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IPPR’s purpose is to conduct and promote research into, and the education of the public in, the economic, social and political sciences, science and technology, the voluntary sector and social enterprise, public services, and industry and commerce.

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THE FUTURE OF CIVIL SOCIETY IN THE NORTH

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SUMMARY

The North of England has a rich and vibrant civil society. Civil society in the North exists in the shape that it does today, in part, because of a diverse ecosystem of organisations, funders and wider networks that enable it to continue to flourish.

But the world is changing and this support ecosystem needs to adapt to ensure that civil society remains strong and healthy across the North. Specifically, there are three key challenges that together make an unavoidable case for change:

• as a society, we are collectively failing to deal with the complex and messy reality of disadvantage
• the government’s ‘austerity’ agenda has made change more urgently needed, but also harder to achieve
• devolution and new structures such as mayoral combined authorities introduce new spaces for decision-making across large strategic geographies.

With specific reference to civil society support we find that:

• there is a wide and diverse range of support available
• capacity and culture can impact of the quality of the current ‘offer’
• some parts of civil society support face a serious funding crisis.

Adapting to change is not just a challenge for civil society – leaders in the public and private sectors are also being forced to radically rethink the way in which they operate, in order to best serve their local areas.

Increasingly, a consensus is growing that, in order to help build healthier and more productive local areas, organisations need to work much more collaboratively than they do today. This includes developing quality relationships to nurture collaborative working between actors from across public, private and voluntary sectors.

This will require change across the board to make it effective. Drawing on conversations with stakeholders across the North, as well as case study examples of what good practice looks like, this report sets out what role ‘civil society support organisations’ can play in a good society.

RECOMMENDATIONS

Local civil society support organisations (such as infrastructure bodies):

Our case study examples demonstrate that there is a need for civil society support to adopt a more collaborative approach to support roles (at all scales from neighbourhood to combined authority/regional level) including:

1. as a leader, by identifying the needs of their local area and directing influence and resources to address priorities
2. as a broker, building strong relationships between organisations within civil society and beyond, including with the private sector
3. as a platform, to encourage and develop new forms of participation and collaboration within civil society
4. as a systems changer, to challenge and co-design new ways of working with public services
5. as a champion, to amplify the voice of civil society in their area.

Individually, organisations should be asking questions of themselves, and challenging themselves and their peers to stay relevant to their local area.

1. What is our vision for our local area, and what elements of it are shared by other people and/or organisations?
2. What are the assets in the local area and what can we do to better connect them?
3. What are our relationships with other organisations (including public and private sector) and what are our areas of common ground?
4. Where do we bring most value and where are we duplicating functions that are already performed better elsewhere?
5. To what extent do we have the necessary expertise and experience across a) trustees b) leadership c) staff to allow the organisation to develop and work more collaboratively?
6. What are other organisations like us doing and how can we emulate good practice?

**Independent funders** should:

- develop partnerships with civil society support organisations including community foundations to help make more strategic use of the grant making process to achieve local change. They should also use this process to identify those areas where support for civil society is limited, particularly in areas of high deprivation and to target resources accordingly
- consider evaluating the effectiveness of grant-giving and impact, based on the extent to which their support helps to encourage greater collaboration between organisations resulting in meaningful outcomes
- make public all data on funds allocated
- establish a specific fund to help develop ways to support new and existing local support organisations to diversify their income sources and develop more collaborative ways of working
- work with public funders to develop more sustainable models for funding local civil society support.

**Public sector leaders** should recognise that effective civil society support is an essential element of a diverse, connected and healthy civil society that plays a foundational role in supporting the economy. Investment (both financial and otherwise) in effective civil society support organisations should be considered an essential part of any strategic, place-based approach in order to boost local resilience and develop preventative and long term solutions to local need, particularly in the most deprived neighbourhoods.

In addition to a long-term commitment to resourcing for civil society support, local and combined authorities should develop a specific ‘offer’ to civil society, which could include the following.

- Including an analysis of the contribution of civil society to local economic development including investment, jobs and supply chain benefits. This could be as part of the evidence base used by the Local Enterprise Partnership to develop their growth strategy.
- Including specific reference to the future development and land needs of civil society within the local plan process, including identification of key assets and new developments that could have implications for civil society support. This could also include opportunities for the third sector to support the local plan consultation process.
• Guaranteeing the civil society support organisations a ‘seat at the table’ within existing institutional hierarchies and partnerships to ensure that civil society is adequately represented in strategic discussions about the future of place, for example, the development of a civil society forum that would feed into the mayoral cabinet of a combined authority.

• Establishing a civil society co-design group, within the local authority and or wider public sector who would actively advise and support the design, commissioning and delivery of public services.

• Reviewing data-sharing protocols and practices to understand where they constitute barriers to deeper and more meaningful collaboration.

• Exploring with independent funders how to ensure long-term funding for civil society support organisations that are a) able to demonstrate that they are performing key support roles in the local area and b) committed to working in more collaborative ways.

• Working with civil society to map assets and spaces, including those in public ownership, with a view to coordinating how those assets might be put to best use for the good of the community.
1. INTRODUCTION

This report explores what role civil society support organisations can play in a good society. Drawing on case study research with organisations in the North of England, interviews with stakeholders and data from the Third Sector Trends study1, it presents some of the key opportunities and challenges for civil society support organisations, at a time when many established ways of working are shifting radically. It sets out a series of recommendations for how different organisations might need to adapt.

1.1. UNDERSTANDING THE ORGANISATIONS THAT SUPPORT CIVIL SOCIETY

Civil society relies on the support of a wide range of organisations, funders and wider networks that allow it to continue to operate and flourish in its current form. This ecosystem of support differs from place to place but, for the purposes of this report and based on our research, we suggest that these organisations can include the following.

**Local infrastructure organisations** – third-sector organisations whose primary purpose is to support civil society groups and networks in the local area. Recently, this support has included identifying funding sources, commissioning advice, brokering volunteer support and help with governance. Infrastructure organisations can include Councils for Voluntary Service (CVS), voluntary action or volunteer centres. Local infrastructure organisations tend to operate on a local or sub-regional basis and often rely on public funding for their core costs.

**Regional infrastructure organisations** – these act as representatives and advocates for the sector at a regional level.

**National membership organisations** – as well those for communities of interest who offer support and advice to their members as well as campaigning and representing in the interests of their members.

**Independent funders** – including large charitable foundations and trusts, as well as local community foundations, which provide funding and other support for civil society. The way in which this funding can be accessed will vary significantly from funder to funder depending on their scale, priorities and geographical scope.

In addition, other organisations that might not have been traditionally associated with support for civil society are starting to re-consider their role in this space.

For example, increasing numbers of **housing associations** are playing a more proactive role in supporting civil society groups. This is born out of a recognition2 that they have a vested interest in ensuring the health and prosperity of their tenants, the local community and wider stakeholders, including civil society organisations and that, as a consequence, they should look to move their activities...
beyond the day-to-day management of housing stock, to include ways to use their assets to support and sustain civil society in their local areas.

Similarly, many private-sector businesses play a role in supporting civil society organisations through, for example, charitable giving and volunteering. In addition, many third-sector organisations such as charities rely on support from the private sector, particularly on support for employment issues and financial management. This includes support received, either at cost or pro bono, from independent or freelance consultants.

For the purpose of this research, we do not consider the public sector (including local authorities, NHS bodies and central government) to be civil society support organisations. Nonetheless, we recognise that the public sector, and particularly local authorities, play a key role in nurturing civil society, including through community development and/or engagement work where this is still in place.

1.2. ABOUT THIS RESEARCH
This research project is an inquiry into how civil society support organisations can adapt to a changing and challenging economic and political context. It has three main objectives:

• to understand the current challenges facing local social action across the North and the implications of these challenges for civil society support
• to examine new and emerging ways of working that help to meet these challenges and potentially offer learning for other areas and organisations
• to develop practical recommendations for a range of organisations that reflect this learning.

IPPR North’s approach to this research has involved four main stages.
1. Preparation of a working paper to provoke discussion and debate, which was then circulated to potential interviewees for this study.
2. 35 semi-structured interviews (via phone and in person) with key stakeholders from civil society across the North of England, as well as representatives from public bodies. These interviews used the working paper as the basis for stimulating discussion and debate on the work of civil society support organisations. The interviews generated qualitative data which was analysed by identifying recurring themes from participants’ comments.
3. Analysis of quantitative data from the Third-Sector Trends survey to understand the nature of civil society support across the North.
4. Analysis and reporting, including preparation of case studies which illustrated interesting or relevant examples of how organisations were adapting to change. These case studies were sourced from IPPR North’s interviews and from existing literature.

1.3. ABOUT THIS REPORT
• Chapter 2 draws on our research to explore the nature of the challenges for social action in the North of England.
• Chapter 3 explores the current state of civil society support and the obstacles it faces to change.
• Chapter 4 outlines the different ways in which organisations are adapting to change and, based on an analysis of the case study material obtained through interviews, suggests a variety of roles that organisations can adopt.
• Chapter 5 concludes the report, setting out actions and recommendations for the future.

3 IPPR North will be publishing work next year that looks explicitly at this issue so this report does not touch in detail on the role of businesses in relation to civil society.
2. THE CHALLENGE AHEAD

This chapter examines briefly three key challenges faced by society as a whole at this point in time. Within this, it sets out implications and opportunities for civil society across the North. It concludes by providing examples of where new ways of working have been put into place, where organisations are attempting to respond and adapt to these challenges through a much greater focus on collaborative working.

These challenges, and responses to them, will directly impact on the shape of civil society across the North of England. As well as undeniable risks, there are also considerable opportunities to develop new ways of working that put the needs of people and communities at their heart.

2.1. THREE CHALLENGES TO THE STATUS-QUO AND THE OPPORTUNITIES THEY CREATE

The systems that we have devised to build healthy and happy places to live are now being put under immense pressure. Specifically, there are three key challenges that, individually and collectively, make an unavoidable case for change.

Challenge 1: System failure
As a society, we are collectively failing to build prosperous communities and tackle disadvantage.

Many organisations operate in a world of 'transformations' where we 'start with a problem, deliver a service and expect a result' (Davidson Knight et al 2017). Many of the most persistent and urgent challenges, such as tackling intergenerational poverty, improving public health, ending severe and multiple disadvantage and reducing loneliness are often thought of as ‘complex’ or ‘wicked’ problems that involve multiple and deep-rooted causes, and are compounded by overlapping interventions and services. Likewise, local areas themselves are also best thought of complex arenas – each with their own specific geographies (physical, historical, organisational, relational) that make it impossible to assume that what works in one area at one time will be successful elsewhere.

The net effect of the current system is that needs are not met, but are amplified. Problems do not go away but instead present more significant challenges to other parts of the system, or at a later date (which has been termed ‘failure demand’, see Locality 2014).

Implications for civil society: Many civil society organisations have been negatively affected by a shift from grant-giving to public services commissioning. In many areas, this approach, which assumes a combination of what Locality calls ‘scale and standardisation’ (Locality 2014) will deliver cost efficiencies, tends to favour larger organisations with the financial and administrative capacity often needed to bid for public tenders⁴. As well as possible implications for service delivery, this can lead to any profits or surplus leaking out of local economies.

⁴ See also Lloyds Bank Foundation 2016
But those within civil society are sometimes culpable as well. Independent funders often work in a way that pre-supposes that cause and effect are easily determined, including through stringent requirements on grantee organisations to account for the direct impact of their activities. Civil society organisations often assume that the best way that they can operate is by being left alone to get on with the job at hand. There is also an imperative on, and opportunity for, organisations themselves to continually review and reflect on their activities, and to integrate learning into their processes.

**CHALLENGE 2: AUSTERITY AND RISING DEMAND**

The government’s ‘austerity’ agenda has made the need for change more urgent, but also harder to achieve.

Since 2010, the public sector – and particularly local authorities across the UK – has experienced an ongoing cycle of year-on-year budget constraint, which has become known as ‘austerity’.

As a result, the state of local government finances (and that of other local services) is increasingly perilous. The Local Government Association, for example, calculate that councils alone will collectively face a £7.1 billion shortfall in funds by 2019/20 (LGA 2017).

Hampered by strict limits on the extent to which they can raise levels of taxation to generate income, local authorities have had little choice but to make to cuts to both statutory and non-statutory services (LGA 2015; JRF 2016). Although this may help to balance books in the short-term, this inevitably has a negative effect on the condition of their local areas.

In addition, a stagnating economy, which has kept wages low, and the government’s successive welfare reforms\(^5\) have further exacerbated demand within many areas.

Prompted by an increasingly urgent realisation that business-as-usual cannot continue, many in local government are being forced to consider seriously how they can develop and support other assets in their local area, including within civil society and local communities.

But while austerity has perhaps prompted some local statutory organisations to consider how they need to work in radically different ways, the short-term challenges of maintaining a balanced budget can hamper attempt to think strategically and invest resources differently. This makes change much harder to achieve.

**Implications for civil society**

To date, austerity has had, and will continue to have, a severe and negative impact on many elements of civil society, including third-sector organisations, who in the current system are often presented with challenges caused by gaps in statutory provision.

Many organisations have been profoundly affected by austerity, with the effects of changes to public funding most pronounced for smaller groups and organisations, and in areas with the highest levels of deprivation (Chapman and Hunter 2017).

\(^5\) For example, the National Audit Office suggested that government welfare reforms had caused a significant increase in the number of people considered statutorily homeless – including a rise of more than 60 per cent in the number of homeless households across 6 years (NAO 2017)

\(^6\) Analysis by IPPR and CPAG suggests that the proposed system for Universal Credit will negatively affect annual household income by up to £2,850 in 2020 (CPAG 2017)
This is further compounded by the impacts of national welfare reforms, adding a further, arguably unsustainable, strain on the resources of many. Although there are methodological issues with measuring demand, representatives from the sector have consistently reported increased requests for their activities in recent years.

At a time where there is increased caution over public spending, provoked by shrinking budgets and rising demand for local authorities themselves, there is a pressing need to make a strong case for investment in civil society groups and organisations as a fundamental part of a healthy and resilient local area, and of a thriving local economy.

But equally, the long-lasting effects of austerity have also provided a catalyst for some organisations to re-think their business models, and to diversify their income streams away from public funds where necessary. Where civil society organisations lack the means or the vision to do so of their own accord, there is a need for effective support to enable them to manage change, or otherwise to merge or close.

Challenge 3: New structures
In recent years, new structures have been introduced that, together, mark a substantial change in the way that decisions that impact local areas are made.

The devolution agenda has changed the political landscape of many parts of the UK. This is particularly so in the North of England, with new combined authorities and mayors in Tees Valley, Greater Manchester and Liverpool. Just under a third of the total population of the North of England voted in mayoral elections in May 2017, and a total of 70 per cent live in an area with a formally constituted combined authority.

Likewise, in health and care, Sustainability and Transformation Partnerships (STPs) are locally-led plans for the reform of health and care services across a geographical ‘footprint’. Joint-authored by both NHS and local government leaders, they are intended to help overcome the financial pressures on services by identifying how resources across a given area can be best used to drive improvements in the efficiency and quality of care (Quilter-Pinner 2017).

Implications for civil society:
New structures such as combined authorities and STPs offer opportunities to work differently across a large strategic area. They are a key forum for influencing and engaging, and in some areas civil society representatives, organisations and movements are already playing an active role within them.

But to date, the involvement and recognition of civil society within these new structures has been highly variable at best.

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8 Data from the Third Sector Trends survey suggests that organisations in a financially weak position are least likely to be investing resource into strategic thinking and organisational development
2.2. WEATHERING THE STORM: FOCUS ON COLLABORATION

In response to these significant challenges to the status quo, leaders in the public and private sectors, as well as across civil society, are being forced to radically rethink the way that they operate, in order to best serve their local areas.

A large and growing body of literature\(^9\) makes the case that, in order to help build healthier and more productive local areas, organisations need to work much more collaboratively than has been the case to date.

A collaborative approach forces people to think about the wider determinants of health and wealth, including how to tackle systemic issues. It recognises that a single individual can often become trapped between issues – such as homelessness, addiction, reoffending and mental health – that are often deeply interrelated. It also recognises that working with people to overcome such issues will require deep and sustained coordination of the assets available to them.

Such an approach relies on the development of quality and trusting relationships and puts value on data and intelligence from a wide range of sources to inform how resources are coordinated in an area. Above all, it relies on deep and sustained work between actors from across public, private and voluntary sectors, as well as recognising the value of the assets within communities.

A desire for more joint working has long been a feature of public policy and there is certainly scope for practitioners today to rediscover some of the lessons of previous attempts at partnership working\(^10\).

Some of this is already evident in practice:

In **Oldham** the local council has led the development of a partnership of all key public service partners and private, housing, community, voluntary and faith organisations. Together they have created a five-year plan setting out how to ‘improve Oldham through co-operation’\(^11\). This draws on three themes each partner is encouraged to work towards:

- ‘inclusive economy’ – investing in the local economy in order to maximise the power of local spending, the workforce and other assets
- ‘co-operative services’ – changing the design, commissioning and delivery of public services so that they are ‘collaborative by default and based on a social value ethos’
- ‘thriving communities’ – supporting people to ‘do more for themselves, their families and the communities around them’.

Across **Greater Manchester**, public and voluntary sector leaders have agreed on a coordinated approach to tackling homelessness. Led by Mayor, Andy Burnham, who made a campaign pledge to end homelessness in the city region by 2020, this includes:

- a £1.8 billion Social Impact Bond fund to provide personalised support for long-term rough sleepers on a payment-by-results basis
- commitments from NHS partners to remove barriers to services and co-ordinate support, including ensuring no patient is discharged from hospital onto the street
- a pledge from the Fire service to use all fire stations as hubs for support, working with civil society organisations

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\(^9\) See for example London Funders 2016; Randle and Anderson 2016; Esmée Fairbairn Foundation and The Blagrave Trust 2017; McInroy 2016; Locality (no date)


• a joint call to central government to suspend the roll out of Universal Credit, because of the possible effects on increased homelessness.

In **Rotherham**, health, social care and voluntary sector professionals have worked together to co-design care for people with long-term health conditions. This includes a Social Prescribing Service, coordinated by a third-sector infrastructure organisation, Voluntary Action Rotherham (VAR), in partnership with more than 20 local civil society organisations. Social prescribing allows health professionals to work with voluntary and community sector organisations to develop a range of local, non-clinical services that GPs and others can refer patients to, instead of, or in addition to, clinical interventions. Based on emerging evidence that it can lead to a range of positive health and well-being outcomes (Dayson and Bashir 2014), it is increasingly considered a key means to addressing people’s needs in a holistic way, and to alleviating demand on clinical settings.

Chapter 3 explores the nature and shape of civil society support across the North. It discusses its strengths and weaknesses in its current form, and perceived barriers to change.
3. THE CURRENT STATE OF CIVIL SOCIETY SUPPORT

This chapter explores the current state of civil society support, its shape and the obstacles it faces to change. It draws on evidence from the Third Sector Trends Survey, and interviews with stakeholders to set out in general terms the issues that face civil society support organisations in many areas of the North.

About the Third Sector Trends Survey
The Third Sector Trends Survey is the most comprehensive long-term picture of the third sector in the North of England. IPPR North has published headline findings from the survey (Chapman and Hunter 2017), and a more comprehensive breakdown is available online.12

For the first time, the 2016 iteration of the survey included a question on where a third sector organisation ‘usually’ goes to get help. This allows for some insight into the shape and nature of support for civil society in the North.

It should be noted that it does not cover the whole range of functions that support organisations provide13. The data collected refers principally to how organisations meet their own stated needs across five key issues – employment, volunteering, governance, income generation and financial management.

Nonetheless, it does provide some insights into the nature of the support ecosystem that are relevant to this study.

About our interviews
As part of this research project, a total of 35 interviews were carried out, via phone and in person, with people identified as influential stakeholders within civil society in the North today.

Potential interviewees were identified via a snowball process (whereby interviewees often suggested the names of other potential participants who may have relevant insights) and, in most cases, were sent in advance a copy of a short working paper that set out some of IPPR North’s initial thinking in this area. Notes were taken during interviews and analysed to identify key themes and recurrent issues.

3.1. WHAT DO WE KNOW ABOUT THE STATE OF CIVIL SOCIETY SUPPORT IN THE NORTH – KEY FINDINGS FROM OUR RESEARCH

Key finding 1: There is a wide and diverse range of support available

The Third Sector Trends survey suggests that third-sector organisations draw on a wide range of support, from diverse sources.

13 For example, it does not cover advocacy and campaigning functions, or relationship building/broking
Local infrastructure is a vital part of the support ecosystem, although it is by no means the only source of support. Local infrastructure is the primary port of call for 43 per cent of organisations seeking support with volunteering and 30 per cent with governance issues. They are also a primary source of support for many organisations seeking support for employment issues (28 per cent), income generation (29 per cent) and financial management (22 per cent).

During interviews for this research, local infrastructure organisations were keen to emphasise the diversity of the local support ‘offer’ in different places. Although there are similar functions that are performed in different areas, the value of an effective support organisation depends on the role it plays within networks, and its relationships with those within and outside the sector – in other words how embedded it is within its local area. Through our conversations, being embedded was presented as both an asset and a potential obstacle to change.

National infrastructure is another crucial part of the system. Data from the Third Sector Trends survey suggests that just over a quarter (26 per cent) of third-sector organisations who need support for governance rely primarily on national bodies. This is also a primary source of support for organisations seeking support for employment issues (12 per cent), volunteering (11 per cent), income generation (13 per cent) and financial management (11 per cent).

In addition to third-sector support, the Third Sector Trends survey also suggests that many organisations rely significantly on private-sector support, in particular for issues of employment and financial management. It is possible that a large part of this is paid-for services, given that larger organisations (those with income between £250,000 and £1 million), who are more likely to have the funds to engage a professional organisation, are much more likely to rely on this type of support. For example, 36 per cent of larger organisations with a need for financial management support stated that they primarily relied on the private sector (53 per cent for employment issues) compared to 21 per cent of those with incomes between £50,000 and £250,000 (28 per cent), and 11 per cent of those with incomes under £50,000 (9 per cent).

### Q. If you need support or training, where would you usually go to get this?

<table>
<thead>
<tr>
<th></th>
<th>Employment</th>
<th>Volunteering</th>
<th>Governance</th>
<th>Income generation</th>
<th>Financial management</th>
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<tbody>
<tr>
<td>Local infrastructure (e.g. CVS)</td>
<td>28 per cent</td>
<td>43 per cent</td>
<td>30 per cent</td>
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</tr>
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<td>National voluntary sector body</td>
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<td>26 per cent</td>
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<td>Private sector support</td>
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<td>3,487</td>
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</tbody>
</table>

Key finding 2: Capacity and culture can impact on the quality of support

Although there are plentiful examples of good working across the North, support organisations of different types can struggle to adapt to new contexts. Some of the reasons behind this are external (most notably a lack of resources) but can also be cultural.
Specifically, some third-sector infrastructure bodies can lack the resources to play a more strategic role in their area and the wider region. Recurring themes from our interviews included:

1. **They can struggle to act as an effective voice for the sector** and engage effectively with regional structures such as combined authorities and STPs\(^{14}\). This is primarily due to structural reasons, notably a lack of resources to perform these functions. It is increasingly seen by many as impossible to secure funding for from both public and independent sources, and there are restrictions on how charities can use public funds.\(^{15}\) In addition, the power dynamics between local public sector bodies and support organisations can be unbalanced, which can lead to what one interviewee described as a 'parent child' relationship.

2. **They can be reluctant to move out of their comfort zone**, especially with respect to:
   - engaging with ‘unusual suspects’, such as the private sector or housing associations as possible partners
   - adopting new technologies and working practices
   - embracing new models such as social enterprise or social investment models
   - working in collaboration with other support organisations.

   In addition, a number of organisations do not appear to have adapted their funding models to reflect the changes in local government finances.

3. **They can lack clear the leadership capacity and/or effective governance structures** (including trustee capacity) that allow them to take risks, develop new sources of income, and give up old ways of working. This is by no means unique to infrastructure organisations – many small third-sector organisations (and small organisations in general) can often act in a risk-averse way because of the limitations placed on them by financial resources and organisational capacity.

4. In addition, a recurrent theme for stakeholders was that infrastructure organisations can sometimes work independently of each other, and with a lack of joined-up and strategic thinking about:
   - where support is most needed
   - how needs might be met most effectively

   This can lead to duplication and, in some cases, poor quality support. This was linked to the fact that they often operate in a geographical area defined by local authority boundaries, and so their relationships and networks have evolved around this.

Similarly, sustained collaborative working is still not mainstream practice among independent funders, many of whom still struggle to work meaningfully with each other and with local authorities (Gilbert 2017).

The limitations of the current approach of many independent funders has already been explored in a number of recent reports (for example Gilbert 2017, Blagrave Trust and Esmee Fairburn 2017 and Davidson Knight et al 2017). Some of these limitations are as follows.

\(^{14}\) This has been exacerbated by cuts to local authority budgets, which have led to significantly reduced capacity in many areas (in terms of e.g. neighbourhood teams, community networks etc) to engage with others (including civil society) to inform plans.

\(^{15}\) See Panel on the Independence of the Voluntary Sector (2015)
1. Many independent funders can tend towards funding ‘interventions’ or projects that produce specific ‘outcomes’ and an expectation placed on beneficiaries to demonstrate impact.

2. The relationship between funder and grantee can often be transactional. Few resources are dedicated to building relationships with trusted partners over time, or to funders involving themselves substantively with the work that they support (this is also a theme in Buckley et al 2011).

3. There is still a lack of publicly-available information on where funding goes, including how it is distributed geographically. There remains concern about the geographical spread of funding allocations, with the North, in particular, missing out. Some foundations, such as Garfield Weston Foundation, have taken steps to understand and address their funding ‘cold spots’\(^\text{16}\), but these remain a minority.

Some **housing associations** are starting to think more strategically about their role in and responsibility to their local area and, in particular, how they can best use their physical, relational and financial assets in collaboration with the public sector, civil society and others to achieve social change. But housing associations themselves vary hugely in their size, ethos and business models and, as a consequence, there is wide variation in the degree to which they are adopting this more holistic approach. For example, in many areas, we heard that working relationships between some housing associations and other elements of civil society support are non-existent or poor.

**Key finding 3: Some parts of civil society support face a serious funding crisis**

There is clear evidence that many support organisations are experiencing a severe squeeze on their finances, such that their continued existence in their current form is being called into question. Many organisations now feel backed into a corner as a result of changes in public policy.

This is particularly the case for **local and regional infrastructure bodies**, many of whom have seen grant income from local government dry up, as well as the closure of dedicated central government programmes for funding infrastructure such as **Capacitybuilders**.

Data from the Third Sector Trends survey suggests that support organisations – and in particular local infrastructure organisations – are disproportionately likely to be struggling financially. Across the whole of the North, data suggests that 25 per cent of local support organisations are in a weak financial position\(^\text{17}\), compared to 21 per cent of those providing frontline services and 22 per cent of those providing secondary (e.g. advice) services. On the other hand just 5 per cent of infrastructure organisations are in a strong position, compared to 14 per cent of frontline organisations and 10 per cent of those providing secondary services.

This was echoed in interviews with stakeholders – we heard that some local third-sector infrastructure organisations in the North were at severe risk of closure and that others were struggling to develop new ways of working and plan for the long term in the face of the more immediate challenge of keeping an organisation afloat.

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\(^{16}\) Garfield Weston commissioned research ([https://garfieldweston.org/wp-content/uploads/2017/01/GWF-Insight-into-Future-of-Charity-Funding-in-the-North-East.pdf](https://garfieldweston.org/wp-content/uploads/2017/01/GWF-Insight-into-Future-of-Charity-Funding-in-the-North-East.pdf)) which looked at why their grant giving in the North East was so low. It identified a series of recommendations and as a result they have engaged with local Community Foundations to direct support. They also fund business development support to smaller civil society organisations to build their capacity – through the Weston Charity Awards ([https://westoncharityawards.org/](https://westoncharityawards.org/)).

\(^{17}\) Based on a composite measure that links a number of factors together, including: uses of reserves (for investment or to pay vital costs such as salaries and rent), the recruitment or loss of employees, and significant changes to organisational income
The lack of long-term and sustainable funding for support functions has also been a recurrent theme in other reports, notably Navca’s *Change for Good*\(^\text{18}\) and the panel on the Independence of the Voluntary Sector’s *An Independent Mission*\(^\text{19}\), which linked the demise of grant funding to a loss of independent voice for the sector.

This crisis has primarily been driven by changes to public funding models. Many local authorities have stopped grant support to fund local third-sector infrastructure and now use open competitive processes when they do offer support.

Our conversations with stakeholders have also suggested that many (although certainly not all) independent funders struggle to justify funding this type of support because it leads to fewer (if any) identifiable outcomes than investment in frontline activity might produce, at a time when many have understandable pressure from their own donors and trustees to demonstrate impact.

Chapter 4 sets out how civil society support organisations have started to develop new ways of working that put collaboration – and the needs of their local areas – at their core.

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18  https://www.navca.org.uk/assets/000/000/063/Change_for_Good_36_pp_final_aw_original.pdf?1449496913
4. MOVING FORWARD: WHAT ROLE FOR CIVIL SOCIETY SUPPORT ORGANISATIONS?

This chapter draws from our conversations with stakeholders as well as examples and in-depth case studies of organisations who are developing new ways of working. The case studies analysed in this research are based in the North of England, with one exception, and were identified through our research as examples among many others of good working.\(^20\)

From our research, we have identified five key roles for civil society support organisations in a more collaborative system. Specifically, we believe that there is a need in any given area for civil society support organisations to perform one, or a combination, of the following roles:

1. a leader
2. a broker
3. a platform
4. a systems changer
5. a champion.

As our case studies in the appendices demonstrate, it may be that local or regional third-sector infrastructure bodies are best placed to play some of these roles, but other organisations, including independent funders, housing associations and others may also be well placed to undertake elements. It could even be that a new organisation or a network is created specifically to undertake this type of work.

4.1. A LEADER

Identifying the needs of their local area and directing influence and resources to address priorities

Given the scale and complexity of the challenges facing us as a society, there is a pressing need for individuals and groups to help to catalyse and focus resources to address the root causes of inequalities, to build healthy communities, and to develop new forms of social action, particularly in areas of particular need. This requires focusing energies upon improving the health of a local area (which could take place at different scales from the neighbourhood to the regional level) and its population, rather than the third sector per se.

Increasingly, some national funders are considering how they target the support they provide – often working closely over time with local community foundations, and carrying out more careful data collection – to identify cold spots and direct resources to where they are most needed (IVAR 2016). Some funders have also adopted a more active role to their work, by adopting a specific mission in a particular area. Joseph Rowntree Foundation, for example, has launched the Hartlepool Action Lab, an initiative expressly designed to help reduce poverty

\(^20\) The full case studies can be found at the end of this report.
in a specific locale by bringing together community members, business, and the third sector and public bodies.\textsuperscript{21}

Likewise, some third-sector infrastructure organisations are increasingly playing a more overt leadership role within their local area. This requires a strategic approach to how they work with frontline organisations, in particular playing a role as a ‘critical friend’ to the sector. This includes doing more to help individual organisations review and critique their mission and the services that they provide, and update the way they work accordingly. This in turn creates a ‘catalyst’ for new forms of action – helping to grow social capital and support useful new groups and networks in areas where existing resources are not being used to their best effect.

- **MVDA** in Middlesbrough (See Appendix) has been able to shift its focus away from the needs of the local third sector as an end in itself, towards one focussed on the needs of the local area and its population. This includes:
  - an overarching vision for the organisation, to ensure that Middlesbrough communities are active, strong and engaged
  - ongoing mapping of community needs to identify where voluntary sector resources might be best focussed
  - an active approach to growing capacity (through volunteering) in under-represented areas and marginalised communities.

- **GMCVO** (See Appendix) have developed a simple vision of what they are doing and why. This is used to find common ground and align activities with other stakeholders. GMCVO have also developed a more active approach to their core activities. While the organisation offers information and brokerage to whoever approaches them, the core activity is focused on how to tackle social, economic and political inequalities and enable people across Greater Manchester to enjoy a better quality of life.

  This has involved a much greater focus on community-based work, building networks between community and voluntary groups, and supporting community enterprise as a means to building successful local economies.

4.2. A BROKER

**Brokering, building and sustaining relationships between a wide range of people and organisations between and within sectors**

A recurring theme from our research was the need for infrastructure organisations to consider shifting their ways of working away from direct support to the third sector, towards a greater emphasis on brokering relationships, both within the sector and between civil society and other networks and organisations, including public bodies.

Specifically, this may involve building and managing relationships:

- **Between civil society organisations.** This includes doing less as a provider of support and more as a connector – building and strengthening relationships (both informal and formal) within the sector\textsuperscript{22} – in doing so boosting the resilience and responsiveness of the sector as a whole – and signposting organisations to where they might be able to access help from others, both within the local area and beyond.

\textsuperscript{21} This activity forms part of JRF’s wider strategy around poverty overarching Joseph Rowntree strategy and highlight that this is just one of many local initiatives they are supporting https://www.jrf.org.uk/press/jrf-launches-new-hartlepool-action-lab-help-tackle-poverty

\textsuperscript{22} The Third Sector Trends survey found that the scale of complementary working across the sector is substantial, with a clear majority of organisations reporting some form of productive relationship with others. Nonetheless, a sizeable proportion of organisations, in particular smaller organisations, tends to operate on their own and with few relationships (formal or informal) with others.
This latter element includes not only the resources and expertise available through national membership bodies (such as NCVO), who are increasingly looking at how to use digital to scale up their reach and to act as a resource library for third-sector organisations, but also those available from the private sector (including but not only in-kind support) as well as the skills and expertise of other civil society organisations.

- **Between civil society and others.** This includes bringing different people together to connect with the sector and facilitate cross sector collaboration.

‘Civil society’ is a catch-all term for a wide range of networks and organisations, which is almost impossible to navigate from the outside. As a response, support organisations are developing ways that they can act as a gateway to the sector (and to small groups in particular) for external stakeholders wishing to develop ways of working towards shared aims with civil society.

The key obstacles to this approach are cultural – many organisations are not used to working in this way. But data restrictions are also an issue – with ineffective sharing protocols and practices are a barrier to realising the full potential of this approach.

- **York CVS** is a third-sector infrastructure organisations that has changed the way that it offers support, in part because it is now operating with significantly fewer staff, but also because of a recognition that voluntary-sector organisations are increasingly able to meet their training and development needs in different ways, including online, that may render some ‘traditional’ services obsolete. Whereas previously it acted as a central hub, offering direct support to third-sector organisations (including training, policy updates, information and volunteer matching), York CVS now primarily operates as a facilitator, signposting organisations to sources of support available locally and nationally, including from their peers.

This has involved a shift from a ‘transactional’ approach – where the bulk of the CVS’s energy was spent dealing with individual organisations’ specific queries related to their overall sustainability (e.g. routes to volunteering, support for tendering, HR advice etc) – towards a ‘transformational’ one. This is more focussed on helping individual organisations, and the sector as a whole, to develop, diversify, and work together and with others.

In addition, York CVS is also working towards becoming a trusted point of contact for the local authority and other public bodies, including for commissioning services.

- **The North East Funders Network** brings together both national and local independent funders and local authority grant funding leads from across the region to share information and to develop collaborative working practices. Facilitated by VONNE, a regional infrastructure body, the network meets three times a year and holds collaborative meetings to explore areas of interest or concern. Members have worked to identify and target cold spots for funding in the region; developed an online bulletin for grant-makers in the region; are adopting the 360Giving Standard23; and are also exploring ways to encourage other funders who currently are not currently active in the North East to become more involved.

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23 The 360Giving Standard is a single format for grants data that is open, easy to understand and comprehensive. It has been developed and promoted by 360Giving, a charity, who also provide a single online database of all open data published under the Standard. For more information see [http://www.threesixtygiving.org/](http://www.threesixtygiving.org/)
4.3. A PLATFORM

Creating physical and digital spaces for new forms of civic engagement and participation.

When civil society is allowed to grow and thrive, communities and individuals are able to come together to improve their local area and their lives without the need for direct intervention from others.

But spaces for this to happen are sometimes thin on the ground. A civil society support organisation can act as a local platform, in order to bring people together and support them to design and deliver activities they think will improve their local area. This involves actively working to connect existing skills and assets within local communities, along with external resources available to support community-level activity.

As a platform, support organisations can also provide basic essentials, such as access to physical space, support for funding activities, insurance coverage, and administrative support.

Some independent funders are investing more resource into the development of platforms for community action. Examples include the following.

- Lankelly Chase Foundation has worked with others to develop a new organisation, Participatory City, which aims to develop and scale up ‘micro participation’ activities to improve lives and communities in Dagenham and Redbridge. The project is now live, with support from The Big Lottery Fund, Esmeé Fairbairn Foundation, City Bridge Trust, as well as the local council.

- Dudley CVS is an example of a local infrastructure organisation that is providing a platform for new forms of local collaboration. Operating out of a café space in the centre of town, the platform, called Dudley CoLab, provides the space, tools and opportunities for people to come together to develop new ways of community working. There is no specific agenda – instead the idea is to create the space and the means for people to meet new people and do things together that improve their local area.

- Housing association One Manchester, is developing a new approach to working with its local community that aims to catalyse, support, enable and connect all of the assets that make up a place. Specifically, this includes:
  - a focus on the needs of entire neighbourhoods, rather than those of One Manchester customers only.
  - developing smart collaborations and effective partnerships – including with local authorities, healthcare providers, local businesses, charities and social enterprises – to understand and address local issues.
  - ‘social innovation’: tapping into local assets and making the most of strengths in the communities, rather than simply acting as a source of funding for one-off projects.

4.4. A SYSTEMS CHANGER

Developing new ways of involving civil society in achieving social change

As Locality and others (including IPPR North) have consistently argued, many public service commissioning structures are inadequate for dealing with ingrained social problems, because they tend to allocate resources based on the assumption that service delivery at scale is cheaper and more effective. This has been compounded by austerity.

There have always been some creative commissioners who have been able to work against the grain of the current system, as well as sporadic interventions from government (not least the Social Value Act) to attempt to enable change. But in
many places the systems in place actively exclude certain groups and activities from involvement. For example, there is clear evidence that successful bids for public funding are increasingly being dominated by larger organisations (from both the private and third sector), to the detriment of smaller organisations (Hunter and Cox 2016).

To this end, there is a role for civil society organisations to invest resources in challenging commissioning structures and, in doing so, effecting systems change.

Some large independent funders are actively considering how they can use their resources to change local systems. One funder told us that they are expressly devoting resources to researching the causes of ingrained and complex problems, and how to create and sustain change in a local area.

- **Capacity** in Liverpool is an example of a brand new organisation with a mission to rethink and reimagine how public services are delivered in the Liverpool area. Their design, commissioning and delivery includes communities and voluntary-sector providers. Specifically, this involves four strands of work.
  - **Design** – bringing together commissioners, potential providers and service users to design more effective public services based on actual need. This includes support for commissioners with co-production, service design, business case development and the commissioning process itself.
  - **Incubator** – developing new community solutions to identified problems, using an assets-based approach to build new networks and collaborations. This includes providing support, where appropriate, to support bids for grants or contracts.
  - **Accelerator** – working with VCSE organisations with a proven track record to make them contract-ready, including intensive support to design a specific bid. This support is provided on a no-win, no-fee basis.
  - **Joint prime** – developing consortia between local voluntary-sector providers and larger organisations, with a view to overcoming issues associated with bidding for very large contracts such as IT systems, risk management systems, track record etc.

- **York CVS** is redesigning the way it operates as a local infrastructure organisation, with a view to improving the ways in which civil society groups are involved in commissioning. So far, this has included:
  - support to get the sector ‘business-ready’, such as education on what commissioning can mean for third-sector organisations
  - active support and encouragements for organisations to develop a combined ‘offer’ to commissioners
  - developing a social prescribing scheme in partnership with the City Council, the local Clinical Commissioning Group (CCG) and third sector partners
  - management of a £100k pot of funding for new and existing voluntary and community groups to grow and sustain York’s green spaces
  - liaising with and influencing the CCG.

4.5. A CHAMPION

Ensuring that civil society has a strong and effective voice
Voice and representation has historically been a key function of civil society. Ensuring that people have a voice in decisions made about their lives and their local areas is not just important from a democratic point of view, it is also a crucial way of ensuring that the right decisions are made and resources are not wasted.
Where third-sector organisations are working with people who have ‘fallen through the cracks’ of mainstream services, they often have a unique vantage point from which to spot where systems are failing and how they might be made more effective. At a time of austerity, when public authorities are sometimes being forced to make tough decisions about where to make cuts, this becomes even more valuable.

However, the independence of civil society organisations and their ability to speak out on behalf of their communities has been curtailed in recent years. The effects (and perceived effects) of new legislation have restricted civil society organisations to campaign (Baring Foundation 2017). More insidiously, the power dynamics in a local area (where the state is a contractor to a wide range of voluntary and community activity) mean that some have strong disincentives to speak out. It is almost impossible for organisations to find resource to carry out this function – instead they are forced to cross-subsidise from other activity, which can bring conflicts of interest.

GMCVO has worked hard to develop strong links not just with the local voluntary, community and social enterprise sector but with other keystakeholders within and outside the city region. The organisation is the lead body or host for a range of GM partnerships and networks including Talent Match, Ambition for Ageing, Volunteering GM, GM BME Network, GM Social Enterprise Network, GM Third Sector Research and Community Energy GM (green energy co-operative). They are a member of GM Futures and of the national Voluntary Sector Core Cities group.

In January 2017, GMCVO and partners successfully negotiated a Memorandum of Understanding with the Greater Manchester Health and Social Care Partnership Board. This will provide a framework for a highly inclusive approach to health and social care delivery across the city region.

VONNE is a regional infrastructure organisation that increasingly sees itself as a champion in helping bring together voices from the voluntary and community sector and public and private sectors in the North East region. The emergence of new, larger public service geographies (such as the Tees Valley and North East combined authorities, NE Local Enterprise Partnership as well as increasingly large STP footprints24) has heightened the need for a regional voice for the sector.

VONNE’s good historical relationships with the larger third-sector ‘players’, including regional and sub-regional charities. It also has links with local infrastructure bodies who have more day-to-day contact with smaller third-sector organisations, which enables the organisation to legitimately claim a seat as third-sector representative at the regional table.

### 4.6. HOW CHANGE HAPPENS: KEY THEMES FROM OUR CASE STUDIES

The case study examples from our research, documented in the Appendix, show how different civil society support organisations are adapting to the challenges of the current time. These are by no means the only ones putting this into practice.

Each example is different and there is no single route to change. Local context, including the quality of existing relationships with other bodies, plays a huge determining role. But across each of our case studies, a number of themes emerged.

- There has been an **acknowledgement that the world is changing**, and that there is a need for civil society support organisations to change in response. None of the case study examples have chosen to accept the status quo as

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24 The two STP footprints for the North East, along with that for Cumbria may be merged into a single footprint covering a population of 3.2m people.
an option but instead have adapted by putting into place changes to their mission, day-to-day activities and business model.

• In most examples, there is a palpable sense that change is incremental, and that a successful model depends on deep and trusting relationships that take time to develop.

• In most examples, there has been a catalysing moment, where a change in circumstance has forced an organisation to try to shape their own future. Often, this has not happened on its own – change has been made possible by new ideas, new people, and new sources of income. This may help to explain why some have been faster than others to adapt.

• Each has put into place practices that try to make best use of the assets available. This includes not only how physical assets are used to best effect but also the capabilities and knowledge available to individuals, communities and organisations in any given area.

• This also requires organisations to develop strong and open relationships with a wide range of others, including with private-sector businesses and their representative bodies, as well as with housing associations, prime providers, national and multinational charities.

• There are examples of humility in practice. In many of our case studies, people in support organisations have implicitly recognised the need to rely on the expertise of others to achieve their goals, and to build alliances with a wide range of people and organisations. This revolves around a commitment to working pragmatically and productively with others (across different sectors and party political backgrounds) where there are areas of shared understanding and common purpose.

• Many of those who we feature as case studies are existing organisations with established relationships across their local patch. While all have made significant changes to their way of working, this is not innovation for its own sake – they have also kept hold of what they are good at. In most cases, this has been the strength and depth of relationships, both within the sector and beyond.

• For third-sector infrastructure organisations, many of whom have, until recent years, been almost solely reliant on grant funding from local authorities, a key stepping stone has been income diversification. This includes charging for services, developing a paid membership scheme, and using physical assets to run a business for profit. In some cases, grants from independent funders have been used to support organisational change. This has been in addition to, rather than instead of, public money.

Civil society support is already changing, with many organisations beginning to play a variety of different roles in their locality as they adapt to the changing economic and political context. In the final chapter, we explore the practical steps that different stakeholders can take to ensure a healthy support ecosystem that is, in turn, able to contribute to healthy, happy and productive places.
5. NEXT STEPS AND RECOMMENDATIONS

In order to overcome the significant and serious challenges that we face at a local, regional and national level, new ways of working are needed.

This is not just a challenge for civil society – leaders in the public and private sectors are also being forced to radically rethink the way that they operate, in order to best serve their local areas.

The civil society support ecosystem needs to adapt – and in many places it is already doing so. Our case studies highlight just a few of many organisations who have started to make changes to the way that they operate. Many more know intuitively that they must adapt to survive but lack the capacity and the resources to put this into place.

In the next section, we set out some of the practical steps that different organisations within the civil society support ecosystem can adopt to help unlock more collaborative ways of working and work to ensure healthier and more resilient communities.

5.1. Recommendations for local support organisations

Our case study examples demonstrate that there is a fundamental need for civil society support to adopt more collaborative approach, including:

1. to act as a place leader, by identifying the needs of their local area and directing influence and resources to address priorities
2. to build strong relationships between organisations within civil society and beyond, including with the private sector
3. to act as a platform for new forms of participation and collaboration
4. to challenge and co-design new ways of working for public services
5. to champion, and amplify the voice of, civil society in their area.

Collaboration between civil society organisations would allow for them to:

- develop standardised approaches to new practices (such as support for demonstrating impact; crowdfunding; micro-volunteering platforms; working with social enterprises and Community Interest Companies (CICs)
- work more strategically to identify areas where little support is available to civil society and agree a strategy for filling these gaps where appropriate.
- Acting as a coherent voice for the sector and building stronger relationships with public and private-sector organisations, and independent funders, by
- grow capacity for distributed leadership between organisations – where different partners take the lead on a particular issue, according to their expertise – in order to make the most of the strengths of individual organisations and reduce duplication.

This type of collaboration takes time and does not follow a prescriptive method. It will look different in every area. It would be counter-productive, therefore, to sketch out a model for how it would look like in any given area. But to begin,
we believe that local civil society support should be putting more resource into working together in order to:

• develop a shared vision for a neighbourhood, local or combined authority area and the communities within it
• map where functions and roles are being duplicated in different areas and on different scales and how this might be made more effective
• work with each other to drive improvement and consistency
• develop a coherent ‘offer’ to the local public sector – to broker community-based solutions to identified needs.

At the same time, and in order to free up resource and capacity, they should be considering investing less resource in providing functions that are duplicated elsewhere, specifically:

• providing information and advice that can be accessed via regional or national services
• providing business support if there are other good sources from the private sector or peer organisations.

Individually, as well, organisations should be asking questions of themselves, and challenging themselves and their peers to stay relevant to their local area.

1. What is our vision for our local area, and what elements of it are shared by other people and/or organisations?
2. What are the assets in the local area and what can we do to better connect them?
3. What are our relationships with other organisations (including public and private sector) and what are our areas of common ground?
4. Where do we bring most value and where are we duplicating functions that are already performed better elsewhere?
5. To what extent do we have the necessary expertise and experience across a) trustees b) leadership c) staff to allow the organisation to develop and work more collaboratively?
6. What are other organisations like us doing and how can we emulate good practice?

5.2. Independent funders

There is a growing body of thinking on how independent funders should adapt, in order to foster better collaboration in the localities where they work and to develop more strategic and collaborative ways of working between other funders, including the public sector. There have also been recent innovations in collaborative funding models25 that are becoming more popular and some funders are starting to think more seriously about how to change the way they operate to effect lasting change. But they are still in a minority.

Funders should be actively exploring how their activities can be used more strategically to maximise their effectiveness. In particular, this should include explicit recognition of the importance of quality local support organisations in ensuring a well-functioning locality. Specifically, independent funders should:

• develop partnerships with civil society support organisations, including community foundations, to help make more strategic use of the grant-making process to achieve local change. They should also use this process to identify

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25 For example Spacehive (https://www.spacehive.com/) is a platform for funding projects that combines crowdfunding with funds from local authorities, the private sector and grant-makers
those areas where support for civil society is limited, particularly in areas of high deprivation, and to target resources accordingly.

- consider evaluating the effectiveness of grant-giving and impact based on the extent to which their support helps to encourage greater collaboration between organisations which results in meaningful outcomes.
- make all data on funds allocated public.
- Establish a specific fund to support new and existing local support organisations to diversify their income sources and develop more collaborative ways of working.
- Work with public funders to develop more sustainable models for funding local civil society support.

5.3. Housing associations

By contributing to the health of their communities, supporting people into work and ensuring more resilient neighbourhoods, a housing association helps to maintain the value of its property and controls the negative effects on their own finances if rent arrears increase. Recent welfare reforms, not least the transition to Universal Credit, have brought this into sharper focus. In addition, housing associations play a key economic role in their locality, which means that they have a particular strength when it comes to supporting wider civil society organisations.

But while there are clear incentives to deeper and more engaged collaboration, many housing associations have yet to incorporate this in a meaningful way into their day-to-day practice.

Housing associations have an important role to play in supporting civil society and as such should do the following.

- Develop expertise and experience in working with civil society among their staff base, with a view to building and strengthening links.
- Develop ways of strengthening relationships with the local community, and develop long-term partnerships with civil society groups, including local civil society support organisations, based around a shared vision for place.
- Seek to build and deepen relationships with local authorities and NHS bodies, to align their strategies and explore how their combined resources can best be utilised.
- Continue to explore new ways of involving tenants, communities and civil society groups in the planning and delivery of new projects, and in the day-to-day governance of homes and neighbourhoods.
- Consider using their property portfolios in a specific area to support community wealth building. This could include options for community ownership of assets where appropriate, but could also extend to the development of local community bonds and financing. Not only could this provide a small return to the housing association, it could also be used to support the development and diversification of income within civil society organisations.

5.4. Recommendations for public authorities

Faced with an unsustainable system that is being undermined by the effects of austerity and the unknown impact of Brexit, local authorities have no choice but to change their behaviour. Specifically, they will have to learn to work much better with others, as brokers and coordinators, as well as being a source of money and other assets. They will have to become better at sharing power with others and much more effective as enablers, rather than directors, of social action.
As part of this, public sector leaders (in particular local councils and NHS bodies) should recognise that effective civil society support is an essential element of a diverse, connected and healthy civil society that plays a foundational role in the economy. Investment (both financial and otherwise) in civil society support organisations that are able to demonstrate effective working (such as that illustrated in our case studies) should be considered a necessary investment, in order to boost the resilience of communities and develop preventative and holistic solutions to tackling social need.

NHS Commissioners should ensure that they are engaging effectively with civil society groups (including civil society support organisations) to diversify their supply chain and develop more preventative and community based models of care.

Even at a time of austerity there are still considerable assets within the influence of local authorities that can potentially be used to resource civil society support organisations. These include the following.

- Procurement and commissioning frameworks that emphasise social value and the role of civil society in boosting it\(^\text{26}\). Within this, there may be a key role for local support organisations to act as a broker for support, along the lines of the SPOC (Single Point of Contact) model developed by Navca\(^\text{27}\).
- A framework for allocating the benefits of development to support civil society through, for example, Section 106 agreements and community infrastructure levy.

In addition, local and combined authorities should develop a specific ‘offer’ to civil society, which could include the following.

- Including an analysis of the contribution of civil society to local economic development including investment, jobs and supply chain benefits. For example, this could be as part of the evidence base used by the Local Enterprise Partnership to develop their growth strategy.
- Including specific reference to the future development and land needs of civil society within the local plan process including identification of key assets and new developments. This could also include opportunities for the third sector to support the local plan consultation process.
- Guaranteeing civil society support organisations a ‘seat at the table’ within existing institutional hierarchies and partnerships to ensure that civil society is adequately represented in strategic discussions about the future of place, for example, the development of a civil society forum which would feed into the mayoral cabinet of a combined authority\(^\text{28}\).
- Establishing civil society co-design groups, within local authorities and wider public sector who will actively advise and support the design, commissioning and delivery of public services (as is already the case in the Greater Manchester VCSE reference group).
- Reviewing data-sharing protocols and practices to understand where they constitute barriers to deeper and more meaningful collaboration.
- Exploring with independent funders how to ensure long-term funding for civil society support organisations that are:
  - able to demonstrate that they are performing key support roles in the local area and
  - committed to working in more collaborative ways.

\(^{26}\) See GMCA social value policy as an example of this in action

\(^{27}\) [https://www.navca.org.uk/resources/392-improving-commissioning-through-a-s poc](https://www.navca.org.uk/resources/392-improving-commissioning-through-a-s poc)

\(^{28}\) As is already the case in the Tees Valley Combined Authority
• Working with civil society to map assets and spaces, including those in public ownership, with a view to coordinating how those assets might be put to best use for the good of the community.

In addition local and combined authorities, including the metro-mayors, should also be developing tangible and sustained collaboration with independent funders (as recommended recently by Gilbert 2017), and local funders, such as community foundations, as well as other housing and private-sector organisations. This could include:

• developing partnerships between public and independent funders, as well as private businesses, to align how public and charitable money is managed in their local area. This should include agreement on how civil society support will be funded.
APPENDIX
CASE STUDIES

These case studies have been developed through one-to-one interviews with a range of stakeholders as part of this research project.

**MVDA, Middlesbrough**

Middlesbrough Voluntary Development Agency (MVDA) has undergone a radical change to its operating model in recent years.

Although it is a relatively new organisation (established in 2002), in 2011 MVDA set in motion a rethink of its strategy, caused by growing recognition that education and health outcomes across the Middlesbrough remained stubbornly poor, despite years of investment from the public and voluntary sectors. Internally, MVDA also recognised that changes to the public-sector funding environment, specifically an increasing focus on outcomes and a desire to make the most of shrinking funds, meant that it needed to ‘up its game’ in order to ensure that the local voluntary sector was able to continue to best serve its local area.

**What does this look like?**

MVDA is gradually repurposing itself as a leader of social change. In contrast to some other organisations that tend to frame their mission around the voluntary sector, MVDA’s vision is that Middlesbrough communities as a whole are active, strong and engaged. Specifically this entails a strategy that incorporates the following four aims.

1. **That voluntary sector organisations in Middlesbrough are in a stronger position to meet the needs of local people.** MVDA still provides one to one support to third-sector organisations, but increasingly this takes the form of brokerage, bringing people and organisations together, building collaboration etc.

2. **That public policy and services better reflect community needs.** For example, MVDA are working with Middlesbrough Council to develop a multi-agency Early Help Hub that aims to:
   - identify gaps in early help provision and how needs might be met through new approaches and/or collaboration
   - facilitate greater coordination and collaboration between voluntary sector organisations and public sector workers
   - help voluntary sector organisations working in this area with capacity building and workforce development.

3. **That more local people from all backgrounds are engaged in their communities.** This includes a new online platform for volunteering and proactive work to build formal volunteering levels among marginalised communities.

4. **That MVDA has the resources and capacity it needs to deliver on its strategic plan.** Recently this included hiring staff to undertake community development work as part of an Ageing Better project.
What does this look like?
In future, MVDA is looking to develop and refine the way that it serves the local area, including the following.

- Developing a Middlesbrough-wide strategy for ‘social regeneration’ to complement the physical regeneration agenda.
- Developing a model for befriending support, based on a needs analysis that has identified significant gaps in provision.
- Looking at how to use VCSE data, information and intelligence about the communities they are working with, in public policy decision-making – specifically in terms of the Joint Strategic Needs Assessment linked to the commissioning agenda.
- Designing and developing a new funding programme with local funders, to understand how their funds might be better targeted to achieve social change (supplanting the role of the community foundation).
- Developing a social prescribing model for social work.
- Looking to collaborate differently beyond the current geographical scope. Including how to work better and more closely across boundaries with neighbouring infrastructure organisations.

How is this able to happen?
MVDA has a very good relationship with the local authority, and this has enabled them to continue to rely on grant funding as their principal source of income. This provides a high degree of financial security and means that they can operate on behalf of their members as an honest broker – as they are not competing against them for funds.

The organisation continues to work hard to demonstrate its value to local public sector bodies, and to make the case that it is an indispensable part of a thriving local area. It continues to refer to and update its strategy in order to ensure that it remains a relevant part of the local ecosystem.

Dudley CoLab
Dudley CVS is currently seeking ways to act as a platform to make it easier for people to start, maintain and grow small practical projects in the places they live

Inspired by projects such as the Repair Café29, Trade School30, and Incredible Edible31, and following a series of co-designed experimental projects run with people living on a local housing estate, CoLab Dudley aims to build a ‘civic commons’ for the local area – connecting skills, resources, imagination and creativity already within local communities for useful, imaginative and progressive ends. This includes the following.

- **Dudley Soup**, a grassroots micro-funding model that supports creative community projects through shared meals.
- The establishment of **Trade School Dudley**, an open learning space for local people to share skills and talents.
- More flexible, varied and collaborative hands-on participation opportunities, which are open to all – such as communal growing sessions, open creative exhibitions, bring and share meals, music and

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29 [https://repaircafe.org](https://repaircafe.org)
30 [http://tradeschool.coop/](http://tradeschool.coop/)
31 [http://incredibleediblenetwork.org.uk/](http://incredibleediblenetwork.org.uk/)
games nights and craft sessions. This has been useful in attracting people who might not be ready or willing to take on more formal volunteering because of the expectations that formal volunteering often entails.

Key to this is a physical space, which is actively hosted, where people can drop in and be connected with others. This takes the form of a town centre coffee shop, run by social entrepreneurs, with a workshop, including a bank of tools to share, at the back.

The space and projects are open to all, and local public and third sector professionals increasingly see the coffee shop and wider platform as a key asset that they can refer people to, as a route to tangible and positive ways that they might involve themselves in their local area. However, staff at Dudley CVS are at pains to ensure the lab team behind the platform brings together diverse participants drawn from different sectors of society who act collectively, and to ensure that projects and activities are co-designed and rapidly prototyped/tested by anyone who wants to be involved.

Going forward, the CoLab team are looking at how to develop further ways to support people and projects by unlocking access to spaces (e.g. by investing in rental of spaces that are continually available through the week) or by using the platform to provide insurance cover, or to promote activities and events.

**How was this able to happen?**

Dudley CVS was able to do this because it had been able to develop and diversify its income base, so that it can fund a senior development post who is able to dedicate time to the development of the CoLab project.

The CVS took on 2 council buildings as part of an asset transfer, and have since used them to generate income (a civic hall is used for weddings, theatre and boxing matches, and another building has rooms for hire, houses voluntary organisations and a coffee shop run by people with learning difficulties).

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**York CVS**

York CVS is a longstanding infrastructure organisation, originally created in 1939 in response to the intractable poverty that was identified in the area.

Over the last 18 months, the organisation has embarked on a radical rethink of the way it operates, after a period of considerable instability and high staff turnover. In 2015 a new chair and chief executive were recruited, who quickly set about putting into place a three-year plan to update the CVS, its services and its organisational sustainability.

The new leadership believed that the combined effects of austerity and changes to the commissioning landscape, including a shift to larger contracts and an expectation to demonstrate impact, meant that there was a pressing need for the sector to adapt to survive. In particular there was a need for organisations to be encouraged and supported to become more ‘business-ready’ and for infrastructure to act as a single, trusted point of contact for the local authority and other public bodies, facilitating business and drawing in others as relevant. In practical terms, this transition has included:

- education on what commissioning can mean, including both potential and pitfalls
• support for organisations, previously rivals, who need to combine to be effective in the new commissioning market
• liaising with and influencing the CCG
• development of a social prescribing scheme in partnership with the City Council, the local CCG and third sector partners
• management of a £100k pot of funding for voluntary and community groups to grow and sustain York’s green spaces, which involved working closely with small community groups to develop new ideas in each locale, support and encourage volunteering and increase opportunities for vulnerable groups.

York CVS has changed the way that it offers support, in part because it is now operating with significantly fewer staff, but also because of a recognition that voluntary sector organisations are increasingly able to meet their training and development needs in different ways, including online, that may render some ‘traditional’ services obsolete.

Whereas previously it acted as a central hub, offering direct support to third-sector organisations (including training, policy updates, information and volunteer matching), York CVS now operates as a facilitator – signposting organisations to sources of support available locally and nationally, including from their peers. This has involved a shift from a ‘transactional’ approach, focussed on problem solving and meeting organisations’ stated needs to a ‘transformational’ one, focussed on helping the sector to develop, to diversify, and to work together and with others.

The organisation’s business model has also changed. It was recognised that the organisation had to diversify its income streams, and to start generating its own money. Whereas in previous years, the CVS had relied on core funding from local and national government, their new model will use its estate (which contains conference and meeting room facilities and office rental space) to generate core revenue. This will cross-subsidise its work to support the sector. Income from the local authority remains an important source of income but it no longer dictates the organisation’s survival.

York CVS is now at the mid-point of its three-year plan, so there is still some way to go before its vision is achieved. In particular, considerable work is needed to redress the power dynamic between the local authority and third sector – this is arguably still a dependent, rather than a mutually respectful relationship. But this is changing. Staff and management at York CVS have invested significant time in developing relationships with the local public bodies, including, for example, through the health and wellbeing agenda. There is a sense that they are now being taken seriously as an important player. The CVS’s ability to successfully deliver of projects such as those detailed above is considered a key asset in demonstrating its value to, and building trusting relationships with, the local public sector. The intention is that, over time, York CVS will continue to build trust and earn respect that will allow the sector to have more real influence over decisions – and at an earlier stage. To make this happen sustainably, continuing and constant attention has to be given to relationship management, especially where there is potential conflict.

32 As part of this scheme, people presenting to local GP surgeries are referred to York CVS in cases where non-medical and community-based interventions might be beneficial to them (e.g. mentoring and befriending, skills and confidence building, volunteering opportunities, healthy lifestyle programmes and welfare benefits / budgeting advice). York CVS works with individuals to understand their needs, and where appropriate, signpost them to voluntary and community services delivered in the local area.
Capacity, The Public Services Lab, Liverpool City Region

Capacity, The Public Services Lab is a new organisation, with a mission to rethink and reimagine how public services are delivered.

The organisation was founded after Catch22, Clubfinance and Interserve came together and won Big Society Capital’s Business Challenge. It was set up in response to a fundamental problem with public sector procurement: reforms to commissioning practice (including, for example, Transforming Rehabilitation) have not resulted in enough opportunities for voluntary sector organisations to take on contracts, despite their frontline experience and community links. Instead, the market is dominated by private companies with the technical know-how to bid for contracts and the financial reserves to manage risk.

Capacity was created to:

• make public sector contracts more accessible to interested organisations and more responsive to community needs;
• provide VCSE providers with the expertise and know-how to secure public sector contracts
• support the start-up and growth of VCSE Providers through business modelling, generation of non-public sector incomes, and more imaginative use of resources.

More generally, it aims to create an environment where people from across public, voluntary and private sectors come together to produce better outcomes for local areas. It works on the premise that in an era of constrained budgets and increased need, organisations from across every sector must rethink the way that they operate, recognising that no single organisation can solve the needs of the local area on their own, but instead must collaborate differently with a wide range of stakeholders.

Specifically, Capacity’s mission involves five strands of work.

1. **Design** – bringing together commissioners, potential providers and service users to design more effective public services based on actual need. This includes support for commissioners with co-production, service design, business case development and the commissioning process itself.

2. **Incubator** – developing new community solutions to identified problems – using an assets-based approach to build new networks and collaborations, including providing support, where appropriate to enable them to bid for grants or contracts.

3. **Accelerator** – working with VCSE organisations with a proven track record to make them contract-ready, including intensive support to design a specific bid. This support is provided on a no win, no fee basis.

4. **Corporate Functions** – supporting VCSE organisations with outsourced consultancy support, such as GDPR training and implementation.

5. **Joint prime** – developing consortia between local voluntary sector providers and larger organisations – with a view to overcoming issues associated with bidding for very large contracts such as IT systems, risk management systems and track record.

The leadership at Capacity recognises that change will be incremental, and that it requires time and effort to shift attitudes of commissioners, charity leaders and businesses.

At present there are only a limited amount of opportunities for VCSE providers to consider bidding for, and competition from larger organisations is often intense. But by demonstrating the value of a more
A collaborative approach, opportunities will open up to communities to use their existing assets to meet social challenges.

**How are they able to do this?**

The organisation is currently funded by the investment from Big Society Capital. It has developing a business model based around charging for its services to get VCSE organisations business-ready and, by acting as a Commissioning Support Unit for local public sector bodies.

Capacity is also developing ‘guarantee’ products for voluntary sector organisations that will enable them to manage the risk inherent in taking on contract work, and which could potentially be used nationally.

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**One Manchester**

One Manchester was formed in 2015 through the merger of two housing associations, Eastlands Homes and City South Housing. The group owns and manages more than 12,500 homes in central, south and east Manchester.

The merger and subsequent team restructure provided an opportunity for the organisation to reassess its approach to working in its local area. Part of the business case for the merger was that it would create an increase in social value through enhanced opportunities for residents, taking a place based approach to creating resilient communities, enabled by a £100k community fund, complimentary support services and a commitment partnership working.

The previous approach to supporting civil society was acknowledged to be a more ‘reactive’ model, through which individual groups would be awarded pots of funding on less strategic basis. There was no guiding strategy to allocating funds, less transparency and only limited effort to measure the impact of funds awarded despite positive outcomes achieved.

It was also recognised that this activity would often be carried out in isolation from other work, such as that of local authorities, despite the fact it inevitably involved working with the same people living in the same neighbourhoods.

The group manages many properties in areas of extremely high deprivation, where people have little connection with the opportunities in the city centre nearby. By encouraging people to take ownership of different projects, in theory at least, there is less need to ‘step in’ and expend resource in crisis management.

The new approach aims to catalyse, support, enable and connect all of the assets that make up a place. Specifically, this includes:

- A focus on the needs of entire neighbourhoods, rather than those of One Manchester customers only
- Developing smart collaborations and effective partnerships to understand and address local issues – including local authorities, healthcare providers, local businesses, charities and social enterprises
- ‘Social innovation’: tapping into local assets and making the most of strengths in the communities, rather than funding

Projects include:

- **Community soups**, a collaborative and deliberative approach to allocating small pots of funding to community groups and local
projects, whilst raising awareness of emerging and existing local projects and opportunities to engage with them.

- **The Place**, a community hub and resource centre set up by One Manchester and a campaign group of local residents. One Manchester helped to provide support in terms of start up revenue, staffing and governance support which has levered in a much greater value of volunteer time and opportunity to the community.

- **Anson Community Shop**, a community food-sharing membership scheme, which gives people the opportunity to buy food, toiletries and household essentials at discounted prices. The shop is supported by Healthy Me Healthy Communities, a social enterprise, with local volunteers responsible for day-to-day operations. One Manchester’s role is as an enabler, providing shop premises and a financial contribution to kit-out the shop, as well as increasing awareness of the support available.

- **Support for crowdfunding**, including workshops and one-to-one support to community groups interested in learning about how crowdfunding can help them raise funds and support for their projects and activities, and incentivising campaigns with match funding offers.

The One Manchester approach is still in development, in recognition of the hard work needed to build on existing relationships and develop greater collaboration. Next steps are likely to include the following.

- Building on a mapping exercise of local community anchors, in order to connect people with community led services, either as volunteers, helpers, and/or beneficiaries
- Engaging with organisations identified though the mapping exercise, along with businesses and residents, with a view to developing shared place plans and a more collaborative approach to working in local communities.
- Developing an online hub for community funding projects
- Closer working with suppliers to coordinate and incentivise community investment
- One Manchester have also committed to publishing all their community funding using the 360 open data standard to help improve understanding and coordination of support to local groups

**GMCVO**

GMCVO is a third-sector infrastructure organisation working across Greater Manchester. It has worked hard to develop strong links not just with the local voluntary, community and social enterprise sector but with other key stakeholders within and outside the city region.

The organisation is a representative and advocate for the views and needs of people involved in local voluntary action. They are the lead body or host for a range of GM partnerships and networks including Talent Match, Ambition for Ageing, Volunteering GM, GM BME Network, GM Social Enterprise Network, GM Third Sector Research and Community Energy GM (green energy co-operative). They are a member of GM Futures and of the national Voluntary Sector Core Cities group.

In January 2017, GMCVO and partners successfully negotiated a Memorandum of Understanding with the Greater Manchester Health and
Social Care Partnership Board. This will provide a framework for a highly inclusive approach to health and social care delivery across the city region.

Greater Manchester has in many ways been at the forefront of integrated working for several decades – and GMCVO has long had to operate in an environment which is arguably unique in the country. This gives it a considerable head start over similar organisations in other areas – it has developed in an area where collaboration across boundaries and between sectors has long been a pragmatic necessity. But there are also specific ways in which the organisation differs from other infrastructure organisations.

Firstly, GMCVO’s leadership have nurtured a pragmatic approach to its relationships, (as they put it to ‘work with the world as we find it’). This means that they work closely with politicians from across the party-political spectrum and with both large and small businesses in the local area. This arguably requires a different culture to that of a traditional infrastructure organisation – some of whom are opposed to working with the private sector on principle – which is based on identifying areas of common ground and shared goals for a local area.

This has produced a wide range of cross-sector initiatives, which make the most of assets and resources available from a wide range of actors. For example, GMCVO has led Talent Match, a programme bringing together organisations from across the private, public and voluntary sectors to support young people aged 18–24 who need extra support to enter the workplace.

The organisation also puts collaboration at the core of its day-to-day activity. They have developed relationships with other organisations, including other infrastructure bodies, who share the same values and who are working to the same mission.

Increasingly GMCVO are looking to develop a ‘distributed leadership’ model, where another trusted organisation with the relevant expertise takes the lead on a particular issue that might normally fall under GMCVO’s remit.

The organisation works positively to enable change on the ground. GMCVO has also developed a more active approach to its core activities. While they offer information and brokerage to whoever approaches them, the core activity is focused on how to tackle social, economic and political inequalities and enable all people to enjoy quality of life across Greater Manchester.

This has involved much greater community-based work, building networks between community and voluntary groups, and supporting community enterprise as a means to building successful local economies.

**How are they able to do this?**

GMCVO’s business model has been built around an acknowledgement that it cannot rely purely on a block grant from local government to survive. The organisation has had to develop other ways of making itself sustainable.

The organisation receives a core grant from the Association of Greater Manchester Authorities. This accounts for roughly 15 per cent of its revenue. But perhaps more importantly, this revenue is source is an

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33 They have always worked closely with the local Chamber of Commerce, for example, on the understanding that there is considerable common ground between SMEs and small charities. They also have good relationships with large employers in Greater Manchester and with prime provider organisations in the North West.
important symbol that GMCVO is valued by the local public sector and is therefore crucial in demonstrating the organisation’s ongoing legitimacy.

In addition, more than half of the organisation’s income comes from trading. GMCVO runs subsidiary companies that make money (including a social enterprise which provides database services for voluntary organisations and a conference and meeting venue).

The rest of the charity’s income comes from contracts and grants, including operating as a lead body for large contracts.
REFERENCES


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