

# Dumfries and Galloway Third Sector Revisited

Report by Lucy McTernan

March 2016



Third Sector  
Dumfries and Galloway

*Working together to put our sector first*

## Foreword

In January of this year the Board of Dumfries and Galloway Third Sector Interface invited Lucy McTernan to revisit her report of July 2012 and to report her findings to the Board. The Board subsequently agreed to publish those findings.

The report that follows charts the progress of Dumfries and Galloway Third Sector Interface from the former partnership through to the formation of a single, region wide and strategically focussed organisation in April 2013 and to the organisation that it is today.

Lucy McTernan's July 2012 report undoubtedly identified some significant challenges for our Third Sector Interface. It is a testament to the work and commitment of the Board, Management and the staff team as a whole that we have successfully addressed most if not all of the challenges that Lucy McTernan identified.

Her conclusion in this report that "in just three years, what was a directionless, unaccountable, unhealthy organisation has been transformed into a well-governed, well-managed, functional and in some respects field-leading organisation" should give our sector and our public sector partners a degree of assurance that we now have a Third Sector Interface that is fit for purpose.

The focus for the Board and Management over the past three years has been on:

- Improving the governance of the organisation
- Developing an organisational structure designed to deliver on our core functions as set by the Scottish Government
- Developing an organisational culture based on continuous improvement
- Ensuring our financial resources are well managed
- Developing robust systems for performance monitoring and reporting
- Building our membership and developing a framework for engagement and communication with our sector
- Building relationships with the public sector

The Board, Management and staff team are acutely aware that, as this report concludes, we continue to have "challenges, weaknesses and work to do to further improve and continue to meet the needs of a demanding constituency and changing landscape".

Going forward communication and engagement with our sector is a priority. Engaging in meaningful ways with a sector that is as diverse in size, range of interest and geographic spread is one of our most significant challenges. It is a challenge made even more significant by the expectation of the Scottish Government that Third Sector Interfaces should be the conduit between the public and third sectors in significant areas of public policy such as community planning and health and social care integration.

Thank you to the staff, volunteers and Board of the Interface for the progress we have made together which is the result of team working, co-operation and a commitment to Dumfries and Galloway's third sector, and our thanks to Lucy for producing this robust and helpful analysis of our organisation.

Sue Irving  
Chair, Dumfries and Galloway Third Sector Interface  
May 2016

## 1. Background

1.1 In 2009 the Scottish Government created the role, and (from 2011) grant-funding to resource it, of *Third Sector Interfaces*. Local councils for voluntary service (CVS), local social enterprise networks and volunteer centres were invited to come together to plan and build relevant structures to connect the third sector to community planning in each of the 32 local authority areas across Scotland.

1.2 In Dumfries and Galloway a partnership of six pre-existing organisations was formed, and attempted to perform the role(s) of TSI. Unfortunately the partnership was not a happy or effective one, and the Scottish Government asked (then) freelance consultant Lucy McTernan to review the TSI and provide recommendations for its improvement.

1.3 The resulting report was sharply critical and recommendations for change quite fundamental. In practice the thrust of the report was supported by Scottish Government and many of the recommendations were taken up by the TSI Board. This involved planning radical action, including reconstituting the organisation, the closure of (some of) the previous component parts, TUPE transferring staff, recruiting new executive leadership, building new systems and utilising new data, and rebuilding relationships with the wider sector and with statutory partners.

1.4 Three years on from this point the current TSI Board of Trustees invited Lucy McTernan (now working as Deputy CEO of SCVO) to revisit the organisation, review progress, and assess the current state of the TSI. This brief report summarises that assessment.

## 2. Current context

2.1 Even in three years much has changed by way of context and in terms of challenges for Third Sector Interfaces. The general economic environment for the third sector has created the need for TSIs to help in the enhancement of community capacity and services to meet growing needs, while voluntary organisations of all kinds are experiencing funding standstills and cuts. Effectively TSIs need to assist the sector to do more with less.

2.2 Scottish Government funding for TSIs themselves has been maintained throughout this period, but direct local authority support has been uncertain.

2.3 Community Planning structures have been reasserted as the key means for decision-making around local planning and delivery of services and thorough third sector engagement therefore continues to be essential.

2.4 Community empowerment legislation has opened up new opportunities for communities to gain and develop assets which while very welcome, has placed an onus on TSIs to show leadership and develop new expertise.

2.5 Meanwhile the parallel process of Health and Social Care Integration has unfolded throughout this period with TSIs being given a key role in relation to Integrated Joint Boards and brokering third sector reorganisations and services into the new integrated planning and budgeting processes.

2.6 The 2014 Scottish Referendum stimulated a new appetite for public participation, and citizens, public sector bodies, and in some cases private sector actors, are looking to TSIs to facilitate new forms of civic engagement, and new opportunities for volunteering and voluntary action.

2.7 The need to keep with the times in terms of technology and systems has been pressing on TSIs as public expectations of information availability and service delivery online has grown.

2.8 Five years ago Scottish Government enabled the set-up of a new network organisation - Voluntary Action Scotland – to both support TSIs in their evolving role and to co-ordinate accountability for the whole network's activities to Scottish Government. TSIs have been required to adjust to new reporting requirements and performance measurement.

2.9 Most recently the Scottish Government has announced a review (which is due to be contracted shortly) of the whole TSI/VAS construct to assess whether it is living up to hopes and expectations, and providing good value for public money. While this review of Dumfries and Galloway is independent of that more strategic exercise, it is nevertheless recognised that it could constitute valuable input to it.

### **3. Method**

3.1 Over a period of two weeks during January 2016, a series of telephone, one-to-one and small group interviews were undertaken (see appendix one). This was accompanied by a review of the public website, annual reports and accounts, publicly available performance reports as well as internal performance monitoring systems (milo).

### **4. Assessment**

4.1 The 2013 review of the TSI in Dumfries and Galloway was organised according to six themes. For consistency and ease of comparison, this short report mirrors these: governance, finance, representation, operations, challenges and opportunities, people, asset and liabilities.

#### **4.2 Governance**

4.2.1 Dumfries and Galloway Third Sector Interface is now, as recommended, established as a Scottish Charitable Incorporated Organisation. It has a Board of ten, all but one of whom (Colin Brett) is a new recruit to the Board since 2013. Chick McKenna, the Chair of Trustees who led the organisation through much of the original review and persevered throughout the rebuilding of the organisation, stood down as Chair at the AGM, and from the Board altogether at the end of 2015. The Board has a good mix of skills including financial expertise, organisational, property and estate management experience, sector knowledge and local political networks. The new Chair is Sue Irving, CEO of the Dumfries and Galloway Citizens Advice Service.

4.2.2 In terms of diversity it is currently male-dominated, but many interviewees acknowledged this without prompting and there is a clear intent to encourage female candidates for election and a recent recruit has brought a younger perspective into the mix.

4.2.3 An interview with the recently retired Chair and now longest standing Board member revealed that they shared this external view that the 'feel' of the Board, its behaviour, and effectiveness had radically altered in the last three years. It now operates as a team, disagreements of viewpoint are kept within the meeting room and differences respected. Where attempts to railroad decisions at impromptu meetings or unpick decisions by email afterwards were previously common place practice, the sense from (old and new) members of the Board, and the staff team working to it, was that there is now a sense of purpose, direction and an appropriate strategic perspective.

4.2.4 Engagement with the Chief Officer is good – healthily challenging but respectful of his role and expertise. Engagement with the wider staff team seems light touch in general but there is a developing practice of inviting key team members into Board meetings to give reports to the Board directly on relevant topics, rather than depending always on the Chief Officer, which Board and staff alike welcomed.

4.2.3 The governance of the organisation is appropriately, and in some cases progressively, transparent, with key reports and routine performance indicators published on the web.

#### **4.3 Finance**

4.3.1 The Dumfries and Galloway TSI, as a result of the formula used by the Scottish Government to determine funding, receives a comfortable core grant of some £376,000 annually, and despite worries about

cuts or competitive tendering, it continues to enjoy a grant of £97,000 from Dumfries and Galloway Council. (Note: Council funding for 2016/17 has been reduced by 5% to £92,150 and the Council has indicated that there will be a further 20% reduction in 2017/18).

4.3.2 In 2013 both these significant sources of funds were in danger as both public bodies carried serious concerns about the good use of public money in general, and the accountability of finances in particular.

4.3.4 In terms of the latter issue – it is clear from discussions with the Treasurer, Chair, and an introduction to systems by the Finance Officer of the organisation – that there now exists a clear line of sight for the finances, and a good, methodical level of scrutiny for its use.

4.3.5 As importantly, there is evidence that serious consideration is being given by the Board and senior staff to a financial strategy for the organisation which seeks to diversify income streams, build assets and enterprising/fee-earning activity. This is not to say it has become overly-commercial, indeed the need to sustain key services at little or no cost to voluntary organisations/the wider community in the interest of achieving key outcomes and deeper impact, is part of the ongoing consideration.

4.3.6 Of particular note is the effort being applied to, and expertise being developed in, community asset transfer and management in order to achieve, over time, the win-win of gaining and retaining assets within the sector while simultaneously reducing overheads for tenant organisations and cost-effective access to convening premises for members.

4.3.7 Also of note, and indicative of the growing confidence on the TSI of public partners is investment of Reshaping Care/Integration Fund monies in activities relating to Health and Social Care, and other contracted project work.

#### **4.4 Representation/Engagement**

4.4.1 Previously the 'component' organisations of the TSI had limited lists of members and contact organisations which were used to send out periodic mailings, and call occasional 'forum meetings at local level. This was the extent of consultation with the TSI's own 'constituency'. Any 'region-wide' sector engagement had been phased out.

4.4.2 Since then the TSI's new team has undertaken a major data cleaning and updating operation, shifting from the previous filing cabinets to excellent use of the milo platform and CSR database system provided by SCVO for the TSI network. Consequently the TSI's routine reach to its own sector has been completely transformed and modernised.

4.4.3 This reach-out is supported by excellent use of a well-functioning website, which has good, relevant, and interactive, content, is regularly updated, and uses tools such as the TFN news widget to draw readers in regularly. Targeted email briefings also raise the profile of the TSI generally, and drive traffic to its online presence.

4.4.4 In terms of membership – the organisation achieved its first year recruitment target of 100 organisations in just three months and now has over 400 members. The major 'connect' conferences organised by the TSI were spoken of by many as highlights of the TSI's journey – they were felt to be well planned, well-advertised, and well worth attending.

4.4.5 As well as allowing the development of targeting email mailings, and reach-out meetings and exercises, the use of milo has enabled the production of research material highlighting the size and shape of the sector to public sector partners.

4.4.6 The TSI Chair sits on the Community Planning Strategic Partnership and the Chief Officer engages routinely at a senior level with it. Evidence from public sector partners suggest he is an effective and respected operator on behalf of the sector in this context.

4.4.7 There have been systematic efforts to identify third sector representatives (critically not TSI staff, but supported by them) to engage with the various Community Planning and council fora and committees, such

as community safety, children services and adult protection. Each representative is part of a third sector forum on the topic, and a framework/system for ensuring these are mobilised and effective is mapped out. However it is clearly early days in relation to these systems, and while enthusiasm was expressed by the representatives spoken to, there was also some uncertainty and lack of confidence at this stage.

4.4.8 Considerable effort needs to be applied to embed and promote these structures, and earn the 'buy-in' of key people working or volunteering in the relevant parts of the sector. Having said that, moving from nothing to this point represents good progress.

4.4.9 While there was enthusiasm for the direction of travel the TSI was taking to its engagement with the public sector there was some general concern about the ability/willingness of statutory players to reciprocate. Good progress appears to have been made in relation to Health and Social Care and Health Board and the Integrated Joint Board in particular – perhaps aided by the fluidity in this area in the last period. The co-production of the Community Learning Plan was also cited as an example of good practice. However a concerted and mutual effort to shift culture and attitudes in the relationship with officials and elected members of the Council would now be beneficial. In particular a shared view with Community Learning and Development officials about generic community capacity building (as opposed to youth work etc.), would help nurture a sense of joint endeavour.

## 4.5 Operations

4.5.1 Third Sector Dumfries & Galloway has a clear strategic and operational plan, and both staff and Board members felt they had been consulted fully on their development and bought into them.

4.5.2 Some concerns were expressed that in practice the Scottish Government/VAS activities and performance framework, at best did not serve to capture the full extent of activities and outcomes, and at worst could be a little constraining. There were also worries that the imminent formal review of the TSI network might distract from practical development and force a change in strategy.

4.5.3 There was a strong sense that the volume of work was increasing – but while this had to be managed in terms of resources, it was something to be celebrated.

4.5.4 Of particular note, and related to the good use of the milo database for engagement purposes outlined above, is the excellent use being made of the platform and its 'dashboard' function for routine resource and activity management and overall performance management purposes. The customer relation management aspects of the system are enabling the team to work together better to provide a joined up service to members and the wider sector, and the appreciation of the benefits of this was clearly growing amongst staff.

## 4.6 Challenges and Opportunities

4.6.1 A key challenge for the organisation remains, unsurprisingly, its history. The reputation of the TSI was badly damaged by the crisis it experienced in 2010/12, and personal and institutional memories can be enduring. Having said that there are evidently many new people and organisations being reached out to and having entered the TSI's orbit that know nothing of the past, and indeed one or two interviewed expressed some considerable surprise on reading the previous report. Additionally efforts are being consciously made by Board and staff to build bridges and improve relationships across the sector. Clearly 'baggage' in the most part is being left behind.

4.6.2 History also plays a part in the second challenge which *all* stakeholders acknowledged, which is the somewhat entrenched attitudes of some, (parts of), partner organisations, and consequential resistance to the new overtures being made by the TSI. It is clear that to get the best out of the TSI change must be embraced by the wider system. The transparency of the TSI is helping to shift attitudes, but several reported incidents of the TSI or its personnel being refused or limited in their participation of wider processes and debates show that there is much more to do here.

4.6.3 A third challenge for the TSI – but one that is simply not going to go away – is the geography of the area. A purposeful approach to both work and team structures to ensure good coverage of the territory is

clearly in evidence. The maintenance of two TSI offices (Dumfries and Stranraer), and use of other office bases, i.e. Kirkcudbright as above, being the most obvious manifestation of this. Efforts have also been made to utilise technology (e.g. the Video Conferencing between offices), and encourage Dumfries based staff to travel to Stranraer as well as vice versa. Nevertheless there was some evidence that the smaller Stranraer team do feel a little dislocated, and this will need constant effort to shore up, and further innovation over time.

## **4.7 People**

4.7.1 Aside from the issues of distance for the Stranraer team, it is extremely cheering to find that overall the 'health' of the TSI staff team is vastly improved since 2013. It genuinely *is* a team, there is evidence of sharing, openness, good collective use of systems, respect for each others' expertise, and genuine professional friendship. While many of the employees have been newly recruited over the period, those that did transfer over from the foregoing organisations, are just as engaged as the new staff. Indeed the deepening and broadening of roles for these individuals as part of an organisation with a wider remit seems to have induced real personal and professional development.

4.7.2 All staff and many Board members spoken to paid tribute to both the leadership of the Chief Officer in achieving this much happier state of affairs, but also to the role and quality of the former Operations Manager who sadly died at the end of 2015. After a period in which she was clearly instrumental in breaking down barriers and building positive bonds between the team members, her extended period of sick leave was a set-back. Filling the role with a person with the appropriate mix of skills and personality to keep momentum going and morale high will be critical.

4.7.3 It was reassuring to note the Board had taken steps, including the recruitment of a consultant and the organisation of a special full-day meeting to review and refresh their suite of HR policies.

## **4.8 Assets and liabilities**

The assets issues highlighted in the previous report are no longer key considerations for the organisation as the two properties (and some of the staff with pensions liabilities) remain with the two organisations who decided to remain independent from the TSI.

## **5. Conclusion**

5.1 The overall conclusion of this review is that the bravery of the then Board in 2013, subsequent tenacity of the new Board, and quality and passion of staff at leadership level and team-wide, has brought about remarkable improvements in the robustness and delivery of the TSI in all its roles and functions.

5.2 In just three years, what was a directionless, unaccountable, unhealthy organisation has been transformed into a well-governed, well-managed, functional and in some respects field-leading organisation. That is not to say it does not have challenges, weaknesses and work to do to further improve and continue to meet the needs of a demanding constituency and changing landscape, but rather that it has demonstrated willingness to improve, and appropriately and effectively applied effort to do so. The fact that the Board has instructed this review, in and of itself, demonstrates a determination to keep improving, and in support of this a set of recommendations for further action follow.

## **6. Recommendations for further improvement**

- ◆ Focus particularly on making the frameworks for engagement real and generating buy-in and momentum to the various areas and subject based fora/networks
- ◆ Continue and deepen engagement with Integrated Joint Board and health and care planning and delivery by the third sector more generally
- ◆ Systematically tap into resources being developed by national third sector organisations including SCVO, VS, ACOSVO, DTAS, the social enterprise networks as well as VAS.

- ◆ Develop awareness of resources and offer of national topic-specific networks (Children in Scotland, Environment Link, YouthLink etc) to tap into these as necessary
- ◆ Be confident about contributing learning, expertise and intelligence to national networks
- ◆ Use Scottish Government Review process as an opportunity to promote the things the TSI has learnt about change and improvement, and avoid being bound to 'lowest common denominator' of the network
- ◆ Work with 'champions' within the Council to encourage a more positive and welcoming attitude across teams and elected members, where an 'old world view' still pertains – consider a structured programme of workshops or similar to build common ground in relation to community capacity building