

CVSF Submission to the Scrutiny Panel on the Societal Impact of 2010/11 in-year budget reductions

October 2010

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Introduction

CVSF called for a full impact assessment of cuts before decisions were made about in-year budget reductions. We are pleased to have the opportunity to contribute to the scrutiny panel's review of this subject. CVSF does not however necessarily have a view on or answers to all the panel's questions for discussion, given the sector's involvement in services may not relate to all areas affected by the in-year budget reductions. A response is given below to the questions where CVSF has relevant knowledge and experience to share or a particular view around process and policy. Also appended is our position statement on public spending cuts which has been developed by our member organisations.

A) Response to Scrutiny Questions

1) To what extent can the impact be judged prior to taking a decision? And afterwards? In the short and longer term

It is viable to assess the impact of a service cut before taking a decision and officers should be tasked with producing a business case in relation to any proposal for cuts. A business case may be a full impact analysis or a more limited review, depending on the time available and nature of the service/cut. The most effective way to achieve this is to:

- Review the monitoring information in relation to the particular service and assess the value of the outcomes/outputs and their impact on service users**
- Seek feedback from service users and/or service providers on the service and discuss whether there are savings which could be made**
- Complete an equalities impact assessment on the service**
- Assess whether the service is a) statutory requirement and therefore a service which cannot be removed or b) delivering on a priority in the Sustainable Communities Strategy and weight the decision-making process accordingly**
- Consider the impact on the most vulnerable communities in Brighton and Hove, ie whose voices may not usually be heard – such as older, isolated people, younger unemployed, disadvantaged children or other groups at risk of being disproportionately affected by cuts such as travellers and refugees.**

2) What are the aims and objectives of the budgets that were affected?

In relation to the Connexions services:

- The aims of the service are to support young people back into employment, education or training, and specifically to provide careers advice.**
- CVSF believes however that the workplans of the voluntary organisations delivering Connexions services have much broader**

aims and objectives, to support the whole needs of a young person. This would include providing information, guidance and advice and preventative interventions, which would reduce the likelihood of service users becoming homeless, misusing substances, experience poor mental health, having unwanted teenage pregnancies etc

3) What are the funding streams affected by the removal of ring-fencing and how does that affect decisions made?

While CVSF cannot comment on the specifics where ring-fencing of funding was removed, we believe this change can present a challenge to officers when making decisions about reductions/service cuts. While it could be argued that more flexibility in decision-making is a positive factor, officers may lack the necessary understanding of citywide priorities/needs or the relevant information to decide how to prioritise which services should be maintained or reduced, and be pressurised to make decisions around cuts without time to fully assess the impact of funds being moved from one area to another.

4) How to deal with joint programmes with partnership organisations, including eg matched funding? / How to ensure groups in receipt of grants via different Council services and/or partner organisations are not disproportionately affected?

CVSF considers that assessing this wider impact should be a key feature in the decision-making process around budget reductions, as what looks like a sensible cut on the surface may result in much wider impact. Any partner organisation involved in the related services should be asked for a breakdown of information relating to:

- **The inputs it contributes to the service, eg any additional funding it levers in on the basis of the funded service or in-kind support**
- **The outcome chains of the service within the particular organisation, eg in the case of the Connexions service, voluntary organisations add value to the contracted service by providing wider, young person-centred services across a range to issues/themes, pulling in resource from across the organisation's projects and staff**
- **The impact of any reduction in terms of what wider services/outcomes would be affected, eg in a voluntary organisation the contracted service may allow for there to be adequate staff/user ratio in a youth centre during opening hours. The removal of the contracted service and additional worker may result in the centre not being able to open for the same number of hours**
- **The impact on the core running costs of the organisation, which may be disproportionately affected by cuts, eg the future viability of an organisation should be taken into account if possible.**

5) What has been done in implementing the changes so far? What is happening now?

Again, using Connexions as an example:

- **It is very unclear what is happening now! The contracted organisations have only been advised that they should continue**

'business as usual', although it is very evident that the situation is far from 'business as usual'. Meanwhile public information about the process underway around the Council and Prospects provided Connexions services is limited and speculation rife

- While we understand that due process must be followed in relation to legal contracts (both in terms of employment and contracted service provision), it is disappointing that clearer messages have not been given by commissioners/CYPT in relation to Connexions services and that there has not been a discussion with the voluntary sector providers about how service delivery needs to be adjusted to accommodate this significant change in provision**
- Voluntary organisations have instead had to look to Council / Cabinet meetings for updates on the situation, where it is understood a recent meeting confirmed the service is to be redesigned following consultation, however no further details on this are known**
- A further recent complication has been the closure of Creating Futures and its Connexions service, which we understand is in the process of being transferred to other providers.**

6) What have been the key issues in making the cuts?

From our perspective, information lies at the heart of some of the challenges and opportunities around making cuts:

- Evidence of outcome of services must be reviewed to fully understand the impact of cuts. Often service outcomes are not monitored, understood or valued which makes it difficult for officers to assess relative impact of service change, this is particularly true of preventative work often delivered by the voluntary sector. In general the added value of community and voluntary sector service delivery is very badly understood**
- Even more basic than this, there is sometimes a lack of raw data about service contracts and their basic outputs**
- In terms of the decision-making process around cuts, a key challenge for the Council is to ensure transparency and communication with the sector. In difficult times and when difficult decisions need to be made, organisational barriers often go up, which is unhelpful as ongoing dialogue is essential.**
- Cuts provide an opportunity for and require new types of partnership working. CVSF can help facilitate conversation between sectors around making savings and efficiencies. Dialogue will ensure that all parties understand the situation, understand the cost/value of services, get to grips with the need for generic/specialist services and work together to achieve the best outcome for service users.**

The learning from the in-year cuts can be applied to how future cuts are handled:

- There should be evidence of cuts being applied (or not) according to a set of clear and objective criteria about need and priorities**

- There should be dialogue with the community and voluntary sector about these criteria before they are applied, in accordance with the principles set out in the Compact
- Individual organisations threatened with cuts should be consulted about the impact on their service before it is applied
- Organisations facing a cut in funding should be given at least 3 months notice and with a right of formal appeal to the most senior level of decision-makers
- Where a variation in existing contract arrangements is sought by the funder, this should be achieved by mutual agreement wherever possible
- Cuts processes should be open, transparent and consistent
- A joint Funding Panel, eg comprised of reps from the relevant public sector and CVSF should review options on community and voluntary sector funding cuts before any final decisions are made

7) To help understand potential impacts – how can the effects of reductions be mitigated?

As part of the process of assessing the impact of cuts, a meeting could be held with contracted partners / relevant organisations (with representatives of providers and/or service users) to discuss:

- What other services are available which might be able to provide alternative support?
- How might other services be adapted to provide alternative support?
- How might alternative funding be levered in to fund the service?

It is also suggested that CVSF be involved in the budget setting process for 2011/12 in order to undertake some of these mature, exploratory discussions early on.

B) Public sector spending cuts and CVSF's role

CVSF position statement

The prospect of severe public spending cuts is well documented and community and voluntary organisations are bracing themselves for tough times. There are going to be some difficult decisions for our partners to make in relation to local statutory sector agencies budgets for 2011/12. This statement sets out CVSF's position in relation to cuts.

1. Why is CVSF engaging in the cuts agenda?

CVSF must use its influence to ensure cuts are well handled, on behalf of local people. Over the years, when money has been coming into our communities, the community and voluntary sector has fought hard for delivery of services and a voice in the city, and it would be wrong of us to retreat now and not use our voice as services are going into sharp decline.

It is unrealistic for us to campaign against cuts given that they are part of a wider national/global funding crisis, increasingly a fact of life and already underway. While engagement in the cuts agenda has drawbacks and

could be divisive if the sector allows it to be, non-engagement would leave the sector even more vulnerable.

2. How can CVSF campaign against cuts while working in partnership with the statutory sector on a range of projects?

When there is less money around, partnerships are even more important. CVSF is committed to protecting the community and voluntary sector's interest in relation to cuts, but this does not prevent CVSF from continuing to engage in partnership working and partnership projects/programmes. It is possible and appropriate to combine these roles if handled sensitively. We remain sympathetic to the challenges facing all organisations in relation to the impact of funding cuts.

It is important to maintain ongoing communication and an open dialogue with relevant partners in relation to cuts, to discuss priorities and provide opportunities for working together on minimising the impact of cuts on local services and communities.

3. Will CVSF align itself with a political viewpoint around cuts?

CVSF will not engage in party political debates around the role of the sector or specific priority areas / services on which particular political parties will be campaigning. CVSF will engage with B&H City Council's overview and scrutiny processes around decision-making about cuts.

4. What does CVSF want to happen around cuts?

An impact assessment of cuts must be made before decisions are taken. This assessment should involve service users and providers and scope the added value of community and voluntary sector service design and delivery. In addition to this, decision-makers need to apply consistent and fair principles in relation to the way in which cuts are handled and ensure that processes and timetables are clear. The Compact between the community and voluntary sector and statutory sectors should be adhered to, particularly the Codes of Practice around Funding and Commissioning and Consultation, if Public Law challenges are to be avoided.

If CVSF believes due process has not been followed or the wrong decision has been made, then in consultation with our members, we will campaign against arbitrary cuts which seem unfair or which to seem to favour the public sector's own services for no good reason. We will log and seek to address any Compact breaches with the Dialogue 5050 Group.

5. What is CVSF asking its public sector partners to do?

- a. Cuts should not simply be applied across the board (salami slicing). There should be evidence of cuts being applied (or not) according to a set of clear and objective criteria about need and priorities**
- b. There should be dialogue with the community and voluntary sector about these criteria before they are applied, in accordance with the principles set out in the Compact**
- c. Individual organisations threatened with cuts should be consulted about the impact on their service before it is applied. The impact on the long-term viability of the organisations concerned should also be considered and an equalities impact assessment undertaken**

- d. **Organisations facing a cut in funding should be given at least 3 months notice and with a right of formal appeal to the most senior level of decision-makers**
- e. **Where a variation in existing contract arrangements is sought by the funder, this should be achieved by mutual agreement wherever possible**
- f. **The process should be open, transparent and consistent**
- g. **A joint Funding Panel, eg comprised of reps from the relevant public sector and CVSF should review options on community and voluntary sector funding cuts before any final decisions are made**

6. Which groups in particular risk being disproportionately affected by cuts and what does CVSF think needs to happen about this?

CVSF will argue the case for those whose voices may not be heard – such as older, isolated people, younger unemployed, disadvantaged children or groups at risk of being disproportionately affected by cuts such as travellers and refugees.

Cuts risk impacting upon small, medium and larger community and voluntary organisations in different ways. CVSF aims to unite members around protecting the interests of the community and voluntary sector in all its diversity, and to avoid splitting the sector into separate parts, which we believe will undermine our collective voice, influence and service delivery role. CVSF will encourage and support community and voluntary organisations to increase understanding about their value and impact. CVSF will campaign for maximising the role of the community and voluntary sector and for appropriate funding, which means maintaining a mixed economy of grants and contracts.

In particular, CVSF will seek to raise awareness of and lend support to the following issues:

- **Smaller organisations have a significant role to play in the city and in relation to emerging policy and programmes around Big Society. Similarly small groups have the right to campaign, if they wish to if this is part of their aims and objectives. This right (and the right not to engage in public service delivery) must be defended.**
- **Medium sized organisations are often well placed to deliver innovative and targeted services, but these groups risk being squeezed out of the market place, unable to compete for service delivery contracts with larger / private sector agencies. These organisations need support to be protected from cuts as much as possible and to ensure they are ready to respond and adjust to the changing funding environment**
- **Larger organisations may not be able to sustain the contracts they hold when value for money assessments are undertaken. For example they may be unable to compete with regional or national providers who can provide better economies of scale. Understanding the full value of service delivery is necessary to ensure there is a level playing field in relation to commissioning opportunities**

7. What can't CVSF do?

If the scale of the cuts turns out to be as vast as we all fear, then CVSF will not have capacity to campaign against cuts in all service areas. We will focus on protecting the interests of the wider sector in the first instance. Where there is evidence of cuts hitting harder where the community is most vulnerable, then CVSF will seek to lend its support to these particular campaigns.

We will encourage and support organisations where possible to 'campaign', for example by seeking and providing information on processes, advising on different approaches and tactics and signposting to tools and resources such as the Compact and Public Law Project, which may help challenge different aspects of the decision-making process.

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