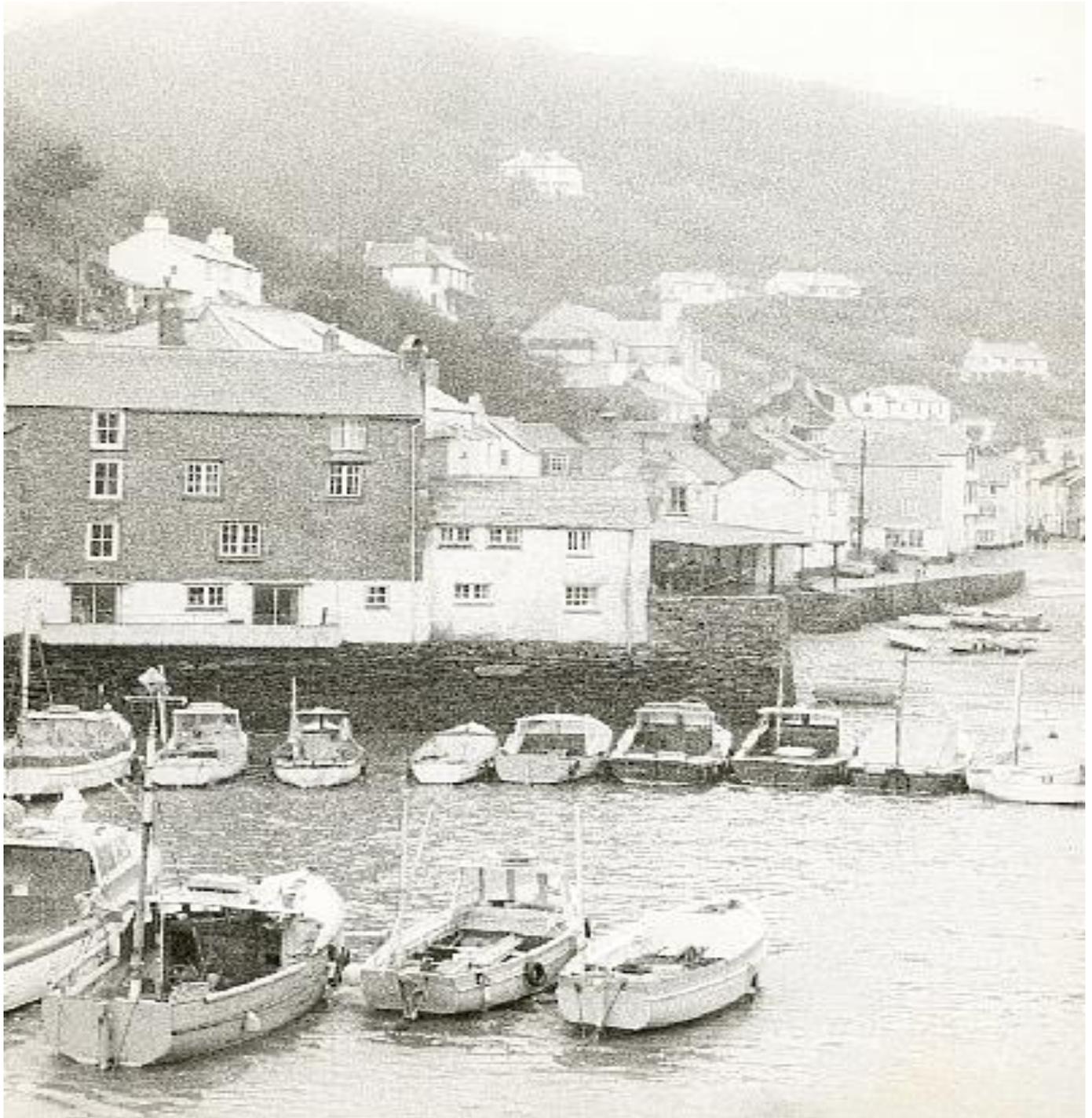


# SETTING THE SCENE

Background to the Funding needs of the  
South West Region



By JAN CRAWLEY

COMMUNITY DEVELOPMENT OFFICER

ON BEHALF OF THE BOARD OF THE SWCHS FOUNDATION LTD.

## FOREWORD

The South Western Co-operative Housing Society was established in 1944 in response to the need for affordable housing after the war. Supported by funds from the co-operative movement the Society developed 600 properties throughout the South West Region. The bulk of the properties were focussed around Calne, Bridgwater and Totnes. These estates were built without direct subsidy. Under the 'Right to Buy' legislation in 1980, 350 of the Society's housing stock were sold to sitting tenants. Further properties were developed and the Society's housing stock now stands at 400 properties throughout the South West Region. The 'Right to Buy' sales continue.

Despite being sold to tenants at a purchase price well below their market level, the properties have sold above their initial development cost of approximately £2,000 per property. This has resulted in the Society having considerable cash reserves.

The Society does not intend at present to develop any more housing. The Society has therefore decided to set up a charitable Foundation to distribute certain sums of the money in the way of grants for the benefit of the community. The Society wishes to ensure that the empowerment of people forms a cornerstone of future strategy.

The task before the Foundation is to seek the most effective and beneficial use for the funding.

Among the initial priorities set out by the Society was an emphasis on activities in rural areas, which encourage mutual, and community support and which assist groups that cannot easily access other sources of funding. A decision was taken early on to look at the specific needs of the rural areas, as for some time poverty and need within the rural areas has been overshadowed by the more visible needs of the urban areas.

Within the framework of these general priorities the Foundation wished to consider the views of a sample of local development agencies, other funders, local authorities and other interested bodies on the current needs of organisations and communities in the region. The following report lays out the background for the Foundation to consider when seeking a role for the Foundation and priorities for funding allocations.

This report was written primarily as an internal document for the Foundation and Society Board. It is now made available to a wider audience in the hope that it might prove of use or of interest.

We are particularly grateful to those who generously shared their ideas and information with us, and we look forward to a continued and fruitful dialogue with them and others as our plans develop.

## **CHAPTER 1 - INTRODUCTION**

### **1.1 The Aim of the Report**

The aim of this report is to provide the South Western Co-operative Housing Society Board with a background to the environment in which the Foundation will be operating. It will provide this background information to enable the Foundation Board to consider and set priorities for allocation of funding. The Foundation is a subsidiary of the Housing Society and as such it will use the report to consider the possible options for the role of the Foundation in the future and refer these back to the Housing Society with whom the ultimate decision about the role of the Foundation rests.

### **1.2 The Methods Used**

This report has been written from information gathered between October 2000 and January 2001. Initial desk research has been undertaken from existing reports on the needs of the Region. The reports have included samples of research undertaken at a regional level, at County level and a district level. National reports into poverty and social exclusion and indexes of deprivation have also been considered.

Over 30 key players in the voluntary and community sector have also been interviewed using semi-structured interviews and their views on availability of funding and funding needs in their area sought. The interviews were written up within 24 hours of the interviews having taken place and emerging themes have been included in this report. (Appendix I).

Organisations were assured during the interviews that any information received would be anonymous as far as is possible and that any response would not in any way be used to assess any future application that the organisation might wish to make to the Foundation.

The fact that the Foundation was not currently allocating grants and that the Community Development Officer had, as yet, no role in grant assessment, assisted the organisations to provide frank and open views on the topic in hand.

## **CHAPTER 2 - THE GEOGRAPHY OF NEED**

### **2.1 Defining Need**

The task in hand was not assisted by the fact that there is no one definition of poverty or social exclusion that can be utilised to inform this report. One thing that is agreed is that poverty and need cover a variety of disadvantages and problems faced by individuals, not merely a lack of money, although this is often identified as a vital factor. A frequently quoted definition from the European Council of Ministers is one, which views poverty as a comparative term.

*"Individuals, families or groups are considered to be in poverty if they lack or are denied resources which excluded them from participating fully in the life, health care, leisure and social activities, good housing and adequate food and clothing."*

(As quoted by Gloucester County Council 1999)

### **2.2 The Indexes of Deprivation**

In 1998 The Government produced its Index of Local Conditions (ILC). This Index was based on previous information gathered in 1991 and 1996. Developed by a group of academics it combines a number of deprivation indicators. This index has been used to inform funders and the Government in the allocation of its funding from Central Government. However, there have been many criticisms of these indicators, not least concerning the inappropriateness of the indicators used for rural areas.

One example of the urban bias is the frequent use of car ownership as an indicator of affluence. For many people in rural areas cars are an essential rather than an optional mode of transport. Rural inhabitants may well have to sacrifice other items in order to cover the cost of running a car but could not exist without access to private transport.

Another example is the use of means income data. Means income data often hides larger ranges of income in the rural areas where significant numbers of families and individuals are living on low wages and income. There is also a consensus that the cost of living in rural areas and the provision of services can be significantly higher. None of these factors were taken into account in the Index of Local Conditions (ILC 1998) (source Gloucester County Council).

The Index of Multiple Deprivation (IMD) 2000 has categorised the deprivation into six domains each with a separate weighting. To some extent there is the attempt to take into account the rural aspect of deprivation particularly with the inclusion of the Geographical Access Domain.

The six Domains within the Index of Multiple deprivation are:

- Income (25% weighting)
- Employment (25% weighting)
- Health Deprivation and disability (15% weighting)
- Education, Skills and training (15% weighting)
- Housing (10% weighting)
- Geographical access to services (10% weighting)

### **2.3 Ranking Deprivation**

The new Index of Multiple Deprivation (IMD) compares the scores and positioning of the districts under the Index of Multiple Deprivation and the Index of Local Deprivation 1998. A number of areas have found themselves in a different position within the Index of Multiple Deprivation to the position that they found themselves in the 1998 Index of Local Conditions (ILC). Bath and North East Somerset for example, which was shown as the 35th most deprived area in the South West Region in the ranking under the Index of Local Deprivation (ILD) in 1998, now finds itself not registering among the ranking of the top 157 areas ranked on the current index. The Forest of Dean which was ranked 24<sup>th</sup> under the ILD also now finds itself having fallen off the ranking. Kerrier on the hand, which ranked 17<sup>th</sup> under the ILD, now ranks as the most deprived area in the South West. This position was previously allocated to Bristol, which finds itself in the number 3 slot.

While the various rankings may prove fascinating, it is important to remember that the fact that Districts have moved up or down in the ranking is no indication that the level of deprivation in those areas has improved or worsened, simply that the way of measuring the deprivation has altered. One of the major influences on this for the rural areas has been the addition of a dimension to include geographical access. The rankings are reached by bringing the score of all six domain rankings together.

Areas by ranking of deprivation in the South West Region.

1. Kerrier
2. Penwith
3. Bristol

- 4.Plymouth
- 5.Gloucester
- 6.Bournemouth
- 7.North Cornwall
- 8.Swindon
- 9.North Somerset
- 10.Weymouth
- 11.Carrick
- 12.Exeter
- 13.Taunton Deane
- 14.Torridge

Torbay, which previously ranked 5<sup>th</sup> in the Index, does not now appear at all.

This moving of Districts up and down the Index in itself gives cause to treat the Index with caution, as it may often only tell part of the picture. This is also coupled with the fact that, within some of the district areas that appear to be among the least deprived, there are wards which score among the most deprived in the County in one or two of the domains such as employment or education. A further complication is that the Index is presented as a national table. The 8,000 odd wards are not identified according to their District locations and these have to be known by the reader if the table is to make much sense.

**The Index of Multiple Deprivation (IMD) will be a very useful reference tool to inform grant assessment, so that some indication can be obtained as to whether or not a certain need that has been identified by an organisation is a need that had revealed itself in the Index. However, it is more difficult, and perhaps less reliable, to use the Index as a means of setting absolute priority geographical areas for funding.**

The Independent Trust for Cornwall has invested a great deal of time in looking at the Index and has identified that 89% of the wards in Cornwall appear in the top 50% of most deprived wards in the Country. Overall, using both of the indexes it would be fair to assume that of all the Counties in the Region, Cornwall, under the current Index, has the highest number of deprived wards. Bristol, Plymouth, Bournemouth, Gloucester are the most deprived of the urban areas overall, but it still has to be remembered that there are many smaller pockets of need existing alongside affluence in a number of both the wards and the districts, which may well not show up on any of the Indexes.

To use the index without some reference to local knowledge and grassroots understanding of the area could cause marginalisation of some of the regions areas of greatest need.

The challenge for the Foundation will be how to gather and make best use of that local knowledge if it is to be a proactive funder.

## **CHAPTER THREE - THE RURAL PERSPECTIVE**

### **3.1 The Nature of need in the rural areas**

The Rural White Paper recognises that many rural communities are going through difficult changes. "Basic services have become overstretched. In traditional industries such as farming, incomes are falling and jobs are disappearing...over the past 20 years we have seen Post Offices disappearing, Council houses being sold off, rural schools closing, building on green fields and rural bus services cut." The South West is one of the most rural of all the regions and with that comes not only the beautiful countryside, but also all the problems that are now being recognised as inherent in the rural areas.

After decades of the main focus for tackling poverty and social exclusion being within the urban areas, it is now generally accepted that poverty is also a major problem for significant numbers of people living in rural areas. The Rural White Paper makes it clear that it has no wish to divide the Country into 'rural' and 'urban' but, it does however recognise that there are many issues that are inherent within the rural areas.

Considering both the reports concerning rural areas and the views of people working in those rural areas, there are many common factors and common needs.

It is now widely recognised that the poverty within rural areas is hidden from view. The often attractive and affluent appearance of the countryside can mask the underlying difficulties that affect many people in rural areas. Poverty in rural areas is less visible than in urban areas but this does not mean that it does not exist.

Poverty in rural areas is also hidden within the statistics, which are based on mainly urban indicators.

*"It is important within research on poverty and social exclusion to not place a sole reliance on statistical indicators"* (Milbourne et al 1998). Milbourne feels that there exists relatively little data with which to examine the changing nature and scale, local geographies of poverty and social exclusion in Britain. However, he also indicates that there is more to poverty than the needs which reveal themselves through common indicators and mapping. *"It should be recognised that poverty and social exclusion are more than mere numbers in tables and shadings on maps."*

Millbourne et al identify three key issues which act to hide many aspects of rural poverty and describe them as cultural hidden-ness, physical hidden-ness and statistical hidden-ness.

### **3.2 The 'unconnected' community**

The caring and supportive communities that people used to enjoy in rural areas are also becoming a myth as more women go out to work and have less time to give to the communities. The voluntary sector is finding it harder to recruit volunteers. "*Communities with an aging population and insufficient young people to continue the tradition of community spirit may yet come to experience their rural idyll as a rural hell*" (Naaji and Griffiths 1999). A number of the organisations interviewed spoke of the difficulty in accessing volunteers and the fact that the same individuals sat on a number of management groups within the community, as fewer and fewer people were putting themselves forward to take up such tasks. Some older people's groups were said to have closed in the villages through lack of support from volunteers. Faced with having to work further away from their homes, people were having less time in which to volunteer.

A noticeable exception to this trend are the Link Schemes in Wiltshire, which provide Good Neighbour Schemes largely focussed on volunteer based community transport for people in rural areas and market towns.

As families become more transient and younger people move out of rural areas to widen their horizon, so family members, both young and old, are left without the support that held communities together.

#### **3.2.1 Lack of access to services**

As well as difficulties surrounding the measurement of poverty and 'need' in rural areas, there are a number of problems that are compounded by living in rural areas.

Poor accessibility to services in rural areas compared to the more urban areas is a frequently mentioned feature of the countryside. For people with additional needs, mobility problems or low incomes, this can be a major factor that influences their quality of lives and their ability to 'take part' in their communities. "*People in rural areas cannot get many services that are available in cities, including support and job training opportunities* (South West ERDP Regional Chapter 2000 MAFF).

77% of rural communities do not have access to a daily bus service  
83% do not have access to a local doctor  
38% do not have access to a local Post Office  
26% do not have access to a pub  
46% do not have access to a local school  
36% do not have access to a local shop  
22% do not have access to a village hall.  
(Sources MAFF 2000)

There is an increase in social and physical isolation in rural areas leading to a lack of peer support and a greater awareness of stigma. If you are the only person in your village with mental health problems for example, it is difficult for the sufferer and the carer to access support that may well be more readily available within the urban areas.

**The lack of services provides decreasing opportunities for people in rural areas to meet up and connect with their community. It also leads to a lack of opportunity for networking and the sharing of information and experiences. This also increases the need for good accessible provision of information and advice.**

A number of the organisations interviewed were providing advice and information to their service users although this may not have been their prime function. Carers groups in the rural areas for example, charged with providing support for carers, often find themselves supporting people in the completion of benefit application forms. Organisations which take their services out to their service users rather than simply relying on a local office base appear more successful in ensuring that they are reaching those most in need. However, the cost of providing a service in this way is expensive and time consuming but essential in rural areas.

The cost of providing services in rural areas is high, so too is the cost of living. As Puancofort and Milbourne both indicate, high cost of service provision is compounded by a higher costs of living". Local shops are more expensive...you can access less for your money" Milbourne et al 1988.

### **3.3 Housing**

Naaji and Griffiths, in their work on rural areas, found that the nature and experience of rural life had changed significantly in the post war years. The Industrial Revolution heralded the start of a long period of rural depopulation, which continued up to the Second War. Since the War there has been a gradual move back to the

countryside. The desirability of the countryside as a place to live has led to a sharp increase in the price of rural houses. Social housing is not in such abundant supply as in the towns. Only 12% of housing in rural areas is social housing, compared with 25% in the urban areas, which indicates the lack of affordable housing for many rural areas. (Rural White Paper 2000).

### **3.4 The Income Divide**

Statistics support the view that affluent people are moving into the Countryside and poorer people are moving out, leading to higher percentage of people on high incomes living in rural areas (The Rural White Paper 2000). A significant number of the organisations interviewed spoke of sharp contrast in their areas between the more visible affluent inhabitants of their area and the people to whom their organisations offered a service. These service users were often struggling to make ends meet and had lowered their horizons to live within their means. Many of the people on low incomes who are left in the rural areas are further marginalized in an area where less funding is being invested in services. The provision of these services is largely based on indicators of need that lead their needs to be invisible to the service providers. It is estimated that £1:00 per head is spent on service provision for people in the rural areas while £1:60 per head is spent on service provision for people in the urban areas. This is despite the fact that services are more expensive to deliver in rural areas.

### **3.5 Employment**

Rural employment patterns have also been changing (Naaji and Griffiths), with agriculture on the decline in some areas and mining in others; the arrival of 'mad cow disease' and the Common Agricultural Policy (CAP) this decline is bound to continue. Those who work in rural areas have had to find new skills and areas of work.

*'The high levels of self-employment in rural areas do not indicate an entrepreneurial community or a thriving rural community. For many people in rural areas self-employment has become a necessary option.'* (Naaji and Griffiths: 1999)

Self-employment brings with it uncertainty of income. A third of people in rural areas were said to have experienced spells of low income in a five-year period. People in Cornwall, for example, spoke of the seasonal Unemployment levels. Newquay during the winter months was said to have an unemployment rate in excess of 25% because many of the people living there are employed in the tourist

trade. Generally, unemployment is seen as being lower in the rural areas but the incidence of low pay is higher than urban areas. An additional factor is that increasingly people in rural areas have to travel significant distances to find employment.

### **3.6 The allocation of resources to rural communities by trusts and foundations.**

The need in rural areas is compounded by the fact that there has not been a fair allocation of resources. A report from the Rowntree Foundation into social exclusion in rural areas (Chapman et al 1998), supports the view that rural areas are associated with pockets of high levels of social deprivation and exclusion where services have higher costs. There is still no firm agreement about the fair allocation of resources to meet the distinctive needs of rural communities"(Chapman et al 1998). This unfair allocation of resources also extends to trusts and foundations who concentrate the majority of their funding within the urban domains.

There is a further suggestion that there is a 'double whammy' for those individuals living in the countryside who are in need. While many of the social dimensions of need within the rural areas are not unique to the countryside, the attendant 'cultural assumption' and overall location give them an added significance. The higher costs in the rural areas and the lesser sources of funding for rural communities are, Scott feels, leading to a 'double whammy' for those individuals and communities living in the countryside. (Scott et al 1997).

NLCB has recently published its own findings on the allocation of resources from grant giving trusts and other funders, which clearly shows an urban bias with the majority of available funding being allocated to London at a rate that far outstrips the relative need.

There is a lack of funding streams being directed to rural areas. Those that are available are influenced by the official indexes and measurements.

*"The overriding issue is that there is absolute poverty for some people in rural areas...but there is also relative poverty for people living in a sea of affluence. What this means is that their difficulties are not recognised and services are not geared to their needs" (Milbourne et al).*

Areas that are identified by the various indexes as 'being in need' have the capacity and argument to attract outside and government funding. Cornwall, for example, has attracted £350 million in

European Funding over 7 years. Devon is about to attract Objective 2 funding. Certain areas have attracted significant sums of SRB funding and the NLCB tries to ensure an even spread of its funding according to the areas status in the indexes.

Other geographical areas, such as the Forest of Dean and parts of Wiltshire and Devon, have been designated as Rural Priority Areas and so can attract funding from the Rural Development Commission. Not all authorities are relying on the same indicators to measure deprivation. The Health Authorities for instance, use the Jarman Index, which understandably has a health bias. Other reports, such as the Child Poverty Action Group, use the average weekly income as a reference point for their poverty indicators.

However, there are still large areas of the South West that have access to very few additional funding opportunities. Dorset, and Bath and North East Somerset, are two notable examples. Even where there are funding streams available, it may not be the organisations working with those most in need in the community who are able to access this funding. Many of the smaller organisations in Cornwall, or those with no perceived economic outcomes, indicated that they would not be in a position to compete for the European Funding.

The overall effect has led to an alleged inequality in the way resources are allocated to areas in need, with a particular inequality for rural areas.

Throughout this research, the individuals and organisations interviewed have made frequent reference to local knowledge of the area being the best possible judge of what is really going on.

## **CHAPTER FOUR - THE NATURE OF THE SOUTH WEST REGION**

### **4.1 Demography**

One of the difficulties in setting priority funding areas for the South West Region is that the region itself is very diverse. Set at the very far end of the Country, the South West Region is surrounded by the sea and has the longest stretch of coastline of any of the Countries Regions. This has inevitably had an influence on its economic and communication patterns.

The South West Region is the largest region in England accounting for 15% of the total land area. It is also the most rural ( MAFF). More than half of the South West's five million population live in rural areas, 25% live in settlements of under 3,000 population, and 11% in settlements of 3,000-10,000.

There are a number of larger urban settlements such as Bristol, Plymouth, Exeter, Gloucester and Swindon. However, Cornwall's largest town has a population of only 21,000 and a number of villages with populations of less than 300 inhabitants. The total area of the South West region is 23,829 square kilometres, being a largely rural area the South West also has the most dispersed population of any of the regions with an average population of less than 2 persons per hectare. Cornwall is the most sparsely populated, with an average person per hectare of only 1.34.

The demographic profile of the South West does give reasons for concern, with the incidence of elderly people (aged 65 and over) within the population being 5% higher than the English average. The South West has the highest proportion of people over pensionable age. Christchurch, for example, has an older population of over 34%.

Less than 2% of the population in the South West is of minority ethnic origin, although the more urban areas, such as Gloucester, had a minority ethnic population of over 5.1% in 1991, and this was on the increase. Areas such as Swindon have a very diverse minority ethnic population who do not necessarily relate to one another, heightening the opportunity for isolation.

Bristol, Gloucester and Swindon also have a number of refugees who have been dispersed into the community, largely from the conflict in the Balkans and the African states. Again, the different refugee groupings may not necessarily relate to one another and this, coupled with language difficulties, can make isolation and stigmatisation a very real problem for these groups. The fact that

fewer refugees are being dispersed to the area than was at first anticipated does not alleviate the isolation for those who are already resident in the area.

## **4.2 The Economy**

The view of the Regional Development Agency for the South West Region is of a Region whose economy has grown steadily over the past two decades. At present, the South West Region contributes nearly 8% toward National Gross Domestic Product. *“Regional GDP growth has consistently out performed the UK average over the last two decades”* and *“employment growth has grown by 10% from 1991 to 1998”* (RDA 2000). The South West Region has one of the lowest regional unemployment rates at less than 3%, compared to the national average of 4.2%. However, it is the role of the Regional Development Agency to stimulate and encourage investment into the region.

*“The opportunities for this region over the next ten years are many and industries will be nurtured and developed through inward investment and business support networks”* (RDA Website).

However, a number of other reports into the area reveal a different picture of the Region. While there is a lower unemployment rate generally in the Region, much of the employment is in industries that pay traditionally low wages. There is a high dependency on employment in agriculture and tourism, coupled with a lack of alternative job opportunities, which has resulted in a low wage economy and seasonality of employment.

*“In socio economic terms there are very real concerns about the sustainability of these rural communities”* (MAFF 2000).

The 1991 census showed that there were more people employed in agriculture, forestry and fishing in the area and far fewer employed in manufacturing. However, the effect on tourism in certain areas has meant that catering also employs significant numbers of the workforce in certain areas. Cornwall for example has 25.4% of its workforce employed in the industry.

A number of the main industries within the South West Region pay traditionally low wages. Areas such as Wiltshire may not appear ‘deprived’ when the area is assessed according to the numbers of people lacking paid employment. However, many of the people in the rural areas are reliant on lower than average wages. The problem appears even greater in Cornwall, where 6% of the

workforce is employed in agriculture, forestry and fishing. The male workforce in Cornwall, for example, is said to earn only two thirds of the national weekly average. There are more women employed in the area, but again their wages are often part-time and are traditionally lower than the male income. (Source Cornwall Rural Community Council). This is coupled with a higher than average immigration of non-economically active persons, namely retired people, which leads low income to be a major factor in the Region.

## **CHAPTER FIVE - THE FUNDING ENVIRONMENT OF THE SOUTH WEST REGION**

### **5.1 The Rural White Paper**

The Rural White Paper has a stated vision of a 'living countryside, a working countryside, a protected countryside, and a vibrant countryside which can shape its own future' (Rural White paper 2000). To deliver this, the paper speaks of new programmes for health education, housing and transport, to achieve real improvements for the countryside. To this end £1bn is to be allocated over the next three years to increase agriculture support and £1.8bn (7years) to the England Rural Development Programme. It is difficult to assess exactly how much of this funding is 'new funding' for the rural areas.

As well as funding that is being made available through the England Rural Development Programme, there are a number of other funding bodies currently involved in the Region.

It is the intention of this Foundation to complement rather than duplicate the work of other funders in the Region. It is therefore essential that the Foundation has some concept of the other funding that is available in the Region.

### **5.2 European Funding**

The Government Office of the South West is currently acting as the Managing Agency for a number of the European Funding streams. For example, Cornwall has qualified for Objective One funding from Europe. This funding covers five specific priority areas: 'Small and medium sized enterprises'; 'Strategic spatial developments' in key towns including transport infrastructure; 'People Priority' including training for employment to increase people's ability and employment skills (some of this is aimed specifically at women); 'Community and Economic Development' which is offering support for rural and deprived communities, including capacity building. 'Regional Distinctiveness' which included supporting arts and cultural projects.

Projects and organisations which apply for funding under Objective One, do require match funding to draw the money down. The maximum funding available is up to 50% of the cost of the project. The rest of the funding must be drawn together from local public and private funders. It is hoped that the Regional Development Agency and Government will become a prime player in the provision

of match funding. Organisations and Agencies in Cornwall have been given to believe that any match funding required to draw down the funding from Europe will be provided through Government Sources. However, it would be wrong to assume that, just because Cornwall has access to such a large funding stream from Europe, it does not require support. The voluntary sector, in many areas, requires further development if voluntary and community sector organisations working with those most in need are to be in a position to take part in the bidding process. As one organisation stated, "If European funding is the answer to all our prayers, how come, even after receiving millions through the last round of European Funding, we are still so deprived that we can qualify for Objective One Funding. Clearly there is far more to regeneration than having access to funding."

**While acting as a 'match funder' can appear an attractive option for funders, enabling them to draw down extra resources for the community, it is important to remember that any funder becoming a partner in match funding with European Funding would be expected to put requirements on their own funding that is consistent with the requirements of the European Funding.**

**A number of the smaller voluntary and community organisations in Cornwall have already indicated that they felt unable to compete for European funding because of these requirements.**

The County of Devon is currently being considered for Objective 2 Status, and while this has not been 'signed off', it appears very likely Devon will access this funding in the New Year.

There are a number of European Funds, each one has its own objectives. Some funds are eligible for organizations to apply direct to Europe, but the vast majority of them are accessed via partnerships and managing agencies. In some areas partnerships have to be specially constructed for the purposes of accessing the funding. A great deal of time and resources have to be put into developing partnerships and strategies, which will enable areas to meet the requirements of the funds.

### **5.3 Single Regeneration Budget**

Another source of income through the Government Office of the South West has been the Single Regeneration Budget (SRB Funding). A number of designated areas have been able to access this funding, which can cover a host of 'regeneration' work in a

specific geographical location. For example, the towns of Radstock and Midsomer Norton in BANES have been successful in accessing Single Regeneration Budget funds, while neighbouring areas have not been eligible to apply because the indicators used do not denote them as areas of need.

It now appears likely that Single Regeneration Budget funds will be replaced by new funding streams yet to be finalized, but this will be administered via the Regional Development Agency with additional funding being available through the Countryside Agency.

The Rural White paper speaks of £1.6bn being made available through the England Rural development Programme, and it is important for the Foundation to remain informed about the criteria for this fund once they are published.

#### **5.4 Rural Development Areas/ Rural Priority Areas**

Some of the rural areas have been designated Rural Development Areas (now called Rural Priority Areas.) This has meant they have been eligible to apply for Rural Development Partnership funding. This includes small grants of up to £1,000 for new initiatives and piloting work. Other funds are available for larger projects. For example, Wiltshire has a budget of £165,000 to allocate in the Rural Priority Area. However, the majority of funding must be matched and comply with the strategic plan of the funding body. These funds are allocated through the Rural Development Agency to the local Rural Development Partnership. There has been some disagreement as to how areas were designated as Rural Priority Areas. Much of the Forest of Dean Area, for example, has been designated as having RDA Status. While this was very welcome news in the Forest, other areas which appeared equally deprived were excluded. Some Local Authorities have criticised the Rural Development Commission criteria for not taking enough rural indicators into account when designating these areas. It is not yet known how the new Indicators of Multiple Deprivation may effect any future designation of rural areas. Without being designated areas of need however, areas may 'miss out' on significant sources of funding.

#### **5.5 The National Lottery Charities Board**

There are a number of Lottery distributors operating in the South West Region, including those responsible for the arts, sport and heritage. Most of the Lottery distributors require some sort of match funding element in any project/organisation that they fund, other than the National Lottery Charities Board. This is the Board that will

probably be the most closely associated with the work that this Foundation will be seeking to fund.

The National Lottery Charities Board (NLCB) is divided into regions and there is an office and a Board that has specific responsibility for the South West Region. The two main Funding Programmes of the NLCB are currently Community Involvement, Poverty and Disadvantage.

The NLCB also runs a Small Grants Programme (Awards for All). This is a cross distributor programme for applications up to £5,000 aimed largely at the smaller organisations. This small grant scheme will, in the future, continue a working partnership between the lottery distributors and may widen to include the New Opportunities Fund. The small grants are payable for one year only for special projects and capital projects and have enabled a wide variety of activity to take place throughout the Region.

The main themed Grant Programme on the other hand can allocate grants for up to three years, but the NLCB is largely not able to consider the funding of the 'core costs' of the existing organisations that it supports. Last year the NLCB Nationally awarded £285,000,000 in grants and are a major player in the funding arena. The NLCB, while striving to be independent, is covered in its activities to some extent by Central Government legislation.

Visits to organisations in the South West by the Foundation included a number of organisations that were funded by NLCB or who had a good working knowledge of the groups in their area that were NLCB funded. It was clear that the funding from NLCB had given local communities a significant boost in the types of services that were being offered. Support was also being given to people, often in the most needy of circumstances. The NLCB has become more than just 'another funder doing the circuit'. It has provided organisations with the opportunity to test new ideas, to develop services for the wider community. As yet, there has been no comprehensive evaluation of the impact work of the NLCB and this would appear to be an essential move if the NLCB is to continue to develop its funding strategies and act as a source of invaluable information for other grant givers active in the area.

Several organisations did voice concern about the length of the form and requirements of the application process for the NLCB, including the length of time that it took to access a decision on funding, all of which caused concern for the sector. There was also some disappointment in the lack of contact with the NLCB with organisations once the grant had been allocated.

Other concerns were around the sustainability of projects once they had been set up for the three years. Many could not identify other sources of funding as significant as the NLCB funding, that could be approached for future funding. Some had re-invented themselves into new or developing projects to access further funding. However, the full perceived impact of large numbers of organisations sinking at the end of their three year funding was hard to evidence.

There was a general consensus among organisations interviewed that they did not wish funders to only fund new and innovative projects.

It was recognized that NLCB had made a significant positive contribution to the voluntary and community sectors and had breathed life into a number of areas. It was felt that it had also, however, encouraged an environment of the voluntary sector having to continually invent itself to access funding. There was a plea from a number of organisations for funders to fund 'what was working well' without the requirement to be innovative.

The National Lottery Charities Board has been listening for some time to the community's views. While it cannot address all the issues, it is undertaking a number of measures to simplify its process. As from April this year the two main grant programs will be streamlined into one. There will also be the introduction of a simplified application process on applications for projects with a total value of £60,000 or less (£30,000 for building projects) Given the comments from the sector on the current process this is bound to be welcome news.

The NLCB is also re-branding and will be known as the Community Fund further identifying itself with the sector.

## **5.6 Statutory Funding**

A number of voluntary and community organisations are able to access statutory funding from Local Authorities, Health Authorities, and District Councils and, to a lesser extent, Town Councils and Parish Councils. Some voluntary organisations are working with the statutory authorities under service level agreements and can sometimes be delivering services that the statutory authorities themselves have a responsibility to deliver. Organisations interviewed indicated that once they had been accepted into the realms of statutory funding, it was often the case that this funding would continue from one year to the next, as long as the services being offered were in agreement with the funding priorities of that Local Authority.

Where a Local Authority's funding priority areas altered, this could have a significant affect on those organisations that had previously accessed support. Organisations who are significantly dependent on funding from statutory authorities are vulnerable to change in the priorities for those funders.

**Many voluntary and community organisations, even if they can access statutory funding, still find that they need to apply to other external funding bodies to cover their running costs, as the funding from the statutory authorities is often insufficient to sustain the organisation.**

**The majority of funders will not consider funding where there is a statutory responsibility for the Local Authority or Health Authority to fund, and will only consider funding where the proposed service is additional to any services offered by statutory providers.**

The Countryside Agency is a statutory agency although not quite in the same mould as local authorities.. It aims to conserve and enhance England's countryside, to spread social and economic opportunity for the people who live there and to help everyone to enjoy the countryside. The Agency also administers a number of funding streams and has an annual budget in excess of 70 million pounds. It has just announced a new funding programme called Vital Villages to enhance and support village facilities.

## **5.7 Community Foundations**

Community Foundations have come from a concept developed in the US in 1916 to organise philanthropy. Their aim is to raise a sustainable source of income to support the community, and to this end they seek to raise an endowment from corporate and private sources, the income from which is used to support work in the community. Not all of the South West is covered by the Community Foundation movement. The Greater Bristol Foundation operates largely within Bristol but is seeking to develop funds for North Somerset. There is a Foundation in the initial stages of its development in Somerset with no funds as yet. Devon and Gloucester have developing foundations. Community Foundations operate within a specific geographical area and have a number of funds within their funding streams. The national organization supporting Community Foundations is the Community Foundation Network (CFN). The Community Foundation Network has recently accessed £1,000,000 from the Baring Foundation to support the development costs of up and coming Community Foundations.

## **5.8 The Community Foundation Network (CFN)**

The Community Foundation Network is a membership organizations, which exists to promote, develop and support community foundations throughout the United Kingdom. Of 29 Community Foundations in the UK, they hold between them over £91 million in their endowments (2000 source CFN). 'Endowment and permanence are the defining words of the network.' However, Community Foundations are still developing and do not hold sufficient funds, as yet, within their endowments to support the needs of their local areas. At present, they are fulfilling their role as grant makers by undertaking agency work and by becoming involved in regeneration partnerships.

## **5.9 Grant Giving Trusts and Foundations**

There are a number of grant giving trusts and Foundations operating in the South West Region. Among the most prominent of these are the Lloyds TSB Foundation for England and Wales (last year allocated £9,036,000), the Nationwide Foundation, the Lankelly Foundation (allocated £3,020,000 last year), the Tudor Trust (£22,717,000), The Summerfield Charitable Trust (£295,000) all of whom operate roughly in the field of social welfare and tackling disadvantage. Organisations interviewed were generally having to spend significant amounts of time researching which funders were appropriate to approach for their specific funding. In areas where there was access to a Charities Information Bureau, Local Authority Community Development Officer who was well informed, or a CVS that was funded to offer a funding advice service, this task was made significantly easier. However, large areas of the region do not have access to this type of assistance and organisations spoke of having to devote significant amounts of time completing application forms where various funders were asking for differing information to meet their requirements.

## **5.10 The Association of Charitable Trusts and Foundations (ACF)**

The Association of Charitable Foundations (ACF) supports the work of Charitable Grant-Making Trusts and Foundations nationally by assisting Foundations to learn from each other, encouraging philanthropy and seeking to improve understanding of Trusts and Foundation among the grant seekers. It has published the latest statistics on its members. Of a total of 307 members, £1,009.5 million was allocated in grants in 1999/2000. The largest grant giver was the Wellcome Trust, which allocated £353.8 million in

the year followed by NLCB, which allocated £284 million in the last year.

### **5.11 Mapping of grants to deprived areas**

The mapping of grants and funding streams, while being desirable, requires significant resources. The National Lottery Charities Board (NLCB) has recently made available the results of its mapping exercise of grants to deprived areas. The research was funded by the NLCB and was undertaken by Newcastle University's Center for Urban and Regional Development Studies (CURDS) who surveyed nearly 3,500 grant making bodies. The research was primarily intended for use in the Charities Board's Grant making and regional development strategies and in developing its policies. However, the findings make interesting reading for any funding body in the region. Just over half of the NLCB's funding was found to have been allocated to organizations working in the field of deprivation; this was using the very narrow definition of deprivation centered on the problems associated with being:

- Unemployed
- Homeless or inadequately housed
- Refugees
- Victims of crime
- Offenders
- Substance abusers

The funding sources included in the research were the NLCB, Grant making bodies, Central Government Funds and European funding. It was found that the largest proportion of funding from trusts and Foundations was allocated to organizations working in the London Area. This was out of proportion to the need in the London area. In the South West Region, the NLCB was the largest funder of all the funders in the field of deprivation. It was further found that the NLCB was particularly responsive to the needs of deprived people in the rural areas and 'in this way, it could be seen to be counter balancing other grant makers emphasis on urban areas. Overall NLCB funding makes up over 40% of all funding to deprived areas.

However, for the South West Region it is worth noting that the percentage of funding from NLCB source is over 60% of the overall funding to deprived areas. Given that lottery funding is time limited largely to three year funding, this fact has an implication for other funders operating in the area who may be approached for continuation funding for the organizations originally funded by NLCB.

## **CHAPTER SIX - THE VOLUNTARY AND COMMUNITY SECTOR IN THE SOUTH WEST REGION**

### **6.1 Re-connecting Communities**

New analysis of the UK voluntary sector by NCVO illustrates the continuing challenges faced by many in the voluntary sector while demonstrating the growing contribution of the sector to the UK economy. The analysis also shows the growing contribution of the sector to local and regional economies.

The UK Voluntary Sector Almanac 2000 reveals that the voluntary sector now has an annual income of more than 14 billion. Indicators that recognise the unique contribution to the sector are being developed and built upon (NCVO 2000). The workforce within the voluntary sector comprises nearly half a million paid workers or 2.2% of the total UK workforce. Overall, the sector's workforce is thought to be growing faster than the private or public sector. In the South West more than 160,400 are said to be employed in the voluntary sector. 'Together these constitute 8% of all employment in the county' (MAFF 2000). There are currently more people employed in the voluntary sector in the South West Region than in agriculture (NCVO 2000).

Unpaid volunteers within the voluntary sector contribute £12 billion worth of unpaid work to voluntary organisations (NCVO 2000).

A recent study of the voluntary sector in South Wiltshire found the sector to consist of a huge resource of 'willing volunteers, increasing professionalism and a capacity for innovation' (Voluntary Sector Study 2000 Illey: Community Initiatives Department Salisbury District Council).

During this research over 30 voluntary sector organisations have been consulted in face-to-face interviews throughout the South West Region. These agencies were selected at random, but with the aim of ensuring that a variety of agencies were consulted in each geographical area and that these included the major players in community development.

**A major aspect of the work that the voluntary organisations are undertaking focuses on bringing people, who have previously been excluded from their communities, back into contact with those communities. The sector achieves this either through engaging members of the community as volunteers or committee members, or through the provision of support groups, advice and information provision, training**

**and self development, or simply through the provision of essential transport which enables previously 'marginalized' individuals to 'take part'.**

**The voluntary sector in this respect can be seen as a major contributor to acting a catalyst to reconnect communities and build what is now known as the 'social capital' within those communities.**

*"While undoubtedly Government policies have a great effect on the economy and the nature of poverty for many rural communities, the problems of poverty and social exclusion are also being tackled at a local level through the efforts and skills of the voluntary and community sectors;" (Crawley J: 2000).*

## **6.2 Social Capital and the Voluntary sector**

An American writer, Robert Putnam, is one among a band of recent writers who suggest that there are much wider issues, which can be associated with the notion of 'social capital'. Social capital is a phrase which is used increasingly to describe '*networks norms and trusting relationships necessary to act together more effectively to pursue shared objects*' (Putnam 1998).

The proponents of social capital believe that as people in society cease to contribute to civic activity, cease to take part in their communities, and continue to lead their individual lives, so the fabric of that community breaks down. For individuals in a community to be marginalized and alienated is not just to the detriment of that individual, but also to the detriment of the community as a whole. It is for the benefit of the community as a whole that people are enabled and encouraged to connect with each other and to lead 'useful lives within their communities.'

In Italy Putnam discovered that in regions where people were more engaged in grassroots community groups, societies and public issues, a more successful government appeared to operate, offering innovative day care programmes, economic developments and managing public business effectively. " He found to his own surprise that the best predictor of which regional government would succeed and which would fail was the level of 'civic engagement in that region".

The building of social capital is an important aspect for funders to bear in mind when allocating their funding and seeking a strategy for that funding.

*'Social capital is not just the sum of institutions that underpins society it is the glue that sticks them together'* (World Bank 1999).

The voluntary and community sector, if supported, are well placed to increase and develop the Social Capital of the communities in which they operate.

## **6.3 Community Development**

A number of County Councils, Unitary Authorities and District Councils, do employ their own community development officers to work with the community to support existing organisations and to assist with the development of new organisation and projects. These community development workers often also have the remit of supporting Council Committees and report back to these as officers of the Council. It is not a statutory requirement that Local Authorities employ community development officers and the provision is patchy throughout the Region.

### **6.3.1 Rural Community Councils**

Each County has its own Community Council. However, for some areas the coming of the new Unitary Authorities has meant some Community Councils are now covering both a County and a Unitary Authority. Community Councils, in addition to the other work that they undertake, do have a remit to deliver community development at the grassroots level to voluntary and community groups. In addition to this, some Community Council are also involved in grant giving, either through a small grants scheme, landfill tax allocation or other grants schemes that they have been commissioned to undertake.

Community Councils are funded by a variety of sources, although many of the Councils do rely heavily on the statutory authorities for their core funding. The Community Council for Cornwall, for example, has an annual income of over £1,000,000.

The national organisation providing support to Community Councils is ACRE. In the South West there is a regional structure – the South West Acre Network, made up of representatives of each of the Community Councils in the South West Region.

In some rural areas the Community Councils may be the only source of support for community development, but it may not be realistic to expect one development agency to undertake the development needs of all of the voluntary and community groups within their area.

### **6.3.2 Councils For Voluntary Services**

A number of areas in the region also have their own Council for Voluntary Services (CVS) these organisations are also based clearly in the voluntary sector with much of their core funding being supported by the Local Authorities. They also provide support and advice to voluntary and community groups and assist with their development. Some CVS are also in receipt of funding from the NLCB to provide funding advice workers assisting organisations with their funding strategies. It would be difficult to draw a clearly definable line between the work of the Community Councils and the CVS, although it is rare to find both organisations working with the same groups and locally there is some understanding of a division between the community development work of the two organisations.

### **6.3.3 Charity Information Bureaux**

Some areas also have access to a Charity Information Bureau. This organisation may well provide information on relevant funders for organisations to approach and assist with charitable registration and governance issues. In areas where organisations cannot access this through CVS or Community Councils, some funding comes from Local Authorities or Charitable Trusts to support the work of these bureaux.

### **6.3.4 Others**

There are a number of other organisations who do assist specific groups with their development needs. For example, Age Concern may well assist older people's groups, Youth Action Wiltshire assist youth groups in their areas. In some areas there is also training support for the voluntary sector. A notable example of this is the Learning Curve in Wiltshire. Established by a partnership of the Council For Voluntary Service in the area it is an example of what can be achieved when agencies work together in this way toward a common goal. The Learning Curve provides a range of high quality training support for the voluntary and community sector in Wiltshire and has the capacity to attract funding for this support.

One of the difficulties with community development is that some of the rural areas most in need are failing to access developmental help, and therefore also miss out on the major funding streams, such as NLCB funding. A number of organisations delivering a much needed service in a geographical area that has traditionally accessed very little funding may still fail to access funds from the

NLCB because of what is viewed as a poor organisational structure or planning. The NLCB has much to try to alleviate these inequalities but the problem still remains.

The Black Sector Development Agency in Bristol has worked very closely with the minority ethnic communities in Bristol to develop the community sector, and is currently extending its remit. Wiltshire Race Equality Council has a Lottery funded project to develop community groups of minority ethnic communities in the rural areas in Wiltshire and a number of similar projects run in other areas, although the development of organisations serving the minority ethnic communities has for some time been lacking in many areas.

#### **6.4 The South West Forum**

Established in 1999 the South West Forum's key role is to ensure that the voluntary and community sectors are genuinely engaged in developing and influencing policy and the work of regional bodies, such as the Regional Assembly, South West Regional Development Agency, the Countryside Agency and other active in the area. At present the Forum is still developing but already has 150 members.

## **CHAPTER SEVEN THE NEEDS IDENTIFIED, AND THE OPPORTUNITIES FOR FUNDING**

### **7.1 Client groups in need**

There was a general consensus, both through the interviews and in the reports considered, of the type of client groups seen to be in need. These were, not unexpectedly, older people, young people, people with disabilities, carers and people on low incomes, however this is defined.

### **7.2 Organisations in need of support**

#### **7.2.1 Small organisations and groups**

Smaller more local organisations were identified by virtually all of the organisations interviewed as being in need of support and accessible funding. These groups were supporting a variety of people - older people, people with mental health problems, younger people, people on low incomes, community news groups, arts group community associations and others.

Older people's groups, in particular, were highlighted as a group that did not appear that attractive to other funders and who were generally struggling to keep their groups organisations going, particularly in the rural areas. However, as one Age Concern pointed out, it is not just a matter of lack of finances for the older people's groups. Lack of finances is compounded by an ageing volunteer force and paid staff. Management Committee members are also being faced with increasingly stringent requirements by funders. This was reflected in a number of smaller organisations. Any funding allocated needs to take into account these additional requirements.

#### **7.2.2. User led services**

Other organisations that were seen to be having difficulties in accessing funding were organisations that were led by 'service users'. These organisations were seen to be delivering services in a way that were very sympathetic to, and accessible to, the client groups at whom they were aimed. The users of these services were often members of the community who had the most difficulties in 'taking part' without additional support. User led services not only provided a direct service to the service user, but also provided supported training opportunities and employment opportunities to

people who may have been excluded from taking part in other agencies. For example, organisations managed by people with disabilities, employing people with disabilities, were more likely to be aware of the support provision available which would overcome some of the perceived boundaries which were excluding other employers from employing people with disabilities.

People with disabilities in Cornwall, for example, may have problems not just with additional support needs. Ability to access advice and information services or even just to get out and about in area that is generally inaccessible to any but the fittest members of the community only compounds the difficulties that a disability may bring. The need for support groups, organisations providing specialist advice and information, assistance with mobility needs, adapted transport, accessible venues to meet, training for work in areas with such a sparsity as the population of Cornwall. is immense and it would be wrong to assume that European Funding will answer all these needs.

## **7.3 Small Grants Programme**

### **7.3.1 The Need**

The vast majority of those development workers interviewed spoke of the need for a small grant programme for grants up to £500. This programme needed to be fast track and flexible. Many of the smaller groups also need to know that the group can have access to a development support as appropriate. The suggestions for items that a small grant programme could cover are:

- Start Up grants for small, less formal groups with charitable objects.
- Emergency grants where a small group is having difficulty in making ends meet and the grant would assist its sustainability.
- Grants for pieces of essential equipment that could not be accessed from any other source.
- Organisations working with older people, young people, pre-school activities (but only in certain circumstances) and work which brought people together within their communities was seen to be among the most pressing needs.

### **7.3.2 Delivery of a small grant programme**

For a Regional Funder to deliver grants on such a small scale has not, to my knowledge, previously been undertaken. Suggestions for the delivery of such a programme varied from the desire of one

organization that a funder should simply give them a pot of money which they would administer often within an existing grant scheme that they were running. The disadvantage to this is that the Foundation would become an 'invisible funder' as the funding would become absorbed within the existing pot.

### **7.3.3 Working with Agents**

Another suggestion was that the Foundation should 'register' a number of community development workers in each of the geographical areas. These development workers could then 'recommend' groups for funding that they were assisting with their development needs. This would give the organizations the development support that they needed and the funding to get started or to keep going. While it is understood that there is a cost to development work, this is not a cost that would be within the remit of the Foundation to fund. Most of the workers would already be funded to deliver the development aspect of their work. The fund would simply assist their work by enabling them to access the funds

### **7.3.4 The Next Stage**

There was a feeling that, while some of the small groups would be time limited in their work, some of them may wish to move on to the next stage in their development. Once registered with the Foundation for a small grant, the next stage could be for the organization or groups to be considered for a further grant of a more significant amount over a longer period. This could be for grants between £500 and £10,000 per annum for a period of three years.

## **7.4 The need for Community Development/community capacity building**

As mentioned previously, access to community development support varies throughout the region. Without community development support voluntary and community groups can become vulnerable and lacking in sustainability. This is particularly true for the smaller less well-developed organisations. In other areas there is a distinct lack of voluntary and community sector activity. Without assistance, the less well-developed organisations have increasing problems in accessing funding again, leading their inability to develop further. And so the cycle continues. Unless funders can seek a way of breaking this cycle the inequality will

continue, often in the areas where there is the greatest need for community involvement.

One way forward would be for the Foundation to allocate grants in certain circumstances where they believe there is a real need to develop community resources. Where an organisation in such an area reveals a lack of robust structure, then the offer of developmental support could be included with the grant offer.

Another route to breaking this cycle would be for the Foundation to consider an innovative way of working with other funders, for example, the National Lottery Charities Board.

Applications to the NLCB undergo a strict assessment process. A number of organisations repeatedly fail to access funding from NLCB in some of the most deprived rural areas. This is an effective waste, not only of the time of those organisations who applied, but the time and energy that goes in to assessing these applications. The NLCB, while able to indicate why the organisations are failing to access funding, are not, as yet, in a position to directly fund any work that would rectify the difficulties that the organisations face. The Foundation could consider a way of working with such a funder to assist organisations in the most 'deprived' areas who lack access to developmental support, but are nevertheless in the business of delivering an essential service for that area. A grant could be allocated to enable the organisation to get on with their project while also ensuring, through additional funding, that the organisation is accessing the development support that it requires to make it a 'stronger' organisation.

## **7.5 Rural Homelessness**

The needs of homeless people are many and varied. An organisation supporting homeless people in Cornwall offers a number of projects and services funded by a number of different sources. Of the 529 people referred to the resettlement project over the last year, 25% had intermittent mental health problems, 13% had physical health problems, 13% had a history of drug abuse, 13% had a history of alcohol abuse, 11% had current drug problems, 5% currently misused alcohol 2% had a history of offending a further 3% were at risk of violence or had gambling problems. Homelessness, as most people indicated who work in the field of homelessness, is not just about not having a home.

This leads to further difficulties with regard to funding. Different needs are supported by different agencies. One organisation working with homeless young people, for example, lists 15 different funders who are supporting them through grant aid. Other income

comes through housing benefit and a variety of other sources. A number of sources are time limited which can lead to a constant treadmill effect for the organisation is seeking funding. As one organisation working with homeless people in rural areas stated, "We need to find £55,000 per year just to maintain the core services It is extremely frustrating when funders select 'new' services to support to the detriment of well established, cost effective, successful projects with a wealth of experience and fresh ideas" This is the case for many organisations working in the field however homeless organisations seem to be particularly vulnerable to having to arrange numerous funding partnerships because of the variety of the needs that they are meeting which can make it even harder for them to find their core costs.

## **7.6 Covering Core Costs**

There was repeated mention of funders not covering core costs or revenue costs, and how this was putting a great deal of pressure on the voluntary sector. This is currently a big issue among funders. A number of funders including the NLCB have exclusion on covering core costs. The Lloyds TSB Foundation is one of the notable exceptions to this.

Core costs are unavoidable for an organisation. Julia Unwin(1999) has identified the difficulties for organisations if funders refuse to recognise the importance of these costs.

- The activities that funders wish to support will take place in organisations that have no long-term future.
- The activities that they wish to support will be poorly managed, if not in the short term, at least in the long term
- There will be a shortfall in innovation and development-as voluntary organisations lack the resources to plan effectively for the future

The desire of funders to fund new and innovative project based activity, coupled with a desire for organisations not becoming dependent upon the funder has, in some way, led to this culture of not funding core costs which many feel is short sighted and self defeating.

## **7.7 Community Arts**

One theme that did occur early on in the research was the growing value of Community Arts in the widest sense, particularly where this work was bringing communities together and building 'social capital.' Examples given were community artist working with

tenant's groups to undertake an item that would improve their environment. Rather than the finished product, it was the sense of working in a group and the sense of achievement that was beneficial to those involved.

Another project in Bristol focused on bringing dance to older people, particularly those in residential care. The organizers felt that the dance classes brought a facility to these older people that had been denied them for a number of years. It also brought the older people together and improved their health and well-being.

**While the Foundation may not want specifically to support art projects as such it may want to look at projects that will bring people together to work toward a common goal whatever that may be.**

### **7.8 The 'Rolling Out' of Models of good practice**

One other theme that has reoccurred in interviews is how a model of good practice in one geographical area could be 'rolled out' into another geographical area. An example of an organisation that is delivering a service that may be of benefit to, and replicable in other areas, is SCAMP in Swindon. This organisation is funded by National Lottery Charities Board. It recycles computers and buys new computers to install them in the houses of people who have severe disabilities. Volunteers are then used to assist people to use the computers in a very basic way, to access a specially designed bulletin board, chat room and e-mail access with other people with disabilities.

This organisation has found a way of re-connecting people with severe disabilities who may previously have been existing in almost total isolation. As one service user said. *'It doesn't matter what disability you have with this scheme we are all equal.'*

People with disabilities have been enabled to make contact with others, access advice and information facilities and now they have groups that meet regularly and go out for leisure activities.

This organization has been very successful in Swindon, with over 170 people with disabilities having been linked up with IT. The scheme, with the help of Lottery funding, has now expanded to cover the whole of Wiltshire. There has been a lot of interest in this scheme from other areas, and rather than people reinventing the wheel it would be extremely beneficial if others areas could tap into existing facilities and expertise. This is just one example, but there may be a number of other organisations who could share their 'learning' and models of good practice with others around the

region. Such a scheme would meet with the Board's aim of encouraging mutual support and co-operative working. It might also meet the aim of helping to develop the potential of individuals.

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The desire of funders to fund new and innovative project based activity, coupled with a desire for organisations not becoming dependent upon the funder has, in some way, led to this culture of not funding core costs which many feel is short sighted and self defeating.

## **7.10 Community Finance**

Community finance was not mentioned by any of the organisations interviewed . However, it has been included in this report as it is an area that is currently creating attention in the funding world. There has been a recent publication of the Social Investment Task Force report on Enterprising Communities which has sparked a great deal of interest in the funding world.

The report highlights the difficulties for 'deprived areas' in raising funding for voluntary activity and business activity alike. It indicates that financial services are critical for healthy economies and for the regeneration of disadvantages neighbourhoods. People and small businesses need key lifeline financial services to get by. Deprived communities have a lack of active financial services, which only compounds their difficulties and disempowers those who wish to act

to improve their circumstance. Without active financial services individuals become financially excluded and business people struggle to survive, meaning fewer jobs and local goods (Enterprising communities; Wealth Beyond Welfare-Report of the Social Investment Task Force.) December 2000.

After a period of sustained growth, the U.K enjoys more material wealth than ever before. Yet, at the same time, poverty has become more concentrated and inequality more marked. Some of the poorest areas have become no-go arrears for investment. In spite of this, they contain a strong core of entrepreneurs. What is lacking is the capital and managerial expertise to support them. The Task Force recommends a 5-point action plan aimed at increasing investment enterprise and wealth creation, including the development of Community Development Financial Institutions(CDFI)

Among the recommendations is support for a Community Investment Tax Credit for those financial institutions who seek to be active in under invested communities.

A call for a Community Development Venture Fund to match funding partnership between Government on the one hand and the venture capital industry, entrepreneur's institutional investors and banks.

Other suggestion include the increasing of the Government's Phoenix Fund by £100 million to support financial investment in deprived areas.

It is felt that charitable foundations and major charities have an important role to play in expanding community development through grant-funding guarantees, programme related investments and investments in Community Development Funds. However, despite the inclusion of job creation and regeneration as charitable objects, it is uncertain what the views of the Charity Commission are on this area of work and this needs clarification. The supporting of Community Foundation Institutions may be a role that the Housing Society may wish to consider actively being involved in through the Foundation. (Please see additional paper in the Appendix)

### **7.11 Enabling the Setting Up of Community Endowments/Community Funds**

Community Endowments are a way of assisting communities to raise funds for their own village or geographical area. They empower local people in that they are the ones raising the funds

and they make the decisions on where the funding goes. Community Endowments are beginning to be mentioned in government reports and are seen as a sustainable use of funds.

With a community endowment, funds would be raised by the community and set aside as an endowment with only the interest from this endowment being used to support work within the community. Those deciding on where the funds should go would be the Trustees of the endowment made up of local people. One or two villages/communities are beginning to set up their own funds, some of course have traditionally had a historical fund for their Parish or area, but may not have seen this in terms of a community endowment. These could be relaunched or invested in a way that would enable them to have a greater potential income for community use.

In the US, an organization such as the Foundation might offer either to fund the part-time development post to assist with the development of the endowments, or the Foundation may offer to match any funds raised by the local people. Where the model of community endowments appears to have grown, there is a far higher commitment to philanthropy. The parent Foundation holds the endowments in the US as they can access much better interest on their funds and assist communities with the finer points of endowment management. The Ford Foundation has been very involved in funding the setting up of both Agency endowments and community endowments in the rural areas in the US and has now extended the work outside of the US.

## **CHAPTER EIGHT : THE CONCLUSION**

The South West Region is the largest and most rural of all the regions. The report has shown that there are very special 'disadvantages' specific to rural areas which can accentuate social isolation and exclusion. Poor access to services, additional costs of living in rural areas, the diminishing of community involvement, are worrying trends. This is further compounded by a tradition of under funding of rural areas by both Government and Trusts, and Foundations, despite the fact that service delivery costs are much higher in these areas.

Since the NLCB undertook their exercise of funding allocation to the deprived areas, at least 40 new government funding streams have come on line, but the vast majority of these are specific to areas of need within the urban areas.

Not only do rural areas attract less funding, but the South West itself has to live up to the image of the prosperous South requiring less support. Years of concentrating funding on tackling issues of urban decline have led to an unfair distribution of funding which still continues, despite a growing awareness to the needs of the rural areas.

The countryside in the South West Region has suffered from a decline in services, a decline in opportunities and worrying employment trends. Geographical disbursement has led to isolation and to poverty of choice for those living in rural areas.

People who may be excluded through age, long-term debilitating illness, caring duties or low incomes, are more prone to becoming disconnected from their communities and are prevented from taking a full part in community life. There are therefore many reasons why the Foundation should concentrate its support in these rural areas.

The voluntary and community sector is doing a great deal to reconnect these people, not just through offering direct services also by providing opportunities for people to become re-engaged through employment and voluntary work, picking up skills and training. Funding is inevitably a key issue. The preference of funders to fund new and innovative projects have left many organisations fragile and vulnerable. Careful investment in this sector could do a great deal to assist with the re-connecting of communities. Funding alone however, will not resolve the difficulties for a number of the most deprived communities, where community development is scarce and the voluntary and community sector have failed to flourish, leading to low investment and development

opportunities. If this cycle is to be broken then the Foundation must also seek new and innovative ways of investing in these areas to stimulate development.

## **RECOMMENDATIONS**

### **CONNECTING COMMUNITIES**

The following are a set of possible funding programmes/priority areas of funding for the Foundation Board to consider.

#### **Small grants (up to £500)**

An active, flexible and responsive small grant programme for supporting smaller grassroots organisations would ensure the survival of many of these organisations who are working at grassroots level, often supporting a number of people in community who would otherwise be without this support. Because of the small scale of these organisations, they can operate locally and offer services locally to very small communities.

The smaller organisations also give the opportunity for communities to test ideas before they go on to develop these to any greater extent.

Working with community development officers as partners/associates, provides the opportunity for the Foundation to bring these partners together, to share experiences and information and to connect geographical areas.

#### **Investing in community development**

There is a need in the South West Region to invest in Community Development in the areas where access to community development is sparse. This could be undertaken in a number of ways.

- This could involve supporting the setting up of new development agencies/services through commissioning existing agencies to undertake this work in specified areas of need. This would be done by a grant to specific agencies.
- Alternatively the Foundation may wish to consider consolidating work that is already being undertaken in those areas of need by existing agencies. In particular this could involve supporting the smaller less well-funded organisations working at the grassroots level by offering long term development support and grant aid.
- The Foundation itself may wish to consider employing development staff in areas where there is no clearly identifiable development agency accessing those areas most in need.

### **Re-connecting Communities**

Organisations that bring people together and enable them to take an active life in their communities are improving the quality of life, not only for those individuals but also for the community as whole. Consideration should be given to organisations that can demonstrate their role in re-connecting their community and involving people in working together for a common purpose. The funds could be aimed specifically at organisations supporting people who have been identified as being most in need. That is; Frail older people, people with disabilities, carers, young people (12-25yrs old), people and families on low incomes. User led organisations may also be given additional priority and support.

### **Connecting organisations**

Organisations that can clearly demonstrate that their way of working would benefit being shared with others in the field could be enabled to share this good practice with other geographical areas and other organisations through a grant. Both organisations could be further supported to develop this good practice, not just through exchanges and visits, but by enabling the organisations to work together for their mutual benefit and the benefit of the community.

### **Investing in Communities**

Supporting the establishment of local permanent sources of funding (endowments) could be encouraged, either through match funding or through seeking partners to fund posts within the community to work in this area. Providing organisations with advice on the best use of their existing resources could be a part of this.

Community finance is vital if areas are to develop their infrastructure. New ways of financing both enterprise and community activity are currently under discussion. It may not be possible at this stage for the Foundation to decide on supporting Community Finance Initiatives as a policy, but the Foundation should be aware of this movement and keep abreast of developments in this field. This may be a more appropriate area for the Society to consider at some stage. The Foundation would need the Charity Commission to also make some inroads into the debate on community finance before it could make a decision on whether or not to run a programme of support in this area.

**Commissioning work**

The Foundation may wish to retain the right to commission and solicit certain pieces of work in areas where it identifies a need. It may not be possible to undertake this in year one because of a lack of funding and because of the need for the Foundation to build up its own knowledge of the area and the needs, but this may be something that the Foundation may wish to consider in the future. It is an aspect of funding that is denied to many other funders because of the restrictions on their funds.

## The Role of the Foundation - Some of the Options

There are two major roles for the Foundation Board to consider. The Foundation as a funding body, and the Foundation as a fundraiser. In order for the Foundation to be viable and sustainable, it will not only need to be an effective and robust funder, it will also need to have a fundraising role. These two roles are inevitably interlinked and with each role comes a number of further possibilities.

### **Grant giving - additional possible roles**

#### **Promotion of good practice in grant giving**

Once the Foundation is established, it can consider sharing and encouraging good practice in grant making. This can involve the offering of training and mentoring of other trusts that are seeking to be established, or it could involve making our own documents, policies etc available to the wider community, for example via the Internet.

#### **Supporting new and innovative ways of using funding to add value**

The Foundation could consider using its own systems and facilities to encourage other organisations within the community to make better use of their funds. For example, encouraging organisations with significant free reserves to rest these in an endowment within the Foundation. There are also current moves to explore new ways of offering community finance to deprived communities. While the implications of this, from the viewpoint of the Charity Commission, are still under discussion, it may be a topic for future consideration for the Foundation.

#### **Sharing of information to the maximum benefit of the community**

The Foundation could ensure that maximum benefit is gained from any information that the Foundation may hold, whether this may be in the way of signposting organisations for developmental help and assistance, or utilising information on other funding possibilities. In this way the Foundation would have a role as an information holder and provider. It may not be a role initially that the Foundation would want to publicise, but be more of an indirect role.

## Fundraising

It appears likely that if the Foundation wishes to be sustainable it will have to have a fundraising role. While accepting that the Foundation is new and does not wish to take on too much at once, if this role is not included in the objects of the Trust Deed of the Foundation then the Foundation will find itself unable to take on this role, now or at a latter stage, without further organisational disruption.

### Endowment Building

The Foundation could seek to build its own sustainable source of funding (an endowment) by using its grant programme as a selling tool to potential donors both in the corporate and private sector.

A number of 'products' (such as named funds for donors who donate a certain sum of money) would need to be developed to attract donors. The Foundation would need to show what its 'unique' position was in the funding field and it would be direct competition with other funding organisations, in particular Community Foundations, who have a more local bias rather than a regional one. If the Foundation wishes to go down this route serious consideration should be given to a member of staff having the role of fund development within their job description.

Consideration should also be given to extending the make up of the Board to include members of the corporate sector, solicitors and individuals with a financial background.

At present, the structure of the Foundation as a subsidiary and an exempt charity (once it achieves charitable status) could make the task of raising funds more difficult, but the Foundation will have to work within this structure.

### **Agency Endowments**

There are many different types of funds that the Foundation may wish to consider managing. There may be existing donors and foundations who might want to use an intermediary organisation to manage their funds for them. In this scenario, the funds would rest within the Foundation, but the likelihood is that the Agency to whom the funds belong may wish to make the decisions as to where the funds are allocated.

### **Donor Services Agency**

A number of Foundations have very few funds that are not restricted in some way. Donors may simply wish to use a Foundation as managing agency for their finances while again retaining all the decision making on how their funds or the income from their funds are used.

### **Pass Through Funds**

As well as building an endowment, the Foundation may wish to consider promoting itself as an organisation that can manage funds on behalf of other agencies and donors. The criteria for this sort of arrangement is largely set by the funding agency with the Foundation dealing with the distribution and allocation of the funding.

### **Encouraging Philanthropy**

If the Foundation decides to take on a fundraising role, it could consider encouraging philanthropy through educating donors. This could be achieved, for example, by organizing events so that donors and potential donors can understand what the voluntary sector is and what it achieves for communities.

Most of the above fund management work would involve the foundation charging a managing fee. This is, however, just a selection of the type work that any fundraising organisation may wish to consider.

### **RESOURCE IMPLICATIONS**

**While the grant allocation side of the Foundation can be set up to handle a number of different funding streams, the development of endowment and agency work does require dedicated time and resources in development and promotion. Similarly if the Foundation wishes to undertake development work there are resource implications for this all of which would need further consideration.**

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ALLDIS

Somerset County Council

Cornwall Mobility Trust

Steet Self Help

Mendip Council for Voluntary Services

Devon and Cornwall Housing Trust

Community Action ( the Community Council for the Counties that used to be Avon)

Refugee Action

Devon Community Foundation

Dorset Community Foundation

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Cornwall Disability Forum

Community Projects North Cornwall

Charities Information Bureau

Salisbury District Council

Age Concern Somerset

South West Forum

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