

# Civil Action

Exploring civil society's  
potential in the 2020s

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The Law Family

**Commission  
on Civil Society**

# About the Law Family Commission on Civil Society

The UK is rightly proud of its civil society. But though we have pride in it and we trust it, the social sector is undervalued and too often overlooked. Public policy focuses on human, financial and physical capital, and says little about social capital. An undervalued civil society will never be as effective or as strong as it could be. And a strong civil society is needed now more than ever.

The Law Family Commission on Civil Society is an ambitious programme of ground-breaking research into how we can unleash the potential of civil society, to harness and enhance the powerful community bonds that exist in our nation. It is looking at how to get all three sectors – public, private and social – firing on all cylinders to build truly inclusive growth. It will provide tangible ideas for policy-makers, companies, philanthropists and society to tackle the systemic challenges that are stopping civil society delivering on its potential. To achieve this, it has assembled 17 Commissioners, drawn from business, from public policy, from charity, from philanthropy and from community organising.

The Law Family Commission on Civil Society is created by Pro Bono Economics with the generous support of Andrew Law and the Law Family Charitable Foundation.

**Pro Bono Economics** uses economics to support the social sector and to increase wellbeing across the UK. The charity combines project work for individual not-for-profits and social enterprises with policy research that can drive systemic change.

**The Law Family Charitable Foundation** was created in 2011 by Andrew & Zoë Law. It has supported a wide range of charities and charitable initiatives over the years – predominantly in education and health, alongside social mobility and the environment.

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# Foreword

I am delighted to introduce the Law Family Commission on Civil Society.

“We are all in this together” has a chequered history as a slogan. As well as a song title, it played a controversial role during the austerity years, and can now during Covid be found on a national chain’s shopping trolleys. But the question of whether we are all in this together is now more urgent than ever, with the two major crises of recent years throwing it into stark relief. Both the financial crash and the pandemic have left people around the world asking whether the benefits and risks of western capitalist democracies have been evenly distributed among their citizens. The state, both in the United Kingdom and elsewhere, has struggled to find an equitable and affordable answer to that question, and while many private companies have explored a new contract with the societies in which they operate, that can never be more than part of the answer.

It will be the so-called ‘third’ sector of society, the small battalions and little platoons that have played such an important part in our recent lives that will bridge the gap between the two. As the British Chancellor, Rishi Sunak, said when he launched an unprecedented bailout programme, “when this is over, and it will be over, we want to look back at this moment and remember the many small acts of kindness done by us and to us”. There have been many of those acts of kindness and community solidarity, great and small, but if we are to take the spirit of these days and build it into a new vision of how we can live together in mutual prosperity, we need to reinvent the institutions and structures of civil society.

The enormous contribution of this sector to the economy, and importantly to wellbeing more generally, is widely understood, not least thanks to Andy Haldane in his seminal work measuring the financial equivalent impact. But there does seem to be something missing, something not quite right, with the sector. Whether that is lack of resource, regional variation, or a national shortcoming versus international comparators we do not know. All we know is that although great good is done, the collective efforts of so many committed individuals could achieve so much more.

My purpose in supporting this Commission at this significant moment in all of our lives is that it will help provide the evidence, the ideas, and the impetus for civil society in the UK to fulfil its enormous potential. To do this we must move on forever from the false perception lucidly stated by Frederick Engels writing during his stay in Manchester, my birthplace, in 1842-44;

“If I spend this much upon benevolent institutions, I thereby purchase the right not to be troubled any further...”

Rather, the intention of this Commission is to determine how best to coordinate the millions of individual acts of benevolence that take place every day in our nation, as men and women enthusiastically choose to trouble themselves further, and how to multiply those efforts up for the betterment of the entire United Kingdom.

The genesis for the Commission pre-dated Covid. As a businessman and a philanthropist, I have been both spectator and participant in recent years as civil society has changed. The boundaries between the state, private companies and the ‘third’ sector were already blurring, now that process has been exponentially accelerated. The state was and is the backstop.

The vast majority of businesses and many workers have relied upon taxpayer handouts to survive, and of course every person has reflected on what the NHS has or may need to do for them and their loved ones. No free market economy could provide. Businesses have also changed, the existing expectation that they would demonstrate a purpose beyond profit to the societies in which they operate now highlighted in the media and elsewhere, winners and losers held up for national inspection. Finally civil society, whether small groups of concerned individuals or large charitable institutions, has displayed great agility and resource, from the smallest acts of kindness to large scale provision.

But there is more to do, more questions to answer. How can the state support charities without undermining their independence? How can businesses answer to both shareholders and society? Can the profit motive be used effectively to improve efficiency in the 'third' sector without undermining its values? How can we combine most effectively the benevolent instincts of millions of individuals, are new leadership structures required? Are philanthropists in Britain less generous than in some other countries, and if so why? How can we measure and therefore encourage purpose that does not generate a profit? How must our great charitable institutions adapt to new forms of collective action and technological change, as well as additional scrutiny? How can the 'third' sector harness but also enhance the powerful community bonds that exist in our nation?

In summary, how do we unleash civil society's significant potential in the 2020s?

I would like to thank in advance all 17 Commissioners and 21 essay contributors for their time and their thoughts, and also for all of their own pioneering civil society work over the decades that have achieved so much already. Of course, none of this would be possible without Pro Bono Economics, whom I have had the pleasure of supporting through their growth over the past several years. All in all, the Commission is in incredibly safe hands. Above all, I look forward to the debates and ideas that will be generated by their collective efforts.



Andrew Law

The Law Family Charitable Foundation

# Executive summary

Amid a global pandemic that has placed unprecedented strain on our way of life, never has the value of civil society been more apparent. It is the place where we come together, practicing the very opposite of ‘social distancing’ even while physical barriers remain in place. Civil society is somewhere we exist not as consumers or as voters, but as equals striving to pull together in the pursuit of a better neighbourhood, better country and better world.

Covid has raised significant challenges for civil society and for the thousands of organisations that exist within it, but it has also showcased just what it can do. Four-in-ten adults across Great Britain volunteered their time in some form or other during the first national lockdown, with 18 million people helping out their friends and neighbours with tasks such as shopping. Half of the country describes the role played by charities in responding to the pandemic as not just important, but “very” important. And 60 per cent think the sector will play a key role in the country’s subsequent recovery. But there is a sense too that there is room for improvement. One-in-three adults in Great Britain say we have too many charities, and the same proportion describe the sector as “wasteful”. There is a recognition that charities are frequently understaffed, but only 4 per cent of people think they can be described as “very” efficient.

And there are signs that some of the early-pandemic sense of togetherness and optimism for ‘building back better’ is waning. The proportion of adults volunteering to date in some form or other during the second national lockdown in England is just 26 per cent. That might reflect a more general shift in attitude towards the severity of lockdown, but it sits alongside a troubling drop in the proportion of people who think Britain will be a united country post-pandemic, from 57 per cent in April to just 28 per cent by the end of June.

It is against this backdrop that we are launching the Law Family Commission on Civil Society, an undertaking designed to build on all the good that civil society does and unleash its potential to do even more.

But what is civil society? At its broadest, it’s the space in which individuals and institutions come together for the purpose of generating social good. More narrowly, the social sector – comprising 167,000 charities, upwards of 200,000 grassroot community groups and 100,000 social enterprises (including 7,000 co-operatives) – is often considered the core of civil society. The Commission is concerned with both the broader and the narrower concepts, taking a ‘building block’ approach to focus on different aspects of civil society in different contexts. In practice however, we anticipate that it will be the narrower conception of the social sector which will form the primary focus of our work.

To unleash the potential of civil society, we need to understand what is *leashing* it. Three key themes stand out.

First, there is our collective failure to properly measure or value what civil society delivers which leads, in turn, to policy neglect. Officially the charity sector employs around 900,000 people (itself a difficult figure to derive), but this takes no account of the 19.4 million people who volunteer time every year. Between them, the hours they put in each week is equivalent to an extra 1.3 million workers. On this basis, the charity sector alone sits somewhere between hotels and restaurants and the construction sector in terms of employment. In terms of the value generated by these organisations, officially it amounts to less than 1 per cent of GDP. But that’s based purely on counting (some) inputs to the sector (the significant volunteer resource is absent) rather than the output value approach taken in the private sector. PBE’s estimate suggests the true value of UK charities is closer to 10 per cent of GDP. An undervaluation of civil society isn’t just a question of accuracy – it risks driving a misallocation of resources within the country.

Second, there is the failure on the part of the private and public sectors to treat the social sector as an equal partner, to the detriment of all three. In setting out their visions of the Britain they wanted to create in their 2019 general election manifestos, the two main Westminster parties dedicated just 0.4 words for every 1,000 published to terms connected to civil society; business terms featured around five times as much. Yet civil society, which through the pandemic has demonstrated its ability to reach communities in ways the state has struggled to, is very well-positioned to help the government achieve policy ambitions like 'levelling up'. Civil society similarly has much to offer businesses that are increasingly focused on their social and environmental impact, in terms of expertise and 'on-the-ground' knowledge. But tapping into this resource requires firms to reach out and collaborate. For society to truly prosper, we need to find the right balance of power and resources across civil society, markets and the state.

Third, there are constraints at play within civil society itself – a sector that definitionally lacks the dynamism associated with the market signals of the private sector and the coordination of resources associated with the centralisation of the state. While it's hard to measure productivity in many social society organisations, four barriers to productivity particularly stand out. The pressure to demonstrate an unfailing focus on directing resources to the 'frontline' (with three-quarters of the public citing this as a priority) creates a 'strategic deficit', with one-in-three charities and social enterprises investing nothing in leadership development each year. Alongside this, a 'diversity deficit' drains productivity and effectiveness, with just 5 per cent of senior leaders in the sector coming from black, Asian and minority ethnic backgrounds. A 'digital deficit' manifests itself in more than one-in-three charities saying they don't have the resources to invest in technology. And a serious 'data deficit' adds to the problem: while 87 per cent of charities say a focus on impact measurement is important to delivering their objectives, fewer than half describe their knowledge and use of such approaches as "good" or "very good". At the same time, while the UK is undoubtedly a generous nation – many of us regularly donate time and money to good causes – there is more to achieve in both the level and effectiveness of giving, with a 'philanthropic deficit' relative to the US equivalent to an estimated £45 billion a year, or very nearly the entirety of the charity sector's current income.

The good news is, each of these challenges presents opportunities too. The pandemic has highlighted the unique value offered by civil society, in terms of its innovation, nimbleness and connection to the community. Charities across the country have risen to the new challenge, and frequently excelled.

The near-term outlook remains extremely difficult, with the £10.1 billion funding 'gap' suffered by the charity sector this year showing little sign of shrinking in 2021. But the sector is already showing its ability to adapt: three-quarters of charities say they've made more use of digital technology over the course of the pandemic, one-in-three report collaborating more closely with other organisations, and approaching two-in-three are committed to focusing on their efficiency in the coming 12 months.

The Law Family Commission on Civil Society is bringing together a diverse group of commissioners from across the social, public and private sectors to explore and unpick these challenges and opportunities over the next two years. It is a major undertaking, and we will engage with people from all parts of the economy and all parts of the country. Along the way, we'll be generating numerous reports, events and policy recommendations – starting with the [collection of 21 essays](#), published alongside and quoted in this launch document, in which thinkers from across the three sectors reflect on how to unleash the potential of civil society in the 2020s. Our aim is to achieve both concrete change and a broader shift in attitudes about civil society – all with a view to removing the constraints that hold the sector back and promoting the approaches that help to push it forward. This report is the first step on that journey.

# Commissioners

**Lord Gus O'Donnell (Chair)**

Former Cabinet Secretary, Chairman of Frontier Economics, Chair of Pro Bono Economics

**Vidhya Alakeson**

Chief Executive, Power to Change

**Baroness Valerie Amos CH, PC**

Master of University College, Oxford, former UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator and Secretary of State for International Development

**Joel Davis**

Chief Executive, Tutors United

**Shaks Ghosh CBE**

Chief Executive, Clore Social Leadership

**Baroness Tanni Grey-Thompson DBE**

Crossbench Peer, Paralympian and Chancellor of Northumbria University

**Mary Rose Gunn**

Chief Executive, The Fore

**Ruth Ibegbuna**

CEO Founder, RECLAIM and Director of The Roots Programme

**Dr. Javed Khan**

Chief Executive, Barnardo's

**Sir Harvey McGrath**

Chair, Big Society Capital

**Michele 'Mitch' Oliver**

Global VP Brand & Purpose at Mars, Trustee Stonewall

**Professor Dame Nancy Rothwell**

President and Vice-Chancellor, Professor of Physiology, University of Manchester

**Stephan Shakespeare**

CEO, YouGov

**Theresa Shearer**

CEO, ENABLE Scotland

**James Timpson OBE DL**

Chief Executive, Timpson Ltd

**Matt Whittaker**

CEO, Pro Bono Economics

**Karl Wilding**

CEO, NCVO

# 1. Introduction

Civil society plays a vital role in the wellbeing of the country. It represents the space in which so many of us engage with – and help to shape – the world around us. But it is also often taken for granted, with little resource devoted to thinking through just how effectively it operates. In this introduction, we consider the role played by civil society in the UK and the way in which it is perceived by the public. We focus too on the gaps in our understanding and the opportunities for civil society to do more in the coming years, and explain why a Commission on Civil Society is needed and what we are hoping to achieve with it.

## A force for good, but more to give...

What is 'civil society'? At its broadest, civil society is the connections that exist between different individuals and institutions. We engage in civil society when a group of people find common interests and make their voice heard, when we debate about the sort of future we want to see, when we help our neighbours and friends, or when we make our communities better places to live. A narrower concept of civil society would be the set of organisations that provide the infrastructure for those connections, from charities to trade unions and from housing associations to social enterprises.

The Law Family Commission on Civil Society is concerned with both the broader and the narrower concepts. We intend to take a 'building block' approach. That means focusing sometimes on the individual pieces of civil society – on the nature of the charity sector for instance, or on the prospects for volunteering in the UK. In other instances, we will focus on a collection of blocks together. Most especially, we will explore the subset of charities, community groups and social enterprises that together form the social sector which sits alongside the private and public sectors. And, on occasion, we will consider the bigger picture that emerges when we stack all of the different building blocks up – investigating the way in which the country might more effectively place a value on the economic and social worth generated by civil society for instance.

Whatever view we take or definition we use, it's clear that civil society shapes the daily lives of citizens across the entire country. From large scale, national operations to the small acts of kindness that make our communities good places to live, civil society sustains us.

It is a sentiment reflected in public attitudes. New polling for the Law Family Commission on Civil Society<sup>1</sup> shows that 84 per cent of adults in Britain believe charities and community groups play an important role in British society, with 42 per cent describing it as "very" important. And 82 per cent say charities and community groups were important in supporting society during the coronavirus pandemic, with 50 per cent again describing the role as "very" important.

In many instances, this public perception is driven by direct experience. Our polling shows that over 4 million adults in Britain (8 per cent) know someone who was supported by a mutual aid group during the first national lockdown (March – June 2020), and over 13 million (26 per cent) know someone who received support from a neighbour or friend with tasks like shopping. Likewise, over 2.5 million (5 per cent) say they joined one of the UK's more than 4,250 mutual aid groups,<sup>2</sup> with over 6 per cent volunteering through a charity or community group and 35 per cent helping neighbours and friends with tasks.

<sup>1</sup> YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

<sup>2</sup> R Cooney, "Analysis: What does mutual aid mean for the charity sector?" Third Sector, 15 May 2020



With so many of us involved in or touched by civil society, it's perhaps unsurprising that 40 per cent of adults in our poll<sup>3</sup> tell us they believe Britain would be a better place if charities and community groups had more of a say in how the country is run. And the often hyperlocal nature of much of what happens in civil society is likely reflected in the fact that 37 per cent think that their neighbourhood would be a better place if charities and community groups had more involvement in local decision making. Tellingly, 60 per cent of us think that charities and community groups will play an important role in the UK's recovery from Covid too.

Civil society then, is seen as a clear force for good in the UK. It is highly valued – likely even more so following the events of the past year – and significant numbers of people support the idea of giving charities and community groups more of a role in determining our future as a country. And yet, there is a sense too that such organisations are not quite achieving their full potential. 31 per cent of the respondents to our polling believe there are too many charities and community groups, with 35 per cent suggesting they are “wasteful”. Meanwhile, 57 per cent think charities and community groups are understaffed. Despite this, most people (63 per cent) think charities and community groups are effective. But there is room for improvement – only 10 per cent believe charities are “very” effective and just 4 per cent that they are “very” efficient.

This dichotomy sits at the heart of this Commission: civil society does so much, but it could do so much more. The Law Family Commission on Civil Society exists to explore what works and what doesn't in our current model, and to set out a path for unleashing more of the potential civil society has to offer. That means focusing on both the constraints holding the sector back and the practices that can help push it forward. And it means exploring policy options not just in relation to the way charities and community groups operate, but also in relation to the activities of government and business.

It is an ambitious and wide-ranging agenda, and one that will be delivered piece by piece over the next two years in collaboration with many others across all sectors of our economy. But it is clear that the potential reward is significant.

## Understanding value, pursuing optimisation and unleashing potential

If we wish to support a stronger, more confident and ultimately more effective civil society, then we must first consider the key challenges facing the sector. We want to consider these within three broad themes.

### 1. Civil society is undervalued and overlooked.

We have seen that the public greatly values civil society, but that value is not reflected in the numbers that drive decisions in our country. Civil society, and specifically the social sector, is largely invisible in our national accounts. It is subsumed into different sectors, making it impossible to say with precision what the social sector contributes to GDP for instance. And there is no consideration at all given to wider economic and social value associated with social sector activity. As a result, despite its vital contribution to our country's wellbeing, civil society is too often viewed merely as a ‘residual’. It is a ‘third’ sector that fills the gap left behind by the waxing and waning of market and state activities, and it therefore receives inadequate attention in our national discourse and policy debate.

<sup>3</sup> YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

## 2. Civil society is too often viewed in isolation, or simply ignored altogether.

Discussions around the future of Britain frequently focus on finding the right balance between the market and the state: civil society is typically absent. In contrast, discussions around the role of civil society invariably focus solely on the functioning of the social sector, with no consideration of interactions with the private and public sectors. In practice, achieving the best possible outcomes for the UK requires viewing the three sectors in the round – understanding the boundaries between them and the ways in which they can complement and reinforce each other. It is a point the public intuitively understands. When asked to consider what would most help charities and community groups to meet their objectives, participants in our polling ranked more support from government second, after having more funding. Nearly a third (31 per cent) cited more support from business.<sup>4</sup>

## 3. There is a mismatch between the supply of money, time and effort delivered through the social sector and the demand that exists for support.

The uniqueness of the social sector that comprises such a large part of civil society provides it with its strength. It delivers services to those who can't afford to pay and attempts to amplify the voices of those who might otherwise go unheard. And it is ever-evolving and adapting in order to find ways of meeting the shifting needs of complex lives. Yet it functions without the market signals that drive efficiency and dynamism in the private sector and without the centralisation that coordinates the provision of goods in the public sector. It therefore lacks clear means by which supply and demand can be matched, raising the very real possibility that it fails to provide where need is greatest.

These three themes of the way in which we value the activity of civil society, the need to focus on cross-sector solutions, and the methods by which we might more fully unleash the potential of civil society will run through the work of the Commission.

They provide the framework for thinking through the more detailed research and policy questions that we will explore over the lifetime of the project.

The three themes also provide a sense of what 'success' might look like for the Commission. We want to build consensus around a range of policy proposals for government, business and the social sector in order to enable civil society to unleash its full potential in the 2020s. It is already clear that will mean more fully valuing - and therefore prioritising - the activity of the sector. It will also mean establishing the most effective mechanisms by which the private, public and social sectors can be brought together to collectively focus on achieving social good. And it will mean pushing towards the creation of an architecture that better supports efficiency, effectiveness, and collaboration in the social sphere.

By working with partners from across all sectors and all parts of the UK over the next two years, we hope that we can achieve concrete change. But we hope too that the Commission drives a broader shift in attitudes and approaches to the question of what civil society does, such that even those who don't agree with all of our specific recommendations are united about placing civil society centre stage to allow the UK to thrive.

<sup>4</sup> Participants were asked to choose their top three responses. The most cited response was "having more funding" (48 per cent). "Having more support from government" was selected by 42 per cent and "having more support from businesses" was selected by 31 per cent. Other responses included "having more support from volunteers" (28 per cent), "greater efficiency in how they are run" (36 per cent), "working more collaboratively with other charities/community groups" (41 per cent), "none of these" (3 per cent) and "don't know" (11 per cent). YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

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## Navigating this report

**Section 2** delves in more detail into how to think about civil society and the definitions used in this report and throughout the lifetime of the Commission;

**Section 3** picks up on our theme of 'value', setting out what our public statistics tell us about the size of the social sector and of civil society more generally and highlighting the significant gaps in understanding that remain;

**Section 4** turns to the question of 'cross-sector optimisation', exploring the ways in which civil society operates across the boundaries of the private, public and social sectors and highlighting the benefits of taking a general equilibrium approach;

**Section 5** focuses on the final Commission theme of 'unleashing potential', picking through the opportunities that exist in a changing environment for giving more, volunteering more and achieving more;

**Section 6** provides a special focus on what Covid means for civil society, in terms of both the challenges and opportunities it raises;

**Section 7** sets out more detail of how the Commission will operate, specifying the who, how and what of the next two years; and

**The Conclusion** offers some final thoughts.

## 2. Defining ‘civil society’

The last section set out our broad ‘building block’ approach to thinking about civil society over the course of this Commission, highlighting the many different ways in which the term might be interpreted and the different elements that sit within the whole. In this section, we focus in more detail on the concepts and definitions that will underpin our approach over the coming two years.

### Individuals, institutions and interactions

This launch document is published alongside a collection of 21 essays from thinkers, activists, professionals, writers and academics across the public, private and social sectors in the UK and elsewhere.<sup>5</sup> Each contributor was given the same open-ended question: ‘how do we unleash the potential of civil society in the 2020s?’. Unsurprisingly, the answers provided are as diverse as the essayists themselves. But so too are the approaches to defining the notion of what we mean by ‘civil society’. As essayist Sue Tibballs puts it, the term is – perhaps necessarily – “a slippery concept”.

**“To my mind, it is when people with shared interests or values come together in pursuit of a common good or ‘social value’.”**

– Sue Tibballs

Box 1 sets out some examples of how civil society has been defined in different contexts, highlighting the range of approaches adopted.

### Defining our areas of focus: civil society, civil society institutions, and the social sector

While some ambiguity is inevitable, it is important that we establish boundaries and definitions for the purpose of analysis and shared understanding. Building evidence (for example, about the ‘value’ of civil society), developing cases for action, and holding conversations with policy-makers, business leaders and the public, means we need clear terminology on what we mean by civil society.

While it is recognised that the social sector is generally considered to be the core of civil society, this should be understood in the context of the many other institutions associated with the state, markets or those serving private individuals, which play their part in civil society.

The Commission will therefore use three broad terms to refer to different groups of organisations and activities that we wish to focus on: i) civil society; ii) civil society institutions; and iii) the social sector.

<sup>5</sup> Law Family Commission on Civil Society, [Civil Society, Unleashed](#), December 2020

## Box 1: Definitions of civil society and the social (or ‘third’) sector

**Civil Society Futures:** “When we act not for profit nor because the law requires us to, but out of love or anger or creativity, or principle, we are civil society. When we bring together our friends or colleagues or neighbours to have fun or to defend our rights or to look after each other, we are civil society. Whether we organise through informal friendship networks, Facebook groups, community events and protests; or formal committees, charities, faiths and trade unions, whether we block runways or co-ordinate coffee mornings, sweat round charity runs or make music for fun; when we organise ourselves outside the market and the state, we are all civil society.”

**DCMS Civil Society Strategy** “Civil society refers to individuals and organisations when they act with the primary purpose of creating social value, independent of state control. By social value we mean enriched lives and a fairer society for all.”

**Sheila McKechnie Foundation, Social Power** “By ‘civil society’, we understand all ‘not-for-profit’ organisations that exist primarily to serve the public good.”

**NCVO, Beyond Charities:** “[Civil society] is often understood as the area outside the community, market and state, and has been defined in many ways:

- as the associational life that brings people together and allows civic values and skills to develop,
- as a set of values associated with the ‘good society’ which aims for social, economic and political progress,
- as a space where debate and deliberation allow the negotiation of the common interest.”

**The National Audit Office:** “The Third Sector is the term used to describe the range of organisations which are neither state nor the private sector... All share some common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and the reinvestment of surpluses for those same objectives.”

**Jeremy Kendall and Martin Knapp:** “To make our description of the UK third sector meaningful and internationally comparable, we employ Salamon and Anheier’s (1997) ‘structural-operational definition’. This distinguishes a sector comprising formally-constituted organisations which are simultaneously:

- Not profit distributing;
- Constitutionally independent from the state; and
- Benefiting from voluntarism (through donations or volunteering).”

## i) Civil society

Starting with the broadest of these definitions, we view civil society as a concept or space. It exists where individuals or institutions act independently of control from the state, for the purpose of generating social good. More explicitly, the Commission will adopt the broad definition of civil society set out in DCMS' Civil Society Strategy:

**"Civil society refers to individuals and organisations when they act with the primary purpose of creating social value, independent of state control. By social value we mean enriched lives and a fairer society for all."<sup>6</sup>**

Viewed in this way, we can see that civil society reaches deeply in our daily lives. From local football clubs to museums, from support networks to the Samaritans, we participate as volunteers, members, visitors, service users, employees and as funders.

## ii) Civil society institutions

Drilling down a little into the concept of civil society, we can focus next on the institutions which exist within this space: that is, those organisations which generate social value, independently of the state.

When we consider the full spectrum of civil society institutions – those sitting between, but not necessarily fully outside the market, state and private life – we end up with a very broad picture of organisational forms. These institutions span the public, private and social sectors, and include universities, housing associations, charities, social enterprises, foundations, unions, political parties and independent media organisations, among others.

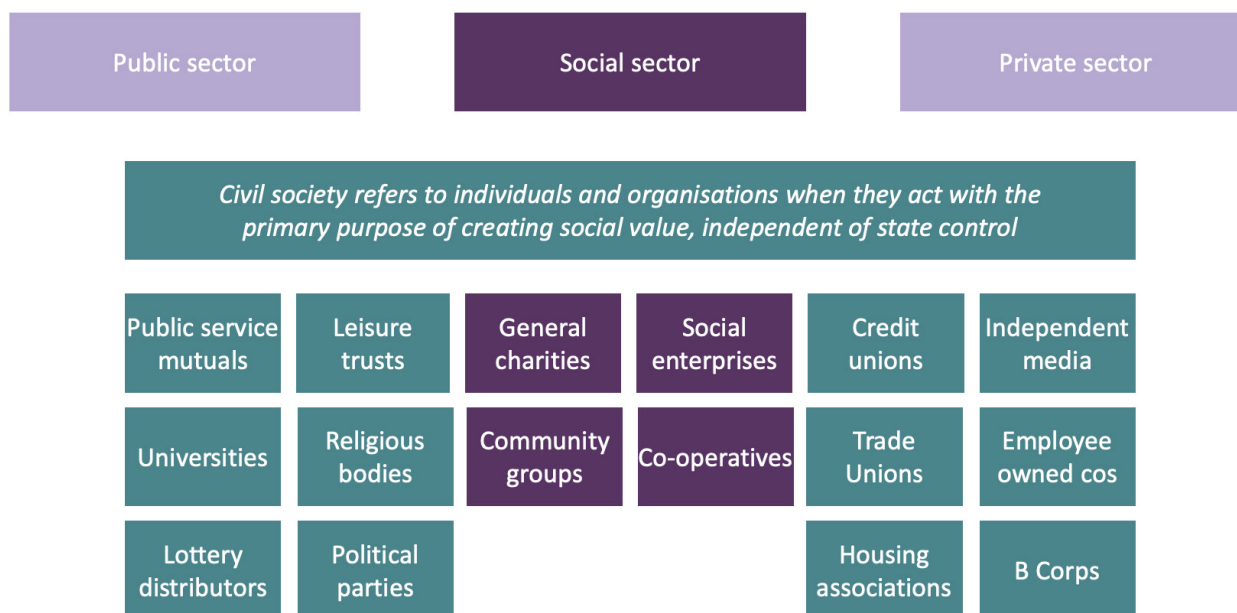
They include too those businesses operating on the cusp of the private and social sector, including organisations that distribute profit while also delivering social or environmental purpose. For example, employee-owned businesses, B Corps and impact investing institutions might consider themselves part of both the private sector and civil society, as could corporate foundations. There are also cross-over organisations operating on the public sector side, for example employees taking control of their services by creating public service mutual organisations.

## iii) The social sector

We can, however, drill down further still to focus just on those civil society organisations that sit squarely in the social sector. Figure 1 highlights these, showing how they relate to the wider definitions set out above of both civil society and civil society institutions.

<sup>6</sup> J Wright & T Crouch, [Civil Society Strategy: building a future that works for everyone](#), HM Government, August 2018

**Figure 1: Civil society spans the social, public and private sectors**



**Notes:** The blocks are indicative of the sorts of organisations that comprise the social sector/civil society more broadly – the list is not intended to be exhaustive. The full list of civil society organisations detailed in the NCVO Civil Society Almanac includes: Benevolent societies; Building societies; Common investment funds; Community interest companies; Companies limited by guarantee; Co-operatives; Credit unions; Employee owned businesses; Football/rugby supporter trusts; Friendly societies and mutual insurers; General charities; Housing associations; Independent schools; Leisure trusts; Political parties; Religious bodies; Sports clubs; Social enterprises; Trade associations and professional bodies; Trade unions; and Universities.

The social sector can be considered the core of civil society, comprising general charities, grassroots community groups, co-operatives and social enterprises – organisations which are independent of government and do not distribute profit for personal gain. It is this element of civil society which is sometimes referred to as the 'third' or 'voluntary' sector.

The Commission will engage with both the broader and narrower definitions of civil society. At different times and across different workstreams, we will adopt different approaches. Our expectation, however, is that we will in practice spend most of our time focusing on the narrower conception of the social sector. In many instances driven by data availability, we will likely place particular emphasis on charities.

Even if we were to limit our focus entirely to charities, we would still be considering a highly heterogeneous and complex grouping – the easy reference to the charity 'sector' masks huge diversity in scale, set up and structures. When widening our gaze to consider the broader social sector, civil society organisations and civil society itself, we add in still further complexity. Therein lies the strength of civil society. But it also makes it incredibly difficult to accurately capture all that is going on within the sector.



## 3. Valuing civil society

Section 2 highlighted the challenges of defining the “slippery concept” of civil society. Those challenges feed into – and are in turn exacerbated by – a failure to properly grasp the size and value of civil society in the UK. Tackling this failure will be a central ambition for the Commission, especially as we seek to end the relative policy neglect faced by civil society and the social sector. In this section, we take a look at what we do know about the contribution made by at least some aspects of our civil society – reflecting on the potential scale of undervaluation of the sector that appears to prevail.

### Hiding in plain sight: civil society in numbers

We have seen already just how important civil society is to the functioning of the country, and we have observed too that many of us engage in one or other aspect of the sector on a very regular basis. Reporting in 2018, nine-in-ten UK households said they have used a charity at some point, with three-quarters (74 per cent) using one within the previous year.<sup>7</sup> Meanwhile, 6.4 million people in the UK are members of trade unions, and 1.1 million are members of political parties.<sup>8</sup>

But how big is civil society? It’s a fundamental question to pose at the start of our Commission, but it is one without a satisfactory answer. And that is problematic.

**“Any discussion of the future role of the third sector needs to start from an understanding of its current contribution to the economy and society. That sounds simple. Yet measuring that contribution in practice is far from easy. Indeed, much of that contribution currently goes unmeasured.”**

– Andy Haldane<sup>9</sup>

At an intuitive level, many of us likely underestimate the size and reach of civil society – assuming instead that the government is delivering a large part of that which we see around us but don’t pay for directly. Consider for instance that the vast majority of specialist palliative care is provided by hospices, nearly all of which are charities, yet only 32 per cent of hospice funding for such services comes from the state.<sup>10</sup> Likewise, a large proportion of the UK’s medical research is funded by charities, accounting for £1.9 billion in 2019.<sup>11</sup> Almost three in ten (29 per cent) people surveyed by the Charities Aid Foundation (CAF) in 2018 were unaware that the service they or someone in their household had used was provided by a charity.<sup>12</sup>

Public confusion is understandable, and certainly forgivable. After all, even the nation’s official counters don’t have a clear sense of civil society’s scale. Our current approach falls down in three main ways: i) at the aggregate level it is incomplete; ii) more detailed figures on particular aspects of civil society – such as the social sector or charities – are hard to derive; and iii) the way in which we approach the notion of ‘value’ fails to account for a large part of what the sector delivers.

<sup>7</sup> CAF Charity Street III: *The value of charity to UK households*, Charities Aid Foundation, September 2018

<sup>8</sup> K Rooney & O Chan, *Beyond Charities: Looking at wider civil society*, NCVO, August 2020

<sup>9</sup> A Haldane, “*The Third Sector and the Fourth Industrial Revolution*”, Pro Bono Economics Annual Lecture, The Royal Society, London, 22 May 2019

<sup>10</sup> “*Facts and figures*”, Hospice UK

<sup>11</sup> M May, “*UK scientists urge PM to prevent ‘catastrophic’ fall in charity research funding*”, UKFundraising, 8 July 2020

<sup>12</sup> CAF Charity Street III, Charities Aid Foundation

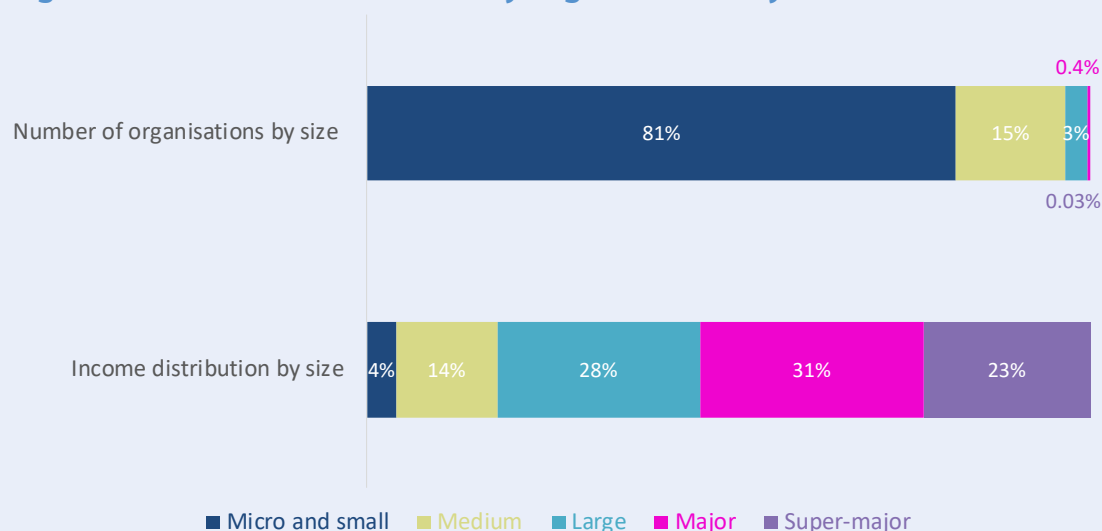


## Box 2: Size and shape of the UK charity sector

Charities are a highly heterogeneous and complex grouping. According to NCVO's UK Civil Society Almanac 2020, in 2017-18 there were 166,592 'general charities' in the UK, employing 909,088 people.

The sector is characterised by a 'long tail' of small charities. 'Micro and small' organisations (those with an income of £100,000 or less) make up 81 per cent of organisations by number but only 4 per cent by income. Conversely, 'major' and 'super-major' organisations (with incomes over £10m) make up less than 0.5 per cent of organisations by number, but 54 per cent by income.

**Figure 2: Distribution of voluntary organisations by size and income**



**Notes:** Organisation size is defined by income: micro and small (less than £100,000), medium (£100,000 to £1m), large (£1m to £10m), major (£10m to £100m) and super-major (more than £100m)

**Sources:** PBE analysis of L Hornung et al., The UK Civil Society Almanac 2020, NCVO, June 2020

These estimates do not include the large number of informal community groups that are not formally registered as charities or other legal forms. The UK Civil Society Almanac notes that estimates for the number of these groups vary widely, but there could be between 200,000 and 600,000 in the UK.

For more information, see: UK Civil Society Almanac 2020, NCVO.



## i) An incomplete picture

The Office for National Statistics (ONS) does provide information on non-profit institutions serving households (NPISH) in the UK, estimating that its disposable income amounted to £51.3 billion in 2019 (or 2.4 per cent of the economy-wide total).<sup>13</sup> However, the classification covers only some of the organisations depicted in Figure 1.

A major exclusion comes in relation to 'market' charities – those that cover at least 50 per cent of their operating costs through sales – which are instead allocated to the private non-financial corporation (PNFC) sector. These excluded organisations are estimated to account for around one-fifth of all charities and incorporate, almost by definition, many sizeable institutions.<sup>14</sup> With the charity sector deriving an increasing share of its income from 'earned' sources over the past decade, the proportion of institutions excluded from NPISH is also likely to be rising.<sup>15</sup> The data is therefore incomplete.<sup>16</sup>

## ii) Missing blocks

In the absence of an aggregate picture that maps directly onto the outline of civil society set out in Figure 1, we might instead take a bottom-up approach by summing across the individual 'building blocks'. But this too is difficult, with data either hard to obtain or missing altogether.

Focusing on charities for instance, there is no standard ONS release detailing numbers of institutions or workers employed. Indeed, while ONS employment data is split as standard into that which relates to the private sector and that which relates to the public sector, there is no distinction for the social sector. Charity workers are simply spread across the different industrial sectors and are hard to identify.<sup>17</sup>

The sizes of some of the other building blocks within the social sector are even harder to identify. There's no central repository of information about informal community groups for instance, with information derived almost entirely from grants data that is not published as standard. Again the sector itself does what it can to plug the gap, with the 360Giving database helping to bring grants data together. But it remains the case that a very large number of community groups exist below the radar and estimates for the number of such groups vary hugely, from around 200,000 to as many as 600,000.<sup>18</sup>

Summing as best it can across the different building blocks, the NCVO estimates that (a still non-exhaustive) account of civil society comprised 436,000 organisations and generated a total income of £240 billion in 2018-19.<sup>19</sup> That's equivalent to around 12 per cent of GDP and considerably larger than the ONS NPISH approach would suggest. Table 1 provides a breakdown of the estimated numbers of institutions and income.

<sup>13</sup> C Evans, [UK National Accounts, The Blue Book: 2020](#), Office for National Statistics, October 2020. See "Households and non-profit institutions serving households", Table 6.3.4

<sup>14</sup> "Changes to National Accounts: Review of the Non-Profit Institutions Serving Household Sector", Office for National Statistics, May 2014

<sup>15</sup> J Franklin, M Graham & M Whittaker, [Is this time different? Charity funding in recession and recovery](#), Pro Bono Economics, November 2020

<sup>16</sup> Educational establishments would appear to dominate the total, accounting for around 59 per cent of value added. See H Jones, [National Accounts articles: Blue Book 2019 improvements to non-profit institutions serving households \(NPISH\) sector](#), Office for National Statistics, August 2019

<sup>17</sup> Based on the Standard Industrial Classification 2007. See L Prosser, [UK Standard Industrial Classification of Economic Activities 2007 \(SIC 2007\)](#), Office for National Statistics, December 2009

<sup>18</sup> L Hornung, D Kane & V Jochum, [Below the radar: Exploring grants data for grassroots organisations](#), Local Trust, August 2020

<sup>19</sup> Rooney & Chan, [Beyond Charities: Looking at wider civil society](#)



**Table 1: Estimated numbers of civil society organisations and associated income: UK, 2018-19**

Type of organisation	Number of organisations	Income (£m)
General charities	166,592	53,545
Sports clubs	141,940	5,060
Religious bodies	47,142	5,684
Companies limited by guarantee	46,238	6,500
Community interest companies	15,729	0.2
Cooperatives	7,215	37,700
Trade associations and professional bodies	3,900	2,265
Independent schools	2,495	7,804
Benevolent societies	1,705	563
Housing associations	1,684	23,634
Credit unions	410	211
Political parties	378	131
Employee owned businesses	250	30,000
Football/rugby supporter trusts	185	39
Universities	168	38,250
Trade unions	139	1,222
Leisure trusts	109	1,559
Friendly societies and mutual insurers	100	19,600
Common investment funds	44	900
Building societies	43	5,657

**Notes:** Due to the way housing associations report their figures, their 'income' total actually covers revenue.

**Sources:** K Rooney & O Chan, Beyond Charities: Looking at wider civil society, NCVO, August 2020

These estimates are of course hugely uncertain – they are hard to derive and underpinned by source information of very varying quality. They also represent no more than a measure of inputs – the numbers of organisations and the numbers of employees for instance. The bigger (and harder still) question, is just what value civil society generates.

### iii) Undervalued

The ONS NPISH measure puts an estimate of £52.3 billion on the gross value added (GVA) of the sector in 2018, equivalent to a little under 3 per cent of the UK total.<sup>20</sup> Given the discussion above, that total looks inadequate because of its failure to capture many of the institutions that are located within civil society.

<sup>20</sup> Evans, [UK National Accounts, The Blue Book: 2020](#). See "Households and non-profit institutions serving households", Table 6.3.1

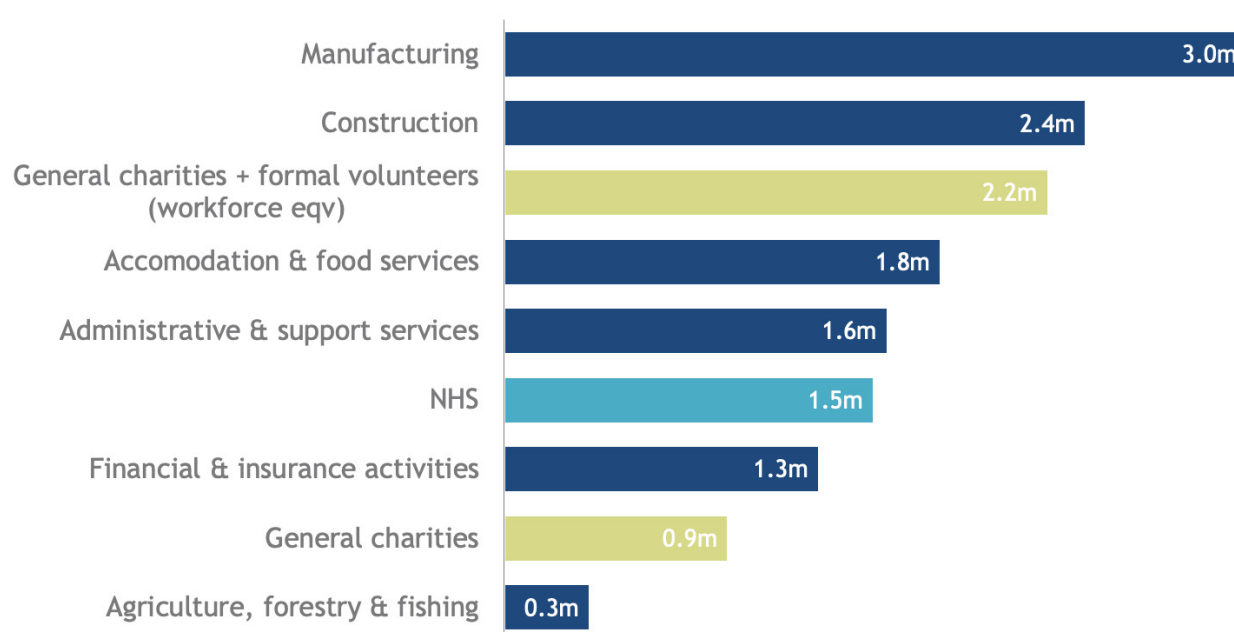


But even if we drill down to the more tightly defined categorisation of charities, the ONS approach comes up short. With charity outputs typically lacking a ‘price’, it is harder than it is in relation to the market economy to estimate an associated value. The ONS instead derives an estimate, with support from the NCVO, by focusing on the inputs – labour and other costs – associated with delivering charitable activity. For 2017-18, the estimate stood at £18.2 billion of GVA (or less than 1 per cent of the UK total).<sup>21</sup> However, this approach omits two crucial elements.

First, there is the absence of the significant contribution made by volunteers in the charity sector. A total of 19.4 million people ‘formally’ volunteered (that is, through an organisation or group) at least once in 2018-19, with 11.9 million people volunteering at least once a month.<sup>22</sup> In total, we volunteered just short of 2 billion hours in 2015.<sup>23</sup> Based on average weekly hours worked for those in employment, that’s equivalent to a workforce of nearly 1.3 million people. Figure 3 shows that if we add this number to the NCVO’s estimate for charity sector employees we end up with an overall charity and community group workforce of 2.2 million, equivalent to the UK construction sector.<sup>24</sup>

### Figure 3: Including volunteers, the UK’s charity and community group workforce is on a par with the construction sector

Workforce by sector: UK, June 2019



**Notes:** Formal volunteer workforce equivalent is derived from total frequent hours of formal volunteering 2015 (1.93 billion hours) and average actual weekly hours of work in Jun-Aug 2015 (32 hours per week) for one year (52 weeks less 5.6 weeks' statutory leave entitlement). General charities and other workforce data as of June 2019, other sectors as of April-June 2019

**Sources:** B Watson, EMP 13: Employment by industry, Office for National Statistics, November 2020; L Hornung et al., *The UK Civil Society Almanac 2020*, NCVO, June 2020; C Payne & G Vassilev, *Household satellite account, UK: 2015 and 2016*, Office for National Statistics, October 2018, Labour force survey: Avg actual weekly hours of work: UK: All workers in main & 2nd jobs: SA, Office for National Statistics, Jun-Aug 2015

<sup>21</sup> L Hornung et al., *The UK Civil Society Almanac 2020*, NCVO, June 2020

<sup>22</sup> *Ibid*

<sup>23</sup> C Payne & G Vassilev, *Household satellite account, UK: 2015 and 2016*, Office for National Statistics, October 2018

<sup>24</sup> B Watson, EMP 13: Employment by industry, Office for National Statistics, November 2020, Hornung et al., *UK Civil Society Almanac 2020*, and Payne & Vassilev, *Household satellite account, UK: 2015 and 2016*



The data on formal volunteering is irregularly produced, with the latest figures relating to 2016.<sup>25</sup> It suggests that formal volunteers add around £24 billion of value to the economy each year – calculated on the (imperfect) basis of assuming the value of their activity is equivalent to the wage they could command (based on the median UK wage) multiplied by the number of hours they volunteer for.

But this is not the totality of our volunteering efforts as a nation. ‘Informal’ volunteering (covering people simply helping out neighbours, friends and family rather than volunteering through an organisation) is a further sizeable undertaking. Unlike the formal volunteering figures, records of informal volunteering aren’t captured on any sort of regular basis by the ONS. Estimates of the value associated with this activity is therefore even more uncertain. But the information we do have suggests that the scale is broadly similar to that associated with formal volunteering.<sup>26</sup>

The omission of volunteering therefore likely leaves the ONS estimate of charity GVA just over £40 billion short. Yet there is a second key omission, namely that the focus on measuring inputs significantly understates the benefits associated with charitable activity – the actual worth of what is taking place in terms of economic and fiscal gains.

It is these sorts of values which much of Pro Bono Economics’ (PBE) work with charities concentrates on. Take the school-based counselling service provided by the charity Place2Be for example. The programme measurably improves near- and long-term outcomes for the children engaging with it, reducing school truancy, exclusion, smoking, depression and crime and, ultimately, increasing employment rates and earnings. There is a gain to the individual and wider community (‘economic spillover’) associated with increased economic activity, and a gain to the public purse (‘fiscal spillover’) associated with lower spending in areas like health and criminal justice. Altogether, PBE’s work suggests that every £1 invested in the programme generates somewhere in the region of £6 in wider gains.<sup>27</sup>

The overall GVA associated with the charity sector is therefore not the £18.2 billion recorded by the ONS. Nor is it the £59.5 billion implied by the addition of formal and informal volunteering. Rather, it is some multiple of that figure.

Identifying quite what that multiple should be is difficult – and it will inevitably vary very significantly from intervention to intervention. But the extensive work of PBE over the last decade with hundreds of charities across the UK suggests that adopting ratios of 2:1 for both the fiscal, and the economic spillover benefits, would likely represent a conservative approach. As Figure 4 shows, on that basis the £59.5 billion GVA figure would rise to £120 billion if we add in fiscal gains and to £180 billion if we similarly add in wider economic gains. In practice, the figure may well be considerably higher – with Andy Haldane having previously suggested a value of some £200 billion, or roughly 10 per cent of GDP.<sup>28</sup>

<sup>25</sup> Payne & Vassilev, [Household satellite account, UK: 2015 and 2016](#)

<sup>26</sup> An ONS response to an ad hoc request for the volume and value of informal volunteering in 2012-13 suggested that it amounted to just less than three-quarters of the value of formal volunteering. Applying that same proportion to the 2016 value of formal volunteering suggests that informal activity may have added a further £17.4 billion. See [“HESA-consistent estimates of the value of informal voluntary activity in 2012-2013”](#), Office for National Statistics

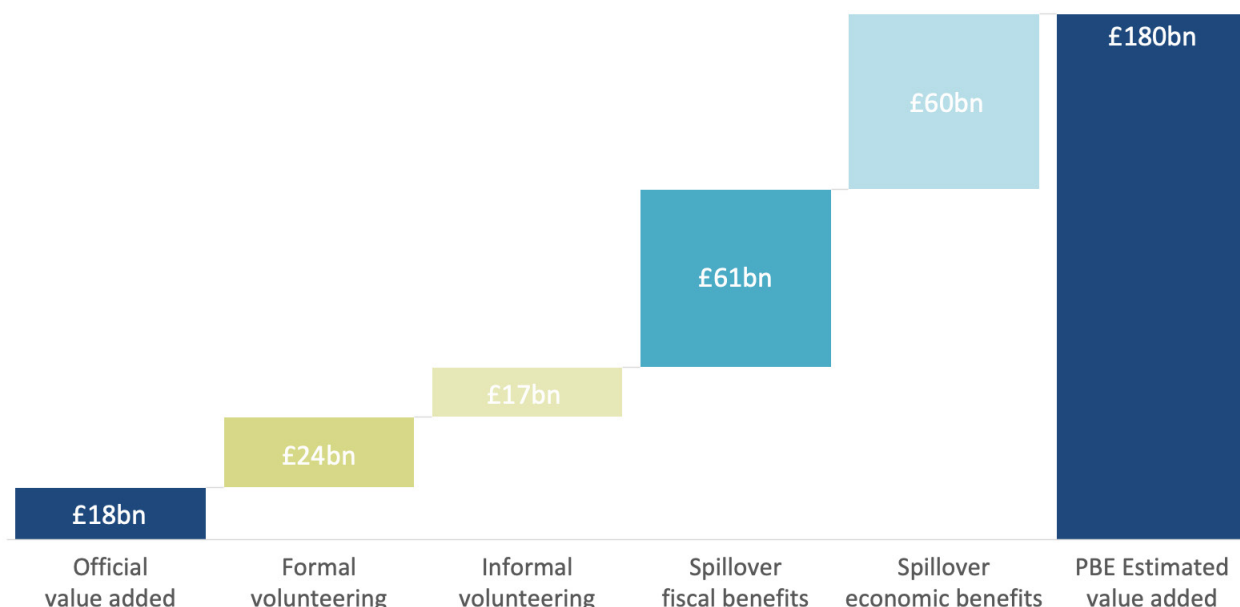
<sup>27</sup> [Economic evaluation of Place2Be’s Counselling Service in Primary Schools](#), Pro Bono Economics, in association with Dr Allan Little, April 2018

<sup>28</sup> Haldane, [“The Third Sector and the Fourth Industrial Revolution”](#)



## Figure 4: The value added by charitable activity may be ten times larger than official estimates suggest

Estimated value added: UK, 2018-19



**Notes:** The value of formal volunteering estimate is drawn from the ONS's Household satellite account 2015. The value of informal volunteering is estimated as a proportion of the value of formal volunteering – the ONS estimated in 2012-13 that the value of informal volunteering is just less than three-quarters of the value of formal volunteering. Estimates of spillover fiscal and economic benefits are based on a review of PBE's project work with individual charities.

**Sources:** L Hornung et al., The UK Civil Society Almanac 2020, NCVO, June 2020; C Payne & G Vassilev, Household satellite account, UK: 2015 and 2016, Office for National Statistics; "[HHSA-consistent estimates of the value of informal voluntary activity in 2012-2013](#)", Office for National Statistics

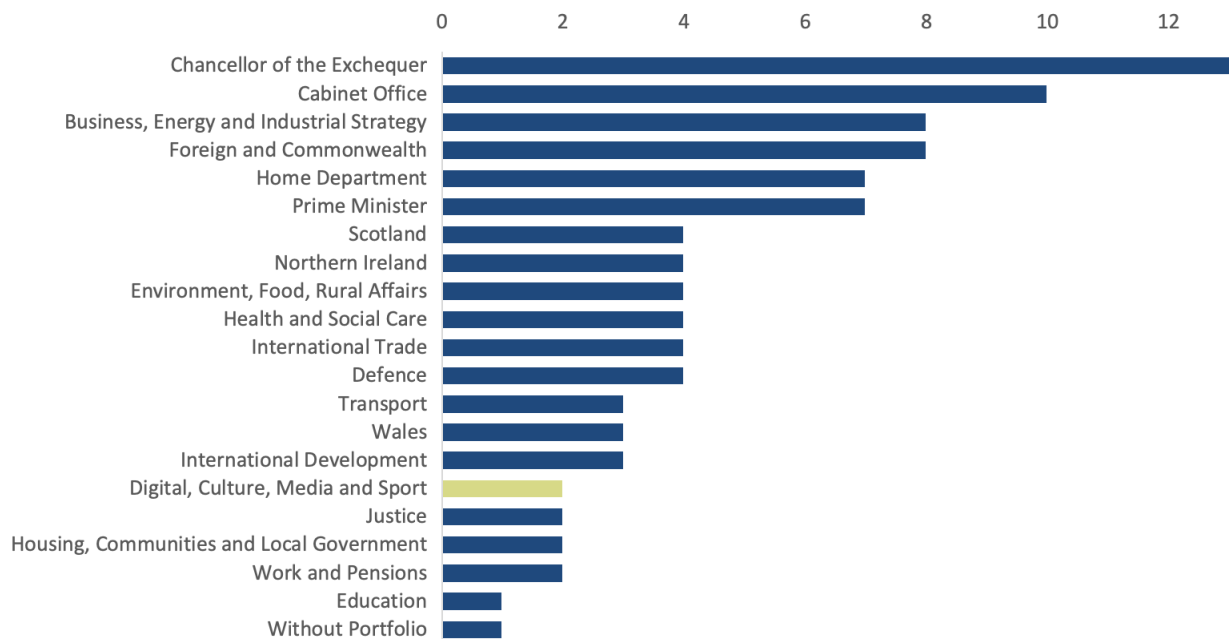
### From undervalued to overlooked

This chronic undervaluation of the value of civil society matters not just from the perspective of accuracy. It is also likely to drive a misallocation of resources within the country. That is something we'll look at in more detail in Section 4, but it is worth reflecting briefly on the specific way in which this manifests itself in policy debate: that is, the extent to which the sector appears to be overlooked in policy making and in public discourse.

Figure 5 presents a very simple example of this. It compares the number of cabinet committees (the ministerial groups that take collective decisions that cut across departmental responsibilities and are binding across government) attended by Secretaries of State from different departments, highlighting the position of the Secretary of State for Digital, Culture, Media and Sport (within which the Office for Civil Society sits) towards the bottom of the list. The Minister attends just two cabinet committees in total, with only the Education Minister and the Minister Without Portfolio attending fewer. The implication is that there is limited opportunity for the Minister who has overview of the UK's civil society to engage beyond the relatively narrow confines of DCMS policy areas. In contrast, the Secretary of State for Business, Energy and Industrial Strategy attends eight cabinet committees.

**Figure 5: The Secretary of State for DCMS attends just two cabinet committees**

Cabinet committee membership, September 2020



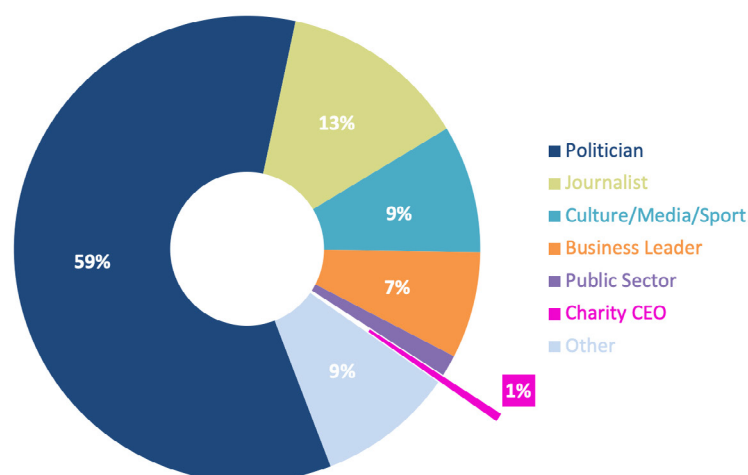
**Notes:** Number of cabinet committees attended by members of the cabinet as of most recent government publication

**Sources:** Cabinet Office, "List of Cabinet Committees", HM Government, September 2020

Figure 6 provides a further example, this time focusing on wider public discourse. It shows the distribution of panellist professions on the BBC's *Question Time* debate show over the last two years. Civil society actors do feature, but they largely comprise those working directly in the political sphere. Charity CEOs account for just 1 per cent of the total (and none since the start of the pandemic), perhaps reflecting the extent to which leaders in the sector are not thought of as being relevant to wider debates about the state of the country and its future direction.

**Figure 6: Charity CEOs account for 1 per cent of Question Time guests**

Proportion of panellist seats on BBC *Question Time* by profession: Jan-19 to Oct-20



**Notes:** PBE analysis of BBC *Question Time* guests, 10 January 2019 - 8 October 2020

**Sources:** "List of *Question Time* episodes", Wikipedia. 'Other' includes; lawyers, academics, think tank leaders, religious leaders and trade union leaders



**“I am lucky to be asked to explain the impact of the pandemic on homelessness, in specific news items on exactly that topic, but the broader social discourse is very rarely something I or my peers in the charity sector are asked to join.”**

**– Polly Neate**

As noted in the Introduction, this relative lack of influence seems to run counter to public opinion about the voice civil society should have in national debate.

One route to start addressing this is the adoption of a satellite accounts approach, focusing on more accurately capturing the contributions of non-profit and related institutions and volunteer work. In New Zealand for example, the satellite approach suggests that the non-profit sector contributes 2.8 per cent to GDP.<sup>29</sup> This figure, while it includes the contribution of volunteers, still fails to move beyond the broad approach of measuring inputs rather than value added. It is at least a step in the right direction, however. That it hasn't been adopted in the UK is most likely a question of priority. Building a non-profit satellite account would require a significant investment in ONS capacity and divert resources from elsewhere.

As essayist Ed Humpherson – Director General for Regulation at the National Statistics Authority – has commented, it is likely a symbol of our broader failure to prioritise the sector in UK policymaking.

**“One obvious answer is that it's harder to define... This is largely because of the sector's huge diversity and the increasing blurred boundaries between the public, private and voluntary sectors... A second reason is that it is difficult to ascribe value to what the sector does. In most aggregate statistics about the economy, value is defined in money terms: GDP is measured in pounds sterling. For the third sector, this valuation is harder – what a charity does is usually not sold in a market.**

**I suspect, though, that there is a third, more insidious factor: the perceived importance of the sector.”**

**– Ed Humpherson**

The implication would seem to be that civil society is not just overlooked in policy debate because of our failure to properly value it in our economic accounts, but that its continued undervaluation is in turn the product in part of policy neglect. The relationship is mutually – and negatively – reinforcing.

There are clear parallels here with the situation that once existed in relation to public sector data, with an input approach to measuring value proving inadequate. In that instance, the Atkinson Review of 2004-05 prompted a fundamental shift in measurement.<sup>30</sup> The review's recommendations were complex (and the ONS is still grappling with some), but the impact has been significant. Without it, National Accounts would show a decline in public sector productivity over the past 20 years, whereas in fact it has grown. Some 15 years after the final report was published, the ONS is still considered an international leader on measurement of public service output.

There are then paths that might be followed in relation to measuring value in the social sector and civil society which we will explore further as the Commission evolves. But there are more fundamental issues of conceptualisation that we might want to investigate too.

<sup>30</sup> See for example, R Heys, “[Learning the Lessons from the Atkinson Review](#)”, ESCOE, 29 July 2019

<sup>29</sup> [Non-profit institutions satellite account: 2018](#), Stats NZ, March 2020





As we saw in Section 2, civil society is far more than a set of organisations delivering services. It is a force for social change and innovation, making our society a better place to live. It generates the trusting relationships that connect communities and contributes to the social fabric necessary to support thriving places. And it is a forum for expression and developing and asserting identities. These are all valuable outcomes, and there is a risk that by only focusing on what we can measure (and certainly, what we can monetise), the full value of civil society is lost.

The Law Family Commission on Civil Society will therefore spend some time thinking through how best we capture the value of these wider social benefits – drawing in particular on the growing focus on ‘wellbeing’ measurement and the ‘beyond-GDP’ agenda. Personal wellbeing climbed steadily in the years from 2011 (when the main ONS data series began) even as economic measures of progress presented a more mixed picture.<sup>31</sup> Understanding why this happened, what drives the wellbeing of the nation, and the role civil society might play in supporting improvements has the potential to shine a still-more powerful light on the value of such activity.

By exploring how we might more accurately capture the value of civil society, this Commission should make clearer the challenges and opportunities facing the sector over the course of the 2020s. And this approach has the added advantage of highlighting just how central a role civil society plays in our lives and why we should place more emphasis on it in policy debates than is currently the case. Focusing on the social sector in particular, we hope to make a strong case for ensuring it is treated as an equal alongside the private and public sectors, reversing its current undervalued and overlooked status. The way in which the three sectors interact with each other is the focus of the next section.

<sup>31</sup> G Bangham, [Happy now? Lessons for economic policy makers from a focus on subjective well-being](#), Resolution Foundation, February 2019



## 4. Cross-sector optimisation

Section 3 highlighted the chronic undervaluation of civil society's contribution to the UK, driven in part by the difficulty of measuring it, but also by an apparent failure to fully appreciate why it matters. It goes some way to explaining why the social sector that comprises such a large part of civil society is often treated as no more than a residual, picking up the pieces that fall through the cracks between the market and the state. The relationship between the three sectors of private, public and social is something we turn to in this section. In doing so, we emphasise the need for a new approach that focuses not on each sector in isolation but on a general equilibrium approach that optimises outcomes across sectors.

### Optimal outcomes: the case for balance across the sectors

All three sectors of our economy – public, private and social – make important contributions to our lives. They are intertwined and interdependent, but they each bring their own unique strengths. Yet too often we fail to view them in the round. Public policy frequently focuses on the balance to be drawn between the market and the state, with no sense of the role to be played by the social sector. And where the social sector is considered in policy – when focusing on the future of communities for instance, or on the tax treatment of charitable giving – it is often approached in isolation from the private and public sectors.

Raghuram Rajan argues that for society to truly prosper we need to find the right balance of power and resources across all three.<sup>32</sup> Doing so results in the establishment of a “mixed economy of care” in which the public, private and social sectors play a shared role, each supporting the other in “meeting the cost of social needs”.<sup>33</sup>

**“Sustainable capitalism is not just about competitive markets.  
It is also about the societal underpinnings that allow most  
people to benefit from them and give the markets their  
democratic support”**

*– Raghuram Rajan*

Achieving this equilibrium requires government and business to help strengthen the social sector. But doing so is also good for the private and public sectors. As one of the Commission's technical panel members put it, civil society can be thought of as “compost” for growth and cohesion across all parts of the economy.<sup>34</sup>

For instance, we know that civil society supports people's physical and mental wellbeing, improves their living and working conditions, and strengthens their communities. If civil society cannot carry out these functions, businesses are left without healthy, motivated workers and customers. In our essayist Marte Borhaug's words, we “lose the foundations on which companies are built”.<sup>35</sup>

<sup>32</sup> R Rajan, *The Third Pillar: How Markets and the State Leave the Community Behind*, 2020

<sup>33</sup> J Kendall & M Knapp, “A Mixed Economy of Care: The Incisive Role of the Voluntary Sector”, in *Welfare and Values*, eds. P Askonas and S Frowen, 1997

<sup>34</sup> Antonia Swinson, speaking at Law Commission on Civil Society technical panel meeting, 16 September 2020

<sup>35</sup> M Borhaug, “*The ‘dugnad’ spirit: valuing the invaluable*”, Civil Society, Unleashed, December 2020



Likewise, as structures of community support decline, so the government's job becomes harder. We see a downward spiral wherein declining communities are unable to support local schools or institutions, leading to bleak prospects both for young people and the unemployed in need of retraining, and culminating in a cycle of poverty and unemployment.<sup>36</sup>

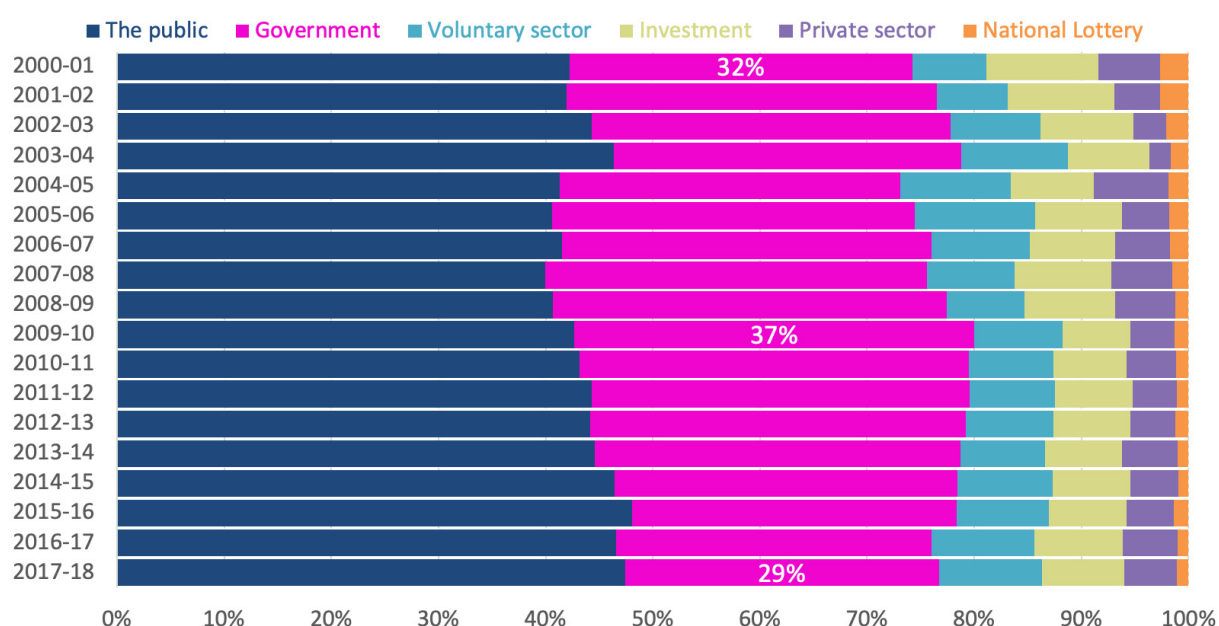
The Commission will adopt a clear 'general equilibrium' approach in its work, focusing not just on civil society and the social sector but on the way in which the different sectors can work alongside each other to generate optimal outcomes. With that in mind, it is important to reflect on the various challenges and opportunities that exist in developing the social sector's relationships with the public and private sectors.

## The state we're in: civil society's relationship with government

The touchpoints between civil society and the state are necessarily frequent. As Figure 7 shows, the government is the second biggest funder of the charity sector. It was the source of 29 per cent of general charity income in 2017-18, though that proportion has declined over the past decade, dropping from a high of 37 per cent in 2009 and 2010.

### Figure 7: The Government provides nearly a third of general charity funding

Composition of charity income: UK



**Notes:** 'The public' covers donations (including Gift Aid), legacies, membership subscriptions without significant benefits. It excludes payments from charitable trusts set up by individuals. 'Government' covers funding grants and grants to charitable intermediaries. It relates to government and its agencies in the UK, EU and internationally. 'Other' combines four further elements of income: 'voluntary sector' (covering grants from charitable trusts and grants distributed by charitable intermediaries); 'investment' (covering dividends, interest and rent); 'private sector' (covering corporate donations and gifts in kind, but excluding charitable trusts set up by businesses); and 'National Lottery' (covering grants from National Lottery distributors).

**Sources:** PBE analysis of Hornung et al., *UK Civil Society Almanac 2020*

<sup>36</sup> R Rajan, "[Inclusive localism: communities' place in a globalised world](#)", Civil Society, Unleashed, December 2020



The relationship is not always an easy one, however. As we saw in the last section, the components of civil society are too often overlooked in political debates. Indeed, there may even be some hostility on different sides of the political divide.

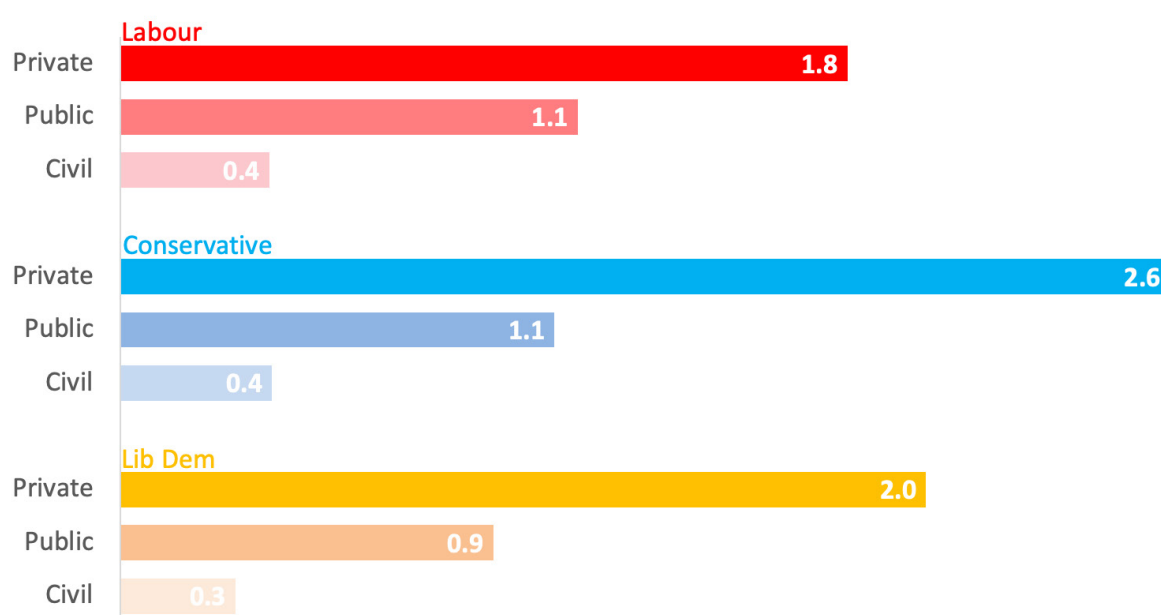
**“[t]he left tends to dislike ‘charity’ and want to co-opt the sector into the state. The right is suspicious of the politics of the sector and prefers its scale to be small.”**

*– Sue Tibballs*

It perhaps explains why the concept of civil society is so absent from the plans of the different political parties. As Figure 8 shows, a quick search through the previous four general election manifestos of the main parties reveals that terms relating to civil society feature very infrequently – for every 1,000 words printed they appeared 0.4 times in the Conservative manifestos, 0.3 times in the Labour documents, and 0.3 times in the Liberal Democrat notes. The corresponding figures for terms associated with the private sector are 2.6, 1.8 and 2 while for the public sector they are 1.1, 1.3 and 0.9 respectively.<sup>37</sup>

### Figure 8: Civil society features infrequently in political manifestos

Number of sectoral references (per 1,000 words) in General Election manifestos (2010-2019)



**Notes:** 'Key words searched for references to civil society: 'charity/ies/able', 'third sector', 'voluntary sector', 'social enterprise', 'community group/s', 'community sector', 'civic/l society'. Key words searched for references to private sector: 'private sector', 'business/es'. Key words searched for references to public sector: 'public sector', 'public services'

**Sources:** PBE analysis of Labour, Conservative and Liberal Democrat manifestos 2010, 2015, 2017, 2019

<sup>37</sup> PBE analysis of Labour, Conservative and Liberal Democrat manifestos 2010, 2015, 2017, 2019



During the pandemic however, civil society has repeatedly showcased its ability to adapt to a rapidly changing backdrop in ways that the government struggles to. Mutual aid groups have stepped up to support vulnerable people, providing food, medicine, community resources, and a source of connection in the face of isolation. As the New Local Government Network has pointed out, the hyperlocal basis on which many of these groups operate means they have often been able to help people more rapidly and flexibly than traditional public services.<sup>38</sup>

Against this backdrop, there are some signs of a shift in the relationship between civil society and the state. Sue Tibballs has argued that this has been especially pronounced at the local level: “Officials could see that local charities and voluntary organisations were much better placed to step in quickly and effectively. This encouraged a ‘letting go’, a suspension of some of the red tape”.<sup>39</sup>

But it is not just in times of crisis that such closeness should be encouraged. Looking beyond the pandemic, it should be clear that civil society has a central role to play in the government’s ambition to ‘level up’ the country. The metrics we have conventionally used to measure community success revolve around productivity and economic output. But there is a growing consensus that the inequities faced by left behind communities are as much social as they are economic.

Civil society is well-positioned to help the government overcome this challenge and guide the project of levelling up along social lines. From the decline of local association and political engagement, to the rise of housing and job insecurity, civil society has the experience, expertise, and infrastructure to help address the causes and symptoms of social fray. Conversely, by providing civic space and reinforcing positive social values, civil society provides the thread of a well-woven social fabric. For organisations like Onward and Local Trust, the key to achieving such outcomes is, once again, strong inter-sector collaboration.<sup>40</sup>

Civil society’s ability to deliver both public services and policy outcomes stems in part from the deep roots it has in local communities. This position allows civil society organisations to harness local insight into community needs. And it can help provide the state with a route into understanding what is happening ‘on the ground’. After the Grenfell Tower tragedy of 2017 for instance, civil society organisations like London Funders played a key role in supporting those directly affected, channelling financial aid to local and voluntary sector organisations embedded within the community.<sup>41</sup> Accordingly, MPs Jeremy Wright and Tracey Crouch recommend that the continued efficacy of organisations like London Funders requires the state to open up and “involve people in the decisions that affect their lives and that of their communities”.<sup>42</sup>

Such collaboration need not be politically controversial, with Bristol providing a good example of the way in which civil society and local government can work together to good effect. Mayor of Bristol, Marvin Rees, describes it as a ‘one city approach’ in which civil society leaders are “at the table as equal partners, determining the city’s priorities”.<sup>43</sup> Under this banner, community organisations, faith groups, businesses, and public sector leaders across Bristol have come together to commit to reducing food poverty in the city by 2026. With the onset of the Covid crisis, the partnership went into hyperdrive, acting to make sure the isolated in the city were provided with food. As essayist Rees puts it:

**“that is a city benefitting from the time taken to invest in relationships and make space for the leadership and priorities of civil society organisations.”<sup>44</sup>**

<sup>38</sup> L Tiratelli & S Kaye, [Communities vs. Coronavirus: The Rise of Mutual Aid](#), New Local Government Network, July 2020

<sup>39</sup> S Tibballs, [“Unleashing social power”](#), Civil Society, Unleashed, December 2020

<sup>40</sup> J O’Shaughnessy et al., [Building the social stimulus: How to tackle the social impact of COVID-19](#), Onward, May 2020, and OSCI & Local Trust, [Left behind? Understanding communities on the edge](#), Local Trust, August 2019

<sup>41</sup> L Firth, B Cairns & C Hennessy, [The possible, not the perfect: Learning from funder responses to emergencies](#), Institute for Voluntary Action Research, April 2018

<sup>42</sup> J Wright & T Crouch, [Civil Society Strategy](#), Department for Digital, Culture, Media & Sport, and Office for Civil Society, August 2018

<sup>43</sup> M Rees, [“The power and potential of places”](#), Civil Society, Unleashed, December 2020

<sup>44</sup> Ibid



Many challenges remain in terms of the relationship between civil society and the state. Many organisations lament the closing of civic space for instance, and legislation like the 2014 Lobbying Act appears to limit the ability of charities to fulfil their missions and hold the government to account. But there appear to be many opportunities too. The experience of the pandemic has provided new momentum for collaboration, and there are clear examples of success in Bristol and elsewhere that can inspire others to follow. They are themes which the Commission will return to in the coming months – especially in relation to our intended ‘fast-tracked’ focus on the levelling up agenda.

## Firm intentions: civil society’s relationship with the private sector

The line between business and the social sector is blurring, with businesses increasingly recognising the need to demonstrate their social value alongside their profitability. Environmental, social, and governance (ESG) concerns have come to the fore. Global sustainable investment is up 68 per cent just since 2014, and has increased tenfold since 2004.<sup>45</sup> Likewise, the UK social impact investment market alone has grown to £5 billion.<sup>46</sup> And among those UK business leaders surveyed by Business in the Community, 89 per cent say they use purpose and values to “inform strategy and business decisions”.<sup>47</sup>

This is reflected in public expectations that businesses have a responsibility to consider their social and environmental impact. According to CBI figures, 92 per cent of UK adults believe businesses should take a public stance on key social issues, 75 per cent say businesses should work with ethical suppliers and partners, and 75 per cent say it is important that companies are environmentally friendly and oppose climate change.<sup>48</sup>

With civil society holding the blueprint here, it is perhaps no surprise to hear repeated stories of businesses reaching out into the communities around them. Civil society, and particularly social sector organisations, have an established infrastructure for creating social value. Charities and community groups can provide the business sector with plenty of guidance in this area, with essayist Heidi Mottram of Northumbria Water Group pointing, for example, to the local insight businesses can gain by encouraging their employees to volunteer with civil society organisations.

**“We are fundamentally a local business, and as such we are a vital part of people’s lives and livelihoods... That means that our employees, their families and their friends are our customers too. Our assets run along every street in our regions. It’s therefore simply not logical or possible to put a ringfence around our business that separates it off from the rest of the community in the areas where we operate.”**

– Heidi Mottram

So while support from business is important for charities – with Figure 9 showing that 31 per cent of UK adults believe having more support from businesses would help charities and community groups achieve their objectives – the relationship between civil society and businesses is, as Heidi Mottram puts it, a “two-way street”.

<sup>45</sup> W Henisz, T Koller & R Nuttall, “Five ways that ESG creates value”, McKinsey Quarterly, 14 November 2019.

See also [Global Sustainable Investment Review 2018](#), Global Sustainable Investment Alliance, 2018.

<sup>46</sup> “UK social impact investment market now worth more than £5 billion”, Big Society Capital, 28 October 2020

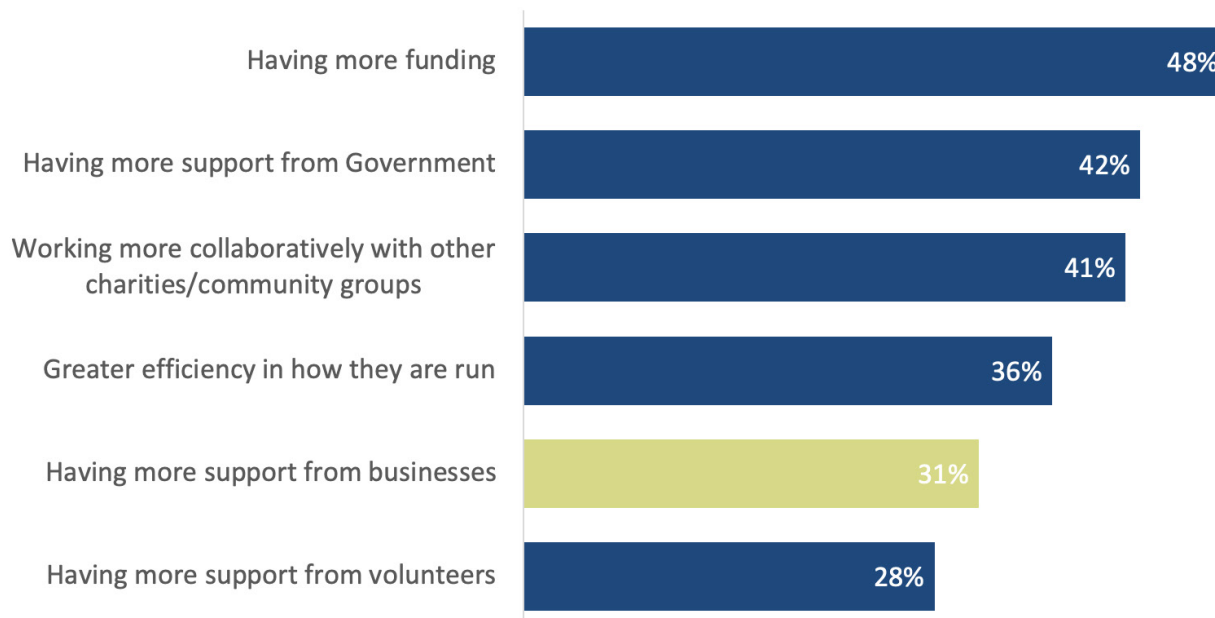
<sup>47</sup> [An Opportunity to Build Back Better: The Responsible Business Tracker 2019/2020 Insights Report](#), Business in the Community, May 2020

<sup>48</sup> [Everyone’s Business Tracker](#), CBI, September 2018



### Figure 9: One-in-three UK adults believe having more support from businesses would help charities and community groups achieve more

In your view, which three of the following would be most helpful to charities and community groups in working towards their objectives? (participants could select up to three options):



**Notes:** YouGov online polling of 1696 UK adults, 17 November 2020. Participants were invited to select up to three options from: Having more funding, Greater efficiency in how they are run, Having more support from Government, Having more support from businesses, Having more support from volunteers, Working more collaboratively with other charities/community groups, None of these, Don't know

**Sources:** YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

Alongside closer collaboration prompted by business, we are also seeing an apparent blurring of the boundaries between different organisational models. Most notably, social enterprise – a major presence in the in-between space of business and civil society – is on the rise, with Social Enterprise UK's 2018 research "Hidden Revolution" reporting there could be over 100,000 social enterprises in the UK. At the time of Social Enterprise UK's 2019 survey, 42 per cent of social enterprises were under five years old, while 52 per cent had grown their turnover in the past year. Perhaps tellingly, as many as 75 per cent of social enterprises considered environmental impact to be of equal or greater importance than cost.<sup>49</sup>

But there is merit not just in cosier relationships between civil society and the private sector: as with its interactions with the state, civil society also has a key role to play in holding businesses accountable. For instance, organisations like ShareAction rank businesses according to their performance on environmental and social issues, while InfluenceMap assesses how investors work to promote sustainable finance policies. For our essayist Marte Borhaug, these practices keep business on their toes and make them more resilient.<sup>50</sup>

Once again, Covid has added urgency to all the issues unpacked in this section. Business in the Community's Amanda Mackenzie argues in her essay that the pandemic has had a world-shrinking and community-magnifying effect. It has therefore made the delineation between business and civil society still more blurred and added extra emphasis to collaboration between the two sectors.

<sup>49</sup> C Mansfield & D Gregory, [Capitalism in Crisis? Transforming our economy for people and planet](#), Social Enterprise UK, 2019

<sup>50</sup> M Borhaug, ["The 'dugnad' spirit: valuing the invaluable"](#), Civil Society, Unleashed, December 2020



It was in this context that Business in the Community created the National Business Response Network (NBRN), which links community need with business support like goods, services and logistics.

**“The business response was extraordinary: 10,000 sandwiches a week, a shipping container and a half of Greggs produce and 40 industrial freezers from Iceland all given and delivered to food banks.”**

*– Amanda Mackenzie*

It is a sentiment that is backed up by PBE's Covid Charity Tracker survey. Responding in August, 10 per cent of charities said they were collaborating more with businesses in response to Covid,<sup>51</sup> and 35 per cent said they wanted to do so in 2021.<sup>52</sup>

Just as with its relationship with the state, civil society has many opportunities for working more closely with the private sector over the course of the 2020s in order to improve outcomes at the local, regional and national level. Again, the pandemic appears to have intensified those opportunities, adding momentum that might be seized upon. Given the many difficulties thrown up for business, for civil society, and for the country more generally by the crisis, it is a moment which we should capitalise on. It will form another key component of the Commission's workstream and goes to the heart of our determination to make this a truly cross-sectoral project.

The opportunities are significant, and we anticipate directing future policy recommendations not just towards civil society, but towards government and business too. Yet alongside our cross-sectoral 'general equilibrium' approach, we will also be looking within charities, the social sector and civil society more generally to understand the opportunities for doing more that exist there. That is the topic of the next section.

<sup>51</sup> A Kenley & M Whittaker, [Weathering the storm: PBE Covid Charity Tracker](#), Pro Bono Economics, in partnership with Charity Finance Group and the Chartered Institute of Fundraising, August 2020

<sup>52</sup> A Martin, A Kenley & N Sykes, [PBE Covid Charity Tracker](#), Pro Bono Economics, in partnership with Charity Finance Group and the Chartered Institute of Fundraising, November 2020





## 5. Unleashing potential

Sections 3 and 4 highlighted the chronic undervaluation of civil society and the way in which this feeds through to a sector that is overlooked in policy making. They outlined also the potential benefits of a rebalancing of power and resources across the state, markets and civil society. In this section, we turn our focus inward to civil society itself. What more could actors within civil society do to unleash its potential? We start by exploring how demographic and technological changes are opening new opportunities for engagement, before reflecting on productivity in the social sector and opportunities for philanthropists.

### Working smarter and harder

Civil society is stacked full of people who are generous, dedicated and motivated to make a difference. From the volunteers giving up their time at the weekend and in the evenings to keep a community group going, to the charity teams working round the clock with relatively little reward to deliver services to those in need. And from the philanthropists allocating money, time and expertise to a range of different projects, to the entrepreneurs who want to deliver social profits not just economic ones. Armed with such resources, civil society can and does make a major difference to the wellbeing of the country.

But as discussed in the Introduction (with more detail in Box 3), the mixed-economy model of civil society means it possesses neither the market signals that drive resource allocation in the private sector nor the centralisation that facilitates coordination in the public sector. Matching supply to demand – and therefore meeting need in the most effective way – is consequently a difficult task.

Understanding and better capturing the value of civil society (Section 3) should drive an increased policy focus that benefits the sector. Viewing what civil society does in the round alongside the private and public sectors (Section 4) should support better macro resource allocation across the economy that drives better outcomes for all. But the Commission is interested also in identifying the levers that can be pulled within civil society itself to increase the effectiveness of its activity. In doing so, we will focus on three broad areas: opportunities for giving more, opportunities for volunteering more, and opportunities for achieving more.

In each instance, we want to uncover the ways in which more resources might be directed towards civil society – allowing the country as a whole to work *harder* in the pursuit of economic and social wellbeing. But we also want to uncover ways in which the resources that are available can be put to best use – helping the country to work *smarter* in furtherment of its aims.



## Box 3: The dynamics of civil society

The private and public sectors operate in very different ways from each other, but they share three key features which constitute their dynamics: a *structure* (decentralised in the private sector/centralised in the public sector); a *function* (private profit/public goods); and a *feedback mechanism* (market forces/the ballot).

Within the private sector, market actors operate in a competitive environment in order to generate private profit. The allocation of resources is guided by the invisible hand, with the spending patterns of consumers providing operators with clear and speedy 'feedback'. While dynamic, however, the private sector undersupplies public goods due to the problem of free riding (people benefitting from goods without a way of directly paying for them, e.g. lamp-posts or battleships).

In contrast, centralised coordination in the public sector guarantees the production and distribution of public goods. Elections provide feedback for actors in the sector, with governments held to account for the decisions they make. However, a lack of market pressure and competition means the sector can lack the dynamism, responsiveness and nimbleness of the private sector.

Civil society is different again. Andy Haldane describes it as a "mixed-economy model", combining a decentralised structure with the function of producing public goods, in a way that is inherently risky in terms of efficiency.

**"Decentralisation with no market discipline runs the risks of under-providing some public goods and over-providing others... it also risks that provision taking place inefficiently. This is the worst of both worlds."**

– Andy Haldane

There's also a risk the social sector lacks accountability. That's because the feedback mechanism tends to operate between the funder and the provider, rather than the consumer and the provider as in the private and public sectors. As essayist Dan Corry notes:

**"There is no invisible hand of market forces to help calibrate the system in real-time towards productivity and innovation. For charities, the person who pays isn't usually the one who uses the service... It's a slightly awkward model for putting user preferences at its heart."**

– Dan Corry

But the unique dynamics of the social sector are also its strength.

Unfettered by profit maximisation, the social sector can afford to innovate, take risks and deliver services to a higher quality than the private sector. It can reach people who can't afford to pay and, thanks to its decentralisation, can do so in a more agile way than the public sector. It can therefore more quickly respond to changing need and more readily support socially excluded groups than either the state or the private sector might. In short, there is a 'best of both worlds' option for civil society too.



## Fund management: opportunities for giving more

The UK is already a generous nation. People from the UK are the second most likely in the world to have donated money to charity based on surveys over the past decade.<sup>53</sup> And we give more as a share of GDP than any other European country.<sup>54</sup> But the share in the US is three times the UK level, suggesting there is still considerable room for growth.

**“If Brits gave at American levels, we would generate an additional £45 billion each year to spend on good causes. Brits have a lot to learn. We need to get better at asking for donations. And we need to get better at being asked.”**

– Peter Lampl

The comparison is complicated by the very different nature of the welfare and tax systems in place in the two countries, but it is hard to believe there isn't some opportunity for boosting UK giving levels. Research from the Beacon Collaborative on 'generosity thresholds' (the amounts of wealth that people at different points in the distribution would need to give to start to be considered 'generous', compared to the most generous individuals in their peer set) suggests that around half of the UK's millionaires would have to multiply their giving fourfold – or for some as much as 40 times – to step across their own personal generosity thresholds.<sup>55</sup>

The Commission will want to explore the ways in which more giving might be facilitated – drawing on an already strong evidence base to move quickly to a focus on appropriate policy levers.

There is a growing body of evidence that there are personal and systemic barriers to giving among the wealthy.<sup>56</sup> Peer effects have been shown to impact donation levels via JustGiving,<sup>57</sup> while negative public discourse has also been evidenced as a key block on giving.<sup>58</sup> Accordingly, work from New Philanthropy Capital (NPC) and the Hazelhurst Trust recommends “promotion and celebration” of more, and better, giving as a means of unlocking more resources.<sup>59</sup>

Higher levels of giving might also be encouraged through the tax system, with evidence suggesting that tax incentives already make a difference to giving and might well do more.<sup>60</sup> Matched funding schemes could provide further opportunities.<sup>61</sup>

The Commission is interested not just in the quantum of giving however, but in its effectiveness. A stronger infrastructure for giving would help: one that offers easy entry points, better advice on giving and on giving well. Good use of data is important in this context too, supporting in particular an emphasis among philanthropists on ensuring resources flow towards both where they are most needed and where they can deliver the most benefit. The adoption of a common language and approach to funder engagement with charities and community groups – in terms of fundraising process and reporting requirements for instance – would almost certainly help, as would greater sharing of data across organisations.

<sup>53</sup> [CAF World Giving Index 10th Edition](#), Charities Aid Foundation, October 2019

<sup>54</sup> [Gross Domestic Philanthropy: An international analysis of GDP, tax and giving](#), Charities Aid Foundation, January 2016

<sup>55</sup> C Dovey, “[What is the threshold for generosity in the UK today?](#)”, The Beacon Collaborative, 23 October 2020

<sup>56</sup> [The Giving Experience, Overcoming the barriers to giving among the wealthy in the UK](#), The Beacon Collaborative, in association with the Institute of Fundraising, October 2020

<sup>57</sup> S Smith, F Windmeijer & E Wright, “[Peer Effects in Charitable Giving: Evidence from the \(Running\) Field](#)”, The Economic Journal 125, June 2015

<sup>58</sup> [The Giving Experience](#), The Beacon Collaborative

<sup>59</sup> A Kail, S Johnson & M Bowcock, [Giving more and better: How can the philanthropy sector improve?](#) New Philanthropy Capital and the Hazelhurst Trust, June 2016

<sup>60</sup> See for example, M Almunia et al., “[More giving or more givers? The effects of tax incentives on charitable donations in the UK](#)”, Journal of Public Economics 183, March 2020

<sup>61</sup> See for example, K Scharf & S Smith, “[The Price Elasticity of Charitable Giving: Does the Form of Tax Relief Matter?](#)”, IFS Working Paper W10/07, Institute for Fiscal Studies, March 2010



Such efforts would also lower the administrative burden on charities, reducing the time spent on engaging with multiple variations on a theme and so freeing up more resource. As Caroline Fiennes, Director of Giving Evidence, has remarked: if universities can select students based on single application form, and shareholders don't require bespoke annual reports to make investment decisions, could funders find a shared approach to application and reporting processes?

## More life, less work: opportunities for volunteering more

Just as the Commission wants to seek ways of building on the already considerable amount of money we give as a country, so too do we want to explore ways in which we might make more of the significant endowment of time, talent and energy associated with our tradition of volunteering.

We saw in Section 3 that more than one-in-three of us (36 per cent of over 16s) volunteered in 2018-19, with more than one-in-five of us (22 per cent) doing so at least once a month. It's something that sits deep in the national psyche, with wanting to "improve things/help people" and supporting causes that are "really important to me" consistently coming out as the top two drivers of volunteering by the public.<sup>62</sup> And there is a growing body of evidence linking volunteering to improvements in the wellbeing,<sup>63</sup> mental health,<sup>64</sup> skills and employability,<sup>65</sup> life satisfaction, social integration and interpersonal skills of those undertaking it.<sup>66</sup>

Importantly, the UK might well be able to build on this solid foundation in the coming years via a significant further endowment of volunteer resource associated with demographic and technological trends.

A continued shift towards longer – and healthier – lives, with increasing shares spent in retirement rather than in work, adds up to more free time for more of the population – and therefore more opportunity for volunteering. Add in further reductions in the typical working week, and the opportunity appears even greater. Andy Haldane has estimated that the technological change associated with the fourth industrial revolution could shorten the average working week to as little as 24.5 hours by the middle of the 21st century. In doing so, it could release as much as 16 billion hours per year of free time.<sup>67</sup> When we consider that work commitments are consistently cited as the most common reason for people not volunteering,<sup>68</sup> the potential boon for civil society associated with a shorter working week comes into even sharper focus.

And even if the demographic and labour market trends of recent decades don't quite play out in this manner in the coming years – doing no more than plateauing at their current level – the imminent retirement of the large baby boomer generation will almost certainly produce a sizeable windfall of time that civil society might take advantage of.

Yet the route from more time to more volunteering isn't automatic. While it is hard to accurately capture long-term trends in volunteering behaviour in the UK (due to changing survey methods and definitional inconsistencies), the work of John Mohan suggests that participation rates have remained relatively stable over time.<sup>69</sup> That is despite significant political rhetoric and policy aimed at increasing them. Indeed, Mohan finds that volunteering rates today could be similar to those outlined in a 1947 report by William Beveridge.

<sup>62</sup> These two responses have been the two most cited in each of the last seven waves (covering 2013-14 to 2019-20) of the Community Life Survey run by DCMS. See Department for Digital, Culture, Media and Sport & Office for Civil Society, [Community Life Survey](#), HM Government, July 2017

<sup>63</sup> L Trotter et al., "[Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach](#)", HACT, March 2014

<sup>64</sup> R Casiday et al., [Volunteering and Health: What Impact Does It Really Have?](#) Volunteering England, 2008, and J Stuart et al., [The Impacts of Volunteering on the Subjective Wellbeing of Volunteers: A Rapid Evidence Assessment](#), What Works Wellbeing, October 2020

<sup>65</sup> A Paine et al., "[Does volunteering improve employability? Evidence from the British Household Panel Survey](#)", Third Sector Research Centre Working Paper 100, Third Sector Research Centre, July 2013

<sup>66</sup> H Dunn, P Gower & M Graham, [The Economic Value of Full-Time Volunteering: A report for City Year UK](#), Pro Bono Economics, November 2017

<sup>67</sup> Haldane, "[The Third Sector and the Fourth Industrial Revolution](#)"

<sup>68</sup> As reported in DCMS's Community Life Surveys for 2017-18, 2018-19 and 2019-20. See Digital, Culture, Media and Sport & Office for Civil Society, [Community Life Survey](#)

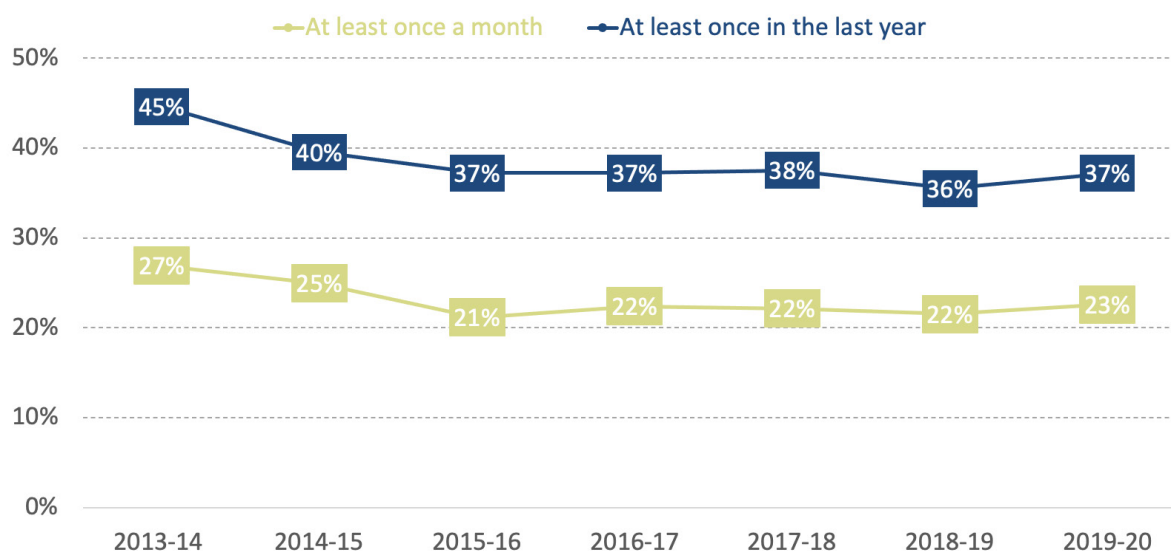
<sup>69</sup> J Mohan, "[Developmental trends in the British third sector: evidence on voluntary action by individuals](#)", TSI Working Paper 14, Third Sector Impact, 2016



And Figure 10 shows that shorter term trends present a more pessimistic picture, with volunteering rates actually falling over the past seven years.

### Figure 10: UK volunteering rates have been drifting downwards in recent years

Rates of formal volunteering in UK adults 2013-2020



**Notes:** PBE analysis of rates of formal volunteering from Community Life Survey

**Sources:** DCMS, [Community Life Survey 2019/20](#), HM Government, July 2020

There is evidence too of an intergenerational decline in social capital, with a cohort-on-cohort drop at age 40 in the proportion of people taking part in 'associational activity'.<sup>70</sup> While we should be careful not to conflate this with formal volunteering, it is perhaps indicative of a more generalised drop in 'joining in'.

As we discussed in the introduction of this report, the onset of the pandemic appeared to prompt an upsurge in voluntary activity and community activity. During the first national lockdown (March-June 2020), 40 per cent of adults in Britain reported joining a mutual aid group, volunteering through a charity, or helping their friends or neighbours in some way.<sup>71</sup> Yet there is evidence too that some of the optimism and togetherness of the early Covid crisis waned somewhat as time passed. At the end of April, 62 per cent of people thought Britain would be united post-Covid, by the end of June that had fallen to 28 per cent.<sup>72</sup> Since the start of the second national lockdown in England (announced on 31 October), 26 per cent of adults in England have volunteered their time.<sup>73</sup>

And as we – eventually – emerge from the health crisis associated with the pandemic, the enduring economic damage may serve as a headwind for volunteering. Certainly that has been the experience of past periods of economic change, with volunteering declining significantly in the period after the financial crisis of 2008 for instance, particularly in the most deprived parts of the country.<sup>74</sup>

<sup>70</sup> A McCulloch, "Cohort Variations in the Membership of Voluntary Associations in Great Britain, 1991-2007", *Sociology* 48, July 2013

<sup>71</sup> YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

<sup>72</sup> [Opinions and Lifestyle Survey \(Covid-19 module\)](#), ONS, 24 April to 28 June 2020

<sup>73</sup> YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

<sup>74</sup> C Lim & J Laurence "Doing good when times are bad: volunteering behaviour in economic hard times", *British Journal of Sociology* 66, June 2015



There is, therefore, no guarantee that any future growth in the potential supply of volunteer time will translate directly into a rise in such activity. Nor that it will be evenly distributed across the country in a way that best matches demand for support. The Law Family Commission on Civil Society will therefore want to explore opportunities for helping make the most of (and indeed lift) the volunteering resource present in the country.

**“We need to encourage volunteering as a normal part of life, and we need a culture of support and congratulation for those that do it.”**

– Danny Kruger

## **Performance tracking: opportunities for achieving more**

Securing more funding and volunteer resource should undoubtedly be an aim for civil society over the course of the 2020s. But the Commission will focus also on the way in which the sector uses the resources at its disposal – seeking to spread best practice and establish new processes and incentives designed to drive greater effectiveness and impact.

It is hard to measure productivity in many civil society, and especially social sector, organisations due to lack of comparable data on outputs (or impacts) - though it is something we hope to make progress on over the course of the Commission. Yet there are several potential barriers to productivity performance that suggest it is likely to be a challenge facing many organisations. Deficits in four areas in particular stand out: i) technological adoption; ii) strategic space; iii) diversity; and iv) use of data.

### **i) Technological adoption**

There are good examples of technological innovation in the sector. We can see digitally-enabled micro-volunteering allowing people to use technology to undertake remote acts of volunteering their time, skills and knowledge for instance – making the act of giving more flexible and less time-consuming. And online platforms integrated with social media such as JustGiving and Crowdfunder have created a new dynamic in charitable giving. Digital technology also allows many services to be delivered remotely, while there are examples of technologies such as machine learning and artificial intelligence being used to improve the efficacy of civil society organisations.<sup>75</sup>

Yet the social sector continues to lag behind the private when it comes to digital uptake. Both the government’s Civil Society Strategy, and Danny Kruger’s recent review of the role civil society might play in the government’s ‘levelling up’ ambition, make recommendations for ways in which the sector might address this gap.<sup>76</sup>

The annual Lloyds Bank Charity Digital Index highlights the mixed picture that prevails in the social sector. While its reports show improvements over time, the most recent version concludes that only 56 per cent of charities have the full suite of ‘Essential Digital Skills’.<sup>77</sup> The Skills Platform’s Charity Digital Skills Report provides further insight. It finds that 37 per cent of charities report that they simply don’t have the income to invest in digital technology. In addition, almost half (48 per cent) believe that their staff lack the skills required to engage with digital technology.<sup>78</sup>

<sup>75</sup> R Davies, “[5 Ways AI is Already Having an Impact on Charity](#)”, Charities Aid Foundation, 2 June 2017

<sup>76</sup> D Kruger, [Levelling up our communities: proposals for a new social covenant](#), September 2020

<sup>77</sup> A Caceres et al., [UK Charity Digital Index 2019](#), Lloyds Bank, November 2019

<sup>78</sup> Z Amar & The Skills Platform, [Charity Digital Skills Report 2020](#), Skills Platform, 2020



Alongside exploring opportunities for supporting civil society to be a more effective user of technology in the coming years, the Commission will also be keen to consider how the sector might become a force that shapes technology into a social good.

**“Beyond being a savvy user of technology, civil society has a crucial role in making sure that technology works for and is a force for good for everyone. Unlike our role as consumers in a market, or recipients of services from governments, civil society is about us taking part. For me, this is about more than better understanding or improving digital skills; we need civil society to have a stake in what technology is for, who owns it, and how it shapes our lives.”**

– Cassie Robinson

## ii) Strategic space

Charities are – perhaps understandably – under constant pressure to prioritise spending on programme delivery. A large part of that pressure comes from the public, with UK adults asked about the role of charities citing most frequently a need to ensure that a “high proportion” of donations go to those they are trying to help.<sup>79</sup> Four-in-five respondents (79 per cent) declared this a priority, dwarfing the second most cited priority that charities “operate to high ethical standards” (52 per cent). Only 50 per cent of the public said that “making an impact” should be a top priority.

Understandable though the sentiment is, there can be no doubt that it reduces charities’ capacity to invest in leadership, strategy and skills – and therefore their resilience and, most probably, their effectiveness.

Reporting in 2016, Clore Social Leadership noted that one-in-three (30 per cent) charities and social enterprises said they had undertaken no leadership development in the previous year.<sup>80</sup> Likewise, ACEVO’s Pay and Equalities Survey found that only 56 per cent of social sector CEOs reported having an annual appraisal in 2020. And just one-in-five (21 per cent) said they had a formal personal development plan.<sup>81</sup> The 2013 Review of Skills and Leadership, led by Dame Mary Marsh, identified several contributing factors to the sector’s challenges in this respect. These included “cultural hostility”, a lack of focus on emerging leaders, and concerns about the costs frequently overriding the recognition of its benefits.<sup>82</sup>

The issues are long-established but, in many ways, it is the experience of Covid and the challenge it has posed to the sustainability of many charities which has best brought home the risk associated with elevating service delivery so clearly above all else.

**“A business model that is so readily undermined is not a safe or reliable one. The drive to ‘sweat every pound’, keep reserves to the bare minimum and promote efficiency at all costs, has resulted in weaker, less resilient organisations, just when we needed them most.”**

– Julia Unwin

<sup>79</sup> The Charity Commission & Populus, [Regulating in the public interest: The relationship between Charity, charities and the general public](#), HM Government, May 2020

<sup>80</sup> R Harries, [Leadership Development in the Third Sector: Bridging Supply and Demand](#), Clore Social Leadership, December 2016

<sup>81</sup> “[Pay and Equalities Survey 2020: the key findings](#)”, ACEVO, 28 September 2020

<sup>82</sup> Cabinet Office, Skills and leadership in the VCSE sector: [Dame Mary Marsh Review](#), HM Government, May 2013





### iii) Diversity

Diversity in the social sector has rightly been identified as an area for urgent attention. A recent ACEVO report on racial diversity demonstrated the extent to which the charity sector is underperforming, with only 9 per cent of employees in organisations across the country coming from black, Asian and minority ethnic groups. The proportion drops further still – to just 5.3 per cent – when focusing on senior leadership teams in the UK’s 500 largest charities.<sup>83</sup> And the problem stretches to board level too, with nearly two-in-three (62 per cent) of the UK’s top charities having all-white boards.<sup>84</sup> It is a similar picture among funders too, with trustee boards of charitable foundations found to be 99 per cent white, 66 per cent male and 60 per cent aged over 64.<sup>85</sup>

This failure to tackle diversity issues in social sector leadership undermines charities’ ability to fully engage and represent diverse groups. But it also undermines their productivity, with evidence from the private sector showing that companies in the top quartile for cultural and ethnic diversity significantly outperform those in the bottom quartile.<sup>86</sup>

There are then moral, social and economic imperatives for improving on the social sector’s performance on diversity. And it is about more than simply recruiting more diverse workforces. As discussed in Section 3, the voice that civil society provides to under-represented groups is a key part of the value it delivers to the country. The sector should then be a leader in providing genuine representation, voice and power to a wide range of groups that are otherwise excluded and discriminated against. From changing what the people in positions of power look like to working with local communities rather than delivering services to them, civil society can undoubtedly do more. The Commission will explore what that might look like in practical terms.

### iv) Use of data

Data is a theme that runs throughout this report, and it will be a key focus for the Commission in the coming months. We saw in Section 3 that our ability to understand the true value of civil society is undermined by inadequate data, and we’ve seen in this section the benefits that might be released in relation to funding decisions if philanthropists and others can better capture, share and utilise the appropriate data.

For charities too, accessing and analysing good quality data is an important part of understanding impact and therefore effectiveness. As PBE’s work with over 500 charities over the past decade has shown, marshalling the right data in the right way can generate vital insights.

Charities themselves recognise this, with 87 per cent of respondents to our November 2020 Covid Charity Tracker Survey saying that impact measurement is important for delivering on their organisational objectives. However, only just over half as many (46 per cent) describe their knowledge and use of impact measurement as “good” or “very good”.<sup>87</sup> Plugging the data gaps that exist in the sector – in relation to access, skills and communication – will be a key component of unleashing the potential of civil society in the 2020s, and therefore a priority area for the Commission.

**“For both research and impact evidence, it seems to me that there are only limited standards for civil society organisations on how best to collect, present and disseminate data.”**

*– Ed Humpherson*

<sup>83</sup> [Racial diversity in the charity sector](#), ACEVO, July 2018

<sup>84</sup> M John, “[Trustee racial diversity](#)”, Acevo, 4 March 2020

<sup>85</sup> K Weakley, “[99 per cent of trustees at charity foundations are white](#)”, Civil Society News, 28 June 2018

<sup>86</sup> S Dixon-Fyle et al., [Diversity wins: How inclusion matters](#), McKinsey & Company, May 2020





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There appear to be many opportunities for supporting civil society actors to work not just harder, but smarter, in the coming years. In exploring these, the Commission will seek to build on the unique qualities of the sector which provide so much of its strength – its responsiveness, innovation, nimbleness and connection to the community. Our intention is not to impose private sector principles or public sector centralisation. Rather we want to learn more about what works in the particular context of civil society and the social sector, and do what we can to promote and facilitate an unleashing of potential among philanthropists, volunteers and organisations.

In doing so however, we must be conscious of the very particular circumstances facing charities, community groups and others in the near-term. The pandemic has changed so much in 2020, and its fallout will continue throughout 2021 and possibly beyond. Quite what it means for civil society is the focus of the next section.

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<sup>87</sup> Martin, Kenley & Sykes, [PBE Covid Charity Tracker](#)

## 6. Covid and the social sector

Across each of the last three sections we have focused on the structural themes of the Law Family Commission on Civil Society – value, optimisation, and potential. In each instance, we have reflected on how Covid has altered the picture while recognising that the issues we are concerned with will outlive the pandemic. But it is worth digging deeper into the impact of the current crisis on the social sector. That's because it is both dominating the near-term outlook and likely contributing to new long-term challenges that charities, community groups and others will find themselves dealing with for many years to come. In this section we consider how Covid is shifting the country's use of, attitudes towards, and engagement with the social sector.

### A perfect storm, and a challenging outlook

Social sector organisations have faced a significant uptick in demand for their help over the course of the pandemic, driven by both obvious and less obvious reasons, some of which are likely to linger. Demand has increased most immediately for support with the direct effects of the health, social and economic crises associated with Covid. From helping those suffering from loneliness and mental health issues to supporting those enduring an income hit at the height of lockdown, social sector organisations have stepped in. But demand is elevated too because of the build-up of pressures elsewhere in the system, such as the reluctance of some with non-Covid related health problems to present to the NHS for fear of overwhelming it, and the scarring effects of early-career unemployment on those unable to join the job market as they leave education.

And demand is likely being pushed higher still by the fact that the Covid impact is falling heaviest on many of those who are already most disadvantaged. Older people are particularly vulnerable, but there have also been substantial disparities observed between men and women, ethnic groups, and socioeconomic groups. Even after controlling for age, geography, and gender, almost all ethnic groups have recorded excess fatalities relative to white British people, with occupational exposure and economic disadvantage the apparent culprits.<sup>88</sup> The closure of schools is expected to have had a disproportionate impact on poorer children,<sup>89</sup> while mothers have disproportionately taken over childcare responsibilities to the likely detriment of their labour market outcomes.<sup>90</sup> Research has also shown that 80 per cent of the lowest earners either work in sectors shut during lockdown or do jobs that they cannot do from home; compared to just a quarter of the highest earners.<sup>91</sup> And young people have been hit particularly hard, facing significant uncertainty about their future.<sup>92</sup>

**“Emerging evidence about the impact of the pandemic shows that young people are likely to suffer its long-term consequences the hardest. The economic downturn is set to cause youth unemployment to skyrocket, with young people under the age of 25 most likely to have lost work due to furloughing, hours reductions and job losses.”**

– Jason Arthur

<sup>88</sup> See Public Health England, [Disparities in the risk and outcomes of COVID-19](#), HM Government, June 2020, and Public Health England, [Beyond the data: Understanding the impact of COVID-19 on BAME groups](#), HM Government, June 2020

<sup>89</sup> X Xu & R Blundell, [Covid-19: the impacts of the pandemic on inequality](#), The IFS Deaton Review, June 2020

<sup>90</sup> *Ibid*

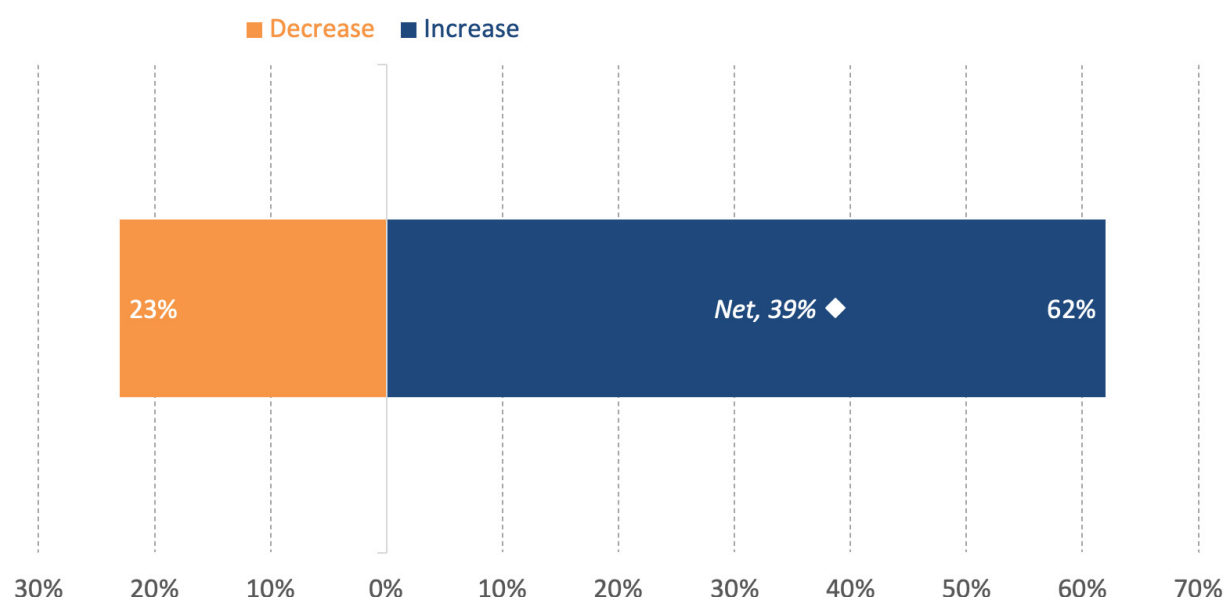
<sup>91</sup> *Ibid*

<sup>92</sup> E Lawrie & B Butcher, [“Employment: Seven ways the young have been hit by Covid”](#), BBC News, 28 September 2020

The scale of rise in demand for support is significant, as is clear in Figure 11. It shows that nearly two-in-three charities (62 per cent) responding to PBE's latest Covid Charity Tracker survey say that demand for their help is higher today than it was at the same point last year. For a sizeable minority of 15 per cent, the elevation in demand is reported to be greater than 25 per cent.

### Figure 11: Approaching two-in-three charities report elevated levels of demand

What level of demand for your services are you currently experiencing, compared to this time last year: UK, Nov 2020



**Notes:** n = 216, residual is "no change" (12%) and "don't know" (3%).

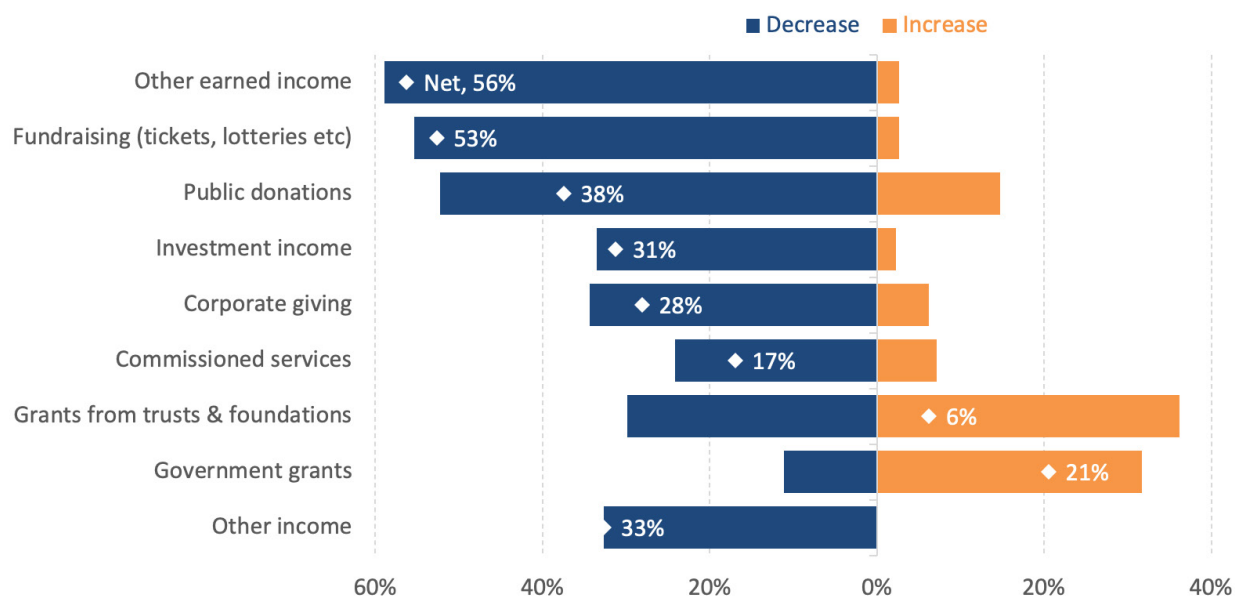
**Sources:** PBE Covid Charity Tracker, Pro Bono Economics, in partnership with Charity Finance Group and the Chartered Institute of Fundraising, November 2020

Our polling also shows that the rise in demand is being driven by a mixture of new clients and increased need among existing clients – bringing more people into contact with the social sector but also increasing the intensity with which it is relied upon.

On the other side of the equation, social sector organisations have faced some very significant constraints on their ability to respond to the demand they face. Figure 12 shows the net balance of charities reporting to PBE in September 2020 that they'd experienced a fall or rise in different income sources as a result of Covid. The closure of charity shops and cancellation of fundraising events, alongside the impacts of the recession on personal finances, created a serious dent in various charity finance sources. Net balances of more than half of charities reported a drop in fundraising (53 per cent) and 'other' earned sources of income (56 per cent). More than half (52 per cent) of charities said public donations had fallen too, though this was offset to some extent in other parts of the sector by 15 per cent reporting an increase in such funds.

## Figure 12: A net balance of more than half of charities say income from fundraising and earned sources has fallen as a result of Covid-19

How have each of these sources of income been impacted by Covid-19? UK, Sep 2020.



**Notes:** n = 224. Residual not shown covers "no change" and "don't know".

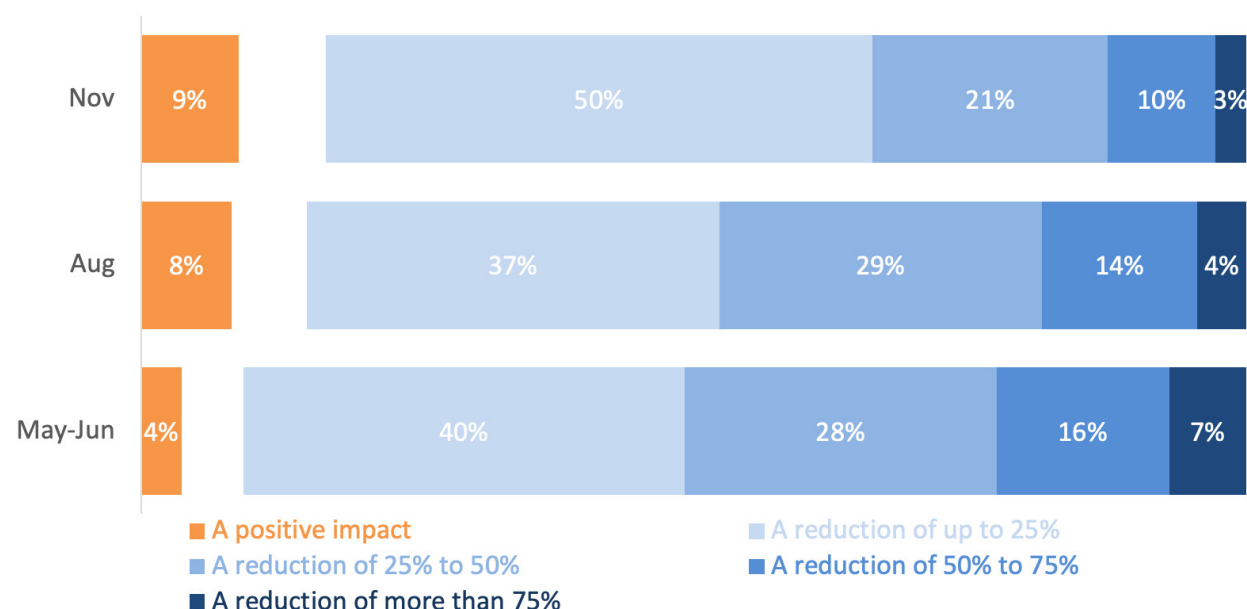
**Sources:** PBE Covid Charity Tracker results, Pro Bono Economics, in partnership with Charity Finance Group and the Institute of Fundraising, September 2020

Set against these reductions, net balances of charities reported increases in income from trusts and foundations (6 per cent) and in the form of government grants (21 per cent). Nevertheless, the overall picture for the sector is stark – with the scale of funding reductions being reported especially concerning.

Figure 13 shows that more than four-in-five charities (83 per cent) think their income will drop below their pre-pandemic expectations over the course of 2021, with one-in-three (34 per cent) predicting a shortfall of more than one-quarter.

**Figure 13: Almost all charities expect their incomes to drop as a result of Covid, some significantly**

What impact do you expect Covid-19 to have on your organisation's income relative to your pre-crisis expectations?



**Notes:** May-June questions relate to “next six months”, August to “this financial year”, and November to “next twelve months”  
**Sources:** PBE Covid Charity Tracker, 9-15 November (n = 216), 03-07 August (n = 455), and average of surveys in May/June (cumulative responses 1,727)

Using this polling data, PBE estimated in June that UK charities were facing a £6.7 billion drop in aggregate income over the second half of 2020 alone relative to pre-pandemic expectations.<sup>93</sup> Adding in the £3.4 billion cost associated with meeting the extra demand for help being reported, the overall six-month funding ‘gap’ facing the sector was estimated to amount to £10.1 billion.

And the pressure is expected to persist into 2021 and beyond, with two-in-three charities (69 per cent) telling PBE that they expected it to take more than a year for their income levels to return to pre-crisis norms. One-quarter warned that it could take over two years.<sup>94</sup>

While many charities are ploughing on, for some the crisis risks being an existential one. And for very many others, it simply won’t be possible to continue to meet all the need they face. 55 per cent have reported to PBE that they may not be able to meet demand for their services over winter.<sup>95</sup> And while the sample size is too small to draw definitive conclusions, indications from PBE’s Covid Charity Tracker Survey suggest that charities working primarily with black, Asian and minority ethnic communities have been particularly hard hit.<sup>96</sup>

<sup>93</sup> H Whitehead, [Charities face £10bn funding gap over the next six months due to Covid-19](#), Civil Society News, 10 June 2020

<sup>94</sup> Martin, Kenley & Sykes, [PBE Covid Charity Tracker](#)

<sup>95</sup> A Martin & A Kenley, [PBE Covid Charity Tracker results](#), Pro Bono Economics, in partnership with Charity Finance Group and the Institute of Fundraising, September 2020

<sup>96</sup> Kenley & Whittaker, [Weathering the storm](#)

**“With all fundraising income disappearing overnight, services are much reduced and we no longer pay a mental health counsellor, most of our own staff are on furlough, and the effects of this pandemic are far-reaching. Our reserves will run out unless we get vital funding; much of which we are not eligible for, as we do not work in geographically local communities and do not have sufficient staff to trawl through the minefield of what we could be eligible for, let alone apply for more than one or two grants.”**

– Respondent to PBE's Covid Charity Tracker Survey, September 2020

## **A shifting landscape, and some hope for the future**

Amid the many challenges posed by the pandemic however, there are opportunities too. Most obviously, the crisis has showcased the value the social sector delivers at all times, but especially in crisis. In doing so, it has almost certainly raised the profile and reputation of the sector in the hearts and minds of the public and the country's policy makers.

In many areas, charities and broader civil society stepped in where the public and private sectors could or would not. Charities responded rapidly, delivering core services such as food parcels,<sup>97</sup> supporting socially isolated elderly people,<sup>98</sup> and running helplines for those struggling with their mental health.<sup>99</sup>

The numerous ways in which charities and other social sector organisations have adapted in the face of the crisis is also cause for optimism. PBE's August Covid Charity Tracker showed that three-quarters (77 per cent) of charities had started to make greater use of digital/technology, and that two-thirds (67 per cent) had innovated to deliver their services remotely. Likewise, one-in-three (31 per cent) said they had collaborated more with charity sector partners.<sup>100</sup> Such shifts in operation, while prompted by crisis, may serve organisations well during the future period of recovery.

**“As an organisation we have sped up our plans towards digital innovation using the learning over the period of lockdown.**

**Whilst we have been able to deliver more using digital, we will have to invest in digital to provide better quality in the longer term.”**

– Respondents to PBE's Covid Charity Tracker survey, September 2020

Importantly, the pandemic has also brought many more people into contact with the social sector, potentially shifting attitudes along the way. New mutual aid groups have been established to support those who are quarantining or isolating, and people have reached out to help those around them more generally. Our polling finds that 40 per cent of adults in Britain volunteered their time during the first (March-June) lockdown, with 5 per cent joining a mutual aid group, 6 per cent working with a charity or community group and 35 per cent helping out friends and neighbours.<sup>101</sup>

<sup>97</sup> S Corr, “[Bishop's Stortford Food Bank ready to help more families after being hit by flood](#)”, Bishop's Stortford Independent, 27 October 2020 the data: Understanding the impact of COVID-19 on BAME groups, HM Government, June 2020

<sup>98</sup> “[Grant will help Ealing charity support elderly during COVID](#)”, Hillingdon & Uxbridge Times, 20 October 2020

<sup>99</sup> J Klein, “[Dorset charities set up helplines for those in need](#)”, Dorset Echo, 28 October 2020

<sup>100</sup> Kenley & Whittaker, [Weathering the storm](#)

<sup>101</sup> YouGov online polling for PBE of 1696 GB Adults, 18-19 November 2020

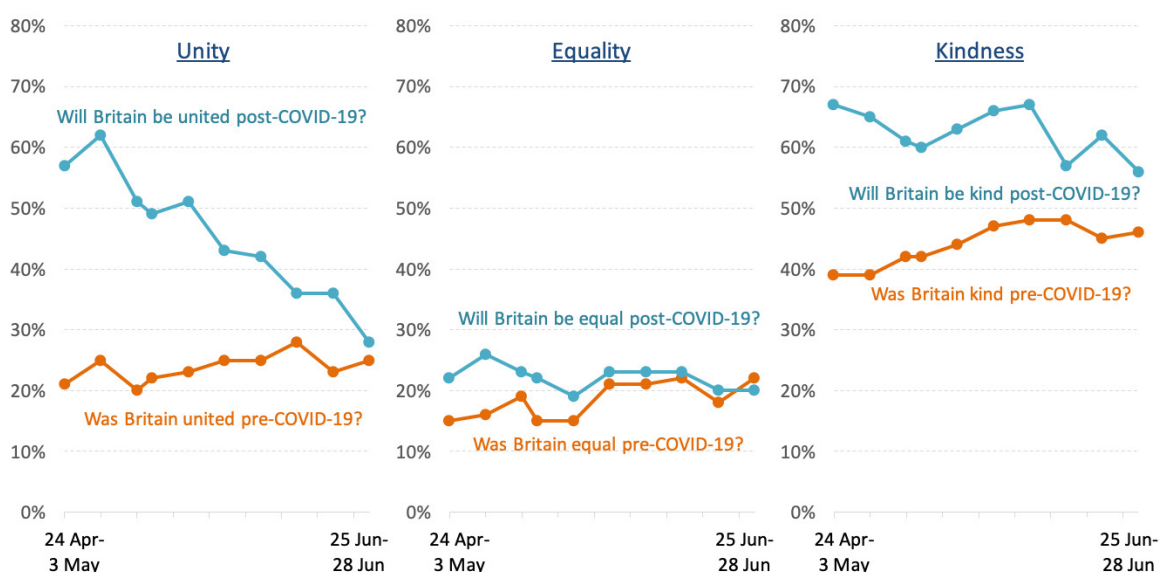
**“Past pandemics have tended to collapse the capitals on which capitalism is built: physical capital, like machines and factories; human capital, like jobs and skills; and financial capital, like debt and equity. As these capitals have collapsed, so too have people’s income and economies’ GDP. This pattern has been repeated during the Covid crisis.”**

– Andy Haldane

And there is evidence to suggest that the deepening of the country’s social capital observed at the start of the pandemic prompted a strengthening of the nation’s social ‘glue’ too. Figure 14 shows that the proportion of adults thinking Britain would emerge from Covid a united country stood at 57 per cent at the end of April – significantly more than the 21 per cent who said it was united going into the crisis. The proportion expecting a “kind” country post-pandemic was higher still – at 67 per cent – up from the 39 per cent who said pre-Covid Britain was kind.

**Figure 14: Optimism for the future has waxed and waned**

How united/equal/kind do you think Britain was before COVID-19/will be after recovery? All adults, Great Britain



**Notes:** Questions asked in the form “How united or divided do you think...”. Charts show the proportions answering “Very” or “Somewhat” in each instance.

**Sources:** [Opinions and Lifestyle Survey \(Covid-19 module\)](#), ONS, 24 April to 28 June 2020

However, figure 14 also suggests that such optimism for the future may prove to be relatively short-lived. By mid-summer, the proportion expecting a united country post-Covid had dropped back to 28 per cent – just 3 percentage points higher than the proportion saying Britain was united ahead of the crisis. Understanding how to deliver on the initial optimism prompted by people's interaction with civil society – feeding into ambitions for 'levelling up' and for 'building back better' for instance – will be a key goal for the Commission in the coming months.

The Covid challenge facing civil society is undoubtedly a sizeable one. Simply put, the pandemic has significantly increased demand for social sector support among the British public at precisely the same time as it has placed constraints on the capacity of charities and other organisations to act. Faced with this perfect storm, social sector organisations have shown typical resolve and innovation, and have continued to do the best they can – helping large numbers of people to weather the effects of the pandemic in the process.

In this sense, the crisis has offered a glimpse of just how vital civil society is to our national wellbeing – highlighting the strength associated with being nimble, innovative and rooted in local communities. The backdrop presented by the pandemic therefore presents significant challenges and opportunities which the Commission will want to explore alongside its wider work on value, cross-sector optimisation and potential. Quite how it will approach the task is set out in the next section.



## 7. The Law Family Commission on Civil Society

Against the backdrop of serious challenges and opportunities depicted in the previous sections of this report, the Law Family Commission on Civil Society has been established to provide a detailed exploration of what works, what doesn't and what we can change in order to unleash civil society's potential in the 2020s. We want to build momentum and consensus, standing on the shoulders of others and prompting a national conversation which delivers specific policy outcomes that will persist long beyond the lifetime of this Commission. Some of these will be difficult questions, both to ask and to answer. As an independent Commission, we are driven by a determination to provide civil society with the resources, freedoms and structures necessary to truly fulfil its potential. In this final substantive section then, we set out the details of how we propose to do this.

### Who: the Commission's members and advisers

The Commission will be overseen by a diverse group of 17 commissioners drawn from across the social, public and private sectors (see page 6). Commissioners will provide a range of perspectives, inspiration, challenge and guidance throughout the project, and will sign off on the details of the Commission's final report, with interim output managed by PBE.

The process will be supported by a technical panel of policy and research experts, academics and practitioners, providing challenge and guidance on the research findings. And throughout its lifecycle, the Commission will work with a changing people panel of community leaders, volunteers and service-users. This panel will function as a series of roundtables run across the country, where we will share and test findings, and develop potential policy proposals.

In managing the Commission's output, PBE will look for opportunities to work collaboratively with other research organisations, experts and academics. This will include commissioned projects, joint-working and the showcasing of research developed by others.

Our intention is to provide ongoing engagement with stakeholders across civil society, the public and private sectors throughout the two years of the Commission. In doing so, we will produce a steady stream of publications, events and roundtables.

### How: the Commission's work programme

We have outlined three key research and policy themes for the Commission in this report:

- *Valuing civil society* (Section 3): focusing on how we can better understand, measure and communicate the value of civil society in its myriad forms;
- *Cross-sector optimisation* (Section 4): looking at how we might view civil society alongside the functioning of the market and the state in order to develop an optimal balance across the different sectors of the economy; and
- *Unleashing potential* (Section 5): digging into the different ways in which philanthropists, individuals and civil sector organisations can collectively give more, volunteer more and achieve more in the coming years.

Each of these themes can be further divided into three workstreams, providing the Commission with nine key focus areas in total – as shown in Figure 15. Our two ‘fast-tracked’ projects, on the levelling up agenda and opportunities for UK philanthropy, will be the focus of the first quarter of 2021.

**Figure 15: The Law Family Commission on Civil Society’s workstreams**

Valuing civil society	Cross-sector optimisation	Unleashing potential
How to measure and understand the ‘value’ of civil society	The relationship between government and civil society	How can we unleash the potential of social sector organisations?
What is the value of civic infrastructure in communities?	The role of civil society in supporting the ‘levelling up’ and ‘build back better’ agendas	How can we unleash the potential of UK philanthropy?
What is the value of civil society as a force for social change?	The relationship between the private sector and civil society	How can we unleash the potential of participation/volunteering?

Alongside drawing on the work, experience and expertise of a wide variety of people, the Commission will explicitly aim to build on the work of a number of the inquiries and investigations that have been undertaken over recent years. These include Danny Kruger MP’s recent Levelling up our communities report written at the request of the Prime Minister,<sup>102</sup> Dame Julia Unwin’s Civil Society Futures inquiry,<sup>103</sup> and the government’s own Civil Society Strategy.<sup>104</sup> In doing so, we will want to explore which ideas gained traction and which require further work – building on the former and supporting development of the latter.

## When: the Commission’s timetable

The Law Family Commission on Civil Society will run for two years, concluding in late-2022. We will produce numerous reports and host many public events along the way, ensuring that we focus on developing policy as well as undertaking new research. The final report will bring together many of our key findings and policy recommendations.

If you would like to be kept up to date with our events and publications, you can sign up to our newsletter on the Commission’s website: [www.civilsocietycommission.org](http://www.civilsocietycommission.org)

<sup>102</sup> Kruger, *Levelling up our communities*

<sup>103</sup> *Civil Society in England: Its current state and future opportunity*, Civil Society Futures, November 2018

<sup>104</sup> J Wright & T Crouch, *Civil Society Strategy*, Department for Digital, Culture, Media & Sport, and Office for Civil Society, August 2018

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# Conclusion

Civil society in all its forms, from small acts of kindness and community solidarity to the organisations that exist to generate social good, plays a vital role in the wellbeing of the country. This sentiment is reflected in public attitudes about the importance of charities and community groups and the voice they should have in shaping the UK's future. The Covid pandemic has only served to highlight how much we rely on civil society, with many of us helping friends, neighbours and people in our community, deepening the country's social capital just when we needed it most.

But it's clear there is more that civil society could achieve, given the opportunity. In part, this is about ensuring the sector receives sufficient attention in our national discourse and policy debate. To do so, we need to start properly measuring, and therefore valuing, civil society. It's also about unleashing the full potential of philanthropy, volunteering and the social sector – while the UK is already a generous nation, there is more we could achieve. Finally, it's about considering the role of civil society alongside markets and the state. We need to find the right balance across the three sectors, recognising they are deeply interdependent, each playing a shared role in achieving the best possible outcomes for the UK.

To tackle these issues, we have brought together a diverse group of commissioners from across the social, public and private sectors. The Law Family Commission on Civil Society will work in a genuinely cross-sectorial and collaborative way to achieve both concrete change and a broader shift in attitudes about civil society.

Doing so is in everyone's interests. Civil society already contributes so much to our national wellbeing – significantly more than our official statistics might suggest. But if the UK is to thrive as it recovers from the Covid crisis and establishes its post-EU place in the world over the coming decade, then it's vital that we unleash the full potential of civil society.

# Other Law Family Commission on Civil Society Publications

1. **Civil Action: Exploring civil society's potential in the 2020s**, December 2020
2. **Civil Society, Unleashed**, December 2020



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