

ADAPTING TO THE NEW ECONOMIC REALITY

15 MARCH 2010

CONFERENCE REPORT

Background

This report aims to set out the key issues/conclusions from the various presentations and workshop sessions included in the agenda for the above conference. It does not aim to capture everything that was raised or said but rather the overall “flavour” of the discussions.

The objective for the conference was to help prepare Third Sector organisations for the financial and other challenges they will face as a result of public funding reductions. The agenda for the conference was as set out in the appendix to this report and the report is structured session by session. Copies of the PowerPoint presentations used at the conference have already been distributed to delegates.

Panel presentations and discussion

The three panel speakers were David Hill (Chief Executive of Guildford Borough Council), Belinda Pratten (Head of Policy at NCVO) and Anne Milton (MP for Guildford). Key points from their presentations were as follows:

David Hill

- Local authorities are facing a 25% reduction in budgets over the next 3 years.
- As a result they will be more focussed on priorities and commissioning – which presents an opportunity for the third sector to respond by influencing priorities and as providers.
- But the sector will need to keep up with the pace of change force on local authorities: council will want to make quick joint decisions but if the sector can't keep up or argues amongst itself they will have to make simply quick decisions.
- Local authorities will be asking questions about efficiency (e.g. in sharing back office functions) and will respond positively to collaborative approaches while preserving diversity and localism.
- The third sector will need to consider reshaping services to meet new (and narrower) priorities.

Belinda Pratten

- The effects haven't been felt yet but from 2011 they will hit hard. Now is the time to plan for this.
- Rising demand for third sector services is a factor, in part due to the recession.
- Political turbulence/uncertainty needs to be factored into planning. NCVO is lobbying hard on behalf of the sector and has practical tools such as Funding Central to help.
- There are no magic bullets to cope with the cuts. The sector needs to grasp the opportunity to shape its own future. Important to use the Compact.

Anne Milton MP

- Some sectors now very reliant on third sector provision (e.g. mental health).
- Public sector and third sector both need to do commissioning better: need to work together and third sector needs to be more organised to grasp the opportunity. Some uncomfortable choices will have to be made.
- Sector offers great value for money: £1 buys £11 of services.
- Focus must be on outcomes not measure process. Total Place is an exciting concept.
- Must plan now and work together while preserving distinctiveness.

Points raised in discussion

- Need to recognise the strains on the public sector when engaging with them.
- Third sector can help public sector respond to and reconcile need and demand.
- Tax incentives for volunteering ("Volunteer Aid") worth considering.
- Can third sector organisations share back office functions with the public sector.
- Collaboration, Opportunity and Speed

Strategies for adapting to the new economic reality

Julian Lomas of Almond Tree Strategic Consulting gave brief presentation on strategic options for adapting to the new economic reality and raised the following key points:

- Three high level options:
 - Cut costs:
 - Reduce overheads through sharing or support functions, premises etc.
 - Invest reserves in systems etc to generate ongoing savings
 - Increase use of volunteers/pro-bono services.
 - Consider service remodelling either alone or in partnership with others
 - Maximise chances of securing remaining public sector funding.
 - Raise your profile and use Trustees and staff to influence commissioners.
 - Build capacity to bid (possibly through collaborations)
 - Expand the scope or coverage of your services.

- Diversify income base
 - Expand small (and major) donor base.
 - Charitable Trusts
 - Social enterprise/trading

Workshop and feedback: diversifying your funding base

Following Julian's presentation there were 20 minutes or so of roundtable discussion followed by feedback addressing the issues/questions below:

- How diverse is your current funding?
- What other sources could you target?
- What do you need to do that (resources)?
- What support do you need to diversify & from whom?

The following points were made in feedback from the discussion groups:

- Merger not always the right answer: loses local focus.
- Don't forget legacies as a source of funding.
- Need to raise the profile of the sector through a countywide communications strategy. To include profiling the value for money the sector offers.
- Charge for services to those who can afford to pay.
- Need to understand the funding marketplace and have smart systems/databases to manage funder relationships better (e.g. invest in software).
- Infrastructure organisations need to help with fundraising (e.g. through intelligence gathering.
- Some organisations need to maximise the benefits of tax breaks (e.g. for charities).
- Engaged, informed and networked Trustees are essential. Trustee recruitment and education are vital. A Trustee forum run by Surrey Community Action was suggested, in addition to the existing Chairs forum.
- A Surrey crisis fund could be set up possibly with contributions from organisations with substantial reserves.
- A helpline exists for struggling organisations but isn't well publicised

Developing a third sector consortium

Jenny Griffiths (Independent Chair of Surrey Youth Consortium) gave a presentation on the development of the Consortium which is Joint Venture Company formed by 8 youth sector charities in Surrey, with more members about to join. Jenny described the benefits of collaboration in detail and the work involved in setting up a consortium. She also outlined different forms of collaboration as follows:

- Sharing back-office functions.
- Loose alliances to share learning etc
- Lead body/joint bidding consortia
- Formal Joint Ventures with or without formation of a new company.

Workshop and feedback: stepping towards collaboration or merger

Following Jenny's presentation there were 40 minutes or so of roundtable discussion followed by feedback addressing the issues/questions below:

- What are the barriers to collaboration or merger?
- What are the essential considerations when considering collaboration/merger?
- Are there ways in which you could collaborate with other third sector organisations?
- If so with whom...?
- ...and how?
- What are the essential first steps in such a move?
- What support would you need to do this and from whom?

The following points were made in feedback from the discussion groups:

- A consortium approach is a possible added dimension to what has already been done.
- Whose benefit is a consortium for – the commissioners?
- Can reduce the diversity of the sector – a risk. Consortia need to be focussed but recognise independence and diversity.
- Users need to be recognised in consortia.
- Need openness and honesty to make a consortium work.
- It is difficult to see how collaboration can improve services (some disagreed with this comment and saw benefit in sharing good practice).
- Age Concern Surrey is in effect already a consortium.
- An effective consortium needs to include:
 - Clear and shared mission
 - Shared standards and values
 - The capacity and capability to do it
 - Effective due diligence
 - A focus on providing more holistic services
- There are significant barriers to effective collaboration.
 - Resources
 - Capacity/empowerment
 - Trustees can feel threatened by merger
 - Differences in unit costs and added pressure on volunteers
- Collaboration leads to compromise – needs to come from grass roots, funders and trustees.
- Smaller organisations in particular need to see benefits in additional sources of funding (or protection of current sources).
- Collaboration can be an effective way of influencing commissioners but can also feel like being pushed down this route by commissioners. Good communication is essential.
- Lead body model has risks of ownership and risk for lead body.

- Consortia not a solution for everyone and not for all of any one organisation's activities. Organisations need to make a conscious choice to be in or out.
- Larger organisations within a consortium can be dominant.
- Confidentiality and effective data sharing essential.
- Staying as we are not an option.
- Sharing back office facilities and information through an informal alliance can have benefits,

What support is needed and/or available?

Andrew Jones gave a presentation on "steps towards survival", pointing out the support that is currently available. Following a brief description of the role of Surrey Infrastructure Consortium and its work Andrew focussed on the Charity Commission's "Big Board Talk" which centres around 15 questions Trustees need to ask. For more details visit the Charity Commission website at:

<http://www.charitycommission.gov.uk/Library/tcc/pdfs/ccnews29check.pdf>

Concluding remarks

Jean Roberts Jones, Chair of Surrey Infrastructure Consortium, concluded by summing up the main points from the day and promised two actions from Surrey Infrastructure Consortium/Surrey Community Action as follows:

- to organise a Trustees networking event; and
- to put on a session for more in depth exploration of what kinds of collaboration would be appropriate in what circumstances.



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Appendix:

ADAPTING TO THE NEW ECONOMIC REALITY

Monday 15 March 2010, Holiday Inn, Guildford

PROGRAMME

9:30 am	Registration – The Clandon Suite
10.00 am	Welcome from Andrew Jones, Surrey Infrastructure Consortium
10.05 am	The new economic reality – panel presentations and discussion: David Hill , CEO Guildford Borough Council Anne Milton MP (for Guildford) Belinda Pratten , Head of Policy at NVCO
11.00 am	Strategic options for adapting to the new economic reality Julian Lomas , Almond Tree Strategic Consulting Ltd
11.20 am	Coffee
11.40 am	Workshop discussion: Diversifying your funding base
12.10 pm	Feedback from workshop discussions, Julian Lomas
12.30 pm	Lunch
1.30 pm	Developing a Third Sector Consortium Jenny Griffiths , Independent Chair of Surrey Youth Consortium
1.50 pm	Workshop discussion: Stepping Towards Collaboration or Merger
2.40 pm	Tea
3.00 pm	Feedback from workshop discussions, Julian Lomas
3.20 pm	Plenary discussion: What support is needed and/or available, Andrew Jones
3.40 pm	Concluding remarks: Jean Roberts-Jones , Surrey Community Action
3.45 pm	Closing