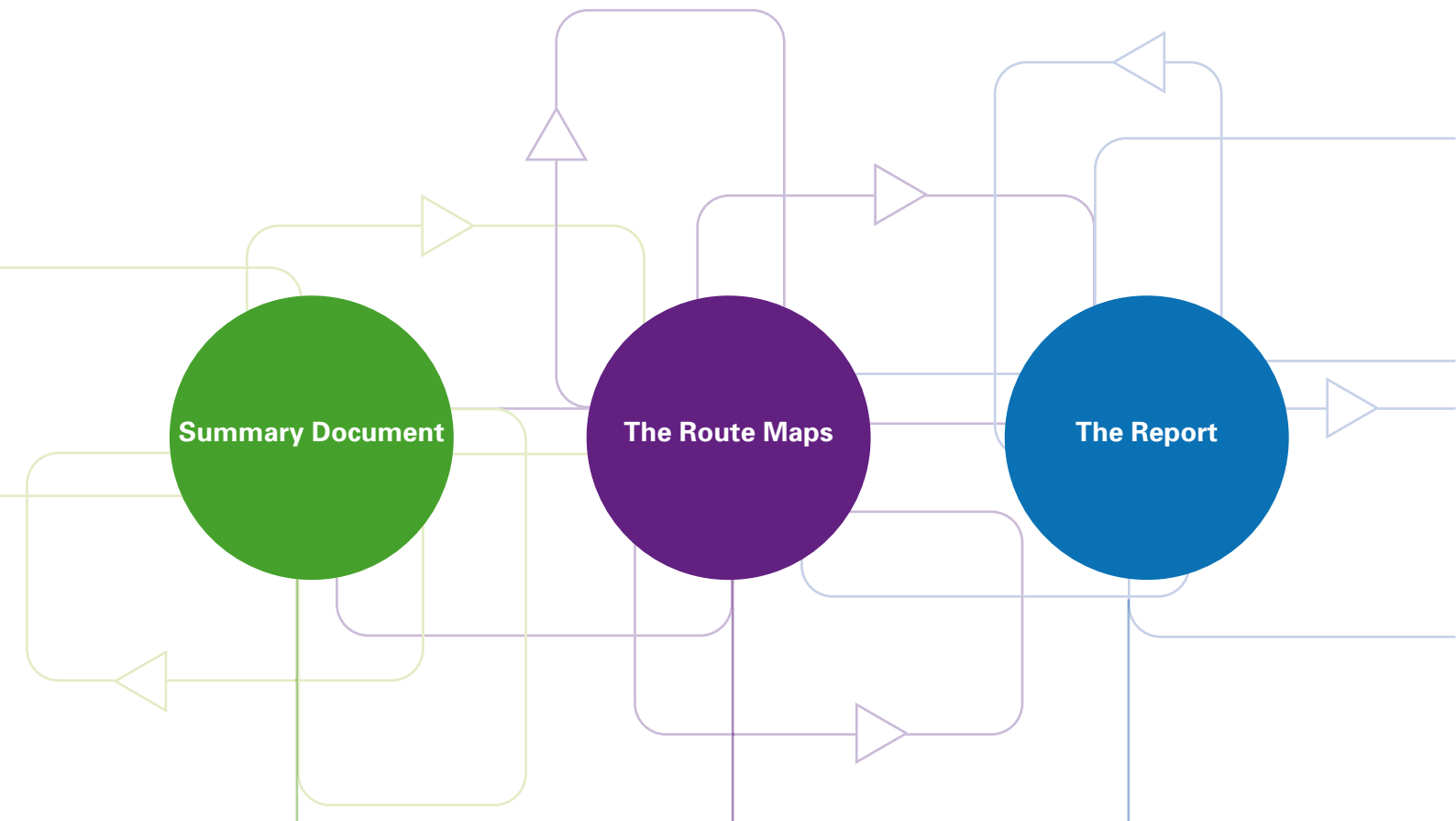


A Sustainability Route Map for South Yorkshire's Third Sector



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Appendix

March 2008

The Route Maps

This research was undertaken between March and October 2007 by Sheffield Community Enterprise Development Unit (SCEDU) and The Graduate Gateway, under contract with South Yorkshire Open Forum (SYOF).

We would like to pay particular thanks to the SY VCS Research Group, Yorkshire Forward and the South Yorkshire Partnership for all their input and advice. We would like to thank everyone who was able to share organisational information with us in order to help us develop the sampling frame. And in particular we would like to thank all those organisations who participated in the questionnaire survey: without you this project would not have been possible.

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Methodology

The approach taken towards the research comprised of four separate segments, as summarised below.

Policy and Context Review

Before any research was undertaken, it was first necessary to conduct a desk-based review of government policy (local, regional and national) relevant to the project, e.g. Third Sector Review. This review allowed us to put the project in a relevant context, having an understanding of what policies might impact upon the sector's development.

It was decided that due to the long duration of the project (March to October 2007), it would be prudent to conduct the review in two parts: a lot can change in eight months (i.e. the Prime Minister)! The first part would be at the beginning of the project, followed by an update that would help inform the development of the research methodology. And then the second part would be at the end of the field research, where we would "refresh" the review just before the write up.

Literature Review

Following on from the first part of the policy and context review a literature review of relevant research projects was undertaken, again in a desk-based manner. A variety of projects were consulted, including discussion papers, qualitative studies and quantitative studies (e.g. Options for Sustainability Report). This helped develop the methodology for the field research, allowing us to learn useful lessons and avoid duplicating any existing research (unless it was either obsolete and/or substandard).

Field Research

Once the initial desk-based reviews had been completed, we set about undertaking our field research. This entailed administering questionnaires to three separate stakeholder groups; frontline organisations, infrastructure bodies and public sector agencies from across all of South Yorkshire's four localities. Organisations were identified on the following basis:

- Their purported likelihood to respond;
- Their geographic location (i.e. so as to gain a representative cross-section of the localities);
- Their suitability (so as to gain a balance of different organisations – e.g. large social enterprise, small traditional community organisations, etc.).

This exercise was carried out in consultation with the SY VCS Research Group and key infrastructure organisations, with a variety of contact databases and personal contacts being utilised. All in all, a total of 50 organisations were identified for survey, against the following breakdown:

	Sheffield	Barnsley	Rotherham	Doncaster	Total
Frontline Organisations	8	8	8	8	32
Infrastructure Bodies	3	2	3	2	10
Public Sector Agencies	2	2	2	2	8
Total	13	12	13	12	50

The next phase was to design the questionnaires to be administered. This was done upon the research brief's specification, with attention also being paid to the policy & context review and the literature review. In all, three different questionnaires were designed (i.e. one per stakeholder group). For full copies of these, please refer to the Appendix 'Items 01, 02 & 03.'

In order to increase the return rate questionnaires were administered through a variety of mediums, including; face-to-face interviews, telephone conversations, postal returns and email. A guarantee of anonymity was also offered in order to encourage a high return with the following returns:

	Sheffield		Barnsley		Rotherham		Doncaster		Total	
	c	r	c	r	c	r	c	r	c	r
Frontline Organisations	8	4	8	4	8	3	8	2	32	13
Infrastructure Bodies	3	2	2	2	3	2	2	1	10	7
Public Sector Agencies	2	2	2	2	2	2	2	2	8	8
Total	13	11	13	9	13	8	13	5	50	28

c = contacted r = returns

However, it must be noted that despite this relatively modest return, the sample size as an aggregate is relatively low. Thus, when findings are interpreted, due prudence must be exercised.

Tender Mapping Exercise

Between May and September 2007 a sample of over 60 tenders from South Yorkshire public sector agencies were mapped (i.e. key information was recorded) to judge their suitability for third sector supply. The tenders were trawled from a variety of different sources, including:

<http://www.buy-local.co.uk>

<http://scms.alito.co.uk/>

<http://www.bluelight.gov.uk>

<http://www.supply2.gov.uk>

<http://publications.europa.eu/>

<http://www.sell2wales.co.uk>

Local authority websites

Trade press (e.g. New Start)

They were mapped against the following headings:

- Accessibility of tender (i.e. how easy it was to become aware of opportunity)
- Value
- Timescale
- Areas of business (i.e. what they were for)
- Suitability of match against third sector supply

Due to the scope of the sector there is an increasingly large and diverse range of policy that influences both the sector as whole and thematic organisations within.

The need to absorb and find opportunities within this sea of policy is a significant challenge and very difficult unless you have specific resource with which to do so.

In this section we have set out some of the key policy influences on the sector and signposted to further information. Importantly, there are bodies such as NAVCA (National Association for Voluntary and Community Action) whose job it is to review, process and communicate policy, as well as agencies such as Capacitybuilders and its various subcontracted Hubs who all provide a wide range of information and support in easily digested formats.

The Regional Forum, Social Enterprise Yorkshire and The Humber (SEYH), South Yorkshire Open Forum (SYOF), local CVS (Council for Voluntary Service) and social enterprise organisations will also provide assistance in translating policy.

The Local Strategic Partnerships (LSPs) and Community Empowerment Networks (CENs) provide support with policy and practice closer to home.

Remember though, being clear about who you are as an organisation, what you do and the benefits you bring will ultimately help you focus on the policy most relevant to you.

Government Policy

Government policy can route directly from government departments or others such as Regional Development Agencies (RDAs), Local Authorities (LAs), Primary Care Trusts (PCTs), The Probation Service, etc. Each Government Department has its own website with links to a wide range of activity.

Department of Health (DoH) – <http://www.dh.gov.uk>

This site contains information on national strategy, links to the Regional Strategic Health

Authorities (SHA), PCTs and local implementation. As you might expect, more specific local information appears on the SHA and PCT sites.

Key Documents

- 'Our Health, Our Care, Our Say'
- 'No Excuses. Embrace Partnership Now. Step Towards Change!'
- 'Welcoming Social Enterprise into Health and Social Care'

Key Activities

- Social enterprise pathfinder programme
- Flying Start programme
- Social Enterprise Fund

Key Statement

"It's part of the commitment we made in the Our health, our care, our say White Paper (2006) to support social enterprises and minimise the barriers you could face in setting up and competing fairly as health and social care providers."

Policy and Context Review

Business, Enterprise & Regulatory Reform (BERR) - <http://www.berr.gov.uk>

Formerly the DTI (Department of Trade and Industry), BERR is responsible for business support for social enterprise that routes through the RDAs and Business Links. Until the creation of the Office of the Third Sector (OTS), the Social Enterprise Unit sat within the DTI. While policy around social enterprise is now in the OTS, responsibility for business support remains within BERR.

Key Documents

- 'A Survey of Social Enterprise Across the UK'
- 'Social Enterprise Strategy'

Key Activities

- Business Link
- Better regulation, simplification of business support

Key Statement

"On 17 July 2007, Stephen Timms, Minister of State for Competitiveness, announced the renaming of the "Small Business Service" as the "Enterprise Directorate." The new name reflects the Department for Business, Enterprise and Regulatory Reform (BERR) emphasis on enterprise and growth. The Enterprise Directorate continues to be the expert policy unit on small business issues throughout Government."

Department for Education & Skills (DfES) - <http://www.dfes.gov.uk>

The role of the DfES focuses on five points from the heart of the Every Child Matters strategy. These are that every child should:

- Stay healthy and safe
- Secure an excellent education and the highest possible standards of achievement
- Enjoy their childhood
- Make a positive contribution to society and the economy
- Have lives full of opportunity, free from the effects of poverty

The department influences everything in the local 0-19 agenda, as well as new areas of interest such as Specialist and Extended Schools agenda.

Key Documents

- 'Every Child Matters: Change for Children'

Key Activities

- DfES Third Sector Forum
- Surestart

Key Statement

"The voluntary and community sector is a major provider of services for children and young people. We have developed an overarching strategy setting out how we work with the sector on the Every Child Matters: Change for Children Programme. The strategy and further details of the role of the voluntary and community sector in Every Child Matters, including stakeholder groups, are available on the Every Child Matters website."

Communities & Local Government (CLG) – <http://www.communities.gov.uk>

The CLG takes the lead on third sector issues for the government, as well as housing, planning, community cohesion and local government. It finished consulting on the new Third Sector Strategy on September 20th 2007: the results will inform the Government's approach for the next 3 years.

Key Documents

- 'Strong and Prosperous Communities'
- 'Making Assets Work: The Quirk Review'
- 'The Third Sector Strategy for Communities and Local Government'

Key Activities

- Community Asset Transfer
- The Compact
- Community Cohesion

Key Statement

"Our reforms will empower citizens and communities; create stronger and more visible leadership; and put in place a new framework within which local authorities and their partners can work."

Office of the Third Sector (OTS) – http://www.cabinetoffice.gov.uk/third_sector

Not surprisingly the OTS is responsible for the vast majority of activity relating to our sector. It includes Capacitybuilders, Social Enterprise Ambassadors, the Social Enterprise Unit, and Partnership in Public Services and is the publisher of the action plan for third sector involvement across government. The OTS is also the home of the National Compact; which works across the following five areas:

Funding and Procurement

- Consultation and Policy Appraisal
- Black and Minority Ethnic (BME) voluntary and community organisations
- Volunteering
- Community Groups

Key Documents

- 'Third Sector Review'

Key Activities

- Charity regulation
- Third Sector funding
- Social Enterprise
- Volunteering
- Unclaimed assets
- Capacitybuilders

Key Statement

"The Office of the Third Sector was created in May 2006, incorporating the responsibilities of the Active Communities Directorate in the Home Office, and the Social Enterprise Unit in the Department for Trade and Industry. The decision to place the Office of the Third Sector at the centre of government in the Cabinet Office was taken in recognition of the increasingly important role the third sector plays in both society and the economy."

Department of Work and Pensions (DWP) - <http://www.dwp.gov.uk>

The DWP covers a broad area of policy, including disability, welfare reform, worklessness and child poverty. It is the UK managing agent for the European Social Fund (ESF) Programme 2007-13, which focuses on "regional competitiveness" and will release targeted funds of £118m for 'phasing' and £140m for 'employment'.

Key Documents

- 'The Disability Discrimination Act 2005'
- 'In Work, Better Off: Next Steps to Full Employment'

Key Activities

- Jobcentre Plus
- The Child Support Agency
- The Disability and Carers Service

Neighbourhood Renewal Unit (NRU) – <http://www.neighbourhood.gov.uk>

As part of the CLG, the NRU is responsible for operating the government's Neighbourhood Renewal Strategy and harnesses hundreds of millions of pounds spent across government to operate a range of programmes.

Key Documents

- 'A New Commitment to Neighbourhood Renewal: A National Strategy Action Plan'

Key Activities

- Neighbourhood Management Pathfinders
- New Deal Areas
- Safer and Stronger Communities Fund
- Local Enterprise Growth Initiative
- Neighbourhood Renewal Fund

Key Statement

"The government has set out an ambitious vision for narrowing the gap between deprived communities and the rest of the country so that, within ten to twenty years no-one should be seriously disadvantaged by where they live."

Other Reports, Documents and Funds

'The National Social Enterprise Strategy' (2002)

This strategy aims to drive change across the following four areas:

- fostering a culture of social enterprise, embedding the change that is already underway,

especially through inspiring the next generation to start thinking about the social impact of business

- improving business advice, information and support available to social enterprises
- tackling the barriers to access to finance that restrict the growth of social enterprises
- enabling social enterprises to work effectively with government to develop policy in the areas of expertise

'Budget 2007' (NCVO Summary)

The budget has highlighted a number of areas of expenditure and reform that will benefit the sector including:

- Tax-effective giving
- Futurebuilders
- Unclaimed Assets
- Invest to Save
- Social enterprise
- Corporate community involvement
- Public service reform

'Lyons Inquiry into Local Government'

The final report from Sir Michael Lyons' review of local government was published alongside the Budget statement, entitled "Place Shaping – a shared ambition for the future of local government." Government will take forward key measures from this report.

The relevance of this report for the third sector is that there will be greater freedom in the allocation of local authority budgets, with a reduction in specific grants and ring-fenced funding. Government will also be examining how the grant system could provide incentives for local authorities to deliver economic prosperity in their areas, including through proposals to reform Local Authority Business Growth Incentives which will be published this summer.¹

'Destination 2014 – our strategy for the delivery of ChangeUp' CapacityBuilders

Capacitybuilders has been designed to strengthen infrastructure in the sector: the South Yorkshire ChangeUp Consortium is managed by the South Yorkshire Open Forum (SYOF). In this instance strengthening infrastructure means strengthening physical facilities, organisational structures, systems and relationships, as well as the people, knowledge and skills that help frontline organisations achieve their aims. Over the next 2 years £70 million

1. <http://www.navca.org.uk/>

will be invested in:

- Supporting the development of consortia throughout England;
- Driving the work of the national hubs of expertise; and
- Providing extensive grant programmes for consortia and other infrastructure bodies to support frontline organisations.

For more information on the programme in South Yorkshire, please visit:

<http://www.syopenforum.org.uk>

The Comprehensive Spending Review 2007 (CSR)

The CSR has just been announced for the period 2008-11. The review provides government policy direction for the allocation of resources over the medium-term. Headline areas of policy direction cover macro-economic stability, sustained investment in the NHS, increased resources for education, science, transport, security, housing and child poverty. Tax will be simplified and modernised and the environment protected. Communities and Local Government did well with a real terms increase of 2.9% - £2 billion - to be spent on neighbourhoods and local renewal.

Activity under the review is captured in 30 new Public Service Agreements (PSAs), which are grouped into four themes. The third theme, "stronger communities and a better quality of life" PSA 21 carries the most relevance to the third sector.

Entitled "build more cohesive, empowered and active communities" its indicators include a "thriving third sector", which the measurement annex shows will be measured by the number of people who volunteer on a regular basis and are employed in the sector.

Third sector organisations (TSOs) are also mentioned in the new performance framework for local authorities' national outcomes, particularly indicators NI6 "participate in regular volunteering" and NI7 "environment for a thriving third sector."

The report recognises the valuable contribution that the third sector can make to the transformation of public services by becoming a key delivery partner across Public Service Agreements, particularly in youth, employment, waste, recycling and community transport. Importantly, the review also recommends that:

"Third sector funding should be reformed with a more stable funding system through three year funding plans becoming the norm."

The Third Sector Review, completed in July 2007, informed the approach of the Comprehensive Spending Review. Key recommendations from it were:

- A greater focus on enabling the third sector's role in campaigning and representation
- New £50 million local endowment match fund through local independent foundations to provide sustainability in future grant making, building on the £80 million small grants programme for community action
- £10 million new investment in community anchors, asset and enterprise development
- £117 million of new resources for youth volunteering
- £65 million invested into Futurebuilders Fund to build capacity and train commissioners of public services
- Investment to investigate the social enterprise business model and its potential to support service delivery
- Over £85 million for third sector infrastructure development through Capacitybuilders

For further information, please visit:

<http://www.communities.gov.uk/documents/localgovernment/pdf/505713>

Literature Review

Several relevant literatures were identified and reviewed as part of the literature review. The following is a summary of the most pertinent and their implications.

'Part of the Picture – The Voluntary and Community Sector across South Yorkshire' – Rob Macmillan, Sheffield Hallam University (2006)

As the precursor to this project, the significance of Part of the Picture was never in question. However, upon closer analysis it is surprising how considerable some of its findings were: especially in terms of the implications these had for sustainability.

Of a possible 6264 organisations in the sector it is purported that 51% have an income of less than £10,000/yr, with 73% having an income of less than £50,000/yr. The immediate assumption that can be drawn here is that the vast majority of organisations in the sector are small, with limited resources. This notion is furthered by the fact that 63% of organisations have no paid staff. Admittedly, there is a high dependence on volunteers, with there being roughly 18 volunteers per organisation (112,500 in total): this equates to each organisation having roughly 4.75 volunteer days per week in terms of human resources. This notion is furthered when it is considered that of the 37% of organisations who have paid staff, 50% of these are part time.

However, it is apparent that 19% of organisations have an income of over £100,000. This suggests that there is still a large number with significant resources. The fact the 24% of organisations asserted that they own premises (from which they operate) furthers this idea. All in all, a mixed picture of the sector is painted.

But what implications does this have for sustainability? Is it appropriate to assume that the more resources and sheer size an organisation has, the better equipped it will be to change and follow a path towards sustainability.

But then again, is it not true that the smaller an organisation is, the easier it will be to change, by sheer definition of there not being as much to change? Does an organisation's age have a bearing, meaning that it is more used to dealing with growth and change? With 25% of organisations in the sector having been in operation less than 10 years, one could argue that the sector is in an ideal position.

However, regardless of this inconclusive speculation, when these facts, figures and rhetoric are put in the context of what actual 'options for sustainability' exist, the picture painted is distinctly bleak. According to Part of the Picture, the five most pressing

problems facing the sector are:

- Funding (having the skills to put in quality bids and raising funds)
- Volunteers (finding, recruiting, keeping and developing them)
- Time to get involved in networks and partnerships
- Getting new members and users involved in your group
- Getting the right skills and experience on your management committee

With *funding* and *volunteering* commonly viewed as serious 'options for sustainability' it is apparent that the sector has a lot of work to do. This is also true of *joint ventures*, with there being distinct difficulties noted in developing partnerships.

Regarding the sustainability option of *enterprise and trading* (i.e. selling products and services), the fact that organisations have difficulty engaging new people suggests that they would also have difficulty attracting new customers. However the noticeable failure to mention enterprise and trading shows how far the culturally the sector still has to come to grasp some of the options available to them.

From the perspective that there will need to be general organisational change when pursuing sustainability, it is also worrying that organisations have difficulty getting directors/trustees with the right skills and experience. All in all, the suggestion is one that there needs to be a radical re-think if organisations are to sustain themselves into the 21st century.

'Financial Sustainability in Voluntary Organisations: a review of concepts and literatures' Gareth Morgan, Independent (2007)

The term 'sustainability' is no different to most, in that there are a raft of different definitions people attach to it. Perhaps the most "accepted" is the idea that it is about "meeting the needs of the present without compromising the ability of future generations to meet their own needs."² As such, organisational sustainability could be viewed as "managing a business so as to meet present expectations without compromising the ability of a future generation of management to meet future expectations."³ However, in contrast there is also a popular school of thought that regards sustainability as "a characteristic of a process or state that can be maintained indefinitely."⁴ There is a distinct difference between operating in an appropriate manner now that doesn't compromise your ability to operate in appropriate manner later, as opposed to just operating in the same appropriate manner all the time. Why would one assume that the needs of today would be the needs of tomorrow: surely you need to adapt to the needs of now?

As such, Morgan (2007) argues that it is about winning "sufficient financial resources to deliver core work on an ongoing basis." Naturally, whatever is "core" will vary with the

2. <http://www.google.co.uk/search?hl=en&safe=off&q=define%3Asustainability&btnG=Search&meta=>

3. <http://www.unisa.edu.au/corpsocialresp/csr/sustainability.asp>

4. <http://www.google.co.uk/search?hl=en&safe=off&q=define%3Asustainability&btnG=Search&meta=>

times. But, why is there an assumption that this has to be “ongoing”? The needs of a population (i.e. what organisations ultimately serve) evolve: very few things are ever timeless. Thus, surely it is wiser to attach a timescale to your mission and keep pace with the changing needs of your customers, rather than assuming that things are going to go on forever?

‘Perceptions of Organisational Sustainability in the Voluntary Sector: A Qualitative Study in South Yorkshire’ Tracey Coule, Voluntary Action Rotherham (2004)

Coule (2004) recognises that not only do the needs that organisations meet change, but “the changing financial dynamics of the voluntary sector are no doubt an important determinant of its future sustainability” – i.e. the finance they use to fuel themselves is also changing. Thus, it is important that a holistic view to sustainability is taken.

Sustainability Funding Project, National Council for Voluntary Organisations - <http://www.ncvo-vol.org.uk/sfp>

This notion of the “changing financial dynamics of the voluntary sector” is also recognised by the Sustainability Funding Project. They “promote an approach that encourages organisations to explore opportunities for income diversification across a spectrum of opportunities” – i.e. reduce risk by having an appropriate financial portfolio. This is significant, as it suggests that sustainability is not about one option: it is about a balance of options that are appropriate to your organisational circumstances.

‘Options for Sustainability Report’ NUCA & MCDT (2004)

Perhaps the paper that draws the most synergy with this research is the Options for Sustainability Report. This sets out in a very linear fashion a guide for several different sustainability options, ranging from grant funding to public service delivery, as highlighted below:

Sustainability Options	Criteria Covered per Option
Grant Funding	Overview
Scheme Management including accountable body	Capacity/skills required
Asset Based Development	Pros & Cons
Social Enterprise	Considerations
Public Service Delivery	Case Studies
Neighbourhood Management	Issues & questions
Clustering/Consortia	

This document is very useful, as reading through it allows us to step away from our mindset of writing documents, to actually read one and appreciate as a reader, not a writer, what it is like to use such a document. This will inevitably help us when we structure our report.

'Learning the Lessons: a snapshot of high performing voluntary and community organisations in South Yorkshire' David Burnby (2006) ⁵

A successful organisation is often construed, or perhaps misconstrued, as one that is sustainable (and visa versa). Learning the lessons attempts to "draw out the factors that contribute towards their [the identified organisations] high performing status" through an interview process. It identifies such internal factors as "integrity of purpose" and the "calibre and skill profile of Chief Officers" as important prerequisites. However, limited attempt is made to look at how organisations operate in an external sense – i.e. what business models they utilise in order to be high performing. Nevertheless, what is of use is a collection of generic opinions expressed by the interviewed organisations, including:

- they are weary of social enterprise as it may dilute the sector's philanthropic ways
- there is a need for more funding
- asset based development is a distinct opportunity, but a long-winded and resource-consuming process
- the contract culture that is starting to emerge does not play into the hands of the sector's capabilities

These opinions suggest that there is a general desire for the sector to stick to what it knows. This supports the idea that there is a cultural, as well as a logistical, barrier to overcome if sustainability is to be achieved.

'A Business Case for Sheffield's VCS' The Graduate Gateway (2006 – ongoing)

In a recent survey of Sheffield's VCS, organisations identified within the sector the following USPs (Unique Selling Points):

- bringing about community benefit
- employing local people
- community networks
- trust

Despite these not being routes to sustainability, by virtue of an organisation knowing what it is good at it may have a better idea of what business model, or sustainability option, to explore.

5. <http://syopenforum.org.uk/LearningTheLessons.pdf>

South Yorkshire Procurement Task Force (SYPTF)

The SYPTG was established to drive forward procurement by third sector organisations, helping establish better mutual relations with public sector agencies. As such it is working towards setting targets for third sector spend in South Yorkshire by local authorities. To this end it has benchmarked current spend across the four local authorities. Figures for 2004/05 were:

- Sheffield: £41million
- Rotherham: £9.5 million
- Barnsley: £9 million
- Doncaster: £12 million (approximately)

In Rotherham this represented 4.8% of core trade spend, whereas in Sheffield it was roughly 3-4% (and 14% of all 'influencable spend'). In Sheffield 2005/06 spend on 'charitable organisations' totalled £34.8 million.

However, there is much contention over these figures and the available breakdown(s).⁶ The two main criticisms that have been raised are that the figures are for "spend" rather than just "procurement", and that the types of organisations included have not been standard across the board. However, despite this, these figures lay down a marker and have led to two larger pieces of work to provide a more comprehensive analysis. They are:

- **Rotherham Council, on behalf of Business Link South Yorkshire: a postal questionnaire-analysis of all public sector spend over a £1,000 in South Yorkshire.**
- **Andrea Bolton, Spikes Cavell, on behalf of SYPTF: This piece of work is part of a wider national programme to analyse all Third sector spend by the public sector. At a Sheffield-level Spikes Cavell is working with the SYPTF to provide a third sector spend analysis of all parties represented in/by the SYPTF. It is intended that existing databases of third sector support organisations will be used to try and match up purported spend with the actual income of organisations – making it more accurate.**

As such, it can be concluded that the sector's progress against the procurement agenda is being well documented.

6. <http://www.vas.org.uk/procurement.htm>

'The social economy sector in Sheffield and the provision of public service deliver in health and social care' Emily Morton (2005)⁷

Continuing the procurement theme, this piece of research highlights that there are 36 Social Economy organisations in Sheffield that have health or social care contracts with public sector agencies. The value of these contracts combines to just over £10 million, roughly being broken down as follows:

- £6 million - Residential Care (this figure is distorting, as it is for only 1 contract)
- £3 million - Social Services
- £1.7 million - Primary Care Trusts
- £1 million - Other

However, no work has been done to see how this breakdown fits into SYPTF's figures. Also, caution needs to be taken over the potential these figures signify: it could reasonably be argued that the market is already saturated.

'Business Opportunities for Social Enterprise Arising from NHS Reform' Social Enterprise Yorkshire and Humber (SEYH) (2007)⁸

From a recent Yorkshire-wide study of social enterprise opportunity in the NHS it is apparent that there is somewhat of a discrepancy between the rhetoric of central government (notably, the Department of Health) and the reality of what is happening on the ground. Although examples of existing social enterprise working with the NHS exist - most notably, Open Door and Patient Opinion - it is clear that there is a lot of "fence sitting" about further opportunities being explored.

Perhaps this is not surprising, considering a history of centralisation and political volatility leaving many feeling hesitant over making a move. Nevertheless, it is worth noting that the most likely developments will be around existing NHS supply floating off into independent social enterprise models: this may give more scope for localised sub-contracting with existing third sector organisations. All in all, it can be concluded that there is somewhat of a mixed bag of opportunity for third sector procurement.

'Managed Workspace Audit' SCEDU Asset Based Development (ABD) (2007)

Under Sheffield's Local Enterprise Growth Initiative (LEGI), there has been a part time secondment of SCEDU's ABD team to undertake a managed workspace audit of third sector organisations in closing the gap areas in Sheffield. The audit is currently in operation, and is looking at such factors as:

- Total space; space let
- Running costs

7. http://scedu.org.uk/docs/H&SC_Final_Report.pdf

8. http://www.seyh.org.uk/images/documents/health_report.pdf

- Revenue position
- Financial worth
- Area
- Services available

As such, it can again be concluded that the sector's progress against asset-based development is being covered.

Conclusions

In conclusion, several important findings were gleaned under the literature review. From *Part of the Picture* it is significant that dependence on volunteers is extremely high: there are roughly 18 per organisation, with only 37% of organisations having any paid staff at all. The low levels of income were also significant, with 51% of organisations receiving less than £10,000/yr, and 73% receiving less than £50,000/yr.

However, on the contrary it was also significant that 24% of organisations owned their own premises, the sector was relatively young - 25% of organisations had been in operation than less than 10 years – and that with 19% of organisations bringing in more than £100,000/yr there is potential within the sector to deliver larger public sector contracts. All in all, potential for growth of the sector is mixed, and seems case specific.

From other reviews, the lack of academic consensus over the term sustainability was significant, with a variety of definitions being offered. The opinion that the financial dynamics of the sector were changing irreparably was also significant (e.g. the continued reduction of funding). Other notable findings included the adequate research coverage of third sector procurement (particularly around supply to the NHS) and asset-based development in South Yorkshire. However, the fact that there has been insufficient research into third sector sustainability was reaffirmed.

But, despite there being a raft of different definitions attached to the term 'sustainability', it became clear that in order to research different opinions about it, it would be necessary to assert just one definition that could be used as a benchmark. So, what would this be?

After carefully reviewing the literature we settled on the following:

“A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood”

Our thinking behind this was as follows. First and foremost, sustainability is about satisfying a need(s) in a manner that is not detrimental, i.e. a manner that can be

maintained. As such, for an organisation this was translated as it meeting its aims and objectives without going bankrupt; money being the lifeblood of most organisations or for it to “fulfil its mission in a financially stable manner.”

Secondly our thinking around deciding to attach a timescale to sustainability, rather than it being a continuous process or state, was this. An organisation’s mission is usually one that is time bound; time bound by the strategic or business plan that dictates it; time bound by the market need that it is ultimately satisfying. As such, organisations’ missions evolve over time as changes come and go. If sustainability is to be about fulfilling a mission, then by definition it has to be time bound to that mission or in other words, “within a timescale that is understood.” There was also a desire to distinguish between sustainability and perpetuation of an organisation, where sustainability implies the continued ability to deliver and perpetuation implies existence for the sake of existence.

Field Research

For full copies of the questionnaires administered, please refer to the *Appendix 'Items 01, 02 & 03.'* Please note that the following is only a summary of some of the findings: the vast majority have been woven into the route maps (see *'The Route Maps'*).

Key Findings

The following is a summary of answers against appropriate questions.

Do you agree with this definition of sustainability?

"A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood"

If not, what do you think sustainability means?

Only 32% of organisations agreed with the above definition of sustainability. Of those who disagreed there were those who saw merit in it, but preferred a different approach, whereas there were those who were completely at odds with it. There were no significant variations between the three stakeholder groups or the four localities. The most popular criticisms of it and alternative definitions offered included:

- Sustainability is not time bound - it is an indefinite process
- It is about being self-reliant and generating your own finance – i.e. not being at the mercy of funding bodies
- It is about meeting your needs of today, without compromising your ability to meet the needs of tomorrow
- The definition is a bit too idyllic. The reality is that most organisations constantly have to adapt and scrap to get by: that is their sustainability.

As such, do you regard your organisation as being sustainable?

Roughly 68% of organisations commented that they were going through a very unsure period that could be 'make or break'. As such, they regarded themselves as neither being sustainable nor not sustainable. This was from the perspective that they had money to sustain themselves for the next 12 months or so, but thereafter they would have to look to for new money. Not only this, but they would have to look for new money in new places. With the much-publicised decline in funding they were considering completely new means

of finance (e.g. debt finance, income generation), with which came an inherent risk. Although, 8% of organisations considered themselves to be sustainable, and 24% didn't.

Have you used any of the following services to aid your sustainability, and do you think that they were useful?

- Infrastructure organisation's support, e.g. CVS
- Business advisor
- Accountant
- Solicitor
- Bank
- Financial assistance, e.g. Key Fund
- Friends and family
- Other

On the whole, most organisations had used a collection of different support services as part of their effort to strive for sustainability, rating most as being useful. 'Accountant', 'solicitor' and 'bank' were the most popular entries, with 'financial assistance' and 'friends and family' also being high. 'Business advisor' and 'infrastructure organisation's support' was also ranked highly both in usage and usefulness scoring only marginally lower than those above. Other entries under 'other' included 'peer organisations', 'the internet' and 'trade magazines.'

In terms of variations between the different organisations, it was apparent that larger organisations were more inclined to seek professional support, e.g. from an accountant or solicitor, whereas smaller organisations relied more on infrastructure bodies and informal support from friends and family.

Does your organisation utilise any of the following tools, and do you think that they are useful?

- Business plan
- Marketing plan
- Strategic plan
- Financial plan
- Staff training plan/policy
- Customer surveys

- Budget forecast
- Quality systems
- Monitoring, evaluation mechanisms
- Other

Similar to support services, the vast majority of organisations used the vast majority of tools, finding the vast majority useful. Of those who didn't, a host expressed their desire to do so, citing a lack of resources as a barrier. The most popular entries were under 'business plan' and 'quality systems', with 'marketing plan' and 'staff training plan/policy' receiving the fewest entries.

A lot of respondents recognised the importance of staff training, but were often unable to implement/operate these effectively due to their resource consuming (both time and money) nature. However, larger organisations could generally both afford this and saw a greater need. The lack of the organisations using a marketing plan was common across the board (i.e. there were no differences between different sized organisations).

Analysis & Conclusions

It comes as no surprise that there is a lack of agreement over the term 'sustainability', asserted as being:

"A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood"

The literature review highlighted the probability of this in abundance. However, some of the views expressed are surprising. In particular, the opinion that sustainability is about being self-reliant (i.e. not being at the whim of funding bodies). The private sector will readily tell you that income generation through trading is no more self-reliant than applying for funding: you still do not have control over who is going to give you what money. It is still not an exact science, and even well researched products and services from well known companies fail regularly.

Also, the view that organisational sustainability is about maintaining your organisation on an indefinite basis is worth mentioning. Market needs are usually time bound, as dictated by a variety of factors (political; economical; social; technological; environmental; legal). Thus, the need for an organisation to sustain itself indefinitely is extremely rare: change is inevitable. If you do not evolve your organisation and its products and services, your competition (from any sector) is likely to innovate and change leaving you lagging behind.

Reflecting the balance of opinion expressed by stakeholders, the following alternative definition has been compiled:

“A self-reliant process of scraping and adapting to get by one day, without compromising your ability to do the same the next day.”

The uncertainty expressed by organisations over their own sustainability also comes as no surprise – with only 8% of organisations regarding themselves as definitely being sustainable. It is commonly understood that the sector is in a state of flux, with continued reductions in funding, the birth of new business models (e.g. social enterprise) and a changing political climate (e.g. introduction of the Office of the Third Sector). Coupled by the fact that a degree of uncertainty was shown over what the term sustainability itself meant, a firm belief that a sustainable future lay ahead was always going to be lacking.

The wide use of different support services and tools to aid organisational sustainability, and positive comments over their usefulness is also interesting. If most organisations are using available resources and are in the most part satisfied with them, then surely most of these organisations must be doing well?

From the previous question about sustainability it is clear that most are not so optimistic. So what does this suggest?

One could reasonably argue that the services and tools available to the sector are adequate and diverse; it is something more fundamental that needs changing. The need to move away from funding to other sources of finance has long been talked about, but many are sceptical over what is being done about this.

It is no real surprise that smaller organisations, whom by definition have less money, have favoured using less expensive resources such as infrastructure bodies, whilst in contrast larger organisations have employed the services of professionals such as solicitors and accountants.

What is a surprise though is the commonality over the low use of marketing plans and marketing professionals, despite the common use of marketing materials. Not only does this suggest that this “practise” is a cultural norm, but the lack of planned/coordinated activity suggests that the marketing of brands is not commonplace and that efforts are often ad hoc. The findings showed that organisations were not clear about what they were marketing and to whom, rather just promoting current services as per funder’s requirements.

However, it must be remembered that the sample size upon which conclusions have been drawn is relatively small: due prudence must be exercised.

Action Plan

At the beginning of this piece of work we debated whether we were considering sustainability of the sector, sustainability of individual organisations, or a mixture of both. In completing the work we have looked at the health of the sector overall and ingredients for sustainable operation that can be employed by individual organisations.

There are undoubtedly difficult times ahead and self awareness will be key to how both the sector as a whole and individual organisations continue in the future. There are a wide range of tools and sources of advice to draw on, but their effectiveness relies on clarity and honesty when they are applied.

With double and sometimes triple bottom lines to maintain sustainability and perpetuation can be very different things. There is no judgement made about either motivation, but positioning an organisation to continue to meet a need is different to adapting approach or activity to continue existence. Any business plan or model would need to reflect influences in this way and these considerations may also reoccur throughout the lifecycle of an organisation.

The same clarity needs to be applied to any further work undertaken by South Yorkshire Open Forum, firmly established objectives of and rationale for any work will increase the likelihood of good quality outcomes. One important caveat is that change will happen and not all issues will be able to be resolved, therefore quickly establishing the boundaries and expected outcomes of future work will be vital.

Areas for Future Work

As the challenges of the future set in, easily accessible, shared information will be very important. Building up our understanding of the sector and communicating it to potential partners and brokering relationships will also be a vital role.

Given the current size of the sector and the known levels of reduction in funding it is clear that the overall size of the sector will reduce both organisationally and in levels of employment. This will have the knock on affect of increasing expectation on some groups whilst reducing their capacity.

Identifying methodologies for resource sharing or centralising key activities such as information gathering and interpretation (human resources, legal, research), one-to-many interventions for training or development purposes (e.g. business planning workshops) or promoting the third sector could remove some of the burden from smaller organisations.

Throughout the recommendations there are obvious links into the Infrastructure Investment Plan and Consortium business plan. In taking forward any recommendations it would be sensible to align new activities with existing activities and priorities under Capacitybuilders.

Recommendations for Further Work

We have separated recommendations for further action into three areas as follows:

Understanding the Sector

- Approach a larger sample size for the questionnaire, this will provide more robust conclusions
- Map expected changes in the sector through infrastructure organisations

Raising Awareness of the Sector

- Market the sector
- Create a searchable database of 3rd sector supply for the public sector
- Undertake work around the potential of Corporate Social Responsibility and make public/private/social sector links

Supporting organisations

- Increase business skills in organisations
- Organise 'meet the supplier' events
- Undertake further work on mergers, joint ventures and consortia
- Establish a mechanism to recycle/recruit volunteers, directors and trustees
- Develop mechanisms to review and communicate national policy in easily digested formats

Next Steps

1. Prioritise key areas of work
2. Define the work to be undertaken being clear about the limitations, timescale and expected outcomes of the work
3. Devise a forward plan specifying delivery methodology
4. Communicate the plan
5. Undertake any commissioning/tendering
6. Manage the work

Appendix

'Item 01'

Frontline Organisations - Questionnaire

Locality operating in: **Barnsley** **Doncaster** **Rotherham** **Sheffield**

Activities undertaken:

1. Do you agree with this definition of sustainability?

'A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood'

If not, what do you think sustainability means?

2. As such, do you regard your organisation as being sustainable?

3. Have you used any of the following services to aid your sustainability, and do you think that they were useful?

	Used?	Useful?
Infrastructure organisation's support, e.g. CVS		
Business advisor		
Accountant		
Solicitor		
Bank		
Financial assistance, e.g. Key Fund		
Friends and family		
Other		

4. Does your organisation utilise any of the following tools, and do you think that they are useful?

	Use?	Useful?
Business plan		
Marketing plan		
Strategic plan		
Financial plan		
Staff training plan/policy		
Customer surveys		
Budget forecast		
Quality systems		
Monitoring, evaluation mechanisms		
Other:		

5. In your opinion, please indicate the potential of the following options for addressing your organisation's sustainability.

	Potential
Funding	
Enterprise and Trading	
Procurement	
Asset Based Development	
Joint Venture	
Volunteering	

6a. Funding

- Are you aware of realistic funding opportunities within the next year relevant to your organisation and its activities?
- Will this cover the future costs of your organisation?
- If not, how will these be met?
- Do you have the resources to apply for funding?

6b. Enterprise and Trading

- What products or services do you intend to trade?
- Where do you see your customers being?
- How will this impact upon your organisation?

6c. Procurement

- Are you aware of contract opportunities and their timescales?
- Have you got the resources and policies to respond in a timely fashion to a tender currently in place?
- Would contracting make your organisation sustainable?

6d. Asset Based Development

- *Do you currently own your own building/premises/asset base?*
- *Would owning a building make you more sustainable?*
- *What benefits would it bring?*

6e. Joint Venture

- *Would you consider merging with another organisation to make you both more sustainable?*
- *Would you consider a joint venture with the public and or private sector?*
- *Are you looking for opportunities to merge or for joint venture?*

6f. Volunteering

- *Do you currently use volunteers to aid with the capacity and impact of your organisation?*
- *Do you think volunteering is a realistic way of sustaining your organisation?*
- *Are volunteers more of an asset or a liability?*

'Item 02'

Infrastructure Organisations - Questionnaire

Locality operating in: **Barnsley** **Doncaster** **Rotherham** **Sheffield**

1. Do you agree with this definition of sustainability?

'A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood'

If not, what do you think sustainability means?

2. As such, do you regard your organisation as being sustainable?

3. Does your organisation utilise any of the following avenues to strive for sustainability?

	Yes or No? Please provide a brief description.	What barriers/issues have you encountered using these?
Procurement		
Funding		
Enterprise and Trading		
Volunteers		
Joint Venture		
Asset Based Development		

4. Does your organisation utilise any of the following tools, and do you think that they are useful?

	Use?	Useful?
Business plan		
Marketing plan		
Strategic plan		
Financial plan		
Staff training plan/policy		
Customer surveys		
Budget forecast		
Quality systems		
Monitoring, evaluation mechanisms		
Other:		

5. As an infrastructure organisation do you provide any services to your sector that address the following? Please provide detail.

	Does this address sustainability?
Funding	
Enterprise and Trading	
Procurement	
Asset Based Development	
Joint Venture	
Volunteering	

6. In your opinion, please indicate the potential of the following options for addressing sustainability, both within the third sector and for your organisation.

	Potential of this option for the sector	Potential of this option for your organisation
Funding		
Enterprise and Trading		
Procurement		
Asset Based Development		
Joint Venture		
Volunteering		

Item 03'

Public Sector Agencies - Questionnaire

Locality operating in: **Barnsley** **Doncaster** **Rotherham** **Sheffield**

1. Do you agree with this definition of sustainability?

'A position reached by an organisation that allows it to fulfil its mission in a financially stable manner, within a timescale that is understood'

If not, what do you think sustainability means?

2. What are you currently doing to engage with the third sector?

3. What opportunities are there for public sector and third sector partnerships?

4. What is your strategy towards procurement from the third sector?

5. What particular benefits do you think the third sector can bring to the public sector?

6. What barriers do they think there are to the third sector tendering for public sector contracts?

7. What role do you see the public sector playing in the sustainability of the third sector?

8. In your opinion, please indicate the potential of the following options for addressing sustainability within the third sector:

	Potential of this option
Funding	
Enterprise and Trading	
Procurement	
Asset Based Development	
Joint Venture	
Volunteering	