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Making the Cut...

We all have to live within our means but the Voluntary and Community Sector is bracing itself for cuts which will not only affect local organisations but the knock on effect to local communities will be felt for some time to come. WVSDA has compiled some information that you can use to deal with the challenges that lie ahead, drawing from a range of different sources.

The sector is facing a number of changes at the moment, the impact of Personalisation, the switch in NHS Commissioning and now broad ranging cuts that will shape the sector for years to come. There have been a number of high profile stories involving some local authorities cutting funding to the sector by 66%, well above the expected 20-40% and some say that the sector is a soft target.

As well as the expected broad ranging cuts, it is likely that some specialist services will be cut back potentially affecting those in greatest need. All this is taking place against a backdrop where the demand for these services is at its highest and continuing to grow due to the recession and the effect of the budget cut on local communities. Andy Ricketts, of Third Sector, said the prospect of cuts was "a big concern for charities because, not only are they facing a reduction in funding, but they're also at the same time facing an increase in demand for their services as the recession bites, as unemployment rises".

In the midst of all this news, the Big Society was launched a few weeks ago as a cornerstone of this government's policy. It aims to bring about more involvement of people in local communities. Already many in the sector are polarized about the Big Society. Some argue that this is the policy the sector has been waiting for and that the government is looking for involvement from the sector to help shape this policy. Many are less optimistic and worry that the policy is a way of plugging some of the gap that the cuts will leave behind. However others wonder how the sector will be able to meet this challenge to empower communities when the resources for the sector are being reduced and many organisations have already been delivering "more for less" for some time. [Read more here.](#)

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However, we know that cuts are increasingly likely in the future (and in some cases they have already taken place), so what can we do both before the cuts and after the cuts take place?

Work in partnership and develop your networks

With the cuts on the horizon it is more important than ever to develop links with other organisations and discuss how any potential partnership working could take place. Funding will be limited in the future and a consortium of organisations sharing resources to keep costs down and offering a range of services may improve your chances of winning future contracts. Could working in partnership with other Voluntary and Community Organisations help you to secure funds in the future?

If working in collaboration becomes essential to secure funding in the future:

- Do you need to reconsider your strategic position in relation to other players in your area?
- What questions does your organisation need to consider before entering into a partnership with another organisation? (e.g. you may want to think about differences in organisational life cycles, cultures and aims).

WVSDA will be running a partnership and networking [workshops](#) in the future to better prepare you for this new future. The next Voluntary Sector Forum will be looking at partnership working within the sector and what steps we can take to make this more effective.

Look at ways of cutting costs now

The Chair of the Charity Commission, Dame Suzi Leather, said: "Charities have to be very realistic, have to think very hard about how to cut their costs, how to make the most of the money they have."

Many charities are already very good at making sure that their projects and services deliver value for money but perhaps there are other ways that further reduction can be made. Can some back office functions be shared between organisations? Stop colour printing and only print forms as and when they are needed? For some years some organisations have worked under the "spend it or lose it" approach and need to adapt to the new efficiency culture that will take its place.

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Can your organisation/service deliver on a reduced budget? Try to work something out beforehand, perhaps detailing a few financial scenarios so if you are faced with cuts you know immediately how to deal with it.

Ask your staff/volunteer team for suggestions, they will no doubt have a range of suggestions that could improve efficiency and involving your team in any changes will make them easier to deal with in your organisation.

The new government has also issued a call to ask charities how they would like to see bureaucracy and red tape cut to ease the paperwork burden. If you have suggestions, email them to psnickhurd@cabinet-office.x.gsi.gov.uk

Also, take a look at our [Recession booklet](#) for ideas on how you could become more sustainable as an organisation

Campaigning

Some people think that charities cannot campaign or get involved in political activities but this is not the case provided that the charity is campaigning in the furtherance of its charitable objectives, is empowered to undertake the proposed activity by its constitution (either explicitly or by implication) and works within Charity Commission guidelines. It should be noted however that charities cannot engage in any form of party political activity. Before embarking on any campaigning activity, registered charities should have the approval of their trustees, which should be formally minuted.

Understanding the decision making processes is essential, for example NHS Trusts are not accountable to elected representatives in the same way that Local Authorities are and decisions are more devolved to executive directors. Local Authorities on the other hand operate under the Cabinet system where individual portfolio holders make recommendations to cabinet. Running alongside this is a system of Scrutiny Committees made up of a range of all political parties represented on the Council. Not only is it important to understand how the system works but also who the key figures are.

Campaigning in itself is a large issue best dealt with separately, but for more information [click here](#) to access the Guide to Campaigning developed by WVSDA's Policy Project.

In addition, NACVA have produced [Challenging a Funding Cut](#) which provides a detailed step by step guide to campaigning against a funding decision which many organisations may find extremely useful.

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Also BASSAC and Urban Forum have produced [The Handy Guide for Communities Working with Councillors](#).

NCVO have also produced a [Trustee Guide to Campaigning](#).

Every local authority with social services responsibilities has the power to scrutinise local health services. Overview and Scrutiny Committees have a role in scrutinising the operation and planning of NHS services to make the NHS more democratically accountable and responsive to local communities. Since 2008, Local Involvement Networks (LINKs) have been established to influence local health and social care services. LINKs have powers to look into specific areas of concern to the community, receive information, make recommendations about health and social care services and to refer issues to their local authority Health Overview and Scrutiny Committee. An organisation facing a funding cut could bring the matter to the attention of the local LINK on the basis that the decision would undermine local health provision. With the support of the LINK, the matter could be referred to the Health Overview and Scrutiny Committee.

The Wandsworth LINK can be found [here](#).

Be active in campaigning for your organisation and the need that it serves all year round not just when a crisis appears. Actively network to build and maintain relationships with key partners. Get your organisations and the good work you do, known by many different people in the community.

Demonstrate your Impact

Martin Brookes, of think tank New Philanthropy Capital, said voluntary groups need to prove their worth. "There are some charities that are simply not doing good enough work or they can't prove how good their work is - they're more vulnerable than others," he said. "The vital thing for charities to do is to invest in demonstrating their impact, proving that they deliver vital, valuable services and that they should be exempt from cuts." Take steps to ensure that you can demonstrate that your work is bringing about the benefits and changes you want it to. What impact is your work having, both in financial and social terms? For example a healthy eating project could be linked to preventing eating related illness which can in turn save resources in the NHS in later years. Clearly communicate what would happen to your users if a service is withdrawn – would they face significant disadvantage or peril if support was withdrawn?

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For more information on this subject please regularly check our [training pages](#) on the WVSDA website for the Outcomes Training we offer.

Also have a look at [The Outcomes Star](#) which is a method of measuring outcomes.

[Social Return on Investment](#) (SROI) is a framework for measuring a concept of value that is much broader than simply financial.

For those interested in calculating a financial value of volunteer teams click [here](#).

The Compact

The Compact details how the Voluntary and Community Sector and Public Sector can work effectively together by understanding the principles of partnership. Francis Maude, the Minister for the [Cabinet Office](#), has written to ministerial colleagues asking them to consider the Compact when making cuts, according to Nick Hurd, the Minister for Civil Society. Hurd said the government was "fully committed to the Compact", the agreement that sets out how public and voluntary sector organisations should treat each other. He also told MPs that the Compact would be on the agenda for the first meeting of ministers with responsibility for the Big Society in August.

If the government feels the effective use of public money is at risk, withdrawing funding or terminating a contract early is a reasonable action to take. Fortunately, though, these decisions cannot be taken lightly. The Compact outlines agreed good practice for both sectors when entering into or concluding a financial relationship. In knowing these commitments, you can ensure any decision made is a fair one.

First, before entering into a funding agreement, you should have agreed the terms of delivery and what actions will be taken if you fail to deliver. If you are struggling to meet your targets, inform your funder as soon as practicable. Your funder should make a concerted effort to assist you in overcoming the barriers preventing you from delivering these outcomes. Similarly, if your funder envisages any future resource constraints, the Compact stresses the need for it to notify you at an early stage and to work with you to tackle difficulties.

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If these efforts are unsuccessful, your funder should notify you as soon as possible that it intends to conclude the arrangement, with three months' notice being the minimum. The notice should include clear reasons for ending or changing the funding and provide enough detail for you to respond. Don't be afraid to respond to this decision.

If your funding is coming to an end as a result of a review of strategic or development funding, the steps above still apply. In addition, you should ask yourself 'Did they consult me?' The Compact stresses the need for government to consult the sector on issues that are likely to affect it.

Compact Voice have written to the Chief Executives of all local authorities encouraging them to be Compact compliant when taking funding decisions.

If you feel your dealings with local authorities have not been Compact-compliant, contact [Compact Advocacy](#).

For more information about the Wandsworth Compact, [click here](#).

Challenging a cut

Challenging the decision is about challenging the decision-making process as opposed to the decision itself. Campaigning to change the decision is about identifying and influencing the decision makers to re-consider their decision to cut funding.

Formally challenging a funding body's decision should not be entered into lightly, as it almost always suggests a breakdown in relationships that can be difficult to restore. If possible, it is far more constructive to highlight the value of your organisation as a partner, contributing and adding value to shared aims and objectives.

If an organisation facing a funding cut considers that it has been treated unfairly or unjustly by a public body, then it is within its rights to challenge the decision, in some cases, using the Courts in the form of a judicial review. However, it is important to consider the difference between the decision itself from the decision-making process.

Statutory bodies can and will make cuts to organisations offering valuable services for many different reasons. They ultimately have the discretion to make such decisions and the merits of the decision itself can rarely be the



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subject of a formal challenge. There are however principles embodied in public law that embrace a general concept of reasonableness and fairness in the making of decisions.

Public authority funders have statutory obligations to ensure that all decisions, including those relating to funding, are compliant with their duties to promote race equality (from 2000), equality for disabled people (from 2006) and gender equality (from April 2007). This will require that the authority carries out an equality impact assessment prior to such decisions being made to ensure avoidance of a “*disproportionately negative effect on people from different ethnic groups, disabled people and men and women*”. For more information, see the Equality and Human Rights Commission advice note [“The Public Sector Equality Duties and financial decisions”](#) which includes case studies.

For more information about challenging a decision click [here](#).

NCVO have a useful guide to challenging cuts which you can access by clicking [here](#). They can also offer help and advice, by contacting Empowering the Voluntary Sector advice line on 020 7520 3161 or by email evsAdvice@ncvo-vol.org.uk

Share Information

If you are facing a funding cut let us know – this will enable us to build up a picture of where the cuts are happening. Along with the other CVS’s (Council for Voluntary Service) in London we can campaign and lobby on a regional and national level – but we can only do this if we have information about what is happening.

Speak to the government and let them know what should be cut, as The Cabinet Office is asking the voluntary, community and social enterprise sectors for innovative ideas on how to reduce the deficit. In an open letter to the sectors, Francis Maude, minister for the cabinet office and [Nick Hurd](#), minister for civil society said the deficit reduction plans could ‘not just be about cuts’ and asked for innovative ideas on how things could be done more efficiently. The letter also stressed that all local and central government departments would be encouraged to take account of the Compact as savings and efficiencies were made and said that the Cabinet Office’s strategic partners have been asked to gather information on the impact of cuts. To make your suggestions [click here](#).

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There are some examples of cuts being approached jointly by local authorities and the voluntary sector in a way that puts the needs of communities first, rather than organisations, which allows a shared starting point and common objectives in discussions. [Click here](#).

WVSDA hopes that you have found this information useful, if you require any other information or support please contact the VSD Team on 0208 875 2846 or email info@wvsda.org.uk

For more information on coping with the cuts and further related information, visit:

www.ncvo-vol.org.uk/advice-support/coping-with-cuts

www.cutswatch.org.uk/main/

www.syfab.org.uk/infshtsp/crisis.pdf

www.ncvo-vol.org.uk/sfp/change

www.ncvo-vol.org.uk/sites/default/files/Initial_spending_review_2010_briefing.pdf

This information has been compiled from a variety of sources including NAVCA, NCVO, LVSC, Compact Voice and Civil Society.

Please check back as this page will be updated.