social infrastructure.** They could contribute expertise and resources to the challenges of data, referenced above; they could help with the digital innovations that are connecting volunteers and funders and charities, (including the suggestions below for a Volunteer Passport scheme and the more complex version for young people taking up subsidised service roles); and crucially they could support the mission to get the digitally excluded online. They should do this as benefactors, not suppliers; we need non-proprietary systems, with no access for the benefactors to people’s data.

¹⁶ Libraries Connected, ‘Libraries: An essential part of local recovery’, July 2020

More specifically, it would be tremendous to see the GAFAMs - Google, Amazon, Facebook, Apple and Microsoft - collectively undertake to turn England's 2,800 libraries into digital hubs for local communities with an overriding commitment to support the digitally excluded (see below, [Libraries](#)); and to help turn other community assets in high streets and town centres into civil society versions of 'Apple stores' where communities can access the expertise, kit and connections they need.

Commissioning for Public Value

Contract culture

The taxpayer spends £300 billion a year on goods and services. This represents the single largest category of transaction in the economy, and although it comprises many hundreds of thousands of separate contracts, these all follow guidance laid down by government.

This guidance quite properly seeks to ensure taxpayers' money is spent efficiently, and without the opportunity for corruption. Sadly, these imperatives lead to two negative syndromes which afflict public sector commissioning: highly bureaucratic processes, and a tendency to award contracts to large corporate providers who do not necessarily offer the best work for the public but do offer the least risk for the commissioner. Lip service is paid to the need for a plural supply chain with opportunities for civil society organisations to deliver work, but in practice this rarely happens. The sad story of the offender management programme Transforming Rehabilitation (which began with high hopes of rehabilitation becoming a job for society, not just for the state, but resulted in a small number of large private sector suppliers, and eventually with the programme being terminated and offender management being brought back into public hands) is the cautionary tale.

Profit can play a useful role in the delivery of public goods - especially those goods where cost and quality can be easily understood and agreed in a contract. The innovation and discipline of the private sector can usefully correct the tendency to waste and 'producer capture' in the public sector. But in more 'human' services like probation or healthcare cost and quality are complicated, and the attempt to reduce them to the same process as the procurement of vans or printer ink is a misguided one.

The Public Service (Social Value) Act 2011, sponsored by the Conservative MP Chris White, required commissioners to consider the wider social value of bids when awarding contracts for services. This was an important step towards a better commissioning culture.

Nevertheless, according to Social Enterprise UK only eight per cent of the £300 billion public sector procurement budget actively champions socially and environmentally responsible business practice. This represents an enormous missed opportunity. As the government plans to 'build, build, build', we need to ensure that the huge budgets being committed by the public generate genuine public value.

For major deals on economic infrastructure, tight contracts around exactly what will be delivered are obviously essential. But as Julian Blake has written, contracts for human services should be 'working relationship agreements' between commissioners and the people who will work directly with the client group; not untrusting traps drawn up by a public sector legal department with the intention of reducing costs and passing liability. Claire Dove, the Crown Representative for the Voluntary, Community and Social Enterprise Sector is working with government to ensure better contracts through a new Social Value model.

Social value purpose

In addition to these, and the other helpful reforms set out in the Civil Society Strategy, government could consider a more radical step to get social value into the heart of commissioning. In leaving the EU we are free to rewrite the rules set out in the EU Procurement Rules and Public Contract Regulations. **Government should legislate that the whole purpose of public spending is to deliver value for society**, not just value for money for one particular budget. This 'social value purpose' would impose an obligation to consider the whole of government accounts when designing and awarding contracts. Contracts should then be designed to avoid cost-deferral and cost-shunting (passing an expensive problem beyond the current budget cycle, or into the budget of another arm of government), creaming and parking ('creaming off' the low-cost or easy cases and 'parking' the high-cost difficult ones), and all the other evils of public sector commissioning: evils which no provider sets out to commit, but which the incentives in the system push them into.

A declaration that the purpose of public spending is social value would encourage a more collaborative and trusting model of service design and commissioning. Currently the majority of charities with a government or local government contract feel they have no influence over the services they deliver. The social value declaration would encourage commissioners to make use of existing, but generally disregarded, flexibilities in the existing rules, such as the Innovation Partnership model which allows commissioners to work with potential providers on the design of a contract, seeking to leverage their resources - including their expertise and ideas - to support the public budget.¹⁷

This is a big change. There is a risk of confusion as commissioners, used to the grim limitations of traditional public sector procurement, emerge into the spacious untracked possibilities of partnerships and social value. It will take time for the system to adapt but government should push ahead; and importantly, celebrate good practice where it occurs.

There is also the risk of cronyism, as cosy conversations between commissioners and their favoured providers replace the rigour of a competitive contract. To avert this we need greater public accountability, which can be achieved using simpler, outcomes-based contracts that

¹⁷ Other practical ideas are set out in the New Local Government Network's paper 'Collaborative Commissioning: shaping public services through people power', July 2019, accessed via: <http://www.nlgn.org.uk/public/wp-content/uploads/Community-Commissioning.pdf> (14.09.20)

simply stipulate the results that need to be achieved. As appropriate, payments can be linked to these results, including via the mechanism of a Social Impact Bond (SIB) in which working capital is provided (and a return earned in the event of success) by a private investor.

SIBs and outcome contracts - such as those delivered by Bridges Ventures to reduce rough sleeping in Greater Manchester or help families avoid children being taken into care - encourage innovation, align incentives, de-risk the taxpayer, and bring in private capital which is frequently recycled back into the project or rolled forward into another one. The danger is that these innovative initiatives can ossify and become 'stuck systems', more concerned with individual cost lines than allowing the experimentation and flex needed for success. As with commissioning more generally, these contracts need the involvement of a wide set of partners in design, delivery and evaluation, and full transparency throughout.

Community Power Act

As this suggests, the primary form of accountability we need is not to public sector legal departments, or up to Whitehall, but out to the local community.

The government is currently considering what structural reforms might be made to the system of local government in England in order to deepen devolution and help local recovery. I hope that at the heart of these reforms will be the recognition of community power.

New models of direct democracy, both digitally enabled and via old-new methods of gathering people together for deliberation and decision making, are being developed in different places around the world. The UK should aspire to lead the world in innovations in democracy, using the tools of deliberative democracy, participatory budgeting, citizen assemblies and others, to create the plural public square we need: less paternal, hierarchical, bureaucratic and remedial; more collaborative, entrepreneurial and preventative.

To this end, and inspired by the suggestion of Adam Lent and his colleagues at the New Local Government Network, I propose a declaratory Community Power Act, which affirms the right of ordinary people to effect meaningful change in their own neighbourhoods.¹⁸ In addition to a general obligation on public agencies to take deliberate steps to involve and empower communities, the Act should make two key provisions: the Community Right to Serve, giving local people the power to challenge for responsibility in areas of public policy which would be better delivered by, or in partnership with, communities themselves; and Community Improvement Districts, bespoke arrangements with particular places to experiment with a series of community-led innovations.

¹⁸ Adam Lent, 'Why we urgently need a Community Power Act and what should be in it', NLGN, November 2019, accessed via: <http://www.nlgn.org.uk/public/2019/why-we-urgently-need-a-community-power-act/> (14.09.20)

Community Right to Serve

The Community Power Act should enshrine the right of communities, charities and social enterprises to a voice in the design of policy and where appropriate a role in the delivery of public goods. This builds on well-known experiments in Frome, in Barking and Dagenham, in Wigan and elsewhere, where mould-breaking councils decided to hand over power and responsibility to civil society.

What functions might be challenged for under Community Right to Serve - and how do you define 'community' anyway? The mechanics will need careful design in the context of future devolution legislation, but in principle it should be possible to design a process by which incorporated resident groups, groups of employees, local charities or social enterprises are able to lodge a claim with the local authority or public service - such as DWP or NHS - to be involved in the design or delivery of a public service, with an obligation on the public agency to respond to the claim reasonably and publicly.

The following policy areas lend themselves naturally to the Community Right to Serve. **In all these areas Whitehall departments should be tasked to explore options to enable the Right to Serve**, bringing what are often small-scale peripheral experiments into the centre of the Department's thinking.

- **Healthcare.** As outlined above, the recent crisis has seen an exceptional degree of flexibility in the NHS, including collaboration with community groups. This should be standard practice in normal times, too. As many experts have explained, health and healthcare are being transformed by changes in lifestyle and longevity, by technology and medical science. Sir Chris Ham's paper *Shared Responsibility for Health: the cultural change we need* convincingly demonstrates the need for a far greater degree of community responsibility for the prevention, treatment, and aftercare of illness and the management of long-term conditions.¹⁹ Former NHS England Chief Executive Nigel Crisp's new book *Health is made at home, Hospitals are for repairs*, makes a similar case. We need a revival of the momentum that saw 85 public sector mutuals, mostly in health and social care, spin out of the public sector between 2010 and 2015, but none since.²⁰ Outside professional or medical healthcare, the emergence of social prescribing, strongly backed by the current government, is a harbinger of the future model we need.
- **Social care** is already heavily reliant on community provision, including the informal provision of friends and family. This informal care badly needs more support. The care sector as a whole is admirably plural and independent, but owing to the structure of the

¹⁹ The King's Fund, 'Shared responsibility for health: the cultural change we need', November 2018, accessed via: <https://www.kingsfund.org.uk/publications/shared-responsibility-health> (14.09.20)

²⁰ Likewise, the commitment in 'We Are The NHS: People Plan 2020-21', which states that 'the NHS' consists of many different organisations including social enterprises, must be reflected in future funding settlements, including the funding of Continual Professional Development.

market and the quantum of public funding, is dominated by large private providers rather than the SMEs and social businesses that patients and their families would prefer. We need to shift the burden of funding and responsibility upstream, away from medicalised management in impersonal and underfunded homes and towards a new family-centred, community-led model, in which residential care is properly integrated with the life of a neighbourhood.

- Similar problems and opportunities are apparent in the **early years** market. Local authority nursery provision is frequently drab and unimaginative, as well as historically underfunded. A growing number of private nurseries (often owned by private equity firms whose primary concern is their profits) market themselves at self-funding families and are reluctant to take local authority-funded children. More funding could be made available to support children of low-income families by reducing the subsidy for wealthier families who can do without it; but perhaps more importantly, the social sector should be responsible for a greater share of the supply of nursery places. A nursery is properly a social enterprise, not a statutory service nor a commercial one: it should be independent and entrepreneurial (not part of the public sector bureaucracy), and driven by its responsibility to the children and the community it serves (not to remote shareholders). Policy should make it easier for social enterprises to take a larger share of the early years market.
- Volunteering and community action have always played a central role in policing and crime prevention. I have touched on the sad failure of Transforming Rehabilitation to open up **probation and offender rehabilitation** to community groups. In the new system which is being designed, the Community Right to Service could ensure that the 'dynamic framework' commissioning system admits the charities and social businesses which are best placed to help offenders resettle successfully.
- The same goes for **employment support** programmes. As we face a likely growth in unemployment in the current downturn it is essential that JCP Work Coaches are required to work closely with civil society. Better models of employer and civil society-led delivery are being developed in pockets, and the DWP should be required to enable far more flexible systems. Help to Claim, the DWP-funded support service run by Citizen Advice for people claiming Universal Credit for the first time, is a step towards the model we need.
- Community Sponsorship, a model of **refugee resettlement** that depends on groups of volunteers - often mobilised by churches - to provide refugee families with the help and support they need to integrate and make a success of life in the UK, is already working at a small scale with help from the Home Office. It offers a far more supportive and 'human' relationship for the refugee family than that offered by local authorities. The Home Office should make it easier for groups to register for community sponsorship, with more light-touch regulation.

- In **adult education**, community learning - people without formal teaching qualifications teaching skills to others, whether one-to-one or in groups - is a model perfectly adapted to an age of higher unemployment, early retirement, and remote working.
- In **social housing**, Community Land Trusts and other forms of community-led housing - usually small developments, supported by local people - should be recognised as the future of social housing, both in rural and urban areas, and more enthusiastically backed by government.
- Community groups are taking responsibility for **energy, broadband connectivity, and transport**. Government often supports these community-led schemes but they are generally seen as peripheral, eccentric exceptions to the general rule, which is based on large public and private sector organisations achieving accountability and economies of scale. In fact community-led schemes can achieve greater value for money and more direct accountability to local people than the big players.

Community Improvement Districts

Following an idea originally proposed by Tony Travers of the London School of Economics and refreshed more recently by Power to Change and the Centre for London, I recommend **government works with local places to identify a number of places which might benefit from being designated Community Improvement Districts (CIDs)**. Inspired by Business Improvement Districts, CIDs would have greater freedoms and greater responsibilities to develop new models of local social and economic policy.

This might include early pilots of a number of the proposals set out later in this report, including MatchTrade, the Community Right to Buy, blended finance, civic crowdfunding, and Public Value commissioning. Public and private grantmakers could experiment with radically simplified application and grant management processes. The Community Right to Serve could be implemented in agreed policy areas.

CIDs could have greater flexibility in planning and urban design, so long as there is proper engagement and community leadership. Community businesses could have the right of automatic change of use. The 'Keep it Local' procurement campaign could be adopted. Higher Social Value considerations (say 25%) in certain tenders could be introduced without fear of legal challenge. Social enterprises could have a reserved place in the final stage of all contract tenders; some contracts could be reserved exclusively for social enterprises. Philanthropy could have more favourable tax treatment, creating 'Giving Zones' as suggested by New Philanthropy Capital.²¹

²¹ NPC, 'Use the Shared Prosperity Fund to build up communities via charities', July 2020, accessed via: <https://www.thinknpc.org/resource-hub/better-britain/> (14.09.20)

Big national funds for local development, such as the Towns Fund and UK Shared Prosperity Fund, could be top-sliced for CIDs, with the money given without strings to the community.

How would these freedoms be exercised? Essential to the success of CIDs, as of the levelling up agenda more generally, will be public support and engagement. The Localism Act 2011 allows for areas to set up their own parish councils if sufficient local people approve. Largely because of the bureaucratic hurdles communities need to get over to effect this important and permanent change in local government, this power has been very rarely claimed by local areas. It may therefore be worth experimenting with quick-set-up, time-limited agreements to empower the local community to set up a CID and hold it to account - a 'pop-up parish' system, as Centre for London call it.²²

Civil Society Improvement Agency

The principle of CIDs is what Michael Little has called 'differential devolution' - the value of different places having different degrees of autonomy. Like all the recommendations in this report, the intention is to allow a greater diversity of local practice, with more freedom for communities to innovate. The value of this approach is the experimentation that can lead to the adoption of successful models in different places.

This devolution and experimentation justifies a new national body to help local places develop community-led policy, growing capacity in places it is currently lacking; to help charities, social enterprises and community groups to improve their performance, including their leadership (allocating funds to independent providers rather than delivering training and support itself); to help government and civil society improve their use of data and maximise the opportunities of digital to develop complementary models of performance monitoring, alongside quantitative data-gathering, that takes account of the intangible social value of civil society activity; and to build an index of social infrastructure that can inform both national and local policy making.

Government should ask the Cabinet Office 'What Works' team, perhaps in partnership with the Institute of Community Studies at the Young Foundation, to explore options for a new Civil Society Improvement Agency (almost certainly to be called something else).

²² Centre for London, 'Business engagement: BIDs, town centre forums and beyond', September 2019, accessed via: <https://www.centreforlondon.org/reader/act-local/ruth-duston-ben-rogers/> (14.09.20)

Recommendations: People

The pandemic has shown that our communities have an enormous capacity for action: every neighbourhood has latent reserves of manpower, expertise, compassion and wisdom that can be deployed to improve local life for everyone. The following proposals are designed to liberate this capacity, and to create a new 'economy of service' that connects the supply of, and demand for, social action in communities. They build on the institutional architecture that exists already, including the systems created in the wake of Covid-19.

It is important to state that volunteers and neighbours cannot be a substitute for paid professionals in the public services. We need the infrastructure of the public sector to guarantee expert capacity, national coverage and accountability. The role of social action is to complement this expertise and infrastructure with a more spontaneous, 'organic' and adaptive resource, which should now be more deliberately organised to help the national recovery and level up the communities of the UK.

My proposals are grouped under the following subheadings:

- The Volunteer Passport;
- Service opportunities for young people;
- A new deal with faith communities;
- Honouring neighbours.

The Volunteer Passport

We need a system that effectively matches the supply of citizens to the demand for their time.

The basis for this system should be a 'Volunteer Passport' that can be used across different organisations, in the public and social sectors, with a single identity and criminal records check. This would enable organisations in search of volunteers, whether for general or specific tasks, to find willing candidates with the right skills and capacity and in the right place; and it would greatly reduce the bureaucracy and delay involved in placing volunteers into roles. More significantly - because this will drive more and better volunteering - it would enable people to grow their skills and to build up a record of their volunteering for their CV.

In the next section ([Service opportunities for young people](#)) I propose using the Volunteer Passport system to subsidise under-employed young people to work on a range of social and environmental projects. For adults, it could also be used to provide advice and training, and to record time credits which earn rewards, including mutual help from others or discounts in shops. The system would start simple, however.

Government should build on the voluntary spirit of the Covid-19 crisis to create a Volunteer Passport system. This should be a non-proprietary system held in trust for the public, not provided by a commercial operator. It should be overseen by an independent Board or Commission, headed by a respected civil society leader. It should be designed in public, with as much consultation and collaboration as possible, with a clear imperative to break the long tradition of central IT-led initiatives becoming clunky, bureaucratic failures.

We should recognise that while many people, especially those supported by the furlough scheme, were able to sign up as a volunteer during lockdown, as people return to work the availability of volunteers will recede. In normal times most people are too busy to take on major volunteering commitments. Nevertheless, many people's circumstances do allow them the time; and some with full-time jobs are still keen to volunteer when they can. The value of the Volunteer Passport is that it will help to match whatever 'supply' of time people have, to the 'demand' for their help.

The Passport system could evolve from the database created at speed by the Royal Voluntary Service and St John's Ambulance for the NHS Volunteer Responder programme.²³ All approved NHS Volunteer Responders should be invited to sign up for a Passport, and to indicate whether they are willing to continue to be available for a variety of tasks and roles. Others, including members of mutual aid groups who have not joined the NHS Responder programme, would be able to join too.

Sign-up should be encouraged through a major national communications campaign, perhaps with a thank you letter from the Prime Minister to acknowledge one's past and future service.

What tasks and roles might be required of Volunteer Passport holders? It is important that the system is not seen as a means by which government recruits unpaid workers to deliver its own priorities. The whole value and purpose of voluntary action is that it is decided and directed by people acting on their own initiative, and supplements rather than substitutes for the work of public services. Nevertheless, there are occasions when volunteers are needed to support national efforts and to work with the public sector. When people wish to do this, they should be properly supported to do so.

I suggest that Volunteer Passport holders would undertake work in one or more of the following three categories: the National Volunteer Reserve; Community Support; and Public Service.

²³ We should recognise that while the NHS Responder app and database - which is what we want to replicate - was a technical success, and that around 500,000 tasks were accomplished by people contacted through it, many of those who signed up were not contacted for help. A new campaign will need to address any negative perceptions of the Responders programme.

National Volunteer Reserve

Volunteer Passport holders should be invited to join a National Volunteer Reserve. On gaining their Passport and signing up for the Reserve they would log their skills and capacity for a variety of essential tasks. Most immediately, they could be available for further health emergencies, requiring mobilisation in support of the NHS; there is clearly a role for St John Ambulance in helping to build this element of the system. Subsequently, people could be asked to sign up to help with non-health emergencies, such as fire or flooding, which may involve giving permission to local authorities or other trusted agencies like the British Red Cross to access the information on their Passport and deploy them as necessary.

For certain designated NVR roles it may be appropriate to allow for 'emergency volunteer leave' so that volunteers are able to take time off work to contribute in emergencies, in a similar fashion to armed forces reservists.

In addition to work on emergencies, members of the National Volunteer Reserve would be invited to sign up for environmental and conservation projects across the country. We need to mobilise many thousands of people to help with planting trees, clearing watercourses and monitoring biodiversity, and acting on a range of priorities to address the climate crisis. This is a critical set of tasks and while it is a natural one for volunteers, more will be done if they work as part of a national effort, albeit through the network of existing national and local charities - such as the local branches of the Wildlife Trust.

The National Volunteer Reserve should be placed on a statutory footing, with an annual declaration by Government departments of the people and capabilities needed during 'business as usual' and in the event of an emergency. The VCS Emergency Partnership is designed to identify local and regional needs and this work should feed into the process. The relationship between the Reserve and Government should be overseen by a formal Whitehall system designed to ensure early warning and good management.

Community Support

Volunteer Passport holders can provide the ongoing support that will be needed for large numbers of people in the coming months and years. This would not replace ordinary, unofficial, acts of neighbourliness. You would not need a Volunteer Passport to collect shopping or a prescription for a shielding or vulnerable neighbour, as so many people have done during the crisis so far. But given both the discovery of formerly 'hidden need' during lockdown, and the likely exacerbation of economic and social challenges in the immediate future, the demand for community-level assistance is likely to be significantly more complex, including supporting people with ongoing financial worries, mental health challenges, and family troubles.

Below ([Service opportunities for young people](#)) I envisage a new infrastructure of projects for young people, and we will need adults to give their time to manage these.

Of course, support for families in crisis and for young people is work for professionals. But there is a role for sensitive, sensible volunteers providing regular, light-touch, 'relational' support within a framework of good supervision and accountability. Given the ongoing and more complex nature of the engagement, it is proper to consider a greater degree of protection, both for volunteers and for the people they help. To enable volunteers to play the full role they could and should play, they must be registered and supported properly.

Community support is not simply about helping people affected by the pandemic or its economic and social aftershocks. Many people volunteer with sports clubs and youth groups (including Scouts and Guides and other uniformed youth groups) with their faith communities or in their neighbourhoods. Others perform more specialised support as mentors with adolescents, work with prisoners or the street homeless, or volunteer in a hospital or other health settings (especially through Helpforce, the charity providing volunteers in support of the NHS). While it is not necessary for those already signed up to a volunteering opportunity to get a Volunteer Passport, it would help them to access advice and training, and would aid research into gaps in voluntary resources.

The essence of community support - expressed in the term 'mutual aid' which described the work of local volunteers during lockdown - is that help is reciprocal. Older and shielding people should be encouraged to join the scheme, too, for they are well placed to offer support to others, of all ages, via phone and video.

As more people live longer, older people will constitute the most extraordinary asset for our society. Andy Haldane predicts a doubling of surplus hours by 2050 due to people living healthier lives.²⁴ Already retired people are the backbone of many local communities. Public services should encourage this by helping people stepping down from professional roles - retiring from a career in education, the police, the NHS or local government, for instance - to take up voluntary responsibilities or formal statutory roles (see below, [Public service](#)). Getting a Volunteer Passport should be a natural choice for someone approaching retirement.

Similarly, gentle 'nudges' could be built into the delivery of public services: for instance, patients with long-term conditions, or recovering from treatment, could be asked whether they would like to support others in similar circumstances.

A new toolbox of systems to manage the supply and demand of community support is becoming available, including AI-enabled systems that adapt to volunteers' preferences and organisations' need to allocate tasks and shifts effectively. As many of the people who have volunteered during furlough now return to work, these platforms - plugged into the Volunteer Passport database - could ensure the supply of assistance does not dry up, by helping people perform

²⁴ Pro Bono Economics, 'The Third Sector and the Fourth Industrial Revolution', May 2019, , accessed via: https://www.probonoeconomics.com/sites/default/files/files/Andy%20Haldane%20-%20Pro%20Bono%20Economics%20Annual%20Lecture%20%282019%29_0.pdf (14.09.20)

small-scale acts of voluntary service around their work commitments. Firms should be encouraged to suggest employees and customers register their skills and their availability; for instance, DIY stores or tech firms could persuade thousands of people proficient with skills needed in the community to sign up to offer their time.

More widely there is a major role for business volunteers in the future model. The landscape of business and charity engagement is fragmented and the Volunteer Passport could help align firms around meaningful local needs, driving up employee engagement and delivering great value for society.

Public service

The final roles that government should encourage volunteers to take on are the most traditional and formal: duties of public service. **We urgently need to revive the principle of public service as a responsibility of citizens, not only full-time paid professionals.**

Two formal voluntary functions in need of new recruits, legacies from an era in which law enforcement was seen as the job of the community, are Special Constables and magistrates. We need a national campaign to get people to volunteer to support the police and criminal justice system. Government should consider enhancing these roles by giving them better rewards and more powers; by speeding up the recruitment process and, in the case of magistrates, extending the retirement age; and by providing more support and training. There should be a particular push to make the Special Constabulary and the magistracy more representative of the communities they serve. It might also be appropriate to require employers to give staff time off for their service in these roles.

There is also a growing need for people to take formal positions as school governors and charity trustees. As with magistrates, we need more working-age trustees and governors, and more from less advantaged backgrounds. Government should consider a requirement for employers to give time off for trustee and governor work. It should also actively consider allowing - as a matter of course rather than by requesting an exemption from the general ban - charities to pay trustees for their time, if they wish to do so.

This is a contentious question, as some feel that payment for trustees might undermine the voluntary principle, and erode trust. A great deal of the value of the public service provided by volunteers - as magistrates or prison visitors or the responsible adults who attend children's legal hearings - derives from the fact they are unpaid: they are performing an act of civic service, and their integrity or motivation is plainly good. Others argue payment would enable people without well-paid jobs or independent means to join charity boards; it would challenge the perception that charity work is akin to a hobby, and recognise the vital, time-consuming and often expert role that trustees often play in the work of a charity. Government should actively engage charities and the public in a consultation on the recruitment and remuneration of trustees, including the possibility of simply recompensing trustees for any loss of income they incur for giving their time.

Service opportunities for young people

The Opportunity Guarantee

Young people face the greatest threat from the coming economic downturn, but they also have the greatest opportunity to thrive in the new settlement we need in the post-Covid-19 era. This is because they can make the greatest contribution to this settlement.

It is estimated that up to a million young people may face unemployment in the coming years.²⁵ The following proposal seeks to alleviate the crisis facing young people by giving them a leading role in the national recovery.

After the 2008 crash the then Labour government introduced the Future Jobs Fund which subsidised jobs for 100,000 young people, mostly in the public sector. This time around, the Government has announced the Kickstart scheme which is designed to support the wages of 350,000 young people, mostly in the private sector. This is the right approach. Nevertheless, in its current early stages, the Kickstart scheme lacks a wider national mission or sense of public purpose.

In addition to a scheme to help young people, we need a scheme for young people to help society. As part of the Opportunity Guarantee promised by the Prime Minister, the UK needs a structured programme for young people to serve their local areas in meaningful roles that build their skills and their sense of public duty.

A range of individuals and organisations have made proposals along these lines and I endorse their overall ambition. However, the details of the scheme should be designed collaboratively with the youth sector and with young people. It is crucial that the scheme is both 'national' - a call by the Prime Minister to the nation's young people to help national recovery and renewal - and 'owned' by young people and the local projects they will support. On that basis, the following is an outline proposal only, for 'open policy-making' in due course.

'Service Kickstart'

There should be a programme within the Kickstart scheme designed to deploy up to 100,000 young people on a range of social and environmental projects. Young people would be paid via Kickstart to do this work, which could be full-time or (for those in training or employment) part-time.

Projects would be organised by civil society working with local authorities and businesses. They might include volunteering with local schools (helping younger children with mentoring, academic catch-up, sports or playtime); visiting hospitals and care homes; taking part in

²⁵ Youth Employment Group, 'A rapid response to COVID 19', June 2020

environmental clean-ups or biodiversity projects; restoring dilapidated youth clubs and community centres; retrofitting and insulating homes, schools and care homes; producing public art; gardening and landscaping public land; and more. Established voluntary organisations like the Scouts are in urgent need of trained volunteers to lead their activities: young people, funded through Kickstart, could be the answer.

These roles would be substantial, demanding and well-managed, with clear expectations around time commitments, behaviour and goals. Not all of them would be provided by existing charities. A new infrastructure of youth provision would emerge, facilitated by local government, civil society and business.

Nevertheless, there should be a role for existing systems in helping shape the local offer for young people. There exist some government-backed initiatives including #iwill, Step Up To Serve, and most of all the National Citizen Service (NCS), which could be adapted to this purpose.

In addition to their salary via Kickstart, young people could benefit from extra advantages through the Volunteer Passport system, including a digitally delivered skills offer, with an online training curriculum. Existing mentoring projects such as the national platform One Million Mentors could be integrated into the system. The Passport could be supercharged with discounts from retail partners plus further opportunities, advice and guidance, in a similar way to the Young Scot card in Scotland. It would become an authenticated record of a young person's work in service to society, and a natural pathway into a career in the public services, civil society or responsible business. All this should be designed - and the eventual programme managed - in close collaboration with young people.

As with the original purpose of NCS, the value of this programme would be threefold. It would directly help local communities and the environment. It would help individual young people gain the professional and interpersonal skills they will need for their careers, including a habit of service that should last the rest of their lives. And it would help bring our country together, as people from different backgrounds work collaboratively on social projects.

Funding for the individual work placements is available from the Kickstart scheme. Additional funding for management, training etc, could be found from a range of current budgets, including NCS, the National Tutoring Programme for schoolchildren (which school leavers could significantly, and cheaply, contribute to), the Youth Investment Fund, and the Apprenticeships Levy.

Key to the success of Kickstart will be takeup by employers. A huge range of business and civic institutions (such as universities) are benefiting from government support. There should be a clear expectation from government that where possible all such organisations should actively support the Kickstart programme.

A new deal with faith communities

Resources

Before the welfare state, social support was provided by parishes, and by a patchwork of independent charities, foundations, friendly societies, mutuals, trades unions, cooperatives - and churches. Indeed from medieval times until the industrial era the Christian churches were the safety net for most of society. Many of our public services - our modern health, education and probation systems in particular - have their origins in Christian institutions.

Today, faith communities in general remain an enormous resource for society. Every faith has charity, and particularly voluntary financial redistribution, at its heart: the Jewish and Christian tithe, the Sikh dasvandh, the Muslim zakhat, the Hindu dana. Every religion has a duty of hospitality to the stranger, and a duty to seek peace; every religion's ugly record of intolerance is the exception to this, far more generally observed, rule.

The Christian church in the UK (all denominations, not just the established Churches of England and Scotland) is estimated to have five million members, based in 20,000 local churches and supporting 15,000 charities. The combined revenue of these churches and charities is £11 billion per year, almost 20 per cent of all charitable income in the country.²⁶ According to the last Census, there are almost 4.5 million members of other, non-Christian, faith communities, who in 2016 together raised just over £5 billion.

Faith communities have a greater asset than their wealth when it comes to providing support and succour to people in need. Their values, their concern for the spiritual wellbeing of individuals and society, provide a motivation and commitment that often exceeds that of paid professionals. They have deep roots in local communities and are there for the long-term. Indeed they often have big buildings in the heart of communities, including the poorest, and they operate both nationally and at the hyperlocal level. The networks of a faith community, the relationships within a congregation or faith group, are a source of huge resilience and opportunities for the people they seek to help.

Independence

These enormous resources generally operate outside the official system i.e. local government and the public services. This is partly intentional and appropriate: faith-based social action is voluntary, and many faith groups do not wish to be entangled in the procedures and restrictions of the state. It is also the case that many faith groups lack the professionalism, and the willingness to cooperate, that are necessary for proper partnerships with the public sector; indeed by focusing on symptoms not causes, and declining to work with others, some

²⁶NPC, 'Faith matters', June 2016, accessed via: <https://www.thinknpc.org/resource-hub/faith-matters/> (14.09.20)

faith-based organisations are actively, though unintentionally, unhelpful to the mission they want to serve.

But in general, the estrangement of faith-based social action and the public sector is a very bad thing. Faith groups have an enormous amount to offer society, but too often public servants are reluctant to partner with them, still less to formally contract with faith-based organisations to deliver publicly-funded services. This reluctance can arise from ignorance about religion and about the contribution these organisations can make, especially in poor and immigrant communities - what we might call 'faith illiteracy' - but too often it arises from 'faith phobia': an active objection to the principle of faith communities working in partnership with government.

Public servants frequently assume that religious belief belongs in the private sphere: that the public square is somehow a values-free zone. This is to forget the religious foundations of our politics, and to overlook the fact that there are no values-free zones anywhere. Secular public servants bring their philosophy to work, too. Like religious people they have a moral vision, strive for personal righteousness, and wish that everyone thought like they did; unlike religious people they don't always recognise their own religiosity. The exclusion of faith, in all but its ceremonial aspects, from our public life means that the orthodoxies of technocratic secular liberalism have total sway. The public square should be more plural than this.

A new deal

The new social model that is emerging has a major place for faith communities. We should be actively supporting the extraordinary work of organisations of all faiths. But to enable these organisations to extend their practice, the public system needs to change its mindset and its practice.

My proposal is a straightforward one: a new deal with faith communities. **The Government should invite the country's faith leaders to make a grand offer of help on behalf of their communities, in exchange for a reciprocal commitment from the state.** For each faith group, the offer would include the commitment to mobilise their congregations and commit their resources to tackling one or more besetting social problem in our society: problem debt, or children in care, or prisoner rehabilitation, or rough sleeping, or something else. This may be a national mission - to provide foster places for every child in care in England, for instance - or local places may be asked to choose, from a menu of missions, one that suits local needs and capabilities. Either way, the faith group would work with government to agree a way of working, including where appropriate a set of proven interventions and methodologies, which it would deliver with the permission of the relevant statutory agencies. The faith group would commit to fully funding this work from its own resources.

Rather than money, the reciprocal commitment by government would consist of a direction, from the very top, to all public servants to facilitate the work of the faith group on the agreed mission or missions. Further, more complex work will be necessary, including a light-touch approval process so the public sector can signpost to faith-based organisations with confidence, and

perhaps a 'duty of cooperation' with faith groups attached to all public grants and contracts. The work of the APPG on Faith and Society, chaired by the Rt Hon Stephen Timms MP, has drawn up a 'Faith Covenant' which sets out principles of cooperation between faith groups and local authorities, and this may be the basis for the practicalities of the new deal.²⁷ The Church Urban Fund is also developing a strategy to support hyperlocal faith-based social action and to determine 'what works' in this space, which could be the basis for a proper system of evaluation and accountability for government. Further work with other funders - which can be as faith-illiterate and faith-phobic as the public sector - would follow too.

But it starts with a public commitment. We need (in the words of David Cameron offering a coalition deal with the Liberal Democrats in 2010) 'a big, open and comprehensive offer' by the Government to the faith communities of England. We need to form a coalition to tackle some of the wicked social problems that faith groups, working in partnership with the state, are best placed to tackle.

The Christian offer is already forming. I have held discussions with church leaders in which there was a widespread willingness to work together and with government to tackle a social challenge or challenges in the strategic way described. The resources are certainly there. I am assured that, if a deal were done with government and the call went out to the Church, a total of £500 million could be raised over the next five years. This comes on top of the £900 million committed by the Church of England from its £9 billion endowment (Queen Anne's Bounty, set up in 1708 in the wake of the worst economic crisis until this one) which is going to the poorest parishes in the country. There is potentially £1.4 billion on the table - not a penny of it from the taxpayer.

I have described the outlines of a deal with the Christian church as it is the largest faith community and the one with the greatest reach across the country. A similar deal will be possible with each of England's faith communities, though each will look different. What they have in common is a commitment to serving mankind that transcends the dull utilities of technocratic secular liberalism, and is more powerful for it. This commitment is often regarded suspiciously as 'proselytism'. Yet the fact that most religious people wish the whole world to agree with them does not mark them as different from secular liberals, who also wish their theology to be universal. A tolerant society has space for all.

Honouring neighbours

While the expression of social action during lockdown has been local - people helping their neighbours - the spirit of it might be said to be national: everyone has been part of a single

²⁷ APPG Faith and Society, 'The Faith Covenant', accessed via: <https://www.faihandociety.org/covenant/full/> (14.09.20)

collective effort. This section considers the role of national institutions, old and new, in sustaining the collective effort through symbolic recognition and encouragement.

The Volunteer Passport, and particularly the new National Volunteer Reserve, is a proposed new institution that will help give local social action a national framework. We should also consider how to make more of existing methods of recognition, particularly the honours system, and the (separate) Queen's Award for Voluntary Service.²⁸ Both already provide great encouragement to recipients, but more could perhaps be done to publicise these awards, and to open up the process of nominations. Royal patronage is already enormously valuable to civil society. It might make sense to integrate the Queen's Award more closely with the honours system, so that the honours won by community groups are awarded in the same way, with an investiture at the palace.

My final 'People' proposal is for a concentration of the recognition we give to social action, by creating a single day in the year when neighbourhoods are encouraged to celebrate together. The inspiration is the *fetes des voisins* which take place across France every May. There have been similar, so far much smaller efforts, in the UK. 'Neighbour Day' should be a bank holiday, with an automatic permission for any residential street to close to traffic and organise a street party. On this day Queen's Award winners, and perhaps other honours recipients, could be announced. Charities and environmental groups would organise special fundraisers or volunteer days. Schools and care homes would organise intergenerational get-togethers. And so on.

Like everything in this report, Neighbour Day should only be contemplated if there is real public support. **Government should consult the public on how best to recognise and celebrate neighbourhoods and whether a new bank holiday would be appropriate.**

²⁸ Described as 'the MBE for community groups', the Queen's Award is given to groups of two or more people 'having a positive impact on the lives of others in an exceptional way'.
<https://www.gov.uk/government/news/winners-of-the-2020-queens-award-for-voluntary-service-announced>

Recommendations: Places

Levelling up requires more than economic infrastructure - the hardware of connectivity and growth. It requires social infrastructure too: the software of social capital, trust and belonging. These are the conditions which enable job creation and social mobility in the places formerly 'left behind'.

To create these conditions government should actively help to bring about the following:

- Place-based policy, including better urban design and planning, with more 'gathering places' owned and run for community benefit
- More social infrastructure, meaning services that seek to connect local people and strengthen the institutions of a community, including the social enterprises that drive employment and wealth creation in tough neighbourhoods
- More philanthropy and social investment.

I outline below a series of suggestions to meet these objectives, and end with a recommendation for a major new programme of public investment in our communities.

Building communities

Place-based policy

The policy world has recently reawoken to the concept of 'place': the idea that the distinctiveness of a borough, town or district, and the attachment local people feel to it, are its key assets; that decision-makers should work together, and with communities, to create more bespoke local policy rather than operating in silos; and that the culture, environment, look and feel of places matters as much to their prosperity as their economic connectivity or business infrastructure.

This very welcome consensus runs through the government's ambition for Town Deals, the Towns Fund, the High Streets Fund, and the emerging vision for the UK Shared Prosperity Fund which will replace European structural funds. I strongly endorse this approach not least because whenever local people are engaged in policy design they emphasise the role of communities themselves, of civil society, and of the services and 'gathering places' that bring people together.

Crucially, a 'place' lens also enables decision-makers to see that one size does not fit all. Rural areas, especially, need a particular approach, with different funding formulas to reflect 'rurality and sparsity', different conceptions of service delivery, and different rules on planning. One option (suggested by Localis) is that, perhaps as an element of the Community Power Act

outlined above, neighbourhoods should be able to develop their own Social Value Plans to set the parameters of public procurement locally.²⁹

The Prime Minister's ambition to 'build, build, build' is an opportunity to create a new generation of community institutions. The Building Better, Building Beautiful Commission chaired by the late Sir Roger Scruton and Nicholas Boys-Smith made a series of recommendations for planning and urban design that enables, rather than frustrates, mixing and gathering. **Housing and infrastructure projects should have an explicit requirement to prioritise opportunities for neighbourliness and mutual support.**

Neighbourhood Plans - to be adopted in every community, according to proposals in the recent Planning White Paper - could stipulate the 'public space threshold' required for any new developments.

As suggested by Create Streets, **there should be an automatic permission for pavement trading, and a new Flexible Use Class for high streets and town centres.** This would not prescribe the exact mix of shops, bars and community spaces a town needs but would enable the community to create its own, bespoke medley of permanent, temporary and 'meanwhile' uses. One can imagine a blossoming of makerspaces, co-working spaces and pop-up retailers, all linked and enabled through digital infrastructure.

Saving community assets

In addition to enabling new gathering places, policy should help communities to save existing ones. 4,000 public buildings are sold each year to private developers for housing, offices or retail.³⁰ Community businesses are often far more able to run buildings commercially, so that what appeared as liabilities to their public sector owners become assets in the hands of communities. We need to do more to help communities retain public buildings as neighbourhood assets even if the council or public landlord (like the NHS) no longer wants them.

Government should consult on the proposal to turn the current 'Right to Bid' for public assets by community organisations, into a full 'Right to Buy'. This would give community organisations first refusal on any public asset reaching the market, and allow them to force the sale of neglected and vacant buildings. Communities might even be required by law to consult communities before disposing of assets where people gather. They should certainly be required to give a proper account of the viability of a public asset before transferring it to the community, with appropriate consideration of any liability inherent in any apparent 'asset'.

²⁹ Localis, 'Brighten All Corners', April 2020, accessed via:
<http://www.localis.org.uk/research/brighten-all-corners/> (14.09.20)

³⁰ Locality, 'The Great British Sell Off: How we're losing our vital publicly owned buildings and spaces. Forever', June 2018, accessed via:
<https://locality.org.uk/policy-campaigns/save-our-spaces/the-great-british-sell-off/> (14.09.20)

The 2019 Conservative Manifesto committed to creating a £150 million Community Ownership Fund ‘to encourage local takeovers of civic organisations or community assets’. **To support the Community Right to Buy, the Community Ownership Fund should be brought forward urgently and increased in size.**

It could also be expanded in scope. Many community businesses that depend on retail are highly precarious in the current economic uncertainty. We need to protect their assets from takeover by ‘predatory’ or speculative investors looking to snap up cheap assets for later resale. **The Community Ownership Fund could be empowered to buy up buildings and land owned by community businesses (or even SMEs and local family businesses which demonstrate real community value) that are at risk in this crisis, and hold them until the previous owner, or a new community owner, can take them over.**

The expanded Community Ownership Fund could most usefully be administered by Power to Change, the organisation launched in 2015 with a £150 million endowment from the National Lottery Community Fund. A further £150 million would enable Power to Change to work with 1,000 communities to bring local buildings and land into community ownership.

Social infrastructure

Connectors

Britain’s social model suffers from centralisation and silos. Too many services delivered in communities answer not to local people or their representatives, but to hierarchies centred in Whitehall; and as a result these silos fail to cooperate effectively with each other on the ground. The result is disempowered communities and fragmented, often ineffective and wasteful services.

A vital corrective to this is locally accountable ‘connectors’ who work horizontally across the different service silos. The Local Area Coordination Network of ten unitary, district and borough councils across England (including my own county council Wiltshire) has developed a model which brings together different service providers, including those from civil society, to work collaboratively with people facing complex challenges. At the heart of this model is the role of Local Area Coordinators, usually employed by the council and working in areas of around 10,000 people. Coordinators can work with anyone, and - within a framework of principles - organise any support or service that is appropriate to the people they are helping. A similar model has been developed by charities working with client groups who interact with multiple agencies, while Business in the Community has developed a successful model of ‘Business Connectors’ to link local employers with people in need of support.

Community Organisers perform a collective version of this work. Rather than working with individuals or households, they work with communities to identify and realise local goals. They

are, crucially, independent of local councils, operating through local Social Action Hubs which since the early days of the Big Society have been funded partly through government grants. **Government should consider a further investment in Community Organisers to help bring about the transformation in places that will only occur if it is led, and co-delivered, by local people.** Options for further expansion include helping grow the network of Social Action Hubs across the country, and funding the creation of Community Organising Apprenticeships.

Hubs

The concept of the 'hub' is vital to the emergence of the new, decentralised, anti-silo social model we need. Instead of vertical hierarchies reaching up to Whitehall, we need horizontal networks, connected at nodes in the community which help people stitch together the combination of services and opportunities they need. The virtual Wellbeing Hubs developed, under various guises, by councils (including Wiltshire) during the recent crisis to help people secure the right help, is a model that applies to 'normal' times too, and would benefit from physical spaces where public sector and civil society services can co-locate.

Another vital variant on the theme is the Family Hub, which brings together prenatal care, birth registration, health visiting, parenting classes and other services for parents and families in a single building. **The 2019 Conservative Manifesto committed to establishing a network of Family Hubs across the country. This work should be expedited.**

Government should engage communities in an analysis of what combination of Social Action Hubs, Family Hubs, Wellbeing Hubs and other coordinated services, with what degree of community ownership, would be appropriate in different places; and what other facilities and amenities - such as banking services and the Post Office - might be included in co-location sites. The objective should be to ensure joined-up support services for residents, reducing duplication and lack of communication between different statutory services, both national (e.g. health and welfare) and local (e.g. housing and social care).

Libraries

The local Library is or should be a crucial element of the social model we need to create, or re-create. Libraries are no longer dusty book depositories. Increasingly they serve as digital hubs and information centres for communities, and places for classes and sessions of all kinds. The British Library's Business and IP Centre network is supporting local libraries to assist people in starting their own businesses. Even more is possible: siting BBC local radio stations in libraries, spreading the Library of Things network, using libraries for cultural events and exhibitions, and working with Historic England to establish new libraries in old buildings.

The fact that the library is an historic institution, a repository of the memories of a local place and traditionally a window on knowledge and a doorway to opportunity for people from ordinary backgrounds, fits it even more for its role at the heart of communities in the 21st century.

Many council-run library services are increasingly engaging with communities in designing their services. And where local authorities struggle to maintain local libraries, communities are stepping up to take over and run them. 20% of libraries are now community-managed, and more could be.

Government should make a major commitment to support the local library as the hub of the 21st century community. As set out in the 'Libraries Deliver: Ambition' strategy, public services and programmes supporting civil society should be encouraged to 'think libraries first' when considering the location of services and projects. As discussed below ([Data and digital](#)) government should persuade the big tech firms to provide the 'wiring' - the digital and tech infrastructure - to set libraries up as world-class centres for digital inclusion, helping the nine million people without the skills to use the internet to get online.

An external Libraries Commissioner should be appointed to build on the work of the recently-concluded Libraries Taskforce, and champion the role of the library in local communities.

Charities

An essential element of social infrastructure is support for local charities. Of course charities exist on a spectrum from the large 'corporate' charities that work closely with, and derive much of their income from, the public sector, and small community organisations that operate independently of any statutory agency. And while we should jealously guard the independence of small local organisations, we should make it easier for them to access the benefits of charity status, and where needed, support them to improve their work and to sustain their existence.

This particularly applies to the mutual aid groups which have emerged in recent months and which have an important role to play in the recovery phase.

One option is for the Charity Commission to create a new 'probation' status, with automatic enrolment for any community group that passes basic probity checks, and then a fuller review after, say, two years. The alternative would be a new status within the charity register for small organisations which do not aspire to receive public funds, but which can nevertheless benefit from the tax and other advantages of charity status.

Support for local charities was traditionally provided by the local Council for Voluntary Service (CVS), a usually council-funded body which worked to coordinate the local charity sector and link its members into wider opportunities and partnerships. Many CVS's have withered in recent decades, particularly in the last decade as council funding cuts caused them to become financially unviable. Government should engage with the sector to help nurture a revived, modernised version of the CVS. This could include full-time resources, accessed through the new funds I recommend below; it could also involve charities accessing advice and support from businesses, the public sector and elsewhere in civil society. The Volunteer Passport system could helpfully provide charities with a bank of expert advice from people working in the charity

sector or other professions, including employees of businesses which want their staff to make a contribution based on their skills.

A crucial part of the infrastructure charities need is advice and support over scaling and replication. Not all charities wish to expand their work, nor is it always appropriate for practice that works in one place to be adopted in another. Nevertheless, unlike in business, high performance in charity work does not always lead naturally to growth. There exist very useful models of support for charities that wish to scale or replicate and these should be actively promoted by government, councils, the Charity Commission and advisers working through the Volunteer Passport system.

Social enterprises

In many places, just as important as charities is the work of social enterprises: businesses which operate commercially but exist for a purpose beyond profit. Social enterprises frequently carry greater costs than their purely commercial competitors, due for instance to their commitment to hiring workers from disadvantaged backgrounds and investing in their training; for these reasons they often struggle to attract commercial investment or traditional bank finance. Yet social enterprises are a central part of the economy of 'left behind' places, and are helping these places to prosper.

Two million people are employed in the social economy, which numbers 100,000 businesses and contributes £60 billion to GDP.³¹ The value of the sector to places experiencing economic hardship is apparent in the fact that for every £100,000 of turnover, social enterprises create three jobs, compared to the 0.66 jobs created by the private sector for the same money.³² 30% of jobs created in poorest communities are in social enterprises. They are job-creating machines for people and places which experience the highest unemployment.

Social enterprises can, in the words of Alistair Wilson of the School for Social Entrepreneurs (SSE), 'fix broken markets from within'. As the SSE has proposed, the government should establish a 'MatchTrade' scheme where public money is used to match the revenue social enterprises make through trading. Not least for the immediate recovery phase, a scheme like this would save from ruin those social enterprises which (being reliant on trading but not eligible for all the government's relief schemes) have been uniquely exposed to the lockdown.

The modernised CVS outlined above should promote not just charities but all organisations, including those focused on trading, that have social purpose as their mission.

³¹ Social Enterprise UK, 'The Hidden Revolution', September 2018, accessed via: <https://www.socialenterprise.org.uk/policy-and-research-reports/the-hidden-revolution/> (14.09.20)

³² House of Commons Library, Business Statistics, December 2019

Philanthropy and social investment

We urgently need a new flowering of the entrepreneurial, communitarian spirit which powered the Victorians to build the economic and social infrastructure of their day. A big part of this is the role of private philanthropy. Already considerable philanthropy represents an enormous potential source of support for communities.

Philanthropy

The wealthy could give more, and the very wealthy could give a lot more. Of those earning more than £250,000, two thirds make no donations to charity whatsoever.³³ We need a better culture of giving.

Much could be done with fiscal incentives to give, including changes to the Gift Aid regime and the tax treatment of charitable bequests. I do not make specific recommendations here, though I hope that HM Treasury will engage seriously with the wealth and philanthropy sectors to see how greater philanthropy could be induced through changes to the tax system.

Tax is not the only lever. Research suggests that people would give more if they had more confidence in the causes they are asked to support, and better ongoing engagement after their initial gift, with reliable information on its effectiveness.³⁴ Donors are frequently too passive - they receive requests for help rather than proactively seeking projects to support, as an investor would. These issues can be partly tackled by better use of data and digital platforms, which I address elsewhere ([Data and digital](#)). But more can be done to stimulate the sort of responsible, collaborative and sustained philanthropy we need, not least by making sure the industry of wealth advisers is properly informed of the opportunities and the need for philanthropy.

There is a particular opportunity around so-called 'diaspora philanthropy'. Many of the richest Britons live in London, the Home Counties, or abroad, and yet they grew up in or near places which could greatly benefit from their support. Some places, such as Blackpool and Stoke on Trent, are developing strategies to appeal to their emigrée sons and daughters in the same way that universities appeal to their long-departed alumni. This should be standard practice, and there is perhaps a role for MPs in spearheading diaspora philanthropy drives in partnership with their local councils and civil society.

The UK has a great history of philanthropy and innovation. We should build on our status as a global hub for wealth management, and our recent record as the world leader in social investment. The government might explore the possibility of partnering with an academic institution or group of foundations to develop policy and engagement, including a plan to

³³ Lionel Salama, 'It's also time for a targeted charitable stimulus', HOPE, accessed via: <https://hope.agency/ideas-list/targeted-charitable-stimulus/> (14.09.20)

³⁴ The Beacon Collaborative, 'Global and UK philanthropy increase in response to pandemic', accessed via: <https://www.beaconcollaborative.org.uk/latest-news-3rd-july/> (14.09.20)

campaign for the world's super-rich to invest their philanthropic funds in London and benefit from the infrastructure of expertise and experience there. One way to attract this capital would be to devote a fraction of the UK's international development budget to a match-fund scheme, multiplying the budget and tying philanthropy to our development strategy.

Philanthropy from the wealthy rests on a foundation of generosity in the country as a whole. Already, people on low and average incomes give more as a proportion of their wealth than the rich, so there can be no criticism of people on ordinary incomes for their levels of giving.³⁵ Nevertheless, the government should support new digital platforms to stimulate giving across the population.

Government should explore the option of a new national civic crowdfunding programme.

This would put a small amount of government money to match commitments by local councils (likely to be from Community Infrastructure Levies or Section 106 money). Together this sum - perhaps up to 30% of a project's fundraising target - would be available to projects which can raise the outstanding 70% from local people. This scheme (proposed by the civic crowdfunding platform SpaceHive) would multiply current community infrastructure investments by local authorities many times over, and put real power in the hands of local people to direct how that money (currently allocated by councils behind closed doors) is spent.

Social investment

The allocation of private capital in the UK is too short-termist and, by reinforcing success in the South East and the big city centres, it perpetuates inequality between and within regions.

A necessary corrective to this is a proper regional banking system, which understands the strengths and needs of an area and supports local businesses over the long term. Good work is being done in this space.³⁶ In addition to better banks we need to help local places attract the capital they need through alternative intermediaries. Big Society Capital and its partner the Access Foundation, set up by the Coalition government to distribute the income from Dormant Assets in support of social investment, have helped pave the way. Fair For All Finance, another Dormant Assets-funded project set up with the support of government, provides patient, long-term capital to intermediary institutions which help people in poorer communities access affordable credit.

The decade since Big Society Capital was launched has shown that 'left-behind' places need a blend of finance types. This includes old-fashioned grants and loans, and sometimes a blend of the two. The Access Foundation's Growth Fund added £26 million of loans to £22 million of grant from the National Lottery Community Fund, and invested it all in local funds which makes small unsecured loans to the charities and social enterprises that need them. This model should be expanded using money from the new funds I propose below.

³⁵ The Beacon Collaborative, op.cit.

³⁶ 'The Road to Resilience: How Community Financial Services Can Help Level Up Britain', RSA, 2020

On top of finance for loans and grants, provided mostly from Lottery and Dormant Assets money, government should actively seek to incentivise investment in places and projects that struggle to attract commercial capital. One source is institutional investors, from small Community Development Finance Institutions to large commercial funds. Although many commercial investors don't fancy the ROI of 'social' investment, it may be asked whether charitable foundations (of which the largest 300 collectively have £67 billion under management) could do more to put their capital to work in pursuit of their charitable objects. Government and the Charity Commission could help clarify the law on the fiduciary duties and powers of trustees. A further nudge in the right direction might be to require all foundations to include a note in their accounts explaining their social investment strategy, or lack of one.

Government and civil society have long held the aspiration to get more retail social investment into disadvantaged places and causes. This market has struggled and some suggest that government should, in the words of Nick Wilkie, 'beat a dignified retreat from socio-financial wizardry' and return to old-fashioned grant-making. I think, however, that private investment in our communities is such a necessary element of the social model we want to create that more should be done to stimulate retail social investment.

HM Treasury is currently considering the future of Social Investment Tax Relief (SITR) along with a number of other tax reliefs and exemptions. If the decision is taken to tidy up the tax system by scrapping SITR, it is vitally important that alternative means are found to grow the social investment market and further the progress that has been made in recent years.

Government can also do more to stimulate retail social investment in the form of community shares. It could provide equity matches (perhaps geared to give greater support to areas in need of levelling up) to make investment in community share schemes more attractive. Shareholdings could also be acquired through commitments of time, so even those without disposable capital can contribute to local recovery and earn a stake in their town's assets.

Significant capital is held by organisations whose purpose is explicitly social, such as charities and foundations, but which apply an over-strict interpretation of the obligation to maximise the value of their assets. This means that when land or buildings are sold they often go to private developers rather than retaining any community value. The Government should review how charity law currently only takes into account best value financial returns when charities sell land holdings, and should consider applying wider social criteria (on a similar model to the Duchy of Cornwall).

Finally, my colleague Gareth Davies MP has proposed a version of the war bond that helped finance the national effort in the two world wars. It may be possible to create a series of local 'recovery bonds' for particular places, with a single national investment fund.

As this suggests, there are a number of big ideas about how to attract more private capital into 'left behind' places. **Government should institute a Treasury-led commission to work in partnership with investors to unlock different sources of finance.**

Funding places

Community Recovery Fund

I have set out proposals to boost the assets and infrastructure of our communities and to promote social enterprise, philanthropy and social investment. **Government should complement these reforms with a major new Community Recovery Fund (CRF).** This would build on the £750 million in emergency funding provided during the 'response' phase of the crisis in April. It would help established organisations with a real contribution to make to the 'recovery' phase weather the storm (radically reduced fundraising and radically increased demand for their support); and it would help new and emerging organisations, including those mutual aid groups which wish to transition to ongoing charities and community businesses.

The CRF would ideally consist of £500 million of public money. This is the present value, or thereabouts, of the National Fund, the trust established by an anonymous donor in 1928 with a gift of £500,000 and the stated purpose of growing until it was big enough to pay off the entire national debt. With the national debt heading towards £2 trillion, it is not likely the National Fund will ever fulfil its purpose. Legal proceedings are underway for the Treasury to claim the money from the National Fund and apply it to fractionally reducing the national debt. Instead, government should recognise that the National Fund is a charitable asset and that it should be applied to support civil society. The articles of the Fund allow for trustees to release its capital in the event of a 'national exigency', and this is surely that. Government should appeal to the trustees to hand over the National Fund to meet the exigency of national recovery.

The CRF could be administered by a consortium of foundations, which would distribute funding quickly on the basis of sound business plans and using a network of pro bono assessors on the model of The Fore grantmaking trust.

Levelling Up Communities (LUC) Fund

The CRF is needed to help communities through the immediate challenge of Covid-19 recovery, whether that involves further lockdowns or simply the struggle to rebuild the local economy from the crisis of early 2020. Beyond the recovery phase, however, our communities need a better model of social infrastructure and neighbourhood organisation than they had before the virus struck. This should include a far greater degree of local empowerment, which I address in the next section. To complement this transfer of power **I propose a major new endowment - the Levelling Up Communities (LUC) Fund - to provide a permanent source of income for the UK's communities.**

Estimates suggest a sum of at least £2 billion is sitting in dormant insurance accounts and other financial products. Negotiations are underway to release this money in line with the scheme that so far liberated £1.2 billion from dormant bank accounts.

Accessing the insurance money will require primary legislation to change the terms of the Dormant Bank and Building Society Accounts Act 2008. This opens the possibility of applying the new tranche of dormant assets money to a different set of objects to those chosen in 2008: young people, financial inclusion, and social investment.

The money in dormant assets does not belong to the government. Its use should be properly consulted on with the public as well as with the financial institutions that currently look after it. It may be that the 2008 objects - young people, the finances of the worst off, and getting private money into poor areas and underfunded causes - are the most popular and appropriate use of the new money; indeed they remain critical priorities in the current economic crisis just as they were after the 2008 crash. But my view - to be tested with the public and with experts - is that the money would be better used for a general fund aimed at levelling up Britain's communities.

The priorities of the LUC Fund could be set by Parliament on a regular basis - perhaps for a Parliamentary term - after a proper process of engagement and consultation. Parliament would also determine the investment and distribution strategies for the Fund. A vital principle, to be asserted in the legislation that liberates the dormant asset money, is that it is intended for long-term, transformational projects in local communities, not as a substitute for public funding of local services or national infrastructure projects. Provision should also be made to ensure that the process of making spending decisions - and the projects which are actually funded - empower communities as much as possible. *How* funds are allocated can matter as much as *what* is funded.

One option would be to distribute LUC Fund income through local trusts, like the Community Foundations which have played such an important role during the recent crisis in distributing money from the National Emergencies Trust to local organisations. Other intermediaries, including regional social investment funds, could hold capital on behalf of the LUC Fund for investment in social enterprises and in community assets. The LUC Fund could also continue the successful experiments in outcomes funding, building on the Life Chances Fund.

Renewing the National Lottery Community Fund

The LUC Fund - and the Community Recovery Fund that precedes it - should align closely with other major government spending on local places, especially the Towns Fund and the UK Shared Prosperity Fund (UKSPF). In due course, in recognition of the need for places to nurture social capital, trust and belonging, government might choose to route some of the UKSPF through the LUC Fund rather than (as it is currently feared they will do) giving it all to the economically-motivated Local Enterprise Partnerships.

The National Lottery was established, 25 years ago this year, by a Conservative Government which sought to strengthen the cultural and civil foundations of our country. It has delivered a huge amount of social and cultural projects, but this work has often been driven by people and priorities from outside the area affected, and with too many silos dividing the different Lottery distributors, too little relationship with other social funders, and too little innovation.

It is time to rethink the purpose and model of the National Lottery Community Fund, which distributes £600 million per year. In recent years the NLCF has developed a strongly community-centred approach, which includes using external distributors, like Community Foundations, to hand out its money. In appointing a new CEO and a new chair this year, government should review the model for the next 25 years and explore options for an even more localised, community-led system for distribution. The NLCF may need to retain capacity for national missions that transcend 'place', but in general its money should focus on communities, not causes; partner deliberately with other funders and sources of resource; and empower local people. This might justify a significant change to align with the spending of the LUC Fund.

Summary of principal recommendations

Power

1. New official measures to understand and track the economic and social contribution of civil society
2. Comprehensive and comparable data from government and civil society about what funding goes where, and what outcomes are delivered
3. Negotiation with Big Tech firms to finance and co-design new, non-proprietary digital infrastructure for communities
4. A new commitment to 'social value' commissioning, considering the whole of government accounts rather than a single budget
5. A Community Power Act, creating the 'Community Right to Serve' by which community groups can challenge for a role in the design and delivery of public services
6. Community Improvement Districts or 'pop-up parishes' with time-limited freedoms and flexibilities to deliver community-led change
7. A new national institution to help local places and organisations improve performance and exercise greater responsibility; and to build an index of social infrastructure that can inform both national and local policy making

People

8. A Volunteer Passport system to match the supply of and demand for volunteers, with options to: join a new National Volunteer Reserve to help with future emergencies and with environmental projects; deliver ongoing mutual aid to people in crisis; fulfil formal public service roles such as magistrates or charity trustees
9. Service opportunities for young people, funded through the Kickstart programme, to work on a variety of social and environmental projects
10. A new deal with faith communities, by which government supports a greater role for faith groups in meeting social challenges
11. An annual 'Neighbour Day' bank holiday to celebrate communities' work together; and greater use of the honours system to recognise the work of communities as well as individuals

Places

12. Planning rules to promote the creation of social capital through good design, the recognition of the need for gathering places, and community ownership of public assets
13. Policy to support independent social infrastructure, including professional 'connectors' charged with linking local services together, and physical hubs to co-locate services and enable gathering
14. A new focus on the modern local library, often community-managed, delivering business start-up support and digital inclusion for local communities

15. Policy to make it easier to start and run a charity, and create a modern version of the local Council for Voluntary Service (CVS)
16. A 'match trade' scheme to support social enterprises, which play a crucial role in economic and social development in disadvantaged communities
17. Options to boost philanthropy, including civic crowdfunding, and social investment
18. A new £500m Community Recovery Fund, financed by the allocation of the dormant National Fund, for charities and community groups supporting the transition from the 'response' to the 'recovery' phase
19. Consult on the use of the £2bn+ which will shortly be available from new dormant assets: options include a new endowment, the Levelling Up Communities (LUC) Fund, for perpetual investment in long-term, transformational, community-led local projects in left-behind areas
20. Review the National Lottery Community Fund, which is now 25 years old, with a view to a more local and community-led distribution model.