



Home Office

BUILDING A SAFE, JUST
AND TOLERANT SOCIETY

Voluntary and Community Sector Infrastructure

A CONSULTATION DOCUMENT

Active Community Unit
September 2003

HOW TO RESPOND

This document is part of a consultation exercise and sets out the case for the development and funding of voluntary and community sector (VCS) infrastructure in England.

The Active Community Unit wishes to consult individuals and organisations that have an interest in an effective voluntary and community sector about the questions posed in this document during the 3 months from 17 September to 22 December 2003.

A participative consultation process, including a range of regional, national and targeted events will follow publication. Details about events will be available on the Home Office website (www.homeoffice.gov.uk), or are available from the Active Community Unit on 020 7035 5322; cbis@homeoffice.gsi.gov.uk.

Following consultation, a final infrastructure strategy with implementation arrangements will be published in early 2004.

Please send your response by 22 December 2003. Written comments should be sent to:

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Additional copies of this paper are available through our website: www.homeoffice.gov.uk

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions, when they respond.

The information you send us may need to be passed to colleagues within the Home Office or other government departments and may be published in a summary of responses received in response to this consultation. **We will assume that you are content for us to do this, and that if you are replying by email, your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system, unless you specifically include a request to the contrary in the main text of your submission to us.**

Please ensure your response is marked clearly if you wish your response or name to be kept confidential.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond. If you have comments or complaints about the consultation process itself, please contact Geraldine Lilley, Home Office Consultation Co-ordinator:

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FOREWORD

This Government is fully committed to the creation of a fairer and more cohesive society in which all citizens can contribute to civic life and fulfil their potential. This cannot be achieved without tackling the poverty, deprivation and exclusion still experienced by many. Government cannot undertake this task alone.

Britain is fortunate in having an extraordinarily diverse and vibrant voluntary and community sector. Voluntary and community organisations have a long history of bringing people together to tackle discrimination and deprivation and to create powerful lobbies for change.

These organisations have also pioneered the provision of innovative services, many later taken up by the state, and continue to deliver and shape services, often to the most excluded individuals and communities. This is why voluntary and community organisations are at the heart of the Government's vision of civil renewal and the creation and delivery of world class public services.

Voluntary and community organisations involve millions of volunteers and trustees alongside paid staff in what is an increasingly complex legal, policy and funding environment. In addition, service users have growing expectations of high quality public services that meet their needs. This demands wide-ranging knowledge and skills within organisations across the spectrum, from large national charities to small self-help groups.

If the voluntary and community sector is to thrive and play its role in achieving a shared vision of reform and renewal, it needs high quality and sustainable support services. Organisations also need to be able to make known the views and needs of the people they serve and whose interests they represent. This is the key role of infrastructure organisations: assisting organisations to set up and function better, and enabling them to be heard.

Government is committed to building the capacity of the voluntary and community sector by improving the coverage, quality and sustainability of its infrastructure. This document sets out some of the key issues and seeks your views about how this should be done.

Given the diversity of the sector, this is a difficult task and it is not for government alone. Local government and the many public sector agencies at all levels cannot achieve their objectives without effectively engaging with voluntary and community organisations. It is in the interests of us all, working in partnership with the sector and its infrastructure, to build and sustain the capacity of strong, independent and dynamic voluntary and community organisations and enterprises.

I would like to thank the many people who have contributed their time and ideas to us in the preparation of this document. Their contributions, and the responses to this document during the three month consultation period, will inform the final strategy to be published early next year.

Please tell us what you think.



Fiona Mactaggart
Parliamentary Under Secretary
Home Office

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EXECUTIVE SUMMARY

Background

As part of the Spending Review 2002, the Treasury undertook a review of role of the voluntary and community sector (VCS) in service delivery, published in September 2002. The Cross Cutting Review explains that 'VCS infrastructure provides support for organisational capacity, a voice for voluntary and community organisations (VCOs) and access to representation and policy making'. The review identified lack of capacity, and patchy public investment in sector infrastructure as barriers to increasing the involvement of the VCS in service delivery, recommending that '...Government and the VCS should develop a coherent shared strategy to underpin capacity in the sector'. The Active Community Unit at the Home Office is leading cross-Government work to implement these recommendations, as part of delivering the Home Office's Public Service Agreement 'to increase voluntary and community sector activity, including increasing community participation, by 5% by 2006'.

What Is Needed

There are literally millions of citizens who voluntarily give of their time and skill to help others and generally improve the quality of life in their community.

Few such people have all the information and skills necessary to create and grow an organisation through all the stages of development necessary to achieve their objectives. Not only do the hundreds of thousands of organisations they have created operate in an increasingly complex world, beneficiaries of these organisations quite rightly have growing expectations of the quality of service they receive, and funding agencies are raising quality standards to match public demands.

Voluntary and community organisations, whether large, medium or small, need help, advice and assistance to fulfil their objectives. Infrastructure organisations meet this need, they help build capacity through the provision of advice and direct assistance on a wide range of issues, and provide a channel for cross sector communication. However, coverage is patchy and quality is variable.

Infrastructure Distribution

There is a complex mix of generic and specialist infrastructure organisations, which operate locally, regionally and nationally. There is growing evidence of activity organised on a sub-regional basis to meet new needs and opportunities. This distribution reflects, in part, the distribution of the sector itself as well as the distribution of the public sector agencies the sector interacts with.

Vision

Government wishes to see a strong and vibrant voluntary and community sector fully engaged in shaping and delivering public services, underpinned by high quality, sustainable support services. Such support must meet both the general and specialist development needs of the sector, and should be complemented by services available from the small business service and other related support services.

Outcomes

- High quality support for VCOs delivered as close to the point of need as is economically viable.
- Effective local, regional and national tiers of generic infrastructure organisations better able to provide advice and assistance to individual VCOs, a voice for VCOs, and to act as a channel for cross-sector communication. This may be supplemented by activity at a sub-regional level particularly activities that cannot be afforded more locally.
- Accessible, high quality support available across the VCS, covering the cross cutting themes of volunteering, black and minority ethnic and other diversity issues, social and community enterprise, community development and rural needs, and also to support VCS use of information and communications technology.
- Strengthened specialist infrastructure organisations operating nationally – ideally complemented by regional structures where this meets sector needs – covering thematic areas of VCS activity and service delivery such as youth work, childcare and vocational training.

Key Issues

There are a number of key themes that any strategy for the development of VCS infrastructure needs to address. These include its funding, distribution and areas of duplication, and quality and standards of service. There are also important cross cutting issues identified as needing specialist support across the entire VCS. These are:

- volunteering
- black and minority ethnic communities;
- social and community enterprise;
- community development;
- rural communities; and
- information and communications technology.

Framework for VCS Infrastructure Support Local and national government and its agencies are currently the primary funders of VCS infrastructure, along with the Community Fund and charitable trusts.

Many parts of government and public sector agencies find that they cannot achieve their objectives without the participation of the VCS. The necessary investment in VCS infrastructure is therefore a shared responsibility.

To help drive improvements, the ACU is allocating most of the £93m for implementation of the Cross-Cutting Review (CCR) to support capacity building and sector infrastructure between the end of 2003 and March 2006. The ACU will work with government departments, public sector agencies, local government and others to establish more sustainable and co-ordinated strategic support for VCS infrastructure.

Fund Administration and Management The Government's preferred option would be for additional ACU investment targeting **local** infrastructure to be administered regionally, through the Government Offices in the English regions (GOs), which will be given the flexibility to determine the best way of allocating funds within their regions in line with the requirements in the strategy implementation document.

CONSULTATION

This document and the consultation process is planned to adhere to the Compact Code of Practice on Consultation and Policy Appraisal.

The Cabinet Office sets out requirements on consultation for government departments. The relevant code requires that the criteria should be reproduced in consultation documents, with an explanation of any departure, and confirmation that they have otherwise been followed.

- Timing of consultation should be built into the planning process for a policy (including legislation) or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left for it at each stage. **Confirmed**
- It should be clear who is being consulted, about what questions, in what timescale and for what purpose. **Confirmed**
- A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain. **Confirmed**
- Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others), and effectively drawn to the attention of all interested groups and individuals. **Confirmed**
- Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for a consultation. **Confirmed**
- Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and reason for decisions finally taken.
- Departments should monitor and evaluate consultations, designating a consultation co-ordinator, who will ensure the lessons are disseminated.

INTRODUCTION

- 1.1** This document is part of a consultation exercise and sets out the case for the development and funding of voluntary and community sector (VCS)¹ infrastructure in England. There are complementary strategies being developed by the devolved administrations in the other countries of the UK.
- 1.2** The Active Community Unit is co-ordinating complementary, more detailed work, now underway, on:
 - governance and trusteeship;
 - sector skills development (leadership and workforce development);
 - performance improvement.
- 1.3** These three strands will be brought together with work on VCS infrastructure to form a cross government Capacity Building and Infrastructure Framework (CBIF), to be published in early 2004.
- 1.4** A period of consultation begins with publication of this document. This will be followed by the preparation of a detailed strategy on VCS infrastructure, including implementation arrangements to be published in early 2004.
- 1.5** This document has been informed by the work of a cross sector Capacity Implementation Team (CIT); a wider reference group; and discussions with voluntary and community organisations (VCOs), government departments, local government and other local public sector bodies. Annex C lists members of the CIT. It has also drawn on the work of the cross-Government Community Capacity Building Review led by the Active Community Unit (ACU).
- 1.6** In its approach to developing and consulting on the VCS infrastructure strategy, Government aims to demonstrate its commitment to the principles of the Compact², and its associated codes of practice.

¹ For the purposes of this document the VCS has not been tightly defined. It is intended to be wider in scope than general charities or the voluntary sector, inclusive of organisations reflecting the characteristics of social enterprise, but narrower in scope than 'non profit', the 'third' sector or 'social economy'.

² Compact on relations between government and the voluntary and community sector; November 1998. See www.thecompact.org.uk.

BACKGROUND

- 1.7** The Government's Cross Cutting Review (CCR) of the Role of the VCS in Service Delivery³ explains that 'VCS infrastructure provides support for organisational capacity, a voice for VCOs and access to representation and policy making'.
- 1.8** It recommends that 'Government and the VCS should develop a coherent shared strategy to underpin capacity in the sector'. It requires the ACU to lead on the development and implementation of a strategy 'to achieve a sustainable baseline of infrastructure support at local level, regionally and nationally...'
- 1.9** The Active Community Unit at the Home Office is leading cross-Government work to implement the CCR's recommendations, as part of its efforts to achieve the Home Office's Public Service Agreement 'to increase voluntary and community sector activity, including increasing community participation, by 5% by 2006'.
- 1.10** Given the focus of the CCR, the work of the ACU on VCS infrastructure necessarily focuses on the need to ensure that the VCS is better able to meet the needs of recipients of public services where this coincides with the aims and objectives of individual voluntary and community organisations.
- 1.11** The Treasury has allocated £93 million to the ACU with which to implement the recommendations in the CCR. Most of this total will be invested in implementing the combined Capacity Building and Infrastructure Framework during the current spending review period leading up to March 2006, with precise allocations informed by this consultation, the implementation plan, and the complementary and concurrent work on specific areas of capacity building needs.

³The Role of the Voluntary and Community Sector in Service Delivery – A Cross Cutting Review, HM Treasury, September 2002.

2

AIMS AND OBJECTIVES FOR VCS INFRASTRUCTURE

- 2.1** There are many thousands of often small and local organisations that contribute in various ways to the delivery of public services. For example, there are over 5,000 new charities being created each year. Many need support to enhance their capacity to achieve their objectives. Investment in voluntary and community sector (VCS) infrastructure organisations is required to ensure that there is high quality and sustainable support available locally, regionally and nationally.

VISION

- 2.2** A strong and vibrant VCS fully engaged in shaping and delivering public services supported by high quality and sustainable generic and specialist support locally, regionally and nationally. Such support must meet both the general and specialist development needs of the sector and should be complemented by related services available from the small business service and other related support services.

DEFINITION

- 2.3** VCS infrastructure organisations provide capacity building support to VCOs, they represent VCO interests and provide a voice for VCOs in policy making. They also facilitate joint working between VCOs and across sectors. Infrastructure organisations exist at national, regional and local levels and may also be known as ‘umbrella’ or ‘second tier’ organisations. This is because they provide support to ‘first tier’ or ‘front-line’ VCOs. There are generic infrastructure organisations which provide support to all VCOs within a particular geographic area, and specialist or sub-sectoral infrastructure organisations which provide support to VCOs working with specific communities/client groups or within specific service areas. There are also other organisations that provide a range of capacity building and other services to the VCS. For this reason this document focuses on functions rather than specific organisations.

OBJECTIVES

2.4 VCS infrastructure currently meets many of the sector's needs. However its coverage is patchy, its quality variable and much of it is financially unstable. Government is therefore seeking to build on the best of what exists and address the issues discussed in this document. Given local and regional differences, it is clear that a uniform approach is not appropriate. Flexibility is required. Nonetheless, it is envisaged that there will be:

- a. support for diverse VCOs delivered as close to the point of need as is economically viable;
- b. effective local, regional and national tiers of generic infrastructure organisations better able to provide advice and assistance to individual VCOs, a voice for VCOs, and to act as a channel for cross sector communication. This may be supplemented by activity at a sub-regional level particularly activities that cannot be afforded more locally;
- c. accessible, high quality support covering volunteering, black and minority ethnic and other diversity issues, social and community enterprise, community development, rural needs, and information technology available across the VCS; and
- d. strengthened specialist infrastructure organisations operating nationally – ideally complemented by regional structures where this meets sector needs – covering thematic areas of VCS activity and service delivery such as youth work, childcare and vocational training.

2.5 The strategy will also ensure that work is undertaken to:

- a. identify and address both service duplication and gaps within and across infrastructure at all levels, and to develop and streamline service provision accordingly. This may include investing in activities and capital projects to bring about greater collaboration;
- b. drive up quality through agreement across sectors on core performance indicators for infrastructure and capacity building services; and
- c. given the significant advantages that derive to the public sector from effective VCS engagement in service delivery, there should be contributory investment from government and other public sector agencies at local, sub-regional, regional and national levels in VCS infrastructure. This will include direct support for specialist infrastructure services from government departments with relevant policy briefs. This is discussed in more detail below.

3

WHAT IS NEEDED?

- 3.1 Millions of citizens voluntarily give of their time and skill to help others and generally improve the quality of life in their community. They come together in voluntary and community organisations as trustees and volunteers, sometimes, but not always, with paid staff, and they often tackle issues which no other organisation can or will.
- 3.2 Few such people have all the information and skills necessary to create and grow an organisation through all the stages of development necessary to achieve their objectives. Not only do the hundreds of thousands of organisations they have created operate in an increasingly complex world, beneficiaries of these organisations quite rightly have growing expectations of the quality of service they receive, and funding agencies are raising quality standards to match public demands. This is contributing to growing specialisation and professionalisation within parts of the voluntary and community sector (VCS).
- 3.3 Voluntary and community organisations (VCOs), whether large, medium or small, consequently need help, advice and assistance to develop and sustain their range of activities and services. They also need effective mechanisms through which the sector's needs and experiences can be represented to government and its agencies at all levels.

CAPACITY BUILDING NEEDS

- 3.4 VCS capacity building is described by the Cross Cutting Review (CCR) as being '...about ensuring that VCOs have the skills, knowledge, structures and resources to realise their full potential. It is second tier activity (undertaken by the VCS infrastructure) that supports front line delivery and typically involves removing barriers to involvement and investing to maximise the contribution that VCOs can make. It is as much about releasing existing capacity as about developing new capacity.'
- 3.5 Many of the capacity building needs required by VCOs are little different to those of many other micro-businesses or small to medium enterprises. But the sector also has distinctive needs, which infrastructure organisations have a vital role in addressing.
- 3.6 Infrastructure organisations contribute to capacity building through some or all of the following activities or functions:
 - a. **Start-up/Development** – Support for individuals/groups of individuals developing new organisations to meet new needs and/or plug gaps in provision, aiding the subsequent development of the organisation.

- b. **Information, Advice and Assistance** – particularly with regard to:
 - i. public policy;
 - ii. significant developments that impact on the operating environment;
 - iii. relevant legislation;
 - iv. best practice;
 - v. funding and finance opportunities;
 - vi. organisational and business development and management;
 - vii. personnel;
 - viii. ICT;
 - ix. volunteer recruitment, management and retention.

3.7 In addition to building VCS capacity, infrastructure organisations fulfil a number of other functions on behalf of members including:

- a. **Advocacy/Representation** – Providing a representative and accountable voice for VCOs to policy makers, service planners, and funders.
- b. **Partnership Building/Brokerage** – Bringing together VCOs and other public and private sector organisations for joint/co-operative policy making, planning and service delivery.
- c. **Policy and Research** – Collecting and providing evidence on the needs, role and developments within the VCS in order to influence policy, planning and service delivery.

3.8 This description of needs and functions is not exhaustive and merely serves to illustrate the role played by infrastructure organisations.

SPECIALIST INFRASTRUCTURE

3.9 There are generally two kinds of specialist VCS infrastructure:

- a. particular sub-sectors or service areas within the VCS, such as organisations in the fields of childcare, youth work, vocational training, unemployment; or those representing communities of interests, such as women or disabled people.

These organisations often have specific needs, which may be best met and represented by specialist infrastructure organisations. Such infrastructure may have a particular role in standard-setting and promoting good practice;

- b. some infrastructure organisations or services specialise in an area of capacity building or technical expertise (such as funding, volunteers, training, etc).

3.10 More broadly, six areas of specialised skill and knowledge have been identified that reflect Government priorities and significant strands of current policy and are of critical importance across an effective VCS.

Volunteering

3.11 Volunteering is at the heart of what the VCS and civil society is all about. It is essentially what distinguishes the sector from most private and public organisations. The majority of VCOs involve volunteers in important aspects of their work, including governance. A large number of VCOs are entirely run by volunteers with no paid staff.

3.12 There is an uneven network of local volunteer development agencies complemented by a range of national volunteering organisations. They promote volunteering, recruit and support volunteers, and help build the capacity of other organisations to recruit and manage volunteers. Some of the national organisations provide specialist support for smaller volunteer development agencies. This work is critical to the VCS, as well as public services more generally which are often dependent on volunteers, from hospitals to libraries and social services.

Black and Minority Ethnic VCS

3.13 The Black and Minority Ethnic (BME) VCS brings distinctive value to society, and in particular to race equality, social inclusion and the promotion of civil society. It enables BME individuals to contribute to public life, and supports active communities, often involving some of the most socially excluded people and communities in England.

3.14 BME organisations have been innovative in addressing public service inequalities often empowering users in service design and delivery – reflecting the VCS strengths that the government wishes to support and harness.

3.15 The ACU provides strategic funding for ten national BME infrastructure organisations, a number of which are focused on specific ethnic, religious or cultural sectors; and nine BME regional networks across England. The regional programme reflects a Home Office consultation exercise in 1999⁴, which prioritised three core infrastructure functions to meet the needs of BME organisations – representation, advice and assistance, and unlocking funding and resources for the sector. The consultation recommended that infrastructure be developed at a regional level and that national structures should be built from the regions upwards. Grants for regional BME infrastructure are modest (circa £60,000 per annum per region).

⁴ 'Strengthening the BME Voluntary Sector Infrastructure: Report on a consultation' Home Office Active Community Unit 1999

3.16 Existing BME regional networks, various national BME organisations and a number of BME local networks provide a range of services to BME VCOs, including advocacy and capacity building services. The networks play a crucial role in enabling effective communication between public sector agencies and the varied BME communities. The advocacy role is of vital importance in ensuring that the needs of those communities are understood and that racial disadvantage and discrimination are tackled effectively.

Social Enterprise

3.17 There is a small but growing number of VCOs best described as social enterprises⁵. Many more VCOs are undertaking some form of social enterprise activity as they seek to diversify their income sources and reduce their dependency on grants. Community enterprise makes a significant contribution to the delivery of a wide range of public services, is growing rapidly and has specialised needs. As part of the social enterprise sector, community enterprises are distinguished by their accountability to their particular community, and their commitment to investing surpluses or profits in that community.

3.18 There is some existing specialist provision to support social and community enterprise at national, regional and local levels, but coverage is patchy.

Community Development

3.19 The ACU sponsors the Community Development Foundation, a Non-Departmental Public Body (NDPB). It also funds several national organisations engaged in supporting community development. They all make a contribution to community capacity building which includes the development of social capital, necessary for the start up and ongoing development of VCOs.

3.20 However, the majority of support for community activity and community groups operates at neighbourhood, parish or community level. This may be provided by community development workers or others, working from within a statutory agency, a local community development agency, a regeneration body or a multi-purpose organisation such as a settlement or social action centre, development trust, or community association.

3.21 Such activity has been the subject of a separate Community Capacity Building Review (CCBR), initiated as part of the Government's examination of area based initiatives. This focused on how government can better support community activity and community capacity building. This work is now being fed into the development of policy proposals by the new Civil Renewal Unit in the Active Communities Directorate of the Home Office.

⁵ A social enterprise is one which is defined by government as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for shareholders and owners'.

Rural Communities

- 3.22** Rural issues merit special consideration as the operating environment for rural VCOs and VCS infrastructure is significantly different from urban areas for a variety of reasons. Of the 40 local authority areas identified by the National Association of Councils for Voluntary Service (NACVS) as having no local development agency, 37 (93%) were shire districts, with support provided at a county level by Rural Community Councils.
- 3.23** The Local Government Association inquiry Achieving Rural Renewal concluded: *'...the voluntary and community sector plays a major role in the life and wellbeing of rural communities but is overstretched and under resourced...it is crucial that these initiatives [to support the sector] are co-ordinated to increase rural community capacity building...'*
- 3.24** Just as in urban areas, the Government wishes to ensure that the rural VCS has access to high quality capacity building and infrastructure support at an appropriate level. Our aim is to ensure that this wider strategy recognises particular rural circumstances. ACU and the Department for Environment, Food and Rural Affairs (Defra) are working together to achieve this, advised by the Countryside Agency, Local Government Association and the rural VCS itself. Defra has produced a policy paper analysing the position in rural areas and proposing a way forward⁶. More details are discussed in the next section.

Information and Communications Technology (ICT)

- 3.25** Effective use of ICT is part of the technical capacity that the VCS needs to build a stronger infrastructure and to realise its full potential. The CCR identified that 'The use of ICT in the VCS is low compared with other sectors.' It recommends that 'Raising awareness of the potential of ICT and assistance with increased use of equipment, training and on-going technical support should be investigated, starting with current initiatives and programmes.' The CCR concludes that: 'A broad strategy is needed to address these issues...'
- 3.26** There is very little ICT specialist provision available to VCOs. This is an area of considerable weakness. Many organisations consequently fail to take full advantage of the benefits offered by ICT. There are a few examples of specialist support in some areas and there is some, limited support from the National Council for Voluntary Organisations.
- 3.27** A working group, consisting of sector representatives and specialists, has examined need and existing provision. It has concluded that there should be investment in specialist VCS infrastructure which would ensure the availability of face-to-face advice, guidance, technical support and some limited training. This is discussed further in the next section.

⁶The paper, 'Community Capacity Building and Voluntary Sector Infrastructure In Rural England', can be viewed on the Rural Affairs Forum for England website at www.defra.gov.uk/rural/rafe/meetings/030714. Comments on the paper may be returned as part of the response to this consultation paper or direct to Defra – Celia Webber, Rural Communities Division, Defra, 2B Ergon House, Horseferry Road, London SW1P 2AL or celia.webber@Defra.gsi.gov.uk – by 31 December 2003.

INFRASTRUCTURE DISTRIBUTION

3.28 VCS infrastructure operates at different geographical levels. This distribution reflects, in part, the distribution of the sector itself as well as the distribution of the public sector agencies the sector interacts with.

Local

3.29 ‘Local’ level refers primarily to local authority, unitary authority, borough or district. A local focus is of considerable importance because this is the level at which most VCS organisations operate and which most decision making about local priorities for service delivery occurs. It is also the level at which much procurement of service delivery takes place. Most local VCS infrastructure is funded at this level.

3.30 Examples of local organisations and networks providing infrastructure services include:

- local development agencies such as Councils for Voluntary Service (CVS);
- Race Equality Councils (REC);
- Community Empowerment Networks (CEN); and
- local volunteer development agencies such as Volunteer Bureaux.

3.31 Infrastructure provision is particularly patchy at local level. Most unitary authorities have a CVS or equivalent but the degree to which they are funded varies enormously. A recent survey by NACVS identified that around 40 local authority areas (out of 388) do not have a generic VCS development agency, mostly in second tier local authority districts.

Sub-Regional

3.32 ‘Sub-regional’ refers to larger geographical areas than ‘local’ above, but smaller than the established English regions, for example counties and groupings of local authorities. Rural Community Councils (RCC) are well established at county level and there is evidence of growing VCS infrastructure activity at a sub-regional level. This is prompted partly by the needs of organisations operating in areas with a two tier local authority structure and also by the need to interact with new public sector agencies operating sub-regionally – for example Local Learning and Skills Councils (LLSCs) and Connexions partnerships.

Regional

3.33 A comparatively recent development, regional infrastructure has developed partly in response to growing regionalisation within the public sector, particularly the development of Government Offices in the regions, Regional Development Agencies and Regional Assemblies.

3.34 Launched in 1999, the ACU's regional programme provides uniform, limited strategic funding to nine generalist regional voluntary sector networks and nine BME networks. The programme aims are to increase the effectiveness of the sector in the region, ensure the sector is represented within regional decision-making bodies, and to increase the sector's access to funding at a regional level. Most networks have been successful in securing some additional support from regional funders to develop their work.

National

3.35 There is an established national VCS infrastructure in place, covering a wide range of both general and specialist VCS activity. Its role in capacity building and representation of VCOs at all levels is an important one. Many, but not all, national infrastructure bodies serve memberships including local, regional and/or national VCOs. Examples include the generic National Council for Voluntary Organisations (NCVO), alongside those with more specific memberships or roles, such as Community Matters, Black Training and Enterprise Group (BTEG) and the National Centre for Vounteering.

WEAKNESSES

3.36 All the needs described above are currently met by a complex mix of generic and specialist infrastructure organisations operating locally, sub-regionally, regionally and nationally. However, their coverage is patchy and quality is variable. For example, Regional Funder's Forums have reported inconsistency in the levels of support and advice on offer to VCOs on funding opportunities and fundraising, with the consequent low take-up of funds in some areas and communities. The next chapter expands upon the themes and priorities introduced in this section to identify key actions and questions for consultation.

ROLE OF LARGER ORGANISATIONS IN INFRASTRUCTURE SUPPORT

3.37 Infrastructure organisations are key to the delivery of a range of support services to VCOs, often complemented by the support available from local authorities, private consultants, and others.

3.38 Highly specialised infrastructure support may not be always be easily available in every local area. There are a number of examples of larger VCOs contributing to building the capacity of smaller organisations, often through the development of local consortia:

- a. such groupings may draw on the skills of a larger organisation in securing funding/contracts;
- b. driving up quality standards;
- c. helping develop specialist skills in smaller consortia members; and

d. combining local community knowledge with the professionalism often required in the provision of high quality services.

3.39 Not only does such an approach assist in building the capacity and skills of smaller organisations, it can also help overcome some of the worst consequences of highly competitive funding environments. Funding agencies may wish to explore how such consortia could be used as a vehicle for targeting support to smaller organisations working in particular fields, encouraging and enabling their participation in the delivery of public services.

4 KEY ISSUES

FUNDING, DISTRIBUTION AND DUPLICATION

- 4.1** Infrastructure at all levels is funded from a variety of sources, including membership fees, income from services provided, contracts and grants. Most voluntary and community organisations (VCOs), like many micro-businesses, cannot afford to pay for support and much of the cost of infrastructure provision is therefore provided by the public sector.
- 4.2** Ideally, there should be public investment in voluntary and community sector (VCS) capacity building and infrastructure in every local authority area (including both tiers in 'shire' counties) and in relation to every policy area in which there is significant VCS engagement. This would ensure that VCOs, engaged in shaping and delivering public services, have access to the capacity building services, representation and leadership they need.
- 4.3** Government does not expect the VCS or its infrastructure to speak with a single voice. Neither does it want to undermine a bottom-up approach to infrastructure development based on needs. The CCR is clear that one size cannot fit all, but also that the piecemeal development of sector infrastructure has left gaps and led to a degree of duplication at all levels. Not only is duplication wasteful of public funds but it can cause confusion for bodies who want to consult and work with the sector, as well as service users. More clarity about the relationship and 'added value' between infrastructure organisations working at different levels would help service users and assist funders in planning strategic investment where it can make the most difference.
- 4.4** Few local infrastructure organisations secure sufficient resources to provide the full range of support services required by their membership/constituencies. Careful consideration therefore needs to be given to what services are needed, and can be afforded, in each local authority area. Economies of scale need to be considered and some infrastructure services might best be provided across more than one local authority area – for example, specialist support for ICT (see below).
- 4.5** Local authorities, government and other public sector organisations will need to consider carefully how they might best underpin the provision of infrastructure support.

STRATEGIC FUNDING

- 4.6** 'Core costs' are those central and overhead costs required to run an efficient and effective organisation. The Cross Cutting Review makes clear the importance of full cost recovery as a mechanism through which most VCOs should seek to cover their overheads. This approach encourages organisations to identify their overheads relative to different elements of work or projects that they undertake, and ensure that these are recovered when negotiating related grants and/or contracts.

- 4.7 This can be particularly difficult for infrastructure organisations. They are not likely to attract public donations and can also find it difficult to attract project funding as a majority of grant makers prioritise investing in ‘front line’ activity directly targeted at individuals and communities. Unlike their private sector counterparts, most are unable to recoup their costs through fees and charging for services and contracts.
- 4.8 Insufficient support for overhead costs can result in infrastructure agencies seeking project funding in direct competition with their members, potentially giving rise to conflicts of interest as well as weakening their ability to provide core support, development and representation activities. Unstable and short term funding for VCS infrastructure, particularly at a local level, makes long term planning difficult, creates inefficiencies through lack of continuity and loss of expertise, and results in a disproportionate amount of time being spent on income generation.
- 4.9 Given the strategic role infrastructure organisations play in helping ensure that the VCS can contribute to the achievement of public sector service delivery objectives, funding support for these organisations might best be described as **strategic funding**. Strategic funding ensures that capacity exists, and assists longer term planning and stability within the sector. However, there is little evidence to suggest that adequate and sustainable levels of strategic funding are available across all 388 local authorities in England.

QUESTIONS

1. How might greater collaboration be encouraged in order to minimise or eliminate duplication in infrastructure activity without unnecessarily limiting choice available to voluntary organisations?
2. Are there different services and roles that infrastructure organisations should focus on at local, sub-regional, regional and national levels?
3. To what extent should there be greater public sector strategic funding for infrastructure organisations and how might new developments build on the best of existing provision and avoid displacement of existing funding?
4. How might additional support be unlocked from various local, sub-regional, regional and national public sector agencies, lottery boards, charitable trusts, foundations and what role might private philanthropy play?

- 4.10 A framework for public sector support is discussed below.

QUALITY AND STANDARDS

- 4.11** Given the nature of the work undertaken by VCS infrastructure organisations, it could be argued that they have an obligation to become exemplars of good practice, including in relation to good governance, equality and diversity and managing and measuring performance.
- 4.12** However, there are currently no objective benchmarks, minimum performance standards, or good practice principles shared across VCS infrastructure provision. The specific and diverse skills required by staff and volunteers delivering infrastructure services are often unrecognised, and lack targeted development opportunities. There is also a shortage of empirical evidence demonstrating what works in capacity building. Ball and Unwin's research for the Baring Foundation⁷ found that difficulties in assessing infrastructure had inhibited funders from properly supporting it.
- 4.13** The CCR therefore recommends that the ACU leads on producing guidelines on good practice in capacity building and infrastructure support. This work will be carried out in partnership with other funders of infrastructure and the VCS itself. A comprehensive performance management framework will include minimum standards, performance indicators and proposals for skills development among practitioners. The work will seek to build on what already exists, including the National Association of Councils for Voluntary Service and Volunteer Development England quality systems; the work of NCVO's Umbrella Forum, and any specific quality mark or benchmarking programmes within sub-sectors, such as the Community Legal Service Quality Mark which is fast growing within the VCS.

QUESTIONS

5. What are the key areas by which the effectiveness and performance of an infrastructure organisation should be judged?
6. Is benchmarking of infrastructure services and costs feasible?

VOLUNTEERING

- 4.14** Government recognises the important role of volunteering infrastructure at both national and local level and the need to raise standards in volunteer management. The Volunteering Code of Good Practice (one of the five codes supporting the Compact

⁷ Lucy Ball and Julia Unwin, Voluntary Sector Infrastructure the issues for grant-making trusts, Baring Foundation 1998.

between government and the VCS) sets out key undertakings by both government and the VCS to develop volunteering in England. This includes a commitment by Government to ‘adopt policies which ensure that volunteering infrastructure bodies can rely on realistic sustainable long-term funding’. Evidence shows that well-resourced local volunteering infrastructure agencies are capable of recruiting and placing significant numbers of volunteers.

- 4.15** A key distinguishing factor with volunteering infrastructure is its role as a public facing agency tasked with engaging potential volunteers. It therefore needs to be able to develop both its ‘public-facing’ and ‘organisational support’ roles.
- 4.16** Following the publication of the joint Treasury and Home Office discussion document ‘Next Steps on Volunteering and Giving in the UK’ (2002), the ACU has been working with representatives of volunteer-involving organisations to review the architecture of the existing system for recruiting and supporting volunteers. Their conclusions are wide-ranging, and include suggestions to strengthen volunteering infrastructure:
- through sustained funding for local volunteering infrastructure, driven by local needs;
 - increasing the profile of volunteering at regional level; and
 - encouraging collaboration in the volunteering sector at all levels.

QUESTIONS

7. How should volunteering infrastructure relate to wider VCS infrastructure?
8. What role should government play in developing the sector’s ability to recruit and support volunteers effectively?

BME INFRASTRUCTURE

- 4.17** Relatively young, the BME sector has a distinct history rooted in political struggle and self-help. BME organisations and infrastructure now play a crucial role in ensuring the effective implementation of both the Race Relations (Amendment) Act 2000 and the Race Relations Act 1976. In particular, the achievement of racial equality envisaged by the Act is dependent on the contribution made by BME organisations in delivering services. This in turn requires support from infrastructure agencies.
- 4.18** The deep-rooted disadvantage faced by BME communities and organisations demands continued targeted support – not least in assisting the sector respond to new challenges and changing demographics.

- 4.19** There needs to be a significant and sustained improvement to BME organisations' access to capacity building and infrastructure services. However, it may be the case that separate provision is not always necessary, productive, sustainable or best placed to deliver the highest quality support. It may even act as a disincentive to generic infrastructure organisations which ought to ensure universal access to and benefit from their services. More integration of some infrastructure functions should be possible if barriers are addressed and removed over time.
- 4.20** The consultation period for this document will include specific and focused work with the BME sector and broader stakeholders to ensure the sector benefits from planned investment, this will be in line with the requirements of the Race Relations (Amendment) Act 2000.

QUESTIONS

9. Which infrastructure functions are most appropriately delivered by specialist BME infrastructure organisations?
10. At which geographical level(s) are these functions most appropriately organised?
11. Is there scope to bring together some BME and generic infrastructure organisations and networks to share resources, but still ensure that the advocacy function for diverse BME communities is maintained?

SOCIAL ENTERPRISE AND VCS INFRASTRUCTURE

- 4.21** An increasing number of VCOs are exploring social enterprise as a vehicle for achieving their objectives whilst securing greater financial independence. The need for specialist advice and assistance in this area is therefore growing, but support at all levels is patchy.
- 4.22** The CCR made a number of relevant recommendations. These include raising awareness of the support available from the Small Business Service (SBS) and Business Links, as well as promoting better understanding of social enterprises amongst local authorities and other mainstream lenders. All of the recommendations were included in *Social Enterprise: a strategy for success*, the Government's strategy published in July 2002. This set out a three year programme, led by the Social Enterprise Unit (SEnU) at the Department of Trade and Industry (DTI), to work with stakeholders, to promote and sustain social enterprise activity. The Government will report on progress on implementing the strategy in the autumn of 2003.

4.23 The Social Enterprise Strategy tackles the major barriers to growth of the social enterprise sector to achieve three key outcomes:

- a. create an enabling environment;
- b. make social enterprises better businesses; and
- c. establish the value of social enterprises.

QUESTIONS

12. How can VCS access to services provided by the Small Business Service and other business support services best be encouraged?
13. How might additional support for social enterprises best be provided to complement that which is / will be available from the SBS?
14. Which infrastructure functions are most appropriately delivered by specialist social enterprise organisations, and how should this be supported at local level, regionally and nationally?
15. How should support for social enterprise relate to wider VCS infrastructure?

COMMUNITY DEVELOPMENT

4.24 The Community Capacity Building Review co-ordinated by the ACU recognises that support to community groups working at neighbourhood level may be provided in two ways:

- a. Through a wide range of different bodies, operating at local, regional and national level, including local voluntary and community organisations, national specialist umbrella bodies, local authorities, regional agencies, central government departments and agencies. However it is essential that any such provision is specifically tailored to the needs of community groups, as distinct from larger, more formal organisations. This in turn requires those working with community groups to develop the necessary knowledge understanding and skills to do so effectively.
- b. Through provision at community level (neighbourhood, locality, or parish). The Review concluded that there are four minimum components for infrastructure at this level:

- i. at least one representative and inclusive forum or network;
- ii. at least one physical hub or resource base for individual or collective activity;
- iii. access to generic community capacity building workers;
- iv. easy access to small grants to stimulate and support grass roots community activity and capacity building.

4.25 Further work on the infrastructure necessary to underpin community capacity building will be undertaken by the new Civil Renewal Unit in the Home Office's Active Communities Directorate.

QUESTIONS

16. How should the suggested minimum components of community level infrastructure inform the Infrastructure Strategy?

17. Who are the key stakeholders in developing infrastructure at community level?

RURAL INFRASTRUCTURE

4.26 Key issues impacting on rural voluntary and community organisations include: dispersion and accessibility; small communities with a lack of 'critical mass' of volunteers; generally higher costs of physical and service infrastructure per head of population; higher levels of self-help/community delivery of services required or expected in order to make services viable; evidence showing low levels of networking between groups and communities and some resistance to 'outside' support; and low-take up of training and ICT.

4.27 There are also important contextual differences in the way in which rural infrastructure is organised and provided, including the role of:

- rural community councils, nationally supported by the Countryside Agency, provide complete coverage of predominantly rural districts, albeit organised at county level;
- counties and districts. The majority of rural districts have two tiers of local government (besides parish councils) requiring VCS infrastructure to look to both county and district organisations, including Local Strategic Partnerships at both levels;

- Parish Councils. Most rural parishes have parish councils with long established traditions of providing local services and working with community groups. The Government's wish to renew and empower parish councils is set out in the *Quality Parish and Town Councils Scheme* launched earlier this year;
- Local Infrastructure Organisations. In common with urban areas, the coverage and capacity of infrastructure bodies such as CVS, Volunteer Bureaux and development trusts is variable; provision in rural areas is often particularly stretched; and
- National Voluntary Organisations. Many national organisations provide support and services to rural and urban areas. Research has shown that they frequently do not distinguish their approach between urban and rural areas to meet rural needs.

4.28 Defra and the ACU are minded to jointly invite applications from, or commission, local VCS consortia for pilot programmes of VCS capacity building and infrastructure support in rural areas. The programme would form the first step in moving rural England towards a position where minimum standards of capacity building and infrastructure support are universally in place and are mainstreamed within the general pattern of provision for England as a whole. A more detailed paper about the proposals, 'Community Capacity Building and Voluntary Sector Infrastructure In Rural England', has been published by Defra and informs this document. It is available from www.defra.gov.uk/rural/rafe/meetings/030714 and will be distributed and discussed during the consultation process⁸.

QUESTIONS

18. How should the strategy best support rural VCS capacity building and infrastructure as a separate sub-set of support for the VCS in England as a whole?
19. Which VCS infrastructure and capacity building services are best organised at county level and which at district?
20. How can parishes and villages benefit the most from district and county VCS infrastructure and capacity building?

⁸ Comments on the paper may be returned as part of the response to this consultation paper or direct to Defra – Celia Webber, Rural Communities Division, Defra, 2B Ergon House, Horseferry Road, London SW1P 2AL or celia.webber@Defra.gsi.gov.uk – by 31 December 2003.

ICT AND VCS INFRASTRUCTURE

4.29 A cross sector advisory group convened by the ACU has considered the need identified in the Cross Cutting Review for a more strategic approach to ICT in the VCS. Annex A details the group's main findings and recommendations.

4.30 Key issues identified by the group include:

- a lack of a strategic understanding of ICT at senior management and trustee level of VCS organisations; many organisations do not have an ICT strategy or an ICT budget;
- few sources of advice which are knowledgeable about both ICT and the specific demands of the VCS;
- a lack of affordable technical support to maintain and upgrade ICT systems;
- an undue emphasis by funders on capital expenditure;
- a lack of co-ordination of VCS purchasing power.

4.31 The advisory group has recommended that specialist support be provided on two levels – national and sub-regional. Work at a national level would include web-based advice and information, negotiation of national purchasing agreements and educating and advising funders on ICT related issues. More localised co-ordination might include the development of 'circuit riders' with advice to individual organisations, and co-ordinating the provision of training for the local VCS.

QUESTIONS

21. To what extent do you agree with the analysis and recommendations of the Advisory Group? (See Annex A for more details)
22. How could such activity generate income to meet at least part of the ongoing cost of operations?

5

FRAMEWORK FOR VCS INFRASTRUCTURE SUPPORT

- 5.1** Society as a whole benefits from the existence of an effective voluntary and community sector (VCS). Public sector agencies often find that they cannot achieve their objectives without the participation of the VCS. The Cross Cutting Review (CCR) states that government programmes ‘often presume that the VCS has the capacity to participate or that this capacity can be built quickly. This presumption is often unjustified and can lead to unrealistic expectations of voluntary and community organisations (VCOs) and poor performance.’
- 5.2** The CCR also explains that ‘investment in infrastructure needs to be financed. But research for the Baring Foundation concluded that, while there were opportunities for VCS infrastructure organisations to increase earned income, they would continue to need external funding – from government, the wider private sector and the general public in order to fulfil their leadership role.’
- 5.3** To help drive improvements, the ACU will allocate most of the £93m earmarked for implementation of the CCR to sector capacity building and infrastructure between the end of 2003 and March 2006. The targeting of investment will be informed by the Government’s public service priorities. There are no guarantees that further funding on this level will be available. It is therefore essential to ensure that the investment to be made by the ACU helps unlock further support from local government, other government departments and public sector agencies. The necessary investment in VCS infrastructure is a shared responsibility.

FUNDING VCS INFRASTRUCTURE

- 5.4** Local and national government are currently the main funders of VCS infrastructure along with the Community Fund and charitable trusts. National infrastructure is largely funded by central government, as are mainstream and BME voluntary sector networks in each of the nine English regions. Regional Development Agencies also make a varied but significant contribution.
- 5.5** The ACU will work with other government departments and other purchasers and funders of VCS infrastructure and infrastructure providers themselves to map infrastructure provision (including provision focused on particular service areas), develop a common definition of strategic funding for VCS infrastructure and explore how funding might be linked to core performance indicators and minimum standards within a framework of continuous improvement.

- 5.6** The grid below identifies geographical and specialist tiers of VCS infrastructure and identifies other major potential sources for support from the public sector.

Local generic infrastructure Orgs.	<ul style="list-style-type: none"> Local authorities and other locally based public sector agencies. ACU in exceptional circumstances
Sub-regional/ Regional Orgs.	<ul style="list-style-type: none"> Regional Development Agencies Local Learning and Skills Councils Countryside Agency (Defra) ACU
Specialist National Orgs.	<ul style="list-style-type: none"> Govt Departments and agencies
Generic National Orgs.	<ul style="list-style-type: none"> ACU Govt Departments/agencies for specific projects

CENTRAL GOVERNMENT

- 5.7** Central government supports VCS capacity and infrastructure by providing strategic funding to specific organisations and targeting funds to build capacity within VCOs which are contributing to the achievement of departmental aims and objectives. The CCR notes that practice is inconsistent across Whitehall and that ‘investment would be enhanced if it were brought together into one cross government strategy for VCS capacity building and infrastructure support, with common purposes, resulting in more coherent and effective delivery.’
- 5.8** Government support for some specialist infrastructure at national and regional levels is less consistent and less developed than for generic infrastructure. There are three main elements to central government investment in VCS capacity building and infrastructure:
- the Capacity Building and Infrastructure Framework (of which this forms a part);
 - Defra’s work on rural infrastructure capacity;
 - the Neighbourhood Renewal Unit’s support for Community Participation.
- 5.9** These are all supplemented by sometimes ad hoc investments made by various government departments and agencies in initiatives intended to support the achievement of departmental objectives. There are various examples of innovative and good practice that could be shared across departments, such as the Department of Constitutional Affairs’ support for local partnerships to build capacity and coherence across providers of advice and guidance services.

- 5.10** The purpose of the *futurebuilders* fund, £125million over the three years of SR2002, is specifically to invest in developing the capability of individual organisations, or groups of organisations working together, to improve or expand their service delivery role. It is therefore focused on first tier activity and the development of particular organisations, not on second tier activity and infrastructure. See Annex B for further information.
- 5.11** There appears to be a lack of clarity on what might constitute strategic or core funding by government departments and what might be project funding. As discussed above, strategic funding should, in the main, be targeted at those organisations which fulfil a role of strategic importance in a relevant policy area – in many instances these will be infrastructure organisations. Such funding enables the recipient organisation to focus on supporting targeted VCOs and avoid the pressures to compete with them. It should be for the government department and their agencies with the relevant policy lead to take primary responsibility for supporting infrastructure services in their policy area.
- 5.12** In engaging the VCS as planning and delivery partners, government needs to better understand VCS needs and build in relevant support and capacity building from the start. The New Deal for Communities (NDC) programme offers a positive example. Not only does NDC provide dedicated funds for VCS and community capacity building, it also funds a development and initiatives phase for the VCS and local communities to build their capacity before major decisions on investment and service delivery are made.

LOCAL GOVERNMENT

- 5.13** Local government and other local public sector agencies are best placed to strategically fund core infrastructure functions delivered at local level.
- 5.14** The Comprehensive Performance Assessment process already identifies the importance of effective partnerships to the work of local government. Such partnerships include relationships with the VCS which in turn are the subject of compacts between local government and the VCS. Compacts are either already in place in many local authority areas or are on the drawing board. Compacts can be given meaning through carefully considered investment in local VCS organisations and the local infrastructure, and by integrating VCS development into effective community planning. Government is also encouraging local authorities to increase VCS engagement in local service delivery through exploring the contribution local VCOs can make to the achievement of floor targets (neighbourhood renewal strategy) and local public service agreements (LPSAs).
- 5.15** Local government needs to consider actively, as part of wider decision making about promoting well being and securing best value in services, the level of investment that will support necessary VCS infrastructure, the case for new investment, and the benefits of enhancing the ability of local infrastructure organisations to meet the needs of local VCOs, particularly those engaged in delivering public services.

- 5.16** Recent cuts to local infrastructure resulted in the Home Office agreeing an emergency fund of £500,000 in 2002/03 to prevent the loss of good quality local development agencies for the VCS, including volunteer development agencies. The fund was two thirds oversubscribed. In response to evidence that many local agencies continue to be under threat, a further Transitional Fund for local infrastructure was agreed by Ministers in May 2003. In agreeing these funds, Ministers expressed serious concern at the lack of sustained local commitment to infrastructure in some areas. Achieving change will require innovative and flexible ways of working together across government, sectors and agencies.
- 5.17** The Government and the Local Government Association will be working to encourage local authorities and their public sector partners to support the development of local VCS infrastructure and put in place arrangements that take sustainability into account.
- 5.18** Local arrangements for infrastructure support, development and investment will of course take into account local need and circumstances. Arrangements should be informed by a needs analysis that takes into account
- a. self assessment by the local VCS;
 - b. outcomes of monitoring/evaluation arrangements; and
 - c. views of relevant service inspectorates (such as the Adult Learning Inspectorate and Social Services Inspectorate).
- 5.19** Once local plans are developed, local authorities should work in partnership with key stakeholders, including the local VCS, to undertake an impact analysis to ensure:
- easy access for small local organisations;
 - strengthening of the best of existing provision;
 - gaps in existing provision are plugged;
 - funding arrangements do not displace existing local authority investment;
 - functions are located where they can best be delivered – not necessarily concentrated in one/a few organisations;
 - benefits are maximised by avoiding spreading investment too thinly;
 - achievement of economies of scale by looking to share resources across larger geographical areas than individual local authorities where necessary;
 - securing of complementary financial and other support from sub-regional and regional government, public sector agencies and other funders;
 - reduction and, wherever possible, elimination of duplication.

- 5.20** The ACU is currently planning with the Office of the Deputy Prime Minister (ODPM) and the LGA to provide advice for local authorities and local strategic partnerships (LSPs) on the assessment of the capacity of their local VCS. This will draw on the outcome of this consultation exercise and inform the development and provision of local capacity building services.
- 5.21** The ACU will also be working with the Improvement and Development Agency (IDeA) and the ODPM to maximise the opportunities to disseminate best practice through the Beacon Council Scheme and IDeA Knowledge.

QUESTIONS

23. What aspects of VCS infrastructure support should be primarily the responsibility of local authorities and what contribution should be made by other local, sub-regional and regional public sector agencies?
24. Which elements of infrastructure support should be funded by central government and its agencies?
25. What is the role of lottery boards, charitable trusts and foundations?
26. Is the suggested framework to guide local decision making comprehensive?

FUND ADMINISTRATION AND MANAGEMENT

- 5.22** A small proportion of the total investment will be spent in 2003/04 to support consultation, work on mapping infrastructure provision and development work to inform and prepare for the final strategy. Investment in line with the overall Capacity Building and Infrastructure Framework will be made across the years 2004/05 and 2005/06.
- 5.23** Investment priorities and programmes for the VCS will be informed by this consultation and announced when the Framework is published in early 2004. Investment will mainly be revenue but will include some capital funds. Capital investment will be made in infrastructure at all levels and will build on ACU's 2001/2002 Capital Modernisation Fund Programme to modernise infrastructure through co-locating sites and services and making service delivery more efficient and effective (including through the use of ICT).
- 5.24** The ACU will consider the best way of distributing funding to achieve the objectives outlined above. Bidding rounds are a possibility, but other options will be considered including commissioning. The Framework, when published, will be accompanied by an implementation plan. The plan will:

- set out clear criteria for funding and/or commissioning projects;
- make transparent the processes to be used for commissioning and decision making on bids;
- provide a clear definition of strategic funding for VCS infrastructure and guidelines on the costing of functions;
- set out a performance management framework including to ensure effective evaluation and dissemination of learning to inform future developments.

5.25 The preferred option would be for local investment to be administered regionally, through the Government Offices in the English regions (GOs), which will be given the flexibility to determine the best way of allocating funds within their regions, including the potential for ‘joining up’ with existing funding streams, within agreed fund management guidelines. GOs would be expected to work with local authorities, Primary Care Trusts, Regional Development Agencies, Local learning and Skills Councils, local Connexions Partnerships, the Countryside Agency, their local and regional VCS and other relevant stakeholders to identify priorities within their region and then manage fund distribution to address these as effectively as possible.

QUESTION

27. Are there viable alternatives to the role envisaged for Government Offices?

6 NEXT STEPS

- 6.1** The publication of this document marks the beginning of a consultation exercise which is due to end on 22 December, 2003. There will be a series of national, regional and targeted events, which are intended to help promote awareness and understanding of the contents of this document and seek responses from voluntary and community organisations, local government, other public sector agencies and any other organisation with an interest in the development of effective infrastructure organisations and capacity building services in England.
- 6.2** This will be followed by a short period in which responses will be evaluated.
- 6.3** The Infrastructure Strategy and Implementation Plan, including investment programmes, will be drawn up and published in early 2004.

7

SUMMARY OF QUESTIONS FOR CONSULTATION

Objectives

It is envisaged that there will be:

- support for VCOs delivered as close to the point of need as is economically viable;
- effective local, regional and national tiers of generic infrastructure organisations better able to provide advice and assistance to individual VCOs and act as a channel for cross-sector communication. This may be supplemented by activity at a sub-regional level particularly those that cannot be afforded more locally;
- accessible, high quality support covering volunteering, BME and other diversity issues, social/community enterprise and community development, rural needs and ICT available across the VCS;
- strengthened specialist infrastructure organisations operating nationally – ideally complemented by regional structures where this meets sector needs – covering thematic areas of VCS activity and service delivery, such as childcare, youth work and vocational training;
- there will also be work undertaken to:
 - Identify and address both service duplication and gaps within and across infrastructure at all levels, and to develop and streamline service provision accordingly. This may include investing in activities and capital projects to bring about greater collaboration.
 - Drive up quality through agreement across sectors on core performance indicators for infrastructure and capacity building services.

Key Issues

a) **Funding, Distribution and Duplication**

Ideally, there should be public investment in VCS capacity building and infrastructure in every local authority area. This would ensure that diverse voluntary and community organisations, including social enterprises, have access to the capacity building services, representation and leadership they need to increase their role in service delivery and the development of civil society.

However there are economies of scale to be considered. Few local infrastructure organisations secure sufficient resources to provide the full range of support services required by their membership/constituencies. Most VCOs, like many micro-businesses, cannot afford to pay for support.

Questions

1: *How might greater collaboration be encouraged in order to minimise or eliminate duplication in infrastructure activity without unnecessarily limiting choice available to voluntary organisations?*

2: *Are there different services and roles that infrastructure organisations should focus on at local, sub-regional, regional and national levels?*

3: *To what extent should there be greater public sector strategic funding for infrastructure organisations, and how might new developments build on the best of existing provision and avoid displacement of existing funding?*

4: *How might additional support be unlocked from various local, sub-regional, regional and national public sector agencies, lottery boards, charitable trusts, foundations and what role might private philanthropy play?*

b) **Quality and Standards****Questions**

5: *What are the key areas by which the effectiveness and performance of an infrastructure organisation should be judged?*

6: *Is benchmarking of infrastructure services and costs feasible?*

c) **Volunteering****Questions**

7: *How should volunteering infrastructure relate to wider VCS infrastructure?*

8: *What role should government play in developing the sector's ability to recruit and support volunteers effectively?*

d) **BME Infrastructure****Questions**

9: *Which infrastructure functions are most appropriately delivered by specialist BME infrastructure organisations?*

10: *At which geographical level(s) are these functions most appropriately organised?*

11: *Is there scope to bring together some BME and generic infrastructure organisations and networks to share resources, but still ensure that the advocacy function for diverse BME communities is maintained?*

e) **Social Enterprise and VCS Infrastructure**

Questions

12: How can VCS access to services provided by the Small Business Service and other business support services best be encouraged?

13: How might additional support for social enterprises best be provided to complement that which is/will be available from the SBS?

14: Which infrastructure functions are most appropriately delivered by specialist social enterprise organisations, and how should this be supported at local level, regionally and nationally?

15: How should support for social enterprise relate to wider VCS infrastructure?

f) **Community Development**

Questions

16: How should the suggested minimum components of community level infrastructure inform the Infrastructure Strategy?

17: Who are the key stakeholders in developing infrastructure at community level?

g) **Rural Infrastructure**

Questions

18: How should the strategy best support rural VCS capacity building and infrastructure as a separate sub-set of support for the VCS in England as a whole?

19: Which VCS infrastructure and capacity building services are best organised at county level and which at district?

20: How can parishes and villages benefit the most from district and county VCS infrastructure and capacity building?

h) **ICT and VCS Infrastructure**

Questions

21: To what extent do you agree with the analysis and recommendations of the Advisory Group? (see Annex A for more details).

22: How could such activity generate income to meet at least part of the ongoing cost of operations?

Framework for VCS Infrastructure Support

The ACU will work with other government departments and other purchasers and funders of VCS infrastructure and infrastructure providers themselves to map specialist infrastructure provision, develop a common definition of strategic funding for VCS infrastructure and explore how funding might be linked to core performance indicators and minimum standards within a framework of continuous improvement.

There will be local variation in implementation shaped to meet local needs taking into account the need to ensure the following:

- easy access for small local organisations;
- strengthening of the best of existing provision;
- gaps in existing provision are plugged;
- funding arrangements do not displace existing local authority investment;
- functions are located where they can best be delivered – not necessarily concentrated in one/a few organisations;
- maximising benefits by avoiding spreading investment too thinly;
- achievement of economies of scale by looking to share resources across larger geographical areas than individual local authorities where necessary;
- securing of complementary financial and other support from sub-regional and regional government/public sector agencies;
- reduction and, wherever possible, elimination of duplication.

a) Local Government

Questions

23: What aspects of VCS infrastructure should be primarily the responsibility of local authorities and what contribution should be made by other local, sub-regional and regional public sector agencies?

24: Which elements of infrastructure support should be funded by central government and its agencies?

25: What is the role of lottery boards, charitable trusts and foundations?

26: Is the suggested framework to guide local decision-making comprehensive?

The preferred option for fund administration and management would be for local investment to be administered regionally, through the Government Offices in the English regions (GOs), who will be given the flexibility to determine the best way of allocating funds within their regions, including the potential for 'joining up' with existing funding streams. GOs would be expected to work with local authorities, Primary Care Trusts, Regional Development Agencies, Local learning and Skills Councils, local Connexions Partnerships, their local and regional VCS and other relevant stakeholders to identify priorities within their region and then manage fund distribution to address these as effectively as possible

b) **Fund Administration and Management**

Question

27: Are there viable alternatives to the role envisaged for Government Offices?

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A ICT AND VCS INFRASTRUCTURE

- A.1** Effective use of ICT is part of the technical capacity that the VCS needs to build a stronger infrastructure and to realise its full potential. The CCR identified that ‘The use of ICT in the VCS is low compared with other sectors.’ It recommends that ‘Raising awareness of the potential of ICT and assistance with increased use of equipment, training and on-going technical support should be investigated, starting with current initiatives and programmes.’ The CCR concludes that: ‘A broad strategy is needed to address these issues...’
- A.2** There is very little ICT specialist provision available to VCOs. This is an area of considerable weakness. Many organisations consequently fail to take full advantage of the benefits offered by ICT. There are a few examples of infrastructure support in some regions and there is some, limited support from the National Council for Voluntary Organisations.
- A.3** A cross sector advisory group facilitated by the ACU, consisting of sector representatives and specialists, has identified a lack of a strategic understanding of ICT at senior management and trustee level of VCS organisations. Many organisations do not have an ICT strategy or an ICT budget. The potential of ICT is difficult to realise without this framework. VCS organisations need help with developing ICT strategies. The group also found that there are few sources of advice which are knowledgeable about both ICT and the specific demands of the VCS.
- A.4** The VCS also lacks affordable technical support to maintain and upgrade ICT systems. Pro bono support from the private sector and ICT volunteers can make an important contribution to the VCS though project based work, but are not a substitute for professional, sustainable ongoing support.
- A.5** Few funders seem willing to fund ICT initiatives in the VCS, and the funding available is often capital expenditure. However, the cost of hardware and software is often not the primary issue preventing the effective use of ICT. It is more important that organisations understand the potential of ICT to deliver and enhance their services, develop a clear strategy for using ICT, and receive good quality, affordable support, advice and training.
- A.6** The corporate sector lacks awareness of the specific issues of the VCS market, and the fragmented nature of the VCS has resulted in the potential purchasing power of the VCS not being utilised.
- A.7** The cross sector advisory group has therefore recommended that specialist support be provided on two levels – national and sub-regional.

A.8 On a national level – a consortia of organisations with relevant expertise in this field would provide:

- web-based information regarding best practice models and case studies, decision pathways for developing ICT strategies, funding sources, an approved list of consultants, trainers, circuit riders and suppliers;
- negotiation of national purchasing agreements for hardware and software and services;
- educating and advising funders on IT related issues.

A.9 On a sub regional level – a development worker – employed by an existing organisation or a perhaps a consortia of local VCOs – could support the development of local ICT focused resources for VCS organisations in the area. For example this might include:

- supporting the development of circuit riders¹ with advice on structuring the role, funding sources;
- co-ordinating the provision of training for the local VCS on issues such as the management and budgeting of ICT.

A.10 The sub-regional structure would need to be flexible due to varying needs, different size, types and locations of organisations.

A.11 As VCS organisations develop appropriate ICT budgets and as funders become more aware of the importance of funding ICT, there may well be a larger revenue stream from the VCS with which to meet ongoing support costs. However the longer-term sustainability of the framework outlined is likely to require funding from a variety of sources.

¹ Circuit riders are mobile support workers, each of whom supports a caseload of organisations.

AN INVESTMENT FUND FOR VOLUNTARY AND COMMUNITY SECTOR SERVICE DELIVERY

- B.1** *futurebuilders* is a £125million investment fund established as part of SR2002, to assist voluntary and community organisations and social enterprises, to overcome obstacles to service delivery and to modernise for the long term, in order for them to increase the scale and/or scope of their service delivery.
- B.2** *futurebuilders* is additional to, and separate from, but complementary to the work of the Active Community Directorate (ACD) in the Home Office, in implementing the recommendations of the cross cutting review.
- B.3** Specifically, *futurebuilders* is about enhancing the capability of organisations delivering front-line services, not about developing the sector's wider service delivery role, nor about general voluntary and community sector development, nor about infrastructure support.
- B.4** The success of *futurebuilders* will depend, in some measure, on the implementation of the key recommendations of the cross cutting review, principally those related to full cost recovery, building capacity and developing infrastructure. While not the remit of *futurebuilders* itself, the fund does have a role in acting as a catalyst in spearheading these changes as they impact upon the operation of the fund.
- B.5** Specifically *futurebuilders* should contribute to this work in many ways, to help create:
- a better understanding of the sector's distinctive contribution to service delivery;
 - a clearer picture of where the sector can take on a greater role in service delivery;
 - an understanding of the capacity building and infrastructure needs of service providing organisations, to feed into the work of the ACD. This could be in relation to both general support needs, such as ICT, and to specific sub-sectors that the fund will cover, such as health and social care; and
 - an assessment of the extent to which full cost recovery is being implemented.

- B.6** The *futurebuilders* task groups identified a number of other specific recommendations of the cross cutting review which might influence the success of *futurebuilders*. These include:
- greater involvement of the sector in the planning and design of programmes and services;
 - implementation of the review at local level; and
 - tackling skills gaps.
- B.7** The *futurebuilders* task groups also identified the need to build capacity and develop infrastructure in a more general way to help organisations get the most out of the fund. Their particular ideas and suggestions have been shared with the ACD, for consideration in the development of the various strategies being prepared to implement the review.

C CAPACITY IMPLEMENTATION TEAM

Helen Edwards	Director, Active Communities Directorate (ACD) Chair
Tina Jenkins	Active Community Unit (ACU)
Balraj Sandhu	ACU
John Routledge	ACU
Mark Mason	Office of the Deputy Prime Minister (ODPM)
Hulya Mustafa	Neighbourhood Renewal Unit (NRU)
Charles Perry	Department of Health (DOH)
Tom Jackson	Department for Education and Skills (DfES)
Celia Webber and Phil Barton	Department for Environment, Food and Rural Affairs (DEFRA)
Steven Wallace	Department of Trade and Industry (DTI)
David Lawson	Government Office North West
David Evans	Local Government Association (LGA)
Monica Schwartz	Health Voice Network
Amanda Little	London Development Agency
Vandna Gohil	Community Fund
David Emerson	Association of Charitable Foundations
Mandy Wilson	COGS (Capacity Building Consultancy)
Andrew Robinson	NatWest Bank
Chris Bonnard	Regional Action West Midlands (RAWM)
Sylvia Brown	Action with Communities in Rural England (ACRE)
Asher Craig	Council for Ethnic Minority Voluntary Organisations (CEMVO)
Jean Erskine	VOSCUR (Bristol)
Ben Hughes	British Association of Settlements and Social Action Centres (BASSAC)
Harbinder Kaur	Development Trusts Association (DTA)
Ben Kernighan	National Council for Voluntary Organisations (NCVO)
Owen McFarlane	EMBRACE (West Midlands Black and Minority Ethnic Network)
Susanne Rauprich	National Council for Voluntary Youth Services (NCVYS)
Jane Slowey	National Association of Councils for Voluntary Service (NACVS)

D GLOSSARY

Voluntary and Community Sector (VCS)	For the purposes of this document the VCS has not been tightly defined. It is intended to be wider in scope than general charities or the voluntary sector, inclusive of organisations reflecting the characteristics of social enterprise, but narrower in scope than ‘non profit’, the ‘third’ sector or ‘social economy’.
VCS Infrastructure	Voluntary and Community Infrastructure Organisations are those that play a supporting, co-ordinating, representative, policy making and development role for other VCOs.
Generic Infrastructure	Infrastructure organisations who provide support to all VCOs within a particular geographic area.
Specialist Infrastructure	Infrastructure organisations that provide support to a particular ‘subsector’ of the VCS, or offer a specific area of expertise.
Capacity Building	<p>A working definition of ‘capacity building’ is ‘empowering activity that strengthens the ability of voluntary and community organisations to build their structures, systems, people and skills so that they are better able to:</p> <ul style="list-style-type: none">– define and achieve their objectives– engage in consultation and planning– manage projects– take part in partnerships, social enterprise and service delivery.’ <p><i>(‘Building Community Strengths’ Steve Skinner, 1997)</i></p>
Social Enterprises	Businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for shareholders and owners.

E ABBREVIATIONS

ACD	Active Communities Directorate
ACU	Active Community Unit
BME	Black and Minority Ethnic
CBIF	Capacity Building and Infrastructure Framework
CIT	Capacity Implementation Team
CCBR	Community Capacity Building Review
CCR	Cross Cutting Review: The Role of the Voluntary Sector in Service Delivery
CDF	Community Development Foundation
CEN	Community Empowerment Network
CPA	Comprehensive Performance Assessment
CRU	Civil Renewal Unit
CVS	Council for Voluntary Service
DEFRA	Department of the Environment, Food and Rural Affairs
DTI	Department of Trade and Industry
ICT	Information and Communications Technology
IDeA	Improvement and Development Agency
LLSC	Local Learning and Skills Council
LPSA	Local Public Service Agreement
LSC	Learning and Skills Council
LSP	Local Strategic Partnership
NACVS	National Association of Councils for Voluntary Service
NCVO	National Council for Voluntary Organisations
NDPB	Non-Departmental Public Body
NRU	Neighbourhood Renewal Unit
ODPM	Office of the Deputy Prime Minister
PCT	Primary Care Trust
RDA	Regional Development Agency
RCC	Rural Community Council
RDA	Regional Development Agency
REC	Race Equality Council
SBS	Small Business Service
SEnU	Social Enterprise Unit
VB	Volunteer Bureau
VCS	Voluntary and Community Sector
VCOs	Voluntary and Community Organisations
VDE	Volunteer Development England

F DRAFT INITIAL REGULATORY IMPACT ASSESSMENT

INTRODUCTION

F.1 This draft initial Regulatory Impact Assessment (RIA) deals with the Government consultation on the development and funding of voluntary and community sector (VCS) infrastructure in England. Comments on and contributions to this RIA are invited as part of the consultation process. The deadline for responses to the consultation is 22 December 2003. The consultation paper can be obtained from the Home Office website at www.homeoffice.gov.uk.

THE OBJECTIVE

F.2 The Government's aim is to put a strategy in place which ensures:

- high quality support for VCOs delivered as close to the point of need as is economically viable;
- the existence of effective infrastructure locally, regionally and nationally. This may be supplemented by activity at a sub-regional level particularly activities that cannot be afforded more locally;
- accessible, high quality support available across the VCS, including to support volunteering, black and minority ethnic and other diversity issues, social and community enterprise, community development, rural needs, and to support VCS use of information and communications technology;
- strengthened specialist infrastructure organisations operating nationally –and regionally where needed – covering thematic areas of VCS activity and service delivery such as youth work, childcare, and vocational training.

F.3 The strategy will also ensure that work is undertaken to:

- identify and address both service duplication and gaps within and across infrastructure at all levels, and to develop and streamline service provision accordingly. This may include investing in activities and capital projects to bring about greater collaboration;
- drive up quality through agreement across sectors on core performance indicators for infrastructure and capacity building services.

- F.4** This consultation document is being published so that the views of the public can inform this developing strategy. If, when answering the questions set out in the document, you think there is a need for legislation or regulation, please indicate the possible impact of your responses on businesses, charities or voluntary bodies. This should include an assessment of risk, costs, benefits and issues of equity and fairness. You can find further guidance on how to do this at www.cabinet-office.gov.uk/regulation/scrutiny/betterpolicy.htm.

BACKGROUND

- F.5** As part of Spending Review 2002, the Treasury undertook a cross cutting review (CCR) of role of the VCS in service delivery, published in September 2002. The review explains that 'VCS infrastructure provides support for organisational capacity, a voice for voluntary and community organisations (VCOs) and access to representation and policy making'. The review identified lack of capacity, and patchy public investment, in sector infrastructure as barriers to increasing the involvement of the VCS in service delivery, recommending that '...Government and the VCS should develop a coherent shared strategy to underpin capacity in the sector'.
- F.6** Following the Spending Review the Treasury allocated some £93 million to the Active Community Unit with which to implement the recommendations in the CCR. Most of this total will be invested in implementing the combined Capacity Building and Infrastructure Framework during the current spending review period leading up to March 2006. Precise allocations will be informed by this consultation, the implementation plan, and the complimentary and concurrent work on specific areas of capacity building needs.

RISK ASSESSMENT

- F.7** While the number of VCS agencies that will benefit is difficult to quantify, the VCS in England provided public services to the value of approximately £3.7 billion during 2000-01. This new investment of £93 million is designed to improve the delivery of those services, and may allow more public services to be delivered through the VCS. If nothing is done, then the public is less likely to benefit from an increased quantity and quality of VCS provided public services.
- F.8** The strategy aims to unlock additional support from a wide range of public sector agencies, lottery boards, charitable trusts, foundations and private philanthropists. An important risk is that this extra central government spending may crowd out local government and private sources of funding. Recent cuts to local infrastructure resulted in the Home Office agreeing an emergency fund of £500,000 in 2002/03 to prevent the loss of good quality local development agencies for the VCS, including volunteer development agencies. The fund was two thirds oversubscribed. In response to evidence that many local agencies continue to be under threat, a further Transitional Fund for local

infrastructure was agreed by Ministers in May 2003. In agreeing these funds, Ministers expressed serious concern at the lack of sustained local commitment to infrastructure in some areas.

- F.9** To some extent this risk will be ameliorated by targeting resources on existing gaps, where local authority and private funding is currently low or absent. Moreover funding will only be provided up to March 2006, and as such will not be able to replace ongoing sources of funding. Sustainability is therefore a key aim of the strategy and will need to be built into the investment criteria and approach, encouraging the stability and growth of ongoing funding sources.

OPTIONS

- F.10** Options for implementing the Government's strategy will depend on the outcome of this consultation. However, any proposals will need to be weighed against the option of doing nothing.

WHO IS AFFECTED BY THIS CONSULTATION?

- F.11** The parties directly affected are 'first tier' or 'front-line' VCOs and the infrastructure organisations that support them. Infrastructure organisations exist at national, regional and local levels and may also be known as 'umbrella' or 'second tier' organisations. There are generic infrastructure organisations which provide support to all VCOs within a particular geographic area, and specialist or sub-sectoral infrastructure organisations which provide support to VCOs working with specific communities/client groups or within specific service areas. There are also other organisations that provide a range of capacity building and other services to the VCS.
- F.12** Improving infrastructure support for VCS activities will also benefit central government departments, local government and the many public sector agencies at all levels, which cannot achieve their objectives without effectively engaging with VCOs. It goes without saying that this will also improve the quality of service received by VCO beneficiaries.

BENEFITS AND COSTS

- F.13** A strong VCS is central to the achievement of this Government's aims. The VCS specialises in providing services to the most excluded individuals and communities in society. They are also often at the forefront of innovation in service delivery. More widely the VCS contributes to our civil society, by ensuring the voices of those they represent are heard.

- F.14** VCS infrastructure is central to maximising the potential of the VCS. Given the significant advantages that derive to the public sector from effective VCS engagement in service delivery the consultation document discusses the role of contributory investments from government and other public sector agencies at local, sub-regional, regional and national levels in VCS infrastructure. This will include direct support for specialist infrastructure services from government departments with relevant policy briefs².
- F.15** A cost to the VCS will be the development and implementation of common standards/guidelines on good practice in capacity building and infrastructure support. Infrastructure organisations will need to work within a comprehensive performance management framework including minimum standards, performance indicators and proposals for skills development among practitioners. This performance management framework may result in greater monitoring costs for VCS infrastructure agencies to comply with this. There is a risk this framework might compromise the viability of small and/or specialist organisations.

IMPACT ON SMALL BUSINESSES

- F.16** There will be some small businesses, including social and community enterprises, which also provide public services under contract to local government and other public sector agencies. However the issues set out in the consultation document relate to VCS infrastructure organisations rather than front line service providers. The result, if successful, will be to make VCOs more competitive (see below), reducing market inefficiencies.
- F.17** However it is important to recognise that many VCOs operate in areas where no comparable private sector firm exists. These organisations may be offering services to areas from which private sector has withdrawn, to high-risk groups and/or those living in deprived areas.
- F.18** Government will work with the Small Business Service (SBS) and others to ensure that the strategy does not duplicate or undermine existing services to the VCS from private sector firms and consultancy. This will include developing a more coherent approach across the SBS, Business Links and VCS infrastructure to support for social and community enterprises.

² In many cases this additional support will not represent a new burden since many organisations are already committed to supporting the VCS. For example, the Small Business Service (SBS) and Business Links aim to provide 'easy access to the most appropriate products, services and solutions from the best expertise in the private, public and voluntary sectors.'

COMPETITION ASSESSMENT

- F.19** This consultation primarily relates to the market for public services. Analysis against the competition filter test suggests that these proposals do not raise competition concerns. There are no market share issues.
- F.20** The direct consequence of these proposals is to allow infrastructure services to be provided to the VCS at a reduced cost. VCOs will be able to access greater amounts of professional expertise on a variety of issues (such as finance or management), allowing them to become more competitive service deliverers. As a result of this subsidy some VCOs may win contracts over private service deliverers, resulting in a revenue loss to private firms. This may also have implications for employment in those firms.
- F.21** However, to some extent this will create a 'level playing field' for the VCS as it does not currently have access to good quality advice and expertise in all areas, putting it at a competitive disadvantage. Also, as noted above, this consultation will not solely benefit VCOs that are competing with private sector firms. Some of the funds will help infrastructure organisations provide a greater voice for the VCS and assist with research and policy advocacy. VCS infrastructure agencies often gather views and information from VCS agencies and use them to influence and inform central and local government policy on behalf of VCOs. These services are unlikely to improve the competitiveness of the sector but are necessary to ensure a vibrant democracy and efficient public services.
- F.22** The rationale of the investment is to help create a critical mass of competency in the sector and to incentivise and stabilise funding of VCS capacity building from a variety of sources. In addition it is intended that the VCS will be able to increase its ability to purchase capacity building support over time, in part supported by other CCR recommendations like full cost recovery. It is, however, recognised that VCS infrastructure will continue to need public subsidy due to the nature of its service provision and the nature of the VCS, including the existence of large numbers of unfunded entirely volunteer run VCOs.

ENFORCEMENT AND SANCTIONS

- F.23** Any enforcement or sanctions regime, particularly relating to Government-funded VCS infrastructure that does not comply with the performance management framework, has yet to be determined.

MONITORING AND REVIEW

F.24 The monitoring and review of any policy changes will be determined as the direction of the strategy is finalised.

CONSULTATION

Within Government

F.25 The following Departments and agencies have been consulted:

- Office of Deputy Prime Minister
- Department of Health
- Department for Transport
- HM Treasury
- Cabinet Office
- Department for Work and Pensions
- Department for Trade and Industry
- Department for Education and Skills
- Inland Revenue
- Department for International Development
- Crown Prosecution Service
- Charity Commission
- Department for Culture Media and Sport
- Department for Customs and Excise
- Department of Environment, Food and Rural Affairs
- Foreign and Commonwealth Office
- Department for Constitutional Affairs
- Northern Ireland Office
- Scottish Office
- Welsh Office

Public Consultation

F.26 This document is part of a public consultation on the direction of the Government's infrastructure strategy. In conjunction with this document there will be a series of public events at a national and regional level, as well as events targeted at specialised groups and issues. The results of the consultation will be published and will inform the Government's infrastructure strategy. This will in turn inform the Government's overall Capacity Building and Infrastructure Framework, which will be implemented.

SUMMARY AND RECOMMENDATION

- F.27** This draft initial RIA deals with the Government consultation on the development and funding of voluntary and community sector (VCS) infrastructure in England. The consultation document is being published so that the views of the public can inform the developing strategy. It is important that any proposals for additional legislation or regulation consider the possible impact on businesses, charities or voluntary bodies.
- F.28** Options for implementing the Government's strategy will depend on the outcome of this consultation. While the Treasury CCR, published in September 2002, identified the clear need to develop a coherent strategy to underpin VCS capacity, any proposals will need to be weighed against the option of doing nothing when completing the full RIA for this strategy.

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