

DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

New fund to help VCSE organisations become more sustainable – Cabinet Office, May 2014

<https://www.gov.uk/government/consultations/new-fund-to-help-vcse-organisations-become-more-sustainable>

The Cabinet Office is consulting on a proposed sustainability fund to support effective voluntary, community and social enterprise (VCSE) organisations. The fund is intended to provide medium-sized organisations with the support they need to plan for the long term and begin to move to sustainable business models. The fund will be open to applications in 2015 and will look particularly at supporting organisations working with the most vulnerable and disadvantaged members of society.

The Cabinet Office aim to work openly on developing the fund. They want people and organisations to give their views to help design and implement it, and are interested in hearing from:

- front-line VCSE organisations
- VCSE sector membership and infrastructure organisations
- funders and providers of business-development support to the sector
- anyone with relevant experience or knowledge

The consultation closes on 24 July 2014.

Consultation Question 1.1 – *Reflecting on the journey to sustainability, what types of support will have the greatest impact and why?*

Draft Response: All forms of potential support identified will have an impact. The degree of impact will depend on the individual VCSE organisation and their particular needs. Help with needs analysis, business planning, vulnerability reviews, cost cutting options, new income stream development and core capacities are all important and should be supported by the new fund. Each organisation should be able to access the support which will enable it to become more effective and sustainable.

Consultation Question 1.2 – *How can we best encourage pro-bono support alongside paid-for support?*

Draft Response: Many organisations/individuals remain keen to support their communities and those less fortunate through Corporate Social Responsibility policies and other means. Full use should be made of effective intermediaries such as local

authorities, community councils and councils for voluntary service, in linking such organisations and individuals to VCSE organisations in need of support. One option worthy of consideration would be to fund successful VCSE organisations to provide support to others in the sector. Sharing of good practice and successful experience will help those struggling and will provide a source of additional income for those providing the support.

Consultation Question 1.3 – *Are these the right factors for identifying those in-need?*

Draft Response: The identified factors provide a good starting point for identifying those in need.

Consultation Question 1.4 – *What might be an effective approach to identifying those 'in-need', particularly given that these factors could be seen as negative and organisations might be unwilling to admit to them?*

Draft Response: This is a critical issue. Not only may some organisations be reticent to admit such needs but some may not identify the need in the first place. Published parameters, templates and guidelines on each factor could help to draw these to the attention of VCSE management committees/boards. Some form of free objective review of the identified factors could also be valuable, potentially delivered through trusted intermediary organisations. A confidential referral service could also be useful to encourage individual organisations to discuss their support needs independently and objectively.

Consultation Question 1.5 – *We intend to use the DWP definition of 'vulnerable and disadvantaged'. Should we also include any additional groups?*

Draft Response: This list is comprehensive and, as an established definition, will provide consistency. It is very pleasing to see 'rural isolation' included as a specific need and we would strongly suggest that this remains in the final definition utilised in order to reflect the additional issues faced by many vulnerable people in rural areas.

Consultation Question 1.6 – *How should we ensure that support available is appropriate to local need?*

Draft Response: Intermediaries including local authorities, community councils and councils for voluntary service are often well placed to inform assessments of local need. Need assessment should not be solely undertaken through a numerical exercise which looks at overall numbers of vulnerable people. This will mitigate against smaller rural communities where significant issues frequently exist. Average need statistics will also often miss localised needs and pockets of need in rural communities. Any assessment of 'local' need, therefore, should be truly local. An additional issue which can be faced in rural communities is the availability of expertise and capacity to support VCSE organisations which can be problematic due to low population numbers.

Consultation Question 1.7 – *What evidence is there of need in particular locations?*

Draft Response: This question is best answered by local authorities and other organisations with detailed knowledge of their areas.

Consultation Question 2.1 – *Could we use a light touch self assessment tool that would identify the likelihood that an organisation is appropriate from simple evidence and data?*

Draft Response: A self assessment tool could be useful, if such a simple mechanism can be developed. However, as the consultation document states, VCSE organisations are very diverse and a simple tool may be too broad brush to be utilised to identify those organisations which warrant support and may not be able to capture the breadth of impacts and services delivered. It may, indeed, be more appropriate for all VCSE organisations to be able to bid into the fund where they can themselves identify the specific impacts they make through either data or ‘stories’ of their impact on individuals. Whatever mechanism is put in place, it will be important to enable flexibility in the way individual organisations present themselves in order to reflect the diversity which exists.

Consultation Question 2.2 – *Are there existing tools that would enable us to do this?*

Draft Response: Individual organisations need to respond to this question with specific examples where these exist.

Consultation Question 2.3 – *Could we use existing local knowledge to identify appropriate organisations, for example by utilising a nomination approach?*

Draft Response: A nomination approach would certainly be one useful way for appropriate organisations to be identified. This could be via users of the VCSE organisation’s services or from partner and intermediary organisations such as local authorities, community councils and councils for voluntary service.

Consultation Question 2.4 – *Which local bodies or partnerships could best provide local knowledge? E.g. local infrastructure such as Councils for Voluntary Service, Local Enterprise Partnerships, Local Authorities?*

Draft Response: Local authorities, community councils and councils for voluntary service will often be well placed to provide the required local knowledge. Some LEPs will have good knowledge of the sector but others may not, depending on their priorities and capacities. Community Foundations and other significant VCSE funding organisations may also be useful in providing further detailed knowledge which will be of assistance.

Consultation Question 2.5 – *How could a model like this be made to work effectively?*

Draft Response: Utilisation of intermediaries could be a useful mechanism to enable the model to work, particularly where these intermediaries already have a relationship with the VCSE organisations seeking support. Breaking funding down into key elements will help to clarify the purpose and opportunities presented by the fund but some flexibility should be retained to enable VCSE organisations to submit bids which straddle the areas identified, rather than needing to be wholly contained within each element.

Consultation Question 2.6 – *Is there an appropriately sized and experienced body of potential intermediaries available to fulfil this role?*

Draft Response: There are a number of intermediaries, although capacity in many local authorities and others has drastically reduced which will impact on their ability to participate. There are many consultants who could also perform the roles identified. Whichever organisation/individual is used, the critical issue will be quality control to ensure the right results are achieved.

Consultation Question 2.7 – *How would we ensure that intermediaries are appropriately held to account and challenged to deliver effectively?*

Draft Response: Intermediaries should be required to pre-qualify in some way in order to perform the roles identified and should be monitored, not least through direct feedback from the VCSE organisations supported.

Consultation Question 2.8/2.9 – *Should we apply upper and lower turnover limits to focus efforts on those organisations in need and which are achieving impact? If so:*

- *What lower limit would be appropriate for identifying organisations having the desired impact in communities?*
- *What upper limit would ensure that organisations that shouldn't need support are excluded?*
- *Should we have a phased upper limit with higher turn-over organisations considered in exceptional circumstances?*

Draft Response: Rather than setting limits, it is suggested that guidelines are given. This will demonstrate the target type of organisation (by size) but will not restrict VCSE organisations falling over, or under, the guideline figures from applying if there is sufficient justification to do so. This will avoid inadvertently missing out particular organisations that would clearly benefit from the support available.

Consultation Question 2.10 – *What average level of funding would enable appropriate depth of activity for individual projects, whilst ensuring a broad reach for the fund across the sector?*

Draft Response: The suggested levels seem appropriate in terms of providing reasonable resources in each case and enabling the fund to reach as many VCSE organisations as possible. This, of course, should be reviewed based on experience of the fund on a regular basis.

Consultation Question 2.11/2.12 – *Are these the right ways to incentivise effective engagement? Which of these are likely to be most effective?*

Draft Response: Clear accountability for actions at both executive and board levels are essential mechanisms to help ensure that resulting plans do not ‘end up on the shelf, gathering dust.’ Some form of ongoing external challenge could also be valuable not only in terms of ensuring delivery but providing a potential channel for continued support and advice on implementation. Financial incentives are more difficult and may dissuade some organisations from applying – and they may well be the organisations most in need of support.

Consultation Question 2.13 – *What other ways could ensure effective engagement from all parties?*

Draft Response: All plans produced should comply to ‘Smart’ principles with clearly deliverable outputs and milestones included which will enable the VCSE organisation and any external reviewer a mechanism to manage delivery. Appointment of a mentor, potentially from another VCSE organisation, could also be a useful tool to assist ongoing management. If such mentors could be remunerated in some way, this would provide a further source of income to those organisations providing mentors.

Consultation Question 3.1 – *Which of the proposals for achieving sustainability do you think are likely to be most effective? How else can we ensure lasting impact?*

Draft Response: Identifying and pursuing realistic alternative income streams will be of fundamental importance whether through social investment, new subscriptions, competing to run contracts or other means. Collaboration between different VCSE organisations may also be a further avenue worthy of investigation with respect to certain areas of activity, potentially including shared services and back office functions.

Consultation Question 3.2 – *What other ways could individual projects maintain their activity after 2015/16?*

Draft Response: A key requirement of the support provided during 2015/16 should be that the plans implemented lead to either increased income or reduced costs from 2016/17 onwards. This will directly support the ongoing activities of the organisation.

Consultation Question 3.3 – *What other ways could we sustainably grow the market of support for frontline voluntary organisations?*

Draft Response: The opportunities for supporting mentoring and support between VCSE organisations could be further explored and developed. Such an approach works well in relation to business support in many areas and equally applies to the VCSE sector. Larger, cash-rich organisations may be willing to provide such support voluntarily. Where some form of reimbursement would facilitate such an approach, non-governmental sources of funding support could be explored.

Consultation Question 4.1/4.2 – *In addition to the types of support described in this consultation document, what ideas do you have that could help organisations build their sustainability? What other mechanisms of delivery could the fund explore in order to better reach beneficiaries?*

Draft Response: Existing good practice and previous models of support which have been successfully tested should all be explored to avoid 'reinventing the wheel' and to ensure the best possible application of the resources available.