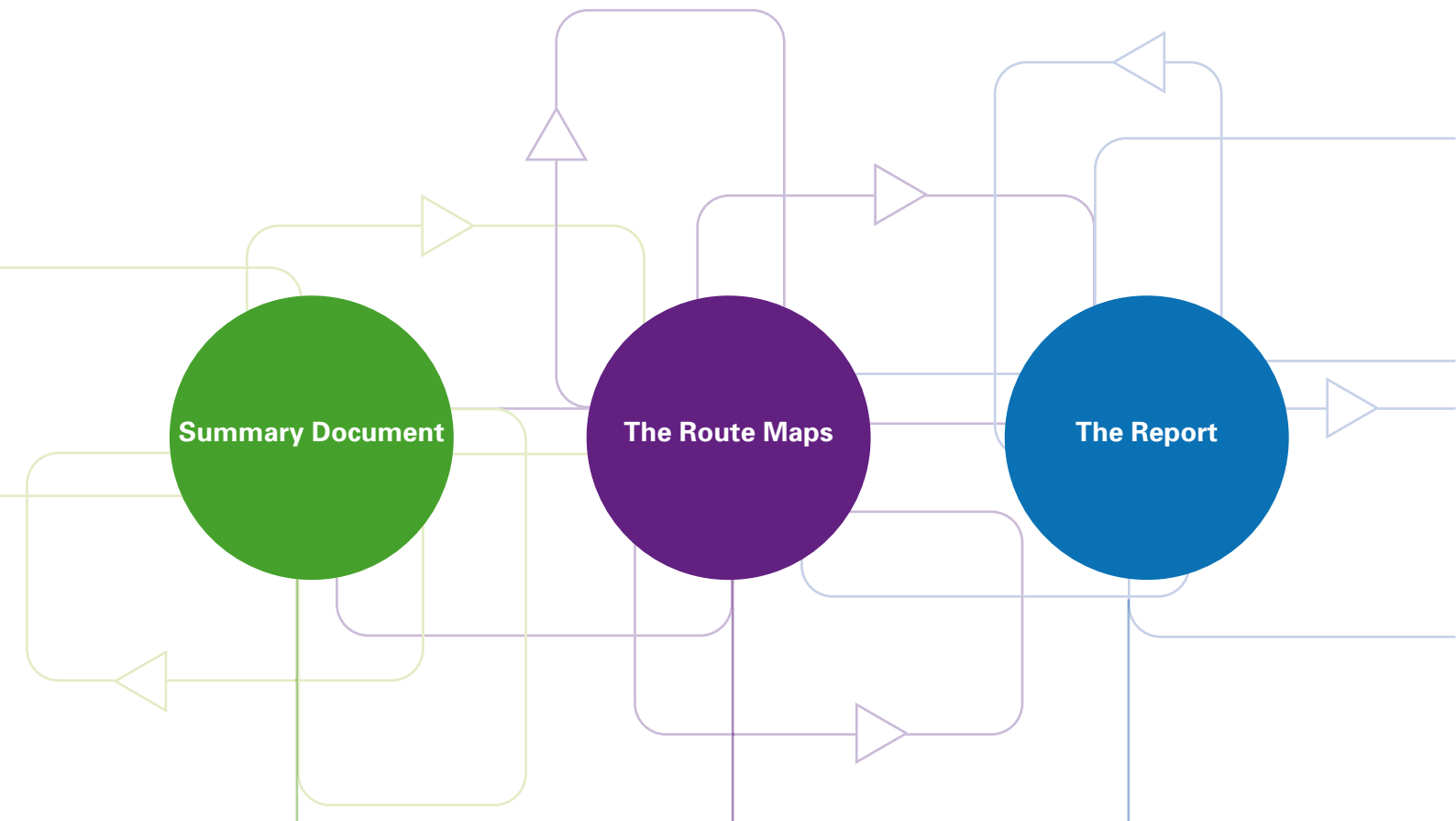


# A Sustainability Route Map for South Yorkshire's Third Sector



Acknowledgements  
Purpose of Project  
A User Guide  
Executive Summary  
Route Map Flow Chart  
Action Plan

Overview  
Route Map Flow Chart  
Route Maps:  
Asset Based Development  
Enterprise and Trading  
Funding  
Joint Venture  
Procurement (including  
Tender Mapping Exercise)  
Volunteering

Methodology  
Policy & Context  
Review  
Literature Review  
Field Research  
Action Plan  
Appendix

March 2008

**Summary Document**

Acknowledgements	03
Purpose of Project	04
A User Guide	05
Executive Summary	06
Route Map Flow Chart	09
Action Plan	10

**The Route Maps**

Acknowledgments	01
Overview	02
Route Map Flow Chart	04
Route Maps:	
<i>Asset Based Development</i>	05
<i>Enterprise and Trading</i>	11
<i>Funding</i>	18
<i>Joint Venture</i>	22
<i>Procurement (including Tender Mapping Exercise)</i>	26
<i>Volunteering</i>	39

**The Report**

Acknowledgments	01
Methodology	02
Policy & Context Review	05
Literature Review	11
Field Research	18
Action Plan	21
Appendix	23

## Summary Document

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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## Purpose of Project

The research project Part of the Picture (2006) painted a comprehensive picture of the size, shape and nature of South Yorkshire's voluntary & community sector, identifying several issues that needed to be addressed. One of the most pertinent of these was that the sector was in a "relatively fragile position" with the need for a "strategic approach to sector development." Coupled with this was the observation that there were "different outcomes for organisations in different circumstances. As a consequence, a more fine-tuned approach should be taken to both policy on the sector's development and the practical support offered to different parts of the sector." As such, it was decided that the next step would be to develop a tool that could address both these needs: the need for strategic development, and the need for different options for different organisations. The resulting tool became 'A Sustainability Route Map for South Yorkshire's Third Sector.'

In line with the above, 'A Sustainability Route Map for South Yorkshire's Third Sector' was designed to comprise of two parts. The first, as the name suggests, was to develop 'route maps' by which organisations within South Yorkshire's third sector could learn about the different sustainability options presenting themselves and subsequently make informed decisions about their future. This was to include a particular emphasis on the potential of procurement. And the second was to develop an 'action plan' for the sector's overall development, to make sure that it was strategic, coherent and robust. It is worth making the comparison that whereas the 'route map' was intended for use by the individual organisation, the 'action plan' was designed for bodies that influence the overall development of the sector (i.e. all organisations).

All information contained in the three South Yorkshire Sustainability Route Map documents was believed to be correct at the time of writing and is intended to provide background and referential material. Decisions taken as a result of this information are entirely at your own risk. Please seek specialist advice before making any fundamental decisions.

# A User Guide

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The findings of the project have been presented in three separate sections, as described below.

## The Summary Document

As the name suggests, this summary document is a brief round up of the two full sections below. It has been designed for organisations to gain a flavour of what the project is about, acting as a starting point. You may be a frontline third sector organisation, an organisation that influences and supports the overall development of the sector, or just someone interested in the sustainability of the South Yorkshire third sector. This Summary Document contains the following:

- Executive Summary: an overview of the entire research process
- Route Map Flow Chart: an introduction to the route maps
- Action Plan: recommendations for further action

## The Route Maps

'The Route Maps' section has been designed for frontline organisations within South Yorkshire's third sector to learn about the different sustainability options presenting themselves and subsequently make informed decisions about their future. This includes a particular emphasis on the potential of procurement. The Route Maps contain the following:

- Route Map Flow Chart: an introduction to the route maps
- Route Maps (including Tender Mapping Exercise): individuals guides on the options for sustainability

## The Report

'The Report' has been designed to provide a balanced and considered view of how and why South Yorkshire's third sector could be developed, for organisations that influence the overall development of the sector. The Full Report contains the following:

- Methodology: how and why the research was conducted
- Policy & Context Review: a review of relevant policy, government and otherwise
- Literature Review: a critical review of relevant literatures
- Field Research: a summary of those key findings from the research process not integrated into the route maps
- Action Plan: recommendations for further action
- Appendix: supplementary materials

# Executive Summary

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## Purpose of Project

Following on from Part of the Picture (2006), which painted a comprehensive picture of the size, shape and nature of South Yorkshire's voluntary & community sector, it was decided that a tool to strategically develop the sector, whilst at the same time helping different organisations to develop in different ways, was required. As such, it was decided that 'route maps' to help different organisations learn about different sustainability options, as well as an 'action plan' to help guide the overall development of the sector, was necessary.

## Methodology

The approach taken comprised of four parts. The first was a Policy & Context Review to analyse all government policy relevant to the development of the sector, with a particular focus on sustainability options (e.g. Third Sector Review). This was followed by a Literature Review of all relevant literature sources: this helped inform methodology choices for the field research, avoiding any duplication. The Field Research itself entailed administering questionnaires to three separate stakeholder groups (frontline organisations, infrastructure bodies and public sector agencies) across the four localities (Sheffield, Barnsley, Rotherham and Doncaster). A total of 50 organisations were contacted, with a return of 56%. The questionnaires themselves covered a wide range of topics, ranging from support services to tender opportunities, relating to the future sustainability of the sector. In the final section, the Tender Mapping Exercise, over 60 tenders from South Yorkshire's public sector agencies were mapped to judge their suitability for third sector suppliers. As a result of this, the aforementioned route maps and action plan were created.

## Policy & Context Review

The main issue taken from this review is that now, more than ever, the sector is living in a policy driven environment where there are strategies and legislation ranging right across government, from Communities and Local Government (CLG) to the Department of Health (DH), and from Business, Enterprise & Regulatory Reform (BERR) to the Department for Work and Pensions (DWP), that influence the work it does. One of the key challenges for organisations is to have routes to access this information in appropriate ways, being clear and confident enough to decide what is relevant and what is not. With the recent creation of The Office of the Third Sector, central government has made its own attempt to simplify this process: this has been followed up by the recent Third Sector Review. However, it

is fair to say that with the recent introduction of Gordon Brown as Prime Minister and the publication of the 2007 Comprehensive Spending Review, we are very much in a period of political change.

## Literature Review

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.

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.

## Field Research

Unsurprisingly, one of the main findings from the field research was the lack of consensus over the term 'sustainability', with only 32% of organisations agreeing with the definition asserted. Definitions ranged from it being about self-sufficiency to it being an on-going process of scraping and adapting to get by. It is also significant that only 8% organisations regarded themselves as being sustainable, with continuous reductions in funding necessitating a move to a more enterprising existence: a move that was inherently risky. However, the discrepancy between this lack of optimism and the general satisfaction expressed by organisations over the tools and resources they use suggests that there is a need for a more fundamental overhaul of how the sector operates. The epitome of this is the lack of coordinated marketing activity by organisations. However, it should be noted that the bulk of the findings from the field research were incorporated into the route maps.

## Tender Mapping Exercise

In order to judge the suitability of third sector supply to the public sector, 60 tenders were mapped against the following criteria: accessibility; value; timescales; and area(s) of business. Finding tender opportunities proved to be an arduous task, requiring persistence and knowledge of the process: a lot of the information advertised was limited and inconclusive. The value of tenders varied anywhere between £20,000 and several million, with timescales being between a couple of months and 35 years: there is a wide range of opportunity out there. In terms of the match between public sector demand and third sector supply, it was clear that this was varied. The areas that third sector supply tended to focus on included 'leisure, recreation & sport', 'education, research & training' and 'supporting other voluntary and community groups', whereas the public demand revolved around 'construction', 'research & training' and 'professional services.' Obviously there is a match in regards to research & training, but besides from this there appeared to be something of a mismatch between the two. In some regards this is not surprising, as the third sector has traditionally focused on filling gaps in provision left by the private and public sectors.

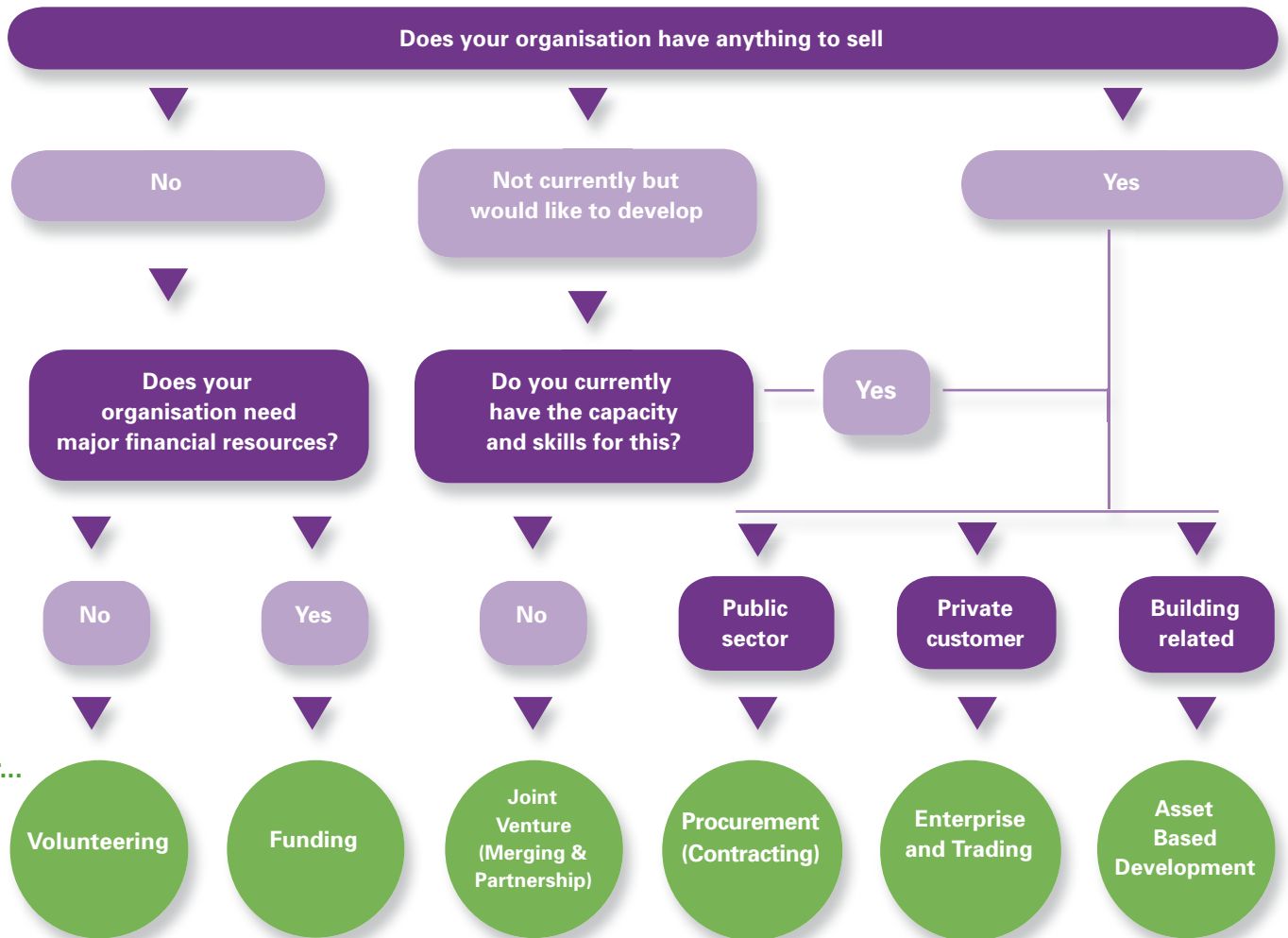
## Route Maps

The phrase "don't put all your eggs in one basket" is one that is used in all walks of life: organisational sustainability is no different. Many a successful private sector organisation will tell you that organisational success is all about managing a careful blend of ingredients, bearing in mind that you will need to "grow and/or change" with this blend if you are not to "die." As such, the options for sustainability have been presented not as stand-alone solutions, but as ingredients that can be mixed and matched together to create a suitable recipe for organisational sustainability. To this end they have been presented as guides to help organisations learn about the different options for sustainability open to them, providing them with the knowledge to make informed decisions about their future. The following is a summary of the options that were addressed and the areas of information covered against them:

<b>Options</b>	<b>Areas of Information</b>
Asset Based Development	Overview
Enterprise and Trading	Generic Steps
Funding	Motivations
Joint Venture	Pros and Cons
Procurement	Relevant Government Policy
Volunteering	Available Finance
	Support Mechanisms

# Route Map Flow Chart

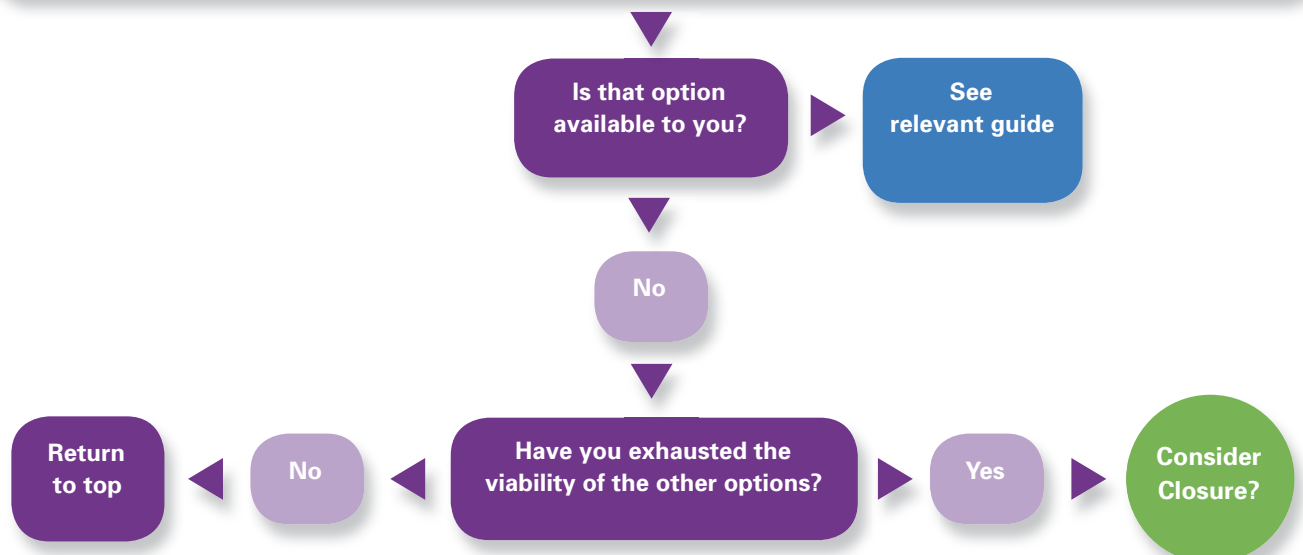
What option for sustainability is open to you?



Consider...

## These are not end goals or final destinations

They are just ingredients/methods that need to be mixed and matched to best suit your organisation



## Action Plan

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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
- Map expected changes in the relationship with public sector partners

### 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