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# Overview and Scrutiny

## Capacity in the Voluntary Sector Safer Stronger Communities Select Committee

January 2017

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### Membership of the Safer Stronger Communities Select Committee in 2016/17:

**Councillor David Michael (Chair)**

**Councillor James-J Walsh (Vice-Chair)**

**Councillor Brenda Dacres**

**Councillor Colin Elliott**

**Councillor Joyce Jacca**

**Councillor Stella Jeffrey**

**Councillor Jim Mallory**

**Councillor John Paschoud**

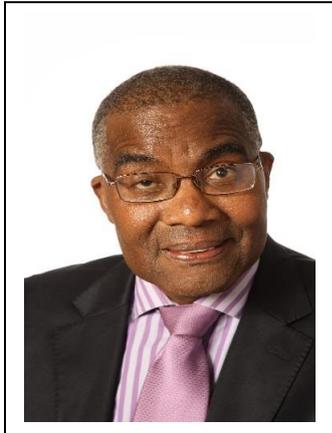
**Councillor Luke Sorba**

**Councillor Paul Upex**

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## Chair's Introduction



The Capacity in the Voluntary and Community Sector Review comes at a critical time for the Council as well as our Community and Voluntary Sector organisations. The Council has been forced to pass on financial cuts imposed by Central Government, something that is on-going in our present administration. Aligned with the financial cuts has been the significant diminishing of human resources in Council Officers over a sustained period. Not surprisingly, as well as other crucial services, Community and Voluntary Sector organisations playing a crucial role in the development of our communities and Borough have been at the receiving end of this.

The Safer Stronger Communities Select Committee has rightly focused on how we as a Council can remain focused on the prevailing and developing circumstances. We have asked ourselves questions and pose questions to the Mayor and Cabinet of how we as one Council can take a holistic view of how we continue to support our Community and Voluntary Sector organisations during these most challenging times. We acknowledge the Mayor and Cabinet agreement to the reduction of funding to the main grants programme from 1 April 2017 to the equivalent of just over 25% of the main grants budget and the drying up of other funding sources reflects the present financial climate. However, we need to continue making a critical analysis on an ongoing basis of how the main grants programme is operated.

The Council has consultation events and meetings with Community and Voluntary Sector organisations as part of the main grant funding process. It is important to have an on-going dialogue and exchange of ideas and information with Community and Voluntary Sector organisations so the Council can remain as informed as possible in formulating and shaping capacity building that best fits the needs and requirements of Community and Voluntary Sector organisations. In Lewisham's Sustainable Community Strategy 2008 – 2020 (Shaping our Future) Mayor Sir Steve Bullock says, "Shaping our future sets out how Lewisham's public, private and voluntary and community sectors will work alongside our communities and citizens to make this vision of the future a reality." The Council is in a position to facilitate this happening. One of the enduring objectives of Lewisham Council's Comprehensive Equalities Scheme 2016 – 2020 is "Increasing citizen participation and engagement". Ensuring appropriate capacity building for Community and Voluntary Sector organisations will ensure an appropriate climate for this to happen.

This report is intended to act as a catalyst for the Mayor and Cabinet and all of us as One Council to demonstrate our appreciation of the importance of the work of Community and Voluntary sector organisations in contributing to the overall fabric of our Borough. We must do everything we can to demonstrate our value and appreciation of the people involved in those organisations to the advantage of our Borough as a whole.

I would like to thank Scrutiny Manager Katie Wood for her significant time and effort in researching and drafting this report, advising the Committee and her personal support to me. On my behalf and the Committee I would also like to thank the following witnesses for their interesting and informative presentations of evidence to the Committee: James Lee (Head of Culture & Community Development, Lewisham Council), James Banks (Chief Executive, Greater London Volunteering), Andrew O'Brien (Head of Policy and Engagement, Charities Finance Group), Philippe Granger (Rushey Green Time Bank) and Roz Hardie (Lewisham Disability Coalition).

Finally I would like to thank all members of the Safer Stronger Communities Select Committee for their energy, commitment and painstaking evaluation of the evidence and issues pertaining to our review and their contribution to this report.

**Councillor David MICHAEL**

**Chair – Safer Stronger Communities Select Committee**

## 1. Executive summary

- 1.1 Voluntary and Community organisations are facing an increasingly challenging landscape. Dramatic decreases in grant funding at a time of increasing need and pressure to provide services, sometimes where reductions in public service provision have left gaps, are having a big impact. This is at a time of increasing public scrutiny, with some high profile cases having an impact on the public's trust of the sector. Organisations are having to adapt rapidly, looking at new models and new ways to encourage participation and engagement and diversify funding sources.
- 1.2 This review focusses strongly on small and medium-sized voluntary and community organisations and also looks at the role of infrastructure support organisations, sometimes called "civil society support groups". These are organisations that provide advice and support to other charities on operating effectively and can represent their needs to decision-makers. The Council's Main Grants Programme supports voluntary and community sector organisations over 4 themes. Due to the financial pressures faced by the Council, funding through this programme has been reduced by £1 million (25%) from April 2017.
- 1.3 With these financial pressures on voluntary and community organisations, infrastructure support organisations play an increasingly important role for the sector such as sharing resources and expertise and identifying alternative funding sources. London Funders – an organisation that represents a network of fund giving organisations in the community and voluntary sector - in collaboration with partners - produced a report intitled "The Way Ahead – Civil Society in London". This review used the report "the Way Ahead" as part of its evidence and to help establish how civil society could best be supported to deliver the best outcomes for local residents. The report highlights the role of the local public sector on working in partnership to understand local need, supporting data-sharing, policy development, best practice and the importance of consistency in approach to funding and commissioning.
- 1.4 This Committee's findings and recommendations strongly link to this and include a strong focus on the importance of collaborative work, consistent information, fair commissioning and sharing data and expertise. The Committee's findings also highlight the importance of a shared understanding of need in the community but suggest this be developed further to include a shared understanding of opportunities such as availability of volunteers and skills of local residents.
- 1.5 In their findings, the Committee recognised the role the Council plays in supporting infrastructure support organisations and providing infrastructure support itself. Many of the Committee's recommendations strongly link to this such as the recommendation to set up a liaison support network for Chief Executives in the Community and Voluntary Sector and investigating the potential to offer support with data sharing. The importance of infrastructure support organisations providing a voice for the sector was also highlighted by the report's findings.

- 1.6 At the centre of this review and its findings was the role of civil society and the importance of engaging and working with volunteers. The Committee's findings include recommendations to support this such as the Council supporting a "brokerage" system between voluntary sector organisations and employers and considering the role that could be played by local assemblies.
- 1.7 The review concludes that adaptation is a necessity of the current financial climate for the voluntary and community sector and for the Council and its support role. The Committee's recommendations are designed to support the sector at this challenging time whilst recognising the limitations on finances and resources faced by the Council.

## Recommendations

The Committee would like to make the following recommendations:

1. That the Council continues to work with voluntary organisations in Lewisham to help them adapt to changes in funding and reductions in grants from the Council. Support should be timely and tailored to the needs of organisations.
2. When the Council reviews the grant-making process, the Council should ensure it considers assessments of skills and opportunities available in an area and not just look at need. This could be considered as an assets model rather than a uniquely deficits model.
3. LB Lewisham's commissioning models should reflect "The Social Value Act (2013)". Real consideration should be given to the benefits to the community of tenders by local voluntary and SME organisations during the valuation process as a means of countering contract-based culture.
4. The Council should consider the possibility of supporting the development of a "brokerage" system between voluntary sector organisations and employers to support increased numbers of and more effective volunteering opportunities.
5. That the potential for setting up a liaison support network specifically for Chief Executives in the Community and Voluntary Sector in Lewisham be investigated.
6. That the Council understands the importance of volunteering and the need for organisations to get support to develop their networks. Larger charities have access to substantial sets of data which enables them to target activities to local demographics. The Council should investigate the possibility of facilitating intelligence and data support to smaller organisations in the sector, for example through purchasing data systems such as MOSAIC and sharing data. In its consideration the Council should consider cost and maintaining and upholding the highest standards of data protection.
7. The Committee welcomes the involvement of civic society and empowering people to be involved in their communities. The advocacy role voluntary groups deliver was welcomed but work carried out to meet social need was vital.
8. The Main Grants Programme should be sustained including providing the opportunity to fund core costs in some circumstances. The value of funding core costs should be recognised both when the Council funds organisations and when it is bidding for external funding itself.
9. The role of local assemblies should include community development and capacity building.
10. Following the review, there was a concern to ensure infrastructure support organisations provide a greater voice for the voluntary sector.

### **3. Purpose and structure of review**

3.1 At their meeting of 14 April 2016, the Safer Stronger Communities Select Committee, resolved to carry out a review into developing the capacity of the community and voluntary sector.

3.2 At its meeting on 15 September 2016, the Committee agreed the scoping paper for a short review of the support offered for organisations in the community and voluntary sector. The scoping paper set out the background and key lines of enquiry for the review. The key areas proposed to be considered were:

To establish:

- The Council's principle means for providing support to the sector
- The budget available to carry out this work
- The process for assessing the support needs of community and voluntary sector organisations

To consider:

- What forms of support should be a priority for the sector?
- What form should support arrangements for the community and voluntary sector take?

3.3 The timeline for the review was as follows:

**19 October 2016** – To agree the scope of the review.

**19 October 2016** - Evidence-taking session to cover the analysis of the Council's role in and budget for supporting the voluntary sector and to consider evidence from voluntary organisations.

**28 November 2016** – Draft Report to Committee. This will coincide with the report on the main grants programme for 2017/18

### **4 Policy Context**

4.1 The Council's overarching vision is "Together we will make Lewisham the best place in London to live, work and learn". In addition to this, ten corporate priorities and the overarching Sustainable Community Strategy drive decision making in the Council. Lewisham's corporate priorities were agreed by full Council and they remain the principal mechanism through which the Council's performance is reported.

4.2 Improving capacity in voluntary sector plays a crucial part and has an effect on all of the Council's corporate policies of: community leadership: young people's achievement and involvement; clean, green and liveable; safety, security and a visible presence; strengthening the local economy; decent homes for all; protection of children; caring for adults and older people; active healthy citizens; and inspiring efficiency, equity and effectiveness. This demonstrates the breadth of the voluntary sector. In particular the priority

‘Community leadership and empowerment’ promotes developing opportunities for the active participation and engagement of people in the life of the community. The Council’s Sustainable Community Strategy’s priority of “Empowered and responsible” aims to create a borough where people are actively involved in their local area and contribute to supportive communities.

- 4.3 The issues facing voluntary sector organisations are increasingly challenging. There has been a dramatic decrease in public funding. London boroughs are anticipating around 44% cuts in funding by 2019/20. The National Council for Voluntary Organisations financial stability report (June 2015) predicts a £4.6 billion annual shortfall in voluntary sector income over the next five years to 2019/20<sup>1</sup> to maintain current spending power. This is at a time of increasing need and demographic change in communities.
- 4.4 Voluntary sector organisations in recent years have also been under increasing pressure in terms of public scrutiny following high profile cases in the media. Organisations are having to rapidly adapt in this changing climate, looking at new models, new levels of citizenship engagement and participation and adapting financial models and diversifying funding sources. In particular, small and medium-sized organisations are hardest hit by the changes in public funding and are having to adapt rapidly to survive. This theme is further explored in section 8.
- 4.5 The report “The Civic Core”<sup>2</sup> estimates that 9% of the adult population account for 66% of charitable activity (this includes donating money and volunteering). These people are defined as “the civic core”. The remaining 34% of charitable activity is undertaken by 67% of the population and are sometimes known as “the middle ground”. The remaining 24% of the population undertake little or no charitable activity and they can be defined as “zero givers”. The three distinct groups can then be looked at to help provide an overview of the population’s engagement with charities and can be used to shape strategies for engaging more people in volunteering and charitable giving.
- 4.6 In the current climate, organisations are having to diversify funding sources and quickly adapt to changes. It is important that infrastructure support organisations<sup>3</sup> can be accessed. The Council’s Main Grants Programme’s funding strand “strong and cohesive communities” provides funding for infrastructure support, this is discussed further in section 5 of the report.

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<sup>1</sup> Financial Sustainability Review, NCVO, July 2015

[https://www.ncvo.org.uk/images/documents/policy\\_and\\_research/funding/financial-sustainability-review-of-the-voluntary-sector-july-2015.pdf](https://www.ncvo.org.uk/images/documents/policy_and_research/funding/financial-sustainability-review-of-the-voluntary-sector-july-2015.pdf)

<sup>2</sup> The Civic Core, Charities Aid Foundation, September 2013, [https://www.cafonline.org/docs/default-source/about-us-publications/caf\\_britains\\_civic\\_core\\_sept13.pdf?sfvrsn=5.pdf](https://www.cafonline.org/docs/default-source/about-us-publications/caf_britains_civic_core_sept13.pdf?sfvrsn=5.pdf)

<sup>3</sup> Infrastructure support organisations provide advice and support to other charities on operating effectively, and they represent the interests of those charities to decision-makers. Note this term is used interchangeable with the term “civil society support groups” in this report and are also sometimes referred to as “2<sup>nd</sup> tier organisations”.

Ensuring that support is relevant and the best use of available resources for the maximum number of people is essential.

## 5 Lewisham Context

5.1 Lewisham has a long history of engagement and collaboration with the community and voluntary sector. In 2001, Lewisham was one of the first local authorities to develop a local compact<sup>4</sup> with the sector, which established shared understandings about roles and responsibilities and set out commitments for working together.

5.2 The Lewisham Compact is an agreement between the London Borough of Lewisham and local voluntary and community organisations about how they will work together. NHS Lewisham and SLAM (South London & Maudsley Mental Health Trust) are also signatories to the Compact. The Compact recognises the significant role played by the voluntary and community sector, not only in providing services but also in generating income, adding to the local economy, developing and utilising the skills of local people and strengthening local communities, it aims to:

- increase understanding, improve working relationships and extend co-operation between the Council and voluntary and community sector organisation.
- develop the voluntary and community sector's capacity to provide services to the community and achieve high quality outputs
- support initiatives to achieve Best Value in the provision of services by the council
- enhance the effectiveness of both the council and voluntary and community sector organisations in meeting the needs of the community.

5.3 Voluntary Action Lewisham (VAL) has a longstanding partnership with the Council. Its remit is to provide leadership for the sector and to help build organisational capacity and capability. Led by the Council and VAL, stakeholders carried out further work to develop the Lewisham compact in 2010, with the addition of guidelines for commissioning with the sector. This was in recognition of the important contribution that it should play in identifying needs as well as delivering services.

### Community and voluntary sector review

5.4 In 2011/12, the Safer Stronger Communities Select Committee carried out a yearlong review into the capacity of the community and voluntary sector. The Committee gathered evidence across three key themes:

- Establishing the capacity of the voluntary sector

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<sup>4</sup> The Compact is a voluntary agreement that aims to foster strong, effective partnerships between public bodies and voluntary organisations. Its principals apply to all relationships between voluntary organisations and public bodies that are distributing funds on behalf of the Government. See [http://www.compactvoice.org.uk/sites/default/files/the\\_compact.pdf](http://www.compactvoice.org.uk/sites/default/files/the_compact.pdf)

- How to build capacity of the sector
- The future role of the voluntary sector

5.5 Members of the Committee found that support for the sector in Lewisham was good and that much of the Council's work with the sector reflected good practice elsewhere. The Committee recognised that grant funding by the Council played a key part in sustaining the sector and that funding enabled organisations to access support and funding from a wider range of sources than they otherwise would.

5.6 Safer Stronger Communities Select Committee submitted a final report and recommendations from the review to Mayor and Cabinet in May 2012. A specific recommendation relating to support for the sector was included:

*Organisations that support the Community and Voluntary Sector in Lewisham, such as Voluntary Action Lewisham, should review the support that they offer to the sector especially in relation to capability and capacity building. The Committee feels that provision of more intensive and individual support including advice, training and guidance would create better results for organisations.*

5.7 In response to the recommendation, the Council supported Voluntary Action Lewisham (VAL) to carry out its strategic review of its services<sup>5</sup> which sets out the organisations strategic objectives and targets. VAL's strategic plan recognised that in the climate of reducing resources and increased demands for the delivery of more complex services, organisations might need to merge, collaborate or share facilities. The key objectives from the strategic plan were:

- To be a leader of change;
- To increase the effectiveness of the Voluntary and Community Sector (VCS) in Lewisham;
- To strengthen the voice of the VCS in Lewisham;
- To enable the representation of the VCS in Lewisham;
- To build and develop local and sub-regional partnerships and collaboration;
- To increase the value and reputation of 2nd-tier infrastructure

#### Lewisham Council's main grants programme

5.8 Funding through the main grants programme is provided over four themes:

- strong and cohesive communities
- communities that care
- access to advice services

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<sup>5</sup> Voluntary Action Lewisham Strategic Plan 2013-2015  
<http://www.valewisham.org.uk/sites/default/files/files/FINAL%20Strategic%20Plan%202012-2015.pdf>

- widening access to arts and sports
- 5.9 Support for building capacity of the sector is funded through the ‘strong and cohesive communities strand of the programme’. The programme also places an emphasis on collaboration and the sharing of resources. In addition to the themes outlined above the Council committed to funding:
- Organisations that are committed to working with each other and the Council to ensure the best possible outcomes for Lewisham’s residents with shared resources.
  - Active partners who are as passionate about Lewisham as the Council is and have the drive and capacity to make a difference to people’s lives.
  - Organisations that understand the level and profile of local need and have the ability to transform the way they work to meet that need.
  - Organisations with a track record of adding value to Council funding through attracting resources both financial and volunteer time.
  - Organisations that share values with the Council as well as commitment to the London Living Wage, equalities and environmental sustainability.
- 5.10 The Council is in the midst of a decade long reduction in resources, which will reduce the funding available for services by £200m in 2020, compared to 2010/11. Therefore, Mayor and Cabinet has agreed to reduce the funding to the grants programme by £1m from 1 April 2017, which equates to just over 25% of the overall main grants budget of £3,985,600.
- 5.11 In July 2016, Safer Stronger Communities Select Committee scrutinised the outcome of a consultation with the community and voluntary sector about the reduction in funding which proposed that the reduction be made by:
- Remove funding from under performing groups/those performing least well
  - Negotiate reductions and seek alternative funding streams
  - Work with groups to consider mergers or asset sharing
  - Pro rata reductions across all groups
- 5.12 The Council is taking part in further discussions with affected organisations over the summer and autumn to encourage collaborative working, sharing resources and identifying alternative funding streams. As outlined above, infrastructure support for the sector is primarily funded under the ‘strong and cohesive communities’ theme of the grants programme. Discussions have begun with organisations providing this support under the themes identified in the report “the Way Ahead” which is further explored in the next section of this report.
- 5.13 Mayor and Cabinet will make a decision on funding for the next two years of the main grant programme at their meeting in December 2016. This will go the Safer Stronger Communities Select Committee for pre-decision scrutiny. This review into capacity in the voluntary sector and its recommendations will,

therefore, have been informed by the pre-decision scrutiny of the report on the Main Grants Programme in addition to the evidence in this report.

## **6 The Way Ahead**

- 6.1 London Funders is an organisation that represents a network of fund giving organisations in the community and voluntary sector. London Funders has worked in collaboration with London Voluntary Service Council (LVSC) and Greater London Volunteering on the recent report: 'The Way Ahead: civil society at the heart of London'. The report sets out a vision for civil society in London and it establishes principles to help develop this vision. The main purpose of the scope of the report was the question "given constrained resources and a rapidly changing environment, how can civil society be supported to deliver the best outcomes for Londoners".
- 6.2 The Safer Stronger Communities Select Committee looked at the report and used it to help shape their questions and challenge to witnesses. This was used to help assess the situation in Lewisham and the role the Council could have in supporting the voluntary sector and maintaining and improving capacity.
- 6.3 "The Way Ahead sets out a proposed vision and system for civil society and how it should be supported in future. It proposes 12 processes and lists the key players involved in achieving this and how they interact with each other. Figure 1 below shows the Key Proposals as listed in "The Way Ahead" report. The larger circles on the outside represent the processes and the smaller inner circles represent the key players. The coloured lines link them together and show how they interact.

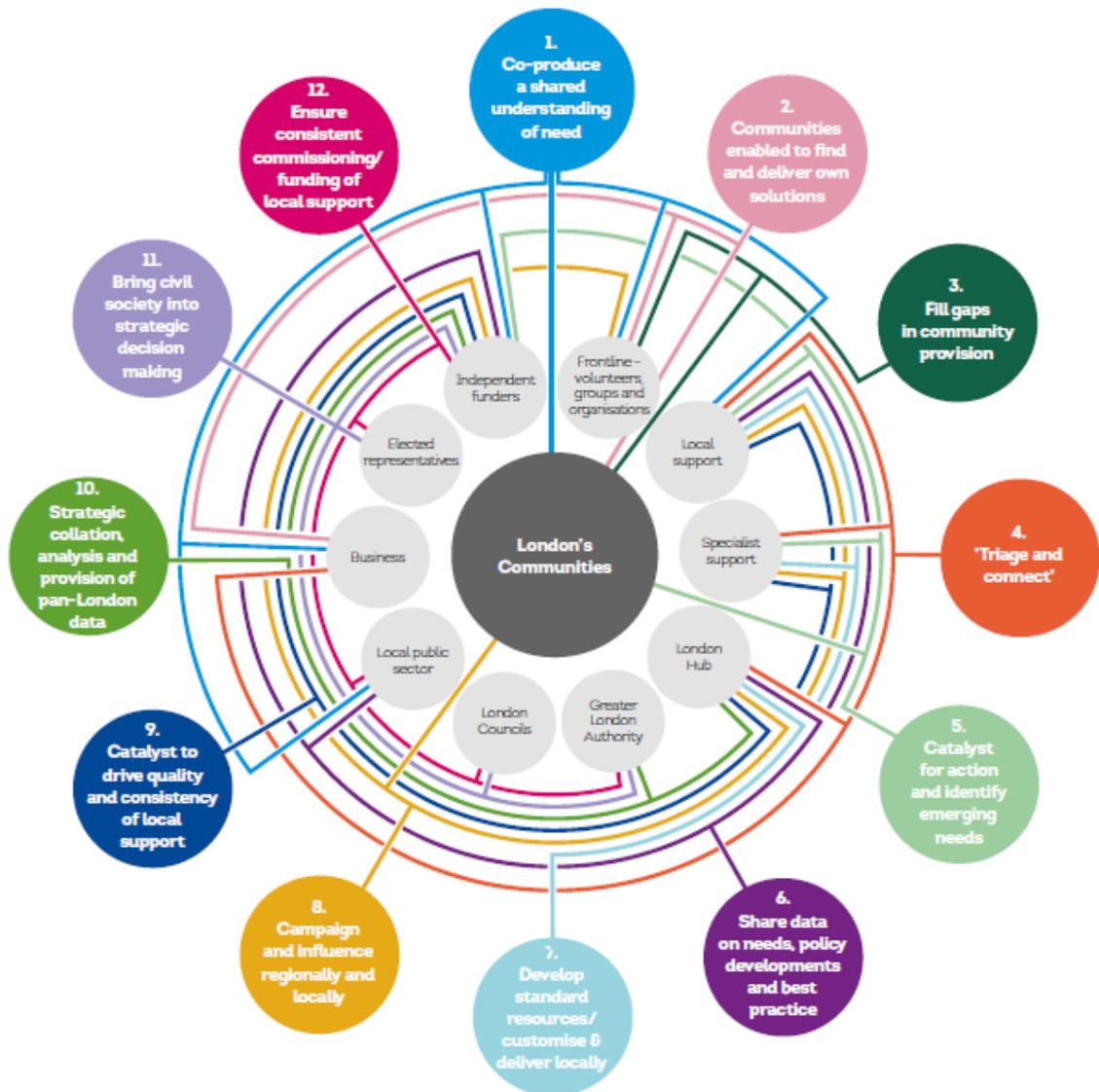


Figure 1 from “The Way Ahead: Civic Society at the Heart of London, April 2016

6.4 The diagram above shows that in their model, the role of the local public sector links to the following processes:

- Co-produce a shared understanding of need.
- Sharing data on needs, policy developments and best practice.
- Ensure consistent commissioning/funding of local support.

6.5 The report emphasizes the importance of carrying out needs assessments in collaboration with communities using relevant data and it highlights the need for stakeholders in the sector to provide each other with support and challenge. The report sets the context for the future funding of the community and voluntary activity in London and it begins to describe the future role of local authorities as equal partners with the sector. The report also sets out steps for the implementation of its findings in its “immediate steps grid”. It

outlines a timetable for completion and lists the partners for each step. Their timetable sets out November 2016 for beginning to prototype the model and looking at cross-borough approaches. It is therefore important that LB Lewisham are actively looking at the proposals and developing a strategic approach.

## **7 James Lee (Head of Culture and Community Development)**

- 7.1 The Committee heard evidence from James Lee, Head of Culture and Community Development, on challenges faced by the sector. It is a difficult time for the sector, the Council is making substantial cuts to the main grants programme, budget and public sector commissioning budgets are being tightened at the same time that accessing funding from alternative sources is becoming more competitive. London Councils is also withdrawing its funding for infrastructure support organisations. This is at a time when there is still a high level of demand for services provided by the community and voluntary sector and there are significant numbers of people living in relative poverty who need support.
- 7.2 The Council recognises the need for a strong voluntary sector and the need for local communities to be supported through civil society. Infrastructure support is also needed to assist organisations to monitor how well they are performing and diversify their sources of funding. There is also potential for organisations to reduce the impact of funding reductions on front line service delivery through mergers and partnerships in the sector.
- 7.3 Lewisham Council is working with organisations to help them understand what funding reductions from the main grants programme would look like for them and to help them adapt. The Council recognises that this can be a particular challenge for smaller organisations and is therefore working with organisations to build the capacity of peer support networks. The local partnership of community organisations is strong and this would help make Lewisham organisations resilient to the challenges.
- 7.4 Specific work is taking place with Voluntary Action Lewisham (VAL), Rushey Green Time Bank and Volunteer Centre Lewisham to consider Lewisham's infrastructure support offer based on the 'way ahead' proposals. The Council recognises that infrastructure support needs to be less bureaucratic, more community led and more flexible. A combined infrastructure support offer might include a disclosure and barring service hub; it might procure or provide training. It might also provide a focus for local activity. It should be responsive to local issues and help the Council to engage with the sector. It should also mobilise local people to tackle local issues.
- 7.5 An important role for infrastructure support organisations in the future would be to provide a voice for the sector: to raise issues, challenge the Council and to collect information to demonstrate the cumulative impact on the sector. This would allow the Council to better meet its responsibilities without simply shunting costs from one area to another.
- 7.6 A proposal relating to infrastructure support is included as part of the main grants update to Mayor and Cabinet in December. Safer Stronger

Communities will undertake pre-decision scrutiny of the Mayor and Cabinet report at their November meeting. The recommendations for this review will have been informed by both documents with Committee members having had the opportunity to review them both to help shape the recommendations of this review.

## **8 James Banks (Chief Executive, Greater London Volunteering)**

- 8.1 James Banks, gave evidence to the Committee regarding the report “The Way Ahead” which he co-authored and which is also discussed in section 6 of this review.
- 8.2 James stated that ‘The Way Ahead’ report brought together a wide range of stakeholders to consider the future of civil society in London and broadened the definition of voluntary activity to encompass a wider range of actions to achieve change and helped to demonstrate the requirement for civil society support. In challenging economic situations, new approaches were required to achieve positive outcomes.
- 8.3 In London, there are 120,000 civil society groups and 3.5 million Londoners who volunteer regularly. According to the Community Life Survey 2015-16, 54% of Londoners had done a form of volunteering at least once in the last year.<sup>6</sup> In addition to this there are 135,000 people who work in the voluntary sector in London<sup>7</sup> and the majority of Londoners will come into contact with the charitable sector in an average year. According to their statistics, “the Way Ahead” report estimated an economic and wellbeing contribution of £27 billion a year to the London economy from the voluntary sector.
- 8.4 Although the voluntary sector is large, it needs support to enable it to thrive. Focus groups and research show that there are high levels of pressure on contracts and on volunteers in the sector in part because of less funding and increased competition when bidding for contracts. There can also sometimes be an expectation that civil society organisations can change models quickly and produce their own resources. This isn’t always the case and sometimes time is needed to successfully adapt.
- 8.5 Civil society support groups are also facing high levels of demand for their services and additional financial constraints. This could often have a knock on effect on the voluntary groups who use them. For example, they may no longer be able to obtain the same levels of support that they had previously accessed.
- 8.6 The proposal in “The Way Ahead” report is that there be a new system of working, which would identify the wide range of organisations involved in

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<sup>6</sup> Community Life Survey 2016 Statistical Bulletin, Cabinet Office  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/539102/2015\\_16\\_community\\_life\\_survey\\_bulletin\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539102/2015_16_community_life_survey_bulletin_final.pdf)

<sup>7</sup> UK Civil Society Almanac 2016 <https://data.ncvo.org.uk/a/almanac16/workforce-2/>

providing support to the sector and build on their strengths. The system being proposed in the report is markedly different from what currently exists. Greater London Volunteering was working in partnership to lead and progress the recommendations in the report, but change would take time.

- 8.7 Members of the Committee raised some concerns about differing types of social capital<sup>8</sup> in different areas and whether this had the potential to make the community-driven approach to infrastructure support unbalanced as some communities would be more able to connect than others. There is an important role for infrastructure support organisations at a local level. Every member of the community should be involved in helping to decide what their community needed and how it should be delivered. Support organisations should not need to provide everything themselves and part of their role should be in brokering offers of support and providing peer to peer connections.
- 8.8 In terms of corporate fundraising, more work could be done to ensure voluntary organisations got the best possible offers of support. This is particularly relevant in terms of successfully accessing volunteer time. It could often be straightforward but accessing volunteers with the right skills for the right length of time and on the right projects was often more of a challenge. It is important that the full potential of corporate support be accessed so the benefits were fully realised for voluntary organisations themselves and not just working for the corporations. There is a range of reasons why corporations may want to donate to charities either through money or staff time, these could range from: boosting their profile in the local community; fulfilling their corporate social responsibilities; staff retention and development. Particularly in the case of volunteering, charities need to ensure that the offer works for them and not just the corporation.
- 8.9 Members of the Safer Stronger Communities Select Committee felt that a broad definition of civil society was most appropriate to capture the range and breadth of actions by communities. The definition of Civil Society used in the report “The Way Ahead” is as follows:

“Civil Society is where people take action to improve their own lives or the lives of others and act where government or the private sector don’t. Civil Society is driven by the values of fairness and equality, and enables people to feel valued and belong. It includes formal organisations such as voluntary and community organisations, informal groups of people who join together for a common purpose and individuals who take action to make their community better.”

- 8.10 The “Way Ahead Report” suggests that a “co-production of a shared understanding of need” should be undertaken. Committee members

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<sup>8</sup> Social capital is defined by the OECD as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups”

<https://stats.oecd.org/glossary/detail.asp?ID=3560>

considered this and concluded that they felt that alongside any consideration of need in a community there should be an assessment of skills and opportunities available. To this end, it could be viewed as an assets model for understanding the sector rather than uniquely a deficits model.

- 8.11 Committee Members highlighted their concerns about types of social capital in different communities. It could be harder for voluntary groups in some areas to mobilise the resources required in their communities. They also highlighted the imbalance in spending power, marketing and use of targeted data, between large and small charities.
- 8.12 The Lloyds Bank Foundation published a report highlighting that since the financial crisis of 2008, small and medium-sized charities lost a higher proportion of their income than larger organisations. Across the voluntary sector over 23,000 charities stopped operating between 2008 and 2014, the majority with an income under £500k. Reductions in income from local and central government through contracts and grants decreased for all income bands of charities except the largest (over £100million). For small and medium-sized charities the increases in income from individuals of 21% did not offset the losses from government grants and contracts of 38%.<sup>9</sup>
- 8.13 The same report states that since 2010 public sector commissioning has shifted towards competitive commissioning models where all types of provider compete for contracts to deliver public services. The report states that larger organisations including larger charities are dominating the public sector procurement market. The report also highlights the National Council for Voluntary Organisation's research showing the smaller the income of the charity, the more they lost in income from both local and central government, despite an increase in demand for services. Typically charities with an income between £25k to £1m experienced reductions of 30-44% of their income from these sources.
- 8.14 The Social Value Act came into force in January 2013, it requires people who commission public services to think about how they can also secure wider, social, economic and environmental benefits. The Act states that "before they start the procurement process, commissioners should think about whether the services they are going to buy, to the way they are going to buy them, could secure these benefits for their area or for their stakeholders."<sup>10</sup>
- 8.15 The act aims to strengthen the social enterprise business sector and make the concept of 'social value' more relevant and important in the placement and provision of public services. The Act aims to encourage participation with the

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<sup>9</sup> Small and Medium-sized charities after the crash: what happened and why it matters, Lloyds Bank Foundation, 2014

[https://www.lloydsbankfoundation.org.uk/assets/uploads/LBF\\_Smallest%20Charities%20Hardest%20Hit\\_Executive\\_Summary\\_final.pdf](https://www.lloydsbankfoundation.org.uk/assets/uploads/LBF_Smallest%20Charities%20Hardest%20Hit_Executive_Summary_final.pdf)

<sup>10</sup> Social Value Act Information and Resources, Cabinet Office, May 2016

<https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>

third sector including social enterprises. Under the act, commissioners are required to take a best value for money approach and not a lowest cost approach to ensure consideration of the wider benefits. The act requires every local authority (in England) to include in their sustainable community strategy proposals for promoting engagement with social enterprise in their area. They must also include a statement of measures for social enterprise to participate in the implementation of these proposals.

## **9 Andrew O'Brien (Head of Policy and Engagement, Charities Finance Group)**

- 9.1 The Committee heard evidence from Andrew O'Brien, Head of Policy and Engagement at the Charities Finance Group. Charities Finance Group has over 1350 charities in its membership and provides support for those with financial responsibility in the charity sector to develop and enhance their skills through its programme of training, conferences, policy work and best practice guidance.
- 9.2 Andrew stated that there had been a significant reductions in grant funding in recent years. In 2010 there was £6billion in grants available for the sector, in 2016 this had fallen to £2billion and it was estimated that there wouldn't be any grant funding available at all by 2024. His experience indicated that it was rare for Councils to still have a separate community grants budget.
- 9.3 Grant funding was important to voluntary organisations as it allowed them to be flexible, resilient and demand led. If the Council were evaluating voluntary organisations for grant funding, it was important to understand that monetising or putting an exact financial value on savings and impacts of projects could be difficult for small and medium sized organisations and the Council should use a personal and common sense approach to evaluating the success of community and voluntary sector organisations. Organisations with small incomes might find it difficult to demonstrate their impact and effectiveness. They might also have to spend disproportionate amount of time writing bids and attempting to demonstrate their impact.
- 9.4 Successful mergers and asset sharing between organisations in the sector were reliant on sustainable funding streams. The front loading of local government cuts from central government and the speed at which these were passed on to the sector meant that some small organisations, that (given better notice) could have become self-sustaining had to close and once that capacity was lost it would be difficult to rebuild it. Providing a set of options to small organisations to encourage asset sharing and mergers was a better approach than forcing organisations to work together. Small organisations found it particularly difficult when they were merged with another organisation and their shared resources were immediately cut.
- 9.5 Members of the committee felt the main grants programme had moved towards a commissioning model and that there was further work to be done on determining what the grants programme should be trying to achieve in future. There was an opportunity through this report and the report on the

Main Grants Programme for the Council to consider its objectives and use appropriate methods to make this happen. This might be through the commissioning approach or via grant funding. Each approach had benefits and drawbacks for different reasons. The important thing would be to choose the right method for the desired outcome.

## **10 Philippe Granger (Rushey Green Time Bank)**

- 10.1 Philippe Granger from the Rushey Green Time Bank addressed the Committee on their experiences of voluntary sector capacity. Time Banking is a community development tool and works by facilitating the exchange of skills and experience within a community. Time Banking values everyone's time as equal, 1 hour equals 1 hour. For every hour you spend helping someone in your community you are entitled to an hour of help in return.
- 10.2 The community and voluntary sector have moved from a situation in which it had lots of money available to a situation of restrained resources. When resources were plentiful, there were lots of projects and lots of groups. This had led to a situation of providing services for people, rather than enabling them to do things for themselves.
- 10.3 Organisations in the sector were asking themselves questions about what they should do with less money in order to support communities to thrive.
- 10.4 There was a danger of creating a deficiency model in the sector – in which people believed they needed more and more funding to meet their needs. Investment was needed to equip people and empower them in their own communities to make a change.
- 10.5 Similarly to the Committee's views highlighted in paragraph 8.11 promoting an assets not just deficits understanding of need, Philippe stated that Civic society should promote a new vision and a new language for Lewisham, which focused on people's assets and helped them to connect with others.
- 10.6 The UK Giving report 2015 showed that within the last 12 months of the survey, 13% of adults aged 16 and above had volunteered for a charity. The challenge in all areas was to engage wider numbers of people in the civic core. Committee members considered that an approach might be to work more with younger generations in creating a sense of pride and place. It is worth noting however that the same survey cited above showed that young people aged 18-24 in full-time higher education were over twice as likely to have volunteered in the last 4 weeks than the rest of the population. (14% vs 6% overall).<sup>11</sup>
- 10.7 The Committee felt that for the longer term, it remained important to engage younger generations to engrain habits for life. The Council could ensure it works with schools around volunteering and placements to help that

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<sup>11</sup> Charities Aid Foundation, UK Giving Report 2015 <https://www.cafonline.org/about-us/publications/2016-publications/uk-giving-report-2015>

volunteering opportunities are promoted and supported within schools and possibly given equal weighting to work experience placements.

10.8 The Council is working with Goldsmiths University and in May 2016, the London Borough of Lewisham and Goldsmiths University of London signed a Memorandum of Understanding which confirms that the two organisations have a formal agreement to work cooperatively towards a strategic alliance in which the Borough recognises Goldsmiths as its preferred higher educational partner and commits to work together on activities that integrate Goldsmiths:

- As part of the Lewisham community eg volunteering opportunities and working with the assemblies
- As part of the Lewisham skills economy eg supporting young people and adult learners progress to higher education
- Into the work the Council is doing to support the Lewisham economy – business start-ups and supporting innovation

10.9 An example of work that has been taking place over the last six months through this memorandum of understanding includes working with the Creekside project on volunteering opportunities. In addition to this Lewisham Local have been collaborating with Goldsmiths to promote “Giving Tuesday- 29<sup>th</sup> November” amongst the students and local community particularly in the New Cross area.

10.10 Large charities had access to substantial sets of data, which enabled them to target activities to local demographics. The Council might look to carry out further work to provide intelligence and data support for smaller organisations in the sector. Purchasing access to data systems such as MOSAIC had the potential to provide large amounts of data that could be disseminated to voluntary organisations through partnerships.

## **11 Roz Hardie, Lewisham Disability Coalition**

11.1 Roz Hardie from the Lewisham Disability Coalition (LDC) addressed the committee on her experiences of capacity in the voluntary sector and in terms of infrastructure support. The Lewisham Disability Coalition is a charity based in Lewisham and works to promote equality for disabled people and to provide services that support Independent Living.

11.2 Understanding who was falling through the gaps was important and challenging. It was not the role of charities to pick up everything and charities should run alongside well-funded public services.

11.2 The LDC wanted to access a trusted specialist support or a trusted framework for purchasing or trading skills. The sector might look to share support, rather than having to develop specialist skills in each organisation. Organisations were sometimes buying expensive contracts because they were not aware they could get the support free elsewhere.

11.3 Organisations in the sector found that the Council was helpful in providing

technical support. It was recognised however, that this might be problematic if an organisation had an issue with the Council. There was a view that sometimes the Council made it difficult for groups to do things because of the levels of bureaucracy. In addition to this, they felt there appeared to be a worrying trend of large organisations taking up resources. In order to adapt the sector needed consistent support and sometimes additional funding to take the risks to adapt.

- 11.4 The provisions of the Social Value Act (previously discussed in section 8.15 of this report) might help to redress the balance between small and large charities locally. Understanding how this was being implemented locally by Lewisham Council was important and ensuring the aims and objectives tallied with those outlined in the Main Grants Programme to achieve the targeted outcomes and ensure clarity for organisations.
- 11.5 It was important that work carried out at national level to quantify and qualify the work done by and benefits to society of the voluntary sector took into account the local context. It would also be important for benefits to be defined in terms of outcomes and not limited to outputs.
- 11.6 Change did not need to be feared and the current climate offered an opportunity for innovation. Trustees of local charities had a strong leadership role to play in the current climate. To thrive they should look towards the future with optimism and ambition.

## **12 Conclusion**

- 12.1 The report summarises the evidence the Committee have received around developing capacity in the voluntary sector. It draws on evidence from the Council, representatives from voluntary and community sector organisations National studies. The report recognises that the current financial system is particularly challenging for small and medium-sized charities and work can be done to continue to support them but in innovative and cost-effective ways. The Council is adapting and this report and its recommendations can help to ensure that resources are used in the best possible way to support the local community.

## **13 Monitoring and ongoing scrutiny**

- 13.1 The recommendations from the review will be referred for consideration by the Mayor and Cabinet at their meeting on 15th February 2017 and their response reported back to the Safer Stronger Communities Select Committee within two months of the meeting. The Committee will receive a progress update in six months' time in order to monitor the implementation of the review's recommendations.

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