

ChangeUp/Defra Infrastructure
Programme – South East

Funding and Finance Programme

Paper presented to the Regional
Consortium for discussion and
decision on 15th July 2005

Paper prepared by RAISE on behalf of the Funding and
Finance Sub Group

ChangeUp/Defra Regional Infrastructure Programme Regional Funding and Finance Programme – South East

This paper describes the proposed programme of activity for the regional Funding and Finance Programme for ChangeUp. It has been prepared by RAISE, supported by the Funding and Finance Sub Group and is a further development of the proposed Funding and Finance Programme paper discussed by the Regional Consortium in June 2005.

The paper is for consideration at the Regional Consortium meeting on 15th July 2005.

1. Purpose

- (i) to present proposed regional activity for the Funding and Finance Programme to the Regional Consortium (RC) for consideration
- (ii) to highlight key issues and barriers to success
- (iii) to agree the level of investment for the programme
- (iv) to agree a fund manager for the programme

2. Background

2.1 As part of the South East ChangeUp programme funds have been ring fenced for a programme of activity relating to funding and finance of the voluntary/community sector (VCS) amount currently allocated awaiting decision is £200,000 to include fund management.

2.2 During the Early Spend work voluntary/community organisations (VCO's) demonstrated that there was significant evidence to support the need for ChangeUp funds to be invested into tackling some of the issues facing the VCS in relation to funding and finance. The earlier paper (see appendix 1) outlines the identified needs and this paper seeks to outline how some of the key issues will be tackled. These were Full Cost Recovery; Implementation of the Funding and Procurement Code; Developing Robust Frontline VCO support for funding advice; Developing formulae for local, sub regional and regional allocations of funding and developing Fund Management arrangements at a regional level. The Regional Consortium felt that the programme needed to be very targeted if measurable outcomes were to be achieved.

2.3 The Regional Consortium asked RAISE to convene a Funding and Finance Sub Group to consider the most appropriate way of establishing the Funding and Finance programme. The membership of this group is as follows;

Catherine Johnstone	RAISE
Jacqui Bremner	Frontline Perspective (RC)
Vicky Westhorp	GOSE
Jacinta Thorley	SERCC/Chair of Regional Consortium (RC)
Elaine Garfitt	Local Authority perspective (RC)
Nickie Davison	RAISE – secretariat support

The sub group met for the first time on 25th May 2005 and again on 27th June 2005. Pam McHale from SEEDA wanted to attend the meeting on the 27th June but unfortunately was on holiday. Her comments have been fed into the paper subsequently.

3. Context

3.1 The sub group were keen to ensure that the proposal for the programme was very focused, practical and with easily identifiable measurable outcomes. They looked at the Financing VCS National Hub Business Plan and agreed that to look regionally at funding advice would duplicate the work being done nationally. Developing formulae was seen to be added value if funds were available but not essential at this time and regional Fund Management was agreed to be important but would be picked up through a separate piece of work that had been kicked off by RAISE in working with the Community Foundations in the region to explore the potential of regional fund management.

3.2 It was agreed that the main focus of the regional programme would be as follows;

- (i) Public Procurement and engagement between the VCS and Public/Private Sectors
- (ii) Full Cost Recovery
- (iii) Local Area Agreements
- (iv) Sharing of practice and experiences

3.3 As the 4 areas above are all critical in the local delivery of VCS services whether they are public services or not it was agreed that the majority of the activity should have a local focus centred on the 20 Infrastructure Development Plan areas. However where there were influencing opportunities these were thought to be better tackled regionally.

3.4 The links between Public Procurement and Full Cost Recovery were thought to be linked and therefore the activity in these 2 areas will be combined.

4. Programme of Activity

4.1 Public Procurement/Engagement between VCS and Public Private Sectors and Full Cost Recovery:

There will be 20 road shows/training events linked to the local Infrastructure Development Plans. The content for these events will be developed centrally with a resource pack to support them. They will be delivered by an Independent organisation/consultant in partnership with the local IDP lead organisations.

The target audience for the events will be cross sector at a local IDP level. It

will be for VCS infrastructure and frontline organisations, Local Authorities, Primary Care Trusts, Learning and Skills Councils, Business Link, Community Foundations, private companies and other interested parties.

These events will aim to;

- Raise the profile of ChangeUp locally
- Offer support to develop the thinking locally on public procurement cross sector
- Offer an opportunity to understand better the confusing and conflicting information re rules and regulations for contracting, grants, service level agreements etc.
- Increase the understanding of Full Cost Recovery
- Increase the interaction or commence the dialogue at a local level on future funding which can then be fed into the local IDPs
- Offer an opportunity to look at local arrangements for tender and contract work, commencing the move to creating a 'level playing field' for the VCS
- Identify barriers both locally and regionally for the VCS to develop more public service delivery activity
- Offer local networking opportunities

Timeframe:

Activity	By when	By Whom
Training Event specification written and circulated as a commissioned piece of work	End of July 2005	Sub Group
Consultant or organisation commissioned	End of August 2005	Fund Manager
Letter to all IDP lead organisations sent	End of July 2005	GOSE
Event design and delivery established and agreed by sub group	End of September	Consultant and Sub Group
Rolling programme of 20 events linked to IDP's delivered	November/December/January	Consultant
Findings from events fed into regional dissemination report/guide	End of January/early February 2006.	Consultant

Cost of activity:

The local events are looking to attract high level attendance from the relevant organisations. The events should be planned for approx 50 attendees and local venues etc will be used.

Activity	Cost £	Total Cost £
20 local IDP events	3000 per event	60,000
Consultant/Organisation to undertake the preparation of materials for event, delivery and organisation of events and formulation of material to feed into regional publication	£400 per day distributed as follows; 20 days– develop training resource 20 days- delivery of events 10 days- write up findings 10 days- organisation of events (bookings, invites etc)	8,000 8,000 4,000 4,000
	Funds to support local IDP mailings, invitations etc	2,000 (£26,000) total
Total		£86k

4.2 Influencing Regionally

One of the key issues for the South East is being able to communicate effectively with the public and private sectors to provide information about the current VCS agenda. Particularly in relation to ChangeUp, public procurement and Full Cost Recovery.

The Chairman of SEEDA, Jim Braithwaite following a meeting with the RAISE Board has agreed to fund and support the delivery of a regional event to bring together key players to look at the current VCS agenda as outlined above and look at how this may be tackled both regionally and locally.

The target audience would be commissioners and strategic decision makers in the relevant organisations to include; Local Authorities, Business Links, Economic Partnerships, GOSE, Regional Assembly, Primary Care Trusts, and Learning and Skills Councils.

The Aim of the regional event would be to;

- Increase the knowledge of the public and private sector in relation to the Government agenda re public procurement and the VCS
- Increase the understanding and importance of full cost recovery
- Link the public and private sector at a local level to the regional ChangeUp programme and National Financing Hub
- Raise the awareness of the need for a level playing field for public procurement with the VCS
- Offer opportunities to explore further the progress on social enterprise and the VCS
- Disseminate relevant information that is supporting the agenda such as; Think Smart, Think Voluntary Sector; Funding and Procurement Code of Compact
- Act as a forerunner, setting the scene for the 20 local IDP events

- To offer the opportunity to confirm and ratify a regional compact between RAISE and SEEDA/GOSE ***

*** there is a commitment from GOSE and SEEDA to develop the existing working relationship between the 2 agencies and RAISE to a formal Compact. This would be welcomed by RAISE and work has commenced to explore what this means in real terms. RAISE already has a regional compact with the Learning and Skills Councils which is proving beneficial for the VCS. The regional event with key stakeholders offers an opportunity to embed the thinking behind a Compact way of working.

Time frame:

This needs to happen in October as it needs to act as a forerunner for the 20 local events. The organisation of this event and the timing will set the pace for the rolling out of the 20 local events. However it is important that the event is not delayed beyond October as this will compromise the ability to lay the foundations for the local events.

Cost of Activity:

SEEDA have already committed some funds to support this event as they see it as a high priority to support the VCS strategically in this area. However in order to ensure that the event can offer enough places it is proposed that the Regional Consortium commit £10,000 to this event. This will include funds to support the attendance of an independent person who will capture the outcomes of the day and write this up as part of the final regional publication.

4.3 Local Area Agreements (LAA's)

These are still a relatively new concepts nationally with the pilot phase having just come to an end with an announcement in early July indicating round 2 locations. In the South East we had 2 pilot areas being Kent and Brighton and Hove. In the second round we have 9 further locations as follows;

- Buckinghamshire
- East Sussex
- Hampshire
- Isle of Wight
- Oxfordshire
- Surrey
- West Berkshire
- West Sussex
- Wokingham

Government Office South East (GOSE) have already identified the need for a dedicated officer to work regionally on the development of the LAA's and the postholder will be working with the VCS. There are some key areas of work that need to be addressed from and Local authority and LSP perspective when working with the VCS as follows:

To ensure that LAAs:

- involve key partners at a local level, including reviewing LSP memberships to ensure appropriate VCS representation;
- involve VCS in the development of the priority outcomes;
- are clear on who will be delivering and leading on each element from the voluntary and community sector;
- have considered the capacity of the VCS to become engaged and to develop support to ensure the sector can play a full part;
- have produced an appropriate and realistic Statement of Community Engagement;
- are providing high level reporting on VCS outcomes including community empowerment that is locally agreed and relevant;
- have clear processes for tackling under performance on VCS issues including partnership development, change management and developing links between existing programmes.
- take full consideration of existing programmes and tools including ChangeUp, Compacts and Rural social and Community Programme.

It is considered that one person working on this agenda at GOSE will not offer enough capacity to tackle the above from the start of the process. The guidance for the LAA's is explicit in the need for the VCS to engage, however the mechanisms for this are not clear at this time and therefore need to be established. There is considerable learning from the original 2 pilots in our region at a VCS level and this learning needs to be explored and understood.

Therefore we are suggesting that a VCS secondment be secured to work with the GOSE postholder to tackle the above areas of work and offer a central focus for the VCS as well as acting as a conduit for raising issues, pulling trends together, networking local VCS together across different LAA areas.

We must ensure that two individual posts are not working separately on this agenda and to this end it is thought more appropriate for the VCS secondee to be hosted and line managed by GOSE.

The whole timetable for proceeding is scary as considerable work needs to be undertaken by September 2005. Therefore it is proposed that a VCS secondment is secured to work with the GOSE LAA postholder and the new GOSE Locality Managers with immediate effect.

The VCS secondment would;

- Have a VCS focus and offer strategic input in partnership with other organisation into the work at GOSE on LAA's
- Work with the VCS infrastructure organisations in the 9 areas to support their engagement. This will include raising issues as they arise at a local level
- Work with the 2 original pilot sites to understand their experiences from a VCS perspective and share the learning so that it may influence the next 9 locations

- Offer a focus for resources and information relating to the wider VCS on LAA's and utilise the Regional Consortium communication channels to disseminate widely

There are currently significant issues being raised by local VCS in the targeted areas as to how they can fund their engagement in the work that needs doing locally. It is important that the VCS are enabled to engage at the earliest opportunity as the time for influencing is so short. Therefore it is proposed that a small amount of funds are allocated to each of the 9 locations to support this engagement.

Timeframe:

The secondment would start as soon after the 15th July 2005 as possible and initially work to March 2006.

Cost of Activity:

Activity	Cost £	Total Cost £
VCS secondment	40,000	40,000
Local support costs of engagement of VCS	10,000	10,000
Total		50,000

4.4 Regional Publication

It is critical that the work undertaken in this programme is captured, evaluated and then widely disseminated across all sectors. Therefore it is proposed that a regional publication is developed that tracks the work, shares the learning and acts as a useful guide at a local level in the area of funding and financing the VCS.

It is important that this is independently developed and each element of the activity has funds to support its creation.

The aim of the publication will be to;

- Formally capture the outcomes of each of the 3 areas of work
- To capture the learning from the programme both locally and regionally and offer a conduit for sharing the learning
- Offer the information in one place
- Offer the opportunity for the Regional Consortium to make recommendations
- Offer an opportunity to share the work of the National Hub
- Demonstrate through local IDP case studies some of the experiences at a local level

Time Frame:

Activity	By when	By Whom
Specification written for publication development	End August 2005	Sub Group
Independent consultant/organisation commissioned to undertake the development of the publication	End of September 2005	Fund Manager
Draft Report prepared and shared with RC	End of February 2006	
Final Report prepared for dissemination	March 2006	

Cost of Activity

Activity	Cost £	Total Cost £
Research and Development of regional publication	£400 per day distributed as follows; Writing report/publication – 40 days	16,000
Dissemination of report, production costs etc	Based upon other similar publication cost £14,000	14,000
Total		£30,000

5. Summary and Recommendations

5.1 The programme is targeted and sets out a challenging agenda. However this agenda needs to be met both locally and regionally and needs cross sector ownership. The original delay to this programme as a result of the issues with the National Hub development have offered a useful period of time for reflection, to look at early findings from the IDP development, to listen to the issues that the VCS are raising in our region and link to the National Hub in the knowledge that we will not be duplicating their efforts.

5.2 Fund Management has inevitably like all of the programmes caused some issues and as a result it was discussed at the RAISE Board on 7th July 2005. At this meeting it was agreed that RAISE in the absence of any other obvious fund manager would offer to support the programme in this way. However concerns were expressed as to the increased workload specifically in the areas of writing the specifications for 2 areas of the work and managing several sub contracts. It is therefore proposed that RAISE increased the 10% fund management fee to 12% to cover the additional workload.

There may be some concern as to the capacity of RAISE to undertake this work but we are confident that we are able to deliver with the additional costs described. The new RAISE Director of Policy, Alison Brown has now commenced her role within the organisation which will increase the capacity of the organisation once her induction is completed.

5.3 Summary of Costs

Activity	Cost £
4.1 Public Procurement/Engagement between VCS and Public Private Sectors and Full Cost Recovery:	86,000
4.2 Influencing Regionally	10,000
4.3 Local Area Agreements (LAA's)	50,000
4.4 Regional Publication	30,000
Fund Management and additional specification development support	24,000
Total	£200,000

5.4 Recommendations

That the Regional Consortium discuss this proposal at the meeting on the 15th July 2005 and;

- A. accept this proposal as the programme of activity for Funding and Finance for the South East Region
- B. Agree to RAISE being the Fund Manager for the programme
- C. Agree to the level of investment proposed.

Catherine Johnstone
CEO
RAISE
12th July 2005

PAPER FOR THE CHANGEUP/DEFRA REGIONAL CONSORTIUM

REGIONAL FUNDING AND FINANCE PROGRAMME FOR THE SOUTH EAST.

1. Purpose:

- (v) to present to the Regional Consortium (RC) progress to date with development of a funding and finance programme
- (vi) to highlight key areas of potential development for the programme
- (vii) to highlight key issues and barriers to success
- (viii) to request support for further development of the programme

2. Background:

2.1 Following the Early Spend Programme and the development of ChangeUp in the South East it was agreed by the RC that there is a need to address issues relating to funding and finance of the VCS. The Early Spend Report 'A Review of Voluntary/Community Sector Infrastructure in the South East' highlighted funding as;

- The biggest issue facing the VCS, particularly infrastructure organisations.
- Lack of funding, insecurity of funding and patchiness of funding are all key factors leading directly to Infrastructure Organisations not being able to deliver the levels of support to frontline voluntary/community organisations (VCO's).
- There is little evidence of 'Full Cost Recovery' models of operation in action.
- There is a general lack of understanding by funders as to the funding required to provide effective infrastructure services.
- There is not necessarily a shared understanding by the public sector of the agenda to increase public service delivery through the VCS.

2.2 Over previous years we have seen funding to the VCS diminish as Local Authority budgets decrease with Local Learning and Skills Councils and Primary Care Trusts providing some funding but usually for project delivery. The end of SRB funding and now the Governments drive to fund public service delivery targets rather than a broader range of VCS work leaves the VCS struggling to develop sustainable models of funding. The development of the Big Lottery Fund priorities are still embryonic and the impact of the new organisation is yet to be seen.

2.3 In a move to develop more sustainable funding for the VCS, there are parallel programmes of activity being developed and delivered by Central Government to include the Dti 'Strategy for Success' which highlights and encourages the use of social enterprise as a vehicle (business model) to support the notion of the VCS earning a greater proportion of its income. Again there is a huge amount of work that is happening across the South East

to include the development of a regional Social Enterprise Strategy/Framework which is to be launched in June 2005. There is a separate social enterprise programme of activity that has been agreed by the RC and currently being further developed by RAISE. Originally this was to be part of the funding and finance programme, however due to delays relating to the National Hub of Expertise on Funding and Finance it was decided to proceed with a distinct social enterprise programme. Any Funding and Finance programme will need to link to the social enterprise programme.

2.4 Frontline organisations report that funding is a major issue for them. It is one of the main barriers to developing and expanding service provision. This is now further exacerbated by the move to the procurement of services. This is another area where there is confusion from the VCS and public sector as to how to move forward as the message of increased public service delivery through the VCS is not readily understood. Whilst there is some evidence of where procurement practices are working at a local level, particularly through Social Service contract, the care sector it is not yet embedded in either the public sector or VCS.

2.5 The National Hub of Expertise for Funding and Finance has been of some concern to the South East Regional Consortium. Some of the concerns have been due to the mismatch of timetables for the development of the regional programmes alongside the development of the National Hubs. At the time of writing this report the position is still not clear. The visit to the Regional Consortium meeting in March by Simon Hebditch, Chair of National Hub helped the RC to understand better the issues relating to the hubs which included the following;

- Timescales for development uncertain
- Funding to hubs uncertain although our understanding is that this has now been sorted for 2 years
- The hub business plan does not have a regional focus
- The hub is looking to deliver arms length training and website support rather than local capacity building activity, again this is still to be defined.

The RC agreed to proceed with the further development of the regional programme with the agreement in principle from Simon Hebditch that the National Hub would make efforts to compliment our regional programme once their position was clarified.

2.5 The whole area of funding and finance to the VCS is ever changing and we cannot underestimate the impact that this has for the RC when trying to develop an effective regional programme that will support the VCS and public sector in moving forward. The new Compact Code of Funding and Procurement has recently been launched. Follow up work on this leaves us uncertain as to what activity NCVO will be undertaking regionally to promote this code and its principles. The code does need to be at the heart of any regional funding and finance programme, whilst not duplicating other activity undertaken with a national perspective.

3. Suggested areas of focus for the Funding and Finance Regional Programme:

3.1 Development of Full Cost Recovery models of working; This is difficult based upon the issues relating to the national perspective and activity however, to avoid the challenge will not support the development of effective infrastructure services neither will it support the increased delivery of public services through frontline VCO's.

Barriers:

- Lack of our ability to talk with the Local Authorities, PCT's and Local Learning and Skills Councils about full cost recovery.
- Confusion as to what model of full cost recovery to adopt.
- Lack of a shared understanding of what is meant by full cost recovery
- Lack of knowledge about the cost of effective infrastructure services

Suggested way forward:

Design a programme that targets the VCS and public sector that develops a baseline of shared understanding of what full cost recovery is and how it can be made to work. Included in this will be gathering the key contacts within the public sector.

This can be linked to the 20 Infrastructure Development Plans (IDP's) and support the creation of the full cost recovery model for each IDP. This will ensure that there is cross sector involvement, following a developed shared understanding/ baseline which are then applied to a specific task e.g. The costing of infrastructure services within each IDP.

To ensure frontline involvement there should be a distinct strand that brings frontline organisations to the IDP consortium.

This area of the programme could link to the potential ICT programme and the development of sustainable ICT models to include what they cost in real terms (full cost recovery).

3.2 Implementation of new Compact Funding and Procurement Code:

Following the launch of the new code it offers the RC the opportunity to develop a strand of work relating to this. We have attempted to find out from NCVO as to their proposed activity in the regions, however at the time of reporting this has still not been clarified.

We need to start somewhere as there is a danger that if we wait for national roll out of activity then nothing useful will happen in the life of the current regional programme to March 2006.

Barriers:

- Confusion between the RC, National Hub and roll out of code as to who is doing what?
- Timeframe for delivery is short but much needed.

Suggested way forward:

Until we are a little clearer about what other key partner organisations are doing then this is difficult to progress. However we should define out thinking and consider options as soon as possible.

3.3 Developing Robust frontline VCO support for funding advice:

Currently we know that funding advice work is patchy and variable. We also know that lack of access to this infrastructure service creates a huge barrier for frontline VCO's to develop more sustainable options for funding and or secure funding via a range of sources. The development of the agenda to widen the funding base and look for earned income within the VCS further enhances the need for robust infrastructure services that support organisational planning, income generation and access to other funding.

Barriers:

- Do not have full picture of where the funding advisors are and how effective they are.
- Often funding advisors for the VCS are based within Local Authorities, and how do we gather this information and involve them.
- Typical funding advice services are reactive rather than proactive as the demand outstrips the availability and resources.

Suggested way forward:

To involve other strategic partners such as the South East Voluntary Sector Funders Forum (SEVSFF) to develop a programme of activity that brings funding advice workers in the region together to look at a range of issues and opportunities;

- To develop standards of practice
- To look at opportunities to share resources
- To look at opportunities to support local services with a regional element
- To look at where there are gaps and how they can be filled – need to link to the 20 IDP's.
- To look at the variable costs of the existing services and develop a full cost recovery model.
- To explore the potential for sub regional and regional delivery of certain aspects of funding advice.

3.4 Developing formulae for local, sub regional and regional allocations of funding:

This is an issue that the RC has faced since its development as we have had to create our own formula for allocations of funding based upon each programme of activity. More thought needs to be given to how we could tackle this issue and develop some parameter for funding to the VCS that will enable more transparency of approach in future and support potential future programmes.

3.5 Developing Fund Management Arrangements at a Regional level:

this has been an issue for the RC in the same way as developing formulae for funding allocations. As a RC it would be useful to spend some time looking at

potential options for fund management within the VCS as it is an area of weakness in our region.

Suggested way forward:

To involve other VCO's and organisations in looking at the barriers to success in this area. These organisations could include the Community Foundations, other infrastructure organisations and any existing fund managers. It would also be useful to look at other regions' experiences and practice to date to inform our development.

Proposal

1. The RC receive this paper in tabled form and agree in principle to set up a cross sector working group to take forward some or all of the areas of focus
2. The working group develop a more detailed programme to be presented to the RC in May/June.
3. The RC endorse the ballpark figure of approx £200k to be allocated to the programme.
4. The working group explore potential fund management arrangements.

Catherine Johnstone
CEO
RAISE
18th April 2005.