

Dear all,

We are writing to reaffirm our key priorities for the voluntary sector and to update you on our policies in the light of the recent announcement of our Big Society agenda.

### **Introduction**

Conservatives know the economic and social value of Britain's diverse network of independent charities, social enterprises and voluntary organisations. Every day your organisations do extraordinary work to improve the lives of others. With their ability to support and mobilise people, you should be a key partner in our mission to deliver better public services and build the Big Society. With your power to innovate and get close to people, you can help us find solutions to the stubborn social problems that undermine the country. It has never been easy to run your organisations: a long recession has made it even tougher. So we want to play an active role in helping to unlock the huge potential that exists in the sector to improve more lives.

Labour's good intentions have been undermined by a lack of strategy, poor management, and inconsistency. More public money has gone into the sector but with it a rising tide of bureaucracy that carries a big cost. The lack of strategy means we have had a jumble of initiatives that neither hang together, nor are sustainable. Poor leadership means they have dithered over important things such as the creation of a Social Investment Bank and reform of Gift Aid. The National Audit Office has been very critical of how flagship programmes, such as FutureBuilders and CapacityBuilders, were set up. The inconsistency is reflected in opportunistic raids on the Big Lottery Fund; and by a breach of the Compact by the very Minister who is meant to champion it. As in so many other areas, an opportunity has been missed.

We think it is time to lock in the important political consensus on the value of the Voluntary Sector, and help build a more stable framework for these valuable organisations to operate in.

### **Our approach**

In 2008, we launched a well received Green Paper, Voluntary Action in the 21st Century, and since then have consulted extensively. As a result we believe that Government policy should be focused on three fundamental issues:

1. Making it easier to run a charity, social enterprise or voluntary organisation
2. Getting more resources into the sector: strengthening its independence and resilience
3. Making it easier for sector organisations to work with the State

#### **1. Making it easier to run a charity, social enterprise or voluntary organisation**

- Conservatives will reduce the amount of regulation, monitoring and reporting that is imposed on the sector. Too much of it appears to serve little purpose and it carries a big cost – both real and opportunity. So a Conservative Cabinet Office and Department for Business, Innovation and Skills will launch a joint task force to answer the

question : “How can we reduce the bureaucratic burden on small organisations ?”. One target will be to reduce the amount of bureaucracy associated with Gift Aid, which falls disproportionately on small charities.

- We also want to improve the effectiveness of the valuable infrastructure that exists to support front line organisations.

## **2. Getting more resources into the sector**

- Social entrepreneurs need better access to strategic capital. So we will give priority to creating an independent Big Society Bank, funded from unclaimed bank assets, which will leverage private sector investment to provide hundreds of millions of pounds of new finance for charities and social enterprises. It will act in a strictly wholesale capacity, backing market intermediaries who are supporting social entrepreneurs and structuring innovative mechanisms to connect them with investors.
- Grants are the lifeblood of many voluntary organisations. In order to give voluntary sector organisations more stability we will introduce a Fair Deal on Grants, with three core elements:-
  1. Reform of the Big Lottery Fund to ensure that 100% of its grants go to charities and voluntary organisations, rather than statutory organisations.
  2. Encouragement of better practice in Government grant making: more effective guidance to Departments and Local Authorities; a requirement of greater transparency on expenditure; and easier online access to information on what grants are available.
  3. As part of our Big Society agenda, we will set up a new community grant programme to put money in the hands of neighbourhood groups and enable them to implement their own plans. As initial funding, a Conservative government will use the majority of the future annual revenue from the estimated £160m FutureBuilders Loan Book to provide grants to neighbourhood groups, social enterprises and charities in the poorest areas of Britain. We will design these grants to encourage matched funding from non-governmental sources.
- We also want to inspire people to give more time and money. We will set a lead by encouraging more community service by civil servants. We will train 5,000 community organisers to help galvanize social action. We will launch an annual national ‘Big Society Day’ to celebrate the work of neighbourhood groups and encourage more people to take part in social action projects. We will work more closely with business to encourage better practice in the workplace- learning from progressive companies who know that it is in their commercial interest to develop the skills of their people and support their communities. And we will introduce National Citizen Service, This flagship project, to be led by charities and community groups, will provide a programme for 16 year olds to give them a chance to develop the skills needed to be active and responsible citizens, mix with people from different backgrounds, and start getting involved in their communities.
- Last but not least, a Conservative Government will create more opportunities for charities, co-operatives and social enterprises to help us deliver better public services. Across a broad range of policy areas – new schools,

rehabilitation of offenders, welfare to work, public health, and energy efficiency – the message is the same: we are open to any willing and credible provider, and where appropriate we want to pay by results.

### **3. Making it easier for sector organisations to work with the State**

We also know that we need to make it easier to work with the State. There are two elements to this agenda. We will reform commissioning and procurement to increase trust and reduce bureaucracy. And we will encourage the State to be more consistent in its dealings with the Sector.

- We want to see longer term contracts based on outcomes not the micromanagement of process. We will encourage the participation of smaller organisations that can help us tackle the toughest social problems. And we want not-for-dividend organisations to be able to bid on the basis of price not cost, and so be free to earn a return on investment if they are helping us save taxpayers money.
- We will create an Office for Civil Society, to be based within the Cabinet Office, that will act as a champion of the Voluntary Sector in the heart of Government. The Office for Civil Society will replace the current Office for the Third Sector and will take a lead role in delivering on our Big Society agenda. And we will invite Parliament to create a new Select Committee to hold the Government to account for the impact of its policies on civil society.
- We will also keep the Commission for the Compact as a independent monitor to ensure that the Government is held accountable for meeting the commitments of the Compact .

Finally, the next couple of years will be fiscally tough for government at every level but we are keen to ensure that financial pressures do not lead to unnecessary cuts in the services delivered by Third Sector organisations. Therefore we will work with councils so that where, as is frequently the case, voluntary organisations deliver extremely good value for money, their performance is recognised.

We do not underestimate the delivery challenge because this agenda will require culture change, not least within the State. However we are determined to take a long term view and create an easier , more stable environment for a strong, independent Voluntary Sector. We want to make this partnership work better because it can help us improve more lives and get the country going again.

Yours sincerely

A handwritten signature in black ink that reads "Francis Maude".

Francis Maude

A handwritten signature in black ink that reads "Nick Hurd".

Nick Hurd