3 January 2019

Nick Forbes
Leader of Council
Newcastle City Council

Dear Nick

Newcastle City Council's Budget proposals for 2019/2020, MTP for 2019-2022,
Shaping Our Future Together
Consultation Response from Newcastle Council for Voluntary Service

Newcastle Council for Voluntary Service is the local support and development
(infrastucture) organisation for the voluntary and community sector in Newcastle.

Our overall aim is to improve the quality of people’s lives in Newcastle and Gateshead by
promoting voluntary and community action. We do this by:

- Enabling the Voluntary and Community sector to influence decision makers –
  and supporting the sector as its voice
- Building capacity within the sector to shape a better, more diverse and equal
  society
- Empowering people and organisations to be heard and take action
  today and for the future

Central Government funding

Over the last eight years we have consistently expressed the view that the way Local
Government is now funded is unfair and the current mechanism appears to give the least
support to the areas of greatest need. This unfair allocation and the additional problems of
future funding in relation to the loss of the Revenue Support Grant have been discussed
and the continuing confusion and delay over the replacement of the Revenue Support
Grant is unhelpful, to say the least. The impact of cost pressures, the low Council Tax
base in Newcastle and the challenge of the importance of the Business Rate makes the
task very difficult. The previous significant cuts, the cumulative impact of the underfunding
of social care, and the increased responsibilities on Local Authorities e.g. the
Homelessness Prevention Act make the task almost impossible. The potential benefits of
the North of Tyne Combined Authority, are not yet clear, and will inevitably need time to
develop and be realised, and will hopefully start to materialise before the end of this three
year cycle in 2022. The extrapolated cut of £327million between 2010 and 2022 is very
hard to visualise and this includes £60million in the next three years with a funding gap of
£20million in 2019/20.

Voluntary and community organisations are increasingly seeing the impact of Central
Government policy on the people we support (our beneficiaries). The impact of Welfare
Reforms and in particular the introduction of Universal Credit, cuts in benefits, dramatic
shifts in housing policy, the decrease in public services and loss of overall support has
made life extremely (and unnecessarily) difficult for many of our residents and communities. In the reports we produce we have highlighted the growing impact of austerity and poverty within local communities, whilst at the same time noting the increasing inequalities. We are able to give you stories and support your campaigns and lobbying to try to improve the situation. A number of reports locally and nationally, are showing the widening of the gap between the richer and poorer communities in our city, region and country, despite it being previously decreased. GaN Canny, our report of voluntary and community sector experiences in 2018, highlighted these issues and also the increased levels of mental distress in our communities, which is not helped by the increasing reluctance of the NHS to support people with 'low' levels of distress.

We share the Council’s irritation with Central Government statements which give the impression that Local Government has been more than adequately funded. Since 2010, much of the funding has shifted from being needs-based to being population based which has a major impact on many (northern) cities. The ‘permission’ to raise the Council Tax precept for social care gives the impression this would solve the underfunding of this vital service, when in reality this covers only a small percentage of the actual costs. During this year there has been greater coverage about the growing crisis in Children’s Services nationally – with more Looked After children; significant increases in children being excluded from schools (and the impacts on Pupil Referral Units) and the growing number of children with very complex needs. It isn’t clear what will happen to the Social Care Precept in future years, but even this is essentially a shift from central government funding social care, to it being the responsibility of the local population. This is essentially a regressive tax with those areas with a lower Council Tax base because of cheaper housing, being more likely to have children and adults in need of care services, being less likely to be self-funders and putting more demands on already under-funded local authorities. The failure of the Government to produce a Green Paper on Social Care has not helped.

Newcastle has a high and increasing percentage of students within the resident population, and the current national legislation is that students don’t contribute towards Council Tax. However the increase of purpose built student accommodation, often with a built-in retail offer, is that students are not necessarily spending money in local shops either. Whilst we do not believe that students should pay Council Tax, we believe any new funding formula should take into account the impact of large student numbers and their use of council services, e.g. waste collections, use of environmental and community services. We would request that this be taken up by the LGA.

We note that cost pressures, to which many organisations are subject, are now increasing faster than funding cuts.

We recognise that around 56% of the revenue budget is spent on supporting children’s and adult’s social care and so would support the Council Tax being increased by 2.95% and also the 1% social care precept.

Process

Newcastle CVS has promoted the budget consultation exercise through our website, e-inform, and holding a meeting for the sector in November, tweeting key points from the meeting, circulating the presentation from the meeting and encouraging our members to engage and respond. At the meeting that Newcastle CVS hosted, there were presentations from the Director of Resources and the Director of Commissioning and other
senior Council officers. The meeting had a short presentation but a lot of discussion and questions. We continued the discussion at the November Voluntary Sector Liaison Group.

We appreciate the timetable is extremely tight given the need to set a budget at the March Council meeting and we have noted that the lower attendance at our open meetings in the last two years and we wondered if people felt it made no difference/ they were ground down/ the timing. We also recognised that a number of these proposals were the second or third years of three year proposals and there were relatively few new and additional proposals. As the proposals indicate some new cuts for 2020-2021, could discussions on these areas, particularly on adult social care, not start earlier?

The overall presentation of the budget, the diagrams, tables, graphs presented the information very clearly and highlighted the dilemmas in which the Council finds itself and the hard choices to be made. Although the main policy documents very clearly outlined the Council's overall budget problems and how the City Council found themselves in this space, there was still insufficient information on the detail of some of the proposals. Clearly the associated Integrated Impact Assessment (IIA) documents give more detail; but it was hard to pin down actual numbers of people who would be affected by some of the proposals. There was insufficient information on proposal 67, which we raised twice.

There was insufficient information on the implementation of the cuts from Year One and Year Two, particularly in social care; how had these worked, had the proposed savings been delivered? What were the unintended consequences (if any) of these actions? Representatives noted that rather than just going into future years, there needed to be information and feedback from the initial implementations. It was quite difficult to understand what the exact proposals in adult services were in detail, and in relation to the Welfare Rights Service Active Inclusion, therefore more difficult to comment on them. We had asked for additional information on Proposal 67, but this did not arrive. Could the next documents please incorporate this information?

A number of the social care providers would be affected by some of the proposals. It wasn’t clear what engagement with providers and budget holders had actually happened. For some organisations these reductions could be a highly significant part of their income and make them non-viable. The situation is different for each organisation and we hope they will be making individual representations to the Council. There is also the role that many voluntary organisations have as advocates for their user group.

We would highlight the gearing impact of funding voluntary organisations as sometimes Council investment contributes towards the core costs that makes it easier to attract additional funding from external sources. Also voluntary organisations can engage and maximise the use of volunteers making a service even more cost-effective, and adding to Social Value. So a cut of one pound to a voluntary organisation can result in a much greater loss of several pounds worth of activity. So it is particularly disappointing that the Newcastle Fund budget has been reduced by £300,000 to £500,000, particularly given the importance of partnership and social value highlighted in the keynote document. Whilst we applaud the investment in the voluntary and community sector, and the information and promotion of the Newcastle Fund has improved immensely, the investment has reduced from £2million in 2010 to £500,000 in 2020.

Throughout the consultation we heard that the huge financial challenges faced by the Council meant a retraction to providing purely statutory services. However the conflict is that many of the services delivered by voluntary organisations provide high levels of prevention and deter and delay the use of more expensive and intensive statutory services. In the same way that the Council has invested capital resources in renovating the
Civic Centre so that it can be rented out and generate an income, this invest to save policy could be applied to a number of the proposed cuts. Comments were made on the importance of prevention work and the concern that if the Council retreats to statutory services, this ends up costing more.

The voluntary sector is also facing the cost pressures noted by the Council – the increase in the National Living Wage in April (and an increasing number of us pay the LWF accredited Living Wage of £9 per hour which is higher than the Council’s own rate), and the impact of pension auto enrolment. Clearly these additional cost pressures will be significant for many of our members – particularly those organisations that provide domiciliary care, residential care, and support to people. These services help people to live independently and maintain a good quality of life and the impact of welfare reforms on people with disabilities, the loss of the Independent Living Fund, and the reduction in services (NHS and local authority) could go over the tipping point and mean people end up in more expensive forms of care and support.

The proposals are written in a way to illustrate the impact on Council posts only – numbers and Full Time Equivalents (around 40 WTE), but they do not illustrate the approximate equivalent job losses in the voluntary (and private) sector. Clearly a significant amount of the £2,822,000 cuts in support for adults with complex or multiple needs – Proposal 44, is used to pay for support staff. Many of these cuts will result in the loss of posts in the voluntary and private sector, and this should be estimated. As the City Council is discussing constructing a budget for the whole city in the future, all job creation and losses should be openly acknowledged; regardless in which part of the system they occur.

These are very difficult times for everyone, but we believe in the value of partnerships and on-going discussions. A lower proportion of voluntary sector investment comes through local government; there are more opportunities through Big Lottery funding, national trust and foundation funders, and other sources. We believe more detailed dialogue should start earlier with thematic groups, not necessarily looking at specific cuts, but instead exploring what can be delivered together, and maybe differently, for Newcastle’s communities.

It would be very helpful for the Council to produce a document after the budget was set outlining the differences from these initial proposals; recognising the Government’s letter to the Council outlining the actual levels of support was issued mid-December. When there are multi-year proposals, it would be helpful to report back more specifically on the progress of these to the Overview and Scrutiny Committee, rather than within the next set of budget consultations, as there is nothing to assess against.

**Specific budget proposals**

The following comments relate to the specific proposals on Appendix 2, from a voluntary sector perspective, based on the discussions at meetings, and comments from representatives, providers and carers. It was difficult to comment on some of the proposals as they were in year two and three of a three year process, and there was minimal/no information from previous years on their progress, problems, and outcomes. The language and phrasing sometimes made it difficult to understand what was happening. Clearly we expect full consultation and information and IIAs for the proposals outlined within the document as starting in 2020-21 or 2021-22.

**Reference 6 and 8 IIA 1**

**Tyne and Wear Archives and Museums**

We recognise the value and contribution of TWAM and it is an Associate Member of Newcastle CVS, we note the proposals to save £150,000 over the next year. We would
ask that the closure of Discovery Museum on the five Bank Holidays a year is reviewed as it is one of the few free offers to families in Newcastle. We would respectfully suggest that income generation around events at the Laing Art Gallery and others is better managed and it could make additional contributions. Comments were made that there were often lost opportunities to capitalise on and communicate what was happening, booking systems were confusing, and a number of the offers at Newcastle venues were not attractive and could be more targeted at people with the wherewithal to pay more. The Great Exhibition should have increased the number of visitors and it wasn’t clear how that had been capitalised. The offers were often to specific audiences and didn’t reflect the age population and diversity within the city.

Reference 9
Communities Team and ward budgets
We assume this means there are no proposed cuts to the ward budgets for the next year. When the proposed cuts to the Communities Team are known, it would be helpful to have an early discussion, as though CVS does not do the same work as the Communities Team, we often work in partnership on issues eg Newcastle Fund launch.

Reference 10 and 11
Public Health Programmes
Although there are no proposed budget savings in 2019-2021, there are significant ones in 2021-2022. We would like full consultation with all affected organisations beforehand as we are aware that much of public health spending is on commissioning services, often from local voluntary organisations. This is an area of prevention, where cuts in funding can cause more expenditure in the future. The issue of the ring-fence removal is unclear.

Reference 19
Community Hubs and Libraries
It isn’t clear what is meant by Community Hubs. The Council has held several meetings with the voluntary sector on community hubs and it isn’t known what has happened as a result of these discussions. At one point, it was mooted putting some public services into buildings operated by the voluntary sector, and it isn’t clear where these discussions currently stand. There should be more active discussions with voluntary sector community centre providers about shared facilities, particularly in relation to access to IT.

Libraries are much more than book exchanges. An increasing use is as a provider of IT, this is very important with the requirements under Universal Credit and also there is an expectation that young people do their homework online. The households with the poorest access to IT are those with the poorest children and the reduction in some library hours might disproportionately impact on the poorest people.

The Integrated Impact Assessment does not show any engagement / consultation with community and special interest groups.

Reference 29
Welfare Catering
Is this meals on wheels? This needs to be clarified before the next year’s consultation.

Reference 32 and 33
Waste Disposal services and Household Waste Recycling Centre
We understand this proposal affects 21 charities and assume there has been full consultation with the affected organisations. Clearly there should be an equitable rather than historic approach to waste collection.

We note the proposal to close Brunswick Household Waste Recycling Centre in 2020-21, and assume there will be a full consultation on this as its not a cut we would support. Ironically this centre was money-making when managed previously under a private organisation, yet is losing money when managed by the Council. We believe the closure of this centre would have significant (negative) impacts on recycling rates.

Reference 39
Parking
Parking should be viewed within the wider environmental perspective and particularly the current conversations around clean air. We completely support the principle of reducing private, unnecessary car traffic into the city centre, and believe this should be encouraged by better, more regular, reliable, cheaper and greener public transport. Could the City Council encourage its business and public sector partners (particularly the Universities and the NHS) to offer similar annual travel pass offers to their staff as well?

We support car park charging in the city centre car parks; could there be a reduction for Newcastle residents/ increase for non-Newcastle residents? It isn't clear how the ‘Alive after five’ scheme offering free car parking after 5pm fits in with the desire to reduce unnecessary private cars in the city centre.

In relation to the Blue Badge scheme, there are clearly a number of non-Newcastle residents who take advantage of this, albeit many will have legitimate reasons e.g. work, leisure, retail, to park in the City Centre. Is it legal to levy a non-Newcastle residency charge? We have no significant objection to this proposal but would ask that there is some consultation with disability groups as it seems from the IIA that the previous conversations were in 2014 and there are different people with different needs and also parents groups should be consulted.

In relation to the Shopmobility proposal, this seems reasonable and we suspect the increased use of internet shopping, makes it a less desirable service. Again we would ask that disability groups be actively consulted.

Proposals 40, 41, 42, 43, 44, 45, and 46
Adult Social Care
These significant cuts in adult social care services (amounting to nearly £4 million in 2019-20) follow on from cuts in previous years. There are no impacts on the numbers of Council staff. It is difficult to work out from the paper how successful these have been, and their impact. Were there any intended consequences? Did costs shift elsewhere? What were the impacts on users, carers, former voluntary sector and private providers of these services? The removal of this level of support must have resulted in significant (albeit hidden, job losses) often amongst low paid women carers.

We would suggest that a report is made to the Overview and Scrutiny Committee about the impacts of these and the other adult social care cuts implemented and taking evidence from user groups, carers and carer associations, voluntary and private sector providers on what this means in reality. Whilst we support independence, the reliance on technology can sometimes be over-assumed and misused by people with significant needs. The over-
reliance on technology can, in some instances, lead to more isolation and loneliness as the ‘people’ element is removed.

Proposals 47 and 48
Adult Social Care
It is assumed there will be full consultation, significant information and IIAs produced for next year’s budget on these proposals.

Proposal 49
Adult Social Care
We would ask for the outcomes of the dynamic review approach, which appears to be a large team of assessors, people being regularly assessed, and providers finding it difficult to cope with fluctuating workforce. Any outcome should include the views of users, carers and providers. We note a further £615,000 to be removed from the budget and this will equate to over 40,000 hours of care for people with learning disabilities. The dynamic approach makes it very difficult for providers planning their workforce requirement. There have been comments from providers about multiple assessments and the problems in recruiting and retaining social care staff, there is also a view that this will worsen after Brexit. There is also an increased impact on family carers if lower levels of care hours are purchased. A comment was made that reviews always seem to end in a decrease of hours, rather than an increase, even though needs tend to increase.

Proposals 51, 52, 53, 54, 55, 56, 57, 58, 59 and 60
Adult Social Care
It is assumed there will be full consultation, significant information and IIAs produced for next year’s budget on these proposals. These proposals are wide-ranging and the consultations must actively involve user groups and voluntary organisations eg Disability North.

Proposal 64
Adult Social Care – Health and Care Pound
We are assuming there will be full consultation on this as £7 million is a huge sum of money. We are fully in favour of more integration, reducing duplication and maximising independence, but as the NHS has its own budget cuts we are worried that costs just shift to users, carers and other providers. There needs to be an open discussion about the Newcastle Pound, which is a positive concept, but should include how other partners, including the Universities and the NHS, can do this, else they will be hide-bound by traditional contracting processes. The current NHS contractual processes make it very difficult for small and local organisations to engage and they are not advertised on the NEPO site.

All public sector partners in Newcastle should agree a common understanding about the Newcastle pound, purchasing locally, investing locally and employing local people so the money is reinvested in Newcastle. All contracts should be advertised on a common portal. There should be an agreed Social Value statement that covers all of Newcastle’s public sector providers, using the City Council’s approach as a good base to start.

Proposals 65 and 68
Adult Social Care – Commissioned Services
Commissioning and Procurement
We assume this means cuts in the value of contracted services. We are concerned about the disproportionate impact on the voluntary and community sector. We are all doing ‘more for less’, but charitable funds should not be used to subsidise public sector contracts.
Sadly an increasing number of organisations find themselves doing this in order to provide services to their beneficiaries. It is not sustainable and is certainly not the way the private sector operates – where the profit margin is taken out first and the services are assumed to run on what is left. There will soon be contracts where no providers will bid except for very large national organisations that can absorb the costs. This is not what Social Value is about.

Equally we would not wish to see a repeat of the request in the recent Targeted Youth Services contract where organisations were asked to illustrate how they would subsidise up to 20% of the contractual costs; this is also against the principles of Social Value and is poor practice.

We would ask that there is further consideration about those services which needs to go out to competitive tender as filling in complex forms and indeed marking them, when there is no external need to do this, is a waste of resources and capacity of both the commissioners and potential providers. The potential of negotiated contracts should be looked at more actively when there is no need to go out to tender, but a contract needs renewal and the current service provider fulfils the criteria and it is below the EU levels.

Proposal 67
Inclusion Newcastle
There is insufficient information on this proposal. This was raised at the VCS budget meeting and a commitment was given to provide further information at the VSLG, but this was not forthcoming. The IIA refers only to a small part of the proposal (£24,500 / 5% cut from the Supporting Independence Scheme).

There are significant funding cuts in this proposal but is very hard to find out to what they relate. The response that they are ‘non-statutory services’ is not helpful. The description is vague and refers to ‘inter-connected responses……connections…opportunities for efficiencies’ which mean absolutely nothing.

We have been involved in, supportive of, and promoted the Council’s Inclusion Newcastle approach. We know the introduction of Universal Credit has cost the Council significant amounts of money, and indeed the voluntary sector has made its own response.

There are clearly numerous elements to this proposal (with cuts of @£4.5million over the next three years) and we would suggest that Cabinet members receive full information before agreeing this proposal. There is insufficient detail and lots of risk in this budget line and there needs to be more democratic discussions about what this means in reality.

We are disappointed about the lack of any meaningful information and an IIA on all the aspects of this mystery proposal.

Proposal 71
Newcastle Fund
This proposal is to reduce the contingency element from the Newcastle Fund and reduce the overall fund in future years. There was no IIA produced for this proposal, and it isn’t clear why this was the case. Following questions, it was ascertained the overall level of the future Newcastle Fund in 2020 will be £500,000. Whilst we are very pleased that the City Council has continued to invest in the voluntary and community sector, the reduction over the years from £2million in 2011 (which would be worth around £2.5m if inflator was counted), to £500,000 is disappointing. For some organisations, the Newcastle Fund
provides the core funding to keep them going and enables them to make applications to
other sources of funding. It is disappointing that the NHS has never really properly
engaged in this programme in order to maximise the benefit and continues to make
decisions unilaterally.

Proposal 85
Financial Services
We are particularly concerned about the withdrawal of front-facing housing benefit staff
from customer service centres, reducing telephone access and sign-posting to digital and
self-service channels. The experience is that this approach will be problematic for people
with additional needs, language and communication problems, physical and sensory
disabilities, people with learning disabilities, and people who don’t have access to digital
services. Also the experience is these ‘self’ services do not work where there is a problem
and no-one to talk to and the user-experience doesn’t neatly fit into a box. This could result
in loss of Housing Benefit which will cost the individuals more misery and money lost than
any potential savings. It could result in the Council losing potential Housing Benefit, which
hasn’t been claimed. There is already an unacceptable wait for Council Tax telephone
waiting times and it is unclear how closing the service one day a week to the public would
make it more efficient. There has not been any consultation with advice providers or others
on this proposal.

Council Tax and Adult Social Care Precept
This is the proposal to increase the Council Tax by 2.95% in base and add the adult social
care precept of 1% making 3.95% increase in total.

We do not object to this proposal but believe there should have been an increase in
Council Tax, every year since 2011 (as set out in our previous responses), except for the
years when the Council would have been penalised for this. We recognise the low Council
Tax base. We believe the social care precept is inadequate when compared to actual
social care needs; and basically it means those poorer communities, which are likely to
have higher social care needs, must pay more. We remain concerned about those
residents previously covered by transition but now paying Council Tax, particularly those
who are already in arrears. We also believe there is a growing crisis in Children’s Social
Care nationally and the Government needs to urgently address this, and are relieved to
note no new cuts proposed to Children’s Social Care in this year’s budget.

We do not know the outcome of the Government’s Local Finance Settlement which took
place after the meetings, but would ask if there is any increase in income, for it to be used
in the areas highlighted previously, particularly adult social care and Active Inclusion.

Concluding comments
The scale of the funding gap of £20million in 2019-2020, which includes a savings (cuts)
requirement of £16.9m, knowing a further funding gap of £40million is to be overcome by
2022 is highly significant. The lack of any substantial information of a ‘fair funding’ deal to
replace the Revenue Support Grant, the impact of Brexit, the uncertainty about Business
Rates, growing inflation, the lack of a proper funding model for social care and
demographic changes make a toxic mix.

The funding gap of £60million over the next three years moving towards £327million of
cuts by 2022 has never been experienced before by those of us who live and / or work in
Newcastle. We are deeply concerned about the cumulative impact of all of these proposals
on the citizens of Newcastle, in particular the most vulnerable residents and communities
(whether of identity, interest or geography). We have tried to provide a summary of the
comments that have been made by our members and put them in an overall context, in relation to how the budget proposals have been presented. However we recognise that many of these issues are related and will have impacts on each other. The size and scale of public spending cuts, together with Welfare Reforms, particularly Universal Credit, are having a massive negative impact on many communities, local businesses, and the economy and could lead to a downward spiral. Whilst at the same time we recognise the ambition in Newcastle as a city in which to invest.

However we believe the inevitable focus on the cuts of this magnitude has meant that opportunities have been lost to transform some services and work in partnership. Opportunities still exist and many voluntary organisations would welcome discussions with council officers in order to minimise impacts on our city’s residents. We have already seen many imaginative approaches to retain services for people, and believe these should be further enhanced. We also believe others, such as the Newcastle Hospitals NHS Trust and the NTW NHS Trust and both universities, could use some of their resources to help support our most vulnerable citizens through these difficult times.

Although the budget cuts proposed are not to statutory services, a number of the services affected offer some form of prevention, often helping people to maintain independence and stay in their own home in the community. A number of the services affected contribute towards improving health and wellbeing and challenging loneliness and isolation. There are genuine concerns that the loss of some of these services could not just impact on the people who use them and their carers, but might also result in greater demands on statutory health and social care services and actually cause an increase in costs, not a reduction.

The voluntary sector has experienced a period of massive change - the loss of significant government grants, the push to larger contracts, the drop in donations, the contraction of grant-making trusts, the promotion of social investment, and the changes in the NHS have made the sector itself more vulnerable. This is at a time when we are being asked to take on more (unpaid) work and more clients, users and carers are being sign-posted to us. We believe the voluntary and community sector has a number of resources which we are willing to share, but we want to be treated as a serious partner to help get us all through the next years ahead.

Yours sincerely

Sally Young
Chief Executive

cc All NCC Cabinet members
All NCC Executive Directors
Chairs of Scrutiny Committees
Rachel Baillie
Tony Durkin
Neil Munslow