

Regional Forum Response to the Third Sector Review (TSR) October 2006

The Regional Forum (RF) for Voluntary and Community Organisations is a registered Charity set up in 1997 to develop a coherent and organised voice for the sector in the region. It is an accountable membership organisation and members elect the trustee board annually.

The Regional Forum is a strategic organisation, working on issues best dealt with at regional level. By retaining close links with voluntary and community organisations, the Regional Forum ensures that its involvement in strategic policy is informed by an understanding of the needs and concerns of the sector.

Introduction

This response is in three parts:

1. Key points that inform the Forum's view on the TSR.
2. A response to the Cabinet Office/Treasury Review of the Third Sector using its 6 headings.
3. A response to the wider issues in the Comprehensive Spending Review (CSR).

Section I: Key Points

1. Key points that inform the Regional Forum's view on the Third Sector Review:
 - The value of the voluntary and community sector (vcs) is its holistic approach and contribution to society;
 - The vcs needs resourcing properly;
 - Economic development and inclusion are two sides of the same coin; Inclusion is one of the key drivers to economic development. The economic inclusion of marginalised and excluded people is essential to overall regional prosperity;
 - The vcs is valuable for its contribution to the quality of life for all not just for its public service delivery role and this needs recognition in funding programmes;
 - The vcs has an important role in promoting diversity and equality & these should be at the centre of the TSR;
 - People centred regeneration works best;
 - Social enterprise is one vcs strand, not the only one;
 - The processes of partnership, collaboration, contracting are important and it costs to sit "round the table";
 - The vcs uncovers unrecognised need and has the ability to innovate quickly to meet new need;
 - The role of Regions and Regional VCS Networks (there is a generalist regional network in each of the English regions) is crucial as public agencies such as Learning and Skills Councils (LSCs) or the health service regionalise. These networks are an influential voice and broker of regional delivery with regional agencies.

These points are ones which the Regional Forum would like to see reflected in the priorities of the Third Sector Review.

Section II: Cabinet Office/Treasury: themes

Theme 1: Cohesive communities and building voices for citizens

- VCS has a leading role in effectively engaging people & communities through local organising and this supports community cohesion;
- Programmes to regenerate communities need to integrate a social and environmental focus as well as an economic one - these are often best lead/done by the vcs;
- Community development approaches can support more diverse voices;
- Networks (thematic and geographical) for example on refugees or engagement in health, are organised ways to give voice to create coherent and diverse views;

- Commitment and appropriate programme design are needed from other sectors in order to listen and respond to those diverse voices;
- Participation doesn't just happen it needs support and this includes appropriate training and support for those seeking to consult and engage communities;
- Local politics can mean that vcs groups who speak out can be vulnerable & independent resourcing is a practical recognition of this imbalance of power.

What we need

1. Recognition that voice/engagement is important and resourcing to do it effectively.
2. Independent funding of a network of vcs agencies specifically to support the voice of the vcs and especially to support new or emerging networks or other engagement mechanisms.
3. Ring fencing funding and/or including specific targets about supporting the vcs's voice role within key arrangements such as Local Area Agreements (LAAs), LSCs.
4. Ensuring that the vcs is involved in monitoring, accreditation and inspection processes for these programmes.
5. Community Empowerment Networks (CENs) in the Neighbourhood Renewal Areas (NRAs) were an imaginative and independent tool but is in danger of being lost.
6. Consistent resourcing over time is crucial to build up confidence and experience in engagement.
7. The vcs role in whole community cohesion, including marginalised and hard to reach groups is crucial, and adequate training of local authority and public sector workers needs to take place to better understand and interpret this work.

Evidence

The funding by Capacity Builders of new regional engagement networks, closely linked to the generic vcs infrastructure is beginning to show very positive results in Yorkshire and the Humber (Y&H) e.g. housing, civic societies, refugee & asylum seekers and children & young people.

Theme 2: Partnership working to deliver a shared agenda

- Partnership and engagement by the vcs in increasingly complex structures requires long term commitment, proper resourcing and organised support for representatives from vcs infrastructure agencies that are themselves secure and able to plan ahead;
- Regional level decision making is sometimes overlooked; engagement with the vcs is important here too;
- Agencies across the public sector need to recognise voluntary and community sector involvement and sitting "round the table" is not free and has to be organised. Common mechanisms within the vcs would mean that each request for representation to the sector would not have to be separately negotiated;
- Very formal partnerships are so complicated and time consuming that it is difficult for anyone other than paid professionals to get involved. The culture of partnerships may inhibit the involvement of communities and if the real decisions are felt to be taken elsewhere;
- It is crucially important that there is consistency of people in agencies who understand vcs and partnerships;
- Continual de-construction of structures/agencies makes partnership very difficult;
- Partnership working at a local level is hampered by competition for resources through competitive grants and tenders;
- An integrated vcs system of learning and skills structure is required – at national, regional, sub-regional and local levels – based with regional networks;
- Partnership development within the vcs is necessary but time consuming and are not paid for;
- The requirement for partnerships, consortia etc reflect a new way of working when hitherto the *diversity* of provision was stressed. This new policy direction and the new structures that emerge from it need a process of transition if good work is not lost in the energy spent on mergers etc;
- Partnership working requires the development of skills and understanding;

- Public bodies often do not understand the difference between their perception of a “partnership” approach and what the vcs on the ground can deliver;
- Greater recognition by public bodies, Government and the vcs that the relationship between the public sector and the vcs is many faceted; *instrumental*: worth working with because the vcs can deliver on social programmes; *institutional*: vcs contributes to wider public realm and *intrinsic*: the vcs has a value to the individual and society in its own right. This recognition would help to clarify relationships and partnerships.

What we need

- Resources for partnership development written into delivery programmes including skills development;
- Transition resources when delivery bodies, LAs and others begin to engage with the vcs in different ways that *then* require the sector to re-organise;
- A small number of “Sustainability Units” to foster & support vcs collaboration & new ways of working together - including developing innovative approaches, models of brokerage and fostering learning across regions about new opportunities;
- Inclusion of the vcs into formal partnership arrangements and programme documents in the same way that the governance arrangements for European programmes include the vcs as a sector to be represented on things like Programme Monitoring Committees (PMCs) (and supported by appropriate resourcing);
- Engagement and network support (see above) are ways to enable those who have not been able to engage to do so in effective and organised ways;
- In LAAs, the independent funding of CENs or at least an arms length (from local authorities) resource to ensure vcs voice that is untrammelled;
- Recognition that public bodies have a variety of partnership relationships with the vcs. In terms of financial relationship it may be one of investing, giving or spending with the vcs.
- The Compact needs to be used to measure the performance of public bodies in relation to the vcs at all levels.

Evidence

1. Evaluation of SRB and neighbourhood renewal programmes has shown consistently that building up and supporting diverse voices improves involvement and programme success.

2. The Objective 2 programmes in Y&H have shown the effectiveness of using Technical Assistance (TA) to enable voluntary and community organisations (VCOs) to deliver projects around inclusion and resulted in the vcs very successfully helping to deliver the programme (Mid Term Evaluation of O2 Programme);

3. Powerful Connections: How Agencies Connect with the Voluntary and Community Sector Engagement Research, September 2004 – A report commissioned by the Active Partners Unit of the Yorkshire and Humber Regional Forum by Linda Joy Mitchell and Helen Bush.

Theme 3: Promoting innovation & enterprise

- There is a conflict between innovation and commissioning/tendering which tends to be drawn to predictable outputs not risky innovation;
- Regulatory bodies need to audit things like the *range* of contracts (to different size and type of vcs) let and if social benefit has been assessed;
- More enterprising vcs organisations *and* social enterprises are both important;
- The diminution of resources for contract management (e.g. LSC) is leading to increasingly large contracts, a reduction in the robustness of the supply chain and works against innovative approaches;
- Risk is not often shared. Public sector and grant making bodies define success in terms of clear outputs and require the third sector to take on all the risk of meeting these outputs. In some cases money is reclaimed from the third sector organisations if these outputs are not met - this payment by results can be destabilising for fragile, small VCOs with poor cash flow & few reserves;
- In too many contractual relationships there is no room for learning, piloting, trying out things that may or may not work, or researching new options/alternatives.

What we need

1. Set up a pilot programme to encourage innovation - via Capacity Builders.
2. Include pilot work in contracts and include this in outputs of agencies.
3. Grants programmes can have the virtue of providing the space to innovate and experiment and are **still** a valuable tool.

Evidence

1. "Practice makes Perfect" (Regional Forum 2005): a detailed report about the vcs contribution to the regional economy shows how innovative the vcs is
[http://www.regionalforum.org.uk/publications_resources/other.php#6]
2. "A 21st Century Voluntary Sector for Yorkshire & the Humber" research conducted by Gary Craig shows the economic and social value of the vcs.
3. The Objective 2 SPD built in social enterprise and community economic development very successfully as drivers of innovation and enterprise.

Theme 4: Creating a culture of volunteering and mentoring

- Despite its importance volunteering support - especially at local level is often only just surviving;
- The overwork culture impacts on people's ability to volunteer;
- Business and Higher Education, for example, could use volunteering as a means of personal development in more systematic way *in conjunction* with the vcs (not just for fund raisers etc).

What we need

1. Consistent support for the infrastructure of volunteering.
2. Regulation around volunteering and welfare benefits still needs addressing by all the Government agencies that are involved.

Theme 5: Future role of the sector in shaping & delivering public services

- Role of the vcs is in programme design, management AND delivery: all these roles are important;
- The voice and advocacy role, (including identifying new needs) of the vcs is one which has to sit alongside the public service delivery one - and it is just as legitimate and, in fact, can help to improve delivery;
- The vcs should not be seen as valuable only if it delivers public services;
- Public service delivery is a valuable way, in particular, to deliver services near to people, to tailor services to meet user needs sensitively, to test out innovatory methods, to provide choice and to create jobs through social enterprises and the enterprising work of the vcs;
- Simply transferring public service contracts to the vcs will not, in itself, achieve transformational change in public service delivery or better meet the need of beneficiaries;
- Urgent action is needed on well-documented shortfalls in commissioning and procurement practices. In particular, funders must make payments on time and in advance where appropriate, pay full costs and apply proportionate administrative systems;
- The Government should seek to work with the breadth of the sector, not just the largest organisations who already have experience and expertise in the contracting environment;
- Public agencies are all inventing their procurement mechanisms separately – need for joint work and common learning and negotiation;
- Developing regional vcs provider markets and creating business opportunities is important as well as working on more appropriate criteria for vcs commissioning such as including social outcomes;
- The tendency of agencies like Regional Development Agencies (RDAs) to want a few, big contracts mitigates against the need to address exclusion, worklessness etc in its very particular and local forms;
- Staff cuts in public bodies mean that ability to manage contracts is reduced and this leads both to bigger contracts and a higher hurdle of capacity for would-be contractors to jump to access tender opportunities;

- The impact of government targets on agencies such as LSCs reduces their ability to respond to local circumstances or to support vcs development; The work that the vcs does to build capacity, confidence and skills, prior to output delivery, is being removed from many programmes;
- Some areas of commissioning have targets for the proportion of agency spend which should go to the vcs, e.g. National Offender Management Service (NOMS), or are the subject of specific initiatives ('No Excuses' report from Department of Health). This is useful, the impact should be monitored and successful elements rolled out to other areas of government;
- There will continue to be a need for flexible funding, of possibly very small grants, to support community-led initiatives which have been shown to produce highly significant benefits;
- New models of service delivery and VCO organisational arrangements are being developed all the time, including in response to the current funding climate. More flexible structural arrangements need to be in place for dialogue with agency players;
- Organisations are having to move into procurement regimes from grant programmes and need support to do this;
- It is important that the added value of the locally led and community located vcs with its link to a supporter base which provides energy, volunteers, commitment, ideas and resources is not lost. This may happen in a new emphasis on formal contracting structures and management systems at the expense of community development, responsiveness and non traditional ways of doing things.

What we need

1. The model of Technical Assistance in European programmes is one which has successfully worked to support the contribution of the vcs to design, management and delivery and should be replicated.
2. The voice and advocacy role of the vcs should be written into programmes of commissioning agencies.
3. The Compact Funding & Procurement Code & the Treasury guidance to funders and purchasers should be rigorously implemented.
4. Procurement and commissioning agencies should be required to report annually on their contracts by organisation size and type so that the *range* can be assessed – a commitment should be written into programmes not simply to use the vcs, but to spread contracts across different types and sizes of VCO's.
5. Support for building up skills and structures and the transaction costs of new procurement regimes needs to be recognised & a programme set up (via Capacity Builders) in the short to medium term.
6. *Mechanisms* for consortia to bid so that smaller community based groups can be supported to deliver aspects of contracts should be positively encouraged & supported and commissioning agencies need to recognise the need to develop an alternative supply chain in the vcs.
7. Grants regimes are still a valuable way to support vcs delivery & other activity.

Theme 6: Creating a Sustainable Resource Base

- National Council for Voluntary Organisations (NCVO) most recent Almanac findings confirm the difficulties of the current funding climate, particularly for small and medium-sized VCOs;
- There is evidence of loss of organisations or of staff capacity because of changing funding programmes;
- There has been a considerable investment in the sector's infrastructure in recent years, including through the ChangeUp programme;
- One of the sector's most valuable resources is its staff. The sector's workforce must be fully supported, including through provision of training and continuous professional development;
- Foresight work: research resources are badly needed to answer these sorts of questions at regional and local levels;
- Small groups do need modest support – grants/community chest;

- The transition from here to 10 years ahead is likely to result in the loss of capacity if change management processes are not in place: both a vcs responsibility and a public sector role here;
- The new European programmes could support the inclusion and community economic development of the vcs.

What we need

1. Government funders should ensure that tenders/funds are targeted at small and medium sized VCOs and have flexibility built in during this early procurement/commissioning phase of change.
2. Investment in infrastructure through Capacity Builders should be maintained and extended.
3. Tailored business support to help the vcs to develop new models of working and organising.
4. It is essential to develop the skills of trustees and volunteers and to improve the management and leadership skills base through qualifications which are affordable.
5. European programmes post 2007 should include inclusion targets.
6. Regulatory issues and the implications of questions like VAT require government concerted effort to make real change.
7. A national “small grants fund”, administered by Regional Networks with an independent process of decision making should be set up with specific targets around:
 - Change management support;
 - Consortia development;
 - Voice/advocacy support;
 - Transition funding;
 - Emergency grants.
8. New forms of financial support – pump priming to develop trading activities, venture capital, loans, asset development and others – can all support enterprise and sustainability.

MECHANISMS

In addition to the responses to the Cabinet Office/Treasury questions the Regional Forum wants to make suggestions about the way the vcs is supported.

1. The model of technical assistance in European programmes is helpful in terms of supporting the vcs engagement with aspects of procurement and commissioning and public service delivery.
2. Capacity Builders is an important way to resource and support the sector. It should be continued and extended. Capacity Builders offers the prospect of the vcs having a sector led body that is closely linked to Government just as the arts or sports sectors have their own sector specific organisation - Arts Council or Sport England.
3. Drawing on the experience of arts funding - the mechanism of matching “central” funding pound for pound with an equal “local” contribution could be a means of both ensuring stability of resource and quality of service AND buy-in and responsiveness to particular circumstances and needs.
4. A small number of networked infrastructure bodies (at national, regional, sub regional and local levels) to support the voice of the vcs and deliver support services to the front line VCOs should be funded over a minimum of 3 years. In this way their sustainability and continuity would be ensured and they would be removed from an inevitable rivalry for scarce resources with those they are meant to be supporting: a source of difficult tensions.
5. Year zero funding proved very helpful in programmes like the New Deal for Communities (NDC) and could be repeated.
6. Ways need to be found **quickly** to ensure that small and medium VCOs survive – and are not outrun by large VCOs, big contracts and by local authority created “charities” e.g. leisure trusts which have little/no local and community accountability. These small VCOs contribute to civil society and the quality of life in ways that large and remote organisations cannot. Contractors need to be careful that they look at organisation size and local accountability and not just at legal status to ensure that they are getting a genuine *range* of providers.
7. New activity and VCOs that work on exclusion and disadvantage must be protected.
8. A proper review of the impact of reduced contract management capacity in agencies and the use of single big contracts is needed.

9. A hard look by the Cabinet Office of what is actually happening on the ground about procurement in terms of local authorities. Primary Care Trusts (PCTs) etc. pulling contracts *in-house* that were, hitherto, delivered by the vcs;
10. The management of contracts, especially by local authorities, as if they were still grants is a problem: heavy reporting requirements including separate audits for particular contracts *over and above* the organisation's main audit.
11. The Treasury guidance on financial arrangements with the vcs was useful BUT it must be actively implemented by Government and understood by public bodies and this is not happening. Similarly, full cost recovery needs further promotion by Government so that public bodies both understand it and accept that it is Government policy - not vcs special pleading.
12. Roll over funding and year end flexibility would help to support better financial planning.
13. A "single pot" for the vcs which aligned, at regional and sub regional levels, public spending on the vcs with charitable and other funding to create added value, focus and strategic impact.

Section III: Comprehensive Spending Review: Wider Issues

Introduction

In addition to the regionally agreed submission on Comprehensive Spending Review (CSR) the Regional Forum (RF) would like to suggest the following points:

- The RF would like to see a specific, clear and systematic way to address exclusion and its associated matters in the CSR;
- The CSR needs to ensure that in the architecture of new programmes there are strategies, resources and practical networks to tackle exclusion;
- The vcs has particular expertise in these areas and it is crucial too that excluded communities can shape initiatives and be fully involved;
- Research shows that exclusion is manifested in relatively small geographic areas and in specific communities of interest such as people with mental health problems. It is unclear how big programmes reach these excluded people without intermediary structures - which are often best done by VCO's. However, regional networks (there is one in each of the English regions funded via Government Offices) and sub regional vcs bodies are proving their capacity to act as such an intermediary with NOMS, Job Centre Plus, European programmes and so on.
- The balance between capital and revenue spend as determined by Government can have a detrimental impact on the people centred approach that the RF believes is crucial to sustainable regeneration and economic development.
- Engagement methods supported by the RF, for example, the regional refugee community development workers network, the children and young people's network and the BME Panel are important ways to link into excluded communities and people;
- The work of the engagement networks shows that exclusion is a function of multiple barriers not single ones. The delivery of inclusion activity must therefore be done by agencies that can "join-up" services close to the user, not agencies that only provide one service direct to the individual;
- The RF would like to see Regional Inclusion Partnerships and plans encouraged by the CSR – just as other regional partnerships are set up;
- Active inclusion indicators in the programmes supported by Government should include:
 - a) Increasing participation levels through engagement in social groups.
 - b) Increasing participation levels through volunteering.
 - c) Improving basic literacy and numeracy.
 - d) Improving employability skills.
 - e) Improving confidence and self-image.
 - f) Increasing independence.

1. Enterprise

Yorkshire and the Humber has lower numbers of new businesses:

- Suggest that social enterprises and enterprising VCOs are businesses with growth potential in areas such as food, recycling, green energy, ICT and community care and have inclusion benefits too;
- Social enterprise or becoming more enterprising is risky for small VCOs and needs tailored support;
- Suggest VAT registration is NOT used as a measure to count new businesses but opening a business bank account and/or registrations with HMRC as self employed, partnership or company. This option has been explored in the South East region.
- The business skills of BME communities are an asset that could be better used.

What is needed:

- Tailored business support that takes into account organisations' mission, culture etc;
- Yorkshire and Humber common re-commitment to the 'Social Economy Framework';
- Access to finance and finance advice.

2. Employment

Yorkshire and Humber has significant numbers of people who are some distance from employment. They include BME and refugee communities, older people, disabled people and those with mental health illness. Many people have multiple disadvantages. Bringing them to employment readiness is not readily achievable by the mainstream provision. Lack of employment in communities of place or interest is still a major drag on the region's economy. VCOs, social enterprises and social firms have a track record in addressing this but the benefits to multiple statutory agencies are hard to quantify and disentangle and therefore difficult to justify funding.

What the VCS can offer:

VCOs are particularly good at:

- Informed intermediary services;
- Area based and "street level" support;
- Pre-employment interventions;
- Capacity sustaining initiatives to develop vcs effectiveness in these areas are also helpful.

By supporting wider vcs community economic development activity, often in areas of market failure, social capital is built up which improves cohesion, crime is reduced, health problems reduce and social networks operate where previously there was isolation. By positively improving the stability and cohesion of communities SMEs start to flourish. Disadvantaged people then begin to be linked back into the mainstream.

What is needed:

- Measures need to recognise incremental steps towards employment rather than just the final step into employment. Measures such as securing voluntary work or successfully completing work placements would be credible measures towards employment;
- Measures to ensure larger organisations work in partnership with smaller vcs organisations under employment programmes such as Pathways to Work, and that the smaller vcs organisations are supported in doing so in relation to partnership development and commissioning and procurement procedures;
- Measures to quantify savings to the public purse of interventions by the vcs and re-invest those savings in sustaining vcs economic activity;
- Further measures to embed equality and diversity in all businesses.

3. Skills

The skills base of Yorkshire and Humber needs improving and the culture of learning.

What the VCS can offer:

By using the vcs in tailored programmes and by using vcs intermediary bodies the 'hardest to reach' can be linked into pre-vocational and vocational opportunities, for example, regional networks working with refugees or women.

What is needed:

- Good leadership and management are essential to driving up the effectiveness of the vcs as service deliverers. Further funding support is required to enable people working in VCOs access to higher level and management qualifications;
- In order to engage fully with public skills structures (and therefore enable access to high quality learning and skills opportunities) an integrated regional and sub-regional vcs infrastructure needs to be supported;
- Community development learning helps to develop the skills of excluded people; volunteering is often a route back to skills development and employment;
- Barriers to access to the Train to Gain programme need to be removed: vcs volunteers are not able to access this programme for Level 2 qualifications and this is what is needed. For vcs paid staff access to Level 3/4/5 needs to be enabled;
- Qualifications as a driver for inclusion on their own may be too limited. There needs to be specific targets to move people towards qualification as a precursor to work. In-work qualification and skills development are a powerful tool to tackle in work poverty;
- An inclusion framework could be a means of helping to ensure that the knowledge economy provides quality jobs at all levels and would help to avoid a two speed economy in the region;
- An inclusion framework is a means of linking people in communities where traditional industries have collapsed to jobs in the knowledge economy but this requires enabling structures and financial support outside the mainstream.

4. Quality of place

The active involvement of people as individual citizens or in VCOs also contributes to the "quality of place" and the important creation of social capital.

What the VCS can offer:

- Skills of people engagement in regeneration;
- Bridging the gap, which is sometimes apparent, between community organisations and built environment professionals can support the regeneration of places;
- Evaluations of SRB & neighbourhood renewal programmes show that people centred programmes are a crucial part of successful and sustainable regeneration and this evidence base should be built on in the development of programmes;
- Local service delivery creating jobs and building social capital;
- Neighbourhood safety projects;
- Local assets such as worship centres and community anchor organisations.

What is needed:

- Programmes for the development of trustees and volunteers;
- Programmes of community development and community development learning which can inform the strengthening of communities and neighbourhoods;
- Models and practice of neighbourhood management e.g. Scarman Trust's Community Service Agreements where on a specific issue that a community wants to address it commits resources and activity and public agencies commit in return;
- Programmes that make citizen participation meaningful – e.g. ways by which LA members and officers can listen and adapt to needs of citizens;

- Programmes that are grounded in a specific area - its organisations and its priorities - not only in individuals - in order that regeneration “stays” local and is not simply exported when successful individuals leave.

Note:

This response has been prepared in conjunction with the Regional Forum’s Board of Trustees representing: North Yorkshire Forum for Voluntary Organisations, Rethink, Age Concern Barnsley, National Council for Voluntary Child Care Organisations Yorkshire & Humber, Scarman Trust, Voluntary Action North Lincolnshire, Keighley Voluntary Services, Disabled Persons Electronic Village Hall, West Yorkshire Learning Consortium, Development Trusts Association (Y&H), Humberside Learning Consortium, Age Concern Yorkshire, Joseph Rowntree Charitable Trust, Yorkshire Trust, Bradford CVS, South Yorkshire Open Forum, Yorkshire Rural Community Council;
and the BME Regional Panel.

Regional Forum
Suite D10, Joseph’s Well, Hanover Walk, Leeds, LS3 1AB
Tel: 0113 394 2300 Fax: 0113 394 2301
Email: judy.robinson@regionalforum.org.uk