

# Tied down by bureaucracy

Sometimes research can result in truly ground breaking findings. It is difficult to argue, for instance, with the Nobel Prize awarded last year to Dr Barry Marshall, who helped discover that most stomach ulcers were the result not of stress but of a bacterium that could be treated with antibiotics – particularly since he went to the trouble of swallowing it to prove the point.

Other results are less surprising, though, and serve only to confirm what we already knew. So, while scientists may have been surprised by a study last November that showed standing bare foot in icy water for 20 minutes helps you catch a cold, few others will have been. It is in this latter category that the Better Regulation Task Force's study of the voluntary sector, published in the same month, probably belongs.

The central argument of *Better Regulation for Civil Society* – that the regulatory burden faced by charities is excessive and could be reduced – was no great shock. Acevo and others have been making the point for some time. In particular, the findings regarding the burden of reporting to public funders endorsed much of what was written in the National Audit Office (NAO) report, *Working with the Third Sector*, which appeared in June.

The first hand examples in both were depressingly similar. So the charity chairman who told the Better Regulation Taskforce (now the Better Regulation Commission or BRC) that his funding bid was refused on the grounds that he had missed two questions requiring one-word answers in a 30-page application form, brought to mind the training group worker quoted in the NAO report after their application was rejected for being submitted in the wrong font size. "I cried," said

Recent reports have highlighted the continuing regulatory and bureaucratic burdens faced by organisations making applications to public funders, whose often arduous monitoring and reporting standards can be enough to bring one to tears. With the government expected to respond to recommendations laid out by the Better Regulation Commission, Peter Davy asks if we can actually expect the situation to improve

the applicant.

Perhaps more importantly, the government too has long recognised that there is a problem. After all, the NAO report was, in part, a progress update on the implementation of the Cross-Cutting Review's recommendations to improve funding made by the Treasury in 2002. Those with longer memories will even be able to chart some of the current discussions back ten years to the Deakin Commission report, which led to the Compact and latterly the new Compact Plus. Yet the problems persist, and most respondents consulted in both recent reports felt that public funders' monitoring and reporting processes had not significantly changed.

Given this background, many may wonder whether the government's response to the BRC report's recommendations (expected imminently) will make any real difference.

## A better future?

However, Sukhvinder Stubbs, the Barrow Cadbury Trust director who led the BRC study, is hopeful. She refuses to accept that the problems are intractable, and contests the arguments from some funders that the legislation they operate under forces them to impose onerous reporting requirements.

"In many cases we've looked back at what is required, and it's just not

enshrined by law," she says. "This is actually about local officials who go out of their way to dot the 'i's and cross the 't's, without thinking of the consequences". After all, independent trusts like Stubbs' own have also faced increasing pressure to

account for their money in recent years (and will do so again with the Standard Information Return) but have tended to meet this challenge without too many complaints.

In the public sector, however, Stubbs argues that an administrative culture seems to have developed that has seen bureaucracy become a way of life. Unfortunately, many charities the BRC spoke to felt this culture threatened to "corrupt" their way of operating, not only tying them down with paper work, but also changing the very nature of the work they do (see box).

However, while there is widespread agreement that there is a problem, it is less

clear what the answer is. At the Big Lottery Fund (BLF), head of London region Debbie Pippard says that all funders are keen on reducing bureaucracy; they're just not sure how to do it. "When you get any group of funders together and suggest trying to reduce bureaucracy, people are completely in favour," she says. "But the problems aren't easy to solve."

Previous experience has shown this to be true. For example, the national Lead Funder pilot scheme that ran until last March showed that "passporting" (sharing basic information on voluntary sector groups between their funders, such as their annual accounts) did help cut bureaucracy for those applying for funding. However, it failed to achieve its goal of setting up a system of a joint monitoring system.

Two of the funders involved in the pilot, the Learning and Skills Council and Jobcentre Plus, had approaches that were too different to be able to merge successfully.

It is not clear yet how much more success the regional Lead Funder pilots have had. They finished at the end of last year, and the results are still being evaluated. Pippard of the BLF, which led one of the three pilots, is cautious, saying only that her organisation "learned a lot from it".

However, at least one of the charities involved in the pilots, the East London Financial Inclusion Unit (ELFI), says it is pleased with the results. The group receives funding from The Legal Services Commission, the Association of London Government (ALG) and the Big Lottery Fund, meaning that it faced demands for different reports of varying frequencies and working to three different year-ends. Under the pilot, the charity negotiated a single year-end and filed one main report with the Legal Services Commission, with only some lesser reporting elsewhere. According to its director Zarah Riches, the scheme not only reduced the time spent on administration, it also enabled the organisation to develop a more coherent view of its activities by drawing the various strands of reporting together. "When you've got lots of different funders that all have quite different approaches, it's quite a stretch," she says. "This makes it a lot easier to focus, I must admit."

## A corrupting influence

The Better Regulation Commission report found that much of the burden on charities resulted from the reporting and monitoring requirements imposed on them by government funders. It termed this, "quasi-regulation".

According to Sukhvinder Stubbs and others, the problem is not just the increased paperwork this causes, but also that by being caught in the public sector culture, charities risk becoming less effective and losing their ability to innovate.

For example, one of the organisations interviewed for the report was Saathi House, a youth group in Birmingham. The charity told the researchers that it had to report to its funders the number of people attending the workshops it ran, therefore feeling that there was pressure to maximise the numbers attending. However, the

There are other causes for optimism in the capital as well. The end of last year saw a new association, London Funders, born out of an existing informal alliance of more than 100 public, corporate and third sector funders responsible for about £600 million per annum. Its members, which include the BLF, the ALG, the Bridge House Trust and the London Development Agency, are to look at a variety of ways of improving funding, and one of its main aims is to find ways in which funders can share information to cut the administrative burden for charities. "If we're funding different things, as we often are, then we do need specific information to evaluate those programmes," says London Funders chair Sara Llewellyn, "but there are common areas of reporting where we may be able to cut down some of the burden of duplication."

Elsewhere in the country, this year will also see a number of other promising developments. In the West Midlands, for instance, twenty pilot schemes for combined audits between funders will conclude in March. The initiative, led by the region's Government Office, will establish if public bodies funding the same charity can agree on a combined process to facilitate a single audit. Meanwhile, many hope the emergence of Local Area Agreements, which aim to streamline local funding sources, will also begin to bear fruit as they enter their second year of funding. Finally, this year should also see the results of research commissioned by the Home Office on the possibility of linking up various quality standards so that different standards boards acknowledge the value which certification by another organisation offers.

What these types of moves reflect, according to ALG's head of overview & scrutiny, Ian Redding, is a genuine determination and "spirit of collaboration" between funders to reduce the burden they place on charities. "The best way we can achieve change is by doing as much of this together as we possibly can," he says. Eventually, this should not just save charities hours of paperwork, but also result in perhaps millions of pounds in efficiency savings for funders as they stop all chasing the same information. Just don't expect too many changes too soon. "It's not going to be a fast process," explains Redding, "but it will get there." Fortunately, charities will by now have learned to be patient.

charity itself considered this relatively immaterial; it measured the progress individuals made as a result of its courses.

Similarly, Martin Kinsella of social inclusion charity P3, says that the focus on costs by some government funders makes a mockery of the stated aims for the sector to achieve best practice. The charity last year achieved top ranking in the sector for the Sunday Times Best Small Companies to Work For list, as well as winning this magazine's Charity of the Year Award. However, he says funders sometimes look at such success and wonder whether it could therefore be done cheaper: "Funders often espouse best practice and talk of all kinds of capacity building and aspiring to excellence, but they aren't so comfortable if you achieve it."