



The local state and voluntary action in West Sussex:

The results of exploratory qualitative research

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1. Introduction

1.1 Since 1997, the new Labour government has continued previous Conservative approaches to the out-sourcing of public services. Since 2006, the role of the voluntary and community sector (VCS) in this, as part of the Public Service Delivery Plan, was put into the mainstream. The sector was re-branded as the 'Third Sector', a new Cabinet Office department was established - the Office of the Third Sector - and 'Partnership in Public Services: An Action Plan for Third Sector Involvement' was published. This was specifically designed to enable an increase in public service delivery by the third sector. Since then, central government departments, local authorities, primary care trusts and other statutory bodies, at local and national levels, have actively pursued opportunities to include voluntary agencies in programmes of service out-sourcing.

1.2. Core to the method used by the statutory sector to implement this policy has been the application to the VCS of procurement and commissioning regimes, which focus on specifying service requirements, competitive tendering processes and funding based on contracts with accompanying performance management frameworks. Grant programmes - on which many VCS groups have depended - have also been subsumed within this process, especially as statutory bodies have been under increasing pressure to ensure that local spending should be seen to contribute to the attainment of centrally established targets.

1.3 These changes have been taking place in West Sussex for the last few years. There has been anecdotal evidence about the impact that the changes are having on voluntary action in the county, but no systematic attempt had been made to ask local agencies how they have been affected. In view of the fact that serious concerns are now being raised throughout the country about the possible damaging consequences of changes in statutory funding for voluntary agencies, *Adur Voluntary Action* and the *National Coalition for Independent Action* decided jointly to fill this evidence gap by undertaking a small research exercise. This paper reports the results of that exercise.

1.4 The research draws on the results of 16 semi-structured interviews with those running voluntary and community groups in the county, including a number of the infrastructure bodies whose job is to support, promote and represent the interests of voluntary action in the area. Such a small sample cannot be held to be necessarily representative of the local scene as a whole. Nevertheless the evidence presented here is compelling and indicates that a call for changes in the ways statutory bodies make funding decisions is justified. We hope that this work will make a positive contribution to this debate.

Who we are - National Coalition for Independent Action
(<http://www.independentaction.net>)

1.5 The National Coalition for Independent Action (NCIA) is an alliance of organisations and individuals who have come together to defend the independence of VCS groups and the sector as a whole and to find ways to help these groups to continue determining their own agendas, policies and practices. NCIA operates through an Assembly and

Planning Group, and is constituted as a Community Interest Company. NCIA is resourced by its own members' voluntary donations of time and skill, and by grants from independent charitable trusts and foundations.

Who we are - Adur Voluntary Action (www.adurvoluntaryaction.org)

1.6 Adur Voluntary Action (AVA) was established in 1983 as a Council for Voluntary Service. Adur is on the Sussex coast, between Brighton and Worthing, the District being named after the River Adur. AVA provides the customary CVS services in its locality, operates a volunteer centre, promotes community development and runs several direct services. It works closely with other CVSs and public sector organisations in West Sussex, sharing accommodation and co-operating closely with Adur WRVS. AVA becomes a charitable company in April 2010, and its Board are committed to close co-operation with other agencies where this is beneficial from an independent and organisationally self-reliant position.

2. Our methodology

The background

2.1 The starting point for this piece of work was our interest in knowing whether our own growing concerns about funding changes in the local VCS were more widely shared. As a first step, AVA and NCIA hosted a meeting in August 2008. All Sussex CVSs were invited, along with other people working locally with AVA. Ten people attended: the hosts, two Councils for Voluntary Service, West Sussex County Council, Help the Aged, WRVS, West Sussex Voluntary Organisations Liaison Group.

2.2 This meeting agreed that it was important to find ways in which co-operative community-led voluntary action could be resourced, and in particular to ensure that West Sussex County Council plans for procurement and commissioning did not damage the diversity, vibrancy and independence of such action. The meeting concluded that the VCS needs to have plans of its own for the best ways to resource voluntary action and these should form the basis from which to organise, act and negotiate with statutory agencies and other funders. Our research was intended to add specific evidence as a contribution to this debate.

The research framework

2.3 The full research framework is set out in a proposal that was developed in autumn 2008, and reproduced in Appendix I. This was an ambitious plan that required resources - both money and people. In the event neither was forthcoming but, in view of the urgency of the work, the original methodology was cut back to a primary focus on the central issues of *funding and independence*. The original research framework remains as an aspiration towards further work in the future.

2.4 The initial exploratory research reported in this paper therefore had the following focus:

- To investigate and draw conclusions on existing and alternative funding models (grants, procurement, commissioning, contracting, support in kind, social enterprise etc) for resourcing independent voluntary action;

and

- To make recommendations on likely models which will safeguard independence and present these to the networks of organisations involved in voluntary action in the County, and to local, regional and national organisations which aim to work with or support communities.

2.5 We chose to adopt a qualitative approach. This was because much of the material we sought was iterative in nature, being concerned with many questions that matters of perspective and judgement: ways of working, relationships, culture and expectations. We considered undertaking an initial questionnaire survey, to be followed by selected qualitative interviews, but our shortage of resources precluded this, as did the lack of a suitable mailing list for contacting organisations countywide.

2.6 A semi-structured interview approach was developed, using common headings, but permitting a free-flowing discussion with each organisation (see Appendix II). Hence the interviews took the form of conversations between one or both of the investigators, and the organisation's respondents. In most cases, the AVA researcher did not participate in interviews with organisations with which they had regular work contact, or where there was potential conflict of interest which might restrict the discussion.

Confidentiality

2.7 The question of respondent's confidentiality was specifically addressed as we were aware that the issues being examined could raise sensitivities. We prepared a protocol, which was shared with all participants. The protocol made clear that:

- All information gathered would be treated with total confidence and only shared within the research team of two;
- All information gathered from each organisation would be written up as a draft and given to respondents to amend until they were happy with the account (spanning both factual data and opinions);
- Each participating organisation had the right to veto use of this material in the reporting of the research, with respect to their own organisation, especially if this was needed to protect their anonymity;
- Interpretations made of the data made by the research team should also include the interpretations made by the organisation's respondents, and make clear any divergence of views, where appropriate;
- Participating organisations would not be named, but their general purpose and focus of interest would be described;
- Every effort would be made by the research team to secure consensus between themselves and participating organisations about the material to be published, or

made public. If this is not possible, the disagreement will be reported honestly and openly, leaving readers to reach their own conclusions;

- Participating organisations would be given a draft copy of the research report before any further use is made of it, and allowed adequate time to consider it and respond.

2.8 This procedure has been followed in the production of the present report.

Choosing and finding a sample

2.9 We aimed for a sample size of fifteen organisations, and agreed on a self-selecting approach. However, we were especially interested to find smaller and medium sized organisations, because there was evidence that these groups are most at risk from the funding changes. Letters of invitation were prepared (two versions are reproduced in Appendix III) distributed as widely as possible within West Sussex. Invitations were featured in AVA's own Newsletter, and were separately emailed to local member organisations. Invitations were also emailed to County and District-based infrastructure bodies (including all CVSs), requesting circulation through their newsletters and, separately, asking managers for support in getting groups to contact us. We also approached the CVSs in East Sussex with the same request.

2.10 Interest and support from most of the West Sussex CVSs was lacking; only two of the eight in the county helped to find respondents. Where a reason for this was given, it was that such work was not currently a priority. A similar response came from the CVSs in East Sussex, from where our approaches netted no interest whatsoever.

2.11 This failure to engage active support from most of the CVSs made the research a lot harder, because of the extra time needed to identify willing respondents. In practice, this was eventually achieved through direct approaches to groups within the Adur and Mid Sussex areas. Thereafter a few other organisations heard of the work and asked to join in as word got round.

2.12 In the event we secured the involvement of 16 VCS groups. We'd like to thank them here and now for their time and their open and thoughtful responses. The first interview was conducted in December 2008; the majority of interviews were conducted between May and November 2009.

Analysis, interpretation and production of findings

2.13 The agreed interview notes were subjected to thematic analysis to allow aggregation of the findings and to allow us to develop the key issues to draw out in the chapter on conclusions. In the report, the number of respondents who reflected a particular viewpoint is reflected by inserting this in brackets - e.g. "many (7) agencies".

2.14 An underlying methodological objective throughout was that the research should be a shared enterprise, in the sense that the researchers acted as facilitators to express accurately the views of the respondent group. Whilst these people never

actually met as a group for this purpose, we wanted our final report to reflect what they would collectively have said had they done this work jointly.

2.15 Hence, the final stage before going to press was to circulate the draft report to all participating respondents. We asked them to read it, and tell us whether it reflects accurately the points that emerged in their own interview conversation. We also asked them whether they agreed with the broad findings, because our protocol insists upon honest reporting of dissent about matters of interpretation. This final report takes account of the feedback we received.

3. The results

3.1 This section of the report summarises information derived from the 16 interviews.

Areas of work covered

3.2 The groups interviewed span the following areas of work:

- Older people - 2 groups
- Other vulnerable people - 3 groups
- People experiencing mental health difficulties - 2 groups
- Children and young people
- Disability - 2 groups
- Second tier infrastructure support - 5 groups
- Community centres - 2 groups
- Community transport - 2 groups
- Advice services
- Domestic violence

3.3. The above totals are more than 16. This is because some respondents were able to talk of their experiences with more than one group (for example, being a staff member at one and a trustee at another).

3.4 Eight of these groups work across the West Sussex county area; 13 of them work in local areas (mostly District Council areas).

The range of funders discussed in the interviews

3.5 In talking about funding and funders, most of those we spoke to focussed primarily on statutory departments and agencies, which are listed below. However, some people also offered information about private trusts, charitable funders such as the Lottery Board or Children in Need, and income generation. Two respondents also received subsidy (cash or in kind) from their national association and four derived significant income from fees and charges.

3.6 We did not systematically collect a complete breakdown of each group's funding so the following list may not be exhaustive. However, it indicates that the range of statutory funding sources represented was very wide indeed.

3.7 The statutory agencies/sources included were:

- Adult Services - joint commissioning (2)
- Adur Council (5)
- Arun Council (2)
- Brighton & Hove Council (2)
- Chichester Council
- Crawley Council (5)
- DWP (2)
- European Social Fund (2)
- Horsham Council (2)
- L.B of Sutton
- Learning & Skills Council
- Legal Services Commission
- Mental Health Services - joint commissioning (2)
- Mid Sussex Council (2)
- Parish and Town Councils (13)
- Supporting People (2)
- West Sussex Children's Trust (2)
- West Sussex County Council (9 instances)
- West Sussex PCT (5)
- Worthing Council
- Youth Service / Connexions (2)

What our respondents told us

3.8 Given the range of agencies involved and the complexity of their situation, the material derived from these interviews was wide ranging and diverse. Here we have attempted to group and summarise the main points made by our respondents. Where figures are included within brackets, this indicates the number of respondents who explicitly made these points.

3.9 Our inquiry was to ask about statutory funding and its impact on the work of these agencies and groups. 13 of the 16 involved had direct experience of the changes from grants and Service Level Agreements to procurement and commissioning approaches. The remaining three were well aware of the arrival of these changes and were concerned about their possible impact. It is no surprise, therefore, that most of the discussion focussed on the features of commissioning, how this was changing voluntary-statutory relationships and the practical experience of involvement with it.

3.10 We have divided this feedback into comments on:

- Changes from previous funding regimes and relationships;

- Current views about the overall relationships between the voluntary sector and the statutory sector in West Sussex, and the issue of funding regimes within that;
- Specific feedback about commissioning exercises that respondents had taken part in, or knew about (for example from the infrastructure agencies);
- The kind of relationships, understandings, and funding arrangements that would help voluntary groups do what they are there to do, with their users and communities.

Changes from previous and historical funding relationships and arrangements

3.11 Previously, funding arrangements had been more obviously diverse (5), and with a more even mix of statutory and non-statutory sources. Funding from statutory sources was generally easier to get hold of and successfully allowed continuation or expansion of the work that the groups wanted to do with their users and/or communities. Funding from private sources (trusts, foundations, non-statutory funding bodies, and commercial sources) was also less prescriptive, and the processes involved less demanding (2).

"Initial funding came from three private trusts. This was sufficient for two years and no problem. The funders were helpful and made a difference."

"The historic pattern of funding has a pattern recognisable in other areas and a mixture of statutory and non-statutory money."

3.12 Relationships with statutory sector staff responsible for grants or other relationships with the VCS had often been good and enduring, especially with local authority staff. Respondents had seen these relationships as supportive. However, more recently these officers have lost influence and discretion as new funding arrangements and formal partnership bodies have been set up.

3.13 However, the past was not all rose-tinted. Relationships with funders have been problematic in the past and money has always been hard to come by. Few groups had ever achieved full cost recovery and didn't expect to. Indeed the value of grants had often gone down, for example, with the lack of inflation increases, or with increases in the volume of work undertaken for the same money. In some corners of the county, funding relationships had become atrophied, based on patronage and longevity rather than informed and transparent assessment, and there were good grounds for reforming this.

"There has been some historic funding that retained grace-and-favour relationships. Too much of this had been allowed to drift and the situation did need sorting out."

Views about current overall relationships between the voluntary sector and the statutory sector in West Sussex

3.14 The picture drawn by respondents can be described as follows:

- The relevant statutory sector in West Sussex now overridingly focuses on the Local Area Agreement, or other agreed or required strategies, which limit the scope of everyone involved to adopt broad, flexible or dynamic approaches to meeting community needs (3). It has become very difficult to get funding for anything which falls outside the agreed targets and priorities of the statutory agencies. In one case this situation was creating a crisis for the viability of the organisation.

"The process (commissioning) itself encourages it (change) and the pressure on the statutory sector to align everything to the LAA, LSP and Government targets is great and growing."

- Others (4) complained about the difficulties in getting small amounts of money for diverse but important needs, including one-off requirements;

"In the past it would have been possible to ask for small supplementary grants - the odd £1500/£2000. This is now virtually impossible."

- The statutory agencies, often in response to the need to meet Government targets, increasingly require VCS agencies to adopt, or adapt to, statutory sector objectives, if they are to receive funding;
- Where the voluntary agency concerned agrees with these objectives and they are consistent with what the agency wants to do, the overall relationship is seen as improved. Within our sample, there was one clear example of an agency which falls into this category and three others where there had been examples of such convergence. However, the majority experience (10) was that adapting to statutory sector objectives was threatening to emasculate their own, and make it more difficult for them to follow their own path. New relationships of this sort were seen to create dependency;

"The emerging prescriptive funding environment makes it more difficult for agencies to do what they want to do as opposed to what the funders have decided to commission."

"The funding has now become so targeted and specific that it is difficult to do the generic work of the past or to tackle the prevention needs properly."

- The demands of 'partnership working' can effectively force VCS agencies into joint statutory/voluntary/private working arrangements that blur important distinctions about the structural difference that the VCS represents (i.e. as a part of civil society) and which may be inappropriate to the sector's role and function (3)
- VCS groups and agencies (even mid-size agencies) are encouraged by the situation to see themselves as too small to be viable for contracts and feeling they should merge or allow themselves to be taken over by larger organisations if they want to receive statutory funding (5), even though they may be reaching large numbers of people.

"The commissioners want fewer agencies to deal with. There have been takeovers and mergers.... There are a couple of other groups still in existence but this is fragile."

- Some VCS agencies are themselves in favour of such moves (4), where it genuinely advances joint working, or where it is seen as an opportunity to cut costs and thus be in a better position to win contracts. Closer joint working, however, has its risks, is very time consuming to implement and can demand support resources that may not be available;

"Our collective response was made possible by the fact that we had come together as a consortium. However, the consortium also formed to help us work more closely together anyway."

- Outside of funding arrangements, VCS groups are increasingly subject to official regulation and scrutiny (standards, health and safety etc.) - many don't want this, see it as intrusive and a disincentive to be involved. Paperwork demands have escalated;

"Another example is the demand that numerous policies are in place (we now have close to 60). A local sports club has had to carry out 183 CRB checks because of the number of people working there with young people."

- The thrust of these changes have had most effect on the 'professionalised' voluntary sector organisations - those that employ staff and deliver services. Most changes have not reached small community groups yet, including those within the Black and Minority Ethnic Sector. However, the focus on public services delivery does lead to the continued marginalisation of the community sector amongst statutory concerns.

"It's not because of their shortcomings that these community groups are not funded - the budgets do not exist."

- People don't feel confident about questioning and challenging where they disagree with what is being proposed, feeling isolated and exposed - there is a need for better collective structures and voices that will attract respect for critical feedback (2).

"People do not feel confident about questioning what's going on, so we need to find some strength to do this."

3.15 Some respondents (5) felt that the arrangements for the sector to negotiate on these changes (via policy and representational forums) are not well worked out and do not adequately deal with the need for meaningful VCS involvement (although there were some exceptions to this, where VCS involvement was effective and meaningful (3)). It was said that the VCS is not good at working jointly to decide its own perspectives,

strategies and demands. There is no agreement about how to deal with what is happening, especially the issue of competition, and this weakens any potential resistance to these changes. The local infrastructure bodies were not reckoned to have led effectively enough on these issues (4). Agencies do not see themselves or the sector as 'thriving' (3).

"One of the big problems is that VCS organisations are not good at talking to each other and do not know how to deal with the stuff that is now coming at them, especially competition."

"They (the second tier bodies) have not shown themselves willing to tackle the big and important issues - like clarifying which infrastructure organisations are responsible for which activities, personalised budgets, commissioning and tendering, the impact of competition on VCS agencies, etc."

3.16 The likely end result of all these changes will be more statutory influence over VCS activities, less independence of the voluntary groups involved and more prescriptive modelling of what are seen as appropriate ways of working with users (4).

"All this means that the state is having too much influence. Organisations like ours need their independence."

3.17 This picture was challenged by one respondent (and to a lesser extent, a second) in the sample, who felt that statutory priorities were the correct ones and funding to support their work helped them move towards the achievement of these priorities, without the need to compromise either independence, or operational choices.

"Generally at policy level, we support the intentions of the ... commissioners - they are committed to creating integrated services... services we can subscribe to. However, despite this accord... support for statutory intentions and activities is not blind support and we would dissociate ourselves from policy with which we did not agree."

The emerging experience of procurement and commissioning

3.18 A main - perhaps the main - driver for the approach now being taken towards the VCS by statutory agencies is the use of procurement and commissioning strategies and approaches. As has already been said, most of our respondents had direct experience of commissioning in West Sussex and what follows is their feedback on this.

The position overall and strategic considerations

3.19 The EU rules on procurement had often been given as the justification for moving from grants to commissioning, without any clarity about the actual rules or their implications (4) and in the process creating Kafka-esque consequences (3).

"The supposed justification (for commissioning) is to reduce duplication and get better value for money, alongside an assumption that EU procurement regulations require competitive tendering..."

"The requirements of EU procurement rules have been cited as the reasons why potential providers cannot be allowed to talk to the people who are steering (and could improve) the commissioning and tendering processes. This has been part of the madness of the experience."

3.20 At the same time, there remained occasions where funding had been simply 'offered' (from end of year under-spend, for example). This was seen to be confusing and inconsistent.

3.21 It does seem clear, however, that voluntary sector agencies are being viewed as an appropriate vehicle for contracting out public services or as an extension of statutory services (10). A few (3) were happy enough with this account and felt that contracting out could offer improved services. However, the rest (7) did not see this as a positive development. A couple (2) of respondents took explicit exception to the change, not seeing their role as offering mainstream services, and feeling there had been no public debate about the acceptability or desirability of this.

"Part of the problem is that we're a voluntary agency but are often treated by the local authority as if we are a statutory service - the real role and purpose of the organisation is not recognised; the importance of the volunteer base is an example."

"With reference to preventive work, the big money is going into X and there will also be likely new money for preventive work coming via Y.... we are comfortable with our role within this network of (statutory) services."

3.22 For individual agencies, the rationale for commissioning is unclear - why is it seen to be necessary when existing arrangements were not broken (3)? Many (7) agencies said they had been made to compete for their existing funding, despite there being no previous complaints or unhappiness about the use of this funding or the services/activities they have undertaken with it.

3.23 The budgets that form the basis of commissioning strategies or exercises can be arbitrary in amount and spread, based around matters like Government policy or central subsidy available, and therefore not offer VCS agencies what they or their communities need (2). Despite exhausting tendering processes, the amounts of money involved can also be small and the timeframe for contracts short (3).

"The budget available was going from £74k a year to £750k to £2,4M and then back down to starting levels..... I am disinclined to get involved at all, partly because I don't want to take on loads of staff that I'll have to make redundant next year or the year after."

"We have had to tender twice in three years for a two year contract of about £40k a year - this is incredibly wasteful of everyone's time and effort."

3.24 Particular concerns were raised the impact of individual budgets ('personalisation') on the viability of some agencies and on their ways of operating, as the indications are that more of a competitive 'selling' role will be required of them (6).

3.25 Some of the tenders let do not achieve, or even offer to achieve, full cost recovery (for example inviting agencies to bid at a 'discount' rate). VCS agencies have to fundraise to cover the gap, effectively subsidising statutory services (3).

3.26 At the same time, as commissioning has taken hold, grant funding has become more uncertain and for shorter time periods (3 years to 1 year); decisions are made at the last minute creating much uncertainty amongst recipients and making planning very difficult (2).

3.27 The move to commissioning has affected relationships between individuals and their organisations on both sides. Previous and on-going experience of joint working and joint service delivery is not always valued by commissioners (2). Commissioning also creates and perpetuates formal relationships to the detriment of flexible and informal relationships, often more appropriate to the setting. This can damage the personal relationships and removes flexibility from service provision (3). Although there are good examples of statutory sector officials being accessible and responsive (3), some (2) also said that criticism of the procurement and commissioning process is taken badly and seen as unacceptable.

"One of the consequences of this whole process is that funders are encouraged to think only in numerical terms. Previously we dealt with funders on a more equal basis and from a position of goodwill and common sense; the result of the commissioning is a less mature approach without partnership."

3.28 There are also damaging effects on the relationships between voluntary organisations. The encouragement of open competition engenders secrecy, and creates divisive relationships between agencies that should be working together. National agencies, and some local ones, are beginning to behave in predatory ways (6). Respondents felt they are being forced to become competitive and territorial even when they do not want to behave in this way (3).

"These moves have forced us to become territorial and behave aggressively and competitively. This is not the way we want to work with other voluntary agencies and the statutory sector."

3.29 At the same time, private sector agencies and national charities are showing increasing interest in activities historically provided by local voluntary groups and these have the resources to prepare and win contracts (7). These agencies will often lack local knowledge or experience (2).

"This introduces another topic which is the predatory interest of national voluntary organisations looking out to pick up local contracts."

"We now learn that the contract has been given to who have recently indirectly approached us for help with making local contacts."

3.30 The role and value of having numerous and diverse voluntary groups is not appreciated by statutory sector commissioning intentions and practices. For example, the extent to which VCS groups bring money into the area is not recognised. One of the fallouts from 'rationalising' provision, can be that commissioning 'losers' may also lose these incoming resources (3). Another example concerns volunteering - volunteers may not be happy with being 'transferred' to another provider, especially if the new provider is a private sector firm, generating profits.

3.31 Despite the supposed discipline of commissioning, it had often been the case that existing grant holders are offered the contract because they are local, already doing the work well and there is no other agency in a position to do it instead (4). For these groups the whole exercise had been time consuming, largely wasteful and worrying. Some were also concerned about the implicit logic of moving to competitive tendering - that the point of such tendering is to identify new, 'improved' suppliers which creates an assumption of and momentum for change; otherwise what is the point of forcing a competition?

3.32 There was also some concern about the extent to which working under this new funding regime would force internal changes in management practice and other organisational matters. Greater demands for monitoring information and performance reports were already a feature of these changes (4). One agency said that they had lost staff because of the new ways of working that had followed on from the move to contracts.

"The paperwork demands have escalated out of all proportion; we're not paid to do all the work that is required for this."

3.33 In contrast, and to different degrees, some respondents (5) do see commissioning as providing opportunities for development or expansion that do not substantially threaten or distort their autonomy or freedom to pursue their groups' own aspirations.

"There are positives in the changes. Our services are better than they have ever been, there are lots of choices about and lots happening and there is the chance for agencies like ours to take initiatives, to go to the commissioners with good ideas that are listened to."

"The commissioners feel a need to rationalise provision and relationships... and this is a quite reasonable position for them to take. It's likely that there may be more lead contractors, who then sub-contract to other organisations. We might benefit from this reconfiguration and don't have a problem with the approach."

3.34 The majority (10), however, felt that commissioning has made it more difficult for them to do the things they consider most important, or do things in their own way.

"So far, we have been effectively forced into a process and intention by the statutory agencies involved, that was built on false assumptions presented by X, accepted uncritically by the local authorities, and implemented in a way that has raised anxieties and consumed a lot of time on our part. None of this was in response to any concerns having been raised about the quality or adequacy of the services being provided..... Once the contract has been awarded there is no evidence to suggest that a better service will be available to the public (indeed it may be a worse service)."

"We have to meet numerical targets, whereas we would like to see fewer people but be able to do more in-depth work with them, as this gets better results."

"We had to bid for our own existing funding and in the process did have to adapt our activities to match the specification from the commissioners."

Commissioning processes - Specification

3.35 Respondents who had been through commissioning processes offered feedback about their experience. Points made about tender specifications and the processes behind them included:

- Funding for particular services has been put out to tender with little or no consultation with the local historic providers (2);
- The process has allowed the commissioners to demand more, for the same, or less money (2);

"The tender specification added greater demands for information and reporting requirements, new commitments to partnership working, and the need to set up and run a number of forums. In other words it added up to more work for the same money, and, to add to this, the sum has not kept up with inflation. So we have been fundraising to cover the difference, in effect subsidising X's financial contribution."

- Tender specifications have been inadequate, contained little clarity about expectations, sometimes included unreasonable expectations, did not allow the inclusion of start-up costs or any initial period during which a service could be built;

"We were invited to offer a 'discount' on the contract price and were told that we would get 5% extra assessment marks if we did that."

"At the time (of commissioning) we had about £40k of reserves, which we were advised by officers to get rid of."

- Tender specifications have been framed around the resources available rather than a reasoned assessment of need (2);

- Tendering specifications and processes have not placed a value on local experience, local focus or degree of 'embedded-ness' within local communities (2);
- Tendering specifications and processes have involved a 'standardised' approach that does not recognise local (even neighbourhood) difference and diversity;
- Tendering specifications and processes have not recognised multi-purpose and holistic approaches to client/community needs (3); this can result in a focus on specific primary outcomes which work to exclude secondary outcomes, positive unintended consequences, and more intangible 'quality of life' influences (essential where preventive work, for example, is concerned) (2);

"Although I was not keen on what was being proposed, I felt we would have to tender for it or risk another provider arriving on our patch."

- There have been no or few opportunities for agencies to influence specifications or negotiate differing specifications where these were thought to be more relevant or appropriate (2). There was an opposite view here though, where agencies felt they had been meaningfully involved (2);
- Some agencies felt that their experience and expertise has been 'stolen' by the commissioners to be included within specifications that then excluded them, or in contracts that they lost (3);
- Some statutory agencies are moving to adopt 'preferred providers' where only a limited number of agencies will be in the frame for contracts. There was a feeling that in general, commissioners and statutory sector officers want fewer groups to deal with and are looking to mergers, takeovers and consortia to achieve this.

"Our bid was rejected at the outset and not short listed. Although we can't prove it, it looks as if X (a local authority) took our experience (of running this service) and wrote this into their tender documents; this is very unfair."

"Previously funding had been available from X, but with commissioning arriving and the statutory bodies looking for a single point of contact, considered that a County-wide charity would be beneficial."

Commissioning processes - tendering and contracting

3.36 Most, though not all, of those we spoke to found the tendering processes tedious, inadequate and anxiety-inducing:

- Preparing Pre Qualification Questionnaires and then full bids was found to be an extremely time consuming exercise for which there was no resourcing or compensation - the agencies had to find this time and the skills needed from their own resources (4); included here were large and unreasonable demands for policy and practice statements (3) (although sometimes the end result was useful for the agency concerned - 3);

"Having moved through the PQQ stage, the main application then had to be put together. This probably took 6 weeks of worker time; all free time i.e. not funded from any other source."

- There were examples of very short deadlines being allowed for turnaround of applications (e.g. 4 weeks) and sometimes over holiday periods (2); and examples of guidance notes and application procedures being changed during the commissioning process;

"I couldn't believe how many changes were made to the required documents and to some extent started to feel as if the officers were trying to trip us up, catch us out...."

- The use of jargon and other business or managerial language was experienced as confusing and excluding (2);

3.37 Once awarded, some felt that the paperwork demands of monitoring were excessive (4) and had forced them to incur additional administration and management costs that were not allowed for in the contract (2); contract terms have also been unreasonable or prescriptive (e.g. insisting on owning copyright of materials); there had sometimes been inappropriate funder involvement in operational detail (2); some agencies have also been unable to get feedback from commissioners as to why their bids have been rejected.

3.38 It was also said that small groups cannot cope with the demands of tendering and are often anyway excluded from the possibility because of size or other unreasonable considerations (4).

"The main money will go to those who look most competitive and the assumptions and processes are likely to disadvantage the smaller groups who will not be able to keep up."

"Part of the problem may be that we fall between two stools - we're small and therefore seen really as a community group and thus outside of 'mainstream' statutory funding, but we are large enough to have significant needs for funding to keep going."

The position of and impact on the commissioners

3.39 For the majority, feedback on how commissioning has been handled was very critical. It was said that commissioners have shown themselves to be poorly trained, have poor understanding of the sector, display confused and confusing expectations, are inconsistent and badly equipped for the job (6) and the people involved have kept changing (3).

"The staff who do commissioning and then contract monitoring are poorly trained. They take up time, ask for things they are not entitled to have, etc."

"Also within the X, there have been several reorganisations and changes of people. New people arrive, there is limited organisational memory and they just start again with their own ideas. This wastes a lot of people's time."

3.40 In two cases the stance of statutory agencies in the move to commissioning was described as dishonest and bullying.

3.41 It was said that the whole process tends to be driven by officers and that elected councillors often know little or nothing about what's going on or the implications (2).

"Councillors do not really know what's going on. There is widespread support for our service and there is no evidence that anyone, including councillors, wants to get rid of it. But, with the Cabinet arrangement, the information and knowledge about these kinds of proposal is confined to that small group of councillors."

3.42 There were some exceptions to the above picture and the Mental Health Trust and Learning and Skills Council were described as having handled the commissioning process efficiently and effectively.

"The commissioners value user involvement and this is something that we can bring to the table. The pressure on commissioners to contract out is extreme. This pressure has itself helped to legitimise the role and involvement of third sector organisations and we see this as a good thing."

"The Learning and Skills Council has been very focussed and organised about commissioning - they know what they want and have been successful at getting it."

3.43 Lastly, it was pointed out that the whole commissioning process is extremely time consuming for the statutory side people involved as well as those from the VCS agencies. These hidden costs could usefully be quantified.

Relationships, understandings, and funding arrangements that would help voluntary groups to 'thrive'

The position overall

3.44 In terms of their own agency or group, nearly half those interviewed (7) generally felt that they were doing OK at the current time. However, the majority indicated, explicitly or implicitly, that they do not view the circumstance of their own agency or of the West Sussex VCS sector generally, as 'thriving' (14). Given that the expression 'thriving third sector' is now part of the sector's lexicon, some felt that the word needs a good deal of definition and clarity about how 'thriving' might be described in a meaningful way. Respondents referred repeatedly, and in different ways, to the huge uncertainty currently affecting their funding relationships, even those that had successfully secured contracts.

"The groups who are our members are not thriving. Many of them remain weak and big changes and pressures continue to badly affect their communities."

"The uncertainty of the future funding situation makes business planning effectively impossible. The last business plan, which is only about 6 months old, is now largely out of date."

"Agencies need some element of safe and sustainable funding if they are to be able to survive. And if agencies start to disappear they will be very difficult to put back again, when it is realised that they are needed."

3.45 For most, continued access to statutory funding was seen as crucial to their future. However, there was clearly felt to be a strong need to realign the terms of engagement for obtaining this funding, if the VCS in the county could truly be described as 'thriving'. Tendering and contracting was seen as an ineffective blunt instrument, which does not guarantee that more efficient or effective providers will be found. Indeed, some respondents felt the opposite to be the case. The changed arrangements also force some agencies to operate in different ways, with different styles of service, management, operational or professional assumptions (11) - some were resentful about this, though others (5) said that these shifts had not yet undermined core purposes or activities. Furthermore, commissioning, in particular, does not complement, but cuts across, meaningful and effective joint working, which should be based on enduring relationships and more equitable power relationships.

"We will fight to keep the X money. If however we lose it, we will have to decide whether we can keep the project running, or alternatively consider charging the full cost recovery to service users."

"There needs to be proper, informed consultation and engagement with the sector.... tendering and contracting is no substitute for proper joint working.... This relationship should span both policy development and deployment of resources."

3.46 In the absence of new understandings and arrangements, respondents felt that their only (and inadequate) alternative would be to seek alternative and non-statutory sources of income (trusts, private funding or income generation activities) to maintain their work (10). This was viewed as likely to be very difficult and it was predicted that agencies will close. Within the sample of 16 people we interviewed, already 1 service had closed as a result of commissioning, and 2 agencies were currently threatened as a result of predicted funding changes.

"A second strategy is to continue diversifying funding streams, particularly looking for social enterprise opportunities as these offer the prospect of unrestricted funding that we can use as we like. My ideal would be to achieve more than 50% independent funding."

3.47 One agency in particular (and two others to a lesser extent) bucked this trend and felt that its own perspectives and intentions were highly convergent with those of the

statutory commissioners and that they were doing well as a result, within the new arrangements. Interestingly two of these agencies worked in the same field and had primary relationships with the same commissioners.

"We are clearly a voluntary organisation and a charity, but we should also be viewed as an expanding business, looking for and taking opportunities as these arise, where these do not conflict with the core purposes of the organisation."

Making it better - what individual agencies should do

3.48 Clearly, our respondents were already adapting to the new funding regimes being put into place. It was said that commissioning demands agencies to be much sharper about understanding where the money comes from, how the statutory sector now approaches its funding role, and how this can be used (indeed manipulated). This takes time and requires the acquisition of some new skills, but can reap rewards.

3.49 Within this interplay, the question of independence is crucial. Various mechanisms were suggested as ways to help defend and protect this independence and freedom of movement. Examples include:

- Remaining clear about the core role and functions of your organisation and identifying your own plans for continuing or expanding your work - putting proper time into this activity (9);
- Being better at promoting the organisation's work and its positive effects;
- Finding trustees with more current skills and knowledge of the operating environment;
- Diversifying funding, especially with a view to increasing unrestricted income (4);
- Creating less dependence on statutory sources (4);
- Making and taking opportunities for income generation and social enterprise (7);
- Improving skills and resources in using IT;
- Finding more efficient techniques for gathering information and reporting;
- Being tooled up (language, bid writing etc.) in ways that allow the agency to make tender specifications more their own;
- More creative use of structures that will promote independence and inter-dependence, co-operatives for example (2);
- Working to acquire assets, typically buildings, to aid sustainability (4) (3 agencies had already bought their own premises);
- Remembering to stay small and local, where this is appropriate, and not be forced or seduced into expanding or moving areas (geographically and in service/activity provision).

"I realised that things were changing and I needed to tool up. I got access to training and boned up on management, marketing, bid writing, policy positions, etc. so I could talk the language and know my way around the scene."

Making it better - what the local voluntary sector should do

3.50 The VCS itself needs to take back the initiative - to develop and promote assertively its own perspective both on what needs to be done and the best ways of achieving real change and improvement in local communities. (3).

3.51 For this to happen, individual groups and agencies need to build stronger relationships with each other and make it more difficult for funders or statutory agencies to divide people from each other. It was felt that appropriate voluntary sector-only forums could allow the sector to re-group around all these changes and find the confidence and strength to question what is going on, where necessary, and substitute home-grown perspectives, at the same time as developing more influence over the process (3).

"The move to competitive tendering leads to secrecy and a loss of collaboration and joint working between agencies..... There is a need for a forum to allow us to re-group around all these changes. We have talked about this."

"The VCS needs to take back the initiative, to develop and promote assertively its own perspective both on what needs to be done and the best ways of achieving real change and improvement in local communities."

3.52 The extent to which changes have been driven by officers was noted a number of times. As an antidote, it was suggested that rebuilding stronger relationships with councillors might produce good outcomes for VCS agencies and the sector as a whole (3).

Making it better - what statutory agencies should do

3.53 In general and overall, the plea from our respondents was for those working in the statutory sector to recognise that VCS agencies will want to do things that may be outside their interests or concerns, and they should be respected and left alone - even supported - to do that. For this to become a reality, officers especially need better knowledge of the ways that voluntary agencies work, and a clearer understanding of the structural distinctions between the two sectors (the VCS is not simply a delivery vehicle for statutory intentions). They also need to be better trained in the specific work they are doing, especially commissioning processes.

3.54 A specific corollary of this is that arrangements for accountability for public funding, whether by way of grant or contract, should be proportionate and based on real knowledge and understanding on the part of statutory agencies about the work that is being funded (2). Significant improvements in understandings and effective accountability would be gained if statutory sector officers had more routine, face-to-face contact with funded agencies and the opportunity to form and maintain working relationships with longevity and continuity.

3.55 If statutory bodies and voluntary agencies are happy to move to a contract-based relationship, then this should be based on the principles and practice of full cost

recovery. Also longer term funding would allow proper planning and management of work programmes (3).

3.56 Paperwork regarding funding applications and monitoring requirements need to be greatly simplified and be capable of incorporating - and valuing - qualitative as well as quantitative evidence (2).

"(We need) longer term funding that will allow proper planning and management Full cost recovery....much simplified paperwork...."

3.57 A couple of people remarked that if statutory sector agencies were required to operate on the same basis as VCS agencies, this might help them to understand the deficiencies and inadequacies of the approaches they are taking (2).

Making it better - statutory/voluntary relationships and joint working

3.58 Though much of the feedback we have assembled in this research is critical of the stance and performance of local statutory sector agencies, respondents did not wish to turn their backs on the relationship. Indeed, people were keen to develop authentic opportunities to work together for common interests and objectives, including joint work with statutory agencies; these arrangements should span policy development, programme design and the allocation of resources (5). Such collaboration should come out of proper dialogue with the statutory agencies based on respect for what the VCS does and can offer (2). One result would be more evidence that decisions are based around the needs of the local community and the views of experienced local voluntary sector groups.

"(We need) proper dialogue with the statutory agencies based on respect for what we do.... more evidence that decisions are based around the needs of the local community and the views of local voluntary sector groups who have all the relevant knowledge and firsthand experience."

3.59 In particular, respondents would welcome more opportunities to influence needs and service response assessments and their ability to make alternative proposals, where appropriate. This would include opportunities to approach funders with new or good ideas and have these taken seriously. Also agencies need to be confident that their ideas will not be stolen and/or used against them (2). This would allow the voluntary sector to do what it is good at - experiment and try out new things, to be a creative part of the landscape, to take risks and learn from the experience and to escape the relentless orthodoxy of being target-driven.

3.60 What follows is a case study of the above type of good practice, told to us by one of our respondents:

"We were approached by another local authority, because of our services and reputation, and asked to establish a service in their area. A specification was produced, which was consulted on and was sensible and open in that it allowed any potential

project partner to adapt and craft the model to local circumstance. In other words the Council did some early work to get it right. Users were represented, including within the selection arrangements. A decent amount of lead-in time as allowed. Through the process therefore good practice was evident. The result was been a three year contract for £75k per year with a two year option thereafter. This thus produces a new piece of work on a scale that we can sensibly incorporate, with good continuity of service and some security. The upshot is that the Council gets the kind of services that it has consulted on and then planned, and we, who are providing the service, are able to retain our integrity and credibility with staff and users. This kind of partnership with a statutory body is thus attractive to us."

4. Conclusions and recommendations

4.1 The views and experiences derived from this small qualitative study paint a coherent, yet disturbing, picture of the state of the Voluntary and Community Sector in West Sussex. For the most part, the material speaks for itself. However, in this section we try to present the overall conclusions that we believe can be drawn from the responses and some suggestions about changes that would more successfully create the conditions for the VCS in the county truly to prosper.

The sample

4.2 It is appropriate to comment on the sample of agencies represented within the research. Since agencies were self selecting, we were not able to stratify our sample in advance. In the event, the research covered a broad range of groups active in most of the traditional areas of provision of caring services. However it did not engage with the experiences of arts, environmental or educational organisations. Also the bulk of respondents worked for established voluntary agencies of some size, employing significant numbers of people and involved in the delivery of services.

4.3 However, we don't believe that the broad picture would be much changed if we carried out more interviews with more, and a wider range, of groups from within this spectrum of provision. This is because the findings are so clear-cut, and express an underlying situation (in our view a malaise) which cuts across the entire relationship between the local 'professionalised' voluntary sector and its funders.

4.4 On the other hand, only one community group was included in the sample, and none directly from the BME sector, although some of the infrastructure groups interviewed were able to tell us what was happening within the community sector. This (incomplete) picture indicates that this part of the VCS has not yet been much affected by changes in funding relationships. This is not to be taken, necessarily, as good news, since there is feedback that the community sector continues to be held on the margins both of involvement with, and resourcing by, statutory funders; and in a recessionary period in which demand on their capacity may be increased. A further piece of work would cast more light on the perceptions and experiences of groups in this part of the sector.

4.5 It is also appropriate to draw attention to the time delay between gathering the information contained here and reporting the results. The scene with regard to statutory funding is changing very fast. For the local VCS to be on top of developments and able to organise and represent its interests effectively, there needs to be a flow of routine and up-to-date intelligence about who is doing what to whom. This is, of course, one of the proper roles of the CVSs and other second tier agencies in the county. In the course of this research, we revealed a somewhat shocking lack of interest in the issues on the part of most of these agencies. It is hoped that, in future, more priority to this job will be given.

4.6 Lastly, it is necessary to comment on the ways in which we have been obliged to report the results of this work, to protect the anonymity of our respondents. We have placed a high premium on this, because of the extent to which some of our interviewees were anxious about the impact of criticism on their relationships with their funders. This means, amongst other things, that we have not been able to distinguish between the practices of different statutory agencies or attribute feedback to those agencies specifically. This does dilute the impact of this feedback. However the wider and more important point, in our view, is the extent to which disagreement and criticism is seen as too dangerous an activity to be associated with. This has to be bad for the relationship between statutory and non-statutory agencies.

The policy context

4.7 It is clear from this research, indeed it is commonplace knowledge across the country, that relationships between voluntary and statutory sectors are undergoing dramatic change. It is explicit Government policy that local authorities, PCTs and other statutory bodies are expected to move directly-run public services into the private or voluntary sectors, wherever that appears possible. Voluntary sector agencies are specifically valued within this construct for the apparent virtues of responsiveness, economy and ability to reach excluded people and communities. Though the thrust of this policy is directed toward the privatisation, or 'voluntarisation', of erstwhile public services, historic relationships between statutory funders and voluntary agencies (rooted in grants programmes and in joint working initiatives) have got caught up in these changes.

4.8 At the same time, the attempt to channel local priorities along a pathway defined by the LAAs, Sustainable Community Strategies, or departmental strategies, builds rigidity into the terms under which support for the voluntary sector can be forthcoming. This undermines creativity and flexibility and makes it increasingly difficult to secure funding for activities which lie outside these parameters. Giving overriding priority to strategic direction and the capacity to meet central targets, whilst important, has had the effect of obstructing opportunism, lateral thinking, alternative approaches, and the ability to adopt a holistic approach to meeting community needs. Many of our respondents referred to the impact of these narrow approaches on their ability to obtain statutory funding.

The influence of procurement and commissioning

4.9 The sharp end of these changes is, of course, the way in which statutory agencies decide how to use the resources available to them - both in terms of the work involved and in the manner of finding people to do the work. The evidence from this study and elsewhere indicates the extent to which 'being in control' drives this process and that commissioning and procurement is seen as the more-or-less universal means of achieving that control. Historic relationships - based on grants programmes - were competitive certainly, but the rationale was that voluntary agencies decided for themselves what they wanted to do, and why, and then pitched for the resources (to both statutory and private sources) to enable them to do these things.

4.10 Commissioning completely transforms and reverses that relationship. It is now for the statutory body to determine the need for a service or activity, the amount of money to be spent on it, the service specification to be adhered to, the characteristics of the agencies deemed 'fit for purpose' to do the work, the outcomes to be achieved, and the performance management to be used to ensure contract compliance. And local voluntary agencies, alongside private sector firms and out-of-area voluntary agencies, are then invited to compete with one another to secure the contracts involved.

4.11 The commissioning model appears, therefore, to exemplify these different assumptions about the relationship between public and voluntary sectors. Attempts to generate a mutual and inclusive debate about meeting community need turn into a manufactured market place in which voluntary organisations become businesses, competing to meet these needs. Funders become commissioners letting contracts according to commercial business models and, as a result, price subsumes value, numbers subsume judgement, and proformas subsume intimate local knowledge.

4.12 Another way of describing these changes is the substitution of an organic, inclusive and iterative approach to meeting community need by one that is technocratic and exclusive. Many respondents were dismayed, sometimes angry, about the remoteness and inflexibility of the processes and relationships they are now expected to conduct. Commissioners were seen as shadowy people, whereas direct contact with the sector is delegated to officers without influence over commissioning decisions.

4.13 This, it was said, had undermined the potential for good understandings and synergy between the people involved on both sides. Close and well-informed working relationships with statutory sector colleagues are damaged by the mistrust and role fragmentation stemming from competitive tendering. Local authority staff are no longer able to be 'critical friends' - they are now expected to be neutral analysts. Relationships between funder and funded become paper-based, technocratic and rigid.

4.14 At the same time, elected local authority Members - key to supporting local community services and democracy - are now seen to be kept at a distance in the process. Instead of meeting to approve grants, they receive reports from officers about the outcome of tendering processes. Decisions which should be based upon informed political judgement and local knowledge are presented as technical, commercial matters, hedged around by formal protocols and conventions.

The impact of commissioning processes

4.15 There was much comment on the commissioning processes that interviewees had been through. Many respondents were exhausted, confused and irritated by these exercises and their experience was that tendering documents can be narrow, unduly quantitative, and do not permit organisations to show many of their greatest strengths; rules can be inconsistent, unclear and fluid; timescales totally unrealistic; and staff, volunteers and voluntary trustees sometimes expected to spend literally weeks of time preparing bids which may or may not succeed.

4.16 The time taken by preparing and submitting competitive bids is taken from the organisational delivery of services. Most groups do not have sufficient resources to employ dedicated staff for this purpose. Those that do are large regional or national bodies that are now appearing in the area in greater numbers in the search for new contracts. All of these pressures challenge the capacity of voluntary agencies to find and hold onto people willing to be involved - especially in a voluntary role.

Mending something that was not broken

4.17 In the face of this, the question commonly asked by our respondents was - why are the statutory bodies doing this?

4.18 With respect to previous processes and relationships, interviewees told us that their funding relationships had been proportionate and good enough, their activities under their own control, there was sensible room for negotiation, for useful discussion about direction and priorities (operationally and strategically), and a place for new ideas (which wouldn't then be 'stolen' by officers).

4.19 This is not to say that everyone described the past in idealised ways. There were changes and improvements that could have been made and many community needs that were not properly being met. But overall, the feedback was that these recent changes appear to be designed to fix something that wasn't broken. And the replacement is, in many ways, turning out to be worse.

Challenges to independence

4.20 We were interested to know from our interviewees not only how the relationships had changed with statutory bodies, but also what practical effect could be felt in their work and in their independence. With regard to the quality and results of their work, interviewees told us that the outcomes and outputs they achieved previously had been regarded by funders as good, sometimes excellent. In no cases had respondents been forced to tender for their own grant because funders were unhappy with their service. Most were thus starting from a strong base. The evidence here implies that, thus far, this 'intactness' is allowing agencies to hang on to their own priorities and their self determination.

4.21 However, most had experienced pressure on their activities and independence as a result of changed funding arrangements and that it was now "more difficult to follow

their own path" and there was a little evidence of agencies failing altogether. More significantly, serious fears were expressed about the future - both the vulnerability that comes from being in a 'marketplace' and about the extent to which they would be seen as a delivery vehicle for statutory sector intentions. Increasing regulation from UK and EU was also seen as undermining local voluntary action.

4.22 Nevertheless, the good news appears to be that this process has not yet achieved this end; there may still be time to recover the situation.

4.23 Though the above account is reflective of the majority feedback we have gathered, another view was also represented. One of our respondents and, to a lesser extent one other, felt very positive about the changes and three others had had positive, as well as negative, experiences of commissioning. In the main, this appeared to be due to a high degree of convergence between the commissioners and the contractors (the agency involved described themselves as both a charity and an expanding business), about the nature of the work to be done, the funding arrangements underpinning that, and the quality of the relationships in general.

Fears about 'personalisation'

4.24 Specific fears and concerns were raised about the introduction of Self-Directed Support ('personalisation'). It was felt that individual budgets will force organisations to put more resources into marketing and promotion, and less into delivery. If groups exist to provide charitable services, this implies a commitment to meeting a need, and that should come first, not selling your services. This process is drawing the sector into the commercial world of high marketing and promotional budgets, consultancies, branding. This, it was said, will make it even harder for smaller groups to retain a toe hold.

The role of representative and infrastructure bodies, and the need for a collective voice

4.25 There was evidence that many local voluntary organisations relate to local statutory sector funders in very isolated, individualised ways. There appear to be few well-used mechanisms for exercising collective influence on this relationship, and the potential of such mechanisms is undermined by the secrecy induced by competitive tendering. Some respondents saw the need to improve this kind of joint working within the sector.

4.26 At the same time, the belief (not necessarily based on fact) that commissioners want to work with fewer organisations is generating pressure within the local voluntary sector for organisations to merge or form delivery consortia. This is happening despite the fact that local organisations are active and closely in touch with their users, and controlled by local Trustees. A culture is being built up that maintains that it is necessary to be big to survive in the new world.

4.27 Feedback from some interviewees was critical of the local infrastructure bodies, which were seen as ineffective in publicly addressing the funding difficulties and other

changes being faced by the local voluntary sector. Indeed, we found the disinterest amongst most West and all East Sussex CVSSs, in even participating in this piece of research, as shocking. However, this was not the picture everywhere and some infrastructure bodies were seen as trying to effectively integrate and channel VCS interests to achieve strong and authentic strategic influence, at District and County level. There is an urgent need to improve the means by which intelligence is gathered about what is happening to the local VCS and the structures and arrangements whereby the sector is robustly represented and defended by the organisations charged with that task.

Our conclusions overall

4.28 Overall, however, the evidence from this study points to the conclusion that the changes associated with statutory funding, and with statutory/voluntary sector relationships more widely, are damaging for most of the individual groups involved, damaging to the sector as a whole, undermine local political processes, and provide little evidence, certainly no guarantee, that things will be any better as a result. Respondents described huge uncertainty, both in funding matters and in relation to their future in general; the local sector was not regarded as 'thriving'. Most organisations are deeply troubled by this new world of public funding, although a minority embrace it enthusiastically. It seems certain that these damaging effects for the groups and organisations involved will also work to the detriment of local users and communities – a voluntary and community sector in West Sussex less able to focus on, and take its cue from, the needs of those whom it was set up to serve.

4.29 However, there are opportunities and possibilities. Most interviewees saw their integrity, autonomy and sustainability as threatened rather than overcome. There is still time to agree a more sensible accommodation with the statutory sector around the terms of engagement and the proper role of an independent voluntary sector.

4.30 And the willingness and interest to do this is there. Though most of our interviewees were exasperated and critical of their recent funding experiences, their feedback was more in sorrow than anger. There was strong indication from respondents that they do see their future as being in productive joint working relationships with statutory agencies. Getting these relationships right is the challenge for all involved.

How to make it better – recommendations

Act before it is too late

4.31 The evidence presented in this report is strong and disturbing. It is clear that the local sector is being driven by the statutory bodies through a process of fundamental change, a process led by local approaches to funding through procurement and commissioning activities. Though the impact of these changes has yet to do terminal damage to the autonomy of individual agencies and the independence of the sector as a whole, the direction of travel is clear. Voluntary agencies (some of whom are included in our sample) whose perspective and interests matches those of commissioners, and who

are prepared to conform to performance management and other requirements, may indeed have a bright future. But this convergence (or its beneficial outcome) cannot be assumed and was certainly not present amongst the large majority of those we spoke to. As we see it, therefore, crunch time has arrived, and it is appropriate to ask what kind of a future lies ahead for an independent Voluntary and Community Sector in West Sussex?

4.32 Ultimately this is a matter for the sector itself, acting at the level of individual agencies and groups, and acting collectively through the sector's forums and representative bodies. No-one *has* to bid for contracts, or even accept statutory funding at all, though the pressures to do so may be great. However, the real synergies - and benefits to users and communities - that are possible through creative, respectful and effective partnerships with statutory sector agencies are too important to be vandalised and squandered. Those working in the statutory sector are, of course, under many pressures themselves and are, no doubt, doing their best with the interests of West Sussex in mind. However, the evidence of this report is that, with respect to funding regimes and relationships, things are not working. Change is needed and the stakes for failure are very high indeed.

4.33 We believe, therefore, that a root-and-branch re-evaluation is needed. This needs to happen inside individual voluntary agencies that are faced with the dilemmas of statutory funding, within the sector as a whole, and amongst those in the statutory sector who share the concerns raised in this report. If this happens effectively, we believe it is still possible to recover the situation and lay the basis of a new 'settlement' between the statutory and non-statutory sectors in the county.

What individual organisations can do

Be self conscious and well organised

4.34 Many of our respondents indicated useful practical ways of relating to statutory funding changes, including being better organised, being sussed about the world of tendering and tender writing, strengthening the involvement and skills of Trustees, diversifying funding, investing in secure bases and in flexible use of space, resisting pressure to expand if this is not appropriate, and building better links and perspectives with other agencies.

Go back to basics - your proper role and purpose

4.35 Behind these tools and tactics lies a more fundamental need - for groups individually to revisit their own aims and perspectives and assess the extent to which these have been, or are in danger of being, diluted, changed or emasculated as a result of funding agreements with statutory sector bodies. In other words to assess explicitly the extent to which activities remain true to the 'mission' and are being pursued independently. This kind of 'independence audit' can be a useful step in clarifying the character of the work being done. It can provide insight into the extent to which compromise of aims and objectives may have already occurred, and provide a strong

base from which to negotiate more effective agreements with funders. It can also reveal the extent to which activities are managed and run in ways that are consistent with the strengths of the voluntary sector - placing a premium on inclusion and participation, and minimising the use of 'business models' that ape the statutory or private sectors. Being in the voluntary sector is different and we should be proud to be different, because that is what draws people to us.

Be true to the results

4.36 In practice, of course, the results of such a review are unpredictable. It might be that some groups would decide that their mission is to chase the money, compete aggressively with other agencies, change their services and activities to match the specifications of commissioners, etc. However, we think it more likely that the conclusions of such an exercise, for most, will be to restate their community roots and the need to live up to that association, commit to investing in their locality, work to retain and involve staff, volunteers and trustees, and promote interest in 'place' and its culture and community. We want to think also that groups would reject outright competitive relationships and instead commit to investing in one another, sharing ideas and resources, and working collaboratively with colleagues.

What the local voluntary sector can do collectively

Establish the structures for working together in the sector

4.37 Whilst it is vital that individual agencies and groups are clear and assertive about what they are, or are not, prepared to do, it is also true that acting alone fragments the potential for influence over the policy and practice of the statutory sector in these matters. Maintaining effective structures for sharing information, hammering out positions and perspectives, and agreeing the ways and means of getting effective results becomes absolutely critical in times of threat, a circumstance we currently occupy in the VCS, in our view. To be clear, we believe it crucial that these structures (forums, working groups, etc.) are themselves independent of the statutory sector and should be the constituencies from which representation should be drawn to participate in partnerships, and other groupings, that bring together the statutory and non-statutory sector. It is important that these forums should include strong trustee involvement.

Defend independence and don't be afraid to disagree

4.38 In turn, voluntary sector representatives on strategic and other partnerships should be assertive, accountable to their constituencies and willing to dissent from policy and practice that threatens the independence and sustainability of the sector. A part of this job is to build closer links with local elected Members, to keep them informed, build trust and mutual respect, and try to ensure that key decision making rests with Members rather than officers, as is consistent with proper democratic purpose.

Speak plainly

4.39 Also, in this context, we want to make a plea to get back to plain speaking. The language we use is a powerful influence on the ways in which we see the world and shape our experience. The VCS and the public sector are now beset with language that confuses, obfuscates and excludes. We cannot have meaningful debate about issues as important as these, when people simply do not understand the words that are being used.

Improve effective infrastructure support

4.40 The above points, of course, relate to 'infrastructure' and takes us to the role of 'infrastructure bodies', in West Sussex - the Councils for Voluntary Services, the Voluntary Organisations Liaison Group and the other groupings that deal with specific geographical or population groups, or thematic areas such as youth work, disability, older people or mental health services. It is essential that these 'second tier' groupings are effective in facilitating the debate that is now needed about the future of voluntary action in West Sussex and taking the action that is needed to defend the independence of the sector. Underpinning the capacity of the sector to respond effectively is the need for routine and up-to-date information and intelligence about what is happening locally with regard to statutory funding policy and practice, so that things can be dealt with in the here-and-now. This is a crucial role for the second tier agencies and one which, we believe, they must take more seriously than hitherto.

4.41 It is also essential that these groups are not diverted from their proper role and purpose by allowing themselves to be drawn into competing with one another for the resources available from the statutory sector to support their work. There are indications from this study that some such manoeuvring is now beginning. If changes in the configuration of second tier support are needed in the county, it is the responsibility of these agencies to agree their own perspective and strategy, not allow the statutory sector to make these decisions and then bid against one another to implement that plan.

What the local statutory sector can do

Be worried - things are going wrong

4.42 This piece of work was not directed towards the statutory sector or undertaken with its interests in mind. However, we hope that Members and officers at all levels will take seriously the disturbing concerns that this research raises. Statutory agencies have legitimacy and authority, as is proper in a democratic environment, and have duties to pursue in relation to public services, our civil society and the health of our people and communities. With respect to voluntary and community organisations it is always said that these are greatly valued because of their considerable contribution to society, but the message of this research is that statutory sector policies and practices are 'killing the goose that lays the golden egg'. The issues and pressures are great and complex, but we will be able to make progress together if more people inside

statutory agencies make the effort to listen and communicate effectively; and understand and respect why and how the local VCS derives its strength from being different. A part of this is to avoid the assumption that wherever the public/statutory sector wishes to go, the voluntary and community sector should follow.

Be critically informed about the broad consequences of your decisions

4.43 More specifically, statutory bodies would do well to build a voluntary and community action 'impact assessment' into all policy and funding decisions, which would take a broad view of the impact upon such things as local community life, volunteer engagement, political accountability, and working relationships. This would leave more room for VCS perspectives and agendas, as a counterpoint, where needed, to the more fixed strategic plans of the LAA, etc.

Make 'real partnership' a practical reality

4.44 With respect to partnerships, statutory bodies should commit to the principles and practice of true partnership, in the common sense meaning of the word, even when these conflict with the intentions of Government policy. At the strategic level, the aim should be democratically accountable partnership structures which delegate real power and financial responsibility. At the level of individual funding arrangements, the aim should be the maintenance of meaningful relationships based on sound contact, mutual respect and good local knowledge.

30/3/10

Appendix I

Defending the Independence of Voluntary action in West Sussex: exploratory research into the implications of current and alternative funding models

[v3: 9.9.08]

Aims

1. To identify the political, cultural and economic environments which support energetic, independent and evolving voluntary action across the communities of West Sussex.
2. To investigate and draw conclusions on existing and alternative funding models (grants, procurement, commissioning, contracting, support in kind, social enterprise etc) for resourcing independent voluntary action.
3. To make recommendations on likely models which will safeguard independence and present these to the networks of organisations involved in voluntary action in the County, and to local, regional and national organisations which aim to work with or support communities.
4. To test the project's insights, conclusions and recommendations more widely and to create plans of action for resourcing voluntary action.
5. To work with the networks of voluntary action organisations and their constituencies to implement the plans.

Background and participants

1. Adur CVS works with, and supports, over 300 voluntary groups in West Sussex. The CVS has watched with increasing concern as small community based and mainly volunteer-led activities struggle to retain their diversity, vibrancy, local roots and agendas; against a rising tide of government targets, prescriptive funding arrangements performance regimes and the encroachment of corporate voluntary and private agencies.
2. To test whether their concerns were shared, Adur CVS hosted a meeting in August 2008. All Sussex CVSs were invited, along with other people working with Adur CVS. Ten people attended: three CVSs were represented at the meeting, as well as West Sussex County Council, Help the Aged, WRVS, VOLG, EESI project and the National Coalition for Independent Action (NCIA).
3. The meeting agreed to find ways in which co-operative community-led voluntary action could be resourced, and in particular to ensure that W. Sussex County Council plans for procurement and commissioning did not damage the diversity, vibrancy and independence of such action. The meeting concluded that the VCS needs to have plans of its own for the best ways to resource voluntary action and these should form the basis from which to organise, act and negotiate with statutory agencies and other funders.
4. This proposal sets out a possible way of tackling these issues and has been drafted jointly by Adur CVS and NCIA. We present it to the W Sussex network of CVSs and invite suggestions. We hope that the CVS network will consider endorsing an agreed version of the proposal.

The Project and its Methodology

5. The project will adopt an action research model, which includes participant observation, discussion groups, and semi-structured interviews. There will also be a review of existing research literature and experiences elsewhere.
6. The project will consist of three overlapping strands:

Strand 1 - establishing the project, setting the scene, painting a picture of what's going on generally and elsewhere, debating and agreeing the problems experienced and the focus and approaches for the project, finding people to join and participate in the work

Strand 2 - gathering information, insights and ideas about current and possible models to resource voluntary action; developing a view about the models most, and least, likely to nurture energetic, independent, diverse community-led activities;

Strand 3 – testing the results, consolidating findings, building in consensus and differences; formulating plans and taking action

7. Findings, insights and ideas will be made available as they emerge so that W.Sussex voluntary groups can take them into account in the decisions and actions they must take during the life of the project. We expect that a developing perspective and plans of action will arise during the process of the project. All opportunities will be taken to move to practical action as swiftly as possible, where this is necessary, given the urgency of the present situation and the need to influence the County Council plans for commissioning.
8. *The first strand* will be to paint a general picture of what is going on, in particular local plans for procurement/commissioning, the concerns people have for resourcing voluntary action, activities that are under threat and the focus for the project. In this stage we will agree the details of the project, including questions of resources, set up a Steering Group for the project and start to collect information about experiences elsewhere and models for resourcing voluntary action. The Adur AGM in November 2008 act could provide one way to collect this information. Other mechanisms will need to be agreed.
9. *Strand two* will gather information and views from *a sample of organisations* engaged in voluntary action, complemented by *an information bank* of what's going on in W.Sussex during the period of the project.
10. *The information bank* will receive 'good' and 'bad news stories' during the course of the project about the ability of W.Sussex VCS to support and resource their own plans and aspirations. Electronic and other communication structures will be used for this purpose. The bank will be promoted as part of stage one and during the course of the project. Access to the bank, outside the project team, will need to be agreed.
11. *The sample* will be stratified in advance, according to a framework to be agreed, and once this has been applied, participating organisations will then be selected according to willingness to join in the project. Stage one will actively encourage people to put themselves forward. The sample criteria will be agreed as part of stage one. However, as a basis for discussion, the criteria might include:
 - those providing community services/activities, pressing for social change or better public services

- predominantly volunteer-based activities, which would include groups with a small number of paid staff
 - a local branch of a national agency, working on community-led interests
 - groups/activities that have been cut or have not been able to find resources for their activities
 - W.Sussex groups who act to represent, stimulate and encourage community-led agendas.
12. The groups selected will each be allocated a project (volunteer?) researcher, who will work with them to collect information and views. The intention will be to find out what works and what doesn't; and the models that are more or less effective in sustaining the activities of the group:
- current activities and resources
 - the extent to which these reflect the purposes and priorities of the group
 - the wider environment of the group – funding, influence, policy impact, service needs, joint working and community base
 - gap between current services and aspirations and the resources available
 - future prospects, ideas and models for funding/resources, likely impact of commissioning.
13. The project aims to work with *fifteen separate organisations*, using *up to five researchers*. The researchers will be drawn from participating agencies or as interested individuals. We will need to be flexible according to the locations of organisations and researchers. Five researchers each with a caseload of three groups would be ideal, though this may have to be scaled down in practice. We will need to talk more about where such researchers can be found and whether this model is realistic.
14. The researchers will meet as a group regularly, to develop methodologies, identify lessons and findings emerging, ensure consistency and agree feedback to participants and the steering group. A research team of five researchers forms a potentially stimulating team which moulds the project's "hub". Fifteen varied participating organisations is about the minimum required to give some face validity to the findings. However, the findings would have the status of "insights" until – as part of strand 3 - they have been much more widely presented and debated, and until there is clear evidence about whether these form a common ground amongst the County's voluntary action organisations at large.
15. Ways to test out and consolidate insights of the project and devise plans of action – strand 3 – will be agreed during the process of the project.

What is expected from the project?

16. Action research feeds back as it is taking place, hence is itself a part of a process of change. It can respond quickly to questions that are freshly perceived and outputs/outcomes may arise that are not expected. However, at this point we expect the following to result from the project:
- a clear picture of how W.Sussex voluntary action is current resourced and the current and future implications of this
 - evaluation of different models available to resource activity and their likely effectiveness in supporting a diverse and energetic sector

- comparative research (perhaps with other parts of the Country), or development of “grounded” theories about the implications of alternative funding or support regimes for local voluntary action.
 - action required to ensure that the County Council funding regimes, including commissioning, safeguard the value of VCS activities and that effective models are available for voluntary action
 - on-going feedback and dialogue between participating groups, the Steering and Research Groups, which will stimulate perspectives and actions within the VCS more broadly
 - materials that capture the learning of the project and which can be made widely available
17. The outcomes and timescales for their achievement are not finite but developmental. They depend upon the findings of each phase of work. Suggested outcomes from the work are shown below, but we must be clear that if the philosophy and vision which underpins this project is not found to be widely shared locally, then some of these outcomes will change radically. This possibility is accepted and welcomed by all open-minded and exploratory research, including the present proposal.
1. An understanding and culture which is empirically validated, and shared by voluntary action organisations and local supporting funders.
 2. A community of voluntary action organisations which respects the independence of each member, whilst working strongly for collaborative strength and influence
 3. A shared respect for, and support of, the diverse roots of voluntary action across all communities in West Sussex
 4. An agreement that “one size does not fit all” and that sustainable voluntary action is not a “service” that can be “delivered”, but a culture that is nurtured.
 5. A co-operative structure which responds to this culture.

Management of and participating in the Project

18. We propose that the project be managed and promoted by the West Sussex network of CVSs, and with the involvement of NCIA. A steering group would be formed of a wider group of people interested and participating in the project (including the sample groups); and drawn from the different part of W.Sussex VCS. Stage One of the project would involve creating the Steering Group.
19. Adur CVS can provide servicing/hosting of the project such as for the Steering and Research Groups. NCIA can provide research support, share information about what is happening elsewhere and assist in shaping plans of action.

Resourcing and timescale

20. There is a need for urgency in the work – the time is now if the concerns which prompted this work are to be tackled. Hence the need for overlapping strands of the different stages, so that plans of action can be formulated/acted upon as the project progresses. The first strand should be completed by the end of 2008, with fieldwork in strand two completed by April 2009. Strand three is likely to be ongoing but with plans of action emerging incrementally from spring onwards.
21. The main resources required are:
- Project hosting and admin - Adur CVS to donate

- Project backing & facilitation - County CVSs and NCIA
 - Steering Group - selected from interested people locally and NCIA
 - Research Group - Five researchers, volunteers? local people, students, NCIA
22. How best to resource the project will be part of initial discussions. We would like to keep initial financial costs low in order to get the project going. If possible, expenses such as travel, phone costs, and meetings could be met through existing budgets and volunteer time of participating groups. Should more substantial funds be required to carry out and maintain the work (eg. volunteer researchers are not available, more detailed action research is needed, testing, implementing plans) this will probably require external funding and further discussion.

Appendix II: Interview protocol

Your organisation's previous funding relationships:

1. *How has the organisation traditionally secured its funding, and for how long?*
2. *Upon what did the traditional funding relationships depend?*
3. *To what extent have you traditionally been in a competitive funding situation?*
4. *To what extent have you collaborated with other organisations to secure funding for one or all of you?*

Change in your organisation's funding relationships:

5. *Are you currently experiencing change in your traditional funding mechanisms or relationships?*
6. *What impacts are these changes having on your workload, activities, relationships and general organisational culture?*
7. *How are you coping with these changes?*
8. *Are you having to learn new skills?*
9. *Are you having to acquire new resources?*
10. *Do you require or are you receiving any support?*

Your view of the future:

11. *Ideally, how would you prefer to secure funding for your organisation?*
12. *Can you think of any kinds of support that would currently help you?*
13. *Are there any other comments you would like to make?*

Appendix III

An opportunity to influence future funding models for voluntary action in West Sussex

Is your organisation concerned about its present or future funding, or about trends in the ways in which funding appears to be allocated?

Adur CVS is working with the National Coalition for Independent Action on exploratory research into the funding experiences of a selection of voluntary organisations in the County. We would like to involve, in the first phase, about fifteen small or medium-sized organisations, spread across the County (ideally two from each District).

The plan is that the research project recruits a number of research volunteers, and students, who will each link with two or three voluntary groups. Over about nine months, they will gather information, and feed back ideas to participating groups. The research volunteers will meet as a team with the project co-ordinators.

The project will require collection of information about funding scenarios, budgets, and at least in outline income and expenditure patterns. This would of course be treated as confidential to each organisation, and used anonymously. The written or verbal conclusions would be shared with and agreed by all participating organisations before wider dissemination, and used to press for improvements in funding that will enhance the independence and sustainability of voluntary agencies and voluntary action

The project is currently at the stage of sounding out interest amongst organisations. If your organisation may be interested in joining in, please can you let me know, and we will send you further details. Thank you.

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28 October 2008



Things are changing for local voluntary and community activity

But is this for the better or worse?

Big changes are happening in the ways in which voluntary and community activity is funded. Funders of all sorts are getting more prescriptive and demanding. Grant schemes are disappearing, private trusts are insisting on setting their own priorities, and “commissioning” is changing the ways that voluntary groups can access public funding.

Are you affected by these changes, because if you are, we'd like to talk with you.

Adur CVS is working with the National Coalition for Independent Action on a research project into the funding of voluntary and community activity in West Sussex.

Can you give us an hour of your time to share your views and experience? Your responses will be treated confidentially, and presented anonymously. The results of the research will be used to shape the debate over the future of funding for voluntary activity in the County.

Interested? Please contact Adrian Barritt at Adur Voluntary Action, or Andy Benson, at NCIA now.

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Join in our research project and help to shape the future