

# Impact of Funding Cuts on Cumbria's Third Sector

A report prepared by Cumbria Third Sector Network

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# Summary

## Conclusion

Many third sector organisations in Cumbria have faced cuts in funding from a variety of sources. Most sources of income from the public sector have decreased, and many organisations have been hit by cuts in their funding from Cumbria County Council, District Councils, and national government funding streams. Changes in contracting procedures, amalgamation of contracts and poor contract management moves risk and cost onto the provider organisation, and providers may not have the reserves to manage this, particularly where they are relatively small organisations.

At the same time, the overall financial climate means other potential sources of income are reduced:

- it is increasingly difficult to generate earned income (for example, community minibuses report a decrease in use, particularly by youth groups, and organisations reported a decrease in income from room hire)
- charitable giving is down
- grant funding is harder to obtain (due to both increased applications, and low interest rates meaning less money is available many funds).
- Many people have less time available to volunteer

Many third sector organisations have made cut backs to their services and a number are known to have closed as a result of financial difficulties. These financial cuts have occurred when the support available to them from both third sector infrastructure organisations and CCC Neighbourhood Forum officers is decreasing. The suggestion that third sector organisations will simply find alternative funding from other sources if public sector funding is decreased seems unlikely in this scenario; organisations and networks have already folded due to lack of funding, and more are likely to do so.

Many third sector organisations have tried to minimise the effects of funding decreases on their users; they often have concerns that this is not a long term solution. It increases pressure on their staff and volunteers, and there are suggestions that further cuts to services may be seen over the next few years even if funding were to remain stable.

The impacts of these cuts on service users are only beginning to be seen, and was not the focus of this study. For example, we know there have been significant reductions in youth work sessions; we do not yet know what impacts these might have over the next few years. Worryingly, there are hints that vulnerable and minority groups may be particularly affected; for example, organisations raised concern about reductions in equality and diversity training, and most worryingly, concerns that it was becoming difficult to make child protection referrals. There is scope for further work to examine directly the impacts on service users, and particularly how these fit with the priorities to support the most vulnerable in society and improve the life chances of the most disadvantaged.

The big issue for Cumbria is that the government imposed cutbacks have directly impacted negatively on Cumbria County Council's priorities to challenge poverty in all its forms, ensure the most vulnerable people in our communities receive the support they need and improve the life chances of the most disadvantaged.

Cumbria Third Sector Network believes this report gives a good introduction to the issues being faced by third sector organisations in Cumbria in the current financial climate.

## The Evidence

Cumbria Third Sector Network has undertaken this study to establish the impact of recent public sector spending cuts and decreases in other forms of funding on third sector organisations in Cumbria.

Third sector organisations were sent a simple questionnaire asking if they had experienced direct or indirect impacts of budget cuts. This was distributed through Cumbria Third Sector Network and its specialist networks. Around 40 replies were received and compiled to form this report. It focuses on cuts in Cumbria County Council spending, but also makes mention of cuts in other funding streams. It is important to note that there is likely to be some bias in responses, as the organisations most severely affected by funding cuts are likely to be concentrating on maintaining their service provisions and may not prioritise completing questionnaires, and so this report is likely to underestimate the effects on third sector organisations.

A high proportion of responses came from organisations working with Children and Young People – a specialism which has seen particularly severe cuts in both third sector funding and Cumbria County Council internal spend. Organisations reported making cuts in staff hours (including redundancies) and reducing the services they offered. They reported significant issues resulting from the cuts and reorganisation within CCC's Children's Services Directorate – difficulties in contract management and in joint working, including that to support vulnerable young people. They also expressed concern that there would be further cuts and short term contracts in the future.

*Our total income here at the Children's and Youth Centre was circa £266,000 – 2010/11 – which for 2011/12 has been reduced to £159,000. This is not all attributed to CCC but to variety of funders and funding which all ceased at the same time.*

*This loss of funding (around 40%) has had a big impact – we have had to reduce staff by 5. This has meant we are not able to deliver the services we have previously delivered, and we will not reach as many of the local community which we did do. A number of our services have seen user numbers halve from the last quarter of 2010/11 to the first quarter of 2011/12 as a result of reduced sessions.*

Organisations providing care to adults were concerned about the ongoing changes to contracts – the introduction of a cap on day care charges, and the grouping of small contracts into Frameworks – meaning many organisations were finding it hard to forecast their future income and plan accordingly. These measures, being introduced to reduce costs to CCC, are having the effect of increasing risk and up front costs on small organisations that may not have sufficient reserves to accommodate this shift.

*Reductions in Respite Care rates will mean lower income. It is impossible to give an accurate figure yet (as there will be different rates for rural and urban clients, and CCC have yet to determine which category each client falls within), but estimated loss of income for us is £60k. This is leading to us reviewing both indirect costs and payroll costs; recruitment is already becoming increasingly difficult due to low salaries that can be afforded.*

Advice organisations reported an increase in workload whilst overall funding was decreasing, and the stress that this was causing for staff. One organisation, Resolve Mediation, had closed due to lack of funding, but was still receiving referrals from statutory partners.

*The increase in the number of clients to be seen for the same level of funding will mean increased demands on staff. Even though our workload is increasing, our Money Advice staff team have accepted voluntary reductions in hours due to the loss of charitable funding. The increased demands of the contract are echoed by a reduction in the value of Money Advice Work carried out for the Legal Services Commission; together the cuts are increasing the pressure on a willing but increasingly stretched workforce.*

Arts organisations have been affected by big cuts in both local (CCC) Arts grants and Arts Council funding. However, the Third Sector Network found it hard to gather many responses as the Arts and Culture Specialist Network, Culture Cumbria, has dissolved, due mainly to lack of funding.

*Arts Out West lost funding from CCC Arts Grants – this went towards subsidising the cost of professional shows in village halls, and equates to 10 fewer shows this year.*

Community Transport organisations have lost CCC capital funding for bus replacement, and whilst this has no immediate effect, they have been given no indication of future funding intentions and have concerns about long term viability. Their revenue grant has also been frozen.

*Cumbria Community Transport lost £40,000 capital funding from Cumbria County Council last financial year and have no idea if this funding (for bus replacement) will ever be reinstated. If the rolling programme of bus replacement has gone, then in time we will not be able to continue as our buses will be too old and costing too much in repair costs.*

Community groups noted they felt grant applications were more likely to be turned down, and some had lost the practical support they had been receiving from Neighbourhood Forum Officers. They also noted that increased financial pressure on individuals and families meant that many people had less time available to volunteer.

*We have lost our key contact and support from CCC. We used to be supported by a Neighbourhood Forum Officer from the Communities Unit – her assistance was fantastic, particularly in the support provided to local residents affected by the flooding in 2009. We have not been given any indication of the expected new contact point, if it will be someone who is assigned to Keswick and area as previously, or someone based elsewhere. I understand their team size is reducing, so we are changing how we work to try and accommodate the loss in knowledge and links this will create.*

Infrastructure organisations (third sector organisations whose primary purpose is to provide support to frontline third sector organisations) noted large decreases in funding from many sources, decreases in staff numbers, but an increase in requests for their support. Most worryingly, almost all these organisations anticipated further decreases in their funding over the next few years and were planning further reviews of their structure.

*The £10,000 cut means we can no longer send out our newsletter and funding gazette by mail but have now to use e communications in an effort to save £5000 per annum. In addition we have had to cut back on the support we give to groups in terms of one to one funding advice and guidance at a time when you will appreciate there is a great demand for the service. Many of the groups we support have lost grants and seen reductions in contract value, so need to seek alternative sources of funding.*

## Introduction

When the coalition government was elected in May 2010 it rapidly became clear that there would be dramatic cuts in public spending. One result of this was that Cumbria County Council made cuts of £44 million in the financial year 2011/12, from an overall budget the previous year of £522 million.

The budget consultation document identified £348,000 of cuts directly affecting Cumbria's third sector, but it soon became clear that this was not the full extent of the cuts. It focussed on grant funding, and so, for example, it did not include any cuts in grants from national government to Cumbria County Council (a number of which were a significant funding stream for third sector organisations, particularly those working with CCC's Children's Services directorate). It also did not take account of the fact that many Third Sector organisations with contracts to provide Day Care would be affected by proposals to introduce an upper limit on costs. These omissions are significant; whilst it is true that third sector organisations compete with other providers for contracts, much of this funding has been grant funding in the relatively recent past.

Cumbria County Council's Scrutiny Committee attempted to assess the impact of the Budget Proposals before they went to Cabinet. Their report, [http://councilportal.cumbria.gov.uk/Published/C00000117/M00004824/AI00003312/\\$8Appendix5.docA.ps.pdf](http://councilportal.cumbria.gov.uk/Published/C00000117/M00004824/AI00003312/$8Appendix5.docA.ps.pdf) identified that it was hard to access much of the information needed in the short time frame available. There was a stated intention to undertake a follow up review in the autumn of 2011.

It also proved difficult for the Third Sector Network to put an accurate figure on the financial value of cuts to the Third Sector; partly as the information available in the Budget proposals was not detailed enough to identify all funding streams, and partly because there were still uncertainties in what funding streams from national government might be cut, and which might remain. The "best guess" is that Cumbria's Third Sector faced a reduction in funding from Cumbria County Council of £2 million, of which £1.1 million was funding to Connexions. This came at a time of increasing emphasis on the role of the "Big Society".

Therefore, this current work by Cumbria Third Sector Network aimed to collect information directly from third sector organisations, and to make this available in time for the follow up Scrutiny review. It hopes to give Cumbria County Council some indication of where impacts were being felt, and of areas that warrant a more detailed investigation as part of the scrutiny process.

The report focuses on cuts in funding from Cumbria County Council (as this is believed to be the primary interest of the Scrutiny Committee), but also includes some comment on the loss of funding from other sources in order to give a fuller picture of how the third sector is being affected by the overall financial climate.

## Methods

The information in this report was collected by sending a simple form to Third Sector organisations in Cumbria through the Cumbria Third Sector Network and its constituent Specialist Networks. This asked organisations about direct and indirect impacts of CCC's Budget decisions.

This methodology was adopted because of restrictions on the time available for the work; however, it means that the information is by no means exhaustive. There are almost certainly organisations that have not responded, and there may well be a bias in response. Organisations most badly affected by cuts may well be less likely to respond as their resources are most stretched, and they are likely to be prioritising support to their service users over responding to surveys. At the extreme, organisations that have closed as a result of funding cuts are particularly unlikely to receive the questionnaire, let alone respond to it. Therefore, there are very likely impacts that we are not aware of. For this reason, we have also included information from a couple of third organisations that did not return the form, but have issued press releases about their closure or reduction in services.

It is also important to note that we have contacted third sector organisations, but not service users. Organisations have attempted to assess the impact on their users, but only a few have been able to give direct feedback from their users. Further work is needed if Cumbria County Council wishes to fully understand how these cuts might be affecting their ability to deliver their stated aim of improving the life chances of the most vulnerable in society.

Despite these limitations, we believe this study gives a good introduction to the difficulties some third sector organisations are facing as a result of CCC's Budget decisions, and some idea of the impact this is having on their service users.

## Results

As of 4<sup>th</sup> October 2011, 40 responses had been received by Cumbria CVS.

- 32 organisations reported they had been directly affected by CCC cuts
- Many of these (18) also reported some indirect impacts
- 8 organisations reported only indirect impacts

Information was received from 40 organisations who reported impacts of CCC Budget decisions. 32 of these were directly affected by cuts in funding from CCC, with the remainder affected more indirectly – for example, by an increase in referrals or difficulties working in partnership with other organisations that had faced direct cuts.

The impact of the direct cuts on service users varied hugely. We received forms from organisations (for example, Resolve Mediation) that had taken the decision to close as a result of funding cuts. At the other end of the scale, a number of organisations reported that they were currently able to provide their normal level of service – for example, by using organisational financial reserves or by not renewing equipment – although almost all of these expressed concerns that this was unlikely to be a sustainable approach, and that cuts and other impacts might well be seen over the next few years.

Text in *italics* indicates a quote from an organisation. To make it clear where a quote from one organisation ends and the next begins, quotes are given alternately in *black* and *blue*. Where an organisation was willing to be named, this has been included in the text, or (in brackets) at the end of the quote.

The information received has been grouped according to the type of organisation. This can never be perfect, as there is overlap between the groups (for example, an Advice organisation might work with young people), but gives a broad idea of how different specialisms within the third sector have been affected. These specialisms also relate broadly to different funding streams from Cumbria County Council.

### Children and Young People's Organisations

A high proportion of the responses received were from organisations working with families, children and young people, a specialism hit particularly heavily by cuts in funding from Cumbria County Council. These organisations reported:

- cuts in the funding they received from Cumbria County Council (compounded by reductions in funding from other sources)
- an increase in workload as other providers decreased their provision
- difficulties in partnership working with Cumbria County Council's Children's Services Directorate, who were undergoing a massive reduction and reorganisation of their workforce as a result of the budget decisions.

More details of these difficulties, illustrated by quotes from some of the organisations concerned, are given under the sub-headings below.

## Funding Cuts

Both youth organisations and organisations working with families and children have faced uncertainty, cuts and changes in their contracts with Cumbria County Council. The Cumbria Youth Support (CYSS) contracts have all been cut to varying degrees; this funding stream forms a large part of the overall funding for some youth organisations, and a much smaller proportion of the overall funding for others, so the effects and percentage cuts reported vary. Some organisations, mainly larger organisations where CCC funding formed a small proportion of their overall income, have managed to absorb this year's cuts by using organisational reserves. However, this was unusual, and many organisations were more severely affected; this included large organisations where the cut in CCC funding caused a big fall in their overall income, and small organisations with very limited reserves. Organisations reported cutting back on staff and reducing their work with children and young people.

Youth organisations primarily reported a reduction in funding, and impacts of this included reductions in staff numbers and the number of sessions being offered to young people.

*Organisation has seen its income from CCC drop by 25% (a drop in total income of around 15%), leading to reduced hours and term time only working. Less dedicated, permanent sessions are delivered – more sessions are combined with other events in some way.*

*With less money being available for extra help with youth provision, we have had to cut some hours and the future of some provision cannot be guaranteed.*

*Reduced targets and outcomes from young people through this revenue stream.*

*We are part of a youth work consortium with Connexions and Young Cumbria; the amount of money we received through this was cut by 25% this financial year. This meant that our total budget was reduced and we could no longer offer trips, as much holiday provision and no new equipment could be bought. (Brampton Youth Project)*

*We have found that changes in the staffing at CCC have meant that we have lost the contact we had within IYSS. As volunteers, we need to meet outside office hours or else take time off work, and we have noted that there has been reluctance on the part of CCC to accommodate this. Appointments have only been within working hours, but have also not been possible to keep – eg an email arriving late in the afternoon to request out attendance at a meeting the following morning at 10am!! No consideration has been given to the fact that we are volunteers, nor do they appear to take on board that we are all busy people and need to book appointments some time in advance. Our contacts have moved to other positions and no one has informed us who is taking over the roles or how the roles have changed, and therefore we spend a great deal of time and effort 'tracing' the people we should be speaking to.*

*We have received a cut of approximately 20% for Furness Youth Work Consortium funded by CCC. This is a value of £69,000. This has not had a direct effect on our staff but staff members from other Consortium organisations have had a reduction in hours that equate to approximately 1.5 FTE. In addition this has impacted on the number of sessions and the resources that are used in these provisions – this is especially relevant to money spent on holiday activities.*

*In addition we have also lost funding for our SYIP programme, which is approximately £86,000. This has seen redundancies of 3 staff (1.9 FTE). One member of staff has been redeployed.*

*The overall effect for us (and our partners) is that a reduction in the overall income of the organisation has been that core costs, which every project made a contribution to, still have to be paid and now have to come out of a smaller pot. In our case, where we have developed Burlington House into a Youth Hub, which include a cinema, hairdressing salon, youth café, multimedia gaming suite, IT facilities, if we receive further cuts this may not be sustainable.*

*Over £220,000 in CCC funding has been lost through various grants, SLAs and contracts; this is a drop of 37% on the amount we have received annually for the last 4 years. As a result:*

- We have reduced our services. Presence and bases in some communities by 50%.*
- We have had to reduce our own targets by 34% in terms of the amount of young people we supported during 10/11.*
- Therefore our target of working with 3000 young people directly each year has been reduced to 2000.*
- Staff have taken cuts in pay and/or hours*
- Good staff have left in anticipation of redundancy*
- Staff are working under the most limited of terms and conditions. No advantages to working in this organisation as any benefits we could reduce have been.*
- Residentials with young people; often a powerful learning experience: have been reduced due to an inability to pay extra hours to staff. Many youth work staff are doing residentials and other events voluntarily.*
- We have replaced some building based youth work session with visiting an estate or village using our mobile youth van. Whilst it is a fantastic resource and has increased our service offer in some ways, you can only get 8 young people in it, and it doesn't make up for the loss of a youth club.*

Many organisations working with children and families have also faced cuts and uncertainty. Children's Centres saw the overall contract value unchanged, but a shift in priorities and a broadening of the age range saw some individual centres lose half the value of their contract. This has also affected smaller organisations working with children and families, who had subcontracts with Children's Centre providers. Further confusion was caused by the fact that Children's Centre providers had not received a written contract a number of months after being informed they had been awarded the contract – and so they were not entirely clear which work still was funded, or what targets they needed to meet and report on.

*Loss of income from Children's Services contracts – directly, and less filtering down from big Children's Centre contract holders. Unlikely to be able to replace all of this by grants from trusts. (Family Support Organisation)*

*Our total income here within the Children's Centre was circa £266,000 – 10 / 11 – which for 11 / 12 has been reduced to £159,000. This is not all attributed to CCC but to a variety of funders and funding which all ceased at the same time.*

*We received funding from CCC via Connexions through Positive Activities for Young People and Positive Activities contracts - £17,000 last year, down to £4,500 this year. We have also lost £13k of CC funding from the Children's Fund.*

*But unfortunately for us at the same time our funding with:*

- Sandside £5,800
- Home Group £10,000
- Frances C Scott £14,020 – 2 different funding pots
- NDA £30,000
- Play Scheme x 3 £6,000
- CGP £1,000

*This loss of funding (around 40% overall decrease) has had a big impact on the Children's & Youth Centre – we have had to reduce staff (5 – Service deliverers, Administrators and a large proportion of the Volunteer Co-ordinators time). This in turn will have a detrimental effect on future service delivery and therefore on reach to the local community.*

*This has meant we are not able to deliver the services we have previously delivered, which in turn means that we will not reach as many of the local community which we did do. We have restructured the service to meet the staffing level, and at the moment this has meant less services, but not a lot of disruption to the local community. A number of our services have seen user numbers halve from the last quarter of 2010/11 to the first quarter of 2011/12 as a result of reduced sessions (eg Sensory Room users have dropped from 423 to 194; Youth Café users from 623 to 293)*

*Impact currently has not been really 'felt', but we are due to re look at our service delivery (around September, which may or may not have an affect on the local community)*

*We have never had a long term contract with CCC, but have received ad hoc money through work with Children's Services/Early Years teams. We have seen a reduction in these funded joint activities with Children's Services. This means we're not able to offer some services to schools from September – in particular, some Continuing Professional Development days plus extra support for teachers to facilitate local school links in support of community cohesion and anti-racist education. Also, unable to continue "Making sense of diversity in the Early Years" programme for nursery and early years practitioners, that has been run for the past 4 years. Key staff lost at CCC who partnered with us in this programme, including officers with responsibility for promoting diversity issues in education, also Early Years advisors. Also, the seed funding for the project has ended. (Cumbria Development Education Centre)*

*Pride in Cumbria has experienced lower referrals of young LGBT (lesbian, gay, bisexual and transgender) people from both Connexions and Children's Services, both of whom have experienced huge cuts.*

*Funding for Cumbria Traveller's Project, which took a bus to travellers sites as a base for play and health projects, was withdrawn completely from 31<sup>st</sup> March 2011. This appeared to be a decision taken without consultation (it was not clear within Budget Consultation proposals) or warning (it was not identified as ending on the contract register), and despite clearly being a service to a vulnerable group, no Equality Impact Assessment was available. This was a loss of £85,000 (plus loss of use of the vehicle) – 61% of the*

*project's total income – and led to the loss of one member of staff, and a reduction in hours for other staff members.*

*During the period 1st April 2010 - 16th March 2011, the project worked with a total of 85 families and a total of 227 children:*

- 38 families on sites (91 children)*
- 20 housed families or those living on their own land (51 children)*
- 27 families living on road side encampments (85 children)*

*The project identified the impacts of its loss:*

- There will no longer be any after school provision on the sites in Penrith, Harker and Houghton.*
- Children will not receive homework support*
- Schools will not have the link with the site.*
- Possible child protection issues will go unnoticed and unreported.*
- There would be no means of monitoring the 'Children Missing Education' register in relation to Traveller children.*
- Links with the community WILL be eroded.*
- The PEET (positive education experiences for children) work will cease. The work that has been done over the last 3 years will be in vain having just started to reap rewards.*
- Early Years support will end which is likely to see the rise in 3 year olds not going into mainstream nursery.*
- We will be unable to support families in the school appeal process.*
- Transition support will no longer be available.*
- Support to children living on roadside encampments would be limited. Support presently offered to Children's Service staff to facilitate meetings on roadside encampments would stop.*
- Children's health may be adversely affected as liaison with health authority and Doctor's surgeries would be lost.*
- Support to families during the weeks running up to, during and after Appleby Fair would be unavailable.*
- The loss of the truck means that opportunities for other County Council services and agencies, to work with us during sessions and establish links in a trusted environment, would end.*
- Children's Services would lose a project which has established links over many years. The team are Known and trusted by the community and the site owners.*

*In addition, travellers using the service identified what it meant to them:*

- The truck means a lot. I have an autistic son who has a lot of appointments with doctors and when the truck is here it means I can leave the other children in a safe place whilst I take him.*
- It's terrible! They can't take the bus away from the babies. They enjoy going on the bus, learning new things and mixing good with each other. The kids like to go on the computer and access education.*
- Devastated the bus isn't coming because my little girl loves the school bus. So do all the other kids as well. It's good for the children to have a group to go to but we like them to be on the site near to us. Our daughter would not have settled so well at the playschool if it hadn't been for the sessions on the bus.*

- *It means our kids can't get their education before they go to school, not learning to mix with other children. We just wouldn't cope on here without the bus. Plus a lot of people on here cannot drive so it means the bus coming is necessary.*
- *The grandchildren really enjoy the bus when they come up. The bus is good for a contact point – first point of call to get further help! Education, driving tests, health etc*
- *When they come back from school the bus is a good help to me as there is no park or anything else that goes on for kids; also good help for me to go to shop. I have used the bus as source of information to get help for myself. Not acceptable that it's being taken away. Bus helps children educationally as well; they have really come on since going on the bus.*

*This funding decision appeared to a clear contradiction of Cumbria County Council's stated priority of maintaining services to vulnerable groups. As the decision also appeared to have been taken by an inadequate and potentially unlawful process without proper consultation with the service users and full Equality Impact Assessment, the project with the public policy advocacy support of AWAZ managed to convince the Children's Service to undertake a full Equality Impact Assessment. As result of this Equality Impact Assessment to mitigate the adverse impact of the decision a temporary arrangement has been made to cover the costs of taking the Bus to the Travellers sites and some additional money to continue vital services till March 2012.*

*At the end of September 2011, it is believed that CCC have taken the decision to reinstate temporarily some funding for 2011/12, although this funding had not yet been transferred to the project's bank account.*

The Traveller's Project gave a further update on impacts just as this report was about to be published. This is included in full below; whilst this relates specifically to this project, it also provides a detailed illustration of how cuts and gaps in funding impact on small third sector organisations, decrease their effectiveness and threaten their viability.

*The cuts and changes across CCC have lead to confusion and loss of continuity. We now find ourselves having to 'start all over again' as many of the people , and in some cases complete teams have disappeared or have been moved to other departments and new people have appeared who have absolutely no knowledge, understanding or at worst in some cases interest in Gypsies and Traveller issues.*

*This has lead to gaps in support/advice/services. It is incredibly frustratingly that after many years of building partnerships and productive networks which were starting to make a difference to the lives of Gypsies and Travellers we are having to go through the whole process of explaining and educating 'new' people again when our resources have been stretched to the limit due to the cuts.*

*The numbers of referrals to the CTP service have continued to increase. We are finding an increase in referrals for Drug/Alcohol support, Mental Health issues, and Domestic Violence incidents.*

*The requests for advice and support from other service providers continue to come in but there is a reluctance to contribute financially for our time.*

*The CTP is a small dedicated team, cuts to our budget and therefore work we are able to undertake is difficult. The needs are still there and staff feel under increasing pressure when prioritising who they can and can't work with. Stress levels are high.*

*As well as having to make one member of the team redundancy, another has left and moved out of the area. Other staff feel uncertain about the future and are beginning to look around for other work as there is uncertainty about the long term future of the service with the loss of our major contract.*

*Vacancies are being frozen as there is pressure on the budget and further savings are sought. This leads to the team trying to cover work that the vacant post should cover. Staff working over contracted hours because they don't feel they can leave people without any support compounding the feelings of frustration and stress levels.*

*We are unable to cover the annual rental cost of our office with the remaining contracts and grants. The nature of the work requires us to have an office base where we can store confidential information. It is also imperative that the team have a base. There is a serious risk that we will have to give up the office in the very near future.*

*The service users feel let down but are not surprised that they have lost services. During a consultation recently one person said 'this is what they always do, those who need the support lose it. They always take it away from us Travellers because they don't want us here anyway'. The most worrying thing about this comment for me is that the perception of the community is that they are unwanted. We have worked hard to overcome barriers caused by the community feeling overlooked and being 'unwanted'; however without a regular presence on the sites and within the community, the work that has gone before by ourselves and by other services has already begun to erode.*

## **Uncertainty around future funding**

Many children and youth people's organisations mentioned uncertainty over future funding. This applied particularly to those with contracts with Children's Services that were due to end, but where no process for re-tendering these appeared to have started. Staff changes within Children's Services meant that they were uncertain who to contact to obtain clarification. Organisations also expressed concern over rumours that the Cumbria Youth Support Services contract, up for renewal, would be re-tendered for a 12 month contract; this would mean a huge amount of time and effort spent preparing tender documents for a short contract.

Some organisations who had managed to absorb this year's cuts from their financial reserves were worried about how they would manage to maintain their service in future years.

*Lack of certainty in future contracts – Young Carers contract (already given one last minute, 6 month extension) was due to end on 30<sup>th</sup> September; despite some verbal assurances, organisations affected were only informed in writing (by email) of another, 4 month extension on 29<sup>th</sup> September, and had not received a written contract at the time of writing (early October). This uncertainty is hard on the organisations and staff concerned (staff have now been placed on redundancy notice twice because of a lack of notice from CCC), and makes it extremely difficult for them to offer a reassuring service to the carers who depend upon them.*

*We have not been affected this year, although we were originally asked to accept a 10% reduction in the grant, this was later reversed and we have been told we will receive the*

*full amount for 2011/2012. However, our contract ends in April 2012 and we have not had an indication as to whether this will be renewed, nor the amount being offered if a new contract is issued. We are trying to arrange a meeting with CCC in September 2011 in an effort to put forward our case for funding.*

*If we lose our grant, or the grant is cut to any extent, then this will have a direct impact on our members – ie girls and young women in Cumbria. As we are a purely voluntary organisation, run by volunteer leaders, all of the grant received goes directly to benefit our members. In particular the grants have been very important in enabling our young members to attend events outside the County, as we have been able to subsidise the cost of travel which would otherwise be prohibitive for the youngest members who are still at school.; grants have also been used to fund leader training, including crucial topics such as first aid and safeguarding. The grant is approximately 1/3 of our annual income; the rest of the income is raised by a levy on members.*

*We funded the shortfall it created in advance as the coalition had always stated they were making significant cuts months before they came into force. The only impact it's making is the unknown of future years and the next tendering round and how much the cuts will leave as a funding legacy.*

*We are reliant on funding generated through referrals from schools and Children's Services for our education programme. The effects of any cuts will not be apparent until September but we expect that cuts may have a detrimental effect on these. In addition cuts to EMA funding have led to a reduction in young people signing up for Training Programmes - this again has reduced funding into the organisation.*

*We have been affected by the loss of the Citizen Development Group (because it was funded via Children's Services staff who are not in post any more). This is reducing our ability to work with secondary Citizenship teachers in support of global education and antiracist education. Schools are looking to CDEC for more support on global citizenship, multicultural and RE resources and antiracist education, BUT we are struggling to service those needs because there is no money in place to subsidise schools in accessing the service from CDEC. If we have to charge at cost, then most schools simply can't pay this. We have increased our subscriptions from schools this year because there is a high demand for our resources to support teaching, particularly RE topic boxes and the global education/country boxes. We do not have funding to cover the cost of travel from Ambleside to these schools in order to get the resources to the users. This may put our service in jeopardy very soon. (Cumbria Development Education Centre)*

### **Indirect effects of budget cuts**

Organisations also reported more indirect effects of cuts, for example:

- Difficulties in partnership working and contract management (already touched on above)
- An increase in workload as partner organisations reduced their services
- Concerns about child protection referrals (mentioned to senior CCC staff in August 2011 to allow immediate investigation)
- Effects of cuts in other funding streams

*Biggest impact will be from CCC reorganisation and changes in posts from us not knowing most of the staff at Children's Services now in place. Representation and understanding of*

*our work, and effectiveness of integrated services, must surely suffer. (Whitehaven Harbour Youth Project)*

*Group has been advised that numbers of children entering primary education in Aspatria is set to rise by 50%, and a strategic review of education will take place. However, changes within CCC mean that no one has been appointed to undertake this review. This limits the group's ability to form strategic plans for the possible increase in demand for its services.*

*Other organisations' cuts have affected us, in that there is not as much on offer for young people any more. Also, training needs are affected. Young Cumbria and CYA who previously offered a lot of free training are now charging for training and there is not as much on offer.*

*We have been fortunate this year in that we have not had to make any child protection referrals to Children's Services so have not dealt with them directly. However, speaking to other agencies, we know that there is a lack of support and a lack of action, and agencies are having to push very hard to get someone to look at the case. This seems to be due to the changes in structure within Children's Services and the lack of staff to deal with the incidents. (Brampton Youth Project)*

*Check Eden out, it would appear that services that respond to safeguarding issues, complex needs and young people who really need support have all shifted to Carlisle. That is what it feels like to us and our travel claims for our staff are increasing as we journey to Carlisle to speak to teams involved in a young person from Eden. Not good for us and not good for young people.*

*These are some of the experiences of our own organisation. We also are involved in two consortiums that have seen cuts which amount to at least a further 24 estates and villages with reduced staffing and provision. Their own stories are appearing all the time in the press, good youth projects struggling to survive.*

*We expect that number of referrals will increase following job losses (Family Workers, EWOs, PSAs) in Children's Services.*

*Community Projects Carlisle faces a funding shortfall of £30,000. We are a charity that supports around 200 young people at any one time, with emergency food and housing advice.*

*The funding committee has worked tirelessly to obtain continuation funding. We have a proven track record, but it is increasingly difficult to obtain grants now with increased demand on funders. There is not the money around that there was. We rely solely on funding organisations, as we do not get local authority funding.*

*We are being forced to close most of our services and move to smaller premises; we will now only be offering our drop in service.*

## Adult Social Care Organisations

Organisations working with adults (usually providing advice and care services to older adults, or adults with a disability) tend to receive the biggest slice of their funding from Cumbria County Council through contracts to provide these services. They expressed concerns about new contracting arrangements (for example, the amalgamation of contracts into “Frameworks” to standardise terms and reduce costs to CCC), and the introduction of maximum hourly rates for care agreed in the Budget.

One particular concern was that they could not yet estimate what their income might be, as whilst “urban” and “rural” rates were known, it was not yet clear how these would be defined, and so still uncertain which rate an individual client (and hence the organisations providing their care) might receive. However, it was clear that organisations were likely to face a reduction in income, and this would be hard to absorb in organisations with many staff already on low wages. Organisations were also concerned that these new maximum rates did not appear to apply to Cumbria Care (CCC’s in house Care Provider), and this resulted in unfair competition.

The move to Frameworks raised a number of concerns. Preparing the paperwork to join a framework was time-consuming (some organisations estimated it to be three weeks work), and a number of small specialist providers found this a huge strain on their resources – and even if successful in their application to be part of a framework, this would provide no guarantee of work. The overall effect of this is to significantly shift the balance of risk from Cumbria County Council to the provider organisation; this in turn favours large providers, and is very difficult for small providers with limited reserves, to manage. These small providers, who are worried they will not survive these changes, are often the specialist organisations, providing outstanding personalised care to some of individuals with the most complex needs.

The decision to amalgamate contracts into Frameworks also means that social care contracts are pushed under the more demanding “Part A” of European Law, whereas individual social care contracts can usually be let under “Part B”, which generally entails less work for those preparing tenders; again, this puts significant pressure on small providers.

*Reductions in Respite Care rates will mean lower income. It is impossible to give an accurate figure yet (as there will be different rates for rural and urban clients, and CCC have yet to determine which category each client falls within), but estimated loss of income for Cumbria Crossroads is £60k. This is leading to us reviewing both indirect costs and payroll costs; recruitment is already becoming increasingly difficult due to low salaries that can be afforded.*

*At this time we can only guess at the reduction we may encounter when our contract ends in April 2012. We will be moving from assured funding to unassured funding (spot contracts and direct payments). We may have to adjust our service to meet needs (Care service would be a priority). Possible redundancies for non care staff. Service users may only be able to attend on a reduced attendance level. At the bottom end we may have to reduce days available to maintain high level of care service. At present, we support approximately 140 places at our centres over 5 days. This may reduce due to funding changes. We will need to attract extra funding from other sources, such as grant funding, and our own fundraising efforts will need to be increased. There will be a big danger that if service users face losing some of our services, they will become detached from socialising*

*and will possibly become more reliant on other people and services, and the quality of their lives may suffer. (Organisation providing day care for adults with a disability across West Cumbria)*

*As a Cumbrian voluntary sector organisation providing care and support to vulnerable people in the community we are already seeing significant impacts relating to reductions in funding and changes to contracting arrangements. In a climate of ever increasing costs we are operating our services with less funding in the current year than we received in 2010-11 and we have not received any inflationary uplifts to contract prices since 2009. We have serious concerns about our ability to continue to provide high quality care and support over the next 2-4 years as our funding reduces further via lower rates being imposed through competitive tendering and we are particular worried about how we will manage costs if no further inflationary uplifts are applied over the next 4 years. It seems currently possible / likely that we will be receiving funding for many of services in 2015 at rates lower than those we received on 2009. The majority of our workforce are people working as Community Support Workers and whilst we endeavour to maintain pay and other terms and conditions at a reasonable level we are employing people at relatively low rates of pay and we will have no capacity to make any inflationary improvements over the next 4 years if our funding continues to reduce.*

*We feel as an organisation we offer good value with the services we provide. We support many vulnerable people who have intensive and complex needs and we manage to help them to live successfully in their communities. We pride ourselves on the knowledge, skills and commitment of our staff and we feel we have developed an effective and robust management structure to support people effectively. The reductions in funding that we are currently experiencing and the steps being taken by CCC to reduce funding for all domiciliary care and support to generic levels seriously undermines our ability to continue to meet the needs of people in a safe and acceptable manner. We feel CCC have seriously underestimated the contribution that voluntary sector organisations are making to support people successfully in the community and that they have not understood the impact that such funding reductions will have on both the people being supported and the local authority as more support will be required from them as voluntary organisations cease to be available or cease to be able to provide the comprehensive level of support that they do now.*

*We recognize the need for local authorities to reduce spending, however we also know that we must not wreck the long term viability of the independent/ voluntary support sector by making short term opportunistic cuts. CCC need to recognize that we are actually working in a partnership and we are as keen as them to see public funds used as effectively as possible, they therefore need to work with us so that we have safe and robust services left in 4 years time.*

*We will not be able to apply for a grant [Divisional Grant/Social Care from Local Committee?] to subsidise our members Christmas Lunch at an outside venue, we will have to have it at our own premises.*

## Advice Organisations

Organisations that give advice, support and information to individuals reported two types of impact. Some had been severely affected by reductions in the available funding (including Local Committee grants from CCC, but also from many of their other funding streams), and many are reporting a significant increase in the number and complexity of the cases they are dealing with.

*The trustees have decided to formally close Resolve Mediation Service due to inadequate funding. In the past, it has been funded by a number of Local Committee grants, the last of which ended in 2010. 3 part time staff have been made redundant, meaning 40 volunteer mediators are unable to work due to lack of supervision. The organisation used to handle around 100 cases a year, involving 500 clients. Statutory organisations, including the Police, still attempt to refer clients, providing evidence of need.*

*The increase in the number of clients to be seen for the same level of funding will mean increased demands on staff. Even though our workload is increasing, our Money Advice staff team have accepted voluntary reductions in hours due to the loss of charitable funding. The increased demands of the contract are echoed by a reduction in the value of Money Advice Work carried out for the Legal Services Commission; together the cuts are increasing the pressure on a willing but increasingly stretched workforce.*

*We have limited funding from CCC. We have received ad hoc funding through the neighbourhood forum for various capital items. This amounts to just under £1k pa. In future this funding will be dependent on the amount of funding neighbourhood forums receive and the volume of applicants for that funding.*

*Ongoing loss of contract income to an organisation (supporting adults with mental health issues) in South Lakeland totalled around 40% of overall income. The consequences of this were voluntary redundancies earlier in the year, and now cuts to staff hours and restrictions on opening times.*

*We have received some funding towards room hire costs for the provision of courses run by Cumbria Adult Education and the costs of a Tutor for various courses run on our premises for our clients.*

*We understand that some changes will be made including the payment of some course fees by our clients. Again the full impact of these changes is not known yet.*

*There is a general run down and withdrawal of advice and support services provided by other organisations in our locality (Kendal & South Lakes), such as Shelter and CAB and we anticipate that the demands on our services will increase for this reason and because of the changes to be made to the benefits system.*

*The majority of impacts on us will therefore be indirect and difficult to measure. But essentially we will be trying to do more with less. We are also looking to be more entrepreneurial and so less dependent on grant funding. (Organisation giving Housing Advice)*

*The last 6 months have been exceptionally stressful as the impact on the organisation has slowly become apparent. Morale has dipped. Although we've now got a 6 month reprieve the future remains unclear as we move towards tendering.*

*The cuts have affected us as an organisation in that growth and expansion are not top of the agenda. Survival is at the top and this does impact upon the people who use the services which are hard to monitor, and often comes out through emotions*

## **Arts Organisations**

Arts organisations have been affected by big cuts to CCC's Arts Grants budget, and also by cuts in the amount of Arts Council funding available. One of the most notable impacts is the decision in April 2011 by Culture Cumbria, the umbrella body that brought together arts organisations across Cumbria in April 2011, to dissolve itself. Lack of funding played a big part in this decision, and one of the impacts of the loss of Culture Cumbria is that we no longer have an effective network through which to contact small third sector arts groups. This has limited our ability to obtain information on the impact on arts groups; one response is given below, but it is believed other organisations are also affected and that this area would warrant more detailed investigation.

*Arts Out West has lost funding from a number of CCC schemes – through Arts/Culture grants (£14k). This year it looks set to decrease to a total of £11k; a loss of £3k from an annual turnover of around £80k; this money went towards subsidising the cost of professional shows in village halls, which at a subsidy of around £300 a show equates to 10 fewer shows. The organisation believes it is hard to maintain brand awareness (and so good attendance) with a smaller number of shows. Arts Out West has also lost an additional £2k of CCC funding for "Family Friendly" work.*

In addition, Arts Organisations based in Cumbria have lost a minimum of £87,000 in Arts Council funding (this figure is just for **regularly funded** organisations based in Cumbria – many North West-wide organisations will undertake some work in Cumbria, and many other organisations will have received one off grants from the Arts Council).

## **Transport Organisations**

A couple of responses were received from organisations in the Transport network. Community Transport organisations were concerned about the loss of capital funding, and had noticed a decrease in use of their buses by Youth organisations (that, as already discussed, have seen significant drops in their income). These organisations were aware that Cumbria County Council was undertaking a "Better for Transport" Review, and were hoping that their situation would become clearer once the findings of this were known.

*Cumbria Community Transport lost £40,000 capital funding from Cumbria County Council last financial year and have no idea if this funding (for bus replacement) will ever be re-instated. If the rolling programme of bus replacement has gone, then in time we will not be able to continue as our buses will be too old and costing too much in repair costs.*

*We have had our revenue grant frozen at last year's rate; this has led to a bit of belt tightening and we seem to have moved from a three year plan to a month by month basis – this may be resolved after the “Better for Transport” discussions. The above factors have not yet impacted on our service users, but will do so in the future if funding is not restored.*

*We may be affected by CCC withdrawal of services by being tasked with providing community bus services in areas affected by cuts to public transport but I have no evidence of this at present. We have noticed a reduction in use, particularly by youth organisations, due to their income being reduced.*

*Loss of income as a result of other organisations losing income from CCC (eg we were subcontracted by Sustrans to maintain cycleway, and lost this when Sustrans lost funding from CCC and Borough Councils)*

## **Community Groups**

A number of responses were received from smaller community organisations (including a number of Village Halls and sports clubs) who noted that they had received Neighbourhood Forum or other one-off grants in the past, and had some concerns that these might not be so easily available in the future.

A couple of organisations noted that they might be affected by future reviews and cuts – for example, because they used library facilities to meet or to store records, and these could change following the review of library services. One organisation noted that they had had significant support from a Neighbourhood Development Officer, and that this had been lost as a result of restructuring following the Budget. Another noted a reduction in income from room bookings as Cumbria County Council cut down on the use of external venues in order to realise savings in its own budget.

Organisations also noted other reasons why they had managed to avoid being affected by CCC cuts. For example, Heron Corn Mill noted that they had been working for a number of years to install hydropower on their site, and were now reaching the point where they were self-sustaining and no longer needed grant income. However, they had relied on grant income in the past to allow them to reach this point.

Some of these organisations also noted general difficulty in obtaining funding and volunteers in the current financial climate.

*Our second application for grant funding (just under £1k) was turned down. Other costs are increasing – we now need to train and maintain training to standards laid down by the Coastguard (Ulverston Inshore Rescue)*

*We have lost our key contact and support from CCC. We used to be supported by a neighbourhood development officer from the Communities Unit - her assistance was fantastic, particularly in the support provided to local residents affected by the flooding in 2009. We have not been given any indication of the expected new contact point, if it will be someone who is assigned to Keswick and area as previously, or someone who is based*

*elsewhere. I understand their team size is reducing, so we are changing how we work to try to accommodate the loss in knowledge and links that this will create.*

*I believe that we will notice a reduction in use of CCC services as we no longer have any way to understand the service offering and how it can help within our community. At the moment there is limited effect as the staff changes are very recent, however I anticipate that in a year we will be struggling to understand who we go to for funding requests and who to contact for requests of support. (Keswick Flood and Emergency Recovery Group)*

*We have to find our funding independently of CCC, apart from some capital grants we have managed to apply for, but these are becoming less. (9)*

*Loss of room hire income as CCC departments cut back on the use of outside venues – around £200 pa/5% of letting income (Keswick Quaker Meeting House)*

*As a Parent Teacher Association, we support the local school by fundraising and providing activities and events for the children, parents and the local community. With the cuts in school budgets the level of funding we need to raise to allow the school to continue to offer the kind of provision we expect from our school has increased significantly (approximately tripled). At the same time the parents who are our major support as under increased stress due to reductions in income and loss of jobs. When Dads lose jobs or incomes are cut the Mums need to earn more which dramatically reduces the amount of time and effort they can put into school. Those who have lost jobs generally are focussed on finding new jobs and are not in a position to commit to supporting the school. The result is a need to raise more funds by a smaller number of supporters drawing on a poorer community”. (“Friends” group of a rural primary school)*

*Expectation that Cricket Coaching programme, which is coming to the end of a 3 year grant, will not be re-funded.*

*Walking the Way to Health (Kendal and Staveley) is planning to close on 31<sup>st</sup> October 2011 as a result of funding difficulties.*

## **Infrastructure Organisations**

Infrastructure organisations are defined as third sector organisations whose main work is supporting other third sector organisations – for example, by advice on funding, governance arrangements or working successfully with volunteers. These organisations may be generic (working with all third sector organisations) or specialist (working with just a subset of third sector organisations – for example, children and young people’s organisations).

Infrastructure organisations in Cumbria have seen a large reduction in funding from Cumbria County Council over the last few years, and the funding that is available has become increasingly focussed on specified activities rather than being available for general infrastructure support with frontline third sector organisations. These infrastructure organisations have also seen a decrease in financial support from District Councils and from national Government initiatives.

Some infrastructure organisations have already made redundancies or cut back staff hours as a result of these cut backs; others have declared their intention to do so over the next year. At the same time, many of these organisations are reporting that more frontline organisations are approaching them with requests for support, and that the kind of support they are requesting is changing.

*The Third Sector Infrastructure Support Contract with Cumbria County Council (£200,000 2009/10, reduced to £150,000 2010/11) has been withdrawn, and been replaced with a contract to support Cumbria Third Sector Network, previously funded by Capacity Builders (national government funding). The Capacity Builders funding for this work was £82,000 pa; the new contract is £82,000 over 21 months. The loss of funding from this equates to around 10% of Cumbria CVS annual income.*

*This reduction in CCC funding comes at a time when other infrastructure support funding streams (from District Councils and national Government) are reducing or coming to an end:*

- *Capacity Builders funding of £1400,000 pa (from April 2008-March 2011) has ended (this amount is additional to the £82,000 mentioned above to support the Third Sector Network) – this was originally announced as a 10 year programme (so expected to run until 2014), with an expectation from national government that local authorities would continue funding after this date)*
- *BASIS (Lottery) funding of £400,000 pa ends in November 2012.*
- *District Council funding (variously grants, SLAs and contracts) have reduced by £12,000 pa (26.5% reduction in this type of funding)*

*The impact on front line service provision hasn't been immediate as we have covered loss of income from unrestricted reserves and restructuring. Although no reductions have been made to frontline services staff since April 2008/09 we have reduced other staff posts by 11.5 fte (29% of workforce). These reductions are made up as follows:*

- *Senior Management - 3.33 fte (65%)*
- *Managers - 3.66 fte (60%)*
- *Support Services - 2.5 fte (60%)*
- *Administration & Finance - 2.0 fte (25%)*

*It is unlikely that frontline services will escape reductions if we experience further cuts to our funding. We are currently reviewing service provision so that changes that reflect decreased resources can be introduced in a planned way during 2012/13 and beyond. It is expected that, unless there is a significant change to the financial climate, Cumbria CVS services will need to be significantly reduced, or services that have traditionally been free at the point of delivery will need to be charged for.*

*The type of support required is changing; for example, we are receiving more requests for support with tendering for services, information on financial responsibilities of Charity Trustees, support with collaboration and merger of organisations, and support for the process of closing an organisation down.*

*Cumbria Youth Alliance faced a number of reductions in their funding. Firstly a contract for support for the voluntary youth sector in terms of capacity building which runs from April 2009 to March 2012. This contract had an annual value of £55,000 per annum. This has now been reduced to £45,000 mid-contract. As yet we don't know whether this will be funded in the next round of tendering which is due in October 2011. If it is not funded then*

*there would be a redundancy situation and we would have to reorganise and get staff to apply for different jobs etc as there would be no funding to support the central administration of CYA*

*The £10,000 cut means we can no longer send out our newsletter and funding gazette by mail but have now to use e communications in an effort to save £5000 per annum. In addition we have had to cut back on the support we give to groups in terms of one to one funding advice and guidance at a time when you will appreciate there is a great demand for the service. Many of the groups we support have lost their grants or were subcontractors in the Consortia who deliver youth work so need to seek alternative sources of funding.*

*We have tried to be more resourceful and have developed a funding handbook we can send to all groups so this could cut down on travel to and from organisations to support them with funding advice and guidance.*

*Secondly we received £40,000 per year as a grant (originally £60,000 but has reduced year on year until 2009 when it was £40,000. This year it was reduced to £8000 which is 100% allocated to bursaries with no costs for administration etc – there was no notice and we lost £32,000 over night and had to find redundancy costs etc*

*£32,000 of this grant went into supporting short courses for youth workers such as Safeguarding, First Aid, Marketing, Funding Advice and Guidance, Dealing with difficult and challenging behaviour etc. This also paid for a part time staff member. Annually 240 training places were offered and 60 organisations supported by access to free training. We have had to make the part time staff member redundant and cut down on the number of courses we can offer. We are considering charging participants attending all our courses. This will severely impact upon smaller groups who often cannot afford the £100 cost to do first aid or health and safety etc*

*We have been able to secure a small amount of funding from our BASIS project with Actions for Communities but this will finish in the coming year and it will mean the end of courses for youth workers*

*The external funding environment is very challenging at the moment and for the first time we are struggling to find funding for our core services such as training and support for the 189 organisations that form our membership.*

*At the same time, we have seen an increase in demand for our support, and a change in the type of support requested:*

- Greater demand for the following services increased 27% in the first quarter of this year*
- Funding advice and guidance*
- Trustee Training*
- Help with business and financial planning*
- Help to set up cash flow and accounts to assist trustees in decision making*
- Help with short term crisis management for groups suffering funding cuts*

*OutREACH Cumbria, who host a network of Lesbian, Gay, Bisexual and Transgender groups, have suffered a 25% cut in Cumbria County Council funding and a 13% reduction in District Council funding. The uncertainty about funding (from local authorities and other sources) is dampening enthusiasm in current projects/groups – the commitment is there,*

*but the fear is that the projects won't be. We are beginning to see a rise in face to face contact and requests for support; that is only possible if we are funded to provide that in the future.*

*Discussions in the LGBT Forum has raised concerns that budget cuts result in a decrease in equality and diversity training, and minority groups are becoming less confident that they will receive a good quality service from mainstream providers.*

*It is still early to judge the impacts on many organisations, however it is now becoming apparent that small groups and organisations will have suffered due to decreased funding, and that it is inevitable some will close.*

*A Cumbrian public policy advocacy and BME community development organisation has faced a £3000 cut in funding from Cumbria County Council (out of an overall cut in public sector funding of £10,000) – a 26% overall cut in income.*

*As result of this funding cut we had to reduce our service delivery in Barrow –in- Furness due to unavailability of funds to cover staff travel and activities delivery costs.*

*Our capacity to provide support in public policy advocacy for Adult and Social Care department clients group has significantly reduced. Currently, there are no effective independent alternatives in place making sure 'BME' service users Voice heard.*

*There are concerns that in a rapidly changing policy agenda around Public health, and adult and social care without having a "Voice" in the decision making forums the needs and issues of members of BME communities will be pushed under the carpet and BME people will continue to suffer in silence.*

*In a climate where all the core costs and utility costs rising this reduction in contract value also means that we are not in a position to offer more community engagement activities which are vital to listen and take up the issues at grass root level and influence policy change to make services more effective and equitable for all members of society.*

*In addition, because of the CCC funding cuts to other 3<sup>rd</sup> Sector organisations elsewhere such as Travellers programme , CYA, and others has increased the number of people asking for help and support in signposting or direct intervention in crisis situation arising as result of racism. We have to focus on more in providing specialist frontline services to the targeted groups of BME people experiencing difficulties in accessing the services and racism.*

*We have lost resources through a cut of £5,000 this year and £3,000 next. However, we have been able to secure a commitment for two years from the County Council which will help us plan and deliver the SLA we have with the County Council. There could be a loss of staff in the near future because of uncertainty over future contracts, this situation is not totally clear as yet.*

*The impact is that we still have uncertainty beyond 2013, as even though we have some certainty for two years from CCC, other forms of funding are decreasing too. This is where the real impact will be for our communities. We are considering changing our charging policy for community representatives (and public sector partners) for the services that we provide to them. Other impacts will be that we have to spend more time 'chasing' funding*

*and developing bids often for very small sums of money, which is problematic when you have to work to a full cost recovery model. This can be very labour intensive.*

*The County Council has chosen not continue the 0-19 Grant Programme. The total value in 09/10 was 220K. This Programme was administered by Cumbria Community Foundation, and represented approximately 4% of our income in 09/10.*

*This cut has reduced our staffing budget by £20K and reduced our grant making by £200K. It has impacted on our ability to fund activities that support children and young people in need in Cumbria. The majority of the funding was spent on preventative work with children and young people who were not in top priority need, but which were from communities with a range of risks and dangers which might result in the need for interventions at a later date.*

*We have experienced an increase in grant applications from groups needing core funding/operational costs over the last few months. We have also been asked to provide larger, multi year grants (something that we have limited capacity for).*

*We have also been involved in a small number of situations where we have been asked for crisis funding or have engaged our private donors to assist groups (Wigton Youth Station, Community Projects Carlisle).*

*As an organisation we have also been impacted by the cessation of the nationally funded Grassroots Grants programme which has taken a further £350K out of our grant making budget. With further impact on the organisations we fund and a reduction in operational costs of £35Kpa.*

*We [a youth infrastructure organisation] have lost over £222,000 in County Council funding, which came through a number of grants, service level agreements and contracts (for both infrastructure support and frontline youth work). This is approximately 37% of the amount we were receiving from the County Council every year for the last four years.*

*As a result we have lost staff in our capacity building and infrastructure development team, and have also lost staff/cut hours in our youth work team. There totalled 5 redundancies: including 2 voluntary. Other staff have had their hours reduced, have had a reduction in salary with no real reduction in responsibility or have had a reduction in responsibility and salary.*

*Around 30 sessions of Youth Club work a week have been lost to young people in Cumbria, and we have less capacity to offer infrastructure support to volunteer led youth clubs.*

*Cumbria Third Sector Executive has found that some Specialist Networks are no longer able to send a representative to Executive meetings as a result of cutbacks and budget cuts (although none of these appear to be directly related to cuts in CCC funding). The Culture Specialist Network, Culture Cumbria, has been dissolved, due in part to significant funding difficulties; a grant application to the Arts Council was unsuccessful at a time when the Arts Council faced a 25 % cut in Government Funding. In addition, work to develop an Environmental Specialist Network has been disrupted by cutbacks and redundancies at Friends of the Lake District. Development of specialist networks is very labour intensive, and the ability of the Third Sector Network to support this is limited by reductions in its own*

*funding. Whilst Cumbria County Council now provides some financial support to the Network, this is less than 60% of the funding previously available from Capacity Builders.*

## Discussion

There is no doubt that some cuts in Cumbria County Council's spend with the third sector were inevitable in the light of the savings they were required to make in 2011/12.

Cumbria's Third Sector Network were clear in their response to the budget consultation that they understood this, and that they supported Cumbria County Council's priorities to:

- Challenge poverty in all its forms
- Ensure the most vulnerable people in our communities receive the support they need
- Improve the life chances of the most disadvantaged

The exact details of the cuts affecting Cumbria's third sector were hard to pin point from budget papers, and this made it difficult for both Cumbria County's Scrutiny Committee and Cumbria Third Sector Network to predict impacts in advance. Some cuts, such as the withdrawal of funding to the Gypsy and Traveller project, appeared to get no mention in these papers, and thus no consultation. In other areas, there was no certainty at the time of the consultation as national government had still to make announcements on the future of some grant funding streams to local authorities.

The magnitude of the cuts is now clearer. There was a minimum decrease in funding from Cumbria County Council to Cumbria Third Sector organisations of £2 million (£1.1 million of this going to Connexions). This does not include the reduction in income that third sector care providers will experience as a result of capping of the hourly rate for provision of care services, as this could not be accurately predicted.

This bulk of the difference between the £348,000 identified in the Budget Consultation documents and the £2 million comes from funding streams affecting Children and Young People's organisations (for example, Connexions funding, 0-19 Fund, Youth Opportunities Fund, and the Think Families Grant).

It is therefore not surprising that children's and youth organisations are the first to be widely reporting significant cut backs in the services they provide. Many third sector organisations will go to enormous lengths to protect frontline services, as can be seen by those reporting they are subsidising cuts from their financial reserves, or that staff have agreed to take pay cuts, and undertake some activities such as residential events on a voluntary basis. However, this is unlikely to be sustainable in the long term, and may mean that further impacts will continue to emerge over the next few years. Funding for youth work is becoming focussed in areas seen as most in need, and this leads to concern that problems may emerge in other areas in the future.

Cumbria County Council's Children's Services Directorate also faced huge cuts, and has roughly halved in size. Third sector organisations reported knock on effects from this – confusion over who they should be talking to, delays in contract renewal, and, most worryingly, difficulty in making child protection and safeguarding referrals. Partnership working was also proving difficult. Some organisations expected an increase in workload following CCC job losses, whilst others reported that referrals to specialist providers (for example, referrals of lesbian, gay, bisexual and transgender young people) were down.

The push to amalgamate contracts in order to achieve cost savings raises concerns within the third sector. All too often, this simply means that costs are transferred from Cumbria County Council onto the provider organisations, and when these providers are small third sector organisations, they may not be able to meet these overhead costs, or handle this

level of risk. These problems can be overcome to some extent by the development of organisations such as the Cumbria Third Sector Consortium, but these intermediary organisations also carry costs, and may not be viable if tender values are continually pushed down. The reality is that small providers may well go out of business; this may have significant impacts where these are specialist organisations providing care and support to vulnerable individuals with particularly complex needs – those whom CCC have pledged to protect from the worst of the budget cuts.

We received a smaller number of responses from organisations within other specialist networks, perhaps because these tend to comprise smaller organisations with less capacity to respond. This makes it harder to be confident that the responses received are representative of the whole network, but they still give a useful insight into the issues faced.

Advice organisations reported an increase in workload, often coupled with some decrease in funding. A number of organisations reported that this was causing stress to staff, and problems with morale, and were concerned that their level of work was not sustainable in the long term unless new funding was found. Some had made redundancies or reduced staff hours. One organisation, Resolve Mediation, is known to have closed due to lack of funding- although statutory sector partners were still attempting to refer clients to them. It should be noted that it is particularly hard to capture information on organisations that have closed, as they are unlikely to respond to questionnaires – this example was only brought to light because a staff member was now working for another organisations.

Arts organisations are known to have been affected by cuts in Cumbria County Council's grant budget, and also by cuts in the Arts Council Budget. It seems likely they will also be affected by a decrease in earned income as households affected by the economic downturn try and cut down on their non-essential spending. However, the Third Sector Network found it difficult to access frontline Arts organisations following the decision to dissolve Culture Cumbria, the umbrella organisation, due to funding difficulties.

Community Transport groups have received a freeze on revenue funding from Cumbria County Council and have had their capital funding (for bus replacement) cut completely. They have received no indication what is likely to happen in the long term; a continuing lack of capital funding could cause significant issues. However, these groups are hopeful that more information will be forthcoming following the "Better for Transport" review being undertaken by CCC. They also noted a decrease in the use of community minibuses; this was most pronounced for Youth Group use of the buses, and is consistent with youth organisations reporting they are undertaking less trips, residential events and similar activities that would use minibus transport.

Community groups, running with volunteers but no paid staff, are unlikely hold contracts, but often receive grant funding from public sector organisations. This type of small organisation reported increasing difficulty in accessing grant funding, volunteers finding it harder to dedicate time to the group and practical support being harder to access.

It is hard to separate cuts in Cumbria County Council funding from reductions in the availability of funding from other sources. It has been suggested on occasion that cuts in Council funding are unlikely to be an issue as third sector organisations are "very good at getting funding from other sources". The quotes in this report demonstrate that this is becoming increasingly difficult. Some specialisms have also seen cuts in income from other parts of the public sector: District Councils, NHS organisations, the Arts Council and

the Legal Services Commission. Almost all third sector organisations have experienced more competition for grant funding, resulting from both an increase in applications and a decreasing funding pot. In addition, some organisations face an increase in the number of clients approaching them for advice.

These changes can be hard for small organisations to cope with; they value the support of infrastructure organisations, and this is illustrated by the increase in work reported by these organisations. However, these organisations report decreasing income, and the likelihood of further staff losses, suggesting there is likely to be a decrease in the support available to third sector organisations.

The third sector infrastructure organisations all reported significant decreases in funding over the last few years, and many had made significant cut backs to staff. As far as possible, organisations have attempted to streamline “back office” functions and maintain their support to frontline organisations, but this was not always possible or was unlikely to be possible with any future cutbacks, meaning that there is likely to be a reduction in the level of support available to frontline third sector organisations in Cumbria. One community group reported that it had received significant support from a CCC Neighbourhood Development Officer, which had ended abruptly with the reorganisation and reduction in size of these teams.

It is also important to recognise that uncertainty over contract renewal, future funding and gaps between contracts can all cause significant problems for provider organisations, and can be nearly as damaging as complete withdrawal of funding. The Cumbria Compact lays out expectations in this area for both the public sector and third sector, but this report shows that Cumbria County Council has frequently not met these expectations during this round of budget cuts. If future funding is not confirmed far enough in advance, organisations are faced with the choice of placing staff on redundancy notice (increasing the chance good staff will seek alternative work) or take the risk that they will need to fund them from reserves if the contract ends (which may simply not be an option for some organisations). Gaps in funding frequently lead to providers having to rebuild relationships with users, and in the worst case, can lead to the complete collapse of organisations.

Cuts in work to promote equality and diversity, or to provide support to minority groups, were mentioned in a number of replies to the questionnaire. These would seem to be impacts that were not anticipated in Cumbria County Council’s Equality Screening of the Budget Proposals, and we would suggest this is an area which would merit further investigation. These may also unintentionally compromise Cumbria County Council’s ability to achieve its stated aim of “ensuring the most vulnerable people in our communities receive the support they need”.

The full impact of all these reductions in funding on service users will take longer to show, and probably could not be gathered by simply talking to organisations. However, this report indicates there are likely to be such impacts. Children’s Centres are reporting a halving in the number of users of some services, and youth groups are reporting significant reductions in the number of sessions they are offering. Many organisations providing care to adults are uncertain how they will maintain their services in the future.

## Conclusions

- Many third sector organisations in Cumbria have been affected by cuts in funding from Cumbria County Council, and simultaneous reductions in funding from other sources.
- A number of organisations are known to have closed as a result of funding issues.
- Children and Young People's organisations have been hit particularly hard by CCC budget cuts, and this has already resulted in a reduction in services. Reorganisation and cuts with Cumbria County Council's Children's Services Directorate have also caused difficulties.
- Arts organisations may have been similarly badly affected, but the collapse of their umbrella body means that this information is hard to collect.
- Care providers face uncertainty (but predict a significant reduction) in their future income with a capping of care rates and a move to spot contracts.
- Advice organisations (and others) are seeing an increase in demand for their services with no increase in income to support this, and are concerned about the demands this places on their staff and volunteers.
- Budget cuts to Community Transport organisations cause concern about long term viability.
- Moves to achieve cost saving by rationalisation of contracts, particularly where this involves Frameworks or amalgamation in to larger contracts, passes risk and cost from the contracting organisation to the provider, and is particularly difficult for small providers. Whilst this currently affects Care providers, any widening of this approach would be likely to also affect other organisations within the third sector.
- Poor contract management, and lack of planning for contract renewal, causes significant problems for provider organisations, and risks compromising the service users receive.
- Equality and diversity training and support may be facing a significant reduction, and this does not appear to have been identified by Equality Screening processes.
- There has been, and is likely to be further, reduction in the infrastructure support available to third sector organisations at a time when frontline organisations require significant support.
- The impact on users is beginning to emerge in some areas, but we would predict this will become increasingly clear over the next few years. Further work, talking directly to services users, might give more clues as to the likely impacts.

The big issue for Cumbria is that the government imposed cutbacks have directly impacted negatively on Cumbria County Council's priorities to challenge poverty in all its forms, ensure the most vulnerable people in our communities receive the support they need and improve the life chances of the most disadvantaged.