

4 Corporate plan 2006–2009

4.1 The bigger picture

Capacitybuilders aims to be the fund deliverer of choice for the Cabinet Office and other government departments (OGDs) into the VCS by 2009. Implicit in this aim is the securing of funding for beyond FY07/08. Equally, this will require Capacitybuilders to have established its reputation – to both the Cabinet Office and the VCS – for delivering funds and ensuring that those funds are spent on time. In turn, Capacitybuilders must demonstrate that it is on track to meet or exceed its key objectives, which will require the evidence contained in the evaluation reports and the BRP.

4.2 Operational objectives

Capacitybuilders has a £70.8 million budget for FY06/07 and FY07/08. Following Treasury guidance this has been allocated as £37.3 million for FY06/07 and £33.5 million for FY07/08. The Cabinet Office's ChangeUp programme definition noted that the £80 million allocated in FY04/05 and FY05/06 had been directed in the proportions 65% to regional and local activities and 35% to national projects. The same ratio has been applied to the budgets for the financial years covered by this corporate plan.

4.2.1 Programme of action

The foundation for achieving these objectives and delivering the intended outcomes will be provided by the portfolio of programmes in FY06/07 and FY07/08. For the majority of programmes the funding has either been predetermined by the Cabinet Office or has been left to the discretion of Capacitybuilders. The programme of action supports the four key objectives. As the programme develops Capacitybuilders will include an increased proportion of infrastructure support in relation to both social enterprise and the third sector generally and further updates of this plan will include relevant commitments made in the government's Social Enterprise Action Plan due to be published in late 2006.

It will also be important to build the ability and confidence of the ChangeUp consortia to act as a major "voice" of the third sector at a local and sub-regional level. Capacitybuilders is looking not just for improved services from infrastructural bodies but for greater leadership and enhanced representation of the concerns of the sector.

The existing portfolio of programmes is described in the next four sections.

4.2.1.1 Programmes to improve the quality of infrastructure support to VCOs

Continuation Fund Programme (a mandated programme – established consortia application process). Along with the Hubs (see below), a principal achievement of ChangeUp has been establishing the consortia. Consortia at regional, sub-regional and local levels have been instrumental in agreeing the priorities for infrastructure.

Even at this stage consortia have performed unevenly, and their continuation is uncertain – and yet they represent the most effective channel for delivering further improvements to the VCS infrastructure. It is vital, therefore, to maintain and strengthen consortia and support the improvements they have brought about; this is the role of the Continuation Fund Programme. As the position matures, Capacitybuilders can plan efficiency targets in this area.

The Hub Programme (a mandated programme – funding level determined by approved Hub business plans). The Hubs, the second principal achievement of ChangeUp, are all about improving efficiency, identifying and filling gaps in skills and knowledge, driving up quality and better equipping those already providing support to the VCS. That said, it is possible that areas of overlap and duplication exist, and the Hub Study, which is to report by September 2006, will either confirm the present arrangements or recommend a more efficient and viable structure.

Consortia Projects Programme (fund level determined by Capacitybuilders – established application process for consortia). All consortia have produced infrastructure investment plans (IIPs). These contain high-priority projects to further improve the infrastructure locally and regionally, and the Consortia Projects Programme is to fund as many of those projects as possible. This programme will fund projects that have a completion date of no later than 30 March 2008, but any grants made in this financial year must be spent by 30 March 2007.

Capacitybuilders Website Project (programme cost – a one-off project). It is evident that a degree of uncertainty remains within the VCS as to what the different organisations involved actually do and how they are differentiated from each other. At present, information about Capacitybuilders is spread across seven websites (the corporate website and six Hub sites). The aim of the Website Project is to improve VCOs' knowledge of the different services offered by Capacitybuilders and to increase their access to those services.

Non-Consortia Infrastructure (fund level determined by Capacitybuilders – application process being established). Not all VCOs belong to or are affiliated to local ChangeUp consortia. The aim of this programme is to identify such infrastructure and recommend where improvements can be made through spreading best practice, common standards, better communication and/or additional investment.

Regional coordinators (programmes cost). The regional coordinators are Capacitybuilders' frontline staff, whose task it is to improve communication between Capacitybuilders, consortia and other stakeholders. The improved communication will facilitate speedier delivery of funds through more effective and accurate applications. Just as important, regional coordinators will have a key contributing role in our programme delivery.

4.2.1.2 Programmes to encourage extra investment in infrastructure through demonstrating benefits

Evaluation Programme (*programme cost, mandatory*). The Evaluation Programme will fund the evaluation reports for FY06/07 and FY07/08. The reports will provide objective and independent information on the progress and benefits of the ChangeUp programme since 2004; this will be used as evidence to encourage extra investment.

Learning and Innovation Fund (*fund level determined by Capacitybuilders – awards discretionary*). The Learning and Innovation Fund will complement the Evaluation Programme by studying discrete parts of the infrastructure. The aim is to aid understanding of what works in infrastructure provision and to develop and test how best to improve the quality and effectiveness of services; this will be used as evidence to encourage extra investment.

Research on Good Practice Fund (*fund level determined by Capacitybuilders – awards discretionary*). Capacitybuilders will commission research examining different models of good practice. We will use the results to encourage innovative thinking in how to provide infrastructure; this will be used as evidence to encourage extra investment.

Overall intentions

Capacitybuilders will use the results of the above three programmes to:

- influence future Capacitybuilders funding programmes;
- make an informed case for increased investment in effective infrastructure provision; and
- promote continuing public sector investment in Capacitybuilders after its initial two-year funding ends;
- increase the ability and confidence of ChangeUp consortia around England to act as a major “voice” of the sector’s needs and aspirations at a local and sub-regional level.

4.2.1.3 Programmes to extend reach of infrastructure services

Improving Reach Programme (*fund level determined by Capacitybuilders – application process being established*). The aim of this programme is to improve the reach of the infrastructure to a range of marginalised groups. These include black and minority ethnic (BME) groups, rural organisations, faith groups and other under-represented communities. This will be achieved by:

- building on the recommendations of the Cabinet Office’s Equality and Diversity Strategy;
- providing local and regional consortia with guidance material;
- looking at how training initiatives can help; and
- funding consortia to support diversity and equalities infrastructure programmes.

4.2.1.4 Programme to develop capacity-building funding sources

Research Programme (*fund level determined by Capacitybuilders – awards discretionary*). Many OGDs, non-statutory bodies, trusts and independent organisations have an interest in developing a vibrant VCS that is capable of providing quality services for sustainable communities. Capacitybuilders will collect information through its Research Programme and develop expertise on changes to VCS management, and it will work with others to ensure that funds are used effectively. This information and expertise will be made available for local, regional and national initiatives.

4.2.2 Budget allocation

The Capacitybuilders agency's two-year running costs of £4.75m (2006–2008) were deducted from the budget before the 65%/35% regional/national ratio was applied to the programme. Every effort will be made to avoid budget reduction by raising additional funds.

4.3 Business objectives

Capacitybuilders' business objectives are seen as those that fashion its financial plan and profile. In particular, they will address matters such as increasing private investment in VCS (and reducing the contribution from public funds) and developing the role of Capacitybuilders as a third party fund manager.

4.3.1 Third party funding

The Research Programme will build a database to help Capacitybuilders increase funding from other sources. In this context such third party funders might be other OGDs or organisations such as the Big Lottery Fund (BLF). This funding will be made available for local, regional and national initiatives, and might be delivered through Capacitybuilders channels but with the donor's logo. This presents another business objective for Capacitybuilders; the concept is shown at Figure 2 (business objective 2). The target is to deliver £35 million of third party funding by 2014. The target for lifetime covered by this corporate plan is to deliver £12.5 million of third party funding.

4.3.2 Increasing non-government investment

Until March 2008, all investment in VCS infrastructure will have come from public funds. One of the strategic objectives of Capacitybuilders is to secure non-government investment in VCS, and to achieve this by demonstrating the benefits of so doing. Sources of funding might be EU grants, private foundations or the commercial sector. This presents a business target for Capacitybuilders that can be measured and monitored throughout ChangeUp to 2014.

The concept is summarised at Figure 1 (business objective 1). The annual targets may have to be adjusted in the light of research and experience, but the target is to achieve (at FY06/07 prices) £20 million in non-government investment to £15 million

in public funds (a 57%/43% ratio, or nearly 60%) by 2014. Business objective 1 is to deliver by end FY08/09 £3.5 million investment from non-governmental sources.

Figure1. Business objective 1.
To deliver £3.5 Million funding from other sources by end FY08/09

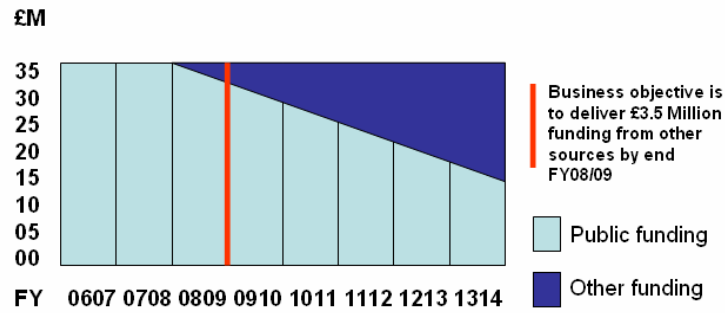
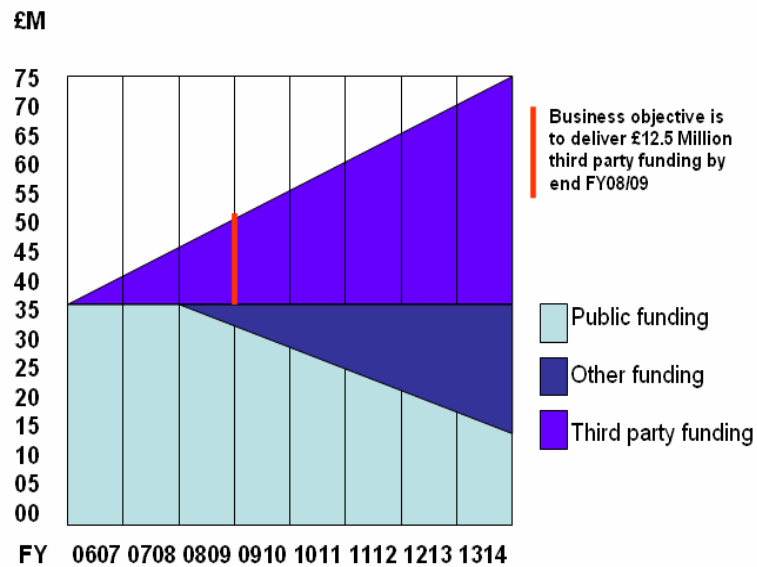


Figure2. Business objective 2.
To deliver £12.5 Million third party funding by end FY08/09



4.4 Financial plan 2006–2009

4.4.1 Financial projection

	2006/07 (£m)	2007/08* (£m)	2008/09** (£m)
Infrastructure			
Continuation fund	7.00	7.00	7.00
Hub	9.20	8.00	7.00
Consortia	9.30	8.40	8.70
Non-consortia	1.30	1.20	1.67
Learning and development	0.50	0.53	0.67
Best practice	0.20	0.20	0.30
Improved reach	6.30	5.00	5.10
Programme support	0.96	0.96	0.96
	34.76	31.29	31.40
CB running cost	2.54	2.21	2.10
	37.30	33.50	33.50

* Planned allocation for 2007/08.

** Expected allocation for 2008/09, pending Government spending review.

4.4.2 Financial assumptions

- The 2006/07 projection is based upon the agreed budget for the year.
- The 2007/08 projection is based upon the programme spend profile as at 31 May 2006.
- The fall in running costs between 2006/07 and 2007/08 relates to non-recurring costs incurred in 2006/07 such as the cost of website design, recruitment fees and launch costs and to efficiency savings.
- For 2008/09 the assumption is that the annual budget will be the same as the planned allocation for 2007/08.
- Excluded from the funds above are the annual rent and associated service charges (£101,000) being paid directly by the Cabinet Office.

4.5 Staffing plan

4.5.1 Staffing profile (numbers)

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
Board			
Chair ⁷	1	1	1
Non-executive directors ⁷	6	6	6
Board support ⁸	1	1	1
Executive			
Chief Executive	1	1	1
Resource and Planning Director	1	1	1
Programme Director	1	1	1
Executive support	1	1	1
Communications			
Communications Manager	1	1	1
Communications Assistant	1	1	1
Resource and Planning			
Finance Manager	1	1	1
Finance Officer	1	1	1
Finance Assistant	1	1	1
Office Manager	1	1	1
Receptionist	1	1	1
Admin and Secretary ⁸	1	1	1
HR and Procurement Officer ⁸	1	1	1
Programmes			
National Co-ordinator	1	1	1
Grants Development Manager	1	1	1
Grants Officer	3	3	3
Best Practice Manager ⁸	1	1	1
Programme Specific			
Regional Coordinators ⁹	9	9	9
	<u>36</u>	<u>36</u>	<u>36</u>

⁷ Part-time positions.

⁸ To be appointed.

⁹ Four are part-time positions.

4.5.2 Staffing details

The 2006/07 profile is based upon the headcount information contained in the annual budget rather than the actual head count.

Decisions on recruitment of the following posts have yet to be made:

- Board support;
- Best Practice Manager;
- Administrator and Secretary; and
- HR and Procurement Officer.

Although the total planned head count is 36, the full-time equivalent number is significantly less. The Chair and non-executive board members are part-time as are four of the regional coordinators. The full-time equivalent headcount is therefore 26.

4.6 Risk management

Capacitybuilders recognises that effective risk management underpins sound corporate governance and is crucial to achieving its objectives. Risk will be managed in accordance with Office of Government Commerce (OGC) guidance and the principles of 'managing successful programmes' (MSP).

The Board's risk management strategy will define how the company identifies and manages risks to an acceptable level. This strategy will be supported by a detailed policy that will guide staff on how to apply risk management principles in their day-to-day work. Risk will be managed at corporate and programme levels.

The Board has been actively involved in identifying the strategic risks to which Capacitybuilders is exposed and will work with the senior management team to identify suitable actions to manage those risks to an appropriate level. The current corporate risk register is at Annex A.

4.7 Corporate governance

4.7.1 Legal, protocol and advisers

The company's governance structure operates at a number of different levels.

As a limited company Capacitybuilders is governed by the requirements of the Companies Acts, which are further reinforced by the contents of its Memorandum and Articles of Association.

At the corporate level there is a governance protocol between the Cabinet Office sponsor unit and Capacitybuilders. This protocol is enshrined within the Governance Management and Accountability Agreement and covers areas including:

- appointment and role of accounting officer;

- role of the sponsor unit;
- business and affairs of the company;
- provision of information and assistance;
- corporate plan;
- freedom of information;
- confidentiality and announcements.

Capacitybuilders' Board will seek the views of the Infrastructure National Partnership (INP), among others, on its strategy and funding programmes. The mechanism through which this advice will be sought will be agreed between Capacitybuilders and the INP. The Cabinet Office will fund the INP to enable it to meet and fulfil its advisory function in 2006/07 and to consider any applications for future funding. The Cabinet Office anticipates that the Capacitybuilders Board will seek advice from a range of other stakeholders, including frontline VCS groups, and will fund this consultation/advisory mechanism from within the ChangeUp funds allocated to it.

4.7.2 Principles and scope of investments

The Capacitybuilders Board will adhere to the following principles when making investments:

- a minimum of 65% of ChangeUp funding will be invested regionally and locally;
- funding should support new developments and not be another source of core funding;
- funding decisions should be informed by, but not restricted to, the contents of the ChangeUp framework published in June 2004;
- funding decisions should be informed by and built on, but not be restricted to, the work completed on the IIP at regional, sub-regional and local level;
- Capacitybuilders should take forward, as appropriate, the work completed in January 2006 on mainstreaming diversity within ChangeUp.

Funding will not be made available through ChangeUp for the following purposes:

- where there is a clear risk that it would be subsidising services or activities in such a way that would distort or threaten to distort open competition, in line with current European Commission rules on state aid;
- where the primary beneficiaries of the work would be outside England;
- where the primary beneficiaries would be animals; and
- where the primary work would be promotion of religious activity.

Funding will not be available to the following types of organisations:

- organisations that are not properly constituted bodies; and
- organisations with purposes that include support for a political party or political campaigning.

As an NDPB Capacitybuilders is charged with implementing policies that will enable it to meet the Government's approach in delivering sustainable development in the UK, and a section of its annual report and accounts will be dedicated to reporting on the achievements of implementing strategies on sustainable development.

As with all government bodies, Capacitybuilders is charged by its sponsoring department with seeking efficiency gains. Equally important is the need to fulfil important principles set by the Board:

- diligence, integrity and fairness, at all times;
- a commitment to address diversity issues;
- consistency of practice and procedure;
- streamlined and responsive management structures;
- greater utilisation of people and resources.

4.7.3 Structure

The structure of the company's Board of directors is: a part-time chairman, six part-time non-executive directors and three full-time executive directors. The complement of non-executive directors helps to ensure that there is a high degree of governance control at Board level.

Non-executive Board members have an important role in providing the key members of three committees, which are being established. The executive directors will not be members of these committees but will be invited to attend as necessary. These committees are as follows.

4.7.3.1 Audit and Risk Committee

This committee will oversee financial control, accounting systems and risk management procedures. It is an advisory body with no executive powers. There will be an interface with both the internal and external auditors of the company, and it is expected that the committee will have an influence on the focus of the audit programmes of the internal auditors.

4.7.3.2 Remuneration Committee

This committee will advise the Board on the remuneration of directors and staff of the company. The scope will include the form and suitability of remuneration as well as monitoring ongoing remuneration reviews and awards.

4.7.3.3 Grants Committee

This committee will be the steering group for the Capacitybuilders portfolio of programmes. The Grants Committee oversees and approves the detail of the establishment and monitoring of programmes, thus enabling work to continue outside formal Board meetings. The Chair of the Grants Committee will present major decisions on the commitment of funds and programme criteria to the Board for approval.

4.7.3.4 Policy Committee

This committee will oversee the evaluation and performance of Capacitybuilders. 'Evaluation' refers in particular to the criteria for and report from the Evaluation Programme (see Section 4.8.1). This committee will monitor closely the Evaluation Programme and will report its progress to the Board. 'Performance' refers to such aspects as best practice (in grant making and administration) and meeting the targets set in other Capacitybuilders policies, such as on equality and diversity.

4.8 Evaluation and success criteria

4.8.1 Evaluation

Capacitybuilders is very conscious of the enormous investment made by ChangeUp and of the need to demonstrate that this investment is meeting the programme objectives. To this end Capacitybuilders will deliver two important products in FY06/07, and a further confirmatory evaluation report in FY07/08. These deliverables consist of one baseline report and two evaluation reports.

4.8.2 Baseline report

The Home Office Active Communities Directorate (ACD) commissioned a baseline report, the responsibility for which has been transferred to Capacitybuilders. The aim of the report is to determine the VCS infrastructure produced by ChangeUp funding in FY04/05 and FY05/06. This report will be delivered by 31 July 2006. The findings of the report are vital to the evaluation reports described in the next paragraph, as without a baseline the work on evaluating the success of Capacitybuilders cannot begin.

4.8.3 Evaluation reports

The evaluation reports will assess the success of Capacitybuilders and ChangeUp since 2004. Two reports, each with a budget of £300,000, are included in the budget – one for FY06/07 and one for FY07/08. As part of this study Capacitybuilders will illustrate the specific benefits to be gained from its investments, which will itemise agreed success criteria, approved measurements of those criteria and the methodology for taking those measurements.

4.8.4 Timetable

The evaluation timetable is:

Jul 2006	Baseline report delivered
Nov 2006	Contract award for ChangeUp evaluation report
Mar 2007	ChangeUp evaluation report
May 2007	Deliver BRP
Nov 2007	Contract award for Capacitybuilders evaluation report
Mar 2008	Capacitybuilders evaluation report
May 2008	Update BRP

4.8.5 Success criteria

The success criteria will enable an impact assessment to be made. Capacitybuilders will develop these criteria from the following table.

Result	Specific result	Measurement criteria
Higher-quality, more effective infrastructure services	Higher-quality services	✓ Service user feedback
	More effective use of resources	<ul style="list-style-type: none"> ✓ Evidence of cost savings ✓ Stronger partnerships ✓ Improved referral systems ✓ Better access to specialist services
	Evaluation reports of funded projects	✓ Evidence of positive outcomes
	Good-practice case studies	✓ Adoption of established best practices
Increased funding for infrastructure services		<ul style="list-style-type: none"> ✓ Monitor levels of support from public sector, private and charitable sources ✓ Supported projects will include success criteria
Improved reach of infrastructure services		<ul style="list-style-type: none"> ✓ Evaluation of commitment to integrating diversity and equality ✓ Assessment of impact of investment on infrastructure growth in marginalised groups ✓ Response to the agenda for diversity and equality ✓ Delivery of training programmes leading to demonstrable changes in the way organisations work