

**Funding and the environmental NGOs
NIEL Members' Meeting 15 January 2010-01-19**

**Role and Value of the Third Sector; threats and opportunities of funding constraints.
Seamus McAleavey (NICVA)**

"I am an optimist, but you might think by the time I'm finished I'm the harbinger of doom".

- We see an unfolding crisis from the recession; there are serious threats, particularly to the voluntary sector.
- May ask how is this likely to impact us all – but think first of how the sector is used to dealing with crisis and how we're used to dealing with some of the big issues in society...positively
- Green organisations have been much to the fore in recent years, there has been a significant shift in public mind with regard to environment in the past 20 years...again, positive.
- Current crisis really started to unfold in 2008, when realised it would have an impact and predicted there would be a public expenditure bloodbath in 'year or two's time', possibly at minus 2% funding.
- Now, predicted that over next 3 years will run depts with same amount of money – meaning a cut in 'real' terms of 9% — but this is an optimistic view according to some.

NICVA looked at past recessions to see how they have impacted voluntary sector

- In other recessions, evidence is that, particularly with public sector, there is a squeeze in large parts of the sector. There is also an increased demand our sectors' organisations in advice areas (eg: helplines).
- First things hit, independent charitable trusts – account for 10% of our sector's income. And their endowments take a large hit, ~30%.
- Big areas are fairly resilient, so long as people keep their jobs donations continue. But after period of time they may 'switch' to where it is most needed (eg, Haiti)

But main concern to most here is public expenditure and what is likely to happen. Talk at the moment is the reduction the Minister of Finance has made to Depts and in my view (SMcA) that is relatively small compared to what is coming in next 3 to 4 years.

Big debate in terms of public expenditure around health – takes a huge amount in NI – every party says it will protect health – about half of all public spend.

So, based on Scottish figures:

- If you protect health everything else gets cut by 14%.
- If you protect health and education, everything else gets cut by 24%.
- If you throw in public sector pay (nurses etc) with health and education then 40% cut to everything else.

Response: Recognising that this is a real crisis and that it is the world we live in, we can't change that so have to think what can we do ourselves.

NICVA's message to the sector: "worst thing to do is sit back and see what happens"

2 key points: recession hits public sector about a year after the private sector; also a NI lag based on high public expenditure. So using this time to prepare as best as an organisation can is very important.

HOW TO DO THAT?

- 10 Years ago, no interest in mergers. Today, 63% believe that mergers and better collaboration are absolutely critical in how we deal with the crisis.
- Come the real public expenditure cuts, cuts will happen right across the board, no special cases.
- Some organisations need to think about duplication and how they complement other organisations
- Need to think about becoming more efficient – government is talking about that.
- It's much harder for us all as independent orgs, but outsourcing some of the back-office stuff could be an effective solution
- Could learn from private sector (eg construction company building, main contractor, smaller contractors for steel/mechanical/electrical).
- Orgs coming together and actually working much more closely becomes v important.

There are always threats and opportunities, in this case we need to see that the threats are greater than the opportunities, but the opportunities are there, and the thing about crisis is that it drives innovations and dialogues.

- Eg: Green New Deal – originally pushed by environmental organisations. Now, FoE, NICVA, Ulster Farmers Union at table with NI Chamber of Commerce, utility movement etc. Everyone is on the same page and this wouldn't have happened 6-8 months ago.
- NI using schemes like this to make the changes we need – it will all come to pass, the question is whether **NI gets itself ahead of the curve or whether we get dragged into it 10 years later.**

Funding to support the natural environment - planning for the future. Susanna Allen (NIEA)

"We are very, very clear on the consequences of each scenario for the individual and each organisation...I want to assure you that decisions that have been taken were done so extremely carefully and individuals in the team were aware of the concerns of the organisations."

This meeting is timely, time to start thinking ahead. I realise situation is source of anxiety, please do not read between the lines of what is said – it is just about how NIEA plans to handle the situation, short-term, medium term and long term plans in coping.

Have gone from a position of being able to fund all eligible projects, have to move to the competitive situation and working with a very much tighter budget.

Short term – up to March 2010

- Position and why we are where we are
 - Severe pressures on Agency from lack of receipts, and savings needed to cover the shortfall, this year hit with substantial cuts that could not be anticipated.
 - In terms of next year, Dept planning on 10% cut across whole dept – Agency faces this. In terms of resource budget, 18% for the Agency – felt across board, eg some teams can't go to field at the minute because no travel budget and have lost 8 members of staff.

- Have gone from a budget shy of £3million (inc Mourne Access grant) to £250,000 for next financial year.
- Part of the reason for this position is victim of own success, lots of good projects over last few years, able to bring in more money and stimulate more projects
- Approach
- Limited options to handle the situation going into next financial year as we make commitments up to 3 yrs in advance, so 2/3 of budget already committed.
- Through dialogue and detailed review are looking at keeping options open — don't want to make a short-term decision that will jeopardise long-term work.
- Very clear on the consequences of each scenario for the individual and organisations.

Medium term – up to March 2011

- Management Approach
- A year of trying to stabilise and recover the situation so that we are not in such extreme pressures next year when making decisions.
- Need to anticipate, plan ahead for the range of projects, talk to organisations and look at what is on other funding programmes.
- Current year don't want to close down too many options for when we relaunch the grant scheme next year.
- Strategic approach, eg: Initiated a Natural Heritage vision to start 10-20 years of planning, can use that to set shorter 3 year plans
- Scene-setting paper due this month, and next month a discussion paper.
- Environmental Education strategy is being developed, very important.
- Need to do more to influence external funding; developing a strategy for external funding/partnerships (eg, Life+)

Long term – programme commencing April 2012

- Will review all aspects of programme, think of new approaches.
- Look at sister organisations and see how they handle funding.
- More proactive in identifying work, look at partnerships between applicants and ourselves.

Questions/challenges

- Would welcome suggestions and ideas as to where there are opportunities and look to creating a new programme, look at what the impact of crisis is on the sector.
- Have been linking in healthy environment – but has this come across at a political level?
- Demonstrate added value, look at efficiency. Look for opportunities to broaden the funding base.

How you can help us

- timely claims – the more accurate we are in terms of understanding the budget the easier it is for them

- if there are any changes, tell us quickly
- post-project evaluation etc, support in terms of giving us that info.

Bring ideas and innovations – we will encourage partnerships and all need to plan ahead; think about how programmes can evolve, change and adapt.

Merger – Threat or Opportunity?

Wendy Osborne, Volunteer Development Agency and Co-Chair Joint Forum.

“About moving forward towards greater stability and sustainability in an unstable environment – creating greater stability for work and mission of the agency, about evolving, like into a new species.”

- VDA – promoting and supporting volunteering and work with local infrastructures, volunteer centres – 15 of those in NI; currently VDA and 10 of those centres in advanced merger negotiations.
- Merger – full-blown article, not a collaboration but a step change and creation of new org. Effectively leaving behind what they have currently to make something new.

The change journey begins

- There must be a **catalyst for change**. (For VDA, it was an evaluation report of DSD funding programme that supported volunteer centres).
 - Report highlighted key issues: local infrastructure being ‘fit for purpose’ and lack of leadership and consistency of cohesion of service – number of centres allegedly providing same level of service
 - Difficulty in measuring impact, and complete difference in understanding/proving the value of the programme to government objectives – big issues.
- **Stock take**: relationships with external and internal environments, relationships with local volunteer centres.
- Externally, volunteer sectors did note that things could be better, and did not use collective resources as best as we could.
- **Future casting** carried out – reviews, government, recession, public funding

Even at this stage, massive investment in time, resources to look at catalyst, stocktaking, and future casting. Established strategic working group to bring orgs together

Drivers for Change

- Real (people must feel them, understand them, see the impact). Must be strong and emphatic enough so that people want the change.
- Motivation must be strong.
- Believe that it is about more than money – going into huge change agenda, must ask ‘what about the beneficiary?’

Barriers to change

- Lack of honesty and openness – not only looking at threats and opportunities, must leave competitive spirit at the door.
- Lack of trust – when orgs come together to talk about collaboration and merger, there is a real feeling – subjective journey as much about people’s feelings as it is about money, staff and concrete issues. Smaller orgs must feel that it’s not all just about larger orgs – equality.

- Fear of unknown – people want ‘givens’ – but journey and outcome are both unknowns.
- Sense of loss – identify themselves to orgs and the work and influence...sense they will be forgotten.
- Lack of direction/support – if you don't have firm support and direction, administration and operational work, it will go nowhere.
- Uncertainty – must be managed.

Successful change management requires:

- Leadership (from staff and trustees); flexibility; trust; understanding & negotiating expectations (working with everyone in evolving position); sensitivity (must be sensitive to other partners); collaboration (consensus); time; and support.

Delivery of change requires:

- Consensus on ‘why merge’ rationale; ownership of a shared vision for the new organization; focus on improvement in quality, delivery and reach of volunteering & the volunteering infrastructure; sense of moving towards greater stability & sustainability; implementation of good leadership & clear decision making; a well co-ordinated & supported process that is underpinned by a commitment to openness & transparency, respect & fairness; motivation, tenacity & momentum.
- Believe in the change.

Taking the broader view: what do we really want and ways to deliver it. Paul Mullan, Heritage Lottery Fund.

“A touch of the bleakness, then finishing with a challenge to you all — one I hope you take up!”

3 yrs ago HLF faced similar circumstances, major financial cuts ~40% total budget due to combination of factors –e.g. Olympics.

Had to examine/restructure business, and recognise potential future challenges.

- Current situation will not change quickly; may leave us in very different world from what we are used to. Sooner we take this reality check, the better, recognising the world has changed and the quicker we can change too, the better.
- Issue is fundamentally and simply about orgs being sustainable. Clear need to all orgs to do a root and branch review of what they deliver and how.
 - Eg: contribution of environment to economy in jobs terms not so effective now – govt thinks jobs should be in health/educn, mindset change.

3 key points:

- Factors that should shape moving forward: sector needs to move away from seeing orgs operating independently. **People come to HLF one by one – we want to see partnership and co-working.**
 - Traditional approach – duplication of people and resources. There must be a more strategic way (eg: does every org need an education officer? What do schools want from each NGO – how can this be delivered in more strategic way?)
- Political arguments for the envt **have to be more meaningful** – not just about jobs, not convincing enough – must be about what is delivered in real terms on the ground.

- Sector needs a more **cohesive voice when talking to ministers**. Everyone shouting about what is important and the message is lost in conflict of voices – feedback from ministers and politicians!
- Sector needs to **listen beyond its constituency of activists**. Do we really know what people want from the environment – it is only from broad public engagement we can say that ideas, initiatives and programmes are shaped by people on the ground in a meaningful way. The sector **must engage with the wider world**.
 - How can sector help commercial organisations to deliver (mutual benefit will lead to greater understanding on both sides)
 - How can the sector **show its true value to NI society?** (certain politicians only interested in the economy – but there are higher issues, what do we want in terms of societal benefits?
 - Community planning
 - Indicators of success go beyond narrow economic analysis – health, education, where does envt fit in there?
- Opportunities to be grasped; **what do the public want** and how do we listen to them?

HLF- challenges the environmental sector

- Still major opportunities from HLF funding – conversely in economic downturn more people play the lottery, next year will have £30million more!
- Disappointing that envtal sector haven't seized that particular chance (eg, Landscape Partnership Scheme).
- This is international year of biodiversity...our challenge to you all...is there an idea out there where through working together in partnership, linking into communities and the above theme, you can bring to us and potentially get funding for?
- In addition, there are grant schemes that offer partial funding – there is untapped funding resources as we have a bit more money.

So that is our challenge – we welcome conversations and dialogue – there is an opportunity here that needs to be seized.

Discussion: where do we go from here?

- Word mentioned the most is 'partnership' – there are opportunities, but definite threats.
- We have a new reality to deal with – just like changing our lifestyles in response to climate change, we must change our organisational lifestyles in response to the new financial reality.
- Need to communicate things in ways people understand, linking conservation and ecological networks with healthy environment.
- How to express public value – having a definition that is truly meaningful (eg, benefit of landscape) – WHY is it so important to us and HOW do we express this in a way that ultimately becomes important to our politicians?
- Politicians tend to see things in reductive way (jobs/investment) - we need to find new language to express this meaningfully.
- Becoming more pigeon-holed, rather than looking at integration? Need for people to understand that they need to think this way, it's not just about protecting your own area/us looking out for ourselves.

- NIEA (Susanna) will hold off bringing paper (re funding) to the board to get better NGO input. Will be helpful to show leadership/collaboration to the NIEA from the NGOs... Able to talk about barriers/benefits, about how things can be reframed/reshaped in a different way to add more value. Board very interested in this work – more considered feedback from the NGO sector will be welcomed.
- Threats real and urgent – not just money but political structure, government priorities, and everything that flows from that.