BRITISH-IRISH COUNCIL SOCIAL INCLUSION THEME

CONTRIBUTION OF THE THIRD SECTOR TO SOCIAL INCLUSION

REPORT TO MINISTERS
MARCH 2010

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Executive summary

1.   This is the report to Ministers of the British-Irish Council (BIC) Administrations on the theme of the contribution of the third sector to social inclusion, detailing the work carried out and presenting what has been learnt. The theme itself has led to a dynamic process of learning and cooperation, reflecting the original intention of the BIC to exchange information, discuss, consult and reach agreement on co-operation on matters of mutual interest.

2.   In May 2008 BIC Ministers agreed that 'the contribution of the Voluntary and Community Sector' would be the next theme of the BIC Social Inclusion work area. Meetings of officials commenced in September 2008, with each meeting being coupled with a study visit and discussions with a range of third sector organisations.

3.   Work on the topic has focused on the contribution of the third sector to promoting social inclusion under the following three main themes, with initial priority given to the first theme of "Responding to the effects of the economic downturn":

- Responding to the effects of the economic downturn
- Developing the roles of the third sector
- Broadening the appeal of Volunteering and citizen involvement

4.   Initial work included developing a working definition of the third sector, and gathering information about the size and scope of the sector and Government strategies towards the sector across Administrations.

5.   In respect to ***responding to the effects of the economic downturn***, the third sector is an important part of the economic and social recovery from recession. It is also at the same time affected by both an increased demand for many of the services it provides as well as subject to the financial pressures resulting from the economic downturn. Appropriately targeted responses to these pressures, jointly developed with the sector, are evident across all Administrations.

6.   As pressure grows on the amount available to spend on public services, the third sector because of its ability to respond innovatively and quickly, and because of its reach to people and communities, statutory agencies sometimes find more difficult to engage, can provide alternative service solutions.

7.   In looking at ***developing the roles of the third sector***, the sector has an evident ability to bridge the gap for those furthest from the labour market. Partnership working is often key in the sector's contribution to social inclusion and some possible success factors in this respect are identified. Current and future challenges for the sector include:

- Increased demand and reduced income.
- The impacts of information technology.
- Building sustainable communities.
- Social and political change.
- Third Sector and Government relationships.

8.   In respect to ***broadening the appeal of volunteering and citizen involvement***. There have been many innovative developments in volunteering and citizen involvement. The evidence review shows how volunteering plays a crucial role in those programmes where third sector organisations engage with and support people facing multiple and complex needs, on their journey to employment with many of the volunteers acting as positive role models.

9.   This particular theme was less well developed given the scope of the work involved in the other two themes, and would benefit from further work, particularly given future demographic trends and developments in active citizenship.

10.   The report concludes that the third sector across all Administrations is complex and diverse, with a significant social and economic potential. There are excellent examples across Administrations of investment and business support to the third sector.

11.   There is however a need to properly understand and be able to put into practice the key measures that allow innovative value for money solutions to move into the mainstream of service provision at sufficient scale. Administrations and the third sector face a number of key drivers for change to manage, that will affect future sustainability and potential to deliver.

12.   It is against this background that Ministers are recommended to agree to the continuation of the third sector/social inclusion theme, rather than choosing a new theme at this stage. If the recommendation is agreed, Ministers are asked to indicate which of the possible identified strands the theme should concentrate on.

Contents

Introduction

1.   This is the report to Ministers of the British Irish Council (BIC) Administrations on the theme of the contribution of the third sector to social inclusion, detailing the work carried out and presenting what has been learnt.

2.   In May 2008 BIC Ministers agreed that 'the contribution of the Voluntary and Community Sector' would be the next theme of the BIC Social Inclusion work area. Meetings of officials commenced in September 2008 in Belfast, and the following further meetings took place:

- Glasgow 15/16 January 2009
- Guernsey 9/10 March 2009
- Isle of Man 18/19 June 2009
- Dublin 9/10 September 2009
- London 26/27 November 2009 and 22 January 2010

Each meeting was coupled with a study visit and discussions with a range of third sector organisations (case studies from these visits can be found at Annex 1).

3.   At the Cardiff BIC Ministerial Summit Meeting held on the 20 February 2009, a paper prepared by the officials group was discussed (Annex 5), and the work plan identifying the three main themes to be considered was agreed. Work on the topic has focused therefore on the contribution of the third sector to promoting social inclusion under the following three main themes, with initial priority given to the first theme of "Responding to the effects of the economic downturn":

4.   Responding to the effects of the economic downturn

- Mitigating the impact of recession: an initial emphasis on the sector's role in addressing the additional social pressures arising from the economic downturn. Specifically how the third sector can contribute to mitigating the social impact of the economic downturn e.g. through advice on personal finance and the work of credit unions. In addition how Government can assist in up-scaling the sector's capacity and involvement in this area.
- Investigation of how third sector organisations finding themselves in difficulty, through the effects of the economic downturn, can most effectively be helped and supported e.g. a crisis management service, and sharing the lessons of what type of support works in real time.

5.   Developing the roles of the third sector

- How and why the sector's role is changing and modernising and what Administrations can do in support e.g. supporting collaborative working and mergers, shared services, more enterprising behaviour.
- How Administrations can utilise fully the third sector's ability to reach the groups and communities that public services often find difficult to engage. In particular, how the sector can bridge the gap for those furthest from the labour market through innovative strategies that build self-confidence and community

involvement, as stepping-stones on the journey to employment. Officials will look at measures that are successful in strengthening the sector's role in contributing to social inclusion, including funding for research and/or pilot programmes.

- Innovation: exploration of innovative approaches to funding, measuring the social return on investment and other new approaches (e.g. to financial inclusion, community development and regeneration, capacity building, social care, community safety, community transport, social housing and equalities).
- Policy and service development: how the sector is contributing to the design of more effective policy, services and programmes, and the existing and potential role of social enterprises in service provision. Examination of measures that help to overcome barriers to the sector making an even greater contribution, such as strategic core funding and funding for capacity building.
- Officials will also study the impact of partnership arrangements on the design and delivery of services and programmes, and will identify good practice in multi-agency working. Work on the topic will also consider how the lessons learnt could be applied more broadly.
- How Administrations engage with and influence key stakeholders and partners, including individual voluntary and community organisations, sectoral networks, specialist and generalist intermediaries, local authorities, and other funding bodies such as the Lottery and the EU.

6.   Broadening the appeal of Volunteering and citizen involvement

- How can Administrations support the third sector to engage and involve socially excluded and/or hard to reach groups as volunteers, facilitating participation and citizen engagement by socially excluded people or groups?
- How can we work with the sector to make more use of volunteering to up-skill those who have lost jobs, and those far away from the labour market?
- How can Administrations support the third sector to recruit effectively people with relevant skills to governance roles within the sector itself?

Part 1 - Definitions of the Third Sector

7.   For the purposes of this report the Administrations have discussed and agreed the following definitions of the third sector, which reflect the diverse and innovative nature of the sector itself (see Annex 2 for the Group's paper on definitions).

8.   During the study visits in Glasgow, the use of the reference "not for profit" was challenged by the CEO of a social enterprise. They were keen to move away from the perception that they were not a business attempting to make a profit. They clarified that one of their key objectives was to make a profit, so as to enable them to meet their social objectives. This challenge informed the discussion and formulation of the following definition and characteristics of the third sector:

> "The third sector consists of a diverse range of organisations which are neither public governmental bodies nor private commercial businesses, that provide services to, deliver activities for, are established by, and promote the interests of citizens.

> They operate independently in pursuit of objectives that serve to enhance the quality of life of the community, based on altruistic principles rather than motivated by profit or statutory obligation".

9.   The third sector is distinguished from other sectors in that they:

- are independent organisations with their own aims, cultures, values, method of operating, and governance arrangements
- are independent from and able to constructively criticize and lobby governments in the interests of their members/target groups
- are established voluntarily by concerned citizens who choose to organise in order to get things done
- have social, cultural or environmental objectives based on values and principles which determine their purpose and goals
- are driven and motivated by the desire to improve and change how things currently are
- reinvest surpluses in the organisation in order to pursue their aims, rather than seeing them as profits

10.   The group also found the following definition, published by the Office of the Third Sector, very helpful:

> "The third sector is a diverse, active and passionate sector. Organisations in the sector share common characteristics: non-governmental; value-driven; principally reinvest any financial surpluses to further social, environmental or cultural objectives. The term encompasses voluntary and community organisations, charities, social enterprises, cooperatives and mutuals both large and small".

Part 2 - Background to the Sector and Government Strategies

11.   The first piece of scoping work undertaken, involved compiling a picture of the size and scope of the third sector in each administration, together with policies, strategies and frameworks, and arrangements for engagement and partnership with the sector.

Size and scope of the Third Sector in each Administration

12.   The following section provides a comprehensive overview of the scope, size and contribution of the third sector across all the individual Administrations.

13.   Information across Administrations is not complete or necessarily comparable, as data has been drawn from different sources using a variety of measures. For example, the figures on the proportions of the population volunteering vary significantly between Administrations, with some counting those volunteering in the previous four weeks and others in the previous year. Similarly, there are differences in how third sector Organisations (TSOs) are counted.

14.   However, it does provide a very valuable basis for understanding the potential contribution of the sector to social inclusion despite the different scales and sizes of the sector (more detailed information and figures are included in the tables at Annex 3).

UK Government, covering England – Population: 51,446,200 (Mid year estimate, August 2009)

In 2006/07 there were approximately 137,000 registered general charities in England, with a combined income of £33.2bn. A significant proportion of this income is from the public sector, estimated at £12bn in 2007/08. This represents a £3.6bn increase since 2000/01. Typically, smaller third sector organisations rely on donations and grants whilst medium and large charities increasingly earn income from public service contracts. The very largest rely on donations, legacies, surpluses from trading and contracts. Individuals donated £9.9bn to charity in 2009, down 11% from 2007/08.

The sector is characterised by small voluntary and community groups; 54% of these smaller charities have a turnover of under £10,000pa. Registered charities represent a small proportion of the overall sector. It is estimated that there are a further 600,000 or so informal community organisations. There are no estimates for the income of this larger cohort but if each is assumed to turnover £1,000pa this could be in the region of £600m.

In 2007/08 there were 464,000 FTE staff employed by the third sector in England. In 2007, 43% of senior managers were women, compared to 22% in the wider workforce. 39% of the sectors workforce work part-time. There are an estimated 61,800 social enterprises in England. The proportion of the population volunteering has remained stable at c25%

Guernsey - Population: 61,726 (March 2008)

The 2009 Guernsey Facts and Figures document shows that 3.5% of employers were non profit organisations at March 2008. However, they each employed less than 25 people. At this time 274 out of 31,930, i.e. approx 0.9% of people in employment in Guernsey, were employed in the non profit sector. This has been a very slight increase since 2004 when 0.8% of the population were employed in the non profit sector. This contrasts to about 16% of the working population working in public administration (including teachers, health workers and other public servants).

In 2008, Guernsey introduced legislation (The Charities and Non Profit Organisations (Registration) (Guernsey) Law, 2008) which required the creation of a Register of charities and non profit organisations. Although this was completely separate from the income tax legislation, the Director of Income Tax was given the task of establishing and maintaining the Register, certain parts of which are publicly available. In broad terms, the legislation requires certain charities and NPOs to apply to the Director of Income Tax to be registered. Not all NPOs are required to register however, if their income/assets are below certain limits. Other NPOs not caught by the requirement may apply to be registered if they wish. Registration then imposes certain obligations. The requirements for registration mean that for all registered bodies Income Tax will have been supplied with details of the officers, and the

body's objects. For some Income Tax will also hold accounts, but many are exempt from this requirement, depending upon their circumstances. Income Tax does not hold details of volunteers. As at 23 December 2009 there were 299 charities and 106 other NPOs registered.

Isle of Man - Population: 80,000

The third sector in the Isle of Man has a strong historical base with a tradition of community spirit, altruistic active social responsibility and durable giving. The sector has grown considerably over the past decade with an increase to 1,100 registered charities and estimated further 600+ community groups and associations. The sector employs 900 paid workers (2.25% of the working age population) and 8.75% of the population are registered as volunteers in organised schemes with a great many more volunteering informally. The sector generates £40m+ per year and provides a wide range of activities and services. A small proportion of the sector are multi million pound organisations delivering on Government contracts and employing substantial workforces. Others are 'single issue' organisations dependent on voluntary effort and contribution. Collectively the sector is diverse, professional and an economic social force for change.

Jersey – Population: 91,000

Like other small island jurisdictions, the concept of voluntary and honorary service is embedded in the traditions and culture of Jersey. Although there is little hard evidence about the economic value of the third sector in Jersey, participation in voluntary activities by residents has been estimated in the Jersey Annual Social Survey (JASS). In 2006 it was estimated that 24% of people undertook some voluntary work and in 2008 this figure increased to 30% with 11% involved in charity work, 4% in schools and 2% in faith organisations. Additionally about 25% of the population suggest that they provide some level of care for somebody in the home. The States of Jersey directly contributes over £30m a year to the third sector.

The range of services and advice offered by the third sector in Jersey is very wide, dealing with very local issues on the one hand and integral branches of much larger organisations seen in the UK on the other. The relationship with the States of Jersey is good but is developing on a more strategic level through a Social Policy Framework that has been approved by the States.

Cooperation between the States and individual organisations takes place at various levels, sometimes due to Jersey's geographical isolation where it is difficult to move in resources from neighbouring areas, for example in cases of civil emergency.

Northern Ireland[1] - Population: 1.75 million

The Northern Ireland Council for Voluntary Action's State of the Sector V provides a snapshot of the third sector for the 2006/07 financial year. This snapshot also identifies trends between 2003/04 and 2006/07. These trends indicate that the

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[1] Data taken from NICVA's State of the Sector V

number of third sector organisations, approximately 4,700 has remained the same or slightly increased. The sector's total income, at £570m, has decreased by 8%. Earned income now makes up 51% of the sector's total income. A significant proportion of this earned income comes from the delivery of public services with 46% of the sector's total income coming from Government sources. The number of paid staff in the sector has decreased by around one per cent to approximately 26,740. The number of formal volunteers has increased by 16% to approximately 88,000, with many more thousands of people volunteering on an informal basis. It is now estimated that in 2010 the number employed within the third sector in Northern Ireland is larger than the number employed within the construction industry.

Third sector organisations in Northern Ireland work across a range of different sub-sectors. Twenty seven percent (27%) of organisations work in community development, with 19.4% working with children and young people. Other key sectors represented are advice and information (8.9%), arts, culture & heritage (8.3%), disability (7.4%), health & wellbeing (7.3%), education & training (6.5%), women (5.6%) and older people (4.7%)

Scotland – Population: approximately 5 million

There are an estimated 45,000 organisations in the third sector within Scotland. A large proportion are arts and sports organisations, but in that part of the sector that is regulated e.g. charities, housing associations and care, organisations involved in social care and welfare are much more dominant. Third sector organisations in Scotland not only work in different interest areas but also contribute to society in different ways; campaigning organisations, organisations that deliver public services, charitable trusts that provide funding to other organisations, social enterprises that use business and trading models for social benefit, network organisations that bring together people or other organisations, organisations that provide accommodation and facilities etc (source Scottish Council for Voluntary Organisations (SCVO)).

Of the estimated 45,000 organisations, **23,000** are registered charities. The sector as a whole had an estimated £4.1bn turnover in 2007/8, employing an estimated 130,000 paid staff, equivalent to 5% of Scottish workforce, and supported by an estimated 1.3 million volunteers (source SCVO).

The Care Commission in Scotland provided figures to the Scottish Parliament's Local Government and Communities Committee meeting in June, showing that 89-92% of voluntary sector care at home services receive only high gradings (4s, 5s and 6s) whereas this is achieved by only 65-72% of services operated by local authorities and the private sector.

Wales – Population: approximately 3 million

The overall economic value of the third sector in Wales was equivalent to 7.3% of Welsh GVA in 2003, and is similar to the GVA for the education sector for that year. Of the 30,000 third sector organisations active in Wales, 26,000 have a primarily

local focus. The great majority have no staff and are wholly dependent on volunteers. A quarter of all third sector organisations are registered charities, half of which have an annual income of less than £10,000. 52% of paid employees in the sector in Wales are full time. In 2000, over 1 in 10 of the workforce was employed on a temporary or casual basis.

Some 77% of the population volunteer, of this figure 69% are volunteering informally. Over half of those who volunteer, volunteer for five hours or less a month. It has been calculated that volunteers contributed over 250 million hours per year.

Ireland – Population: 4,459,300 (April 2009)

There are an estimated 25,000 non-profit organisations in Ireland, employing over 63,000 full and part-time workers. The non-profit definition used in estimations is broader than the community & voluntary sector, as it includes, for example, non-state hospitals and education providers, however the majority would be classified as third sector organisations.

In 2007 the total income of the non-profit sector was estimated to amount to €9.1 bn. Of this income, 60 per cent was derived from state funding, with income from fees amounting to 14 per cent, private donations 11 per cent, deposit income eight per cent, membership dues three per cent, and corporate donations just over one per cent, while income from 'other' (non-specified) sources was around three per cent. The contribution of the non-profit sector to the Irish economy was estimated at 4.8 per cent of GDP in 2007.

A Charities Act was enacted in Ireland in February 2009. The intention behind the Charities Act is that an integrated system of mandatory registration and proportionate regulation and supervision of the charities sector will be introduced for the first time in the country. For the first time, too, there will be a statutory definition of what a charity is. The Act provides for a new Charities Regulatory Authority, which will have responsibility for the establishment of a public Register of Charities. Any organisation that wishes to operate as a charity in Ireland will be legally obliged to be on the Register of Charities.

Policies, Strategies and Frameworks in each Administration

15.   The following section details the specific arrangements and relationships between government and the third sector in each Administration. These reflect the different circumstances, organisational structures and arrangements pertaining in each Administration. This represents a snapshot from early 2009, and there is ongoing development and change in each Administration as its relationships with the third sector mature and widen.

16.   A major exercise was also undertaken to survey the different funding strategies towards the third sector in each administration (see Annex 4).

17.   Isle of Man, Guernsey, and Jersey do not have formal third sector strategies, although this does not mean that engagement with the sector does not take place or that its importance is not recognised locally.

Isle of Man

In the Isle of Man, considerable work has been undertaken to develop the capacity of the third sector to provide social care and support. The government is now considering developing a Third Sector strategy and has set up a multi-sectoral working group to take this forward. The sector is recognised as having the potential to help target limited resources most effectively and thereby shape policy through its skills and knowledge, and the government foresees a situation where Third and Public Sectors have equal access to and influence on policy formulation.

The Council of Ministers (Cabinet) has commissioned the Third Sector/Government Steering Group to explore a framework for improved dialogue on and collaborative approaches to the identification and tackling of social, economic and environmental issues affecting the quality of life and inclusion of vulnerable people.

Guernsey

Guernsey has developed strategies in which the third sector plays a key role: for example its Drug and Alcohol Strategy has a monthly action group of public sector employees and TSOs. The strategy on poverty and the strategy on domestic abuse will also have a significant third sector involvement, and signal the important role of the sector in tackling social exclusion. The recent requirement for charities and other non-profit organisations to register also signals a more formal relationship between the sector and the administration. The sector already works closely with particular departments (e.g. Education Dept, Home Dept), providing a wide range of services. An Association of Guernsey Charities (which is independent of Government) was founded in 1984. The Association aims to encourage charitable and community work on the island, and co-operation between its members.

Jersey

In Jersey, there is some anecdotal evidence of local concern about community cohesion diminishing, and the third sector is seen as crucial in helping maintain and strengthen that cohesion. The sector locally has its own organisation – the Association of Jersey charities – but few, if any, social enterprises. The Jersey government has no formal link with the sector nor any department designated as liaison; but it is developing a Social Policy Framework, and is considering creating a forum, to include TSOs, which would report to the Council of Ministers. Other engagement does take place, for example a Memorandum of Understanding exists between States of Jersey Ambulance Service and St John Ambulance, for the latter to provide emergency cover.

18.   Where there are specific strategies for the third sector in place – in England, Ireland, Northern Ireland, Scotland and Wales - these are detailed below, as are key social inclusion strategies. Many similar elements appear across the different strategies, notably:

- Support for increasing the professionalism, capacity and efficiency of the sector
- Investing in leadership and governance
- Assistance for social enterprise and social entrepreneurship on business skills, particularly around business start-up
- Improving TSO skills in gaining access to public sector contract opportunities; opening markets
- Strengthening regulation where appropriate.

UK Government

The UK Government's Third Sector Compact (1998) set the framework for improving how the Government and the voluntary and community sector in England work together. This helped set an agenda for the next ten years, improved relationships and built the sector's income and workforce. The Compact was subject to review in June 2008 and is scheduled to be re-launched in December 2009. The Charities Act 2006 has reformed charity law and regulation, enabling charities to administer themselves more efficiently, improving (and reducing) fundraising regulation, and modernising the Charity Commission's functions and powers. The current strategy for the sector, the Third Sector Review (July 2007), was produced following a year-long consultation with the sector and focuses on five key areas, as follows:

- Creating the environment for the third sector to thrive, for example by making sure there are appropriate regulations for different types of organisation
- Encouraging social enterprise, for example by strengthening business start up support and by awareness raising with young people
- Transforming public services, for example by training procurers of services to ensure they are aware of the range of service providers
- Strengthening communities, for example by making a range of grant funding available for community development
- Enabling an effective community voice / campaigning, for example by revising methods for consulting and investing in research to better understand the most effective methods of consulting with a range of organisations.

Established in 2006, the Office of the Third Sector is charged with enabling a thriving third sector and is responsible for a budget of up to £515m from April 2008 until March 2011. Its priorities and programmes are shaped by the Third Sector Review. It employs c60 staff and works very closely with the sector through a strategic partner programme. Delivery of capital and revenue programmes is through arms-length national partners such as the Community Development Foundation (an NDPB), or through other private and third sector partners.

Real Help for Communities (February 2009) is the Office of the Third Sector's £42.5m action plan to help TSOs and vulnerable communities through the economic

downturn. This includes the £15.5m Targeted Support Fund, an important social inclusion component of the plan, which provides grant funding to small and medium providers in communities most at risk of increased deprivation due to the recession, since April 2009. The plan was partially shaped by a summit organised with NCVO, and also through other consultation exercises. This funding is additional to the £130m Grassroots Grants Fund (January 2008), which aims to support the activities of the smallest TSOs working in the England, and is weighted towards the most deprived areas of the country.

Ireland

The Community & Voluntary sector is a full member of the National Social Partnership Agreement process. Since 1987 there have been a series of National Social Partnership Agreements – which are focused principally on incomes, fiscal, social, economic and competitiveness policies – negotiated between the Government and the social partners (Trade Union Pillar; Business and Employer Pillar; Farming Pillar; Community and Voluntary Pillar).

The influence of the C&V sector in the process is evidenced in the latest ten-year Partnership Agreement, *'Towards 2016'.* Part one of the Agreement uses a lifecycle framework to address challenges for each of four lifecycle stage. They are children, people of working age, older people and people with disabilities. In implementing the lifecycle approach, the Agreement includes a range of proposals to support the community and voluntary sector including enhanced funding and the promotion of social finance and philanthropic activity.

The White Paper on a Framework for Supporting Voluntary Activity (September, 2000) is a key articulation of the relationship between the voluntary and community sector and the State, and was developed in consultation with the sector. The White Paper recognises voluntary activity and civic engagement as an essential ingredient of healthy and vibrant communities. The White Paper provides for a formal and coherent framework for these principles and to improve the effectiveness and accountability of the sector. In addition, a series of principles to inform the relationship between the State and the sector were set out in the White Paper. Since the White Paper was published there have been a number of significant structural, policy and programme developments. In particular, the Department of Community, Rural and Gaeltacht Affairs was established in June 2002 with a particular mandate to secure a more co-ordinated engagement by the State with communities around the country. The Department also has responsibility for the implementation of key provision of the White Paper.

Following on from the White Paper, the National Action Plan for Social Inclusion 2007-2016 (February 2007) has set out a ten-year programme of actions to address social exclusion, with a strong focus on clearly defined and measurable actions and targets. The plan supports the development of a more joined-up and multi-disciplinary approach to policy-making, with co-ordinated inputs from a range of sectors, including the community and voluntary sector.

Northern Ireland

The Northern Ireland Executive's Programme for Government (PFG) sets out its plans and priorities for 2008-2011. One of five key PFG priorities is promoting tolerance, inclusion and health and well-being. The PFG acknowledges that advancing social transformation and the inclusion of all of our people is essential if we are to deliver the peaceful, prosperous, fair and healthy society we all want.

The Northern Ireland Executive agreed, on 20th November 2008, to formally adopt the broad architecture and principles of 'Lifetime Opportunities' as the basis of its overarching strategy to tackle poverty and social inclusion and patterns of deprivation based on social need.

The Executive further agreed to the establishment of an Executive Sub-committee on poverty and social inclusion, chaired by OFMDFM Ministers; its task will be to identify and agree a number of key actions that would contribute most to achieving the goals set out in Lifetime Opportunities and which would be at the core of the Executive Strategy.

The Executive Sub-Committee has already agreed the terms of reference, for a Stakeholder Forum which was originally constituted in March 2007, when it met for the first and to date only occasion. This Forum will provide a focus for debate and discussion on the strategic direction of the 'Lifetime Opportunities' strategy and its success in eliminating poverty and social exclusion here. The Forum will therefore afford key stakeholders the opportunity to air particular issues with Ministers which can then be considered by the Executive Sub-Committee.

The voluntary and community sector are keen for the Forum to be re-established at the earliest opportunity.

The Minister for Social Development has lead policy responsibility for the third sector (approximately 5000 organisations with a total income of £570m) whilst other Executive Ministers will engage with the sector where they have responsibility for policy and/or service delivery.

Like other UK jurisdictions Northern Ireland has had a Compact in place since 1998. The extent to which this framework has improved partnership working between Government and the voluntary and community sector is questionable.
Northern Ireland Council for Voluntary Action has led the call for the development of a new policy framework for relationships to replace the existing Compact, to reflect the new context and provide greater recognition of the sector.

The Department for Social Development is currently leading the development of a new Concordat that will fully reflect the relationships, define responsibilities, incorporate regular progress review and provide the opportunity to modernise existing practices and structures.

Positive Steps report (March 2005) was the administration's response to an earlier Task Force report on Resourcing the sector, highlighting the need to deliver longer-term funding for the sector, and for the sector in turn to be more outcome-focused. A

key component of Positive Steps was the establishment of an £18m Modernisation Fund, acknowledging that voluntary and community organisations needed to modernise and become more sustainable. The Modernisation Fund has supported participating organisations in restructuring and developing their operations in order to meet changing demands. The fund comprises two distinct programmes on revenue and capital. The Revenue Programme focused on organisational restructuring and governance, with a view to streamlining operations and increasing professionalism within the sector. The Capital Programme improves the facilities available to the participating organisations. Northern Ireland also has a strategy on the delivery of Advice Services, entitled Opening Doors (September 2007). This strategy proposes a structure for delivering advice services that will ensure increased co-operation between local providers and improved accessibility for the many people who rely on these services across Northern Ireland. The overriding aim of this strategy is to deliver a comprehensive advice and information service. The key strategy for helping deprived communities is People and Place – A Strategy for Neighbour-hood Renewal, which coordinates spend on community development in areas within the worst 10% of wards. *People and Place* proposes a joined-up approach across departments to tackling social deprivation in urban areas. Northern Ireland is also taking forward the development of strategies for Volunteering and for Third Sector Support Services.

Scotland

The **Scottish Government's** Enterprising Third Sector Action Plan 2008-2011 (June 2008) is one of the key strategies for taking the sector forward during the current spending period. The plan has seven objectives, as follows:

1. Opening markets to an enterprising third sector, for example working with purchasers to recognise the benefits of contracting with an enterprising sector including their contribution to delivering national outcomes
2. Investing more intelligently, for example by direct investment and by measuring social return
3. Promoting social entrepreneurship, via funding opportunities, promoting the concept in schools/colleges
4. Investing in skills, learning and leadership across the third sector, for example by improving governance
5. Providing support for business growth, for example by supporting business development support and mentoring
6. Raising the profile of enterprise in the third sector, for example via awards and international exchange
7. Developing the evidence base to demonstrate the value of the third sector in Scotland.

Most of the elements of the Enterprising Third Sector Action Plan, designed to open markets and support the sector to be more effective and better able to tender for and win contracts, are now in place, such as:

- The Aspire to Enterprise programme of support for aspiring social enterprises has been extended – in its first year of operation the service supported over 60 organisations with dedicated, experienced 1:1 support;
- 10 public-social–partnerships have also been launched;
- Mentoring programme
- SROI
- Community Benefit clauses
- Direct funding for the third sector through Scottish Investment Fund, Third Sector Enterprise Fund and Social Entrepreneurs Fund
- Leadership and Business planning skills development delivered by the Social Enterprise Academy

In terms of the Scottish Government's overall strategy, the importance of the sector to the overarching purpose of sustainable economic growth with opportunities for all to flourish was set out in The Government Economic Strategy (November 2007). This was followed by Taking Forward the Government Economic Strategy (February 2008), a discussion paper setting out broad policy proposals for tackling poverty, inequality and deprivation. This again stresses the centrality of the third sector and its strong role in anti-poverty work going forward.

The availability of investment funds such as the Scottish Investment Fund and Third Sector Enterprise Fund, and more recently the Resilience Fund to assist organisations affected by the recession, have been warmly welcomed by the sector.

In September 2009, the Convention of Scottish Local Authorities, the Society of Local Authority Chief Executives, the Scottish Government and the Scottish Council for Voluntary Organisations, representing the sector as a whole, declared their belief in the third sector, and issued a Joint Statement on the relationship at local level between government and the third sector. The statement is an important milestone in creating partnerships and encouraging joint working in local Community Planning Partnerships. The statement recognises issues of key importance for the third sector, such as:

- The fact that that long term contracts can be appropriate
- The fact that that third sector organisations should not be expected to subsidise services from their reserves
- The need for openness in funding procedure
- The need to keep reporting proportionate to the level of funding

Proposals for ways in which the third sector could engage more strongly with local Community Planning Partnerships were announced in 2008. Third sector networks in each local authority area are developing a coherent, fit for purpose infrastructure for the third sector, which connects effectively with their public sector partners. About a dozen are in place, putting the third sector at the heart of the Community Planning Partnerships and Single Outcome Agreement process. Expectation is that most areas will have a third sector interface by March 2010.

Wales

The **Welsh Assembly Government's** Voluntary Sector Scheme (2000) places the voluntary sector on an equal footing with local government and the business sector as formal partners of the Welsh Assembly Government. The Scheme sets the framework for all of the Welsh Assembly Government's work with the voluntary sector, covering arrangements for consultation, working in partnership, and funding. It formalises the role of the sector in formulating and delivering public policy. Through the Scheme, the Welsh Assembly Government has established the Voluntary Sector Partnership Council, and a Code of Practice on Funding the Third Sector. In addition, Ministers have formed strong relationships with the key third sector organisations working within their portfolios via the twice-yearly ministerial meetings. The Scheme is to be updated shortly, and will then be known as the Third Sector Scheme. The Welsh Assembly Government's Strategic Action Plan for the Voluntary Sector Scheme, The Third Dimension (January 2008), has eight key strands:

1. Value and promote voluntary action; for example via a media campaign to increase the numbers of volunteers and the quality and quantity of opportunities and experiences.
2. Strengthen and empower communities; for example by promoting community development techniques Wales-wide, supporting the strengthening of training frameworks and opportunities, and identifying and sharing best practice.
3. Enhance opportunities for citizens to be heard; for example by developing a 'Code of Practice on Public Consultation and Engagement', to apply to public bodies.
4. Support social enterprise; by, for example, commissioning a comprehensive mapping of the nature and extent of social enterprise activity in Wales.
5. Make public services more accessible and citizen-centred by, for example, appropriate use of 'social clauses' in contract specifications in which 'added value' is recognised.
6. Strengthen the practical means and mechanisms of Public/Third Sector dialogue, sharing and collaboration at every level; Each Welsh Assembly Government Department to work with the third sector to clarify the actions it will take in response to the Strategic Action Plan. Challenge other public bodies to take similar action.
7. Sustain and enhance the existing infrastructure of generic and specialist support available to the third sector; by, for example, ensuring that the distinctive needs of the third sector in rural areas are appropriately recognised in guidance and in public sector activities.
8. Work with this support infrastructure to help the sector raise the quality and reliability of its performance, and extend its impact, for example by Promote greater partnership working between third sector organisations to improve efficiency through the sharing and pooling of capacity.

Part Three - The Three Themes Considered by the Officials Group

THEME 1 - RESPONDING TO THE EFFECTS OF THE ECONOMIC DOWNTURN

19. It was recognised by the group that the advance sharing and discussion around the OTS Action Plan at the Glasgow meeting had informed successfully the Cardiff summit and enabled the Devolved Administrations to commit to work together with the Office of the Third Sector (OTS) on issues in respect to the impact of the recession on the third sector. This agreement was subsequently mentioned in the OTS Action Plan.

20. At the Cardiff Ministerial summit, it was agreed by Ministers that the group would give priority to the theme of responding to the effects of the economic downturn. It had been noted by the Chair at the beginning of the discussion of the theme "that social inclusion policy had to prove itself of value and as a viable contribution to sustaining solidarity in their respective areas during the tough times as well as the good times".

21. At the summit, the Deputy Minister for Regeneration, Leighton Andrews AM, summarised the discussion paper "The contribution of the Voluntary and Community Sector to promoting Social Inclusion" (see Annex 5) He added that the Welsh Assembly Government (co-chair of the social inclusion strand) was working hard on their social enterprise model ensuring service delivery in the present climate.

22. Cabinet Office Parliamentary Under Secretary and Minister of the Third Sector, Mr. Kevin Brennan MP, informed the Council that the Office of the Third Sector (OTS) and the National Community and Voluntary Organisations (NCVO), organised a recession summit in November 2008. The recession summit enabled them to get an early picture of the impact of the downturn which subsequently contributed to their recession action plan "Real Help for Communities: Volunteers, Charities and Social Enterprises".

23. The Deputy First Minister for Scotland and Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon MSP, said that the Scottish Government (co-chair of the social inclusion strand) recognised that the third sector can be a demanding environment at times of economic downturn and that it intended to implement similar measures to the ones described by Kevin Brennan for the UK recession. Much of the work in Scotland is based on developing the sector in the long term, that work is encompassed in a 3-year action plan.

24. At the subsequent officials meeting held in Guernsey in March 2009 the economic downturn effect on the sector was selected as the major agenda item.

25. **Real Help for Communities: Volunteers, Charities and Social Enterprises** an action plan outlining a range of measures to support the third sector in the difficult economic climate, was launched by the Office of the Third Sector (OTS) in February 2009. It included a range of measures for England, following discussions with the third sector:

- £10m **volunteer brokerage scheme** for unemployed people will create over 40,000 opportunities for people to learn new skills and give back to communities through volunteering;
- £15.5m **Real Help for Communities: Targeted Support Fund** will provide grant funding to small and medium providers in communities most at risk of increased deprivation due to the recession;
- £16.5m **Real Help for Communities: M**odernisation fund** to help with the cost of mergers, partnerships and moves to more efficient sharing of back office functions;
- A £0.5m investment in the **School for Social Entrepreneurs** to double the number of people it trains to become social entrepreneurs;
- A **national campaign** to raise awareness of the Government's commitment to pay all invoices within 10 days, which will improve cash flow for small organisations.

The action plan covered only England as most third sector issues are devolved. However, it noted that "the Office of the Third Sector and devolved Administrations will work together closely to share learning and co-ordinate activities to support the third sector across the UK".

26.   Within the British Irish Council Officials Group, early discussions and clarification were possible on which elements of the OTS package represented non devolved expenditure, and which elements would require individual Administrations Ministerial support. The group recognised that this had enabled officials to brief fully and forewarn Ministers of the devolved Administrations, thus avoiding any unexpected surprises on the action plan.

27.   There has been a comprehensive range of responses to the recession in other Administrations, and the group has been able to extensively share the learning from these.

Wales

Since the publication of the OTS action plan, the Welsh Assembly Government has come under pressure from the third sector to produce something similar. The Welsh Assembly Government's focus has been on business and individuals. However, they have just published a number of strategies and programmes which include their Financial Inclusion Strategy and Social Enterprise Action Plan. Work is in progress on their new Community Re-Generation Programme.

The Welsh Assembly Government already has a range of initiatives in place which will support the Third Sector in contributing to strengthening the third sector. We provide funding to a range of organisations who advise and support the third sector. These include:

- The Welsh Council for Voluntary Action
- County Voluntary Councils
- Local Volunteer Centres

- Institute of Fundraising
- Community Foundation Wales
- The Wales Co-operative Centre
- The Development Trust Association Wales
- Social Firms Wales.

The Welsh Assembly Government has established the Leading Wales out of Recession website which sets out what we are doing to support individuals, businesses and communities.
http://wales.gov.uk/topics/businessandeconomy/recession/?lang=en.

There is also an associated publication Support When You Need It http://wales.gov.uk/topics/businessandeconomy/publications/supportwhenyouneedit/?lang=en

The Welsh Assembly Government is taking steps to ensure that Wales is well positioned to take advantage of the upturn, when it comes. Our programme for the future underlines the importance of innovation and green jobs.

ProAct is a new £48m scheme launched in January 2009 which provides funding for employers who are facing difficulties during the recession. The support is intended to help businesses prepare for economic recovery by up-skilling their workforce while they are on short-time working and retaining skilled staff who may otherwise be made redundant. ProAct aims to help businesses cope with the downturn, and develop staff skills ready for the upturn. It is initially available until March 2010.

ReAct (the Redundancy Action scheme) aims to address the needs of people who have been made redundant, or are under notice of redundancy, through a series of measures designed to remove barriers to obtaining new employment. ReAct targets four key areas where assistance will have a positive impact in achieving this goal. Two are aimed at encouraging prospective employers to accelerate their recruitment policy and employ a redundant worker, whilst two are aimed at updating the skills of a redundant worker and removing any barriers to training and employment.

Ireland

The Irish Government provides a number of specific measures to third sector and grass-roots community groups working to combat disadvantage. Measures include, for example, the Community Services Programme, which aims to support local community activity which addresses disadvantage, while at the same time providing employment opportunities for the long-term unemployed and other target groups. The activities of the projects funded under this Programme are varied and include services for the elderly, services for people with disabilities, rural transport for isolated communities, managing community halls and facilities, tourism, community radio, recycling & environmental projects. Funding of over €50 million under the Programme supported an estimated 440 projects in 2009, and provided jobs for approximately 2,100 people.

Provision of a further €50 million was also made available in 2009 to meet the costs of the Rural Social Scheme. While communities benefit from the skills and talents of part-time or unemployed local farmers and fishermen, participants also have the opportunity to improve existing, or develop new skills and perform valuable work in their local communities. At present, there are a total of 2,600 participants and 130 supervisors places available on the scheme.

The RAPID Programme aims to ensure that priority attention is given to the 51 most deprived urban areas in Ireland by focusing State resources available under the National Development Plan for these areas. Areas for inclusion under RAPID are identified on the basis of an analysis carried out on the Census returns. The Programme requires the Government Departments and State Agencies to bring about better co-ordination and closer integration in the delivery of services – better co-ordination results in better delivery of services. Key to the success of RAPID is the Area Implementation Team, which brings residents of the local community, voluntary organisations, local State Agency personnel, the local Partnership Company and Drugs Task Forces together to prepare a plan identifying the needs of each area.

A national Task Force on Active Citizenship recommended that a network of volunteer centres be funded across Ireland and in 2010 funding of €2.5 million is being provided to twenty-two such centres. In 2009, these centres registered over 13,000 volunteers and over 870 volunteer-involving organisations. The figures represent an increase of just over 70% on the numbers of volunteers registered in 2008

Northern Ireland

The Minister for Social Development continues to maintain close dialogue with the sector on the impact of the ongoing economic recession including the potentially difficult funding environment. An additional £0.5m has made available for the delivery of frontline advice services and active support has been given to advice services and voluntary organisations to merge and/or collaborate.

There is an ongoing review of grant making to third sector infrastructure organisations to ensure that resources are employed to greatest effect.

The Northern Ireland Council for Voluntary Action (NICVA) has produced a recession toolkit for the third sector. This provides valuable advice for organisations on the changing funding environment, the need for diverse income streams, fundraising opportunities and financial management.

Isle of Man

It is recognised that the Isle of Man Government's actions had two similarities with the OTS action plan. Firstly, they had arranged monthly payments to their voluntary organisations instead of quarterly payments. Secondly, they were providing business development through the Department of Trade and Industry, which social enterprises

have previously ignored because they were unaware of its potential for assisting the third sector as well as private commercial sector.

The third sector in the Isle of Man has seen the economic downturn as an opportunity to: recruit and redeploy redundant private sector staff, provide training opportunities; work with Government to streamline operations; providing support and money management services to those struggling.

The Council of Voluntary Organisations on behalf of the island's Third Sector of Voluntary, Community and Faith Groups are working with Government through the Minister for Health and Social Security and Director of Social Services against the background of the general economic climate and the changes in the Revenue Sharing Agreement which will reduce the Government's income.

Both Government and the third sector realise that in order to address this situation fully, co-operation and collaboration will be required and are working together in order to continue to protect people who need care and support and to explore how measures can be taken to ensure cost effectiveness in third sector activities.

This development recognises the vital role which the third sector plays in both the delivery of services and representing the more vulnerable members of society, and the even greater role which it can play in the future.

A joint working party will identify and recommend how the third sector can contribute to cost reduction and income generation. It will focus on:

- Identifying savings opportunities, e.g. voluntary organisations merging, combining functions, avoiding duplications, creating efficiencies
- Identifying what services and activities the third sector could undertake with Government which would enable them to do it cheaper and better together
- How by operating together we can pool resources – people, facilities, buildings, expertise and generate external income to support social care from public donation, corporate sponsorship, match funding, etc.
- How, given finite resources, the third sector can advise Government on targeting services to maximise the beneficial outcome and have the greatest positive impact.

Both sides recognise that through collaboration they can achieve better results than if they operate separately

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Scotland

In Scotland, Ministers had initiated the setting up of a regular Resilience Monitoring report, drawing on intelligence from third sector partners. A roundtable meeting held by Ministers with third sector leaders, resulted in a proposal for a £1.7m **Resilience Fund**
http://www.scotland.gov.uk/Topics/People/15300/funding/ResilienceFundStrategy1

The fund was designed jointly with third sector partners on a co-production basis, and launched at the end of September 2009. Applications to the fund were jointly

assessed by the Scottish Government and third sector partners. The fund was increased to £2.2m to allow all those applications approved to be paid

The **Third Sector Enterprise Fund** helps established third sector organisations to become more sustainable and increase their capacity and capability. The **Social Entrepreneurs Fund** has seen a 150% increase in applications since April 2009, which may be reflective of the identification of opportunities that can also occur during recession.

Recognising that resilience is also about good governance and financial management, the Scottish Government also funds the Scottish Council for Voluntary organisations (SCVO) to provide the **Business on Board programme** as part of a suite of programmes which aim to promote dialogue and exchange between the private and third sectors.

Third sector organisations - charities, voluntary organisations, social enterprises, community associations - benefit from the business knowledge of colleagues in the private sector. In return, the third sector can offer important insights to help better target valuable corporate social responsibility initiatives. The triple bottom line is about achieving social and environmental gains, underpinned by sound financial sustainability. Third sector organisations are expert at the first two of these but many could do with support to improve their financial sustainability.

The Business on Board programme has been developed to help broker that support by encouraging and supporting people with business skills to join their Boards.

The Scottish Government and the Office of the Scottish Charity Regulator (OSCR) are also supporting an **Evolving Leadership and Governance Forum** to advance thinking on governance and provide governance support and development for the third sector.

This follows on from research into 'Boards, Governance and Leadership in the Third Sector' which was jointly commissioned from Cranfield University by the Third Sector and Office of the Scottish Charity Regulator (OSCR), supported by the Scottish Government, and published in February 2009.

The Scottish Government recognising that companies and organisations of all sizes face challenges as a result of recession and rightly expect prompt payment from Government, has been leading by example with **95 per cent of invoices paid within 10 days**. This has benefitted the third sector considerably.

Ireland

In Ireland the policies are driven at national social partnership level, which include Government and Trade Unions, the third sector, business, and the farming community. There has been an agreed need to maintain the link to social policy and the economic policy foundation of economic development. The Irish Government has focused on unemployment, trying to make sure that the people who were losing their

jobs did not become socially excluded. There was also an impetus to merge and rationalise to protect front line services.

Jersey

The States of Jersey maintain that the support of the vulnerable as a key priority particularly in the economic downturn. Using money set aside in a Stabilisation Fund, the States approved a Fiscal Stimulus Package which included financial assistance to maintain benefits (automatic stabilisers) but also to help those vulnerable to social exclusion, with the assistance of third sector bodies, to find and maintain employment.

What we have learnt

28.   The third sector is an important part of the economic and social recovery from recession. It is a significant employer: in Northern Ireland, for example, it is a larger employer than the construction industry. As is clear from the Evidence Review to be found in the next section, it can also provide opportunities for retaining and enhancing skills and opportunities, particularly important in coming out of recession.

29.   It is also at the same time affected by both an increased demand for many of its services as well as subject to the financial pressures resulting from the economic downturn. In this respect, the Hardship Fund in England, Resilience Fund in Scotland, and examples from other Administrations, have demonstrated an appropriately targeted, and jointly developed with the sector, response to these pressures.

30.   As pressure grows on the funding available for public services, the third sector - because of its ability to respond innovatively and quickly, and because of its reach to people and communities statutory agencies sometimes find more difficult to engage - can provide alternative value for money service solutions.

31.   Barriers to these solutions will often reflect the challenge of replicating and up-scaling innovative solutions, such that they can be part of the mainstream in service delivery. There are excellent examples across Administrations of investment and business support to the third sector, but there is a need to properly understand and be able to put into practice the key measures that allow innovative value for money solutions to move into the mainstream of service provision at sufficient scale. Often the evidence of what is working is not fully articulated or as widely known and understood as it could be, particularly where this is happening on a relatively small scale.

THEME 2 - DEVELOPING THE ROLES OF THE THIRD SECTOR

32.   In looking at developing the roles of the sector, we considered a number of key areas: the sector's ability to bridge the gap for those furthest from the market; policy and service development; partnership working; influencing key stakeholders; and current and future challenges.

Third Sector's ability to bridge the gap for those furthest from the labour market

33.   As part of considering the third sector's ability to bridge the gap for those furthest from the labour market, an evidence review was commissioned under the auspices of the Scottish Government. The aims and objectives of the study were to better understand best practice, and identify innovation, in how third sector organisations engage with and support people facing multiple and complex needs, on their journey to employment, within a UK and EU context, over the last 5 years.
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The specific objectives of the review were as follows:

- To map what the literature indicates about the most effective ways to support people facing multiple and complex needs overcome barriers in their journey to the employment market, and how economic downturns impact on that journey;

- To describe examples of good practice and innovation by third sector organisations in supporting the journey to the employment market of people facing multiple and complex needs, including identifying the success factors evidenced;

- To identify from the literature what role volunteering can play in bridging the distance from the employment market for people facing multiple and complex needs; and

- To describe from the literature what outcomes have been evidenced in respect to successful approaches by third sector organisations in bridging distance from the employment market e.g. sustainable employment, skills and individual and community well being.

34.   The review will be published on **24 March 2010**, and the 4-page research summary is attached at Annex 6. If Ministers agree to the recommendation at the end of this report of continuing the third sector/social inclusion theme then the findings of the evidence review are of direct relevance to a number of strands that could be taken forward, but in particular how to replicate and up scale innovative solutions developed by the third sector.

35.   The review suggests that:

- There is ample evidence of a very extensive and broad-ranging array of projects aimed at helping people with multiple and complex needs into employment being delivered through the third sector. These projects target a very broad range of people through using a variety of approaches;

- Evaluation of these projects is very difficult as there are no simple criteria for judging effectiveness. Also, many of the projects are evaluated on a short-term basis and there is a paucity of longitudinal studies in this area. Nevertheless, available evidence would suggest that often the ethos of the organisation is more important than the method they adopt in helping clients. Successful programmes are those that: address multiple need; take a person-centred approach; are culturally sensitive; include elements of peer support and volunteering; are flexible, and work with employers as well as clients. Successful programmes also have well developed transition policies to move clients on, to either competitive employment, volunteering or further employment training;

- All these are areas where the third sector is very strong: not only are these organisations often smaller and more adaptable, they are also often well connected with the local community and are aware of their local populations and the needs of their local labour markets;

- The review concludes that there is little evidence that employment programmes recognise the complexity of some clients' needs and that further attention needs to be paid to the needs and concerns of employers.

Policy and Service Development

Welsh Assembly Government – One Wales Policy Gateway Tool

36.   The group considered the Welsh Assembly Government's Policy Gateway Tool. The process is designed to ensure compliance with statutory obligations, and bring people representing different areas of government together. Use of the tool is mandatory. This allows discussions on opportunities to join up with other work and look at ways of making a good policy even better. When used well, the Policy Gateway will enable policy makers to consider all the potential impacts of their policies. The tool is designed to ensure that all interested parties, including the third sector, are involved and consulted early on and throughout the development and formulation of Welsh Assembly Government policy. Further details can be found at Annex 7.

Partnership Working

37.   During the course of the meetings much discussion centred around the various models of partnership working employed across the Administrations. These are described in detail below, and allowed the group to drill down from Government/third sector relationships to partnerships and their success factors.

Arrangements for engagement and partnership with the third sector across Administrations

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UK Government

The above mentioned Third Sector Compact in England set the framework for partnership working and is currently being rewritten, offering a fundamental opportunity to face the challenges of the current economic climate. The UK Government is supporting 45 strategic partners in England with £60m of investment between 2006 and 2011.

Guernsey

In Guernsey, each Department engages separately with the agencies with which they are working. A number of strategies have formal arrangements in place for working with the third sector. For example, the Drug and Alcohol Strategy has an action group of public sector employees and third sector organisations which meets monthly. A Disability Forum has recently been established comprising representatives from various user groups, States Deputies, and various professional groups. It is likely that this will meet 4 times per year. Consultation also takes place with the third sector on a range of States Strategies such as the Corporate Anti-Poverty Programme and the Domestic Abuse Strategy. Similar to Jersey, the Association of Guernsey Charities administers the allocation of the Channel Islands Lottery proceeds in the Bailiwick.

Isle of Man

The Isle of Man is working towards strategic partnerships with key third sector organisations. The Third Sector strategy is being developed through quarterly meetings of the Government/Third Sector Liaison Group. It has recently produced a draft framework for partnership working or compact entitled 'Together we can achieve'. It outlines a shared vision and values, the benefits of partnership and the roles and responsibilities and commitments of Government and third sector. TSOs are participating very actively in developing specific strategies and adding a new dimension to the debate, e.g. large voluntary organisation Chief Executives are members of the Children's Services Partnership and are helping to implement integrated children's services, deploying staff to multi-agency teams. The third sector is increasingly engaged in planning responses to both strategic and operational issues facing the island, e.g. demographic changes, business continuity during a flu pandemic, reduction in Government income.

Ireland

The Community & Voluntary sector is a full member of the National *Social Partnership Agreement* process which has agreed a series of National Social Partnership Agreements. The sector's influence is evident in the latest agreement, Towards 2016 (June 2006), which includes a number of measures to advance the well-being of children, older people and people with disabilities. The agreement also includes a range of proposals to support the community and voluntary sector including enhanced funding and the promotion of social finance and philanthropic activity.

The *White Paper on a Framework for Supporting Voluntary Activity* (September 2000) is another key document for the relationship between the voluntary and community sector and the State and was developed in consultation with the sector. The White Paper provides for a formal and coherent framework for these principles and to improve the effectiveness and accountability of the sector. In addition, a series of principles to inform the relationship between the State and the sector were set out in the White Paper. Since the White Paper was published there have been a number of significant structural, policy and programme developments.

Jersey

The relationship between organisations and the States varies. Generally the sector is at arms length from the States thereby keeping a degree of independence and self governing. This applies to Jersey Family Nursing and Home Care Trust as well who are governed by a non political board but operate through agreements with the Health Department. Other organisations are closer to the States with political representation on the Board (Jersey Employment Trust for example) but co-ordinated at officer level through a Joint Secretariat which includes States Employees and Third Sector representatives (Jersey Mencap, Jersey Autism etc). Perhaps the difference centres on the co-ordination of States' resources by different Departments and the Trust employees. There is now a more formal relationship between the third sector and the States with the formation of a Social Policy Forum in 2009. This is new and will develop in the future but interestingly the allocation of Channel Islands Lottery proceeds is administered by the Association of Jersey Charities.

Northern Ireland

Northern Ireland Executive's partnership arrangements – underpinned by the Compact which was endorsed by the Executive in 2000 - were established under direct rule by Westminster. These reflect a working partnership between the voluntary and community sector and the executive/assembly, but the sector has recognised that, in the new context of devolution, it needs to establish stronger engagement with politicians and Ministers. Work on a new framework for

engagement is ongoing and it is planned that a new agreement will be endorsed by both Government and sector representatives during 2010.

Scotland

The Scottish Government has been developing a series of **strategic partnerships** with national third sector organisations around shared outcomes. This is seen as a key mechanism to allow the third sector to contribute to Scottish Government policy, ensuring that the views and experience of a wide range of organisations are heard. Strategic partnership is principally an investment into the strategic thinking capabilities of key third sector organisations, enabling them to influence the policy debate and providing government with access to further knowledge and expertise.
Building on this have been a number of strategic discussions at Ministerial and Cabinet level with third sector partners around working together to support resilience in the sector and economic recovery. It has also enabled a more strategic and partnership based approach to developing areas like third sector workforce skills. Where Government working with its third sector partners and the Alliance of Sector Skills Councils in Scotland has put together the **Third Sector Skills Partnership,** providing a single interface between the sector and education, learning and skills bodies.

The **Scottish Government Task Group on the Third Sector** consists of representatives from the Scottish Government, local authorities and the Third Sector and has taken on a number of strands of work. The aim is to have an effective partnership approach to the challenges faced by the third sector, and to generate good practice and guidance both in response to the new local landscape, and more generally.

Arising out of the work of the group a Joint Statement was issued on the relationship at local level between government and the third sector. The statement is an important milestone in creating partnerships and encouraging joint working in local Community Planning Partnerships.

Wales

In the Welsh Assembly Government's Voluntary Sector Scheme, "partnership" means working together towards a common set of goals and recognition of each party's distinctive contribution. For the Welsh Assembly Government's commitment to work in partnership with the voluntary sector to be implemented properly, there need to be mechanisms for dialogue between the parties and arrangements for implementation that provide effective systems for monitoring and review. The Welsh Assembly Government recognises that there are several different kinds of agreement that can be described as partnerships. They range from one side simply supporting the other organisation's plans, to full involvement in decision-making and control of resources. For the purposes of this Scheme, partnership means that the third sector:

The Welsh Assembly Government recognises that different parts of the sector have differing abilities to engage with it. Welsh Assembly Government acknowledges that there should be realistic expectations in operating the partnership and recognises that there is a link between the investment of resources in the voluntary sector and the ability to engage on an equitable basis.

38. Whilst many different models of partnership were recognised, as described above, it became apparent that a number of factors critical to the success of these partnerships could be identified. These ranged across policy and service development and Government/third sector relationships, and formed a toolkit type approach. All Administrations felt this would be valuable in ensuring the investment of time and energy spent in developing and maintaining partnerships in their jurisdiction would lead to positive outcomes in promoting social inclusion.

39.	Critical success factors which help partnerships succeed in:

Identifying social issues (which prevent social inclusion)

- A shared vision of a better world /for improving quality of life
- Understanding of barriers to inclusion and consequences of exclusion; social and economic costs; costs of inaction
- Focusing on opportunities and challenges not just problems
- Define the issue in ways which make it manageable to tackle
- Consider people as partners not just consumers of services
- Identify practical local issues
- Third Sector adept at identifying local social issues

Designing and planning initiatives (which promote social inclusion)

- Clear overall goals and clearly defined outcomes
- Agreed common purpose and matching agendas
- The collective good is more important than individual organisations
- Clear framework for use of government resources
- Determining roles and responsibilities
- Identifying partners' contributions (How can I help make it happen?)
- Sharing funding on equal/equitable basis
- Plan to build social capital (including skills)
- Listen and respond to local knowledge
- Good communications
- Trust

Delivering services/projects (which promote social inclusion)

- Local ownership
- All partners contributing resources
- All resources equally valued – time, money, buildings etc.
- End results are tangible or demonstrable, including development of new skills capacity
- Success is celebrated
- Enthusiasm, optimism, 'can-do' approach
- Ensuring local issues are resolved
- Third Sector can better empower
- Using Third Sector's flexibility to make quick decisions
- Ability to measure social and economic benefits
- Build in opportunities for education and training
- Good communications

Factors which help build a strong and effective third sector in partnership with government:

- True or equal partnership with government
- Third Sector involvement at inception of developments/policy
- An agreed route of communication/forum for dialogue
- Collaboration within and between sub-sectors (voluntary, faith, community)
- Openness and transparency – no hidden agendas
- Respect for different views and approaches
- Commitment to making the partnership work when the going gets tough
- Commitment to the project throughout
- Meritocracy, not power, determines roles
- The sharing of control and responsibility
- Social alchemy
- The recognition of contributions
- Understanding of each others' position
- Appreciation and celebration of diversity
- Flexibility

Influencing Key Stakeholders

40.   In terms of influencing key stakeholders the group drew on case material from the Isle of Man, on how the Administration had influenced key stakeholders:

- Government – the Director of Social Services has presented on the scope and value of the third sector to the Council of Ministers chaired by the Chief Minister to encourage a greater governmental recognition and understanding of the role, and contribution of the sector to the Government's overall aim "to provide for the economic and social inclusion of all the island's population"

- Council of Voluntary Organisations – has been encouraged to enter into a constructive dialogue with Government to enable the sector interests to be represented as a whole rather than uncoordinated lobbying from multiple organisations. This has facilitated a collective approach direct from the sector and provided a conduit for communication.

- Faith organisations – The Bishop and his rector for social responsibility have engaged with other Christian denominations and other faiths to enable the motivation of believers to be harnessed for groups who need care and support that Government agencies find hard to reach.

- The Community – Engagement and involvement of self help, local social action groups has 'grounded' the higher level strategic work in grass roots activities providing a strong connection between policy and practice.

- Businesses - The commercial sectors inclination to support voluntary and charitable effort has been harnessed to ensure their resources (money, facilities, skills, time commitment) can help the third sector in practical projects where positive outcomes for the Manx community can be demonstrated.

In all dealings with the above stakeholders, the 'critical success factors' outlined above have been taken into account and followed where possible.

Current and Future Challenges (see Annex 8 for the full paper)

41.   The purpose of this section is to map the drivers for change that will affect the way that the third sector develops and the consequent ways in which they affect the sector's ability to help build stronger, more cohesive and sustainable communities, drawing on what we have learned (thereby addressing the social inclusion/ exclusion agenda).

The aim has been to capture the major challenges that the third sector faces across the British Isles, which together illustrates the environment in which we and the sector might operate in over the next five years.

42.   The main challenges facing the countries of the BIC are to manage the following themes:

1. Increased demand and reduced income.
2. The impacts of information technology.
3. Building sustainable communities.
4. Social and political change.
5. Third Sector and Government relationships.

Each of these themes is examined separately but in reality they will interact with each other to heighten their impact. The sum total of these drivers is an overwhelming momentum for change that will affect how third sector organisations organise and sustain themselves in the short to medium term.

43.   The group focussed in the full paper at Annex 8 on four countries: England as the largest, Wales and Scotland as an 'intermediate' size and the Isle of Man as one of the smallest countries. The themes are common to all but the solutions may differ not least because of the scale of the sector and the types of population they serve, as well as cultural and historical differences. This 'common diversity' is a positive creative force across the British Isles.

44.   These themes are looked at as opportunities but it will be necessary to look at some as threats to the resilience and sustainability of the third sector and the communities they serve. Governments may need to rethink how they support and interact with the sector so that the potentially negative impacts are reduced and the potential benefits are maximised. In short, the member countries of the British Isles want more resilient and sustainable communities that are better able to cope with economic, social and environmental 'shocks'. Each country recognises that there is a vital role for the third sector in helping to realise these objectives.

45.   Summary of themes and analysis

i) Increased demand and reduced income

Indicators give a mixed view of the impact on third sector organisations with many fearing more adverse impacts than has been the case. However, the rise in demand related to the social effects of the recession is clear and consistent across the countries and the levels of confidence are brittle and have a short horizon. Income of all types – donations, investment income and grants – has fallen measurably. The 'double-whammy' of rising demand and falling income is evident.

Longer-established cost pressures remain in place as increased professionalism and training programmes will increase pressure on costs and undoubtedly there will have to be **amalgamations, co-operation and collaboration** for many organisations to survive.

The third sector recognises the need for Governments to look very hard at public expenditure and many expect that funding from the public purse will be reduced. Equally there is a need to ensure that reductions in public expenditure do not leave those communities most in need 'high and dry'. Many Administrations recognise the vital role that the third sector can play in relieving the effects of the recession and it is hoped that changes to funding regimes will be developed collaboratively. The third sector has great potential to assist with social and economic regeneration, often in areas where the state cannot intervene. Third Sector organisations of all sizes have a vital role to play as part of the blend of provision with public and private services.

ii) The impact of information technology

For some, a threat but for others with the right skills, there is a great opportunity. Information Technology continues to be both a worry – costs of equipment and training, keeping pace with the changes – and a source of inspiration – new and exciting ways of engaging with people, raising awareness and campaigning. How firmly the sector can grasp the opportunity is unclear and given the likely budgetary pressures there may be internal pressures to prioritise service delivery over investment in IT.

However, making best use of the internet need not be costly and many options cost only the time needed to make use of them. Government's role in supporting the sector needs some development but the digital inclusion agenda provides a clearer case for intervention than most; the sector is well-placed to work with communities that have poor access to the internet by providing facilities and training. Harder to gauge is the extent to which behaviour will continue to change as people take part in more spontaneous activities organised via the internet, and do less formal, membership-driven voluntary work. Will formal, organised volunteering decline?

iii) Building sustainable communities

There is a feeling of this being the time to rebuild communities and local economies in more sustainable ways, and that the third sector has an important role to play in raising awareness, modelling more sustainable behaviours and in initiating local

projects. There are indications that communities are willing to take an active role in reducing their carbon footprint and in conserving important local resources. As energy and food security issues become more urgent, the potential of the sector to mobilise collective effort presents a potent option for Administrations. Transition Towns offer an example of the holistic approach to developing more resilient communities, as they combine a range of initiatives that consider sustainability 'in the round' – economic, social and environmental, as well as a role in democratic renewal.

The large amount of good practice in the third sector needs to be organised under a clear vision of how communities will thrive in ways that secure and then grow more sustainable social, environmental and economic wealth.

iv) <u>Social and political change</u>

The potential impact of political change in many of the British Isles is creating uncertainty as third sector organisations try to gauge what changes there could be to public spending and to other aspects of their relationship with the state. Possible changes to a more devolved way of governing could bring opportunities for third sector organisations that can help to articulate local needs and encourage greater public engagement in decision-making processes.

The drive towards localism, community ownership and greater 'commonwealth' will require changes to the ways that local Governments works but also to how third sector organisations interact with the communities they serve, including challenges to all on accountability. Third sector organisations can play a role in enabling greater community engagement, but will need a strong direction to follow with clear locally-supported objectives.

Society seems increasingly willing to accept that Governments cannot and should not deliver all services and that people need to take more responsibility. The third sector can help national and local Government present and manage these opportunities holistically, increasing the range and depth of change.

v) <u>Third Sector and Government relationships</u>

The four preceding themes all require a robust relationship between Government and the third sector that recognises the strengths of each party, creating an environment where all feel valued but that also recognises the different contexts that each has to work within. The financial relationship will need to reflect openness, transparency and accountability, now more than ever. Both Governments and the third sector will need to be creative but fair in establishing funding arrangements that give value for money and provide sustainable returns.

The third sector needs to operate in an environment with appropriate and proportionate legislation and regulation. Legal forms should be an enabling force and not a barrier to public service reform and accountability. If there is willingness to work together to make the most of available resources then there is potential to have a significant impact on the quality of life of many communities.

THEME 3 - BROADENING THE APPEAL OF VOLUNTEERING AND CITIZEN INVOLVEMENT

46.   There have been many innovative developments in volunteering and citizen involvement. The evidence review shows how volunteering can play an important role in those programmes where third sector organisations engage with and support people facing multiple and complex needs, on their journey to employment with many of the volunteers acting as positive role models. Some examples from across Administrations:

Northern Ireland

In N. Ireland the *It's all about time* report was funded by the Department for Social Development 2007 which showed that at best volunteering numbers are static. The aim of the Volunteering Strategy for NI is to involve more people in volunteer action to build a better future for themselves and the people of Northern Ireland.

The 2009 consultation document set out the Government's vision for volunteering as "a society where:

- Everyone values the part that volunteering plays in building strong communities and a healthy participative democracy.
- Everyone has the opportunity to have a meaningful volunteering experience."

For each of the five objectives within the strategy a series of proposals have been made which will lead to:

- A more diverse volunteering population more reflective of our society;
- An increase in the number, range and accessibility of volunteering opportunities;
- Increased levels of satisfaction of volunteers in their voluntary activities
- An increase in the number of organisations meeting quality standards in volunteer management;
- An increase in the number of volunteer managers, paid and unpaid, with accredited qualifications in volunteer management;
- An increase in the level of employer supported volunteering;
- Increased levels of satisfaction with the services provided by the volunteering infrastructure;
- An increased recognition of the value of volunteering; and
- An increase in the numbers of people volunteering.

Public consultation on the Strategy ended in November 2009. Detailed analysis of responses is nearing completion. In general terms there was significant support for the proposals made in the consultation document and the decision to develop a Volunteering Strategy was welcomed.

Isle of Man

Collective working has resulted in four befriending schemes being established across the Island, with a further three in the pipeline, to support elderly people to remain independent and live in their established home through the use of volunteers who visit and support them on a regular basis.

This has been achieved through the co-operation and consolidated working of local authorities, faith groups, voluntary groups and the community. Funding is on a matched basis and some four hundred people are now being supported.

As a side product to this initiative the organisation have worked with students in the schools around the island to generate inter age working through pupils preparing lunches for groups of older people, schools entertaining their older neighbour, incorporating knowledge gained by this type of community service and joint working into the students' curriculum. The schemes have brought together young and old people and strengthened schools' links with the community to the benefit of all concerned.

This is encouraging community involvement which creates a situation which, rather than a clear distinction between helper and helped, all participants both give and gain and build a more cohesive community.

47.   Volunteering can also draw on the business and public sectors, as individuals offer their knowledge and expertise in mentoring and governance roles in the sector:

Scotland

The Scottish Government has funded the Realise Mentoring programme. The aim of the Realise Mentoring programme is to provide mentoring support to leaders of third sector organisations to help them improve their financial sustainability and make a step-change to become more enterprising.

Any leader or decision maker of a third sector organisation that has aspirations to grow, diversify income streams and become more sustainable can apply, irrespective of turnover, staffing level, location or sector. Mentors are established business people who are able and committed to offering their time free of charge to help another leader to grow and develop their business.

48.   The profiles of those currently volunteering, particularly in terms of age need to be considered against the complexity of modern life and the balance between work and life. Whilst barriers to employment exist and are tackled, barriers to volunteering need to be considered too not least in the tax and benefit systems, but also in terms of employers allowing valued staff to contribute to the third sector.

49.   This particular theme was less well developed given the scope of the work involved in the other two themes, and would benefit from further work, particularly given future demographic trends and developments in active citizenship.

Part 4 - Conclusion and recommendations

50.   The third sector across all Administrations is complex and diverse, with a significant social and economic potential. It provides, for example, a very extensive and broad ranging array of projects aimed at helping people with Multiple and Complex Needs into employment. It has a reach to people and communities, statutory agencies sometimes finds more difficult to engage.

51.   There are excellent examples across Administrations of investment and business support to the third sector, but there is a need to properly understand and be able to put into practice the key measures that allow innovative value for money solutions to move into the mainstream of service provision at sufficient scale.

52.   Administrations and the third sector face a number of key drivers for change to manage, that will affect future sustainability and potential to deliver. These are, as referred to earlier in the report:

- Increased demand and reduced income.
- The impacts of information technology.
- Building sustainable communities.
- Social and political change.
- Third Sector and Government relationships.

53.   The theme itself has led to a dynamic process of learning and cooperation, reflecting the original intention of the BIC to exchange information, discuss, consult and reach agreement on co-operation on matters of mutual interest:

- There has been learning from each of the Administrations and their approach to the third sector, which has impacted on policy thinking, as Administrations have seen their work in a broader context;

Example Isle of Man:

When the Isle of Man facilitated a study visit focussing on partnership within the Third Sector and between the Third Sector and Government, it led to a multi jurisdiction analysis of the critical factors required to develop such partnerships effectively and successfully.

Example Guernsey:

In Guernsey there is a desire to improve research in the Island on the size and scope of the third sector, its relationship with government, and its role in promoting social inclusion. The latter was highlighted in Guernsey's 2009 Social Policy Plan.

- This learning, in particular, has assisted Administrations in their responses to the impact of the recession on the third sector, as referred to in the report;

Example Scotland:

Officials from the Scottish Government were able to draw on the experience of the Office of the Third Sector in developing their hardship fund, when designing the Resilience Fund for Scotland.

- The reflections from the sector gained from the study visits have encouraging a shared clarity in thinking across Administrations, about the key issues facing the sector.

Example UK Government:

An official from the OTS attended the officials' meeting in the Isle of Man in June 2009. The field trips included a visit to a community where there was a clear and strong partnership between local public agencies, third sector groups and the wider community. There was a sense of shared responsibility and also shared optimism that issues could be tackled more effectively if they worked together. The 'hard edge' to this arrangement was the requirement for any public funds to be matched 50:50 by local funds, a challenge that local people rose to. Whilst aspects of the local dynamics are harder to find in parts of England, there was transferable learning in how the 'social contract' between the parties was being redrawn, with greater self-reliance from the public and more decision-making shared by the public agencies. This has directly fed into current work on localism, the potential of mutual organisations and into developing thinking on how best to encourage communities to be stronger and more resilient.

- An early warning system on Government initiatives, pending legislation and policy, enabling a head start on preparing briefing.

Example Wales

Involvement in the BIC Social Inclusion Group has allowed Wales to brief their Ministers on forthcoming Government Initiatives and Policy development in a more responsive and timely manner

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> **Example Isle of Man**
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> The Isle of Man benefited from the revisions to England's compact in the preparation of the 'islands' own framework for partnerships.

- A recognition and reassurance that everyone is sharing the same challenges, together with a shared sense of challenges and opportunities, but with 'local' differences;

> **Example Jersey:**
>
> The sharing of experience and knowledge is always helpful. In the context of the third sector, whilst decisions may be the same, cultural differences and differences in size were noticeable. However even in a small jurisdiction "a one size fits all solution" to issues is unlikely to work in all circumstances, and there is perhaps a need for government to be as flexible as possible and allow local solutions to local problems to be generated by local people

- Fostering better links and understanding between individual Administrations outside of the meetings, based on the building of relationships and trust;

> **Example Northern Ireland:**
>
> Involvement in the BIC Social Inclusion Group has allowed officials in the NI Department for Social Development's Voluntary and Community Unit to make valuable contacts with colleagues across the BIC Member Administrations. These contacts and the work of the group have allowed us to share experiences and good practice. Outside of the work of the group there have been a number of reciprocal visits from other jurisdictions to discuss areas of common concern. Specifically we have had visits to and from England and Wales to share details of approaches to managing relationships between Government and the sector. This sharing of information and ideas has greatly assisted us in the development of a new Concordat for relationships with the sector. This new Concordat is intended to replace the 1998 Compact and to reflect the now devolved political institutions.

- A forum for sharing all aspects of policy and delivery in confidence, with increased openness over time to explore a variety of solutions;

> **Example Isle of Man**
>
> The Isle of Man found the turning point in the value of this joint work was when jurisdictions showed not only their "flagship" projects but also those where we were struggling to find solutions and sought and gained the experience and advice of international colleagues.

Recommendation

54.   There are major immediate challenges facing the third sector. In particular how we maximise the third sector's flexibility, responsiveness and innovation to provide services to scale, to meet the social inclusion challenge ahead. It is recommended that Ministers agree to the continuation of the third sector/social inclusion theme, rather than choosing a new theme at this stage.

55.   If the recommendation is agreed, Ministers are asked to indicate which of the following strands the theme should concentrate on:

- **How the third sector and government working together can make communities more sustainable and socially cohesive, utilising the ability of the third sector to meet the challenge of integrating communities;**

- **Developing better policy programmes through working with the third sector across Government. How Government and third sector can work as constructive partners in a critically challenging manner, to plan and deliver workable approaches to social issues;**

- **How Government can work with the third sector to enable wider informal civil activity, and to help people make a positive contribution to their community without putting barriers in place; and**

- **How to replicate and up-scale flexible innovative service solutions developed by the third sector. How to enable them to become part of the mainstream in service delivery, and meet the increasingly complex social inclusion challenge.**