

# Tony Okotie

## Keep Calm and Carry On

- The national picture
- The challenges facing voluntary organisations
- Examples of different ways of working



# Some context



# Some context

- **171,000 'general' charities** in UK
  - Growth of 6,800 in 2006/7
- Income growth to **£33.2 billion**
  - Growth of 3.3% in 2006/7
- **Grants, donations and legacies** were worth **£13.6 billion** in 2006/07, equivalent to 41% of total income

# Some context

- Paid workforce in sector is **over 634,000 employees**
  - Growing by 20,000 in 2006
  - Now 24% bigger than 1997
- Falls in **global stock markets during recession**
  - Affects investment returns / endowments = less grant making

# Some context

- Recession has seen **increased demand** for services from the sector
  - Debt advice, housing and homelessness, employment, employment support
- Impact of recession felt most by charities £100k - £500k

# Some context

- Long term impact of recession on **individual giving / donations** not known
- UK has **emerged from recession**
  - ‘long tail’ still being felt by the sector

**Stormy times ahead?**



# Stormy times ahead?

- **General election**

- Change in government: Conservatives committed to role of voluntary sector

**BUT**

- **Significant public sector funding cuts**

- Savings this year of £6.1 billion
- Local Authorities 'share' of savings £1.3 billion (21% of overall savings)
- Less 'ring fencing' of grants from central Government to LA

# Stormy times ahead?

- Full budget / CSR this Autumn will inevitably announce further, more draconian, cuts to reduce the £156 billion fiscal deficit at least by £60 billion
- If same ‘share’ as in May transferred to local authorities will be **£12.6 billion**
- Government consultation in August about public priorities
- Full picture on where savings are to come from in October comprehensive spending review

# Stormy times ahead?

- **A number of programmes that voluntary sector contribute to / benefit from axed:**
  - Future Jobs Fund
  - ‘Worklessness’ programmes
- **Health budget protected**
  - But management cost reductions of 30%+ required



**Continued demand for third sector organisations:  
homelessness, debt advice etc**

# But also opportunities? Big Society

- The **creation and expansion of mutuals, co-operatives, charities and social enterprises**, and enable these groups to have much greater involvement in the running of public services
- Public sector workers given a new right to form employee-owned co-operatives and bid to take over the services they deliver
- **Training of a new generation of community organisers** and support the creation of neighbourhood groups across the UK, especially in the most deprived areas
- **National Citizen Service for young people**
- A range of measures to **encourage volunteering and involvement in social action**



KEEP  
CALM  
AND  
CARRY  
ON



# Good advice for hard times

**THERE IS NO EDUCATION LIKE ADVERSITY**

**WHAT WE ANTICIPATE SELDOM OCCURS;  
WHAT WE MOST EXPECT SELDOM  
HAPPENS**

—Benjamin Disraeli



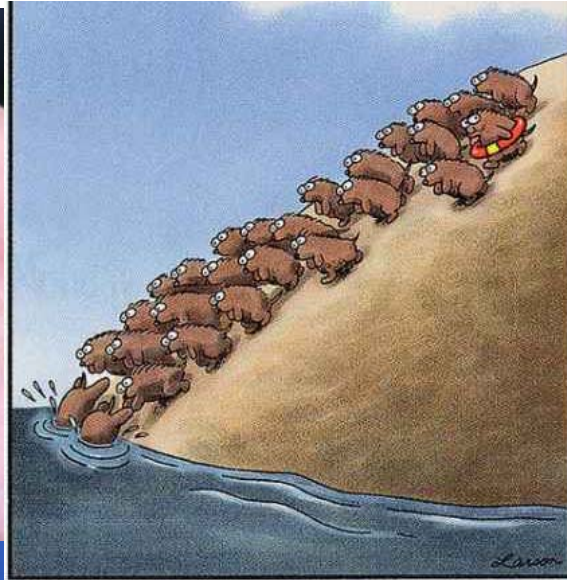
**It's not going  
to affect  
US.....**



**Has your organisation got its head in the sand?**

# Some strategies

Mudfish, Lemming, Albatross,  
Shark or Pig?



# Mudfish?



- Downsize, possibly looking at sharing staff or resources with another organisation, or specialising more in your most important or unique work.

# Lemmings?



- Close down or seek a merger with another stronger organisation with which you share a mission.
- Sometimes closing down is positive, mission accomplished.
  - .

# Lemmings?



- Merger can also be positive especially for beneficiaries, creating efficiencies, enabling mutual learning, eliminating competition and developing a stronger and better resourced organisation.

# Sharks?



- Seek growth and diversification, repositioning your organisation to build on your strengths and capitalise on opportunities.
- Can work well if you really do have strengths and there really are opportunities.

# Sharks?



- Sharks can threaten other organisations, but they need not be predatory.
- And someone has to swallow the organisations that choose to close or seek mergers!

# Albatross?



- Possibly the most tricky to pull off, requiring you to adopt completely new methods for essentially carrying on as usual.
- Can be a good option if your services are excellent and much in demand and you are strong enough to invest in research and development.

# Albatross?



- This option could include exploiting new sources of funding ,entering new organisational structures, or delivering services differently

**...or flying pig?**

**“Something will turn up, we have been through this sort of thing before”**



# Partnership in practice

Collaboration between VAO & T3SC



# Variety of Income Streams But....

- 55% of current income from TMBC
- Majority of funding streams expire (renewed?) March 2011
- Increased pressure on external grant funding: Lottery and Capacitybuilders

.....and that was before the current pressure on public finances

# About VAO

- Financial crisis for the organisation with Lottery funding closing and no funding secured post August 2009
- OMBC seeking radical changes in delivery and wider partners calling for competitive tendering process.
- Chief officer left: T3SC approached by GMCVO to provide a management secondment to VAO

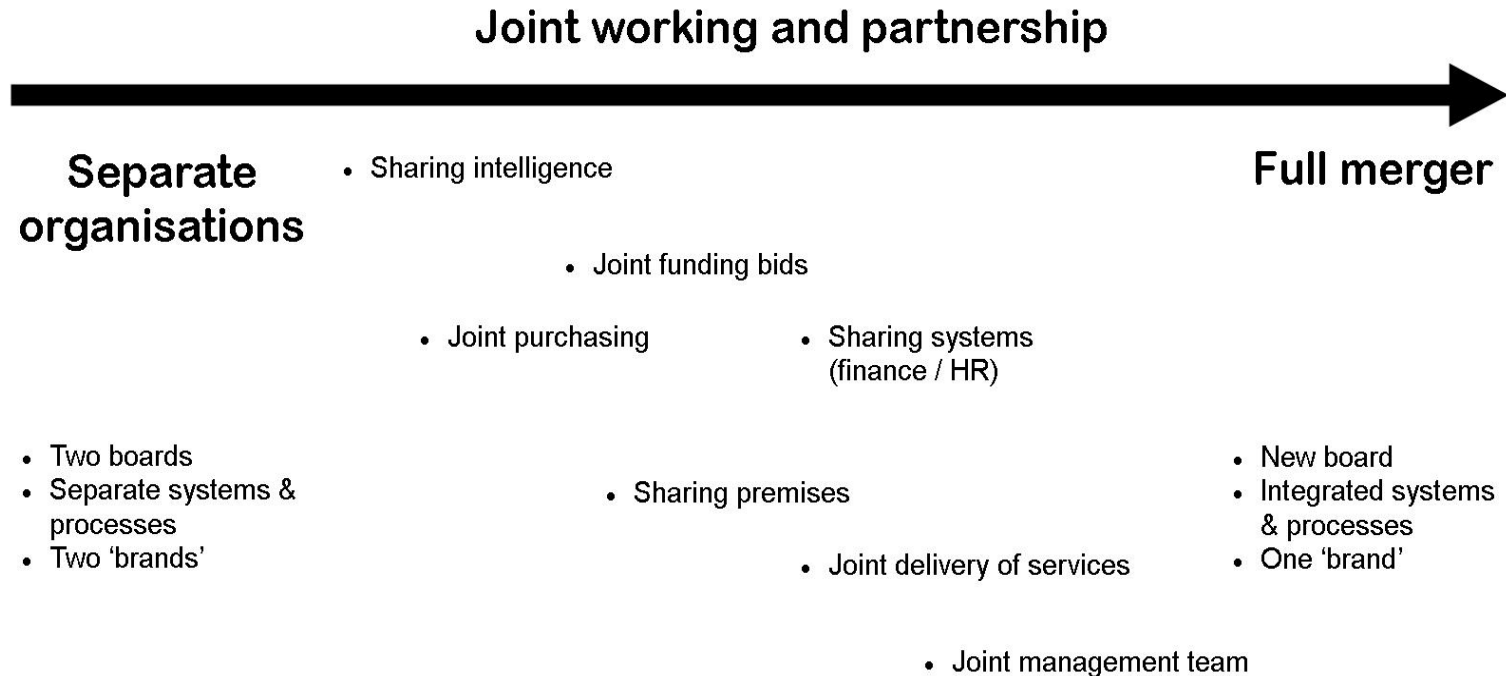
# Balancing risk and opportunity



# Why work together?

- T3SC and VAO have compatible needs
- T3SC need to reduce costs without impacting on service provision
- VAO needs a strong foundation to enable it to focus on the needs of the VCF sector in Oldham

# Collaborative working continuum



# Where are we now?

- Secondment now a strategic alliance / formal collaboration
- High level collaboration / partnership agreement signed
  - Principles of relationship
  - Dispute resolution
  - Review and break clauses
  - Individual service schedules

# Where are we now?

- Services provided by T3SC for VAO
  - Strategic management
  - Newsletter production
- Both organisations have balanced budgets for 2010-11
  - Saving for T3SC £50k

# Change for VAO

- Secured over £550k of funding (3 competitive tenders for new services)
- Full backing of OMBC and third sector partners
- Restructured and streamlined organisation focussed on delivery
- Radical growth in membership of VAO and strengthened position as strategic leader

# Touchstones for T3SC



# Touchstones for T3SC

- ✓ Must save us **money**
- ✓ Mustn't affect the **quality** of service we offer Tameside groups
- ✓ Must have **commitment** to relationship from VAO board, OMBC, TMBC

# Lessons learnt (so far...)



# Lessons learnt (so far...)

- Be clear about the **drivers** for your organisation
  - Entering new markets? Reducing costs? Improving quality?
- Think about how to **protect service to clients** not your organisation
- **Board leadership** essential
  - “not empire building”

# Lessons learnt (so far...)

- Think the unthinkable **now**
  - in 6 months time it might be too late
- Don't expect **huge cost savings** overnight
- **Explain, explain, explain**
  - Remember Stakeholders / funders
  - Change can be scary for staff

# Other T3SC 'thinking the unthinkable' strategies

- 'Day to day' **cost saving** programme
  - Premises
- Asking ourselves: **How would we deliver our core service with 40% less funding?**
  - And preparing for that eventuality
- Investigating other **collaborations / mergers**

# Other T3SC 'thinking the unthinkable' strategies

- Increasing proportion of **self generated income**
  - **Launch of T3SCplus**
    - Consultancy
    - Research
    - Training
    - Bid writing
- Upskilling; marketing; cultural change





**KEEP  
CALM**

**BUT  
THINK AND  
ACT NOW**



Voluntary Action Oldham

