

How to Survive the Cuts

For not-for-profit CEOs and trustees working with
marginalised or disadvantaged groups

Introduction

This Government is committed to increasing the opportunities for the public sector to the voluntary and community, social enterprise and cooperative sector to run services previously run by the public sector.

The Coalition is also moving away from the previous government's ideology of activity orientated targets and processes, and are rapidly moving to **only** funding services that have and can prove results that support their long term goals. These goals include a reduction in welfare dependency and less reliance on institutions such as prisons, hospitals and schools if it can be proven that there are better ways of dealing with the problems these institutions were designed to address.

They are also stripping away all the bureaucracies that currently distribute funding, (such as quangos) so that payments flow directly to providers. This may provide more stability for those organisations that already get government funding and are proven to be successful; but will make it potentially more difficult for those that are not already funded by government or those that are not statutorily required to

For organisations that have received funding in the past for activities that this Government does not recognise as essential (and Supporting People budgets might well fall into this category) times could get hard. The Government is looking at encouraging new social business models and private finance to provide non-state funding, such as social impact bonds, where private investment is used to prove that a service delivers results, and on results the government will repay the loan. The government may continue to fund some services but potentially only where a case can be made that the service is a cheaper option to the nation than the current public sector delivery model.

This pamphlet will help unravel some of the messages so far.

Innovation and new service delivery

The Coalition Government are keen to hear about anything that is new and responds positively to an old problem that we haven't fixed yet.

You'll have to prove the delivery method works, and shows progression for the individual back into the mainstream, so they are not state dependent.

Services will need to enable an individual to progress from where they are now to a job, a home of their own and a supportive and stable network of friends / family.

If your organisation can't do this alone, it's time to link with other organisations to make it happen. The message is that without the end objective, the Government won't be interested in what you are doing.

It's also unlikely that state funds will be available to trial or pilot these ideas. It's more likely that the sector will have to test the ideas using their own reserves, charitable foundations or grant givers. The state will only step in to fund schemes that are evidenced to work.

KEY MESSAGES

Evidence your work

Don't look to the state to test or pilot ideas

Show outcomes

Create 'end to end' services for service users

Getting funds in

So, you have a product that's already proven to work, receiving positive outcomes. Where this is the case, the Government may choose to fund this. However, the principle of allocating resources is moving away from what it "costs" you to deliver that service, towards the value of that service for government, and therefore the "price" they are willing to pay.

Fundamental to this concept is the notion of the value of the work undertaken, i.e. the contribution to the reduction in state dependence. The Government aren't interested in the cost of the work, but they are willing to pay for the service that delivers more and includes a social value and positive outcome. This new way of thinking allows for any notion of a surplus or profit to be made by you.

There's lots of speculation about cuts to public services and who knows what the end result will be? What we do know, though, is that if your service is what service users want, and if it also achieves a government aim to reduce their dependence on the state, you're in with a chance of continued funding. They'll even let you make a surplus. So, you need to show that you are delivering, and prove its value.

If you are not currently funded, it's my view that you are unlikely to get funding now. Better that you find others that are being funded, show them how your service will add value to theirs and find a way of collaborating with them.

Adapting **now** is the key. Don't wait for further announcements – look at your current model of delivery and work out what you need to do to prove it works, and how this can be easily communicated externally. And if it isn't showing a progression route for your service users, find one and make it work.

Finally, if your users aren't able to move to sustainable, independent living, just make sure that your offer is the very best you can make it. These individuals and their families will be able to make personal decisions about their care and support in the future, and you will need to deliver services to suit them, not maintain your organisational needs and processes.

KEY MESSAGES

Adapt now

Review your models of delivery

Show added value

Reduce your users' state dependency where you can

Stop thinking about what you provide

Think about who you are providing it to and what difference you are making to their lives

Measuring success

So what are the key ways in which the Government wants to measure the success of our work?

The first is to have a way of recording the changes in people's lives. This Government isn't interested in prescribing how a change might be made, but they won't pay for a service unless change is highly likely to occur based on some previous experience.

The Government is unlikely to want some bureaucratic system for measuring and are most likely to accept that when people say that something made a difference to them, and there is proof that an individual is less state dependent, they'll believe them and be happy. That's why it will important for us to think about the best way of capturing individuals' stories, and how we share them externally.

I doubt that this will be enough, though, as softer outcomes are difficult to prove – i.e. it's difficult to absolutely say that the reason a person felt better and moved on with their life was as a result of our intervention as opposed to them finding a new friend. So we also need to show numbers – that way, our individual successes can be seen to be replicated and not a one-off. This means collecting information that can be collated into something more meaningful.

There are apparently 31 different outcome measures available that also show a social return on the initial investment – and many more if you add all of the

individual and bespoke systems that have been created by separate organisations.

Choose one that is suitable and use it. Don't spend forever choosing the best / most used / most worthwhile. Just get on with using one of these recording systems to show your success with your clients. Use it with every client and collate the stats on key issues, record specific stories about your service users whose lives have changed and tell people about them.

Try and see if you can put a financial and social value on your work. If you can prove a saving as a result of investment in an individual, all the better. "Savings to the nation" i.e. the money that is saved across state budgets as a result of your intervention, is of huge interest to this Government.

KEY MESSAGES

Find a measuring system and use it from today!

Make sure it measures the progression of the service user

Social return on investment

This idea is based on the notion of an added value in terms of social and environmental returns on investment and the Government are very keen on it. They will want to know that you can prove that £1 spent on your service will bring its rewards in terms of the return to the individual, community and environment. You will need to prove this and there are a variety of ways of measuring this – have a look at www.sroi.org.uk to see how the network of organisations involved in measuring this can help you.

Telling your story

In my experience, most of our sector is pretty rubbish at sharing their success with others. But it doesn't take much time, or expertise to do this well. The first thing to do is collect the stories in a standard way. Devise a common set of questions that you can ask any of your service users, if they are willing to share their story – questions about where they started when they came to use your services and where they are now, the difference you have made and where they are going on to. If you can, keep track of them to see how they progress.

Once you have some stories and, if possible some statistics about the numbers of service users you have helped and how you helped them, turn this into an

easy to read brief / web page. Make it just one page if it's a web page and add links to case studies or detail if necessary. This can be sent out to commissioners and influencers as well as contacts / supporters who can use it for you.

Personally, I'd encourage you to have a one or two page brief (or something in a creative format) and give the information face-to-face. I don't think you can beat a face-to-face conversation where you are able to hand over a "leave behind" that does just that – leaves behind the information you have just given them face-to-face.

We are all inclined to scatter-gun our information once we have it, but it's not difficult to do a piece of work to identify your key stakeholders. Just get a list of all the ones you know and start there. They will lead you to those you are currently unaware of. Take the list and work out how important, how influential and how interested they are in your organisation. Then, prioritise who you should see, based on their interest, current knowledge, their influence and importance.

Find a way of getting an introduction to these people. Give yourself a time frame for seeing them all. Use your trustees and anyone else who knows you, and give them the key messages and the 'leave behind'.

Constantly review and evaluate whether your pitch is right and whether people are getting your message. Invite them to visit your organisation. Invite them to meet service users. Involve them in something you are doing. Make them feel a part of what you are doing and show how together you can achieve something.

KEY MESSAGES

Collect stories and statistics

Prioritise what you want to say, and who to

Being famous

Some of you will have aspirations of growth and fame for your products and services. You'll see a new government taking shape and think that now is the time to tell them all about your organisation. It isn't. Not unless you have a new bit of kit or a new magic trick that will solve something that is bothering them. If that is the case, you can become famous quickly, and you should try some of the following. If you haven't, then don't bother with this section until you have something to wow them with.

If you have something to 'show 'n' tell', then what I'd encourage you to do the following:

- Make sure it's tried, tested and proven to work.
- Find a smart way of telling the story.
- Decide what your story is – do you want your organisation to be famous or just this particular product?
- Where do you want to be famous? With the public? A smaller section of the public – or with funders / commissioners and other influencers like private donors?
- Segment your market so that you are clear where you want to make yourself known.
- Choose your tools carefully.
- Get some professional marketing advice if you can – don't assume that you won't have friends or friends of friends who might be able to offer some time for free. Or pay someone if you have the cash to invest in this.
- Use all those contacts you have to help you to get yourself known – you will have more contacts than you thought and if you use all your staff, trustees, and service users to help, your networks will be extensive.

KEY MESSAGES

Don't try 'being famous' unless you have something big to say

If you have something new or special, get good advice about how to say it – we often fail because our message / story isn't communicated with "pzzazz"

Collaboration or competition

Most in the sector find themselves competing with others when it comes to getting public funds. Enormous effort goes into bidding for funds and we are good at chasing money with little success. Do you really think you can do what commissioners want? Can you deliver as well, or better than others? Are you offering added value? Really?

We are also very good at talking about collaboration but rarely willing to engage in it. This Government are making it pretty impossible to continue without collaboration as they want to see real problems fixed for groups of people and it will be difficult to fix them by one organisation alone. It's time to seriously think about collaboration and to do that we need to know what we're bringing to the table, what we're not willing to trade, and where our boundaries are. That's all to be done before you start touting for friends / collaborators...and you need to think big and wide – looking at the private and corporate sector as well as the public and not-for-profit sector.

I'd also advise you to find someone who can help to manage collaboration between you and partners. In a recent national tendering round where collaboration was essential to delivery, some of the sector paid for advisors at the start of discussions. It is these partnerships that appear to have lasted whilst others have crashed and burned.

Use someone independent and experienced in this field, and allow them to do the job of finding solutions and acceptable compromises for partners. And don't be too precious about your product or service – its service users getting the service they want that counts, not who's providing it.

KEY MESSAGES

Now is the time to find collaborators

Don't be too precious

Get a good partnership builder to help you

The way ahead

The Government are clear that the country's debt needs to be reduced fast. No one will avoid cuts if they currently get public funds. And new funding will be exceptionally difficult to win.

So what are the opportunities?

Review your model of delivery. It's time to look for models and frameworks that can be replicated rather than a service that is the same for everyone regardless of need.

The future will be user led with proven results, not just activity for its own sake. If you think about making a journey through London – you'll use a variety of transport, but can use your Oyster card in all of them.

How are you going to offer a journey for service users that might involve different providers / services but is seamless both to the funder and the user? And how can you ensure that the whole journey is undertaken rather than a part of it – because it won't do to have people start and not complete.

If payments are only going to be made on results, how will you adapt **now** to survive this? Who and where can you get other funding from? Have you considered diversifying your work to see if you can make any money? Have you

looked at the social investment bonds and bank that the Government are trying out? Or considered sheltering yourselves as a sub contractor with a larger organisation that has plenty of work contracts?

If you have something new or special that you know works, the Government are keen on the “**right to bid**” which will allow you to bid for funds rather than waiting for them to tender out a service. Now is the time to act and make your case to funders and commissioners.

Finally, **make sure everyone is marketing your service**. In a competing world where service users will have choice, it will be critical that everyone knows what you do, and the quality of service you offer, whether they're funders, commissioners, users, families of users or anyone who comes into contact with them.

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