

## **Six most significant challenges to Voluntary Sector independence**

### **The Independence Panel 2012 The Baring Foundation**

#### **1. Statutory funding models**

Funding has increasingly moved over some years from grants, which generally allow more autonomy, to contracts for public services. Successive governments have considered that competition creates efficiency and value for money. However, contract arrangements can also constrain freedom of action and voice and pay insufficient attention to social value, and can even lead to a shift away from core mission and purpose.

#### **2. Lack of ability to shape key decisions**

Despite formal consultation processes, the Panel is concerned that the Government is not listening sufficiently to the experience and needs of the voluntary sector and, as a consequence, the sector has limited ability to help shape key decisions that affect it, or those with whom it works. This feeling of relative powerlessness will be more acute for smaller, local organisations.

#### **3. Blurring of boundaries between the voluntary and other sectors**

The Panel is concerned that the blurring of boundaries between the private, voluntary and public sectors can have a negative impact on independence because important differences are being obscured and independence is not being sufficiently respected in practice. Public confidence in the sector will be eroded if there is insufficient clarity about what a voluntary sector organisation or charity actually is. Closer working across sectors can bring benefits but essential differences need to be respected.

#### **4. Self-censorship and other challenges to independence of voice**

Independence of voice - to protest, campaign and advocate without fear of retribution and to be assertive about independence - can be constrained by self-censorship or a climate that does not recognise or value independence of voice. There is always a potential chilling effect when organisations that need to have an advocacy role receive funding from those responsible for policy and decision-making in that area. Fear of losing funding, now or in the future, can be a real threat to independence of voice.

#### **5. Threats to independent governance**

The first duty to maintain independence lies with the Boards of voluntary organisations, and is a critical part of their role to actively promote independence. Boards are responsible for ensuring that the voluntary organisation acts according to its mission and values. However, there is a danger that independence may decrease in priority amidst growing pressures. Boards and trustees may face difficult choices in a time of financial stringency in balancing the best interests of the organisation (which could include its survival) against small but significant deviations from its core purpose or preferred method of working. They too may hesitate to criticise funding decisions or procedures for fear of prejudicing future bids.

## **6. The need for stronger safeguards and effective regulation**

The importance of safeguards such as regulation, as a protective framework for independence, is particularly acute at a time of financial pressure on funders and voluntary organisations. This is an important factor in independence: through independent regulators, such as the Charity Commission, and through compliance with the law and best practice, such as the national and local Compacts and the Eight Principles of Good Commissioning. The Panel has reviewed the evidence and does not feel that there are strong enough safeguards to protect independence in practice. The changes and reviews currently underway will need to address these concerns.

<http://www.baringfoundation.org.uk/ProtectingIVS2012.pdf>