Funding Diversification

Progress Report III

Infrastructure Organisations

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Charities Information Bureau

Prepared by FourGables

BACKGROUND

The CIB Funding Diversification Project has been running since October 05. An initial interim report published in January 06, detailed the findings from a series of interviews with commissioning organisations. This release was followed by notes from a workshop consultation event held in February 06 and which were published in March 06.

The overall project aim is:

> ***To enable strategic sub-regional collaboration between commissioning agencies and the voluntary, community and faith sectors to support these sectors in the diversification of income streams and the planning for greater sustainability.***

This report details the findings from the third consultative activity; interviews with VCS infrastructure organisations. It is designed to provide information on the activity so far and to prompt and encourage further discussion and debate. Any comments related to this narrative may be sent to the authors at steven.leach@btinternet.com or on 01423 755100.

Acknowledgement

As with earlier work, the interviewees were open and candid. It is apparent people have genuine concerns and a real desire to see change for the better. In most cases it is also acknowledged that such change will involve some pain.

The project focus has been funding diversification. However, questions on this issue raised a number of fundamentals which need to be addressed if a satisfactory and sustainable funding model is to be enabled. This is the reason why this and previous reports have explored the VCS in the round.

There are hard questions tackled in this report. Even harder truths have emerged. These truths are not a reflection on the people involved, rather they result from institutionalised attitudes, behaviours and axioms which are at odds with the changing environment. This disconnect creates tensions and wastes energy. The inability of the sector to act in concert inhibits the changes required to realign the sector and to create adaptable models suited to today's and tomorrow's demands.

HEADLINE FINDINGS

Competition

Collaborative action and decision making are seen as essential if the sector is to wrestle control and be able to respond positively to current and future changes. Collaboration, rather than competition, would pave the way for:

- The development of a clear direction and objectives for the VCS in the sub-region to inform policy response and opportunity assessment.
- Joint ventures to open up a greater range and number of opportunities.
- A collective knowledge of who does what and for whom to highlight oversupply and service gaps.
- Having greater clout in policy development and implementation to give the sector a genuinely equal say.
- An ever increasing proportion of the VCS in the sub-region being able to debate, plan, act and respond as a single body.

Overall, the greatest shaper of the VCS today is the grant funding regime. This has created an over-and-ever-competitive environment and has informed the evolution of the attitudes, organisations and people in the VCS. All is predicated on the axiom that the most important aspect of VCS operations is to secure the next funding. As interviewees noted:

- The "original mission and purpose (of VCS organisations) can be ousted in the search for funds"
- Service delivery "can be compromised as organisations undercut to win bids"
- the sector has become "a complicated picture of service delivery with duplication and gaps"
- "Success is being measured in office and staff size rather than delivery capacity, quality, impact and value"
- The "connection between service delivery and full service delivery cost is broken"
- The competitive environment leads to a "lack of trust which prevents collective and collaborative action".

Overall, people are against the creation of ever more layers of networks and /or controls. There is a preference to evolve existing structures rather than to create new ones.

With the desire for a move to more collaborative activity there is a will to see and support potential rather than employ a "policing" based strategy through the application of restrictive rules. Risks will need to be assessed and managed, but such mitigation should not be at the expense of every opportunity.

Service Breadth and Depth

A second headline is the need to have a true map of the breadth and depth of service delivery offered by the infrastructure organisations. Whilst there is a wide range of different services available, it is clear that the resource applied to these services is unable to meet demand.

Without the knowledge of the true range and extent of services it is not possible to determine gaps and priorities. Nor is it possible to demonstrate real needs in terms of both service delivery and infrastructure support to funding bodies and commission holders.

ACTIVITY

A key message from the initial interviews with commissioning and voluntary organisations was that there was a need for practical support to help VCS organisations. Primarily to help organisations conduct review and planning activity to define future direction and forward action plans. This type of service and associated information and sign-posting provision is provided by VCS infrastructure organisations (IOs).

This phase of the project has taken the learning from the earlier interviews and workshop to IO representatives to get their reactions to and thoughts on the overall issue.

Given there are many such organisations in the sub region, it was decided to limit the interviews primarily to members of West Yorkshire Local Development Agencies (WYLDA), the local consortium set up "to ensure high quality VCS infrastructure support for frontline organisations while promoting the sustainability and influence of the sector."

Interview Method

Interviewees were offered the two earlier reports as background reading, the first included a summary of the overall project brief. The interviews, semi-structured in nature, focused on a number of common enquiries:

* What is the breadth and depth of the services offered by the organisation?
* What are the issues which make VCS support a challenge?
* What is your "wish list" for the future?

As the interviews progressed, interviewees where given un-attributable examples of ideas for the future. This iterative process helped to refine some of these ideas. In other cases the process highlighted potential implementation barriers.

Interviewees were also asked to add comments to a summary of the findings from the workshop in the shape of a questionnaire.

Interviews Conducted in this Phase

Interviews have taken place with the following individuals (listed in no particular order):

Penny Carter, West Yorkshire Community Accounting Scheme (WYCAS),
Amanda Vicars, Social Enterprise Support Centre (SESC),
Tim Oxley, Yorkshire Rural Community Council,
Anthony Clipsom, Bradford CVS,
Nic Tortice, CapacITy, Voluntary Action Leeds,
Richard Jackson, Voluntary Action Leeds,
David Wears, West Yorkshire Learning Consortium (WYLC),
Fawsia Mir, Pay and Employment Rights Services (PERS),
Val Johnson, Voluntary Action Kirklees,
Brian Batson, Voluntary Action Kirklees,
Judy Robinson, Yorkshire and the Humber Regional Forum,
Chris Hollins, The CIB,
Sajid Hashmi, Voluntary Action Calderdale,

EMERGING THEMES

As with the earlier reports the information below is taken directly from the interview sources without any development by the consultant team. The ideas and suggestions noted are not yet fully formed recommendations from this project. These views, added to the previous interviews will inform the recommendation development and the final report.

The challenge of competition

"Competition for resources is a barrier to the development and growth of the VCS"

In October 2005 there was an "Open Space" consultation event to inform the development of WYLDA. It is telling that the first of the overall recommendations was

"Collaborate at operational level and find more opportunities to bid collaboratively for resources".

This research clearly identified that there is a desire for a more collaborative VCS environment.

The sector is a very competitive. People expect this competition to increase. Interviewees consistently reported that the competitive environment was impeding the sector. Many noted that a healthy amount of competition would have to exist however at its worst competition was reflected in the commitment from the funders that the sector needed to 'Get it's act together' to see poor quality service delivery left unchallenged by those who would seek to do a better job. However, people want to see a much greater level of collaborative activity.

The competitive environment has driven much unhelpful behaviour. There is no evidence that people enter the sector with these traits rather that these are operational necessities. The following are the most quoted.

“Smoke and mirrors”	* People attending sector-oriented meetings with an organisational agenda. The suggestion is that many people adopt an “every person for themselves” approach inwardly, whilst appearing to outwardly be a team player. This makes openness and honesty in meetings difficult and is a barrier. It was noted that this was the most important barrier to the sector acting collectively. Indeed, one correspondent suggested that the maintenance of competition was a strategy to divide the sector. *People are invited to “stop playing the game” and become more collaborative and to develop trust and understanding.* * People will consistently “dress up” current service delivery and organisational experiences and capabilities. This makes it difficult to develop a case identifying the need for additional resources as a false picture can be created. Assessing weaknesses and gaps is also made more difficult, if not impossible. *People are invited to be open about issues and problems and to see these as things to be fixed, rather than a weakness to be hidden.*
“This patch is mine”	* The suggestion is that some organisations will defend service “territory” by playing up service range and reach. This can create a distorted view of the services available to the sector. *Organisations are invited to be frank and honest about services with clear service definition, target audience and qualification criteria, capacity and outcome and output targets they need to meet.*
“Chasing the funding”	* Without core funding ‘as of right’, many organisations will go for almost any funding opportunity. Only afterwards will the mismatch of service commitment and the organisations ethos, mission and capability be questioned and addressed. Such behaviour can also create duplication and over supply. One district commented about the plethora of social enterprise support organisations and initiatives all funded through the same finite pot. These organisations appear to be delivering similar services to the same audience. This overabundance of service will cease once the funding ends. It is further noted that people and organisations good at competing for funding are not always the best at delivery (and visa-versa). *Organisations are invited to revisit their aims and objectives to ensure these are still appropriate and aligned with activities and planned direction. Further, organisations should be clear about why they bid for any particular fund opportunity. Organisations should seek to work collaboratively with others to ensure an effective wrap around service delivery. There is a reported tendency towards disjointed and fractured competitive service delivery which confuses the recipients and makes measurement of support delivered almost impossible.* *Funders are invited to take a holistic look at the impact of their entire project programme rather than to work solely at the project level. In addition, national fund streams may have negative impact at regional or sub-regional levels due to unique combinations of existing local funds, needs and existing provision.*
“Growth is good”	* It is reported that in some organisations the key measure of success is organisation size. This leads to organisations “yo-yo-ing in size” and inevitably means that services are lost once the funding finishes. *Organisations are invited to look at a diverse spread of success criteria and to make decisions based on a considered growth, development and/ or business plan rather than the availability of a funding opportunity.*

Some practical suggestions include:

* Service mapping – a repeated theme across the research is the will to get a true map of the IO capabilities in terms of the breadth and depth of service delivery. Breath refers to the different types of services available, the depth to the amount of resource available to each of these services. A common finding was to hear an organisation talk of a range of services. The fact that only a fraction of the target market could be reached only emerged on questioning. It appears service delivers and funders are quick to suggest a need is fulfilled when funding is made available, without apparent examination of the service depth. The breadth of services available in each district varies, mainly due to different fund packages, and in no district is there a complete range of services. In all the organisations researched, the service resources are unable to satisfy demand. Going further than these broad statements is not easy without clear mapping.

  In interview it was noted that "the VCS is increasingly asked to change to fit in with the funders identified needs which are not always the same as the needs of the communities the sector aims to serve". It is only with a true map of the services available and the service gaps that the VCS may begin to challenge these assertions.

* Partnership working and brokering – helping VCS organisations work together to meet bid or fund requirements, either through increased capability or size or a combination of both is seen as positive. It was suggested that this service is not available in the private sector and that it still "does rather well". Others countered that it does happen in the private sector but this is a company to company activity, as in the construction industry. It was also noted that the private sector worked hard to integrate value chains. Whatever the truth of this matter it is agreed it would be useful to investigate opportunities and how these might be exploited.

* Experience and knowledge sharing – where organisations have similar objectives and audience profiles but work in different geographies in the sub-region, it is likely that collaborative activity to share learning would be beneficial. One example was the number of VCS organisations running community centres. This goes beyond traditional good practice sharing by creating an "ideas bank" with all ideas, good and bad, available for people to reference. This would also detail the context of any specific idea implementation. The reason for this is that an idea is rarely directly transferable as the outcome depends on many other variable factors. For example, an idea may only work where there exist individuals with particular skills and/or characteristics.

The over-competition in the sector is likely to get worse if not addressed. Firstly, there is an ever decreasing fund pool. Secondly, there will be more competition from private companies for commissions. These private companies were unable to "bid" for the grant funded work; however, they are positioned to make legitimate tender responses. Indeed, it is probable that such companies are more experienced and comfortable with the tendering process and have resources assigned to that specific role. Thus, competition for commissions will increase and put more strain on the VCS.

Can the VCS adopt the rules of the private sector?

"The VCS is a business like any other"

With most respondents commenting that there needs to be a more professional and "business-like" approach adopted by the VCS, this prompted further questions on whether the "free market" private enterprise model would be a useful template. Overall, it was not felt to be a model that would be appropriate in it's entirely.

The main issue was with a central tenet; i.e. that supply and demand will dictate the commercial model with needs creating fulfilment. With the VCS there are many areas where there is huge demand but where the "customers" simply do not have the money to pay for increased supply. The VCS relies on other parties, notably funders and statutory organisations, to pay on behalf of the service users or customers.

It is this factor, i.e. the degree to which service users are able to pay, that will determine the most appropriate and viable balance between grant and trading funding for any VCS organisation.

Organisations will need to ask a number of questions, for example:

* Is anyone willing to pay for our services?
* If so, is this a grant or commission?
* Is the process competitive and, if so, what does this mean for the organisation?
* If no-one will pay for our services, do we try another service or close down?

In asking these questions they demonstrate the similarities with the private sector, e.g. the need to have services the market wants and to deliver in a manner that is attractive to the market.

This creates many challenges for the sector as the comments below illustrate:

* "There is no recognition from outside the sector that the VCS does not follow the market model of supply and demand because we don't get increased profits [or funding] from increased demands!" – increased demand, often only visible once a service is started, generally means increased cost with no increased revenue.
* In the face of increased demand "we generally operate to maximise delivery capacity without being able to take the time out to develop strategically" – the organisation's development is put on hold and investments in aspects like

technology refresh and staff development are not possible.

* The sector by and large attempts to provide services free or at subsidised rates, and frontline organisations have an expectation that this is the case. This may not be a sustainable position to hold in the long run

Seeing the bigger picture

"The VCS needs to get its act together"

The sector does not have a complete view of "the bigger picture". This applies to funding availability, commission availability, the policy context, the range of sub-regional and regional initiatives and partnerships, local authority plans and a range of other areas. Where there is knowledge this is vested in individuals rather than organisations. In the rarefied competitive atmosphere of the VCS such individual knowledge has considerable value, thus genuine and open knowledge sharing is rarely a priority.

Without a clear picture of the overall context and in the absence of collective representation a considered and concerted proactive or reactive action is impossible. The genuine collective interest is not represented or addressed.

In discussion it became clear that this desire for understanding also applies to the capabilities and capacities of IOs. As has been noted, breadth and depth are often overestimated.

There is a need for collective representation, particularly in the IO community, which should be informed by detailed information on the IOs delivery capabilities, the available networks and partnerships and the overall operating environment.

At times, however, the infrastructure organisation is faced with either acting to promote the interests of the sector, OR providing for adequate representation and consultation, but not being able to achieve both. The sector needs to have a mature understanding that difficult decisions may sometimes have to be made, and to accept criticism from within the sector when it acts accordingly.

CHALLENGE & OPPORTUNITY

The challenges/opportunities for the community organisations

"If they want potatoes don't give them bananas"

Many VCS organisations have yet to make the link between need and cash. The fact that an individual sees a need does not mean there will be someone willing to pay.

Organisations need to be clear about the value they provide and who it is that will pay for that value. If no-one will pay then the organisation needs a rethink.

Organisations should not "drift" but should make informed decisions about where they are and where they want to be and about the services they wish to provide and who will want them.

There is a need for VCS organisations to learn more about the service needs of grant funding and commissioning bodies. VCS organisations need to understand their market. In most cases this market is those who will pay rather than the service user.

"Post code lottery"

A VCS organisation in, for example, Bradford is faced with a different array of services accessed and delivered in different ways to a similar organisation located in, say, Leeds. Faced with a need to acquire their own core funding, each IO evolves into the sum of the funding streams it has tapped into. There is no consistency of service range or access.

"Demand led – not funding led"

It is noted that organisations should select grant or commission opportunities that are aligned to their mission and capabilities.

Additionally, at the operational level, the grant culture has allowed organisations to shift the blame for unpleasant duties. For example, when a grant term ends it is often characterised as "we need to let you go as the funder will not pay". It was always the case that it was fixed term yet organisations still do not own the responsibility. The funding or commissioning body will simply "buy" results in order to fulfil their own agenda. Once the fund or the commission is scoped it will not change. The operational relationship between fund body and the VCS organisation receiving funds is determined by the contract. On the relationship continuum adversarial to collaborative partnership the lean is towards the former.

The challenge, for the sector, either as a whole or as the IOs, is to influence future funds and commissions. Building on information derived from mapping the service delivery capabilities of the sector, the sector must be very clear about the real demands. These may be related to particular individuals or groups or to the service requirements of VCS organisations. The assertions should be robust enough to challenge fund holder agendas and form the basis for more collaborative working.

"Cost is key"

Interviewees report that full cost recovery continues to be a challenge. The culture is still one of a negotiation based on getting as much money as possible rather than understanding and going for what is required to do the job. Changing this around has implications for VCS organisations.

Each organisation will need to understand "the boxes it ticks". This demands a far greater knowledge of seemingly impenetrable strategy documents. In turn this means a great investment in planning and research by the sector; an investment no-one has budgeted for. The sector is simply being told to do it.

Once organisations have matched services to those who wish to buy them, the cost of delivery must be calculated. Again, this is an area which has not traditionally been a core skill in the VCS and it requires new learning and extra effort. Again this change is not budgeted. Having decided the costs organisations must stick to these costs. Winning a contract at a level below the true delivery cost is a recipe for disaster; however, it is often how the sector currently operates.

Demonstrating the delivery of value is also a challenge and one that must be met creatively. In many cases it is not appropriate or possible to show value in terms of qualitative outputs or outcomes. As one interviewee noted, citing a home visit example, "it is difficult to estimate the value of a smile or a chat". In this example, moving the bid from the number of visits to a discussion about the value delivered at each visit may be essential if the VCS is to truly articulate the difference that can be derived from employing a local community organisation.

This latter point is particularly important as many respondents noted that VCS delivery is not always the lowest cost, indeed it can be the more expensive. The challenge is to ensure it can be recognised as the highest value for money.

It was also noted that the widely held view in the public sector is that "the VCS can do for £1.00 what the public sector does for £10.00". This devalues the sector as a whole and may do much to lower the amount of funding targeted at the sector either through grants or through contractual opportunities. This perception may also devalue the services provided.

"Traditional views challenged"

VCS organisations, including IOs, are faced with a changing environment. The sector is receiving increased attention as it moves up the government agenda. In addition, the change in areas like fund sources and how these are accessed is challenging many in the sector.

Attitudes need to change.

- The idea that funds should be forthcoming because the cause is worthy no longer holds sway. Yet many still hold this view. *'But we have always done it this way'*
- Taking what funds are available even if inadequate in the knowledge that *"they will give more later"* is no longer valid. Yet many eschew the idea of full cost recovery and stick to the idea that *"something will turn up".*
- It was noted on a number of occasions that "volunteering" is an unhelpful term that gives the wrong messages. The notion that volunteering is just for the white middle class is wrong. More people need to be encouraged to get involved, probably with the focus on "helping your community".
- Another unhelpful term is "social enterprise". The notion that organisations need to be more "businesslike" is an anathema to a few in the sector. Yet, in many cases, it is simply the language the puts people off. Being a community group that sells cakes in the street is preferred to being a social enterprise engaged in the retail business. Yet the two are the same. People have responded well to the suggestion that they should engage in social enterprise activity or be socially enterprising [the verb] rather than become a social enterprise [the noun]

Overcoming unhelpful attitudes is not trivial. Support and development initiatives need to build in time, skill and money to address the cultural and attitudinal change that will be required to support operational change. Without this there will remain the innate desire in people to change back and to deny.

"Mixing old rules and new rules"

There are examples of funding bodies and commission holders looking to exploit the opportunities of a greater enterprise culture whilst still retaining many of the traditional rules. VCS organisations are being asked to get more professional and businesslike yet are still subject to payment in arrears, funding restrictions and a clear block on building reserves. Or they are asked to compete for business, whilst at the same time being told that the sector should avoid duplication.

The rules need to be fair and consistent, particularly in terms of how fund holders treat the VCS and how the VCS and private sector are viewed, but they are not.

It will take time for funders and commissioning bodies and VCS organisations to reach the new understanding required to facilitate the growing range of operational models from the pure grant funded to the fully trading.

"Keeping and recruiting Board members"

VCS organisations need to use all the skills, contacts and knowledge of all those involved, particularly the Board. Retaining good people is important. Attracting new people with the additional skills and knowledge is

also a challenge for the future. It was noted that often the Board members themselves are the ones that do not want to see the organisation become more 'business like' in its approach and these people are clearly not encouraging the sector to move forwards. For each:
VCS organisation, identifying its own value and balance of grant aid and trading whilst retaining and attracting quality people is a challenge. This challenge needs to be supported.

The challenges/opportunities for the commissioning agencies

"Level playing field"

Commissioning organisations need to recognise the changing face of the VCS. It is not as simple as exchanging a grant for a commission. Risk must be assessed on the organisation's ability to deliver a reliable, quality service with added value rather than on traditional perceptions of the VCS. It is about what an organisation can do not what it might be.

VCS organisations are disadvantaged if they take the plunge and tender for contracts. Rules that usually apply to grants are often transferred wholesale to a VCS organisation that seeks a commission. If the VCS is expected to become more professional and businesslike it must be treated as such. It should be free from restricted funds, questions about reserves and other sanctions.

There is a "Catch 22" situation with VCS organisations not trusted without a track record yet unable to get the track record as they are not trusted. For VCS organisations the other side of the coin is the need to start with small and manageable, and to grow as they develop expertise.

"Recognise the wider impact"

Funding programmes appear to be (and probably are) developed and deployed without regard for other schemes and the overall environment into which they are released.

The VCS can be seen as a delicate ecosystem. Funding schemes impact this ecosystem and these impacts can go way beyond the original intent. For example, over supply of a particular service can lead to market confusion, duplication and increased resource competition.

In some cases it can mean a boom and bust for a particular service. Consider a short term; say two year, fund encouraging the creation of organisations to deliver a certain service. Armed with this funding these organisations suck in delivery resources and can force out existing supply. Once the funding period is over the result is no provision for the delivery of the service. There is a very strong need for both the sector, and the funder, to recognise the value of sustained and strategic planning over a period of years, rather than be subject to on-off funding supply, with little thought to the future.

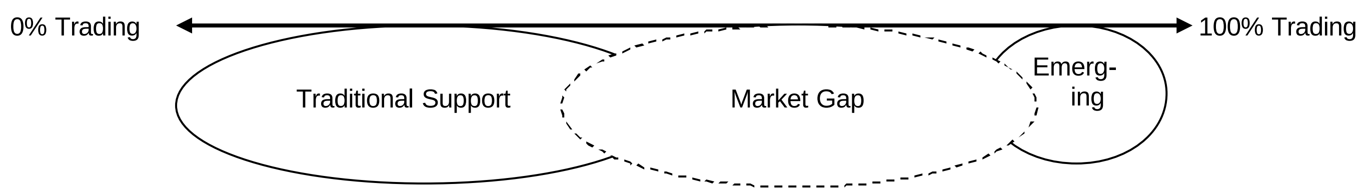
The challenges/opportunities for the infrastructure organisations

"It's not my job"

The fact that there is a recognised alternative to grant funding presents the infrastructure organisations with a challenge. Much of the support they provide is geared to securing grant funding. Little is focused on supporting organisations that wish to explore and/or pursue a trading route. Indeed, many infrastructure organisations stated that it was not their role to "support social enterprises". Where the business support sector ventures into VCS enterprise support, there is similar uncertainty regarding client boundaries.

"Service gaps"

It is clear that one particular new service requirement, that of helping organisations reassess their purpose and explore trading as a way forward, is significantly under served. Discussions revealed two key "holes" in service provision.



All VCS organisations, including infrastructure organisations, exist at some point on the above continuum based on their mix of grant and trading-derived funding. Traditional support is positioned where the balance is in favour of grant funding. Most IOs interviewed positioned themselves in this area. Only WYSELink, interviewed earlier, is positioned at the other end of the scale.

There is an under provision of services to VCS organisations that wish to explore the trading option or who are already committed to such a direction. Indeed, services to help organisations understand their optimum position on the continuum and to help them transition are virtually non-existent.

Even where trading is embraced as an alternative strategy for VCS organisations, infrastructure organisations are faced with many new issues. There is a need to acquire new skills and deliver new services and it appears that the rate at which new services are required is accelerating. With this latter point in mind winning three year funding for a service leads one to ask whether the service will be required in year two.

"Who does what and for whom?"

That this issue is raised again in a different context is a measure of its importance. Not knowing what services are available and under what terms places many strains on the IOs and denies opportunities.

Resources are often used simply finding out what service is most appropriate. The presenting issue is often not the real need and many reported that they spend time evaluating the real issue. This investigation, qualification and subsequent signposting service is a free service as no-one pays. As such it is draining for IOs.

"The sector needs to get its act together"

Finite resources mean that not everything will get done. The current "loudest voice wins" environment is not considered appropriate for the future. The sector needs to collaborate to decide what the priorities are for funding, even to the extent of noting what should not be funded. The sector should also be equipped to tackle over supply. (if it exists).

There is a need to "act with one voice", for example, in encouraging local authorities and other commissioning bodies to adopt common, "VCS friendly" policies. This same voice could also work with funders to ensure available funds target priorities and are deployed to maximise synergy. Individuals and individual IOs see these and other issues but simply do not have the resource or clout to be effective voices in their defined geographical area.

"The same funding challenge"

Infrastructure organisations are faced with the same funding challenges as the rest of the sector. These organisations require the same support advocated for the VCS as a whole. Those interviewed had a range of revenue sources ranging from reliance on a package of grants to part grant and part trading.

Grants for VCS work activity tend to be short term, often for a single year, and this creates a number of issues, including:

- The cost of applying for funds is higher as it is done more regularly.
- The time left to deliver the service is reduced because of the time taken to chase funding.
- People are effective for a shorter period. For example, with a one year post there is a period of induction and of getting to grips with the role and towards the end of the period there is time used to look for the next post. Thus the effective utilisation can be as little as six months.
- There is no possibility of long term planning. This inhibits the strategic movement of the organisation and leaves it with only tactical manoeuvrability and vulnerable to market changes. On-going and planned evolution to keep pace with market need is not possible.
- Short term contracts cannot be leveraged for borrowing. This effectively rules out strategic and structural investment.

Whilst it has not been directly noted in the interviews, there may be a case for the IOs needing support resources, infrastructure to support the infrastructure. This could be as simple as organisations helping each other or it could be a central pooled resource.

Specific ideas emerging & support and assistance that may be useful

The ideas coming forward may be grouped into three broad categories.

Collective Lobbying – joining together to agree on needs and demands and the joined up advocacy. This creates the single voice for the IOs and, potentially, the sector.

Collaborative Working – joint working that becomes part of how things are done on a daily basis.

Collaborative Projects – bounded activities with a finite start and end with outputs/outcomes that inform Collective Lobbying and Collaborative Working.

A fourth suggestion, oft repeated in various guises, is an action plan to lead the collective and collaborative agenda; to create a powerful, inclusive, representative sub-regional body the take forward the interests of IOs and the wider sector.

Collective Lobbying

* Longer contracts to encourage forward planning and sustainability. Also, this would allow structural investment on capital items not wholly associated with a single project. This would save money overall, particularly with IT.
* Have funders understand that there are things that are a generic platform for all activities. Core funds must include these at full cost. Quoted examples include governance, management data management and IT. Indeed, IT is a good example of the "one step removed" syndrome. A VCS organisation needs IT to support the delivery of a service, but the funder will not pay for the IT as it is not a direct part of service delivery. A "modernisation fund" for IT would be useful.
* Stop strategic bodies taking responsibility for projects. Spin off a project body, with appropriate terms of reference and let the strategy body get on with strategy.

Collaborative Working

* Coordinated services to help VCS organisations evaluate value and grant/trading questions and to support transitions.
* Coordinated services to help VCS organisations "get to the trough", i.e. get ready to tender.
* Sub-regional IO resources, e.g. a policy officer to assess the implications of national initiatives on the districts (e.g. what does the "Respect" agenda mean in Leeds?). Another example would be resources focused on LAAs in the sub-region.
* Deliver more community development workers with knowledge and training.

Collaborative Projects

* Map services available in terms of both breadth and depth. Associated gap analysis would help support bids. This would also assist signposting and highlight duplications. The map should be maintained on an on-going basis.
* Map infrastructure and other partnerships and groups at district, sub-region and region. Document the terms of reference and linkages.
* Pilot the assessment of value of VCS to specific organisations – use their language and their targets. Begin with organisations like the RDA, Local Authorities, NHS and Police –For the VCS as a whole it is central to changing the attitude to one of "it's not them that are supporting us, it's us that are supporting them". [Us the VCS them the public sector] For tendering VCS organisations it is important they are able to match their value to tendering organisation aspirations.
* Map the myriad networks and partnerships and document their aims and audience. Perhaps create a central repository of all related documents.
* Outsource services, on accounting, human resources, IT, etc. to be available.

Sub-regional Body

* Develop a sub-regional body. There appears to be a preference for developing the existing structures, e.g. the WYLDA network, than for creating new ones. The agenda, as noted throughout this report, is likely to be beyond a single sub-regional network. A regional body is required to take the policy agenda forward. This would need to create a practical framework of regional, sub-regional and district networks. These networks would take the change agenda forward.
* Other roles discussed for the network include:
    * Building a fabric of groups to represent districts and partnerships around appropriate themes, e.g. health, ICT
    * Eventually manage a single pot of funding to distribute for the region/ sub-region (based on its knowledge of the sector and a proven ability to administer).
    * Measuring the impact on the VCS of the shift to commissioning. For example, does it take more effort to tender or to complete application processes? What changes to the sector have occurred? Are these good or not so good?
* The sector needs to "Move towards maturity" – finite resources mean not everything will be delivered. The sector needs to work together to decide what the priorities are, i.e. what should and should not be funded. This could mean saying "it is in the best interests of the sector if you cease operations/trading" to a VCS organisation. People would resist this for all sorts of reasons and these should be explored to make the process easier. For example, people care about staff, so a "clearing house" concept could be developed to give staff a place to be whilst they find new employment.

Observations & Comment

Broadly, the findings are in line with earlier interview, questionnaire and workshop outputs. This phase further highlights the transition and change within the sector. A mainly grant funded model is becoming a much more mixed environment with many VCS organisations looking to trading to generate revenue. This shift is in progress and, as a result, many of the old ways still remain as the new emerge. An oft repeated example is the commissioning organisation that wants to put previously grant funded service delivery onto a commission footing yet still denies the VCS bidder a management fee or the ability to generate reserves.

The transition creates tensions in VCS organisations, as noted in earlier reports. The management boards often struggle to square their altruistic philosophy with a business ethos. In a similar manner IOs wrestle with decisions as to what makes a valid customer for services. Where traditionally these were simply classed as voluntary organisations the line is increasingly blurred as VCS organisations become more trading oriented.

The change is creating service gaps either through new service needs which are not being met, because of the changing nature of VCS organisations where adopting a trading model denies access to traditional services or through a post code lottery driven by IO funding.

The vision of the future generated by the February 06 workshop as part of this project noted that from a support infrastructure perspective “everyone will know who does what for whom”. From the interviews with infrastructure organisation information on the breadth and depth of services that are available has emerged as a key requirement. However, there is currently no organisation that is resourced to complete and maintain an accurate service map.

This knowledge of what capability is available will be an invaluable tool in the work to persuade funders and commissioning organisations that a consistent and fair approach to the VCS is required if the sector is to thrive and the social and other service delivery benefits realised.