

# Time to put an end to 'the Third Sector'

**T**he words, phrases and terms we use to describe our work are crucially important. They are not just about communicating – they are about understanding too. Whilst there is now debate taking place about the term “Third Sector” this is tending to focus on the “third” bit. This is to some extent understandable. “Third” has a clear association with third class and third world reflecting inferiority or of lower status. Whilst we have now thankfully ditched the term Third World – Third Sector still lives on and indeed is actively promoted by government and many voluntary and not for profit organisations themselves.

Chief Executive of South West Forum, **Stephen Woollett**, argues that the way we describe ourselves could be part of the problem



Even a leading magazine in this field is called *Third Sector*. But less attention is paid to the term “sector”. In my view this is an increasingly outdated inappropriate and actually damaging descriptor. In my dictionary sector is described as “one of parts into which a battle area is divided for the purpose of controlling operations ...; a division of an activity and a section of an area drawn between two lines”. These definitions all imply boundaries, separation, categorisation and clear dividing lines.

Of course ‘sector’ is used not just in relation to social purpose organisations. We refer to the “public sector” (in my view an equally unhelpful catch-all term given the trends in public service provision); to sector skills councils; and sectors in the context of particular types of business and industrial activity (for example the engineering sector).

But given the changing nature and structure of social purpose organisations – the development of social enterprises for example – and the increasing blurring of all distinctions between the state, private business and not-for-profit activity isn’t it about time we stopped calling ourselves a sector. Social purpose organisations have been described collectively as “big and hairy” and “loose and

baggy” – hardly in tune with the hard-edged typology conjured up by the word “sector”. Describing ourselves as a sector encourages government to think that it can have a simple direct and often single means of communicating with us. It is a common call – “we need one organisation we can talk with who can represent everyone”. Of course the reality is that this is impossible and will always be impossible – thanks to the inherent diversity and independence of social purpose organisations. (And long may it remain so.) We can and should be much better co-ordinated, more collaborative and better at arguing our cases collectively. But adopting the sector way of thinking simply serves to entrench outdated modes of operating.

So what are the alternatives? Well first we should use terms which describe the positive and common elements of our work - social purpose or social benefit seem to sum it up pretty well. Certainly better than the inherently negative not for profit descriptor. And in any case the term profit is open to interpretation. One person’s surplus, is another person’s profit, is another person’s contribution to reserves. Surplus is OK and profit re-invested in social purposes is OK. But profit distributed to private investors and share holders is not.

As for sector - let us ditch that once and for all and describe ourselves as social purpose or social action organisations or groups. South West Forum - the regional voice of social action organisations sounds OK to me. As does The Office for (sic) Social Purpose Organisations. (Need to be careful with the acronym here!)

Anyway, as government would say lets have a robust debate about this.”

Email [steve@southwestforum.org.uk](mailto:steve@southwestforum.org.uk)

## Reps Roundup

The Voluntary and Community Representatives of the **South West Regional Assembly (SWRA)** report on the Social, Economic and Environmental Partners (SEEPs) meeting

27TH April 2007

Who are our voluntary and community representatives on the Regional Assembly?

**Catherine Brabner** (Shelter), **Roger Haworth** (South West Forum), **Bernard Myers** (Devon Conservation Forum – substituting for **Helen Scadding** Citizens Advice) and **Stephen Wright** (South West Acre Network) are the current reps although even as we write, Stephen and Helen are both up for re-election, see [www.southwestforum.org.uk](http://www.southwestforum.org.uk) for the election results. South West Forum is the nominating body for these four voluntary and community places.

Affordable Housing Crisis

**Andy Moore** from National Housing Federation and **Catherine Brabner** from Shelter made a presentation to the SEEPs on the affordable housing crisis in the South West. There are over 150,000 families on local authority waiting lists and over 5000 homeless households trapped in temporary accommodation, yet in the last two years combined we have only managed to build about 3700 affordable homes within the Region. Andy and Catherine advocated that we should set a target to build at least 6000 new affordable homes for social rent each year. The “right to buy” legislation is no longer such a great problem as it once was as the £30,000 maximum discount from market value available to Council and Housing Association tenants wanting to buy their homes is insufficient to make their homes affordable now that the South West is officially the most unaffordable place to buy a house anywhere in Britain.

It was agreed by the SEEPs that this topic would be taken up as a priority by the group. It will be the major issue for discussion at the SEEPs away day in September. Catherine Brabner and Andy Moore agreed to provide support to develop this section of the agenda. **To support Shelter’s campaign for more affordable housing go to <http://www.wallofshame.org.uk> or to find out more about the housing situation in the South West visit [www.shelter.org.uk/southwestengland](http://www.shelter.org.uk/southwestengland)**

Review of SEEPs membership

Regular readers will recall that a small working group from the SEEPs was set up last year to review the membership of the SEEPs group and amongst other things to recommend how the group could be expanded from its current 34 members to 36. This is necessary in order for SWRA to meet the government target that all regional assemblies

must have at least 30% SEEPs and no more than 70% local authority members (Councillors). The other main issue looked at by the review group was how to ensure that the full range of interests present in the Region are properly represented. **Roger Haworth** is a member of the review group.

Roger had identified gaps and inconsistencies in relation to equality and diversity representation. There are currently four equalities seats which are administered by these nominating bodies: UK Youth Parliament, South West Disability Equality Network, Black South West Network and SW Racial Equality Council Network. There is low attendance from the Disability Network and the two Black and Minority Ethnic Networks representatives, most likely as a result of lack of capacity.

There are four equality ‘strands’ which are not represented at all: Older People, Gender, Lesbian, Gay and Bisexual, and Transgender. Whilst there may be members who identify as members of these groups, they have not been elected by those groups and are not supported to act as equalities representatives.

Although Roger argued strongly to increase representation to include all the equality strands he did not persuade the Review Group which instead recommended that the two extra seats be should be filled by increasing the faith representation from one to two and the environment representation from three to four. It also recommended that the existing equalities seats should be taken away from their current nominating bodies and instead allocated to Equality South West who would be asked to use these four seats to represent all seven equality strands.

These recommendations were accepted by the SEEPs and will now go to the Executive and full SWRA before being passed to the Secretary of State for Communities and Local Government for final approval.

**The next SEEPs meeting is on 8th June. Your comments and opinions are invited – please contact Roger Haworth, SWF Policy and Sector Development Officer, [roger@southwestforum.org.uk](mailto:roger@southwestforum.org.uk) to discuss these or any other issues of relevance to the Assembly.**

### Now have Your Say

Do you have anything you want to say about the issues raised in Forum Focus this quarter? Have you any experiences of VCS funding problems which you want to share? Please let us know!

Email: [focus@southwestforum.org.uk](mailto:focus@southwestforum.org.uk)

**South West Forum**  
Unit 6, Cranmere Court, Lustleigh Close,  
Matford Business Park, Exeter EX2 8PW  
Phone 01392 823758  
Fax 01392 823033  
Email [admin@southwestforum.org.uk](mailto:admin@southwestforum.org.uk)  
Web [www.southwestforum.org.uk](http://www.southwestforum.org.uk)  
To join – contact the office or visit our website

Supported by 



### Funding Survey

# A cut too deep?

South West voluntary and community organisations face unprecedented **funding crisis**



By **Roger Haworth**, South West Forum Policy and Sector Development Officer



**P**rompted by a discussion at a Funding South West meeting in March 2007, where an independent regional funder reported an ‘explosion of demand’ for grants – and others agreed that the funding outlook seemed ominous – South West Forum Chief Executive, Steve Woollett, agreed to seek evidence from South West Forum members. Thanks are due to everyone who was able to respond.

We did not ask about funding cuts, but about ‘significant increases or decreases’ and, one respondent did indeed report an increase. However, all of the remaining respondents (over 40 in total) reported on funding cuts, expressing significant and serious concerns.

*“But voluntary and community organisations are always complaining about funding cuts!”*

It is true that access to funding is a perennial concern for voluntary and community organisations, but the findings of this survey suggest the convergence of a number of adverse factors make the current situation exceptional.

Whilst we had expected to hear from voluntary and community organisations experiencing cuts, we did not anticipate the responses that we received from a much wider range of stakeholders. Funders, funding advisors and public sector partners all contacted us, with some of these responses being amongst the most strongly worded. Evidence was supplied from across the region by organisations of all sizes and shapes; some of it suggests that the situation in the South West is more serious than that in other regions.

A clear picture of declining funding

In March 2007, we asked South West Forum members:

1. Are you aware of any significant increases or decreases in funding for voluntary and community organisations (VCOs) in 2007/8?
2. If so please give details. Which VCOs? Which funders?
3. Are you aware of any underlying causes for these increases or decreases?
4. What implications have these changes in funding for the voluntary and community organisations concerned and their service users?

for 2007/8 and beyond has emerged including, but not only:

- Funding ending from or being cut by Local Authorities, Health Service, Central Government and the European Union.
- Big Lottery and other non-statutory funders being grossly oversubscribed.
- Previously buoyant, able organisations unable to obtain any funding from any source.
- Equalities organisations unable to secure new, or to retain existing, funding.
- Inconsistencies and lack of clarity in contracting and procurement procedures (see case study over page).
- Service reductions and staff redundancies as organisations close.

continued on page 2

# A cut too deep?



Here are some snapshots of some of the problems reported



Contact us or visit  
www.southwestforum.org.uk  
for a copy of the full report

## Local Authority funding cut or ended

City Council funding reduced from £37,190 in 2006/7 to £20,000 in 2007/8. Unitary Council funding reduced from £67,000 in 2006/7 to £44,000 in 2007/8. Young people's service closed March 2007 due to ending of local authority funding – this contract was worth £215,500 in 2006/7.

**Organisation working with disadvantaged people**

## Central Government funding cut or ended

Department for Environment Food and Rural Affairs (DEFRA) Rural Development Programme (RDP) is missed, it was a very useful pot of money. SWRDA have not reopened the programme and are now out to consultation.

**A funding adviser**

## European funding cut or ended

European Social Fund funding has reduced from €6 billion in 2000-2006 to about €2.75 billion (at 2004 prices) in 2007-2013.

**Organisation helping VCOs to obtain European funding**

## Big Lottery and other non statutory funders grossly oversubscribed

In the last two months application numbers have nearly doubled compared with the first two months – comparing with last year there is about a 15% increase so far. The SW does seem to be suffering more from this than other regions – certainly my equivalents in the north of the country are getting less applications in now as a result of the tighter guidelines.

**A charitable trust**

BIG has offered only twelve BASIS bids out of 100 applicants. This situation will only worsen as Government takes more and more money from the Lottery for propping up its own funding deficiencies and of course the 2012 Olympics.

**Rural VCO development network**

## Previously buoyant organisation unable to obtain any funding from any source

One organisation applied to 30 charitable trusts in 2006 and raised £87,000. They applied again to the same 30 trusts in 2007 and didn't even get a reply from 20 of them and raised in total £0. Also funding advisers posts at risk. As less and less funding available outcomes of funding advisers work looks less and less attractive as something to fund.

**A funding adviser**

## Equalities work cut

We have had a £7,200 cut which represents a 22% cut in our annual funding from the City Council (currently our only funder).

**Organisation working with Lesbian Gay and Bisexual people**

## Health service funding cut

We have lost over £120,000 from the Primary Care Trust. This wipes out totally a whole area of infrastructure support from this organisation and dents services for people with disabilities.

**An inner city based infrastructure and service providing organisation**

## Organisations cutting services, making redundancies and at risk of closure

Our staff numbers have dropped from 22 to 18 in the past year. We have issued four redundancy notices in the past month. We can't afford to stay in our current premises beyond the next couple of months.

**Sustainable Development Charity**

## Anticipated impact of the Comprehensive Spending Review on central and local government spending; difficulties working with public authorities

Centrally, Government Departments are in a state of flux until the announcement of the CSR in what we now understand to be the Autumn rather than Summer of this year. This has spilled over into the Government Offices, where their own re-alignment means that they will no longer have any grant-making streams as these will all be re-distributed to the RDAs and others.

Locally, it would appear more and more that the Local Authorities are taking a harder and harder line keeping more resources to themselves wherever possible in order to be seen to be delivering a service or programme.

**Rural VCO development network**

DEFRA were much easier to work with than SWRDA and I anticipate that it will be difficult to access the RDP from SWRDA because of their inability to understand partnership working, (however much lip service they pay to it!) They are above partnership working.

**A Funding Adviser**

## The impact of full cost recovery and longer funding terms

We continue to monitor our undertaking that 60-70% of funding from all programmes goes to voluntary and community sector organisations. However, with the introduction of full cost recovery, increased upper limits and longer funding terms we may see the size of individual grants increasing over time. (and by implication the number of grants decreasing, Ed.)

**A national funder**

**“Sometimes it feels like the entire voluntary sector is about to collapse on the 31st March 2008 and no-one else seems to know!”**

Senior Voluntary Sector Manager

## Why is the situation so bad now?

Our respondents suggested:

- European money being diverted to support the new member states.
- Authorities making cuts in anticipation of the impact of the Comprehensive Spending Review on central and local government spending.
- The year long break in funding between end of ChangeUp main spend and start of Capacitybuilders funding.
- The funding crisis in the National Health Service. In addition, in South West Forum's opinion the following factors are likely to exacerbate the situation in the near future.
  - Local government reorganisation in Cornwall, Devon, Somerset and Wiltshire.
  - Further “raids” on lottery and other funding to pay for the 2012 Olympic Games.
  - Further new EU members in Eastern Europe and Asia Minor diverting even more funding away from the South West.
  - Factors relating to environmental and demographic change such as global warming and ageing population.

## AN AVOIDABLE CRISIS

This crisis is wholly avoidable. South West Forum calls on the Office of the Third Sector, GOSW, SW Regional Development Agency, SW Regional Assembly, SW Local Government Association and NHS SW to act now in a coordinated fashion to ensure that ongoing publicly funded activity by VCOs is not put in jeopardy.

Unless these issues are addressed in a coordinated manner by funders at a European, national, regional and local level then it is unlikely that voluntary and community organisations will play an increased role in the provision of public services. More generally, the fabric of society in the South West will be further weakened as more and more voluntary and community organisations are forced to close or reduce their services.

## Funding survey case study:

Contracting and procurement procedures inconsistent and unclear

# Issues around the tendering process



Sue McClung,  
General Manager  
Gloucestershire  
Lifestyles

**“T**he Compact is the protocol by which the statutory authority and the voluntary sector do business including Full Cost Recovery and, one would hope, good employment practice.

The County Council says it wishes to have local service delivery undertaken by local voluntary sector organisations. My recent experience of tendering for a 1yr £60k Advocacy contract prevents me seeing the two sitting together.

- Some questions on the Provider Appraisal Questionnaire were more suited to tenders of a much higher value and would be lost on many smaller VCO's.
- The timeframe for submission was very short and the submission deadline was difficult, being just before Christmas.
- The application packs were only available as an e-copy on request (even though electronic communication was strongly encouraged by the Council and the form required an explanation of the reasons if you were unable to comply).
- Council staff themselves did not seem to know or have been trained the procedures.
- Different contract start dates (1st Jan & 1st Apr) were shown on various parts of the paperwork.
- Because the deadline for submission was difficult, the results were then delayed by at least a week due to Council staff annual leave.
- We were finally given such short notice of the interview date that I had to come in from annual leave; the interview was delayed being nearly an hour late.

## The assessment

We were marked out of 5 for the assessment presentation and were scored under the following headings:

- Experience of service delivery & proven track record
- Method of Working
- Funding

We scored less that the winning bid only on method of working – we were told the reason for this was that we would not be able to respond to the peaks and troughs in demand with three half-time, paid workers.

I was surprised that the successful tender relied on calling up volunteers on a sessional basis to advocate as and when required. The successful organisation would have no Annual or Sick Leave responsibility – but what about the tax and NI implications? (and minimum wage, surely! - Ed.), all of which seem to be totally against some of the questions in the Provider Appraisal Questionnaire: surely this is using volunteers to replace paid staff? The final insult was when I received a call from the organisation that won the contract asking for a copy of our Lone Worker Policy, as they didn't have one.

I cannot say whether this is representative of all Tender Processes within the County Council, I can only give comment on what I experienced.”

# Commissioning, Contracting and Procurement explained



Rebecca Hardwick,  
Third Sector Lead,  
Care Services  
Improvement  
Partnership (CSIP)  
South West

**C**ommissioning is a set of activities that local authorities and primary care trusts undertake to make sure that services meet the health and social care needs of individuals and communities. Contracting and procurement are part of those activities and as a result of Government policy, voluntary and community organisations are increasingly delivering these types of services.

The recently published Commissioning Framework for Health and Wellbeing (available online via the publications section of the Department of Health website, www.dh.gov.uk) sets out obstacles and solutions that face commissioning systems in health and social care.

Voluntary and community organisations are stressed as having an increasingly important part to play in not only providing services, but in assessing community needs, planning and shaping services.

The Framework talks about setting up provider forums for those that coordinate commissioning in local areas to find out the priorities and issues for market shaping and development. Providers are also highlighted as being involved in creating a Joint Strategic Needs Assessment, which will determine overall planning and commissioning direction.

## Rebecca's five top tendering tips

**Read the policy** – keep ahead of the game in knowing what opportunities will be appearing.

**Market yourselves** – think about your strengths and your unique selling points. Are there other organisations you can work with on marketing strategies?

**Evaluation** – how can you show the quality of the work of your organisation?

**Think solution** – voluntary and community organisations excel at developing answers to local issues (it's one of the reasons why statutory agencies want to work with them) so promote your ability to innovate and your user-centred-ness.

**Know the lingo** – knowing what people mean when they say commissioning, procurement or tendering is really important - and (it's an important point this one) it has to be said that definitions are not necessarily shared between organisations.

• If you would like to be kept up to date with news on commissioning and health and social care, please email [Rebecca.Hardwick@nimhesw.nhs.uk](mailto:Rebecca.Hardwick@nimhesw.nhs.uk) or call her on 07768 612736. Care Services Improvement Partnership [www.csip.org.uk](http://www.csip.org.uk)