

CAPACITY

INTRODUCTION

1. The Service Delivery Chapter set out the substantial potential benefits that the VCS can bring to service delivery. Government and the VCS therefore have a strong mutual interest in ensuring that the VCS, and social enterprises, have adequate capacity to engage in this agenda.

2. This chapter examines the different aspects of capacity and attempts to assess the sector's ability to engage in service delivery effectively. In particular it outlines some of the constraints facing VCOs, and makes recommendations for how these can be tackled.

WHAT IS CAPACITY BUILDING?

3. To build capacity is to ensure that VCOs and local communities have the skills, knowledge, structures and resources to realise their full potential. It is second tier activity that supports front line delivery. It involves:

- removing barriers to involvement; and
- investing to maximise their distinctive contribution.

4. It is therefore about releasing existing, as much as developing new, capacity. To do this effectively, the different strands to capacity building and how these impact on the sector's ability to help deliver services need to be understood. Broadly speaking there are four key elements of capacity, each with its own principal type of funding:

- Organisational capacity (via development funding)
- Technical capacity to deliver specific services (via programme funding)
- Infrastructure capacity (via strategic funding)
- Community capacity (via development and programme funding)

5. The maintenance and growth of a healthy and vibrant VCS is dependent on achieving the right level and mix of support across all these areas.

ORGANISATIONAL CAPACITY

6. Organisational capacity building is directed towards developing the internal competence and capacity of a VCO in order for it to be clear about its objectives and be able to meet them effectively. It is also about enabling organisations to be outward looking – to participate in networks and forums, and to act as strategic partners in policy development and delivery.

7. Crucially, organisations need to achieve a critical mass in terms of organisational capacity before they can engage in service delivery. This is in areas such as general and financial management and governance. Growing organisations to this 'base' stage is a vital element of long-term capacity building. However, achieving this 'base' capacity does not mean that an organisation will either want, or be able, to take on a service delivery role.

TECHNICAL CAPACITY

8. Technical assistance refers to the practical help and know how needed to implement and deliver a specific service or programme. This includes having information on the service requirements; guidance in accessing funding; training on service standards, outcomes and performance measures; information on reporting arrangements and regulations, as well as access to mechanisms for providers to share experience and good practice.

INFRASTRUCTURE CAPACITY

9. Infrastructure refers to the organisations that provide generalist support at the national, regional and local level to help build the capacity of VCOs. Examples are the National Council of Voluntary Organisations (NCVO), the Directory of Social Change, Community Matters, Councils for Voluntary Service, Rural Community Councils and Volunteer Bureaux. Examples of services include legal and technical advice, training, mentoring and peer support, Trustees' networks and special interest forums. These are the capacity builders, whose own capacity has to be adequate in order for them to fulfil their role effectively. They work to strengthen the organisational capacity of their constituent VCOs, and to provide access to the information and networks, and consultative and representative mechanisms that enable the VCS to engage as a strategic partner.

10. There are also sector specific umbrella groups that can provide specialist advice and support within a given service area. The National Association of National Child Care Organisations (NCVCCO) and the National Association of Voluntary Youth Services (NCVYS) are two examples, but there are gaps in other specialist areas, such as criminal justice.

COMMUNITY CAPACITY

11. Considerable investment is also now being made in community capacity building, particularly through Neighbourhood Renewal funding and initiatives such as Community Champions. Community capacity can be defined as the ability of local people, community groups and voluntary organisations to take leading and effective roles in the development and regeneration of their

communities and neighbourhoods. There are four aspects to community capacity building:

- encouraging activity in the community as part of civil society and to engender civic engagement;
- local participation in regeneration partnerships and community initiatives;
- involvement in the design, management and scrutiny of services, including formal consultation;
- delivering services.

12. In practice, of course, these four aspects of community capacity building are inter-related. The more effectively the capacity of communities is developed, the more they will be able to engage in discussions about services, and/or take on a service delivery role. The case study of Royds Community Association (Box 1), highlights the significant potential gains from building community capacity to enable local groups to play a leading role in the design and delivery of services. Nonetheless, the focus of this review is service delivery, so the particular focus has been on the third and fourth aspects of community capacity building.

13. The Active Community Unit is currently leading work to simplify access to funding for community groups and to develop a cross-government strategy for community capacity building. The review of Area Based Initiatives being conducted by the Regional Co-ordination Unit has added impetus to this work.

Box 1:

Case Study: Royds Community Association, Bradford

Based in three edge of town estates in south Bradford, the Royds Community Association has been the management body for an SRB scheme for the last seven years. Royds CA has won many awards for community involvement, resident leadership and innovative work and has managed, among other services, ten housing refurbishment contracts worth over £30m. What are the keys to its success?

Development time: *prior to the SRB bid, voluntary projects, council staff and community workers supported local people and groups to develop their confidence and knowledge, starting from their agenda for change. Small amounts of local funding at this preparatory stage helped pay for meetings, visits, surveys and research that all contributed to establishing the new community association (CA) as a credible organisation. Over time residents took on lead roles; this required a development phase to build both how the partnership was organised and the skills of the leading participants.*

Accountability: *The CA is led by local residents who are elected from the three estates to the partnership board. Representatives to the Board from the Council and agencies are chosen and approved by the resident representatives. The CA is also the accountable body for the SRB funding. In combination, this has meant a real sense of ownership by residents and a dedicated commitment to delivering effective services locally. This includes establishing an enterprise park, which will provide on-going revenues from providing office space for when SRB funding finishes.*

Joint working: *Staff employed by the CA work closely with and involve the resident leaders when representing the partnership in external meetings, including with sub-contractors. This approach has been a key aspect of building the skills and knowledge base of the management body. Development of expertise in the resident leaders has also led to joint working on consultancies for other regeneration schemes and for Yorkshire Forward.*

What can we learn from this?

Overall the experience of Royds Community Association has shown that services can be effectively managed by a resident led partnership. It also demonstrates the importance of a preparatory phase prior to local management of largescale budgets. Plans for Royds' sustainable future are based on a) a portfolio of assets that generate income b) consultancy work and c) funding from Bradford Vision (the Local Strategic Partnership) to act as a pilot for neighbourhood management.

SUMMARY - THE DIFFERENT STRANDS TO CAPACITY BUILDING

14. Thus a multi-dimensional framework is needed to assess the current capacity of the sector, based on understanding:

- the different types of capacity building – organisational, technical, and infrastructure;
- the different levels at which support might be required – national, regional, local, or within a service-sector.

15. This then needs to be compared with the support that is already in place from central and local government, as well from umbrella groups within the VCS. This approach is summarised in Table 2 below.

Table 2:

The different Strands to Capacity Building

<u>What Capacity Building is delivered</u>	<u>How Capacity Building is delivered</u>
<p>1. <u>Types of support</u></p> <p>Organisational: IT, fundraising, accountancy, legal, quality etc. Technical: good practice, service standards, targets and performance management (youth, health, social care, housing etc.) Infrastructure: information and advice, outreach and development, liaison, representation, management Community capacity building</p>	<p>1. <u>Removing barriers to support</u></p> <p>Public sector: lack of awareness of potential role Institutions: procedures and policies, low level and insecurity of funding, lack of provision in new programmes</p>
<p>2. <u>Levels of support</u></p> <p>Local i.e. at neighbourhood or district level Countywide Sub-regional Regional National Service sub-sectors</p>	<p>2. <u>Mediums for support</u></p> <p>One-to-one advice (telephone, face to face, internet based) Training courses including tailor made Mentoring schemes Learning sets/action based learning Consultancies/facilitation work Directories/newsletters 'Toolkits' and self assessments Websites/E-Learning Skill sharing through secondments Participation in networks and conferences</p>
<p>3. <u>Recipients of support</u></p> <p>Individuals (building skills, knowledge, confidence of local leaders, volunteers, committee members, paid staff) VC organisations (building organisational structures and systems concerning finance, staffing, communication and external relations, leadership and management) Communities (range of organisations, community leaders, networks, information)</p>	<p>3. <u>Sources of support i.e. infrastructure</u></p> <p>Intermediaries - national e.g. umbrella orgs in VCS, regional VCS networks, intermediaries – local e.g. CVS, RCCs, VBx, resource centres (e.g. providing training, financial and legal advice) Public agencies, including local authorities private sector schemes (e.g. Business in the Community) Networks (branches of VCS, networks of projects, regional forums etc.) Community workers and voluntary sector support staff Consultants Local resources (schools, churches, community centres and associations)</p>

WHERE ARE WE NOW? IDENTIFYING POTENTIAL CAPACITY CONSTRAINTS

16. Many programmes and services have been planned on expectations of there being capacity in the VCS to participate or that this capacity can be built quickly, without necessarily having an evidence base to support this assumption. This can lead to unrealistic expectations of VCOs, low levels of engagement and poor performance. It can also lead to some VCOs over-stretching their capacity and putting themselves in a potentially vulnerable and risky position, particularly when there is a prospect of attracting resources.

17. Central and local government need to develop an understanding of the strength and depth of individual organisations, of service-sectors and of the VCS across a geographical area in order to plan and deliver services and secure effective VCS participation. Local capacity, performance and viability vary substantially and if reliance on the sector expands, this will become more acute and dictate steps to improve capacity. This can be a particular issue in rural areas where there is a low population density and service providers are often spread across a large geographic area.

ASSESSING CAPACITY IN SPECIFIC ORGANISATIONS

18. The Deakin report¹ pointed the way to VCOs committing themselves to being quality organisations in terms of demonstrating effectiveness and recognising standards, such as in the reliability and consistency of their performance. Much useful groundwork has been done in the sector, both by the Quality Standards Task Group (QSTG) and others and with the increasing adoption of the Practical Quality Assurance System for Small Organisations (PQASSO) by smaller organisations. While quality systems can be useful, there is only value in committing to using one, if it results in real, on going improvements in an organisation's practices and effectiveness. And they are not the only way of achieving this. The QSTG is now undertaking work to assess whether quality systems have made this difference to organisations and is also proposing the appointment of regional 'champions' to build capacity in this area of work.

19. The move to contracts for service delivery means greater accountability and that performance management is here to stay. VCOs will increasingly need to demonstrate that they are competent organisations that can deliver quality outcomes for users. The time may now be right for the VCS to develop sector recommended organisational standards and to devise pathways for organisations to make improvements to achieve them, including self assessment and peer review. Such a self-regulatory approach is also likely to be consistent with the

¹ Meeting the Challenge of Change: voluntary action into the 21st century. Report of the Commission on the Future of the Voluntary Sector 1996

thinking of the Strategy Unit (formerly the PIU) review into the legal and regulatory framework for charities.

20. A number of tools for assessment already exist that can be built on. These include organisational health checks, skills audits for Boards of Trustees and the diagnostic toolkit developed by CEMVO for use by BME organisations as part of a targeted capacity building programme. Elements of materials developed for other organisations, such as corporate governance material for school governors and Primary Care Trusts may be transferable to the VCS. Links also need to be made with the Best Value regime, National Audit Office, Audit Commission, Social Services Inspectorate and the Small Business Service in order to develop an appropriate range of tools to meet the needs of the diverse range of organizations in the sector.

Box 2:

Case Study: The Council of Ethnic Minority Voluntary Organisations

CEMVO's diagnostic toolkit utilizes planning aids, covering eight aspects of organisational capacity: legal; governance; business planning; management and leadership; funding; finance; communication and networks and partnerships. It includes a checklist of key questions so that strengths and weaknesses can be identified. From this initial analysis, an Action Plan can be drawn up for developing the organisation.

ASSESSING CAPACITY IN SPECIFIC SERVICE AREAS

21. The state of the sector, both within service sub-sectors and/or across a geographical area, depends on a number of factors, including the range of active organisations, levels of infrastructure, local relationships, track record in the service area, the experiences of partnership working and the existence of networks.

22. Different service sectors, such as social care and housing, have their own legal and regulatory frameworks with which VCO providers must comply. Compliance with these requirements can be demanding for providers, particularly when new standards are introduced, such as those by the Learning and Skills Council for training providers, or when they are revised, as with Care Standards. The Legal Services Commission has developed a Quality Mark for participating Community Legal Service Partnerships, which providers will have to achieve.

23. VCOs have argued for capacity building resources to assist them to make these necessary changes - for example, for training staff into new ways of

working. They would also like to see standards implemented with a degree of flexibility and to be proportionate to the size of organisation providing the service.

24. Consideration could also be given to developing the proposal from the DfES “Getting the Best from Each Other” initiative to establish an Approved Provider system which would form the basis of a delivery focused capacity check for all providers.

ASSESSING CAPACITY IN SPECIFIC LOCAL AREAS

25. The new duty placed on local authorities – as part of Local Strategic Partnerships – to lead a strategic planning process that produces a community strategy highlights the need to understand the capacity of the VCS across a geographical area. The role and contribution of the VCS to the well-being of the area should be a fundamental component of the community strategy.

26. Local authorities need to be able to map the supply side in their own areas if they are to plan and deliver services effectively and make best use of the skills of the VCS. This is already a condition of Best Value:

“Authorities should...analyse the structure of supply markets for the different services, and the way in which they are developing, and draw upon such market intelligence in carrying out their reviews. They should consider, in discussion with their current and potential suppliers in the public, private and voluntary sectors, suppliers’ capacity to meet the improvements which consultation has highlighted, and identify the benefits that can arise from bringing new providers into the market.”²

27. Although considering the use of the voluntary sector should be part of the Best Value process the evidence from the earlier Best Value reviews is that it is often overlooked.³ And part of the reason is often that the local authority has not mapped the local supply – if a local authority does not know what’s out there it is very difficult to judge potential and impossible to engage effectively with the sector. But as the majority of voluntary and community activity takes place locally much of the assessment of capacity needs to be at this level. This information is not only essential locally, but can also be aggregated up to inform regional and national capacity building needs.

28. Specific assessment tools may be needed for this task. Equally, others may be able to be developed and adapted for wider use, including the Community Strengths Framework⁴ developed in Bradford. See Box 3 below.

² DTLR Circular 10/99 para 39

³ See, Partnerships for Best Value – Working with the Voluntary Sector, Para 3.1.7, IdEA, June 2000

⁴ ‘Assessing Community Strengths’ Steve Skinner and Mandy Wilson, published by CDF March 2002

ASSESSING CURRENT CAPACITY – SUMMARY

29. It is clear that we must have a more systematic approach to understanding the different aspects of capacity. It is also clear that social enterprises should not be overlooked in the assessment of capacity and capacity building needs. While organisations may need different levels of support and help in different competence areas, depending on the extent to which they make use of social enterprise models, many of the general concerns expressed here apply equally across the sector.

30. The review concludes that there is the potential for developing tools to undertake a ‘capacity check’ of these different dimensions of the VCS, and that introducing such measures would greatly enhance understanding, both of capability and where capacity building should be focused.

Box 3:

Case Study: Community Strengths Framework

The ‘community strengths assessment’ approach focuses particularly on local community and voluntary groups. The assessment contains two main elements: the level of community organisation and the level of support, determined by separate surveys. In combination, these help build a comprehensive and detailed picture of community capacity, and highlight gaps in both activity and infrastructure that can be acted on through new initiatives and planning.

The approach provides a framework for capacity building. It incorporates a highly participative style of working, involving and working with local groups rather than imposing a plan drawn up by outside agencies. ‘Community organisation’ is defined at five different levels. Level One would be an area with groups low on confidence, skills and links, few groups with paid staff and little active involvement in training or equal opportunities initiatives. In contrast, Level Five would show a well developed community sector, securely funded with practical support organised in relation to local needs.

In addition to informing regeneration programmes and neighbourhood renewal, the approach can also be used with communities of interest and identity across a whole district or borough, such as disabled people’s groups. Community strengths assessments can provide the starting point for effective joint working and feed into local community planning, district-wide strategies and Local Strategic Partnerships.

WHERE ARE WE NOW: WHAT CAPACITY BUILDING INITIATIVES ARE ALREADY IN PLACE?

31. As already discussed, capacity building is delivered by a number of agencies in the VCS, private and public sectors. This section looks at the contribution to capacity building by:

- Central Government
- The Voluntary and Community sector

CENTRAL GOVERNMENT

32. Table 3 below sets out examples of Central Government funding to both support VCS infrastructure, provide technical support for specific projects, and to build capacity within small community groups so that they can help to shape the services delivered.

33. It is clear that current practice across different Whitehall departments is inconsistent and patchy. Not all government departments currently have a strategy for work with the VCS, nor make strategic and development funding available. Definitions of capacity building vary and some programmes may have a capacity building component that isn't immediately obvious. Departments should now be developing strategies for working with the VCS as part of implementing the Compact. DfES and DWP have made most progress, with the 'Getting the Best from Each Other' initiative, including the establishment of the DfES Voluntary Sector Strategic Issues Group.

34. National infrastructure organisations comment that they experience an un-coordinated approach within central government. Variations in practice can be particularly difficult for organisations that work across departmental boundaries. The review believes that the value of this significant investment would be enhanced if it were brought together into an overall government strategy for VCS capacity building and infrastructure support, with common definitions and purposes, resulting in the more coherent and effective delivery of capacity building interventions.

THE CONTRIBUTION OF THE VOLUNTARY AND COMMUNITY SECTOR

35. The VCS infrastructure provides support for organisational capacity, a voice for VCOs and access to representation and policy making. Some also provide specialist support – for example, services for young people or for children, or organisations providing support to particular groups of staff, such as Chief Executives and Finance Managers. There are also organisations specifically to service the BME VCS. The majority of these organisations receive some measure of strategic funding from either central or local government.

Table 3:			
Examples of Central Government spending on Capacity Building			
Department/ Programme/ Agency	Total programme funding	Capacity building element	Purpose of Capacity building
Strategic funding for generic infrastructure			
Active Community Unit	£18.6m £55m 2001 – 2004 £8m One off	£12.7m £5.9m £55m 8m	Strategic funding of national and regional VCS infrastructure organisations Project funding for local VCOs Development of infrastructure Experience corps Capital modernisation fund
Countryside Agency	£3.5m	£3.5m	Strategic funding of county based Rural Community Councils and some national rural work
Departmental Funding			
DoH Section 64 Grants	£21m 01-02	Maximum of £7m	Strategic / Development funding to extend skills base move to an organization with paid staff support unpopular causes contribute to core costs.
Programme funding			
Children's Fund	£380m over 3 yrs	Up to 10%	Development funding: £20K per partnership for set up costs and consultation. Technical assistance from national and regional teams for monitoring and supporting programmes. Practice guidance. IT systems.
LCD Community Legal Services Partnerships	£750m	£4.5m	Practical assistance with achieving the CLS Quality Mark
Neighbourhood Renewal -88 areas eligible for NRF only	£36m 2001 – 2004	36m	To support VCS participation in local strategic partnerships
Sure Start	£452m 99-02 plus £580m 01-04	(1) £29.87m – programme costs 2) £2.55m - running costs	Development funding: - £35K per partnership for community consultation £100,000 per partnership for set up costs e.g. recruitment Technical assistance from national and regional teams in monitoring and supporting programmes. IT systems for reporting / good practice. Training framework.
Small Business Service - Phoenix Fund	£96m 2000-04	£27m	A development Fund promoting innovative projects delivering support for enterprise in deprived areas Support for community Development Finance Institutions for development and growth

Community Capacity Building			
Neighbourhood Renewal – Community Chests – 88 areas eligible for NRF only	£50m 2001 - 2004	£50m	Small grants to community groups to support community involvement , providing a first steps towards more substantial community involvement in neighbourhood renewal
DfES – Community champions	1999 – ongoing £3m per annum	£3m	Small grants to support individuals who are already active in their communities by developing their skills and to encourage greater community involvement in regeneration activity.

36. Capacity building assistance needs also to be designed to equip and support VCOs that wish to move to a social enterprise approach. The Small Business Service is taking steps to ensure that its support services, delivered through Business Links, are available to social enterprises and the wider VCS and it will be important that links are made between this development and infrastructure support available within the VCS.

37. Locally, VCS infrastructure bodies also incubate new organisations, manage projects and participate in the delivery of government programmes. They are often the first point of contact for statutory authorities with the VCS. Initial mapping of local infrastructure undertaken by the ACU in 2002 reveals that there is some form of provision in all of the 150 top tier local authorities.

38. Recent research in the South West showed that the character, depth and type of VCS infrastructure varied widely across this area, and underlined the widely held view that ‘there should be no one model or ‘blueprint’ for infrastructure. Rather the type and character of the infrastructure in a particular area should emerge according to the identified needs of the groups it seeks to serve.’ In some places, there is an office-based facility which is used by a range of, often small, VCOs in the area. The costs might be met from the LA or from the sector or be a mixture of both – as both are in the business of delivering services. One model is illustrated in Box 4 below.

39. At regional level, there are newly established networks for both mainstream and BME VCOs, as a response by local VCOs to regionalisation. These networks have a key role to play with other regional players such as Regional Development Agencies (RDAs), Regional Chambers/Assemblies and the Government Offices for the Regions (GOs) in the interpretation and implementation of government policy and its impact on the VCS. They are also developing programmes of capacity building support for their members.

40. As well as gaps in infrastructure, there are also organisations competing to fulfil similar functions. There is scope for more coherent co-ordination and collaboration within the sector over the planning and delivery of capacity building

services at all levels in the VCS. The Deakin report⁵ in 1996 highlighted the need for this, particularly at national level, but there has been little progress in this direction. Equally, the case has been made that some capacity could be released through more partnerships within the sector, including through larger organisations building the capacity of smaller ones. The advantages in strengthening the voice of the sector, in streamlining services and in ensuring the best use of resources could be considerable.

FINANCING THE VOLUNTARY AND COMMUNITY SECTOR INFRASTRUCTURE

41. There are various ways in which an infrastructure could be provided for. These include:

- i. a wholly VCS model: resourced through fundraising from private sector/ trusts and foundations/ general public; from fees for services i.e. VCOs funding their own organisations, as with trade and professional associations
- ii. a wholly central and local government model: resourced through pooling budgets/top-slicing budgets to reinvest in infrastructure. There would need to be clear outcomes and ways of measuring return on the investment
- iii. a mixed model: with central and local government, trusts and foundations, the private sector and VCS all contributing; resourced through matched funding/levels of investment related to an overall strategy, with clear outcomes and ways of measuring return on investment

⁵ Meeting the Challenge of Change: voluntary action in the 21st century. Report of the Commission on the Future of the Voluntary Sector 1996

Box 4:

Case Study: Voluntary Organisations Development Agency (VODA) (Tyneside)

VODA has two principal functions:

*The provision of advice and information and;
The provision of training for VCS organisations.*

VODA is a registered charity with 10% of its funding coming from grant aid and the balance from a variety of different sources. The organisation has an annual turnover of £600K. VODA also offers other services to voluntary and community groups including third party accounts and a payroll service that small organisations are able to buy into. With the introduction of the payroll service VODA has set up a trading arm. Of its £600K turnover, £250K was as a result of the provision of accounts for third parties. It currently has 22 staff due to increase to 25 in the next year.

VODA also provides ongoing information and advice on funding.

VODA also runs programme of accessible training on topics such as:

*Basic bookkeeping;
Developing a marketing strategy;
First Aid;
Recruiting Volunteers, and
Role of the Management Committee Secretary.*

The cost for these courses varies but is no greater than £25 per person.

VODA also provides bespoke training for small organisations in team building and has been involved in the development and delivery of training for Sure Start Volunteers on topics including Child Protection, confidentiality, interviewing skills and group work skills.

42. Research for the Baring Foundation⁶ concluded that, while there were opportunities for VCS infrastructure bodies to increase earned income, they would continue to need external funding, particularly if they were to continue to offer leadership in the VCS and to meet newly identified needs. And, as already discussed, government already makes a significant contribution. This includes local government, whose contribution is not precisely quantified. What is known is that it varies widely from authority to authority, with longstanding and substantial support in some areas and almost none in others.

43. The current infrastructure has developed piecemeal, and while some parts of the sector are well served, the overall coverage is variable in quality and fragile. The key question is how to make best use of current resources, how to make best use of the existing VCS infrastructure, and how to tackle any areas of weakness. The review concludes that there should be a strategic review of

⁶ Voluntary Sector Infrastructure: the issues for grant making Trusts, Ball and Unwin, 1998

capacity building and infrastructure support, to take stock and draw up plans for the future.

RELEASING CAPACITY: REMOVING CONSTRAINTS AND EMPOWERING BETTER PARTNERSHIP WORKING

44. The government's desire to work in partnership with the sector across a growing range of policies is stretching the sector's ability to engage effectively. And there is sometimes a frustration that the VCS remains a junior partner with little real influence. The cost of meaningful involvement in partnerships is also a problem for social enterprises, many of which, while recognising the value of participation are too small to devote much time or resource to partnership activity.

45. Nearly all the case studies in chapter 3 illustrate the importance of partnerships in service delivery, but they also highlight that they can be hard both to build and sustain. Rural areas present a particular challenge as potential partners and infrastructure bodies are limited in number and geographically spread (as the case study 'Cornwall Sanctuary' highlights). Recent research identifies the following critical success factors for partnerships:⁷

- Clear targets and clarity of objectives;
- Commitment and motivation – and this includes front-line staff;
- Clear allocation of responsibilities within Local Authorities – with dedicated time and resources to develop and service partnerships;
- Monitoring, benchmarking and review mechanisms which provide the right incentives for and reward partnership working;
- Trust and appropriate conflict resolution mechanisms;
- Resources for voluntary sector where needed and time to allow them to contribute;
- Mechanisms for involvement that recognise that smaller organisations may have many demands on their time.

⁷ See, *The Best of Both Worlds: The Voluntary Sector and Local Government*, Marilyn Taylor, YPS for the Joseph Rowntree Foundation. Also *Effective Partnership Working*, a study by Sir Adrian Webb and Michael Frye of the Public Services Productivity Panel published April 2002.

Box 5: Case Study: Cornwall Sanctuary Project

Cornwall faces extreme examples of isolation for many of its minority groups. One of these groups comprises those people with mental health conditions. Not only are they widely and thinly dispersed as a group: so are the services provided to support them.

In recognition of this a special consultation exercise was carried out in 2000 by the Cornwall Rural Community Council (CRCC), funded by the Cornwall and Isles of Scilly Health Authority, to identify priorities for service users.

The response was a powerful call for “Sanctuary for Users” as there is no alternative in Cornwall between home and hospital care.

A partnership of service users, the CRCC, Healthcare Trust, Health Authority and Cornow Care has worked towards this goal, and Cornwall’s first Sanctuary House opened in March 2002.

For a rural area this is a rare achievement, combining skills and resources from different sectors and individuals towards a common goal. The outstanding aspects of the project are that

- *It was initiated after funded consultation,*
- *Adequate time was given for preparation, careful planning and ongoing discussion with Users (who are in a majority on the steering group),*
- *The Health Authority has given a long term commitment to fund the project; and*
- *This is a countywide service provided at the most local level, for a uniquely disadvantaged group.*

46. Nonetheless, VCOs continue report some common difficulties with new programmes, which include:

- Short start up timescales: VCOs are expected to respond unrealistically quickly
- Lack of development funding: involvement of VCOs in new services often requires changes within the organisation, which need to be resourced and take time to put into place
- Insufficient shared planning: some problems encountered after implementation might have been avoided with more considered planning. This is a particular concern expressed by BME organizations
- Lack of involvement in setting targets, leading to problems with owning and achieving them: targets that are not sympathetic to VCOs' ways of working and strengths can militate against success.

47. The involvement of the VCS earlier, and throughout the process, would avoid any of these difficulties. There are examples of emerging good practice, for instance with Sure Start, where, in Round 5, funding has been drawn down by

partnerships in advance of the approval of plans, in order for necessary development work and community consultation to take place. In Neighbourhood Renewal, the new Community Empowerment Fund is specifically for building the capacity of VCOs to participate in Local Strategic Partnerships.

Box 6:

Case Study: Community Legal Services Partnership

The Community Legal Service (CLS) provides the framework for local networks of legal and advice services and is an important manifestation of the Lord Chancellor's Department's greater involvement in the wider social agenda. Delivered through local partnerships (CLSPs), the aim of the CLS is to improve access to good quality legal help and information so that people can resolve actual or potential disputes and enforce their rights effectively. The emphasis is on early preventative intervention.

VCS providers of services, including Citizens Advice Bureaux, independent advice centres and VCOs working with particular groups such as homeless people and asylum seekers, are members of the 201 CLS partnerships now in place around the country. As such, the VCS is involved in assessing and prioritising needs, identifying how well current provision meets needs, planning to direct funding to meet priority need and supporting local networks of CLS providers.

In excess of 5000 VCOs provide services and over 400 hold contracts for legal work.

The CLS makes provision for capacity building within the programme, allocating some £4.5m last year through a partnership fund and active staff assistance. This helps providers to achieve the Quality Mark which they will need to have to be part of an exclusively quality assured network.

It also has a Partnership Innovation Budget that is funding new ways of tackling social exclusion through better and more appropriate advice and guidance services in 70 areas, over 60% of which are in neighbourhood renewal areas. Partnership working is the basis of these projects, which will be mainstreamed if successful.

48. A new protocol of guiding principles and best practice to be employed across all service and programme development could provide an helpfulframework for addressing the issues raised and for effective joint planning.

RELEASING CAPACITY – ENGENDERING A BETTER UNDERSTANDING OF THE VOLUNTARY SECTOR

49. Many of the barriers that VCOs identify in delivering services are the consequence of a lack of understanding and awareness of the sector by those people in government they are dealing with. The RCU study on access to regeneration funding has also identified this as an issue that needs to be addressed.

50. A starting point would be for all officials who come into contact with the sector to have a working knowledge of the Compact. Government departments could also appoint a non-executive member from the VCS onto their Board.

51. Beyond this, and in the context of increased partnership working described above, there is scope for more shared learning, building on current initiatives. This could include an extension of the Interchange programme, based in the Cabinet Office, and of schemes such as Common Purpose at a local level. A programme based at the CMPS could target those central government officials who contract with the sector and national VCOs. A similar programme, delivered regionally, could target local government officials, locally based staff of government departments and local and regional VCOs.

52. There is a need for concerted action by government to develop the skills of staff working with the VCS. The public sector and the VCS should work together in a determined way to achieve the necessary change.

RELEASING CAPACITY - INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)

53. There is evidence that the level of use in the VCS is low, compared with other sectors. Many smaller and rural organisations may still not have access to even basic equipment. A recent study⁸ commissioned by the Active Community Unit, DfES and the Office of the e-envoy to help inform policy development on ICT related matters for the VCS, revealed that while 82% of organisations have computers, and 67% have an Internet connection, opportunities for productivity gains and innovative service developments are often not exploited fully. The picture does not change with organisational size, except for the very largest organisations, although even here there is scope for improvement.

54. This overall picture indicates a need to raise awareness of the potential of ICT and assistance with increased use of equipment, training and on-going technical support, starting with current initiatives and programmes. The example below, taken from Medway, highlights the potential gains from effective IT use.

55. A broad strategy is needed to address these issues, building on the funding website being developed by the ACU, the specialist site on partnerships being developed by CMPS and the RCU's proposals for an electronic registry of service providers

⁸ 'E-enabling the Voluntary and Community Sector' Office of the e-envoy November 2001

Box 7:

Medway Positive Parenting Network (PPN)

The PPN is a local on-line community of partner agencies involved in any aspect of parenting. The partners are statutory services as well as voluntary and community groups.

Each of the partners occupies a ready-made "weblet" which is designed as a virtual office with contact information, news items, handouts, a calendar and a variety of other facilities. The 120 partners who have joined the Network to date have signed an agreement to keep their weblet updated and to respond promptly to people who enquire about the services. They also undertake to advise and support fellow professionals in the network. A key aim is to empower those who provide advice and information direct to the public, such as receptionists, call centres, NHS Direct and front line workers with "live" and comprehensive service information. PPN is searchable on parenting and child-care topics to give easy access to advice and information, and to local services. It is also a way of strengthening the practice community through greater collaboration.

RELEASING CAPACITY: STAFF DEVELOPMENT AND LEADERSHIP

56. Research by the Voluntary Sector National Training Organisation (NTO)⁹, found significant skill gaps in the areas of ICT, fundraising, volunteer management and trusteeship. It also identified gaps in specific sectors, such as in child and social care and youth work, which are experienced by employers in the public and private sectors as well.

57. In addition, participants in the review have noted that leadership is key to the delivery of better public services and there is evidence of significant investment in improving public sector leadership skills. An ACEVO study on leadership¹⁰, published in February 2002, reported on a survey of 236 Chief Executives. It found that the average investment in their training is £600 per annum. 88% of those surveyed identified more leadership training for Chief Executives as a priority.

58. It is not only Chief Executives who are in a leadership role, but also Chairs and Trustees and individuals in VCOs that are community based or volunteer run. More work needs to be done on identifying the different needs for leadership development and scoping the opportunities for meeting them, in order that a range of provision is available that is appropriate, accessible and affordable. The VCS NTO and ACEVO will be working together to take this forward.

⁹ Skills Matter: A skills foresight for the voluntary sector across England, Scotland and Wales, VSNT0 2000

¹⁰ 'Leadership Matters!', ACEVO, February 2002

59. The VCS must clearly examine its own approach to development and consider ways of improving and supporting professional development. A small number of Chief Executives have valued participating in the Civil Service Top Managers' programme. There are benefits in such cross-sectoral learning and there could be more ways in which central and local government training opportunities, as well as those provided by the private sector, could be made more accessible to VCS personnel.

60. The current Strategy Unit (formerly PIU) Review of the Regulatory Framework for Charities and the Voluntary Sector is considering how best to ensure that trustees are adequately trained, and how to raise standards in fundraising.

61. The precise way to tackle these VCS specific skills gaps is unclear. The VCS are keen to have a dedicated VCS Skills Council. Sector Skills Councils (SSCs) are being established in place of the existing National Training Organisations to support business sectors of economic or strategic importance. Employers must lead proposals to form Sector Skills Councils. DfES and a new Sector Skills Development Agency (SSDA) will support the process of establishing influential employer-led organisations. The newly established SSDA will need to ensure that VCS skills needs are embedded in relevant SSCs.

62. The sector are concerned that without a dedicated Sector Skills Council, sector specific skills will not be met, at a time when raising performance and standards is a high priority. DfES has outlined three options on the way forward:

- VCS employers propose a stand alone VCS Sector Skills Council;
- The VCS draws from the practice, guidance and occupational standards of other sectors to support VCS workers undertaking similar work (e.g. heritage; retail; education);
- The VCS supports and funds the new arrangements.

63. The key issues are therefore whether sufficient employers in the sector support the proposal for a VCS SSC, or whether there are other ways of meeting these needs, for example with skills centers in the VCS. Participants in the review raised concerns about the financial ability of the VCS to support a Skill Council itself. They also stressed the economic significance of the VCS – noting that in 2000/01 the sector contributed £5.4bn to GDP and had a total workforce of 563,000, which constituted 2% of the UK workforce¹¹.

64. It is not yet known whether DfES will introduce a VCS Sector Skills Council. The existing NTO received transitional funding until 31st August 2002, and negotiations continue over future arrangements. Government and the VCS

¹¹ The UK Voluntary Sector Almanac 2002: NVCO

need to continue to work together to understand better the skills gaps of the sector, and find a way for these to be met.

REMOVING CONSTRAINTS: BLACK AND MINORITY ETHNIC (BME) ORGANISATIONS

65. BME organisations experience many of the same constraints as mainstream VCOs, but more acutely. They also face specific constraints, their starting point being as a less developed sector, and external constraints in the form of discrimination and disadvantage. The importance of involving BME communities in the design and delivery of services in order to achieve social inclusion, has been stressed in the National Strategy for Neighbourhood Renewal. These organisations will also play a key part in achieving social cohesion. See Box 8.

66. Some investment has been made, nationally and regionally, to develop an infrastructure for the BME sector. This needs to continue, and to be matched with similar efforts locally. Full implementation of the Compact Code of Good Practice on BME organisations should be a priority. Recent JRF research into Local Compacts¹² has reinforced the need to raise awareness of the Compact among BME groups, who remain largely unaware of its existence.

67. These examples illustrate the importance of taking into account the diversity of the VCS and planning for a variety of approaches to delivering capacity building and infrastructure to support the service delivery agenda.

¹² Contract or Trust? The role of Compacts in local governance. Craig, Taylor, Wilkinson and Bloor. 2002

Box 8:

Case Study: Council of Ethnic Minority Voluntary Organisations

The CEMVO London Ethnic Minority Voluntary Sector Capacity Building Programme is an SRB5 funded initiative, which started in October 1999 and which is seen as a pioneering programme to build the long-term capacity of BME groups in the capital to participate in the regeneration process. Capacity building in this programme has the dual focus of 'growing' a movement of leaders who are able to engage in the policy process and also working directly with BME groups to strengthen the sector locally.

The programme is being delivered through 15 Capacity Building Officers (CBOs), recruited from the BME VCS and placed in host organisations, to work with up to 40 VCOs each, over a four year period, in order to strengthen the ability of the VCOs to build their structures, systems and people skills so that they are better able to define and achieve their objectives.

An innovative element of the programme is that the CBOs undertake a period of academic study on a tailored MBA course at the University of East London prior to practical work in the field. This is designed to increase the knowledge base about the BME sector, increase understanding of successful capacity building interventions and to develop skills in capacity building.

The Croydon Peoples Housing Association (CPHA) has participated in the programme and as a result has developed a plan to diversify its services to include a new community renewal unit. This will provide support to 15 linked local VCOs that between them will take a holistic approach to delivering their services. CPHA also plans to improve access for their tenants to a range of other services through this new approach.

CONCLUSION

68. This examination of the capacity of the VCS has analysed some key issues and questions: the relationship between community capacity building and specific capacity building for service delivery, the place of infrastructure support for VCOs and particular capacity constraints. It proposes ways to address these in order to strengthen the VCS in its service delivery role.

69. The aim of removing barriers and building capacity is to maximise the distinctive contribution that the VCS can make to the service delivery agenda. It is therefore about designing and delivering services in a way that plays to VCS strengths, and about developing the skills, knowledge and resources of VCOs to take advantage of the opportunities to engage if they choose to do so. Building the capacity of the sector will result in organizations that are more sustainable and in better services to users.