

**NICVA Consultation Response:
Dormant Accounts Fund Northern
Ireland
January 2020**

1. Background

NICVA is the umbrella body for the voluntary, community and social enterprise (VCSE) sector in Northern Ireland with over 1000 members, who provide a wide range of services and activities for public benefit. These range from health, social care, and emergency services; advice and counselling; community development and peacebuilding; to environmental, arts, and sporting activities. We work to support and advance the interests of the people and communities that our members support. We offer a wide range of practical services and support to our members to help them do what they do best - find innovative solutions for social challenges.

2. Our consultation response

NICVA welcomes the opportunity to respond to the Consultation Framework on delivery of the Dormant Accounts Fund for Northern Ireland. Our response focuses on those key questions posed in the Consultation Framework issued by The National Lottery Community Fund for Northern Ireland. To inform our response we held a consultation event for representatives from across the VCSE sector to ascertain their views and ideas as to key priorities for the Dormant Account schemes delivery in Northern Ireland.

The views and suggestions generated via this event form the basis of our comments but in addition our response also reflects the insight, knowledge and perspective of the staff team at NICVA gained via our day to day work in supporting, advising and representing the sector across Northern Ireland.

3. Details of the consultation event

Organisations from across the VCSE sector were invited to participate in a consultation event held at NICVA on 09th December 2019 to discuss the development of a Northern Ireland scheme to utilise Dormant Accounts. Over 70 representatives

from a diverse range of VCSE organisations, across Northern Ireland attended and participated in this event. A full list of those organisations who attended is attached at **Annex A**.

The purpose of the event was to draw together the sectors' views as to the delivery of the Dormant Accounts scheme in Northern Ireland to help inform NICVA's response to the consultation. The emphasis of the event was on ascertaining the sectors response to those key areas that had been agreed as priorities for the delivery of Dormant Accounts funding in NI, namely support for the VCSE sector by helping 1) growing its resilience, 2) increasing capacity and 3) encouraging sustainability. We wished to hear representatives' views and ideas with regard to how these priorities might best be addressed to help ensure that the reach and effectiveness of the scheme be optimised and that the programme is reflective of the current issues and challenges affecting the VCSE . Key conclusions from these discussions are reflected in our response which we hope will help inform the practical delivery of the scheme in Northern Ireland.

A copy of the full programme for this event is attached at **Annex B**.

The agenda for the event focused on those key questions posed in the Consultation Framework document issued by The National Lottery Community Fund for Northern Ireland. Via small group discussion participants were asked to provide comment to the following questions:

- a) How can we *Build Capacity* within the VCSE sector and what are some of the key issues and challenges in doing so?
- b) How could this funding practically support the VCSE sector in *Building Capacity*?
- c) How do we *Improve Sustainability* within the VCSE, what are the key issues or challenges for the sector?
- d) How might this funding *Support Sustainability* in the VCSE sector?

A full record of the participants' responses from these discussions is included at **Annex C**.

In addition, to help stimulate this Round Table Discussion participants were asked to share their initial thoughts and views on several key questions via audience participation in an online (MentiMeter) poll. The questions asked were:

- a) What does a resilient VCSE sector look like?
- b) What are the key issues affecting the capacity of the VCSE sector?
- c) How can we create greater sustainability across the VCSE sector?

A copy of the audience responses to the questions posed via this poll are included at **Annex D**

4. Comments

Key Issues and Challenges Affecting the VCSE Sector

Funding Cuts and Uncertainty

VCSE organisations are finding themselves in an increasingly unpredictable economic environment with reductions in both funding and public donations.

The VCSE sector continues to face severe financial pressures and uncertainties due to successive years of twelve month budgets and cuts to those public budgets and programmes through which government is supporting the sector's work for the wider community. This continues to threaten the financial viability of VCSE organisations as they are simultaneously being asked to do more with less whilst adapting to increasing levels of regulation and bureaucracy.

This has been compounded by a lack of certainty and late decisions around funding which have become a given for most voluntary and community organisations who

frequently lurch from year to year with no ability to plan long term and often having to place staff on notice of potential redundancy again and again.

Alongside side this is the financial uncertainty as to the impact , post-Brexit of the loss, of EU funding which currently makes a significant contribution to the sector.

This situation is making it extremely difficult for many VCSE organisations to sustain and develop their work.

The Wider Funding Environment, Government Policy and Direction

As noted, there are significant challenges for the VCSE sector in the current funding environment, though not all related to less funding being available. Other issues include challenging short term and outcome-based funding models which is felt may encourage a lack of vision, concentration on limited objectives and create longer term inefficiencies; an absence of core funding; increased bureaucracy and duplication. There is a need for greater flexibility in funding and for stronger communication and collaboration across funders (both public and charitable) and between funders and VCSE organisations.

The impact of the move towards procurement and a contract culture by government and public sector agencies in the funding and delivery of services has created real difficulties for the VCSE sector both in terms of administrative and business demands and challenges and in the creation of a 'culture of competition' that is felt can stifle innovation and collaboration opportunities. In addition there is a perceived lack of understanding or insight amongst government departments or public servants with responsibility for procurement in regards to its understanding of the VSCE sector, in fully recognising the demands and challenges it faces, in recognising its contribution and its potential and of the vital importance to the sector of more sustainable funding models to protect service delivery.

As tendering becomes more complex it has placed a squeeze on smaller or less well-resourced VCSE organisations who may not have the capacity or resources in house to respond to its challenges and demands.

Continued cuts to public budgets and programmes have also increased demand and expectations on the VSCE sector. VCSE organisations play an integral part in the delivery of many aspects of public services and operate extensively within them. As such VSCE organisations are often working with those most impacted by public sector cuts, plugging gaps in mainstream service provision without due recognition or resourcing. These increasing pressures and demands have been further impacted by changes in government policy direction such as Welfare Reform and the economic and strategic stalemate created by the lengthy absence of a NI Assembly.

Increasing bureaucracy is a further issue, not only in dealing with public sector contracts, but also in relation to independent and charitable funding. There is a sense that this bureaucracy can be overwhelming, and at times disproportionate to the level of resourcing available. This problem is exacerbated by the varied monitoring and reporting systems required by different funders, again directly impacting on the organisational capacity of VCSE organisations. There is a need for further action to reduce bureaucracy impacting on the sector. This should include reducing the complexity of processes for: applying for funding; tendering for contracts; procurement; and reporting. In addition, there is a sense that VCSE organisations are more increasingly at risk of 'mission drift' as a result of service development becoming defined by funding and relationships with the public sector

Lack of investment and recognition of essential core costs

As noted previously, there are increasing challenges for VCSE organisations in adequately meeting core costs due to cuts to public sector funding and the impact of wider funding changes and restrictions. As access to core funding is generally not available, this presents significant problems for organisations in terms of how to resource important activities such as business development, communications and networking, and the administrative burden created by bureaucratic funding and reporting requirements. Without opportunities to access dedicated resourcing or

support there is concern that these functions can become increasingly overlooked. These challenges in securing funding to meet essential business costs inhibits innovation, the capacity for organisations to grow and look to the future and puts often unacceptable pressures on VCSE sector staffing models and service delivery.

Stakeholder Relationships

There are growing challenges for the VCSE sector regarding managing stakeholder relationships. In terms of relationships with the public sector this includes tension between maintaining a critical and challenge function, versus tendering for and delivering services on behalf of the public sector and in improving opportunities to work more collaboratively with policy makers on influencing strategy and service design. More constructive engagement is needed between the public sector and VCSE organisations to enhance communication and mutual understanding. The VCSE sector requires support in communicating its true value and contribution to the public sector. In addition, there is a need to explore more meaningful ways and approaches by which the public sector can engage more directly with the VCSE sector in terms of increasing its understanding of the sector and in recognising its contribution and expertise.

With regard to independent and charitable funders, there is also a need for better communication and connection, with a desire across VCSE organisations for funders to better take local and organisational knowledge into account; to connect more with individual projects and their service users; to encourage focus on the right outcomes and to recognise the challenges of time limited and restrictive funding criteria (e.g. access to capital or core costs) for the VCSE sector.

There is an openness to and appetite across the VCSE sector for more engagement with policy makers, commissioners and funders at both a practical and strategic level. The value and benefit of creating more opportunities for 'frontline' engagement or 'work placement /experience type' activities within VCSE services for public sector representatives with procurement responsibilities is particularly noted.

Collaboration and partnership working

There is a recognition across VCSE organisations of the need for increased partnership working and collaboration to enhance service delivery, avoid duplication and promote efficiency. VCSE organisations recognise the benefits of collaboration and partnership working at all levels, be that from exploring mergers; the practical sharing of backroom or staffing resources or learning from other organisations operating in their locality or working on the same issues. However, a culture of competition, created by increasing tendering and procurement and demands on funding can hinder collaboration. In addition, recognition of the time and resources required for VCSE organisations to genuinely explore or progress such opportunities is required.

There is a need for investment in activities that connect organisations, support meaningful collaboration and encourage shared learning and networking to help build capacity and resilience across the sector.

There is therefore a need for funders and policy makers to proactively encourage and support good collaboration that avoids promoting competition, including making available dedicated funding and support to explore and enhance collaboration.

Income generation and Fundraising support

Income generation is an increasingly skilled and dedicated area which smaller VCSE organisations may struggle with due to a lack of inhouse skills or resources. There is greater support needed for VCSE organisations to respond and adapt to the changing funding landscape, including increasing awareness, knowledge and understanding of the different social investment and finance options available, as well as the other skills needed to translate vision and good ideas into action. Organisations of all sizes require support to consider options for diversifying their income and to explore more sustainable or alternative funding/business models whilst avoiding 'mission drift'.

Whilst it is recognised that the VCSE sector needs to explore new business models and alternatives to support delivery, there is an acknowledgement that social enterprise and other new business models are not an appropriate solution for many organisations and there remains a role for funders in supporting core costs. There is therefore a need to invest in relationship building with funders and policy makers to support the VCSE sector in making the case for reduced bureaucracy, greater flexibility in funding and the need for full cost recovery.

Strategic planning, governance and leadership

VCSE organisations, especially those small to medium in size ¹, are often overstretched in meeting the day to day demands of service delivery and as such may have limited time or resources to invest in strategic planning. In order to support organisations to adequately prepare and plan there is a need for better recognition of the resources required to meaningfully do so.

It is increasingly difficult for small to medium sized organisations to invest in and resource governance improvements. This includes strengthening their boards, committees and governance structures, ensuring the right mix of skills and training and putting all the appropriate policies and procedures in place to support an organisation's purposes and activities.

In addition, the challenge of how to build a more resilient VCSE sector requires access to and investment in building strong leadership across the VCSE sector and increased opportunities to support and sustain leadership development.

The issues of renewal and succession planning for VCSE organisations at both Board level, and at an organisational level in terms of leaders, staff and volunteers are critical with regard to creating sustainability and increasing resilience across VCSE sector.

¹ NCVO UK Civil Society Almanac 2019 defines organisational size by income bands with small VCSE organisations defined as those with income ranging from £10,000 to £100,000, with medium organisations defined as those with income of between £100,000 to £1million <https://data.ncvo.org.uk/profile/size-and-scope/>

Action and investment are needed to further develop sector leadership at all levels across the VCSE sector (for e.g., access to training and support, shared learning and networks) in working towards a more resilient sector.

Investment in staffing and volunteering

The VCSE sector is becoming increasingly overstretched. It faces significant difficulties in attracting and retaining a suitable workforce due to the impact of sustained funding cuts, issues of lower pay and conditions and difficulties for organisations of all sizes in prioritising and resourcing staff training and development due to capacity or monetary issues etc. There is a need for investment and initiatives across the VCSE sector aimed at both upskilling and retaining staff and in attracting a suitable workforce to promote sustainability of services.

The VCSE sector also faces real challenges in both attracting and retaining volunteers. It requires support to strengthen its volunteer bases, including attracting young people and in providing pathways into leadership alongside appropriate training and recognised qualifications.

Digital skills and communication

Digital technology developments, in terms of how they are changing issues for both the sectors service users (for e.g. universal credit applications, digital literacy and the poverty premium of not being able to access online services) and the workplace environment (for e.g. information governance, the impact of digitisation on people, social media, marketing) presents both real challenges and opportunities for the VCSE sector in terms of capacity and sustainability. Responding to technological and digital developments can be challenging for smaller or less well-resourced organisations but also opens up opportunities for smarter, more impactful and less resource intensive working. There is increasing awareness across the VCSE sector that increased use of data and digital technology can make organisations stronger and

even better at what they do. However, there is limited time and resources available for many VCSE organisations to focus on providing staff, boards and volunteers with the appropriate digital tools and skills to make organisations fit for the future. There is a need to build the digital knowledge and skills of VCSE organisations not only to better respond to digital and emerging technologies, but also to help the VCSE sector inform or influence this unfolding 4th Industrial revolution.

Alongside this, there is often limited capacity for some small to medium organisations to develop the communications skills needed to tell the story of the work they do to a wider audience. There are also wider challenges for the whole VCSE sector in capturing or articulating the richness and breadth of its work, and the difference it makes. This includes how the sector is perceived by other sectors and by the public, in terms of what it does and why it matters. The sector requires greater support in measuring impact and in communicating the message about its contribution and the difference it makes to society.

Suggested Priorities for Delivery of the Dormant Accounts Fund NI

Whilst welcomed, the Dormant Accounts scheme provides a limited pot of money and therefore we recommend it is directed towards initiatives that can have greatest impact across and throughout the sector. We agree that support for services should be focused on creating sustainability and supporting growth. The sector's needs are wide and diverse, and in its delivery the Dormant Accounts fund should reflect this and demonstrate lasting impact for both organisations and sector wide.

Therefore, we recommend priority is given to those areas that are typically difficult for organisations to attract resourcing and financial support for and which our consultation highlighted as posing significant gaps or challenges. In summary this should include initiatives linked to:

1. Strategic planning and governance

Support and resourcing for Boards, Trustees and VCSE leaders to enhance and develop their skills and capacity in key areas to include change management, commissioning processes, contract negotiation and management, forward planning and forecasting, governance and leadership. Access to collective resources or expertise for small – medium organisations in particular, who might not necessarily be able to resources themselves due to finance or capacity issues for e.g. professional financial, HR, legal or governance advice. Also access to support for organisations on an individual basis.

2. Income generation and Fundraising support

This is an increasingly specialised and highly skilled area, where dedicated support and capacity building is needed for small – medium organisations in particular. In addition is a need for meaningful engagement with funder agencies across all sectors in regard to increasing their understanding of the VCSE sector, reviewing models of funding for sector and to inform development of funding strategy and priorities.

3. Workforce development, to include Volunteer Development

Need to create space and opportunities for organisations to invest in staff and volunteer training and development. This could include access to regional or sector wide training and development initiatives, access to more bespoke or localised programmes and also raising the profile of career pathway opportunities within and across sector. The current funding models for sector that inhibit workforce development also need to be highlighted, reviewed and actioned at a strategic level.

4. Collaboration, networking and partnership working

VCSE organisations recognise the value of learning from and sharing resources with each other and want to maximise opportunities regarding - however meaningful collaboration and networking requires support and investment. As a sector

organisation would wish to see the move towards competition reduced and see collaboration enabled, not enforced. There is the need for initiatives that can support and encourage greater partnership working, collaboration and innovation regarding. Also support for sector to amplify its collective voice and to influence and campaign on key issues regarding funding and sustainability.

5. Digital skills and Communications

There should be a particular focus on how the sector can maximise and build its Digital capacity. There is a need for sector organisations to develop strong digital understanding across leaders and trustees; to access trusted digital skills and expertise; upskill its workforce; develop new initiatives that respond to the changing needs of its service users and harness digital campaigning techniques. Again, the particular challenges and benefits for smaller organisations in digital upskilling should be explored.

6. Environmental Impact

There is a need for initiatives that can support and encourage greater environmental sustainability across VCSE sector. The VCSE sector requires investment and leadership to support community led innovation in problem solving, service and product developments which can protect and promote the natural environment and environmental awareness.

General Comments

Our list of suggested priorities is not definitive, there will be clearly be other areas that organisations across the VCSE will consider priority should be given, and it's also the case that these themes are interdependent.

Some of the actions reflected and suggested in our response are longer-term and will require focused intra and inter-sectoral collaboration in order to move them forward. Other actions suggested are more immediate and could be taken or initiated by individual sectors, organisations or agencies more quickly. There is no single solution, simple or complex, to be taken forward by any single entity to support the development of the VCSE sector in order that we support greater capacity and resilience building and thus create sustainability. If progress is to be made it will require focused work, dedicated resources and genuine collaboration across the VCSE, public, private and wider funding sectors.

In terms of the administration and delivery of the scheme we recommend flexibility reflective of the sectors diversity with regard to how funding is made available, in terms of grant size, timeframe for delivery etc.

The change each individual VCSE organisation would make to become more sustainable and fit for the future might look different. So, funding priorities and criteria should be flexible enough to accommodate that.

There is a need to explore various funding models and to utilise existing networks to help the Dormant Accounts fund in achieving its aim to support a resilient and sustainable sector. Whilst we do not wish to be overly prescriptive this might suggest a 'tiered' approach in terms of the size of funding or grants available, reflective of variation in VCSE organisational size or reach. This could also mean investment in a mix of initiatives such as those that maximise existing regional networks or infrastructure organisations whilst also ensuring more localised or bespoke initiatives are given the necessary priority. Equity of access regardless of organisational size, focus or location should be actively promoted with due regard to small, more localised or specialised organisations. There is a need to ensure the correct balance between direct support for smaller organisations and maximising the benefits of collective or regional support networks. In addition, is need to recognise that in some areas

particularly rural, some support networks have been eroded due to funding cuts etc and require reinvigoration/investment.

In terms of any eligibility criteria for funding, we agree with an emphasis on projects and initiatives being able to demonstrate lasting impact for their organisations, their beneficiaries and society, whilst also creating opportunities for shared learning or innovation across the sector. However, criteria should be sufficiently flexible so as to reflect the diverse needs and structure of the VCSE sector. So, organisations whilst demonstrating impact can tailor to reflect the needs of or make up of their individual organisations and not be penalised as a result of being smaller in scale or reach. In addition, any funded initiatives should be reflective of the diversity of VCSE organisations and society as a whole. There was some suggestion via our consultation event that particular recognition is given to those organisations working with the most marginalised of groups or individuals and those who typically struggle to access public funding etc.

There are several practical suggestions that as the scheme moves towards delivery and distribution of funding, we think would be helpful to the VCSE sector. Again, this should be reflective of the diverse make-up of the sector in terms of differences in capacity, governance structures, focus etc. This includes ensuring equity and accessibility regarding application processes (for e.g. the use of plain language, through to tailored capacity building and support for applicant organisations for e.g., a glossary of terms linked to application, clear guidance or resources, local information sessions).

It would also be important that lessons learned, and knowledge and experience gained via the Dormant Accounts Funding delivery elsewhere in UK be reflected in the Northern Ireland scheme

In terms of managing expectations and demand for funding, transparency and continued engagement with the VCSE sector by the National Lottery Community Fund would be considered important as the scheme develops further. This should include

regarding application and decision-making processes, sharing and dissemination of learning, networking and support opportunities and next steps planning etc

Wider Messages

We acknowledge that some of the issues and challenges we have raised fall outside of the scope and remit of the Dormant Accounts scheme and that the scheme is limited regarding its capacity to address the full scale of issues identified. However, we believe the key messages generated via this and other consultation processes hosted by the National Lottery Community Fund should not be lost and provide a unique opportunity to highlight current issues at a strategic level with relevant government departments and agencies. We hope our comments highlight both the challenges and the opportunities to creating sustainability across the VCSE sector, with messages for both the sector, its funders and wider policy makers. We therefore welcome the National Lottery Community Funds commitment both to consider these issues in the context of their own wider funding programmes and also to highlighting at a strategic level with the Department for Communities NI as the government department responsible for administration of the scheme in NI and with other funding bodies.

5. Concluding Comments

We welcome the developments towards delivery of a Dormant Accounts Fund for Northern Ireland and via the funding priorities identified some recognition of the very real challenges being faced by the VCSE sector regarding its capacity and sustainability.

We trust that our response reflects some of the most pressing issues and thus can help meaningfully inform the delivery of the scheme in Northern Ireland so that it may

go some way in helping practically address some of these challenges and that its reach and impact might be optimised.

As the National Lottery Community Fund continues in its development and delivery of a Dormant Accounts scheme for Northern Ireland, we would welcome continued opportunities to support and inform this work. In addition, we look forward to further clarity and information regarding the scale of funding being made available via the scheme and how, including the likely timescale/timeframe for delivery and the priorities identified.

For more information on any aspect of our response please contact

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