The State of the Sector

The continued impact of the economic downturn and public sector spending cuts on voluntary and community organisations in Newcastle upon Tyne

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January 2011
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Executive Summary

The aim of this report is to present the results from our recent survey, ‘The State of the Sector’ and to look at the impact of the economic downturn and public spending cuts on the voluntary and community sector in Newcastle upon Tyne.

The results make for mainly unhappy reading with service closures and redundancies likely; however some organisations see opportunities ahead, particularly with the new GP consortia commissioning arrangements.

Impact

When asked about where funding came from last year:

- 85% of respondents relied on the public sector for some or all of their income. This was mainly in the form of grant aid from Newcastle City Council, but also public sector contracts to deliver services in Newcastle and some grant aid from Newcastle Primary Care Trust (PCT).
- 72% of respondents received grants from charitable foundations and trusts.
- 52% of respondents accessed money through fundraising and donations.

Organisations were asked to estimate the length of time they would be able to continue to provide their services, at the current level, after March 2011. Only 15 of the 46 organisations (33%) had sufficient funds to provide their services for more than a year.

When asked about confidence in delivering their services until March 2012, 28 organisations (61%) were either very confident or slightly confident; this means that 18 organisations (39%) were either slightly unconfident or not at all confident.

Big Society offers new potential sources of income - an increase in philanthropy, more social enterprises, more contracting through social clauses and new funding mechanisms such as Social Impact Bonds, but more information is needed.

Looking ahead

Respondents had a clear understanding of some of the challenges ahead in the coming year; the challenges were varied and included contracting changes, loss of grant aid (both national and local), policy shifts, the health service restructuring and the general finances of the public sector. The Localism Bill had not been published at the time of the survey, but a lot of the content had been trailed. (Reference1)

However organisations were also able to see some opportunities in the next few years with the new public health agenda and GP consortia changes, personalisation, Big Society (very mixed views), trading and new forms of service delivery. The shift from public sector funding in Newcastle hasn’t been considered strategically.

Organisations were asked to comment on how they saw the coming year affecting the people they worked with. This is probably the most distressing part of the report
with respondents expressing concerns about potential increases in street homelessness and rough sleeping, increased levels of stress, the negative impact on people on low and very low incomes and other problems. The groups thought to be at particular risk include low income women, young people, children, single parents, older people, people with disabilities, people from black and minority ethnic communities and asylum seekers and refugees.

Conclusion

The voluntary and community sector has shown itself to be innovative and flexible over the years, and has become adept at re-inventing itself, but it is not clear how some services will continue in the future. A genuine concern is that of reduced resources whilst facing an increased demand for services. The impact of the public sector spending cuts will start to be felt in April 2011. This is the same time as a number of long-term contracts and other forms of grant aid are ending. The measures proposed in Modernising Commissioning will take time to implement.

Voluntary and community organisations exist to provide services to people and communities and to challenge inequalities. Over the years these organisations have changed and are now often delivering essential services. The true negative impact will be faced by Newcastle’s citizens and communities if voluntary and community organisations are unable to continue to deliver. This needs to be seen against the background of Big Society and the current economic situation. However most of the Big Society programme is not about alleviating the worst excesses of the current situation, but a paradigm shift focussing on enterprise, self reliance and philanthropy.

Recommendations

NCVS makes the following recommendations:

- The voluntary and community sector recognises these are hard times, but asks that any cuts are proportionate and allow a reasonable level of service to be maintained.

- Many voluntary and community organisations deliver statutory services and essential services. Much of this work is preventative and such projects save public services considerable amounts of money. There should be an impact assessment made of the implications of any cuts; this work could be carried out in partnership with local organisations and communities.

- Organisations need sufficient notice of cuts to their funding, so they have time to consider if they can deliver their services in a different way. This could involve some transitional funding so that structures remain to be built up and developed in better times. It could include tapering budgets.

- Public sector commissioners should work creatively, in line with the Localism Bill, to explore new and different mechanisms for service delivery and more directly commissioned services. (Reference 2)

- An equality impact assessment should be made across Newcastle, once all the cuts are known. This would enable the areas of greatest need to be highlighted and funding should be prioritised to the communities (of identity, interest, and geography) in greatest need.
The voluntary and community sector in Newcastle

Newcastle Council for Voluntary Service (NCVS) exists to promote voluntary and community action in order to improve the quality of life for Newcastle citizens. It does this by providing support and advice to many voluntary and community organisations that exist in Newcastle. It provides opportunities for networks and making connections and it also aims to influence decision-makers. Voluntary and community organisations are not-for-profit and have a defined social purpose; they can range from a local football team, to a multi-million pound charity providing contracted services. More information about NCVS and the voluntary and community sector in Newcastle can be found on our website www.cvsnewcastle.org.uk

Information from NCVS, the Council, the Charity Commission and the Northern Rock Foundation Third Sector trends series suggests there are (at least) 2,200 voluntary and community groups in Newcastle. Of these around 900 are registered charities, industrial and providential societies and community interest companies. The remainder are small, community organisations, some of which will have a constitution, most will have an income of less than £10,000 (and the majority, considerably less than this), they don't employ staff (apart from possibly some sessional workers) and they rely on volunteers. (References 7 and 9)

The sector in Newcastle is estimated to be worth around £70 million. This doesn’t include housing associations, private school trusts, and the two national charities which are based in Newcastle (NACAB, National Energy Action).

There are around 7,000 people employed in the voluntary and community sector in Newcastle; this translates into around 5,000 Whole Time Equivalent (WTE) posts. At least 92% of organisations involve volunteers in delivering services. This could be as part of the governance structure as trustees, directors or management committee members. Many volunteers provide core services – managing buildings, providing direct services, organising and staffing drop-ins, and offering advice and information.

The largest percentage of registered charities in Newcastle describe ‘culture and leisure’ as being one of their main purposes. This isn’t surprising given the large numbers of leisure and sports groups and teams.

30% of the general charities in the North East, with incomes over £1 million, are based in Newcastle.

Some charitable organisations in Newcastle can trace their history back hundreds of years, but the majority were established in the last eighty years. The organisations reflect the growing and changing needs of the city itself; with many of the organisations established in the last ten years focussing on black and minority ethnic communities, asylum seekers and refugees.

The city of Newcastle has a population of 273,600; and about 90,000 people travel into the city each day to work. It is regarded as the regional capital of the North East. It is known nationally for physical regeneration, culture and the creative industries; there are two universities and a large college (with over 40,000 students). Many of
the region’s most important hospitals, sports facilities, cultural and entertainment attractions are based in Newcastle.

But Newcastle is also a changing city, and over the last ten years, there has been a shift in Newcastle’s population. One in five children entering school has English as a second language, as compared to a 7% BME (black and minority ethnic community) population in the 2001 census. 27% of children born in Newcastle in 2010 are to mothers who weren’t born in the UK. From 1961 to 2001, the City’s population fell by a fifth; however since 2005, it has been growing largely due to international migration as a result of the EU enlargement, with the expectation that this growth will continue. The total population is set to grow at a steady rate over the next few years by which point the population is expected to stand at 279,500 by 2016. This includes a rise in the number of older people (particularly those aged over 65 years), and people with disabilities.

Newcastle was ranked as the 37th most deprived local authority in England by IMD (Index of Multiple Deprivation) in 2007. It was 20th according to IMD in 2004. This suggests that Newcastle has become relatively less deprived over the last few years. However there are still very significant areas of deprivation within the city with almost 70,000 people living in the 10% most deprived areas in the country.

**Funding for the voluntary and community sector**

From the 1980s onwards there has been a huge growth in the voluntary sector due to national programmes delivered locally such as City Challenge, the Single Regeneration Budget and the Neighbourhood Renewal Fund; also national programmes and initiatives such as Capacitybuilders, Futurebuilders and the Big Lottery; the growth in grant-making Trusts, locally the Tyne and Wear and Northumberland Community Foundation and the Northern Rock Foundation and nationally such as Lankelly Chase and Esme Fairburn. At the same time many local charities are delivering public sector commissioned services such as child and adult social care, youth work, work programmes, drug and alcohol support and supporting people in the criminal justice system.

Most funding for the voluntary sector comes from grant aid through the Council, grant aid through national programmes, charitable trust funding, and provision of services through contracting, trading (earned income) and donations. (References 7 and 9)

As with many organisations in the North East, more Newcastle organisations are in receipt of local grant funding (35% compared to 25% nationally). A significantly larger percentage of Newcastle voluntary and community organisations (23%) received funding from national statutory bodies, as compared to 17% nationally. The most common source of funding (62% of organisations) was donations and fundraising.

From the Mori Third Sector Survey carried out in 2008, the largest percentage (22%) of Newcastle voluntary and community organisations had an annual income of between £100,000 and £500,000 a year, and 5% reported they had no income. 35% of those responding said they did not have sufficient financial reserves to meet their needs; and 42% did not have sufficient overall income. (Reference 9 and 10)
A local survey carried out by NCVS in 2008 (reference 9) found that the most important sources of funding in terms of a) the number of organisations supported, b) the amounts provided, and c) the proportion of their contributions to organisations’ annual income were, in order:

- Earnings
- Charitable trusts
- National Government sources
- Voluntary and community organisations own fundraising (including donations and membership subscriptions).

Newcastle City Council has been a good supporter of local voluntary and community organisations through the years. The Council has awarded money to the sector through the following routes:

- Grant aid - as a contribution towards services
- Working Neighbourhood Fund - for projects dealing with work and worklessness
- Area Based Grant - focusing on areas of needs
- Ward-based grant aid - through an open application process
- Service level agreements - through negotiations on service delivery
- Open contracting - with voluntary and community organisations competing against the private sector

**The changing environment**

The Coalition Government and its ideas around ‘Big Society’, mean there will be new drivers and a number of changes in support and funding. The Government has proposed a fundamental shift of power away from the centre and national organisations to local councils and communities. Contracts and services are being opened up to non-statutory organisations. There are concepts of volunteers delivering services, which are currently provided through public services e.g. libraries. There are ideas on communities running their own services, greater support for mutuals, co-operatives, charities and social enterprises, giving them greater involvement in the running of public services; funds from dormant bank accounts to be used to establish a Big Society Bank; and training for 5,000 Community Organisers to work in local communities. (Reference 5)

At the same time the economic downturn gives the sector huge challenges. A higher than (national) average number of Newcastle organisations receive public sector funding. There is nervousness about the long term future of the Northern Rock Foundation. This foundation together with the Tyne and Wear and Northumberland Community Foundation are major supporters and funders of the sector locally.
The end of the regional tier of Government and of support for regional infrastructure (support and development) means increased reliance on local infrastructure; however the future of local infrastructure organisations is also under review.

The drive towards commissioning continues, possibly exacerbated by budget problems. Although there will be an increase in the number of contracts for which the voluntary and community (and private) sector can bid; there are a number of concerns about this. There is a desire to turn some current grants into contracts. There is evidence that many large organisations (both private and voluntary), who are not Newcastle based, are more successful at winning contracts and they are now competing for much small contracts. Small and medium sized organisations are not contract ready, and feel some of the contract conditions are disproportionate and that they are able to provide better value for money through grant aid. Many new contracts are extremely large and rely on sub-contracting; this can mean greater risk.

The NHS White Paper proposes the abolition of the Strategic Health Authority and Newcastle Primary Care Trust (PCT). It is not clear yet how the local GP Consortia Commissioning Groups (The Bridges and Tyne) will function or their commitment to, and their understanding of, the voluntary and community sector. A number of Newcastle-based voluntary and community organisations currently receive grant aid funding from Newcastle PCT and the future of this in unclear.

The Comprehensive Spending Review meant council cuts were much greater than anticipated. Although the Council will get new powers, the scale of the financial cuts means they will not be able to use all of them (Reference 1)

The Comprehensive Spending Review (CSR) and its impact on Newcastle

The Summer Budget in Newcastle meant potential in-year cuts of £4.2 million in revenue funding and £5.7 million for capital (buildings) funding. The outturn for the Council in 2009/2010 was £8.2 million (overall) underspend. The Council’s Executive agreed to use these savings, together with other contingency money and delaying/rephrasing projects to minimise the impact of the in-year cuts. However this could only be done as a one-off measure. At the same time, the Council continued with its transformation proposals to achieve permanent savings.

Other in-year negative changes were the loss of the Migration Impact Fund, worth several hundred thousand pounds to the voluntary and community sector and the Council for services supporting new immigrants.

Changes in the Legal Services Commissioning national contracting programmes meant that two significant advice and information voluntary organisations lost contracts and had to make cuts in services to vulnerable people.

However the Comprehensive Spending Review announced in October was highly significant for Newcastle residents. From the Council perspective, the cuts were higher than had been anticipated, and were ‘front-loaded’. This means that a number of savings have to be made in the next financial year, 2011-2012, rather than spread
equally over the next four years. The means the cuts can’t be restricted to the Council’s Service Transformation and Efficiency Programme (STEP).

In mid-December, the Council was informed of the grant it would receive from central Government for the next two years. Although the actual level of cuts was £21.8 million (from 2010), this was capped and represented a real cut of 11.3% of the budget. This was equivalent to each Newcastle resident losing £92.66, against a national average of a loss of £49.18.

This means the Council will be making cuts of £40-55 million as it has additional, internal cost pressures of £20-25 million. These internal costs include financing staff redundancies, pay and price inflation, service demand pressures, taxation changes, additional pension costs, and single status. The total level of cuts will rise to over £110 million by 2016. This is a real cut of 28% over four years, with about 16% in the first year. There will be a consultation on the proposed Council budget in February.

Of particular concern to the sector is the end of specific grants. Working Neighbourhood Fund was worth £9.3 million in Newcastle, and funded around £6.3 million of voluntary sector projects. The Supporting People grant was worth £16.3 million in Newcastle in 2010. In 2011 this will be worth £9.83; this is a 40% cut. The future of the other elements of the Area Based Grant is mixed, with some elements recurring and others finishing altogether. These were worth £13.4 million for Newcastle in 2010. This reduction in central government grant is particularly devastating for the voluntary and community sector.

At the same time, there is a significant national reduction, of around 21%, in the level of publicly funded capital investments (buildings) over the next four years.

These high level figures seem a long way from the work of local voluntary and community organisations. In the current year, the Council funded voluntary and community groups to deliver services through the Area Based Grant, Working Neighbourhood Fund, Supporting People funding and grant aid. Some of this was delivered through contracts (over £30 million), but the remaining £12 million was used to carry out activities to support people and communities in Newcastle in line with the Council and the Newcastle Partnership priorities and targets. There will be some changes to ward grant aid, and the Council has established the Newcastle Fund to replace grant aid. A key issue is the size of the Newcastle Fund. The voluntary and community sector currently receives £11.2 million from the Council in grant aid, Area Based Grant and Working Neighbourhood Fund. The size of the newly established Newcastle Fund has been quoted by the Council to be £10 million over four years, that is £2.5 million for each year.

The £18 billion national cut from welfare spending will inevitably hit the poorest and most vulnerable communities. For an area like Newcastle, with higher than UK average unemployment rates, and higher levels of existing poverty and greater reliance on the public sector, this will be devastating. Organisations that support homeless people, people with mental health problems and people with disabilities are already reporting an increase in demand for their services and increased levels of anxiety. Advice and information organisations are already starting to note significant increases in demands for their services.
Particular areas of concern are housing and homelessness services, with changes to housing benefits, increases in social housing rents and a 50% reduction in funding for new social housing. Changes to the Employment Support Allowance with a one year limit could be negative for many people with disabilities; ironically many people with disabilities want to work but there is a shortage of appropriately supported and remunerated employment opportunities. There are changes to the Disability Living Allowance with the removal of the mobility component for those people living in residential care. Council Tax Benefit will be reduced.

**The views of the sector**

Newcastle Council for Voluntary Service (NCVS) provides support and development for voluntary and community action in Newcastle. In July and October, NCVS held meetings for key Newcastle network organisations to share information and discuss how it was going to respond to the situation.

One of the emerging pieces of work was to talk to local groups to find out how they felt about the situation. VONNE (Voluntary Organisations’ Network North East) had been running a *Surviving not Thriving* longitudinal survey for two years in order to measure the impact of the recession on the voluntary and community sector in the North East of England. With the kind permission of VONNE, NCVS replicated and amended this survey for Newcastle-based organisations. The findings are detailed over the next few pages in this report.

The VONNE survey has been repeated recently and the findings were published in December 2010. *Surviving in a Big Society* paints a gloomy picture for the voluntary and community sector with large scale redundancies and service closures likely. It highlights the challenges of increased demand and reduced income. (Reference 3) The VONNE survey reflected the views of 141 organisations, representing a broad cross section of the region’s voluntary sector. This showed that 62% of respondents had seen a decrease in funding, over a third had made staff redundant, nearly half were using reserves, and 69% had experienced an increase in demand for their services. This meant that 64% of the respondent organisations expected to, or were considering closing a service, 50% will be, or are considering reducing the number of beneficiaries they support and 26% might close in the next 12 months.

**Methodology for Newcastle survey**

Sixty voluntary organisations on the NCVS database were asked to respond to the survey. A letter and survey were sent to all 60 organisations in September. If organisations did not respond they were contacted again. Then this was followed up with phone calls. The 47 organisations that responded reflect geographic spread, size and income, communities of identity and interest, and can be viewed as being reflective of the sector as a whole. The sample size means the findings cannot be taken to be statistically significant; however the information produced provides a useful snapshot of the sector.

The survey questions are reproduced in Appendix A
Who took part?

Of the 47 organisations that responded, 44 were registered charities, with two being social enterprises and two being community interest companies.

Of the 47 organisations that responded, 44 employed staff and 1 used sessional workers, all had volunteer trustees and management committee members and 38 involved volunteers.

All the organisations worked locally, with more than half providing services for authorities in the North East and four organisations also working outside the North East of England.

The key focus areas for organisations’ services/activities

This set of responses reflects the nature of the responding organisations. BME (black and minority ethnic) and refugee and asylum seeker groups, homelessness organisations, faith groups and substance misuse groups are not reflected in sufficient proportions in the responses.

The conclusion is that the 47 organisations that responded cannot be said to be representative of the Newcastle voluntary and community sector as a whole, but do provide a useful snapshot of how people in the sector are thinking and feeling.
Funding of organisations

Income of organisations in 2010

1 organisation (2%) had an income of less than £10,000
7 organisations (15%) had an income of £10,001 to £50,000
21 organisations (46%) had an income of £50,001 to £250,000
8 organisations (17%) had an income of £250,001 to £500,000
4 organisations (9%) had an income of £500,001 to £1million
5 organisations (11%) had an income over £1million

This information illustrates that the majority of the responses (83%) were from larger organisations. The National Council for Voluntary Organisations (NCVO) notes that 42% of civil society organisations have an income of less than £10,000 a year. The Northern Rock Foundation Third Sector Trends Study discusses ‘below the radar organisations’; the small community groups providing the bedrock of the community sector, most of which have incomes of under £5,000. (References 6 and 7).

The questions were asked of the NCVS membership which has a mixture of voluntary and community organisations, but it is possible that only the medium and larger organisations, particularly those that employ staff, had the capacity to respond to the survey.
The response illustrated that just over a quarter of the respondents had reserves of less than £10,000. 39 (85%) of organisations had reserves of less than £250,000. Questions weren’t asked about the nature of the reserves, and in some instances these are restricted.

Best practice within the sector is that reserves should reflect three to six months of running costs, any accommodation liabilities and future pension costs. The seven organisations with reserves of more than £250,000 were within the nine organisations with incomes of more than £500,000. In some cases, reserves had been deliberately built up to pursue a particular project or initiative.

The purpose of the research was to look at the impact on services in Newcastle, and organisations were asked to respond only in relation to Newcastle. 69% of the respondents funding was for Newcastle-based services.

There was a question on different funding sources – contracts, Council grant aid, grant aid from other public sector organisations (e.g. NHS), grants from charitable trusts, endowments and investments, selling goods and services (trading), reserves and other sources.
The chart above gives an indication of how the sector in Newcastle is funded based on the number of responses to specific funding areas. Grants from charitable organisations (such as charitable trusts) and from the Council still form a significant source of income.

33 of the 46 received grants from charitable organisations.
31 of the 46 respondents recorded receiving grant aid from the Council.
19 out of the 46 respondents received money to deliver public sector contracts.
22 of the 46 respondents received money through direct fundraising and donations.

The response to the question on ‘other’ implied that several organisations were in receipt of grant aid, were trading and were delivering public sector contracts, but did not choose to fill in the percentage.
Organisations were asked to estimate, given the current funding agreements and levels of reserves, the length of time they would be able to continue to provide their services, at the current level, after March 2011.
The chart above shows that:

- six organisations (13%) have only enough funds to provide their service for a maximum of three months.
- eighteen organisations (39%) have only enough funds to provide their service for a maximum of six months.
- thirty one organisations (67%) have only enough funding in place to continue to provide their service for a maximum of 12 months.

When asked whether they had received any communication from funders yet about the next year 30 organisations (65%) had not, with 16 organisations (35%) having had information.
Focussing on the future

Respondents were asked about confidence in delivering services this year (to April 2011) and next year (April 2011-March 2012)

Confidence in delivering services this year and next year

The majority of organisations (42 out of 47) were confident in delivering services up until April 2011. However, when asked about next year, this fell to 28 organisations being either very confident or slightly confident, with 18 not being confident (slightly unconfident or not at all confident).

These views are mirrored by the recent VONNE Surviving Not Thriving survey, which was done at a regional level, and the national survey carried out by NCVO. This is hardly surprising as local authorities haven’t been able to establish sums for grant aid; contracts and service level agreements haven’t been renewed; and, a number of national funding streams end in March 2011. (References 3 and 4)
Organisations were asked about the main challenges they perceived in the coming year and why.

Responses included:

“Worry may lose staff. Wouldn't be much youth work delivered in this area if we go.”

“Have cut back to core. Think can get through next year if get expected funding.”

“Increasing poverty of client group (especially failed asylum seekers and local residents who also use the project). Uncertainty of whether or not have client base in this part of city - depends on housing contract between asylum seeker unit and UK Border Agency.”

“Moving onto frameworks where we have to tender for services. The domiciliary care contracts have ended already. Day care ends March 2011. This could be the end of the service. Hope it won’t be. If we get onto the framework [we] will continue services in short-term but no-one knows what it’s going to look like in the long term.”

“Funding mainly comes from local authorities, trusts and charities. All are struggling as finances went down and many charities like ours are going to be looking for money”

“Meeting new needs created as a result of direct payments - and lack of funding.”

“Changing health structures and the abolition of the PCT.”

“Cancellation of funding schemes such as Creative Partnership means a reduction in likely project contracts related to schools. Reduction in local authority funds also mean like reductions in contracts. The uncertainty everywhere means people are less confident about arranging future projects.”

“Changing from block grant/contract to spot purchasing business model. Marketing to Children’s centres, primary and secondary schools and GPs - many more than a few LAs and PCTs. Downsizing organisation centre but retaining skills.”

“Delivering core activities hitherto funded by the public sector – Working Neighbourhood. Although there will be funding for employability support services, there is limited information on what level this will be and how it can be accessed.

“Funding and when we get notice of funding. Staff insecurity and anxiety. Complete instability.”

“We have reduced our staffing capacity by 30% overall to remain financially viable after March 2011. Demand for services has increased.”

“Cut back on salaries and overheads. Need to reduce our unit costs Having a number of staff on 90 day notice.”
Organisations were asked about the opportunities they perceived in the coming year and why

Responses included:

“"We haven’t applied to many charitable trusts in the past few years - hopefully some opportunities there.”

“Yes, once there is clarity about funding for local organisations to contribute to the Big Society agenda.”

“Yes - the new proposals for public health offer potential opportunities for active ageing resources.”

“Yes personalisation agenda as people who have own budget may choose to look to us for a service.”

“Proposed PCT development on adjacent land gives us an opportunity to work with a wider group of people as well as provide input into their work.”

“If we are able to take advantage of opportunities - yes - might be able to if GPs taking over PCT funding works in favour.”

“Expanding management committee and developing project further - targeting corporate sector for new ideas - have new corporate partners on committee, looking at different ways of user consultation.”

“The new public health role may offer opportunities for us to engage more directly with public health staff than in the past and get across messages about health inequalities - because public health will come more under the control of the local authority which is more accessible than the PCT has been.”

“Organisation has diversified what it does and involved in pioneering work re children and young people activities and risk benefits to being involved in outdoor activities.”

“Possible opportunities as a result of a focus on prevention and health and wellbeing. Also something around wellbeing at work. We have had a number of inquiries but as yet only one confirmed project.”

“We have a strong track record in helping disadvantaged communities raise their skills and confidence - this should be an asset for the “Big Society” and helping people towards employability.”

“We have had some contracts and have developed a social license and we have delivered well so we have some experience in this field. Also at the start of this year we appointed a Chief Executive. We have the salary for a further 2 1/2 years.”

“If we succeed to refurbish - increased use of building.”
Support to beneficiaries

Organisations were asked if they saw the coming year affecting the people they work with

Responses included:

“Benefit changes will cause increased street homelessness and rough sleeping”

“Users feeling let down if cuts - we have worked hard to get the most vulnerable and needy people to use our services - we don't want to let them down.

“BAME [black and minority ethnic] women fall between the cracks of gender and racial inequalities, and the policies and services developed to tackle inequalities. They are invisible in mainstream provision and where they are present they are stereotyped. We have continued to support women despite meagre resources by the passion and commitment of the staff and management. Undoubtedly, the cuts in funding and services will impact on our ability to provide support and services to one of the most disadvantaged groups in Newcastle.”

“Very badly - already deprived and excluded communities are being punished or ignored.”

“Badly - more need for advice, less provision. All our clients are vulnerable and on low incomes.”

“Potentially very adverse e.g. reductions in housing benefit, threats to Metro Gold Cards, reductions in access to social care through ineligibility criteria or increased charges.”

“Most of our clients are on benefits and so there is a great deal of uncertainty about what the spending review will mean.”

“Yes, the situation for refugees and asylum seekers in the UK is becoming much more difficult. Support from the Government is being withdrawn. Legal support is more difficult to obtain. Media coverage is often negative.”

“Seriously-increased stress on people and prospects of unemployment affect eating disorders - people will be more severely ill and there will be more clients - starting to see process happening now.”

“Single parents are terrified - no adequate childcare for them to work - can’t afford it - how will they manage rent.”

“It will become harder - especially as they are re-assessed for DLA. Could be a bit of a witch hunt”

“Squeeze on benefits coupled with reductions in statutory services will mean the cycle of non-achievement for many of our young people will be reinforced.”
Support to organisations

Organisations were asked if there was anything that NCVS could do to help and develop their organisation in the coming year.

Responses included:

“Work at preserving the biggest single third sector funding stream in the city.”

“Lobby to show the value of the sector and its cost effectiveness.”

“Ensure that the third sector is heard and taken seriously, and not marginalised.”

“Continue providing good quality summary information on matters that affect us.”

“Information, networking, management. Keep providing useful training courses.”

“Seminar on White Paper - really useful to us as an organisation - more of the same very useful - topical information what it means for us. Feedback from the survey would be useful. Picking up on what is happening with PCT. Also information re what is happening all over and keeping it high profile for sector. Seen a positive change in NCVS - very proactive good work being done. Funding advice session booked while doing survey”

“Good to have conversation about developing outcomes. Training for trustees.”

“Worth signposting - funding advice. Pointing us in right direction to understand what is happening outside project and help prevent duplication; bringing projects together.”

“Help for small organisations in relation to the NHS changes and other changes - acting as a broker and support/acting on behalf of several small organisations.”

“Any new opportunities coming up - to make sure we know about them - help groups collaborate and get them together. Outcome and impact training.”

“Continuing the recent practice of organizing around VCS issues and speaking out the views of the VCS to the Council, PCT etc; Organizing events, workshops, etc to debate issues and spread information. Work closely with other organizations to ensure the wellbeing and health structure is fully exploited at a time when major changes are happening in this field.”

“Yes - assistance to make the contracts and collaborations to understand the new requirements for employability (including people who are moving off incapacity).”

“Being in contact with other organisations based in Newcastle who are small social prescribing, arts for wellbeing organisations” would be really useful as we want to create a network”
Other comments

Organisations were asked if they had any other comments

Responses included:

“My fear is that the "Big Society" is a "nice" concept, but unless direct action is taken early on, many third sector workers will have already lost their jobs when the funding runs out by the end of the financial year.”

“As a sector we need to stick together and work together as much as possible - especially with the changes - we need a united voice.”

“It is going to be challenging. We are going to have to consider different ways of working to survive.”

“We had thought the "Big Society" would be important for the VCS, especially volunteering, however David Cameron failed to explain it at the Conservative Party conference and it looks as though the idea will be dropped.”

“I am happy to help out smaller VCS organisations by offering advice or time if asked.”

“Personalisation - authorities should be more clear about the hoops we have to jump through. Very little information and time.”

“Keep us in touch about how the Big Society ideas evolve.”

“Please keep up the good work you do on behalf of the sector.”

“Feel get good support from City Council.”

“No one can predict the future until budgets are set.”
Conclusions

With 47 respondents ‘The State of The Sector’ can only give a flavour of what is happening in the sector in the North East. However our findings do echo those of the Northern Rock Foundation’s Third Sector Trends surveys and the VONNE ‘Surviving’ surveys in identifying the dependence of the sector on funding from statutory sources. A consistent message is coming through that the previous confidence in the future is evaporating as it becomes clear that the public sector is unable to provide the previous levels of funding.

The majority of organisations that responded had an annual income of £10,000-£1,000,000. This is the group of organisations that have been identified as being at the greatest risk. The larger organisations, which are often local branches of national organisations, have enough experience, influence and reserves to get through the next few years and indeed can see new opportunities in taking over some services currently delivered by the public sector. Small organisations, with incomes of less than £10,000 a year, are not well represented in this survey, and are rarely dependent on the public sector for the majority of their funding.

The main risk appears to be to the organisations with an income between £50,000 and £1,000,000 a year. These organisations appear to be particularly vulnerable and reliant on public sector funding. Some of these organisations were established in the last 15 years, and have often been reliant on regeneration monies, (Inner City Partnership, City Challenge, Neighbourhood Renewal Fund, and Working Neighbourhood Funding).

The key point is that over the years, the voluntary and community sector has taken over the delivery of statutory and essential services. These are not just ‘added extras’, but core services that improve the quality of the lives of Newcastle citizens. They also help to prevent inequalities worsening. However the Coalition Government has not simply reduced funding as an austerity message; organisations are beginning to understand that this is not simply about getting over the current economic crisis. The coalition is attempting to make an ideological shift from voluntary and community organisations using public sector funding to them becoming self-reliant, or at least not reliant on public funds.

The Coalition Government has announced new sources of funding such as the Transition Fund, and the Big Society Bank. There are also a number of new opportunities for decentralisation of public services outlined in the Localism Bill. However many are concerned that these initiatives are merely “covers for cuts and privatisation” and cannot replace public and voluntary and community services.

The public sector needs to engage in an open debate with local communities, private sector and voluntary and community organisations and others about the priorities for Newcastle and what sort of city we want for the future, and who is best placed to deliver that vision and how, together, we can deliver this vision.
Recommendations

NCVS makes the following recommendations:

- The voluntary and community sector recognises these are hard times, but asks that any cuts are proportionate and allow a reasonable level of service to be maintained.

- Many voluntary and community organisations deliver statutory services and essential services. Much of this work is preventative and such projects save public services considerable amounts of money. There should be an impact assessment made of the implications of any cuts; this work could be carried out in partnership with local organisations and communities.

- Organisations need sufficient notice of cuts to their funding, so they have time to consider if they can deliver their services in a different way. This could involve some transitional funding so that structures remain to be built up and developed in better times. It could include tapering budgets.

- Public sector commissioners should work creatively, in line with the Localism Bill, to explore new and different mechanisms for service delivery and more directly commissioned services.

- An equality impact assessment should be made across Newcastle, once all the cuts are known. This would enable the areas of greatest need to be highlighted and funding should be prioritised to the communities (of identity, interest, and geography) in greatest need.
Appendices

Appendix A Copy of Questionnaire
Appendix B References

Appendix A NCVS state of the sector survey

Purpose To provide a snapshot of how the recession and the anticipation of what will happen to the funding environment next year will impact on the voluntary and community sector in Newcastle.

1 Your name..............
2 Your role.............
3 Organisation name.............
4 Type of organisation, please mark all that apply:
5 Address.............
6 Telephone
7 Email address
8 Number of :
   Full time equivalent (FTE) Paid staff .............
   Volunteers........................
   Trustees/ Management Committee members.............
9 Geographical area your organisation works in (can be more than one)
10 Please state the key focus areas for your services/ activities
11 Your income in 2009/10 (last year)
12 Your current reserves
13 We are looking at the situation in Newcastle, can you please give a rough estimate of what proportion of your total funding is directly related to Newcastle?
14 Please try to estimate what proportion of your annual turnover (based on your last full financial year) comes from?
15 Given your current funding agreements and levels of reserves, please estimate the length of time you will be able to continue to provide your services, at the current level, after March 2011?

16 Have you had any communication from your funders yet about your actual level of funding for next year (2011-2012)?

17 How confident are you about delivering your services this year (2010)?

18 How confident are you about delivering your services next year (2011)?

19 What are the main challenges for your organisation in the coming year and why?

20 Do you see any opportunities in the coming year and why?

21 How do you see the coming year affecting the people you work with?

22 Is there anything that NCVS could do to help and develop your organisation in the coming year?

23 Any other comments?
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