



## Introduction

Big Lottery Fund (BIG) has as one of its main objectives supporting the voluntary and community sector (VCS) to become more effective. We also want to support the development of social enterprises as a distinctive element in delivering our objectives. Strong organisations help us achieve better outcomes for people and communities most in need. The skills, abilities and resources of grant holders are crucial to the success of the projects we fund.

Over the past ten years, we have spent more than £200 million on capacity building of one type or another. This has included a wide range of high quality projects funded through our BASIS programme, the Compact Advocacy programme delivered by NCVO and NAVCA, the KnowHowNonProfit website and many other local and national initiatives.

# 1. Aims of this discussion paper

This discussion paper is for voluntary sector and social enterprise managers working in both frontline and infrastructure support and development organisations. It sets out our approach to 'building capabilities within voluntary organisations', and gives an opportunity for voluntary and other organisations to influence this approach.

Helping VCS organisations and social enterprises to become more effective will continue to be a priority for BIG over the next few years. This approach will mean that they are able to get the support they need to do their work and that people and communities most in need will see greater benefits from our funding.

Government has made £30 million available for a final national investment in local infrastructure. The Big Lottery Fund has indicated that we will provide at least £20 million to complement this in distinct and additional ways. We have formulated a set of principles which give rise to further questions on which we would now welcome views ahead of finalising details in 2012.

This paper is intended to stimulate debate and thinking to shape, influence and inform our future thinking and investment.

We want to be more purposeful in our investment and help leave a legacy that demonstrates measurable impact of this form of investment and to help organisations to be able to do this as well.

This approach responds to an emerging change in wider policy which places a different and better premium on the role, purpose and involvement in public policy objectives and delivery relationship with the public sector in a manner hitherto uncharted. Given the change in the shape and size of the delivery of public services and the role of the sector this type of value added investment brings in to sharp relief the stakes and opportunity for the sector.

We know from experience that a healthy, well managed, engaged voluntary sector and infrastructure can have a positive impact on the well being, strength and engagement of civil society as well as more informed and engaged communities and better policy making locally.

## 2. What will happen next

We want to hear your thoughts.

To gather ideas and responses, we have posted an online survey. We will also be organising discussion events. Details will be available on our website at [www.biglotteryfund.org.uk/buildingcapabilities](http://www.biglotteryfund.org.uk/buildingcapabilities)

The deadline for responding to this discussion paper is 15 March 2012. We will then publish a revised paper which responds to and incorporates your comments.

## 3. Principles

Our principles for 'building capabilities within voluntary organisations' are:

- ▶ BIG wants to take a long-term view of what to invest in, based on supporting organisations and activities that combat poverty and deprivation.
- ▶ We want to support and invest in organisations and activities that are:
  - sustainable
  - scalable
  - replicable
  - generate leverage for our investment.
- ▶ We want to create a learning culture around our investments both within BIG and within our partners.
- ▶ These longer-term goals are particularly difficult in the current financial climate. There is no point in having a long-term plan if, in the short-term, many of our best partners are forced out of business.
- ▶ This means we need to be realistic about where we spend our limited resources to achieve the best effect. It is not sustainable in the present situation to use limited Lottery investment specifically to maintain the current structure of voluntary sector infrastructure bodies at national, regional or local level.
- ▶ Voluntary and community organisations (VCS) and social enterprises are more effective at supporting people and communities most in need when their capabilities and the available opportunities match their ambitions.
- ▶ With fewer financial resources, we need to remember there are diverse and equally valuable sources of support in building organisational and individual capabilities across public, private, voluntary and peer organisations, and also within the untapped assets of people and communities in which VCS organisations are based.
- ▶ Future approaches should engage with customers and help them to find the advice and support services which best meet their needs.

## 4. Helping the right frontline organisations to get the right support

Frontline voluntary and community organisations should be able to decide on what support they need and where to get it. Voluntary and community organisations are very diverse, and no single solution will meet all of their needs.

Frontline voluntary and community organisations often don't have the resources to get the support that they need. In some cases, they may not fully understand their own needs or be aware of the most effective ways of building their capabilities or of how different kinds of support could benefit them. In other cases, they might be aware of the support that they need, but find it hard to navigate the range of support on offer and choose the right organisation to support them.

Because we have limited resources, we intend to focus our support on frontline organisations which have received funding from us and delivered good results, or high quality organisations doing work in areas which are funding priorities for us. Having learnt from our previous activities, we are planning to target support at the following points in the development process:

- ▶ **Support for potential applicants before we launch new funding opportunities.** For example, this might include offering support to voluntary organisations or social enterprises in areas which are less successful at getting Lottery funding or helping organisations to improve their capabilities to deliver projects more effectively so that our funding would be used more effectively.
- ▶ **In-grant support.** Alongside getting a grant to fund projects, our grant holders will get additional support to help develop their capabilities. This could be based on their specific needs or have a particular focus on capabilities which are important for all of our grant holders such as measuring their impact, generating income to become more sustainable, or using common measurement tools across particular funding programmes.

- ▶ **End of grant support.** When organisations are coming to the end of their Lottery-funded project, we could offer them support in order to develop their capabilities in areas such as generating income to continue the work of the project, sharing learning about what they have achieved, influencing others, or changing the way that they work in order to be more effective in the future.

We are already testing this last approach. For example, our Supporting Change and Impact initiative enables existing grant holders which are in the last 18 months of their project to receive grants of £10,000 so that they can choose ways of getting support to adapt and respond to their circumstances in the current climate creating the outcome that they are more sustainable.

### Options for how this might work

We are planning to test different approaches to enabling frontline VCS organisations and social enterprises to get the support that they need. These might include:

- ▶ An assessment of their capabilities followed by additional funding to buy services to a fixed value from a list of support providers.
- ▶ An assessment of their capabilities followed by voucher to purchase support services from any qualified provider of their choice.
- ▶ Online information and advice to enable organisations to find a support provider which meets their needs.
- ▶ Enabling frontline organisations to view and give feedback about the quality of the support which they receive.
- ▶ Vouchers to enable frontline organisations to access paid for web content to build their skills and knowledge.
- ▶ Bursaries to cover the costs of peer-to-peer support from voluntary organisations which have expertise in particular areas.

## 4. Helping frontline organisations to get the right support

### Questions we want your views on:

- ▶ How can we ensure that frontline organisations have the information that they need to be aware of the most effective ways of developing their capabilities and choose the right provider?
- ▶ Should we consider any other approaches to enable frontline organisations to choose the support that they need?
- ▶ Should we require frontline organisations which receive support to develop ways of sharing their learning with others? How can we help them do this?
- ▶ What are the key support needs which you think frontline organisations may require in the future?
- ▶ What role could we play in enabling social enterprises to secure investment?

# 5. Supporting providers to develop quality services for VCS and social enterprises

Most of the money we will spend in this area over the next few years will be for frontline organisations to pay for a provider of their choice, but we are prepared to make some targeted investments in supporting providers to develop quality services if needed.

There are a range of providers which offer support to frontline VCS organisations and social enterprises. These include:

- national infrastructure and umbrella bodies
- specialist support providers, including umbrella bodies for specific types of organisations
- online resources
- peer-to-peer support from other voluntary organisations
- support from the private sector (including pro bono support from business, as well as private sector support providers).

We do not have the resources to fund support providers in every locality or for every possible support service.

We believe that collaboration and rationalising support services, for example through the Transforming Local Infrastructure programme, which Big Fund is administering on behalf of government, will improve the quality of the support services which frontline organisations can choose from. In choosing how to prioritise our investment in improving the quality of support services directly, we propose adopting the following approaches:

**1 Working with other funders.** We will seek to work with other funders of support services to develop a common approach so that resources are used in the most effective way. For example, we have been working with other funders to ensure that any national investments are co-ordinated to achieve maximum impact.

**2 Providing limited transitional support to enable high quality support providers to sustain and improve their services.** Annex C sets out a range of programmes which are helping providers to rationalise and transform their services and generate income to become more sustainable.

**3 Developing new, cost-effective ways of delivering support.** These include creating more opportunities for peer-to-peer support, rationalising and improving online resources, and expanding the support available to frontline organisations from the private sector.

**4. Investing in specific support services if they are needed to enable successful delivery of our priorities, but cannot be delivered through demand-led funding.**

## Questions we want your views on

- ▶ Are there particular support services which could not be funded through a demand-led approach? If so, what are they and why?
- ▶ How can we get the balance right between encouraging providers to co-operate and rationalise existing services and allowing frontline organisations to choose the right provider?
- ▶ What are the key areas where support providers could themselves benefit from advice and support?
- ▶ What role could the private sector play in helping to develop the skills and resources of VCS organisations and social enterprises?

# Annex A: Changing external environment

The environment in which we are developing our new investment is very different from that of a few years ago. Research by NAVCA in November 2011 found that a number of factors are having an impact on VCS infrastructure which requires a strategic and sector-wide response. Government funding for infrastructure support and services, both local and national, is in decline, and the pace of change in the policy and funding environment requires voluntary organisations to respond faster, while coping in many cases with reduced resources. For example, government decided to bring their ChangeUp programmes to an end in March 2011.

In addition, changing policies create new opportunities for voluntary organisations – from securing social investment to delivering a greater range of public service contracts; responding to the ‘localism’ agenda to delivering services to holders of personalised budgets. It is therefore timely to have a conversation about the best ways to help voluntary organisations meet the challenges that they face and to ensure that they can get support to take advantage of new opportunities.

## **New tools for a new world**

Earlier this year, we published an independent review of capacity building by Professor Diana Leat, ‘New Tools for a New World’ (see [www.biglotteryfund.org.uk/er\\_newtools.pdf](http://www.biglotteryfund.org.uk/er_newtools.pdf)). This research highlighted the need to rethink approaches to capacity building, and highlighted the importance of supporting voluntary organisations to withstand difficult conditions and working with what is available – re-using and recombining skills and resources. We have also commissioned a survey of support providers about the challenges facing them and the organisations they support. This continues research which has been carried out twice a year since 2009 and will help to develop our learning and track changes over time.

## **BIG Insights**

Earlier this year, we held a ‘Big Insights’ seminar, which explored the support needs of voluntary and community organisations. One theme to emerge strongly from this event was the potential power of improved connections and relationships between local VCSE groups, local business (pro bono or charged services) and the existing assets of people and communities. Our framework will place the greatest emphasis on that, as well as giving greater choice to frontline voluntary sector organisations about where, when and how to get help. We want to learn the lessons of past national investment, our own and that of others. We have the opportunity to test appropriate mechanisms through our initial investments – from bursaries, additional grants and ‘voucher’ systems.

## **Transition Fund and Transforming Local Infrastructure**

Big Fund, our non-Lottery arm, is currently delivering the Transition Fund and Transforming Local Infrastructure on behalf of government. These programmes aim to enable voluntary organisations to become stronger, more flexible and able to adjust to the new funding environment. In line with the National Lottery Act 2006, Lottery funding should not and will not be used to replace government funding, and the development of programmes and funding of projects should complement the plans of action and activity of other funders and parties working towards the fund’s goals, including government funding.

More information about past and existing funding programmes in this area can be found in Annex C.

## Annex B: What this framework does and doesn't cover

We think there are two key strands of work in taking forward the principles behind this framework. One of these, demand-led, is about how frontline voluntary organisations can identify and choose the support services which they need. The other, supply side, is about how providers can develop quality services.

The framework is about the support for frontline voluntary sector, community and social enterprise organisations. Within that, support may be about staff, trustees or leaders. But, it is not about support for individuals or communities outside of organisations.

We are also interested in the support and development organisations whose main purpose is providing support to other voluntary sector organisations (these are sometimes called 'Infrastructure' organisations).

We recognise that many infrastructure organisations play an important role in providing a collective voice for their members. The focus of this particular discussion paper is around support services for voluntary and community organisations, rather than a collective voice for the sector locally or nationally.

## Annex C: Funding programmes

There have been a number of Lottery and non-Lottery funded initiatives to build voluntary sector infrastructure.

**BASIS:** The BASIS programme was launched in 2006 by Big Lottery Fund, and aimed to ensure that voluntary and community organisations throughout England had access to high quality support that helped them be more effective. It awarded more than £157 million in grants to infrastructure organisations.

**ChangeUp:** ChangeUp was a government programme which ran from 2004 to 2011 to improve the support and assistance available for the voluntary and community sector. Since 2004 these programmes had provided over £200 million in central government funding, mainly to local, regional and national infrastructure bodies.

**Assist:** Assist is a £6 million Big Lottery Fund initiative announced in December 2011 to help local support providers become more effective with help from national experts and peer-to-peer support.

**Supporting Change and Impact:** Supporting Change and Impact was launched in October 2011. It is a £50 million investment which will enable BIG to fund additional projects through our Awards for All and Reaching Communities programmes and help existing Big Lottery Fund grant holders to review the way they work and explore ways of becoming more sustainable.

**Transition Fund:** Transition Fund is a £100 million programme launched in November 2010 to help frontline organisations which rely on public funding to transform and sustain themselves (delivered by Big Fund on behalf of government).

**Transforming Local Infrastructure:** Transforming Local Infrastructure is a £30 million programme launched in May 2011, which aims to enable local infrastructure organisations to rationalise and transform the support services which they provide to front line civil society organisations (delivered by Big Fund on behalf of government).

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**Further information is available from:**

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**Our equality principles, mission and values**

We are committed to bringing real improvements to communities and the lives of people most in need. To find out more about our equality principles, mission and values, visit our website.

**We care about the environment**

The Big Lottery Fund seeks to minimise its negative environmental impact and only uses proper sustainable resources.

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