

THINK TANK SERIES
The Edge or the Precipice?
Sustainability Issues for the Voluntary and Community Sectors
in Northern Ireland.
Tuesday 8th November 2005

Introduction

The community and voluntary sector plays a crucial role in Northern Ireland. It faces many challenges in the near future – not least that of a new funding climate. The Think Tank Series provides opportunity for those committed to working in this sector to reflect on some of the vital challenges. This second in the Series focused on the sustainability of the community and voluntary sector in the face of ever diminishing funds. To this effect, Colin Stutt, an independent economic and policy consultant with extensive experience of the social economy in Northern Ireland, the European Union and North America, was invited to relay his thoughts about the way forward.

Helen Lewis welcomed all attendees on behalf of INCORE and Cresco Trust Ltd and introduced Marie Taylor as the facilitator for this event. Marie highlighted the importance of the Think Tank Series as a forum for sharing ideas, reflecting on challenges and discussing creative ways forward. She introduced Colin and invited him to speak about his thoughts on the looming ‘crisis.’

Colin Stutt: Introduction

Colin began by offering a few brief definitions of the ‘edge’ and the ‘precipice’ in order to highlight where the community and voluntary sector now finds itself.

Edge

- A penetrating, incisive quality: A rim or brink: *the edge of a cliff*
- The point at which something is likely to begin: *on the edge of war*

Precipice

- The brink of a dangerous or disastrous situation: *on the precipice of defeat*
- An overhanging or extremely steep mass of rock, such as a crag or the face of a cliff.

According to the media in Northern Ireland, there is a grave sense that the voluntary and community sector is ‘coming to an end.’ However, Colin disagrees and believes that the sector is only ‘coming to a different time.’

So what is the ‘Voluntary and Community Sector?’ There is no clear definition of what is included within this sector but NICVA’s 2003 report: ‘*State of the Sector*’ presented several key statistics related to the influence and importance of the sector:

- 4,500 – 5,000 voluntary organisations exist in Northern Ireland
- 84% of these are controlled from within Northern Ireland which is evidence that Northern Ireland has a largely self sustaining community and voluntary sector
- In 2000/01, the general public donated £146.9m to the community and voluntary sector
- The gross income for the community and voluntary sector was £657.1m for the 2000/01 financial year
- The voluntary and community sector paid workforce number 29,168 in 2001, accounting for 4.5% of the Northern Ireland workforce. Of this, 74% were female
- The voluntary and community sector employs more than agriculture 14,620, transport 26,800, the financial sector 15,910 and local government 10,351
- There are a total of 72,908 formal volunteers actively involved in the community and voluntary sector
- Total current expenditure of the voluntary and community sector was £640.8m in 2000/01

From these key statistics, it is easy to see that the community and voluntary sector plays a crucial part in the Northern Ireland economy.

Part 1: The Big Picture

Northern Ireland has had almost 20 years of mainstream funding from Europe:

- 1988-93: Northern Ireland Community Support Framework
- 1994-99: Northern Ireland Single Programme
- 1996-99: Peace
- 2000-05: Building Sustainable Prosperity
- 2000-04: Peace II
- 2005-06: Peace II Extension
- 2000-06: Community Initiatives: Interreg, Equal, Urban, Leader +

So what next? The next round of European funding will be presented in a new format and involve a new language:

The Cohesion Policy, as it has been termed, has 3 objectives for the period 2007-2013:

1. Convergence Objective – this objective has been designated 78% of total funds available (€264 billion) and is aimed at regions with a GDP/Head of less than 75% of the EU 25 average. It is therefore very unlikely that any regions in Northern Ireland will meet these criteria and therefore receive funding under this objective.

2. Regional Competitiveness and Employment Objective – this objective will receive 17% of the available funds (€57.9 billion). It is the discretion of member states to suggest regions for funding under this objective to cover projects that address the environment, accessibility, innovation, European Employment Strategy, etc. At this stage, Colin is unsure whether the UK will nominate Northern Ireland as one of its regions needing support under this objective. He feels that the government are more likely to target small businesses and enterprises under this objective rather than voluntary and community projects.
3. European Territorial Cooperation Objective – this objective will receive 4% (€13 billion) of the funds available to support cross border and transnational programmes and networking. Colin believes that it is this objective that will likely benefit Northern Ireland but at this stage it is very difficult to gauge the extent of government support for the community and voluntary sector.

The Immediate Future:

- There is a slight possibility for a small, tightly ‘reconciliation’ focused Peace III.
- Expenditure under existing Programmes can extend to December 2008 provided commitments are made by 31 December 2006. However, the Sustainable Prosperity Programme can only commit resources up to 31 December 2005 and expenditure can only continue to 31 December 2007.

Priorities and Budgets 2006-2008

This document sets out the Government’s priorities and plans. This is usually a 3-year document, but in this instance it is a 2-year plan allowing for a UK Comprehensive Spending Review in 2008. This presents a window of opportunity for the community and voluntary sector to argue their case at the *national* level. The draft was published in October 2005 and consultation is due to close on 5th December. It recommends an expenditure of £7.5 billion on key priorities, which will grow to £9.5 billion over the next 2 years.

It identifies government’s key priorities as health, education, economic competitiveness, investment in skills, infrastructure investment and energy infrastructure. Key outcomes relevant to the community and voluntary sector include:

- reduced poverty and disadvantaged communities
- regenerated urban neighbourhoods and strong communities
- equality, inclusion and good relations

It also identifies 3 new funds that will be available for this 2-year period:

- Children and Young People (£25m)
- Unemployment, economic activity, skills and science (£35m)
- Renewable energy (£50m)

This document is very strongly focused on the government's priorities. It sets out clearly the government's objectives and the aggressive movement of resources to achieve these. For example, cutting of lower priorities (2.5% annual cuts and 3-4% 'reprioritisation' of areas such as neighbourhood renewal and housing).

It is very unclear and uncertain what this strategy means for the voluntary and community sector, including the social economy. The only reference the document makes to the voluntary and community sector is DSD Target 8:

'Each year build capacity within communities, particularly in communities where capacity is weakest, by supporting the voluntary and community sector to help deliver government objectives.'

There is a significant shift implied from supporting the voluntary and community sector as a sector to supporting it as a vehicle for delivering government objectives and services. It seems to reflect a similar shift in England, where investment in the community and voluntary sector is justified by the improved capacity to deliver effective public services.

So how does this framework tie in with the Taskforce on Resourcing the Voluntary and Community Sector and the Government response to it?

'Investing Together' October 2004 presented several key recommendations:

- 'Government should adopt a ten-year planning framework that ensures a level playing field and supports a mixed economy of activities.'
- Emphasis on funding broad programmes of work, not projects.
- 'Long term stable funding should be made available for the support of local community development activity.'
- Supported by a Community Investment Fund £25m.

'Positive Steps' March 2005 laid out the government response to these recommendations:

- 'Government will actively promote a longer-term (7-10year) outcome focused approach to programmes that significantly involve the voluntary and community sector.'
- 'commitment to a more integrated and strategic approach to supporting the social economy.'
- 'recognise the need to invest in communities to help deliver long term change to those most in need.'
- 'A community investment fund is being established.' (£5m over 3 years)
- 'a modernisation fund of £3m over 3 years will promote modernisation and change... and strengthen the service delivery role.'
- 'a further £15m is being made available over the next 3 years to support capital projects.'

We must note that the total money being made available by the government is £23m, which is not far off the amount (£25m) recommended by the Taskforce! However, the government response in 'Positive Steps' makes no reference to delivering government objectives. This makes for a very complex vision of government funding. For what is clearly laid out here in the 'Positive Steps' document does not correspond to the Priorities and Budgets Draft document.

Identifying Sectors?

- **1st Sector:** private sector
- **2nd Sector:** public sector
- **3rd Sector:** all those activities and organisations *'lying between the first and second sectors.'*

The 3rd Sector should not be taken as the social economy sector as is often the case. Rather the social economy is only one part of the wider 3rd Sector that also includes charities, voluntary organisations, community organisations, and sporting, educational and religious organisations.

What is the Social Economy?

Northern Ireland has been the lead in the UK in pursuing the establishment of the Social Economy as a sector under the leadership of the Department of Enterprise, Trade and Investment (DETI). They operate under the broad definition of the social economy as consisting of:

- 'organisations with a social, community or ethical purpose,
- operating using a commercial business model, and
- having a legal structure appropriate to a not-for-personal-profit organisation.'

Examples include community businesses, Credit Unions and Industrial Provident Societies, Housing Associations, Local Enterprise Agencies, trading arms of charities, social firms and Community Development Finance Institutions. *'It is the trading commercial aspect or dimension of the organisation which distinguishes social economy enterprises'* from organisations within the community and voluntary sector. (DETI). Colin described the social economy as 'more than for profit' rather than 'not for personal profit.'

Colin was quick to note that the social economy route is not the answer for all community and voluntary organisations. For example, the attempt under Peace II to force a social economy model in order to tackle disadvantage and division resulted in the 'failure' of many community and voluntary groups. For many the social economy avenue was not appropriate to their organisation, many lacked experience and understanding of the commercial model and the risks that accompany this, and for many they possessed inadequate or inappropriate funding structures to make the transition.

Colin then questioned if success should necessarily be measured in purely economic terms? There is a need to balance financial performance with social impacts. For example, a positive social impact could be the introduction of more people to the labour market for the first time. As is often the case, social economy organisations do not regard or acknowledge the social impact of their projects and on this premise the concept of financial sustainability needs to be widened.

In conclusion, Colin acknowledged that we are indeed facing a period of significant change. EU funding is diminishing and the government is tightening its grip on its 'priorities' and running down lower priority areas. While a social economy route may be the answer for some organisations, it is far from being a universal answer. However, we are certainly far from 'the end of time.' We simply need to adapt and change our approach to fit with the changing rules of the game.

Colin presented various options currently available to the community and voluntary sector:

- Fight for and over funds
- Collaborate for a successful outcome
- Internationalise and target EU-wide and commercial income
- De-professionalise, return to a volunteer model of delivery and development
- Develop sustainable social economy organisations
- Draw on other resources of the sector such as Credit Unions and Enterprise Agencies – taking on the funder's role within the community

Colin finished with several questions to begin debate and discussion within the group:

- Which of the above are credible strategies for which organisations?
- How does the sector organise to achieve a better, rather than a worse outcome?
- Is there scope for 'solidarity', rather than outright, cut-throat competition?

Question and Answer

- The issue of 'honesty' was brought up immediately in different contexts. Some felt that in such a competitive sector the willingness to open up and share ideas and practices was simply not there. Furthermore, government departments who have themselves benefited from Peace money have not shared their expertise internally nor with the community and voluntary sector.

There is a real danger that in such a competitive market organisations' missions and values may be lost in the fight to 'win' or 'succeed' over each other. The community and voluntary sector must put its own 'house in order,' minimise duplication and work together.

- The group acknowledged that the sheer scale of the community and voluntary sector defies the notion of ‘sustainability.’ In order to ensure the viability of the sector, consolidation and realignment is likely to be an increasingly attractive option. However, with the growth of ‘umbrella organisations,’ obviously some community and voluntary groups will lose out.

The challenge facing the community and voluntary sector was aptly summarised: **‘adapting to change versus facing failure.’** Presently, there is no pressure or incentive for people to collaborate. It was also noted that there is little support for community and voluntary organisations in relation to managing change, and this support is critical if they are expected to down size, close down etc.

- However, on a more optimistic note, a representative from Strabane Local Strategy Partnership gave an overview of their innovative Community Hubs Programme as a successful example of community collaboration. It was envisaged that their programme would provide community/voluntary groups with a unique opportunity to increase the profile of their premises and to develop new links with other community/voluntary groups.

The Community Hubs Programme was designed to increase sustainability of community service provision, improve quality of service provision to address community need, strengthen community participation and capacity building, reduce the duplication of service provision, create a better collective identity for the community sector in the Strabane District, and encourage greater integration between community and voluntary associations.

(See website: www.strabanehubs.com)

- Marie then asked the group, what would stop a community or voluntary group from merging or becoming a collective?

There seemed to be a genuine fear of change and the unknown but also a cautiousness of keeping the Northern Ireland context in mind. For example, how could possible political influences be managed within a ‘hub’? It will take time to build the trust necessary to moving down this road.

At the moment, the sector seems to be in an ‘unstable’ period where everyone is in survival mode; trying to find their niche in the market and looking out for their own interests before the curtain inevitably falls.

Many in the group also agreed that lack of community education meant that they felt ill prepared and unsure of how to approach a partnership.

- Marie then asked how community and voluntary organisations could influence government and public policy?

Colin suggested that organisations should be lobbying local MP's, MLA's and councillors as in his experience they can be interested and supportive. He suggested a return to 'selling the cause' rather than the trend toward 'selling the business.'

However, many felt that such efforts would prove fruitless while the assembly remains collapsed – which means MLA's lack power and influence and there is no accountability for the civil service itself.

Marie noted that government, more often than not, does not understand the impact of what the community and voluntary sector are doing and the difference they are making. So how do we let them know and convince them of the value of the sector? This is something of a chicken and egg scenario, but every organisation needs to explore and record the impact they are making in order to make a strong case to government. Evidence-based evaluations ensure a better understanding of the community and voluntary contribution to Northern Ireland society and a justification for their presence.

Part II: Sustainability: The Small Picture

Sustainable or Justifiable?

Black, Liam. *'Accountability and the willingness to be independently scrutinised are the hallmarks of the effective social business.'*

For as Colin pointed out, if you do not know what social impact you are having you cannot **justify** your existing funding or new sources of funding and you cannot make your organisation **sustainable**.

Measuring this impact is difficult but can be done, for example, by looking at human, social and economic capital. It may also be useful to look at the 'outcome model' which focuses on the society the community wants to be like and then works out ways of measuring how the community can get there.

Question and Answer

- Marie began the Q&A session by asking if we are willing to be independently scrutinised? Are we addressing the issues we were set up to address?

Some in the group believed that the voluntary and community sector is the most heavily scrutinised sector in Northern Ireland and questioned whether the amount of time spent on administration and evaluation has damaged the effectiveness of the sector. Would time spent under scrutiny be better spent looking at the organisation's impact? Or could this time be better spent working towards the achievement of the organisation's objectives?

At the same time there is a need to remember why the sector is under scrutiny and how such scrutiny might help the organisation in its future activities. In order to understand the value of community and voluntary organisations, the organisations themselves need to know what they are achieving, i.e. their outcomes, and use these to their advantage in campaigns and lobbying efforts. Furthermore, in order to close the gap between community needs and government policy, the community and voluntary sector needs to supply evidence that makes it difficult for the government and service providers to ignore.

- The group discussed the problem of community and voluntary organisations continually having to demonstrate ‘deprivation’ in order to receive funds. This inhibits communities focusing on their assets and achievements. Perhaps we should be talking more about ‘opportunities’ rather than ‘needs.’
- The following question was posed: ‘Would the community be willing to pay for the services offered by the community and voluntary sector if funding ceased?’ The answer was a resounding ‘no.’ Can this be attributed to the community and voluntary sector for failing to communicate effectively to the general public the impact it is having on the quality of life in Northern Ireland?
- It was also acknowledged that the speculative approach to funding, i.e always looking to where the next grant is likely to come from and making projects fit the parameters set by funding bodies, has destroyed creativity and initiative and fed a climate of competition and mistrust.

Collaboration amongst organisations demands a different mindset in order to succeed. When successful, collaboration promotes a sense of partnership, reduces transaction costs and makes it easier to move forward together. However, it is extremely difficult to get to this point.

There is also a responsibility on the part of the funders to collaborate with each other in order to prevent projects being over-funded. Should the community and voluntary sector lead by example in this regard? The group also discussed the importance of political leadership in forcing government agencies to work together.

- There was a general feeling that a ‘my success depends on your failure’ mentality exists in the community and voluntary sector. While this hinders the prospects for collaboration, it also means that the organisations with the best grant writers and the most resources will end up attracting available funds.
- Funders need to become long-term investors in the sector. These long-term investments must also depend on ‘trustful’ relationships where grant procedures assume honesty rather than dishonesty.

- How do we create a win-win situation?
 - A multi/cross-sectoral approach was suggested to encourage interaction and coordination across the board. This would be very difficult to achieve at the moment in the absence of political leadership.
 - **ACKNOWLEDGE OUR SUCCESS** ('Acknowledge' was considered a better word than 'celebrate' which is often interpreted as being mutually exclusive to one or more group/organisation).
 - Colin suggested developing a community and voluntary sector forum which could influence and feed into public policy.

- At some point in the near future there will be a review of public administration. Colin suggested that the community and voluntary community use foresight and planning instead of waiting to see where they fit in when the government does get up and running. He suggested looking to Scotland and Wales where community planning is very highly developed and draw lessons from these contexts. It is critical that the sector takes control and action ahead of the game instead of always 'reacting' to events and changes. One certainty is that major changes are imminent and will occur. Therefore the sector must lobby, influence and, in a sense, 'do it to ourselves before they do it to us.'

Conclusion

Marie summarised the session with the questions, 'what, where, why, when, how and who?' Are we going to wait for someone to answer these questions for us or are we going to be the ones who take the initiative and effect change? Marie thanked all the participants for a lively and thought provoking discussion and special thanks was extended to Colin Stutt. She encouraged all participants to sign up for the next event in the series, 'The Politics of Community Development' which will take place on Tuesday 28th February 2006.

Points captured on flip-charts during group discussion

Achieving a better outcome:

Consolidation/realignment to remain/become viable

Collaboration/mergers

Need honesty within government and sharing of expertise

Collaborate V Compete?

Change small group funding/hub development

Kite marks

Community education and support

Building trust

Sharing models of good practice

Government accountability

Are we hindered by our inability to influence at a political level due to the disarray within the Assembly?

Sustainability at a local level/micro level

Important to understand what we are being scrutinised for?

- describing what we have achieved

How we add value

Outcomes

Focus on assets and instruments of social change (rather than needs of the needy)

Mapping of funding by funders

How do we influence leadership (the policy/decision makers)

Creating win: win

Cross sectoral collaboration

Developing a common language

Engaging users/investors

Building trust reduce transaction costs

CELEBRATE our success

Develop a sectoral forum (with influences)

Acknowledging success and inviting people to join in it

Knowing what the voluntary/community sector role is in community planning (ahead of the game)

Lobbying and influencing internally amongst each other

Why?