

Funding Diversification Pilot

**Progress Report II
Including Workshop report from 17th
February 2006**

March 13th 2006



Charities Information Bureau

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Charities Information Bureau – Funding Diversification Project

Funding Diversification Workshop Report from 17th February 2006 including Interim Report II

Background & Workshop Objectives

The CIB Funding Diversification project, part of the ChangeUp programme, has the objective of reaching an informed case and plan for action to address the challenges posed by the imminent removal of traditional grant funding streams.

Over the last few months over thirty individual face to face interviews have been conducted by the independent consultant team. These have been augmented by a smaller number of telephone interviews and desk research. All the notes made from the interviews have been verified and approved by the interviewees. These notes will not be made public, rather they inform the process.

A first interim report was distributed in January 06 to interviewees and a selected wider audience. This report simply reflected the views of those interviewed. There was no creative input from the consultant team.

The process has now begun to create and critically review potential options for action. This has not meant that information gathering will cease, rather it will be targeted on specific areas and will relate directly to issues raised by the options assessment.

A Workshop was conducted on 17th February 2006 which was the beginning of the options assessment phase. Informed by the interview findings, as presented in the interim report and further notes which were provided, attendees were asked a series of questions aimed at driving towards development of and/or agreement on the following:

- The vision for the future
- The nature of the transitional “model”
- The headline actions and key deliverables with assigned owners
- The shape and make up of any stakeholder or “Steering Group”
- The focus of the work of the project

Each of these elements was discussed in further detail. This was, essentially, the agenda for the day.

Workshop Exercise 1

Vision of the Future

It was agreed that it would be useful to describe how the “perfect” future might look and be. Whilst this future view will almost certainly change as we move forward, some “aiming points” will be useful to inform the transition process. Goal posts may move but we are still trying to score a goal. It was not anticipated that this would be a detailed vision, rather a series of statements that paint the outline picture. This would provide an insight into the nature and extent of changes that may be desirable across all the elements.

A short team-based exercise was informed by a synopsis of the “visionary” points raised in all the interviews and the task was to agree on an initial collective view.

Examples from the interviews included:

- * Common and integrated e-procurement technology infrastructure across all key procurers
- * A number of VCS suppliers adopting commercial principles and actively trading
- * Contract opportunities visible and accessible with tendering procedures appropriate to contract size and risk
- * VCS suppliers being able to generate reserves without penalty
- * An expanded and varied community enterprise supplier pool

Each work group had a two fold task. Firstly, within the group to read through the “starter” vision and agree what to add, change or delete. A master sheet was provided for each group with plenty of space for changes.

The second task was to check changes with the other group or groups to agree a single list of future attributes. After much interesting discussion, the following resultant shared vision was agreed:

In the commissioning community:

- Apparent contradictions in Government guidelines will be a thing of the past and contracts are regularly structured and sized to attract the widest possible supplier audience.
- Contract opportunities will be available in automated form making access simple and timely. Both the private and voluntary and community sectors will be fulsome in their praise of the visibility and simplicity of the processes.
- Everyone in commissioning organisations will understand the potential benefits of employing voluntary and community organisations. More and more these organisations will be seen in the same light as the private sector in terms of quality and diversity.
- Procurement policy will be embodied within key strategy drivers like LAAs and the like. Tendering companies will all demonstrate how their delivery of core service requirements will also deliver social and other benefits.
- Departments and agencies will regularly explore ways in which collaborative commissions might deliver superior service and greater social benefits
- No-one will ever have to write a report or otherwise explain why they did not go for the cheapest option. However, an increasing number will be tasked to show how their purchase activities deliver additional social and other benefits. It will be about “how hard the money works” and people will expect and receive reward and recognition for contracts that deliver this added strategic value.
- Balanced risk taking will be considered normal practice in pursuit of greater service delivery quality and additional social benefits.

In the voluntary and community sector

- * The line between social enterprise (and other community enterprise models that facilitate trading) and private businesses will be blurred as the quality of people, processes and products is and is seen to be of equal value. This equality will encourage new people to get involved.
- * Collaboration and partnering will be commonplace, with the private sector increasingly interested in the social benefits.
- * Although payment in arrears and restricted funds are still operational in some funding relationships, issues caused by funding of this type will no longer represent operational barriers. Things such as bank loans, CDFIs and small firm's loan guarantees will be readily employed by the VCS.
- * A new and accepted definition of "worthy" will emerge to describe those involved in social trading. Being "business like" and "community minded" will not be seen as incompatible.
- * Most commissioning organisations will report voluntary and community sector trading organisations taking a year on year larger share of spend. Social accounting and social audit will be commonplace. The accepted process will be simple and not a barrier for small and new organisations. A good record will be key to winning contracts and the cost implications will be considered in tenders.

From a support infrastructure perspective:

- Everyone will know "who does what and for whom".
- There will be no service gaps and provision will be very efficient and effective.
- There will be a range of HR, accounting and other generic services available.

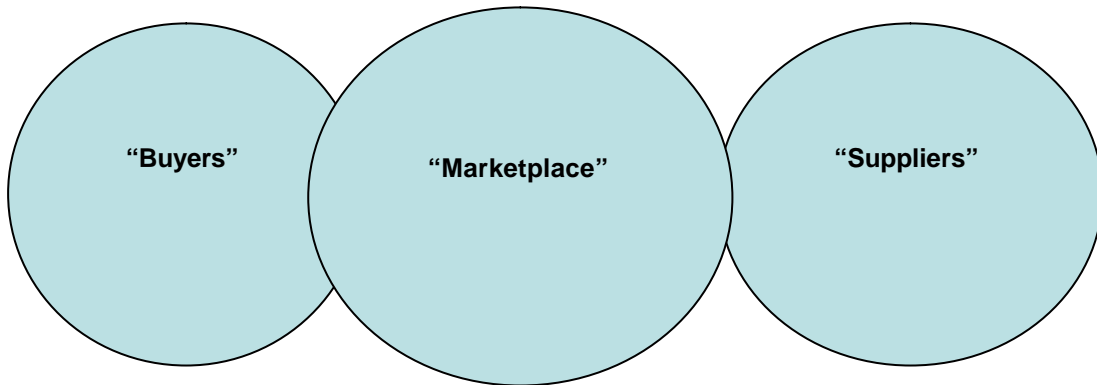
Transitional Model

There is little doubt that additional energy and skills will be required to implement some of the ideas emerging. From the workshop and interviews it is clear that many policies, processes and attitudes are in need of fundamental change. Resources will need to be focused on building the infrastructure, changing the policies and developing the skills required to power the future vision.

It is highly likely, therefore that there will be a transitional step which will be different to the world today and to the future vision. Its purpose will be to power and enable the change.

Based on the interview material and on research a "suggested transitional model" was presented to the workshop. This was based around a simple outline view of the VCS/procurement landscape as shown overleaf.

VCS/Procurement Landscape Model



Buyers	Marketplace	Suppliers
<p>Need solutions and services. They also have strategic policies and aims. Interviews suggest things they need to change include:</p> <ul style="list-style-type: none"> * addressing policy and procedure that represents a barrier * constructing contract opportunities with regard to potential social benefits and accessible to the 3rd sector * providing a basis for straightforward commercial communication and interaction with the 3rd sector 	<p>Where the Buyers and Suppliers come together.</p> <p>Currently a place that is largely none existent in the 3rd sector environment.</p> <p>Interviewees have noted a lack of knowledge about local 3rd sector suppliers.</p> <p>Suppliers complain of a lack of opportunity visibility, particularly of future procurement plans.</p> <ul style="list-style-type: none"> * The marketplace needs to be created. 	<p>They have solutions and services and need to connect with client opportunities. Interviews suggest changes might include:</p> <ul style="list-style-type: none"> * initial and continued review of their "reason to be" and preferred set up * development of solutions and services that meet real needs * developing and implementing more commercially oriented processes and policies

This model was used to describe what existing organisations might focus on and to make suggestions as to the support and development assets that might be required. For example, should there be an organisation that takes a lead on creating the new marketplace and, if so, what should it be?

The following exercise was used to develop that vision

Exercise 2 Transitional Activity

Actions, pieces of work, tasks, call them what you will, these are needed to enable the transition. Three areas were considered; the organisation, the commissioning body and the connecting environment (otherwise known, respectively, as the providers, the clients and the market). The task was to:

Note the activities required in each area.

Group the activities into what could be a role for an individual or organisation

What this did was build a picture of the roles required to make the changes happen most effectively. The task was not to name or lobby for any specific organisations.

Once each group was finished, results were compared with other groups to build a consolidated model that included the best of all thinking.

These were the agreed areas of transitional activity:

Buyer

- Have top down approach – need to understand the bottom up approach as well
- Internal procurement advice and help – procurement toolkit for buyer already available but not widely used as yet
- Procurement strategy already available and operational but may need revision and update
- Policies and procedures already available but may need revision and update Need to look at Whole life cost integral to procurement
- Revise compact funding and procurement guidance -Use procurement and VCS people to do this
- Open up commissioning and contract information at an early and easy stage for VCS orgs to engage with
- Need to have better communication before tender with market promote soft market testing
- Need to use track record from grants to assess how they will do with a tender
- Would be well advised to adopt a better use of outcome specifications.
- Buyers should ask the suppliers to show how it will be delivered – council should use the suppliers expertise and trust them
- Need to adopt and use flexible processes and simple processes, and review internal guidance
- It would be a great benefit to the VCS if buyers had a better understanding full cost recovery linking to training and to guidance
- Need to adopt a Pro-active approach
- Need to have simplified systems
- Service specifications should reflect all community needs -Better definition of the wants of the buyers as a whole organisation rather than a directorate of the whole

Vol/com organisations:

- * The VCS should stop navel gazing
- * As a rule the VCS needs to gain skills in commissioning
- * Seek a mentor
- * Learn from others that have changed
- * Change culture-accept commissioning and procurement as a way forward
- * Seek business support + planning + advice if needed
- * Identify and remedy skills gaps regarding business skills and procurement skills
- * Get in with the Commissioners
- * Sector
- * Match the solution to the requirement – recognise as a key message which support agencies help to do this
- * Understanding and practicing full cost recovery. Training + guidance needed
- * The VCs need to realise they have the flexibility to be able to respond to market need.
- * Individual organisations have influence
- * The VCS as a whole needs to become more entrepreneurial
- * The VCS needs to be Tender ready. Fit for purpose
- * Size of organisation is relevant to what the individual organisation can do – perhaps work in partnership more to deliver joint contracts
- * The VCS needs to adopt a more Pro-active approach
- * More professional – management systems – leadership – skills development and specific training needs identified

Therefore the Marketplace needs to deliver:

- Mentor/learning brokerage opportunities and information for vol/com orgs
- Act as a link agency between vol sector and commissioners for brokerage
- Develop a Strategic overview of what service providers are needed
- Facilitate provision of information on procurement tender opportunities
- Use/promote exit strategy Toolkits + succession planning advice
- Assist with and develop better cross regional working for the support agencies and promote what's happening
- Use the currently available support agencies for development of the VCS organisations such as: SCEDU, WYSELINK, WYCSA, VAS, SESC, Yorks community accounting service
- Develop and deliver more joined up regional seminars with real examples
- Help organisations who need to be enabled to trade, incorporated with delivering management skills to a defined quality standard
- For a mixed economy to be strategic the support org needs to get it into individual procurement strategies and LAA's
- The sector needs to market itself – COMPACT needs teeth to do this
- Develop good dialogues re the COMPACT – use regional supplier + contract management system to see contracting opportunities
- Achieving better cost awareness- link to culture and other strategies
- Financial systems need to show costs better
- Develop and understanding of organisation/size of contracts and share widely
- Needs to have an awareness/understanding of full cost recovery and deliver training as appropriate.
- Needs to have an understanding of the availability of investment money/s
- Deliver training in procurement
- Promote the benefits of using third sector- influence buyers.
- Network Advisors challenge vol/com about options – not just soc/ents as solution
- Procurement toolkit needed specifically for vol/com sector

Currently what is operating in West Yorkshire and in other parts of the region are outlined below:

In place:

- COMPACT/s
- Government policy e.g. ChangeUp
- SE support agencies – BDA, WYSELINK, SCEDU, SESC
- Lobbying groups – e.g. Leeds voice
- Infrastructure organisations e.g. CVS, CIB, Regional Forum
- SCEDU procurement readiness toolkit – now available to purchase on licence
- Meet the buyer events across the sector
- SCMS from 1st June [council tenders.net replacement] (new website)
- Compacts + selling to council—guides
- Dedicated resource for LA's – in the Regional Centre of Excellence
- Contract opportunities advertised on website
- Procurement strategy now acknowledges the part vol com sector play
- Networking – BLINK, WYSE with Yorkshire Forward and LA's
- Funding of various social enterprise organisations such as SESC and WYSELINK plus other specific city focused help in West Yorks
- Funding of ChangeUp activities
- SESC – leadership
- WYSELINK, -Business advice - grants – mentoring – networks – BME –procurement
- WYSELINK help with social reporting
- WYSELINK assisting organisations that want to move along the continuum
- Procurement key issue in LAA 4th Pillar
- CVS's making links with district procurement departments
- Promotion of thinking about exit strategies – in ERDF objective 2 funded projects

Not yet in place:

- Awareness/opportunities- e.g. knowledge of tenders, understanding of how sector works
- LA 'buy in' to COMPACT/s
- Means/ability – money – training/guidance
- Joined up CVS structure – one 'point of sector' contact
- Harmonised procedures and documents
- No mechanism in place so that the sector [VCS] can market itself
- Good communication network –people doing similar/same things
- Training programme to be initiated re EU rules & regs including Vol/com sector procurement
- Business planning being provided for vol com orgs by CVS's and CIB and WYSELINK – are they all the same or quite different?
- Sharing of good practice e.g. books and CD roms
- CIB support tools for commissioning
- Promotion of involvement of vol com sector in LAA development and delivery
- CIB training on procurement
- CIB – links for voluntary sector organisations to commissioning
- WYLDA – SRIP bid includes a 'unit' for commissioning
- Infrastructure orgs co-operating over vol com support
- What is happening to those that DON'T want to move that way? – is it ignorance/lack of understanding? – work of CVS's?
- ESF project to engage with voluntary sector, SME's BME's, social enterprises
- Kirklees are working to engage with the VCS [but not yet really in place as such]
- Kirklees are working to use some of Sheffield's ideas and good practices [as above]

Headline Actions

It is normally easy for meetings to slip away from actually defining the actions that should be taken. However, the evidence from the interviews and, crucially, the interviewees is that there is a real desire to plan and take action. This was agreed in the workshop and therefore a list of actions was created

Informed by the Vision and Transition Model, the workshop discussed and determined the key actions that need to be taken. Further the workshop was invited to nominate owners and timescales.

The following exercise was used to develop those actions

Workshop Exercise 3 – Our Next Actions

In this exercise attendees were invited to consider the next 4 months and decide what the key actions should be during that time.

These actions will be designed to activate and take forward the transition model. It is probable that the actions will be at a “high level” at this stage, however, we do want them to be communicable and achievable. For each action groups were asked for:

A clear description of the action and its objective/s

When it should be completed

Suggestions as to who or what should be approached to complete the action. This should include who will make the approach. Try not to make all the approaches the responsibility of the consultant team. It may be an individual or a “delegation”.

As a parallel task, groups were also asked to decide the specific actions they would recommend for the consultant team

These are the results of that exercise:

- Councils could agree to advertise all contract opportunities on regional SCMS from 1st June so that VCS orgs can see what is available – individual organisations can pre register
- Individual organisations need to agree a communication strategy/chain [link up] so procurement departments can let them know what they need. Interaction needs to take place when link up has been made. Single root.
- WYCAS want to understand processes within different councils so they know what support is required. [E.g. Leeds older people’s services]. This applies to other individual organisations.
- Sector specific events/fora so that groups of councils can explain future commissioning strategy [e.g. children’s trusts] and vol coms can understand and plan for future

What	When	Who
<ul style="list-style-type: none"> Communicate outcome of the workshop session. 	Next month	Consultant team to delegates re specifics
<ul style="list-style-type: none"> Roll out of early social enterprise awareness + support [Leeds model] to Bradford, Wakefield Kirklees and Calderdale. Maximising objective 2 funding opportunities. 	Delivery starts within 6 months	Chris Hollins & Tim Foggin to explore initially. Helen Leggett to raise with Wakefield, Kirklees and Bradford LA's
<ul style="list-style-type: none"> Increased use of WYSE link. Newsletter to share useful info in sub region. 	Next month	Tim Foggin to supply newsletter plus contact details to group via Steven and Lesley. Group to consider submitting news/info for inclusion
<ul style="list-style-type: none"> FTSE focus going to be more Soc ent service delivers. Consider how to capitalise on this. 		Each LA to sponsor a current contractor Helped to promote actions. Tim send Caroline Giggal details and Caroline to promote to other LA's

Steering Group

The project is due to finish in the summer of 2006. Will it be useful to have some kind of group or coalition that takes a lead and owns the Vision, Transition Model and action plan? If so, what should be its make up and remit?

There was not enough time to review these issues during the workshop. However, the Email group will be invited to come to a view on these questions.

Informing the Project

The consultant team will be around for a while – but not for ever, with a remit to take the proposals forward to create an agreed agenda for future action. The workshop has gone a long way to decide on the Vision, Transitional Model and the headline actions.

The workshop group represented a wide cross section of the VCS/procurement community. This is extended to the larger email contact group and this group will be enlarged in the next 3 months to include the infrastructure organisations represented in ChangeUp in West Yorkshire to ensure full coverage.

To date the consultation has not specifically included the health sector because it is currently in a huge state of change itself and any views/agreements will undoubtedly change once the PCT boundaries are agreed and working patterns in that sector return to stability, however to ensure there has been an understanding of and inclusion of views and aspirations held in the Health Sector the consultant team have been in contact with Barbara Walsh, of Change Through Partnership, who are carrying out a similar parallel piece of work directly in the sector. All findings are being shared and information will be used from this piece of work to inform their forward strategy.

Future Project Actions

As a result of the workshop, a detailed project review was held between the consultant team and the sponsoring organisation, the CIB. The following actions have been agreed as a way forward.

- There is an opportunity to “model” the environment, e.g. the VCS continuum from “pure” volunteer to full trading entity shown with the various infrastructure service requirements.
- Further the model could be populated with West Yorkshire (WY) delivery to highlight overlap and gaps. It would be useful to detail the breadth and depth of any service provision so one can be sure of comparing “apples with apples”.
- The next phase of the project will focus on infrastructure support organisations. Within WYLDA (West Yorkshire Local Development Agencies) there are around 20-24 organisations (with around 12 leading on ChangeUp). These will be the target audience.
- At least 12 organisations will be interviewed on :
 - * Issues, in terms of the procurement agenda in WY, as they see them to create a picture of the VCS situation as perceived by infrastructure support (to then compare and contrast with commissioning organisations)
 - * Validating the “model” and establishing where the particular organisation is on the model. Plus what is the nature of and depth and breadth of the service provided.
 - * The organisations willingness or aspirations to do more in different areas.
- The final report will include a comprehensive action plan and it is our intent to encourage the creation of a steering group to take the action plan forward.