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Registered Charity no.1160947

West London Zone

Input into Access Foundation Capacity Building Fund Consultation

About WLZ

West London Zone for Children and Young People (WLZ) aims to support disadvantaged children and young people living along the Harrow Road, from cradle to career, with whatever it takes to enable them to arrive safe, happy and healthy in adulthood. WLZ is inspired by the Harlem Children's Zone and, separately, the principles of 'Collective Impact', and will coordinate the interventions of West London's social sector providers. Providers contribute to the shared aim by delivering their interventions to children who need their support (e.g. healthier weights, better literacy), when they need it. WLZ is developing a 'Collective Impact Bond' (CIB) to be launched in Autumn 2016, to secure sufficient capital to fund the delivery of the model to scale.

The need for social investment capacity building

WLZ is an infrastructure organization, and aims to enable small and medium-sized social sector delivery organisations in West London to better access contract opportunities, by aligning the achievement of outcomes with public funding sources via our CIB. Under this model, many of these organisations may require social investment working capital to deliver these contract opportunities due to the portion of outcomes-based payment, but also for scale-up and to fund 'readiness'.

WLZ is working in a three-square mile area of deprivation which stretches across four local authorities: Hammersmith and Fulham, Kensington and Chelsea, Westminster (together the 'Tri-Borough') and Brent. In setting up our Collective Impact partnership, we have engaged over 50 social sector organisations working with children and young people in the area. Like many areas, there have been significant cuts to the Local Authorities' budgets for children and young people services. The Tri-Borough in particular believe that social investment may provide an opportunity for local government to make better use of the social sector, and last year jointly commissioned [a report](#) into how they can encourage social investment. The Tri-borough has been working with the CVSs to raise the profile of social investment, and there is considerable interest amongst West London social sector organisations in social investment. The challenge WLZ has found with our network of social sector organisations is that while there is positive will, small charities in particular, and some medium-sized charities, often do not have the ideal levels of capability or resources to become ready to participate in social investment.

Comments on capacities that need to be built

We agree that leadership, impact management, finance and business modelling, and systems and use of data are key capacities that should be impacted by the Capacity Building Fund. In our case, the West London Zone model will rely on social sector organisations in the area having these four capabilities in order to participate in the Collective Impact Bond and thus enable public agencies to benefit from their delivery expertise. But more broadly, any 'trading' opportunity that is in line with a charity's core activity will depend first and foremost on its ability to show evidence of impact. This alignment of funding with the achievement of outcomes will be unfamiliar to some social sector organisations. In this respect, impact measurement and data management will be of particular value. We would view these two areas as being paramount and very closely linked – by developing sound ongoing impact measurement practices, a charity will generate data, which needs to be processed in a system so it can be used for learning, to inform greater impact. Greater management capacity – in the form of leadership capacity and financial modelling – follow closely.

Currently, West London Zone expects to develop these capacities in local social sector organisations through a

combination of limited direct support, and signposting to advisors and other sources of support.

Comments on how support is delivered

There seems to be a key question around the role of advisory organisations in the Capacity Building Fund. In the long-term, the funding could either be used to get advisors/support providers to select and develop the most high-potential charities, or to facilitate the emergence of a sustainable advisor market by providing the funding directly to social sector organisations and allowing them to choose advisors. Under a model which has charities compete for capacity building support from advisors, the advisors can set the terms and can select charities with most potential to develop the four capacities as listed above. Under a more 'market-based' model, charities would be able to choose the advisors who fit them the best, and could set their own terms. Whilst the approach which has charities compete for support is ostensibly better for advisors and investors, it is actually the bottom-up approach that will lead in the long-term to a sustainable and competitive advisor market, circumventing the need for dedicated capacity building funds in the future, as advisors will have to prove their value to charities and adjust their fees to fit the capacity of the market to pay. The issue with this, of course, is that competition and selection of charities will still be necessary in order to determine where to deploy the funds, and in the current market, advisors have a considerable amount to offer to that process. Previous capacity building funds have got around this by having charities and advisors apply together for funding, either explicitly or accidentally, which is a satisfactory compromise but comes with its own difficulties. Given the Capacity Building fund is intended to be a 'wholesale' grant fund, it will be interesting to understand how Access Foundation intends to approach this issue, which is briefly hinted at under the 'diagnosis and triage' point in the draft strategy.

Separate from the discussion around the role of advisors, there is clearly appetite amongst many charities for them to be able to dedicate their own resource internally to building their own capacity – feeling they have the expertise, but not the time – so there is an argument to be made that purchasing advisory support should not be a prerequisite to receiving the funding. As you are aware, this is how City Bridge have structured the capacity building element of their Stepping Stones fund.

The "one to many" model has obvious advantages and may suit many start-up charities, and also gives a stronger case for them to compete for support. But this type of model may be less suitable for established charities to build their capacity, as their circumstances are often unique and they may find less value in 'one size fits all' capacity building.

Further input

We hope that our input is useful and would be happy to further discuss any of the above points based on our experience working with many different types of social sector organisations. We be contacted using the details below.

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