Moral, But No Compass : A Report to the Church of England from the Von Hügel Institute

Background
1. The report was published in June 2008 and copies sent to all members of Synod. It had been commissioned by the Bishop for Urban Life and Faith to consider whether the Church of England should become more deeply involved in the delivery of contracted welfare services, to assess the church’s capacity for such work and to consider the kind of partnerships with Government which might be possible in this field.

2. The research behind the report, and the preparation of the report itself was undertaken by staff at the Von Hügel Institute based at St Edmund’s College, Cambridge. The authors, Francis Davis, Elizabeth Paulhus and Andrew Bradstock, have established track-records in Christian theology and social analysis.

3. Part of the research looked at how far the church’s current involvement in social provision is understood, measured and valued by Government and other agencies. The report concluded that there were serious weaknesses in the ways in which Christian (especially Church of England) engagement was recorded by HMG, the Charity Commission and others. The way in which the story broke and the early headlines that resulted did not create a favourable initial climate for getting all concerned to approach the report dispassionately. But there have been subsequent opportunities to impress on the bodies concerned that the underlying analysis on this point has identified a real issue.

4. The main thrust of the report is concerned with the church’s social welfare activity. The report has significant implications for the Church Urban Fund and its ongoing development.

The General Proposition of the Report
5. The two largest political parties are embracing a vision for social welfare in which direct delivery is in the hands of private or voluntary sector bodies contracted to government. Along with other third-sector bodies, the churches are seen as having the potential to play a larger role in such contracted work.

6. The Church of England has a very long and honourable record of social welfare provision, understood as integral to its calling and to the discipleship of its members. The church was a major provider of welfare for centuries, was deeply involved in the creation of the Welfare State, and – as the structures for the provision of welfare evolve – remains committed to the provision of care for the people of the nation.
7. In a number of dioceses there are well-established projects and programmes working with government contracts to deliver welfare provision in key areas. CUF also has considerable experience of resourcing local projects in this field of work, has established links with government departments and is developing programmes with regional agencies.

9 July 2008
The Bishop of Leicester, the Rt Rev Tim Stevens said at question time:
"The Church and congregations around the country are to be found running post offices, cafes, doctors surgeries, asylum rights centres, homeless outreach and bereavement counselling, job creation and economic regeneration programmes, eco initiatives, youth clubs, campaigns for the world's poor."

He said: "This establishes the Church of England in a unique position in relation to reaching the most disadvantaged sections of our society and will you therefore commit to pursuing a dialogue with the Church of England on how these recommendations can be taken forward."
Lady Andrews said the Government had a "unique and instinctive partnership with the Church".

Communities Minister Baroness Andrews said: "I could give a great deal of evidence about how we are working with the third sector, faith based charities, across the country to reach those parts of our communities which no other organisation can reach."

8. The report starts by noting that the church has always been involved in the delivery of welfare services, and goes on track the history of this involvement, especially through the post-War creation of the Welfare State and the end of consensual politics in the 1980s. The report identifies a slow (and incomplete) shift in thinking within the churches to accommodate the new shape of welfare politics in the 21st century.

“Stakeholder welfare” acknowledges the plurality of civil society, the need for partnership between the different sectors in society, and subsidiarity – all of which affirm the indispensability of the contribution of the private and voluntary sectors in welfare delivery. (Moral, But No Compass, p.35.)

9. The report notes the scepticism among some in the church about the way the policies of both major parties seek to enlist the voluntary sector in contracts to deliver welfare programmes. The researchers note that there is considerable variation in the ways government (national and local) handle contracts with the voluntary sector and that difficulties faced in some places are not always universal. Nevertheless, problems of short-termism in funding, “reverse auctions” (awarding contracts to the organisation that bids lowest) and formalities which make excessive demands on voluntary bodies, all represent real problems encountered in the contract relationship.

We interviewed the leaders and managers of several larger Christian voluntary sector bodies about their experience of negotiating contracts and service level agreements. We also spoke to some managers in the secular third

Summarising the report – the churches and welfare contracts
sector. In both cases mention was made that local authorities vary widely in the way that they go about purchasing and commissioning. Some seem to be very flexible and understand voluntary sector needs, while others delay payments (putting organisations under pressure) and need every detail spelt out or them. (Moral, But No Compass, p.43)

9 October 2008. The Bishop of Portsmouth said: We are asking, not to move in and take over, but to be taken seriously. Elsewhere, there are areas where we are not being taken seriously. In education, for example, while we get good signals from the upper levels of the political administration, very often at the lower and the local levels it is not quite the same. Government aspirations are sometimes taken in a relaxed way. ... Finally, we must not get too cosy with each other. In relations between the church and the Government there must be a certain symbiosis, but if we start to get too cosy with each other, our separate identities are compromised. However, if we start screaming at each other across the barricades, nothing much is achieved. Each side needs to be able to criticise the other; perhaps the Government need to take more seriously the fact that in the Christian religion, for example, there is a strong and worthy tradition of self critique. (Hansard)

10. The report contrasts the churches’ concern for “what matters” with the motivation of government in terms of “what works”. There is a need for greater understanding on both sides, although the report uncovered worrying ignorance about churches, Christianity, and religions in general among public servants.

   All our faith-based respondents reported “immense religious illiteracy” on the part of local government officials, politicians and throughout the policy-making community as a whole...we were astonished to be told by civil servants that there is no evidence base in government circles on Christian institutions. (Moral, But No Compass, p.49).

11. This last point is central to the report’s arguments. In short, a government committed to evidence-based policy making has no evidence base on the extent and depth of the Christian churches social welfare activity in this country. The report goes on to outline the evidence that could be available in this field.

12. The ways in which the Charity Commission records religious involvement in charitable activity also came in for some criticism. The objects of a charity may be defined as (for example) “relieving poverty” or as “the advancement of religion” but the religious motivation for the relief of poverty can thereby be obscured. In subsequent discussions with the Charity Commission, Archbishops’ Council staff discovered that there were flaws in the way the Von Hügel researchers collected their data on the Commission’s work, so the criticism cannot be fully sustained. However, the potential for underestimating the contribution of churches and other religious charities is still worrying.
13. The report contains a great number of relevant facts and statistics about the Church of England which cannot be detailed here. Suffice to say that the dioceses clearly possess considerable levels of skill, assets and other resources which, potentially, could equip them for partnerships with government in welfare delivery.

14. The report notes the tremendous asset represented by our cathedrals which it describes as “regional powerhouses in local communities” (p.65). It also notes the extensive “civic contribution” made by bishops. (p.69)

15. Although the report focused, in the main, on the diocesan dimension to the church’s activities, it also considered the local, community-based or congregational levels of activity. Many examples are offered.

   In surveying published and unpublished research we have recorded a veritable empire of civil society founded, funded, sustained and maintained by Christian congregations, churches and believers. These initiatives endure alongside, through, and sometimes despite Church and/or government structures. (Moral, But No Compass, p.72)

   The report also considered examples of social welfare provision in other parts of the Anglican Communion and examined the model of diaconal ministry in the Protestant churches of mainland Europe.

   

   A 2004 survey in Hastings (Chichester Diocese) commissioned by Hastings Voluntary Action and carried out by Churches Together in Hastings and St Leonards discovered:

   - 8 out of 10 churches provide services that are of benefit to people who are not part of their congregations;
   - 1,200 hours of voluntary work were given to the community each week, the equivalent of 22 full-time staff working 52 weeks a year;
   - Churches on average each ran two community projects, and much of their work – often done ecumenically – is focussed on hard-to-reach groups such as excluded young people, drug addicts, refugees and asylum seekers.

   Moral, But No Compass, p.76

16. The report notes a commonly-held perception that major funders are no longer interested in intermediary bodies (on the model of CUF) but want to form direct relationships with the projects working at the grassroots. This is contrasted with the experience of the Church of England’s Education Division that “tens of
millions of new philanthropic finds had been raised for the Church’s Academies programme in a very short time” (p.78). A network of social enterprises has been set up to support the academies programme in a variety of ways. It appears that, in the right circumstances, significant new funding is still available for coordinating local initiatives and building capacity.

17. Reservations remain about the Government’s commissioning structures for welfare delivery partnerships. The research uncovered anxieties about the ways in which (sometimes despite contrary intentions) Government policies “had the effect of encouraging purchasing managers to drive the agenda solely on ‘price and aggressive readings of performance criteria’”. Secondly, there was evidence that contract criteria neglected the ‘qualitative’ side. *For most of our respondents it is the qualitative, non-financial aspects of voluntary sector engagement in the building of care and empowerment that are the key motivators. And yet many felt that these critical attributes of care and empowerment were being ignored – or under appreciated – by purchasers.* (p.85)

18. Whilst recognising that Government-funded activity must be measured in some way, the report notes that doing so in a way which encourages and sustains the strong motivation of Christian (and other) forms of volunteering must be a priority for Government. The report offers what it calls a “Civic Value Matrix” as a tool to help church groups to assess their capacity for partnerships and to help them enter into dialogue with contract providers.

**Taking the Report Forward**

19. Following publication of the report, meetings were quickly arranged between the Bishop of Hulme, Archbishops’ Council staff and ministers and civil servants at the Dept. of Communities and Local Government. Initial ministerial fears that the report was intended to be an attack on the Government and an endorsement of the Opposition’s policies were allayed by reference to the text of the report and it was emphasised that the Church’s concern was to explore the potential for partnership in welfare delivery. The report’s criticisms of Government for under-counting the level of church involvement in volunteering were noted as an area for continuing attention and the need to address voluntary-sector concerns about the ways contracts were applied in practice were recognised.

20. On 21 July, Hazel Blears, the Communities Secretary, launched the Government’s *Framework for Partnership* which considered how government and faith communities could work together for the good of their communities. The emphases in her speech suggested that some, at least, of the report’s concerns had been heard.
21. In the light of the report’s criticisms of the Charity Commission, a meeting was arranged between Archbishops’ Council staff, the Chair of the Charity Commission, Dame Suzi Leather and members of her staff. Assurances were given that the Charity Commission was not hostile to the churches and that it had a strong interest in accurate data collection. It was noted that the Charity Commission worked to a set of priorities concerned with the good governance of charities and that some of its data collection was, quite reasonably, geared towards those priorities rather than seeking data on all charities equally. The necessity for charities and churches to be able to combine an advocacy role with service delivery was recognised.

9 October 2008. Lord Judd said:

I have had experiences in the voluntary sector of a secular type—I was a director of Oxfam, for example—but I have a certain unease about the way in which we have slipped into the language of partnerships. I am not quite sure that the concept of partnership adequately describes what it should all be about. Essentially, we are about empowering—we are catalysts in society. There is now, on the part of government and others, a tendency to talk quite overtly of being there to deliver services more effectively, but we are not service deliverers. Of course, in what we do, we should provide a service—that is what it is all about—but we are about empowering people and enabling society to change. As part of that, we must be uncomfortable advocates. I am very glad that charity law now recognises the role of advocacy in fulfilling charitable commitment. Sometimes advocacy based on the authority and experience of engagement can be one of the most powerful of all services for the disadvantaged. (Hansard)

22. On 9 July 2008, Baroness Cox, speaking in the House of Lords, asked the Government “what is their response to the report Moral, But No Compass commissioned by the Church of England?” The Parliamentary Under Secretary of State for DCLG, Baroness Andrews, replied that the Government were awaiting the Church of England’s own consideration of the report before responding, but added: “We have a unique and instinctive partnership with the church. We want to
encourage that alongside a stronger third sector. We value all its work to promote social capital and social connection. We see it as a vital partner and acknowledge it as a vital influence in shaping the interfaith framework that we will bring forward shortly, which will create even more opportunities for people of faith to work together with the whole community.”

23. On 9 October 2008, the Bishop of Chelmsford took the opportunity to sponsor a short debate in the House of Lords, asking Her Majesty’s Government what future role they envisage for churches and faith communities in voluntary sector and welfare delivery partnerships. Extracts from that debate have been used in this paper to illustrate key points raised by the report.
24. During the autumn of 2008, the House of Bishops Standing Committee, the House of Bishops and the Archbishops’ Council all gave attention to the report and to how the church should proceed regarding its implications. Reflecting the findings of the report, all three bodies were divided between those who were enthusiastic for developing the church’s capacity for welfare partnerships and those whose assessment of the difficulties faced by the voluntary sector in doing work under contract for public authorities led them to be wary.

25. The consensus in all three bodies was that there should be no new, large scale, national initiative to promote the church as a partner with government in welfare delivery but that the proper level for developing such work was local – the parish or diocese. It was recognised that some level of support to ensure that church groups were properly equipped to negotiate with government, to promote shared learning and to put voluntary action in touch with appropriate partners was desirable, although the form such support might take was not outlined in detail. Conversations continue to consider how CUF might be enabled to offer a certain level of support in this way.

26. Beyond the Church of England, the report has been widely read within other Christian denominations and voluntary sector bodies. Whilst the report’s observations about the deficiencies in the way Government evaluates church activity were sometimes regarded as “special pleading” by the Church of England, it has been widely recognised that there are important issues here for all the mainstream Christian churches and that there is a common concern to ensure that Christian social action and witness is properly recognised as a major factor in the nation’s voluntary sector.
The Relevance of the Report in a time of Financial Crisis

27. Since the report was published, the wider social context has been radically changed by the speed with which the British (and global) economy has entered recession. The Government’s approach to welfare delivery must now adapt to rising unemployment and lower tax receipts together with, it can be expected, increased social stress among communities that are already economically vulnerable.

28. In the Queen’s Speech on 3 December 2008, it was announced that “a Bill will be brought forward to reform the welfare system, to improve incentives for people to move from benefits into sustained employment and to provide greater support, choice and control for disabled people”. The Bill is expected to emphasise a key role for the voluntary and private sectors in delivering welfare provision and it is suggested that voluntary and private sector organisations will be “paid by results” when, for example, helping unemployed people back to work. There has been a great deal of criticism from some voluntary and other bodies who argue that this will lead to a concentration on those clients who are easy to place at the expense of those in greatest need. It is also argued that the provisions of the Bill have not been sufficiently adapted to the changed economic and employment conditions of a recession. It remains to be seen how the Bill progresses.

29. It seems clear, however, that the role of the voluntary sector in delivering welfare services is unlikely to diminish. Whilst any change of government would probably introduce new emphases in welfare policy, the voluntary sector is likely to remain central to government strategies.

30. Church members are known to be prolific volunteers – not only in church-sponsored projects. If the Church of England adds its voice to those of others in the voluntary sector who are seeking to address the weaknesses in the commissioning structures, it will influence its members’ vocation to serve the community through all manner of agencies.

31. The current recession is likely to be deeper, and possibly longer-lasting, than at any time since the Second World War. The impact of recession could be more uniformly spread across the country than in the 1980s and ‘90s. There are few remaining places where the economy is highly dependent upon large-scale and vulnerable industrial enterprises. On the other hand, almost all local economies rely heavily on a relatively low-paid service sector to generate employment. Major areas of the service sector (like retailing) are very exposed to a decline in discretionary spending by consumers.

32. Some regions devastated by economic collapse in the ‘80s and ‘90s are still vulnerable and reliant on regeneration programmes rather than a self-sustaining local economy: they may be hard hit. Many rural economies operate very much at the margin – we should expect to see real stresses here.

33. Even quite cautious estimates predict that at least 1m jobs may be lost during 2009. This comes after the unemployment rate has been climbing – at first slowly, later more rapidly – through most of 2008.
34. It is likely, therefore, that there will be a perceived need for voluntary action to address the social stresses of recession across all the communities the church serves. Needs will not be confined to inner cities or outer estates. The church’s existing experience of partnerships in delivering welfare services is patchy and it is likely that there will be congregations and diocesan agencies who are motivated to take up partnerships with government for the first time in their recent history.

35. Some capacity to share experience, to alert churches to the pitfalls and risks of the commissioning culture, and to guard against unhelpful duplication of effort, could therefore be extremely useful. Some mechanism for putting churches which are called to serve in touch with the government programmes which offer resources, could also be of value.

36. Much of this coordination could happen at a relatively local level. Dioceses may wish to assess the levels of experience and expertise in welfare delivery which they already possess and consider how it may be made more widely available. There may is likely to be a useful national role which a body such as CUF can deliver and, below are noted some recent developments at CUF, in the light of the *Moral, But No Compass* report.

### The Potential Role of CUF

#### Introduction

37. In response to *Moral but No Compass*, Church Urban Fund is seeking to develop its on-going relationship with government. This seeks to build on the Church Urban Fund’s existing role as strategic partner of the Office of the Third Sector. To this end CUF has proposed that CLG supports the CUF in creating a new unit, to be called the CUF Exchange Unit, within the existing CUF Exchange. This unit will be dedicated to enabling the Church of England to engage more effectively in welfare provision and public contracting. CUF is like organisations such as the Children’s Society or Church Army who add and support the mission and ministry to the Church itself.

38. The proposal by CUF is an outcome of dialogue with CLG and the Office of the Third Sector, which at the time of writing, is ongoing.

#### Context

39. The proposal for the establishment of a CUF Exchange Unit to build upon the Church Urban Fund’s existing work and represents an effective and natural development of much of its current activity. It seeks to complement and add value to the work of the Church of England.

40. *Moral, but No Compass* provides clear evidence that a significant number of churches, particularly Anglican Churches, are actively engaged in a wide range of welfare provision. The report states that “we have encountered a Church of England that, proportionate to its size, makes extensive contributions to the civic health of the nation.” It goes on to say that “the Church of England has proven
itself to have the conviction, institutional capacity, innovative spirit and skills to extend its current reach even more widely.”

41. However, although the government’s Face-to-Face and Side-by-Side Strategy recognises the contribution made by the Church of England to welfare provision and social cohesion, the report goes on to make the observation that there is “on the part of Government a significant lack of understanding of, or interest in, the Church of England’s current or potential contribution in the public sphere.”

42. CUF is emerging as a national infrastructure organisation for church based social engagement across England and as such is in an ideal position to bridge this credibility gap. It is currently supporting over 500 faith-based projects and an estimated 2,500 churches, providing community action and social welfare. It has been identified by the Church of England as a partner that could fulfil the role of supporter/advocate for churches and other faith-based bodies.

43. Church Urban Fund is unique in that it operates through a network of Link Officers. These officers are based in every one of the 42 English Anglican Dioceses. These Link Officers work with the most marginalised and disadvantaged communities in their area – often being themselves engaged in local activity. This provides CUF with unique access to disadvantaged communities. In addition, CUF has participated in the Faithful Cities Network, largely consisting of Urban and Social Responsibility Officers, which maintains good links with each of the dioceses.

44. Church Urban Fund is also a Strategic Partner of the Office of the Third Sector. Through this role it is providing a voice for faith-based social action organisations and through CUF Exchange a series of Voice Groups have been established to provide linkage between local faith action and what is happening nationally.

The Emerging “CUF Exchange Unit”
45. The CUF Exchange Unit will be a national support unit assisting churches and faith-based organisations in their engagement in welfare provision and public contracting. The unit will augment the role of CUF Exchange.

46. The CUF Exchange Unit will principally provide support in the three key areas:
   - **Service delivery** – enabling faith-based organisations to effectively deliver public service contracts through good governance and management.
   - **Tendering and contracting** – providing a service that faith-based organisations will be able to access when tendering for public service contracts and seeking to secure public funding for local activity.
   - **Capacity building and governance** – providing resources appropriate for faith-based organisations delivering public service contracts.

**Public Service Delivery**
47. Support will be provided to churches that are seeking to develop their capacity to deliver public services. This support will include access to professional advice, such as legal services. To develop this aspect of support, the CUF Exchange Unit
will enter into a partnership with Anthony Collins Solicitors (ACS), which has a national reputation in advising churches and other faith-based organisation engaged in regeneration programmes and welfare provision.

48. By using its network to share examples of good practice, the CUF Exchange Unit will seek to develop greater overall capacity to improve outcomes for beneficiaries.

**Tendering and Contracting**

49. The CUF Exchange Unit will provide bespoke and specific advice for churches negotiating contracts and entering into agreements with public bodies seeking to commission public services. The CUF Exchange Unit will seek to both equip local practitioners to be more effective in engaging in tendering and contracting process and provide ‘faith literate’ professional services for those organisations requiring greater levels of support.

**Capacity Building and Governance**

50. The purpose of capacity building is to strengthen the organisational capabilities of groups, enabling them to sustain themselves in order to play a fuller part in civil society and community cohesion and engage more effectively with public authorities. Although the Faith Communities Capacity Building Fund has done much to provide support for faith-based organisations, there is still a need to embed capacity building into the faith-based sector.

51. In addition, governance of faith-based organisations has sometimes been problematic in relation to welfare provision. The governance structures of some churches have been directed towards supporting worshiping congregations rather than voluntary endeavours. The CUF Exchange Unit will provide resources and services, alive to the needs and idiosyncrasies of these organisations to better equip them to deliver services. These will include new publications, online resources and signposting to direct faith-based organisations towards facilities currently available within the third sector. A series of regional workshops will be developed to support capacity building and governance development, building on Church Urban Fund’s Impact Workshop programme.

**Development of Services and Sustainability**

52. In addition to work in the three core areas the CUF Exchange Unit will seek to develop complementary programmes with other public bodies. This will add value and extend the core programme, making them more likely to be self-sustaining in the future.

**Operating the CUF Exchange Unit**

53. The CUF Exchange Unit will be managed within the governance structures of the Church Urban Fund, which is an independent charitable trust, with its own governance structure, but with strong ties to the Church of England. The existing manager of CUF Exchange will manage the programme.
54. The CUF Exchange Unit will consist of a small team of professional staff who will develop a range of services aimed at churches engaged in welfare provision and public contracting. It will work through existing networks to reach local groups and operate in a collaborative manner befitting the faith sector.

55. Key positions in the CUF Exchange Unit will be:
   - Programme Co-ordinator – Contracting, tendering, legal and financial support.
   - Programme Assistant – Policy and research, development of resources and signposting.
   - Network Support Assistant – Events, training development, website and conferences.

56. In addition a steering group will be drawn together to provide guidance to the CUF Exchange Unit to ensure that it is engaging effectively with the wider faith sector. Potential members of this group will be drawn principally from the Inter Faith Network for the UK.

57. The CUF Exchange Unit will use the CUF network of Link Officers to remain closely in touch with local grassroots activity and augment this through partnerships with other professional bodies, charities and complementary organisations. Some of these organisations are listed below:

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<tr>
<th>Organisation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Anthony Collins Solicitors</td>
<td>Legal support, procurement and tendering advice</td>
</tr>
<tr>
<td>Faith-based Regeneration Network</td>
<td>Support to enable active engagement of faith groups in local regeneration initiatives and partnerships</td>
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<tr>
<td>Faithworks</td>
<td>Development of the Faithworks Charter to help churches deliver a standard of excellence in serving others and demonstrate to public agencies that they can be taken seriously as providers of local services.</td>
</tr>
<tr>
<td>Navca</td>
<td>Keying into Navca’s information, advice, networking and learning opportunities, support and development services</td>
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<tr>
<td>Institute for Voluntary Action Research</td>
<td>Bring academic support to the programme and a research capacity</td>
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**Outcomes**

58. The outcomes of this approach will include:
   - The development of a network of churches and faith-based organisations with strong governance and management, providing services that enable them to meet the needs of the communities they represent.
   - The provision of a robust focal point for government to engage with faith-based organisations.
• The development of a greater voice for churches and faith-based organisations engaged in public service delivery.

59. The House of Bishops and the Archbishops’ Council argued that responses to the Moral, But No Compass report should retain the authority for the church’s actions at the local and diocesan levels and keep any national coordinating role to a minimum (paras. 24-5). If the CUF Exchange Unit can be realised, it will effectively deliver this objective, mirroring to some extent the way in which the dioceses deliver education policies directly, with the national Education Division enabling a coordinated and direct relationship to be developed with the relevant government department(s).

+Stephen Lowe
Bishop of Hulme
Bishop for Urban Life and Faith

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