



Local and regional funding

A Capacitybuilders grant programme

Date: 4 February 2008

Version: FINAL

Strategic change in local and regional third sector support

Update for Consortia

February 2008

**Consortium Development Grants: Expectations
Modernisation Projects: Proposal Deadline 29th Feb 2008.**

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1. Update since launch of programme in December 2007

Capacitybuilders' new £30m Strategic Change in Local and Regional Third Sector Support programme for 2008-11 was launched in December 2007 which was a busy time for many consortia as they were working to complete business and strategic plans for submission at the end of the month.

Since then we have heard a range of views on the focus, priorities and processes of the programme. While overall our three-year commitment to building on the consortia model has been broadly welcomed there has been some disappointment about the overall level of funds available. However the funding programme remains our largest within the significantly reduced resources available to us from April 2008.

We recognise that the new funding formula used to allocate Consortia Development Grants has resulted in some disparities within regions and also that there is some concern over the level of expectation that may be attached to what - for many consortia - are relatively small amounts of funding.

This update sets out our expectations of grant holders, as well as our commitment to working with local and regional consortia as partners. Offer letters will be issued to consortia demonstrating fitness for purpose **by the end of February 2008**. For those consortia which have not demonstrated Fitness for Purpose we will launch details of improvement support **at the end of February 2008**.

A key concern from consortia has been whether the business plans submitted in December provided enough information for the initial short listing of projects likely to meet the criteria for Capacitybuilders' Modernisation Project fund. We are responding to these concerns by offering consortia the opportunity to highlight projects they would like to put forward, using a simple 'project proposal form' for submission by **29th**

February 2008. Full details of the process, assessment and deadlines are set out in section 3.

Finally, we recognise that stakeholders involved in regional co-ordination, advice and communications are keen to move forward plans for the allocation of up to £25k for this work. Over the next three years, we would expect that the roles and structures needed to support this role will change in response to the regional 'metaplans', which are currently being developed. At this stage we wish to commit to a one-year grant in each region, building on existing arrangements where these are working well.

This will include roles in:

- Communication
- Advice and sector ownership
- Co-ordination and development, including linkages across consortia and relevant thematic groups
- Strategic engagement of the public sector

Regional Managers will lead negotiations with stakeholders including agencies currently receiving funding for this role and to agree proposals for the use of these funds in 2008/9. The proposals will be considered for agreement by the Capacitybuilders' Grants Committee in March. The agreement will be reviewed in future years.

2. Consortium Development Grants, 2008-11

The programme prospectus builds on previous programmes and sets out our expectations for consortia taking a **strategic** role.

In offering Consortia Development Grants to all consortia that have demonstrated fitness-for-purpose, we want to support:

- Continued development of the consortium as an effective partnership.
- Delivery of core consortium functions, including communications, strategic planning and engagement.
- Development and delivery of the strategic roles with strong links to local-decision making, including local strategic partnerships and Local Area Agreements, and the skills to respond to changing environment.

The larger grants being offered to Consortia covering more than one 'top tier' local authority area will be matched by expectations of linkages and work at local authority level.

Table 1 sets out our 'core expectations' of consortia under the new grants.

Table 1: Consortium Development Grants : Baseline expectations

<i>Roles of fit-for-purpose consortium</i>	<i>Minimum expectations (reported against annually)</i>	<i>Capacitybuilders' commitments</i>
Informed: Up-to-date intelligence on third sector needs, and support services, including evaluation and progress of relevant projects.	<ul style="list-style-type: none"> • Maintain up-to-date intelligence on sector support needs • Monitor progress of business plan • Engage in regional co-ordination 	<ul style="list-style-type: none"> • Support for regional co-ordination (see section 6) • Promote intelligence, including bringing together plans from across England
Engaged: Strategy for communication and engagement of members and stakeholders, and maintain page on Capacitybuilders national website.	<p>Clear strategy for engagement with:</p> <ul style="list-style-type: none"> • Sector support services • Public sector • Frontline organisations <p>Maintain page on new communications website</p>	<ul style="list-style-type: none"> • Promote best practice • Development and implementation of public sector strategy
Inclusive: Evidence of embedding equalities and diversity in consortium's work.	<ul style="list-style-type: none"> • Consultation and engagement with marginalised communities • Monitoring of impact of support services and projects • Links with Improving Reach projects • Improved links with specialist and subsector services 	<ul style="list-style-type: none"> • Promote links with Improving Reach projects • Equalities and Diversity (NSS) • Promote best practice • Develop and implement Equalities and Diversity strategy
Robust: Annual 'light-touch' self-assessment against 'fit-for-purpose' criteria	<ul style="list-style-type: none"> • Ensure clear procedures for decision-making, financial allocation, commissioning, dealing with conflicts of interest, accountable bodies and financial reporting. • Annual self-assessment 	<ul style="list-style-type: none"> • Set clear minimum expectations at beginning of programme • Offer guidance based on best practice, and self-assessment
Learning: Monitor and review progress, and contribute to evaluation programme.	<ul style="list-style-type: none"> • Monitoring and evaluation continues to inform business plan development, and is shared locally, regionally and through the website • Participation on ChangeUp evaluation • Establish appropriate links with national support services 	<ul style="list-style-type: none"> • Early guidance on monitoring and evaluation expectations • Support and promotion of best practice in measuring impact • Ensure co-ordinated communications regarding evaluation and national support services
Delivering: Meet grant requirements including financial returns to Capacitybuilders	<ul style="list-style-type: none"> • Meet and report on grant conditions, including half-yearly financial monitoring 	<ul style="list-style-type: none"> • Proportionate, light touch monitoring expectations • Payment in advance • Named contact in grants team

Outcome: By 2011, consortia are strategic, credible and influential partnerships able to strengthen the third sector locally and regionally.

Beyond annual reporting against these 'baseline' expectations, we will ask consortia to prioritise a limited number of activities which embed the improvement and sustainability of third sector support at local and regional level.

Building on the business and strategic plans, we will ask consortia to identify between two and five priority activities which will contribute to some or all of the following:

- Specific improvements/development highlighted in the assessment of business and strategic plans.
- Improved links with subsectors and specialist infrastructure, including social enterprise.
- Integration and links between consortia plans and broader local partnerships and strategies, including links with Local Area Agreements.
- Increased skills among support providers in commissioning and evaluating impact, which will be important as many local funders move to more competitive funding regimes.

These have been prioritised as they will have a significant impact on the sustainability and legacy of the programme, and in ensuring the right support is available for the third sector locally and regionally.

There will be an opportunity to 'refresh' these priorities activities on an annual basis.

We recognise that this is a limited grant, and want to agree a realistic, focused set of priorities within the three areas of activity above. We would encourage Consortia partners to consider creatively how these resources can best be used to contribute to the outcomes specified.

Some ideas of approaches adopted by consortia working with limited resources will be made available on the Capacitybuilders website in February.

We do not expect this grant to cover the costs of being the accountable body for, managing or reporting on project grants. We remain fully committed to full cost recovery, both for the work under the Consortium Development Grant and in our project funding. Full costs of managing projects should be budgeted within the project proposals submitted in February.

3. Project Funding: Modernisation of Sector Support Services

ChangeUp set out an ambitious vision of change and improvement in the support services that frontline third sector organisations could access. The associated investment aim to catalyse change and improvement.

Capacitybuilders has earmarked £18m over the next three years for project grants which **modernise third sector support services delivered locally and regionally by 2011, to achieve demonstrable gains in efficiency, effectiveness and sustainability.**

Our investment in modernisation projects aims to help achieve significant transformation in the ways support services are planned, delivered and evaluated by 2011. Support services should be better able to:

- meet the changing needs and expectations of frontline organisations.
- respond to changes in the policy and funding environment.
- promote better use of available resources.

Capacitybuilders' priorities for the available funding are set out overleaf. We want to fund a range of projects identified in Consortia's Business Plans that contribute to these priorities and reflect local needs and circumstances. Our funding to support modernisation will often run alongside continued delivery of existing services.

Box 1 details our priorities for Modernisation Project funding.

Box 1: Priorities for Modernisation Project funding

1. Achievement of greater efficiency among sector support providers through organisational changes, including enhanced collaboration, alliances or mergers (this could include shared services/premises, data sharing, information services and ICT projects)
2. Achievement of recognised common quality standards, benchmarking and performance improvement across support providers
3. Ensuring a strong user-focus in the way sector support services are planned, delivered and evaluated, by enhancing the way diverse frontline organisations' are engaged in sector support services
4. Joint initiatives and effective partnership with specialist sector support agencies, including those working in and with marginalised communities and sectors less well connected to the broader third sector (such as social enterprise, sports, arts)
5. Supporting enterprising approaches among support providers (including reducing dependency on grant funding), and transition of more traditional funding advice to encompass broader sector needs in relation to procurement, commissioning and trading
6. Ensuring consistent and reliable sector support at community and neighborhood level, developing appropriate linkages and referral for smaller organisations, and effective working between services operating at different levels
7. Developing leadership and more effective, influential and accountable mechanisms for sector influence on local governance, policy and decision making

We envisage offering a range on one, two and three year grants (see box 2), depending on the scale of improvements and change envisaged. The maximum grant offered would be £150k per annum, although we expect the majority of awards to be smaller than this level.

Box 2: One and two year projects

Capacitybuilders has a commitment to ensure more stability in its funding programmes, with three year funding agreements being 'the norm' from April 2008. We know that many consortia have looked towards a range of projects in their business plans, and that many of these have been conceived as three year projects.

We believe some modernisation projects would relatively easily have a one or two year lifespan - for instance:

- Planning and completion of a merger
- The achievement of common quality standards
- Development and implementation of referral protocols
- Establishing a social enterprise model for some support services
- Creating new working patterns with subsectoral and equalities support services

To meet strong demand for project funding, including those coming forward in 2009, ***we expect at least a third of 2008/9 grants to be one or two year projects.*** Consortia may wish to consider which of their priority projects could achieve the intended outcomes over a shorter time-span.

Responding to requests from consortia to have the opportunity to put forward more details of their priorities for this funding, the initial 'window' for consortia to nominate modernisation projects is launched alongside this guidance, and **closes on 29th February.**

A further window will invite proposals in January 2009. We will not allocate all funds for 2008-11 in March 2008.

A short project proposal form is attached as Annex 3, and will be used to assess proposal against the following criteria:

- Alignment to modernisation priorities (Box 1)
- Alignment to local/regional priorities identified in business and strategic plans, and support from stakeholders.
- Contributing to the overall aim of the project funding, having a demonstrable impact on effectiveness, efficiency or sustainability of sector support services
- Credible and deliverable project aims and activity
- Offers value for money, and supports our principles of 'investing in change' (Annex 2)

Competition for the limited funds available is likely to be high. Alongside formal assessment of proposals, our team of Regional Managers will be working with partners in each region to ensure strong regional intelligence informs the final decisions made by our Grant Committee.

Consortia covering a smaller or single local authority area are unlikely to be awarded more than one project grant; we will accept a **maximum of three project proposals** from each consortia.

The overall funding available for projects in each region is as follows:

Region	Approximate funds per annum (2008-11) £
North East	580000
North West	810000
Yorkshire and Humber	690000
East Midlands	610000
West Midlands	680000
East of England	600000
Greater London	745000
South East	650000
South West	620000

To ensure we are able to announce the first awards in March, a timetable for the submission, assessment and award of grants is set out in Table 2.

Table 2: Modernisation Grants Timetable		
Date	Task	Notes
4th February	<ul style="list-style-type: none"> Guidance and proposal forms circulated to consortia 	
By 29 th February	<ul style="list-style-type: none"> Consortia return maximum of three project proposal forms to Capacitybuilders 	
By 19 th March	<ul style="list-style-type: none"> Initial assessment Process to ensure intelligence from each region informs portfolio of projects put forward to Grants Committee 	<ul style="list-style-type: none"> Independent assessors Led by Regional managers, working with partners and funders in each region
By 31 st March	<ul style="list-style-type: none"> Decisions announced Offer letters issued 	

Annex 1 : Timetable for roll-out of programme

<ul style="list-style-type: none"> • <i>Programme launch.</i> • <i>Indicative strategic funding allocations to Consortia announced.</i> • <i>Consortia submit business and strategic plans.</i> • <i>Future fund management arrangement confirmed</i> 	December 2007
<ul style="list-style-type: none"> • <i>Guidance on consortium development grants agreement.</i> • <i>Regional assessment process for modernisation grants agreed and guidance published.</i> • <i>Any proposals from local Consortia for reconfiguration of geographical boundaries submitted to Capacitybuilders</i> 	February 2008
<ul style="list-style-type: none"> • Regional briefing sessions on programme • Assessment of Consortia plans and fitness for purpose • <i>Seminar on effective working between Consortia and national support services</i> 	January/February 2008
<ul style="list-style-type: none"> • Modernisation project proposals submitted by Consortia • Offer letters for Consortia development grants to 'fit for purpose' Consortia • Consortia judged not to have demonstrated 'fitness for purpose' informed, with details of improvement grant offer. 	29 February 2008
<ul style="list-style-type: none"> • Modernisation project proposals assessed at regional level • Regional 'priority portfolio' of projects put forward to Capacitybuilders 	By 19 March
<ul style="list-style-type: none"> • Capacitybuilders' Grant committee agrees first modernisation projects • Agreement of arrangements for future regional advice and overview • Decision on any request for Consortia reconfiguration 	By 31 March 2008
<ul style="list-style-type: none"> • Programme commencement and first grant payments 	April 2008
<ul style="list-style-type: none"> • Capital programme announced 	By 30 June 2008
<ul style="list-style-type: none"> • Consortia awarded 'improvement' grants assessed against fitness for purpose 	December 2008
<ul style="list-style-type: none"> • Further window for modernisation projects 	January/February 2009

Annex 2 : Investment principles : Funding for change

Capacitybuilders wants to use its resources to achieve real change in the sector support service, making investment that helps deliver more effective, client focused and sustainable services for frontline organisations in the long term.

- Funded activities and interventions should reflect the role of support services in meeting the needs of the diverse third sector organisations in England.
- We want to be equitable in supporting generalist, specialist and thematic support providers.
- Our priority is to build on earlier investment from the Home Office and Defra and strengthen what exists rather than create new organisations or unsustainable initiatives.
- Our investment should:
 - not replace or displace funding or responsibilities of other funders
 - have a multiplying effect wherever possible – providing leverage for additional funding and resources; and
 - support activities and interventions in England only.
- The programme will only fund activities and interventions that improve sector support services, by which we mean the physical facilities, structures, systems, relationships, people, knowledge and skills that help front line organisations achieve their aims.
- Funding available under this programme is expected to be in region of £30 million over three years, beginning April 2008.
- Expenditure under all grants awarded must be committed by 31 March 2011.

Annex 3: Modernisation Project Proposal Form For submission to Capacitybuilders by 29th February

An electronic form will be circulated by 8th February to all consortia for the submission of project proposals. Each consortium should only complete one form (which has space for details of up to three projects), and submit to info@capacitybuilders.org.uk by 29th February 2008.

Details requested in project proposal form:

- Consortium putting proposal forward
- Project title
- Business plan reference
- Details of grant-holder/accountable body, including any existing grants
- Partners
- Brief project description
- Evidence of need (*can cross-reference business/strategic plan*)
- Which funding priorities does the project meet?
- Start and end dates
- Outcome
- Milestones
- Number of frontline organisations benefiting
- Area and any specific subsectors benefiting from project
- How will you demonstrate greater efficiency/effectiveness/sustainability in support services?
- How will you ensure the other support providers can learn from this project? (*can cross-reference business/strategic plan*)
- Budget

Annex 4: Project funding allocations by region

The available funds for project funding have been allocated across the nine English regions to a weighting formula which builds on that used for ChangeUp regional and local funds since 2004.

£18m has been allocated to this fund over the three years 2008-11 (£6m per annum).

50% of the available funds have been allocated even across the regions.

The remaining funds have been weighted as follows:

- Indices of multiple deprivations (20%)
- Population (20%)
- Rural 'lag' (10%)

The weighting for the number of local authority areas applied to regional allocations has not been applied to project funds as it is the principle weighting for the strategic grants available to Consortia.

We expect projects to have significant impact for local organisations, and a maximum of 20% of funds will be available for projects working at regional level.

Region	Funds available for modernisation projects
	Approximate funds per annum (2008-11)
	£
North East	580000
North West	810000
Yorkshire and Humber	690000
East Midlands	610000
West Midlands	680000
East of England	600000
Greater London	745000
South East	650000
South West	620000