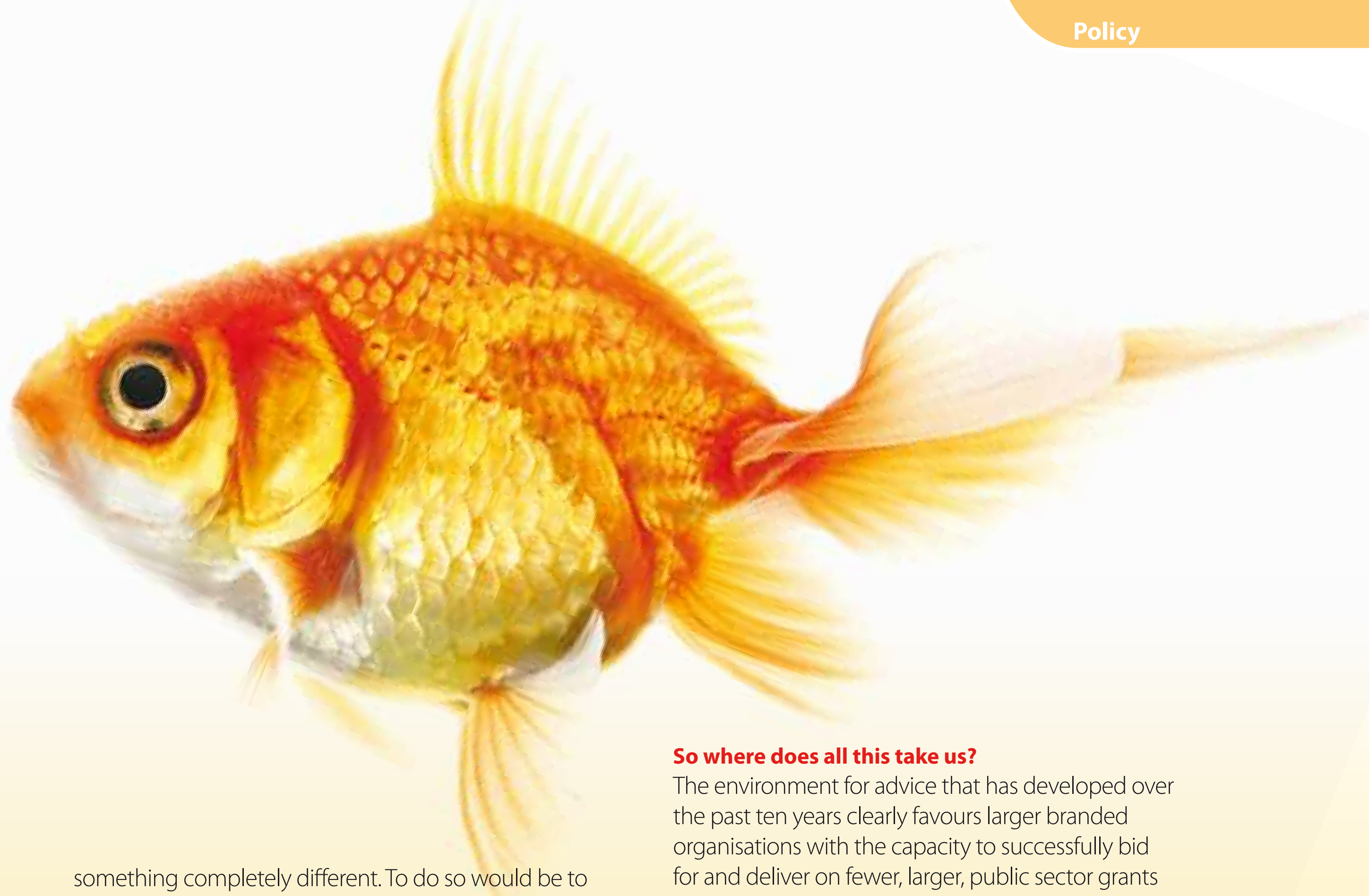
Policy

Alternative **futures**

In a changing environment that favours larger, branded organisations but values grassroots enterprise and innovation the voice of the smaller independent advice sector is more important than ever, writes Steve Johnson, AdviceUK's Chief Executive



This might seem a bad time to be talking about alternative futures. Uncertainties about funding have perhaps never been greater and for some advice agencies the prospect of any future would be welcome now. Nevertheless, managers and trustees across the country are having to think about what the environment for advice will be like once the impact of public spending cuts is known, and what changes they should start making now in order to best position themselves for the future.

Predicting the future is a tricky business but we can all see that the advice sector is evolving. And the general direction of change seems to be all one way. It's becoming more corporate, business-minded, top-down and brand-conscious. Some of this is due to the gradual process of growth, mergers and thinning that slowly leads to the emergence of larger organisations. But much of it has recently been driven by public service contracting and the creeping commercialisation of our operating environment.

Individual advice organisations have experienced all of this in their localities and the effects are seen at national level too. Among the advice umbrella bodies that make up the Advice Services Alliance (ASA) a process of divergence is apparent and the poor financial outlook seems set to widen divisions.

Big v small

Of the seven ASA member organisations, three are very large national charities (Shelter, Citizens Advice and AgeUK) with incomes of between £30 million and £50 million a year and reserves of between £10 million and £40 million. A fourth member, DIAL (Disability Information & Advice Lines) has become part of Scope, an even larger charity with an annual budget of over £60 million. The remaining member organisations, AdviceUK, Law Centres Federation and Youth Access, are very small by comparison with annual incomes of between £2.4 million and £600K, yet their members, in number, account for about 50% of all networked advice services. Impending cuts in funding will hit the less well-off networks disproportionately hard so that the gulf in capacity between large and small becomes even greater. But the real divergence is around brands.

Branded v independent

Brands are the big beasts of the commercial sector and as our sector becomes yet more commercialised they are playing a more prominent role. They distinguish two alternative routes into the future. Amongst the national networks, four have branded outlets. Shelter is a strongly branded corporate body while Citizens Advice and AgeUK exercise increasingly tight control over their member outlets through branding agreements. Law Centres, while branded, are much less controlled. Of the three unbranded networks, DIAL and Youth Access members each have a focus on a single client group; disabled people and young people, but AdviceUK members are as diverse as it is possible to be with different types of organisations providing different levels of advice in a variety of ways to a range of client groups. So the divergence is really between the three very wealthy and most branded networks and the rest.

Top-down v bottom-up

The essence of branding is consistency. If the consumer does not always find the same contents or qualities within the branded wrapper the brand becomes confusing, devalued and ultimately worthless. It helps to keep the brand as narrowly focused as possible but branded services still have to invest heavily in rules, training and policing in order to maintain consistency. Success is possible across a group of separate organisations by means of franchising and brand-partner contracts but it is obviously easier to achieve within a corporate structure with clear lines of command. This means there is an in-built tendency within branded franchises towards greater top-down control which restricts discretion and has implications for innovation.

Development v innovation

Branded organisations can be quite good at developing their products and services. Indeed, they need to be in order to prosper. As consumers, we're all now used to "new improved" versions of everything from soap powder to political parties coming out every couple of years. But existing brands rarely do something completely different. To do so would be to risk losing focus and diluting the brand.

In any field of activity, innovation nearly always comes from the margins and not from the centre. Mere developments tend to come from the mainstream. The British voluntary and community sector (VCS), despite the existence of some large charitable institutions with vast turnovers, is still largely made up of organisations that operate at the margins meeting needs that no-one, hitherto, has seen or adequately addressed.

At AdviceUK we're proud to be the one network with a sufficiently flexible membership scheme to accommodate a diverse range of organisations, many of which are doing innovative things. Every year we receive applications from start-up projects. This year has been no exception and we expect that, despite the recession and impending public spending cuts (and in some cases because of them) this will continue to be the case. Some of the new applicants will be going where others have not gone before in delivering advice.

Charity v social enterprise

In recent years an increasing number of applicants for AdviceUK membership have been not-for-profit organisations that have decided not to register as charities but to try to offer free advice as a social enterprise. Among them have been Pennysmart (pp 20-21) and IncomeMAX (pp 18-19). The advice is free to the client but these two social businesses have found third party purchasers ready and willing to pay a viable commercial rate for the advice to individuals because they see either a commercial or social benefit in it. We're proud to have them as members.

So where does all this take us?

The environment for advice that has developed over the past ten years clearly favours larger branded organisations with the capacity to successfully bid for and deliver on fewer, larger, public sector grants and contracts. There is a growing divide between the big and the small. It has to be unlikely that anything will happen to seriously change this. So for many independent advice services the alternatives are to get bigger, become part of something bigger that is probably branded and more controlling or cease to exist. But this is far from the only game in town and it is by no means clear that big and tightly branded organisations will be favoured in the long term. They tend not to be efficient and, despite having the resources, they are not good at change. Innovation will come from the independents.

The coming public spending cuts will have a grave effect, but there are hundreds of voluntary advice projects that will be largely unaffected. Their number has been growing in recent years. Alongside them will be the new emerging social enterprise advice projects. And while the Government is conducting the Comprehensive Spending Review that will lead to cuts it is also talking about the Big Society (pp 10-11). They are struggling to explain what Big Society means, but it is becoming clear that there is a leaning towards the small, local, independent, innovative, bottom-up and enterprising.

AdviceUK has always identified with these characteristics. In many ways AdviceUK members are the Big Society in cross-section, and this is a message we are currently taking to government. The independent, largely unbranded part of the advice sector may, in the immediate future, be the smaller domain, but it is precisely that part of the sector that government needs to safeguard and encourage if they wish to see help reach the poorest and most marginalised both in the near and longer term future.