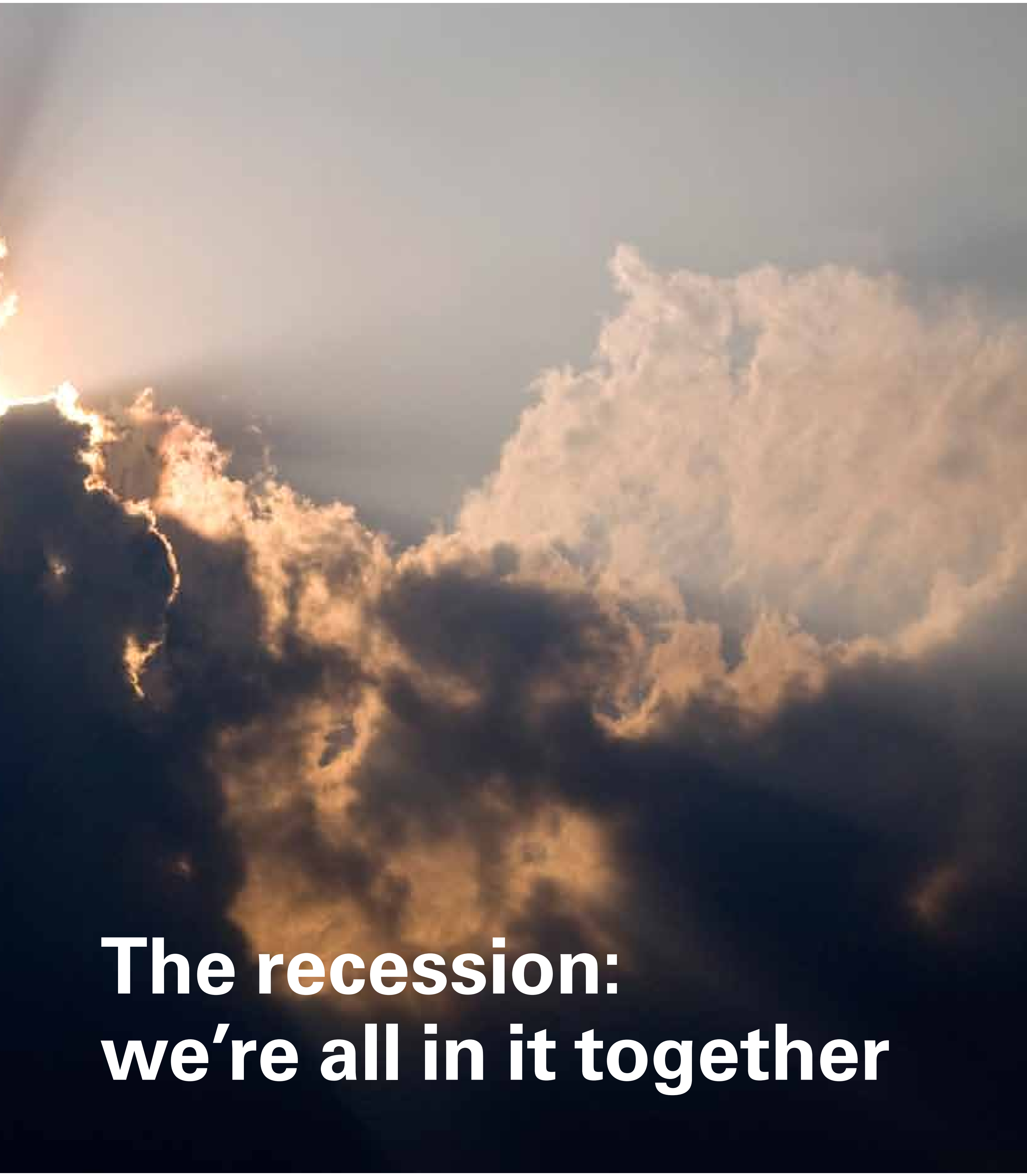

The recession: we’re all in it together

A cross-sector event

Date: 11 February 2009

Venue: Mercers’ Hall, London

Contents

Summary 2
Turning threats into opportunities 3
Challenge and response 3
Options for action 7
Highlights from presentations 8
Further information 10
Donors and partners 11
Programme of 11 February event 12

Boxes
News updates 5
The Big Squeeze 6
What foundations are saying 8
Indicators to watch for signs of recovery 9

Summary

London faces grave challenges over the coming years. Many Londoners are already experiencing severe financial and psychological strain as the recession deepens. Thousands of jobs have been lost, homes are being repossessed and levels of personal debt are mounting. London, as one of the world's greatest financial centres, is especially vulnerable to the effects of the worldwide financial and economic crisis. There are fears that some of the damage to London's communities and the groups that support them may be irreparable and there is a risk of rising community tension. The voluntary and community sector (VCS) and its infrastructure, a key bulwark protecting Londoners against these threats, are also under great pressure. The VCS in London is experiencing a double hit as demand for advice and other services goes up and resources to deliver these services come under threat due to falling returns on foundation investments, reduced corporate and individual donations, and cuts to local and central government funding.

On 11 February 2009 at Mercers' Hall, representatives of grantmaking foundations, local authorities, corporate donors, public bodies and London's front-line and second tier voluntary and community organisations came together at the first pan-London conference to discuss how to tackle the challenges heightened by the recession.

The initial inspiration for this conference was to assist funders and commissioners of services to look together at the impact of the recession on their own resources and how shared thinking might enable them to make the best possible decisions about use of those resources. By bringing them together with a range of front-line and second tier organisations from across London, the day provided a crucial opportunity to develop mutually agreed strategies.

Participants discussed how all sectors could collaborate to meet common challenges through sharing evidence and insights on the effects of the recession, agreeing on the key problems that Londoners face, and developing practical options to address them. Expert speakers in areas ranging from government policy to front-line delivery provided:

- an overview of central and local government action
- an up-to-date briefing on the economic situation
- an analysis of the issues facing the boroughs, London government and independent funders, and
- an assessment of likely impacts on communities and front-line services.

This report summarises some of the challenges discussed as well as some of the possible solutions. It also includes highlights from each speaker's presentation.

Turning threats into opportunities

The facts and analysis shared during the day were undeniably depressing and even frightening. What this report cannot easily convey is the way that the mix of people and organisations at the event, and the positive way each engaged with others gave cause for energy and hopefulness. Ideas were shared; communications were opened up; each other's perspectives were understood. The distinctive issues for London were explored too - its complexities, its additional costs, the very harsh and rapid way the recession has borne down on the city, the fragility of some organisations within the VCS even before the downturn.

Beyond the immediate efforts of each organisation to mitigate the impact on themselves and others, was a call for change at every level: much of that is in our power to achieve – more informed commissioning, funders working money harder, voluntary and community organisations using their prized flexibility and fleetness, and cross-sector conversations turning into collaborative outcomes. As Malcolm Hayday of Charity Bank said, we are likely to need to cope with the current problems for at least two to three years and so must all be sure we have the right staff and volunteers, the right policies and the right links with government and others to recession-proof our work. He, and Kim Catcheside who chaired the morning session, both stressed, alongside urgent actions to get us out of "the mess we are in", that we also look at what it would mean to fix the future to achieve real change when the recession ends. They both appreciated this was a challenge in itself – when times are tough, there is a tendency to caution and risk avoidance but to shift constructively from the difficult present is going to need boldness and big thinking.

In the broadest terms, participants agreed there is now both an opportunity and a need to:

- invest in a changed future, not fix the mistakes of the past
- integrate the third sector more fully into central, regional and local government thinking
- provide opportunities for the creativity that can flow from cross-sector events and collaboration
- "think local" (but look globally for ideas) in terms of investment and experimentation as public services inevitably shrink
- encourage a more consistent alignment of values and practices
- make sure that the tensions created by the recession do not drive the VCS apart through competitiveness or fear, and
- drive radical change in the public sector.

Challenge and response

Participants' discussions during the day underlined key challenges facing London and began to identify how both funders and the VCS can respond.

1 **Sustaining a long-term view while addressing short-term needs**

The UK, and London in particular, face a potentially protracted recession. Through it all, organisations need simultaneously to cope with short-term pressures and prepare for the long-term, including the eventual recovery. Too much short-term action could backfire. Grantmaking trusts are wary of over-committing funds now, since this will prove unsustainable if the recession is long. Others cautioned that many of the measures being taken by government to respond to the immediate crisis are also likely to be unsustainable if the recession is prolonged. Despite the gravity of the current crisis, there are potential windows of opportunity for transformation.

These include:

- reform of the financial sector around transparency, incentives, regulation and accountability which could also be accompanied by a renewed corporate social responsibility agenda
- shareholder activism by foundations and public bodies, to push for more ethical and appropriate management of the institutions in which they invest
- different choices in investment portfolios so that grantmaking trusts make more use of programme related investment and other mechanisms which invest more directly in the VCS
- reorientation of the economy to new growth industries, including the social economy of care, health, the environment and education, and
- the possibility of exploiting the crisis to speed up experimentation with new approaches to finance such as social impact bonds.

PHOTO: Kim Catcheside

2 Ensuring effective collaboration and partnership work between funders

Through the work of London Funders, funders in London have already demonstrated the value of cross-sector discussion and bringing public sector funders, foundations and Lottery distributors in closer communication and coordination. Collaborative funding programmes have developed as a result of such links, good practice is shared and at least one London borough is now measuring the significant amount of new money coming into its local voluntary sector as a result of heightened awareness of other funders through contact at London Funders' events.

The cross-sector gathering of funders at this event enabled many constructive ideas to be exchanged and, in particular, many of the participants who work at borough or sub-regional level confirmed their commitment to cross-sector planning and strategic development. The idea also emerged of a forecasting team including London Funders, The Young Foundation, LVSC, London Councils, and Government Office for London, helping funders of all kinds assess the different stages of the recession and their implications for the VCS. London Councils will be leading on this work.

London Councils' Chairman, Councillor Merrick Cockell reinforced the importance of creating opportunities for London to work as a whole, including stronger coordination of the boroughs, and partnership work between sectors, as well as engaging with and listening to communities. He asked organisations funded by London Councils to keep them informed of changing circumstances in the communities with which they work.

3 Collaboration and joint working in the VCS

The pressure of the recession means that there is a greater imperative to pool resources, share capacities and intelligence, and work together. There needs to be much more sharing of experience on this. The government's action plan, Real Help for Communities, includes proposals to support mergers, though it offers quite modest financial support. Many kinds of collaboration are possible without formal mergers, and these also need to be promoted and funded. Many funders express a wish to see voluntary and community groups coming together more often in consortia to deliver contracts – bringing to bear each partner's individual expertise and capabilities. At the same time, most voluntary and community organisations – while recognising the benefits of collaboration – express the need to retain their individual identity, autonomy and focus on particular communities, to maintain diversity, local knowledge and dynamism. A test of the effectiveness of any collaboration is that it produces outcomes greater than the sum of its parts.

4 Seeing the recession as an opportunity to embrace change and strengthen organisations for the future

All the speakers and a great deal of the discussion, while acknowledging the pressures and danger in the current situation, also recognised that opportunities could be created – especially to work towards change and try to build strength into organisational structures and planning. The ideas range from the point made by Clare Thomas of The City Bridge Trust that more grantmaking foundations are now looking at alternative asset strategies that invest in social enterprise, social housing or other fields related to their grantmaking interests, to voluntary organisations thinking imaginatively about ways of working differently, or working together to save costs or fully mobilise cash and non-cash resources.

Volunteering is widely recognised as an important part of any strategy: keeping people engaged and active, and providing a step back into employment. Newly unemployed and highly skilled people may become available as volunteers too.

More radical approaches were also discussed including time banking, complementary currencies, and revitalising empty buildings. Process issues were discussed too and those contracting with the VCS for service provision were encouraged to pay for small contracts in advance (a tested method in other settings, with a guarantee fund to back it).

Above all, the varied organisations in the VCS were encouraged to think longer term – and funders to support this. In all the proposals for voluntary

NEWS UPDATES

Since this event, many of those present have been busy following up ideas. A great deal of activity has already been generated by these discussions and the organisers will all be keeping in touch with their networks about what they are doing and share experience and good examples that help funders respond to needs in order to assist the VCS to survive these tough times, and even to thrive. Here are some examples:

LVSC hopes the final report from its Big Squeeze campaign, due in May 2009, will provide a useful summary of evidence for all sectors to inform planning for coping with the recession and its impact on London's communities. VCS groups will be able to use the report to compare experiences and to alert their funders to trends affecting their parts of the sector. The report will include summaries of resilience activity at local and sub-regional levels and signposting to sources of information and support.

LVSC and KPMG are jointly planning a seminar to be held in June 2009 on finance and buying strategy for the recession.

London Funders, with the help of Capacitybuilders, has set up a "Recession response" website for funders (found at www.londonfunders.org.uk), sharing contextual information and analysis on all the funding sectors, here and abroad, background and technical material on topics raised at this conference, and brief case studies from funders on their recession-related activity (eg Sutton Council's Strategic Partner Programme, Kingston's cross-sector meeting on the recession, and Islington's Debt Coalition).

London Funders' project group on Good Practice in Grantmaking has reviewed all the ideas coming from the day and will be holding meetings to explore some in more depth – beginning with an exploration of what collaboration can achieve in the VCS and what funders need to do to promote and support it (see the website for further detail).

This group has also encouraged London Funders to undertake a survey of its members on practice in commissioning and grantmaking, small grants and new directions, all in relation to the recession, with the aim of providing a single source of information on availability and types of funding, and different funders' approaches to the recession.

London Councils' Grants Committee will, at its next meeting, firm up a commitment made at the conference by its Chairman, Councillor Lynne Hillan, to review commissioning outcomes targeted with its currently funded organisations, in the light of the current situation.

Its Leaders' Committee has made two sets of recommendations for London Councils' work in "delivering in a downturn". They encourage the boroughs to co-ordinate and share information on supporting small businesses, improving benefit take-up, and debt advice and income maximisation. They also propose their own pan-London initiatives such as giving prominence to minimising the tax burden and demonstrating value for money in local services; improving skills and reducing worklessness (this includes promoting apprenticeships and volunteering); and highlighting to central government local investment opportunities which can be implemented quickly.

Together with London Funders and other partners, London Councils is bringing together an expert group to see how the Bank of England's predictions on changes in GDP can be used by funders to review assumptions in funding proposals and plan their pattern of investment in the voluntary and community sector. This could ground some funding decisions in the reality of what individuals and communities are experiencing.

In February, **The Young Foundation** published "Fixing the Future" – governments need a much greater emphasis on innovation and entrepreneurship and supporting the likely areas of future jobs growth (health, care, education, environmental services) rather than bailing out failing industries (banks, automotive industry); investing in knowledge and services; and mobilising the capacities of local government and voluntary organisations rather than relying solely on national institutions.

The Foundation has been involved with work in China and Australia and the European Commission on how to use social innovation as a tool for recovery.
Their research on changing needs (Mapping Needs in the UK) has been focused on looking at how communities of different types and in varied parts of the UK are coping with the downturn.

During the next few months they will be working with many organisations to sharpen up responses to the recession – developing creative and practical new ideas, and reducing the risks of implementing ill-conceived ideas. For more information on current and emerging recession proofing projects, see www.youngfoundation.org.

The partners in **Capitalise**, the London-wide partnership managed by Toynbee Hall that aims to reduce debt and financial exclusion are taking the lead on a London Debt Summit that will take place at City Hall on 22 June 2009. Further details will be available on www.capitalise.org.uk organisations to find ways of doing the same work with less money – or to do more in response to demand – was the balancing need for funders also to work money harder and recognise the cost to voluntary organisations of creating change.

5 Responding rapidly to emerging needs

One of the strengths normally attributed to the third sector is responsiveness and this is a time when speed of adaptation is vital – the analysis from Margie Butler (Mary Ward Legal Centre) of the changes in demand on advice services provided vivid examples. It is unrestricted funding – and for most of the VCS this means grant funding – which underpins the ability to respond to change. Even better, from the VCS' perspective, is funding which supports posts or functions and not projects. The shift to commissioning and service level agreements, which closely delimit funding purposes and define outputs, constrains funded organisations, may stifle innovation and involves unnecessary bureaucracy. The terms of contracts for such agreements generally allow no variation in activities as circumstances change or needs emerge.

Several other constraining factors, in the way commissioning operates, were also identified and funders were asked to review their procedures:

THE BIG SQUEEZE

Phase 1 of LVSC's Big Squeeze campaign closed at the end of March. LVSC received detailed submissions from approximately 100 of London's voluntary and community groups:

- 95% said the recession was already affecting the communities they work with
- 71% have already seen an increase in workload and demand for services as a direct result of the recession
- 80% were not confident of being able to meet that demand, now or in the future.

Interest in volunteering has soared as more people are made redundant. There has also been an increased uptake of free services such as organised activities and children's play opportunities.

Advice services have been hit particularly hard with greatly increased demand for help with employment and redundancy issues, debt, benefits and housing.

- the recovery of underspend from voluntary organisations funded through contracts prevents them from building up surpluses that could be invested in organisation development and innovative solutions
- the introduction of a "local knowledge" clause by commissioners of services could give local voluntary and community organisations a fair chance in the tendering process, placing them on a more equal footing with very large organisations and the private sector with their advantage of economies of scale, and
- more collaboration and partnership amongst the VCS should be explored to give the sector a competitive advantage.

At the conference, demonstrating that fleetness of foot is not only a voluntary sector attribute, London Councils made a commitment to review the relevance of all its commissioning outcomes, targeted with its currently funded organisations, in the light of the current situation.

6 Making choices about prioritising need

Although VCS service providers agree that they are not yet seeing the full impact of the recession on their users, they are already facing difficult choices. They are coping with greatly increased demand which is outstripping their resources. Advice services are aware of longer queues and longer waiting lists for appointments. Staff are working longer hours and recruitment of additional, experienced people appears near standstill.

In the advice and debt sectors the nature of demand is changing too, eg in the case of Mary Ward Legal Centre, changes in just one year are:

- total debt of clients (excluding mortgage debt) 25% higher
- home buyers are 'crowding out' social tenants
- more clients in full time work than previously
- increased number of users over 65 years of age, and
- clients are becoming increasingly financially excluded, eg using high interest debt sources.

The complexity of much current debt, business collapse, compromise agreements with employers, threat of repossession and other urgent issues requires an enhanced level of skill.

Funders' priorities, however, can also leave services facing difficult choices between meeting the needs of those recently affected by the recession and others with longer-term needs. Public services like Jobcentre Plus will inevitably redirect resources to the newly unemployed and voluntary services may be under pressure to do the same, with additional resources available only for new types of clients.

7 **Maintaining social cohesion and commitment to values**

Economic pressure can put a strain on commitment to equality and diversity, environmental sustainability, democracy and social cohesion. Minorities may be stigmatised and values that are seen as costly in the short term can be jettisoned. Funders and those delivering services confirmed to each other at this event the importance of avoiding this damage. This will depend in part on the efficacy of broader measures to tackle the recession (eg job creation); having effective mechanisms to respond quickly to new sources of tension like the spread of rumours leading to unrest; and ensuring that, wherever possible, actions to promote values complement steps to damp down the effects of the recession (eg flexible working and helping companies reduce staff costs without making redundancies).

There is a danger, too, that organisations use the economic downturn as a reason to downgrade commitment to social values or drop good practice – whether in relation to environmental or equalities issues – and that racist activity damages equality and cohesiveness. There was consensus at the event that it is vital to the well being of London's communities that we seize this opportunity to reaffirm our priorities.

Options for action

Participants in the event discussed many possible areas for action. Some were specifically for funders, others for the VCS; some proposals came in the form of challenges from one sector to others. Funders were told, loud and clear, that they had a crucial role in recession-proofing the VCS and should value core work just as much as innovation; funders challenged the VCS to think longer term over planning and skills development. Above all, the meeting ended on a note of commitment to action planning within and between organisations and many paths open to exploration.

1 **Funders individually and collectively took the following ideas and challenges on board**

- maintaining funding levels, especially in the form of grants (wherever possible) and focussing and freeing up resources (cash and non-cash) quickly for areas of pressing need, and strategically in areas of future economic growth
- learning from examples – eg from Lewisham Council which has shown how to maintain grant commitments to the VCS in spite of budget cuts, has developed a fresh approach to investing in social enterprise and encouraged employees to volunteer
- creating rapid response funds to be used flexibly, in hot spots of need, through experienced funders
- reinvigorating corporate social responsibility including encouragement of pro bono services, and other help in kind like employee volunteering and meeting space
- creating opportunities for funders to learn together about key issues and how they are affected by the recession, eg advice services and debt, unemployment, or domestic violence
- tapping into expertise on the financial situation, or build new skills on this within the sector – for example through creating a team to link the Bank of England's forecasts on GDP to decisions on funding for the VCS
- deepening the work of London Funders' good practice group which seeks to improve effectiveness in contracting (especially by improving commissioning skills so as not to stifle innovation and good work), grantmaking and partnership collaboration, and
- in particular, being flexible when reviewing required outputs relating to programmes already in place, in order to respond to changing needs.

2 **Ideas on how to maximise the contribution and survival of the VCS included**

- supporting and encouraging organisations to partner on contract bids and grants
- finding ways to work collaboratively, especially using umbrella groups to the full
- providing case studies to highlight good and bad practice in commissioning
- developing skills in areas of likely future job growth (eg education, environment and care), whether through training or intermediate labour market models which involve paid work on a temporary contract, together with training, personal development and job search activities
- developing creative ways of using untapped resources, eg empty buildings as sites for community organisations or micro-businesses on peppercorn rents
- making good use of non-cash resources – in-kind support, secondments and pro bono meeting space (eg using the services of In Kind Direct, the proposed GLA portal and London First)

- ensuring that essential advice and strategies to survive the recession are shared effectively.

3 For both funders and the VCS there was a commitment to developing new plans and approaches, and consideration of ideas

- organising borough-level events on access to non-financial help to ensure voluntary and community organisations are as aware as possible of what is available
- demonstrating and presenting more concretely the value of regional infrastructure to encourage more funding
- using, more imaginatively, information and websites (London Funders, LVSC's Big Squeeze, GLA, Directgov, The Young Foundation's Mapping Needs Programme) possibly through the creation of an umbrella "intellipedia" or recession proofing Wikipedia, and sites to mobilise public ideas
- ensuring faster learning from the various international networks sharing practice in response to the recession (eg Euro-cities, OECD).

Highlights from presentations

Kevin Brennan MP, Minister for the Third Sector, shared detail of the Office of the Third Sector's Action Plan, Real Help for Communities, which had just been published and talked about his wish to build confidence across government in the third sector and improve communication between the VCS and government. Specifically, his announcements covered several new programmes which together aimed to ensure more resources getting to front-line services, rapid response to current and emerging needs and encouragement to organisations to work together. The initiatives include grants for small and medium local providers in the most disadvantaged areas, a modernisation fund focused on mergers and other collaboration, support for training many more social entrepreneurs, and access to work-focused volunteering for unemployed people without affecting their benefits.

Clare Thomas, Chief Grants Officer, The City Bridge Trust and Chair, Association of Charitable Foundations (ACF), presented the findings of a survey by ACF members. It was impossible to generalise about foundations – their resources and their investment policies were too varied – but the survey had provided a good snapshot of current circumstances and expectations. Many would be able to maintain spending in 2009-10, at originally budgeted levels, but a majority was predicting lower income for grantmaking in 2010-11 and beyond - until markets recovered.

She also discussed the debate amongst foundations about the wisdom of funding counter-cyclically, ie using more of their own resources now, even though their income is reduced. Clare called for the grantmaking community to re-open the debate with government over reinstating Advanced Corporation Tax Credits (which had been lost inadvertently in 2002), a move

that would provide a little more income. She saw more trusts interested in exploring programme related investment and gave some examples where this was already happening, such as the Wellcome Foundation's investment in biomedical research. A funder interested in housing could draw income from investment in social housing developments. Other appropriate mechanisms open to foundations, as an alternative to traditional investment in equities, would be soft loans, patient capital and quasi-equity investment. Clare also believed that foundations with large investments in specific companies

WHAT FOUNDATIONS ARE SAYING

The ACF survey revealed these figures from grantmaking foundations:

- 80% of investments decreased since June 2008
- 47% of grants budgets for 2010 will remain at the same level
- 42% of grants budgets would decrease, but not very significantly
- 27% of respondents said they might change their grants policy
- Some said they would not take very much risk and rather than front-loading grants at the beginning of the year they would instead release them in smaller tranches over the course of the year.

might engage in shareholder activism and make their values clear to the companies in which they were investing. Clare wondered whether this ethical debate represented a "ray of light in this whole sorry business".

Geoff Mulgan, Director of the Young Foundation, set out ideas in a new report Fixing the Future, criticising current government responses for being too biased towards big industries and the past. Instead, he advocated recession responses which make the most of local and community creativity, and which give priority to the sectors with the greatest likely jobs growth, including health, care, environmental services, education and tourism. He described the complex social impacts of recession on everything from homelessness and debt to mental health; and highlighted the many steps being taken at a local level, at present – from new approaches to credit unions and local banks to ways of using empty properties or mobilising unemployed graduates.

He shared some thoughts about London in particular – a less resilient place than may be assumed and therefore even more important that investment is made in a changed future.

Michael Quicke, Chief Executive, CCLA, argued that the financial services industry, while inevitably becoming smaller also needed to be a more efficient intermediary – servant rather than master – and take a long term view of development and innovation: it had been geared to growth but proved disastrous as a mechanism when things started to go wrong. From the perspective of the VCS, he hoped to see the financial services sector concentrate more on the needs of clients; charge fees that are a fair reflection of the work done; provide products and services where the sources of return are transparent; and focus on sustainable sources of return for clients.

James Bevan, Chief Investment Officer, CCLA commented on issues of bank regulation, pointing out that although the banks could come in for some valid criticism they had been required to take a certain approach to measuring risk which was flawed - dependent on past patterns repeating and relationships between risks, and the capacity to offset that risk, being maintained over time.

He warned that we were probably already in a depression rather than a recession. Government needed to spend counter-cyclically and to rebuild banks' balance sheets. He gave the audience a brief but thorough review of the key factors that had led the UK into recession – giving the non-financial among the audience insights into understanding news reports and he suggested a few specific measures and indices to watch in order to identify the beginnings of recovery.

INDICATORS TO WATCH FOR SIGNS OF RECOVERY

James Bevan from the CCLA pointed out that there were some modest 'green shoots' including lower energy prices and mortgage rates, a modest improvement in sentiment in some business surveys, and house prices that appeared, at least for the short term, to have stabilised. He identified a number of key measures that would, in the future, be important to understanding where we are in the cycle:

- Credit availability: the Bank of England Credit Conditions Survey. This is important as the low interest rates we now have are not useful if business and others cannot borrow
- Money supply: probably the best way to measure whether the extra reserves pumped into the system make their way into the real economy. Economic recovery tends to coincide with a sharp rise in money supply
- Leading indicators: a close relationship exists between the CBI Business Optimism Survey and UK GDP
- Earnings revisions: although sell side analysts' revisions are widely seen as a lagging indicator for stock markets, they can be seen to offer a slight lead on the direction of the UK economy. A sustained improvement in net revisions should imply that we are past the worst point of the economic downturn.

Paul Butler, Chair of London Voluntary Service Council, gave an overview of the impact of the recession on London's voluntary and community organisations. He summarised the initial findings of LVSC's Big Squeeze campaign and survey to map current sources of VCS income, gather information about the impact of the recession on communities and assess VCS capacity both to survive and to meet increased demand (see box for some of the Big Squeeze results). He noted that the VCS is trying to squeeze every last penny of value from limited resources.

Margie Butler, Chief Executive, Mary Ward Legal Centre, provided a perspective from the frontline. A recent analysis of the Centre's clients found that debt had jumped,

PHOTO: Margie Butler, Paul Butler

more clients used high interest debt methods, more home owners relative to social housing tenants were seeking advice, more over-65s were seeking advice, and creditors were less flexible and more reluctant to accept write-offs. Her analysis of new challenges extended to disturbing demands on advice workers' time, current knowledge and skills.

Malcolm Hayday, Chief Executive, Charity Bank, was asked to comment and reflect on discussion at intervals during the day. He repeated some of Paul's and Margie's evidence of what was happening on the VCS front-line and especially the complexities of London and thought that everyone in the room – funder and funded – need to direct questions to themselves about fitness for purpose in order to survive this period. He noted that other crises facing the sector had not produced the same intensity of concern even though they too were critical to future survival and effectiveness – the ageing population of the UK, for example, and climate change – and strongly urged that these be factored in as well. He applauded the way discussion at this event was focusing on opportunities and was sure that the best innovation comes from crisis tackled positively. His sights were set on how new ideas, from the VCS and social enterprise especially, could be resourced to grow and achieve stability – when the recession is over, life will not be the same, so let us try to take some control of the change that needs to be created.

Anthony Browne, Policy Director, Mayor of London's Office, outlined a number of steps that the Mayor was taking to help the sector including an economic recovery investment fund for grants to normally viable enterprises which is, for example, open to voluntary organisations' applications. The London Development Agency is already funding well over 100 voluntary and community organisations and a response to the downturn will inform its future action. The Mayor's Office is also considering a possible portal to provide advice, support collaboration and generation of ideas; and give examples of success in responding to the recession.

Councillor Merrick Cockell, Chairman of London Councils saw the recession as an opportunity to drive change that might not be possible in good times – pressure to do more with less money could lead to rationalisation of services and less insularity on the part of boroughs. While in no way underestimating the seriousness of what was facing London nor the likely length of the recession, he urged boroughs, in particular, and other funders and providers of public services to see that there were opportunities to do things "differently and better" and to drive positive change.

Sir Steve Bullock, Mayor of Lewisham, argued that the starting point for success had to be a genuine dialogue at borough level. Lewisham's Local Strategic Partnership (LSP) has been driving Lewisham's work on the recession but the relevant mechanism may be different in different boroughs. He was pleased that the recent OTS survey of the VCS had shown his borough scoring well on creating an environment for a thriving third sector. For him, fairness and equal treatment required a commitment from the borough to maintain grant levels in the coming year despite cuts to borough services. The Council has also created a development fund for local social enterprises and promotes this form of development strongly.

Worklessness is a priority for Lewisham's LSP and, in the context of the recession, the borough's services have refocused on access to advice for residents in difficulties, raising residents' financial awareness (working with CABx, credit unions and others) as well as support for small businesses. He noted the borough's reliance on the VCS' intelligence about local communities to assist in responding rapidly to change. In a recession, he said, it would be "almost a criminal waste" not to make such use of the voluntary sector. In return, the borough had to provide good information about timescales and processes for funding, and to be thorough in evaluating the consequences of funding decisions (and how different departments' funding decisions might interact), giving notice of change, and paying on time: "Local authorities need to sustain the third sector so the third sector can sustain communities".

Further information

Speeches and presentations and the participants list can be found on www.londonfunders.org.uk – click on Recession response to find these.

PHOTO (top right): Sir Steve Bullock, Cllr Lynne Hillan, Cllr Merrick Cockell

Donors and partners

Considerable thanks are due to the event's supporters and donors.

In particular the organisers want to thank The Mercers' Company for generous use of their Hall for the event, and two people who took the chair during the day, Kim Catcheside, Education and Social Policy Correspondent, BBC, and Councillor Lynne Hillan, London Councils.

This report was compiled by members of the planning group, in particular The Young Foundation and London Funders.

All photographs used in this report, except for the cover picture, were taken on the day by Yussef Ali.

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London Funders is the membership association of funders and investors in London's voluntary and community sector. Its mission is to strengthen and support funders to better meet the needs of Londoners.

The London Regional ChangeUp Consortium is a high level strategic body comprising representatives from the third sector, funders and key regional bodies from the public sector. Its aim is to transform the scale, scope and nature of third sector support for frontline organisations to improve services for everyone in London.

London Voluntary Service Council brings London voluntary and community organisations together to learn and share best practice and to create a co-ordinated voice to influence policy makers; it provides policy briefings, information on management and funding, advice and support and short courses for those working in the sector.

THE YOUNG FOUNDATION

The Young Foundation is a centre for social innovation. Its main goal is to speed up society's ability to respond to changing needs through innovating and replicating new methods and models.

Agenda

09:30 **Arrival, tea and coffee**

10:00 **Welcome and introduction** from the Chair, Kim Catcheside, Education and Social Policy Correspondent, BBC

10:10 **The view from central government** Kevin Brennan, Minister for the Third Sector, including questions and comments from the floor

10:35 **How are foundations affected? How are they responding?** Clare Thomas, MBE, Chief Grants Officer, The City Bridge Trust

10:55 **Strategies in a recession: how to minimise harm to London's communities and how to maximise opportunities** Geoff Mulgan, CBE, Director, Young Foundation

11:15 **Refreshment break**

11:30 **The view from the finance world: light on the horizon?** Michael Quicke, Chief Executive, CCLA and James Bevan, Chief Investment Officer, CCLA

11:55 **Reflections from London's voluntary and community sector**
A London-wide perspective
Paul Butler, Chair, London Voluntary Service Council
Experiences from the front line
Margie Butler, Chief Executive, Mary Ward Legal Centre

12:10 **Reactions, questions, challenges** Malcolm Hayday, Chief Executive, Charity Bank

12:20 **Small group discussions:** further questions for speakers

12:35 **Working with the VCS to help Londoners through the recession** Anthony Browne, Policy Director, Mayor's Office

12:45 **Panel tackling questions and comments from the floor** James Bevan, Anthony Browne, Margie Butler, Paul Butler, Malcolm Hayday, Sara Llewellin (The City Bridge Trust and Chair, London Funders), Geoff Mulgan, Michael Quicke

13:10 **Chair's summary**

13:15 **Lunch and networking time**

14:15 **Welcome and introduction to afternoon session** chaired by Councillor Lynne Hillan, Chairman, London Councils Grants Committee

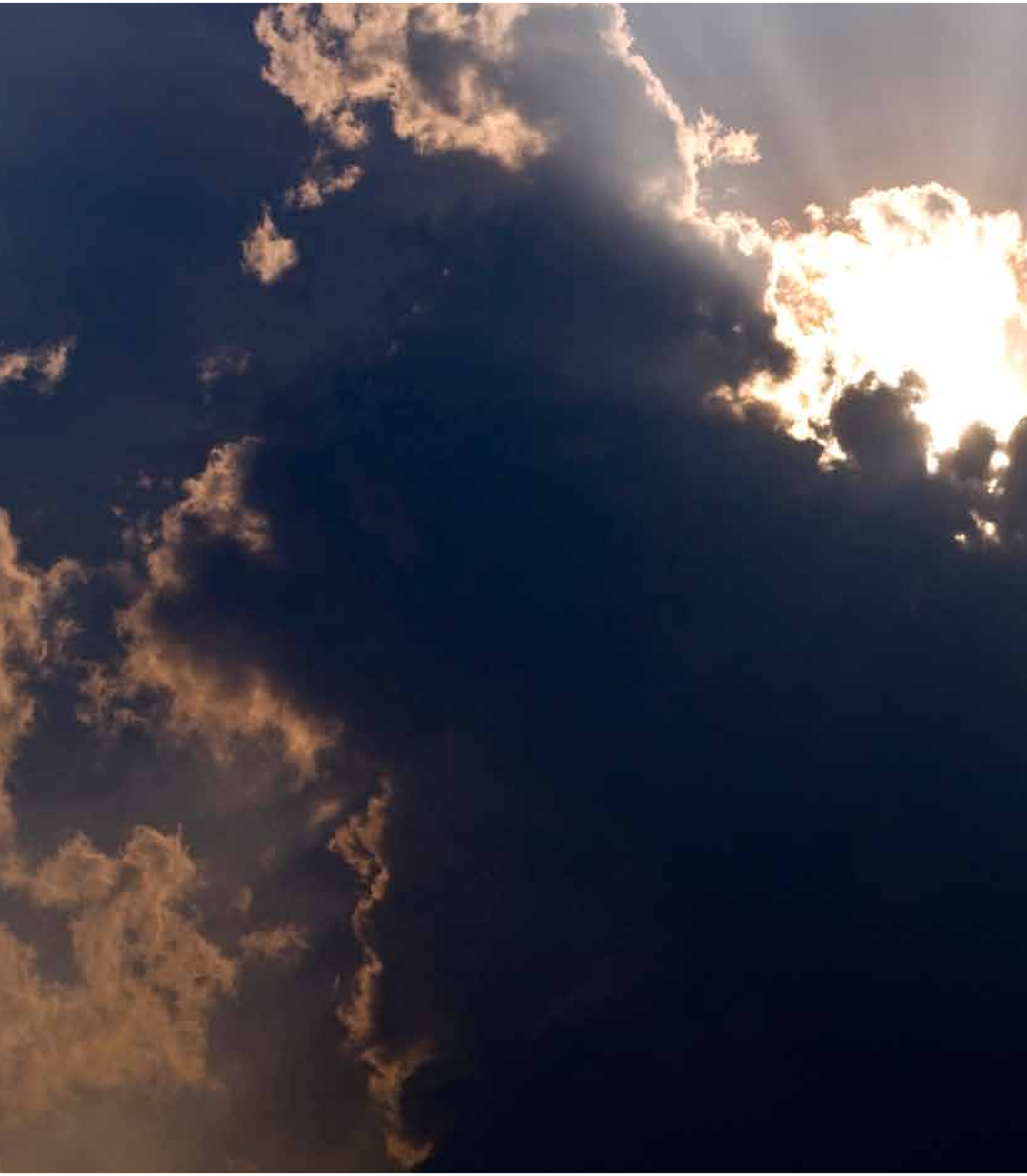
14:20 **London public sector perspective**
The pan-London view
Councillor Merrick Cockell, Chairman, London Councils

14:30 **How one borough is responding** Sir Steve Bullock, Mayor of Lewisham, including questions and comments from the floor

15:00 **Small groups: time with your peers to develop shared strategies and practices**

15:45 **Plenary: sharing strategies and action plans and exploring cross-sector challenges.** Session facilitated by Malcolm Hayday

16:30 **Close**



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