IMPACT AND REACTION OF THE VOLUNTARY AND COMMUNITY SECTOR TO THE RECESSION IN NORTHERN IRELAND (NI)

April 2010

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1. In NICVA's publication *State of the Sector V,* published in February 2009, we outlined some key facts about the size and shape of the voluntary and community sector in Northern Ireland. NICVA could identify 4,700 active organisations but believes there are more. Income to the voluntary and community sector in Northern Ireland was some £570 million and this excluded the voluntary housing associations.

   The sector's assets stood at some £750 million and these again excluded the assets of voluntary housing associations which on their own are greater than the rest of the sector. The voluntary and community sector employed some 27,000 people in Northern Ireland and had an active volunteer base of some 88,000 people, but a much larger number of people are in fact involved with, or associated with, a variety of organisations.

   Of the £570 million of income, around £260 million comes from government in Northern Ireland and in general buys public services of voluntary and community organisations to deliver on behalf of, or in partnership with government. Voluntary and community organisations also receive income of £180 million per year from the general public. £54 million from other voluntary and charitable sources, some £30 million from the UK lottery and around £11 million from European Union sources. Investment income also accounted for around £17 million.

   The breakdown of government funding was circa £54 million from central government departments, £188 million from non-departmental public bodies / statutory agencies and £17 million from local government. In percentage terms, the breakdown of public funding to voluntary and community organisations works out at 72.6% through non-departmental public bodies / statutory agencies, 20.8% from central government departments and 6.6% from local government.

2. Invariably voluntary and community organisations have no single source to fund their activities. Quite often their income is a cocktail of funding that might include public and private sources and include grants, charitable donations and earned income. To give an example I will use NICVA's sources of income as indicated in our 2008/09 accounts.

Core Government Grant from DSD	35%
Resource Services (room hire, insurance, commission etc)	12%
Funded Projects	12%
Cheques for Charity	11%
Earned Income (training programmes etc)	9%
Membership Subscriptions	5%
Charitable Grants	5%
Research Income	4%
Other miscellaneous income	3%
Investments	2%
Charities Aid Foundation	2%

3. Other voluntary and community organisations often have patterns of income that are similar to the one above, although clearly all the percentages are likely to differ widely. It must be noted that quite a number of organisations are not in receipt of any government or public funding at all, raising their money from the public and independent charitable trusts.

4. As the clouds of recession began to gather and become noticeable in 2008 the voluntary and community sector, like others, began to react. Alarm bells with regard to the recession really began to ring in September 2008 when the UK government confronted the banking crisis and pledged £500 billion to shore up the banking system.

   Seamus McAleavey, representing NICVA, along with colleagues in the voluntary sector from England, Scotland and Wales, met with Cabinet Office Minister Kevin Brennan MP in December 2008 for a recession summit. Two further summits have been held in June 2009 and in January 2010 with Angela Smith MP.

   Since the third quarter of 2008 NICVA has made the likely impact of the recession a big issue for voluntary and community organisations in Northern Ireland. NICVA has developed a *Recession Toolkit* on its website and has encouraged organisations to prepare themselves for potential impact. Research presented to the recession summits in London have shown that the recession tends to impact on the voluntary and community sector about one year after the private sector. NICVA has been keen to use this lag time to help organisations prepare. The *Recession Toolkit* covers advice on a whole variety of risks around governance, operational matters, financial external issues and compliance. During 2009 NICVA issued three leaflets on the practicalities of collaboration and merger for voluntary and community organisations to consider.

5. NICVA itself held a major conference on the issue in March 2009 with contributions from Philip McDonagh, Chief Economist with Price Waterhouse Coopers and Bruce Robinson, Head of the Northern Ireland Civil Service. The conference was called *Coping with the Recession* and was central to driving home the message that there was likely to be a serious impact on finances across the whole range of sources to the voluntary and community sector. It was noticeable that fundraising associated with the private sector was hit earliest. Income from independent charitable trusts was maintained, but is expected to be affected as the endowed trusts' dividends drop and the latest UK survey has shown that donations from the public are now down by 11%. NICVA has been monitoring very closely predictions with regard to where public expenditure will be, particularly after the next UK election, and has been taking every opportunity to highlight our expectation that public expenditure will be severely squeezed during the lifetime of the next parliament. Seamus McAleavey, Chief Executive of NICVA, has also

spoken at numerous sectoral conferences and seminars organised by other voluntary and community organisations on the recession threat.

6. All the evidence at hand shows that voluntary and community organisations are very adaptive and respond rapidly to financial threats that face them. For many organisations there is little choice, as they often do not have substantial reserves to ride out these crises.

   Research carried out by NICVA in September 2009 showed that just over half of respondents reported that the recession had yet to have an impact on their funding streams, although the majority had noticed that the demand for their services had increased as a result of the recession. 13% of organisations had, by September, made staff redundant in their organisation and a further 21% expected to make redundancies soon. Again 20% of organisations had also introduced or planned to introduce a pay freeze in their organisation and a number of organisations had reduced salaries, particularly to their management.

7. One major impact was on the Northern Ireland Charities Pension Scheme (NICPS), a defined benefit pensions scheme that NICVA and 25 other organisations were members of. The pension scheme which was in place for over 30 years found itself in crisis like most other private pension schemes. Actuarial evaluations were showing a large deficit which was due to calculations that people were living longer and income from the pensions investments had been really seriously hit in the global economic downturn. The organisations involved in the scheme reacted rapidly to protect the viability of their organisations, negotiated with their staff and closed the NICPS to future accrual with effect from 31 March 2009. Whilst legally obliged to meet the deficit for previous years the action will protect the organisations from the danger of bankruptcy but this is at the expense of their staff pensions. Most of the organisations have now put a new defined contribution scheme in place for their staff with modest employer contributions as they have to divert funds to pay for past liabilities.

7. NICVA is also aware of merger discussions in a number of voluntary and community organisations which are at this stage confidential but at least ten organisations have taken advice from NICVA.

8. NICVA itself has been looking at the whole issue of shared services for voluntary and community organisations, which stretches back to the debate at the Taskforce on Resourcing the Voluntary and Community Sector in Northern Ireland, established by the then DSD Minister Nigel Dodds.

   NICVA has established a new social enterprise company called *Sector Matters* which will function without any public subsidy and will sell services to other voluntary and community organisations in what might be called ‘back office’ services like finance, book-keeping and human resources etc. *Sector Matters* will carry out the actual work on behalf of organisations on a fee basis and is an entirely different service to the one already provided by NICVA which tends to focus on advice, training and support rather than the actual provision of a service like financial management and book-keeping.

9. Voluntary and community organisations are very alert to the dangers facing them and they are responding in a whole range of ways. NICVA attaches to this paper a snapshot of some of the things that are happening in organisations and how they are responding to the crisis. It's plain to see that organisations in general take difficult decisions quickly and they are also adept at implementing those decisions swiftly. Examples are provided in the attached appendix.

NICVA
1 March 2010

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Appendix

Bryson Charitable Group

Bryson Charitable Group is experiencing, simultaneously, higher demands for services and pressure to reduce costs. The organisation lost circa 30-50% in the book value of its investment portfolio and has experienced a collapse in global commodity prices for its recyclable materials, in addition to strong pressure from Health Trusts to reduce costs. The implications of the economic downturn have become apparent over the last two years although Bryson has been restructuring the organisation for over five years in the expectation of a more competitive economic climate. Over a number of years Bryson has experienced greater cross-sectoral competition for the areas in which it specialises and a noticeable change in government procurement procedures, which, as a consequence of seeking savings through high quantum / value procurement for services, has encouraged higher levels of UK and European delivery organisational interest in Northern Ireland procurement.

Bryson's response to the economic situation was immediate and commensurate with the degree of pressure being experienced. The organisation's structural trajectory is investing for excellence — a high quality service, delivering best value and re-positioning and restructuring its costs base accordingly. Bryson has experienced greater demand for its energy efficiency support, direct care provision, support for ethnic minority communities and for training services for people living in unemployment. Concurrently Bryson has been experiencing pressure on costs from commissioners, eg 3% savings year on year imposed by Health Trusts and a substantial erosion / collapse in the value of materials being recovered for recycling.

The organisation remains committed to focusing on quality services through achieving independent accreditation which includes EFQM (Mark of Excellence), IIP, ISO, Customer Service Excellence and IQRS, enabling its service to stand out from the competition. In addition it has developed within its structure a shared services approach, including Human Resources and Finance, across its seven business units, providing lower core costs to them. Services have also been restructured to reflect contractual cost pressures which included reducing staffing levels, making redundancies and revising work practices. The drivers for change are the economic circumstances the organisation operates in and Bryson's commitment to growth while addressing social need through the delivery of high quality services.

Bryson's social business model requires a pragmatic approach to the current economic environment. Its commitment to high quality and better value has made it more competitive and in terms of efficiency, currently 95 pence in every £1 spent by Bryson is spent directly on its service delivery. Feedback from both users and commissioners indicates satisfaction levels at well above 90% and turnover has continued to grow year on year. Bryson has not seen the need to consider mergers; in 2008/9 it bought out its joint venture partner in recycling to protect its interest and increase response to local market sensitivity and its social business model already provides those economies of scale. It remains committed to a collaborative approach to working where it is most effective. It is also Bryson's view that in the future the possibility of developing a social franchise model may be a useful way to develop for the future.

Centre for Global Education

Most of the Centre's funding comes from the British and Irish governments, in particular the Department for International Development (DFID) and Irish Aid. DFID has recently announced that it is phasing out its main funding programme (Development Awareness Fund) and Irish Aid has had its budget cut by 25% over the past year. As a result, Irish Aid has decided that organisations currently in receipt of funding, including the Centre for Global Education, are not eligible to apply for new projects this year. Irish Aid started to make cuts to the aid programme in early 2009 while DFID is still in the process of amending its funding programmes.

The Centre reacted immediately to the unfolding economic environment by seeking meetings with civil servants in the appropriate areas to raise its concerns about the potential outcomes of policy changes and funding cuts. A campaign was mounted by its sister network, Dochas, to save the aid budget in Ireland, while dialogue is ongoing with DFID. The key problem identified is that that the funding changes were political decisions that civil servants have to implement so there are limits to what the Centre can effectively do, short of public demonstrations. To date engagement with the Irish government has not been effective.

The Centre has been closely monitoring its finances and has ensured that its management board has been kept apprised of the external and internal funding situation and has maintained close liaison with its main funders. It has also been making a concerted effort for some time to diversify its funding base and to attract support from new sources. This is an ongoing effort but essential towards long-term sustainability. Practical steps to address the issues involve a range of processes. The Centre is also reviewing its strategic plan in the context of the new financial realities. It has undertaken a round of meetings with current and previous funders to seek their continued engagement or re-engagement with the organisation, and it has made several funding bids to both existing and potentially new funders. The drivers of change are the Board officers, staff and key stakeholders.

The response to the funding strategy has been positive with some previous funders agreeing to come back 'on board'. The strategic review process is ongoing but is making the organisation stronger by repositioning it in the light of new objectives and priorities. In relation to mergers the Centre is the only development education centre in Northern Ireland, so merger is not seen as a viable option. However, the Centre would consider all options to strengthen its future.

Co-operation Ireland

For Co-operation Ireland the first impact was evidenced in a rapid reduction in corporate donations and sponsor support. Fundraising was heavily dependent on the larger banks and financial institutions and was effectively lost 'overnight'. Within months the impact was also felt in a reduction in the number of people taking part in Co-operation Ireland challenge events. The reduction in funding available more generally also meant that the organisation received more opportunist appeals for support from a wider range of organisations and groups. The impact of these changes started in late 2008 and has continued throughout 2009, whilst it became clear that action was required to overcome the reduction in income in January 2009.

The organisation became more dependent on programme funding, with little if any resources available for what was considered “additional” activity, eg research. A review of expenditure was undertaken to ensure maximum impact of available resources. In order to continue with its mission and core work the organisation considered diversifying income streams whilst remaining conscious of ‘mission drift’. Frontline activities were seen as the key priorities, new applications for programme were submitted and no new work was undertaken without guaranteed income streams. Organisational financial systems were tightened up and the detailed communication of financial information to managers and staff became a key focus.

Any new work being undertaken was done in collaboration with others or in partnerships and consortia which allowed for the development of hybrid programmes with innovative elements, shared learning from other organisations and the spread of risk. This has proven to be a very positive development. The biggest cost to the organisation within its own control is payroll, so vacant posts were not filled. A pay freeze was agreed with staff at the start of 2009 and mid year a voluntary reduction in hours was introduced. This action postponed the need to make posts redundant but had an impact on staff moral and security of employment. Recognising and valuing staff commitment was critical and helped with staff retention and motivation.

No action was taken without the full agreement of the staff and this involved a consistent and accurate message being delivered to staff on how the organisation was performing. The whole organisation is aware of the need to reduce costs, increase income and identify new areas of work that are sustainable. The impact of this was to energise the staff to be more creative and take more responsibility. There are some negatives that may result in less effective programmes in the future, including the loss of experienced staff and existing staff taking on many more tasks. The key challenge remains the lack of resources available for research and future planning. Job insecurity has had a profound impact on the morale of staff and addressing this issue has become a pressing task. There is however a sense of everyone in the organisation ‘pulling together’. Collaborative working and partnership with other organisations is now a key focus for the organisation and Co-operation Ireland has found this a very positive, although challenging, experience it wishes to develop. The organisation has also developed a better and more effective use of technology improving its communications and the development of new programmes. A major strategic and organisational review has been undertaken to ensure that Co-operation Ireland has a long term plan for future development.

First Housing

Impact on First Housing to date includes reduced funding for a number of projects (one from £55,000 to £25,000; another project from £155,000 to £62,000) and consequently First Housing is remodelling projects to operate with reduced budgets. A funding freeze in the ‘Supporting People’ programme since April 2008 has seen their income base eroded substantially, meaning that staff have received no inflation increases to their salaries for the last three years and cost cutting exercises have been implemented in all areas.

In response, First Housing worked with a consultancy firm to help grow existing income streams and funding and in 2009 they employed a full-time fundraiser enabling them to attract funding from both a foundation in America for the SmartMove Scheme (currently funded by the Northern Ireland Housing Executive) and funding from the Public Health Agency. First Housing has remodelled projects and services to make them more strategically relevant and more cost efficient and has developed strategies to manage finite resources on a ‘project by project’ basis. Additionally it has established an organisational wide training strategy to develop the skills and potential of senior managers and frontline staff, whilst simultaneously reducing the training budget by utilising in-house training resources.

Over the last 18 months the organisation has experienced an increase in demand for projects and services driven by the impact of the economic downturn, eg marital and relationship breakdown / financial hardship and an increase in the number of people with mental health and drug and alcohol related issues in need of specialist accommodation and support provision. To address these issues, referral procedures have been reconfigured, new partnerships have been established with other housing providers, outreach services have been developed and a new strategy developed for volunteers. First Housing has also reviewed its mission, objectives and core values and is working collectively across departmental areas to improve service quality. Changes implemented include diversifying services, developing innovative service delivery mechanisms and establishing new administrative and IT systems. A new marketing strategy is in place, as is a new strategic plan to oversee the vision and progress of the organisation over the next three years and, in collaboration with other organisations, they are looking at tendering opportunities and the development of a social economy project so that projects can become self-sustaining.

First Housing’s reaction to changes in the internal and external environments has resulted in increased efficiency and effectiveness, particularly in the area of service delivery, with many projects and services now more cost effective and client centred. Staff and volunteers are more committed and motivated and its ability to meet any additional demands on services has been enhanced through new forms of partnership working. Costs have been reduced across the organisation, it is less reliant on government funding and reserves are now healthier than in previous years. Across all its programme areas the organisation has established joint working practices with a range statutory, private, community and voluntary sector organisations. First Housing is firmly of the opinion that in the current economic climate government departments need to focus on making more rapid decisions on grant applications and payments to voluntary sector organisations to mitigate against cash flow problems caused by reduced income.

GEMS NI

GEMS NI, which provides employment services through the delivery of government programmes including LEMIS and ESF, became aware of the impact of the economic downturn in September 2008. The downturn affected the organisation in a number of interlinked ways, including a reduction in labour market demand which led to a lower number of jobs available to its client group of long term unemployed/economically inactive people, including migrant workers/minority ethnic groups. Increases in new entrants to unemployment also reduced opportunities for its client group. GEMS NI's ability to generate output related funding based on employment outcomes for its clients was reduced, which impacted negatively on revenue, meaning in turn that it had to cross subsidise from existing funds and generate smaller ad-hoc pieces of work which have proved stressful for the organisation. The organisation has also experienced very high demand from the newly unemployed for its services. It responded by extending opening hours in the evenings to support this new client group (despite not being funded to work with this group); indeed its staff volunteered for the work.

For GEMS NI the focus has remained on continuing to place its traditional clients into employment and it has remained successful in this by maintaining positive relationships with employers and with funders. With employers it focused on its existing relationships and worked towards being seen as a destination of first choice for employers when vacancies became available based on its track record with employers. Concurrently it kept funders updated and renegotiated a number of targets based on changed and unforeseen circumstances.

GEMS NI also recognises the need to increase its revenue streams both through collaborative work locally, winning new contracts and through EU projects such as Leonardo da Vinci. The organisation has worked to develop Belfast city-wide approaches to delivery and to share the innovation of its projects on a European platform; both these strategies have been very successful. An important consideration for the organisation is that it hasn't moved away from its value base or its core objectives; rather it has increased its capacity to develop new products, new services and new markets. It has increased its ability to win tenders and has developed key delivery partnerships and supply chains as a result of the challenges.

Mencap

Mencap has undertaken a number of actions across the organisation, including reducing variable spend through central procurement, establishing a shared service centre to reduce processing, attendance management and retention strategies, reducing the number of offices across the organisation by enabling remote working, working from home and organisational restructuring. The organisation has also sought savings in staff costs through local pay and reduced cost of living increases. It introduced a single point of pay rather than incremental scales and it has closed the defined benefit contributions scheme.

For the organisation, it is of equal importance to recognise that in Northern Ireland Mencap and other similar voluntary organisations are being asked to make efficiencies following a long period of public service cost pressures. Organisations are receiving below inflation price increases, grants that do not permit overhead costs and are subject to increased regulation requirements at a time when voluntary sector income has fallen due to the recession. From Mencap's perspective there is also little account taken of scale or the impact on services when they are being asked to make savings. *Agenda for Change*, which resulted in increases in salaries in public services, has also meant an increase in salaries for some staff roles in the voluntary sector, if organisations wish to recruit and retain staff of the same quality and standard. To focus on effectiveness Mencap has, for some time, been looking at what it should concentrate its resources on, through an effectiveness study involving its members, people who use its services, staff and other stakeholders. Mencap Trustees have decided that there are 7 areas that Mencap will focus its resources on. These are areas where most change is needed for people with a learning disability and where Mencap can make the biggest difference. Mencap's business support centre was set up to improve the quality and efficiency of Mencap's business processes, enhance its customer service and reduce overhead costs.

Mencap is keen to develop both partnerships and a collaborative approach, including both joint working and joint funding bids with other organisations, for example the CoRE project which looked at the feasibility of a Centre of Excellence on learning disability, joint tenders, and work with Action Mental Health and Action for Children.

NIACRO

To date the current economic recession has had little impact on NIACRO and the organisation believes that its resilience to date has been increased by the experience it had of downsizing and reconfirming its mission in the early 'noughties'. This experience demonstrated that it could reduce key costs, salaries, by 33% in a 4 month period by operating a robust and fair severance scheme. This process required significant investment by senior management in working with trade union representatives to ensure clear and consistent messages were given to staff. It was a significant advantage to have a trade union recognition agreement in place. Further, the organisation has in place clear and agreed governance arrangements that ensure a good connection between the Board and the staff body. Pre-existing redeployment and redundancy procedures, that were familiar to those who had to apply them, were supportive, as was the tight timeframe in which the process was completed, thus contributing to minimum disruption and destabilisation.

During the process work commenced on a new corporate plan which evidenced not only a much more focused vision but specifically a mission statement that lays out the unique contribution which NIACRO strives to make. In addition the following elements were seen as areas needing greater consistency as to NIACRO's resourcing.

In Training and Development the creation of a plan linked to the Corporate Plan laid down requirements for all operational staff and new staff in their first year of employment to commence and complete NVQ Level 3 in 'Offending Behaviour' or 'Community Safety', as well as requirements to undertake IT training and a raft of interactional skills based training. This has lifted the performance of staff and contributed to our success in delivering work.

In Monitoring and Evaluation, resources were secured to maintain and develop the Research and Information function. This has meant that NIACRO has been able to develop its capacity to demonstrate what it is that makes a difference to the lives of those people it works with, that it is unique, that its service users value the organisation and it can demonstrate how it contributes to the PSA targets of those that invest in it. Linked to this is an increased role in public affairs and an ongoing commitment to respond to around 40 public consultations per year.

The organisational modus operandi has been confirmed as being a service delivery charity that prizes its policy comment role in effecting change in the area of social justice. By focusing on impact and not size, NIACRO can be discerning as to the tenders/procurement processes it considers. Partnership, where possible, is a key driver. In some circumstance this is with the statutory sector, but more often it is with other third sector organisations, for example a key partnership with Extern. However NIACRO values collaboration not just for funded services and bidding for contracts, for example it has established an NGO group to examine issues for offenders in accessing services from a range of key organisations such as Advice NI, and Council for the Homeless. This changes how it does business, avoids duplication and ensures that the unique contribution of all is valued and appropriately connected.

Praxis Care

The impact for Praxis Care became clear during 2009/10 as the Health and Social Care Trusts implemented a number of changes, including tendering out fewer services and retaining more of any new monies than would have been expected, such as Bamford Review monies, for in-house spend. Health and Social Care Trusts have also developed new services which have traditionally been developed and delivered by the voluntary sector and many of the Trusts imposed blanket efficiency savings. Cost of living increases between 0% and 2.7% were imposed on voluntary sector services. All the Praxis contracts have been scrutinized and, in many cases, the organisation believes that arbitrary cuts have been made in the absence of any evidence that real efficiencies have been identified. Funding for some services has been cut completely.

Praxis decided in 2008 to prepare for the economic downturn, which it expected would result from, inter alia, less European monies resulting in more voluntary organisations competing for Health and Social Care Trust monies and less monies as a result of devolution and the likelihood of the Westminster subsidy reducing. Through a process of scenario planning in 2008, Praxis devised a number of operational models which have been adjusted and acted upon as the environment has changed. By acting early, Praxis has managed to avoid redundancies amongst its 1,200 staff. Also, in 2008, in response to the need to identify 3% efficiency savings, Praxis decided to look at ways of unlocking funds already being spent in the health and social care field – it identified UK Government commissioned research which identified that the voluntary sector could deliver public services (including specifically social care) at up to 30% less. Despite ongoing attempts to engage with the Department of Health, Social Services and Public Safety on the issue of increased savings, progress has been limited.

The key drivers of change include the Directors, Assistant Directors and Managers, supported by the Governing Board. Structural changes were implemented with Praxis setting up a dedicated Governance Department and separating Care Operations from the Development Function. Praxis also broke links with nationally recognised salary scales and terms and conditions in an effort to allow it to react more quickly to the economic downturn. Within an overall review of the organisation, efficiency reviews were undertaken on the way care services are delivered. Organisational changes include merged services and the introduction of Management Information Systems (MIS). Praxis enhanced its ‘fit for purpose’ capability by achieving Investors in People and is aiming for ISO 9001; it is focused on e-learning and is reducing the volume of service to operate within budget.

Praxis has identified a number of areas in which the above changes have increased efficiency and effectiveness, for example, the information flow in the organisation has been streamlined by the new Management Information System. Mergers have been considered and pursued and several have almost reached fruition. Indeed, to facilitate mergers, Praxis has been developing potential models to inform the process of charities merging.

Rural Community Network

Whilst, overall, the amount of core funding available to RCN in the last year has remained constant, the changing nature of the funding has impacted negatively with funding spread across three separate short term contracts. RCN was unable to recruit core staff positions given the uncertainty of the new funding scenario - in turn this impacted negatively on organisational planning, staff workloads and the development of new programmes. In addition staff received two protective redundancy notices in the year up to 31 March 2010. As a result RCN’s focus has been on what can be done to limit the potential number of redundancies and the protection of reserves to meet legal obligations. This has meant a reduction in overall operational spending through core activity as RCN’s own reserves are needed to match 25% of the overall costs. This match funding issue has resulted negatively on the RCN AGM/Conference and annual community development summer school events.

Whilst the impact of the first short term funding period was the recruitment freeze (bar project staff), at an operational level the impact meant that existing staff, including the CEO, had to cover additional duties. In addition RCN’s ability to organise networking meetings and/or attend meetings became quickly compromised with careful consideration having to be given to what could be done. After discussions with the Finance and Human Resources sub-committee, at which the Corporate Management Team put forward a number of solutions, staff were informed of the financial situation and asked to consider how best they could do their work given the restrictions. A modified operational plan was developed which allowed RCN to complete its core work by prioritising what needed to be done by RCN, what could be done working with others and what work would have to be delayed given the financial situation. Specific issues addressed by RCN include a review of operational activity spend in relation to its impact on organisational reserves; RCN has sought to ensure the protection of reserves to allow it to meet different staff and/or organisational decisions that may arise after March 2010. The range of these decisions runs from redundancy to potential organisational closure. RCN is also currently exploring with Sector Matters a range of operational alternatives which could result in redundancy, shorter working hours, pay freezes or pay decreases.

A key aspect of the process to date has been the sharing of information with staff and the RCN Board. The Corporate Management Team has been the main driver for change given that it is closer to the day to day financial and operational matters- it was a recommendation from the CMT to involve Sector Matters. In the final analysis the Board will make decisions on staffing and/or operational changes. The impact on efficiency and effectiveness is impossible to gauge currently with RCN still in 'reactive mode' though it recognises that staff have been excellent and have worked flexibly. The potential for mergers is an option for RCN though within the sector there are very few options. RCN has increased its level of collaborative working over the past twelve months with a number of other regional NGOs, local rural support networks, local community groups and statutory providers.

Simon Community Northern Ireland

The main evidence of impact on the organisation has been in terms of income received from some statutory and voluntary sources from 2008 onwards, as well as increases in rental charges set by some partner Housing Associations from April 2009. In relation to funding the main statutory funding comes from 'Supporting People' which was 'baselined' for three years since April 2008. Income raised from a number of fundraising activities is also down, for example from corporate events. A number of partner housing associations have increased charges by up to 10%.

In response the organisation developed and implemented a Sustainability Action Plan in 2008 and a Modernisation Agenda in 2009.

As a result in 2008 a cost reduction programme was introduced, for example through the establishment of an organisational Expenditure Reduction Group. Furthermore in 2009 through a strategic recognition the organisation could deliver services in a more effective way by developing a more flexible person centred approach to homelessness, with a greater focus on homelessness prevention as well as the aim to 'break even' on government contracts and become more accountable to donors (corporate and individual).

Stakeholder involvement was ensured through gaining support for the Modernisation Programme with the main statutory funders, the Board of Directors, the Senior Management Team, the Trade Union and the Staff Council.

Phase 1 of the Modernisation Programme was agreed by the Board of Directors in June 2009. Achievements to date have included a staff restructuring in the Service Delivery Department with staff employed in an area rather than in a specific locality basis, the introduction of a higher degree of devolved responsibility with clearer accountability and a greater emphasis on prevention and re-prevention of homelessness.

During this process 29 staff took voluntary redundancy and the organisation has re-invested income into frontline services. A new competency based performance system has been introduced and significant investment has been made in the IT system.

The Simon Community Northern Ireland has initiated work on developing strategic partnerships.

USEL (Ulster Supported Employment Ltd)

The downturn has directly impacted USEL in two ways. The first is the reduction in spending in retail environments where their beds and mattresses are sold - USEL sells to 90% of the Northern Ireland independent retail sector. One key account went into administration also which impacted the company through loss of sales and stock obsolescence. The second conversely has increased the activity of the supported employment operations. With the economic downturn there are more unemployed people and therefore more clients seeking work. Aligned to the changes in the Disability Living Allowance process with the introduction of the Employment and Support Allowance, more individuals are now required to engage in work focused activity.

In December 2008 / January 2009 the market slowed down and whilst this is not unusual the normal recovery in the post Christmas period did not materialise. This was tracked to March 2009 when affirmative actions were taken. The organisation had already strategically committed to diversify the activities, as it was recognised in 2007 that the spread was insufficient to cope should there be a significant downturn on business activities. The 2009 reduction was identified as early as Quarter 3 in 2008 and plans were made in the January / February 2009 period which were enacted in a phased approach over the following three months.

Key issues addressed included the need to manage direct and indirect costs, for revenue generation to become more targeted and focused and a renewed focus on cash recovery. To address the identified issues a number of changes were actioned including a freeze on non essential recruitment with only key skill posts recruited when a vacancy arose, teams were reorganised to become more agile and reactive, the factory was placed on a 30 hour week and non essential travel was stopped immediately. A review of energy suppliers was undertaken to ensure a more cost effective provider was identified, purchases were monitored and approvals only provided for essential spend. Capital projects were placed on hold and new raw material sources were sought in line with cost savings targets. The KPI process within the organisation was also re-focused on revenue, cash and costs. Key shareholders were kept informed at regular briefings.

A number of efficiencies has been identified, for example the factory has demonstrated an increase in efficiency with an identifiable 15% improvement, cash recovery through debtor management has reduced debtor days by between 10 and 15 days and through the revised geographic programme delivery changes, currently being finalised, USEL anticipate around a 10-15% reduction in journey mileage.