

## **Review of the Voluntary and Community Sector in Southend on Sea in 2012/2013**

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**1.0 Introduction** - In the autumn of 2012 SAVS carried out a survey to evaluate the current health and funding situation of the Voluntary and Community Sector (VCS) in Southend. The VCS has been experiencing year on year cuts in funding and this survey was established to determine the impact of this on the sector and wider community.

### **2.0 Executive Summary and Recommendations**

The state of the sector in Southend is approaching a critical point with funding decreasing year on year and organisations struggling to survive. The Public Sector cuts mean they have less resources to deliver their services, against a background of increasing demand. VCS organisations appreciate this context; however to avoid further deterioration of the sector's capability to support the community, we recommend the following:

1. SBC to maintain the current grants budget for funding the VCS.
2. All partners to embrace the additional social value that local VCS organisations bring when implementing the Social Value Act in Southend and reflect this in tender specifications
3. Follow 'The Public Services (Social Value) Act 2012 – advice for commissioners and procurers'; which will improve the commissioning process and enable more charities to use their skills and expertise to deliver more public services
4. SAVS to take a lead on working with the VCS to identify opportunities to maximise the value, to the community, of existing capability in the sector, for example, encourage and support partnerships and collaborative working.

### **3.0 Methodology**

We had 55 respondents to our survey and carried out our analysis based on the size of organisation; those with under and over £10,000 (small or large) as their experiences and needs vary considerably. We also convened a focus group of some of the CEOs of the larger charities in Southend to gather additional information and insight. The Survey asked about changes in 2011/12 and 2012/13.

Respondents delivered a wide range of vital services such as advice, advocacy and counselling and provided services to disabled people, the homeless, those with mental ill-health or learning disabilities, older people, in other words, to the most vulnerable in our communities.

### **4.0 Key findings**

**4.1 The majority of VCS organisations are experiencing year on year cuts in funding** - in 2011/12 62% of large and 85% of small organisations experienced a cut in funding. Further similar levels of cuts occurred in 2012/13. For large groups these cuts are predominantly from grant income, followed by tendered for services. For small groups, the majority of cuts came from grant income.

**4.2 The competitive tendering process is proving to a significant barrier to VCS organisations in supporting the local community** - as grant income reduces, many VCS organisations are turning to competitive tendering to survive. However, this is proving to be complex and challenging. The CEO focus group highlighted the considerable costs of preparing tenders; an estimate of approximately £2,500 per tender. For most organisations this is actually prohibitive.

Another key challenge is that commissioners appear to purchase on price rather than considering wider social issues; this is impacting on the capability and sustainability of the VCS to continue to serve the Southend community

**4.3 The True impact of these cuts is being hidden as VCS organisations delve into reserves to prop up services** – although 30% of services have been cut already, (for example, due to a cut in Government funding, there is no longer volunteering support for under 18s), or reduced (58%,) these would be significantly greater if it were not for organisations using their reserves to prop them up: 50% of large organisations used reserves last year and 48% will probably do so this year.

**4.4 Demand is increasing and this will be increasingly unmet** – In 2011, 59% of VCS organisations had seen an increase in demand for their services and it is apparent that this is continuing. For example, in 2011/12, 3,979 welfare benefits issues were raised with the CAB. In the first 9 months of 2012/13, 3,300 welfare benefits issues had already been raised. This trend is likely to continue as the welfare benefit reforms are implemented. Further cuts in service will mean some existing services will no longer be provided. For example, the CAB will be affected by the reduction in legal aid funding which will result in no welfare benefits advice being covered by legal aid leading to substantially reduced provision in this growing area of need.

## **5.0 Implications**

It seems unlikely that this trend for decreased income for VCS organisations will be reversed in the short term. We are already seeing services being cut or reduced and this will continue. The full impact of the reduced funding levels is currently being hidden due to the use of reserves. The worry is that we will see a sudden drop in services when the reserves run out. Charities will close down, leaving gaps.

As we know, the demand for services is increasing and will continue to do so; the recession is resulting in more unemployment, financial problems leading to debt and ultimately homelessness for some, relationship issues, mental health problems and of course the welfare reforms will only add to the burden.

The question is, 'where will people go to get the help they need'? With services for those with mental health problems, learning disabilities, physical disabilities, for the elderly, dementia services, lunch clubs and self help groups reducing or disappearing altogether. The most likely place will be the public sector which is already feeling the strain due to their own cuts. Without help, people will enter a downward spiral which will cost more.

**The knock on effects when no intervention is put in place** -*Jack loses his job, can't pay his mortgage, gets into debt, can't access debt advice, relationship breaks down, loses his home, lives on the street, becomes vulnerable to illness, contracts TB, ends up in hospital. And the costs to the public sector begin.*