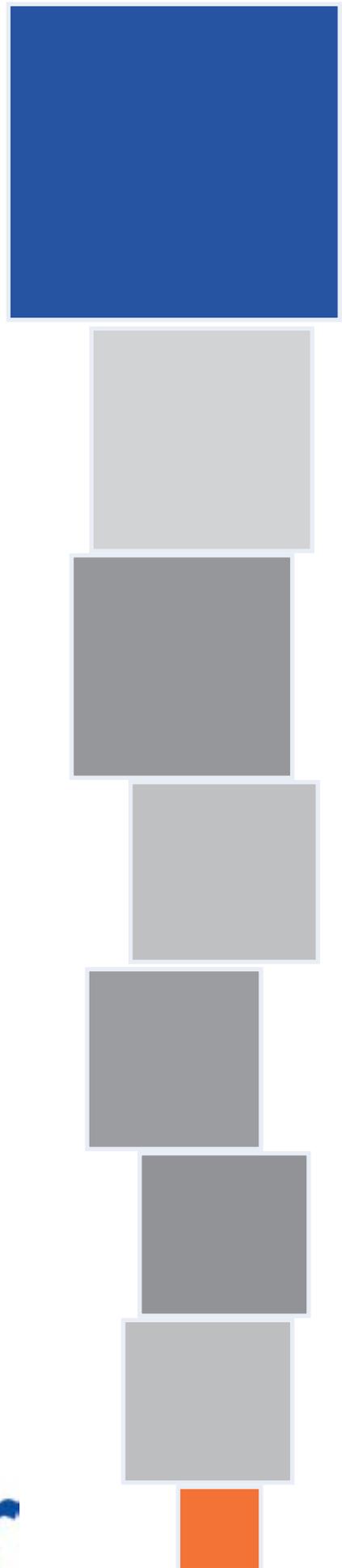


# Under pressure

The effect of the recession on the voluntary and community sector in Bristol



| <b>Section</b>   | <b>Page</b> |
|--|-------------|
| Foreword   | 3           |
| Executive summary  | 4-5         |
| 1. The voluntary and community sector (VCS) in Bristol         | 6-9         |
| 2. The economic recession                                      | 10-11       |
| 3. Bristol City Council  | 12-13       |
| 4. Impact of the recession on the VCS in Bristol               | 14          |
| 4.1 Reductions in funding to VCS organisations                 | 14-15       |
| 4.2 How have VCS organisations dealt with the loss of funding? | 15-18       |
| 4.3 Groups disproportionately affected by cuts in services     | 18-21       |
| 4.4 The impact of welfare reform                               | 22          |
| 4.5 Demands on services  | 23          |
| 5 Bristol choices  | 24          |
| 5.1 Mayoral pledges  | 24          |
| 5.2 Communication  | 26-27       |
| 5.3 Recommendations from this report                           | 27-28       |
| References   | 29          |
| <b>Case studies</b>  |             |
| Firebird Theatre & Artists First                               | 8-9         |
| Southmead Development Trust                                    | 14-15       |
| Lawrence Weston Community Transport                            | 16          |
| Community Resolve  | 17          |

# Foreword

Voscur is a registered charity that works to support and develop a thriving, effective and influential voluntary and community sector (VCS) in Bristol. It works at a strategic level to promote the interests of the sector and the people it supports, and at a local level providing services to voluntary and community sector organisations.

This report aims to highlight the effect of the recession on the voluntary and community sector in Bristol. Voscur has undertaken two surveys on the impact of the recession on the VCS. The surveys were undertaken in 2010 and 2012. Measuring the impact of the recession has also been carried out by similar organisations working in the eight largest cities in England, excluding London (known as the core city group). We share a common concern that the impact of the recession has fallen unequally on those most vulnerable in society and the VCS organisations that provide services to them.

The impact of the recession on VCS organisations (and in turn those they work with) has been described as a ‘perfect storm’ (1).

“A combination of events which are not individually dangerous, but occurring together produce a disastrous outcome” (Collins English Dictionary definition of the phrase ‘perfect storm’).

The combined effect of the impact of the cuts in funding, and an increase in existing and new demands for services, will produce serious negative outcomes for VCS organisations and those they work with.

This report also draws on national data, highlighting the impact of the recession from different angles. It is important to look not just at loss of funding for VCS organisations, but also at the increased demands for existing and new services as a consequence of the recession, particularly the demands that will arise from changes to the welfare system.

We present this report so that policy makers can consider the overall impact on those most vulnerable in society and consider how they can best alleviate the ‘storm’ to come.

# Executive summary

**There are an estimated 1,428 VCS organisations in Bristol.** Based on data from the Cabinet Office, obtained in 2010, it is estimated the VCS in Bristol employs 12,800 full-time paid staff (or equivalent) (2) and involves approximately 100,000 volunteers (this figure is based on all forms of formal and informal volunteering and community activity) (2a).

The VCS provides a wide range of services to people in Bristol. In 2011/12 it provided £40 million worth of contracted services to Bristol City Council alone.

The conclusions of this report are:

**The VCS has a number of unique characteristics that make it a valuable provider of services:** it meets the needs of vulnerable people, has strong connections with local communities, attracts inward investment, and reinvests its surpluses locally.

**The VCS is under pressure from loss of income, and is**

**using its reserves to deliver services, threatening its long-term sustainability.**

Voscur's local surveys agree with national data that the VCS has lost substantial funding, resulting in loss of staff and services.

**As well as a reduction of staff and services in the VCS, the sector is facing increased demands for existing and new services.**

**The strategy for dealing with the recession by reducing national spending impacts disproportionately on deprived households and communities.** Additionally, certain groups of people are disproportionately affected: children and young people, older people, disabled people and people from black and minority ethnic (BME) communities.

**The recession shows no signs of receding, and there will be significant changes in the welfare system.** (The impact of Welfare Reform is likely to lead to increases in

homelessness, mental and physical health deterioration, child poverty, and crime and domestic abuse, as a consequence of increased debt.) These changes will put additional pressures on local communities and increase demand on VCS organisations.

**The impact of the recession on the VCS is largely outside of the control of Bristol City Council,** for example unemployment and changes in welfare reform, but it is within the power of Bristol City Council to set a robust plan for tackling the local impact.

**Decision makers must recognise the impact of the combination of factors that the recession has brought about.** Do individual budget decisions or redesigns of service take the overall picture into account?

# Recommendations

**1** In 2010 the Cabinet Office produced a paper, 'Better Together', to help prepare for local spending cuts to the voluntary, community and social enterprise sector. It is time for Bristol to revisit 'Better Together' principles, using them as a framework to 'recession check' policies and practices. 'Better Together' has four themes – communication, collaboration, transparency and strong leadership.

**2** Whilst we recognise Bristol City Council's attempts to protect front-line services, more must be done to alleviate the overall impact of the recession on the VCS. Keeping cuts to the sector to 11% by Bristol City Council is not sufficient. We recommend a review of BCC budget plans for 2013/14 and beyond, with no further cuts in funding to the VCS.

**3** Whilst Bristol City Council's investment in services provided by the VCS, overall, has not been disproportionately cut, commissioning processes can exclude smaller, local VCS organisations. Bristol City Council must review its commissioning processes to ensure that local VCS providers and local people are not disadvantaged by the Council's commissioning practices.

**4** More must be done by local public sector partners to collaborate on the funding and provision of services. New opportunities exist with the restructuring of the NHS at a local level and a shared Health and Wellbeing Plan for 2013. This plan should take into account the impact of the recession on the VCS and groups disproportionately affected.

**5** The elected Mayor for Bristol should adopt the VCS pledges to ensure that the value of the sector is embedded within service delivery plans for the benefit of the communities of Bristol.

# 1

## The voluntary and community sector in Bristol

**There are at least 1,428 VCS and social enterprise organisations based in Bristol.** These range from large organisations employing hundreds of staff to single issue community-based groups run entirely by volunteers (2).

**Nationally, the VCS is a major employer;** an estimated 765,000 people work in voluntary sector organisations. This is 2.7% of the UK workforce. There are estimated to be at least 12,800 (figures from 2010) full-time equivalent employees in the VCS (2).

Of the VCS organisations in Bristol:

**57%** have paid staff

**43%** are run entirely by volunteers

**42%** have an income of under £30,000

**36%** receive grant funding from public sector bodies (2)

**Volunteers are an important part of the VCS.** It is estimated about 100,000 people in Bristol volunteer (this figure is based on all forms of formal and informal volunteering and community activity). The financial value of their contribution is estimated to be in the region of £26 million, based on an average wage (2a).

**The VCS provides a wide range of services to people and communities in Bristol.** It provides about £40 million worth of contracted services to Bristol City Council (2b).

**The VCS in Bristol has unique characteristics compared to other providers of services to people and communities:**

**VCS organisations have social value.** They are not for private profit – that is, they reinvest any surplus money back into their organisations to improve services that benefit local communities.

The Public Services (Social Value) Act 2012 recognises the concept of social value, and places a duty on local authorities to consider how services they buy (except public works or the supply of goods) demonstrate it. This new legal requirement is likely to come into force in January 2013.

**VCS organisations attract inward investment.** As a sector, the VCS brings additional resources for the provision of services. For example a charity contracted by the government to support disabled children is likely also to be bringing in donations and grants to deliver its work.

**VCS organisations have strong connections with local communities.** Locally

“ The VCS provides a wide range of services to people and communities in Bristol. It provides about £40 million worth of contracted services to Bristol City Council. ”

‘Corporate VCS Funding 2011/2012’, Bristol City Council

based VCS organisations are likely to have members of the local community involved in their management. All VCS organisations rely on local volunteers to be management/board members, as well as involving volunteers extensively in their work. VCS organisations in Bristol are predominantly ‘made in Bristol’ – started by local communities who identified needs in their communities and decided to do something.

**VCS organisations provide a wide variety of services:** universal services, specialist services, and preventative services. With almost 1,500 different VCS organisations in operation, innovation and diversity in delivering services is a strong feature of the VCS.

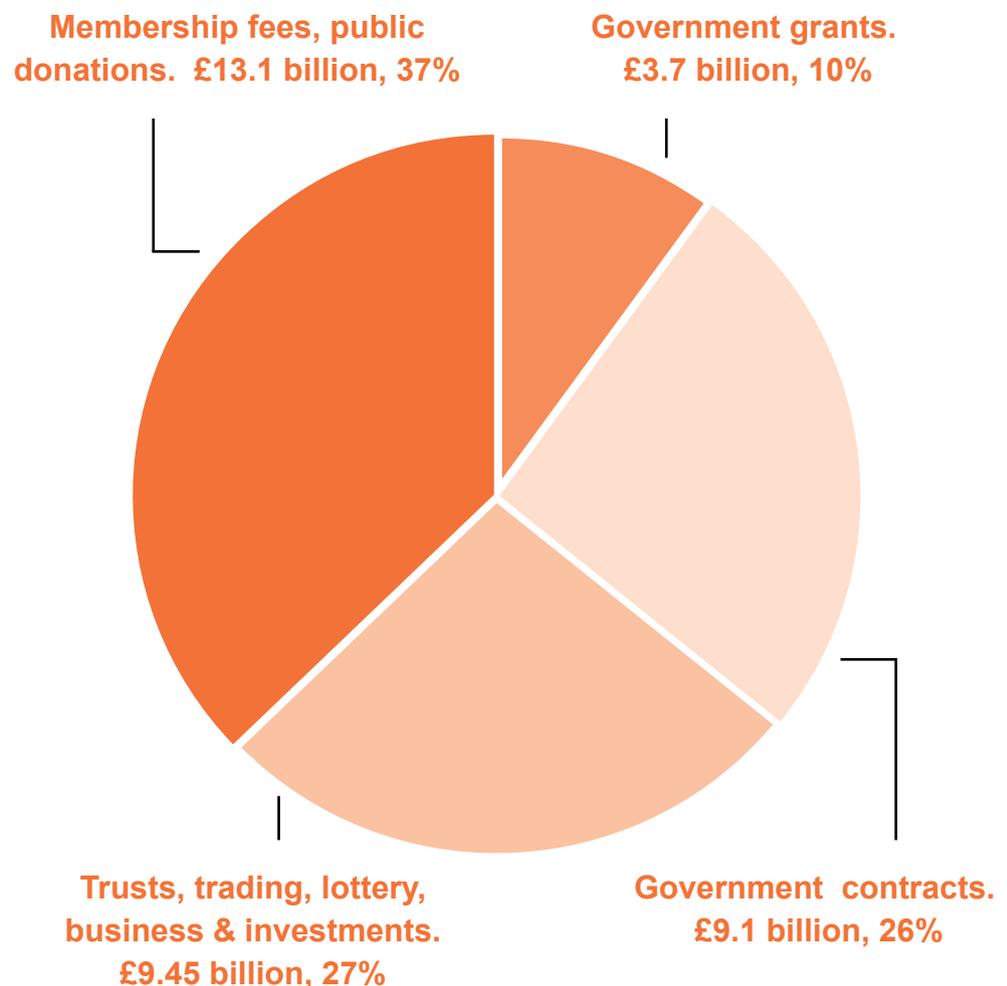
**VCS organisations bring the benefit of volunteers to the work they deliver.** The scale and economic value of volunteer activity is impressive, but does not match the contribution volunteers provide in terms of commitment to alleviating social injustice. Their contribution is unique.

## How is the VCS financed?

Figure 1

NCVO Almanac 2009/2010

Money from government sources forms a significant source of VCS income. This chart shows how VCS organisations in England are financed:



## Figure 2

### NCVO Almanac 2009/2010

Funding to the sector is measured in many different ways, so it is difficult to get an overview of the loss of income to the VCS. However, the NCVO Almanac noted the following trends, as at 2009/2010, from the previous year, 2008/09.

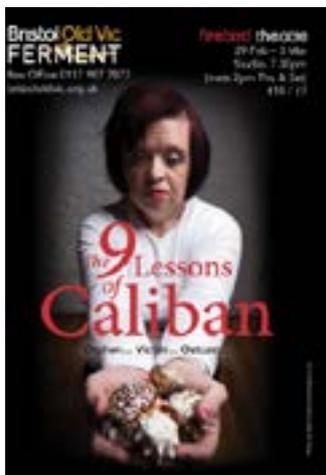
|                              |  |
|------------------------------|--|
| Rise of more than 10% income | Lottery grants   |
| Stable income                | Membership fees<br>Public donations<br>Government fees (contracts) |
| Fall of more than 10% income | Corporate donations  |

#### Rise of more than 10% income

It is important to note here that there are huge discrepancies in the distribution of funding of VCS organisations. Nationally, 46% of funding to the VCS went to just 0.3% (474) of VCS organisations. By comparison, 88,000 of the smallest VCS organisations, nationally, share only 1% of all funding to the VCS (2c).

New Philanthropy Capital, a think tank providing independent research, tools and advice for charities and funders, produced a report in May 2012, 'When the Going Gets Tough', analysing charities' experiences of government funding. The report looked at the experiences of the largest national charities. It had 101 responses and concluded that 36% of respondents reported cuts from government income, and 59% of respondents experienced cuts in funding from local authorities. Whilst it appears that grant funding to the VCS has slightly increased, there is much anecdotal evidence that the competition from VCS organisations for grants has also increased. Our case study of Firebird Theatre and Artists First is an example of this.

## Case study: Firebird Theatre and Artists First



Both organisations support disabled artists with learning difficulties. Firebird Theatre and Artists First have a long history of supporting each other to create art that reaches out to people and tells powerful stories. Artists First is a visual arts group of 14 artists and Firebird is a theatre group of 16 artists.

“Like any other arts organisation, obtaining funding

has never been easy and success with fundraising has tended to be with project funding rather than funding to cover running costs,” says Jane Sallis, development worker for the two charities. “On top of that, Firebird and Artists First are both very small, which presents an extra difficulty in securing funding. New members join the organisations because they want to work with the core group of artists, make a commitment to working hard, and want to be seen predominantly as artists rather than members of a purely social, occupational group. Both organisations want to maintain principles that are about being membership-led and do not stray from original missions – we do not want to chase funding by changing what we do to become the equivalent of a drop-in centre and take anyone whether they are interested in art or not.”

**“There is the constant fear that we won’t be able to achieve the funding we need and one or both groups will become unsustainable. We describe ourselves as ‘lean and mean’ but it would be good to relax sometimes and focus 100% on what we do within the organisations rather than constantly be fundraising and worrying about our survival.”**

Jane Sallis, development worker, Firebird Theatre and Artists First

Both groups have outreach programmes and deliver workshops for young disabled and non-disabled people, and they recruit new members when there is the funding available to enable this to happen. They reach lots of different people through their work, either as audience members or through participation in things like workshops.

Whilst Firebird and Artists First have managed to stay true to their original ethos, this has come at a price. “We haven’t drastically changed what we do but the time spent on fundraising has increased dramatically, and we do far more partnership working. There is the constant fear that we won’t be able to achieve the funding we need and one or both groups will become unsustainable. We describe ourselves as ‘lean and mean’ but it would be good to relax sometimes and focus 100%

on what we do within the organisations rather than constantly be fundraising and worrying about our survival.”

## Reserves

Charities usually carry financial reserves. There is evidence that VCS organisations have used their reserves to deal with loss of funding, and to delay cuts in services. Surveys conducted in London, Newcastle and the North East, in 2012, show between 54% and 64% of VCS organisations are using their reserves to provide services (9).

This view is also backed up by the New Philanthropy Capital report, ‘When the Going Gets Tough’, which found that charities are dipping into their reserves:

62% of respondents had already used their reserves, or plan to use them in the next 12 months to cover shortfalls in income.



## To take forward

- > The VCS has a number of unique characteristics that make it a valuable provider of services.
- > The VCS is under pressure from loss of income, and is using its reserves to deliver services.

# 2

## The economic recession

**The British economy was officially declared to be in a recession in January 2009.** Recession is defined as a reduction in gross domestic product (GDP) in two consecutive quarters.

At the end of the first quarter of 2009, the Office of National Statistics figures show that GDP fell by 2.4 per cent, compared with the last quarter of 2008. That was the sharpest reduction in the national production of goods and services since the second quarter of 1958 (3).

Freezes and reductions in local authority and central government spending started in June 2010 with the announcement of an emergency 'in year' Budget review, designed to cut the national budget deficit quickly. The Emergency Budget focused largely on cutting a number of specific grants provided to local authorities. Many of these grants – both revenue and capital – were intended to deal with issues associated with social

**In October 2010, the government's financial deficit was the 'largest in peacetime history; spending £43 billion a year on interest repayments alone' (5).**

deprivation, such as worklessness (Working Neighbourhoods Fund) or housing improvement (Housing Market Renewal). The Emergency Budget also accelerated the running down of the Area Based Grant, which drew together a range of grants ring fenced (targeted) on the most deprived authorities (4).

As the recession continued throughout 2010 the government, in the October Spending Review, announced a cut of 19% over four years in all departments except health and overseas aid. The aim was to reduce the government's financial deficit, which at the time was the 'largest in

peacetime history; spending £43 billion a year on interest repayments alone' (5).

The economy has continued to stall and returned to official recession, after shrinking by 0.2% in the first three months of 2012 (6).

The policy of reducing government spending in order to reduce the deficit, so far, has not succeeded. Statistics released in August 2012 by the Office for National Statistics (ONS) showed that government borrowing figures had exceeded official estimates for every month during the financial year so far. The ONS said that in July 2012 the government was required to find an extra £600m to plug the gap between spending and tax revenues. In the four months since the March 2012 Budget the government has borrowed £9.3bn more than it did over the same period last year.

**The Joseph Rowntree Foundation commissioned a report, 'Serving Deprived Communities in a Recession',**

**“The overall magnitude of the proposed cuts is unprecedented, amounting to 28 per cent of the local authority grants and 14 per cent in terms of overall spending power in cash terms over four years (excluding education, police and fire).”**

‘Serving Deprived Communities in a Recession’, The Joseph Rowntree Foundation.

which was published in **January 2012**. That report explores how budget cuts will affect the capacity of local government to meet the needs of more deprived households and communities. It provides systematic evidence of the scale of the cuts and of how local councils are grappling with these issues. Some of the key findings of that report are:

**> The overall magnitude of the proposed cuts is unprecedented, amounting to 28 per cent of the local authority grants and 14 per cent in terms of overall spending power in cash terms over four years (excluding education, police and fire).**

**> There is still a relationship between deprivation and size of cuts over the years 2010/11–2012/13, with some deprived authorities facing cuts of between 20 and 28 per cent in cash terms.**

**> The main reason for the adverse impacts on deprived authorities is the**

**scrapping of specific and special grants that were previously heavily targeted on deprived areas. This change is being delivered partly in the name of ‘localism’.**

**> Looking three to four years ahead, the impacts of the 2010 grant settlement will probably be overlaid by significant further changes in the local finance system.**

It is arguable whether the October 2010 Spending Review budget cuts to government departments and local authorities are a direct result of the recession. Some people would argue that they are in fact a strategy to deal with the national deficit, and that reducing the national deficit is actually a strategy for dealing with the recession rather than a consequence of the recession itself. For the purposes of this report the budget cuts are seen as one of the consequences of the recession; whether or not they are the best way to deal with the recession is another question.



## **To take forward**

**>**The strategy for dealing with the recession by reducing national spending impacts disproportionately on deprived households and communities.

**>**The recession shows no signs of receding. There will be further significant changes in the government’s finance system.

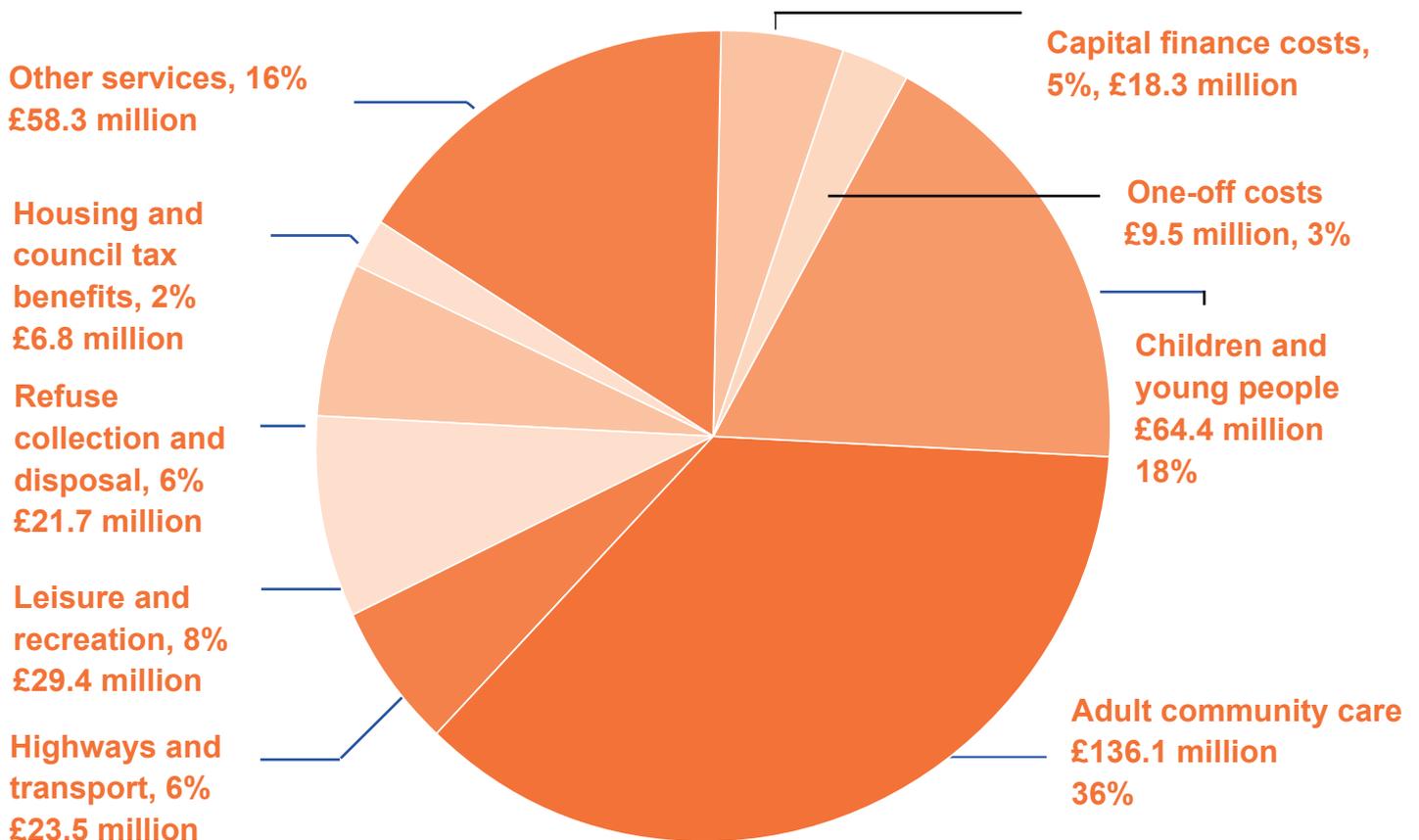
# 3

## Bristol City Council (the Council)

### Figure 3

#### Bristol City Council's Revenue Budget 2012/2013 and Capital Programme

Bristol City Council's total spending on services for 2012-2013 is £997.3 million. Spending on schools and on benefits mostly comes from central government. This, together with income from people using council services, accounts for £629.3 million – about two thirds of the total expenditure. The remaining third, £368 million, comes from Council Tax. Looking at the money received from Council Tax receipts, the cost of running services is as follows:



Back in 2010, the Council was tasked with saving £70 million on its annual budget by the end of 2014/15. So far it has implemented the following yearly budget reductions (however the elected mayor has announced that the remaining savings figure has recently more than doubled from £15 million to £32 million):

|                                    |                    |
|------------------------------------|--------------------|
| 2011/2012                          | £28 million        |
| 2012/2013                          | £27 million        |
| <b>Balance of cuts for 2013/14</b> | <b>£32 million</b> |

The Council has a difficult task regarding budget reductions; about 55% of its expenditure is on provision for adult social care, and children and young people. A key priority of the Council is to protect spending on front-line services, especially services relied on by the most vulnerable people in Bristol. The most substantial saving in the budget, of £8m, is being made through more efficient and smarter ways of working at the Council.

The Council's budget approaches are set out in its 'Revenue Budget and Capital Programme 2012/2013' and its 'Corporate Priorities and Medium Term Financial Plan' 2012. The budget for 2013/2014 has not been set and will be subject to review by the new Mayor, who will have to agree the budget.

Bristol City Council commissioned about £40 million of services from the VCS during 2011/2012. The VCS has, on the whole, suffered cuts of funding from Bristol City Council of about 11% since 2010, compared to overall Council service cuts of 12%. (The percentage of cuts to individual VCS organisations varies greatly.)

As a significant buyer of VCS services the commissioning processes of Bristol City Council are important to the sector. The consequences of a more efficient and smarter way of working at the Council may be having a negative impact on

Bristol VCS organisations.

For example, in 2011/2012 Bristol City Council redesigned its youth services provision. It reduced the approximately 60 contracts down to nine. Drug and alcohol services are provided through contracts to approximately 30 VCS organisations. There are plans that there are likely to be a maximum of four contracts for these services.

Large contracts may force out Bristol VCS organisations from bidding. Bristol City Council Commissioners allocate individual providers with a nominal 'financial ceiling' (that is, the maximum contract value they could be awarded in a specific commissioning process) and, in the case of partnership proposals, those individual ceilings are added together. Large contracts mean that local VCS organisations are prevented from bidding as their individual and combined financial ceilings are below the contract value.

This issue together with nine other commissioning practices that disadvantage local VCS organisations have been identified by Voscur and a letter requesting the Bristol Enabling Commissioning Board to comment was sent at the beginning of September 2012. Voscur has also conducted a survey and reported on VCS experiences of commissioning processes (6a).

Bristol City Council supports the VCS in a number of ways, by grants to the sector and by funding 'infrastructure' services to the sector (ensuring there is advice and support for funding, governance, voice & influence, and training available for the VCS). Bristol City Council is also mindful of its relationship with the sector and has signed up to a series of statements regarding its interaction with the VCS, known as the Bristol Compact. More thought should be given as to how strategies regarding relationships and support for the VCS can be enhanced to include the impact of all Council activities, particularly commissioning processes. Supporting the VCS needs to be considered much more widely than in terms of financial support.



## To take forward

- > Whilst the VCS overall has not been disproportionately cut, the Council needs to do more to ensure its overall approach is supportive of the VCS.
- > There are opportunities for budget reviews; election of a Mayor for Bristol in November 2012.
- > A review of commissioning processes – for example, large tenders for Council-funded services – is needed, in view of the negative impact on Bristol-based VCS organisations.

# 4

## Impact of the recession on the voluntary and community sector in Bristol

Voscur undertook two 'snapshot' surveys of the impact of the recession and subsequent budget cuts to the VCS in Bristol.

The first survey was undertaken in December 2010, with a sample of 50 VCS organisations, with 49 responses. A further survey of 50 VCS organisations was undertaken in March 2012, with 44 responses.

Whilst the sample sizes are relatively small, they represent a snapshot of feelings and experiences across the sector. In our 2012 survey we asked VCS organisations to tell us what they knew about the wider VCS sector, to give a broader picture of sector experiences. The results of both surveys are in line with larger national surveys of the impact of the recession and budget cuts on the VCS nationally.

### 4.1

#### Reductions in funding to VCS organisations

In our December 2010 survey we asked if VCS groups had received any reductions in funding/income. Of the 49 who responded:

**72%** had received cuts/reductions in funding/income, from all sources.

The Charity Commission published a report in March 2010, 'Charities and the economic downturn', which found that, on a national basis:

**62%** of registered charities had experienced a reduction in income.

#### Case Study: Southmead Development Trust



Based in an old secondary school that shut in the 1980s, Southmead Development Trust has been serving the community in its current form for the last 18 years. Their vision is to "be regarded and valued as the leading catalyst for improving and enhancing opportunities within the local community".

With a variety of spaces for both business and charity use, the Trust's premises, known as the Greenway Centre, supports the community by hosting services such as fitness classes for those with heart problems, skills training for jobseekers and a local wellbeing choir. A thousand people pass through their doors in an average week to access services.

## “We can no longer rely on grants to keep us going. We have seen the community suffer as a result.”

Alex Kittow, General Manager, Southmead Development Trust

The charity first started feeling the impact of the flagging economy in 2008. General Manager Alex Kittow joined around this time, and carried out a major restructuring of Southmead Development Trust to ensure survival in an area of Bristol which experiences above-average deprivation.

“It has been tough,” says Alex, “we have had three rounds of redundancies in the last two years. That has obviously not been easy, but on top of that, the workload of those still here has dramatically increased since the redundancies.

“In addition, we can no longer rely on grants to keep us going. We have seen the community suffer as a result – more and more people have been approaching us for skills training, for example. There just isn’t the money for us to help like we used to, now that funding from LearnDirect and UK Online has stopped. We have gone from delivering regular daily sessions to just three days a month.”

As Alex points out, “It’s a

vicious circle. The recession means there’s hardly any money for us to train people in employability skills; they are unable to find work; and that just feeds back into the poor state of the economy.

Other areas of community life have also been affected. A number of local groups have no longer been able to afford to meet here, even with our subsidised rates. Businesses have also cut back, especially on things like catering when hiring our spaces. We have seen a real decrease in people using some of our services, not because they don’t need or want to, but simply because they can’t afford to – and that is worrying.”

### 4.2

## How have VCS organisations dealt with the loss of funding?

In our December 2010 survey:

**63%** of organisations felt the recession had impacted on matters relating to staff, volunteers and board members.

The reported decrease in staff matches national data. Staffing levels in the VCS continue to decline. In a report published in 2012, the National Association of Voluntary & Community Action (NAVCA) found that across England, VCS organisations (who are NAVCA members) had reduced their staffing levels by 60% from 2011 to 2012 and 40% are intending to do so again by 2013 (8).

Voscur, through its ‘Support Hub’ (10), provides information and advice to VCS organisations in Bristol. In the six months prior to March 2012, 87 VCS organisations in Bristol approached Voscur for support.

**40%** identified themselves as being in financial crisis.

**34%** described themselves as struggling to deliver services.

# Case studies

## Lawrence Weston Community Transport (LWCT)



**Our case study of Lawrence Weston Community Transport is an example of the impact of cuts on a local VCS organisation. The case study highlights the pressure VCS organisations are under to manage on smaller incomes.**

Lawrence Weston Community Transport has been supporting the community for the last 12 years through the provision of low-cost transport to disabled groups and other voluntary sector organisations. The charity receives funding from Bristol City Council, the NHS and sometimes from the groups themselves.

“It didn’t help that, whilst we experienced a cut in funding, our overhead costs have gone up, so things like fuel, bills and replacing minibus tyres have

all become harder to cover,” says Nigel Barrett, Operations Manager. “We’ve had to be realistic and just make the best use of the resources we have available. Unfortunately this has meant turning away more groups than we used to, if we or they can’t afford to pay for our service. Then there’s negotiating with our suppliers, not being able to upgrade our computers and putting pressure on staff to do more so that we can save money. For example, our admin staff now have to drive as well. I may be the operations manager but I do everything from sweeping the floor and cleaning the buses to managing the budgets.

“The cuts have a lot of implications, both directly and in less obvious ways. As well as added pressure on our workers, there’s worry over how, if other voluntary groups lose funding and shut, we might lose a lot of our income.

“Yet they and we all contribute to the community to make it a better place in which to live and work. Users have commented on how valuable our service is – a lot of the people we help are otherwise very isolated and really struggle to get about on their own.

“For example, every Thursday we pick up a group of elderly people and take them for a social outing and it’s important that they have that opportunity to meet others rather than being cooped up at home all the time.”

With a service that provides between 19,430 and 21,000 passenger journeys a year, Nigel is one of many people who are calling for no more cuts to the voluntary sector. His message is simple: “We are already stripped to the bare minimum; we can’t take any more cuts.”

## Community Resolve



**Our case study of Community Resolve is a further example of the impact of cuts on a local VCS organisation. This case study highlights the increasing competition in the VCS regarding access to grant-making trusts. The Big Lottery Fund is one of the largest sources of grants to the VCS. In its Annual Report for the financial year ended 31 March 2011 it reported making 14,296 new awards with a total value of £374 million. However, it received over 31,000 applications requesting nearly £3 billion. The Big Lottery Fund concluded: “We anticipate that pressure on Lottery budgets will increase and we have continued to refine our application processes to ensure they remain proportionate to the needs of our customers.”**

A charity and social enterprise that works directly with local communities as well as engaging in strategic partnerships across the country, Community Resolve helps to build stronger communities through the use of conflict resolution skills. The charity works with communities all across Bristol and has a variety of approaches, including mentoring, training, conflict analysis and facilitation. They support some of the most vulnerable groups in the city, such as hard-to-reach young people, those involved in street violence and communities of enduring conflict.

The recession has meant that Community Resolve has had to focus more in recent years on building relationships nationally, since funding from the local authority to carry out work within the local community has been cut drastically.

“We rely less on statutory funding now,” explains Diana Warden, Finance Manager at the charity. “Cuts by the City Council have led to us being unable to work so much with schools in the local area, and we also started off the year with a large deficit. As a result, we have begun participating more in regional and national networks. For example, we now

support community organisers up and down the country through Locality’s ‘Go Deeper’ training programme. Whilst this is an exciting new direction for us, there is still a strong need for our skills and input in Bristol.”

All of the staff at Community Resolve are part-time, and they have had to stop one of their main services, “Crucial Conversations”, due to a lack of funding.

“Yet we are getting more and more referrals from the Health and Social Care team, local youth offending team and schools. With all the cuts, children’s lives are potentially at risk. For example, we recently had a referral for our family intervention service, where our involvement has been proven to have a significant impact. In this particular situation the mother had specifically referred to her child’s life being in danger, but there just wasn’t the funding for us to take on the case.

“It has become much harder to apply for funding as there is a lot more competition than there used to be. We may still be surviving, but things have not been easy.”

In our snapshot survey in March 2012:

**38%** of all respondents said there had been cuts to their services since April 2011.

**78%** of respondents knew of other VCS organisations that had cut or reduced their services as a result of the recession.

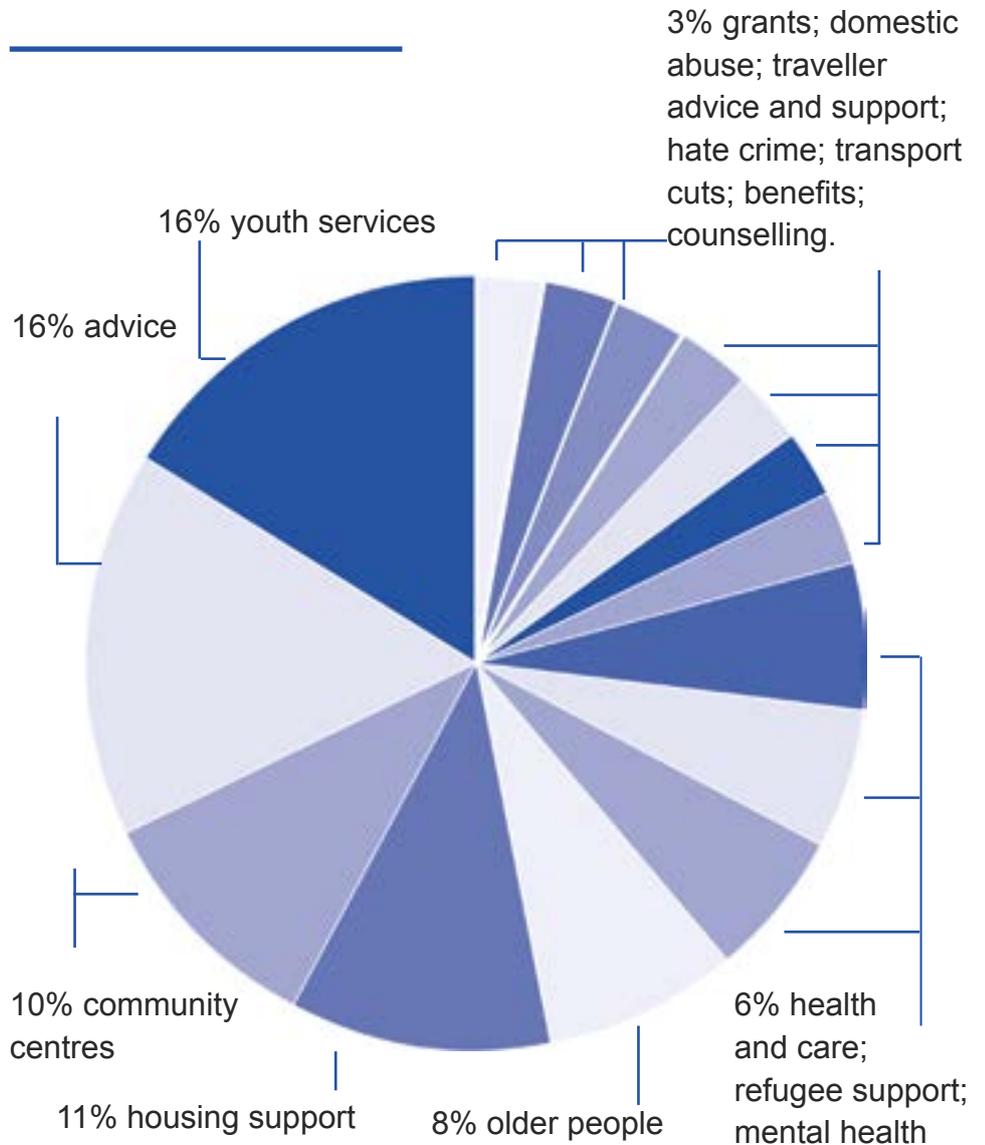
When asked about knowledge of service cuts by other providers, 22 respondents provided more detail. Over half reported that more than one organisation they knew had cut services. One of the VCS organisations that took part in this survey commented: “A number of agencies that we used to use, we have had to stop using or cut how much we use them. This includes Avon Traveller Education Service; Gypsy and Traveller Liaison Service; Eastern European Roma Advice from BCC Community Development; and Safer Bristol Hate Crime Officer. The Law Centre now does less welfare rights, MIND outreach service, housing and discrimination work. BCC Housing Services has seen a dramatic drop in the work they can do and BCC Community Development has all but stopped now.

“We are also finding social services harder and harder to access and their threshold for access to services is getting higher and higher.”

## Figure 4

### Voscur Snapshot survey 2012 – cuts to services

We asked what sorts of services were being cut; the answer allowed for multiple choices. Of the 22 responses, the areas being cut were:



## 4.3

### Groups disproportionately affected by cuts in services

In our 2012 survey, respondents were asked if they thought any particular group of people were disproportionately affected by cuts in services. 21 out of 22 respondents felt that specific groups of people were disproportionately affected. Those 21 respondents were asked to identify those specific groups of people (see figure 5 on the next page).

## Figure 5

### Voscur Snapshot survey 2012 – groups affected

Respondents were asked if they thought any particular group of people were disproportionately affected by cuts in services:

| Groups  | Number of responses |
|---|---------------------|
| Young people  | 25                  |
| Older people  | 17                  |
| Refugees and asylum seekers   | 11                  |
| People from particular minority ethnic backgrounds                                      | 11                  |
| Disabled people   | 11                  |
| Children  | 10                  |
| Families  | 9                   |
| Women   | 8                   |
| Lone parents  | 6                   |
| Ex-offenders  | 5                   |
| Members of particular faith groups  | 3                   |
| LGBT  | 3                   |
| There are no groups that are disproportionately affected                                | 1                   |
| Gypsy and traveller; Eastern European Roma especially children                          | 1                   |
| People requiring support in the community   | 1                   |
| People with multiple equalities identities e.g. LGBT, disabled women and their children | 1                   |
| Probably all of the above   | 1                   |
| Young people 18–25 not in statutory need  | 1                   |

#### Children and young people

National data gathered in 2011 from Local Authorities confirms services to young people have suffered a disproportionate level of cuts. After cuts to central services, services for young people were the second highest area cited by local authorities as an area where proportionately larger savings were being made (4).

Services to children and young people are of a particular concern to Bristol. Statistics show:

**26.7%** of Bristol children live in (relative) poverty – almost 22,000 children (11).

This number is significantly higher than the South West

regional average (15.8%) and the England average (21.3%). **Child poverty is not evenly distributed across Bristol. Some wards (for example, Stoke Bishop and Henleaze) have incidences of child poverty below 4%, whereas Lawrence Hill has almost 2,300 children (60%) in poverty, putting it in the bottom 1% of all wards nationally.**

The number of children in Bristol is also growing, disproportionately, to the rest of the population. Looking at population changes since 2006, the overall increase in 0- to 4-year-olds across Bristol is estimated at just over 4,000, or 17.2% (2006–10), compared to a 6.7% increase in the total population during this time.

All local authorities produce a data set on their local population: the Joint Strategic Needs Assessment. That data is used to plan strategies for delivering services. The Bristol JSNA produced in 2012 notes:

“There are sound economic arguments and also real opportunities for continuing to focus on improvements to child health and wellbeing through addressing their specific needs. It is important to ensure that children have the best possible start in life, not least because ‘children now are adults of the future’.”

### Disabled and older people

Disabled and older people were identified in our survey as groups of people seeing service cuts. Whilst both groups have different needs, they share many of the same pathways for support, for example via Adult Social Care at local authority level. These groups will also feel the impact of changes in welfare support at a national level. See page 22 for a summary of the impact of welfare reform. As well as the impact of welfare reform, disabled and older people are

also dealing with the impact of changes in the delivery of social care.

Personal control of services is a key feature of the personalisation agenda being promoted by central government. Direct provision of services by Bristol City Council is likely to decrease as new models of working are introduced. Bristol has been behind other areas in moving towards personalisation, but has been catching up fast over the last year.

Direct payments are part of the new model of working: money is given directly to those qualifying for adult health and social care support, so they can buy in services themselves. Alternatively, Bristol City Council can manage the money and buy services on behalf of those needing support. The number of people receiving direct payments (as a percentage of those in receipt

of Adult Social Care support) is a national indicator of the move to personalisation.

Whilst the move to personalisation does not automatically reduce the level of support people receive, it is a substantial change in the system of adult social care delivery.

In line with most local authorities, Bristol City Council now funds adults needing substantial and critical care (subject to financial means testing). Some of the current recipients of Adult Social Care will receive lower or no payments following the reassessment of their care needs according to the critical and substantial needs criteria. Under the current / older model of delivery, Bristol City Council delivered some services to people outside of these criteria.

## Figure 6

### ‘Self Directed Support Briefing’ Health & Social Care, June 2012, Bristol City Council’ (15)

Percentage of service users receiving direct payments:

| Date       | Area             | % of payments |
|------------|------------------|---------------|
| June 2012  | National average | 17.3%         |
| June 2012  | Bristol          | 12.7%         |
| March 2012 | Bristol          | 10.7%         |
| March 2011 | Bristol          | 7.4%          |

## Figure 7

'Joint Strategic Needs Assessment'  
2012 – Bristol City Council.

Percentages of black and minority ethnic population, by ward.

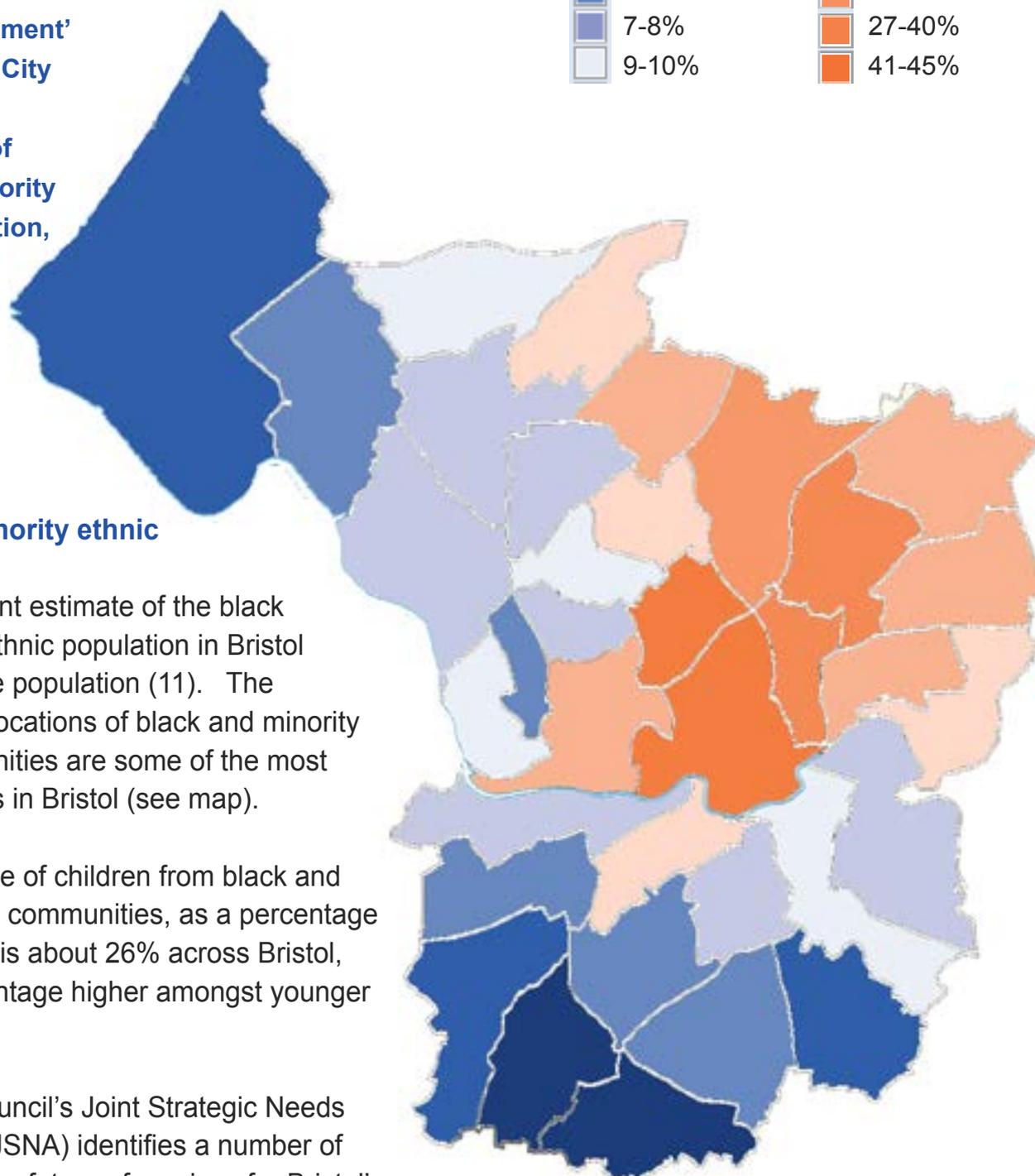
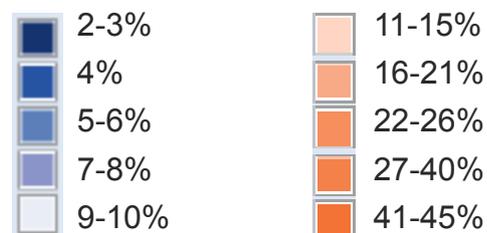
### Black and minority ethnic communities

The most recent estimate of the black and minority ethnic population in Bristol is 13.5% of the population (11). The geographical locations of black and minority ethnic communities are some of the most deprived areas in Bristol (see map).

The percentage of children from black and minority ethnic communities, as a percentage of all children, is about 26% across Bristol, with the percentage higher amongst younger children.

Bristol City Council's Joint Strategic Needs Assessment (JSNA) identifies a number of concerns for the future of services for Bristol's black and minority ethnic communities:

- > Health needs of international migrants.
- > Children who have English as an additional language; the JSNA suggests that in the Lawrence Hill Ward 58% of children have English as an additional language.
- > The need for culturally appropriate and accessible services.



In view of the high percentage of people from black and minority ethnic communities living in the most deprived areas of Bristol, this group will also feel the impact of welfare reform (see above).

Where English is an additional language, knowledge of basic rights regarding benefits, housing and employment may be lower.

## 4.4

### The impact of welfare reform

The Welfare Reform Act 2012 legislates for the biggest change to the welfare system for over 60 years. The Act introduces a wide range of reforms which aim to make the benefits and tax credits systems fairer and simpler by:

- > creating the right incentives to get more people into work.
- > protecting the most vulnerable in our society.
- > delivering fairness to those claiming benefit and to the taxpayer (4a).

The Joseph Rowntree Foundation says of the Act: "There is both good and bad for poverty in current welfare reforms but unfortunately, on balance, our forecasts show the bad risks outweighing the good. By 2020, we expect to see over one in four children and four in ten lone parents living below the relative income poverty line" (4b).

Some of the new provisions of the legislation will have a significant impact on benefit claimants. In summary, the key impacts are:

#### Welfare Reform

The Welfare Reform Act 2012

will transform the current benefits system. The key changes are:

- > Introduction of Universal Credit; this new benefit will merge a number of existing benefits, including housing benefit and childcare, into one monthly payment to claimants. The new system will be phased in from 2013.
- > Changes and caps to eligibility, including an overall maximum benefits cap of £26,000 p.a., and limits to the length of time claimants can claim employment support.
- > The replacement of Disability Living Allowance with Personal Independent Payments and all claimants to be reassessed against new eligibility criteria.

The new reassessment for Personal Independent Payments has been hugely controversial. The Head of Welfare Policy at the National CAB said: "We have serious concerns about whether the test used to decide if people are fit for work is the right test" (12).

#### Council Tax Benefits

The current scheme is being abolished from April 2013. Each Local Authority will be responsible for designing its own scheme. Central government support for such schemes will reduce by about 16%. The new scheme will also restrict housing benefit to allow for one bedroom for each person or couple living as part

of the household (with some exceptions). This will apply from April 2013 to tenants of working age. Bristol City Council has started its consultation\* process on how it should run a local scheme. Of the three options being put forward, two will mean those currently in receipt of Council Tax benefits will have to find extra cash for their Council Tax bills.

(\*For more information see <http://www.bristol.gov.uk/page/new-local-council-tax-support-scheme-consultation>. Consultation ends on 29 October 2012.)

Bristol City Council has already started to assess the impact for Bristol in respect of legislative changes alone and has made the following estimates (13):

- > Loss of approximately £125 million in benefits income for Bristol residents during 2014/15.
- > Changes for 45,000+ claimants receiving working age benefits, including those working part time, in low-paid work and the unemployed.
- > Potential increased personal debt as all benefits will get paid directly to claimants. Housing Benefit will no longer be paid directly to landlords.
- > Potential increases in homelessness, mental and physical health deterioration, child poverty, crime and domestic abuse, as a consequence of increased debt.

# 4.5

## Demands on services

The survey conducted in March 2012 reveals that at least one in three VCS organisations in Bristol have cut their services as a result of the impact of the recession. As well as the cuts in existing services, our survey also illustrates that at the same time the number of those wanting services is increasing.

**80%** of respondents to our 2012 survey said there was an increase in demand for their services.

The Voscur survey findings on increased demand for services are backed by national data. A national survey in 2012 (9) found that across England the increase in demand for services was between 57% and 80%.

VCS organisations were also asked about their ability to meet the increase in demand now and over the next 12 months (see two tables opposite).

**42%** of respondents said they had evidence such as statistics, research and consultation relating to how cuts to services had affected communities and people who used their services.

The impact of the recession is likely to cause a

disproportionate impact on those suffering from mental ill health, and services that support them.

### Figure 8

#### Voscur cuts survey 2012

| Are you able to meet this demand at the moment? |     |    |
|---|-----|----|
| Yes   | 42% | 14 |
| No  | 38% | 13 |
| Don't know                                      | 20% | 7  |

| How do you see your organisation's ability (to meet demand) evolving during 2012/2013? |      |    |
|--|------|----|
| We hope to continue meeting this demand  | 32%  | 13 |
| We will be less able to meet demand  | 39%  | 16 |
| We will continue not to be able to meet this demand                                    | 15%  | 6  |
| We expect to increase our ability to meet demand                                       | 15%  | 6  |
| Total (before rounding)  | 100% | 41 |

**“Only a quarter of all those with a mental illness are in treatment, compared with the vast majority of those with physical conditions. Among people under 65, nearly half of all ill health is mental illness” (16).**

## 4.5.1

### **Demands on services – Mental Health**

Whilst mental health services did not feature in our survey either as a service with increased demand or where service users are disproportionately affected by the impact of the recession, there are two factors worthy of mention: long-term underfunding and the impact of the recession on mental wellbeing.

Mental health services throughout the UK have been systematically underfunded for many years, according to a report by the London School of Economics and Political Science. Their report, ‘How mental illness loses out in the NHS’, produced in June 2012 concluded: “The increase in demand for mental health

services is also confirmed by the increase in suicide rates, which have been linked to the recession.”

In August 2012 The British Medical Journal (17) reported an increase in suicide rates in 2007/08, despite a decline in the figures for the previous 20 years.

2007/08 saw an increase in suicide by 8% for men and 9% for women. Academics looked to see if there was a link between the recession and higher suicide rates, and found there was. The research found that from 2008–2010, 846 more men ended their life than would have been expected, due to the economic recession. The corresponding number for women was an extra 155 suicides.

Ben Barr, of the public health department at Liverpool University, one of the study’s authors, said joblessness, financial worries, debt and housing issues were probably all factors behind the suicide rise. He said: “There has been

a large amount of evidence from other studies and other countries that shows that unemployment is a particular risk factor for suicide” (17).

## 4.5.2

### **New needs**

As well as an increase in demand for existing services, VCS organisations in our March 2012 survey also reported an awareness that new needs were emerging (see Figure 9 on the next page).

A variety of new needs were identified. Welfare rights advice was the strongest theme reported.

A report from the Bristol Advice Network (18) found a substantial increase in the demand for advice services, up by 100% in some instances. The main areas of increased demands on advice services are welfare benefits, employment, and debt.

## Figure 9

### Voscur cuts survey 2012

| Are you aware of any new needs emerging? |       |    |
|--|-------|----|
| Yes                                      | 66.7% | 26 |
| No                                       | 33.3% | 13 |

New demands for services are not only created by such factors as debt, joblessness and housing; there is also a predicted increase in demand due to the forthcoming welfare reform and changes to Council Tax. (Refer to page 21 for full details.) There will also be new demands placed upon advice centres in respect of changes to Legal Aid.

Changes to Legal Aid will come into effect from April 2013. Many areas of work eligible for legal aid will be cut or severely restricted. Some of the key changes are:

> **All debt advice: legal aid will only be available when a person's home is at immediate risk.**

> **All employment cases: except cases of discrimination.**

> **All family problems: except domestic violence.**

> **All housing issues: except homelessness**

**or serious disrepair threatening health.**

> **All immigration: those who are detained, or who are fleeing torture or persecution.**

> **All welfare benefits advice.**

There are also changes in employment protection legislation. The qualifying period for unfair dismissal claims was raised to two years in April 2012. Employment tribunal fees, which have been free, will be subject to scale charges, starting at £390 (there are exemptions for those on low incomes). There are also substantial proposals to change consumer credit law.



### To take forward

> Voscur snapshot survey supports national data that the VCS has lost substantial funding, resulting in the loss of staff and services.

> The VCS is facing increased demands for existing and new services, as a result of the recession.

> Certain groups of people are disproportionately affected by the recession: children and young people, older people, disabled people, BME groups, mental health and benefit claimants.

# 5

## Bristol Choices

**Decision makers need to recognise the impact of the combination of factors that the recession has brought about.** Do budget decisions or redesigns of service take the overall picture into account?

The issues identified in this report are taken forward into recommendations for local decision makers. There are also two other factors that should be taken forward – the view of the VCS as expressed by the ‘Mayoral pledges’ and communication about how decisions are made.

### 5.1

#### Mayoral pledges

Bristol now has an elected Mayor. The Mayor has the same powers as the council leader but has been elected directly by the people of Bristol. The VCS has drawn up a set of pledges that the new Mayor should adopt. They are:

**1** I will recognise and champion the contribution to Bristol of the voluntary sector, including its role in

supporting and helping to empower equalities groups and disadvantaged communities.

**2** I will establish regular communication with the voluntary sector, meeting with and listening to voluntary sector representatives.

**3** I will support the Bristol Compact and ensure that my policies are implemented in line with the Compact.

**4** I will support the voluntary sector and ensure fair opportunities for small and large organisations in influencing service design, commissioning and procurement and service delivery.

**5** I will work in partnership with the voluntary sector, public and private sectors to tackle poverty, disadvantage and unemployment in Bristol, and set out my plans on how these will be addressed.

**6** I will work with the voluntary sector to support and engage young people to ensure their voice is heard and they are directly involved in decision making

on issues that affect them, for example by introducing a Young Mayor of Bristol.

### 5.2

#### Communication

As well as the issues to take forward from this report, local decision makers need to think about communication. Difficult choices will have to be made regarding budgets in the next few months.

In 2010 the Cabinet Office produced a paper, ‘Better Together’, to help prepare for local spending cuts to the voluntary, community and social enterprise sector. In terms of choices and decisions about how to deal with the impact of the recession, Bristol should revisit those principles, using them as a framework to ‘recession check’ policies and practices. ‘Better Together’ has four themes:

**1. Communication:** timely and honest local communication by both local authorities and the VCS.

**2. Collaboration:** working in partnership with the VCS, the NHS and the residents of Bristol.

**3. Transparency:** information on Bristol City Council spending cuts and service redesign is available on its website, but the two key documents are long, and there is no summary. Is there broad understanding by VCS organisations and members of the public regarding budget decisions?

**4. Strong leadership:** Bristol's new Mayor may bring strong leadership to the city.

## 5.3

### Recommendations from this report

Bringing together the issues arising from this report, some themes start to emerge, which we take forward as recommendations for decision makers:

| Issue   | Report section | Recommendations   |
|---|----------------|---|
| Whilst the VCS overall has not been disproportionately cut, the Council needs to do more to ensure its overall approach is supportive of the VCS. | 3              | A review of Bristol City Council's budget plans for 2013/2014 with no further cuts in funding to the VCS. |
| The strategy for dealing with the recession by reducing national spending impacts disproportionately on deprived households and communities.      | 2              |   |
| The VCS is under pressure from loss of income, and is using its reserves to deliver services.   | 1              |   |
| Voscur snapshot survey supports national data that the VCS has lost substantial funding, resulting in the loss of staff and services.             | 4              |   |
| The recession shows no signs of receding. There will be further significant changes in the government's finance system.                           | 2              |   |
| There are opportunities for budget reviews, in light of a Mayor for Bristol.  | 3              |   |

| Issue   | Report section | Recommendations   |
|---|----------------|---|
| A review of commissioning processes – for example, large tenders for Council-funded services – is needed, in view of the negative impact on Bristol-based VCS organisations.          | 3              | <p><b>Bristol City Council must review its commissioning processes to ensure that local VCS providers and local people are not disadvantaged by the Council’s commissioning practices.</b></p> <p><b>More must be done by local public sector partners to collaborate on the funding and provision of services.</b></p> |
| The VCS has a number of unique characteristics that make it a valuable provider of services.  | 1              |   |
| The VCS is facing increased demands for existing and new services, as a result of the recession.  | 4              |   |
| Certain groups of people are disproportionately affected by the recession: children and young people, older people, disabled people, BME groups, mental health and benefit claimants. | 4              |   |

As well as these three recommendations, we are also proposing a further two, which are: revising ‘Better Together’ and honouring the Mayoral pledges.

We are now some years into the recession, and to some degree statutory agencies and the VCS organisations are adjusting to the new economic climate. It is vital, however, that we do not forget that the effects impact on the most vulnerable people in our society. We have made five recommendations that we believe will go some way towards lessening the consequences of the recession. Our recommendations support the VCS, which in turn supports our

communities. We urge decision makers to adopt the recommendations of this report.

### Acknowledgements

We appreciate the contributions to this report from the following:

- > The many VCS organisations who gave their time to participate in our surveys, and particularly those who shared their stories in our case studies.
- > Louise Ting, Voscur volunteer.
- > Bristol City Council.
- > Bristol Advice Network.

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