

# Submission to the Select Committee on Citizenship and Civic Engagement: Call for Evidence

## 1.0 Introduction

- 1.1 Lloyds Bank Foundation for England & Wales is one of the leading community grant makers. An independent registered charity funded by the profits of Lloyds Banking Group, the Foundation invests in charities supporting people to break out of disadvantage at critical points in their lives, and promotes approaches to lasting change. In 2016 the Foundation awarded **total funding of £12.7m, directly supporting 1,231 small and medium-sized charities**. This equates to supporting **99,967 individuals facing multiple disadvantage**.
- 1.2 Having supported small charities in every region of England and Wales for more than 30 years, the Foundation is built upon the knowledge and experience of locally based charities, with locally based Grant Managers visiting applicants and grantees and providing an avenue for identifying patterns and issues faced by the sector. The Foundation also conducts and commissions research specifically focused on the experiences and concerns of small and local charities, particularly those with an income between £25,000 and £1m. This submission to the call for evidence draws on information provided to the Foundation by its grant holders through monitoring reports and feedback as well as research undertaken and commissioned by the Foundation. In itself, this highlights the important role that Foundations can play in building relationships with small and local charities, understanding new challenges and solutions as they develop and as sources of learning for best practice.
- 1.3 This response is centred on charities which are embedded in their local communities and were developed in response to an unmet need. They typically have an unprecedented ability to reach and engage individuals and communities due to their trusted nature in the locality.<sup>1</sup> The role of these charities is of growing significance in a society whose divisions have been accentuated by Brexit – their trusted nature has never been more important for reaching people that other agencies have failed to engage and in developing responses to local needs that grow from the bottom-up. This submission focuses on those questions which are significant for such small and local charities supporting individuals facing multiple disadvantage.

## 2.0 Engagement

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<sup>1</sup> [Too Small to Fail: How small and medium-sized charities are adapting to change and challenges, 2016, IPPR North](#)

*Do current laws encourage active political engagement?*

- 2.1 There has been much debate of late about the far-reaching ‘cooling’ effect of the Lobbying Act and the ‘anti-advocacy’ clause within government grant agreements. Actively discouraging charities from engaging in lobbying is very concerning. Small, local charities typically have a level of understanding about needs and how best to meet them which is unparalleled. For Government at every level to be able to tackle some of society’s most intractable problems, it is this knowledge and understanding from small charities about where systems are failing and where solutions can be found that will help Government achieve its aims.
- 2.2 Without doubt, charities should not be partisan but they should be encouraged to engage politically on issues that affect them as charities and which affect their clients. Regulation is necessary to ensure that no one individual or organisation can exert undue influence on an election but the Lobbying Act has had a disproportionate impact on civil society campaigning. As a recent letter to the Minister for Sport & Civil Society, signed by 124 civil society organisations highlighted, we are concerned that the current legal structure has caused many organisations not to engage in the run up to the general election which resulted in some important voices being lost from public debate.<sup>2</sup> This is particularly concerning given that the small and local charities that the Foundation funds invariably support those individuals who are most at risk and whose voices are least likely to be heard.
- 2.3 Charities and non-partisan campaign groups have spent significant time attempting to understand the legislation and how to comply. However, many of the rules are vague and confusing, especially for smaller organisations. While some organisations have sought legal advice to help them interpret the legislation, this can be expensive and is simply not an option for many. The rules on joint campaigning are also a concern for smaller charities, and have made organisations more hesitant to collaborate.
- 2.4 A Government-commissioned review of Part II of the Lobbying Act, conducted by Lord Hodgson of Astley Abbots, found that it fails to get the balance right and proposed several changes to the legislation. The House of Lords Select Committee on Charities described his recommendations as “eminently sensible” and called on the Government to implement them “in full”. Thus far there has been no indication that the recommendations will be implemented despite them being desperately needed. Enabling these charities to take part in important debates is a key determinant in engaging more voices in politics.

### **3.0 Volunteering**

*Do voluntary citizenship programmes such as the National Citizenship Service do a good job in creating active citizens?*

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<sup>2</sup> [Charities call on new minister to revise ‘burdensome’ Lobbying Act, 30 August 2017, Civil Society](#)

- 3.1 Volunteering is an important part of civic life and is the lifeblood of many small and local charities. Amongst the charities funded by the Foundation, there is an average of 13 volunteers for every member of staff. The benefits of this volunteering are two-fold: for the charity it means they can operate at a lower cost and for the individual it can bring a wealth of advantages from building confidence, work skills, social networks and engagement with communities. Volunteering is an essential route for creating active citizens but to maximise its value, a number of barriers need to be overcome.
- 3.2 Evidence collected through the Foundation's grant monitoring reports indicates that charities are finding it increasingly difficult to recruit and retain volunteers. In large part this is attributed to changes in welfare reform, whereby benefits are dependent on spending all time actively searching for paid employment, no matter how far an individual may be from the job market. This approach threatens to further disengage people from active citizenship at a time when volunteering could nurture their abilities and engage them on the long path towards meaningful employment.
- 3.3 Volunteering offers many opportunities to engage active citizens, and this is particularly the case where volunteers are able to use their skills to support local charities. The Foundation facilitates such skill based volunteering through its Charity Mentoring scheme, matching members of staff from Lloyds Banking Group to mentor charities funded through the Foundation. Sharing their skills has shown to be of significant value to both mentor and mentee and is increasingly leading to enduring relationships between the bank employee and the charity such as through becoming a long term volunteer or joining the trustee board. Actively supporting more meaningful skills-based volunteering offers many opportunities for engaging active citizens but it must be remembered that such activity does not without a cost. Effective skills-based volunteering linking up corporates and charities needs effective brokerage for it to be successful, as has been demonstrated through the Foundation's mentoring brokerage system with Lloyds Banking Group.
- 3.4 Investment in volunteering is important but it is also important that it is proportionate and targeted. At a time when charities are overstretched, the role of volunteers is arguably more important than ever but this is set amid a context where support is needed across a range of areas. National Citizenship Service has seen significant investment at the expense of other support for charities aside from attempts to develop the social impact bond market. This has been particularly problematic because of the top-down, contracted nature of the scheme rather than investment routed through smaller, local charities that can respond to specific local needs.
- 3.5 We know that small charities in particular are struggling in a way that cannot be overcome by concentration purely on National Citizenship Service and social investment. In 2015 the Foundation published research which showed that 89% of

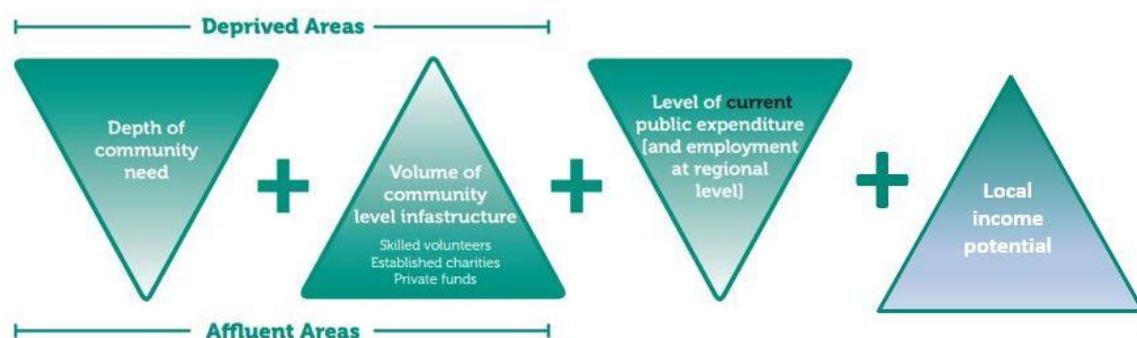
charities are experiencing a change in demand which is largely in terms of rising and more complex needs.<sup>3</sup> Since then, there has been growing evidence of the increase in demand experienced by small charities and the increasingly complex nature of this demand coupled by increasing difficulty in accessing funding. Given that these charities are central to engaging and developing active citizens, it is vital that investment is directed towards supporting the sustainability of small and local charities more widely. This is particularly the case given the rising complexity of needs which typically require professional support. As our Facing Forward<sup>4</sup> publication highlighted, investing in local infrastructure is an important way to support the sustainability of the sector more widely.

#### 4. Engagement

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*Why do so many communities feel “left behind”?*

- 4.1 Research shows that there are many disparities between areas across the country which can see individuals, communities, local areas and regions ‘left behind’. In these areas, individual challenges are compounded by structural problems. As the below illustrates, more deprived areas tend to have more community needs which require more statutory services, yet they have fewer charities to meet needs and less local income potential. Increased pressure on local authority spending and moves towards less redistribution of funds to encourage local authorities to generate more income for themselves is set to compound the differences between areas further still. With some areas subsequently trailing further behind, it will become increasingly difficult for individuals and communities in those areas to be ‘active citizens’.



- 4.2 One of the starkest examples of the impact of structural disadvantage on individual multiple disadvantage is visible through Lankelly Chase’s report, Hard Edges, which examines the nature, extent and distribution of people facing multiple disadvantage. The evidence shows that the highest incidences of multiple disadvantage occur in areas that have seen significant economic decline, such as former seaside towns and old industrial areas.<sup>5</sup> Taken alongside the fact that the

<sup>3</sup> [Expert Yet Undervalued and on the Frontline, 2015, Lloyds Bank Foundation for England & Wales](#)

<sup>4</sup> [Facing Forward, 2017, Lloyds Bank Foundation for England & Wales](#)

<sup>5</sup> [Hard Edges: Mapping Severe and Multiple Disadvantage in England, 2015, Lankelly Chase](#)

voices of the most disadvantaged are least likely to be heard, it is clear that some individuals and communities are driven further from engagement. The former Chief Executive of Birmingham City Council articulated this tendency in an article for the Guardian, describing how the services which are cut first tend to be those that affect the most vulnerable because they are the least likely to raise their voices and publicly oppose the cuts.<sup>6</sup> These levels of disadvantage inevitably lead to some areas and communities being further left behind.

#### 4.3 *How might these barriers be overcome?*

Small charities often work with the most at risk individuals and communities in society. As discussed above, they can do this because they are trusted in those communities, having grown out of a local need and being embedded in the community. If these individuals and communities are to be engaged as active citizens, it cannot be done without nurturing and supporting small charities. Funding is inevitably an important aspect of this. Research conducted for the Foundation by NCVO shows that statutory funding has been increasingly directed towards the largest organisations, to the detriment of small, local charities.<sup>7</sup> Yet raising the voices of small and local charities so that they can be part of decision making is equally important. Engaging people who feel 'left behind' has to start with understanding the challenges they face and support they need, and small and local charities are the gateway for enabling this to happen. Foundations are well placed to support and facilitate this, given the strong relationships they hold with charities across the country and the information they gather about needs and interventions.

**This evidence was prepared by Caroline Howe, Policy and National Programmes Manager on behalf of Lloyds Bank Foundation for England & Wales.**

**08/09/17**

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<sup>6</sup> [Birmingham Council Chief: Years of cuts could have catastrophic consequences, 12 December 2016, Guardian](#)

<sup>7</sup> [Navigating Change: Analysis of Financial Trends for Small and Medium-Sized Charities, 2016, NCVO](#)