



Home Office

Developing Capacity: Next Steps for ChangeUp

Developing Excellence in the
Voluntary and Community Sector

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active
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Executive Summary

- 1 The Government is strongly committed to promoting a vibrant and healthy voluntary and community sector. It sets out this commitment in Chapter One of *Strengthening Partnerships: Next Steps for Compact*. There are already a number of areas where Government has taken action to maximise the contribution of the voluntary and community sector, but we believe there is an opportunity to build on this activity and drive it forward in a way that will further support the development of a competent, confident and independent voluntary and community sector.
- 2 A key element in achieving this is the effective development of the ChangeUp programme. This document specifically concentrates on ChangeUp and announces Government plans to drive the programme forward.
- 3 ChangeUp is a capacity building framework for the voluntary and community sector, launched in June 2004 after extensive consultation with the sector. Government is making an initial £80m investment to support the framework, with over 65% of these funds earmarked for delivery at a regional or local level.
- 4 The Government funded a series of early spend investments which are now complete, and the main programme is cementing a series of partnerships at local and national level to better co-ordinate and improve the reach of services to support frontline organisations. We are now providing additional funding of £70m in 2006/07 – 2007/08 to demonstrate our eagerness to take the work forward
- 5 However early analysis and feedback suggests a number of key challenges in the implementation of the programme if it is to deliver a real and lasting change:
 - There is no focus for sector ownership of implementation;
 - The programme lacks clear mechanisms to join up and co-ordinate activity;
 - The multiple strands of investment are complex and can be confusing;
 - It is unclear how a general commitment to diversity will be turned into tangible results for the benefit of marginalised communities;

- Learning and best practice is hampered by the lack of a strong evidence base.
- 6 This document sets out a plan to build sector ownership, ensure coherence and facilitate learning across the programme. It is very much part of the Government's desire to take an arm's length approach to funding activity in this area, and recognises that those with the best skills and experience to build on current progress, and plan most effectively for the future, are outside of central Government.
 - 7 We do not intend to consult on these plans as *Capacity Builders* is not fundamentally changing the ChangeUp strategy which has already been consulted on but is more about ensuring better management and more streamlined funding of the programme.
 - 8 The Home Office have prepared an interim Regulatory Impact Assessment on these plans which will be placed on the Active Communities website at **www.activecommunities.homeoffice.gov.uk**

Developing Excellence in the Voluntary and Community Sector

ChangeUp

1.1 The Government's 2002 Cross Cutting Review of the Role of the Voluntary and Community Sector in Service Delivery recognised the need to build the capacity of sector organisations, finding that the support structures and programmes available needed to be strengthened. In particular, sector infrastructure – its own support and development organisations – was identified as variable in quality and reach and lacking sustainability, particularly at local level.

1.2 In response, in June 2004 the Home Office published ChangeUp, the cross-Government framework on capacity building and infrastructure in the voluntary and community sector. Developed through consultation with a wide range of stakeholders and in partnership with the sector, ChangeUp sets out a 10 year strategic framework for achieving the following aim:

...that by 2014 the needs of frontline voluntary and community organisations will be met by support which is available nationwide, structured for maximum efficiency, offering excellent provision which is accessible to all while reflecting and promoting diversity, and is sustainably funded.

1.3 There are a number of key principles underpinning the ChangeUp framework:

- the voluntary and community sector should be in the driving seat, working with the public sector and diverse stakeholders to bring about change;
- one size solutions won't work: local flexibility is needed in determining priorities for change;
- actions need to be focused on the difference made to voluntary and community organisations on the ground, with delivery taking place as close to the point of need as is economically viable;
- initiatives should reflect and promote diversity including in recognition of the fact that community, BME, faith and rural organisations do not currently have equal access to support or representation; and
- sustainability is paramount: ensuring funding secures long term impact, and paves the way to more stable and secure support services.

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- 1.4 The ChangeUp framework is complementary to other Government programmes aiming to build sector capacity. For example, *Futurebuilders* invests, via financial packages comprising of loans and grants, directly in the capacity of frontline organisations to increase the scale and scope of their service delivery. Other Government departments such as Defra support community capacity building, to equip citizens and community groups to engage in their neighbourhoods and local governance.
- 1.5 The key proposals and actions proposed in ChangeUp are set out below. These were supported by initial Home Office investment of £80 million, and we are providing additional investment of £70m in 2006/07 – 2007/08.
- (i) Improving the support available in key areas of need across voluntary and community organisations:
- six partnerships have been established as national hubs of expertise, aiming to improve collaboration, reduce confusion and provide ‘gateways’ to advice and services for frontline organisations;
 - the programme also envisages increasing access to high quality support; made more affordable through mentoring, pro bono support, secondments and other lower cost activity.
- (ii) The modernisation of sector support services and representation:
- supporting the sector to lead reviews of existing provision, plan for change, and reconfigure services to improve quality, reach and diversity – and engaging public sector funders and frontline organisations in this process;
 - bringing together local providers to work as local ‘infrastructure hubs’, sharing resources and offering seamless user-focused services to the sector;
 - tools and standards to improve support service and representation;
 - an ‘Infrastructure National Partnership’ to oversee the strategic development of sector led support services and representation.
- (iii) Application of Compact principles by Government in its approach to building sector capacity:
- adopting a strategic approach to funding infrastructure organisations;
 - building in consideration of the capacity building needs of the sector at the planning stage of major programmes to which voluntary and community organisations will contribute;
 - recognising and contributing towards the costs of building organisational capacity when strategically funding frontline organisations, as part of meeting the full cost of what they are contracted to deliver.

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- 1.6 These actions require activity at every geographic level, partnership working across a range of public sector agencies, voluntary and community sector and other stakeholders, and a complex web of joined up and co-ordinated activity.

Achievements to date in implementing ChangeUp

2.1 The initial focus of ChangeUp implementation has been on establishing cross-sector consortia at regional level and below to begin reviewing existing support for the sector and planning change, and developing the national hubs of expertise. We are beginning to see real progress across the aims of the investment programme:

- the majority of projects funded through the £8m early spend programme are complete, and will deliver key learning for the main programme;
- cross-sector involvement, including a leading role for the voluntary and community sector in regional arrangements for the oversight of the main investment programme;
- integration of ChangeUp investment with the Department of the Environment, Food and Rural Affairs (Defra) programme to improve support services for the rural voluntary and community sector and combat social exclusion in rural areas;
- every area of England is on target to be covered by an Infrastructure Development Plan by March 2006: over 50 county and sub regional level consortia established and working together to review support and representative services in the area, and develop an action plan for sustainable, high quality provision in the long term. Decision making is increasingly being devolved to regional voluntary community sector consortia as partnerships develop and strengthen;
- some regions have been particularly successful in engaging public sector partners, in some cases 'joining up' related funding streams and working towards a more strategic approach to funding infrastructure across public sector funders;
- partnerships have formed, and business plans been developed for the national hubs. A 'Hubbers Group' and a Diversity Working Group have been formed to advise on and share developing plans and practice across the emerging hubs;
- a Public Services Programme is underway, targeting investment through Government departments to build capacity in the fields of older peoples' health and social care, correctional services, ethnic minority employment, homeless hostel provision, and parenting support;
- a framework has been drafted to assist support and development organisations to review their performance, and to identify and demonstrate what difference they make to frontline organisations. The framework will be piloted from March 2005; and

- a scoping study has explored collaborative working between large and small organisations. The findings will inform a programme of work to develop and support this model of skill sharing and joint working in the sector.
- 2.2 These early achievements are encouraging but implementing ChangeUp in line with the approach and principles outlined has created a complex and challenging agenda, not least for the voluntary and community sector's own infrastructure.

Challenges in taking ChangeUp forward

- 3.1 A cross-Government strategy developed in partnership with such a diverse voluntary and community sector has perhaps inevitably delivered a range of views and priorities. Securing consensus has resulted in a strategy which strikes a difficult balancing act between achieving a joined up vision whilst maximising local flexibility and recognising diversity. There is some risk that without drive and focus – including within the sector itself – change will be slow and difficult decisions avoided by partnerships working at all levels.
- 3.2 The key challenges in ensuring that implementation results in real benefits for frontline organisations include:
- (i) Lack of a focus for sector ownership of implementation
- 3.3 Voluntary and community organisations are best placed to understand their own support needs, and to lead on the reform of organisations aiming to build their capacity and giving them a voice in policy making.
- 3.4 The Government recognises through ChangeUp that the voluntary and community sector should be in the driving seat in delivering high quality, collaborative and sustainable sector support services and representation. This is already being partly achieved through local and regional consortia as well as national partnerships however there is no clear sector led focal point through which this activity is evaluated and decisions about the value which the work adds can be put against wider activity and achievement.
- 3.5 This lack of a focal point contributes to some difficulty in clearly identifying where ownership for the ChangeUp objectives resides. Organisations are already looking to Government to broker relationships and disputes. There is a risk that whatever its intentions, Government – both centrally and at Government Office level – begins to lead the programme by default. If ChangeUp feels 'done to' rather than owned by the sector, the degree to which changes in culture and working practice will be embedded is questionable.
- (ii) Complex fund management and strands of investment
- 3.6 While anecdotal feedback on ChangeUp to date has been largely supportive of its aim and focus, there is a growing view that the nature of the investment

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programme makes it confusing and difficult for organisations to understand who they should be approaching and when.

- 3.7 Multiple fund management arrangements also make joined-up and cross-cutting activity – a priority within the programmes aims – complex. There are risks of both overlap and needs being missed. There is also a risk that the process and timescales favour larger, more traditional recipients and that less well networked and resourced organisations get left behind.
- (iii) Lack of clear mechanisms for joining up and co-ordinating the programme
- 3.8 Joining up national ChangeUp initiatives including the hubs of expertise with activity at regional level and below is at an early stage. However, it is already clear that the challenge will be achieving this without the unwanted creation of bureaucracy and multiple partnership working.
- 3.9 Even for the six national hubs, there is some concern as to how to be joined up without creating an excess of new partnerships, or undermining their key aim of reducing confusion in the sector about where to go for support. Cross-cutting issues and functions are emerging, requiring a coherent and co-ordinated approach.
- (iv) Turning general commitment to diversity into tangible results
- 3.10 The ChangeUp framework recognises the diversity of voluntary and community organisations and their needs. It prioritises action to ensure that groups that have not historically had equal access to support and representation – including Black and Minority Ethnic, faith, disability and rural organisations – benefit from implementation.
- 3.11 Progress is being made on diversity, particularly at regional level but there is a need to go further and to join up and drive forward work to promote diversity and address the lack of equal access to support. There is however currently no clear mechanism for owning and achieving this aim, or clearer integration with broader strategies to strengthen community action (such as the analysis of community capacity building at neighbourhood and parish level in Firm Foundations).
- 3.12 Identifying clear actions to achieve more diverse support – in terms of workers, representation and beneficiaries – is proving difficult. Commitment exists in all areas of the programme but organisations and partnerships can find it difficult to identify actions that will really make a difference.
- (v) Lack of a strong evidence base
- 3.13 The evidence regarding ‘what works’ in supporting voluntary and community organisations to be more effective is limited, fragmented and often inaccessible. The lack of proven outcomes and quality measures can result in wariness among funders to value support and representative services.

- 3.14 ChangeUp encourages the development of new ways of delivering support to the sector in order to build on and improve what already exists. Capturing and making good use of the learning created through implementing ChangeUp should therefore be at its core.
- 3.15 There is currently little activity to share learning across the programme. The opportunity to maximise the value of ChangeUp investment through the real time sharing of best practice across the programme is currently being missed. An action learning approach will mean that solutions and priorities can be tested, understood, modified and changed in order to create a healthy voluntary and community sector for the longer term.

Capacity Builders – achieving a step change

- 4.1 ChangeUp provides a flexible framework to achieve an ambitious long term vision. Government wants to ensure it provides the right structure to build on some notable early successes and the relationships that are evolving as part of the programme's implementation. But it is also right that our approach to ChangeUp evolves to address the challenges identified in the previous section, to ensure effective implementation in the long term for the benefit of frontline organisations across England. This evolution should not delay or divert attention from the work already underway but provide robust foundations for future action.
- 4.2 We believe that we now need to take firm action to move ChangeUp forward. We have therefore decided to set up a sector-led capacity building agency to be called *Capacity Builders*, which we believe can successfully take on the challenges of ChangeUp and ensure that the step change required in the delivery of support to front line voluntary and community sector organisations is realised.

How will Capacity Builders Work?

- 5.1 *Capacity Builders* will take overall responsibility for the ChangeUp programme and will address the challenges set out above by:
- providing a sector-led focus for accountability and ownership of the programme;
 - taking ownership of fund management, and streamlining it where appropriate, to avoid complexity and confusion;
 - ensuring that the programme is joined-up and co-ordinated. As a sector-led organisation it will have a legitimate role in brokering agreements and ensuring best value for the sector;
 - mainstreaming diversity issues into the design and delivery of activities within ChangeUp; and,
 - ensuring that both real time action learning and longer term evaluation programmes are successfully implemented.

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- 5.2 *Capacity Builders* will build on the successful work already being undertaken at regional and local level, not replace it. But it will ensure coherence across these arrangements. The diversity of local delivery is a strength of the programme and will not be lost. The ChangeUp principles remain current and *Capacity Builders* will support these, in particular recognising that one size solutions won't work: local flexibility is needed in determining priorities for change.
- 5.3 *Capacity Builders* will support innovation across the programme and in particular will fund path finding activity at regional level to enable the development and sharing of good practice. It will act more broadly to ensure action based learning programmes feed into the real time delivery of the programme. It will be a small organisation – similar to *Futurebuilders* but may need to be a little larger because of the added complexity of administering a programme which is for the many rather than the few and the potential need to have a presence at a regional level.
- 5.4 *Capacity Builders* will be responsible for:
- the overall programme design and programme management of ChangeUp;
 - performance managing contracts and grants offered under ChangeUp; Identifying what works in the context of ChangeUp (and other capacity building programmes);
 - spreading good practice about capacity building;
 - mentoring and supporting some organisations who are candidates for ChangeUp funding (similar to the role played by *Futurebuilders*);
 - marketing the ChangeUp programme; and
 - ensuring the consistency of the programme – for instance ensuring that the local and regional work is fully joined up with the national activity.

It will be crucial that the agency ensures that frontline agencies understand the programme and the support that is on offer and also that the programme, as it evolves, continues to meet their needs.

- 5.5 The agency will be a commissioning body and while there may be occasions where it does deliver services itself, these will be rare, and there will need to be scrutiny from the agency's board and the Home Office before this could occur (i.e. all will need to be sure that it is not more sensible for an existing provider to be the deliverer).

Governance and Structure of *Capacity Builders*

- 6.1 *Capacity Builders* will be established at arms length from Government to ensure it has sufficient independence. It will have a board chosen on the basis of expertise – possibly with sector experience, particularly including frontline experience, but also some with broader expertise. It will be important that the board includes a range of skills and experience to ensure it can really add

value. Those on the board would not be from infrastructure organisations which were potential beneficiaries of ChangeUp funding.

- 6.2 The board will be appointed in line with OCPA guidance by a panel which includes representation from the sector. Ministers will confirm these appointments. The board will agree with the Government a rolling two year investment plan and strategic objectives.
- 6.3 Another option would be to open this arrangement up to bids from interested parties i.e. to procure the functions of *Capacity Builders* as we did in the case of *Futurebuilders* where the experience to date has been very positive. However, in this instance there are a number of reasons why we believe that procurement is unlikely to be appropriate. We are particularly anxious that the development of ChangeUp should not only not lose momentum, but should be allowed to pick up speed as soon as possible – the procurement route brings the potential for substantial delay which we do not feel is in the interests of Government in moving to an “arms length” approach or for the voluntary and community sector who have told us that they wish to see rapid and focused improvements in capacity building. In addition, our discussions with the sector suggest that there are few organisations with the range of experience or skills we seek that would be likely to bid and waiting for these organisations to emerge could cause considerable uncertainty and delay. For these reasons, we think it is better to proceed with a non-procurement approach. However, we would revisit this if it were to become clear that it would be possible to move forward on the same timescale.

Relationship with existing structures

- 7.1 Government is keen to ensure that any new structures build on existing relationships and activity, and avoid unnecessary bureaucracy. It is vital that the proposed agency has clear, close and dynamic links to existing infrastructure bodies and networks at all levels. To ensure impact, effectiveness and accountability, the agency will also require mechanisms to engage with frontline organisations and key public sector stakeholders.
- 7.2 The Infrastructure National Partnership (INP) will be established and act as an advisory group to the agency – giving the agency access to the experience of umbrella bodies in implementing ChangeUp. The INP will be constituted as specified in ChangeUp, with significant representation from local infrastructure organisations. This will allow it to become a strong advisory group across the entire programme, as well as more broadly on capacity building, and will not just focus on national elements. The INP will not take on any service delivery functions itself.
- 7.3 *Capacity Builders* will be tasked to work closely with other cross-Government programmes which are working to strengthen the voluntary and community sector and link up with these as appropriate. We would want to consider whether it might also take on other capacity building funding streams.

Next Steps

- 8.1 The ChangeUp framework was the subject of substantial and detailed consultation and was developed in partnership between the Government and the sector. The establishment of *Capacity Builders* builds on this strategy, which Government continues to support, but now begins to look to ensure better management and more streamlined funding arrangements to take ChangeUp much further forward.
- 8.2 The Government has already begun to discuss *Capacity Builders* with the voluntary and community sector and will continue to engage with a diverse range of stakeholders, including the Home Office Voluntary and Community Sector Advisory Group, as it develops the detail to ensure that the agency meets the needs of the sector.
- 8.3 We are anxious to make good progress quickly and intend to have *Capacity Builders* in place as soon as possible, and operational no later than April 2006. It is expected that the agency will manage all existing national ChangeUp funding contracts from this point and make all new funding decisions. The detail of how this might work and in particular considerations of the most appropriate timing and mechanism for handover of contracts at regional and local level will be further considered with stakeholders.
- 8.4 It is crucial that momentum is not lost in the delivery of the ChangeUp programme. Significant work is already underway with additional activities starting in the year 2005/06. Whilst proposals for the agency are being developed the Government will continue to ensure that ChangeUp is both maintained and supported at its current levels of activity so that momentum is not lost. At the same time Government will take forward all the activity set out above to ensure that a new vibrant *Capacity Builders* will be able to make the step change in progressing ChangeUp which both Government and the voluntary and community sector seek.

