



Edinburgh Network of Voluntary Organisations
For Children, Young People and Families

The Network Policy Forum: 25 June 2007 - Report

Main Topic: Are small and medium organisations losing out on the funding front?

Chair: Ella Simpson, Executive Committee member Edinburgh Network of Voluntary Organisations for Children, Young People and Families

1. Introduction

Individuals from 17 Network member organisations attended this meeting, with the vast majority representing small organisations. Ella welcomed the group and outlined the purpose of the meeting, i.e. to look at issues of concern to small to medium sized organisations and to take forward any recommendations from the day, firstly to the Network Executive and from there to other relevant agencies that need to consider these and take action.

Ella further stated that:

- Evidence received from the Network members shows that funding is increasingly becoming the foremost problem from many of the small to medium size organisations in the Network. Many organisations have indicated a hand-to-mouth existence and reported that the intricacies of funding now underlie everything they do
- Also, some of the Network members who are unable to attend such meetings have specified in writing that they would have liked to be present but simply cannot spare anyone from the organisation even for two hours.
- The current funding crisis for small organisations is very much related to:
 - the growth of contract culture within the statutory sector
 - diversion of lottery funding to the 2012 London Olympics
 - a drop in European Social Fund monies since 2006
- It is difficult to say how the recent changes in the government, both central and local, will impact on the voluntary sector but perhaps by Autumn the picture will be a bit clearer
- Although, as individuals, members of the Network may feel small and vulnerable, but the Network as a whole is now well established and can be influential within the statutory and the voluntary sectors in bringing about changes.

2. Sharing Experiences

In the succeeding part of the meeting the participants shared their organisation's experiences in relation to funding and survival and talked about their specific concerns around these issues.

The reality for some:

Organisation A

We are run like a social enterprise; we have to make £3500 per month just keep the doors open. The organisation could be self-financing if we could cut some activities but that would be contrary to our aims. The demand on our services is ever increasing. We are continually responding to needs on the ground. To meet these needs we have to seek funds all over. For us, and for many small organisations' such as ours, transport cost is a big issue and acquiring funding for it very difficult.

Organisation B

We provide services for 1,500 young people and have to raise £300, 000 a year. All our funding comes from private trusts and foundations. We have to approach a substantial number of funders to secure our running costs. Resourcing so many agencies is very time-consuming and requires particular skills. Not having these leads to insecurity. We actually have employed a fund raiser - these people are making vast amounts of money as very often the same person is employed by a number of organisations. We should pool resources and employ someone centrally. It is not an answer in making organisations sustainable, but the need for advice and support on funding for organisations like ours is urgent.

Other Concerns and Comments:

- *The time frame involved with funding bids means that many charities are going to the wall while waiting to hear about the outcome of their bids. In most cases one does not know the status until 5-6 months after putting in the application.*
- *There is also a danger of organisations going under if they are not the flavour of the month. Wining and dining is sometimes taking place to win contracts.*
- *Competitive tendering is going to be a major threat to the survival of small organisations. The Council does not understand the impact putting out services to tender will have on voluntary groups. There is complacency on part of the Executive and others that somehow the sector will continue. Voluntary organisations will be in competition with commercial firms. The commercial ones will certainly be the beneficiaries from such changes in funding.*

- *The playschemes services will go out to tender this year and the after-school club provision will follow.*
- *The financial reporting mechanisms has changed and is complicated, adding further to the burden of staff already stretched*
- *The funding application forms are now also more complicated and longer. In some cases staff members are spending as much as 20 percent of their time just doing funding applications.*
- *Very few small organisations can built in time for meetings and other activities outside their work. (Only 2 participants out of the 17 had time for meetings out-with included in their work programme)*
- *The Board members can be good sources of expertise and advice but people are shying away from joining charity boards due to changes in legislation and hard work it entails.*
- *Due to the introduction of competitive tendering the number of agencies providing services to the homeless in Edinburgh will be reduced by 25%. Groups will have to come together to tender in partnership*

3. Group Work

As the next step, the following questions were considered by the participants in three smaller groups:

- What is the impact of a shortfall in funding on users and potential users of an organisation?
- What are the current and future threats or opportunities to/for survival?
- What action is needed to survive and to redress the imbalance?

The key points from their deliberations are outlined below:

The impact of shortfall in funding on users and potential users of an organisation:

- *There is great insecurity in the sector as one minute an organisation is flavour of the month then the next it is closed.*
- *There will be less choice for users.*
- *The sector could lose some very skilled and experienced workers as people can earn far more in the private sector.*
- *Small/medium sized organisations will be under threat from competitive tendering.*
- *Committee members may not stay if funding for the project is insecure.*
- *Staff turnover will increase if there is short-term/insecure funding.*
- *There will be increased anxiety over setting up new projects with the fear of losing the service due to lack of funding.*

- *Voluntary sector responds to the needs of people at the ground level therefore it has serious impact on the community when organisations go under.*
- *Closure of organisation will impact on inclusion - especially of the disadvantage groups.*
- *The impact on organisations' capacity to deliver services will be greatly affected as staff members will spend increasing amount of time to secure funds.*
- *Insecurity of funding translates into loss of jobs and committee members.*

The current and future threats and/or opportunities to/for survival:

Lack of or insecure funding and competitive tendering were seen as the two major threats to the survival of smaller organisations. Paper produced by the Eke-Out Project in June 2007 (appendix 1) shows a 100% escalation in closure of voluntary organisation due to lack of funding. A complicated cocktail of piecemeal funding from a range of different funders, each with their own timescales, application formats and reporting processes can place a serious demand on an organisation's resources.

While a diverse set of funding streams can help prevent an organisation being too dependent on a single major funder, it can be extremely complex managing a range of different funding relationships. It was stressed that owing to shortage of personnel, time and, often, lack of specific skills smaller organisation find it more arduous to pursue funding opportunities. (Many of course survive with just the work of volunteers). Again, it was felt that for the same reasons smaller groups have little or no capacity to engage in competitive tendering.

Other Hurdles

- The increase in number of legislative changes in recent times has made it very difficult for organisations function effectively. For example, form filling for different regulatory bodies is both time consuming and onerous and the capacity of small organisation to jump through hoops is limited
- Often organisations have to dress up old programmes as new 'shiny' projects to obtain funding in order to maintain the services
- Larger organisations with their capacity to network and make bids soak up the lion's share both in the areas of funding and tendering leaving smaller organisations struggling for scraps

Opportunities

- Competitive tendering could help streamline some inefficient groups and perhaps bring organisations together to bid in partnership.
- Streamlining could help get the best work from the best people
- Working in partnership with others doing similar work could be rewarding.

Actions needed to survive and to redress the imbalance (Recommendations)

Since most of the small to medium organisations are experiencing the same difficulties there are three clear approaches identified as the way forward for survival:

1. Provision of centralized services and support - e.g. :
 - ✓ have experts, perhaps based at EVOC, who could provide advice to voluntary organisations on accessing funding, charity law and financial matters, IT etc
 - ✓ centralize services such as cleaning, purchase of stationary etc.
 - ✓ bodies such as SCVO and EVOC should initiate templates on 'tendering in partnership' and model policy documents for the Network members
 - ✓ make a case for the introduction of a standardised funding applications and process making it quicker and easier for organisations to apply to different funders
 - ✓ find ways in which smaller organisations could share the infrastructure and information better
2. Development of strategies to lobby the various agencies that have power over the voluntary sector, e.g. :
 - regular briefings to the City of Edinburgh Council and the Scottish Executive/Parliament
 - use of media to highlight and or promote relevant issues
 - organise high profile protests
 - SCVO and EVOC raise issues at the national level
 - Demonstrate and promote the value voluntary sector adds to the community and the wider impact it has at the grass root level
3. Form thematic groupings within the Network for partnership working and for sharing resources, information and expertise

It was suggested that the Eke-Out Project is best placed to facilitate recommendations 2 and 3.

Request was also put forward that a) the impact of the shortfall in funding on the organisations within the Network be monitored and that b) research be carried into the cost to funders of processing an application seeking financial support. (For example the Scottish Executive have a system whereby each funding application is vetted by several departments and officers).

4. Conclusion

It was noted that:

- the Outreach programme undertaken by the Eke-Out Project targeted small Network organisations to provide them with information about the Project and its programmes, collect information from them with regards to non-engagement of the organisation in activities initiated by the Project and at the same time access the organisation's needs and concerns. The views and concerns expressed by the 12 organisations visited between October 06 and March 07 are very similar to those that have emerged in this Policy Forum meeting.
- The Edinburgh City Council is reviewing its tendering process with Shulah Alan, the Director of EVOC, participating in it. The report of this review is due in autumn/winter 07.

In her final statement Ella pointed out that as per Policy Forum procedure, the report from this meeting will go to the Network Executive Committee (NEC) first and from thereon, as appropriate, to other relevant agencies. She also assured the participants that through the NEC it will be made sure that these views and concerns are heard by the new Committees and the new Councillors.

A cross-referencing exercise with regards to the manifesto promises will be carried out and the ruling parties will be questioned on the delivery of their pledges. Ultimately, all this will be reported back to the Network members.