



# The Big Squeeze

## The Big Squeeze: the Squeeze tightens

The economic climate, Londoners and the voluntary and community groups that serve them

Phase 3, July 2011

A report by The London Voluntary Service Council  
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# Contents

	<b>Page</b>
<b>Foreword</b>	
<b>1) Executive summary</b>	<b>4</b>
1.1 Headline findings	4
1.2 Findings	5
1.3 Recommendations	8
<b>2) Introduction</b>	<b>10</b>
2.1 Background	10
2.2 Aims and objectives	10
2.3 Methodology	11
2.4 Our partners	11
<b>3) The wider context</b>	<b>12</b>
3.1 Coalition government economic policy: the impact in London	12
3.2 The coalition government's Big Society	14
3.3 Localism and decentralisation	15
3.4 Other government policy	16
3.5 Cuts to national government department Budgets	17
3.6 Cuts to regional and national budgets in London	18
3.7 Analysis of local authority cuts in London	27
<b>4) Survey responses</b>	<b>28</b>
4.1 The economic and political climate	28
4.2 Demand for services	31
4.3 Organisational change	34
4.4 Funding cuts	38
4.5 Learning and looking forward	42
<b>5) The key emerging themes</b>	<b>46</b>
5.1 Advice services	46
5.2 Health, social and psychological impact	50
5.3 Volunteering	52
5.4 Children and young people	54
<b>6) Learning and moving forward</b>	<b>57</b>
6.1 Learning from our respondents	57
6.2 Learning for infrastructure support	57
6.3 The VCS working together to find solutions	60
<b>7) Conclusion</b>	<b>62</b>

8)	<b>Appendix 1</b> List of respondents	63
9)	<b>Appendix 2</b> Acknowledgements	66
10)	<b>Appendix 3</b> About LVSC Big Squeeze partners	67 67



# Chapter 1: Executive Summary

The Big Squeeze survey was open to London's voluntary and community sector (VCS) during April and May 2011. **It represents an up-to-date snapshot of the impact of the economic climate and recent policy changes on Londoners and the VCS organisations that serve them.** 120 organisations responded to the survey.

## 1.1 Headline findings

- 81% said the demand for their services had increased in 2010-2011;
- 51% have closed services in 2010-11;
- 54% expect more services to close in 2011-12;
- 77% expect public sector funding of their organisation to decrease in 2011-12, with those giving a figure expecting a median 31-40% cut;
- 97% said the economic climate had a negative impact on their clients in 2010-11;
- 86% expect demand for their services to increase in 2011-12;
- 57% were able to meet increased demand for their services in 2010-11;
- 77% are not confident they will be able to meet increases in demand in 2011-12; and
- 54% have made staff redundancies.

### **Our analysis shows:**

- a year on year increase in demand for VCS services since 2008 - 9;
- cuts are hitting the VCS harder than the private and public sectors;
- greater pressure to deliver optimal results with fewer resources;
- preventative services are being disproportionately cut especially in advice, children & young people and health services;
- a disproportionate number of children's and young people's services are closing;
- demand for volunteering has increased but organisations' capacity to support volunteers has decreased;
- more day and neighbourhood centres have closed;
- equalities groups and the poorest Londoners have been disproportionately affected;
- action taken by respondents shows growing numbers are adapting to change, showing resilience and flexibility.

## Tracking responses over the years

Survey questions	2009 response	2010 response	2011 response
Is the recession/economic climate <b>affecting the communities you work with?</b> <sup>1</sup>	Yes 95%	Yes 97%	Yes 97%
<b>Has demand for services increased</b> as a direct result of the recession/economic climate?	Yes 71%	Yes 68%	Yes 81 %
Are you <b>confident that you will be able to meet any increases in demand</b> for your services now and in the future?	No 80%	No 75%	No 77%
Is your organisation <b>already taking action</b> to help you and your services survive a recession/economic climate?	Yes 78%	Yes 93%	Yes 94%
Compared to 2009-10, what do you expect to happen to your <b>funding from the public sector in the next year?</b>	Not asked	53 % expect a decrease	77% expect a decrease
Compared to 2009-10, what do you expect to happen to your <b>funding from trust funders in the next year?</b>	Not asked	38% expect a decrease	28% expect a decrease

## 1.2 Findings

### 1.2.1 Themes

The key themes arising from the Big Squeeze survey and campaign over the last three years are: increased demand for advice services, a rising psychological impact, and more people volunteering. The 2011 Big Squeeze survey also shows that the spending cuts have begun to impact on people's physical, as well as their mental, health while organisational capacity to support volunteers has reduced. Disproportionate impacts on children and young people's services, including education, have been identified as a new theme, as well as an increasing impact on preventative services, many of which have been reported as facing closure.

#### Advice service findings in 2011

- Our analysis shows an increase in demand for advice services, but fewer resources and capacity to manage and support this demand.
- Respondents expect that increasing debt and unemployment will lead to greater poverty, inequality and homelessness.
- Responses suggest that Black, Asian, Minority Ethnic and Refugee (BAMER) communities, young people, people aged over 50, women and disabled people are being particularly hard hit by rising levels of unemployment and debt.
- Respondents said that the welfare reforms were particularly affecting disabled people, including disabled children and their families.

<sup>1</sup> In the 2011 survey we replaced the term "recession" with "economic climate" as that the UK has formally come out of the recession.

- Respondents feared that the reforms may force more people to move to London's outer boroughs, into poor housing to reduce costs, and be left without their support networks.
- Our survey findings suggest that BAMER communities, young people, people aged over 50, Lesbian, Gay, Bisexual and Transgender (LGBT) communities and women are particularly hard hit by rising levels of unemployment and debt.

### **Health, social and psychological impact findings in 2011**

- Respondents found worsening mental health to be a major issue arising from growing debt and unemployment, compounded by worry about recent Government policy changes.
- As more preventative health services are closing, respondents' fear that the impact will disproportionately fall on the most socially excluded communities.
- Our survey analysis found that rises in the cost of living, poorer housing conditions and an anticipated rise in homelessness are likely to exacerbate people's existing health problems, putting a greater financial burden on the NHS.
- Respondents reported that as more staff have been made redundant, but demand for services has increased year on year, remaining staff have also experienced increasing stress and anxiety.

### **Volunteering findings in 2011**

- 56% of respondents had taken on more volunteers and they suggested that higher levels of unemployment and the "Big Society" policy have contributed to a greater use of volunteers.
- However, the survey suggests that spending cuts had reduced the capacity of the VCS to provide support, training and suitable placements for volunteers.
- Our analysis shows that cuts had forced more organisations to depend on volunteers to provide services, reducing their users' access to qualified professional staff.

### **Children and young people's service findings in 2011**

- Our survey analysis showed that funding for both statutory and VCS children and young people's services had been disproportionately cut.
- Our respondents suggested that cuts to education and increases to university fees are reducing the aspirations and skills development of young people<sup>2</sup>. They reported that changes to student fees had left many young people no longer aspiring to a university place as they fear facing long-term debt.
- Respondents suggested that due to tighter budgets, the educational needs of "hard to reach" people were not being met.
- Organisations claimed that many disadvantaged children have been deprived of the best start in life as hundreds of Sure Start Children Centres are set to close, or see their services drastically reduced.<sup>3</sup>

<sup>2</sup> Available from: <http://girlsattitudes.girlguiding.org.uk/pdf/Education2010.pdf> (18th July 2011)

<sup>3</sup> Available from: <http://www.daycaretrust.org.uk/pages/250-sure-start-childrens-centres-face-closure-within-a-year.html> (15<sup>th</sup> July 2011)

- Respondents feared that with many youth services closing or earmarked for closure, youth crime may rise.<sup>4</sup>

### **1.2.2 Economic climate, government policy and spending cuts**

- Even though 26% of respondents expected trust funding to increase in 2011-12, many anticipated that there would be a much more competitive application process for such funding.
- Respondents suggested that demand for services had gone up year on year, but there were fewer resources and staff to meet demand and provide high quality services.
- 51% of respondents reported closures or a reduction in services provided over the last year. Respondents feared that, as this trend is expected to worsen in the coming year, this would disproportionately affect those in greatest need.
- Our analysis found that many organisations felt they would not be able to compete in future commissioning processes, as they suggested there was an increasing trend towards fewer and larger contracts, with more emphasis on price than quality.
- Respondents in receipt of the Government's Transition Fund had found it helpful in assisting them to take action, such as exploring collaborative working opportunities.
- Many of our infrastructure respondents (those organisations providing support to frontline VCS organisations) had experienced huge cuts even though they suggested that their support to frontline organisations is needed now more than ever.

### **1.2.3 Action taken to mitigate the impact of the spending cuts**

- 51% of our respondents had developed or considered mergers and/or working in collaboration with other organisations. This trend is expected to rise in the coming year to 63%.
- 56% of organisations responding had taken on more volunteers. Even though fewer (only 44%) expected to recruit more volunteers next year, many respondents said they would continue to rely heavily on volunteers, unpaid interns and apprentices to deliver services.
- 54% had made staff redundant in 2010-11, but a lower proportion (33%) predicted that they would have to make redundancies in the coming year.
- 16% of respondents had begun to share back office functions with other organisations this year but this is anticipated to increase to 31% in the coming year.
- 32% had made changes to their premises to reduce costs and this is expected to remain more or less the same next year.
- Many respondents had started to plan further ahead by developing long-term strategic and business plans and had looked at making other efficiency savings.

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<sup>4</sup> Available from: <http://www.guardian.co.uk/society/2011/may/11/gangs-youth-crime-projects-face-funding-cuts> (18th July 2011)



## 1.3 Recommendations

One overarching recommendation is for public sector bodies, other funders and VCS organisations to engage in constructive dialogue with each other on how they can ensure cuts are made with the least impact on service users, particularly those already most disadvantaged.

### 1.3.1 Recommendations for London's VCS

- Continue to monitor the increasing and changing needs of users and negotiate with funders to adapt services to meet these.
- Consider where cost efficiencies can be made without affecting, or minimising disruption to, service users.
- Prioritise services that will have the greatest impact on meeting needs.
- Collaborate with other organisations, particularly when offers to tender for contracts cover large geographical areas or generic service provision. Consider the benefits of more partnership working or merger with other organisations to make the most of limited resources.
- Work together with London's Councils for Voluntary Service (CVS) and other infrastructure organisations to get the most from the support offered.
- Plan early to assess and minimise risks, and monitor and evaluate services to see how these are changing.
- Learn more about the provisions in the Localism Bill for a "Community Right to Buy" and a "Community Right to Challenge"<sup>5</sup> to see whether you should prepare to use these to access community premises or to contest poor local service delivery when the legislation commences.

### 1.3.2 Recommendations for LVSC and other infrastructure organisations

- Continue to lobby and campaign to increase understanding of the long-term value of VCS services for the most disadvantaged. The London Mayoral election campaign could provide an effective platform.
- Provide support to obtain funding by increasing organisations' capacity to develop business expertise, prepare tenders and bring partners together.
- Help organisations to prove their economic and social value.
- Support the sector to use equality legislation to challenge funding cuts, where this is appropriate.
- Share best practice on how the VCS has worked with policymakers and funders to negotiate cuts that have the least impact on the disadvantaged.
- Continue to work as collaborative leaders at a local, regional and national level to ensure the best use of limited resources.

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<sup>5</sup> Available from <http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/communityrights/> (July 15<sup>th</sup> 2011)



### 1.3.3 Recommendations for policymakers and funders

- Increase understanding of the needs of disadvantaged service users and VCS organisations by involving the VCS in needs assessments.
- Analyse the consequences of cuts and their long-term impacts, including the equality impacts, and take action to reduce negative consequences.
- Use VCS organisations' intelligence to identify any gaps developing in statutory sector service provision.
- Show greater flexibility in funding contracts, so organisations can adapt to new and changing needs.
- Provide sufficient time for VCS organisations to plan ahead when introducing changes in funding.
- Work together more strategically across organisational boundaries to optimise the use of limited resources.
- Cover the full costs of service delivery, including core costs, which can increase significantly if organisations have to cut the number of services they deliver.
- Make certain that there is adequate funding for activities for, and training and management of, volunteers to support the increase in demand for volunteering opportunities.
- Ensure that there is support for smaller and specialist frontline organisations in the commissioning process so that the needs of the most socially excluded are met and to increase the choice of services to Londoners.
- Assess the impact and long-term cost of closing preventative services on those already most badly affected by the current economic climate, including women, older people, young people, disabled people and BAMER communities.
- Ensure the long-term social and economic impacts of rising unemployment and debt in London inform decisions and develop policies and services that reduce the negative consequences.
- Consider funding for infrastructure organisations as a cost-effective way to support more effective frontline service delivery.
- Support the measures in the 2010 Equalities Act, such as equality analyses, and implement these effectively to address the danger of growing inequality in London.
- Follow Government guidance to ensure that frontline VCS organisations and their volunteers and service users are not disproportionately affected by spending cuts.



## Chapter 2: Introduction and methods

### 2.1 About the Big Squeeze

LVSC produced its first “The Big Squeeze - We’re in it Together” report in February 2009. Working with partners, we collected and analysed evidence from across London’s voluntary and community sector (VCS) through an online survey and the use of case studies. The report aimed to inform debate on the role of our diverse sector in helping Londoners through the recession<sup>6</sup>. A full report was published in July 2009. The process was repeated in April 2010 and a report of its findings published in May 2010. With this year’s third report, the Big Squeeze campaign, therefore, provides a year-by-year “snap shot” of the impact of the recession and subsequent public spending cuts on Londoners and the VCS organisations who work for them.

#### Key findings of our 2009 and 2010 surveys

Both the 2009 and 2010 surveys found that the recession had already begun to have an impact on Londoners and the VCS groups that work with them. Voluntary and community activity had increased to meet this demand, but respondents raised concerns that this could not be sustained indefinitely. **The survey found that 78% of respondents had taken steps to survive the recession in 2009, and this had increased to 93% in 2010.** The surveys also suggested that the advice sector had experienced the most acute increase in demand for its services since the beginning of the recession. Requests for volunteering opportunities had also risen dramatically. The 2009 survey respondents reported greater levels of stress, anxiety and other mental health issues relating to increasing levels of poverty and unemployment. The trends predicted in the 2009 report were confirmed by other more detailed research and the responses and case studies collected in 2010, which also suggested that negative impacts were becoming worse, particularly for those Londoners already suffering the most disadvantage.

**This year we revisited the original survey themes, and added additional questions to determine the impact of new government policies and gain greater insight into the impacts identified in previous years.**

### 2.2 Key aims and objectives of the 2011 campaign

#### Aims

- To develop an evidence base and raise awareness of the impact of the economic climate and public spending cuts on Londoners and the VCS organisations that serve them.
- To make recommendations to reduce the impact on the most disadvantaged Londoners.
- To offer ideas and insights to inform organisations and policymakers how to reduce the impact of cuts on their users in future years.

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<sup>6</sup> LVSC’s partners were: Greater London Volunteering, Toynbee Hall, ROTA, London Youth, LASA, Age Concern London, Central London CVS Network, East London CVS Network, South London CVS Partnership and London Community Resource Network (LCRN)

## Objectives

- To ensure policy makers and funders in London are aware of the impact of public spending cuts on the VCS and the people they work with.
- To specifically influence the Mayor of London and the Mayoral candidates.
- To draw on our survey findings, other evidence and case studies to make recommendations to reduce the negative impact of cuts on the most disadvantaged Londoners and the VCS groups that serve them.

## 2.3 Methodology

The evidence used in this report was gathered and analysed using the following methods:

**The Big Squeeze survey:** a (primarily) web-based survey of London VCS groups that ran from 14 April to 1 June 2011. The survey was circulated through LVSC's members and networks). It was posted on numerous websites and sent out through e-bulletins including those of Lasa, the Ethical Property Foundation, J4 Community, Timebank, the London CVS Network, London Funders, Trust for London and the Equality and Diversity Forum. There were a number of LVSC policy and partner Twitter feeds promoting the survey. It was also promoted at a number of events and meetings.

**Desk-based research:** research and surveys conducted by others were used to provide additional local, regional and national context. LVSC has tracked and mapped public sector cuts in London over the past year (chapter 3).

## 2.4 Our partners

LVSC has been working closely with a number of partners. A steering group was set up and met a number of times to agree the survey questions and marketing and communication strategies. Some of the members have also contributed policy overviews.

**The partners are:** Lasa, London Funders, Women's Resource Centre, Greater London Volunteering, Volunteer Centre Kensington & Chelsea, Stonewall Housing, London Community Resource Network, London Civic Forum, Children England, ROTA, HEAR, City Bridge Trust and the Ethical Property Foundation.

## Chapter 3: the wider context

The first Big Squeeze survey was conducted in response to the UK entering recession in April – June 2008. The country finally emerged from recession in the last three months of 2009 but economic growth remains weak. This third Big Squeeze survey covers a period when the economy still shows little growth, but is also affected by a change of government. With the formation of a Conservative-Liberal Democrat coalition government in May 2010, economic policy became centred less on stimulating the economy, and more on reducing the country's deficit through a programme of public spending cuts.

### 3.1 Economic policy: the impact in London

In London the effects of this policy change have been particularly marked.

**The economy and inequality:** London has the strongest economy of any region, and its annual growth at the end of 2010 was 2.7% compared with the UK average of 1.5%<sup>7</sup>. However, growth is expected to fall to 2.0% in 2011, although still greater than that predicted for the UK as a whole<sup>8</sup>. In addition, the benefits of this greater regional growth will not be distributed equally in the capital, with the poorest likely to see the greatest percentage decreases in their income<sup>9</sup>. London currently has the greatest economic inequality of any English region. In January 2010 the richest 10% of people in London had wealth over 273 times greater than that held by the poorest 10% of Londoners.<sup>10</sup>

**Employment:** In April 2011, the proportion of the resident population who were unemployed and claiming JobSeekers Allowance remained higher in London at 4.1% than the UK average of 3.7%<sup>11</sup>. Although the gap has reduced since the recession began, London remains the region with the lowest employment rates in England. In April 2011 whilst jobs growth in London picked up to its highest level since April 2008, the capital continued to register the slowest rise in workforce levels of all English regions<sup>12</sup>. On top of this, certain groups such as lone parents (whose employment rate is 11% lower in London than the rest of the UK), disabled people (5% lower), Black and Minority Ethnic people (1% lower), and 16-24 year olds (3% lower),

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<sup>7</sup> GLA Economics (2011) London's Economy Today, May 2011. London: Greater London Authority

<sup>8</sup> *ibid*

<sup>9</sup> Available from: <http://www.londonspovertyprofile.org.uk/news/londons-poor-hit-harder-by-tax/> (14<sup>th</sup> July 2011)

<sup>10</sup> LVSC and Trust for London (2010) Closing the Gap: Inequality in London. London: LVSC

<sup>11</sup> GLA Economics (2011) London's Economy Today, May 2011. London: Greater London Authority

<sup>12</sup> Available from

[http://www.lloydsbankinggroup.com/media/pdfs/2011/economic\\_insight/110411\\_England\\_Regional\\_PMI\\_5.pdf](http://www.lloydsbankinggroup.com/media/pdfs/2011/economic_insight/110411_England_Regional_PMI_5.pdf) (28<sup>th</sup> June 2011)

fare worse in the London job market than they do elsewhere in the UK<sup>13</sup>. As a result government policies to:

- abolish the Future Jobs Fund which supported young people into employment;
- reduce benefit payments, including child benefit and disability living allowance; and
- target their new Regional Growth Fund on areas with the lowest economic growth

all adversely affect London proportionately more than other regions.

The low level of VCS provider involvement in the recent Work Programme contracts may well compound this, as it is specialist VCS organisations that have been shown to perform best in supporting the hardest to help into the job market<sup>14</sup>. In a city that can recruit its workforce from around the world, and where 55% of jobs require high level skills<sup>15</sup>, the employment of London's residents remains hard to address when many have only low-level skills and over 600,000 adults have no qualifications<sup>16</sup>.

**Housing:** The capital has the highest housing and rental costs in the country, which causes particular problems for poorer Londoners. Both before and after deducting Housing Benefit, London households with below average incomes have significantly higher housing costs than households elsewhere in England<sup>17</sup>. The capital also has the lowest supply of affordable social housing for rent of any English region<sup>18</sup>. Again as a result of this exceptional situation, coalition government policies to:

- reduce the housing benefit payable from 50% to the lowest 30% of the rents charged in an area;
  - cap overall benefit entitlements (including housing benefit) to a fixed price;
  - allow housing associations to charge new tenants 80% of market rent; and
  - reduce overall public sector investment in building affordable homes
- will have a disproportionate impact in London. London Councils has calculated that when the housing benefit reforms alone are implemented 82,000 London households will be forced to leave their current accommodation to move to cheaper areas<sup>19</sup>.

**Poverty:** London has the highest rates of child, working-age and pensioner poverty of any English region. 630,000 children in London (four in ten) live in poverty<sup>20</sup>. While the number of pensioners and children in poverty has fallen

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<sup>13</sup> London Skills and Employment Observatory (2011) Work Programme in London: Information for stakeholders as the work programme begins. London: Mayor of London.

<sup>14</sup> Meadows, P. (2007) What works with tackling worklessness? London: GLA Economics

<sup>15</sup> London Skills and Employment Observatory (2010) The London Story 2010. London: Mayor of London

<sup>16</sup> *ibid*

<sup>17</sup> Available from: <http://www.londonpovertyprofile.org.uk/indicators/topics/income-poverty/poverty-before-and-after-housing-costs/> (28<sup>th</sup> June 2011)

<sup>18</sup> Available from: <http://www.guardian.co.uk/society/davehillblog/2011/may/12/londons-affordable-housing-supply-failing-to-meet-need> (29<sup>th</sup> June 2011)

<sup>19</sup> Available from: <http://www.guardian.co.uk/politics/davehillblog/2010/sep/21/london-housing-crisis-survey-shows-landlords-won-t-lower-rents> (28<sup>th</sup> June 2011)

<sup>20</sup> Available from: <http://www.londonpovertyprofile.org.uk/indicators/topics/income-poverty/londons-low-income-population/> (28<sup>th</sup> June 2011)

in the last decade, the number of working-age adults in poverty has risen<sup>21</sup>. However, the increases in taxes and cuts in benefits and tax credits announced by the coalition government in their June Budget and Spending Review hit the poorest fifth of the population proportionately harder and this loss is greatest in London<sup>22</sup>. Research by the New Policy Institute also demonstrates that poverty is not restricted to the unemployed. Over half of the capital's low-income population live in a household where at least one adult is working<sup>23</sup>.

Debt adds to the problems of low-income households and this again is a particular problem in the capital. 13% of Londoners are in debt compared with the national average of 10% and there are more people in arrears with their debts in London than in any other region<sup>24</sup>.

## 3.2 Other coalition government policy: The Big Society

While the focus of the coalition government has been on reducing the UK's financial deficit through cutting public spending, this has been accompanied by the launch of their 'Big Society', which aims to increase people's responsibility for, and involvement in, improving society as a whole. This has three main themes:

- to increase community engagement to influence and deliver local services;
- to increase the role of the VCS in public service delivery; and
- to increase social action, with people contributing more time and money to improve society.

As more detail has been announced, it has become clear that as part of the 'Big Society', the government expects the VCS to become less reliant on public sector funding. Government policy, therefore, favours funding of the VCS through:

- an increase in corporate and public giving and donations;
- increasing reliance on loan funding or the use of social impact bonds to allow the VCS to deliver public service contracts, successful delivery of which will reimburse their original outlay and finance future delivery and/or repayment costs; and
- organisations developing their own means of income generation.

National government has announced a £107 million Transition Fund, a £30 million Local Infrastructure Fund and an increase in loan finance available to the VCS through the yet-to-be-established Big Society Bank. However, these are intended to support organisations to adapt to these future funding models, while the long-term aim is to provide less and less public money to the sector.

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<sup>21</sup> Available from: <http://www.londonspovertyprofile.org.uk/indicators/topics/income-poverty/> (28<sup>th</sup> June 2011)

<sup>22</sup> J. Brown (2011) The impact of tax and benefit changes announced in Budget 2011 and previously on household income in London. London: Institute for Fiscal Studies

<sup>23</sup> Available from: <http://www.londonspovertyprofile.org.uk/news/in-work-poverty-on-the-rise-in/> (28<sup>th</sup> June 2011)

<sup>24</sup> Capitalise (2011) Trading Water. London: Greater London Authority



The Big Society has also seen investment in:

- a £15 million programme to train 500 senior community organisers who are expected to engage an additional 4,500 part time volunteer community organisers<sup>25</sup>;
- a £15 million National Citizens Service to pilot training courses for 11,000 16-year olds in summer 2011<sup>26</sup>; and
- ending of the £130 million Grassroots Grants Fund and its replacement with an £80 million Community First fund, made up of £30 million small grants funding and £50 million matched endowment funding for the most deprived areas<sup>27</sup>.

These initiatives rely on neighbours working together to improve their locality. In a city such as London, which has the most diverse population in the UK, and where people often identify themselves through common characteristics, rather than geography, it is unclear as yet whether the 'Big Society' model is appropriate, and there are concerns that it could increase inequality<sup>28</sup>.

### 3.3 Localism and decentralisation

The coalition government is also committed to a 'decentralisation and localism' agenda. It signalled this when it entered power by announcing the abolition of a number of regional bodies, which in London included:

- the Government Office for London;
- Capital Ambition, the regional improvement and efficiency partnership;
- the London Skills and Employment Board; and
- the London Development Agency.

Their stated aim was to give local authorities and local communities more power over what happens in their local area.

The new Localism Bill, if passed, will put the localism and decentralisation policy in statute through devolving more powers from central government to local authorities and communities. It contains a specific section on London, which also devolves more central government powers to the Mayor of London and the Greater London Authority. At the same time it has removed many of the regional bodies and structures which funded and supported London's VCS.

At a local level the Bill contains the following additional new rights:

- the **community right to challenge** if a frontline service is felt to be poor;
- the **community right to buy** from local authorities if they sell assets;
- the **community right to build** if, in a referendum, at least 50% of local people support the development, with no requirement for planning permission; and

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<sup>25</sup> Available from: <http://thirdsector.co.uk/news/Article/1055870/locality-wins-15m-community-organisers-programme/> (15<sup>th</sup> July 2011)

<sup>26</sup> Available from: <http://thirdsector.co.uk/news/Article/1040360/providers-announced-national-citizen-service-pilot-scheme/> (15<sup>th</sup> July 2011)

<sup>27</sup> Available from: <http://www.cabinetoffice.gov.uk/news/community-development-foundation-deliver-%25C2%25A380m-community-first-programme> (15<sup>th</sup> July 2011)

<sup>28</sup> Available from: <http://comment.rsablogs.org.uk/2010/08/10/big-society-greater-equality/> (15<sup>th</sup> July 2011)



- the power for local residents to **instigate a local referendum** on any local issue. Although the results are not legally binding, the local authority must take the outcomes into account when making decisions.

Briefly in London the Bill:

- transfers powers from the Homes and Communities Agency to the Greater London Authority in London, so giving the Mayor of London greater housing powers;
- puts the abolition of the London Development Agency into legislation;
- allows the Mayor to designate areas in London as Mayoral Development Areas and to establish Mayoral Development Corporations to lead on regeneration in these;
- reduces the Mayor's powers over planning to only the largest planning applications; smaller applications will be decided by local authorities;
- allows the London Assembly to reject Mayoral strategies if two-thirds vote against them; and
- repeals the duty for four-yearly reports on the state of the environment in London and consolidates the six Mayoral Strategies relating to the environment into one Environmental Strategy

Whether these new powers have been balanced appropriately between national, regional and local government and local communities has been questioned<sup>29</sup>. Some of the functions of the London Skills and Employment Board are to be replaced by a London-wide Local Enterprise Partnership, and the new housing powers granted to the Mayor indicate that in the capital, at least, the government acknowledges that economic activity and housing strategy are best led at a London-wide level, rather than locally. There are also concerns that the localism agenda could increase inequality and that the new community rights do not decentralise enough power from local authorities to local communities<sup>29,30</sup>.

### 3.4 Other government policy

Concurrent with these policy changes the coalition government has been developing fast-moving major policy reforms in the:

**Department of Health:** with proposals to abolish Primary Care Trusts and Strategic Health Authorities, switch the majority of health service commissioning to Clinical Commissioning consortia and transfer ring-fenced budgets for public health to local authorities.

**Department of Work and Pensions:** with the introduction of a universal benefit, which aims to ensure that everyone in employment receives more than they would when claiming benefits while out of work.

**Department of Education:** with proposals to allow 'free schools' to be established out of the jurisdiction of local authorities and reduced emphasis on

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<sup>29</sup> Fluskey, D. (2011) Briefing on the Decentralisation and Localism Bill. London: NCVO

<sup>30</sup> Cleeveley, N. (2011) Briefing on the Localism Bill from NAVCA on behalf of the Real Power for Communities campaign. Sheffield: NAVCA

addressing child poverty by increasing parental/carer income, while increasing non-financial parenting support.

**Ministry of Justice:** with reductions in spending on civil legal aid, through the removal from scope, completely or partially, of many areas of social welfare law, including welfare benefits, employment, debt, housing, immigration and education – at least 72% of these cuts will fall on not-for-profit agencies.

All these departments have emphasised a reduction in state provision and an opening up of the service providers market to the independent sector (both private sector and VCS). In addition the Government has an aspirational target of ensuring that 25% of all Government contracts are with small and medium enterprise, including small and medium civil society organisations<sup>31</sup>.

The third Big Squeeze survey was therefore undertaken within an environment in which government economic and other policy initiatives were widely seen to be having negative effects upon the poorest Londoners<sup>32</sup> and VCS organisations were facing cuts to their funding from the public sector. In contrast, the Government's vocal support for the 'Big Society' and preference for VCS organisations as alternative service providers, means it also a time when the sector is being recognised as providing the answers to many of the UK's social problems.

### 3.5 Cuts to national government department budgets

While the coalition government attempted to make significant cuts in public spending across every government department, except health and international development, one of those hardest hit was Communities and Local Government. The Department passed its large spending cuts down to local authorities: cuts were front-loaded and larger in the local authorities serving the most disadvantaged areas<sup>33</sup>. Cuts have, in fact, been made across all government departments and even the Department of Health is not immune with increasing demand for services and more expensive treatments meaning that a freeze in its budget is effectively a cut in real terms.

New Philanthropy Capital<sup>34</sup> and the Charity Finance Directors Group<sup>35</sup> estimated that these spending cuts will result in a total loss of between £1 billion - £5 billion in funding for the VCS nationally in 2011-12. If these figures are extrapolated to London, LVSC estimates that they will lead to a loss of between £300 million-£800 million to the VCS in the capital.

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<sup>31</sup> Cabinet Office (2010) Modernising Commissioning: increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery. London: Cabinet Office

<sup>32</sup> J. Brown (2011) The impact of tax and benefit changes announced in Budget 2011 and previously on household income in London. London: Institute for Fiscal Studies

<sup>33</sup> Available from: <http://www.gmcvo.org.uk/local-government-settlement-most-deprived-councils-hit-hardest-cuts> (15<sup>th</sup> July 2011)

<sup>34</sup> Available from: [http://www.philanthropycapital.org/publications/improving\\_the\\_sector/grantmaking/preparing\\_for\\_cuts.aspx](http://www.philanthropycapital.org/publications/improving_the_sector/grantmaking/preparing_for_cuts.aspx) (15<sup>th</sup> July 2011)

<sup>35</sup> Available from: <http://www.cfdg.org.uk/news/press-releases/2010/december/charities-fear-1bn-of-statutory-funding-could-disappear-over-the-next-year.aspx> (15<sup>th</sup> July 2011)

## 3.6 Cuts to regional and national budgets in London

Research by London Councils<sup>36</sup> has shown that that London will lose around £74.3million as a result of cuts to Area Based Grants (ABG). ABGs are given to councils to help support deprived communities, so it is the most deprived boroughs that lose the most funding. Deprived boroughs like Hackney and Islington received cuts of over £8million while affluent boroughs like Sutton and Richmond were cut by £2million or less (Figure 1).

The combination of reductions in general Area Based Grants (ABG), funding for achieving Local Area Agreement (LAA) targets and through other funding streams like the Local Authority Business Growth Incentive grants (LABGI) and Housing Planning and Delivery grants, will mean that the capital's local authorities are set to lose £169.3million. The Greater London Authority (GLA) will lose £185.6million<sup>37</sup>. Thus, London takes 30% of the national cut.

At the same time, London Councils, the organisation representing London's 33 local authorities, took a decision to reduce individual borough contributions to their pan-London grants scheme.

### **Equality in a time of cuts? Judicial Review of London Councils' decision-making.**

The London Boroughs Grants Scheme (LBGS) is a statutory scheme set up by the Local Government Act 1985. It is used to fund VCS projects that fill gaps that would not otherwise be funded locally and directly benefit some of London's most marginalised and disadvantaged communities. It has done this on a regional basis for reasons of efficiency, cost effectiveness and economies of scale. All London's local authorities contribute to the scheme and agree an annual budget, which is administered by London Councils.

In June 2010 London Councils announced its intention to reduce each local authority's contribution to the Scheme. This was followed by a consultation on the future of the LBGS in autumn 2010. Voluntary Sector Forum (VSF), the network of London Councils-funded VCS organisations, launched a campaign to oppose these cuts, scrutinise London Councils' processes and inform decisions on the future of the scheme. As part of the consultation process VSF raised concerns about **the lack of an adequate equalities impact assessment of the proposed changes to the Scheme**. However, these concerns were not addressed by London Councils.

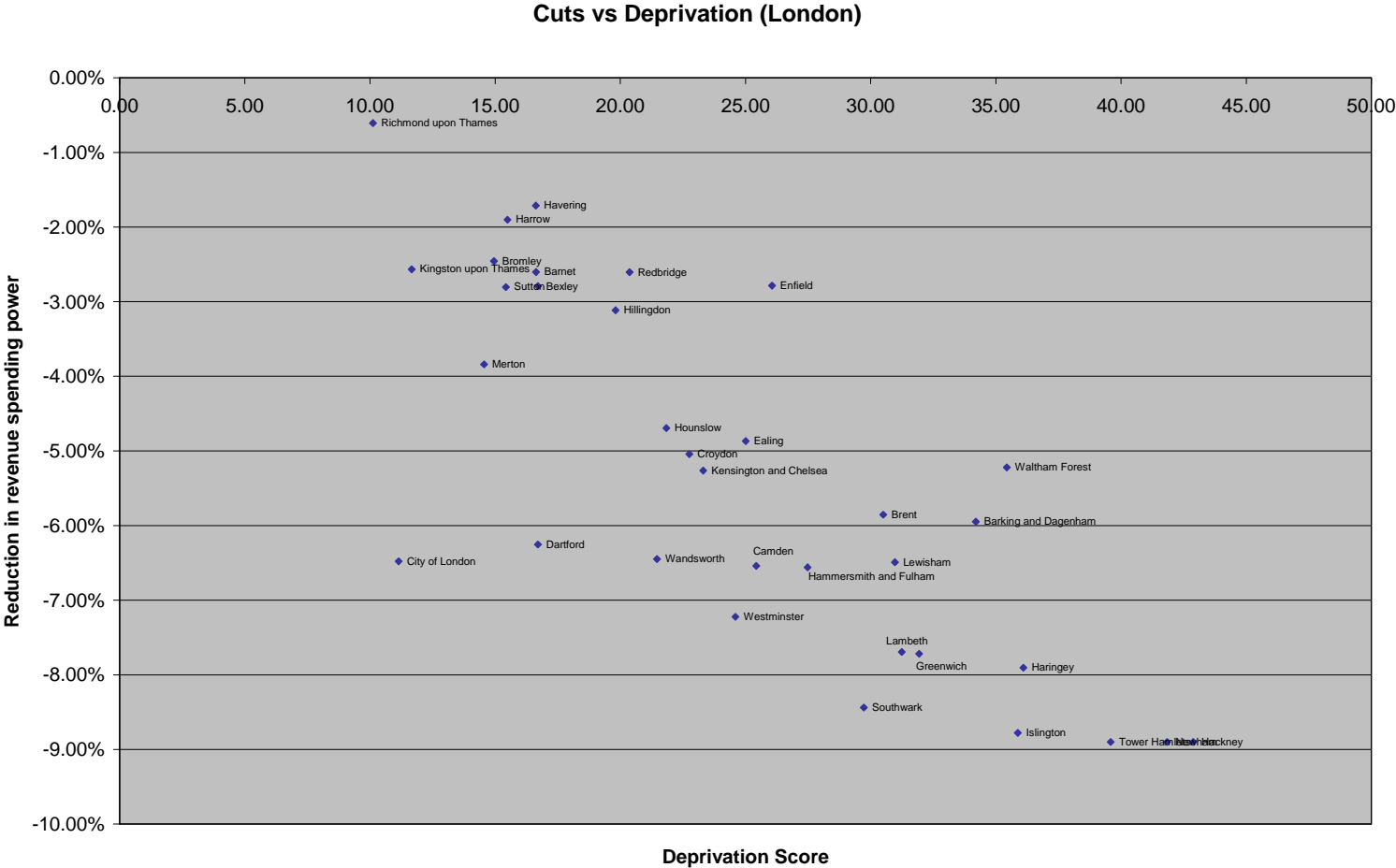
(continued on page 20)

<sup>36</sup> Available from:

<http://www.londoncouncils.gov.uk/media/current/pressdetail.htm?pk=1084andandandshowpage=-1>. (15<sup>th</sup> July 2011)

<sup>37</sup> Available from: <http://www.tuc.org.uk/extras/ImpactOfCutsInLondon.pdf> (15<sup>th</sup> July 2011)

**Figure 1:** Scattergram showing percentage reduction in revenue spending power for each local authority in London against deprivation score. This demonstrates that is the boroughs with greatest level of deprivation that have seen the greatest levels of cuts. [Source: NAVCA]



### **Equality in a time of cuts? Judicial Review of London Councils' decision-making.** (continued from page 18)

As a result London Councils faced a judicial review (JR) to its decision-making process (brought by service users of the Roma Support Group). During the JR, VSF supported the claimants' solicitor with information, provided evidence to the court, supported the claimants and kept its members updated on proceedings.

The final judgement ruled that London Councils' consultation was flawed:

- They had failed to investigate thoroughly enough the equalities implications of their proposals or to mitigate the detrimental impacts.
- They had only considered the services (often provided by several different organisations across London) during the review rather than looking at each of the individual organisations commissioned.

London Councils was ordered to carry out a new process to assess the equalities impacts of changes to the scheme on all 360 commissions.

The judge hearing the legal challenge referred to VSF's previous documented concerns in court **demonstrating the Forum's crucial role in scrutinising London Councils' commissioning processes and that a public body cannot disregard equality obligations whilst making cuts.**

**The VCS learned that legal challenge can make a difference.** Funding cuts to all 360 organisations funded by the Scheme were delayed while the Judicial Review was taking place and during the supplementary consultation and an additional 28 VCS projects were funded as a result of this new process.

However the final judgement did not prevent cuts to the Scheme once London Councils' had conducted its follow-up consultation and equalities impact assessment in line with the ruling. 215 of its VCS projects will have their funding cut in August 2011. From a budget of £26.4million agreed in 2010-11, the future Scheme's budget will be reduced to a target of £9million. Furthermore, boroughs have no obligation to use the savings from the Scheme to fund the VCS working locally in their borough or to replace those VCS services cut. **Thus, this could represent a cut of over 60% to London VCS funding, when the highest Communities & Local Government cut to the budget of any London local authority was 8.9% in 2011-12.**

**Tim Brogden, Policy & Networks Development Officer, LVSC**

#### **Other significant funding losses to the VCS in London include:**

- loss of the £28million London Development Agency Opportunities Fund at the end of March 2011;
- the decision to cut the proposed £4million Mayor of London Incubator Fund that would have helped VCS organisations prepare to bid for contracts; and

- uncertainty surrounding the £27million Financial Inclusion Fund in London after March 2012.

Table 1 illustrates how local authority and other spending cuts are being implemented in each of London's 33 boroughs with a particular emphasis on how the cuts have affected the local VCS and local Councils for Voluntary Service (CVS). It also details how much of the money withdrawn by boroughs from the regional London Borough Grants Scheme, which funded voluntary and community organisations working across boroughs or over the whole of London, has been ring-fenced for spending on the VCS locally.

**Table 1: Local authority spending cuts in London**

**Changes to funding 2010/11-2011/12**

<b>Borough</b>	<b>Cut to LA settlement<sup>38</sup></b>	<b>Cut to VCS</b> Red = disproportionate compared with LA cuts Amber = similar to LA cuts Green = protection from cuts White = no data found	<b>Cut to CVS</b> Colour key as in 'Cut to VCS' column	<b>% cut to any other local funding</b> Red = disproportionate compared with public spending cuts Amber = similar to borough cuts / mixture of good and bad practice Green = protection from cuts White = no data found	<b>Redistribution of London Councils (LC) repatriated money to VCS</b> Red = no ring-fencing of repatriated funds for VCS Amber = some ring-fencing Green = 100% repatriated funds ring-fenced for VCS and not replacing LA cuts White = no data found
Barking and Dagenham	£11.5million 5.9%	<b>estimated £250,000 8%</b> (25% cut over three years - but the cut may now being tempered by the repatriated LC funding)	<b>£97,500 increased to £126,000 29% increase</b>	Estimated cuts by PCT to VCS projects approaching 100% (however, figures not available)	<b>£170,000 (64%) allocated to commission VCS services to replace those lost from the borough £96,000 (36%) allocated to reduce funding cuts to local VCS</b>
Barnet	£7.7 million 2.6%	Adult social care budget £350,000 13% Grants programme £237,100 25%	<b>6%</b> (18% over 3 years = £17,500)	No information currently available	No information found on what is happening to £527,000 repatriated funds

<sup>38</sup> Available from: <http://www.local.communities.gov.uk/finance/1112/grant.htm> (15<sup>th</sup> July 2011)

Bexley	£5.8million 2.8%	estimated 20% (but decisions still to be made on CYP services)	9.7% (Capacitybuilders funding has also been lost)	Currently no cuts to PCT funds of £600-700,000 to VCS in borough but will be reviewed in March 2012	Estimate that less than £100,000 (<27%) of the repatriated funds (£364,077) have gone to local VCS but this will be stopped in 2013
Brent	£18.7 million 5.9%	There have been cuts but not clear what overall % is	Currently no CVS in Brent	£66,000 of LAA reward grant has been withheld	£231,500 (48%) spent on a local VCS safeguarding advice and guidance centre; £249,000 allocated to savings <sup>39</sup>
Bromley	£5.7million 2.5%	estimated 25%	estimated 25%	No information currently available	£275,000 (57%) of total £486,000 repatriated is to be spent on the local VCS
Camden	£21.7million 6.5%	£2.5million 28%	25-30%	PCT has also cut funding to VCS but no figures available	Commitment that the £397,363 (100%) will form part of LB Camden's Culture & Environment investment package in Camden's VCS <sup>40</sup>
City	£7.5million 6.5%	No information available	25% cut (negotiated down from 100% cut)	No information available	No information on what is happening to £6,552 repatriated funds
Croydon	£16.5million 5%	£540,000 27% to grant funding of sector (but negotiated down from a 67% cut and including a £300,000 transition fund) £3.5million 17.5% cut to services commissioned from VCS <sup>41</sup>	£880,000 37% <sup>42</sup>	No information available	No commitment to ring-fencing the £562,700 (0%) for the VCS <sup>43</sup>

<sup>39</sup> Available from: <http://democracy.brent.gov.uk/mgConvert2PDF.aspx?ID=5457> (15<sup>th</sup> July 2011)

<sup>40</sup> Available from: <http://democracy.camden.gov.uk/mgConvert2PDF.aspx?ID=1593> (15<sup>th</sup> July 2011)

<sup>41</sup> Available from: <http://www.cvalive.org.uk/LinkClick.aspx?fileticket=04iL3L5yAhE%3d&tabid=605>  
(15<sup>th</sup> July 2011)

<sup>42</sup> Available from: <http://www.cvalive.org.uk/LinkClick.aspx?fileticket=CDcF7z1lqn8%3d&tabid=646>  
(15<sup>th</sup> July 2011)

<sup>43</sup> Available from: <http://www.cvalive.org.uk/News.aspx> (15<sup>th</sup> July 2011)



Ealing	£15.5million 4.9%	0% until October 2011 around 11% (of £3.5million) over next two years – but with repatriated London Councils funding actually 8% increase in 2011/12	0% but a 15% cut to £60,000 to Ealing Community Network for the next two years	LAA Reward preserved; PCT cuts will be 21% over two years.	The repatriated funds £496,585 (100%) are going to be used to reduce the originally proposed LA VCS funding cut in 2011/12
Enfield	£8million 2.8%	£300,000 (1.9%) <sup>44</sup> A £1.9million 3- year development programme for the VCS has been set up from LA reserves	£0 0%	LAA Reward preserved	No commitment to ring-fencing the £468, 500 (0%) for the VCS <sup>45</sup>
Greenwich	£22.9million 7.7%	£2million 28.9% (over two years – whole cut taken in first year)	18% (over two years whole cut taken in first year)	No information currently available	In discussion
Hackney	£32.6million 8.8%	Team Hackney community grants scheme reduced by £207,234 (33%)	Grassroots grants ended in March 2011 losing £71,000	Some cuts by PCT to VCS but no estimate available	No commitment to ring-fencing the £343,600 (0%) for the VCS <sup>46</sup>
Hammersmith and Fulham	£14.8million 6.6%	£200,000 5.3% (£600,000 (16%)over three years Information on contracts not available)	Main council grant maintained 10% cut in overall LA funding through loss of project funding	Information not available on how much PCT spends on VCS contracts and grants and how much it has cut	Some of the £288,900 repatriated funds will be used to reduce the funding cuts to local VCS – the exact figure hasn't yet been decided
Haringey	£24.3million 7.9%	Approximately 30%	No funding cut from LA; small funding cut from PCT of around 5-10%	PCT has made cuts to VCS but figures are not available	Decision still to be announced but it appears that none of the repatriated £374,819 is going to be ring-fenced for the VCS

<sup>44</sup> Available from: [http://www.enfield.gov.uk/download/3379/information\\_and\\_consultation\\_paper](http://www.enfield.gov.uk/download/3379/information_and_consultation_paper)  
(15<sup>th</sup> July 2011)

<sup>45</sup> Available from:  
<http://www.ecen.org.uk/Uploads/LBE%20Budget%20Consultation%20Event%20report.pdf> (15<sup>th</sup> July  
2011)

<sup>46</sup> Available from:  
[http://www.teamhackney.org/team\\_hackney\\_board\\_agenda\\_and\\_papers\\_february\\_2011-  
amended.pdf](http://www.teamhackney.org/team_hackney_board_agenda_and_papers_february_2011-amended.pdf) (15<sup>th</sup> July 2011)

Harrow	£3.7million 1.9%	£118,000 15%	100% (although there were extenuating circumstances explaining this and future CVS funding is guaranteed <sup>47</sup> )	PCT has also cut funding to VCS 30% (£300,000)	No information on what is happening to £335,600 repatriated funds
Havering	£3.2million 1.7%	Some cuts but currently not quantified <sup>48</sup>	Some cuts but currently not quantified	No information available	No information on what is happening to the £372,800 repatriated funds
Hillingdon	£7.1million 3.1%	£200,000 15%	£38,000 (76%) cut by local authority £93,000 cut in total as PCT cut 100% of £20,000 for CVS and cuts from loss of Capacitybuilders	LAA reward grant cut by 50% (£169,000); PCT has cut VCS but not quantified	No commitment to ring-fencing the £401,400 (0%) for the VCS
Hounslow	£10.3million 4.7%	There have been cuts to the VCS but these have not been quantified	100% (contract awarded to GLE resulted in closure)	No information available	No information on what is happening to £346,700 repatriated funds
Islington	£26.8million 8.8%	25% LA have established a £1million rescue fund	£798,406 67%	LAA Reward cancelled	£150,000 (48%) of repatriated funding of £313,600 set aside for new CAB
Kensington and Chelsea	£11.4million 5.3%	6% <sup>49</sup>	6% £15,000	PCT funding for the VCS remains just over £1.5million with no funding cut	No information on what is happening to £316,500 repatriated funds
Kingston	£3.6million 2.6%	0% VCS grants for 2012-13 being reviewed	0%	PCT has retained 100% of funding to VCS in 2011-12	In discussion

<sup>47</sup> Available from:  
[http://www.civilsociety.co.uk/finance/news/content/7684/harrow\\_council\\_to\\_review\\_public\\_funding\\_for\\_the\\_voluntary\\_sector](http://www.civilsociety.co.uk/finance/news/content/7684/harrow_council_to_review_public_funding_for_the_voluntary_sector) (July 15<sup>th</sup> 2011)

<sup>48</sup> Available from:  
<http://www.yellowad.co.uk/news.cfm?id=25981&headline=Charities%20slam%20Havering%20Council%20over%20%20C2%A310m%20cuts> (July 15<sup>th</sup> 2011)

<sup>49</sup> Available from:  
<http://195.167.181.228/Asp/uploadedFiles/File/Policy/The%20Future%20of%20Voluntary%20and%20Community%20Sector%20Funding%20in%20Kensington%20and%20Chelsea.pdf> (July 15<sup>th</sup> 2011)

Lambeth	£29.9million 7.7%	There have been cuts to the VCS but these have not been quantified. It is expected advice services will be disproportionately hit	There have been cuts to the CVS but these have not been quantified The Resource Centre is to be cut by 30% over 3 years	No more information available	No information on what is happening to £437,400 repatriated funds
Lewisham	£21.8million 6.5%	Originally cuts to VCS were estimated at 20% but the repatriated London Councils funding should reduce this to 0%	0% LA authority cut of 20% was revoked	No information available on PCT budget for VCS in 2011-12 but that for 2010-11 was £10million	All £426,800 (100%) of repatriated funds are to be spent on VCS but most of this simply replaces funding cut by the LA £66,600 (16%) is to be spent on services previously funded through LC scheme
Merton	£6.8million 3.8%	LA has promised to protect VCS from cuts but no quantitative figures are available	No information found	No more information available	No information on what is happening to £323,600 repatriated funds
Newham	£32.4million 8.8%	No quantitative figures are available but there are large cuts to commissioned VCS children & young people's services	No information found	No more information available	£450,200 to be repatriated; petition by Ashton-Newton to repatriate for a year <sup>50</sup>
Redbridge	£5.9million 2.6%	0% (originally cut 5% then reinstated)	5% (core grants cut to all strategic partners and redistributed to other VCS pots)	50% cut to LPSA (pre-LAA reward grant)	Currently under discussion but some already used to reverse 5% VCS funding cut

<sup>50</sup> Available from: <http://www.nvsc.org.uk/2011/02/03/funding-petition-sign-by-24th-february/> (15<sup>th</sup> July 2011)

Richmond	£1million 0.6%	£64,096 3%	Currently consulting on VCS infrastructure and capacity building support	No more information available	No information on what is happening to £281,400 repatriated funds
Southwark	£33.7million 8.4%	estimated 10-15% <sup>51</sup> £800,00 cut from VCS day centres £1million VCS Transition Fund established	No information found	No more information available	£475,007 back not decided yet <sup>52</sup> Asked to go to VCS <sup>53</sup> and commitment that some will contribute to VCS grant scheme <sup>54</sup>
Sutton	£4.9million 2.8%	Some cuts – but tempered by £200,000 increase (from repatriated London Councils money) <sup>55</sup>	No information found	Some funding cuts by PCT but could not be quantified	£200,000 (59%) of £340,000 repatriated is to go to the VCS but used to reverse effects of cuts <sup>56</sup>
Tower Hamlets	£33.9 million 8.8%	£0 0% commitment to maintain mainstream grants this year Information on contracts not available	N/A new CVS	No information available on PCT grants and contracts with VCS	CVS wrote a letter asking for ring-fencing to VCS <sup>57</sup> Now agreed that £338,300 (100%) ring-fenced for local VCS
Waltham Forest	£13.4 million 5.2%	Some cuts but not currently quantified and confused by switch from grants to commissioning	Information not quantified	Two new grant funds for the VCS are being developed	£68,195 <sup>58</sup> (19%) used to fund local VCS groups who were previously funded by LC. Uncertain if remainder will be ring-fenced to VCS – is currently being consulted on

<sup>51</sup> Available from: <http://casouthwark.org.uk/wp-content/uploads/2011/01/NOTIFICATION-OF-FUNDING-DECISIONS-FOR-2011-12.doc> (15<sup>th</sup> July 2011)

<sup>52</sup> Available from: <http://moderngov.southwarksites.com/mgConvert2PDF.aspx?ID=15761> (15<sup>th</sup> July 2011)

<sup>53</sup> Available from: <http://casouthwark.org.uk/wp-content/uploads/2011/02/Statement-to-OSC-and-Cabinet-Feb-2011.pdf> (15<sup>th</sup> July 2011)

<sup>54</sup> Available from: <http://moderngov.southwarksites.com/mgConvert2PDF.aspx?ID=15913> (15<sup>th</sup> July 2011)

<sup>55</sup> Available from: <http://www.bbc.co.uk/news/uk-england-london-12675922> (15<sup>th</sup> July 2011)

<sup>56</sup> Available from: <http://www.suttoncvcs.org.uk/documents/Networker%20-%20April%202011.pdf> (15<sup>th</sup> July 2011)

<sup>57</sup> Available from: <http://www.thcvcs.org.uk/uploads/Letter-to-Mayor-LBTH-Repatriated-Funds-170511.doc> (15<sup>th</sup> July 2011)

<sup>58</sup> Available from: [http://www1.walthamforest.gov.uk/ModernGov/Published/C00000287/M00002602/AI00015454/\\$CabinetReport14thJuneV81.docA.ps.pdf](http://www1.walthamforest.gov.uk/ModernGov/Published/C00000287/M00002602/AI00015454/$CabinetReport14thJuneV81.docA.ps.pdf) (15<sup>th</sup> July 2011)

Wandsworth	£15.9million 6.5%	£759,980 estimated 30%	48% lost the funding to deliver volunteer centre activity to Groundwork London	No additional information available	£169,000 (36%) is ring-fenced for local VCS through new Big Society Fund. Another fund is being established for the VCS but it is unclear what proportion of the £464,300 repatriated funds this will be.
Westminster	£29million 7.2%	£772,132 <sup>59</sup> 17%	Funding has been cut but not quantified	All LAA reward grand funding cut	No information on what is happening to £365,600 repatriated funds

The information in this table is incomplete as not all boroughs collect information on their funding to the VCS separately, or it was not available at the time of publication.

### 3.7 Analysis of local authority cuts in London

Comparing only the 19 London boroughs with a confirmed measure of % VCS funding cuts, the mean % cut is over **twice as high** (Table 2) as the % funding cuts that Communities & Local Government listed for the equivalent local authorities. This suggests that **the local VCS is being disproportionately cut**. Similarly, comparing only the 17 boroughs with confirmed figures for the % funding cut to the local CVS the average is **four times higher** (Table 2) than that of the average % cut to the same boroughs' local authorities.

Finally, the 13 London boroughs where there had been a clear announcement about whether or not the 'repatriated' London Councils funding would be ring-fenced for the VCS, were analysed. From the total funds of £4.6million returned to these local authorities' budgets, **only 55% was ring-fenced for VCS organisations**. In comparison when this £4.6million remained within the London Councils Scheme, **all of this funding would have been spent on the capital's VCS, a loss of over £2million to the sector in London, across these 13 boroughs alone**.

**Table 2:** A comparison of the % cuts to local authorities against the same boroughs' % cuts to their local VCS and CVS

	Mean % LA cut	Mean % VCS cut
<b>Comparison of 19 boroughs</b>	5.2 ± 2.6*	11.5 ± 12.0*
	Mean % LA cut	Mean % CVS cut
<b>Comparison of 17 boroughs</b>	4.9 ± 2.0*	22.1 ± 34.2*

<sup>59</sup> Available at: <http://www.labourmatters.com/westminster-labour/over-1m-cut-from-westminsters-voluntary-sector-grants/> (16<sup>th</sup> July 2011)



\* Mean ± standard deviation

## Chapter 4: Findings

### Survey responses

#### 4.1 The economic and political climate

##### 1. Has the economic climate affected the communities you work with in the last year? (116 responses)

		%	Number
Yes		97.4%	113
No		2.6%	3

Nearly all respondents had been affected by the economic climate within the last year. 97% were also negatively affected in the year 2010 and 95% in the year 2009 suggesting that the impact is worsening for communities over time, each year worse than the last.

##### 2. If yes please describe how - in as much detail as possible

24 organisations specifically raised the issue of increased demand for **advice services and changes to benefits** (housing, welfare benefits / assessments, and debt advice). Some of the most marginalised communities had already been seriously affected. 14 organisations reported the impact of **rising unemployment**, including increased redundancies for people from BAMER communities<sup>60</sup> and women<sup>61</sup>, particularly those in part-time employment.

14 respondents reported on worsening **health, including mental health issues** for their client groups. 11 respondents reported increases in **poverty**, including **child poverty**.

9 organisations reported an impact of the economic downturn on **young people**, including the negative effect of not receiving a good standard of education. Another 4 organisations said **cuts to education** are negatively impacting on their communities. 7 organisations referred to the impact of economic climate on **children's services**. 2 organisations expressed concern about **fewer volunteering opportunities** as spending cuts had reduced organisational capacity to offer volunteering opportunities.

<sup>60</sup> Black Asian and Minority Ethnic and Refugee communities

<sup>61</sup> Also demonstrated through statistical research nationally. Available from:

<http://www.ippr.org/articles/56/7725/female-unemployment-highest-for-15-years-outlook-bleak-> (16<sup>th</sup> July 2011)



### 3. How do you think the economic climate will affect the communities you work with over the next year? (112 responses)

Respondents were generally pessimistic and concerned about the year ahead. **Approximately 77 respondents felt the situation would get worse and about 25 thought it might remain “more or less the same”.** A small number of organisations were uncertain. About 19 respondents believed **that** there would be an **increase in poverty and homelessness** as a result of a reduction in services and facilities. Moreover, an additional 8 organisations said that **changes to the benefits system** might lead to **greater inequality, poverty and unemployment**. Some respondents also claimed that an **increase in poverty and homelessness** would lead to **an increase in serious health issues**. 4 respondents expected **greater levels of anxiety and stress** among the communities they serve. Another 4 expected the **cost of living, including the cost of fuel to rise**, pushing more people into greater poverty and/or debt.<sup>62</sup>

22 respondents anticipated **less provision and support for those who need it most**. Advice, BAMER, youth, women’s and disabled people’s services were singled out as being most likely to be affected. 7 organisations expected **a rise in the number of service closures**, including services for disabled people and day centres for older people.

On a more positive note, 2 organisations reported that there might be **opportunities for innovation** once the first rounds of cuts had been made.

### 4. Has new government policy affected the communities you work with in the last year? (114 responses)

		%	Number
Yes		98.2%	112
No		1.8%	2

98% of respondents stated that government policy had affected the communities they worked with in the last year.

### 5. If yes, please describe how in as much detail as possible (107 responses)

17 respondents reported on the damaging impact of government changes to **welfare and housing benefits**. 2 organisations reported on the double whammy of further *“benefit changes alongside the removal of legal aid from much social welfare law”*.

<sup>62</sup> Electricity and gas bill prices are set to increase by an average of £16 and £18 respectively meaning that the average dual fuel customer will pay an additional £190 a year.  
<http://www.bbc.co.uk/news/business-14077651>



8 organisations criticised **the disproportionate impact of the public sector cuts on the communities they worked with** which included older people, BAME communities, women, homeless people, travellers, disabled people and young people.

Respondents reported that there were now fewer services for their users, giving examples of fewer day centres for older people and less floating support services for women. **Yet they had seen demand for such services increase.** For example, 5 respondents said that with higher unemployment, more people had sought their support, yet they now had less capacity to provide good quality services.

9 respondents **singled out the concept of the 'Big Society' for criticism.** 4 of these respondents claimed the "Big Society" policy initiative had hampered their capacity to support frontline organisations, service users and volunteers effectively. 3 organisations also blamed the '**Localism agenda**' for compounding the problems, suggesting it would result in fewer specialist services for marginalised groups, such as gypsies and travellers.

4 organisations mentioned that **changes to education policy** would have an impact on children and young people and may lead to fewer job opportunities for them in the future. Concerns were particularly raised about the impact on young people's aspirations<sup>63</sup>.

4 respondents felt that, despite its aims, the '**personalisation agenda**'<sup>64</sup> had led to less choice and control for some communities, such as disabled people.

9 organisations also reported that cuts in general are **damaging their organisations**, leading to redundancies, closures and/or fewer services. 4 infrastructure organisations said that their capacity to support front-line organisations had been seriously hindered by changes to government policy.

## **6. How do you think new government policy will affect the communities you work with in the next year? (107 responses)**

According to 10 respondents, government policies on **housing / welfare benefit changes** would severely affect disadvantaged communities such as LGBT communities, Deaf and disabled people, BAME communities, women and travellers in the year ahead. Moreover, a further 12 organisations believed government policies would lead to **greater poverty, homelessness and inequalities.**

12 respondents anticipated that there would be **fewer support services, including advice**, available for people, yet they expected demand to increase in the coming year.

A further 3 organisations said that government policies might have an **environmental impact** through the review of the Climate Change Act and other laws and regulations which protect the environment, wildlife, parks and open spaces.

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<sup>63</sup> Available from: [http://www.girlguiding.org.uk/our\\_research.aspx](http://www.girlguiding.org.uk/our_research.aspx) (18th July 2011)

<sup>64</sup> Available from: <http://www.personalisationagenda.org.uk/> (16<sup>th</sup> July 2011)

However, one respondent felt that the new Green Deal Scheme may have a positive impact although they predicted this could vary from area to area<sup>65</sup>.

## 4.2 Demand for services

### 7. Has demand for your services increased as a direct result of economic or policy changes over the last year? (111 responses)

		%	Number
Yes		82%	91
No		18%	20

82% of respondents said that demand for their services had increased in 2010-11. This is on top of the 68% increase reported in the 2010 report and 71% in 2009.

### 8. If yes, please give details and a percentage of that increase where possible (89 responses)

#### Level of demand

%	Number of respondents
0-10%	4
11-30%	15
31-50%	11
51-70%	0
71-90%	1
91-100%	2
400%	2



This shows that the median increase in demand was **11-30%**. Most respondents confirmed demand had increased but were not able to provide figures.

18 respondents said that **demand for advice services had increased** particularly benefits and unemployment advice. 7 respondents said as redundancies increased, they received **far more requests for volunteering opportunities**, although one BAMER infrastructure organisation reported that some BAMER organisations were struggling to recruit volunteers.

7 organisations supporting frontline organisations had seen **increases in requests for funding or fundraising support**. 5 local frontline respondents confirmed **the need for infrastructure support**, especially with regard to fundraising and business development support.

<sup>65</sup> Available from: <http://www.housingenergyadvisor.com/blog/what-is-the-green-deal-123/> (16<sup>th</sup> July 2011)

**9. Do you expect demand for your services to increase as a direct result of economic or policy changes over the next year? (111 responses)**

		%	Number
Yes		85.6%	95
No		14.4%	16

The majority of respondents (86%) expected demand for services to **increase even further** in the coming year.


**10. If yes, please describe how in as much detail as possible (87 responses)**

16 respondents expected large increases in demand for **unemployment, redundancy welfare, advocacy and housing advice services**.

Another 14 organisations anticipated **increases in demand for other services**, including property / premises, youth work, family rights advice and support for carers. An additional 4 expected demand to go up, but also mentioned that they **feared they would not be able to cope** or suspected they might **have to close their organisation down**.

8 **infrastructure organisations** reported that they expected to have to deal with an **increasing number of requests** including examples such as enquiries about closures, funding, policy changes and capacity building support.

**11. Has your organisation been able to meet any increases in demand for its services in the past year? (104 responses)**

		%	Number
Yes		56.7%	59
No		43.3%	45

57% of respondents had been able to meet demand until the date they completed the survey showing a level of resilience in the sector. However, over 40% had **not** been able to meet demand in the last year; suggesting needs were being left unmet.



**12. If yes, please describe what kinds of actions you have taken, including changes to your services, staff and volunteers; restriction on users who can access your service; action to support your finance and other areas of your business; any specific recession support you have (70 responses)**

There were only a few common actions named in answers to this question. The majority of respondents didn't specify what action they had taken.

21 out of the 71 responses reported that they were relying on **becoming less resource intensive**. 15 of those were **making greater use of volunteers** to save money. However, one respondent said that even though they have recruited more volunteers, they lack the resources to support them. 2 others were in the process of tightening up their volunteer policies. 4 respondents reported that they were concentrating on **developing fundraising strategies**, 2 of whom had successfully received funding as a result. 2 respondents said that the **Future Jobs Fund**<sup>66</sup> had helped them to take effective action and recruit more staff.

Other responses mentioned making better use of information technology (IT); switching from administrative support to frontline delivery; managing their own administration; and focusing on frontline services instead of strategic work.

### 13. Are you confident that your organisation will be able to meet any increases in demand for its services in the future? (106 responses)

		%	Number
Yes		22.6%	24
No		77.4%	82

Even though 57% of respondents had demonstrated resilience in their capacity to meet demand in the last year, 77% said that they were not confident they would be able to meet demand in the coming year<sup>67</sup>

### 14. If not what are your main concerns? For example on your ability to meet demand, on your service users, your staff and volunteers, etc. (90 responses)

21 respondents said they would not be able to **sustain all, or in several cases any, of their services in the future** unless adequate funding was found. They mentioned that they needed funding to maintain, support and train volunteers. Concerns were raised that the lack of funding could lead to greater levels of stress and anxiety for staff and volunteers. 11 organisations were **not confident that they would be able to attract funding in the future**.

4 respondents said they had had to **reduce their services**, whilst others said that **some of their services were likely to close down in the next year**. These included support services for homeless people, youth work and welfare rights advice

<sup>66</sup> Available from: <http://research.dwp.gov.uk/campaigns/futurejobsfund/pdf/fjf-guide.pdf> (16<sup>th</sup> July 2011)

<sup>67</sup> The NCVO charity survey in March 2011 confirms this pessimism, showing that 97% of charity leaders expect economic conditions within the sector to be negative over the next 12 months. Available from: <http://www.ncvo-vol.org.uk/news/members/charity-leaders-confidence-levels-hit-rock-bottom> (16<sup>th</sup> July 2011)

provision. 11 organisations said they were **reliant on the good will of staff and volunteers** to continue to meet demand.







### 4.3 Organisational change

#### 15. Has your organisation already taken action to help it survive economic or policy changes over the last year? (113 responses)

		%	Number
Yes		93.8%	106
No		6.2%	7

Most organisations responding had sought positive solutions to survive the economic or policy changes in the last year, with only 6% having taken no action.

#### 16a. If yes, what actions has your organisation taken? (107 responses)

		Response Percent	Response Total
Collaboration		51.4%	55
Sharing back-office functions		15.9%	17
Making staff redundant		54.2%	58
Taking on more staff		8.4%	9
Taking on volunteers		56.1%	60
Making changes to its premises situation		31.8%	34

The most common response to the changing economic and policy environment over the last year amongst respondents had been to **take on more volunteers** (56%), with only 8% taking on more staff. The fact that 54% of respondents had **made staff redundant** indicates that staff may be being replaced by volunteers, which was also reflected in answers to previous questions. Although 51% of respondents were collaborating more this year, only 16% had taken this a step further by sharing back office functions.

**16b. Please describe the actions ticked above and any others that your organisation has taken. (107 responses)**

Many respondents were considering **merger** or increasing their **collaboration with other organisations**. The most common reason given for this was to submit more effective funding bids. 3 respondents reported on the benefits (or anticipated benefits) of **the Transition Fund**<sup>68</sup> in assisting them to take action, such as exploring collaborative opportunities.

6 respondents stated that they were **restructuring as well as looking at other cost efficiencies they could make**. 3 organisations reported using **unpaid interns or students** to help tackle the impact of economic and political changes and support hard-pressed staff.

**17. Will your organisation be taking action to help you and your services survive economic or social changes now or in the future? (111 responses)**

		%	Number
Yes		96.4%	107
No		3.6%	4

**18a. If yes, what actions will your organisation be taking? (107 responses)**

		Response Percent	Response Total
Collaboration		62.6%	67
Sharing back-office functions		30.8%	33
Making staff redundant		32.7%	35
Taking on more staff		9.3%	10
Taking on volunteers		43.9%	47
Making changes to its premises situation		32.7%	35

Only a third of organisations reported that they were expecting to make more staff redundant in the coming year, despite the fact that further public sector spending

<sup>68</sup> Available from: <http://www.biglotteryfund.org.uk/transitionfund> (16<sup>th</sup> July 2011)

cuts are planned in the next two years and 77% expected decreases in public sector funding. Over half of respondents had made staff redundant in 2010-11.

The most common future action was reported to be **collaboration**, with almost 10% more organisations reporting that they would collaborate in the future than had considered or developed collaborative action in the previous year. In a similar vein, the number reporting that they would **share back office functions with other organisations** was almost double the number who reported that they had done this in the previous year.

The smaller number (more than 10% lower) reporting that they would take on more volunteers than had already done so in the previous year, may reflect the lack of capacity to support volunteering opportunities, as identified in answers to previous questions.

Only 33% reported that they would have to make changes to their premises situation but, in answer to this question, one specialist premises support organisation reported that they anticipated more calls in the coming year as **many organisations need to downsize**.<sup>69</sup> They also mentioned the many *"opportunities being floated, such as the Community Right to Buy and the Community Right to Challenge"*.<sup>70</sup>

#### **Premises issues in the current economic climate**

The Ethical Property Foundation provides property advice to charities and community groups, supporting them to ensure that property is a boost to what they do and not a drain on time and resources. **We have seen that voluntary sector organisations are being affected both by the economic downturn and the policies and cuts implemented by the Government.** As the Big Squeeze survey has shown around 30% of respondents have made, or are thinking about making, changes to their premises situation due to the impact of the cuts. Voluntary groups have come to us when they have more space than needed; others are struggling to pay the rent and, with no option to get out of their lease, are struggling to find alternative options. **The changes to local authority premises policies have seen a move from subsidised to commercial rents, which is a major challenge for many groups' finances.**

However for some this is a time of opportunity; with the commercial property sector badly hit by the recession, even in London, **there are more opportunities to negotiate on anything from rent free periods to lower rents.** Or if organisations are looking to buy there are social lenders who are still lending while the high street banks stay quiet. Others are also looking at opportunities to rent out space to others, share back office functions, implement energy saving schemes and overall be more inventive and entrepreneurial with the way they use their premises to save money and generate income.

continued

<sup>69</sup> Available from: [http://www.ethicalproperty.org.uk/news\\_detail.aspx?ID=69](http://www.ethicalproperty.org.uk/news_detail.aspx?ID=69) (16<sup>th</sup> July 2011)

<sup>70</sup> Available from: <http://www.communities.gov.uk/localgovernment/decentralisation/localismbill/communityrights/> (16<sup>th</sup> July 2011)



### **Premises issues in the current economic climate (continued)**

**The transfer of buildings across London from local authorities to voluntary sector groups (asset transfer) continues to gather momentum.** This can be a great prospect for organisations and can give them the stability of their own asset, to generate unrestricted funds and create more community ownership. However, the process can be long and expensive, and groups need to be sure that the buildings are assets not liabilities, and can deliver for them in the long term. The new Community Right to Buy, in the upcoming Localism Bill, could be another way for groups who want to take on community assets to have the opportunity to bid for property being sold by local authorities. **But the proposed six month window of opportunity to bid will not be realistic for many groups.**

With many shops and offices lying empty, there are opportunities for **short term use of empty properties (meanwhile use)**, often for free or significantly reduced cost. This has been successful in areas like Hackney and is an opportunity for community groups, charities and arts organisations to showcase their work, test out new ideas or have a better space to interact with their local community.

Today's political and economic outlook is turbulent, there is a lot of uncertainty and a lot of good voluntary sector groups are disappearing. But look out for opportunities, get good advice and make sure you consider your premises issues as part of your strategic planning to ensure that property is a boost and not a burden.

**Anna Hirschfield, Property Advice Manager (London), Ethical Property Foundation**

### **18b. Please describe the actions ticked above and any others your organisation will be taking. (107 responses)**

#### **Additional actions mentioned by respondents included:**

- Setting up a Community Interest Company in preparation for developing consortia bids.
- Taking on not just volunteers, but unpaid interns and apprentices to supplement reduced staff levels.
- Developing fundraising capacity and diversifying income streams.
- Cutting costs through efficiency savings and greater use of IT.

These illustrate how organisations are beginning to think of new ways of working to cope with the effects of the new economic and policy climate. These covered a number of positive actions which show the resilience of the sector.






## 19. Do you feel confident to plan for 2011-12? (101 responses)

	No. respondents
Yes	26
Yes, but limited/short term/relatively	32
Very difficult to plan in these uncertain times	8
Reasonably	7
No	28

Only 26% of respondents to this question felt fully confident that they could plan for 2011-12.

## 4.4 Funding cuts

### 20. Compared to 2010-11, what do you expect to happen to your funding from the public sector (i.e. not trust funders) in 2011-12? (115 responses)

		%	Number
Increase		1.7%	2
Decrease		77.4%	89
No change		6.1%	7
Don't know		7.8%	9
N/A		7%	8

In the 2010 survey, 53% of our respondents anticipated a reduction in public sector funding, whereas in 2011, 77% thought their public sector funding would fall. This suggests that confidence in future public sector funding opportunities is relatively low across these VCS organisations and has reduced over the last year. Interestingly, this year's survey showed that 51% of organisations had closed services and 54% had made staff redundant, suggesting that the 2010 prediction by 53% of organisations of a reduction in their public sector funding was reflected by the actions of a similar proportion of organisations over the last year.

### 21. If you are expecting a decrease in funding from the public sector, please tell us approximately by what percentage (%); or any other relevant details you can provide. Alternatively tell us about your broad expectations for the future of any public sector funding you currently receive (96 responses)

Of those organisations who provided figures, the median cut in public sector funding they expected was 31- 40% (see table on next page). 33 organisations stated that they were uncertain of the amount of such funding cuts reflecting the low numbers who felt fully confident in planning ahead.

## Range of cuts:

%	Number of respondents (63)
0 - 10%	5
11 - 20%	8
21 - 30%	18
31 – 40%	5
41 – 50%	4
51 – 60%	4
61 – 70%	3
71 – 80%	4
81 – 90%	0
91 – 100%	12

The **London Councils funding cut** had affected 5 respondents. 4 other organisations reported that **large public sector contracts had ended** which were not being replaced.

The abolition of the **Working Neighbourhoods Fund** and **Future Jobs Fund** were also mentioned, as other sources of public sector funding that had been lost, as well as the difficulty of engaging with new public sector programmes.

*“Financial capability has been weakened by the withdrawal of the Working Neighbourhoods Fund. There is also a minimum £500,000 tendering requirement from Skills Funding Agency which will affect small specialist organisations like ourselves and that is a big concern”.*






*“The ending of the Future Jobs Fund (which we delivered locally) and the new Work Programme which has - despite government rhetoric - virtually eliminated voluntary sector input to this area as a result of the contracts going to very large private companies. [This] means that we are unable to deliver this work, which we were doing very successfully”.*

7 organisations recognise that **commissioning** [which within the context written we take to mean **competitive tendering for contracts**] **is now much more commonplace**. Even though some of these respondents are ready for this, some smaller organisations stated that they were not able to compete effectively.

*“The funding went through a competitive tendering process with an 80% weighting towards price. We could not compete with larger organisations with greater economies of scale”*

However, 4 respondents reported they had successfully adapted to the new political and economic situation by seeking **new funding opportunities** and/or **developing relationships with the private sector**.

**22. Compared to 20010-11, what do you expect to happen to your funding from trust funders (i.e. not the public sector) in 2011-12? (115 responses)**

		%	Number
Increase		25.9%	30
Decrease		28.4%	33
No Change		13.8%	16
Don't know		23.3%	27
N/A		8.6%	10

Only 28% of respondents reported that they expected a decrease in their trust funding next year and this was **lower than reported in 2010**, where the figure was 38%. In contrast, 26% of respondents felt that their trust funding would increase in the next year. These figures may reflect the fact that with less public sector funding, more organisations will be seeking trust funding to replace this than in previous years.



**23. If you are expecting a decrease in funding from trust funders, please tell us approximately by what percentage (%) - or any other relevant details you can provide (45 responses)**

**% Decrease                      Number of respondents**

0 - 10%	1
11 - 20%	2
21 - 30%	5
31 - 40%	0
41 - 50%	1
51 - 60%	0
61 - 70%	0
71 - 80%	1
81 - 90%	0
91 - 100%	4

Only 14 organisations responding to this question provided a % estimate of reductions expected. For those organisations providing figures, the median decrease in trust funding next year was expected to be **21-30%**. 7 respondents expressed concerns about an increasing level of **competition for trust funding next year** and suggested that could result in them spending more of their time completing funding applications.

## 24. Have any of your services closed over the last year? (114 responses)



		%	Number
Yes		50.9%	58
No		49.1%	56

51% of respondents had **had to close services over the last year**. Thus over half of VCS organisations were already withdrawing some services and so reducing what they could offer to provide to their users.

## 25. If yes, what? (61 responses)

8 respondents reported that their **advice services / functions** had closed or had been reduced. 7 respondents reported closures or cut backs to **health-related services**. 5 respondents reported that **youth services** had been cut. Closures of **employment-related services** were raised by 2 organisations. A specialist BAME infrastructure research report suggests that spending cuts may also disproportionately put **BAME organisations** at risk of service closures.<sup>71</sup>

## 26. Are you expecting any of your services to close in the next year? (109 responses)

		%	Number
Yes		54.1%	59
No		45.9%	50

54% of organisations **expect services to close in the coming year**. Taken in conjunction with the 51% who had reported closing services in the previous year, this indicates a **huge potential loss of VCS service provision**, if our findings are representative of the wider London VCS. While acknowledging the difficulties of drawing any conclusions from the small number of respondents, it is interesting that although 54% of respondents expected to close services next year, only 33% expected to make staff redundant (Question 18). This may reflect the suggestion garnered from answers to previous questions that **more services are relying on volunteers for delivery**. Alternatively, organisations may have unrealistic expectations of retaining staff in the current climate.

## 27. If yes, what? (66 responses)

6 organisations said that **children's services were at risk of closure** (including a toy library, playgrounds, a mobile holiday play scheme for young people on estates

<sup>71</sup> MiNet (2011) "The Impact of the Economic Downturn on BAME Educational Services". Available from: <http://www.rota.org.uk/Downloads/MiNet%20Education%20Mapping%20Report%20-%20May%202011.pdf> (16<sup>th</sup> July 2011)

and services for disabled children. 5 organisations reported that their **advice service(s) are expected to close down**: this included one organisation that ran **eight advice surgeries**, previously funded by London Councils. 4 respondents said that **health or health-related projects could end**, including projects for refugees and asylum seekers and a leisure service. 2 respondents reported that **volunteering services for people with particular needs are at risk of closure** in the coming year.

## 4.5 Learning & looking forward

### 28. From your learning over the last year, what would you like to share with us and others? (85 responses)

Analysis of responses suggests that the main theme in the answers to this question was the importance of **collaboration** and **partnership work to make the most of limited resources** (14 respondents). 9 respondents reported that they had learnt that they needed to plan as early as possible and conduct evaluations and risk assessments.

5 organisations recommended **diversifying income sources** as over-reliance on a single funding stream would not be sustainable in the future. 4 organisations said that **creativity and innovation** had helped them to move forward and that the sector needed to meet and rise to challenges by involving all staff, trustees and volunteers in addressing issues in new ways.

### 29. What support do you need to help you respond to economic or social changes? (88 responses)

The most popular type of help requested was **support to obtain funding and to lobby for sustainable funding and contracts** (13 respondents). 6 organisations said that they wanted support around **lobbying** and **campaigning to demonstrate the value of the sector**. Additionally, 5 local frontline organisations requested **infrastructure** and **business expertise support**. 3 respondents asked for **support around tendering** and **seeking partners** and 2 organisations stated that they needed support in developing statistical ways of **measuring the value of infrastructure organisations**, whilst another talked of the related issue of cost-benefit analysis.

#### Other support needs included:

- monitoring and evaluation;
- support for organisations to assist Londoners with the impact of changes to welfare and housing benefits.
- support to use equality legislation to challenge funding cuts.

### 30. Do you have any suggestions as to how LVSC, policy makers and funders can plan ahead and influence next year's budget processes?

#### For LVSC

Suggestions for LVSC and numbers of respondents

<b>Lobbying and campaigning at a local and regional level, including enabling the sector to respond as one body</b> to the impact of the cuts. This role should also: <ul style="list-style-type: none"> <li>• lobby to demonstrate the value of the VCS, both social and economic</li> <li>• show the impact of the cuts on the advice sector and the Londoners they serve. This included one organisation that wanted support to meet with politicians and policy makers;</li> <li>• focus campaigning on the mayoral manifestos to influence candidates;</li> <li>• use radio (community, regional and national), TV (particularly, BBC London) and current affairs debates to influence public opinion.</li> </ul>	<b>16</b>
<b>To continue doing what it is doing.</b>	<b>5</b>
Support in <b>sharing best practice</b>	<b>4</b>
CVSs also asked LVSC to support them to <b>argue the case for a sustainable second tier sector</b>	<b>2</b>
To have a role in <b>demonstrating the impact of the sector.</b>	<b>2</b>
Capture grassroots issues and the impact of the cuts on vulnerable Londoners	<b>2</b>
<b>Other suggestions:</b> <ul style="list-style-type: none"> <li>• Provide information on cuts</li> <li>• Support local groups</li> <li>• Evidence the cost benefit of the advice sector</li> <li>• Develop links between different organisations to attract funding for new services and assist them to diversify income streams.</li> <li>• Help to get the sector into shape to compete with the private sector.</li> </ul>	<b>5</b>

#### For policy makers

Most organisations made a wide range of recommendations. However the key suggestions made were:

The need for policy makers to have a greater understanding <b>of the needs of the sector and their service users,</b>	<b>8</b>
The importance of <b>addressing the consequences of spending cuts</b> on service users, including socially excluded communities	<b>2</b>
<b>Other suggestions:</b> <ul style="list-style-type: none"> <li>• Bring in change more slowly.</li> <li>• Consider how you could encourage more services to be commissioned from the sector.</li> <li>• Understand that volunteers need support and infrastructure.</li> </ul>	



- Address benefit reforms and immigration legislation (e.g. more flexibility for migrants to work) that disadvantage the poorest
- Ensure a balance of bidding for contracts and grant funding depending upon the experience of organisations in delivering services
- Properly implement equality impact assessments / analyses (not tick boxes) before changing policies
- Recognise the role of Refugee Community organisations as a conduit to reaching “hard to reach” communities.
- Increase ‘Invest to Save’ programmes
- Reconsider and increase borough-specific housing targets
- Encourage less regulation, yet more accountability
- Publicise future funding sources better
- Support the sector to engage when major policy changes such as the change to benefits are published
- Consider adequate funding to ensure the VCS can engage in consultations, such as responding to Green Papers.

## Funders

Provide greater <b>flexibility</b> and <b>sustainability</b> and consider the <b>track record of organisations</b> especially those who work with excluded communities (e.g. disabled people). Funders should <b>work together more strategically</b> and take a holistic approach to the sector, in view of the current situation where there are fewer resources but greater need.	<b>12</b>
Include <b>full cost recovery</b> and <b>volunteer management &amp; training costs</b> in their funding agreements or contracts.	<b>4</b>
<b>Funding for infrastructure organisations</b> is a cost-effective way or providing more support for hard-pressed frontline organisations.	<b>3</b>
<b>Other suggestions:</b> <ul style="list-style-type: none"> <li>• Payment by results needs to be set at a fair level in relation to the savings made in service delivery</li> <li>• Consider the needs of specialist organisations as some are more reliant on, and in need of, public sector funding than generic organisations</li> <li>• Provide a mixed economy of small grants and commissioning</li> <li>• Do not freeze out small providers in commissioning agreements</li> <li>• Adhere to the spirit of the Compact when considering funding and commissioning the sector</li> <li>• Help groups to understand the commissioning process</li> <li>• Consider the added value of the sector</li> <li>• Carry out equality impact assessments to ensure fairness</li> <li>• Facilitate more partnership working for joint bids</li> <li>• Recognise the roles of refugee community organisations</li> </ul>	

## A Funder perspective: back to purpose and value – LB Camden

A year-long review has resulted in a new set of funding programmes from Camden Council's Culture & Environment Department. The new three-year **Investment & Support programme** aims to promote **positive investment** and **support the local VCS** in the context of around **28% local authority cuts** to the sector's funding. Existing contracts with VCS organisations have been extended to the end of 2011 while changes are being made, and a new budget of **£6.5million per year** (the largest VCS budget per capita in London) will be implemented from the start of 2012. New programmes include:

- **Equalities and cohesion fund:** grants up to £50,000 per year for organisations to work to improve local equality and cohesion
- **Organisation and market development lead volunteering support:** recognises that if the VCS in the borough is to be "robust, diverse and able", the Council needs to fund one organisation to offer effective non-financial support in conjunction with the council's own team
- **Community centres fund:** recognises the importance of geographic and community of interest hubs and anchors. Grants of up to £100,000 per year.
- **A VCS rent policy for council properties,** to improve access to suitable and affordable premises for local groups. This has introduced a new formula of 100% rent relief to hyper-local VCS (over 90% of services / activities delivered from the property directly benefit Camden residents); 50% for largely local VCS (50-90% of services / activities benefit Camden residents).
- **Innovation and development fund:** to identify, support and grow local solutions to social problems.

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## Chapter 5: The key themes

This chapter provides a more in-depth picture of the impact of the economic climate and policy changes on Londoners, and the VCS including staff, volunteers and trustees. Advice services, health (including social and psychological impact) and volunteering have remained the key themes since LVSC started the Big Squeeze campaign in 2009. However, the 2011 responses suggest increasing levels of poverty and rising inequality as statutory budgets have been cut. Also in the 2011 survey, the impact of cuts on children and young people has become a concern, particularly for BAMER and disabled children and young people, and preventative services appear to have been disproportionately cut.

Our survey respondents highlighted London's older people, women, disabled people, BAMER and LGBT communities, children & young people and gypsies & travellers as feeling the brunt of the cuts more severely than the general population.

### 5.1 Advice services, unemployment, debt and poverty

#### 5.1.1 Advice services

The survey suggests that there had been a continuing increase in demand for **advice services including housing, welfare benefits and debt advice**. Respondents reported that some of the most marginalised communities have already been affected by recent policy changes.

*"There appears to be little or no consultation or proper planning - people are called to meetings with social workers or care managers, are being "assessed" without knowing what's happening, or without access to an advocate".*

#### London's Advice sector: an overview

London's advice sector is facing an unprecedented squeeze in 2011. Demand for advice is at record levels, due to a complex combination of welfare reforms, particularly **Local Housing Allowance changes**, which hit London harder due to high rents and a lack of affordable housing. On top of these issues, London has historical **high levels of unemployment** and **child poverty**, as well as **personal debt** spiralling upwards ever more sharply.

Yet, at exactly the same time as demand rises, the advice sector is being hit by immediate and imminent cuts to funding from national, regional and local sources, with the attendant closure of services.

continued...

### London's Advice sector: an overview (continued)

The **demise of Refugee Migrant Justice** in 2010 left thousands of people needing to seek alternative assistance on partially progressed cases. The shift from grant funding to contract funding was a major factor in their closure and a loss of quality advice and representation was widely felt.

The **Legal Aid Bill** proposes the removal, entirely or partially, of a raft of social welfare law categories, including welfare benefits, employment, debt, housing and immigration. The Ministry of Justice estimate at least **75% of cuts will fall on VCS providers**, which could lead to the closure of a third of Law Centres. Despite 5,000 responses to the consultation, of which 90% *“disagreed with the proposals”*, the Government is pressing ahead.

London Councils' review of its grants programme saw **a number of frontline advice services lose commissions** because it was not accepted that they worked on a pan-London basis or because they did not meet the new scheme's priorities. Some advice agencies had commissions extended, as the links between the priority of 'poverty reduction' and social welfare advice were recognised. However, a number of homelessness service commissions may still end in December 2011 and there remains much uncertainty about funding beyond this date.

**London's Capitalise debt advice programme**, funded through the Financial Inclusion Fund, was given a last minute reprieve in February, although there is no assurance of continued funding beyond the end of this financial year. This partnership produced new ways of reporting geographical demand for debt advice, yet faces a very uncertain future.

At a local level, many **local authorities are reviewing funding for voluntary and community advice organisations**. Some, like Ealing, have pledged to protect levels of funding for advice services, while others, such as Hackney, undertaken reviews of information and advice provision locally. However, in some authorities, advice funding is diminishing or vanishing.

Youth Access, the membership organisation for young people's information, advice, counselling and support services, surveyed their 200 members: 97% reported cuts to at least one stream of statutory funding, with **18% of youth advice services likely to close down this year** and a further **55% set to continue at reduced levels**. Yet reports from the frontline are of **more young people reporting as homeless** already, before housing reforms have properly begun to bite.

The advice sector remains resilient and is already developing new and innovative ways to deliver services and meet rising demand such as technological opportunities, closer partnership working and community advice networks. However, whether they can survive the current pressures is a question that many are asking.

**Paul Treloar – Head of Policy and Communication, Lasa**

### 5.1.2 Impact of benefit changes to Londoners

Respondents suggested that cuts to Local Housing Allowance (LHA) will soon begin to take full effect and those on this benefit from inner London boroughs with more expensive housing costs, will be forced to move to cheaper areas. Such moves risk the loss of social support networks, interrupting children's schooling and increasing distance from centres of employment.

*"The housing benefit changes will mean that lots of the people we serve will have to consider moving house and local communities will be disrupted".*

*"Local Authorities will be desperate for accommodation to house the influx from richer boroughs".*

Several respondents were concerned that disabled people would feel the impacts disproportionately.

#### **A disproportionate impact of benefit reforms on disabled Londoners?**

Inclusion London's analyses of the Annual Population Survey (APS) and Family Resources Survey (FRS) demonstrated that **disabled people in London are likely to be in the lowest income groups**. It is, therefore, likely that the package of benefit reform measures proposed by the coalition government will have a relatively **greater adverse impact on disabled people** than non-disabled people.

A wide range of changes to housing and other benefits have been announced over the previous year, many of which would be likely to impact on London disproportionately. Since disabled people are more than four times as likely (27%) as non-disabled people (6%) to be receiving housing benefits, there is likely to be a disproportionately negative impact on them. Living in London, and being disabled, could result in being unable to afford to live in your own home, through the cumulative impacts of the changes to housing benefit and disability living allowance, as well as many of the other benefit reforms. The introduction of so many benefit reforms at once ensures that those who have multiple disadvantages are those who lose the most.

While Inclusion London's review pointed out numerous overlapping adverse financial impacts of recently announced policies, the true impact of government policy on disabled people's lives is likely to be significantly more far-reaching and fundamental. The findings indicate that statistics of inequality are likely to worsen over time for disabled people across the different domains of life.

**Adapted from an article by Anne Kane, Head of Policy, Inclusion London**

### 5.1.3 Rise in unemployment

Survey respondents reported that rising unemployment is a huge issue for their service users and is linked with other problems such as poverty, debt and poor mental and physical, health. Our respondents suggested that it was older people, young people, BAMER communities, women and disabled people, who were disproportionately affected by the lack of employment opportunities

#### Employment and Skills in London: an overview

The combined impact of the recession and cuts has put enormous pressure on VCS groups working with unemployed Londoners over the last year. While the city's overall employment rate picked up slightly through late 2010, it is still a long way from pre-recession levels and there is still **a significant gap in London's employment rate and that for the rest of the UK.**

Many of the client groups that VCS groups specialise in supporting have lower employment rates in London than in the rest of the UK: lone parents; disabled people; Black, Asian, and Minority Ethnic people; and young people. **The recession has seen most of these gaps increase.**

*"We work with disabled people, including those with mental health problems. ....higher unemployment makes moving our clients into jobs much more challenging."*

Against this backdrop, we have seen enormous changes to the world of statutory welfare to work provision, with the cessation of all existing employment programmes (including the Future Jobs Fund), and their replacement by the single, universal **Work Programme.**

Cuts to the Working Neighbourhoods Fund (disproportionately impacting on boroughs with high unemployment) and the end of the London Development Agency have also reduced employment support for disadvantaged groups in London. The **London Skills and Employment Board**, a Mayoral-led champion for the capital on employment and skills issues, was wound up in April 2011. LVSC's Chief Executive, Peter Lewis, sat on that board on behalf of London's VCS employment and skills providers and helped ensure the inclusion in its legacy report of ambitious **targets for closing the gaps in employment and skills rates between particular groups in London.**

For VCS employment and skills providers, the Work Programme held out some hope that they would receive funding for their specialist employment support, However, despite strong ministerial rhetoric, it looks as though fewer than 30 VCS groups will hold substantial delivery subcontracts in London. Even those groups delivering the Work Programme under subcontract face enormous challenges, including **low fees and high-risk outcome-based payment models.** Groups without Work Programme subcontracts, or with *ad hoc* arrangements, are **struggling to find funding** to continue supporting their clients and some will **give up their employment work entirely.**

continued....

### **Employment and Skills in London: an overview (continued)**

*“Work Programme payment on outcomes effectively removes smaller voluntary organisations - we can't take the risk, we don't have the capital behind us. “*

Meanwhile the impact of reforms and internal change to key public sector ‘co-financing’ bodies have meant **delays in commissioning European Social Fund programmes**. Many employment and skills groups have also been hit by **cuts to local authority Supporting People grants**; the winding down of Primary Care Trusts; and cuts to education and young people’s services.

The net result is that employment and skills groups in the capital face **enormous reductions in statutory revenue**.

There is overwhelming concern about the adequacy of future provision of employment and skills services to the most vulnerable Londoners. Moreover this is at a time when provision of other essential support services such as ESOL, youth centres, and debt advice are under threat, and many unemployed people are facing punitive welfare cuts and sanctions.

**Steve Kerr, LVSC Policy Officer (Employment and Skills)**

#### **5.1.4 Poverty and debt**

Several respondents raised concerns about the increase in fuel poverty due to the double impact of the rising cost of living, together with higher levels of unemployment. Service users are struggling with *“the cost of food and fuel and generally everything being more expensive with less money and [the] drive [to get the unemployed] back [in]to work.”* One respondent reported that the numbers of people calling them about debt has doubled again for the third year in a row and that *“the numbers calling because they cannot afford their current accommodation continues to rise”*.

#### **5.2 Health, social and psychological impact**

Our respondents suggested that the knock-on effects of public sector cuts and government policies are compounding already worsening health problems for the most disenfranchised communities. Changes to benefits and fewer employment opportunities were singled out in answers to the survey as specifically contributing to poor health.

Several survey respondents thought that short-term cuts to preventative services would result in worsening health and a greater cost to the NHS in the long term could be greater than the savings made.

*“We see cutting preventative services as short-sighted – it is likely to cost the Council and the NHS more in the long run”*



Vulnerable people rely on preventative services, including day and neighbourhood centres without which they are at risk of becoming more lonely and isolated:

*“For some, these services are a link to the only social contact that they have, for others it is the only hot meal that they can access”.*

As reported in last year’s survey, domestic and sexual abuse is expected to increase as evidence points to its correlation with levels of unemployment. Such abuse is linked with worsening mental and physical health, and this link will only be exacerbated, if services to support victims close.

*“The implication of the cuts on domestic and sexual violence services will mean that over 70,000 women may not be able to access a service after April 2011, putting more lives at risk.”*

### **VCS health and well-being services in London: an overview**

Inequalities in health outcomes, such as life expectancy and infant mortality reflect socio-economic inequalities and **London has the greatest such inequalities in the UK**. The capital also has specific health problems with the highest rates of new diagnoses of sexually transmitted infections, around 40% of the country’s known cases of tuberculosis and 52% of HIV. **These health problems disproportionately affect some of the poorest and most excluded groups.**

There are also clear relationships between **unemployment, its associated poverty, and physical and mental health**. Moreover, these relationships are not restricted to unemployment *per se*, but have been shown to be associated with worse health and well-being within the families and wider social circles of people who are unemployed for a long time.

However, at a time when unemployment and poverty are increasing, **which these associations suggest will increase demand for health services**, the coalition government has proposed **the biggest and most controversial reforms to the NHS since it began**.

Consultation with London’s VCS organisations has raised many concerns about the proposals, each of which could add to the other to substantially worsen the health of Londoners and increase health inequalities in the capital.

These include:

- the **speed of reform**, with many Primary Care Trusts in London currently restructuring across borough boundaries and losing staff and expertise;
- the **lack of involvement of VCS organisations** in new Commissioning Consortia and Health and Well-Being Boards, with no other obvious means to engage the most disadvantaged Londoners or identify gaps in statutory health service provision;

continued.....

### VCS health and well-being services in London: an overview (continued)

- the danger of **reduced integration of public health with Clinical Commissioning Consortia priorities**, when responsibility for public health moves to local authorities; and
- whether, and how, specialist health and social care services will be commissioned, when the new commissioning bodies cover small local areas, where small numbers of service users make **such services too expensive to be economically viable**.

LVSC's work with London's VCS providers has shown that most specialise in holistic, preventative health services. The majority are currently commissioned by local authorities, rather than Primary Care Trusts. With the huge cuts to local authority budgets, **these services are now under threat**. However, the restructuring of Primary Care Trusts and accompanying loss of staff with knowledge of the sector, mean that the VCS is also facing cuts on this front and, in some cases, the loss of funding streams from both.

The Big Squeeze survey confirms that preventative **VCS health and social care services are losing disproportionate amounts of funding**, at a time when **demand for these services is increasing**. This suggests that it is the most disadvantaged, already at risk of worse health outcomes, who will be disproportionately affected. With no support or advice offered before clinical symptoms develop, these policies are likely to lead to worsening health inequalities and increasing costs for the NHS in the long-term.

At a London-wide level the Mayor of London has a statutory duty to **improve the health of Londoners and reduce health inequalities in the capital**. The first London Health Inequalities Strategy was published in 2010 and this includes an acknowledgement of evidence that **involvement in VCS activity itself can improve health and well-being**. The Secretary of State's recent approval of a **London Health Improvement Board**, chaired by the Mayor (although with no clear VCS representation decided), should support the delivery of the Strategy and ensure more joined-up approaches to improving health and well-being in the capital. Whether this city-wide approach will be sufficient to address all the problems looming for VCS health providers at risk of closure, and for their service users who could lose their only early support mechanisms, is a gamble that we must all hope pays off.

**Alison Blackwood, Head of Policy and Knowledge, LVSC**

## 5.3 Volunteering

According to our survey respondents, rising unemployment and the publicity provided by the "Big Society" policy had led to requests for more volunteering opportunities. The survey answers also suggest that with current funding

restrictions, the sector has also come to rely more than ever on volunteers to support their service delivery. However, many respondents say they no longer have the resources to train and support volunteers, nor meet their needs. Volunteering England has warned that the cuts could undermine volunteering in the future.<sup>72</sup>

Respondents suggest that the “Big Society” policy initiatives have led to a perception that the VCS is solely about volunteering and does not need investment in professional staff and infrastructure to underpin it.

### **Volunteering and role of volunteers in London: an overview**

Volunteering and the role of volunteers has almost never had a higher profile than that brought to it by the Big Society rhetoric from the coalition government. So surely all the organisations across the capital that work with, support and involve volunteers in their work are absolutely rubbing their hands with glee? Well, to put it bluntly, no.

**Volunteer Centres and volunteer-involving organisations are facing hugely increased demand from volunteers** (a 40% year-on-year uplift in the case of Volunteer Centre Kensington and Chelsea (K&C)) without any additional resources to support them. In fact, **many volunteer-involving organisations are facing real terms cuts to their funding and being forced to make paid staff redundant.**

Surely, then, this new army of volunteers who are coming forward are the answer to these organisations’ prayers? Well, again to put it bluntly, no. **Over 80%** of the volunteers registering with Volunteer Centre K&C are looking for administrative work with a view to building experience to help them get a paid job. However, **fewer than 20%** of our organisations are looking for this kind of help. By and large, predictably, organisations are looking for help with fundraising, finance and business planning and most volunteers don’t come ready armed with those skills.

So then, let’s train them up? Surely this is a perfect opportunity to increase the skills of the population in order to meet the needs of organisations? Volunteers will come to the rescue of the voluntary sector and everything, after a short period of adjustment, will turn out fine. Well, possibly. It costs time and money to train people to be fundraisers, even assuming that that’s what people want to do – not everyone feels comfortable asking for money after all – and many organisations don’t have the resources to put into that training at this time. **We have thousands of people wanting to give their time but not possessing the skills that are needed.**

Continued.....

<sup>72</sup> Available from:

<http://www.volunteering.org.uk/News/mediacentre/News+2011/Local+spending+cuts+threaten+volunteering+movement> (July 16<sup>th</sup> 2011)

### **Volunteering and role of volunteers in London: an overview (continued)**

So where does this leave volunteers and volunteering in London? It's clear that more organisations need more volunteers to deliver more services to their clients. But it's also clear that **investing in volunteer management and support has never been more important** to ensure that these eager and willing volunteers deliver real added value. Good volunteer management helps organisations understand how to involve volunteers effectively, efficiently and rewardingly so that all sides benefit from the process, and that's how we'll harness the power of all that goodwill.

The voluntary sector will find a way to square this circle, just as it has always done. We will innovate, inspire and involve our communities in the process and make the world a better place while we're at it. The force of volunteer goodwill is an incredibly powerful one, so let's not wring our hands too much at being swamped with volunteers and not knowing how best to involve them. Instead, let's put together our collective passion, optimism and creativity and make it work.

**Kirsty Palmer, Volunteer Centre Kensington and Chelsea and Greater London Volunteering**

## **5.4 Children and young people's services**

Our survey respondents indicated that there have been large cuts to both statutory and VCS children and young people's services across the capital over the last year. This is confirmed at a national level by research showing that 71% of children & young people's organisations surveyed identified some level of cuts from 2010 - 11 with these ranging from 0-25% to 75-100% of their overall budget<sup>73</sup>

Two respondents specifically reported that they believed that the closure of youth centres and facilities might prevent many young and vulnerable people from reaching their full educational attainment. Some respondents were also concerned about the possible link between youth centre closures and increasing youth crime rates.<sup>74</sup>

Changes to the way university fees are funded were also reported as a particularly concerning issue for children and young people by several respondents. One reported upon their own survey of girls and young women across the UK. They had demonstrated a huge drop in the numbers who thought they could afford to go on to

<sup>73</sup> Available from: <http://www.childrenengland.org.uk/upload/CountingTheCutsFinalforPDF.pdf> (16<sup>th</sup> July 2011)

<sup>74</sup> Available from <http://gangsindelondon.blogspot.com/2011/04/another-youth-club-axed-as-cuts-bite.html> (July 16<sup>th</sup> 2011)

higher education or who believed they would be able to get a job. Over the last three years in which they have collected this data, they have found that the levels of aspiration amongst this group had gradually declined <sup>75</sup>.

### **Children and Young people's services in London: an overview**

Children and young people's services **have been disproportionately affected by central government cuts**, with a particular impact on provision of early years and youth services. Nationally, one in five local authorities have indicated that provision for young people is the area in which they planned to make **proportionally the biggest cuts**. Two-thirds of councils are also planning to make savings by cutting Sure Start (children's centres providing a variety of advice and support for parents and carers). The impact of these cuts are being further compounded by cuts to libraries, cultural services, parks and leisure centres, as well as changes to child benefit entitlements, signalling that **children, young people and families are amongst the hardest hit**.

This is particularly concerning in London where 4 in 10 or 630,000 children still live in poverty, and where the most deprived boroughs have had the highest cuts in allocations from government. With regards to welfare reform, the percentage of income lost as a result of tax and benefit changes is highest for the poorest fifth of the population and this loss is greatest in the capital. Reductions to housing benefit, for example, will **adversely affect children in over 80,000 London homes**. Many will also be affected by cuts to out-of-work benefits. Cuts to public services, such as debt advice, libraries, and youth work, will also impact disproportionately on children in low-income households.

While the government is emphasising the need for early intervention with young children and to re-focus support on the most vulnerable, there is little recognition within these strategies of the extraordinary circumstances of London. These include: **high living and child-care costs, high levels of unemployment and in-work poverty, shortage of part-time work, and large, disadvantaged communities**.

For example, the Pupil Premium allocation of £430 per child (allocated to schools based on children's eligibility for free school meals) does not factor in London weighting (i.e. how much more expensive it is to live in the capital), **so children in will benefit less than children in other regions**.

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<sup>75</sup> Results from last year's survey (this year's will be published in the autumn) show that the number of 11-16 year old girls who plan to take a degree fell from 73% in 2009 to just over 50% in 2010. Available here: <http://girlsattitudes.girlguiding.org.uk/pdf/Education2010.pdf> (July 16<sup>th</sup> 2011)

## **Children and young people's services in London: an overview (continued)**

The Big Squeeze data show that voluntary and community organisations are well placed to provide specialist preventative services for children & young people, and have been doing so for years. However, many of them are facing significant reductions to their services, or even closure, and as a result many children and young people living in London will have nowhere to turn. For example, small BAME organisations, that often operate as supplementary schools, have had to cease delivering services, as they have not been able to absorb cuts of 25%.

**Marie-Anne Diedhiou-Roy, Organisational Support Officer, Children and Young People, LVSC**



## Chapter 6: Learning and moving forward

### 6.1 Learning from our respondents

Despite survey answers showing a lot of pessimism, the action taken by the sector still shows a level of flexibility and resilience.

Most respondents recognise the need to plan ahead and had begun **developing business and strategic plans**. As can be seen from our survey results, over 50% of respondents had engaged in more **collaborative work or were exploring mergers with other organisations**.

*“Forming partnerships although it can be difficult, gives us more opportunities for funding and for gaining non-monetary support e.g. free use of premises.”*

Our respondents’ learning shows that much benefit can be derived from developing partnerships or setting up consortia, despite the initial challenges this is likely to bring. Such partnership working is likely to become increasingly important over the next year as scarce resources will need to be used in the most efficient ways possible. In addition contracts covering larger areas are likely to be favoured for their efficiencies of scale, when funding is tight.

Some respondents were already making the changes suggested by the new policy environment and working more closely with the private sector to reduce their dependence on public sector funding. One respondent had developed direct relationships with private companies to broker work experience opportunities for their beneficiaries, while another had promoted sales of its services to the private sector.

However, relatively few survey respondents were fully confident that they could plan for 2011-12 and many feared that, if as a result they had to close down, the most disenfranchised Londoners would be left without the specialist preventative services they need.

*“Many cuts in front line services are going to cost a huge amount to society in the near future and many provisions will be lost forever”.*

### 6.2 Infrastructure support

In some boroughs, Councils for Voluntary Service (CVSs), the main borough-based infrastructure support organisations have seen even bigger cuts than frontline services. As can be seen from Table 1 of this report, Hounslow CVS has closed down, and Voluntary Action Islington has seen cuts of 67%. Wandsworth, Croydon and Waltham Forest CVSs have also seen substantial cuts to their respective budgets.

Our CVS respondents reported that demand for services from frontline services has increased greatly, which has also led to an increase in demand for support from CVSs. However, due to major cuts, many CVSs no longer have the “*capacity to*



*deliver to the expectations*". Respondents to our survey suggest that this support is now needed more than ever as many groups continue to struggle with the cuts and need help with fundraising, forming partnerships and mergers and require an effective lobbying and campaigning voice.

CVS infrastructure has also lost further support through the five sub-regional CVS partnerships that have had their London Councils funding cut and are threatened with closure in the near or more distant future. These networks allowed economies of scale through delivery of specific support services across the five sub-regions of the capital.

Support for infrastructure services was not limited to those who provide these services. Five frontline organisations specifically mentioned the value they placed on this type of support and one praised the *"EXCELLENT support."* provided by their local CVS.

Equalities infrastructure organisations responding to the survey also suggested that they and the frontline organisations they work with are being disproportionately affected by the public spending cuts. This is because, as funding becomes tighter, generic services are being favoured as providing 'across the board services for all'. They suggest that this will result in the needs of the most disadvantaged Londoners no longer being met.

### **Funding dialogue between a local CVS, the VCS and the statutory sector**

During six months of negotiation Ealing Community Network (ECN), the local network of VCS organisations, was able both to **substantially reduce total grant cuts** and **significantly reshape the cuts package** in the London Borough of Ealing. At each stage the VCS negotiating position was brought back and democratically agreed by local VCS groups at open meetings of ECN

#### **Through active negotiation by ECN:**

- Grant cuts in the first two years were reduced from 28%/30% to 11%/21%
- Existing grants were rolled over for six months to October 2011 before any cuts took effect
- There were no cuts in community grants in 2011/12
- Small grants budgets were protected for three years
- An innovative new Area Fund was set up
- There was a 15% increase in funding for advice services
- Domestic violence funding was protected for two years
- Ealing Council agreed to ring fence £527,000 of returned London Councils funding for local VCS support in 2011/12.

Continued....

### **Funding dialogue between a local CVS, the VCS and the statutory sector (continued)**

ECN also requested a further ringfence of £200,000 London Councils funding in 2012/13. In fact in April 2011 the Ealing Council Cabinet agreed to ringfence £200,000 for local VCS use each year from 2012-15.

In addition Ealing Council

1. Agreed a one off £50,000 Transition Programme through Ealing CVS to help local VCS groups manage cuts and develop new business models
2. Agreed an overall joint review with ECN of partnership work between the local council and local VCS groups
3. Discussed and agreed with ECN specifications and criteria for a major 4 year re-commissioning of local VCS services-with specific measures to ensure an equal assessment between local and external groups e.g.
  - Awareness of specific user needs in Ealing
  - Additional match funding from all bidders. Existing Ealing groups may have some additional match funding, which would be lost if they were de-commissioned but equally external bidders may be able to bring new funds to Ealing.
  - Information on start-up costs for new bidders;
  - Evidence of use of volunteers, equal access to services by hard to reach users and good environmental practices

**This is a tremendous result for the ECN, but couldn't have been achieved without the receptive and positive response of the Council and Primary Care Trust (PCT).**

The ECVS CEO and ECN Chair, Andy Roper said: "This shows what can be achieved by a leading CVS, a strong community network and a local council and PCT willing to engage with us. The reality on the ground is that many local voluntary and community service groups in Ealing will see cuts in funding over three years. But we have managed to reduce overall cuts, backload many of these to year three, protect small groups and maintain a core of high-quality local voluntary and community sector services that can be built up again in future."

**Andy Roper, CEO of Ealing CVS<sup>76</sup> and Chair of Ealing Community Network (ECN), which represents 450 voluntary and community sector groups in Ealing.**

**For any more information, e-mail [andy@ealingcvs.org.uk](mailto:andy@ealingcvs.org.uk)**

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<sup>76</sup> Available at <http://www.ealingcvs.org.uk/> (18<sup>th</sup> July 2011)

## 6.3 The VCS working together to find solutions

In the context of the recession and the public spending cuts, LVSC has brought together an *ad hoc* group of London VCS Chief Executives to discuss the issues facing them, and potential solutions. The group comprises London organisations focused on tackling Londoners' needs.

It believes that **regular dialogue between the sector and funders at this time of tumultuous change is in itself is incredibly important. It also believes in a mixed economy of funding.**

Public sector funding has been an increasingly important source of funding for many VCS organisations. It has generally been quite generous and flexible. Trust funders have often contributed added funding to supplement some larger commissions that did not cover full cost recovery.

In this context it would be useful to discuss with funders their approach to this significant change. For example, would they be willing to:

- relax criteria in relation to not replacing statutory sector funding;
- look to increase the size of individual grants so they fully fund projects or posts;
- collaborate more with each other so between a group of funders they fully fund projects or posts as above?

As public sector funding decreases, many organisations will have fewer project funding streams, compromising their ability to fund their own core activities. In this context might funders:

- Be more inclined to fund the core costs of key organisations which deliver important projects?
- Relax some of the more restrictive criteria that might previously have existed, for example in relation to only one grant per organisation and enforced breaks between grants.
- Co-ordinate their approaches to collaboration and mergers, such as their willingness to allocate some funding to support organisations that may want to collaborate or merge.
- Prefer London organisations over national organisations, in order to reflect the different context in London - hence helping to protect those organisations, and their particular skills and links, over larger national ones;
- increase the level of flexibility in their criteria. Greater flexibility by all funders would offer a fair opportunity to all organisations, including some who may simply accept criteria at face value, and not apply for funding for innovative projects that directly meet the needs of Londoners.

The section below provides an example of a funder adapting criteria in several ways to make it easier for applicants experiencing difficulties and to help previously supported organisations to stay secure.

### Flexibility by a funder

In response to the economic challenges facing potential and current applicants, and to help applicants finding it difficult to raise funds elsewhere, **Heritage Lottery Fund** has introduced a number of changes in its procedures. These include:

- a reduction in the minimum match funding requirements for the Heritage Grants and Parks for People programmes;
- removal of the requirement of the applicant to make a 5% cash contribution for projects under £1 million;
- consideration of requests for additional funding to secure successful outcomes for projects experiencing financial pressure; and
- of requests for short term funding from past grant holders. All such requests are subject to evidence of looking for other sources of funding and demonstration of good value for money.

**Example provided by London Funders**



## Chapter 7: Conclusion

Our survey analysis clearly shows that the sector is increasingly affected by public sector cuts and recent government policy changes. Confidence levels to meet demand have been declining over the last two years. The most worrying aspect is that 51% of our respondents said they closed services in 2010-11 and 54% expect more services to close in 2011-12. The most disproportionately affected services include preventative services such as youth services and day centres for older people. If this suggested trend continues, some of the most disadvantaged Londoners will be left without essential support and, long-term health and social problems will begin to increase.

The VCS is aware that there will be less public sector funding in the future and greater numbers are beginning to diversify their funding streams. The sector is yet again showing its resilience by developing more partnerships and collaboration, particularly in view of writing funding bids and sharing scarce resources. However, groups may not have the capacity to develop effective partnerships or develop successful income-generating activities. They may disappear if their funding needs are not considered, so leaving users without specialist support, which best meets their needs and reducing the amount of choice in service provision. Funders should consider retaining grant funding pots to remove barriers to service delivery for such small and specialist providers and to support organisations working to address new or developing needs to develop sustainably.

*“Smaller organisations will struggle to survive. Some may look for mergers or collaborations with other organisations - anything from sharing back office functions to full integration. The private sector may play a greater role in supporting the non profit sector, either through CSR [Corporate Social Responsibility] training / funding initiatives or by providing services that the non-profit sector can no longer sustain.”*



# Appendix 1

## List of respondents

1. Aardvark Recycling in Lambeth (now closed down)
2. Action for Advocacy
3. Active Horizons
4. Addleshaw Goddard
5. Advocacy in Greenwich
6. Age Concern Northolt, Greenford & Perivale
7. Age UK London
8. Barnardo's Families in Temporary Accommodation Project
9. Beatbullying
10. Bexley Borough CABx
11. BioRegional
12. British Humanist Association
13. Calthorpe Project
14. Cambridge House
15. Centre for Armenian Information & Advice
16. Charities Evaluation Services
17. Child Poverty Action Group
18. CDNL
19. CEMVO
20. City gateway
21. Clean Break
22. Cnet
23. Community Development Foundation
24. Contact a Family
25. CORECOG
26. Croydon ARC in Croydon (now closed down)
27. Croydon CAB
28. Croydon Older People's Network facilitated by Croydon Voluntary Action
29. DeafPLUS
30. Deaf Project, Enfield Disability Action
31. Deen City Farm
32. Disability Action in Islington
33. Disability Action Waltham Forest
34. Disablement Association Hillingdon
35. Ealing CVS
36. Ealing Social Club for the Blind
37. E.A.S.E. (Empowering Action & Social Esteem) Ltd
38. East London CVS Network
39. Epic Arts
40. Ethical Property Foundation
41. 50plus Employment Link
42. Fitzrovia Neighbourhood Centre
43. Forest Recycling Partnership in Walthamstow
44. Fossbox CIC

45. Furnish in Hammersmith & Fulham
46. Greater London Volunteering
47. GAVS
48. Girlguiding UK
49. Greenwich Housing Rights
50. Hackney Refugee Forum
51. Haringey LINK
52. Harrow CAB
53. Harrow Carers
54. HAVCO
55. Havering Citizens Advice Bureau
56. HAVS
57. Her Centre
58. Hillingdon Community Trust
59. Hillingdon Inter Faith Network
60. Home-Start Westminster
61. Inclusion London
62. Inspire! The Education Business Partnership for Hackney
63. Interlink
64. Irish Travellers Movement in Britain
65. Islington Law Centre
66. Islington Somali Community
67. Kensington and Chelsea Social Council
68. Kingston CAB
69. KnowHow NonProfit
70. Laburnum Boat Club
71. Lasa
72. Laureus Sport for Good Foundation
73. Lifetimes (formerly WVSDA)
74. London Borough Tower Hamlets Council/Play Association Tower Hamlets
75. London Civic Forum
76. London Communities Policing Partnership
77. London Community Resource Network (LCRN) and Restore in Haringey
78. London Gypsy and Traveller Unit
79. London Play
80. London Voluntary Service Council
81. London Youth
82. Mayor's Fund for London
83. Multiskills Training & Recruitment
84. MY VOICE LONDON
85. One Society
86. One-to-One (Enfield)
87. PACE
88. Peckham Voluntary Sector Forum
89. Penrose
90. Pre-school Learning Alliance (Ealing)
91. Race on the Agenda
92. Redbridge CVS
93. Royal Association for Deaf people (RAD)
94. South West London Environment Network
95. SHARE Community

96. Shelter
97. Social Action for Health
98. Solace Women's Aid
99. Springboard Southwark
100. Stonewall Housing
101. Sustain: the alliance for better food and farming
102. The Camden Society
103. Timebank
104. Toyhouse Libraries Association of Tower Hamlets
105. Toynbee Hall
106. Turkish Cypriot Women's Project
107. Universal Beneficent Society (UBS)
108. United St Saviour's Charity
109. Voluntary Action Waltham Forest
110. Volunteer Centre Hackney
111. Volunteer Centre Kensington & Chelsea
112. Volunteer Centre Merton
113. West London YMCA
114. WHU Inspire Learning Centre
115. Women and Manual Trades
116. Women's Consortium
117. Women's Design Service
118. Women's Resource Centre
119. Words of Colour Productions
120. WVSDA - Volunteer Centre Wandsworth





## Appendix 2

### Acknowledgements

#### Our respondents

We would like to express our sincerest thanks to all the London VCS groups who responded to this year's Big Squeeze survey. We are very grateful that you took the time to share some of your expertise and tell us some of the issues you are facing, as we realise that for most organisations funds are stretched and staff and volunteers are busier than ever.

#### Our partners

Secondly we would like to thank our partners with whom we met as steering group several times to agree the survey and drive the campaign forward. They provided us with access to a range of knowledge and we look forward to continuing to work with them in the year ahead.

#### **A special thank you to the partners who contributed additional content, support and advice:**

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- Jo Taylor from Ethical Property Foundation on providing additional advice and expertise that informed the report and
- Anna Hirschfield, Ethical Property Foundation for her premises overview.

#### LVSC

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#### **Many thanks to other members of staff**

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- Tim Brogden for producing a policy brief on London Councils & Voluntary Sector Forum
- Steve Kerr for producing a employment & skills policy piece

## Appendix 3

### About LVSC

**LVSC is the collaborative leader of London's voluntary and community sector. We support London's 60,000 voluntary and community organisations to improve the lives of Londoners.**

#### What we do

The voluntary and community sector (VCS) makes a huge contribution to the lives of Londoners, providing a range of services and support to the capital's diverse communities.

LVSC brings together London's voluntary and community sector organisations to learn and share best practice and to create a co-ordinated voice to influence policy makers on issues affecting Londoners.

LVSC's vision is of a vibrant and sustainable city where the lives of Londoners are enhanced through voluntary and community action.

#### Our aims

- To be a central resource for knowledge and policy for the London voluntary and community sector;
- To act as a collaborative leader for London's voluntary and community sector;
- To enable the voluntary and community sector to best deliver for Londoners.

London Voluntary Service Council (LVSC) is the collaborative leader for the VCS in London. We bring together London VCS organisations to learn and share best practice and to create a co-ordinated voice to influence policy makers and statutory partners. We provide up-to-date support services for VCS groups around their business, policy analysis and influence and training for those working in the sector.

#### Our strategic objectives are to:

- be a central resource for knowledge and policy for London VCS;
- act as a collaborative leader for London's voluntary and community sector; and
- enable the voluntary and community sector to best deliver for Londoners.

Poverty, equality, health and climate change are the crosscutting themes throughout all of our work and this report specifically addresses the issues in London around the first three, with implications for the last.

## This year's Big Squeeze partners are:

[Lasa](#)  
[London Funders](#)  
[Women's Resource Centre,](#)  
[Greater London Volunteering](#)  
[Volunteer Centre Kensington and Chelsea](#)  
[Stonewall Housing](#)  
[London Community Resource Centre](#)  
[London Civic Forum](#)  
[Children England](#)  
[ROTA](#)  
[HEAR](#)  
[City Bridge Trust](#)  
[Ethical Property Foundation](#)

