Response to Walsall Council Budget Consultation 2016

Impact of proposals on Walsall’s VCS

Introduction
Walsall Voluntary Action (WVA) acts as an independent voice for the voluntary and community sector (VCS) in Walsall, and provides support to help it develop and sustain its services.

The following is our response to the Council’s budget proposals for 2016/17 to 2019/20, with particular reference to proposals reference; 13, 29, 30, 31, 41, 76, and 77, which will all have a direct impact on voluntary and community sector enterprise (VCSE) providers.

Our response is the result of recent consultation with VCSEs including:

- a borough-wide survey of organisations
- one-to-one discussions with VCSEs, stakeholders and commissioners
- discussions at relevant VCS forums and groups.

Annex B lists the organisations who have been involved in our consultation.

Walsall’s Voluntary and Community Sector
Over recent years, various reports have identified the precarious nature of Walsall’s VCS. Findings have concluded that the sector is comparatively weak, lacking in coordination and hampered by a poor relationship and lack of trust with statutory partners. Alongside evidence from national funding bodies that Walsall's VCS consistently fails to secure the expected level of funding, this suggests our sector will be less resilient to the impact of the proposed cuts.

Simultaneously, the Council’s plans illustrate they have significant expectations of the VCS to assist in meeting the challenges of reduced budgets. Walsall Council’s Rebalancing the budget: Options for Consultation report to Cabinet on 26 October 2016 notes the role of the VCS will play in assisting targeting resources on the most vulnerable and achieving reduced demand on statutory services. In addition, the Walsall Together programme of health and social care integration consistently notes the role of the VCS in delivering significant demand reduction through an increased prevention agenda.
Survey Findings
A short online questionnaire was sent out to our mailing list and via partners communication channels. The survey asked a questions relating to sources and levels of income, expected impact of Council budget proposals and the respondents' view on their sustainability and support needs. In total 43 responses were received, with the majority being those directly impacted by the Council’s proposals. A list of respondents can be found at Annex B. The key findings are summarised below:

Many of the VCSEs who will be affected by the proposals are small organisations with limited resources to mitigate the impact.

- Almost half of respondents facing Council cuts have an annual income of less than £50,000, and over half have an income of less than £100,000.
- Almost three quarters of VCSEs with an annual income of less than £100,000 are operating with less than 3 months free reserves.
- Nearly a quarter of VCSEs with a turnover of greater than £100,000 also reported operating with reserves of less than three free months. Reserves held by larger organisations are often designated for specific purposes, meaning the cost of coping with issues such as redundancies will wipe out any reserves, rather than sustain services.

Walsall VCSEs achieve income from a wide range of sources but many are experiencing cuts from multiple simultaneous cuts.

- Council funding is a significant source of income for many.
- On average, respondents achieve at least a third of their income from Council which means a sudden reduction will have a swift and catastrophic impact on sustainability.
- Over a quarter of respondents noted they also faced funding cuts from other sources, with nearly 20% experiencing cuts from Walsall Clinical Commissioning Group.

Almost half of respondent VCSEs noted the Council funding reductions would have a negative impact on their ability to lever additional funding from within or external to the borough.

- 45% of respondents believe the Council’s cuts would make it more difficult to access additional external funding. (WVA agrees with this analysis on the basis that charitable trusts and grant making organisations will not replace lost statutory funding. The loss of funding without adequate time to prepare will mean a downward spiral of funding sources.)
- Self-generated income is a key source of income for many, but those who will be most significantly affected are least likely to be able to generate their own income due to the nature of their service.
A significant number of VCSEs facing cuts believe it will lead to the end of their service

- Over a quarter of respondents believe their service will close if the cuts go ahead.
- Many believe they will only be able to operate with reduced capacity but expect demand to rise in the face of wider statutory service reduction.

Many groups of vulnerable residents will be impacted by the effects of cuts in VCSE provided services

- Respondents identified the services affected by the cuts would include work with many priority groups including older adults (24%), families (14%) children and young people (19%), adults with learning or physical disability (14%).

What is the feedback telling us?
Feedback to our consultation has been that the proposed cuts, in their current form, are going to threaten the very existence of the VCSE at a time when the services the sector provides are needed more than ever. When asked to rate their sustainability before and after the impact of the cuts:

**average sustainability score fell from 85% pre-cuts to 58% post-cuts**

This indicates a real risk that many organisations delivering much needed support and preventative work with vulnerable individuals could be at risk of closure as a result of the cuts.

The feedback indicates that most respondents have developed diverse funding portfolios in order to minimise the financial risk to the organisation and ensure sustainability. However in a climate where statutory funders across the board are making simultaneous funding cuts and access to other funding becoming increasingly competitive, that strategy is no longer proving effective.

Smaller providers in particular are carrying relatively low levels of reserves giving them little time to develop alternative strategies to ensure their sustainability over the longer term if the budget cuts go ahead as proposed.

Collectively, respondents have identified cuts of over £1.5million to the sector if the proposals go ahead. We know that these cuts will also impact on other funding currently accessed by the sector meaning that the actual overall value of the reduction in resources to support these services will be considerably higher. This is without taking into account the lost value of volunteers’ time if organisations are forced to close.
Organisations also identified that demand for their services will increase in the short term as other services are closed down. There was a concern that services could start to operate in silos as the forums in which providers are able to share information are cut.

**Wider implications of the cuts to the VCS**

*Increased demand on public services and cost to the public purse*

The network of low-level support services that the VCS provide is nationally proven to reduce demand on higher cost statutory services. This is reflected in Walsall Council’s own strategies and plans. Without them we can foresee that the knock-on effect in the short/medium term will be an increasing demand for statutory provision. Short term cuts now could see longer term cost pressures for the Council and other statutory bodies.

*Negative impact on the local economy*

The VCS is a significant employer in Walsall and many of those surveyed or consulted have identified staffing reductions and closure of whole centres will be the only way to manage the impact of the cuts. In addition, significant cuts to advice services could mean large numbers of people not receiving the benefits to which they are entitled, leading to negative outcomes for individuals but also reducing the money circulating around the Walsall economy.

*Negative impact on health and wellbeing of residents*

The VCS provides a layer of support to vulnerable people and communities, which helps them avoid having to access primary and acute health services. This issue is well-known to the Council and the Walsall Together programme is seeking to address demand management on health and care services. The impact of closure or significantly reduced preventative services and support delivered by the VCS is likely to have a substantial detrimental effect on health and wellbeing, particularly for the most vulnerable who are likely to access a range of services which are all now at risk. If this effect is realised, it will mean demand rise for high cost statutory health and care support within a fairly short timescale.

*Negative impact on the VCS, communities and community action*

Walsall’s VCS acknowledges the severe financial pressures the Council is facing. VCSEs appreciate that they do not have any right to survive and that the priority for everyone should be the wellbeing of those vulnerable members of the community that the sector seeks to support.

We recognise that in future, under the current direction of travel, communities will need to take on a greater role in addressing issues themselves, as the role of the state is reduced. This is in direct contrast to the role the public sector has taken over the past 20 years, where it has developed itself into a safety blanket for communities to call upon
when things go wrong. Equally the VCS will not be able to access public funding in the way to which they have been accustomed and they will need to look at new business models if they are to remain sustainable into the future.

The sense of community and purpose that is derived through volunteering will be diminished as organisations engaging volunteers are put at risk of closure. This too will have a negative impact on individual health and wellbeing as those who engage in volunteering experience reduced levels of wellbeing and a greater sense of isolation and worthlessness amongst particular cohorts.

**Recommendations**

Walsall Council and other local partners recognised the vital role played by the VCS, which is evidenced in their strategies and plans, and their investment in the redevelopment of WVA as a fit-for-purpose VCS infrastructure organisation for the future. However, investment in a VCS infrastructure body alone will not address the immediate impact many VCSEs will face as a result of the proposals across Adult Social Care, Children’s Services and Community Services.

WVA recommends the Council consider the following approaches to the cuts which will directly affect the VCS:

1. **Cuts to VCSE providers are phased over a multi-year period**

This applies in particular to the proposal ref. 77 (Adult Social Care Universal Services) and ref. 30 (Community Associations). Phasing cuts over a multi-year period will enable time for alternative business models to be developed and community capacity and skills to be built up to replace services as they disappear. We do not recommend a “salami slicing” approach, but a strategic overview of the impact of the proposed cuts and of the capacity of providers to be able to absorb them. Any ongoing services commissioned from the VCS would need to be reasonable as to what outcomes could be delivered – a 50% reduction in funding does not mean a 50% continuation of service is viable, when the core capacity of an organisation is reduced as a result.

2. **A strategic review of the wider social return on investment delivered by the VCS is undertaken**

WVA are keen to work alongside Walsall Council and other local commissioners to deliver a review to understand the true value to the health and care economy and wider public services delivered by the VCS. This would enable future commissioning to be informed with evidence of the benefits of local VCS provision and make decisions informed with this knowledge.

Appendix A is a high-level case study example of how the wider social value of a VCSE’s provision can equate to a much higher return on investment for a range of statutory partners.
3. A strategic approach is taken to identifying opportunities for generating efficiencies within VCSE and greater sharing of resources for the future.

WVA work with funders both local and national to identify potential funding pots that can be accessed by local organisations to enable them to remain viable. The Council works with WVA to address gaps in sector funding by recognising the role of the VCS in strategic planning and providing endorsement, data and practical support to future VCS-led funding bids. To this end, Walsall Voluntary Action are planning a Funders Fair that will take place in March 2017. We are developing our role in this area but it cannot happen overnight. Adequate time to work with the wide number of VCSEs who will be affected is required alongside the resources provided to WVA.
Appendix A - Youth Provision Social Value Case Study

This case study considers the additional value provided by provision of local youth provision by a VCSE in Walsall.

Using HACT’s Social Value Bank tool we have calculated the added return on investment delivered by a single Council commissioned youth service in the North of the borough. The figures indicate

A Council investment of £124,000 accrues a benefit of £406,943 to the public purse in Walsall.

We have used very simple analytics and data to inform this case study. Given time, we will be able to develop a much more detailed analysis across whole service, thematic or geographical areas. We are confident that with more time to collect and analyse data this figure may be far higher.

Whilst we appreciate that the cost benefits of this service do not necessarily all accrue to the Council we encourage public sector partners to come together to ensure that both the costs and benefits of such services are shared appropriately in order that they are not lost in the current financial climate.

<table>
<thead>
<tr>
<th>Outcome delivered</th>
<th>No. of young people achieving</th>
<th>Average person value</th>
<th>Total value</th>
<th>Comments / notes / assumptions / judgements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaging in youth clubs</td>
<td>143</td>
<td>£2,300</td>
<td>£285,441</td>
<td>Based on recorded user numbers over the quarter.</td>
</tr>
<tr>
<td>Relief from depression/anxiety (youth)</td>
<td>8</td>
<td>£11,819*</td>
<td>£6,902</td>
<td>Based on Prevalence measures from Public Health Walsall 2015.</td>
</tr>
<tr>
<td>Improvements in confidence (youth)</td>
<td>143</td>
<td>£9,283*</td>
<td>£98,699</td>
<td>Based on observation of Youth Club.</td>
</tr>
<tr>
<td>Participate in physical activity (e.g. football)</td>
<td>40</td>
<td>£3,101*</td>
<td>£10,756</td>
<td>based on estimate from youth club</td>
</tr>
<tr>
<td>No problem with anti-social behaviour</td>
<td>9</td>
<td>£6,403*</td>
<td>£5,145</td>
<td>based on prevalence measures from Public Health Walsall 2015.</td>
</tr>
</tbody>
</table>

*These figures indicate the cost benefit per person backed by robust data. Due to the short timescales in which to put this report together we have used provider estimates to identify the number of young people to whom these outcomes apply. Due to the lack of data to evidence these outcomes a lower person value figure as provided by the value calculator has been used for these outcomes.
Appendix B - VCSE respondents to WVA Survey

- Aaina Community Hub
- Ablewell Advice Services
- Accord Group
- Acorns Children’s Hospice Trust
- Age UK Walsall
- All Saints’ Church, Bloxwich
- Birmingham & Black Country Wildlife Trust
- Bloxwich Community Partnership
- Bloxwich Rugby Club
- Broadway North Community Association
- Brownhills Community Centre
- Care User Support Partnership
- Careview Services
- Citizens Advice Walsall
- Collingwood Community Centre
- Darlaston Town (1874) FC
- Frank F Harrison Community Association
- Friends of Pelsall Commons
- Friends of Streetly Library
- Homestart Walsall
- Innovate Walsall
- Manor Farm Community Association
- Mencap
- Park Hall Community Association
- Place of Refuge Community Church
- Rathbone Training
- Ryecroft community hub
- Sail Ltd
- Sneyd Community Association
- The Friends of the Chuckery Corner Green
- The Hindu Forum (Walsall)
- The Small Street Centre
- Victoria Road Allotment Association
- Walsall Bereavement Support Service
- Walsall Community Transport
- Walsall Fibro and ME Link
- Walsall Gateway Club
- Walsall Older Persons Project
- Walsall Scouts
- Walsall Society for the Blind
- Willenhall CHART Trust
- Willenhall Christian Fellowship (Church in the Park)