

Social Investment Wholesale Bank

Office of the Third Sector

A response from the National Council for Voluntary Youth Services (NCVYS)

October 2009

Introduction

1. The National Council for Voluntary Youth Services (NCVYS) is the independent voice of the voluntary youth sector in England. A diverse network of over 170 national voluntary youth organisations and regional and local youth networks, NCVYS has been working since 1936 to raise the profile of youth work, share good practice and influence policy that has an impact on young people and the organisations that support them.
2. The NCVYS network reflects the diverse range of voluntary organisations working with young people at community, local, regional and national level. Most of our members offer opportunities to engage in challenging activities or develop creative talents. They also support young people to become active in their communities and offer opportunities for their voice to be heard. Some offer interventions to prevent or tackle specific issues such as homelessness or offending behaviour. Others offer counselling, advice, guidance and information. All contribute to young people's personal and social development; some also engage with spiritual development.
3. For more information on any element of this paper, please contact NCVYS's Policy Officer, Hannah Dobbin on 020 7278 1041.

Introduction

4. The National Council for Voluntary Youth Services (NCVYS) welcomes the opportunity to comment on the development of the Social Investment Wholesale Bank (SIWB). This response offers answers to consultation questions that are particularly relevant to the voluntary and community youth sector (VCYS).
5. NCVYS broadly supports the proposals in the consultation document as it offers a real opportunity to contribute to developing sustainability within the VCYS. However, there is concern within the sector about sustainable funding options in the current economic climate. Hopefully a SIWB will help allay these worries. For youth organisations, it will be particularly important to ensure that the SIWB will be accessible to organisations who are traditionally quite risk averse or do not fully understand the advantages that such a financial institution would bring.

Key recommendations

6. Key recommendations emerging from the NCVYS response are:

Recommendation 1: The development of a SIWB should continue to be done in partnership with the voluntary and community youth sector and infrastructure organisations.

Recommendation 2: The Office of the Third Sector should ensure that a balance is struck between the functions of the SIWB and its ability to create sustainability within the voluntary and community youth sector.

Recommendation 3: The Office of the Third Sector should enter into discussions with NCVYS around using the SIWB to put purchasing power in the hands of young people.

Key comments

7. NCVYS agrees with a SIWB approach. However, within the youth sector, attitudes towards investment need to be developed as some people have very little experience of it. Communication about the benefit of a SIWB need to reach all levels of the VCYS to ensure that investment is accessible to all VCYS organisations that may wish to access it. The development of mechanisms to ensure this happens across the VCYS will be crucial. Government should work closely with sector specialists and infrastructure organisations to attract interest within the VCYS and ensure that the SIWB meets the needs of the sector. This will take commitment and time to development.
8. While NCVYS supports the development of a SIWB, there needs to be a range of funding opportunities available, ranging from grants to contracts and loans, and targeted at national, regional and local organisations. For the VCYS, which is highly dependent on grant income support, changing culture and attitudes to new forms of finance needs to be put in place to support the process. Many small national organisations can be squeezed out of funding opportunities, although their work contributes greatly to services provided for young people.

Recommendation 1: The development of a SIWB should continue to be done in partnership with the voluntary and community youth sector and infrastructure organisations.

6. NCVYS agrees with the vision for a SIWB and supports the provision of financial services to the third and not-for-profit sector. A bank entirely devoted to the not-for-profit sector and that takes account of the needs of the sector is particularly welcomed. There is a danger

that the SIWB would focus on encouraging organisations to grow, this is not always appropriate. The focus should be on sustainability as opposed to growth.

7. The five potential functions of the SIWB, if achieved, should bring about positive change in the sector. Such a bank should be driven by Government, but allowed the flexibility to respond to the needs of sector. It should also provide support for the sector, such as the provision of advice as an integral part of its service delivery. The championing of sustainable social investment would be very beneficial, particularly to encourage the engagement of traditionally risk-adverse organisations. Advisory services would be essential and should be provided in partnership with the VCYS, in particular infrastructure organisations. However, a balance needs to be struck between the functions of the SIWB and its ability to create sustainability within VCYS.

Recommendation 2: The Office of the Third Sector should ensure that a balance is struck between the functions of the SIWB and its ability to create sustainability within the VCYS.

8. With regards to market-making, NCVYS would encourage the exploration of how purchasing power could be put in hands of young people. NCVYS would be interested to enter into discussions with the Office of the Third Sector to see if the SIWB could put mechanisms in place to make this happen. NCVYS appreciates that this would require further exploration with purchasers and providers and would be willing to participate in such a debate in the future.

Recommendation 3: The Office of the Third Sector should enter into discussions with NCVYS around using the SIWB to put purchasing power in the hands of young people.

9. Other key comments regarding the SIWB are:
 - eligibility for resources from the SIWB should be based on a combination of legal and organisational form and capacity for social and environmental impact;
 - the SIWB will need to be flexible and proactive in determining issues and leading in the provision of resources to tackle these issues; and
 - the SIWB should report transparently against social, environmental and financial value.
10. The proposed mission of the SIWB given in the consultation document seems to capture the general ethos of such an initiative. However, it will be important that the mission is communicated effectively to fully reflect the final type of services it will deliver and reach the different stakeholders.
11. A combined ownership structure of the SIWB would be preferred. Government interest could be relinquished after an initial period to provide support during its launch and implementation period.
12. The consultation document suggests a wholesale approach to the SIWB. Where there is a recognised need, and the need has not been met by other providers with access to SIWB funds, then the SIWB can carry out supportive activities.