



UK Fiscal Restraint: Implications for NI Community Organisations

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Preface

The Community Foundation for Northern Ireland has a long commitment to the importance of community-based action in Northern Ireland, believing that such action can make a real contribution to improving the quality of life in the most deprived areas, alongside ensuring the inclusion of potentially marginalized groups of people. It is for this reason that the Community Foundation is keen to re-affirm this commitment and to work with others to ensure that any proposed public expenditure cuts will not impact in a disproportionate manner on either effective community development or those communities where high social deprivation is already a major challenge.

While we recognize that there is an on-going public debate about the validity or otherwise of the public expenditure cuts currently proposed, the Community Foundation for Northern Ireland is conscious of the widespread concern that the invaluable work being done by locally-based community groups to provide programmes of work and frontline services to meet local needs, may be badly affected by any cuts. If this should happen, it will occur at a time when demand for such services is rising as people feel already under pressure due to the combination of rising costs coupled with a possible reduction in statutory provision. It is essential that we make a strong case to our elected representatives, and the Government Departments that they control, emphasising that it is more important than ever to retain core local services and the supporting infrastructure in the current climate of recession.

As a Community Foundation for Northern Ireland, we are also aware of increasing demands on our limited resources which necessitates us to consider, and agree, our funding priorities over the next two year period. As highlighted in our recent Strategic Plan, we have a commitment to social justice and community development, as well as maximizing the contribution of independent charitable giving wherever possible. However our Board of Trustees felt that it was important to encourage feed back from organisations in the community sector in order to update our decision-making. Consequently, we asked Julie Harrison and Mike Morrissey to do two things:

1. Organise a series of Focus Group discussions on this issue.
2. Undertake a short online survey of opinions.

This work has, due to necessity, taken place over a short period of time. We have asked community organisations for information through this process in the knowledge that there may well be adverse consequences as a result of any public expenditure cuts imposed, but that we also need to be prepared to share views about how organisations and groups in the community sector can work more effectively and in greater collaboration with one another. The Community Foundation is conscious that some of these discussions have already commenced, and indeed, were the subject of an extensive Building Change Trust consultation some twelve months ago, notwithstanding this we feel that it is now more pressing than ever to not only identify, but to stand ready to implement, strategies for the survival of best practice within community development.

This report presents the findings from the work undertaken by Julie and Mike, and it is our intention to discuss it with the Board of Trustees of the Community Foundation for Northern Ireland, as well as feeding back the results of the work to organisations within the community sector at a seminar on Monday, 27th September, 2010. We also hope that both the report findings, and the subsequent discussions, will help the Community Foundation to make a case to government, to the Building Change Trust, to other philanthropic funders and to others with an interest in supporting the sector in the future.

Avila Kilmurray
Director
Community Foundation for Northern Ireland

1. Introduction

This report was commissioned by the Community Foundation, Northern Ireland in response to the economic and social agenda being developed by the British Coalition government and the likely impact on people and communities in Northern Ireland. That agenda has been determined by an explicit commitment to eliminate the deficit in UK public finances almost exclusively via public spending cuts (80 per cent of the reduction). Alternative strategies have been put forward (TUC¹, Compass², New Economics Foundation³) since a heavy emphasis on expenditure cuts has severe implications for the lives of society's poorest members and increases overall inequality. However, the budget made expenditure reduction the primary goal and the Spending Review, to be published on October 20th, will set out the detail. The Community Foundation for Northern Ireland remains convinced that there needs to be a widespread public debate about the implications of these policies for Northern Ireland, particularly their impact on the community sector, which works with some of the most vulnerable people in the region.

To help facilitate such a debate, it asked the report authors to generate two kinds of evidence: first to set out the likely implications for the region in general and its community sector in particular; second to elicit some views from within the sector about how the cuts might impact and how the sector might respond. The first was undertaken by reviewing what has been published to date, with the proviso that post October 20th a fuller picture will emerge. The second was based on an on-line survey sent out to a sample from the State of the Sector database, made available by NICVA, and on interviews with individuals working in the sector. The time scale for the project (three weeks) made it impossible to produce a comprehensive account of these complex issues or of the diverse thinking within the sector. The central idea was to produce material quickly so that people working in the sector (and elsewhere) could think and respond.

Given the brief, the report consists of two key areas - setting out the context and reporting on the survey. The implications of both (as viewed by the authors) are set out in a conclusion. Additional material is presented in appendices.

2. Context

The UK Coalition Government has embarked on the most extensive exercise in tax changes and public spending cuts in over a generation. The Emergency Budget set out the parameters and targets, the detailed cuts will be announced in a Comprehensive Spending Review in October. The rationale is the need to eliminate a public spending 'structural'⁴ deficit of just over £80 billion or 5.8 per cent of national income. This, it is argued, is both necessary and desirable given the 'profligacy' of the previous Labour administration and the possible

1 UNISON (07/06/2010), Save Our Services alternative budget, www.unison.org.uk

2 Irwin, G. Byrne, D. Murphy, R. Reed, H. Ruane, S. (2010), In Place of Cuts: tax reform for a fairer society, London, Compass.

3 Green New Deal Group (2010), *The Great Tax Parachute: how to save public finances and keep the economy afloat*, London, New Economics Foundation.

4 i.e. one that will not be eliminated by subsequent economic growth leading to increased tax returns.

reduced rating of UK public debt by the credit rating agencies (leading to higher interest payments). In fact, the budget of the previous administration planned for 70 per cent of the same target, though for 2016-17 rather than 2014-15. In common sense terms the metaphor is that ‘households know they cannot indefinitely spend more than they earn’ and that everybody has to ‘share in the pain’ – in Nick Clegg’s words ‘progressive austerity’.

It would be a mistake to assume that this analysis is universally applauded. Some prominent economists (e.g. Paul Krugman, David Blanchflower⁵) regard this course as ‘madness masquerading as wisdom’ arguing that it’s too soon, too much and likely to weaken an already fragile recovery.⁶ Moreover, it’s unlikely that the ‘pain’ will be shared equally. The Institute for Fiscal Studies (IFS)⁷ revealed that the VAT increase will reduce the net income for the poorest decile (10 per cent) by over two per cent compared to less than one per cent for the richest. Equally, around half of the £11 billion in welfare cuts will be achieved by indexing benefits to an inflation rate lower than that in current use, directly affecting the purchasing power of the poorest sections of society. A more recent IFS study concludes ‘the measures announced in the June 2010 Budget are regressive as they hit the poorest more than the seventh, eighth and ninth decile groups in cash, let alone percentage, terms.’⁸ Since then, George Osborne has suggested a further £4 billion needs to be taken from benefits to tackle a life on benefits becoming a ‘life style choice’. A report from the TUC suggests that the cash for particular benefit households will be severe – for example, £1883 for a lone parent household or just over 11 per cent of net household income and £1860 or five per cent of net household income for a couple with children.⁹ Unison argues that that households in the poorest income decile will, as a result of all tax, benefit and cuts changes, will lose over 25 per cent of net income compared to less than five percent for the richest decile.¹⁰

Despite such reservations, the Government remains committed to implementing these policies. There is thus an urgent imperative that their impact on a region like Northern Ireland is properly understood and that those working in communities, particularly amongst the poor, consider how to respond.

3. Northern Ireland Impact

Northern Ireland is a ‘public sector economy’ where public spending amounts to 67 per cent of regional income.¹¹ It is a region with over 200,000 benefit claimants, around a fifth of household income benefits derived and over 300, 000 jobs in the public and voluntary sectors combined.¹² It is thus triply vulnerable – public spending cuts are likely to

⁵ *I believe that this Government’s misguided economic policies are going to be disastrous for the UK economic in general and will hit Northern Ireland especially hard. My fear is that we are observing the greatest macro-economic policy mistake in a hundred years.* David Blanchflower, Belfast telegraph, 6/8/2010, p.4

⁶ See Guardian (5/8/10) ‘Fears grow of double dip recession’, p.1

⁷ Browne, J. (2010), *Personal taxes and distributional impact of Budget measures*, London, Institute of fiscal Studies

⁸ Browne, J. and Levell, P. (2010), *The distributional effects of tax and benefit reforms to be introduced between June 2010 and April 2014: a revised assessment*, London, Institute of Fiscal Studies, p.10.

⁹ Reported in The Guardian (11/09/2010), p.6.

¹⁰ Horton, T. and Reed H. (2010), *Don’t Forget the Spending Cuts: the real impact of Budget 2010*, London, Unison.

¹¹ Centre for Economic and Business research (2009), *Public Spending Cuts hit Northern England, Scotland Wales and Northern Ireland*, London.

¹² www.poverty.org.uk.

disproportionately: reduce public sector employment; undermine public services (unless there are dramatic efficiency gains of which there is little evidence to date), and; reduce the purchasing power of welfare benefits recipients. All are likely to impact most on the weakest members of society, i.e. those who are supposed to be protected most by our extensive range of equality legislation.

The legacy of the conflict on the Northern Ireland is another important consideration. While the last decade saw economic growth, a rise in average incomes and a decline in the regional poverty rate, the impact of political conflict has been diverse and geographically uneven. Moreover, there is a potential impact on ‘community differentials’. Evidence assembled by the New Policy Institute suggests that the differential in employment rates between Catholics and Protestants declined between 2000 and 2007, but increased after 2008, coinciding with the recession.¹³ While it is impossible to assert a trend from this single piece of evidence, the possibility of inter-communal effects from a combination of recession, public sector reduction and benefits changes should not be ignored.

The Stormont Executive has only limited powers to mitigate such effects being fiscally dependent on the British Treasury. Where it has shown initiative (free prescriptions, travel passes for the over 60ies, rate capping and the deferment of water charges), it can be argued that the benefits have fallen disproportionately on the most, rather than least, affluent.¹⁴ In any case, the Executive only controls around half of all spending in Northern Ireland – decisions on welfare benefits are taken centrally. In short, the capacity of the regional administration to ‘protect’ the region from these policies is extremely restricted.

It should be acknowledged that public spending per head in Northern Ireland is around 30%-40% higher than in England, while regional poverty rates are no longer exceptional compared to other poor UK regions. From this perspective, it may be no more than narrow self-interest to suggest that Northern Ireland should not ‘bear its share’. There are two considerations here: the regressive impact of fiscal and spending policies will disproportionately affect those places where the poor are most concentrated, i.e. places like Northern Ireland – the argument is for policies with ‘progressive effects’ (on those most able to bear them); second, there is an economic argument for progressive cuts (greater in wealthier regions) to ensure that weaker regions continue their development.

The potential impact on Northern Ireland has been widely analysed. In terms of the Executive budget, the reductions are estimated to be between £1- £1.2 billion.¹⁵ The managing partner of PWC Northern Ireland concludes ‘Meeting an £850m funding gap could mean introducing water charging, abandoning free prescriptions, closing most of Northern Ireland Railways and selling Belfast Port’.¹⁶ The impact on the economy is considered to be overwhelmingly

¹³ New Policy Institute (2010), Northern Ireland – Work and religion – Graph 1, www.poverty.org.uk.

¹⁴ ERINI (2009) *Mitigating the Recession: options for the Northern Ireland Executive*, Belfast.

¹⁵ See Hewitt, V. (2010), *The State of the Public Finances, 2010 and through to 2014*, Belfast, ERINI and Oxford Economics & ERNI (2010) *Cutting carefully – how repairing UK finances will impact NI*, Belfast, NICVA.

¹⁶ Crossey, H. (2010), *Cutting the Public sector alone won’t fix the economy*, www.pwc.co.uk/ni/hottopics

negative.¹⁷ This is in contrast to the government's conviction that the private sector has been 'crowded out' by the public and will therefore grow to fill the economic footprint of a shrinking public sector. Even the Northern Ireland Secretary of State agrees that 'rebalancing the regional economy' will be a long-term project. Yet, the impact of tax changes and expenditure cuts will be in the short term.

4. Implications for the Community Sector

NICVA argues that the Spending Review could threaten the 'capacity and capability' of a substantial element of the voluntary and community sector, which depends on public funds for almost 50 per cent of total income (more if EU income is included); particularly if the temptation in the public sector is to cut external commitments in order to protect core jobs.¹⁸ Polly Toynbee agrees¹⁹, arguing that cutting jobs entails redundancy payments whereas cutting contract to community and voluntary organisations does not. The Oxford Economics/ERINI paper suggests that any cuts should be underpinned by a set of strategic principals, which focus on outcomes rather than costs, consider all options, retain flexibility and contain an objective appeals process (p.15-16) and this is sensible. PWC has suggested a combination of new revenue generation, improvements to service effectiveness and cost reductions.²⁰ It makes equal sense to engage in dialogue with the Executive and public servants about a 'collective response' to a process even though largely externally imposed.

However, an exclusive focus on public spending and community sector funding ignores another major plank of government policy – the 'big society', where the activities of a shrinking state are to be increasingly taken on by civic society organisations. If seriously implemented could this revitalise the voluntary, community and mutual sectors as first promised in the Treasury 'Cross Cutting Review' of 2002?. In a statement produced in May, the Government promised to:²¹

- Give communities more powers;
- Encourage people to take an active role in their communities;
- Transfer power from central to local government;
- Support co-ops, mutuals, charities and social enterprises;
- Publish Government data.

The National Council for Voluntary Organisations gave a guarded welcome to these proposals while adopting a 'wait and see' policy, particularly since there are potential

¹⁷ NI's economic recovery will struggle to get out of first gear, with the public expenditure cuts keeping growth around 1.5% in 2011 (UK= +2.7%),...Private sector output remains 11% below its 2007 peak... Private sector services output remains almost 13% below its 2007 peak with the Business Services & Finance services sector down over 40%. Meanwhile, manufacturing output remains 15% below its 2008 peak... Unlike previous downturns, NI's labour market has been hit much harder than the UK in terms of job losses. Ulster Bank (June 2010), *Northern Ireland Quarterly Economic Review and Outlook*, Belfast, Ulster Bank. Or *Recovery in Northern Ireland this year and next will, at best, be lacklustre*, PWC (August, 2010), *Northern Ireland economic Outlook*, July 2010, Belfast.

¹⁸ NICVA (2010), *Smart Solutions in Tough Times: Providing value for money frontline services*, Belfast.

¹⁹ Toynbee, P. (07/08/10), 'The Big Society is a big fat lie – just follow the money', London, *The Guardian*.

²⁰ PWC (2010), *More for Less: towards innovative ways of bridging Northern Ireland's funding gap*, Belfast.

²¹ www.cabinetoffice.gov.uk/media/407789/building-bigsociety.

conflicts with public expenditure proposals.²² Critics have claimed that the Big Society is no more than a mechanism for getting public services on the cheap via a ‘super contract culture’ that provides community and voluntary organisations income through below-cost tenders that will be impossible to sustain in the long term. Evidence from the decentralisation of welfare programmes in the US points to an increasing role for private sector providers, which gain from economies of scale, frequently with third sector organisations as very junior partners.²³ An audit by the Labour Party claims that the organisations that exemplify the Big Society are facing cuts of £734 million from a variety of programmes.²⁴

At the same time, the Big Society may offer a lever for community organisation to propose new models of delivery. If services are to be sustained in a reduced funding environment, then assets have to be sweated that much harder or completely new forms of service delivery will have to be developed. Equally, if community organisations are bidding for a diminishing pot of mainstream funds, they have to make sure they are delivering on quality as well as costs and can point to the specific forms of value added they achieve.

Thus, community organisations have to think seriously about the changing total environment in which they live, not just where the next grant is coming from. If they pursue sectional self-interest, trying to protect their own interests while others go to the wall, everybody loses. That means a broad based dialogue on what constitutes a strategic, principled response. Here are five things to consider:

- **Sustaining Organisation**

Community and voluntary organisations exist to deliver services; support development and promote active citizenship. The key challenge is to sustain the benefits they achieve, not organisational capacity for its own sake. The requirement is thus to clarify these benefits, identify what more vulnerable members require most and find the means to sustain them. Oddly, some proposals made to the Treasury by the Centre for Social Justice about how to make the cuts are relevant.²⁵ These suggest: organisations should be clear about what outcomes they would like to see from their actions; next, be explicit (and evidence based) about the relationship between money received, activities undertaken and the outcomes they regard desirable; third, they evidence both direct and indirect gains made as a result of their activities (e.g. between employability and crime reduction); finally, they elucidate, in advance, the data and indicators that will enable judgements to be made on the efficacy and timing of the outcomes sought. Applying these ideas to the community and voluntary sector would mean that organisations should be clear about their social priorities, the means for achieving them and how such achievements will be demonstrated. Concentrating on what is believed to be important

²² NCVO (June, 2010), *Briefing on The Big Society*, London

²³ Wilson, W.J. (1998) ‘The Rights and Wrongs of American Welfare Reform’, in *American Welfare Reform: Learning from America’s Mistakes*, London, CASE.

²⁴ Watt, N (27/08/2010), ‘Labour: £734m ‘big society’ cuts’, London, *Guardian*.

²⁵ The Centre for Social Justice (July, 2010), *response to the Spending review framework 2010; maximising social value*, London.

rather than funding opportunity carries the risk of being cut off from such funding. Not doing so risks being irrelevant to the needs supposed to be addressed.

In addition, the success of all organisations in all sectors rests on the capability of their human resources. Investing in human capital (both paid and unpaid) is never wasted. That also means making difficult decisions where capability is least evident either as a trigger for development or removal.

In the present environment, it will also be necessary to think of new ways of raising finance. The Young Foundation has suggested ‘social impact bonds’ as a mechanism for incentivising local authorities (or, indeed, the private sector) to raise money for public projects. They are based on the premise that government will refund (all or part) of investments that have social outcomes and reduce existing budgets (for example, by keeping young people out of jail). Money can then be borrowed (via the bond) to achieve that purpose. They are thus designed to deal with ‘misaligned incentives’ created by multiple, independent financial accountabilities. The Young Foundation argues that they be used in three ways: local authority fund raising for innovative projects; incentivising communities to increasingly run their own services, and; raising funds in the market place involving both a financial return and a corporate social responsibility gain for private investors, as community development corporations have done in the US.²⁶

- **Finding New Ways to Deliver Services**

Mulgan argues that the Big Society will only make sense within a new rights framework that enables ‘neighbourhoods to set up their own governance structures’²⁷ even with some powers to raise local taxes or other innovative funding initiatives. He cites over 40 initiatives being tested by the Young Foundation to pilot these ideas. The vision that informed the formation of the Belfast Area Partnerships in the mid 1990s was about new local governance structures, though, ultimately, they became ‘community partnerships’ the vehicle for the transmission of aspects of public policy at local level. More recently, there have been efforts to explore the application of the ‘total community’ concept to local areas – identifying what is currently going into an area and progressively devolving decision-making and delivery downwards.

Innovation has taken on a new premium, particularly with the services for which community and voluntary groups are responsible. They will either be cut, delivered at lower cost and even lower quality or completely new delivery models will have to be developed. Community and voluntary organisations elsewhere are struggling with the same dilemma. There is a great need to share ideas and experiences and to risk new ventures.

²⁶ www.theyoungfoundation.org, 2010.

²⁷ Mulgan, J. (29/08/2010), ‘The big society: we’re already doing it’ London, *Sunday Times*.

Arguably, such local effort is no substitute for fully funded programmes to address need and inequalities while small-scale, community effort can make little headway against the turmoil of a global economy and the Whitehall policy machine. However, today's challenges are not about what's perfect or even what's desirable, but what is possible in a cold and unfriendly environment.

• **Protecting the Poor**

A key proposition here is about the disproportionate impact of current policy on the poor. Even with severe limitations of resource and scale and while being buffeted by the turmoil of economic change, community organisations have to prioritise the protection of their weakest members. What should be done here has to be dictated by local circumstance, but a few things are worth consideration:

1. Apparently the Home secretary has written to the Chancellor warning that some aspects of the cuts might be illegal by widening inequalities.²⁸ The Fawcett Society has filed a legal challenge claiming that the Government has failed in its legal duty to assess whether the cuts are unfairly affecting women. Ethnic minority organisations are considering a similar course. It appears that the Equality and Human Rights Commission is examining the issue. That must be an even more pressing need in Northern Ireland where the impact will be disproportionate and where the equality agenda has unparalleled importance. The impacts, particularly on Section 75 groups, should be monitored and the possibility of legal challenge considered;
2. Debt, particularly from exorbitant-interest or unregistered lenders is a universal feature of recessions and periods of public spending cuts. Advice on debt and help for debtors thus assumes a renewed significance;
3. Even if the real value of welfare benefits is to decline, there is still a priority in ensuring that everyone gets what they are entitled to – particularly the elderly, lone parents and other high-risk poverty groups. This requires more emphasis on welfare rights and (in a situation of scarce resources) developing voluntary capacity to deal with welfare rights and fighting appeals.

• **Developing Communities**

The Joseph Rowntree Foundation conducted a review of communities in recession²⁹ suggesting that communities and local government try to identify activities that are 'low cost, high impact' as a means of ameliorating the conditions of community members, while building on the gains made over the past decade. It is crucial to draw on the most innovative experience of the last decade to find ways to continue to develop communities, even in troubled times.

²⁸ 'Cuts could break equality laws, May warned Osborne' *The Guardian*, 4/8/2010.

²⁹ Tunstall, R. (2009), *Communities in Recession*, York, Joseph Rowntree Foundation.

For example, the Total Place initiative³⁰ attempted to audit all forms of spending going into particular places, assess its effectiveness and work out how better outcomes could be achieved. Joined-up government may have been a central element of New Labour mythology, but spending restraint requires more collaborative governance, including the full participation of those supposed to benefit.

Even the Big Society should be tested (to destruction if necessary) – take its banner headlines, make practical proposals about how they could be implemented in practice and see what happens. If no more than a cloak to cover spending cuts, it should be ‘outed’. If a genuine opportunity to do things differently, it should be seized upon. The recent research carried out by Demos (2010) for the Barrow Cadbury Trust has been an important exercise in examining what the Big Society might mean at community level in practice.

- **Restoring A Critical Edge to Community Action**

The good news for Northern Ireland community organisations over the past decade has been the relative generosity of the funding environment. The bad news for Northern Ireland community organisations over the past decade has been the relative generosity of the funding environment. Professionalising the community environment gives income and recognition to previously unacknowledged sterling effort. It also transforms community organisations into delivery vehicles for policy or funding programmes. Community action should be about challenging the state even for those delivering public programmes.

The impact of public spending cuts should be carefully monitored, the consequences monitored and publicised. That also means engaging and challenging politicians and those responsible for service delivery. Even if the results are meagre, it’s better than sleep walking into catastrophe.

³⁰ HM Treasury, Communities and Local Government (2010), *Total Place: a whole area approach to public services*, London,

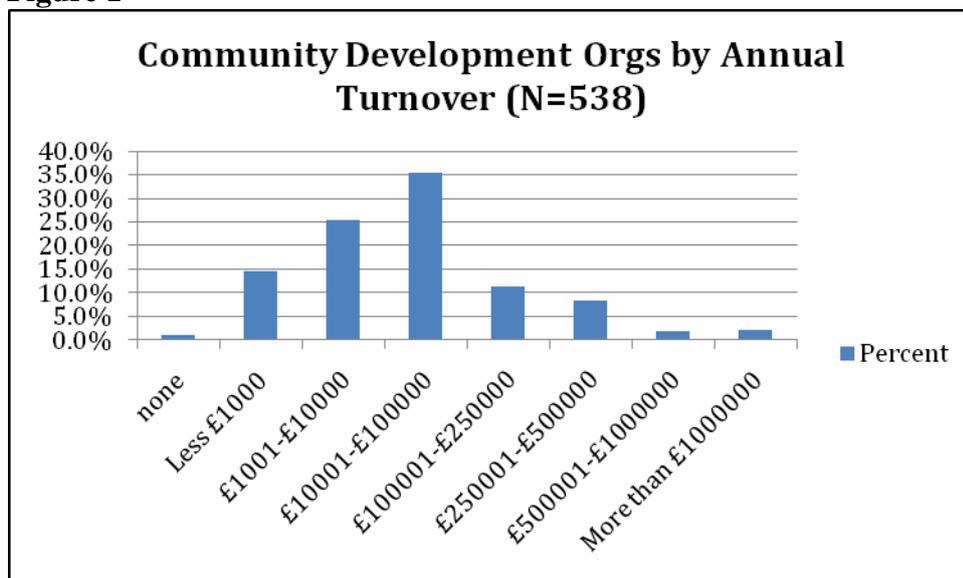
5. Results from a Community Sector Survey

Survey Respondents

To facilitate the survey, NICVA generated a sample of ‘community development organisations’ from its State of the Sector database. After accounting for out of date or inaccurate email addresses, a link to the on-line survey was emailed successfully to just under 550 organisations. 153 responses were received by September 6th – a 28 per cent response rate.

The sample was made up of a diverse set of organisations, spread out across Northern Ireland. Organisation scale tends to be measured by financial turnover and number of employees. Figure 1 depicts the sample by annual turnover.

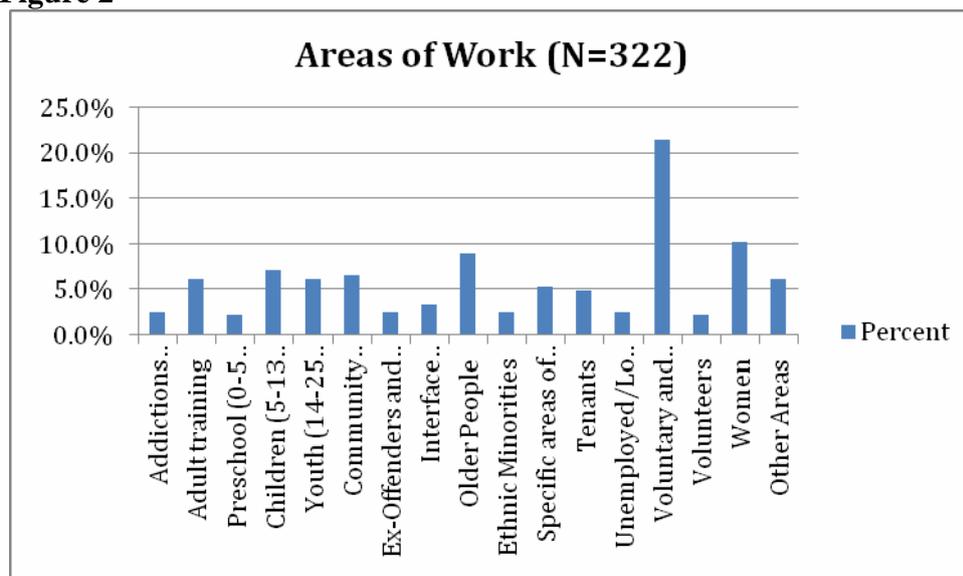
Figure 1



Of the 538 organisations with a turnover figure, almost 40 per cent had an annual turnover of £10,000 or less, and three quarters had turnover of £100,000 or less – community development organisations tend to be small in scale and operate with limited resources. Six organisations listed a turnover of more than a million pounds – all of which were headquarter organisations based in Belfast. 189 organisations give figures for their numbers of employees – 151 had fewer than 10 employees – only ten had 25 or more. Since it is likely that the non-responses to this question were primarily from organisations without employees, the general picture is of many small organisations relying on few, if any, employees, and consuming limited financial resources.

Almost half of the sample cited their primary area of work as benefit to the general public. The remainder gave a wide range of groups and social issues.

Figure 2



Around one in seven were primarily working with young people (0-25) with a further one in ten respectively working with older people and women. Just over 20 per cent were servicing the voluntary and community sector. The picture is of a range of specialist work focusing either on vulnerable groups or local issues. About a third of organisations were either Belfast or Derry based and another quarter came from Craigavon, Enniskillen, Newry & Mourne and Omagh, the rest being spread relatively evenly across districts. It should be noted that location does not necessarily determine area of work – some of these are region-wide in their operations.

Survey Findings

The responses were analysed using the ‘Survey Monkey’ package.

Table 1 Organisation type

Which category BEST describes your organisation?		
Answer Options	Response Percent	Response Count
Regional Infrastructure (working across Northern Ireland to support local groups)	20.5%	31
Local area infrastructure (working in a specific locality larger than neighbourhood or townland to support local groups)	19.2%	29
Local community development group	40.4%	61
Thematic/Issue based group	19.9%	30
Other		13

Essentially, organisations identified themselves as working in three areas: support for local groups (regional or local) – 39.7 per cent; community development – 40.4%, and; issue-based groups.

Table 2 Geographical Focus

Council Areas		
	Response Percent	Response Count
NI wide	27.8%	42
Belfast	20.5%	31
Lisburn	7.3%	11
Derry	7.9%	12
Newry and Mourne	11.3%	17
Craigavon	11.9%	18
Newtownabbey	4.0%	6
North Down	6.0%	9
Ards	3.3%	5
Down	4.0%	6
Castlereagh	4.6%	7
Ballymena	1.3%	2
Fermanagh	2.6%	4
Armagh	7.3%	11
Coleraine	5.3%	8
Tyrone	4.6%	7
Antrim	3.3%	5
Omagh	4.0%	6
Banbridge	5.3%	8
Magherafelt	2.0%	3
Carrickfergus	2.0%	3
Strabane	6.0%	9
Cookstown	3.3%	5
Limavady	0.7%	1
Larne	1.3%	2
Ballymoney	4.0%	6
Moyle	3.3%	5

Over half of responses came from organisations with regional, Belfast or Derry remits with the rest widely distributed.

Priorities for the community sector

Respondents were asked to think about particular areas of work delivered by the community sector and the people that benefit. They then rated each area of work on a scale of 1 to 7 with 1 indicating that an area was ‘not a priority’ and 7 suggesting an ‘essential priority (must be retained)’. Figure 2 shows the spread of ratings given for each area of work.

Light blue indicates ratings of ‘essential priority’. Orange indicates ratings of ‘not a priority’. Table 3 shows the average rating given to each area of work. The closer the rating is to 7, the higher the priority given.

Figure 2 Priority Areas of Work

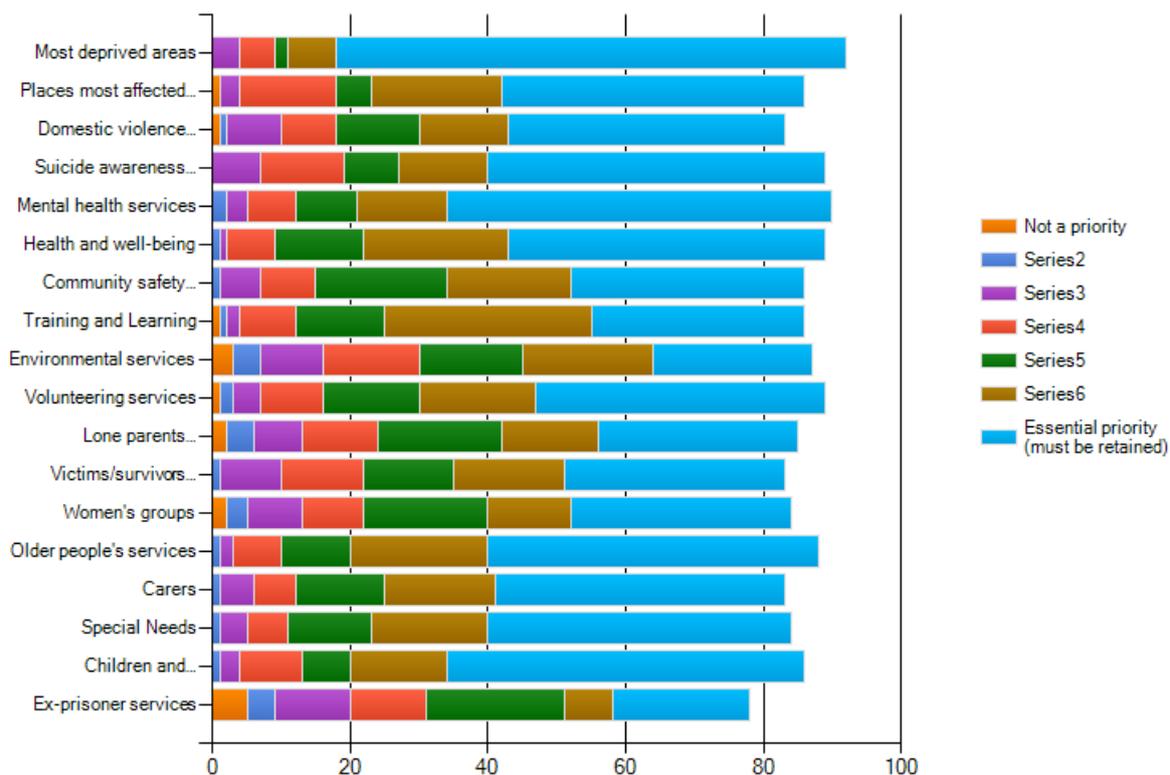


Table 3

Area of work	Rating Average	Response Count
Most deprived areas	6.54	92
Mental health services	6.18	90
Older people's services	6.16	88
Children and young people	6.16	86
Health and well-being	6.13	89
Special Needs	6.05	84
Carers	5.98	83
Places most affected by the conflict	5.97	86
Suicide awareness services	5.96	89
Training and Learning	5.85	86
Volunteering services	5.83	89
Domestic violence services	5.75	83
Community safety programmes	5.73	86
Victims/survivors services	5.57	83
Women's groups	5.40	84
Lone parents support services	5.32	85
Environmental services	5.10	87
Ex-prisoner services	4.77	78

The priority given to 18 areas of work is listed, indicating strong support for work in the most deprived areas. The number of responses ranged from just over half the sample (ex-prisoner services, 78) to about two thirds (most deprived areas, 92). The point here is that over half of

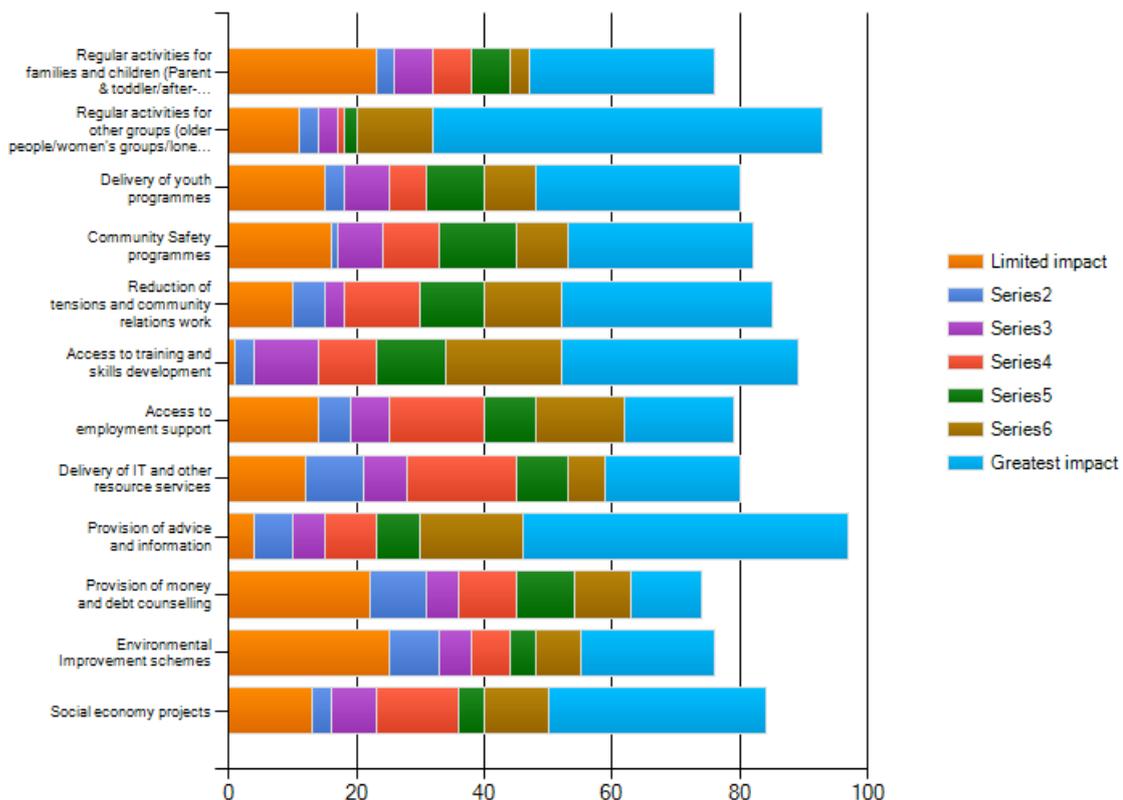
the sample, across a range of organisational types, prioritised these 18 areas – the large number of priority areas is not simply because they were identified by small groups within the sample total. Moreover, some of the average ratings are almost at the top of the seven-point scale. A third had average ratings above 6 – almost 90 per cent had average ratings of five or above. Thus, a large proportion of the sample gave high priority ratings to all 18 areas of work.

The key question is about what happens to these areas of work when resources decline. Unless alternative sources of revenue are developed, organisations will be forced to do more with less or to refocus effort on those areas considered to have the very highest priority.

Service Delivery

The questionnaire also asked people to think specifically about the type of services provided by their own group rather than the community sector as a whole and what they thought the impact would be if they were withdrawn. Figure 3 illustrates the spread of responses. Light blue indicates areas where potential withdrawal of a service was thought to have the ‘greatest impact’ while orange indicates that withdrawal would have ‘limited impact’ from the respondent’s point of view.

Figure 3 Impact of Service Withdrawal



Average ratings for each service are shown in Table 4.

Table 4

Answer Options	Rating Average	Response Count
Regular activities for other groups (older people/women's groups/lone parents/vulnerable adults/ethnic communities)	5.80	93
Provision of advice and information	5.68	97
Access to training and skills development	5.56	89
Reduction of tensions and community relations work	5.06	85
Social economy projects	4.88	84
Delivery of youth programmes	4.79	80
Community Safety programmes	4.71	82
Access to employment support	4.37	79
Delivery of IT and other resource services	4.28	80
Regular activities for families and children (Parent & toddler/after-schools/homework clubs/playgroups)	4.24	76
Environmental Improvement schemes	3.80	76
Provision of money and debt counselling	3.61	74

Once again, large proportions of the sample identified areas where funding reduction would impact most. They appear in three broad groups: a small group (two areas) associated with the development of capabilities (training, skills development, IT); a larger group (6 areas) concerned with delivering services to those in need, and; a group about developing thematic areas of work (four areas). The potential impact was rated as above the mean (a rating above 4) for 10 of the 12 areas. This is in part due to the nature of the question that was asked but the results suggest that respondents believe service withdrawal in most of the areas listed would have a substantial impact.

The highest ratings were given to services for communities (5.8, 5.68) and a high priority was also given to reducing inter-community tensions. The social economy projects rating is interesting as, in theory, resource generation should be least affected since it is self-financing.

Respondents were asked to elaborate on their choices. Answers are included in full at Appendix 2. Broadly (and perhaps unsurprisingly) respondents gave greater priority to services that they were involved in delivering and were honest about the challenge in being asked to discriminate in this way.

'We provide direct services to people affected by depression. Our choices therefore are related to the need of the people we provide services to'.

'Our work is with vulnerable adults, enabling them to deal with their current situations and re-integrate into community'.

'This community organisation acts as the main resource for community development activities in the area. It works with all local/voluntary groups and all residents. The services offered within the organisation are vital to addressing the level of deprivation within the area and reduction in any of the service would negatively impact on this community'.

‘All the choices above are essential to enable our group to connect with residents and building a strong safe community. They generate the opportunities to engage hard to reach elements within our community’.

The focussed discussions also reinforced the extent of the challenge involved in being asked to rate the impact of service withdrawal for specific areas of work.

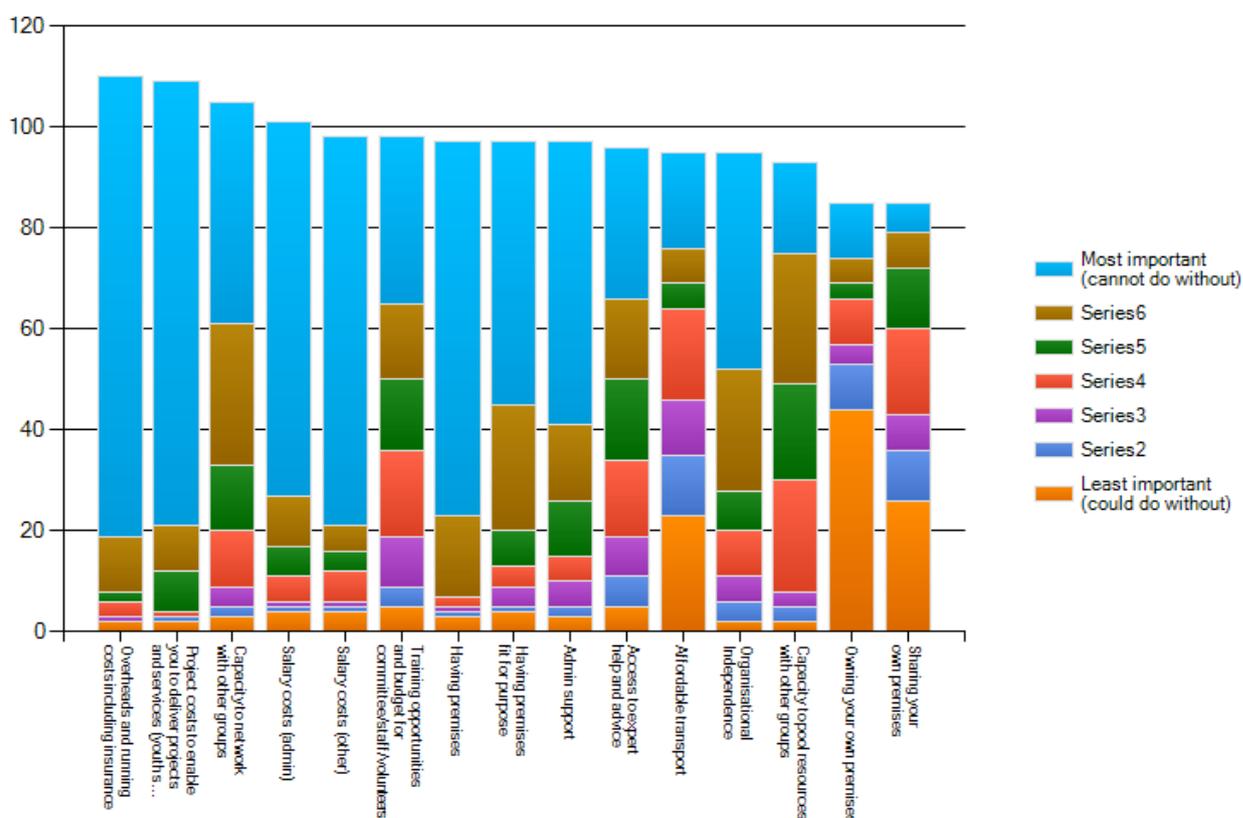
“How do we move together as a sector? We want to engage but can’t make decisions.”

Organisational Needs

As well as thinking about the type of services that are most important, respondents were asked to consider the practical implications of potential funding cuts and decide which things are most important for their own group.

The following chart shows the spread of ratings that were provided. Light blue indicates a rating of ‘most important (‘cannot do without’) while orange means a rating of ‘least important’.

Figure 4 Organisational Needs



In keeping with other questions, an average rating was also derived for each category. These are presented in Table 5.

Table 5

Answer Options	Rating Average	Response Count
Overheads and running costs including insurance	6.64	110
Project costs to enable you to deliver projects and services (youth services/classes/advice etc)	6.59	109
Having premises	6.49	97
Salary costs (other)	6.35	98
Salary costs (admin)	6.31	101
Having premises fit for purpose	6.01	97
Admin support	5.97	97
Capacity to network with other groups	5.75	105
Organisational Independence	5.75	95
Capacity to pool resources with other groups	5.18	93
Training opportunities and budget for committee/staff/volunteers	5.12	98
Access to expert help and advice	5.07	96
Affordable transport	3.71	95
Sharing your own premises	3.28	85
Owning your own premises	2.73	85

The highest priorities were given to those things necessary for operating (overheads, salaries, premises) and delivery (project costs), all of which had a priority of six or above. Developing organisational capacity (training) and sustaining relationships with other organisations (networking, pooling resources) were also prioritised highly (above 5). Thus, groups nominated 12 areas of work with very high ‘could not do without’ ratings.

The focussed discussions provided some elaboration on these themes and on potential variations in need according to the size of group:

“ You can’t exist without core funding – this list shows that people have running costs and overheads”

“There is a dependency on running costs, project costs and salary costs.”

“There are a lot of organisations that survive on less than £10,000 a year”

In order to achieve greater focus, respondents were asked to list up to four things that they believe to be essential to survival of their work. All of the responses are included at Appendix One. In keeping with the average ratings on the survey, there is a strong emphasis on premises, staff and running costs.

Public Sector Savings

Approximately two thirds of respondents (91) suggested that the work of their group saved the public sector money and explained why they thought this was the case. The full set of responses is included at Appendix Three. Many referenced the value of voluntary effort and associated savings, but examples were also provided from a range of initiatives that suggest direct savings to public sector services because of the preventative and supportive work that is undertaken by the community sector. Here are some examples:

'Less call hours of statutory services, more people returning to employment and education, less use of medication, less violent reaction - less police services/probation, prison service'.

'Unquestionably! Early intervention in troubled families anticipates and prevents decline and breakdown of the family and saves the public purse the expense of children being placed in the care system or juvenile justice system. It also reduces the dependence of vulnerable parents on the mental health services'.

'Yes - we prevent calls to emergency services and policy by counselling people by telephone to prevent suicide attempts, we prevent people turning up in A&E with attempted suicide and we prevent people presenting to GP with suicidal thoughts. This represents huge savings to the statutory Health sector. We support the work of out of hours GP, social services, psychiatry and crisis response teams'.

'Our work provides over £5 million savings per year through: investment and provision of volunteer drivers, bulk purchase agreements, sharing of community resources (best utilisation of community minibuses) and non-profit delivery of government transport initiative.'

'90% of the work we conduct saves public money. If this government is really serious about saving money and being more efficient, then speak directly to the community and voluntary sector we are the real experts.'

Focussed discussions endorsed the view that the community sector saves the public sector money. They also raised concerns around procurement and tendering processes (particularly e-tendering) working against smaller organisations and suggested that the sector could be better at placing a real monetary value on the work that is undertaken.

"There are definite savings to the public purse. Volunteers especially help with this and is unrecognized."

"We are afraid to put a value on it [our work] – a commercial value."

"Tendering is a hard process – it can be hard for small organisations to understand."

Value for Money and Non-Monetary Value of work undertaken

Respondents were also asked to think about the work of the community sector and its contribution to the value for money debate. Seventy-nine people provided comment on this issue. Responses are included at Appendix Five, but the following offer a flavour of the comments that were made.

'The work of the community sector makes a significant contribution to the value for

money debate. The community sector is very experienced at working effectively with minimal financial outlay. The preventative aspect of community based services is particularly significant, as a locally delivered, easily accessible service is more readily taken up by members of the public and often reduces the need for recourse to more specialist, more costly services’.

‘The community sector has the flexibility and sensitivity to act when a specific need is identified by communities, so ensuring that resources are provided in the most cost effective and responsible way. By involving the community in decisions about priorities and expenditure, the sector can ensure that money is channeled towards what is needed most, and is not wasted on bureaucracy’.

‘The Community sector offers VFM due to the fact that we are embedded in local areas, we are best placed to highlight problems and are professionally able to deliver services where they are needed most. The sector is not an unwieldy bureaucracy but is able to adapt quickly to changes and is not constrained (at least in most cases) with the red tape that the statutory sector faces. The reason that the Community sector exists and is strong is simply the fact that we are able to deliver to those that others are unable to’.

‘The voluntary and community sector is invaluable to the general structure of Northern Ireland by providing a local response to sometimes delicate issues. The sector allows for volunteers to assist in providing services to people directly saving millions of pounds a year to government.’

The suggestion here is that the community sector provides value for money not only in relation to the nature of work that is delivered, but also through a local presence and connections to community that cannot be replicated by the public sector.

Responses on the ‘non-monetary’ value of work undertaken by the community sector highlight the ethos and values of the sector - including equality, inclusion and a commitment to protect the most vulnerable in society. It is also evident, however, that some of the benefits identified by groups as having no monetary value can actually be linked directly to potential savings to the public sector. This is in keeping with the suggestion in focussed discussions that the sector needs to be better at understanding the commercial value of its work, while retaining the ethos and principles that make it distinctive.

‘Statutory bodies simply cannot reach the community. They regularly claim to be providing for communities but do not have an impact without community organisations assistance’.

‘Increase in quality of life, educational support for young people, youth justice placements for young people, place for older people to build friendships, prevents community tension between young people and community leaders. Increases social quality of life’.

‘Our aim is to "provide emotional and practical support for people, which will help them to rebuild their lives after circumstantial change, trauma or crisis". We help individuals find hope and meaning within a safe environment and provide the tools that empower them to move on with their lives. This benefits the individual, their

family, their community and the community as a whole for everyone we are fortunate enough to meet and help. Restored hope and meaning transforms a society!'

The full set of responses is included at Appendix Four.

So what?

The final section of the survey asked people what their group would be prepared to do in mobilising against the cuts. A range of potential actions was presented and respondents rated these from 'would not consider' (orange) to 'must consider' (light blue). Average ratings are provided in Table 6.

Figure 5 Mobilising Against the Cuts

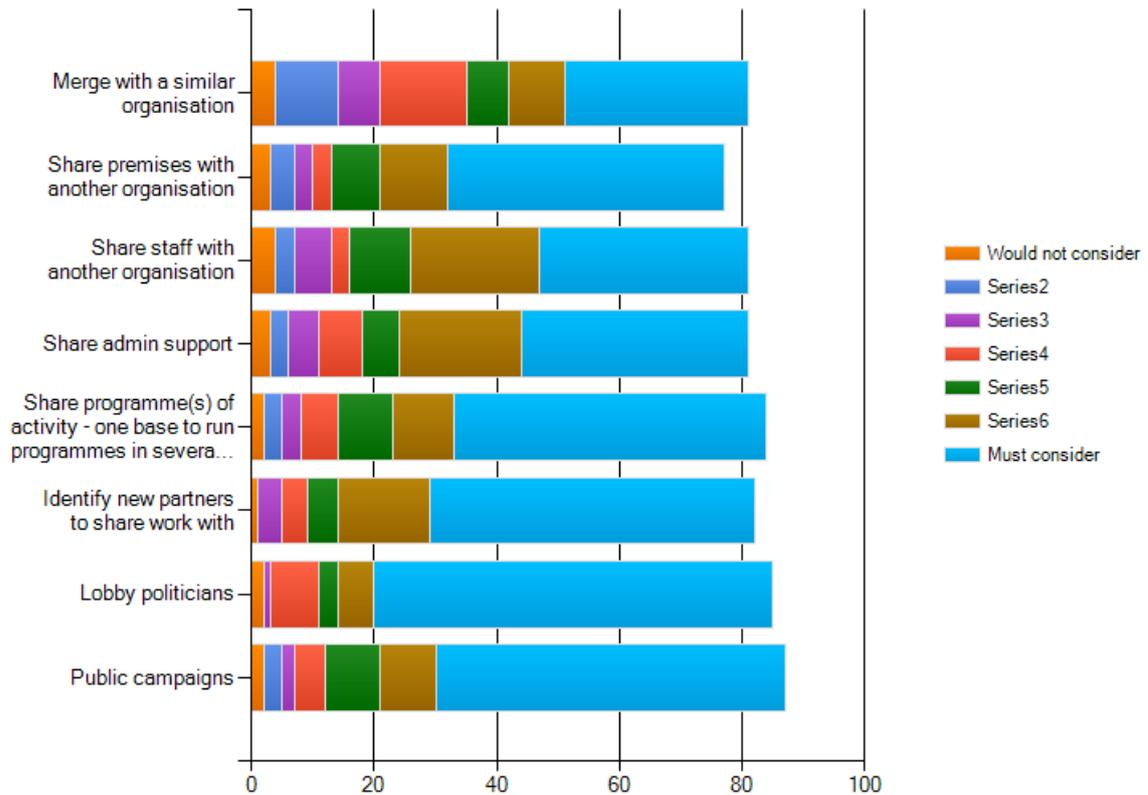


Table 6

Answer Options	Rating Average	Response Count
Lobby politicians	6.39	85
Identify new partners to share work with	6.28	82
Public campaigns	6.11	87
Share programme(s) of activity - one base to run programmes in several areas including your area	5.99	84
Share premises with another organisation	5.88	77

Share admin support	5.69	81
Share staff with another organisation	5.60	81
Merge with a similar organisation	4.94	81

More than half of the sample identified lobbying politicians and public campaigning as activities that ‘must’ be considered. Equally, half indicated that they ‘must consider’ building relationships and sharing costs with other organisations. Smaller percentages were prepared to share premises, staff or merge with other organisations. Additional comments are included at Appendix 6. These include the suggestion that the sector should work with Government to include social clauses in contracts but also some ‘reality checks’ in relation to campaigning and the extent to which collaboration is thought to be possible.

The focussed discussions endorsed the idea that the sector should be proactive, while being pragmatic about the challenges involved given the level of competition for resources that already exists and even practical concerns such as the potential cost of redundancy if considering merging with other groups. Others felt that some organisations were anticipating closing and had reconciled themselves to that.

“ Smaller organisations could have to make redundancies if there was a merger – they don’t have the money to pay out”

“Some organisations are prepared to shut the doors if the funding cuts hit hard – it is accepted that this is almost a reality. Others will be able to manage 20% cuts and are planning for that”

Conclusion

Despite its limitations (three week time scale, reliance on on-line questionnaire, absence of controls on the representativeness of the sample), the survey points to some of the thinking in the community sector about how the environment will change. There were five key findings:

- (1) Most groups gave high priority to a wide range of operational areas that are unlikely to be sustained in a reduced funding environment;
- (2) For some areas of work and beneficiaries, the anticipated impact will be severe;
- (3) Groups also gave high priority to sustaining organisation and continuing delivery of services (cannot do without);
- (4) Arguments were advanced that community activity is value for money, makes a contribution that cannot be measured by a financial metric and, via preventative work, ultimately saves money for the public sector;
- (5) In responding to resource scarcity, groups were prepared to act collaboratively with others and would definitely consider the use of lobbying/campaigning.

There is considerable overlap between these findings and the ideas developed in the literature review:

How can key areas of work be protected and developed (sustaining organisation – protecting the poor – finding new ways to deliver – developing communities)?;

How can the impact of the cuts be highlighted and resisted (monitoring impact, particularly with respect to the equality agenda – restoring a critical edge to community action)?.

Additional comments provided in the survey and the focussed discussions also raise important issues:

- Rurality is a particular consideration when considering mergers or sharing of services;
- There are concerns about ‘public sector protectionism’ – the idea that the public sector will seek to lead in areas like community development, but with variable expertise and local relationships;
- Should the sector develop a set of principles or ‘mission statement’ to mobilise around?
- Volunteering is an important part of community activism, but should not be seen as a way to cut costs.

In essence, these point to four important challenges:

- Identifying priorities, the means for achieving them and how outcomes are measured;
- Sustaining and publicising the benefits of the work of community development organisations;
- Maintaining organisational capability via co-operation, sharing and new ways of working while allowing for local variation;
- Challenging politicians, departments and local authorities about the social and economic impact of public spending cuts.

Julie Harrison and Mike Morrissey (September 2010)