



Cass Business School
CITY UNIVERSITY LONDON

ESRC/SCVO Public Policy Seminar Series

Recession and the Third Sector

**Thistles, roses, thorns:
some reflections on third
sector/government relations and policy
expectations in economic downturn**

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The approach of the paper

- The title ; using a government/third sector relational framework
- Questions for public policy development
- The 'new literature' on the recession , Scottish experiences and governmental responses
- The relational framework revisited; does the third sector in Scotland *want* to hang together?
- Some further policy implications for the third sector and for government
- The thistle and the rose - intertwined or separate?

"The thistle and the rose" - Kuhnle & Selle's (1992) typology of third sector/government relations - "Britain"

- Vincent, testing for divergence among the 2 nations; but found greater differentiation within Scots and English third sectors
- So, the extent of internal differentiation *within* the third sector in Scotland, and its implications for differential (than en bloc) public policies towards the third sector during recession- that provides the core for discussion in this paper

Relations between government and
voluntary organisations : A relational
typology , Kuhnle and Selle,(1992)

	Nearness	Distance
Dependence	1.Integrated Dependence	2. Separate Dependence
Independence	3. Integrated Autonomy	4. Separate Autonomy

Some initial questions, hinging on differentiation within the Scottish third sector

- Is recession the test of whether the third sector "hangs together or hangs separately?"
- Will / can shared recession experiences for TSOs act as a binding agent or a source of further division, to which public policy is then addressed?
- Should governmental policy be directed towards the sector collectively; or targeted differentially in direct response to emerging recession-driven needs ?

The 'new literature on recession'

initial literature dominated by
professionally-led analyses/forecasts
e.g.

IDS report - "Voices from the South"

PWC/IoF/CFDG 'managing in a recession'
- in effect, elite interviewing

- Also key trends from research groups from NCVO and SCVO
- But the equivalent "voices" or perceptions of organisations' users, would-be users and beneficiaries are absent.....

What kinds of experiences are facing the third sector in Scotland ?

growing indications that Scotland may
fare worse than England

- Fraser of Allandar Institute Report (Nov 08) -The Times reports *"Recession will hit Scotland the hardest"*
- Impending "conditional philanthropy?" (pressures on the Hunter Foundation)
- Impressionistically, greater disappointment because of distinctly Scottish public policy response to social need (and thereby to the third sector) ?

Third sector responses -four examples

(i) The Institute of Fundraising Scotland launch of a "charity income tracker service" for members

"..a robust benchmarking tool to see how members' charities are performing across the various fundraising techniques" (IoF Scotland, 2008)

available initially to members only ...

a paradox - the drive to gather and analyse fundraising data in this recession accompanied by a need to shield "outsiders" from that data?

- highlights methodological challenges in undertaking 'recession research' in the third sector - academics & practitioners
- and underlying notion of strengthening competition among third sector organizations for resources

(ii) recently publicized example of
Scottish -UK charity disharmony

- *Guardian'*, February 3, the Scottish Society for the Protection of Animals' criticisms of its "English cousin, the RSPCA" for fundraising in Scotland
- SSPCA's own website has a "challenge" to the RSPCA to
"to stop stealing food from the mouths of Scotland's defenceless animals and tell the Scottish public the truth"

competing views of community benefit and economic development are emerging, in which TSOs are losers as well as winners...

(iii) A questioner ,at the National Conversation Skye, August 2008,

asked if " the Scottish Government would encourage communities that benefit financially from windfarm installations to contribute a fair percentage of that windfall to the Scottish Wildlife Trust as compensation for the loss of habitat".....

(iv) SCVO - looking to government(s) to

- guarantee bank accounts ,warranted because of the "*supportive (and mitigating) role the sector will be best placed to play during the economic downturn*".
- use "newfound influence" on RBS,HBOS and Lloyds TSB boards regarding banks' sponsorships & foundation frameworks.
- commit to resolving contractual barriers to sector funding;
- boost the use of Giftaid.
 - aimed firmly at the third sector in Scotland overall.

The Scottish Government response - a generalist sectoral-wide approach?

- emphasis on the value and vitality of the third sector as a whole is an important constant in the Scottish Government's policy expressions
- “current Third Sector funding package provides £93.6m for the sector over three years, including investment funding for the sector through the Scottish Investment Fund (£30 million) and the Enterprise Fund (£12 million)”, PWQ, October 08

Social enterprise a good /equitable vehicle?

- Accessible and feasible right across the third sector?
- Despite the need for fully understanding nature of SE, especially nonprofit and for-profit entrepreneurship (Shaw, 2004 and 2007)
- A rural/remote 'solution' - though see Farmer et al (2008), "starting social enterprises in remote and rural Scotland: best or worst of circumstances?",

Even in this all-sector policy, some see special niches for themselves..eg

Scottish Social Enterprise Coalition's website, December 2008, reported Patrick Harvie MSP

"The mid-sized organisations which the Third Sector Enterprise Fund will support are precisely those groups which are working hardest to weave the values of social enterprise into the fabric of Scottish society."

The implications of an all-sector
policy when the sector itself is so
differentiated, ie

All the four relational quadrants -

Integrated dependence

Separate dependence

Integrated autonomy

Separate autonomy -

exist within the Scottish third sector
and with recession may become more
pronounced....

For example, in the autonomy quadrant,
the Scottish trusts and foundations..

How will their dialogues with and their 'fit'
with government policy develop?

What are their strategies in recession?

- to reduce their grantmaking in coverage and size,
- to 'spend out'
- to set "stretch goals"
- to refocus their work on marked recession-type provision
- to reflect on and direct their strategies towards the post-recession period).....

But is there always 'the UK'?

e.g. LloydsTSB Foundation for Scotland,
written evidence to the Scottish
Parliament's Communities Committee
2005.

"The Foundation pointed to a greater
prize for Scotland , - the
encouragement of UK wide trusts to
contribute more of their funds to
Scotlanda 1% interest in UK trusts'
(usually based in England) grant making
into Scotland would represent £60m per
annum to Scottish charities and
voluntary organisations" .

In London on 12th February 2009, a multi-sponsored and cross-sector conference - entitled

"The recession: we're all in it together. Can we develop shared strategies and practices for these tough economic times?" (Young Foundation, 2009)

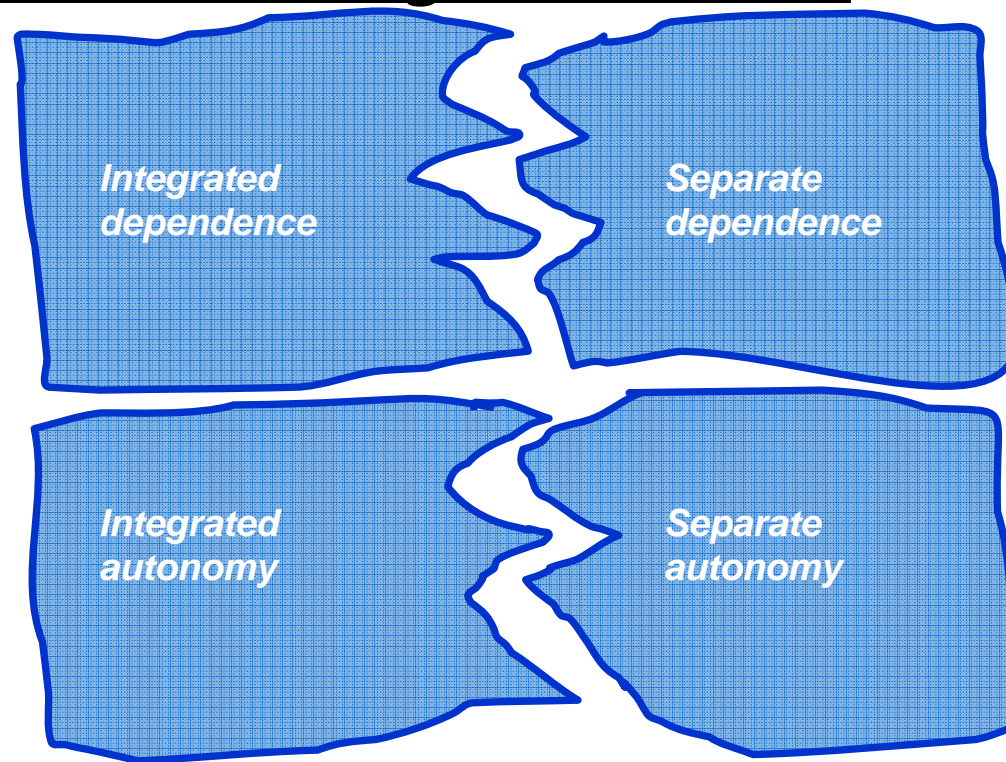
How would this title play in Edinburgh, in Glasgow, or in rural and remote Scotland?

but in the face of over-generalised policy initiatives and continuing reliance on known funding sources , will the third sector in Scotland will become even more differentiated and separated within itself?

In a worst case scenario, the third sector in Scotland might come to represent a different form of the Kuhnle and Selle relational framework, one in which the gaps between the four different forms of governmental /TSO relations become all too evident.....

a highly speculative form, as a kind of
broken Saltire...

increased fragmentation in the Scottish
third sector during recession?



- a diagrammatic indulgence as well as an alarmist scenario ?
- Pressures from government (for example over levels of foundation spending, a continuing interest of any government with charity regulation powers) may further exacerbate these divisions ?
- 'cartels' may form within the independence quadrants?

So, "thorny" questions for the third sector in relation to public policy...

- Should a sector-wide government stance continue or a more differentiated policy stance to sought?
- What kinds of "recession information" should be gathered from third sector organizations, by whom, shared with whom ,in what forms and for what purposes?

- How can and should users' and beneficiaries' experiences of recession as it affects TSOs organizations be highlighted by the sector and contribute towards public policy-making?
- What issues of public confidence pertain to the third sector in times of recession and how should these be best met and by whom?

What kinds of "sharing and caring" within and among sectoral organizations (the sector's own "self help" or home grown bale-out) is feasible and likely; and by which kinds of organizations?

How might any such "self help" be best supported by public policy?

For the Scottish government, equally
"thorny" questions, e.g

- Will a sector- wide policy approach , continuing to emphasise service delivery and innovation, further divide the third sector, by integrating some further into public services, whilst omitting others?
- -What are the risks of over-expecting (even over-romanticising) the third sector's ability to be ever more enterprising ? (What happens when the third sector is acknowledged also as the 'tired' sector?)

- - How will support policies for third sector organizations be differentiated from (or muddled up with) those for small businesses, especially in rural and remote areas?
- - What are the factors supporting a more targeted or preferential approach to sectoral resources support, by a willingness to identify organizational types or functions of especial value in recession?

- What kinds of regulatory stance may be expected and be of most help in recession ?
- Will a more differentiated third sector ("winners and losers") be an easier focus for public policy makers to manage and engage with?
or more uncertain if more peripheral and unfunded groups exist, to challenge the whole notion of a unified third sector?

Concluding reflections ...

- Clear gaps in and limitations of this paper -

e.g. role of local government,
of policy networks,

issues of size and spread of the policy
community in Scotland

England/Scotland geography issues

The risks of a personal perspective.....

The thistle and rose growing further
apart....

- I am increasingly of the view that the Scottish third sector's situation vis a vis government during the recession will be a more onerous one than that in England;

paradoxically perhaps because of the earlier "wins" in terms of policy making for the sector in the early years post - devolution .

I don't subscribe to a view of great similarity or a view of Scots being overly self-focused, as analysed by Keating(2005)

".... The Scots' preference to keep their political theatre to themselves even when performing the same play as on the English stage".....

The audience's responses to this viewpoint,

- to the questions posed
- and to the fragmenting - if not disintegrating - picture of the sector which I posed in a ragged attempt to draw the Saltire

are very welcome.