



Its beginning to come into focus

What we know that we know about the voluntary sector, the coalition and the scale of the cuts

Supporting our
Voluntary and
Community Sector



The Coalition ideology

- "Define your objectives clearly, and move towards them in quantum leaps, otherwise the interest groups will have time to mobilise and drag you down"
- *Roger Douglas cited in Bell J, I see red, AWA press 2006*



The coalition ideology

- “The welfare state and the market state are now two defunct and mutually supporting failures. The real merit of the current conservative renaissance has in some way escaped notice. Those on the now bankrupt left argue that the new Toryism is but a cover for Thatcherism Mark II, while those on the bankrupt right secretly agree and seem to want nothing more than a return to monopoly capitalism and the dominance of their kind of people.”
- *Philip Blond, The Civic State, Respublica 2010*



What we definitely know

- Manchester City council will make cuts of £110m in the next 12 months
- Redundancies of approx 2000 staff from the council
- Assume that the average wage is 26K which comes to about £52m-which means that £58m will come in other areas, as yet unidentified, the details are due on the 8th Feb



What else is being cut

- Police services- Cut by £134m (this won't be helped by cuts in the Early Intervention programme)
- Health services- Officially no cuts, but a strong drive towards 'efficiency savings' which will amount £7.5m need to be made in the 1st quarter of this year
- Youth services- Cuts of a minimum 11% in Early Intervention programme, to go alongside cuts announced in Spring 2010 (See above) and a restructure under consideration which will disestablish 9 posts in youth service management
- Financial Inclusion Fund- Cut by £45m, ends March 2011- funding for debt advice workers, anticipate 500 job losses nationally, Citizens Advice hubs at 5 in the city



The context

- Government will introduce new rights for communities to run services, own assets and for public service workers to form cooperatives.
- The Government will consult on these reforms and publish a White Paper early 2011 to tackle barriers and enable change
- The potential for local communities to own and run community assets is positive and it is now crucial to ensure that these assets are used to transform communities and that local groups are equipped with the capacity and confidence they need to ensure that they can realise the potential of assets



Public service reform

- ‘the Spending Review is underpinned by a radical programme of public service reform’.
- Devolve power and funding, and simplify funding to local authorities. Ring fencing of all local government revenue grants will end from 2011-12, except simplified schools grants and a new public health grant. The number of separate core grants will be reduced from over 90 to fewer than 10, excluding schools, police and fire.
- Increase the diversity of service provision, including by ‘[looking] to set proportions of specific services that should be delivered by non-state providers including voluntary groups’.



Public service reform

- This will be explored in adult social care, early years, community health, pathology, youth services, court and tribunal services, early intervention for ‘the neediest families’.
- Introduce new rights for communities to run services and own assets
- Establish ‘community budgets’ in 16 local areas to pool departmental budgets for families with complex needs. These will be rolled out to all local areas over the spending review period.
- Pay for more services by results. Use of tariffs and more innovative payment mechanisms will be explored in new areas including community health, prisons and probation, children’s centres



Welfare

- - 2.5 bn p.a. saved by 2014-15 by withdrawing child benefit from families with a higher rate taxpayer
- - a cap on household benefit payments from 2013 at c. 500 per week for couple and lone parent households and around 350 per week for single adult households (DLA claimants, war widows and working families claiming working tax credit will be exempt from this cap)
- - time-limiting contributory Employment Support Allowance for those in the Work Related Activity Group to one year, saving 2 bn a year by 2014-15



Welfare

- - increasing the age limit for the shared room rate from 25 to 35
- - removing the mobility component
- - changes to Council Tax Benefit: a 10% reduction in expenditure and localization
- - a freeze in the basic and 30 hour elements to the Working Tax Credit for three years from 2011-12
- - reducing payable costs through the childcare element of the Working Tax Credit from 80% to 70%
- - changes to the Working Tax Credit: increasing the working hours requirement



Departmental and local spending

- Whitehall departments will see cuts to their budgets averaging 19% over four years, ranging from a 51% cut to DCLG's budget to a 37% increase in DfID's.
- Cuts to local authority funding will reach 28% over four years.
- The administrative budgets of Whitehall departments and arms-length bodies will be reduced by 34% over the spending review period, saving 5.9 bn per year by 2014-15.
- 118 arms-length bodies will be merged and a further 192 will cease to be public bodies with their functions either brought back into Government, devolved or abolished.



What else is happening

- Pressure on public agencies to make savings as soon as possible makes cutting voluntary sector funding unavoidable.
- Increasing competition for non-statutory grant funds which are still recovering from the recession.
- Pressure to be seen to make savings in a sector which is already under-resourced.
- Focus on money being spent only on the mainstream – marginalizing minority interests and organisations



Funding environment

- Lloyds TSB- annually Lloyds make 900 grants to voluntary sector organisations, in 2010 they received 2519 eligible applications
- Applications to Reaching Communities-50% are rejected at Draft stage through failing to demonstrate need.
- Reaching Communities -Nationally 13% of outline proposal forms are outside funding policy, 20% are unlikely to be funded, 0.2% are unclear and 30-40% are 'maybes'.



Funding environment

- Tudor Trust-only 1 in 10 applications get past draft stage, Tudor fund 350 projects each year
- Henry Smith Charity- in 2009 the Charity received 1357 eligible applications and made 278 grants, a success ratio of 1-4.9 (this seems to be a common ratio)