

VCS FUNDING CUTS - COMMUNICATION WITH AREA CHAIRS  
DECEMBER 2009

I am writing to you in your position as chair of (*one of the*) Area Committees to draw your attention to the implications of the County Council's proposals for cutting grant funding to the voluntary and community sector. I remind you this is a significant and damaging 20% cut to save £300,000 during 2010-11.

Although the proposals appear at first glance to be doubling the allocation to the Community Chest from this year's £150,000 to £300,000 for the county as a whole, this hides the fact that cuts elsewhere will mean that this additional allocation goes nowhere to make up the shortfall. As a consequence your committee is likely to be inundated by applications which would inevitably give rise to a large number of very disappointed and disgruntled applicants who have been part funded by the council for many years. So whereas the Community Chest in the North allocated this year £50,000 worth of largely one-off project based small grants, next year there will be an expectation from many more organisations for support towards on-going revenue costs.

Up until this year, the receipt of this money has been conditional on rigorous monitoring and evaluation arrangements to ensure, quite properly, that public money is spent wisely and contributes to the desired outcomes of the local authorities which have in the past provided it.

You will see from the table below that although only £150,000 of Community Chest money was distributed by the three Area Committees this financial year, the County's welcome commitment to continue the same level of funding as 2008-09 meant that £471,000 was made available to voluntary and community organisations. So next year there will be a reduction of £171,000. That is on top of a reduction from the 2008-09 of over 21%. So, compared with 2008-09, the flow of grant money of this type has halved.

Year	Community Chest and other Grants	Percentage reduction on base year 2008-09
2008-09	600	
2009-10	471	21.5
2010-11	300	50.0

The results of our survey last week show quite clearly that the consequences of this decline in income, coupled with the reduced income which the higher amounts would have levered in, mean that important activities will cease. 48% of the 103 voluntary and community organisations, which have received local authority money in the past 3 years, confirm that they would have to cease some activities if these cuts went ahead.

In addition, there is the issue of timing. With the budget unlikely to be finalised till the end of February, organisations will not learn of the exact level of support till well into March. This could cause havoc with some services and would lead to a great deal of uncertainty.

Ultimately arguments about resource allocation should sensibly rest on value for money. A sector which levers in perhaps five times as much money as it receives from the Council; a sector which is recognised for filling the gaps left by the statutory sector; a sector which acknowledges the need to change, and has made great strides in doing so, adds up to a very worthwhile investment. It should not be forced to pay a disproportionate price for the present economic difficulties of the Council and neither should its beneficiaries. Furthermore it would be unfortunate if Area Committees, so early in their life, took the brunt of any backlash over these cuts.

I would urge you to draw these issues to the attention of your committee and the Executive in the run up to setting the budget for next year. Thank you.