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BREAKTHROUGH BRITAIN: VOLUNTARY SECTOR

30 recommendations
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Liberating the Voluntary Sector to Fight Poverty

New tax breaks, plans to make volunteering a part of the school curriculum and measures to help small charities are proposed today by the Social Justice Policy Group in a major bid to revitalise a poverty-fighting third sector held back by government rules and red tape.

“The war on poverty will only be one by liberating the third sector from the incessant pressure to do the government’s work in the government’s way,” says a report from the Third Sector Sub-Group of the SJPG. Its findings are supported by independent polling.

“Innovative social entrepreneurs and grassroots projects need to be trusted and equipped to find new solutions to these intractable problems.”

Individual donations have “stalled” levels of company donations to charities are “pathetic” and rates of volunteering – perhaps only 19 per cent of all adults doing some charitable work – are “low”, the report warns.

The report calls for a radical simplification of the gift aid system so that a major percentage of all donations are assumed to come from qualifying individuals, enabling charities to reclaim tax paid without complex paperwork.

The charitable impulse should be boosted by giving all pupils in their last year of primary school a £5 voucher to be spent on a local charity. After presentations by poverty-fighters, children would decide which projects to support.

Funding for smaller poverty-fighting charities should be improved by setting up an independent website to promote and validate their work. Public awareness of such organisations and confidence in them would be raised, so boosting donations, which would themselves receive an enhanced rate of gift aid.

Tax breaks are proposed to encourage giving among asset-rich but cash poor members of middle Britain; social bonds are proposed to get corporate donations flowing to the vulnerable and hard to reach.

Attempts would also be made to instil the voluntary spirit in secondary schools. Fourteen-year-olds would be asked to design social action projects and then vote to decide the most worthwhile. The whole class would then be required to put their project into action.

A “V Card” reward scheme should be created to encourage disaffected young people to do community work. Participants would earn credits for doing voluntary work and in return they could be rewarded by being given, for instance, tickets for pop concerts.

The report reveals that the third sector is highly polarised with a small number of big charities receiving most of the money – from private and state sources – and winning most of the contracts to carry out government work. Eighteen “megacharities” with incomes of over £100 million a year attract more than 10 per cent of the sector’s entire income.

The report says that Government policy has failed because it has lacked trust in the charitable sector and has interfered too much. Big charities, capable of coping with Whitehall micromanagement, have tended to win major contracts to deliver public services on behalf of ministers.

Nor have ministers appreciated the role small charities can play in fighting poverty. Sources of funding free of onerous conditions have dried up.

The report makes a string of recommendations designed to help smaller charities through a fairer and simpler funding system.

Treasury spending reviews should set out how each government department will give the third sector the maximum opportunity to deliver services.

The trend towards ever larger contracts to deliver public services by charities should be reversed and more projects should be commissioned at a local level.

“Government funding, especially contracts, must be far less prescriptive, stating expected outcomes but respecting third sector organisations’ capability to determine how best to achieve this...Crude targets should be avoided.”

Much more emphasis should be placed on stakeholder funding so that local communities and individuals direct government funds to charities and voluntary groups, rather than the current top-down approach.

All charities would benefit from the report’s recommendations that the Government contracts more fairly with charities, by giving the Government’s voluntary code – the Compact – greater teeth.

The report also backs moves to give charities greater political clout.

It calls for a Minister for the Third Sector of Cabinet rank and a new Commons select committee to scrutinise this minister’s work.

It says that the law should be changed to stop discrimination against faith-based charities. They should be allowed to compete on equal terms with non-religious charities for public funding.

The report's proposals will be combined with proposals by other SJPG Working Groups to give central roles for third sector organisations in :

- the Family Working Group's new relationship education scheme
- the Economic Dependency Group's new welfare-to-work schemes
- the Educational Failure Group's new home-school support scheme and new remedial units;
- the Addictions Group's new abstinence-based programmes, inside and outside prisons
- the Serious Personal Debt Group's credit unions, debt advice, and financial education.

Overall, the Social Justice Policy Group's third sector proposals reflect the Group's belief that the third sector's qualities of innovation, commitment, flexibility and independence are vital to help deliver *Breakthrough Britain*.

(This is the second and final report from the Third Sector working group of the Social Justice Policy Group. Our first report highlighted the low levels of charitable giving and volunteering in the UK and the way that government policy is encouraging big, bureaucratic charities to crowd out small, grassroots organisations with direct experience of tackling poverty. The Third Sector Working Group was chaired by Orlando Fraser and took evidence from over 150 individuals and organisations.)

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Ten key policy recommendations:

* Reform gift aid to ensure that a high percentage (possibly 80 per cent or more) of individual donations are assumed to come from taxpayers and so simplify reclaiming of tax by charities. (See Section 3.1.1 of Volume 6 (Third Sector) of *Breakthrough Britain*)

* A new independent "trustmarking" website to promote and validate the work of smaller poverty-fighting voluntary bodies. (Section 3.1.2)

* A one-off school giving voucher to allow 11-year-olds to donate £15 to a charity of their choice each term. (Section 3.1.4)

* A campaign to increase individual and corporate giving, including introduction of charitable remainder trusts to help giving among asset-rich, cash-poor people and

boost the number and value of corporate social bonds, which would raise money from companies through capital growth and interest payments. (Section 3.1.3)

* Reform of the National Lottery to ensure that more money goes to small charities and that half of Big Lottery Fund money goes to light-touch, demand-led programmes. (Section 3.3.1)

* A V Card scheme to encourage young and socially excluded people to volunteer. (Section 3.2.2)

* Strengthen the Government's Compact scheme to ensure that TSOs are funded fairly. (Section 3.3.1)

* A fund to enable small and medium size charities to improve the quality of their outcomes-based information.

* A review of whether and how the burden of irrecoverable VAT can be lifted. (Section 3.3.6)

* Create a £50 million challenge fund to boost giving by community foundations to grassroots poverty-fighting projects. (Section 3.3.8)

Key YouGov Polling Findings:

Charitable giving

- 71% think there should be more incentives to encourage charitable giving to poverty-fighting charities;
- 54% would be more likely to donate to a charity that had been independently assessed as getting good results;

Volunteering

- 75% think that there should be incentives to volunteer; and 72% believe this will encourage more volunteering from people in disadvantaged areas;
- 62% agree that making volunteering part of the school curriculum is a good idea, and 61% believe that volunteering can help ex-offenders reintegrate into mainstream society;

Government funding

- 61% agree that charities fighting poverty should get more support from the government;
- 58% believe that there is a danger that government funded charities will become like government agencies;
- 74% think that local people are in a better position than government to judge which charities should get statutory funding; and 71% believe that people receiving government-funded care should have the right to choose from a range of providers;

Faith based organisations

- 70% think that charities should be given funding based purely on how well they help people regardless of whether they have a religious ethos.

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