

Panel session: Capacity building initiatives

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Introduction

In recent years the UK government has invested significant sums in a range of third sector capacity building initiatives, such as the ChangeUp and Futurebuilders programmes in England, with the aim of transforming the nature of support available to the third sector. Third sector capacity building and infrastructure support has subsequently come under unprecedented scrutiny, and remains hugely contested. For example, the terms on which the investment might be evaluated are somewhat unclear, with debates focusing on value for money, impact on the effectiveness of front line organisations, the extent of transformation in the nature and organisation of support services, and the prospects for learning from different models of capacity building.

This session aims to cast some light on capacity building initiatives in the context of these debates, and to stimulate further discussion on the future of capacity building, by bringing together three papers reporting on important national research and evaluation recently completed or 'in progress'.

1. Examining the value for money of ChangeUp

The **National Audit Office** (NAO) reported in February 2009 on the value for money of the Government's two main capacity-building programmes, ChangeUp and Futurebuilders (NAO 2009a). These programmes, established in 2003-4, responded to the 2002 Treasury review that found that the sector's ability to contribute to public service delivery was constrained by a lack of capacity. The NAO published a supplementary publication (NAO 2009b), based on its locality research into the impact of the ChangeUp programme, whose findings are summarised here.

The overall vision for ChangeUp (Home Office 2004: 7) is that:

"...by 2014 the needs of frontline organisations will be met by support which is available nationwide, structured for maximum efficiency, offering excellent provision which is accessible to all while reflecting and promoting diversity, and is sustainable funded".

ChangeUp drove the formation of partnerships (consortia) of local support organisations at regional and sub-regional levels to focus on identifying and prioritising the needs of frontline organisations in their areas and developing or improving services to meet those needs. The delivery chain for ChangeUp is illustrated in Figure 1 and its funding streams in Figure 2.

How we approached the work

A key component of our methodology was detailed qualitative data gathering at the consortium level in the North-West and South East regions. Using the results of six focus groups of frontline organisations about their capacity building needs and awareness of ChangeUp, we devised six “locality” studies to look at the impact of ChangeUp on support providers and the services they provided to frontline organisations. We selected a purposive sample of six localities based on:

- population density;
- level of ChangeUp funding;
- Modernisation Programme funding;
- consortium membership size;
- maturity of consortium;
- Public sector involvement.

For each locality, we reviewed business plans and any prior evaluations and interviewed a selection of representatives from each consortium’s membership. The interviews identified frontline organisations that had used support services offered by the consortia members as a consequence of the ChangeUp programme. We interviewed frontline organisations about their experience of this support and its impact on them and their beneficiaries. To triangulate this evidence we interviewed central and local government representatives for the localities.¹ Interviews were recorded and transcribed and we used quotations to illustrate the points made by both support and frontline organisations, which gave a “voice” to the sector’s experiences in a way that other evaluations have not.

Findings

Based principally on these locality studies, we found that:

ChangeUp has been a significant factor in establishing better partnership between local support providers and enabled better assessment of the needs of frontline organisations and gaps in support to them.

There was greater improvement in partnership working in areas where there was a history of working together and a willingness to take this further. The impact was less where there were significant weaknesses in existing support or obstacles to joint working. Improved partnership working enabled consortia to provide better support to frontline organisations.²

However, sustaining such support remains a challenge with some services ceasing when ChangeUp funding ended. The ChangeUp vision of developing excellent and sustainable services remains doubtful, not least because we found that little thought had been given to sustainability and there were few examples of it being achieved in practice.

¹ A fuller description of the study methodology can be found in *Building the Capacity of the Third Sector* (NAO 2009a), Appendix One, pp33 ff.

² See case examples within *The Impact of ChangeUp on Support and Frontline Organisations* (NAO 2009b).

Finally, we found that the way the programme was managed imposed unreasonable administrative deadlines, putting pressure on consortia to spend money quickly. Interviewees acknowledged that a lack of capacity to spend money within the time available meant some projects did not achieve good value for money.

2. The Evaluation of ChangeUp

The **ChangeUp evaluation team** will present a paper outlining the methodology of the Evaluation of ChangeUp, commissioned by Capacitybuilders, which is assessing how the capacity building system has been affected by the ChangeUp programme, both in its initial stages and in the revised form which it has more recently adopted.

Drawing upon the first phase of the research, the paper will explore the range of capacity building resources available to third sector organisations, including those provided by public, private and third sector support organisations. It will then discuss the range of public sector and third sector initiatives to supplement these resources and to catalyse more effective resources for third sector organisations. The paper will show how these resources and initiatives are linked in a complex web which has often proved difficult for frontline organisations to access and hard for support organisations to negotiate and manage.

Although the evaluation will still be at too early a stage for detailed evaluation results to be available, some early results will be given, outlining the association between changes in the economic position of local support TSOs and the changes in the economic position of local frontline TSOs. The evaluation team have constructed a robust retrospective “economic” baseline for the sector in 2004 – based on economic data on individual organisations featuring in the GuideStar Third Sector Database³. The baseline considers organisational demography and differentiates between local support organisations and frontline organisations, and other broad types of organisation such as grant-makers. The performance of organisations can be monitored on an annual basis from 2004. The observed changes between 2004 and 2007 will contribute to the “summative” evaluation which will be reported in Autumn 2009. A refined baseline is being assembled for 2008 that covers all incorporated and registered third sector organisations. The baseline will also benefit greatly from the National Survey of Third Sector Organisations.

There is considerable variability in the “performance” of both local support and frontline organisations across the 149 upper tier authorities, whether that “performance” is measured in terms of income, expenditure or employment. There are also significantly different patterns of performance when comparing:

- local support organisations to frontline service providers, campaigning and representative organisations, and those providing buildings and facilities.
- different sizes of organisation – some smaller organisations have had high levels of growth in income and capacity between 2004 and 2007, whilst medium sized organisations experienced much lower levels of growth. It is important to note that the economic weight of the sector is concentrated in a relatively small number of very large organisations.

This analysis suggests that there is considerable potential for learning from localities and subsets of organisations which have experienced high levels of performance, and, similarly,

³ This baseline is currently limited to registered charities in England

from localities and subsets of organisations which have experienced low levels of performance.

The explanation of these trends, and the directions of causality between the changing economic performance of frontline organisations and frontline third sector organisations, will be explored through both in-depth qualitative locality case studies and a survey of all frontline TSOs in each of the 12 locality case study areas.

3. Capacity building: demand and supply-side interventions

Five years after the launch of ChangeUp, it is a good time to consider our experience of the model and options for future government interventions to build third sector capacity. This paper highlights issues that **Capacitybuilders** is considering in light of recent experience with the new Modernisation Fund, and is intended to stimulate debate rather than set out new policy.

The ChangeUp model defines itself as 'supporting the supporters'. At a national level it offers limited investment⁴, but provides resources to inform support agencies' work. Locally, it promotes cooperation and coordination between local support providers, providing funds to encourage collaboration and raise standards. ChangeUp has also initiated programmes to address the needs of excluded groups and support Social Enterprise.

The NAO study into capacity building and early findings from the ChangeUp evaluation team show the benefits of initial ChangeUp funding. However, since the establishment of ChangeUp in 2004, there have been significant changes in the external environment that future interventions in support of third sector infrastructure must take into account. These include the move towards localism, the growing importance of commissioning and contracting, growing awareness of the role of non-traditional support providers, such as banks and accountants, and changes in both the economic environment and public finances. Capacitybuilders' Modernisation Fund has trialed a grant model that adapts to these influences, and extended our reach for the first time to frontline organisations.

The Modernisation Fund is a new way of working for Capacitybuilders, as it involves a demand-side intervention through bursaries targeted directly at individual frontline organisations, rather than seeking to deliver indirect benefits to frontline organisations through funding of second tier support providers. The first stage of the Fund provided bursaries of £1000 to over 1000 organisations to be used for two days' support from a service provider in their area. This could be used to access a range of support to explore the benefits of collaboration or merger with another organisation, reflecting a belief that this would help smaller organisations achieve greater resilience in the face of economic and other pressures.

Recipients can use the funding to access services from both the third and private sectors, including consultants. They make their choice from a locally-sourced supplier list, drawn up on the basis of quality and the relevance of services rather than the type of provider. We recognised that frontline organisations can often benefit from help in navigating the complex provider environment. To this end, we appointed "local delivery agents" to signpost recipients to the approved providers most relevant to their situation. It also demonstrates the ongoing

⁴ Funding through ChangeUp sits alongside other large investments that support infrastructure, including programmes of the Department of Health, the Department for Work and Pensions and Regional Development Agencies.

value of ChangeUp structures, as the delivery agents were drawn from existing consortia of support providers.

A preliminary assessment of the Fund suggests that this combination of demand- and supply-side interventions has been successful. It has provided a significant number of frontline organisations with targeted support in a priority area. Whilst being administered nationally, it has proved accessible to over 1000 small frontline organisations. The approach depends on the existence of healthy third sector infrastructure, so that recipients have a good choice of services in their area. It also benefits from a coordinated support provider market, which has been (in part) achieved by previous Capacitybuilders funding.

There will be a formal evaluation of the Modernisation Fund in the coming months, which may shed further light on the experience of working with both frontline organisations and support providers to achieve a particular objective.

Looking to the future, Capacitybuilders may consider the benefits of applying similar delivery approaches to other programmes for which it has responsibility, further exploring the potential for balancing more traditional supply side interventions with demand-side support to frontline groups.

References

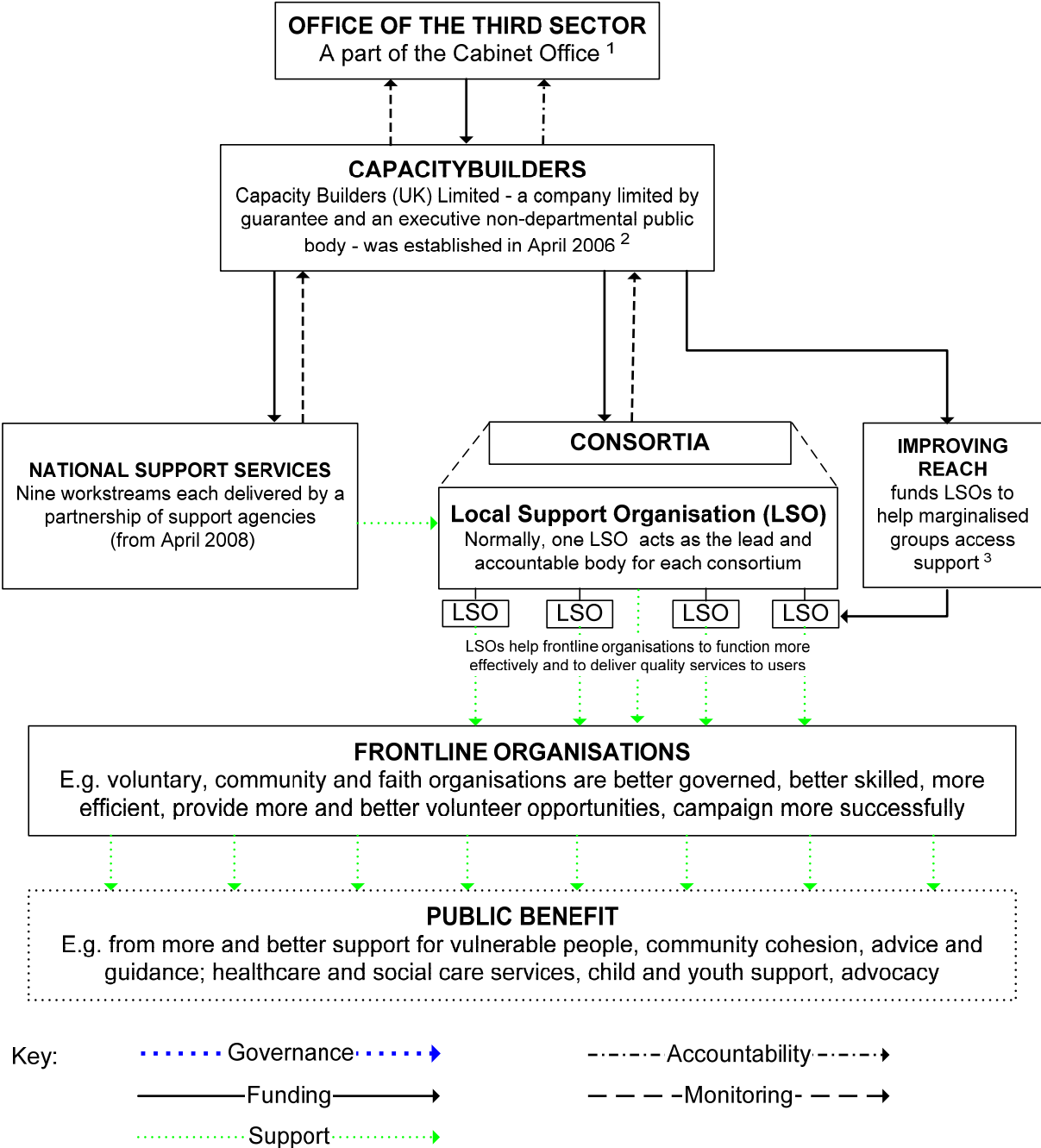
HM Treasury (2002) *The Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review* (London, HM Treasury), September 2002

Home Office (2004) *ChangeUp: Capacity Building and Infrastructure Framework* (London, Home Office), June 2004

National Audit Office (2009a) *Building the Capacity of the Third Sector: A Report by the Comptroller and Auditor General*, HC 132, Session 2008/09, 6th February 2009 (London, NAO)

National Audit Office (2009b) *The Impact of ChangeUp on Support and Frontline Organisations* (London, NAO)

Figure 1: The ChangeUp delivery model



Notes:

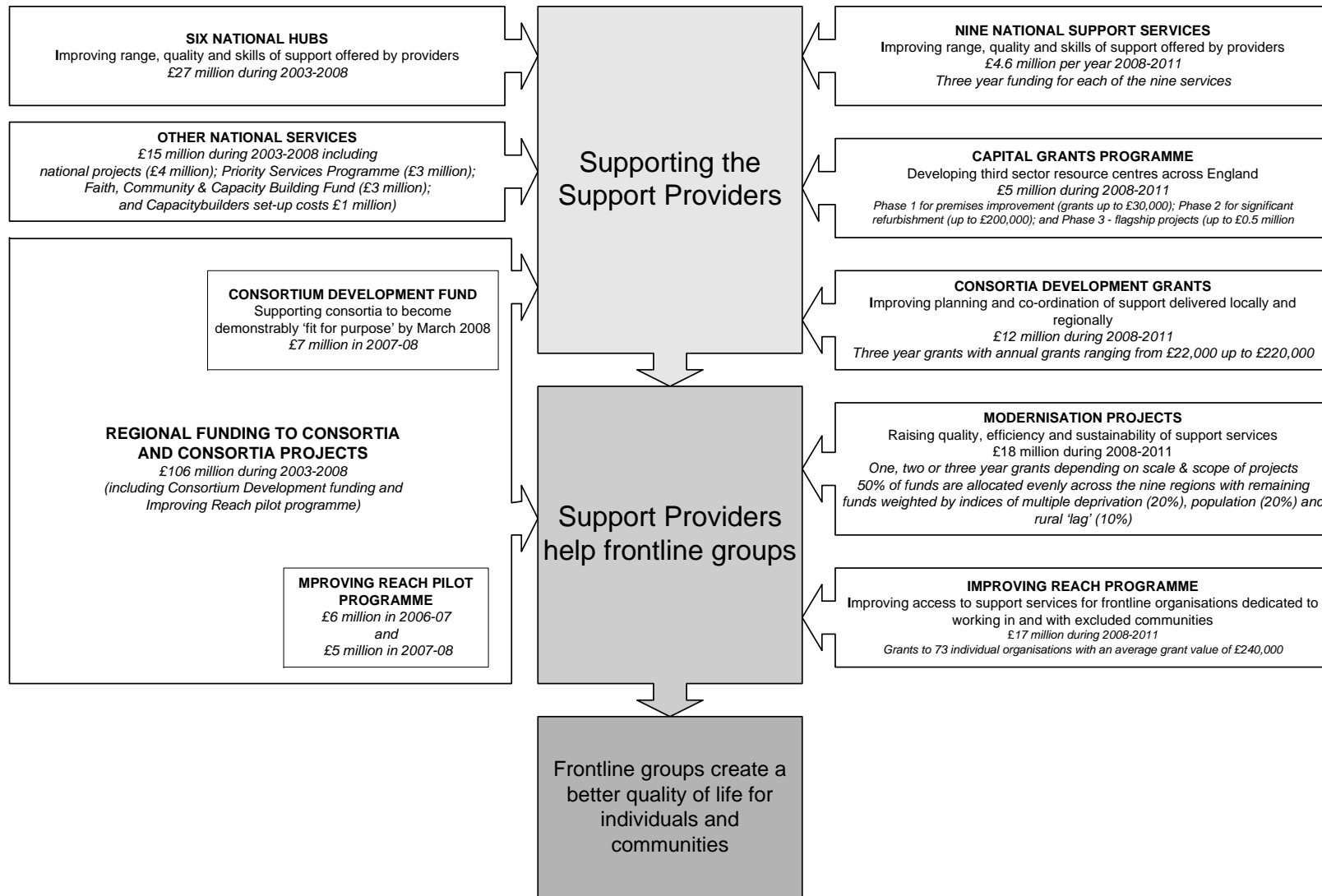
¹ Previously responsibility for the ChangeUp programme rested with the Home Office Active Communities Unit.

² Prior to April 2006, funding to consortia was managed through the Government Office in each region.

³ 'Improving Reach' is a funding stream introduced in April 2006 to improve access to support for a range of frontline organisations, in particular black and minority ethnic, refugee, migrant, faith and isolated groups.

Source: National Audit Office

Figure 2: Funding streams of the ChangeUp programme



Source: National Audit Office