



The voice of the voluntary and community sector

Response from Northumberland VCS Consortium to the Council's Voluntary and Community Sector Review and its spending plans for 2010-11.

1. Because the publication of the review coincided with the report proposing significant cuts to the voluntary and community sector's budget, we are responding, as invited, to both. However, it is difficult to disentangle the intended cuts from the review of the relationships the Council plans to have with the VCS.
2. The process of the review which started in the summer of 2009 was informed by the chairman's Cllr Neil Bradbury's important policy statement the previous year where he set out the new administration's intentions with welcome clarity.
 - *Our vision for the council is one with the VCS at the centre of our agenda*
 - *The sector needs a higher degree of financial stability in terms of funding agreements from Northumberland...*
 - *We are committed towards ensuring the sector is treated fairly...*
 - *We see an increasing role for the sector in giving communities a voice and enabling them to innovate in the provision of services.*
3. The Council's views mirrored thinking at both national and regional level. There is a growing consensus that the sector plays a vital role in ensuring that people are able to play an active part in their communities, that a thriving sector leads to a greater sense of belonging & control over their lives, and that it offers a voice to those seldom heard. The current investment in the sector of £1.568 million amounts to half of one percent of the £285 million described by Cllr Andrew Tebbutt as the Council's net core spend after school's and adult care expenditure have been removed. This very modest investment is what the review was working on to extend to longer, multi-year arrangements and provide greater transparency over the Council's priorities as well as determine suitable mechanisms for allocations. It was also intended to include benefits in kind so that a common county-wide approach would be adopted over charges for services like waste collection.
4. A review of the NCC's relationship with the VCS was proposed by the County Council towards the end of the period of the Joint Implementation Team. Its aim was to provide a common approach in the wake of the arrival of the single Council and some security to the sector in view of the short

term commitment to continue the same level of regular funding during 2009-10. On this and on Cllr Bradbury's original thoughts, the review has fallen short. It has also failed to meet its original timetable to seek consultation over its proposals in September rather than the end of November. We are not attributing blame for this on the officers involved but rather on a lack of political consent to drive the issues forward.

5. Cllr Bradbury's foreward to the Review states that the reason for continuing the previous year's funding was to allow the new Council to "take stock of the outcomes that come from the support that the Council gives". There is no evidence that such stock-taking has occurred. 2009-10 has been notably absent of the usual monitoring and evaluation required of grant recipients in previous years.
6. Giving priority, for the next two years, to "organisations set up to deal with the recession and community hubs" is confusing. Few organisations were established to deal with the recession. Citizen Advice Bureaux and Credit Unions play important roles in advising and supporting those most affected but so too do those organisations working with victims of crime or domestic abuse, both of which increase in times of economic recession. Furthermore no mention is made of those VCOs involved in helping people on their journey to employment or volunteering – a significant omission at a time of recession. It is also a very limited view of the contribution made by hundreds of other VCOs to overcome problems brought about by recession - mental well-being, social isolation, other health issues, relationship breakdown etc.
7. We are reminded that the review was not strictly a review of the VCS but a review of the relationships between the VCS and the NCC. As a consequence, the first key aim (2.1) should focus on this relationship setting out a shared understanding of the role of a vibrant, sustainable, responsive sector in relation to the Council. In 2.2 where the aims are further explored through objectives, there is no section for the first aim. These objectives could have included:

Nurturing the distinctive value which the sector brings to a long-term partnership with the public sector, and particularly the Council, as a consequence of its

- i) diversity, specialist knowledge, reach, experience and expertise.
- ii) its independence and user/beneficiary involvement in a VCS body's governance
- iii) its contribution to social capital – bonding, bridging and linking
- iv) its substantial leverage of external funds multiplying any Council contribution
- v) mapping the various ways the sector meets the needs of the people of Northumberland

- vi) identifying what structures, support and collaborative actions are necessary to enable the VCS, in all its variety, to fulfil its role in the future.
8. In 2.2.1 an additional bullet point should include reference for the need for both parties to appreciate and respect the different contributions of the sector & the Council and to value difference, dissent and diversity. A commitment to improve the understanding of the role and contribution of the VCS would be a sensible starting point.
 9. Dividing the modes of funding into 3 types - Giving, Shopping and Investing (para 4) - is useful in concentrating the Council's mind in what it intends these different broad types of commissioning to provide. The Consortium views all these three modes as part of a common commissioning process so both Giving and Investing would be part of any commissioning framework which we hope will emerge.
 10. Community Hubs are not described in any detail. They appear to include some development trusts, but not all, and some Welfares, mostly in the South East of the county but not other community centres elsewhere which seem to be providing a similar service. The basis for the Council's support needs to be clearer.
 11. **Giving (para 5)**

There is reluctance by the Consortium to accept that anything other than a small amount of resource can legitimately be described as Giving. The current Community Chest is limited to new projects/activities/improvements and appears to have no place for on-going revenue funding. The fact is that some current recipients of the grants received from former districts and which were carried through to this year would not be eligible for Community Chest money as recipients are using it to help fund their core functions. We are not convinced that in these circumstances the sub-groups of Area Committees are best placed to take what in effect are strategic decisions which, on occasions, might well cross Area boundaries. We would recommend that small grants (less than £5000) are retained by the Area Committee structure using the same criteria that the Community Chest scheme currently imposes. Those applications which fall outside the scheme should be considered by the body which determines the allocation of the Investing mode. This would satisfy legitimate concerns over the use of the term Giving and at the same time allow for a more strategic approach funding allocations towards core functions.
 12. Consideration should also be given to other sources of small grants open to similar applicants as the Community Chest. Grassroots Grants, funded by the Office of the Third Sector and administered locally by the Community Foundation serving Tyne & Wear and Northumberland, offers up to £5000 to voluntary and community organisations. Importantly this fund is to be supported through endowments from locally based philanthropists with the long term aim of being self-sustaining.

13. The reference in para 5.2 to Members' Local Improvement grants fails to recognise that the majority of these capital allocations by elected members have been spent in the past on what most would describe as being firmly in the realm of public works - notably improved bus shelters and dropped curbs. As this amounts to over £1million/year, a more strategic and joined up approach would be for all, or a substantial proportion of it, to be transferred to the Community Chest and the Investing mode. This would reinforce the Council's commitment to the sector in a very public way and remove any suggestion that elected members were exclusively interested in focussing on narrow ward-based issues.

14. Shopping (Para 6)

Of immediate concern is that the intended common framework for commissioning appears to have been abandoned for the time being in favour of a more pragmatic approach. This seems to allow each service department to continue ploughing its own furrow. These departments were noticeable by their irregular attendance at the review meetings, so this arrangement does not fill us with confidence that the six bullet pointed undertakings outlined Shopping (p 5) will be adopted. It is important for the sector to feel confident that all service departments accept and act on the undertakings listed. The absence of any specific reference to social clauses being an important component of intelligent procurement is particularly regretted. If this element of funding is to grow in importance then harnessing the strengths of the VCS would in the long run save public money.

15. Investing (para 7)

The Consortium welcomes the Council's recognition that some services are best acquired through grant aid and that this system should largely continue. This is particularly pertinent when the Council only part funds core services. The Consortium accepts that monitoring and evaluation are important parts of the process. The voluntary and community sector have long recognised that public money should be spent effectively and entirely accept its responsibilities when funded through the public purse. However, it has to be acknowledged that the overwhelming majority of the estimated 2000 VCS organisations in Northumberland (probably over 90%) do not rely on any funding from local statutory sources. But that does not mean that the Council has no influence on their performance. Investing in a small number of support, or infrastructure organisations, is an established & accepted mechanism which allows the initial investment to be multiplied many fold particularly, but not exclusively, in advising VCOs on funding sources. The Consortium prioritises six main areas for this investment:

- 1) To support the improvement of support services available to VCOs , groups and networks particularly those delivering services to people experiencing greatest disadvantage
- 2) To sustain and build on what has been shown to work but is responsive to changing needs particularly in relation to community buildings.

- 3) To facilitate appropriate support for those wishing to volunteer and those organisations wishing to involve volunteers.
- 4) To ensure that learning and training are available to VCOs from within the sector
- 5) To enable communities to shape their own future through the application of community development principles and good practice including equality & diversity and safeguarding
- 6) To ensure that the principles of the Compact are adhered to and that the VCS Consortium functions effectively

16. Para 7 and 7.1 are very light on detail but the last bullet point in para 8 proposes that “support for infrastructure development (is) channelled through the VCS Consortium”. The Consortium has agreed its priorities and is happy to discuss how the Council’s priorities match with it. We do however need more detail over what precise role the Council would wish the Consortium to play as a channeller.

17. The Consortium whole heartedly supports the Council in its ambitious plans to empower local communities through Community Forums and other mechanisms. The summary of the Council’s current strategic & corporate priorities makes scant reference to this initiative or the role of the sector in making it work and no explanation was given in the senior officers’ report to the Executive making the recommendation for a 20% budget cut.

Proposed Budget Reduction

18. The Consortium recognises that these are exceptionally difficult times financially for public bodies. However, it appears that the Council has singled out the sector for particularly harsh treatment. What kind of message is given to the sector when its local authority chooses to slash its budget by 20%? It is certainly not the one which places the sector at the “centre of our agenda”.

19. The cut is disproportionate and unjust. The overall saving required by the Council is likely to be a maximum of 11%. But it could be as low as 7% depending on whether the Treasury agrees to capitalise redundancy and pension costs.

20. Because some elements, albeit a minority, of the sector are proposed to have an increase in funding, the aggregate cut of 20% will fall unduly heavily on some organisations. Culture Heritage and Sport will cut its grant funding by 25% and Safer Northumberland will reduce its commissioning by a massive 30%.

21. Cuts on this level will undoubtedly have unintended consequences and will tend to transfer the rising and unsatisfied demand onto the Council. In addition it is highly damaging to the hard work the sector and the Council

have jointly put in as it provides ammunition to those who argue that partnership working is illusory and falls at the first hurdle when tested with spending pressures.

22. No real explanation is given for the basis of the proposal to remove £1 in five from its current level of support to the VCS which would have the effect of shaving only a tenth of 1% off the Council's net core budget (£300k/£285m).
23. Even if the application processes for Giving and Investing are in place by the start of January, the Council's budget is unlikely to be finally agreed until the end of February. That means individual organisations will not know how much they will receive until March at the very earliest – just weeks away from the proposed cuts being implemented. This is in breach of the Compact and will be open to challenge.
24. To fulfil its undertaking under the Compact to consult with and involve the sector, the Council has agreed to “allow timely and reasonable consultation timescales”. Giving the sector six weeks (27.11.09-08.01.10), which included Christmas and New Year, is neither timely nor reasonable.
25. While we welcome the plan for a two year settlement, recognition must be given to those services which the Council might consider important but which do not currently rely on Council funding and so are not included in the budgets. Enterprising efforts to obtain funding from elsewhere should not penalise valued services.
26. Throughout the period of the first Local Area Agreement (2006-09), partners understood that any Performance Reward Grant earned would fund future partnership working to improve performance. The sector is of the view that it should be used in the way it was intended – to reward performance - and that the revenue element of this should be earmarked as a potential source of funding for Investing. The current LAA (2009-12) has agreed a number of designated targets which are highly dependant on VCS performance. Additional funding from the PRG would provide a clear message that the County was fulfilling its commitment to partnership working.
27. The apparent doubling in size of the Community Chest from £150k to £300k is all smoke & mirrors. The size of the Community Chest type programmes had already reduced from £600k in 2008-09 to £150k in 2009-10. The proposed “doubling” to £300k for 2010-11 ignores the fact that £321k is planned to disappear from the year-on-year revenue support inherited from the district councils. As a consequence, we would contend that this £300k proposal represents a 36% reduction in this type of programme – from £471k to £300k. See table below.

Flow of grant funding to sector (£'000)

Year	Support Services		Comm Chest type money	Others (CABx, Dev Trusts, via NCC Service Depts)	Total
	Local Authorities	NSP			
2007-08	55~	483	Not known	Not Known	
2008-09	55~	483	600	640	1778
2009-10	457*	0	471	640	1568 (-12%)
2010-11	354*	0	300	614	1268 (-19%)

~ only CVABV, CAN, WCVS

*includes CVABV, CAN, WCVS, NCDN, some Disability Orgs, some volunteering

28. The above table also illustrates that far from escaping cuts this financial year, the sector has already experienced a 12% reduction from 2008-09 and the further cut of over 19% will mean a cumulative drop for the two year period of 29%. At a time when demand for the sector's services is rising and shows no sign of decline this is very bad news for our beneficiaries.
29. Last month's Consortium's survey, which attracted 170 responses, revealed that if the planned level of cuts took place nearly half (48%) would be forced to stop some activities and that 6% would cease operations entirely. All this at a time when 75% of respondents predicted a rise in demand for their services. This reinforces the findings of VONNE's survey *Still Surviving NOT Thriving* (Nov 2009) which indicated that exclusively rural based VCOs were particularly vulnerable to cuts during this recession with 86% experiencing funding shortfalls and small and medium sized VCOs (the overwhelming majority of Northumberland's) facing the major cuts.
30. The proposed savings listed at length in Appendix A of the senior officers' report demonstrates the wide ranging impact a cumulative saving of £15.8 m would have. Very many would have a bearing on the VCS due to increased demand as people seek non-council services or attempt to rely on their own community resources.
31. One area of saving, in an attempt to maximise external funding support, was the plan to use Section 106 money to fund a post. We are not convinced this is an appropriate use of this money which is intended to compensate for the impact of planning proposals. A better approach would be to work with the VCS to draw up a framework for handling S106 money to maximise community benefits.

32. Local authority support is sometimes viewed as the “golden pound” because of its value as a lever for other funding sources. So if the Council cuts its spending on the VCS by £300k, it converts to a much larger cut in income to the sector. Some estimate that this value multiplier could be as high as 10. This makes little sense for Northumberland and could well threaten the fabric of our communities.
33. The adoption of a single web portal which would allow advisors and users, large and small, public, voluntary and private, from across the partnerships to have access to all current, relevant funding information would be a very welcome resource and excellent value for money.
34. We are very aware that identifying £15.8 million of “savings” is by no means the end of the matter and that a further £4m-£14m is still required before the budget is set. We welcome the reassurance from the deputy leader that it is unlikely that the Council will be revisiting the VCS for further cuts.

35. Summary of Proposals

1. Reconsider the level of cut from £300k to reflect a more proportionate reduction.
2. Delay implementation of any agreed budget cuts to allow sufficient time for organisations to manage them in a proper fashion. This would recognise that any planned budget savings would be consequently reduced.
3. Recognise that the Consortium needs to provide regular evidence of the impact and value of the sector.
4. Let Area Committees concentrate on small grant allocations
5. Establish a joint NCC/VCS body to oversee and manage commissioning including fairer procurement practices
6. Change the terminology away from Giving to Investing
7. In the event of the proposed £300k cut going ahead, we would wish to revisit the proposed size of the Community Chest.
8. Revisit the decision not to allocate a proportion of the LAA (2006-09) Performance Reward Grant to the VCS.
9. Consider adopting a cost effective, Northumberland centric web portal listing funding opportunities for both the VCS and the public sector; further explore the use of S106 moneys and the strategic contribution of Members’ local improvement grants.
10. Clarify the expectations of the Council over the role of the Consortium