

Briefing Paper 2

Devolution or Divergence? Third sector policy across the UK since 2000

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Devolution

Since the end of the last century the United Kingdom has been a less united country than it was. In 1999 a separate Scottish Executive (from 2007 the Scottish Government) and Welsh Assembly Government were established, followed later by a new Northern Ireland Executive and Assembly (based on a power sharing agreement known from its date in 1998 as the 'Good Friday Agreement'). A number of key policy making powers were devolved from Westminster to these new administrations; including policy on and support for third sector activity.

Since 2000, therefore, there have in effect been four separate policy regimes within the UK focused on the activity and organisation of third sector organisations (TSO). This paper explores some of the key implications of this recent devolution and examines the extent to which it has led to a divergence in policy development and delivery – asking the question, to what extent has devolution led also to a divergence in third sector policy regimes across the UK?

However, distinctions between the four countries that comprise the UK pre-dated the political devolution of 1999 – indeed national distinction was one of the key drivers for devolution. Scotland has always had a separate and distinct legal system, Northern Ireland has endured the legacy of partition and struggle, and Wales has its own language. Third sector activity and organisation also has a longer history of variety and distinction. The major sector umbrella organisations have long had a separate national structure. The leading

sector body, the National Council for Voluntary Organisations (NCVO), in fact operates in England only, and has collaborative contact with separate national umbrellas: the Scottish Council for Voluntary Organisations (SCVO), the Wales Council for Voluntary Action (WCVA) and the N Ireland Council for Voluntary Action (NICVA).

There are a range of other national agencies operating within the third sector, indeed there is some competition and contestation over who speaks for which parts of what are in practice wide and diverse social spaces. This is particularly true of the social enterprise sub-sector, where there are also separate national bodies: the Social Enterprise Coalition (SEC, England), the Scottish Social Enterprise Coalition (SSEC), Community Enterprise Wales (CEW) and the Social Economy Network (SEN, N Ireland). But there are other national bodies too, with slightly different splits. For instance, the Association of Chief Executives of Voluntary Organisations (ACEVO) operates in England and Wales and welcomes members from across the UK, but collaborates with the separate Association of Chief Officers of Scottish Voluntary Organisations (ACOSVO) and Chief Officers 3rd Sector (CO3) in N Ireland.

England

Third sector policy in England has been a continuation of the trends developed across the UK since the latter part of the twentieth century, and in particular has seen a step change in policy engagement by government in order to forge a new *partnership* relationship between the sector and the state. Of most

importance here perhaps have been the organisational changes within government. Since 2006 two strands of support for the voluntary and community and social enterprise sectors were brought together as part of a broader strategic move to establish engagement with a wider conceptualisation of the third sector, under the auspices of a new *Office of the Third Sector (OTS)* located into the Cabinet Office, but with a focus on policy development and delivery for England only.

The OTS is now responsible for a range of new policy programmes in England to provide horizontal support to the sector and to the TSOs operating within it. To some extent these new policy initiatives were a product of the recommendations made by the Deakin Commission (1996), and its Concordat idea was implemented in 1998 in the form of the *Compact*, a national framework for government and sector relations. Following this a range of programmes to provide horizontal support for the sector have been developed, including Futurebuilders (now the Social Investment Business), ChangeUp (Capacitybuilders) and more recently Communitybuilders. A range of forums for engagement with the sector have been introduced, including a strategic partners group within OTS; and these have largely been embraced by the representatives of key sector agencies.

Indeed, in effect, a new policy elite has been created here, comprised of the OTS officers and politicians, the independent agencies working in partnership with them and the leading sector infrastructure agencies who are both funded by these programmes and involved in implementing them. This is a policy environment within which partnership takes the form of personal networks as well as policy programmes. But it is one which is now exclusively English, for different programmes, and different networks, now operate within the devolved administrations.

Scotland

The third sector in Scotland has for some time been to a large extent separately organised and represented to the sector in England. It is also more extensively funded by government than the sector in England, with per capita public funding at £44 in 2005-06 compared to £40 in England. What is more, much public support for the sector in Scotland is in practice provided by local government: 28% of all funding comes from local authorities.

A Third Sector Division has been created in Scotland, within the Directorate for Public Services Reform, with teams based in Edinburgh and Glasgow. This is smaller and potentially less influential than the English OTS; but it has a similar remit. In particular, as in England, it now includes responsibility for promoting and supporting social enterprise. New horizontal programmes of financial support have also been developed in Scotland, including a £18m Futurebuilders Scotland programme and a £30m Scottish Investment Fund. There is also a Scottish Compact, modeled on the English one.

Wales

There is also a separate infrastructure framework for the sector in Wales, with WCVA representing voluntary organisations and Community Enterprise Wales the social enterprise field. The extent of devolution of policy and practice is different in Wales to that in Scotland and N Ireland, however. The 1998 Government of Wales Act placed a statutory duty on the Welsh Assembly Government (WAG) to promote the interest of voluntary organisations in the exercise of all its functions. However, this broad spread of responsibility has militated against the development of a strong central policy steer (and funding) as in the other administrations, with third sector policy and practice being more defused across the policy landscape, and much activity focused on key policy areas such as equalities and civic engagement.

Nevertheless there have been some moves to develop distinct Welsh vehicles for the promotion and support of third sector activity in the country. There is a small Third Sector Unit based in the Communities Directorate in the Department for Social Justice and Local Government, and formed, as in England, by the merger in 2009 of the former voluntary sector unit with a social economy unit. There is also an Third Sector Partnership Council (formerly the Voluntary Sector Partnership Council), chaired by the Minister and with twenty- five third sector representatives to advise on policy development and implementation.

Northern Ireland

The political and organisational history of N Ireland is distinct and, at times of course, a troubled one. For these political and cultural (and to some extent geographical) reasons the third sector in the province has always

been relatively separate from that in the rest of the UK - NICVA has been operating there since the 1930s. The third sector in N Ireland has also been significantly affected by the peace process following the Good Friday agreement. This led to significant UK Government and EU funding for third sector organisations and the role that they could play in (re)building community links and civil society relations in N Ireland, including crossborder relations with the Republic of Ireland. But more recently this funding has been cut back, with EU money declining from £82m in 1997 to £10.6m in 2008.

This history has also meant that horizontal support for a strategic role for the sector was developed early in the province, with a strategic policy approach towards the voluntary and community sector commencing in the mid 1990s. Following the Good Friday agreement legislation was passed to introduce devolved government in the province from 2000, however, devolved rule collapsed in political conflict in 2002 and direct rule was re-instated until agreement between the two leading parties was again reached in 2007 and devolution of powers restored. One of the consequences of this has been the imposition on Northern Ireland of a number of English or UK policy initiatives, including a Northern Ireland Compact, *Building Real Partnership*. There have not been significant horizontal investment programmes, however, with most public support being channeled through sector agencies such as NICVA.

Another consequence of the Good Friday Agreement settlement has been to limit organisational change within the devolved administration. There remains a separation of responsibility for the voluntary and community sector which is overseen by the Voluntary and Community Unit within DSD, and social enterprise which is the responsibility of a small Social Economy Unit within the Department of Enterprise Trade and Development (DETI).



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



The Scottish Parliament
Pàrlamaid na h-Alba

Conclusions

Devolution of policy to promote and support third sector activity has been significant and has resulted in the creation of four separate policy regimes for the third sector across the four countries of the UK. What is more these governance and policy differences have been developed for, and with, third sector practice communities which already had distinct histories, structure and cultures within the four nations. National distinction in third sector policy and practice is not simply a product of twenty-first century devolution therefore.

However, these divergences in policy regimes have not necessarily resulted in differences in policy discourse. Despite the different governance and delivery structures the broad direction of third sector policy has been remarkably similar, and builds on a longer history of state and third sector relations within the UK. In all countries there has been a significant shift in the new century towards a discourse of *partnership* between the state and the third sector, together with an embracement of the larger and more inclusive model of the sector itself. This has resulted, in particular, in a commitment by government to the development of strategic policy intervention, including for instance the introduction of Compacts to provide a framework for state and sector relations. And linked to these strategies has been the provision of horizontal support for third sector organisations to help to build their capacity to meet the new opportunities and relationships now on offer – although the extent and delivery of these does vary across the four countries. Regulatory changes have also been introduced in all, in particular new requirements for achievement of charitable status and procedures for formal monitoring of charity registration.

It is still rather early to judge how significant the impact of these new policy regimes will be on the structure and operation of third sector activity across the four countries. However, the over-whelming impact of devolution within the three new administrations has been the requirement (and opportunity) that this has presented for the sector to engage with the new devolved policy agencies and practices. This is especially noticeable in Scotland and Wales, as separate government agencies have existed in some form for longer in Northern Ireland; and in Wales it has been further accentuated by the restructuring following the Government of Wales Act in 2006. Devolution has created a new politics focused around the need to engage with changed government; and in effect has accentuated the national distinctiveness of the third sector itself, especially in Scotland and Wales.

Devolution itself has thus changed the dynamics of third sector policy and politics within the new administrations; but whether it has led to diverging policy regimes is more questionable. The partnership agenda and the terminology of a unified third sector are all widely shared across the UK, and provide evidence that it is still Westminster and Whitehall who set the policy agenda. Whether this will change in the future, in particular if a different government is returned to Westminster in 2010 remains to be seen – devolution is a moving game. However, on current assessment, although there is evidence of significant structural change in the forums for engagement flowing from devolution, there has been less to suggest significant policy divergence within these, with English policy initiatives still pervading across the new national borders.

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