

# “Learning the Lessons”

A snapshot of high performing voluntary and community organisations in South Yorkshire

Report summarising the findings from an exercise commissioned by the Objective 1 Directorate for South Yorkshire

David  
JBurnby  
& Associates

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*“Never doubt that a small group of thoughtful committed citizens can change the world, indeed, it’s the only thing that ever does”*

Margaret Mead

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## Introduction

This report summarises the findings from an exercise commissioned by the Objective 1 Directorate for South Yorkshire which aims to look at the impact that Priority 4, Objective 1 funding has had on the role of the voluntary and community sector within the sustainable communities agenda, and to propose models for the future.

The work has been informed by a short term Task Group that was brought together by the Objective 1 Directorate. The membership of the Task Group appears as Appendix (d) on page 39

### Methodology

The conclusions drawn in this report are based on taped interviews with Chief Officers from a sample of sixteen organisations identified by the Task Group as “High Performing”. The notes of the Task Group meeting that informed the choice of organisations profiled appears as Appendix (b) on page 33

There was no attempt to evaluate the organisations in the sample; that they were “high performing” was treated as read. The interviews were structured to draw out the factors that contribute towards their high performing status and were based on the criteria adopted by the Task Group. The basic interview framework appears as Appendix (c) on page 38, though this evolved significantly to explore and develop other issues that arose.

The report has three broad themes:

- Common high performance factors across the sample
- Key themes and issues
- Conclusions and Recommendations

The author would like to thank the Objective 1 team for their patience, the interviewees for their generous amount of time given to inform this report and the Task Group members for their encouragement, advice and support.

David Burnby  
December 2006

## Summary and Key Observations

### (a) The common high performance factors in a nutshell

**Origins** (page 12): The origins of the profiled organisations can be traced back to a handful of altruistic people with vision responding to dissatisfaction with life conditions or responding to identified gaps in service provision. Most of the organisations were community lead, “bottom up” initiatives developed in partnership with the statutory sector.

**People and Leadership** (page 12): The calibre and skill profile of Chief Officers emerged as the most dominant high performance factor. Chief Officers come from a broad range of backgrounds, most with commercial expertise, and are influenced by life experiences in non professional, frequently political settings. The Chief Officers possess strong leadership and other so called “Soft” skills which are difficult to replicate and assess. Governing bodies, often made up of “head hunted” individuals, tend to fulfil a scrutiny function in established organisations and provide specialist knowledge, experience and influence to complement the Chief Officer’s skill set. Engaging people in the governance of organisations, particularly young people, remains a challenge.

**Integrity of Purpose** (page 17): Focussing on core business and resisting “Mission Drift” is identified as important to success. Exponential growth can lead to instability as activity exceeds capacity to manage, though a certain economy of scale brings advantages.

**Community of Benefit** (page 17): Both community partnerships and service providing organisations talk about clearly defined communities of benefit as being important, either geographic communities, self defined by a sense of place rather than administrative boundaries, or a focus on specific client groups. Size appears to be of less importance than relevance and dangers in diversifying outside of primary communities of benefit are identified.

**Premises** (page 18): A local resource centre is of particular importance as a focal point for community partnerships with the potential not only to generate revenue, but to draw in potential community activists.

**Delivery and Professionalism** (page 18): All the organisations profiled cited ability to deliver as a key high performance factor and felt that their professionalism was a key factor in winning credibility and the respect of partners.

**Networking and Partnership** (page 18): Networking was seen as essential to winning influence and making links with key players, though many smaller organisations lacked the capacity to engage. The lack of a Chief Officer network is observed, and the potential noted. All the organisations profiled are consummate partners and are pragmatic about working with statutory organisations and other stakeholders without compromising their core values.

**Attitude to Risk** (page 19): The ability to respond to situations quickly and take calculated and measured risk is identified as a key high performance factor.

**Marketing and Promotion** (page 20): Allied to professionalism, understanding of the importance of marketing and promotion is very evident, though this is recognised by many of the organisations profiled as a weakness.

## **(b) Key observations (Themes and Issues)**

Part two of the report focuses on issues that arose out of the interviews, almost as a by-product of the core purpose of the exercise. There was remarkable consistency in the observations of the interviewees about the key issues that dominated their thinking space. Many are old themes and well practised arguments. But these are not idle moans; they are core issues on which the future of the South Yorkshire Voluntary and Community Sector depends as seen through the eyes of the some of the highest performing organisations.

Evidenced by the nine community partnerships profiled, the Objective 1 strategy of providing funding against a partnership produced Community Action Plan is a sound model. Fully engaging residents in the process remains a challenge, though the partnerships' contribution towards sustainable communities is significant. In each case, there was the nucleus of a community partnership in place prior to the Objective 1 funding coming on stream and that level of pre-built capacity enabled the partnerships to take the maximum advantage of the funding. The direct service providing organisations profiled naturally welcomed the ability develop further their services thanks to Objective 1 support and can also demonstrate their contribution to building social capital by effectively engaging with the most excluded sections of the South Yorkshire community. Judged by capacity to deliver, and the volume of activity, the high performing organisations create a strong impression of a vibrant and thriving sector, though only one of the 16 organisations profiled considers its funding position stable. Few of the remaining organisations profiled have a viable sustainability strategy; the majority are struggling to find alternative sources of core funding. Those with funding agreements are failing to recover the full costs of the service delivery and only one of the community partnerships profiled has the capacity to engage seriously in public sector procurement. Five of the nine community partnerships have established social enterprises but none are producing anything other than small levels of surplus. The viability of these enterprises once the public subsidy is exhausted is highly questionable.

This is not to undermine what are significant achievements to date and the 16 organisations demonstrate what the sector is capable of achieving when it has the resources to do the job. But it is very clear that the investment made to date has not created a sustainable sector that can survive without continuing core funding. Social Enterprise is to be applauded and encouraged but will not produce anything other than small levels of distributable surplus for the foreseeable future. Successfully tendering in the public procurement arena is an option open to only a handful of larger organisations and there are serious concerns that this could significantly divert voluntary organisations from what they do best and dilute their primary objectives.

Objective 1 funding has enabled the voluntary and community sector to demonstrate the significant contribution it can make towards building sustainable communities. It has matured and grown in experience, knowledge and capacity. It is uniquely placed to develop and support resident engagement through community partnerships and, witnessed by the service providing organisations profiled, can demonstrate outcomes by working exclusively with and on behalf of some of the most excluded members of society. South Yorkshire enjoys a strong voluntary sector infra-structure network that Objective 1 funding has played a major role in developing. Yet unless basic core funding streams can be sustained, the disappearance of social equity invested (see figure 3 on page 29) will erode the value of social capital as the community development function (in the broadest sense) struggles to survive.

## **In summary:**

### **Funding and Sustainability (page 21)**

The need for stable, long term core funding is as pressing as ever to build on what has been achieved so far, and it is becoming increasingly scarce. Though many organisations profiled have a high cash turnover due to significant project activity, few have a significant capital asset base, considered crucial to longer term sustainability.

### **Sustainable Communities (page 22)**

There is considerable evidence of social capital (defined as “the glue that binds communities together”) invested by the profiled organisations in their respective communities. Examples are also given of considerable added value contributed through volunteering, both in the governance of organisations and in service delivery.

### **The Contract Culture (page 23)**

Whilst government emphasis is to move away from grant-aid towards a contract culture, in the apparent assumption that voluntary sector service delivery is intrinsically always a good thing, there is an argument this is not necessarily playing to the strengths of the sector.

### **Full Cost Recovery (page 23)**

It is clear that contracting in the sector is not carried out on the basis of full market competition (except for the very few organisations with the capacity to engage in public sector procurement), but based on a schedule of costs acceptable to the funding body and consequently, consistent with the national experience, full cost recovery is rare. Ironically, the type of activity that encapsulates the sector’s greatest contribution to the sustainable communities agenda is most at risk as it is difficult to market as a commodity and define in contracting terms.

### **Social Enterprise (page 25)**

The notion that Social Enterprise *per se* can cross-subsidise core activity and produce self-sustainable organisations is largely discredited in this analysis. The significant contribution Social Enterprise can make to social and economic regeneration is acknowledged, but it is concluded it is unlikely to be a substitute for core funding and runs the very real danger of diverting the sector away from what it does best.

### **Neighbourhood Management (page 26)**

As a core element of the government’s national Neighbourhood Renewal Strategy, neighbourhood management is identified as an area in which the voluntary sector can make a significant contribution, yet evidence suggests this is not being fully recognised in all parts of the sub-region. Examples of good and less than good practice are profiled. The importance of self-defined neighbourhood boundaries is re-stated.

### **Community Engagement (page 28)**

A particular focus is drawn in on the voluntary and community sector’s unique ability to engage communities independently of statutory sector providers, with particular reference to the community partnerships funded by Objective 1. Consistent with observations elsewhere in the report, it is stressed that community engagement is key to successful neighbourhood planning and service delivery and should be mainstream funded. The parallel between the capitalist business model requiring equity to fund capital investment to deliver profit through successful trading and a social investment model, requiring equity to fund social capital to deliver sustainable communities through successful community engagement, is made (see Figure 3 on page 29). The importance of service

providing and infra-structure support organisations engaging with their respective communities (of benefit) is also stressed.

### **Joint Working (page 30)**

Organisation and governance at the most appropriate level is a theme throughout the report and whilst the importance of smaller, manageable neighbourhoods is stressed as a key component of community engagement, so are the benefits of collaboration and joint working. Examples of joint working are given that demonstrate added value without comprising individual community identities.

## **(c) Conclusions and Recommendations**

1. Identifying and recognising complementary skill sets across organisations is a key strength and processes to formally identify and play to the strengths of these competencies should be encouraged (page 15)
2. Chief Officers are key to the success of high performing voluntary and community organisations though evidence suggests a potential recruitment crisis in the future. An Internship Programme is recommended as a succession strategy to develop the next generation of Chief Officers that could fall within the Academy for Community Leadership's remit. (page 14)
3. Engaging young people in the governance of voluntary organisations is a particular challenge that requires a different mind set and creative approach (page 16)
4. The creation of a South Yorkshire Chief Officer network is suggested as a means of connecting, developing and representing the sector's leaders, in order to increase the sector's impact and efficiency (page 19)
5. In response to the identified lack of marketing expertise within the sector, the establishment of a "marketing resource panel" in partnership with the private sector is suggested (page 20)
6. Caution should be exercised in judging organisations with high levels of project activity supported by time limited funding streams as being robust or sustainable. The capital asset base is a more reliable indicator of sustainability (page 22)
7. Whilst many organisations welcome the ability to demonstrate their effectiveness by meeting contracting outcomes, seeing the voluntary sector exclusively as alternative service providers in a contract culture may not necessarily be playing to their strengths. One size does not fit all and funding regimes need to maintain sufficient flexibility to recognise this (page 23)
8. Statutory bodies need to embrace the principles of full cost recovery in negotiating funding agreements (page 23)
9. Social Enterprises, whilst intrinsically valuable in themselves, will not at the current levels of investment provide sufficient distributable cash surpluses to subsidise voluntary sector core funding needs (page 26)
10. The pressure on voluntary organisations to develop Social Enterprises as an alternative funding stream could threaten their core business and result in loss of focus and direction (page 26)
11. In developing Neighbourhood Management strategies, local authorities need to take full account of what is already in place and in particular, community partnerships that have benefitted from Objective 1 investment. The contribution high performing community partnerships can make towards neighbourhood management objectives should be fully recognised by statutory partners. The capacity built by Objective 1 to

- engage communities in planning and delivering local services needs sustaining which requires a level of core funding support as “Social Equity”(page 27)
12. The Kendray Neighbourhood Management Pathfinder example of funding the neighbourhood community partnership (Laying the Foundations) to engage residents as Champions to monitor neighbourhood agreements provides an excellent model. It plays to the strengths of the sector and appreciates the value of resourcing independent community engagement (see page 28)
  13. A well resourced voluntary and community sector is essential to enable statutory sector partners to meet their community engagement responsibility in developing and delivering the Local Area Agreement (page 28)
  14. Greater co-operation and joint working between voluntary organisations can create economies of scale and add value. The sector cannot afford to have a silo working mentality and needs to be supported in developing more joint working opportunities and solutions. The SOAR community partnership in Sheffield provides a good model (see page 30)

## Preamble and Context

### Key Performance Indicators

An analysis of the organisations profiled appears as figures 1 and 2. A list of the organisations profiled and the representatives interviewed appears as Appendix (a) on page 32

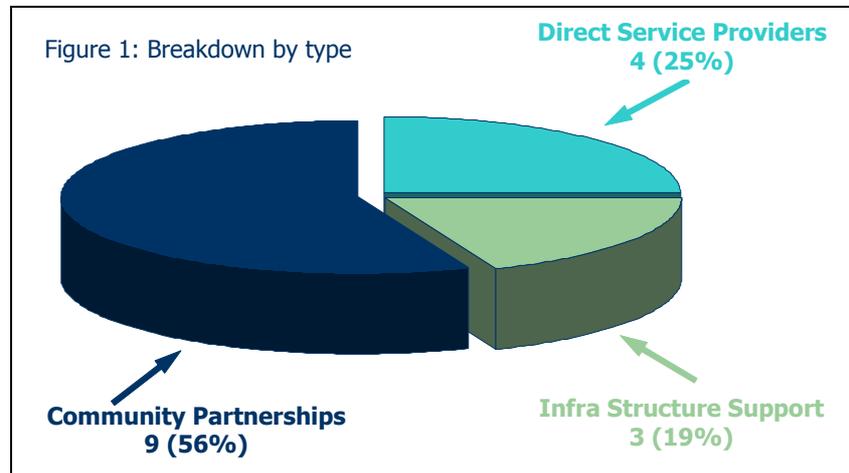


Figure 1

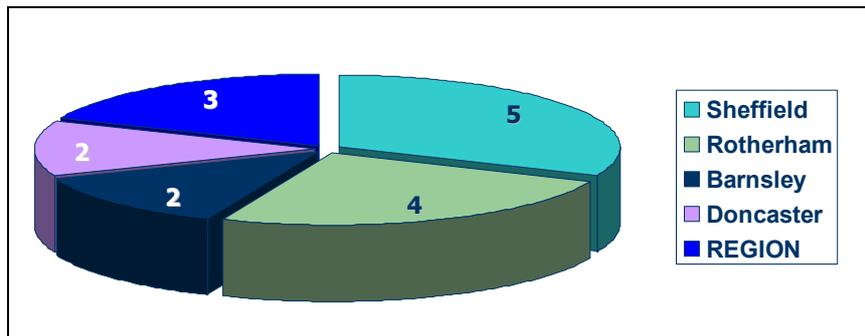


Figure 2

### Profiles

The majority (9 out of 16) of the organisations profiled are community partnerships, being a core element of the Objective 1 Community Economic Development Strategy. Of the nine partnerships profiled, 4 serve communities in Sheffield, 2 serve Barnsley, 2 Rotherham and one Doncaster. All have received Objective 1 funding to resource the writing of a community action plan (CAP) and have subsequently received additional funding to part finance aspects of the delivery of prioritised activities that fall within the Objective 1 criteria. The core business of the partnerships profiled is to engage local residents in the regeneration and renewal of their communities in partnership with local service providers and provide or commission services to address identified priorities. One of the partnerships (SOAR) is an umbrella organisation serving the interests of six community partnerships in the South Owlerton area of Sheffield.

4 organisations profiled are direct service providing agencies:

GROW (Rotherham):	Provides befriending, advocacy, support and training for women
MOVE project (Doncaster):	Youth engagement project to support vulnerable young people
SAVTE (Sheffield):	Recruits and trains volunteers to teach English as an additional language to excluded members of society
YASY (Sheffield):	Providing support and services for young people and resources for affiliated youth organisations

The remaining three organisations profiled are local infra structure support organisations providing services to the voluntary and community sector across South Yorkshire. They are VAS (Voluntary Action Sheffield), SYFAB (the South Yorkshire Funding Advice Bureau) and TfR (Together for Regeneration).

The profiled organisations vary significantly in size with cash turnovers from between £100,000 per annum and £3 million and staffing levels from 4 full time equivalent to over 60. Their range of activities is equally diverse, yet several common factors and key issues emerged which form the basis of this report.

The common factors emerging are explored under the headings of:

- Origins
- People and leadership
- Integrity of purpose
- Community of benefit
- Premises
- Delivery and Professionalism
- Networking and Partnership
- Attitude to risk
- Marketing and Promotion

The key issues emerging (all interlinked) were:

- Funding and Sustainability
- The Contract Culture
- Full Cost Recovery
- Social Enterprise
- Neighbourhood Management
- Community Engagement
- Joint Working

### **The Impact of Objective 1**

Objective 1 funding and in particular, the Priority 4 Community Action Planning initiatives, have made a very significant impact on the organisations interviewed, particularly the smaller community partnerships. In all the partnerships profiled, there was the nucleus of resident engagement in addressing the challenges of the communities served, either expressed through forums of residents and community groups or as a result of development work carried out by local authority community development workers. Objective 1 funding, and the conditions attached to it, provided the structure around which expressions of concern (often very negative and hostile towards statutory providers) could be harnessed constructively around a strategic planning process. The funding provided the means to resource community engagement and deliver services demonstrably

driven by need as opposed to the grant/bid led mentality of previous funding regimes. The community planning process demanded by Objective 1 also proved pivotal to drawing down match funding from other sources, helping organisations to demonstrate genuine need as articulated by residents and create plausible strategies to deliver.

It would be wrong to say that there would not have been resident led neighbourhood renewal in South Yorkshire without Objective 1. It is clear from the sample organisations interviewed however that those organisations in existence pre Objective 1 funding, and involved at some level of community regeneration partnership work, were best able to maximise the funding stream and their capacity has grown significantly as a result.

Objective 1 has presented something of a revenue windfall for the voluntary and community sector in South Yorkshire and those organisations with the necessary skills and experience have been able to utilise the resources to good effect. There is clear evidence of significant capacity building at a neighbourhood level with good outcomes impacting positively on the quality of life. Of the organisations profiled though, only 1 described itself as “secure” and confident of its sustainability. None of the nine community partnerships profiled were confident of being able to support their core activities once Objective 1 funding has expired. Three out of the four direct service providing agencies profiled considered their funding status to be “precarious”. This is explored further under the issues heading of Funding and Sustainability(see page 21).

## Part One: High Performance Factors in Detail

### Origins

Of the nine community partnerships profiled, seven were in existence in some form or other prior to Objective 1 funding coming on stream and in the case of the other two, the Objective 1 CAP (Community Action Planning) process acted as the catalyst to complement basic community development work already started. All are relatively new organisations with their origins beginning in the mid to late 1990s. In every case, origins can be traced down to the altruism and vision of a handful of people, many of whom have stayed with the projects since inception and are still active on the governing body. One interviewee, noting the commitment of founder members said; *“I never cease to be amazed at the altruism of some local people”*. In five out of the nine cases, Council employed Community Development Workers had a key role to play in bringing activists together and providing practical help and support to move them towards self sufficiency. In every case, the engagement of local people at the very early stages appeared to be crucial to the partnerships’ longevity, engendering a strong sense of resident ownership. Partnerships were formed out of local peoples’ concern for issues such as crime and antisocial behaviour, poor physical environment and lack of facilities for young people. The ability of statutory agencies to see residents as partners rather than antagonists and residents to work constructively with agencies were key imperatives to forming partnerships capable of delivering change on the ground.



Spotted on a filing cabinet in the Kendray Community House, Barnsley

The four service providing agencies had very different origins, one (YASY) dating back to the 1930s in its original incarnation as the Sheffield Area Youth Association. In each case, an unmet need was identified by an individual or very small group of people who cared enough to want to work with others to address the gap in provision. Unlike the community partnerships, there was no extensive community consultation or engagement in the early days, but still a strong sense of altruism coupled with social awareness and a drive to effect change and address social injustice.

The infra-structure support organisations developed out of the needs of a burgeoning voluntary and community sector. Voluntary Action Sheffield (VAS), although having its origins back in the 1920s as a social welfare agency, evolved into a voluntary sector infra-structure organisation in the 1970s, largely due to the Urban Programme and the need to formally engage the sector in regeneration planning. South Yorkshire Funding Advice Bureau (SYFAB) was initially a VAS project before becoming an independent agency in the 1980s to help serve the growing sector’s need for funding advice. Together for Regeneration (TfR), as a Church of England project, was originally formed to support church based organisations in the wider regeneration agenda. Objective 1 funding provided the means of extending this support function to community partnerships, broadening its community of benefit outside of the Church.

### People and Leadership

The most compelling observation from the interviews was without doubt the extraordinary nature of the people interviewed. Without exception, they talked about their work and their organisations with such passion it was difficult to see how they could possibly fail. It

is perhaps no surprise that exceptional people are the dominant common denominator in high performing organisations. But trying to pin down just what it is that makes the people who lead them so remarkable is difficult. Suggesting how to replicate it is almost impossible. One Chief Officer remarked; *“When we talk about high performing, it comes down to having the right people in the right place at the right time - and having someone there to spot it”*

The Chief Officers interviewed are almost all aged over 40 years (most over 50) doing something completely different to what they were originally trained for. Many have business or commercial experience. The previous professions of the Chief Officers interviewed include:

- Manager for British Telecom
- Industrial Health and Safety Officer
- Marketing and Export professional (Private Sector)
- Small business owner (retail)
- Chartered Accountant
- NHS manager
- Dental Nurse
- Industrial manager
- Local Authority Councillor
- Research Scientist
- Independent Financial Consultant
- Coal Miner
- Civil Servant

They are driven by passion which is born of life experience and a dogged desire to make a difference. In some cases it derives from political activity or campaigning, in others it is politicisation from higher education or training. Some were motivated by a personal tragedy or life circumstance. All recognised that community organisations that engaged local people could apply pressure which would make things happen. Their success stems from their passion combined with a common sense, pragmatic approach utilising a social conscience with an entrepreneurial flair. And their enthusiasm is infectious. Many are reluctant to wear the mantle of leader and cite the strength of their staff teams or Board members as the key factors. Without doubt, the calibre and commitment of the staff team are important parts of the mix, as is a Board which can add real value. In every case, Chief Officers talked about the stability and calibre of their teams and the low staff turnover, often despite short term contracts in relatively insecure funding environments.

This is the difference between management and leadership. All of the Chief Officers interviewed are leaders. They have a clear vision for their organisations; they can achieve buy-in from their staff teams and motivate them to go the extra mile. They appear universally to adopt a ‘hands-off’, enabling management style and whilst a couple admitted they might suffer from over identification with their staff, all say they are capable of making difficult decisions and most have been involved (albeit reluctantly) in taking staff through some stage of a disciplinary procedure to safeguard the interests of the organisation.

In virtually all the sample organisations, the Leadership and Vision for the organisation emanates from the Chief Officer (as opposed to the governing body), whose calibre is pivotal to the success of the organisation. It appears to be a hallmark of the high performing organisation that the governing body leaves the Chief Officer largely to his or her own devices, only actively intervening in times of crisis. They understand the

difference between Governance and Management and do not make inappropriate interventions in operational matters.

Such reliance on the Chief Officer is potentially something of an Achilles heel, particularly for the smaller organisations with small or even single officer management teams. This was demonstrated by the experience of one organisation profiled that lost significant momentum (and seriously jeopardised its main funding stream) due to a stalled Chief Officer appointment in the early days of its life. Voluntary sector boards are notoriously slow to act in such situations and when there are difficulties with the Chief Officer appointment, it requires strong and decisive leadership at Board level to address the situation.

There is no conventional career route for voluntary sector Chief Officers though it is noticeable how many of them in the sample have worked in a commercial or private sector setting prior to embarking on a career in the voluntary sector. Their motivation appears to come from their personal value base and a passion for their work. Many have the skills and experience to hold down more lucrative private sector jobs, but are motivated by a social conscience and driven by a passion for their work they seem unable to find in any other environment.

It is noticeable how the sector has matured with the opportunities presented by SRB and Objective 1 funding and a quality evident across the sample interviewees is pragmatism and an ability to foster solid partnership relationships with the statutory sector. It's also noticeable how the Chief Officers have matured with the sector; all but one of the Chief Officers interviewed were aged over 40 years and many had their value base informed by political activity such as trade unions, the feminist movement, political parties or public office. One interviewee summed it up by describing an active board member; *"He's a Labourite through and through... he was a miner and went through the strike. They don't need telling, they know how to organise, it's part of what they've done all their lives"*.

The skills that hold the Chief Officers in such good stead are connected with what is increasingly being referred to as "Emotional Intelligence"; i.e. the ability to understand your own emotions and those of people around you.<sup>1</sup> These are often referred to as "Soft" skills as opposed to the "Hard" skills of technical ability and factual knowledge. "Soft" skills or abilities include team building/team work, managing relationships, creativity, problem solving, leadership, coaching, negotiation, communication, attitude, and the ability to adapt to different cultural environments. It is clear from the interviewees that this "nous" was developed in a variety of mostly non-professional settings, was not formally taught and is difficult to assess and quantify.

This begs the question where the next generation of voluntary sector leaders and entrepreneurs will come from with the decline in engagement in public life amongst younger people and the demise of many of the radical institutions that had such an impact on the "Baby Boomer" generation. Because "Soft" skills are about personal and attitudinal development and cannot be taught or evaluated in the same way as "Hard" skills, there needs to be opportunities for younger people interested in voluntary sector management to be exposed to an environment conducive to such development. One approach to this could be creating a Chief Officer apprenticeship or internship programme to enable

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<sup>1</sup> The concept of emotional intelligence, developed by Daniel Goleman, means you have a self-awareness that enables you to recognise feelings and helps you manage your emotions. Source: <http://www.bbc.co.uk/science/hottopics/intelligence/emotional.shtml>

potential senior officers to shadow existing Chief Officers over an extended period to help develop the so-called “soft” skills. This idea came from the personal experience of one interviewee who was introduced to community work from a community worker apprenticeship scheme at that time being run by the local authority. Few if any of the organisations interviewed have the financial resources to subsidise such an apprenticeship, though GROW (based in Rotherham) used a funding stream very creatively to employ a promising part-time trainee to work alongside an experienced part-time worker to help the former gain in confidence and skills. NUCA has recently provided two work placements for graduates from Sheffield Hallam University who were very highly qualified but unable to secure employment in community work due to lack of work experience. Following the successful completion of assignments, and the support as referee of their placement managers, both subsequently found paid employment. NUCA is now working with Sheffield Hallam to develop this experience into a formal internship programme for students and graduates.

For the most part however, the demands on producing short term outputs and the lack of unallocated funding make it difficult to carry less experienced workers in this way. Funding to create a Chief Officer Internship would enable an intern to be paid a basic salary and compensate the host organisation for supervision and training time. Without such a scheme, it is difficult to see where the combination of technical ability, emotional intelligence development and understanding of the voluntary sector will emerge from and how a crisis in sector leadership can be avoided. The Academy for Community Leadership<sup>2</sup> has European Social Fund resources to support training and personal development in the voluntary sector and through its remit to *“Equip individuals (residents, practitioners and professionals) with the skills, knowledge and behaviours to enable them to lead, manage and direct the community regeneration process”* is well placed to facilitate such an Internship programme.

The skill set of a successful Chief Officer is so varied that it is difficult to see how the post can be fulfilled by one individual. Many of the Chief Officers interviewed, particularly in the larger organisations, were clearly strong on the “Soft” skills but admitted their weaknesses on the “Hard”. This was being addressed to a large extent by having a deputy with a contrasting skill set, typically a very strong administrator or financial manager. This combination of Soft and Hard skills makes for a formidable senior staff team in the larger organisations. In the smaller groups, it’s noticeable how this partnership of skills and experience is evident between the Chief Officer and the Chair of the governing body. Being able to identify and recognise complementary skill sets across the organisation is a key strength and processes to formally identify and play to the strengths of these competencies should be encouraged.

In the larger organisations, the governing body (or board) appear to perform primarily a scrutiny function providing “checks and balances” once they have developed trust in the Chief Officer’s judgement. The organisations that seem to get the best out of their boards do not rely wholly on member elections. To a lesser or greater extent, they “head hunt” individuals for their positions of influence or for specialist skills such as human resources or accounting to plug management skill gaps. Organisations that have relied on nominations from member organisations to fill board places suggest that nominees can struggle to be objective. It is easy to forget their fiduciary responsibility to serve the interests of the organisation for which they have been nominated which can be different from the interests of their parent body.

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<sup>2</sup> <http://www.afcl.ac.uk/>

The more powerful Chief Officer personalities interviewed did not deny the significant influence they hold over the shape and direction of their organisations, but were equally clear about the accountability they hold to their governing body. Most spoke of occasions when their boards have rejected ideas from the staff team and interviewees did not give the impression of taking their governing body for granted. Whilst some confessed to a deal of irritation with some board decisions, in the main Chief Officers welcome the role of the board and strive to get the most added value from it. Board members appear to take on more of a leadership or hands-on function in the smaller organisations. In the most extreme case in the sample, the Chair of YASY based in Sheffield acts as the Chief Officer (in a voluntary capacity) as there is insufficient core funding to recruit a paid officer to the post. The Regeneration Manager of DART in Rotherham worked as a full time volunteer for many years in a strong leadership role before accepting a paid position to fill the post in its last 8 months of core funding. The Chief Officers of NUCA and SOAR both started out as voluntary board members before taking up their paid posts.

Engaging individuals in the governance of organisations remains one of the greatest challenges facing both the direct service providing agencies and the community partnerships profiled. As high performing organisations, all recognise the importance of community engagement and respect the importance of their members and governing bodies. All of the organisations profiled talked in one way or another about a small group of “stalwarts”, often founder members or long-standing trustees who provided the initial drive and leadership. Very often, individuals first became involved in the voluntary sector arising out of dissatisfaction with statutory services or a perceived threat to their community. What can be a very destructive energy driven by dissent can be harnessed as a constructive force through partnership and many trustees or activists have become engaged through this route.

Across the sample, but particularly in the smaller organisations, there are many long standing board members. In the case of the Community Partnerships, many of the original founder members have retained their places on the board since its inception. This brings stability and a wealth of experience to the organisation but it does raise the question of succession and the vulnerability of a dependency on such a small group of activists.

Engaging young people in the governance of voluntary and community organisations requires a wholly different approach. Youth Association of South Yorkshire (YASY) has user engagement at the heart of its value base in working with young people. Their experience suggests that any strategy to engage young people in organisational governance requires an understanding that young people function in their own timescale and do not easily relate to concepts like planning cycles, meetings and agendas. Their observations are that young people either won't be taken seriously or, when their ideas are embraced, will find them ground into lengthy bureaucratic processes. Timeframes are therefore critical in understanding how young people operate and to be realistic, any engagement process needs to take this on board. The Chair of YASY holds the view that providing allocated places on governing bodies for young people as a sole means of engaging them is *“missing the point of young people. [It is] their ability to react, to create, to work without structure, to take risks without even knowing they're taking risks and to be in the moment. ... that is a far more valuable contribution to [an] organisation than someone sitting on a management committee and turning up regularly”*

In summary therefore, exceptional people are at the heart of exceptional organisations. The organisations profiled have their origins with a handful of exceptional people who, as founder members, had the vision and steered the organisation in its early years. They would be motivated by frustration with their life conditions or by altruism and a desire for social justice. The appointment of the Chief Officer, who will seldom come from a

voluntary sector background (though will probably have experience in campaigning or political organisation) and will most likely have commercial experience, will be crucial. That person's ability will be pivotal to the organisation's success and once trust is established, will be largely left by the governing body to get on with the job. The Chief Officer will not however take the governing body for granted and will value their specialist expertise and experience and play to its strengths.

### **Integrity of Purpose**

All of the organisations in the sample spoke about the need to remain focussed on their core business and recognise the dangers of "Mission Drift", chasing sources of finance rather than being driven by core aims and expressed needs.

Growing too big is not *per se* a barrier to high performance. In fact, size brings with it economies of scale and a critical mass that contribute significantly towards sustainability. However, when the rate of growth exceeds the capacity to manage, this leads to instability. There is evidence that, fuelled by Objective 1, some organisations have grown too big, too quickly. This has created organisations top heavy with project activity without the necessary management or infrastructure capacity to underpin the level of activity. There is little doubt that in many cases projects have been well delivered and communities have benefited, but some organisations are beginning to lean under pressure and become unstable (some have already collapsed) as the foundations fail to cope.

By contrast, Kendray Laying the Foundations (KLtF) in Barnsley started life as a sub group of the Kendray and Worsbrough Community Partnership which drew down Objective 1 funding on behalf of the sub group and enabled local residents in partnership with service providers to deliver simple contracts. As confidence and capacity grew, KLtF incorporated as an independent charity and, in the words of its current co-ordinator, "*grew slowly, but competently*".

South Yorkshire Funding Advice Bureau (SYFAB) considers its integrity of purpose crucial to success. Its mission is clear and it has resisted any temptation to operate outside of its core purpose, i.e. to provide information on funding opportunities. This enables the organisation to remain focussed, be clear to third parties about its core function and more easily quantify its success.

In the past, VAS diverted from its strategic aims in the pursuit of funding streams peripheral to its core purpose. On reflection, VAS recognised this potentially damaged its longer term sustainability by jeopardising its ability to deliver on outcomes for the voluntary sector. It is now more disciplined about its strategic aims and focuses entirely on outcomes for the local voluntary sector rather than a series of projects.

### **Community of Benefit**

Closely allied to integrity of purpose as a key high performance factor, is a readily identifiable community of benefit. This is particularly true of the community partnerships and the geographical areas they serve. Their communities are not necessarily defined by artificial boundaries (such as municipal wards) but by neighbourhoods with a genuine sense of community identity (described by one partnership manager as "*fuzzy boundaries*"). Examples were given by interviewees of how early partnerships struggled by working with imposed boundaries. For example, an attempt to form the two communities of Longley and Longley Hall Farm in Sheffield into a single partnership was resisted due to residents' strong sense of community identity with their respective neighbourhoods. Similarly, the Langley and Darnall partnership initially floundered before residents, identifying with their respective neighbourhoods, broke into two discreet neighbourhood groups.

Does size matter? The nine community partnerships profiled vary in size of populations served from between 2,500 and 12,000 people (SOAR is a partnership of six other community partnerships and serves a total population of 50,000) In the partnerships profiled, partnership managers stress the importance of self defined boundaries and strong community identity as key factors in their success and consider the relatively small populations served (on average 6,200) as easier to manage in terms of engaging communities and identifying and responding to key priorities. That said, the two single community partnerships profiled serving the largest populations (Cudworth & West Green in Barnsley and NUCA in Sheffield) also had the highest cash turnovers and the broadest range of activities which suggests they benefit from a certain economy of scale. The lesson seems to be that a community of benefit that engenders a strong sense of place within the populations served is more important than size itself.

Identifiable communities of benefit are equally important to the service providing agencies profiled. The 4 direct service providers and 3 infra-structure support organisations interviewed each consider that their clear sense of target community (of benefit) is a key indicator in their high performing status. Whilst funding pressures create a temptation to diversify outside of those communities, interviewees recognise the danger in watering down their primary aims and diverting attention away from what they do best.

### **Premises**

The community partnerships profiled placed significant importance on the need for a central neighbourhood resource centre. This was partly about the need to accumulate capital assets as described elsewhere in this report, but also to provide a very evident focal point as a symbol of the partnership's presence in the community. The community base enables a range of activities to be carried out that not only provide a revenue stream, but also help address the perennial challenge of community engagement. Tinsley Forum, for example, runs a Learn Direct centre from its neighbourhood base at Bawtry Road, Sheffield. The centre also hosts various training courses provided by Sheffield College, Workers Education Association (WEA), and the Adult Community Learning Unit. It has a Job Net on site offering employment advice and a welfare rights advice unit, all of which bring people through the doors that can potentially become active in the Forum.

### **Delivery and Professionalism**

Interviewees were invited to speculate on why they thought the "Learning the Lessons" Task Group identified their organisations as high performing. In every case, 'ability to deliver' and allied to that, 'professionalism' featured highly in the responses. One interviewee summed it up: "*We do the business*". Professionalism, encompassing such things as getting financial returns and monitoring reports in on time, attending meetings punctually and producing high quality marketing and publicity materials all contributed towards building credibility with partners. Other factors including rigorous monitoring and accounting systems, use of baseline data, performance management principles and robust strategic planning were symptoms of their high performing delivery status.

### **Networking and Partnership**

All of the interviewees questioned recognised the importance of networking and keeping up a profile within key partnerships and forums, locally, regionally and nationally. Many were involved at different levels of their Local Strategic Partnerships (LSP), others in the local Community Empowerment Network (the interface between the voluntary sector and the LSP). Chief Officers in some of the smaller organisations, particularly the direct service providers, recognise the need for networking but lack the capacity to engage. In one case, the Chief Officer of a smaller organisation spoke about encouraging and supporting members from the governing body to engage with networks and appropriate outside bodies as a means of utilising the organisations' resources more effectively.

Another described networking opportunities as “*essential to making links with key players - I couldn't do the job without it*”. A third observed; “*It's important to be able to play the long game, networking, keeping your ear to the ground, being able to influence people when it really matters*”

Surprisingly, there was no evidence of a South Yorkshire wide network of voluntary sector Chief Officers though some informal networking has taken place from time to time. Given the fundamental contribution Chief Officers have in the success or otherwise of voluntary organisations, it is suggested a trick is being missed not harnessing the potential peer group support a Chief Officer network could bring, either at a district or sub regional level. A local Chief Officer network could borrow from the ethos of the London based Association Of Chief Executives of Voluntary Organisations<sup>3</sup> (acevo) whose stated mission is “*to connect, develop and represent the sector's leaders, in order to increase the sector's impact and efficiency*”. SYOF (the South Yorkshire Open Forum) has expressed an interest in developing such a network to cover the sub region, subject to discussion with the four Councils for Voluntary Service and a mandate from the sector that such a Network is wanted and could be sustained.

Right across the sample, partnership is a recurring theme. The high performing organisations, by fostering good working relationships with statutory providers, demonstrate what they can bring to the regeneration and renewal table and win the confidence of partners. This requires a deal of pragmatism but does not mean a wholesale abandonment of core values which remain a key driver for the sector. The high performing organisations win respect by criticising constructively where necessary but rather than throwing brickbats, work to find joint solutions to mutual challenges. This requires strong inter-personal skills and the ability to communicate with a broad range of people to win trust and respect.

### **Attitude to Risk**

All the interviewees spoke of the necessity for a degree of risk taking in running a successful organisation, though none could be described as purely speculative. Ultimately, it is the board that carries financial liability, though most, as company directors as well as charity trustees, are protected by limited liability. One of only three of the 16 organisations profiled that is not an incorporated organisation recognised that lack of limited liability had been a major barrier to retaining governing members. This became a particular issue as the organisation expanded and its potential liabilities increased.

Chief Officers were clear that their respective governing bodies would not sanction any wildly speculative proposals and felt that by and large, their members were very effective scrutineers and measured in their willingness to take risk, commensurate with their status as (in most cases) charity trustees. Nevertheless, ability and willingness to take measured risk is a feature of high performing voluntary organisations which gives them a clear advantage over statutory authorities in terms of being able to respond quickly to opportunities. Of all the interviewees, Voluntary Action Sheffield has demonstrated the greatest financial level of risk by borrowing money at market rates to part finance a purpose built office base and resource centre in Sheffield town centre. By taking a carefully calculated and measured risk, the VAS trustees may well be securing the future of the organisation for many years to come and are providing an excellent resource for the sector. By the Chief Officer's admission however, if they get it wrong, “*it could sink the organisation*”. This is the order of difficult decision making Trustees are faced with in order to survive in an increasingly challenging and competitive funding environment.

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<sup>3</sup> <http://www.acevo.org.uk>

The MOVE project by comparison, a smaller unincorporated organisation, cannot afford to take financial risk but takes measured risks with its client group (for example, by involving them in go kart racing) outside of the boundaries that statutory organisations would be able to operate in, and can offer a more flexible and arguably effective service better suited to its client needs as a result. Another interviewee, in the context of risk taking, remarked “*We’ve got bottle*” and said they would not shy away from difficult decisions and would act quickly to seize opportunities.

### **Marketing and Promotion**

The high performing organisations in the sample recognise the importance of marketing and promotion and the need to present a professional image to partners and the outside world. There is an argument that says when using public money, printed materials should be basic and not ‘glossy’. Whilst all of the sample organisations are extremely careful with expenditure, it is noticeable that in almost every case, printed materials are professionally produced and often printed in full colour. GROW, in Rotherham, took the decision last year (2005) to produce a full colour annual report for the first time and received very positive feedback not only from recipients, but also from staff whose morale was boosted by being associated with a good quality product.

Many of the sample organisations identified marketing and promotion as a weakness, due largely to lack of skills and the difficulty in resourcing it. All were clear about its importance however, despite seeing it as a weakness in the sector as a whole. One Chief Officer remarked “*...are you not worth something that looks professional? All the world revolves around marketing, it’s important to get it right so people take us seriously*”

Given the lack of marketing expertise within the sector, and the lack of funding to resource it, a response could be to test the feasibility and demand for a ‘marketing resource panel’ in partnership with the private sector. This could consist of a panel of established marketing professionals who undertook to provide an agreed number of hours consultancy on a *pro bono* basis as a means of stretching their skill base by gaining understanding of a sector they probably have very little experience of. It’s potentially a “win-win” arrangement with the possibility of the panel member’s firm gaining a fee paying client once their worth had been proven.

## Part Two: Themes and Issues

Arising out of the interviews, a number of themes and issues emerged which form an important agenda in assessing the voluntary and community sector's contribution towards sustainable communities. None of these themes are new, many are well rehearsed, but are worthy of re-exploration not least to address what a Task Group member described as "Institutionalised Memory Loss". This can be defined as "a collective failure to address a series of pervasive issues which form barriers to realising the full potential of the voluntary and community sector".

### Funding and Sustainability

Much of the conversation with the profiled organisations centred on funding issues and in particular, how to maintain service provision once the cycle of SRB and Objective 1 streams have expired. Many of the issues explored in this report were addressed in a report "Options for Sustainability"<sup>4</sup> published by the South Yorkshire Coalfield Partnership in 2004 which presented "a menu of seven options towards sustainability" voluntary and community groups could consider. The report outlines the principles behind each option, 'good practice' case studies, capacity and skills requirements, the pros and cons and related issues. It is a useful source of reference providing additional information to supplement some of the themes explored in this report.

When addressing funding issues in this report, a glossary of terms is used which are defined below:

#### GLOSSARY OF FUNDING TERMS

**Grant Aid:** Funding provided in support and furtherance of the organisation's (usually charitable) objectives. The Grant has the legal status of a donation and is not conditional upon specified outputs though under Charity Law, money given for a specific activity must demonstrably be used for that purpose (known as "restricted" funds)

**Core Funding:** The basic organisational infra-structure funding (not directly project related) needed for an organisation to survive and support project activity or service delivery which will typically include Chief Officer and administrative support salaries and other costs including development work, training, governance, accountancy, insurance, premises overhead etc.

**Funding or Service Level Agreement (SLA):** Often referred to as a contract, though the extent to which SLAs are enforceable in law is questionable. The SLA is drawn up when a funding body provides finance conditional on the delivery of a specified set of outputs and/or outcomes. The agreement will often specify conditions on eligible expenditure including staffing levels and remuneration and will usually lay out quality standards and monitoring requirements

**Procurement:** The process of competitive tendering for a legally binding contract for the delivery of services

**Social Enterprise:** A social enterprise is 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.<sup>5</sup>

<sup>4</sup> "Options for Sustainability" published July 2004 by the South Yorkshire Coalfield Community Development Steering Group, available via [http://www.sycp.org.uk/news/news\\_frameset.htm](http://www.sycp.org.uk/news/news_frameset.htm)

<sup>5</sup> From "Social Enterprise: A Strategy for Success" published by the Department of Trade and Industry July 2002. There is as yet no legal definition for a social enterprise

The organisations profiled that are most confident of their future sustainability are those with a significant capital asset base, usually in the form of premises, which can generate a revenue stream. These organisations are not reliant on a single source of funding and generate income through running projects and selling services in addition to benefiting from a range of statutory grants and charitable trusts.

Caution should be exercised in viewing an organisation as high performing based purely on its ability to deliver on significant numbers of contracts if sustainability is a key indicator defining high performance. It has been suggested that the opportunity offered the VCS by relatively large amounts of SRB and Objective 1 funding in South Yorkshire and the high level of delivery activity create the illusion of a thriving sector. Many high turnover organisations without a capital asset base are seriously concerned about their ability to survive post Objective 1 and consider their current financial base as fragile, often with little or no financial reserves. Amongst the organisations profiled, there is significant dependency on just three sources of funding: Objective 1, SRB and The Big Lottery, all time limited funding sources.

The need for stable, long term core funding is as pressing as ever to build on what has been achieved so far, and it is becoming increasingly scarce.

### **Sustainable Communities**

All of the Chief Officers interviewed are clear that, as voluntary sector organisations, they are able to make a unique contribution towards the sustainable community agenda, largely through their direct contribution to building 'social capital' (or, in the case of infrastructure support organisations, by sector development and support). 'Social capital' is defined as the glue that binds communities together and is a vital element of the neighbourhood renewal mix to complement financial capital investment. Examples of Social Capital given by the profiled organisations and their contributions towards sustainable communities include:

- Enabling residents at a neighbourhood level to have a voice in planning and service delivery
- Ability to engage volunteers in a broad range of community activities
- Ability to lever in charitable funding not accessible outside of the sector
- Helping neighbourhoods to be safer places for young people
- Helping older people to pursue options which enable independent living
- Teaching English in learner's homes helping to integrate people who do not have English as a first language and broadening cultural awareness
- Diverting young people from anti-social behaviour and drug misuse
- Providing lifelong learning opportunities to people outside mainstream education
- Developing and managing community facilities in response to identified need
- Helping and supporting women to make informed choices
- Advising residents on welfare rights and employment opportunities
- Enabling voluntary and community organisations to become more financially stable

Whilst all the organisations profiled are governed by boards or committees of volunteers, not all use volunteers as part of their service delivery. Several examples of how volunteers do add value to service provision however emerged from the organisations profiled:

- The renovation of Dinnington Community Centre (Rotherham), purchased by Dinnington Area Regeneration Trust (DART) in a poor state of repair and renovated almost entirely by voluntary labour. This has given DART a revenue generation stream and provided Dinnington with an important community facility.

- In the case of YASY in Sheffield and DART in Rotherham, volunteer board members have taken full time management roles in the absence of paid workers.
- The Sheffield Association for the Voluntary Teaching of English (SAVTE) has a cohort of over 40 voluntary workers teaching English on a one-to-one basis in learner's homes, helping integrate people for whom lack language is a significant barrier to community integration.
- Community champions in Kendray (Barnsley) monitor the effectiveness of local neighbourhood agreements and act as a bridge between the local community and service providing agencies
- Treeton Community Partnership (Rotherham) calculated that volunteer input in the first two years of its life equated to a cash value of £43,000

### The Contract Culture

Successive governments have encouraged movement away from grant aiding voluntary organisations in support of their charitable objects to contracting to deliver against defined outputs. The sample organisations have embraced this shift into the contract culture and most have negotiated service level agreements or contracts with statutory bodies of one kind or another. Arguably, this is a strength in that it demonstrates their ability to deliver by creating a framework in which success can be measured. Interviewees said they felt their ability to evidence delivery against contracted outputs was integral to their reputations as “high performing”.

In the context of the contracting and procuring agenda, one interviewee commented on what appears to be the government's assumption that in general terms, the voluntary and community sector is best placed to deliver public services. The reality is that this is far too great a generalisation. The sector is not a homogenous entity, but in fact a mosaic of many different facets, each with their own particular strengths (and weaknesses).

It is suggested that the way to get the best value out of the sector is to recognise and play to the strengths which might be as advocate, partner, critical friend or as a catalyst for innovation and change; not necessarily as a service provider. This might mean that a traditional grant giving relationship is the most appropriate and effective means of maximising an organisation's contribution which will not necessarily manifest itself as series of easily defined contract outputs. One size does not fit all and funding regimes need to maintain sufficient flexibility to recognise this.

### Full Cost Recovery

As part of the 2002 Comprehensive Spending Assessment, in a cross cutting review of the role of the voluntary and community sector in service delivery<sup>6</sup>, HM Treasury recommended; *“that it is legitimate for service providers to factor in the relevant element of overhead costs into their cost estimates for services delivered under contract”* This principle is embraced within the National Compact Guidelines between Government and the Voluntary Sector, which state that Government will *“recognise it is legitimate for voluntary and community organisations to include the relevant element of overhead costs in their estimates for providing a particular service”*<sup>7</sup> It is apparent however that for the most part, contracts are little more than formalised grant agreements. Only a handful of very well resourced organisations have the capacity to engage in larger scale public sector procurement (only one of the organisations in the sample is currently engaged in public procurement). Judging by the experience of the organisations profiled, contracting means

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<sup>6</sup> [http://www.hm-treasury.gov.uk/spending\\_review/spend\\_ccr/spend\\_ccr\\_voluntary/ccr\\_voluntary\\_report.cfm](http://www.hm-treasury.gov.uk/spending_review/spend_ccr/spend_ccr_voluntary/ccr_voluntary_report.cfm)

<sup>7</sup> [www.thecompact.org.uk](http://www.thecompact.org.uk) “Funding and Procurement Code” (published 2005)

haggling over what costs are considered by the funding body as eligible for financial support and interviewees suggest this invariably falls well short of full cost recovery.

There was criticism that SRB and Objective 1 funding streams in particular have not enabled the factoring in of relevant elements of core costs into services delivered under contracts. For example, one organisation said it was not possible to recover auditing fees against an SRB funded project. Another, whose staff work in potentially traumatic situations, is unable to recover external counselling costs regarded as an essential part of the service delivery. One organisation said that a funder would ‘almost arbitrarily’ decide on what management overhead costs were eligible for inclusion and would not, for example, contribute to the cost of administering and servicing the governing body.

This is consistent with the findings of the latest Development Trust Association survey (September 2006)<sup>8</sup> that concluded more than half of member associations which earn income through delivering services for public sector bodies fail to recover the full cost of delivery. Similarly, a survey carried out by Coin Street Community Builders in 2005<sup>9</sup> found that 39% of development trusts that are being paid by a public sector body to provide services said that they “never” make a surplus on such services. The survey surmised this could be as much about failure on behalf of social enterprises to measure their full costs as it is the fault of statutory bodies searching for the cheapest option.

Increasingly, voluntary and community organisations are expected to operate in a business culture yet the customer (the body supplying the funding) does not purchase services based on *price*, but on *cost* and in most cases, many costs related to the service are considered ineligible. Examples of core costs which interviewees cited as being difficult to recover include:

- Management and supervision
- Training and networking
- Staff development
- Governance costs (servicing the governing body, trustee training and support etc.)
- Gap funding (when costs are incurred before funding can be drawn down)
- Development costs
- Non recoverable VAT
- Overhead including premises costs, repairs and renewals, professional fees etc.
- Surplus to fund reserves
- Financial auditing, monitoring and evaluation
- Expenditure not directly related to measurable outputs

This is not an exhaustive list, but indicative of the type of core costs organisations will have to recover through contracts in order to be fully sustainable and meet their charitable objects. Registered charities, for example, are obliged by the Charity Commission to maintain a “prudent” level of cash reserves which can only be achieved by generating a surplus over and above the cost of providing services.

All the interviewees understood and talked about the need for long term strategic planning and reducing their reliance on grant based funding. In reality though, most are fire fighting and clutching at short term project funding to preserve core activity and jobs. Unlike an open market situation, demand for service (which in most cases is clearly demonstrable) does not mean an increase in revenue as the users of services (often the most vulnerable people in society), are not the purchasers. Purchasers will almost

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<sup>8</sup> Regeneration & Renewal Magazine - 15 September 2006 (p20)

<sup>9</sup> *ibid*

inevitably be statutory sector providers with limited spending power that, in a cost conscious environment, will naturally look to buy at the lowest possible price. Whilst many voluntary organisations would like to increase earned revenue through trading and enterprise, few are in a position to do so due to lack of capital, capacity and/or opportunity. The net result is that the activities which encapsulate the voluntary and community sector's unique contribution to the sustainable communities agenda are at the most risk. This is particularly true of community development activity (in the broadest sense) which is difficult to market as a saleable commodity and challenging to define in terms of contract outcomes. This is true both for the community action partnerships interviewed and for the direct service providers.

Statutory sector funders need to recognise that the voluntary sector's value stretches beyond simple service delivery outputs to a unique relationship with communities and service users made possible by their non-statutory status. This was recognised as early as 1948 when William Beveridge declared:

*"...In a totalitarian society all action outside the citizen's home, and it may be much that goes on there, is directed or controlled by the State. By contrast, vigour and abundance of Voluntary Action outside one's home, individually and in association with other citizens, for bettering one's own life and that of one's fellows, are the distinguishing marks of a free society. They have been outstanding features of British life."<sup>10</sup>*

Sixty years on, these "distinguishing marks of a free society" seem more precious than ever and require a continuing leap of faith to ensure that the funding to maintain this "outstanding feature of British life" is, at the very least, adequate. Embracing the principle of full cost recovery is at the heart of this.

### **Social Enterprise**

As core funding streams evaporate, social enterprise has been muted as a means of creating self sufficiency and funding through profits the type of core costs that do not necessarily fit into contract outputs, (despite being key contributors to social capital and building sustainable communities). Of all the organisations profiled running social enterprises, only a negligible amount of distributable surplus is being applied to broader charitable objects. Small wonder then that this is a premise on which interviewees expressed extreme scepticism.

Social enterprises aim to provide social benefit through their trading operations. Invariably, this means operating in markets with smaller profit margins requiring a larger turnover to generate any significant surplus. This is not to say that social enterprises are not worthwhile. They can develop new skills and opportunities, provide local employment and plug gaps in service provision. But there is very little evidence from the sample of high performing organisations that social enterprise will produce anything other than very small distributable surpluses.

It was clear from the interviews that there are misunderstandings around the difference between surplus (profit) and *distributable* surplus (dividend). Any trading enterprise needs to re-invest significant amounts of operating profit in order to safeguard its future. In the capitalist model, capital is invested in a business in exchange for shares. If the company makes a profit, having regard for the long term future of the enterprise, the Directors may

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<sup>10</sup> William Beveridge, *Voluntary Action: A Report on Methods of Social Advance*, Allen and Unwin, 1948

choose to allocate some of the profits as a Dividend to shareholders retaining the rest to expand the business or help fund its cash requirements. In order to compare the amount of dividend paid to shareholders, a formula known as the “dividend yield” is used. In August 2005, the average dividend yield for a UK company listed on the Stock Exchange was around 3%.<sup>11</sup> This suggests that for every £1 invested, the income return in the form of share dividend would be 3p. This is of course in addition to any increase in the capital value of the shares (depending on market conditions) which would be realised once the shares are sold.

A social enterprise also needs to decide on how much profit to retain and how much to release as a dividend. The average UK dividend yield suggests that a social enterprise would require a capital investment of approximately £4.5 million in order to generate an income of £140,000 per annum, the average core revenue budget of the community partnerships profiled. And this assumes that the entrepreneurial and business management skills are in place, and the enterprise will perform as profitably as the average UK company listed on the stock exchange. Given that the organisations profiled operate in the some of the poorest communities in the UK, offering services which people generally cannot afford to buy, then there has to be a big question mark around the ability to generate this level of surplus. So whilst social enterprise has the potential to add value by providing services more relevant to local people’s needs and retaining wealth within deprived communities, it’s capacity to generate distributable surplus to subsidise core community development activity is severely limited.

Voluntary Action Sheffield has acquired a significant capital asset in the form of a new city centre building, though it is estimated it will not realise any income for at least ten years due to the need to service a bank loan used to finance part of the project. In the long term however, the revenue earning potential of the building once it is paid off could greatly increase the organisation’s flexibility in terms of delivering its core functions.

NUCA is able to generate some revenue from leasing shop units at its Upperthorpe Road premises in Sheffield and is an equal partner in Upperthorpe Healthy Living Centre Trust alongside the Sheffield Primary Care NHS Trust and the Local Authority. Despite a significant turnover however, it has been a struggle to make the centre profitable and it is for the first time realising a small operating surplus this year (2006).

Interviewees expressed concern that looking to trading activity to supplement their core costs presents a significant distraction from their primary business and has the potential to distort their charitable objectives. One Community Partnership Chief Officer said *“if we were to diversify and look at being a social enterprise, and look at perhaps channelling money into some venture.... we’d stop doing the good work that we’re doing, and we’d lose focus and direction because of the energies that we’d have to put into delivering that social enterprise”*. In short, the danger of throwing out the baby with the bath water is very real.

### **Neighbourhood Management**

The Community Action Planning process, central to the Objective One Community Economic Development Strategy, was developed in recognition of the need to empower local communities to take the lead in community regeneration from the bottom up. This approach is fundamental to the delivery of the National Neighbourhood Renewal Strategy, encapsulated in the foreword to the Government’s policy paper “Why Neighbourhoods Matter:

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<sup>11</sup> Source “The Motley Fool” (Independent Financial Comparison) [www.fool.co.uk](http://www.fool.co.uk)

*“We believe that by action at the neighbourhood level people everywhere can make a significant difference to the quality of our country’s public services. In this way, local people can play their part in creating sustainable communities where it is good to live and work”<sup>12</sup>*

The Local Government White Paper, published in October 2006, advances the agenda by promising *“a stronger legal framework to require local authorities and other best value authorities to secure the participation of local citizens and communities”<sup>13</sup>*

The ability to effectively engage communities to work in partnership with service providing agencies at a neighbourhood level is a prerequisite to Neighbourhood Management, identified by the Policy Action Team 4 report<sup>14</sup> as *“the compelling model”* to achieve *“neighbourhood solutions to neighbourhood problems”*.

The four South Yorkshire District Councils are embracing Neighbourhood Management to a lesser or greater extent, yet the experience of co-operation between local neighbourhood management teams and the high performing community partnerships appears to be mixed, even within the same districts. In two cases, interviewees spoke about council neighbourhood teams being set up in communities served by established community partnerships with little or no contact being made. Neighbourhood Management has the potential to enhance the capacity building and development work carried out to date by the Objective 1 funded community action planning process. This potential is not always fully recognised across the region however.

The importance of community boundaries that residents relate to is identified as a key success factor for the high performing community partnerships profiled (see page 17). Such boundaries will, for example, be determined by natural features, main roads and housing estates as well as cultural and historic factors. They seldom match the administrative boundaries on which statutory agencies tend to base their operations. In terms of building on the capacity of the Community Action Planning process to date, and learning the lessons of the importance of effective community engagement, it is clearly important that neighbourhood management strategies take account of what is already in place.

Two examples of where the potential has been recognised emerged from the research. Sheffield City Council is one of fifteen authorities nationally involved in the Young Foundation “Transforming Neighbourhoods” Pilot<sup>15</sup> which aims to learn from practical projects supporting community empowerment and improving neighbourhood working. In looking to develop a coherent policy on Neighbourhood Management, Sheffield is developing five different neighbourhood governance models, working closely with existing Community Partnerships. It recognises that there would not be the capacity to test these models without the Objective 1 investment. Sheffield Council successfully lobbied Yorkshire Forward (the Regional Development Agency) to lever in Investment Planning funding of £7 million over three years to build on investment in the sector to date, channelling resources through nine key infra structure organisations (the “G9” group).

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<sup>12</sup> Citizen Engagement and Public Services: Why Neighbourhoods Matter published by the Office of the Deputy Prime Minister, 2005 (Foreword by Rt Hon John Prescott MP Deputy Prime Minister and Rt Hon Charles Clarke MP First Secretary of State Secretary of State for the Home Department)

<sup>13</sup> Strong and prosperous communities: The Government White Paper published by the Department of Communities and Local Government, October 2006 (Executive Summary)

<sup>14</sup> Report of Policy Action Team 4: Neighbourhood management (Published by the Department of the Environment, Transport and the Regions, April 2000)

<sup>15</sup> <http://www.youngfoundation.org.uk/index.php?cat=61>

In Barnsley, Kendray Laying the Foundations has worked with the local Neighbourhood Management Team (the Kendray Initiative - one of 35 Neighbourhood Management Pathfinder pilots) to develop neighbourhood level agreements under themed headings that tie in to Barnsley's Local Area Agreement. These have been informed by residents and clarify both their entitlement and their responsibilities. The agreements include a neighbourhood monitoring framework which engage nominated residents (known as community champions) to monitor service provision, highlight deficiencies and suggest improvements. The pathfinder team recognises how well Laying the Foundations is placed to deliver on community engagement as a non-statutory, independent partnership without a service provider axe to grind. It has therefore developed a service level agreement with Laying the Foundations, effectively buying community engagement services in recognition of its fundamental importance to the delivery of the Pathfinder's core objectives.

Experience elsewhere in Barnsley is not so positive however. Cudworth and West Green Partnership is critical of Barnsley Metropolitan Council's approach to neighbourhood planning which is based on its nine Area Forums. The Partnership Chief Executive's view is that much of the capacity building work done by the partnership to date is being ignored and that local resident involvement in, for example, the Community Strategy for Barnsley, has been limited. The Partnership feels that the Council is failing to engage constructively at a neighbourhood level as part of its obligation under the Local Area Agreement guidelines, and is failing to appreciate how well the community partnerships are placed to carry out this function.

### **Community Engagement**

Community empowerment is a mandatory outcome within the current Safer and Stronger Communities block of the Local Area Agreement (LAA) outcome framework. The outcome is defined as *"Empower local people to have a greater choice and influence over local decision making and a greater role in public service delivery"*<sup>16</sup> and will be measured by (amongst other things) the percentage of residents who feel they can influence decisions affecting their local area. The ODPM stated *"The expectation is that successful LAAs will ensure the involvement of relevant stakeholders including in particular the Voluntary and Community Sector and local people themselves in helping to identify, shape and deliver local services"*<sup>17</sup> Whilst there is much progress locally and nationally on outcomes indicating *safer* communities, there is still much to be done to create *stronger* communities.

Much is spoken about Social Capital and all the high performing organisations profiled can demonstrate their contribution (see examples on page 22). Running parallel to the business model comparison made in the "Social Enterprise" paragraphs is the need to embrace the concept of Social Equity. In the business model, equity (in the form of shares purchased by shareholders) finances capital investment (in premises, plant and machinery etc.) to produce profits out of successful trading activity. This increases the capital value (by re-investing profits) and produces dividend payments to shareholders as a return on the capital invested.

In the social investment model, equity (in the form of core funding from service providing agencies) finances Social Capital to produce profit (in the form of sustainable communities) out of successful community engagement. This increases the social capital and produces a dividend payment to service providing agencies in the form of better

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<sup>16</sup> "Local Area Agreements, Guidance for Round Three" published by ODPM 31st March 2006

<sup>17</sup> Local Area Agreement Advice Note, ODPM June 2005

service delivery as a return on the core funding invested. This is illustrated graphically in Figure 3 on page 29

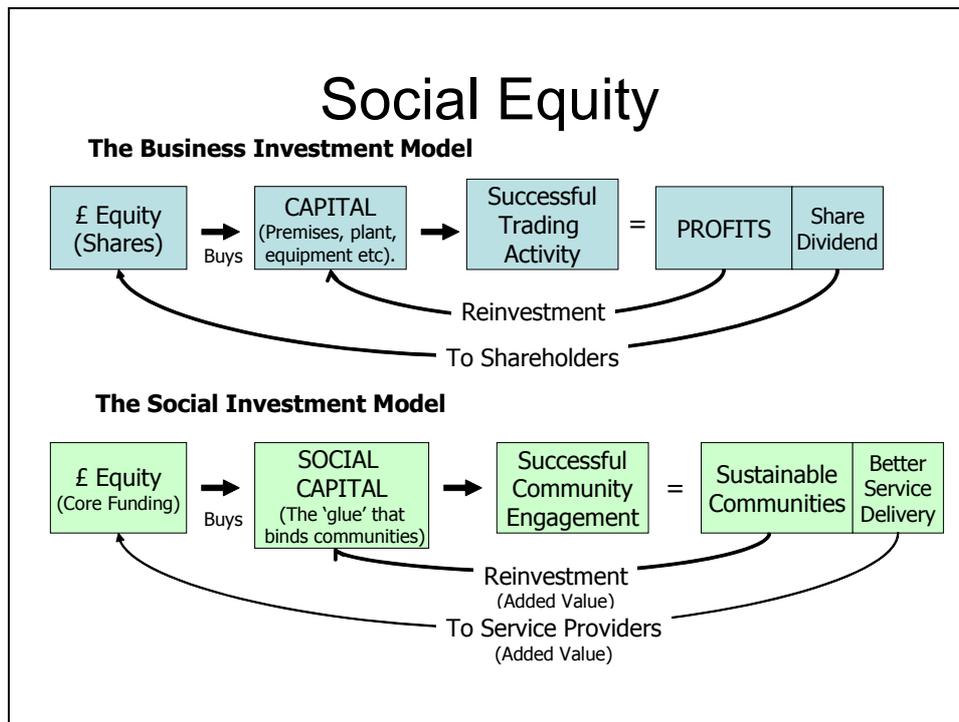


Figure 3

Objective 1 has enabled South Yorkshire to get a head start on community engagement in neighbourhood action planning, the nub of government regeneration policy. The basic capacity is now present in many pockets across the sub region yet only a handful of Community Partnerships have a viable sustainability strategy. The majority remain reliant on time limited funding streams to continue their core activities. Commenting on the expiry of SRB and Objective 1 funding, the Director of the South Yorkshire Funding Advice Bureau said *“What has surprised me since I’ve been in this post is the lack of planning for what happens when all the funding ends”*

It is important that the need to mainstream core, independent community engagement is recognised, not just by local authorities, but by all the key service providing agencies. Each has much to gain from access to, and engagement in properly resourced neighbourhood level partnerships indeed, their core objectives cannot be realised without it. Community engagement is not a one off investment. It is an on-going and fundamental part of neighbourhood management which requires stable, mainstream funding. In the same way business will struggle to achieve profitability and flounder through lack of capital investment and insufficient equity, so communities will flounder and struggle to achieve sustainability through lack of social capital and core funding.

The community partnerships profiled have community engagement at the core of their business. They are uniquely placed as community led partnerships to engage with local residents and help to ensure local service provision is appropriate and relevant to their needs. An innovative example of this is how Kendray Laying the Foundations (Barnsley) has worked with the local Neighbourhood Management Team (the Kendray Initiative) to develop neighbourhood level agreements under themed headings that tie in to Barnsley’s Local Area Agreement. (See page 28). These have been informed by residents and clarify both their entitlement and their responsibilities. The agreements include a neighbourhood monitoring framework which engages community “champions” to monitor the service

provision, highlight deficiencies and suggest improvements. This effectively addresses one of the core principles of the National Neighbourhood Renewal Strategy, i.e. engaging local residents in service provision. This approach has been recognised by central government as good practice and features as a recommendation in the newly published Local Government White Paper<sup>18</sup> as “*the development of local charters setting out agreements about standards in the local area*”

Voluntary Action Sheffield (VAS) has also recognised the importance of engaging with its community (in this case, the voluntary sector in Sheffield) and is pursuing a Customer First Quality Framework Award. VAS is conscious that the growth of the organisation could distance itself from its community base and realises it cannot afford to take its constituents for granted. Pursuing this award aims to ensure VAS keeps its community of benefit at the forefront of its service delivery, informed by what it describes as “consistent and robust” feedback systems.

### **Joint Working**

Whilst the importance of community identity has been stressed, this is not to say that it is healthy to operate exclusively inside neighbourhood silos. A sense of place is of key importance to successful community engagement, but much can be achieved by co-operation with neighbourhoods that share common challenges taking, where appropriate, collective action. The Southey Owlerton Area Regeneration partnership (SOAR) is made up of 6 neighbourhood action groups which in total serve a population of approximately 50,000 people living in around 20,000 households. The partnership embraces the six neighbourhoods of Foxhill, Hillsborough/Winn Gardens, Shirecliffe, Parson Cross, Southey and Longley. The SOAR model provides a critical mass, acting as a second tier support organisation to the 6 neighbourhood groups it serves. Each neighbourhood group has its own action plan and has an over-arching strategy to develop a community hub as a capital asset from which to deliver and develop appropriate community projects or social enterprises. As an affiliate organisation, SOAR brings the added value of securing and distributing funding which individual neighbourhood groups would find difficult or impossible to access in their own right. This also builds capacity in that it makes sense to write a single bid to one source rather than 6 individual bids. It in effect follows the principle of subsidiarity; i.e. devolving action and decision making down to the appropriate level. SOAR does not compromise the sovereignty of each individual neighbourhood, but acts at a level appropriate to maximising efficiency and resources. This will include active engagement in city wide partnerships such as the Sheffield Local Strategic Partnership (Sheffield First) and the Community Empowerment Network where the SOAR Partnership Manager will represent the interests of the six affiliate neighbourhoods. This leaves the neighbourhood action groups free to concentrate on developing and delivering services at a neighbourhood level. By easing the bid writing and representation burden, it also enables each neighbourhood group to employ staff with a skill set most appropriate to neighbourhood level development and service delivery.

The biggest challenge to this model is equitably managing the expectations and aspirations of each individual neighbourhood and maintaining respect as honest broker. This involves maximising the potential of collective action whilst guarding against resentment where it is perceived one neighbourhood benefits from the affiliation more than another. Part of this is ensuring open and transparent procedures, carefully monitoring the resources and benefit brought in to each individual neighbourhood and ensuring discussion is based on fact rather than perception (which experience suggests can be very different).

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<sup>18</sup> Strong and prosperous communities: The Government White Paper published by the Department of Communities and Local Government, October 2006, paragraph 2:48

Another, less formalised example of co-operation between community partnerships has recently developed in Barnsley. Cudworth and West Green partnership is working closely with neighbouring Grimethorpe and Lundwood partnerships to develop a joint learning network. This will enable information sharing and joint planning and take advantage of an economy of scale to deliver more effectively learning opportunities to groups traditionally hard to reach. Cudworth has also moved its luncheon club to Grimethorpe to take advantage of better facilities available at the Grimethorpe Healthy Living Centre which maintains the benefits to Cudworth residents whilst supporting a community enterprise in Grimethorpe. (There is a historical precedent to movement between Cudworth and Grimethorpe in that miners who lived in Cudworth would work in Grimethorpe where the colliery was based).

Whether through formal affiliation or informal partnership, a feature of high performing organisations is the willingness to work at a level most appropriate to achieving the end result which, witnessed by the two examples given, can mean adding value through co-operation with neighbouring partnerships or forming consortia without comprising individual community identity.



## Appendix (a)

Organisations identified as “High Performing” and forming the sample for the exercise

ORGANISATION	INTERVIEWEES
Cudworth & West Green Community Partnership	Steve Rawlinson (Chief Executive)
DART (Dinnington Area Regeneration Trust)	Barry Bott (Partnership Manager)
Dunscroft Community Forum	Paul Elwiss (Project Manager)
GROW Project (Giving Real Opportunities to Women)	Sue Barratt (Manager)
Laying the Foundations	Sue Faxon (Project Co-ordinator)
Lowedges Community Forum	Harry Hunter (Business Manager)
NUCA (Netherthorpe and Uppertorpe Community Association)	Janet Skirrow (Regeneration Manager) Laura Moynahan (Chief Executive)
Sheffield Association for Voluntary Teaching of English	Sara Saxon (Manager)
SOAR (South Owlerton Area Regeneration)	Ian Drayton (Partnership Manager)
SYFAB (South Yorkshire Funding Advice Bureau)	Richard Hindley (Director)
The Move Project	Tony Sellars (Project Co-ordinator)
Tinsley Forum	Alan Barrow (Manager)
Together for Regeneration	Joanne Archer (Manager) Iain Cloake (Deputy Manager)
Treeton Community Partnership	Nic Marshall (Partnership Manager)
VAS (Voluntary Action Sheffield)	Nick Warren (Chief Executive) Sue James (Director of Services)
YASY (Youth Association of South Yorkshire)	Sue Atkins (Chair)

## Appendix (b)

### Notes from a meeting of the “Learning the Lessons” Task Group held at The Ladder, Rotherham, Monday 7<sup>th</sup> August 2006

**Present:**

Alison Penn	South Yorkshire Partnership
Ann Allen	Sheffield City Council
Guy Gibson <sup>19</sup>	Yorkshire Forward
Jackie Mould	Objective 1
Janet Skirrow	NUCA
Jayne Crosse	Objective 1
Liz Hardy <sup>20</sup>	Government Office for Yorkshire and the Humber
Richard Hindley	South Yorkshire Funding Advice Bureau
Sue North	South Yorkshire Open Forum
Tal Michael	Doncaster MBC

Facilitated by: David Burnby

### Part One

The facilitator presented the original brief for the “Learning the Lessons” exercise and his responding proposal which included a work plan covering five phases over 9 weeks. The proposal was summed up under the overall aim

*“To facilitate a process whereby good practice can be identified across the voluntary and community sector (VCS) and disseminate and record replicable examples of good practice”, this is the context of the government’s sustainable communities agenda.*

The presentation included the following definition of sustainable communities quoted from the “Building for the Future Action Programme” published in 2003 by the ODPM:

*“A wider vision of strong and sustainable communities is needed ..., flowing from the Government’s strong commitment to sustainable development. The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. This is the key to lasting, rather than temporary, solutions; to creating communities that can stand on their own feet and adapt to the changing demands of modern life. Places where people want to live and will continue to want to live.”*

This was supplemented by guidance from HM Treasury published in 1992 that recognised how the VCS is “*uniquely placed to reach marginalised groups and enable individuals to participate actively in their local communities*”.

The guidance (The Role of the VCS in Service Delivery”) suggested key contributions as:

- Building ‘social capital’
- Providing services to the public and to particular community groups
- Advocacy on behalf of communities and the individuals
- Contributing expertise and experience to policy formulation

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<sup>19</sup> For Johanna Tuck

<sup>20</sup> For Steve Nesbit

To help inform the performance indicators for the exercise, and the choice of organisations defined in the brief as “high performing”, the task group was asked to consider two questions:

- *What unique qualities do the VCS bring to the sustainable communities agenda?*
- *How can VCS organisations bring added value?*

The resulting discussion was steered towards identifying the *unique* qualities the sector brings, comparing claims with the characteristics of other sectors. Whilst it was, for example, recognised that “Social Benefit” was a key driver for the sector, it was acknowledged this was not the exclusive province of the VCS, and attempts were made to unpick features and characteristics that were particularly strong or unique. Discussion surfaced how the lines between voluntary, statutory and private sectors can become blurred and for the purposes of the discussion, the following loose definitions were adopted:

**Voluntary Sector:** Organisations formed for social benefit out of the voluntary intent of their founder members, operating independently of the state with members in control of their governing instrument and not able to benefit by private gain.

**Statutory Sector:** Organisations formed primarily to provide a public service by virtue of statute accountable to the state and deriving income wholly or mainly from public funds

**Private Sector:** Primary Aim to return profit on private capital invested operating independently of the state and in control of its governing instrument.

### **Scale and Diversity of the Sector**

The sheer scale of the sector was highlighted, ranging from small local community groups to major national charities such as The National Trust. The diversity of the sector was seen as providing the potential to engage a broad range of people in a wide range of activities.

### **Trust and Value Base**

It was felt that as non statutory bodies, VCS organisations would enjoy greater levels of trust within communities and be more likely to engage with local people as a result. The importance of the sector’s value base was acknowledged, though recognised this was not unique with many statutory organisations (and arguably some private sector) also operating from a strong value base.

### **Responsive to need and change**

The sector’s potential ability to respond to community need and social change was identified as a key strength, not least due to its relative freedom from statutory sector constraints. The sector’s flexibility in terms of how it can respond innovatively to social need was regarded as a key strength alongside its potential to operate from an open agenda.

### **Accountability**

The sector’s potential for high levels of local accountability and the closeness to the communities it serves were highlighted as unique strengths.

### **Complementarities**

It was considered that the sector is well placed to complement mainstream services provided by statutory organisations, uniquely adding value by engaging service users and beneficiaries.

### **Lack of Profit Motive**

Whilst the private sector is arguably well placed to compete with the VCS in terms of service delivery, the sector's absence of a profit motive was seen as a unique strength. It was recognised that the VCS has the ability to provide services based on social need without the need to provide a return on investment capital.

### **Ability to take risks**

This hypothesis gave rise to some debate, noting that restrictions on the use of charitable funds can militate against higher risk decisions and strategies. It was however recognised that the sector is not susceptible to political risk in the same way as the statutory sector, though does not enjoy the same freedoms as the private sector in terms of speculative investment.

### **Voluntary Input**

The involvement of people on a purely voluntary basis is at the heart of the sector, both as management committee members or trustees and through voluntary work. Although the VCS is a significant employer, value is often added to the work of paid staff by volunteers. Whilst many voluntary organisations do not use voluntary labour operationally, the sector is governed exclusively by voluntary governing bodies with all the associated advantages of members input motivated solely by support for the organisations' social aims.

### **Governing Instrument**

VCS organisations adopt different legal structures, some with charitable status. Within the confines of corporate and charitable law, VCS organisations can determine their aims, objectives and operating rules and adapt or amend their governing instrument to reflect the environment they operate in. This independence from the state and the adoption, where appropriate, of charitable status is a unique characteristic of the VCS which enables it to maximise available resources in pursuit of its aims.

### **Community Engagement**

VCS organisations are able to effectively engage with their respective communities (geographic, and communities of interest) with their ability to involve them at a variety of levels as members, trustees/directors and volunteers. This promotes social interaction and helps to build active citizenship and 'social capital' - contributing to the 'glue' that helps bind communities together.

### **Independence**

The question of independence gave rise to significant debate. Whilst VCS organisations are in theory independent bodies, certain restrictions apply if they register as charities and funding agreements often carry with them conditions that exchange funding for a degree of control. The sector is arguably vulnerable to compromising its unique status the greater its dependence on statutory sector funding and contracts.

The discussion surfaced the distinction made between community and voluntary organisation as a means of distinguishing between organisations primarily run on a wholly voluntary basis, controlled exclusively by representatives of their communities served, and larger organisations engaged in more mainstream service provision using paid workers.

### **Local, small scale response**

Though there are many very large voluntary organisations operating at a national level, the sector is particularly well placed to respond at a neighbourhood level to locally identified needs, with smaller scale interventions managed by local community representatives.

### **Funding Leverage**

The sector is uniquely placed to lever in private and public funds to support its activities from grants, charitable trusts, private donations and legacies and can in some cases claim Gift Aid in lieu of tax paid by private donors from the Inland Revenue. Registered charities do not pay corporation tax on surpluses generated and can claim business rate relief for premises they occupy in the furtherance of their charitable objectives.

### **Campaigning**

VCS organisations are uniquely able to influence social policy through campaigning in support of their objectives. They are not by definition subject to political constraints and can be a catalyst for change by harnessing the knowledge and energy of communities of benefit.

## **Part Two: Establishing the Performance Criteria**

The second half of the meeting focused on establishing the criteria for “High Performance” in the context of VCS activity and aimed to define performance indicators to inform the choice or sample organisations for analysis.

Members felt the following qualities would be in evidence in high performing VCS organisations:

- Accountability to communities intended to serve with mechanisms in place to test and prove
- Profile and visibility within community
- Responsive to communities served
- Ability to test Impact
- Effective at impacting on target groups
- Evidence of Added Value
- The ‘Heineken’ Effect (uniquely reaching individuals and communities other sectors or organisations cannot reach)
- Clarity and sense of purpose
- Strong leadership
- Vision owned by the community
- Ability to react to change
- Ability to effectively recruit and retain staff
- Clear delivery mechanisms
- Ability to deliver
- Connectivity and networking
- Good relationship management with funders
- Quality of delivery
- Technical competence and capacity
- Sustainability strategy (good understanding of financial sustainability)
- Understanding role in relation to other community providers

Members were then asked to nominate up to 15 organisations they felt from their experience met the criteria of high performing, and would form the sample group for the exercise. It was noted that the sample would not necessarily be fully representative or inclusive, but would include at least one organisation from each of the four South Yorkshire Boroughs and feature voluntary and community organisations. Given that the scope of the exercise limits the size of the sample, the omission of any organisation does not imply it is not high performing.

The organisations nominated were:

- Barnsley Community Empowerment Team
- Cudworth & West Green Community Partnership
- Duncroft Community Forum
- GROW Project
- Lowedges Community Forum
- N.E. Doncaster Citizens Advice Bureau
- NUCA
- Sheffield Association for Voluntary Teaching of English
- SOAR
- SYFAB
- The Move Project
- Tinsley Forum
- Together for Regeneration
- Treeton Community Partnership
- VAS Quality & Workforce Development Projects
- YASY (Darnall)

Following the meeting, the inclusion of Barnsley Community Empowerment Team in the sample was questioned given that it had not been in receipt of Objective 1 structural funds and the study was partly aimed at testing the impact of Priority 4 funding on the sector. Notwithstanding the high regard members placed on the work of the organisation, the commissioning body suggested including D.A.R.T. (Dinnington Area Regeneration Trust) in its place to address this anomaly.

## Appendix (c)

### Objective 1, Priority 4 “Learning the Lessons” Interview Framework

Thank you for agreeing to participate in the above exercise as a High Performing voluntary or community organisation. The purpose of the interview is to identify what key factors characterise a successful VCS organisation and how the Priority 4 funding has impacted on the sector. To save time, with your consent, interviews will be taped; however comments or information given will not be attributed to individuals or their organisations. This is not an evaluation exercise (you’ve already been identified as high performing!). The purpose is to compare a sample of successful organisations and see what they have in common.

The interview will be based on the following questions:

- The origins of your organisation - how did it start?
- Why do you think you are regarded as being “High Performing?”
- What do you regard as your main strengths? And your weaknesses?
- What are the top three challenges your organisation faces?
- How do you recruit your trustees/board members? What training or support do they receive?
- Where does the leadership come from in your organisation? (e.g. Chief Officer, Chair, Board, the Community etc.)
- How do you feel your board/governing body adds value to your organisation?
- How do you involve your community of interest or stakeholders in your organisation?
- Do you think your organisation has a high profile in the communities you serve?
- Do you spend a great deal of time networking?
- How do you decide your priorities?
- How do you decide who will benefit from your activities?
- Do you evaluate the effectiveness of your organisation? (How do you know if anyone is better off?)
- How has Objective 1 (Priority 4) funding impacted on your organisation?
- How do you plan to continue when funding streams run out?
- Do you feel you’ve ever had to compromise on your organisation’s values to survive?
- Do you consider yourself to be a campaigning organisation?
- Part of the exercise is about unpicking why the voluntary and community sector is uniquely well placed to deliver particular services. Could the statutory sector or the private sector deliver your services as well? And if not, why not? Do you feel you are *uniquely* placed to do what you do? (i.e. no one else could do it)
- A key element of the government’s regeneration strategy is its “Sustainable Communities”<sup>21</sup> agenda (see footnote). How do you feel (if at all) your organisation contributes towards this?

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<sup>21</sup> “A wider vision of strong and sustainable communities is needed ..., flowing from the Government’s strong commitment to sustainable development. The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. This is the key to lasting, rather than temporary, solutions; to creating communities that can stand on their own feet and adapt to the changing demands of modern life. Places where people want to live and will continue to want to live.”

## Appendix (d)

### Members of the 'Learning the Lessons' Task Group

Name	Organisation
Alison Penn	S Y Partnership
Ann Allen	Sheffield Council
Debbie Marks	Rotherham Council
Jackie Mould	Objective 1
Jayne Crosse	Objective 1
Joe Micheli	Barnsley Council
Johanna Tuck	Yorkshire Forward
Laura Moynahan	NUCA
Norma Wardman	Doncaster CVS
Penny Stanley	Voluntary Action Barnsley
Richard Hindley	SYFAB
Steve Nesbit	Govt. Office, Yorkshire & Humber
Sue North	South Yorkshire Open Forum
Tal Michael	Doncaster Council

### Substitute Members

Name	In place of
Chris Stephenson	Tal Michael
Guy Gibson	Johanna Tuck
Janet Skirrow	Laura Moynahan
Liz Hardy	Steve Nesbit
Richard Breese	Alison Penn
Sarah Tyler	Sue North
Steve Avery	Joe Micheli
Steve Morrell	Debbie Marks