



**Social Development Committee Evidence Gathering Session with
Voluntary and Community Sector**

Report by NICVA

SUMMARY OF FINDINGS

Theme One: Impact of the budget

Question 1

What do you anticipate will be the impact of the Budget upon the sector? What subsectors will be affected? What services could be lost?

There was agreement that the voluntary and community sector will be impacted by the cuts and that the sector is prepared to take its fair share. However, there was a consensus that the sector will not be prepared to absorb a disproportionate amount of the pain and that the sector has to be treated equally

- The culture of the sector - The voluntary and community sector's culture and values ensure that it will go beyond the requirements of a contract. The sector gives a measurable return on investment and is committed to continuing to do so. Consideration has to be given to the skills and innovation within the sector and the value added contribution that the sector brings.
- Balancing demand and resources - The sector works with vulnerable people and is extremely committed to continuing to do this. However, in the current economic downturn there will be more demand for the sector's services but fewer resources. This will certainly cause difficulties.
- Forthcoming spending cuts - There should be a clear acknowledgment from government of the economic contribution that the sector can and does make and that the sector's return on investment is high. The sector needs to make clear that any 'salami slicing' will not work and that there is a lack of joined up thinking occurring between departments. Rather than a 'salami slicing' approach, there must be investment in what works and a recognition of what gives a good return on investment (SROI).

Question 2

What is the anticipated impact of the budget on funding programmes such as Neighbourhood Renewal and Supporting People?

There were a number of recommendations made on Neighbourhood Renewal.

- Investigate how programmes can be delivered differently
- Support for collaboration and value for money
- Don't consider collaboration without looking to see if it's the most effective use of service delivery
- Be careful about expectations with small amounts of money
- Put Neighbourhood Renewal within the context of community planning

There was strong support for Supporting People as it was seen as an “invest to save programme” as it is value for money in that for every £1 invested there is an £18 return. There was agreement among all groups discussing this issue that it was very important not to lose the Supporting People Programme.

Theme two: Current Funding

Question 3

- (a) Are the current funding streams for the sector the most appropriate ones?**
- (b) What changes do you think are necessary?**
- (c) How can longer term funding commitments be achieved?**

The group identified difficulties inherent to the current funding process and concluded that:

- Framework agreements make it very difficult for the sector and tend to favour the private sector.
- Working within a pre-qualification system for procurement has set the bar too high for many voluntary and community groups.
- System is made more complex as different funders have different requirements.
- Groups are forced to ‘shoehorn’ themselves into funding streams that are not ‘best fit’.
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- The development of new and creative methods of funding.
- Payments can be retrospectively withheld, regardless of whether work was previously vouched – projects are vulnerable to funders making it difficult to be open and transparent.
- Changes needed to local government funding structures
- In circumstances where a group is funded by more than one funder a lead funder approach should be adopted
- The development of lead funder approaches to include issues of passporting and accreditation.
- Longer term funding needed to facilitate the development of mergers and collaborations. The current short-term funding militates against this approach.
- Back office functions could be shared collaboratively.
- Partnership, collaboration and working collectively on some issues should be promoted, yet organisations should be allowed to work alone when/where appropriate. NICVA and government must ensure that a real conversation on collaboration begins within the sector.
- There is a need for government to trust the sector. For example, 5 year funding cycles should be the norm rather than three, as this would tie in better with strategies that go beyond three years.

Question 4

Is there room for efficiencies to be made through greater partnership working/collaboration (between organisations in the sector Inter-

Governmental co-operation, co-operation between Government and the Sector? How could this be facilitated?

- Most agreed that it makes sense to share assets like:
 - Training facilities
 - Expensive or specialised equipment
 - Backroom training facilities
 - Management skills such as Human Resources
- Collaboration could also take place between sectors eg the public sector could open in-house training to the voluntary sector to the organisations they fund and support
- If groups came together to purchase specific goods and services, they would have more buying power

Question 5

Do you think the current auditing and monitoring mechanisms are effective? What changes do you feel need to be made?

The discussion concerning the current auditing and monitoring mechanisms raised a number of key issues, including:

- The need to develop a new toolkit on “how you are monitored”
- Departments need to agree on different “risk” level for groups – long term groups low risk/short term groups high risk. This risk assessment on groups would allow for a scoring mechanism of high/medium/low risk for their auditing and monitoring.
- There is a need to be able to re-profile “unclaimed” funding as too much red tape is restricting distribution.
- There must be a reduction of financial reporting as every three months is too much time for what is essentially a “tick box” exercise.

Theme 3: Possibilities for the future

Question 6

On what basis should funding priority areas be determined?

The main conclusion of this group was that funding priorities should be based on an objective evaluation of need. Departments and other funders should carry out an audit of inequalities and use all available data to ensure that the issues they are prioritising are the right ones. This should include full compliance with Section 75 and Human Rights duties. It

Question 7

What capacity is there for the sector to be more innovative in income generation, eg is there capacity to make better use of reserves and assets, access loan finance etc. How could this be facilitated?

The group identified a number of key issue

- Getting the confidence to go for public tenders – it is sometimes a very daunting task.
- Administering funding means more staff.

- Reducing three year service level agreements to one year is unworkable.
- The Departments need to work together to alleviate the burden of Audit.
- Full cost recovery is not understood by government funders.
- Often voluntary and community organisations are expected to deliver 'more for less' in comparison to other private contractors for similar work being done.
- Smaller organisations would like to tap into the private sector more as several in the group found this difficult.
- Where DSD provide core funding all agreed that there is no flexibility with regards to monitoring forms – far too many which takes up too much time for staff.
- Overall view was that most funders need to take a more involved role and not just with 'paper chase'. Big Lottery is the best funder to work with and there is a lot of respect for how they do things.

Question 8

How can the sector demonstrate value for money and its wider impact?

The group felt this could be done by:

- Producing, disseminating and utilising all research evidence that highlights the sector's value for money and its impact.
- The evaluation of all training programmes and events to demonstrate efficiency and the sector's wider social benefits.
- Produce evidence that demonstrates that the voluntary sector can provide services that are cheaper and more effective than the statutory and private sector.

- 1.0** NICVA, the Northern Ireland Council for Voluntary Action, is a membership and representative umbrella body for the voluntary and community sector in Northern Ireland. Our membership reflects the make up of the sector in terms of both thematic (issue based) and geographical representation. NICVA offers a range of services including advice (governance and charity advice, HR), fundraising, research, policy and lobbying, training and consultancy.
- 2.0** In July 2010 NICVA commissioned a paper from Oxford Economics on the likely impact of public expenditure cuts in Northern Ireland. They estimated then that the NI Executive will be expected to make savings of at least £2 billion. The outworking of the Spending Review and settlement figure for Northern Ireland confirmed our worst fears.
- 2.1** As budget holders struggle to meet these demands, NICVA is concerned that voluntary and community organisations delivering public services will be vulnerable to unfair and potentially disproportionate cuts. This is because voluntary and community sector providers are often seen as additional to statutory services – even if they have been contracted to provide the core services of a department.
- 2.2** The reduction in public expenditure could pose a real threat to the capacity and capability of significant parts of the sector. The sector is realistic and is not adopting a begging bowl approach or seeking immunity from the financial pain. It is simply trying to ensure that it is not treated unfairly by accident rather than design.
- 2.3** NICVA believes that voluntary and community organisations offer a smart solution to the tough economic decisions that lie ahead. In most cases the services delivered by voluntary and community organisations are effective, efficient and provide real value for money. The consequences of unfair and disproportionate cuts are likely to impact on the most vulnerable people in our society. We are calling on government to agree its priorities and the outcomes it wants to achieve for Northern Ireland. And then work with the voluntary and community sector to find smart solutions to the difficult decisions that lie ahead.
- 3.0** Members of the DSD Committee in the NI Assembly hosted a special evidence gathering session with NICVA members to find out more about their concerns regarding the budget. 85 people from the voluntary and community sector were in attendance. Participants answered six key questions which had been set by Committee members. The questions covered three themes:
1. Impact of the budget
 2. Current funding
 3. Possibilities for the future

4. *Theme One: Impact of the budget*

4.1 Question 1

What do you anticipate will be the impact of the Budget upon the sector? What subsectors will be affected? What services could be lost?

There was agreement that the voluntary and community sector will be impacted by the cuts and that the sector is prepared to take its fair share. However, there was a consensus that the sector will not be prepared to absorb a disproportionate amount of the pain and that the sector has to be treated equally.

This led to a consideration of how to grow and sustain the sector in the current economic climate. This discussion focused on some key themes, including:

- **The culture of the sector** - The voluntary and community sector's culture and values ensure that it will go beyond the requirements of a contract. The sector gives a measurable return on investment and is committed to continuing to do so. Consideration has to be given to the skills and innovation within the sector and the value added contribution that the sector brings.
- **Balancing demand and resources** - The sector works with vulnerable people and is extremely committed to continuing to do this. However, in the current economic downturn there will be more demand for the sector's services but fewer resources. This will certainly cause difficulties.
- **Forthcoming spending cuts** - There should be a clear acknowledgment from government of the economic contribution that the sector can and does make and that the sector's return on investment is high. The sector needs to make clear that any 'salami slicing' will not work and that there is a lack of joined up thinking occurring between departments. Rather than a 'salami slicing' approach, there must be investment in what works and a recognition of what gives a good return on investment (SROI). There must be opportunities to do things differently whilst also investing in things that work, particularly as reduced resources need to be targeted to areas of evidenced need.
- **Commissioning** - Competitive tendering can be successful but nevertheless it is not a panacea. Commissioning must be based on need and budgets must be directed at the areas of need. The service agreement process is a complicated one and the community and voluntary sector must be supported to develop its capacity to

participate in the process. The group agreed they would like to see the small grants programme maintained as this funding, despite being relatively small amounts of money, has a large and direct impact on people accessing support services.

- **Volunteering** - There was agreement that there is a need to grow the sector but that this will be challenging with reduced resources. Volunteering is seen as a way to reduce costs; however it must be made explicit that volunteering also requires investment to build a vibrant volunteering culture.
- **Community resources** - Community owned facilities will be adversely affected by cuts, particularly in rural areas. These facilities are a vital hub of activities and will become more in demand. The funding for this work is complex and requires investment. There is also a need to measure the value and contribution of the work.
- **Protectionism** - Within the current economic climate there are pressures to protect public sector jobs. However, focus needs to be on targeting resources to needs and those who are best placed to deliver services to meet that need.

4.2 Question 2

What is the anticipated impact of the budget on funding programmes such as Neighbourhood Renewal and Supporting People?

There were a number of general comments about **Neighbourhood Renewal** focusing on existing problems with the programme that should be addressed, such as:

- Government departments are not fully engaging with the programmes on the ground and other groups suggested there may be political motives on Neighbourhood Renewal.
- There is a need to follow through with Action Plans.
- Multiple programmes going into areas leads to duplication.
- Need to build the capacity of those delivering programmes.
- Need to look at long term sustainability.

However the impact of reduced Neighbourhood Renewal funding would be:

- Reduced services
- Reduced community infrastructure support
- A damaging effect on a plethora of training opportunities
- Advice services will be damaged by taking infrastructure away
- There will be increased costs for reconstruction
- Increased marginalisation, poverty and deprivation

There were a number of recommendations made on Neighbourhood Renewal.

- Investigate how programmes can be delivered differently
- Support for collaboration and value for money
- Don't consider collaboration without looking to see if it's the most effective use of service delivery
- Be careful about expectations with small amounts of money
- Put Neighbourhood Renewal within the context of community planning
- Look at the possibility of Neighbourhood Renewal from OFMdfM

There was strong support for **Supporting People** as it was seen as an "invest to save programme" as it is value for money in that for every £1 invested there is an £18 return. There was agreement among all groups discussing this issue that it was very important not to lose the Supporting People Programme.

The discussion on demonstrating value for money and the wider impact of the sector fell under the general themes of developing and collating the research and evaluation evidence base and the effective use of data and statistics in the sector's interactions with funders and government. The focus on evidence and research is to include:

- Producing, disseminating and utilising all research evidence that highlights the sector's value for money and its impact.
- The evaluation of all training programmes and events to demonstrate efficiency and the sector's wider social benefits.
- Produce evidence that demonstrates that the voluntary sector can provide services that are cheaper and more effective than the statutory and private sector.

The group felt that this evidence base could be used effectively both within the sector and externally. Internally, this would involve

- Voluntary and community groups sharing best practice and models with each other.
- Groups working together, hosting events, training and conferences which are of interest to the voluntary and community sector, without having to merge or amalgamate.

In the sector's external relations, this evidence base would assist the sector as it:

- Draws up and produces contracts with trusts and grant makers.
- Makes clear to government, wider civil society and the public the importance of Community Development. A strong evidence base demonstrates that the sector provides services that Government can't or won't do, especially in social care.

5. Theme two: Current Funding

5.1 Question 3

- a) Are the current funding streams for the sector the most appropriate ones?
- b) What changes do you think are necessary?
- c) How can longer term funding commitments be achieved?

(a) The discussion on current funding focused on the themes of the appropriateness of current funding streams for the sector, what changes are necessary to the funding processes, and a discussion on how longer term funding commitments can be achieved. In terms of the current funding environment, the view of the group is that this is 'a constant battle' for resources in a complex and competitive tendering system and that the funding system is in general too risk averse.

Therefore the group concluded that the sector must shift its outlook to include:

- Becoming more involved in the tendering process.
- Urging government and funders to provide the top down momentum necessary for the sector to develop new approaches to building consortia, collaboration, joint ventures and better partnership based approaches.
- Developing new methods of communicating, particularly in difficult economic times.

The group also identified difficulties inherent to the current funding process and concluded that:

- Framework agreements make it very difficult for the sector and tend to favour the private sector.
- Working within a pre-qualification system for procurement has set the bar too high for many voluntary and community groups.
- System is made more complex as different funders have different requirements.
- Groups are forced to 'shoehorn' themselves into funding streams that are not 'best fit'.

(b) After identifying these difficulties, the group concluded that changes to the current system were necessary, including:

- The development of new and creative methods of funding.
- Payments can be retrospectively withheld, regardless of whether work was previously vouched – projects are vulnerable to funders making it difficult to be open and transparent.

- Changes needed to local government funding structures
- In circumstances where a group is funded by more than one funder a lead funder approach should be adopted
- The development of lead funder approaches to include issues of passporting and accreditation.
- Longer term funding needed to facilitate the development of mergers and collaborations. The current short-term funding militates against this approach.
- Back office functions could be shared collaboratively.
- Partnership, collaboration and working collectively on some issues should be promoted, yet organisations should be allowed to work alone when/where appropriate. NICVA and government must ensure that a real conversation on collaboration begins within the sector.
- There is a need for government to trust the sector. For example, 5 year funding cycles should be the norm rather than three, as this would tie in better with strategies that go beyond three years.

(c) The group identified some positive funding practices, but with some important caveats, for example:

- The Neighbourhood Renewal Programme is seen as successful but that it needs to be longer term and should be broadened to include all the relevant government departments. There is a need to avoid scenarios when monies are spent at the end of financial years on short term issues.
- Evaluation is employed to protect departmental and/or funder spend rather than as about developing and assisting projects. Essentially, evaluation approaches need to be more flexible, operating within less complicated governmental structures once the RPA has been applied.
- Supporting People is also seen as a good example where the evaluation process is about service improvement rather than contract compliance.
- Funding in the Supporting People programme was seen as successful and stable, thus highlighting the fact that that Government departments need to commit to strategies rather than changing direction mid strategy. This should be coupled with ensuring councils are not 'insular' and protectionist in outlook ie services and functions 'in house'.

5.2 Question 4

Is there room for efficiencies to be made through greater partnership working/collaboration (between organisations in the sector Inter-Governmental co-operation, co-operation between Government and the Sector? How could this be facilitated?

The group identified some key issues with respect to mergers and collaborations, including:

- As some organisations won't voluntarily merge, who will take on the role in helping facilitate this - Government or strategic partnerships?
- Need to produce evidence and explore examples of how other organisations could demonstrate a successful model of how mergers have worked.
- Whilst merging is a good option, it can be an expensive option due to the accounting processes.
- Is merging simply a convenience for Government?
- There needs to be more dialogue in order to build trust across some organisations to share information.
- A leaner more efficient sector is desirable, but there needs to be a consensus regarding how level a playing field the sector is operating on.

In terms of collaboration:

- Most agreed that it makes sense to share assets like:
 - Training facilities
 - Expensive or specialised equipment
 - Backroom training facilities
 - Management skills such as Human Resources
- Collaboration could also take place between sectors eg the public sector could open in-house training to the voluntary sector to the organisations they fund and support
- If groups came together to purchase specific goods and services, they would have more buying power

The group discussed efficiencies that can be made through greater partnership working/collaboration identified a number of issues, including:

There are difficulties for organisations that have merged in collaboration as they are still being required by government departments to submit separate returns. For example, an organisation that has merged 10 organisations into one is still required by government departments to submit 10 separate financial and non-financial returns.

5.3 Question 5

Do you think the current auditing and monitoring mechanisms are effective? What changes do you feel need to be made?

The discussion concerning the current auditing and monitoring mechanisms raised a number of key issues, including:

- The need to develop a new toolkit on "how you are monitored"

- Departments need to agree on different “risk” level for groups – long term groups low risk/short term groups high risk. This risk assessment on groups would allow for a scoring mechanism of high/medium/low risk for their auditing and monitoring.
- There is a need to be able to re-profile “unclaimed” funding as too much red tape is restricting distribution.
- There must be a reduction of financial reporting as every three months is too much time for what is essentially a “tick box” exercise.

6. Theme 3: Possibilities for the future

6.1 Question 6

On what basis should funding priority areas be determined?

The main conclusion of this group was that funding priorities should be based on an objective evaluation of need. Departments and other funders should carry out an audit of inequalities and use all available data to ensure that the issues they are prioritising are the right ones. This should include full compliance with Section 75 and Human Rights duties. It was noted that the Noble Indicators of Deprivation relied on by Departments do not provide an accurate picture of need in rural areas. Decisions for priorities for funding and, crucially, decreases in funding for programme areas, should be made in a transparent and accountable way.

In budget reductions it is crucial that the most vulnerable people and disadvantaged communities should be protected.

Government needs to develop a long term vision. In difficult financial times the focus should be on protecting services not departmental budgets. There are very few examples of departments working together to invest in funding programmes that meet the priorities of the Executive. Often issues such as childcare do not get supported because they fall between the responsibility of a number of departments. Opportunities for cross departmental funding should be actively explored.

Government should refocus resources into investing in prevention and early intervention. This delivers the best results for people as well as reducing reliance on more expensive interventions when problems occur.

Where the priorities of government and the sector converge government funding should compliment and take into account other funding which the sector can bring to the table.

Investment in infrastructure organisations needs to be protected as they are often the focal point for community activity and the vehicle for ensuring service providers have access to local communities.

6.2 Question 7

What capacity is there for the sector to be more innovative in income generation, eg is there capacity to make better use of reserves and assets, access loan finance etc. How could this be facilitated?

All those in the group discussing innovation in income generation definitely found challenges with regard to reserves and the use of investment, particularly those who had their fingers burnt when they invested in companies that have been affected by the economic difficulties being experienced by some banks in Iceland and the South of Ireland. The group identified a number of key issues:

- Getting the confidence to go for public tenders – it is sometimes a very daunting task.
- Administering funding means more staff.
- Reducing three year service level agreements to one year is unworkable.
- The Departments need to work together to alleviate the burden of Audit.
- Full cost recovery is not understood by government funders.
- Often voluntary and community organisations are expected to deliver ‘more for less’ in comparison to other private contractors for similar work being done.
- Smaller organisations would like to tap into the private sector more as several in the group found this difficult.
- Where DSD provide core funding all agreed that there is no flexibility with regards to monitoring forms – far too many which takes up too much time for staff.
- Overall view was that most funders need to take a more involved role and not just with ‘paper chase’. Big Lottery is the best funder to work with and there is a lot of respect for how they do things.

6.3 Question 8

How can the sector demonstrate value for money and its wider impact?

The discussion on demonstrating value for money and the wider impact of the sector fell under the general themes of developing and collating the research and evaluation evidence base and the effective use of data and statistics in the sectors interactions with funders and government. The focus on evidence and research is to include:

- Producing, disseminating and utilising all research evidence that highlights the sector’s value for money and its impact.

- The evaluation of all training programmes and events to demonstrate efficiency and the sector's wider social benefits.
- Produce evidence that demonstrates that the voluntary sector can provide services that are cheaper and more effective than the statutory and private sector.

The group felt that this evidence base could be used effectively both within the sector and externally. Internally, this would involve:

- Voluntary and community groups sharing best practice and models with each other.
- Groups working together, hosting events, training and conferences which are of interest to the voluntary/community sector, without having to merge or amalgamate.

In the sector's external relations, this evidence base would assist the sector as it:

- Draws up and produces contracts with trusts and grant makers.
- Makes clear to government, wider civil society and the public the importance of Community Development. A strong evidence base demonstrates that the sector provides services that Government can't or won't do, especially in social care.

7.0 Conclusion.

NICVA and its members in the voluntary and community sector were pleased to be able to contribute to the evidence gathering session and commend the Social Development Committee for taking the time to hold the event. For more information on any of the issues raised in this report contact Lisa McElherron, Head of Public Affairs, NICVA on Lisa.mcelherron@nicva.org or 02890 877 777