

**Report on a Consultation Exercise on Future
Infrastructure Support Investment for the Third
Sector by Northumberland County Council**



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SECTION 1

Scope of the consultative process

- 1 The aim of the consultation is to provide an independent viewpoint on possible approaches to investment in infrastructure support by Northumberland County Council. In the process of undertaking the consultation, the following objectives were defined:
 - 1.1 For the Institute to familiarise itself with the policy issues surrounding the delivery of the VCS Investment Programme in its first round through meetings with key officers at Northumberland County Council and by reading in detail policy documents and evaluation forms provided by third sector organisations (TSOs) and the summary of that evaluation by Northumberland County Council. To undertake exploratory interviews of between 1 and 1.5 hours with Chief Officers from eight TSOs which have participated in the delivery of infrastructure support to the sector funded by the VCS Investment Fund. These meetings took place at Northumberland County Council on Friday 1st October and Friday 8th October 2010. The purpose of these meetings was to invite Chief Officers of TSOs to comment on the following issues:
 - a) Their own perspective on the key priorities and most beneficial approach, across the whole county, for the delivery of infrastructure support to the third sector in Northumberland in the next two years.
 - b) To explore their understanding of Northumberland County Council's key priorities for the next two years.
 - c) What role they have played in the delivery of infrastructure support in the current investment round.
 - d) How have they measured the impact of their contribution in the current investment round.
 - e) How they feel that they could make a contribution to the development of infrastructure support over the next two years.
 - f) How they would measure the impact of their contribution in the next investment round if they are funded to continue with this area of work.
 - 1.2 For the Institute to make up to six follow up telephone calls with Chairs of Boards of Trustees in the 6 incorporated TSOs involved. The end date for this process was 15th October 2010. The purpose of the telephone calls was to ask Chairs of Boards of Trustees to make an assessment of:
 - a) Their own perspective on the key priorities and most beneficial approach, across the whole county, for the delivery of infrastructure support to the third sector in Northumberland in the next two years.
 - b) To explore their understanding of Northumberland County Council's key priorities for the next two years.

- c) How they feel that their organisation could make a contribution to the development of infrastructure support over the next two years.
- 1.3 By the end of the process, a total of 13 interviews were conducted by telephone or face to face.
- 1.4 To evaluate the findings from the discussions with the Chief Officers and Chairs of Boards of Trustees and produce a brief report which has the following components:
 - a) A brief assessment of the preferred priorities and methodology for the future development of infrastructure support in Northumberland from the perspective of TSOs currently delivering support.
 - b) A brief assessment of the understanding by respondents of Northumberland County Council's priorities for future development of infrastructure support in Northumberland.
 - c) An appraisal (based on the information collected and upon the researchers' wider understanding of third sector practices) of the potential for the delivery of infrastructure support over the next two years.
 - d) A set of recommendations on priorities for investment in infrastructure support for the third sector in Northumberland over the next two years.
 - e) A set of recommendations on the strategy and processes which may be put in place to achieve the best outcome for Northumberland County Council investment in infrastructure support on the basis of the evaluation.
- 2. In the process of undertaking the consultation, a number of TSOs gave us documentation about their organisation's current activity and plans for the future. This documentation was accepted, either by hand or email, but it was decided that this material should not be read as part of the consultation process. The material was not thought to be admissible. Considering this documentation may have biased the outcome of the consultation because no general invitation to submit documentation was given to all participating organisations.

SECTION 2

A brief assessment of the preferred priorities and methodology for the future development of infrastructure support in Northumberland from the perspective of TSOs currently delivering support.

- 3 We make the general observation that there is no shared agreement on the *specific* purpose of infrastructure support. There was little evidence of a shared understanding of, or agreement on, a common set of practices which needed to be continuously and uniformly undertaken to achieve infrastructure support across the county. We note, nevertheless, a willingness on the part of the majority to engage in a process to generate such agreement.
4. Three fundamental elements of infrastructure support were, in broad terms, shared:
 - a) To provide capacity building support mainly to smaller TSOs;
 - b) To strengthen, where appropriate, TSO networks and enhance intra-sector interaction;
 - c) To represent sector interests to external stakeholders in a transparent and balanced way.
5. The following list does not provide, as noted, a 'shared' set of priorities, but reflects a majority view on key priorities for the county in terms of infrastructure support:
 - a) Provide 'general' capacity building support, predominantly for smaller TSOs, so that they can serve their beneficiaries successfully (providing general advice and guidance on the requirements to be met in setting up and successfully managing small organisations).
 - b) To provide 'expert' support to smaller TSOs in areas of activity where they do not have the resource to develop such expertise in-house (such as establishing articles and memoranda of incorporation, methodologies to close down organisations, etc).
 - c) The provision of 'specialist' support across the whole sector to meet statutory requirements involving complex processes (such as safeguarding, employment law, equalities law, etc.).
 - d) That provision of capacity building support should take into account, where appropriate, the interests both of 'communities of place' and 'communities of interest'.
6. Networking activity was considered by most participants to be an important role for TSOs offering infrastructure support on two levels:
 - a) That infrastructure organisations should participate extensively in intra-sector networking activity primarily to maintain awareness of sector activity and support needs.
 - b) That infrastructure organisations should participate extensively in inter-sector activity, primarily to gain an understanding of policy developments and funding opportunities.

7. A minority expressed support for the following priorities:
 - 7.1 A progressive process of standardisation of practices undertaken by TSOs offering infrastructure support across the County to ensure:
 - a) equivalence of quality and client experience for service users; and,
 - b) common measures on the volume, purpose and efficacy of practice for Northumberland County Council.
 - 7.2 To move towards a system where more standardised measures of outcome and impact of practice are employed by TSOs offering infrastructure support.
 - 7.3 To build concordats and associated processes to ensure that TSOs offering infrastructure support work together in a collaborative way to ensure that:
 - a) areas of expertise are recognised and respected and thereby avoid unnecessary duplication of practices; and,
 - b) diminish competition to deliver the same services in order to achieve an integrated approach to the delivery of information, guidance and support.

8. **Commentary.** While the consultation process suggested a belief that joined-up approaches may be beneficial (see paragraph 7.3), it is evident that there is currently little evidence of this occurring in practice.

Most TSOs currently offering infrastructure support noted their extensive listings of organisations in their local areas or specialised networks. However, no priority was placed on:

- a) the maintenance of up-to-date records on sector size and strengths;
- b) developing a common methodology to achieve better intelligence on the third sector as a whole; and,
- c) a willingness to, or interest in sharing intelligence about the sector.

We find this surprising, given the expectation that an effective and credible infrastructure consortium should have available and accessible intelligence to represent the third sector as a whole and in its constituent parts.

SECTION 3

A brief assessment of the understanding by respondents of Northumberland County Council's priorities for future development of infrastructure support in Northumberland.

9. We find a commonly expressed view that there has been a lack of clarity about Northumberland County Council policy on the objectives and outcomes of investment in infrastructure support in Northumberland on the following grounds:
 - 9.1. There has been a significant change in the policy environment which may have altered perceptions on the priorities of infrastructure investment arising primarily from:
 - a) the restructuring of Northumberland County Council from a two tiered authority to a unitary authority;
 - b) significant change in the wider economic environment due to recent recession and an inflated public sector borrowing requirement; and,
 - c) a change in government.
 - 9.2. The recent self-evaluation process undertaken by TSOs funded via the VCS Infrastructure Fund, as required by Northumberland County Council, was structured around a methodology devised by the NAVCA. It was generally felt that this did not necessarily reflect the policy of the County Council.
 - 9.3. The distribution of investment in the current round was determined internally by the Northumberland VCS Consortium and therefore did not necessarily directly reflect emergent interests of Northumberland County Council.
10. A likelihood was recognised that future rounds of infrastructure investment by Northumberland County Council may involve much closer involvement of Council officers in determining:
 - a) the objectives of investment;
 - b) the pattern of its distribution;
 - c) expectations about its achievement; and,
 - d) measurement of its impact.

This shift in emphasis was broadly welcomed by participants in the consultation process.

11. In more specific terms, the consultation revealed a common understanding, shared by the majority of commentators, of the key elements of Northumberland County Council's expectations from future investments in infrastructure support to the third sector.
 - 11.1 That Northumberland County Council would prefer to work with one representative body through which they can communicate with the VCS. This representative body, the majority believed, would have the following characteristics:

- a) have transparent processes surrounding decision making;
 - b) to provide an access point to the right people in the sector; and,
 - c) to command the confidence of the sector.
- 11.2 That Northumberland County Council wish to establish a set of ordered priorities on the services they wish to purchase from TSOs which have the capacity and capability to deliver infrastructure support.
- 11.3 That Northumberland County Council want to establish a much clearer delivery framework for infrastructure support which achieves the following:
 - a) value for money;
 - b) consistency in the approach to delivery of specific services;
 - c) assurance that the quality of service to clients is delivered in an equivalent way;
 - d) avoids unnecessary duplication of activity; and,
 - e) establish common mechanisms to demonstrate and report on the impact of investment.
- 12. In the consultation process, minority views on what Northumberland County Council wanted from its investment in infrastructure were also noted:
 - a) for infrastructure organisations to stimulate and empower the process of community development;
 - b) engagement with specific communities of interest; and,
 - c) to merge existing organisations to deliver infrastructure services on a county wide basis.
- 13 **Commentary:** the focus of organisations consulted on perceived priorities of Northumberland County Council appeared to be narrowly focused on the efficacy of the existing Infrastructure Consortium and on the current delivery (and future involvement) of individual organisations in the consultation. We note, in particular that:
 - 13.1 Some participants felt that establishing networks of TSOs (by area or interest group) were an effective way of delivering access to the third sector for Northumberland County Council. However, it was not clear why they understood this to be a priority for Northumberland County Council.
 - 13.2 There was surprisingly little emphasis on the delivery of capacity building support to TSOs in practical terms as an Northumberland County Council priority.
 - 13.3 With reference to the continuation of funding of a consortium, we detected a strong impetus on the part of a small minority of participants to maintain current arrangements. As noted below (see paragraph 19) a clear majority were opposed to this viewpoint.

SECTION 4

An appraisal (based on the information collected and upon the researchers' wider understanding of third sector practices) of the potential for the delivery of infrastructure support over the next two years.

Infrastructure Support

14. Based upon the consultation process undertaken, it is apparent that there is much potential to deliver a wide range of direct infrastructure support services to front-line TSOs in Northumberland. There is also a belief that there is a role for an over-arching umbrella organisation for the whole County to represent the full range of sector interests.
15. While we identify much potential we also identify a concomitant risk of over-production of infrastructure support for an area with a relatively small population. This over-production of infrastructure support manifests itself in several ways:
 - a) duplication of channels of communication to the sector on similar issues; and,
 - b) duplication of specialist and general support services to TSOs to communities of place and interest;
 - c) duplication of networks serving the same constituencies; and,
 - d) duplication of fora for communication with communities of place and interest.
16. Making an assessment of the potential of the current partners in the infrastructure support consortium is complicated by the difficulties associated with disentangling the impact of investment made by Northumberland County Council from income from other sources. The organisations tended to find it difficult to explain lines of demarcation between different funding streams. In some cases, this was particularly pronounced when organisations were involved both in infrastructure support activity and the delivery of direct services to beneficiaries.
17. In a relatively small social market in population terms, it is also very difficult to disentangle the impact of many organisations working in the same areas or with the same broadly defined beneficiary groups. This suggests the need for much more clear guidance from Northumberland County Council on the purpose of its spend. However, there are limits to what can be achieved in this respect when TSOs offering infrastructure support are funded from a variety of sources.

Consortium Activity

18. At the present time, we find that the consortium is not working well for a number of reasons:
 - 18.1 There is very little transparency about the processes surrounding election to the Consortium steering group. All other decision making processes are opaque and communication of the outcomes of such processes are partial at best. This has produced an environment where

there is a fundamental lack of trust in the credibility of the current structure.

- 18.2 The rationale and methodology by which infrastructure funds have previously been distributed by the Consortium lack clarity. It is neither clear what criteria has been used for differential allocation of funding, nor is the efficacy or fairness of the allocation process demonstrable. The credibility of the Consortium has therefore been seriously undermined for the majority of interviewees. The views of the wider sector cannot, of course, be determined given the limited scope of this consultation process.
- 18.3 We find little evidence to support a view that the Consortium has achieved the objective of providing a representative voice for the third sector in the County. While we understand that there are many voices and interests in the third sector we find, at best, that the Consortium currently only represents a partial view of sector interests which clearly undermines its credibility as an impartial body.
- 18.4 The hosting arrangements for the Consortium have seriously undermined the trust of most participants. The majority view is that locating the administrative and management responsibility for the Consortium with a single organisation produces a significant conflict of interest.
- 19 **Commentary:** we find minimal support for the existing arrangements for the Consortium from its members. However, it is clear that there remains to be much good will and enthusiasm amongst many members for the idea of an umbrella body which brings together people from many constituencies of interest. We are therefore mindful of the dangers of undermining this good will by recommending the complete abandonment of current partnership arrangements. However, it is clear to us that a new structure needs to be developed, either through incremental changes or by establishing a new body, after a period of planning and consultation.

SECTION 5

A set of recommendations on priorities for investment in infrastructure support for the third sector in Northumberland over the next two years.

20. It is not possible for us, given the information we have to hand, to make specific recommendations on priorities. Such a process needs to be undertaken by Northumberland County Council in consultation with appropriate members of the local third sector.
21. Our recommendation is that the starting point needs to be to establish what the desired outcomes of investment are, rather than to begin with an appraisal of the interests, capacity and capability of those organisations which currently provide infrastructure support. That said, we think it is likely that there is sufficient capacity and capability in the sector to meet most requirements. It is a matter of finding the best fit between organisational capability and capacity, and willingness to align with the overall objectives set by Northumberland County Council.
22. From our analysis of what is currently offered across the Consortium, we have drawn up two lists of potential objectives. We have listed the practical interventions first, as these would seem to be the most likely to improve the capability of the sector as a whole and thereby improve quality of provision to beneficiaries.
23. Practical interventions to build capacity.

The list which is presented below is not exhaustive, but reflects the most commonly raised issues in the consultation process:

 - a) providing advice for start-ups and organisations which are closing down;
 - b) backroom support (for example, communications support, printing, space for events, incubation space, pay roll, etc.);
 - c) expertise on practice (legal, safeguarding, employment law, etc.);
 - d) fundraising information, guidance and practical support;
 - e) Training and staff development;
 - f) supporting volunteers;
 - g) brokerage of relationships; and,
 - h) support for building of supply chains.
24. Consortia activity:
 - a) maintaining up-to-date records and intelligence on the sector;
 - b) effectively two way communication with the sector;
 - c) representing sector interests;
 - d) network facilitation; and,
 - e) influencing policy.

SECTION 6

A set of recommendations on the strategy and processes which may be put in place to achieve the best outcome for Northumberland County Council investment in infrastructure support on the basis of the evaluation.

26 Basic principles for Northumberland County Council

- 26.1 To formulate and communicate clear policy objectives and implementation strategy.
- 26.2 Communicate clearly in-house areas of responsibility for County Council officers.
- 26.3 Take control over the process of funding allocation which aligns directly with policy objectives and implementation strategy.
- 26.4 To stipulate clearly what services and/or products should be produced as a result of investment.
- 26.5 Avoid implicit or explicit expectations of 'added value' requirements.
- 26.6 Ensure equivalence in expectations about required levels of service quality.
- 26.7 Avoid replication/duplication/over-production of services through intelligent commissioning.
- 26.8 Establish appropriate measures of achievement and apply rigorous principles of contract compliance.
- 26.9 Allocate grants/service level agreements/contracts primarily on the basis of a track record of organisational competence.
- 26.10 Employ performance management methodologies to track outputs when appropriate.

27 Options

A number of options for policy are suggested sequentially. The least beneficial or realistic options are listed prior to more practicable options.

- 27.1 Option 1. Maintain current arrangements wherein Northumberland County Council infrastructure investment funds are allocated by a third sector consortium. **We do not consider that this option is feasible due to the limited confidence in and impact of the current arrangements as noted in this report.**
- 27.2 Option 2. Commission one organisation to deliver infrastructure support in Northumberland. **We think that this option is unlikely to be feasible at the present time because it is not apparent that any single organisation has sufficient capacity and capability to manage and deliver such responsibilities independently.**
- 27.3 Option 3. Issue a tender for a consortium of TSOs to deliver a clearly defined range of consistently applied services of equivalent quality across the County to a specified range of communities of place and communities of interest. **We see this as a longer-term objective, but**

are not convinced that current partnerships or relationships are operating sufficiently well to have a realistic chance of success.

- 27.4 Option 4. Establish an intelligent commissioning process to meet the outcomes for investment which are set by Northumberland County Council (as stated in Para. 26).

Key elements would include:

- a) Practical interventions to build capacity in the third sector; and,
- b) Consortia activity.

Northumberland County Council should formulate and communicate clear policy objectives and implementation strategy that would:

- a) stipulate clearly what services and/or products should be produced as a result of investment;
- b) encourage the submission of collaborative bids to avoid replication/duplication/over-production of services;
- c) establish appropriate measures of achievement and apply rigorous principles of contract compliance;
- d) allocate resource to organisations which have a demonstrable record of organisational competence; and,
- e) employ performance management methodologies to track outputs when appropriate.

The consultation process has shown that there is sufficient capacity and capability in the sector to meet these requirements. However, we think that measures may need to be taken to ensure that the approach to the governance of consortia activity is appropriate.

- 27.5 Option 5. To put in place an interim measure (with the objective outlined in paragraphs. 27.3 or 27.4 in mind) for Northumberland County Council to work with an integrated group of TSOs which have the capability, capacity and willingness to deliver a clearly defined range of consistently applied services of equivalent quality across the County to a specified range of communities of place and communities of interest.

That the group of TSOs is driven by a committed steering group which has representation from organisations directly involved in delivery of infrastructure support together with other independent third sector stakeholders.

We find sufficient evidence to support such a recommendation providing that a number of conditions are applied for the operation of a steering group:

- a) that a steering group is established with a robust constitution to ensure transparent process of election of representatives, decision making, accountability and effective practice;

- b) that steering group meetings should circulate and that a formal hosting arrangement for the steering group be avoided; and,
- c) that the steering group engages in a regularised cycle of formal reporting of its activities to its constituency of third sector organisations and to Northumberland County Council.