

POSITIVE STEPS

The Government's Response to *Investing Together*:
Report of the Task Force on Resourcing the
Voluntary and Community Sector

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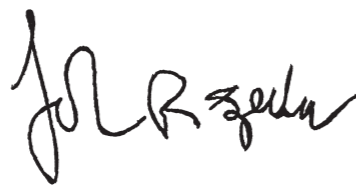
Foreword

The Government values the contribution of the voluntary and community sector in addressing social need and deprivation. Effective partnership working with the sector can help the Government achieve its objectives. I was therefore very pleased to receive *Investing Together*, the report of the Task Force on Resourcing the Voluntary and Community Sector. The report succinctly outlines a series of recommendations that fit well with the Government's desire to develop coherent working relationships with the sector to benefit those most in need within our communities.

I am grateful to all those who engaged in the work of the Task Force and gave of their time and expertise so willingly. The Government will capitalise on the momentum generated by the Task Force and I have worked closely with my Ministerial colleagues in drawing up this response to the Task Force report.

I am particularly pleased that additional resources were secured for the voluntary and community sector during our last Priorities and Budget Exercise. It is critical that these resources are put to best use and are seen to be properly governed. A number of actions identified in this document are potentially resource releasing and should also ensure that more resources will go to frontline services.

I will be taking a particular interest in monitoring how these recommendations are progressed and it is important that the voluntary and community sector actively take some of them forward. I am confident this agenda for change will be delivered together by the Government and the sector and will make a major contribution to the sustainability of the voluntary and community sector and the services it delivers.



**The Right Honourable
John Spellar MP
Minister of State**

Introduction

- 1.1. The voluntary and community sector makes a significant contribution to life in Northern Ireland and is a key social partner working with the Government to deliver social, economic, cultural and environmental change. Voluntary and community organisations have a track record of tackling social need and deprivation and are well placed to develop and deliver improved frontline services, particularly to the most disadvantaged people in society. We want to harness this experience, expertise and capacity for innovation through targeted and strategic investment in the sector and its work.
- 1.2. Many voluntary and community organisations have played a key role in recent developments in human rights, equality and good relations. Real challenges still remain, however, in addressing the serious division within our society. The voluntary and community sector is well placed to help build better relationships within and between communities to tackle sectarianism and racism and helping meet the needs of victims and survivors.
- 1.3. The Government welcomes *Investing Together*, the report of the Task Force on Resourcing the Voluntary and Community Sector.¹ The recommendations are challenging but in general fit well with the Government's priorities, departmental objectives and strategy for support of the voluntary and community sector. This is a co-ordinated

Government response to the Task Force report to help ensure the sector is better placed to cope with social and economic change and imminent changes to the funding environment.

- 1.4. A number of the Task Force recommendations require further development but some will be taken forward immediately. The actions collectively outline a significant agenda for change and investment and an extra £23 million is being made available over the next three years to help support some of this change. We want to work in partnership with the voluntary and community sector, independent funders and others to deliver this change with the voluntary and community sector leading a number of the proposed actions.
- 1.5. We will continue a dialogue with the voluntary and community sector and other stakeholders as we prepare a more detailed action plan. The Action Plan will be incorporated in the next *Partners for Change* strategy which will issue for formal consultation later this year.² *Partners for Change* is the Government's strategy for support of the voluntary and community sector in Northern Ireland. It is a cross-departmental strategy which recognises the valuable contribution by the sector to the achievement of Government objectives and commits both the Government and the sector to developing the partnership further to the mutual advantage of our community.

¹ *Investing Together*. Report of the Task Force on Resourcing the Voluntary and Community Sector, October 2004. Available from www.taskforcecvcsni.gov.uk
² *Partners for Change*. Government's Strategy for Support of the Voluntary and Community Sector, 2001-2004. Department for Social Development.

2. Context

- 2.1. The Government's commitment to the voluntary and community sector was formalised in the *Compact between Government and the Voluntary and Community Sector in Northern Ireland* which sets out the values and principles that should underpin partnerships between Government and the sector.³ *Partners for Change, Government's Strategy for Support of the Voluntary and Community Sector*, sets out the plans for implementing the *Compact* through a series of practical actions. Work is currently underway to develop the next *Partners for Change* strategy which will issue for consultation later this year.
- 2.2. The Government recognises the significant role of voluntary and community organisations in society and believes they have a key role to play in developing stronger and more cohesive communities. We will encourage and support more effective and wider-ranging involvement of voluntary and community organisations in the delivery of public services in Northern Ireland where they can add value to those services. This is in line with the approach nationally as underlined in the Spending Review announced by the Chancellor in July 2004⁴ and, more recently, in the Pre-budget report.⁵
- 2.3. In Northern Ireland, this commitment to work in partnership with the voluntary and community sector to deliver the Government's objectives, tackle disadvantage, build stronger, peaceful communities and improve public services is articulated in *Priorities and Budget 2005-08*⁶ through its three overarching themes:
- economic competitiveness - making Northern Ireland a more prosperous and productive region;
 - building equality and community cohesion - to increase opportunity for all and ensure stronger, safer communities throughout Northern Ireland; and
 - better public services - ensuring better, more efficient public services for all.
- 2.4. The voluntary and community sector plays an important role in many Government policies and programmes that tackle inequality, communal and social divisions and promote peace and reconciliation. We are committed to sustaining this work. The sector also makes a significant contribution to the local economy and to achieving the goal of a more competitive and productive Northern Ireland.⁷
- 2.5. Voluntary and community organisations are also frequently well-placed to help deliver public services, especially where they have a good understanding of the needs of local communities or groups of individuals. We want to ensure that organisations wishing to engage more in the delivery of public services are facilitated to do so. Where there are barriers to greater involvement by the sector in delivering public services we will remove them.
- 2.6. The *Cross Cutting Review of the Voluntary and Community Sector* addressed many of the barriers faced by organisations wishing to engage in the delivery of public services. It put in place an action plan and resources to build capacity and infrastructure of the sector.⁸ The *Gershon Review* also recognises the need to improve funding relationships between the Government and the sector to deliver more efficient public services.⁹
- 2.7. In Northern Ireland we are building on this work and a number of actions outlined in this document will provide the framework to support a vibrant and innovative voluntary and community sector, taking account of a changing funding environment. In particular, there is an ongoing consultation on the review of charities administration and legislation in Northern Ireland.
- 2.8. We want to work in partnership to ensure that the significant Government resources available to the sector are used most effectively to help build more cohesive and viable communities. This investment will only realise its full return, however, if the sector modernises to meet the challenges ahead.

3 *Building Real Partnership, Compact between Government and the Voluntary and Community Sector in Northern Ireland*. Department of Health and Social Services, Belfast, 1998

4 2004 Spending Review. New Public Spending Plans 2005-2008, Stability, security and opportunity for all. Investing for Britain's long-term future, HM Treasury, July 2004.

5 Opportunity for all: The strength to take the long-term decisions for Britain. Pre-Budget Report, HM Treasury, December 2004.

6 *Priorities and Budget, 2005-08*. Available from www.pfgni.gov.uk

7 Economic Vision for Northern Ireland, February 2005. Available from www.pfgni.gov.uk

8 The Role of the Voluntary and Community Sector in Service Delivery. A Cross Cutting Review. HM Treasury, 2002

9 *Releasing resources to the frontline*. Independent review of public sector efficiency, Sir Peter Gershon, July 2004.

3. Approaches to Funding the Voluntary and Community Sector

Longer-term funding and planning framework

- 3.1. The Government provides substantial support for the voluntary and community sector through a range of funding programmes but many of these are short-term in nature and do not always realise the full potential of the financial investment. A number of Government initiatives have already moved to a longer-term strategic investment in communities. For example, *People & Place*¹⁰, Government's Neighbourhood Renewal Strategy, *Investing for Health*¹¹, the *Regional Transportation Strategy*¹² and the recent *Draft Strategy for Children and Young People in Northern Ireland*¹³ provide a solid framework for a longer-term approach to delivering strategic objectives.
- 3.2. In our efforts to develop and improve public services we will increasingly promote an outcome focused approach. Support of the voluntary and community sector will be delivered within this framework. We will monitor and evaluate performance in moving towards longer-term outcomes with regular reviews at least every three years in line with normal Government budgetary cycles.

Government will actively promote a longer-term (7-10 year) outcome focussed approach to programmes that significantly involve the voluntary and community sector.

- 3.3. Improvement of public service delivery through longer-term outcome focussed funding will require change both by the Government and the sector, will take some time to achieve and needs to be considered in the context of the budgetary planning process. This must be balanced with the retention of some shorter-term funding programmes to support new groups or new approaches which, if successful, may have the potential to attract longer-term funding.

Measuring outcomes

- 3.4. When outcomes for improved service delivery have been identified we must be able to measure the contribution made by voluntary and community organisations. Social capital indicators, developed by Community Evaluation Northern Ireland (ceni) on behalf of the Department for Social Development (DSD), have the potential to measure the added value of voluntary and community based activity.¹⁴ They have been broadly welcomed by funders and the sector but need to be embedded in funding

relationships from the outset. Their potential application to measure the added value of voluntary and community-based activity is now noted in *The Northern Ireland Practical Guide to the Green Book*.¹⁵

- 3.5. DSD are currently developing a toolkit which will translate the indicators into a practical evaluation process to complement existing indicators related to specific policy objectives. We aim to develop the indicators to provide a comprehensive evaluation tool and **the indicators and toolkit will be vigorously promoted across Government as an appropriate approach for evaluating the impact of the voluntary and community sector's community development activity**. Similarly, the voluntary and community sector must also adopt and apply the indicators to demonstrate the added value of their work.

Dormant accounts

- 3.6. New sources of funding for the voluntary and community sector would provide opportunities for the sector to further develop and broaden their income base. A Dormant Accounts Fund with the dual purpose of reuniting people with their own money that has become inactive in credit institutions and distributing any unclaimed balance for the benefit of

communities and society is worthy of further exploration. It is difficult, however, to quantify the sums of money involved.

- 3.7. HM Treasury are leading on this issue and have reiterated that the concept of dormant accounts is right in principle as long as the original owners' entitlement to reclaim is preserved. It is too early to indicate, however, if appropriate legislation will be introduced but we **will actively explore this new potential funding opportunity for Northern Ireland**. Priorities for any new resources that may become available would be subject to agreement by the Secretary of State in the light of overall budget priorities.

Social economy

- 3.8. Many voluntary and community organisations have developed into social economy enterprises generating new and additional revenue. The Department of Enterprise, Trade and Investment (DETI) has lead responsibility for an agreed three-year Cross-Departmental Strategic Plan (2004-07) for the development of the social economy.¹⁶ **The Government is committed to a more strategic and integrated approach to the social economy.**

¹⁰ *People & Place. A Strategy for Neighbourhood Renewal*. Department for Social Development. Available from www.dsdni.gov.uk

¹¹ *Investing for Health, Department of Health, Social Services & Public Safety*. Available from <http://www.dhsspsni.gov.uk/investingforhealth.html>

¹² *Regional Transportation Strategy for Northern Ireland 2002-2012*, Department for Regional Development. Available from www.drdni.gov.uk/rts

¹³ *Making it r world 2*. Consultation on a Draft Strategy for Children and Young People in Northern Ireland. Available from www.allchildrenni.gov.uk

¹⁴ Summary Report of Research into Evaluating Community-based and Voluntary Activity in Northern Ireland. Research commissioned by the Department for Social Development. Available from www.dsdni.gov.uk

¹⁵ The Northern Ireland Practical Guide to the Green Book. DFP's Guide to the Appraisal, Evaluation, Approval and Management of Policies, Programmes and Projects. Available from www.dfpni.gov.uk/economic_appraisal_guidance

¹⁶ *Developing a Successful Social Economy*, NI Government's Three-year Strategic Plan 2004-07 Including Action Plan for 2004-05, September 2004, DETI. Available from www.socialeconomy.deti.gov.uk

3.9. A number of the proposed actions in this document, including support for voluntary and community organisations wishing to engage more in the delivery of public services and consideration of procurement practice by Government, will have positive benefits for the development of the social economy in Northern Ireland. The Central Procurement Directorate, for example, have recently published a Public Procurement Guide for social economy enterprises to help social economy organisations understand the public procurement process.¹⁷

Information on funding

3.10. Accurate information on the totality of funding to the voluntary and community sector is fundamental to informing future policy and improving accountability of public funding to the sector. Government Departments are compiling a database with information on all direct funding and payments to voluntary and community organisations. Summary information on grant awards will be available across the Internet and the web site will also provide information on available Government grants and how to apply for these, improving access.

3.11. It is our objective to ensure that the database will be as comprehensive as possible and include information from

other statutory agencies. Where already publicly available, links to information from independent funders should also be included. Better information would be beneficial to funders and the sector and so **we will work to roll-out the database beyond Government Departments. We will also explore ways of improving access to information published by the sector itself.** For example, annual reports and accounts could be made available online via the database.

Reserves

3.12. Good governance and business sense demands that voluntary and community organisations should seek to have adequate financial reserves to meet legal and fiscal obligations. Charity Commission guidance is helpful in agreeing appropriate levels of reserves.¹⁸ Although moving towards a more stable longer-term funding relationship and full cost recovery should help organisations ensure they develop sufficient reserves, the particular financial circumstances of individual organisations must also be taken into account. Funders therefore require appropriate access to relevant financial information to make judgements on adequate and proportionate reserves. **The Government supports the need for**

voluntary and community organisations to retain appropriate reserves and will consider the need for development of specific Northern Ireland guidance on an organisational reserves policy.

3.13. Guidance currently exists on the appropriate circumstances when payments can be made to an organisation in advance of expenditure. This includes an assessment of the available reserves. Similarly, guidance on the use of interim payment profiles is already in operation. The Government will take account of the individual circumstances of the organisation and will make judgements in line with the guidance on a case-by-case basis. The Government will not issue explicit or implicit letters of comfort or oral statements of comfort. Commitments cannot be given to stand behind a funded organisation if that organisation falls into financial difficulties. At all times, value for money for the taxpayer has to be the shared overriding principle in any funding arrangement agreed with the sector.

¹⁷ Public Procurement. A Guide for Social Economy Enterprises. Available from: www.cpdni.gov.uk

¹⁸ Charity Commission Operations Guidance Charity Income Reserves The Law and Our Policy OG 43 B2 – 25 February 2002.

4. Community Development

Community Investment Fund

- 4.1. Many community development initiatives have delivered an impressive range of services to local communities but much of this activity has been resourced through short-term projects and programmes. The active participation of local people in such community development action has boosted confidence but this commitment and participation requires a more strategic approach by the Government. Although a significant level of local services have developed around community development projects, there is no consistent source of funding for the core operating costs of organisations involved in that delivery. **We fully recognise the need to invest in communities to help deliver longer-term change to those most in need.**
- 4.2. **A Community Investment Fund is being established to provide more strategic funding for the support of generic community development activity.** The Fund will be established initially at £1 million for the 2005-06 financial year and £2 million for each of the following two financial years. The new Fund will complement existing Government programmes and will be targeted towards community development activity with an emphasis on building more cohesive

and sustainable communities. This is likely to include support for core costs of local community development programmes, particularly where this leads to improved services to local communities.

- 4.3. We will publish more detailed criteria and delivery mechanisms for the Fund soon but a proportion of the funding will be directed towards the support of longer-term funding for community development activity. This will help address concerns raised by the Task Force around the short-termism of many current programmes.

5. Supporting Change

Modernisation

- 5.1. It is evident that there is considerable change ahead to the funding environment for the voluntary and community sector. Like the public and private sector, the voluntary and community sector needs to modernise and adjust to ensure maximum effectiveness and efficiency. This may also necessitate some restructuring within the sector to address duplication and release more resources for frontline service delivery. Where appropriate, voluntary and community organisations must explore options for greater collaboration. This does not necessarily mean full mergers, but could involve sharing of resources including premises and back office services or shared governance structures.
- 5.2. To help support and facilitate this change within the sector, we are **establishing a Modernisation Fund of £3 million over the next three years to promote modernisation and change within the sector and strengthen the service delivery role of organisations.**¹⁹ We are currently developing the parameters and delivery mechanisms for the Fund. It is anticipated, however, that it will support restructuring initiatives including joint working, organisational development and ICT innovations to improve operational performance and the development of better governance across the voluntary and community sector.
- 5.3. Partnerships between community organisations wishing to engage in the delivery of public services with a voluntary, community or private sector partner that is more experienced or has specialist expertise needs to be tested. Such alliances with more experienced service providers would develop the skills of community-based organisations but help larger providers improve services to end-users. **We will welcome proposals for such approaches to service delivery as a pilot initiative through the Modernisation Fund or through the rollout of the Government's Neighbourhood Renewal strategy.**
- 5.4. **A further £15 million is also being made available over the next three years to support capital projects across Northern Ireland delivered through the voluntary and community sector.** These new capital resources will help build and develop the physical infrastructure of the voluntary and community sector to improve the delivery of services and will focus on investments that can contribute to reduced revenue costs. Services in support of disadvantaged children and young people and improving accessibility to services have been proposed as priorities for this new investment. Further details on how the resources will be delivered will be published soon.

¹⁹ The Northern Ireland allocation from *futurebuilders* will provide the basis of the resources for the Modernisation Fund. *Futurebuilders* is a one-off three-year investment fund to help voluntary and community organisations improve their public service delivery role, announced on the back of the HM Treasury Cross Cutting Review of the Voluntary and Community Sector.

6. Service Delivery

Full cost recovery

- 6.1. The voluntary and community sector brings particular advantages and expertise to the delivery of services and we want to ensure that voluntary and community organisations are able to operate on a level playing field with other service providers. We will work to remove barriers which hinder this engagement. For example, **voluntary and community organisations must be able to include full overhead costs related to delivering a contracted service.** This has been endorsed by HM Treasury²⁰ and guidance issued to all NI Government Departments.
- 6.2. It is the responsibility of voluntary and community organisations, however, to ensure that full overhead costs are included in any contract bids and the voluntary and community sector should adopt an independently assured methodology for cost identification and apportionment. Some useful work has already been done in helping organisations allocate overhead costs.²¹ Although allocation of full costs primarily impacts on service contracts, reasonable overhead costs may also be included as part of grant awards but this will be a matter of negotiation with funders.

Quality standards

- 6.3. Voluntary and community organisations must ensure and demonstrate that they perform to the highest possible standards and strive to improve performance. This is particularly important to those organisations that engage in the direct delivery of services where professional standards and/or professionally trained staff are critical to the delivery of high quality services. **Government will increasingly require evidence of quality standards as a pre-requisite for funding support and will actively encourage and support organisations to embrace a quality approach.**
- 6.4. Where appropriate, support to develop and embed these standards should be included as part of overhead costs or through grant funding, rather than a dedicated source of funding, to ensure more resources are directed to the frontline. **We will engage with the voluntary and community sector to explore how quality standards can be embedded in the business processes of organisations.**

7. Cross Cutting Policy Areas

Departmental leads

- 7.1. Government Departments most closely associated with areas of significant development by the voluntary and community sector will lead on cross cutting areas of work to achieve a cross-departmental approach that makes the best use of voluntary and community sector input. The Task Force identified that there is no clear Departmental lead for four significant policy areas where the voluntary and community sector has had a significant development role and where a number of Departments have been involved in policy and service development. Proposals for moving forward on these areas are outlined below.
- 7.2. Where other substantial cross cutting policy areas emerge, these will be considered on a case by case basis. The designated Lead Minister for the voluntary and community sector will take advice from the Interdepartmental Group on Voluntary Activity and Community Development (IDGVACD) and consult with other Ministers, where appropriate, to agree appropriate Departmental leads.²² The role and function of Lead Minister is discussed later.

Services for people with disabilities

- 7.3. The Department of Health, Social Services and Public Safety (DHSSPS) has identified a number of areas of mutual interest where voluntary and community sector input could significantly impact upon the lives of people with a disability or mental health problem. These include: access to education opportunities for disabled children; support to access further and higher education; training for employment and access to supported employment; employment and its impact on individuals' social security benefits; transport issues; and access to sport and leisure activities.
- 7.4. The DHSSPS will work with the relevant Government Departments to identify disability issues where voluntary and community sector input could be used to improve service provision and develop a way forward.**

Marginalised young people

- 7.5. **The Department of Education will shortly agree and publish a Youth Work Strategy for the Northern Ireland Youth Service.** The strategy will cover most, if not all, of the target

²⁰ More detail on full cost recovery is available in: Guidance to Funders. Improving funding relationships for voluntary and community organisations. A Response to Recommendations 19 and 21 of the Cross Cutting Review. HM Treasury, September 2003.

²¹ 'Funding our Future II: Understand and Allocate Core Costs'. The Association of Chief Executives of Voluntary Organisations.

²² The IDGVACD is made up of representatives of each Government Department and meets approximately three times per year to provide a forum for interdepartmental co-ordination and consideration of voluntary and community sector issues.

8. Internal Governance, Management and Accountability

groups identified by the Task Force. It will include the research, development and implementation of specific youth work strategies to respond effectively to the needs and aspirations of excluded and traditionally under-represented groups. The Department plans to engage on an inter-Departmental basis in the delivery of this new strategy.

Participation of women in marginalised and disadvantaged communities

- 7.6. **The Department for Social Development (DSD) will take lead responsibility for the participation of women in marginalised and disadvantaged communities and will engage with other Departments that have an interest.** The Office of the First Minister and Deputy First Minister (OFMDFM) will continue to be responsible for the development and implementation of a Gender Equality Strategy to tackle inequalities between men and women through the Gender Equality Unit.
- 7.7. The core activities and outputs of organisations promoting the participation of women in marginalised and disadvantaged communities will be assessed. Many

of these organisations provide vital services to local communities such as adult training and childcare and should be supported by the relevant statutory agency. DSD will develop a joint strategy and action plan for the support of relevant support organisations and services in partnership with women's regional and sub-regional networks and statutory funders.

Delivery of rural services

- 7.8. The **Department of Agriculture and Rural Development (DARD)** core funds two regional organisations with a rural remit and **will work with these organisations and other Government Departments to establish the level of engagement by the voluntary and community sector in the delivery of rural services, related development needs for the sector and areas where cross cutting work can be taken forward.** This is in the context of an ongoing policy review by DARD of rural development policy which is due to be completed later this year. In addition, all Government Departments and statutory agencies have rural proofing responsibilities for the delivery of their own services across Northern Ireland.

Accreditation systems

- 8.1. The Government is committed to streamlining the delivery of statutory funding to voluntary and community organisations and the introduction of audit and accountability requirements that are proportionate to the size and turnover of organisations. We recognise the concerns raised by the Task Force around the auditing and accountability of public funding and want to deliver funding in the most cost effective manner ensuring proper accountability for the use of public money. The Department of Finance and Personnel will work closely with the Department for Social Development, other funders and representatives from the sector to take these issues forward.
- 8.2. The requirements that we demand of voluntary and community organisations supported through the public purse must be proportionate to the level of investment and the assessed potential risk. We want to put in place a framework that identifies problems and their solutions before expenditure is incurred to reduce the risk of misuse of public money. **We will put in place mechanisms to check that systems of governance and accountability are sufficient and adequate for the disbursement of public money.**
- 8.3. A system to formally accredit the effectiveness of governance and financial systems is critical to

ensuring the confidence of statutory funders, the general public and other stakeholders. This must be considered in the context of pre-grant inspections, assessment of risk and a quality mark or 'kite marking' system for financial and governance systems of organisations. **We will increasingly develop a proactive approach to ensuring accountability through checking financial control and governance systems and, where necessary, providing help to improve them at the start of the funding cycle.**

- 8.4. A shift towards this systems based audit environment has considerable merit which needs to be applied consistently across all Government funders. Such an approach would allow funders to assess the effectiveness of accounting and governance systems in place within an organisation at the commencement of the funding process. Where this is positive, a less bureaucratic and transactional based approach to audit of funds would follow. As a consequence, auditors would assess control regimes based on proportionality and the assessment of risk, with the adequacy of controls more focused on outcomes. This would have the added benefit of raising the performance and governance standards of all voluntary and community organisations across Northern Ireland.

8.5. The production of annual accounts, externally audited by qualified professionals, is a crucial element in any assessment of governance and control standards. Where applicable, the principles of the Statement of Recommended Practice (SORP 2005) provides a greater degree of certainty on the way in which voluntary and community organisations should report annually on resources entrusted to it.²³ **The application of the guidance in Northern Ireland will be reviewed and integrated as appropriate with other relevant actions being taken forward.**

8.6. The Government will require voluntary and community organisations that are in receipt of public money to meet our accounting and audit requirements. We will develop more detail on the nature and scope of any accreditation systems and will consult with the voluntary and community sector as to how these might best be implemented in a way consistent with Government accounting and audit rules. We will want the voluntary and community sector to take a lead in the development of accreditation systems, perhaps with support from an independent body. **This will be complemented through the development of practical guidance that identifies the standards required in the delivery and**

accountability of public money by the voluntary and community sector linked to accreditation.

Lead Funder

8.7. HM Treasury guidance covers much of what needs to be addressed in the funding relationship between the Government and the voluntary and community sector.²⁴ **In Northern Ireland, advice recently issued to all Government Departments endorses this guidance including the concept of a Lead Funder.**²⁵ This guidance states that ‘where recipients receive funding from more than one funding body (or different parts of the same funding body) it is good practice, wherever practicable, to appoint a ‘lead funder’ to streamline and co-ordinate monitoring and inspection arrangements’. Under such an arrangement, funding will still be sourced from different statutory bodies but there would be agreed coordination of audit for the organisation as a whole. Although contributing bodies need to satisfy themselves that the arrangements meet their internal accountability standards, this would ultimately improve the efficiency of the administration of public monies.

8.8. We recognise the inefficiencies resulting from multiple audits and

checks by different statutory funders providing a cocktail of funding to a voluntary and community organisation.

The Lead Funder approach will be promoted across Government but further work is required to implement this type of arrangement in practice.

As a first step it will be necessary to identify suitable pilots. It should also be recognised that this guidance relates to the funding relationship with more than one statutory funder and the linkage with EU funding sources needs further consideration.

Good governance development programme

8.9. A Practical Guide to Finance and Governance currently being developed by a steering group with representatives across Government and the voluntary and community sector will include guidance on the key principles of good governance, planning, management and financial control with signposting to sources of advice and support both within Government and the sector. It will also highlight training and development opportunities for voluntary and community sector staff, volunteers, members of management boards, trustees and committees to embed good governance. A number of general training courses in governance within the sector are already available but relevant training should be better co-ordinated and should link with

accreditation of governance systems of voluntary and community organisations.

8.10. The Department for Employment & Learning (DEL) are due to pilot a new programme to help individuals become more active in public life, encouraging civic participation. The programme aims include the development of governance skills of individuals who may serve on Management Boards and Committees and so boost governance capacity within the voluntary and community sector. **We will draw up a needs assessment for a good governance development programme that reflects existing training opportunities and this new pilot programme.**

Charities regulation

8.11. The need to strengthen the regulation of charity law in Northern Ireland is well established and the legal framework must help charities develop their activities and services and ensure the confidence of the general public and other key stakeholders. **Proposals for changing the regulation of charity law in Northern Ireland have issued for consultation and include proposals to establish a register of charities and a Northern Ireland Charities Commission.** The consultation period will end in May and we will take forward agreed recommendations as quickly as possible.

²³ Further information available from www.charity-commission.gov.uk

²⁴ Guidance to Funders – Improving the funding relationships for voluntary and community organisations. A Response to Recommendations 19 and 21 of the Cross Cutting Review. HM Treasury, September 2003.

²⁵ Available from <http://www.aasbni.gov.uk/pubs/dao1304.doc>

9. Relationship between the Government and the Voluntary and Community Sector

Joint Government/Voluntary and Community Sector Forum

- 9.1. The Joint Government/Voluntary and Community Sector Forum (Joint Forum) was established to improve relationships between the Government and the voluntary and community sector.²⁶ It includes representatives from all Government Departments and the voluntary and community sector and meets at least three times per year to discuss issues of mutual interest and concern. **A review of the Forum and its work is currently underway and is due to be completed soon.**

The Compact

- 9.2. The *Compact* is a high level document incorporating a statement of values and principles rather than specific measurable undertakings and so it is difficult to invoke compliance or non-compliance. Adherence to the *Compact*, however, is fundamental to effective and equitable partnership working between the Government and the voluntary and community sector with a focus on strategic relationship issues.
- 9.3. The Government views adherence to the *Compact* as a priority but does not deem it appropriate to establish a quasi-judicial mechanism for enforcing improved performance in an area which should focus on developing

agreement and consensus on the measures and requirements to adhere to the *Compact*. *Partners for Change, Government's Strategy for Support of the Voluntary and Community Sector*, will continue to draw on existing Departmental complaints mechanisms for instances of non-adherence to the *Compact*.

Increasing awareness and understanding of the Compact and its relevance will be a key action for the next few years.

- 9.4. **Senior officials within each Department have also been identified to take responsibility for ensuring implementation and adherence to the Compact.** These officials will have oversight of relationships with the voluntary and community sector for their respective Departments. **The voluntary and community sector must also work to increase awareness of the Compact, however, and should put in place an appropriate awareness programme.**

Linkages with the voluntary and community sector

- 9.5. Current practice for communication with the voluntary and community sector varies across Departments. Some Departments meet annually with voluntary and community organisations as part of their

responsibilities under Section 75 of the Northern Ireland Act 1998. Others have consultation mechanisms that whilst not specifically targeted on the voluntary and community sector, do include representatives of the sector and so provide a useful communication mechanism.

- 9.6. The case for effective communication between Departments and the sector is well made. It would be inappropriate, however, to introduce new arrangements that run in parallel, overlap or interfere with current arrangements. **Existing arrangements through which Departments engage with the voluntary and community sector will be reviewed to develop the best way forward.**

Lead Minister

- 9.7. If maximum benefit is to be achieved from the input of the voluntary and community sector it will require the commitment of all Departments and Ministers. A Lead Minister could seek to influence Ministerial colleagues and provide a lead on voluntary and community sector issues. **The Minister with responsibility for Social Development will act as the Lead Minister for strategic voluntary and community sector issues.** The Lead Minister, however,

will not have responsibility for all voluntary and community sector issues across the Government. Relevant Ministers will continue to be responsible for issues that fall within their Departmental remit.

Policy development

- 9.8. The voluntary and community sector plays an important role in the development and implementation of Government policies. Consultation is a key facet of a modern policy-making process and is an important element of the Section 75 statutory equality duty. Input from the voluntary and community sector, particularly communities of interest, assists the Government to fulfil its statutory duties.
- 9.9. The Government wishes to support and promote partnership working in the context of the *Compact* and good policy development. Where appropriate, this should be resourced as part of the funding relationship with voluntary and community organisations and does not require a separate funding stream. Voluntary and community organisations have often applied their experience and expertise in working with the Government to develop and deliver innovative and imaginative consultations. They should also

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continue to work to optimise the use of resources through collaborative approaches or use of support organisations within the sector.

- 9.10. **The voluntary and community sector is well placed to develop training materials and skills to assist organisations to engage in the policy development process.** The development of the Practical Guide to Policy Making and other measures could be used as building blocks.²⁷ The Joint Forum should take this forward and work should begin soon with a view to identifying the training materials required and any skills gaps.

Strategy for support services

- 10.1. The provision and mechanisms for resourcing voluntary and community sector support services is complex and confusing and there are imminent changes to the way in which many of these organisations are funded. There is scope for improving the provision, support and resourcing of support services but it is likely to lead to some rationalisation. **DSD will lead on the development of a strategy for support services which will address benchmarks and performance standards for support organisations to help ensure consistency of service provision.**

Networking centres

- 10.2. A building that provides a focal point for voluntary and community sector support organisations working at a sub-regional level could provide a physical base for a number of groups, urban and rural based, to share physical and administrative resources, promote networking and create the capacity for income generation. Some of these network centres are already in place and have successfully promoted networking and, on occasions, attracting the private sector to rent space. Other communities may benefit from a strategically located network centre.

We will consider supporting feasibility studies to develop plans and proposals for sub-regional centres through the Modernisation Fund.

Community accounting services

- 10.3. Many smaller voluntary and community organisations would benefit from centralised accounting support and assistance to devise and implement financial control planning procedures. Some support organisations within the voluntary and community sector already provide this type of support service.
- 10.4. A community accounting service aims to increase the effectiveness of the financial management and governance of charities and voluntary and community organisations. Its objective is to provide quality services which may include: training; advice and consultancy; information, accounting and payroll services; and other technical support.²⁸
- 10.5. **Development of the strategy for voluntary and community sector support services will consider the potential role of community accounting services either provided by one or more independent organisations or enhancing the activity of existing support organisations.** This does not necessarily restrict the provision of

this type of service, however, to the voluntary and community sector and the private sector could have a role to play.

ICT Strategy

10.6. Many voluntary and community organisations provide Information & Communications Technology (ICT) support to local groups and the wider community and there is a wealth of ICT infrastructure. Much of this is uncoordinated and inconsistent. Barriers to organisations engaging with ICT to modernise their operations must be overcome. **An ICT strategy should be developed but should be led by the voluntary and community sector to ensure ownership.** We would support development of a strategy through the e-Government Unit in OFMDFM.

10.7. Development of the strategy should commence as soon as possible as it could help prioritise areas for ICT investment and potential support from the Modernisation Fund. The strategy should also integrate with the planned review of support services across the sector including the potential role of community accounting services as outlined above.

Skills strategy

10.8. The Sector Skills Development Agency currently supports twenty-two Sector Skills Councils (SSCs) through the Skills for Business network. It holds responsibility for cross sectoral skills issues and one of the SSCs, SkillsActive, has been appointed to take forward a strategic plan to meet the skill needs of voluntary workers. A number of other SSCs are partners in this initiative, for example Lantra (Agriculture Sector), Skills for Health, Skills for Justice and GoSkills (Transport sector). In addition, the Lifelong Learning (LLUK) SSC is responsible, inter alia, for learning and development needs of the community-based voluntary sector workforce across the United Kingdom, taking into account the specific needs of the Devolved Administrations. This will include identifying the standards for staff in leadership and management, in training and learning and for governance.

Training and development

10.9. Voluntary and community organisations must invest in developing their staff and volunteers to ensure that they have the

necessary skills and expertise. This type of expenditure is appropriate and legitimate and we will consider support on a case by case basis. This could be via routine funding provision as part of a grant or included within the overhead cost of service delivery contracts. Voluntary and community sector support organisations also have an important role to play in the delivery and co-ordination of training and their input should be considered as part of the development of the strategy for support services.

10.10. There are a range of training opportunities available to voluntary and community organisations but this needs to be co-ordinated more effectively. **The voluntary and community sector is best placed to develop a co-ordinated approach to training and development and should bring together the relevant interests.** We will contribute by co-ordinating input on joint-training initiatives between the Government and the voluntary and community sector.

11. Next Steps

- 11.1. To ensure that the momentum generated by the Task Force is maintained, an Implementation Group consisting of Senior Officials within each Department with responsibility for oversight of relationships with the voluntary and community sector will meet twice annually to oversee implementation. The Group will be chaired by the Minister with responsibility for Social Development. **An annual report on progress will be presented to the Joint Forum.**
- 11.2. Likewise it is important that the voluntary and community sector engages in taking forward the actions where they are best placed to do so. Feedback from the wider voluntary and community sector would also help inform how we progress these actions. The Northern Ireland Council for Voluntary Action (NICVA) is well placed to perform this function and **we would welcome twice-yearly reports to the Implementation Group and the Joint Forum on relevant issues.**
- 11.3. Given the importance of the actions outlined, we are determined to make progress as quickly as possible and some of the actions are already being taken forward. Other recommendations require further work or more comprehensive consultation. Where appropriate, actions will be

included in the next *Partners for Change* strategy which is due to be published later this year and will be subject to a formal consultation. The Joint Forum is currently involved in preparation of the draft *Partners for Change* strategy. This provides an opportunity to consider the actions in this document which it is proposed they are best placed to deliver.

- 11.4. These proposed actions encompass a range of policies, many of which are the responsibility of individual Departments. New policies introduced in the context of this response will be screened and, if necessary, an Equality Impact Assessment undertaken by the Department with lead responsibility for that particular policy. Many of these proposals will have a particularly beneficial impact on equality of opportunity across many of the Section 75 categories.
- 11.5. In summary, this response to the Task Force report presents a significant agenda for change. The Government accepts the challenge to help ensure that the voluntary and community sector is best placed to demonstrate and deliver its full added value. Similarly, the voluntary and community sector need to respond to that challenge and we look forward to a positive response.

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