

Chairs and Chief Executives of Councils for Voluntary Service  
Chairs and Chief Executives of Volunteers Centres  
Chairs of Local Social Economy Partnerships  
Chairs and Managers of Community Planning Partnerships

cc. CoSLA  
SOLACE  
SCVO  
VDS  
BIG Lottery Fund  
OSCR  
Evaluation Support Scotland

2 February 2009

Dear Colleague

## THE NEW THIRD SECTOR INTERFACES

1. I wrote on 21 October to the Chairs and Chief Executives of Volunteer Centres (VCs) and Council of Voluntary Services (CVSs) and chairs of Local Social Economy Partnerships (LSEPs) setting out what we saw as the main components for the infrastructure that we would support in future. (letter headed: The Funding of the Volunteer Centres and Councils for Voluntary Service 2008-2011).

2. This letter contains information about further developments:

Progress  
Timetable  
Direct Funding  
Research  
Monitoring and Evaluation  
Technical Issues  
Social enterprise partnerships

### Progress

3. Much of the last few months has been spent discussing the overall proposition for third sector interfaces which we now judge has broad acceptance across Scotland. We now enter a phase where we start to examine the practical issues which need to be considered.

4. There is considerable interest across Scotland, especially from those planning interfaces, in how matters are being progressed. Some of the interest is in looking at the models now emerging; some is in building relationships with other parties and some is in understanding how your stakeholders might engage with the process. We would like to suggest that you produce a short report on the state of play in your area. Such a report should have the support of both the third sector partners in the proposed interface and of the CPP. We would make these reports available on the Scottish Government website so that they are accessible by a wide audience. **May we ask that you prepare short, simple reports and return them to me by 18 February?**

## Timetable

5. Although we have made clear that funding of the existing networks will end in March 2011, most people recognise that there is considerable benefit to third sector interests and the development of the single outcome agreements by community planning partnerships if the changes in prospect are made at the earliest opportunity. We suggest that it would be helpful to adopt the following milestones:

**End March 2009:** set out, as far as possible, the basic model of the interface to be set up in your area. Clearly, in many areas little detail can be given as discussions will have some way to go but stakeholders would find it helpful to have some idea of how you hope to progress the work. This may be the report referred to above although you may not yet be at a stage where the CPP has been involved.

**March 2010:** put in place the new arrangements to operate, at the very least, in pilot form for the year 2010-11.

**April 2011:** new funding arrangements come into operation. In advance of the next Spending Review, we have no information whatsoever on the likely level of that funding.

This timetable is not a formal requirement by the Scottish Government, merely a suggestion that these stages would be part of a reasonable process of transition.

## Functions

6. In considering the form of your new interface, you should be clear that it is for the CPP and the interface to agree the arrangements together. The Scottish Government will not be the arbiter on responsibilities nor distribution of funds; these will be matters for partnership agreement with the CPP. However, while the interface is to be developed very much locally, to meet local needs and arrangements, our funding will require that the interfaces meet a minimum set of functions, likely to be:

- Support to voluntary organisations operating in the area, both local and those national organisations that deliver services at the local level
- Support to and promotion of volunteering
- Support and development of social enterprise
- Connection between the CPP and the third sector



## Reporting

12. Formally, the interface would be accountable only to its board or other accountable structure. This means that the existing monitoring arrangements managed by SCVO and VDS would come to an end with the move to direct funding. While we could institute something similar, given that government funds are being used, **we would be grateful for comment on two proposals:**

Peer Review: we think that interfaces would find it helpful if their business were reviewed by their peers, perhaps one or two interfaces might review the performance against the business plan.

Turning the Tables: the contribution made by the interface to the delivery of the SOA might be suitable for using the Turning the Tables approach proposed by New Philanthropy Capital and discussed at the 2007 Funders Forum Conference (see: <http://www.philanthropycapital.org/download/default.aspx?id=868> )

We have asked Evaluation Support Scotland to prepare a briefing paper on these ideas, and we might mount a small Chatham House seminar in the spring to guide its development.

## Technical Issues

13. The discussions to date have identified some points of particular concern in some areas.

Pensions: Some concern has been expressed that if an organisation whose staff are in pensions run by the Pensions Trust were to change its structure, objectives or transfer its functions to another body then the Trust would seek some substantial payments - in a process called crystallization. Early discussions with the Pensions Trust suggest that it would be wise to discuss any change proposals with the Trust before taking any formal step, but the Trust confirms that in virtually all cases it should be possible for changes to be made without triggering financial penalties. The Pensions Trust can be contacted on: 0131 200 6160.

Property: We understand that some organisations own properties bought with grant aid where they believe that the grant conditions debar them from changing the form of their organisation. If you are in that position, we would like to hear about it as this will be an unintended consequence of the grant and we may be able to assist in discussions with the funder.

OSCR: Some people seem to feel that the rules around charities might be an obstacle to change. We will shortly be meeting OSCR, although we understand that it is unlikely that OSCR will see any significant difficulties. If you have any doubts in relation to your organisation's circumstances, it would be as well to contact OSCR early.

If you come across any other matters which might impede the creation of your interface, we would very much like to know of them in case they impact more widely.

## Social economy partnerships

14. The goal of local social economy partnerships (LSEPs) has been to support the growth of an enterprising third sector by improving co-ordination and networking, strengthening locally available support and unlocking market opportunities. At present LSEPs often work separately from CVSs and VCs. Their funding has been awarded through to a bidding process. However, the ethos of localism demands that we do not make decisions about such matters at the national level and we propose to move the future funding from a bidding system to one built into the rational distribution to the new interfaces. There is some difficulty as some areas have used the current funding to employ staff and there may be some feeling that a commitment exists to fund these posts for some further time. That limits the funds which can be distributed. **We will make further proposals on this shortly but in the meantime would welcome views.**

## Supporting the change

15. The team here supporting this change process has changed in recent weeks as new tasks have to be addressed and people move on to other posts. However, we are keen to continue to provide you with good support. If you feel that would like to discuss matters further, members of the team are happy to meet you:

Dominique Petitqueux 0131 244 7977	Scottish Borders, East Lothian, Midlothian; West Lothian, Edinburgh, Fife, Perth and Kinross
Ruth Hutton 0141 305 4139	Clackmannanshire, Falkirk, Stirling, Glasgow, West Dunbartonshire, East Dunbartonshire, Renfrewshire, East Renfrewshire, Inverclyde
Mark Meiklejohn 0131 244 4048	Aberdeenshire; Aberdeen City, Angus, Dundee; Western Isles; Orkney, Shetland
Polly Chapman: 01463 663 918	Highland, Moray
Geoff Pearson 0131 244 5133	Dumfries and Galloway, Argyll and Bute; North Lanarkshire, South Lanarkshire, East Ayrshire, South Ayrshire, North Ayrshire

Yours sincerely

GEOFF PEARSON