

Financing Voluntary and Community Sector Activity

Finance Hub Business Plan

20 May 2005

Contents

Introduction

Section 1 Remit, activities and target audiences

Section 2 Principles, aims, objectives and outcomes

Section 3 Management and governance objectives

Section 4 Service delivery objectives

Annex 1 Steering group membership

Annex 2 *ChangeUp*

Annex 3 Governance arrangements

Annex 4 The partnership board and the executive group

Introduction

Work on this business plan has been steered by a group comprising eighteen organisations representing a broad range of voluntary and community sector (VCS) interests and expertise in issues relating to grant aid, other sources of finance, procurement and income generation (see annex 1 for membership).

This Steering Committee, chaired by Charities Aid Foundation (CAF), appointed a core group to undertake detailed planning work. The core group comprised:-

- Action with Communities in Rural England (ACRE);
- Association of Chief Executives of Voluntary Organisations (ACEVO);
- Charities Aid Foundation (CAF);
- Charity Finance Directors Group (CFDG);
- Development Trusts Association (DTA);
- National Association of Councils for Voluntary Service (NACVS);
- National Council for Voluntary Organisations (NCVO).

Section 1 sets out the hub's:-

- remit and activities;
- vision;
- target audiences.

Section 2 covers:-

- underlying principles;
- aims and objectives; and
- outcomes.

Section 3 explains how management and governance objectives will be achieved.

Section 4 explains how service delivery objectives will be achieved.

This business plan is based on:-

- the collective knowledge and experience of the eighteen organisations on the steering group;
- *ChangeUp* and the consultation which informed it;
- consultation undertaken during December 2004 and January 2005.

It assumes funding of £2.5 million in total from the Home Office for the period from 2005/06 to end 2006/07.

The consultation undertaken during December 2004 and January 2005 comprised the circulation of an outline business plan with a request for comments and a seminar for advisers (organised by NACVS). During the course of this work contact was made with over 800 individuals. Two priority areas of activity for the hub were identified:-

- support for advisers;
- policy work and advocacy aimed at improving funders and other policy makers practice.

Unlike the other hubs work on this business plan was not preceded by an extended strategy development phase. For this reason, much of its content is developmental ie designed to inform the formation of a more detailed work programme. The hub will continue to consult and to work with specialist voluntary and community organisations (VCOs) as it develops this more detailed work programme.

One of the operating principles of the hub is to build on existing expertise and to develop capacity within existing service providers. This business plan describes an extensive range of activities which specialist VCOs will be funded to deliver. **It should be emphasised that there will be an open competitive bidding process for grants to deliver services which meet the needs identified in this business plan.**

The Finance Hub is the primary venue, at a national level, for the full range of work concerning financial issues facing frontline organisations in the voluntary and community sector. The members of the consortium are totally committed to ensuring that there is a high level of co-operation with regional, sub-regional and appropriate local networks in the development of the hub programme.

There is no way in which a national hub can be successful unless it is building on the experience and expertise of these networks and reflecting their analysis of needs. In the same vein, the consortium is committed to ensuring that the programme is both accessible to BME groups, rural organisations and others representing diverse groups in our society but also enables them to participate fully in the delivery of the programmes of work.

Section 1 Remit, activities and target audiences

The remit of the hub

ChangeUp describes the hub's remit as 'procurement, fundraising and social enterprise'. It contains a list of issues on which the hub should work over the ten year duration of the *ChangeUp* Strategy (see annex 2 for further detail). Notably the list does not include financial management and the steering group developing the business plan determined that it should because of the link between sound financial management and sustainability.

It is clearly not feasible for a hub with an indicative budget of £1.5 million to undertake development work on all the issues set out in *ChangeUp* (plus financial management) during its first two years of operation, the steering group therefore agreed that during this initial period the hub's **core work** should reflect the hub's broad remit but **developmental work** should focus on a smaller range of issues. It decided to focus **development work** initially on areas in which support for VCOs is limited and where intervention is likely to generate significant financial benefits:-

- supporting contract negotiations;
- encouraging income generation through trading; and
- providing better access to funds and other resources by promoting good practice on key issues eg full cost recovery and sure funding.

Activities

Core work

The hub's **core work** will comprise:-

- a website offering a comprehensive signposting service;
- support for advisers working with front line organisations;
- work monitoring changes in the funding environment and alerting funders and other policy makers to their likely impact.

Support for advisers will include:-

- training;
- an interactive tool-kit;
- guidance material;
- networking services;

- policy and advocacy work promoting the value of funding for advice work.

Developmental work

The hub's **development work** will:-

- fill gaps in resources, information or support;
- positively influence the policy and practice of funders and other policy makers.

As explained above the priorities for development work will be as follows:-

Supporting contract negotiations:-

- advice for VCOs on contract negotiations;
- advice and advocacy on full cost recovery and sure funding;
- guidance on budgeting and accounting for funds received.

Encouraging income generation through trading:-

- awareness raising;
- skills development.

Providing better access to funds and other resources:-

- addressing - claw back of funds, asset transfer, planning rules, state aid restrictions;
- advocacy to reduce the administrative burden associated with short term funding and funding more generally.

The work will aim to:-

- help VCOs better understand the issues;
- influence national policy and practice;
- support regional, sub regional and local VCOs in their advocacy work with local funders and other policy makers.

Vision

Our vision for the hub is:

VCOs which are effective and independent because they are financially sustainable.

Target audiences

Different aspects of the hub's work will have different target audiences:

- The proposed website will aim to meet the needs of the broadest range of VCOs both advice givers and front line organisations.
- The main target audience for other core services will be advisers working with front line organisations.
- The target audiences for developmental work will be VCOs, both advice givers and front line organisations, and funders and other policy makers.

The hub will work to ensure that it reaches VCOs that have traditionally had difficulty accessing appropriate services including BME and rural VCOs.

Section 2 Principles, aims and objectives and outcomes

Underlying principles

The hub will operate according to the following underlying principles. It will:-

- build on existing expertise rather than re-inventing the wheel;
- promote the sustainability of specialist services delivered at the national, regional, sub regional and local level;
- only fund resources or services where it is best placed to do so;
- be open, transparent and accessible; • promote diversity; • seek and retain broad stakeholder support;
- build effective working relationships with the other hubs covering respectively governance, ICT, workforce development , volunteering and performance improvement;
- build effective working relationships with providers of information, advice and support at the national, regional, sub regional and local level;
- build on learning and best practice across the VCS, the public and the private sectors;
- ensure efficient and cost effective operation;
- provide information and other services free to the VCS.

Aims and objectives

The hub will have the following main aims, to:-

- increase VCS access to high quality information, advice and support;
- use the learning from its work to influence policy and practice.

The hub will have the following three service delivery objectives, to:-

- signpost organisations and provide a gateway to relevant advice, information and support;
- support advisers in their work with front line VCOs;
- work with funders and policy makers to positively influence policy and practice. It will have the following operational objectives to:-
 - establish effective governance arrangements;
 - effectively involve and promote its work to key stakeholder groups (including potential service users);
 - develop plans for income generation.

Sections 3 and 4 explain the rationale for these objectives, the approach to achieving them, delivery mechanisms, desired outcomes and how progress will be measured.

Outcomes

Overall the hub will seek to achieve the following outcomes during the initial two year period covered by this business plan:-

1. *The transaction costs associated with generating funds are reduced*

This is achieved because VCOs can more readily access relevant information and advice because the hub offers a high quality signposting service and because the support provided to advisers results in higher quality advice services.

2. *There is a pool of highly trained and well supported advisers supporting VCOs with fundraising and income generation including procurement and access to finance.*

This will be achieved through the package of support offered to advisers including training, resource materials and networking services

3. *VCOs supported by these advisers are better able to generate funds (including through trading)*

VCOs are for example, able to properly allocate the costs of providing services and advocate effectively for funders (including purchasers) to cover them.

4. *Funders make an increased investment in advice services*

The hub will demonstrate the value of advice services and by this means encourage greater investment by funders.

5. *There is an increase in the rate of transfer of local authority assets to VCOs.*

This is achieved through a specific programme of work with local authorities run in collaboration with relevant local authority bodies promoting understanding and awareness of their capacity to transfer assets.

6. *Funder practice in relation to key issues including full cost recovery and sure funding improves*

Policy and advocacy work will be undertaken increasing the awareness and understanding of national policy makers and funders and to support the policy and advocacy work undertaken by regional, sub regional and local second tier agencies.

Section 3 Management and governance objectives

Objective 1 To establish effective governance arrangements

Rationale

The hub will bring together organisations providing information, advice and support to facilitate better planning, to reduce duplication and to ensure that gaps in provision are filled.

The hub needs to:-

- cover a broad spectrum of activity (in order to be able to signpost effectively);
- achieve better linkages both horizontally and vertically between provision at the national, regional and local level;
- ensure that the needs of VCOs particularly BME and rural VCOs are met.

This creates challenges for the hub's governance. Most notably, there is a tension between inclusivity and workability. The governance structure agreed by the steering group is believed to achieve the best balance between these different objectives.

The governance structure will have two main elements:-

- a partnership board - to determine strategy;
- an executive group - to oversee operations and undertake detailed planning work.

In order to be eligible for membership of the partnership board organisations have to:-

- have extensive expertise in an area relevant to the work of the hub and/or
- be able to provide advice on the needs of VCOs for example, BME or rural VCOs; and/or
- be able to provide advice on the needs of national, regional, sub regional and local organisations/networks.

Membership of the partnership board will be based on steering group membership. Some additions are likely to be made based on an audit of knowledge gaps (annexs 3 and 4 provide more detail).

The partnership board will ensure that there are sound procedures for financial management and for allocating funding to VCOs delivering hub services. The steering committee has appointed CAF the accountable body for the hub and CAF will manage the hub's finances and the funding process based on a policy agreed by the partnership board.

The hub will demonstrate and promote diversity and compliance with legislative requirements and the cultural needs of all VCOs including BME VCOs, both at the management and service levels.

Delivery

The steering group will appoint the partnership board and the executive group (see annex 4 for the criteria and process to be used).

The executive group will appoint staff to service the partnership board and the executive group. CAF as the accountable body for the hub will appoint and house a hub director, a projects manager and an administrative assistant.

The hub director will refine and develop the following documents to be agreed by the partnership board:-

- terms of reference for the partnership board (see annex 4);
- terms of reference for the executive group (see annex 4);
- a memorandum of understanding between CAF as accountable body and the partnership board;
- a funding policy.

Some elements of the work programme will be undertaken by the hub director, VCOs with appropriate expertise will be funded to deliver all other elements. The core group will take responsibility for making grants for service delivery, drawing in appropriate expertise as necessary, operating within the constraints of a policy agreed by the partnership board.

As regards diversity, the hub will link its work to the BME Compact Code and its work will be 'diversity proofed' by the Diversity Group established by the workforce development hub.

Measuring success

The hub will seek to demonstrate that the VCS can have confidence in its governance and management.

Success will be measured based on:-

- VCO feedback in response to consultation (see next objective);
- a review of management and governance arrangements near the end of the hub's second year of operation (this review will include examination of the hub's diversity practice);
- diversity in the representation of the partnership board and the executive group.

Objective 2 To effectively involve and promote its work to key stakeholder groups (including those using its services)

Rationale

The hub's work should:-

- be based on the needs of VCOs working at the national, regional and local level;
- build on learning and best practice across the VCS, public and private sectors;
- influence funding policy and practice across the VCS, the public and the private sectors.

The hub therefore needs to communicate with and obtain input from key stakeholder groups including:-

- government departments as policy makers and funders;
- other public sector funders (including those procuring services);
- private sector and public sector providers of advice, information and support on funding, sources of finance and income generation including trading (including providers of equity and quasi-equity finance);
- charitable trusts and foundations;
- corporate donors;
- those using its services particularly VCOs that have traditionally had difficulty accessing appropriate services for example, BME VCOs.

It will be crucially important that the hub is effective in promoting its work so that potential service users are aware of it.

Delivery

The partnership board will comprise VCOs with appropriate expertise (see above) and with either a membership structure or strong VCS networks (see above). Representatives from the public and private sectors will be invited to sit on the board as observers.

On an ad hoc basis the hub will establish specialist steering groups or panels with appropriate representation from the VCS, the public and the private sector to steer particular programmes of work or to advise on their development.

One of the first actions for the hub will be to develop a communications strategy. This strategy will include provision for:-

- publicising the hub via the membership and networks of organisations on the partnership board;
- identifying and contacting other agencies with VCS contacts (including public sector agencies such as local authority grants departments);
- targeting those providing support to VCOs operating at the local level (see objective 4);
- consulting the VCS on a periodic basis about the appropriateness and quality of hub services.

In work promoting the hub particular attention will be given to VCOs that have traditionally had difficulty accessing appropriate services for example, BME and rural VCOs.

Measuring success

The hub will seek to engage experts from the private and public sector. Success will be measured based on the findings of the governance and management review.

The hub will seek to achieve the following outcomes:-

- target audiences, including BME and rural VCOs, to know about the hub; and
- regard its services as relevant and high quality.

Success will be measured based on feedback from those using specific hub services.

Objective 3 To develop plans for income generation

Rationale

The hub is seeking to encourage VCOs to explore different options for income generation. It should undertake the same process itself. However, with the proviso that it should not compete with the organisations it was set up to serve. It should also prioritise income generating services which contribute to its objectives for example, by positively influencing funding and procurement practice and by increasing the range or quality of services provided to the VCS.

Delivery

The hub will develop a strategy for income generation during its first year. This strategy will examine different options for income generation including the following:-

- provision of advisory services to PCTs and other public sector agencies on procurement from the VCS;
- income generating training for private sector consultancies advising the VCS on funding and procurement issues;
- examination of corporate sponsorship options.

Training and/or consultancy services, like all other hub services, will be provided by specialist VCOs but the income from them less a fee will be returned to the hub for re-investment.

Measuring success

By the end of year 2 the hub should have developed at least one income generating service for either the public or the private sector.

Section 4 Service delivery objectives

Objective 4 To signpost organisations and provide a gateway to relevant information, advice and support

Rationale

Many organisations, some operating a membership or subscription service, provide information, develop resources and provide support on funding, loan and equity finance, financial management and sustainability. However, no one agency takes responsibility for tracking such services and signposting to them. It therefore seems likely that many VCO's are unaware of the range of information and other support on offer. VCOs are also insufficiently aware of the different financing options available and their relevance to them. As one of the members of our steering group put it:-

The funding and financing world is a large, overgrown and confusing forest. One of the key objectives of the hub has to be to help organisations find their way through the forest.

Approach

The hub will develop an easily navigable web interface which will signpost to the range of information, advice and support available.

There are many valuable initiatives that this work will build on for example:-

- The NCVO Sustainable Funding Project's website which provides information on strategic planning, full cost recovery, funding sources, fundraising and information on income generation and social investment.
- Professionals4Free a website which provides information about pro bono support.
- The Directory of Social Change website which provides information on government funding.
- Web based directories of business support developed by the Social Enterprise Coalition and Social Enterprise Training and Support Consortium.
- Community Action Network's website which includes *Experts on Line* and a *Funderfinder*
- Enterprise for Inclusion, a VCS managed Defra programme exploring sustainability in rural social and community enterprise (it offers a range of grants and support to local projects).

The hub will where ever possible invest in developing the capacity of specialist VCS providers. It will for example fund such organisations to develop:-

- its web interface;
- key information sources (to which it will signpost);
- web-based resource material (to which it will signpost).

Delivery

Scoping work will be needed to map provision at the national, regional and sub regional level. This work will identify local providers through their national, regional and sub regional networks.

The scoping work proposed will:-

- inform the content of the website;
- identify available resources and any gaps (see the next objective);
- identify advisers to be supported by the hub and any gaps in advice provision (see next objective).

The hub will develop a web interface which will signpost to sources of information and advice on:-

- funding sources;
- fundraising;
- financial literacy;
- income generation through trading;
- access to finance including loan, equity and quasi-equity finance.

In order to promote access to high quality and timely information the hub will examine whether and how it might provide access to:-

- evaluative information about different websites, publications or other resources (ie consideration will be given to different means of assessing and providing information about their strengths and weaknesses);
- free up to date and detailed information about grant aid, loan and equity finance, procurement and trading - a number of the services currently providing such information charge for access.

Crucially, the web interface will provide a directory of local organisations providing advice face to face. It will also offer space for:-

- topical issues to be discussed for example, the growth in provision of loan finance for the VCS;
- 'communities of practice' to develop ie it will enable advisers to discuss issues and learn from each other;
- case studies examining particular good practice issues for example: how particular organisations have achieved sustainability; worked together to secure large public sector contracts etc;
- information about research studies and trends relating to grant aid, loan and equity finance, procurement and income generation (see objective 6).

Development work on the web interface will consider whether the site should be supported by a basic telephone helpline providing assistance to those who can't find the information they need.

Measuring success

The hub will seek to achieve increased VCS awareness of the range of information, advice and support available

Success will be measured based on:-

- numbers of people accessing the website;
- VCO and other user feedback on the website generally and on specific elements for example, discussion forums for advisers.

Objective 5 To support advisers in their work with front line VCOs

Rationale

High quality information about grant aid, loans and equity finance, procurement and trading is vitally important to VCOs. However, many say they most value face to face support. Such support is already provided by a wide range of organisations both VCS, public and private sector. There is therefore extensive provision – however, free or low cost services are spread very thin and local advisers report problems with both reach and quality.

Advisers working in generic local development agencies reported capacity problems during the consultation. Often funding advice is only one of the functions they perform. This generally means that they do not work proactively but support the organisations that contact them. They also focus on start ups and therefore grant aid. This means that generally their advice does not cover:-

- contracting;
- other forms of income generation through trading;
- loan or equity finance.

They also expressed concerns about the quality of some funding advice services run by the VCS, the public and the private sector.

This is not to argue that much of the work done is not high quality. However, frustrations were expressed about a lack of resources to:-

- expand provision – ie both to reach more VCOs, and a broader range of VCOs for example, BME groups, and to provide support through the various stages of organisational development;

- disseminate existing good practice – a number of VCOs working at the national, regional, sub regional and local level have developed valuable materials for example, resource packs and training programmes but they lack resources to disseminate them more widely;
- develop their network to include providers working in settings other than CVS including advisers working in public sector agencies or employed directly by funders.

Funders, including public sector agencies and organisations like the Big Lottery Fund, often run development projects supporting VCOs making funding applications. These advisers, and those working in charitable foundations, should also benefit from access to hub services.

The consultation also supported the proposal that the hub should develop the infrastructure of the community accountancy service. The service is regarded as an important complement to local generic funding advice but it lacks the necessary infrastructure to support its development.

Approach

The discussion above indicates that one of the key roles for the hub is to increase access to high quality face to face advice. It will do this in a number of ways by:-

- policy and advocacy work to encourage greater funder investment in advice services (including through *ChangeUp*);
- providing training and resource materials to VCS advisers working in a range of agencies (see below);
 - encouraging the development of sub regional or local providers networks to enable the pooling of resources and expertise;
- linking provision at the national, regional, sub regional and local levels to promote the sharing of resources and learning.

As it develops training and resource materials, encourages networking, links provision and engages in policy and advocacy work to encourage greater funder investment in advice services the hub will:-

- gather information about what currently exists;
- disseminate best practice;
- seek to ensure that any gaps in provision are filled.

There is already excellent work on which to build for example:-

- Funding Information North East's Quality Standards programme which comprises a 60 hour accredited training programme, along with an induction pack and a mentoring and support programme for new and unsupported advisers.
- The Charity Information Bureau has also developed training courses.

- The Social Enterprise Coalition publication *Unlocking the Potential* – a guide for organisations looking to access non grant finance to start or grow social enterprises.
- Funderfinder's free *Apply Yourself* software.
- Training developed by New Philanthropy Capital on full cost recovery.
- The Funding Advice Workers Network convened by NACVS.
- NCVO's Sustainable Funding Project's workshops on sustainable funding and their training for local and regional infrastructure agencies aimed at cascading learning.
- The BME Social Enterprise Development Programme run by VOICE East Midlands;
- Financial awareness training developed by the Small Business Service for social enterprises and designed to help them become 'investment ready'.

Again, in meeting this objective the hub will invest in developing the capacity of specialist VCS providers by funding them to deliver hub services.

Delivery

The hub will encourage greater funder investment in relevant services by:-

- monitoring funding provided by the GORs through *ChangeUp*;
- developing case studies examining different models of provision (including those supported through *ChangeUp*) their funding and how they are evaluated;
- promoting the benefits to a wide range of funders of support for such advice work.

Investment will also be made in developing the following basic materials:-

- an interactive toolkit for advisers covering fundraising, sources of finance and income generation through trading - this might be developed alongside, and should complement, a training programme for advisers (see below).
- a fundraising, financing, procurement and income generation pack/s for small or new VCOs including BME VCOs – this would provide introductory information, reducing the amount of time advisers spend on the basics.

Packages of training will be developed for advisers, based on the excellent work already undertaken (see above), targeted at workers in:-

- Councils for Voluntary Service (CVS)
- Rural Community Councils (RCCs)
- social enterprise development agencies;
- BME organisations;
- community anchors.

This training will cover:-

- fundraising;
- sources of non grant finance including loans, equity and quasi-equity;
- contract negotiations;
- income generation through trading;

- full cost recovery and sure funding.

Consideration will be given to whether this training should be formally accredited and/or provide participants with a nationally recognised qualification.

Discussion forums on the website will be used to network VCS advisers. By this means the hub will seek to develop improved:-

- vertical links between national, regional, sub regional and local advisers; and
- horizontal links between advisers working in a range of agencies in the same geographical area - enabling resources and expertise to be pooled.

In its support work with advisers the hub will also seek to identify gaps in resource materials which the hub will fill.

The hub will invest in the infrastructure of the community accountancy service.

Measuring success

The hub will seek to achieve the following outcomes:-

- increased funding for advice work;
- a better trained network of advisers with access to high quality resource materials on fundraising, financing options, contracting and income generation through trading.

Success will be measured based on feedback from:-

- funders (see next objective);
- advisers on the materials produced, on the training, on website discussion forums and other means used to network them;
- VCOs using hub services.

Objective 6 To work with funders and policy makers to positively influence policy and practice

Rationale

The consultation indicated that many VCOs believe that the hub is best placed to, and can add most value to work designed to, influence funding policy and practice. A number of VCOs undertake research and policy work and provide advocacy on issues relating to grant aid, loan and equity finance, procurement and income generation but there are some issues on which it was considered more concerted VCS activity co-ordinated by the hub would be extremely valuable.

Approach

The hub will:-

- monitor policy and practice relating to grant aid, loan and equity finance, procurement and trading;
- highlight key trends and developments;
- alert government and other funders and policy makers to the impact of relevant changes in the environment.

Policy and research work will provide a context for the hub's broader work programme and enable it to anticipate developments to which it will need to respond. It will build on existing research work including for example:-

- NCVO research for its biannual Almanac;
- CAF research on funding streams;
- The Home Office State of the Sector Panel;
- DTI research on the size and spread of the social enterprise sector (forthcoming).

It will also have a budget to enable it to gather intelligence to inform policy work.

The hub will seek to influence the policy and practice of a range of agencies including:-

- government departments;
- local authorities and other local public spending bodies including for example, PCTs (Primary Care Trusts);
- non departmental public bodies;
- Regional Development Agencies;
- Government Offices for the Regions;
- charitable foundations.

Initially the hub will focus on the following main issues:-

- full cost recovery and sure funding;
- addressing important 'technical' issues - for example, claw back of funds, asset transfer, planning rules and state aid restrictions;
- reducing the administrative burden associated with short term funding and funding more generally.

In undertaking this work the hub will build on:-

- The Compact Code on Funding and Procurement;
- ACEVO work on sure funding and full cost recovery;
- The government's Lead Funder project;
- Futurebuilders case study research and experience of working with the public sector.

The hub will:-

- develop resources and by other means support the policy and advocacy work undertaken by second tier agencies working at the national, regional, sub regional or local level;
- seek to ensure that VCOs which traditionally have found it difficult to be heard, for example, BME VCOs , have a voice in the policy making process.

Again, in meeting this objective the hub will invest in developing the capacity of specialist VCS providers by funding them to deliver hub services.

Delivery

A study will be undertaken examining whether and how the hub might play a role in providing better access to relevant research findings. The hub could for example :-

- include on its website a research bank providing basic information about current research projects and key findings from recently completed studies;
- signpost to relevant futures work.

Detailed work will be undertaken examining public sector spending rules which can create significant difficulties for VCOs – claw back of funds, planning rules and state aid restrictions. The aim of this work will be to better understand the need for such rules, the degree of flexibility available to public authorities on their application and how best to encourage such flexibility. This work is likely to generate:-

- accessible guidance materials for VCOs including case studies on how the rules have been helpfully interpreted by some public authorities;
- a programme of work with the public sector organised in collaboration with the ACU, HM Treasury, DTI and ODPM to promote better understanding of the rules and their flexible interpretation.

A programme of work will be developed in collaboration with local authority bodies to raise awareness and influence local authority practice in relation to asset transfer. This work is likely to comprise the development of case study based briefing material, seminars and feature articles in the specialist press. The hub will also seek to build the capacity of the VCS to manage the assets transferred by investing in guidance and targeted advice work.

In collaboration with representative organisations for local public sector spending bodies the hub will advocate on full cost recovery and sure funding. Again, the work is likely to comprise the development of case study based briefing material, seminars and feature articles in the specialist press.

The hub will also seek to promote the development of funding forums. Such forums already exist in some areas at regional and more local levels. They provide a valuable mechanism to promote good practice for example, addressing issues such as the administrative burden associated with multiple funding applications.

The hub will invest in developing the capacity of BME groups to participate in policy and advocacy on relevant issues.

Measuring success

The hub will seek to achieve the following outcomes:-

- improved practice in relation to contract negotiations, full cost recovery and sure funding;
- increased local authority asset transfer;
- an increase in the number of funders forums and improved liaison between them;
- increased engagement of BME VCOs in policy and advocacy work.

Success will be measured based on feedback from:-

- VCOs using guidance material;
- VCOs using the research bank;
- funders on their awareness of hub work programmes and their influence on their practice.

Financing Voluntary and Community Sector Activity

Finance Hub Business Plan: Annexes

Annex 1 Steering Committee membership

1. Deborah Alcock Tyler – Directory of Social Change (DSC)
2. Nick Aldridge – Association of Chief Executives of Voluntary Organisations (ACEVO)
3. Lindsay Boswell – Institute of Fundraising
4. Martin Brookes – New Philanthropy Capital (NPC)
5. Sylvia Brown – Action with Communities in Rural England (ACRE)
6. Libby Cooper – Community Action Network (CAN)
7. Kevin Curley – National Association of Councils for Voluntary Service (NACVS)
8. David Emerson – Association of Charitable Foundations (ACF)
9. Jo Habib – FunderFinder
10. Stephen Hammersley – Community Foundations Network (CFN)
11. Simon Hebditch – Charities Aid Foundation (CAF)
12. Jane Leathley – South Yorkshire Funding Advice Bureau (SYFAB)
13. Bernie Morgan – Community Development Finance Association (CDFA)
14. Mahua Nandi – Social Enterprise Coalition (SEC)
15. Campbell Robb – National Council for Voluntary Organisations (NCVO)
16. Shirley Scott – Charity Finance Directors Group (CFDG)
17. Naeem Sheikh – Voice East Midlands
18. Steve Wyler – Development Trusts Association (DTA)
19. Claire Glossop – NCVO Sustainable Funding Project

Annex 2 *ChangeUp*

ChangeUp identifies the following issues that the hub should work on. It says that the hub should:

- provide a focus and lead on capacity building in the voluntary and community sector (VCS) to win contracts and diversify income;
- seek to influence and work with a range of funders and purchasers on funding and procurement practice;
- lead or broker work on growing sustainability within the sector, including the promotion of good practice in fundraising (driving up standards beyond the basic minimum set down in legislation);
- work with business support and economic development agencies such as the Small Business Service, Business Links Operators, Regional Development Agencies to build their understanding of income generation and enterprise skills within the VCS;
- contribute to building collaboration between frontline organisations to achieve the above including the development of any protocols and the facilitation of knowledge and skills sharing;
- work to raise awareness amongst local councils about the benefit of asset transfer to the VCS, encourage consistent application of the rules affecting asset transfer and help build capacity within the VCS to manage assets;
- build on work already carried out to improve access to finance for frontline organisations (organisations using loan finance require very specific organisational development support to enable them to build their capacity to take on and use such investment and to advise them on forms of enterprise activity).

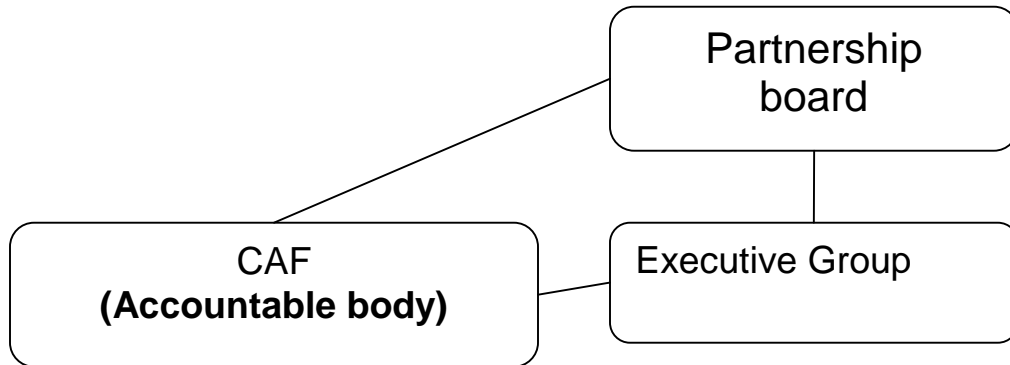
ChangeUp also identifies that there is scope for work to increase philanthropic giving by better supporting donors to make decisions, invest strategically and track the difference made by their giving and says that the hub could provide a range of services to charitable trusts, non-departmental public bodies, cross sector partnerships such as local strategic partnerships and bodies such as primary care trusts to help improve the funding of the VCS.

This business plan proposes that the hub's remit should also include financial management because of the link between sound financial management and sustainability. If voluntary and community organisations (VCOs) do not have appropriate financial controls they can not secure funding. VCOs also need a level of financial literacy to be able to access and manage loans and other new forms of finance and to trade effectively.

Annex 3

Governance arrangements

P



The partnership board will have overall responsibility for the hub's strategy and performance. Its terms of reference and criteria for membership are provided in annex 4.

The steering group will decide the founding members of the partnership board. Membership will be based on the current steering group. In order to ensure the group is workable, membership should not exceed 16 - 18.

The executive group will have responsibility for monitoring the day to day operation of the hub and detailed planning work. Its terms of reference and criteria for membership are provided in annex 4. In order to ensure that the executive is workable, its membership should not exceed 6-8 members.

A funding policy will be developed. There will be an open competitive bidding process for grants to deliver services which meet the needs identified in this business plan. The executive group will consider bids for grants. It will draw in other expertise if considered necessary to ensure that bids are properly assessed. Usual conflict of interest procedures will apply ie organisations on the executive group with an interest in providing a particular service will declare this interest from the outset and not participate in any discussions relevant to the award of a grant for the delivery of that service.

CAF as the accountable body will ensure that hub finances are properly managed and will meet the reporting requirements set by the Home Office. Given this role, CAF will chair both the partnership board and the executive group.

CAF (as the accountable body for the hub) will employ a project Director, a programme manager and an administrator to service the partnership board and the executive group and to manage the grants entered into on the hub's behalf.

Annex 4

The partnership board and the executive group

Terms of reference

The partnership board will:

- set the broad strategic direction for the hub;
- agree the hub's strategic and business plans;
- agree the hub's policies for example, on funding;
- appoint and receive progress reports from the executive group;
- monitor the hub's performance;
- promote and maintain an independent profile for the hub;
- act as an ambassador for the hub and its work;
- contribute specific expertise on the issues on which the hub is working and the needs of VCOs working at the national, regional, sub-regional or local level.

The executive group will:

- undertake detailed planning work for the hub;
- draft policies for approval by the partnership board;
- take grant decisions;
- appoint hub staff.

Criteria for membership of the partnership board and the executive group

The criteria for becoming a member of the partnership board are as follows:

Essential:

1. The organisation can demonstrate extensive experience of shaping, promoting and delivering services in areas in which the hub is working.
2. The organisation can demonstrate that it has the capacity to effectively promote the work of the hub (the organisation may have a membership or operate as part of a network).
3. The organisation and the individual confirms that the primary role of members of the partnership board will be to up-hold the vision of the hub and not to represent any one organisational interest.
4. The organisation and the individual make a commitment to spending up to two days each year on hub work (attending meetings, reading papers, providing comments, responding to requests for information, publicising the hub)
5. The organisation and the individual commit to acting as a champion for the work of the hub.
6. The organisation and the individual commit to involvement in the group for at least one year from April 2005.

The following additional criteria will be applied to those interested in becoming members of the executive group.

Essential:

1. The organisation and the individual has experience of grant giving and/or commissioning.
2. The organisation and the individual commits to comply with the hub's conflict of interest policy.
3. The organisation has particular expertise in one or more of the issues identified as an initial developmental issue for the hub.
4. The organisation has particular expertise in providing services to organisations that have traditionally not had fair access to resources ie BME and rural organisations.
5. The organisation and the individual make a commitment to spending up to six days each year on hub work (attending meetings, reading papers, providing comments, responding to requests for information, publicising the hub)

Process for appointing partnership board and executive group members

1. Current steering group members and others are asked to express an interest in being on the partnership board and the executive group.
2. Those who express an interest are asked to complete a half page of A4 explaining their eligibility.
3. Applications will be assessed as to whether or not they are eligible by the chair of the steering group
4. If the number of eligible applications exceeds the number of places on the partnership board – the chair of the steering group and two other independent people will decide based on the criteria who should be invited to join.
5. If the number of eligible applications for the executive group exceeds the number of places, the chair of the steering group and two other independent people will decide based on the criteria who should be invited to join.

In addition to full members, observers will be invited to attend partnership board meetings. The partnership board will determine which organisations or individuals should be given observer status.

Term of office

Members of the partnership board and the executive group will be appointed for a two year period. Membership of both groups will be reviewed after this initial period.