

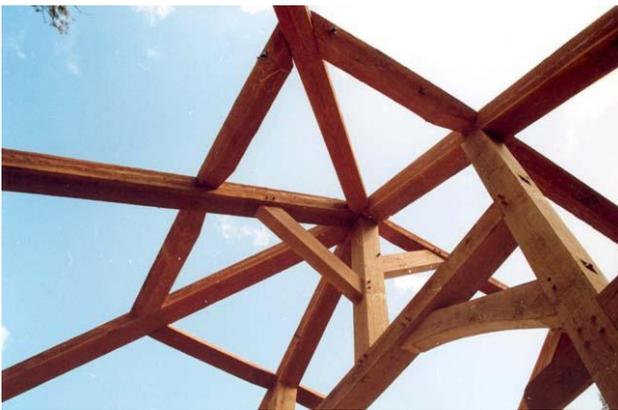
Event report

## Members meeting

# The funding landscape

Support services for the VCS: More at risk than the frontline?

02.03.2012



Third in a series of meeting to review and analyse changes in the funding of the voluntary and community sector in London

HOSTED BY

**NEWTON**  
The Power of Ideas

VENUE

Newton Investment  
Management  
BNY Mellon Centre  
160 Queen Victoria Street  
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**Kristina Glenn**, Chair of London Funders, reminded participants that the first two members meetings in the current series were on the funding of children's and young people's services, and the advice sector. At the first one, it was the pressures on funding work with young people that gave gravest cause for concern. With no statutory backing for most of it, this area had proved highly vulnerable to cuts: the independent funders, borough councils and social landlords who had gathered to discuss it were keen to think together about how to protect the sector ([see the report](#)). Advice services have been battered by changes in funding regimes as well as by cuts and further change looms in the reform of legal aid. At the same time, policy change in welfare and housing benefits, high unemployment and other current pressures on the poorest individuals and households mean a constantly rising demand for advice which shrinking services are increasingly unable to meet. Despite these pressures, funders found signs of resilience and fresh thinking in the advice sector which are producing constructive opportunities for investment ([see the report](#)).

**...vulnerable to playing a poor second to the front line**

Kristina introduced this day's discussion on support for the voluntary and community sector as about what tends, in the better times, to be the invisible part of the VCS and in bad times, as now, to be very vulnerable to playing a poor second to the front line. She hoped that this meeting would remind funders of the range of support services which the sector needs, provide some tools to assess the value of their work, and identify points of change which reflect positive approaches to maintaining appropriate support services for the VCS as it is today.

### **WHAT SUPPORT DOES THE SECTOR NEED?**

The event began with a reminder of what support services encompass and a review of a new tool for assessing impact and some mapping of the harsh reality of funding cuts to infrastructure services.

**Sakthi Suriyaprakasam**, Consultant for the Value of Infrastructure Programme (VIP), NCVO, explained how VIP started ([see Sakthi's presentation](#)), at a point when, despite the investment of ChangeUp funding and Big Lottery Fund's Basis programme, it was still difficult for second tier organisations to provide evidence of the difference they made. In exploring the creation of tools to achieve this impact assessment, VIP started with the development of a description of what support organisations do – producing a functions map based on connecting, influencing and development activity. Sakthi emphasised how much broader these functions are than "capacity-building". As she said, when voluntary organisations first thought of the need for infrastructure agencies, they did so in order to create a voice for themselves – a reminder that voluntary sector infrastructure is not a separate entity but "right at the heart of the sector".

The functions map moves into three key impact levels, i.e.: developing strong organisations, supportive external agencies, and a dynamic sector. Additionally, there is a fourth impact level which works across all the others; developing capable people.

The functions and impact levels provide varied support organisations with a common language to describe their work. VIP has developed 11 tools based on the framework to enable infrastructure organisations to plan, measure and communicate what they do more effectively. These include a distance-travelled tool, case study templates and impact focused surveys. The tools are available on-line. VIP Online can provide aggregated data and in time should also be able to provide a bigger picture of the impact of infrastructure as a whole. The project has almost reached the end of its development phase and NCVO is considering how best to continue to support to users of the framework and tools.

**Alison Blackwood**, Head of Policy, London Voluntary Service Council (LVSC), explored what is happening to funding of support services in London ([see her presentation](#)). Not only have ChangeUp and Basis funding been lost (some transition funding remains in the latter programme) but London Councils, in its first round of recent cuts to its budget, made significant cuts to infrastructure work: 25% of its funding of this part of the sector was cut and a further 12% in its support of volunteering, as well as reductions in some advocacy support.

In last year's Big Squeeze survey LVSC learned from councils for voluntary service (CVS) that demand for their support had increased but that many London CVS had lost the "capacity to deliver to expectations". The five sub-regional CVS partnerships had their London Councils funding cut and have closed or face closure. Respondents in general indicated that VCS support services were needed more than ever as many groups continue to struggle with funding cuts and need help with fundraising, forming partnerships, mergers, and lobbying and campaigning.

As part of the Big Squeeze work LVSC asked all the London boroughs what was happening to their funding of the VCS and of 21 replies found that while the voluntary sector was facing average cuts of 9.9% in local government funding in 2011-12, the CVS were being cut by an average of 14.9%. Cuts in the more deprived boroughs were the biggest (in part reflecting the bigger reductions those boroughs faced in their funding from central government). Alison noted other losses in second tier funding such as technical assistance in relation to the European Social Fund. In London Councils' current consultation on further cuts to take effect from 2013 and onwards, there is no certainty about continued support for capacity-building, policy and voice work.

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There were many questions to Sakthi and Alison. One borough, about to go out to tender for VCS support, asked for advice on defining outcome measurement and demand management. They were keen to shift from asking for mechanical information on activities and start to measure progress in increased sustainability in the support organisation, earned income streams and other successful adaptation. Sakthi suggested that the VIP functions map would help in defining the services to be commissioned. On the demand side, Alison noted that there were discussions between the voluntary sector and London Councils on needs assessment work that ought to underpin London Councils' proposed funding changes and might be useful background for boroughs.

Another question asked for more explanation of how VIP could show a more dynamic sector was the result of "connecting" work by second tier organisations. Sakthi explained how the tools offered enable both a support organisation and the VCS groups with which it works to identify indicators of improvement in their capacity.

A borough representative talked about the difficulty in protecting discretionary spending in the face of cuts and the need to sustain statutory functions. Preventative work is under threat as evidence of its impact is indirect, and influencing work, being politically challenging, can be an obvious case for funding cuts. Alison's work at LVSC is seeking to address the cost savings for boroughs from preventative work.

Some discussion focused on the point about creating "capable people". UnLtd works with social entrepreneurs and values the support that successful people offer those newer to the field: Sakthi responded that VIP was looking in more depth at how more might be done to show how integral good leadership of the sector is to the development of strong organisations and a more robust sector. The work being done by New Philanthropy Capital and others in the Inspiring Impact programme is taking account of infrastructure impact as well as front line impact.

A question to Sakthi was whether the VIP tools duplicate quality marks like the NAVCA one or PQASSO and Sakthi was emphatic that VIP does not try to supplant them and in fact proves to be highly complementary, helping to provide the assessment which feeds well into quality measures.

## RE-CONFIGURING THE FIELD

Increased demand and a palpable shift of funding away from support services are speeding up rethinking of how services are delivered. The next part of our meeting looked at some new ideas. The government's Transforming Local Infrastructure programme is putting almost £6 million into London in the next 18 months to create change and experiment with new ways in which support organisations can collaborate in developing new approaches to their service delivery that is intended to support sustainability. Eleven single borough initiatives are being supported, and one which covers five west London boroughs, and some London-wide initiatives through LVSC. The funding is administered by Big Fund, the non-Lottery funding operation of BIG and the intention is to put another £20 million from BIG to complement this investment in distinct and additional ways.

**Alice Wallace**, Third Sector Development Manager, London Borough of Tower Hamlets and **Khadiru Mahdi**, CEO of Tower Hamlets CVS presented Tower Hamlets' successful bid for this funding, in a project designed to develop a broader partnership to co-ordinate services for a more effective front line in the borough. Khadiru explained how rapidly the bid had to be prepared, especially challenging in a borough where support services have no culture of working together and his own organisation is very new. The TLI bid had demanded a common sense of purpose in a context of competition and lack of trust. The way organisations came together with the CVS as lead partner was described by Alice: while the possibility of money first brought organisations to the table, they then needed to work rapidly together to identify their most pressing issues and challenges and find new ways of co-operating to produce solutions. There is a clear sense of shared leadership between the CVS and the borough. The bid's success gives the voluntary sector partners more clout in their relationship with the Council. Borough funding of the VCS is relatively generous – the Executive Mayor has created a new community chest added to the Council's investment in matching European Social Fund resources. Contracts won by the voluntary sector have however reduced by almost 20% from the previous year.

The Transforming Local Infrastructure work to be delivered in Tower Hamlets covers

- training volunteers (including trustees)
- the planned merger of two local grantmaking trusts with a view to their being stronger together and fostering a stronger culture of giving, including finding new sources of money for the VCS
- some development of shared services such as community accountancy

- the development of a commissioning consortium – which can work with the local authority and health commissioners
- a new supplier co-operative to find the scope for discounts to drive down the cost of insurance, energy and office supplies, and
- community asset management, especially related to improving use of premises by the VCS and both a premises users' forum and a premises providers' forum.

These address some of the most important issues facing the VCS but pressure on the partners to deliver within 18 months is intense – they need to show outcomes and evidence of new income generation by September 2013.

The timing, though tight, is good for Tower Hamlets, with the new CVS in place and the borough reviewing its three-year VCS strategy. The relationship between the TLI partnership and the borough is one of the keys to success, Khadiru believes: to develop and appropriately recognise the VCS needs both “sides” to identify and design services which the community needs and a co-production approach that will deliver the best possible solutions. See Khadiru and Alice's slides [here](#).

There was some discussion about the process by which trust can be built between organisations to allow them to work confidently together as seems to be happening in Tower Hamlets. Khadiru described the process of bringing together ten different infrastructure organisations and gradually reaching agreement firstly that the CVS should be the lead partner in the bid, and then on the component parts of the proposal that went to government. Since part of government's agenda in running TLI is to reduce the number of organisations offering support services at local level, the CVS' lead role is something of a poisoned chalice – the experience of pretty well all TLI lead partners around the country. The point was made, however, that in learning how to work better together and focus on services needed rather than simply on the survival of individual organisations, infrastructure organisations need to model good practice for the front line to observe.

For Alice the benchmarks of success of this programme will not be so much in consolidation of organisations but in a newly entrepreneurial approach in the sector, with new markets developed. She referred to experience of the ChangeUp consortia where some of the differential success seemed to vary with the engagement of local authorities with their local VCS – from those that simply “kept an eye” on what was happening to those areas where a borough worked closely with its consortium and thought about its purpose and potential.

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Meeting participants noted how much work needs to be done with clinical commissioning groups which in many cases seem not to understand the VCS, and noted that CVS are patchily involved in the new Shadow Health and Wellbeing Boards and may be struggling to convince their Boards of the value of having specialist voluntary groups involved in the Boards and their working groups.

*Building capabilities for impact and legacy* is the title of a discussion document on which Big Lottery Fund is consulting (up to 15 March) and **Alison Rowe**, Senior Head of Region, London, introduced it.

The discussion paper is addressed especially to VCS and social enterprise managers working in frontline and infrastructure organisations. It sets out BIG's approach to building capabilities within voluntary organisations and offers an opportunity to influence this approach.

Alison explained that one of Big Lottery Fund's main objectives is to support the VCS to become more effective. The Fund also wants to support the development of social enterprises as a distinctive element in delivering its objectives. Over the past ten years, BIG has spent over £200 million nationally on capacity building through, for example, its BASIS programme (and has plans to add £20 million to the investment being made in the Transforming Local Infrastructure programme).

The discussion paper, Alison emphasised, is to stimulate debate to shape, influence and inform BIG's thinking and investment. Consultation meetings around the country have shown BIG that there is support for the paper as well as challenges to it. For example, the London region consultation highlighted that the role of the second tier in giving voice to the sector or influencing public policy would not be supported through a demand-led approach.

BIG wants to be more purposeful in its investment so that there is a measureable impact from it as a legacy in the VCS. There is a lot of change in public policy and delivery and this needs to be reflected in the way the VCS operates. The discussion paper aims to show how BIG's funded organisations could be more sustainable and entrepreneurial, have greater impact (and demonstrate this) and get help with self-identified needs. A core element in the paper is that Big Lottery Fund should focus on offering additional support to its grant recipients and find a way of giving them resources (e.g. as money or vouchers) over which they would have control and choice – to decide for themselves what they need and perhaps be guided about where to go for help. Assisting voluntary organisations to take responsibility for their own needs is seen by BIG as a positive

development, as would lowering the cost of advice and support by encouraging peer support, crowd-sourcing of answers to questions, etc.

There are many questions for BIG around this sort of market-driven approach – how much diagnostic support might funded groups need and how that should be provided; how much could be done by peer-to-peer support or online information – is there a “wider ecology of support providers” than is normally recognised? The meeting hoped that there will still be scope for investment in some important support services.

**Pushing voluntary organisations to take responsibility for their own needs.....**

Further points made in discussion were about the range of support needs which a voluntary organisation can have and who will help with diagnosis. The presenting problem will almost always be fundraising: the reality may well be that organisation development is needed before fundraising can be effective. Even to receive a Big Lottery Fund grant, many organisations will have been supported and coached by local infrastructure organisations to make good applications. Without core support these bodies may not be there to help.

One effect of the proposal could be that the cost of capacity-building support might rise: currently grants and contracts for infrastructure subsidise frontline services but as support providers shrink, charges for specific support may have to increase.

A representative from a borough whose local VCS has a poor success rate in gaining Lottery funding noted that its local organisations would be further excluded if Big Lottery Fund’s contribution to support is only in future for its funded organisations.

A participant from Social Investment Business noted the government’s willingness to recognise the need for investment in the social enterprise sector with grants to help investment readiness.

Alison encouraged funders to respond to the consultation (open to 15 March 2012).

## **SUPPORT OF VOLUNTEERING**

To close the presentations, London Funders invited **Justin Davis Smith**, CEO of Volunteering England, to offer a strategic overview of the reality of supporting organisations that use volunteers, in the current policy and funding climate ([see his full speech](#)). The context for him is one where

volunteers have never been more needed, nor more feted by politicians, and yet seem to have fallen out of favour with policy makers and, to an extent, funders. Justin shared the latest data on the quantity of volunteering in England and the contribution that volunteers represent to GDP. He noted research that shows people who volunteer know more about their neighbourhood, like where they live better, see physical and mental improvement, learn new skills and enjoy what they do.

Yet there is a crisis in funding. Volunteering has been cut disproportionately hard and volunteer centres are losing funding, along with youth volunteering programmes and services concerned with equalities groups. Some areas of government policy have an adverse impact – the Work Programme penalises volunteers, for example.

Justin argued that it is vital to demonstrate the impact of volunteering and the effect on individuals and communities of its withdrawal. In London there has been a noticeable increase in enquiries to volunteer centres in the last couple of years – from 15-25 year-olds, and unemployed and BME people. Because there have been limitations in developing opportunities for volunteers there is now an imbalance, with too many people chasing too few openings. All kinds of organisations (not just the VCS) need encouragement to use volunteers and need good practice advice in doing so.

Justin gave some examples of innovative work and hopes to see yet more trialling of ideas that show how volunteering can “keep up in a changing world”. The greater use of volunteers in criminal justice provides some inspiration. In general, at a time of limited resources, not only does it make economic sense to be using volunteers but there are economies of scale in the services of good support organisations, for example in joint recruitment, policy development and training. Justin sees a need for fewer infrastructure organisations in London in this field – better sharing of resources and avoidance of duplication. He hopes that there will be some mergers and that the TLI programme should contribute to this. London’s funders could encourage better collaboration, he suggested, and show themselves willing to help this sort of rationalisation come about.

He quoted the great innovator, Michael Young, who saw the first half of the 20th century as about mass production and the second half characterised by mass consumption. Justin hopes this century is one of co-production, citizen engagement and volunteering. Meanwhile the field is starved of resources and fighting for survival even though for every £1 spent on volunteering the return to an organisation is around £7. “Who is willing to pay the £1 to release this benefit?”

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A borough response was that London's councils recognise that volunteering is not free but are challenged to cover volunteer centre costs as distinct from those of the CVS. This suggests that the range of functions of infrastructure need review and updating to benefit local communities better.

## **PARTICIPANT FEEDBACK**

Participants looked in groups at what funders' current experience is in supporting the support functions, what the challenges are and how funders together might find new solutions. Brief notes of these discussions are on page 10.

Headline points fed back to the final plenary were:

- The need for a change of culture in the support sector – an increase in entrepreneurial behaviour, more sharing of assets and a reduced dependency on external support
- Better analysis of the skills currently deficient in the VCS so that support organisations can direct their help to where it is urgently needed – commercial skills among them
- A reminder that funders increasingly recognise that they are funding services and not organisations
- Encourage consortium working and improve infrastructure organisations' confidence to innovate
- Second tier organisations need to be much better at showing what they know and how they apply their knowledge (this is perhaps especially true at national and regional level).

Summing up **Kristina Glenn** thought this meeting had been an excellent opportunity to help funders see a normally invisible area of work – the underpinnings of the sector which it is easy to overlook. She hoped that the funders in the room would continue to talk about what is the right approach, now, to ensure that London residents gain access to the best possible services and see improvement in their lives.

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**Huge thanks to Newton Investment Management  
for hosting this meeting**

## NOTES FROM GROUP DISCUSSIONS

### Funders' current experience and questions

- Huge change – skills shift. Funders limit the skill set funded.
- How does national infrastructure work with local?
- Are we too wedded to looking for local support? Should we be looking outside? But might that mean not enough physical presence – face to face advice still needed.
- Declining market – difficult to look at new models and lack of time and money to think differently.
- Local authorities will be left to carry the burden of capacity building and how to support the VCS.
- No pre-application support results in poor applications.
- Changing demography needs changed dynamics. Need to catch new settlers early and bring them on board. Requirement to demonstrate value of previous endeavours.
- More grant funding for infrastructure and volunteering and less commissioning.
- Some local authorities expecting to look at one bid for infrastructure – a rationalised sector
- Competition for volunteering.
- Small grant programmes.
- Have CVS an opportunity to position for support under BIG model?

### What are our priorities?

- Measuring and demonstrating impact, e.g. assessing the value in prevention. Need to be willing to accept results.
- Consortium working between local infrastructure bodies
- Finding another model of funding – a co-produced approach.
- How to prevent old models from re-emerging within commissioning that were present in grant funding and not cost-effective/not transformed.
- Funding services not organisations.
- Improve confidence to innovate and support.
- Encourage entrepreneurial behaviour – new ways of working and sharing knowledge.
- Beware of unrealistic expectations of income generation.

### What can funders do together?

- LB Tower Hamlets posing ideas e.g. develop a consultancy role for support organisations. Can funders support more experimentation in different kinds of provision?
- National and larger infrastructure bodies have lots of knowledge to pass on to local. Can funders help create better intelligence and relationships?
- Better sharing of new infrastructure models to support local CVS, share collective intelligence.

- Encourage and support collaboration like the consortium approach in west London, peer mentoring opportunities, online resources - needs a culture change.
- Who provides the support? Does it need to be a CVS? CVS benefit is a consolidated and strategic approach.
- Communicate! Especially in London Funders' forum – the mix of private funders and other sectors.
- Retrospectively is too late.
- Joint working (e.g. a borough with Social Investment Business).
- Explore how to support sustainability.

