

## **Backing communities: local solutions – councils and voluntary and community organisations supporting people through the recession**

### **Summary**

1. The LGA published *Backing Communities: Local Solutions* jointly with the National Council for Voluntary Organisations (NCVO) on 4<sup>th</sup> February 2009. The following week the Office of the Third Sector (OTS)<sup>1</sup> published its recession action plan targeting £42.5M to support third sector organisations in response to the recession. Both reports identify the important role councils play in leading a considered local approach to working with the voluntary and community sector (also referred to as the more broadly defined third sector<sup>2</sup>) in the current climate and for the longer term.
2. The Backing Communities report sets out:
  - the challenges voluntary and community groups face in a recession;
  - the potential implications this has for local government;
  - examples of how the two sectors have worked together in the early response to the recession;
  - some exploration of the longer term challenges; and
  - the actions local authorities can take to ensure that their local sector, and productive relationships with key local groups, are not undermined by the recession.
3. In short, although the impact of the recession will be different for different types of organisation, for many local groups this is likely to be characterised by increasing demand for services at a time of falling income, resulting in cash flow difficulties and some tough decisions to be taken about short term delivery and longer term survival. Where other sources of income fall in a recession, grants and contracts from local public sector agencies (particularly local authorities and PCTs), and the way in which these are administered, become markedly more critical to the survival of some local groups.

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<sup>1</sup> The Office of the Third Sector was created in 2006 within the Cabinet Office.

<sup>2</sup> See *Backing Communities* p6 for definition of terms and their use.

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4. The Backing Communities report also sets out the range of actions the LGA Group is taking to support councils as part of its joint work programme addressing third sector policy and improvement issues across the group's activities.

## **Recommendations**

As local voluntary and community groups contribute to every sphere of activity captured under the community wellbeing banner (from specific services for older people, those with mental health problems, learning and other disabilities to 'well being' in its wider sense of community and local satisfaction) Board Members are asked to note the work we are doing and provide comment on areas of particular interest.

## **Actions required**

As determined by the board.

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## Backing communities: local solutions

1. *Backing Communities: Local Solutions* is one of a series of reports produced by LGA, exploring the local dimension of the recession and examples of councils' response to it. The report builds on the examples in our original *Global Slowdown* report and sits alongside the *Back in Business: Local Solutions* report, written jointly with the British Chamber of Commerce, looking at the relationship with small businesses.
2. The Backing Communities report, published jointly with NCVO, acknowledges the important role that voluntary and community organisations play in local communities, both as service providers and advocates, often for those people who are most vulnerable and whose circumstances may significantly worsen as a result of the recession. The report highlights the many ways in which councils are working with local groups in response to the recession, particularly in areas of advice provision, financial awareness and support, housing, fuel poverty, skills and employment. These responses include additional grant funding for advice agencies to help them respond to increasing demands, support for local credit unions and benefit take up campaigns and shared approaches to information provision (leaflets and websites) signposting residents to locally available support.
3. The report also highlights good practice in partnership working, where councils have involved local voluntary and community groups in recession planning from the outset. These authorities are benefiting from the insight these organisations have about changing needs in the community and the challenges that important partner organisations may be facing. Particular challenges for third sector organisations as a result of the recession are falling income from a variety of sources at a time of increasing service demand. Because voluntary and community groups often have limited capital behind them and income made up of multiple, often uncertain, sources they can be particularly vulnerable to cash flow difficulties.
4. The report recommends good practice that can be employed by councils and voluntary and community groups to minimise the negative impact of current financial difficulties and avoid effective local relationships and valued local organisations being undermined as a result of the recession. Important, amongst these, are prompt payment of grant instalments and contract fees already agreed and good early dialogue about any potential changes to funding in the future. These things, in particular, enable voluntary and community organisations to plan and to act responsibly and appropriately toward their service users, staff, volunteers and other funders.

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5. The stability of the local voluntary and community sector matters to local government because it has implications for the:
  - continuity of service to some vulnerable groups within the community;
  - number of paid jobs locally;
  - volunteering opportunities available and the added value this brings to communities;
  - range of potential partners responding to needs in the area; and
  - amount of external resource brought into the area from philanthropic sources.
6. Where organisations cease to operate they also cease to contribute to the local economy via their own expenditure and that of any paid employees. Where organisations offer front-line services or support services that are preventative in nature, (e.g. respite for carers or support for young parents) their closure can also have knock-on effects and costs for local public sector agencies.
7. In recognition of this and the important contribution the sector makes locally, many councils have been working exceptionally hard with their voluntary and community sector colleagues in recent years to:
  - develop local strategies which underpin the way they plan to work together;
  - negotiate and agree good practice between themselves and other public sector partners through Local Compacts; and
  - review grant making, commissioning and procurement processes to make sure they are fair, open and inclusive of a wider range of potential recipients and delivery partners from all sectors.
8. Around two thirds of LAAs include either 'increasing regular volunteering' (National Indicator 6) or 'creating an environment for a thriving third sector' (National Indicator 7). In the Backing Communities report we encourage local authorities to keep up their improvement work in this area even though the ambitions may become more difficult to achieve in a recession.
9. Irrespective of the economic downturn, the next few years will prove particularly challenging for third sector groups as a huge amount of change is taking place in areas of public policy where these organisations have a significant stake and years of experience in provision. Changes to the Supporting People funding for housing-related support, Learning and Skills Council funding for skills and training provision, Legal Service Commission funding for advice services and the wider changes brought by the personalisation agenda in health and social care will all have an impact on the future funding and commissioning environment for these organisations. For all these reasons we are encouraging authorities to reflect on the role of the voluntary and community sector in their area and identify actions that may need to be taken to secure more productive

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working relationships now and in the future. We are also taking a number of actions to support councils in their efforts to do so (see below).

## Office of the Third Sector Recession Action Plan

10. The Office of the Third Sector (OTS) launched its recession action plan *Real Help for Communities: Volunteers, Charities and Social Enterprises* on Monday 9th February. The main proposals in this plan with resources attached are:
  - £10m volunteer brokerage scheme for unemployed people to learn new skills;
  - £15.5m Targeted Support Fund providing grants to small and medium sized third sector providers experiencing increased demand for their services in response to the recession in local areas most at risk of deprivation;
  - £16.5m Modernisation Fund to support viable third sector organisations to get the advice and support they need to become more resilient (e.g. via collaboration and mergers);
  - £0.5m investment in the School for Social Entrepreneurs to expand its action learning programme.
  
11. This amounts to re-prioritisation of £42.5 million of government spend in response to the recession. We have tried to influence the distribution of the Targeted Support Fund to ensure it reaches those areas and those organisations best placed to contribute to a co-ordinated and effective local response to the recession. The allocation of Targeted Support Fund has recently been announced for 50 top tier local authority areas, identified through a combination of the Indices of Multiple Deprivation and the percentage increase in the number of Jobseekers Allowance claimants in each area from January 2008-2009. The amount allocated varies between £140,000 and £1 million per local authority area. The additional resources will be used to help organisations offering recession focused support under one of three themes:
  - information, advice and guidance (housing, financial, debt and legal advice and support);
  - employment and employability (training and support related to finding employment); and
  - health and wellbeing (mental health, relationship breakdown, counselling, domestic violence & substance abuse).
  
12. Although we would have liked to see these resources distributed via local authorities, OTS has chosen to distribute them via their existing network of Grassroots Grants funders (many of which are local Development Trusts or Councils for Voluntary Service) supported at a national level by the Community Development Foundation. Councils and LSPs, as appropriate, will be invited to nominate representatives onto local grant making panels if they wish.

## LGA Group Current Activity

13. We are undertaking the following activities to support councils in their efforts to work well with third sector partners during the recession and beyond:

***A seminar for councillors on ‘third sector commissioning’ was held on 31<sup>st</sup> March.*** This seminar focused on the future of local authority relationships with the VCS, with an emphasis on the financial relationship (grants and contracts) in the current climate. Outcomes from this seminar and feedback from councillors will inform future work and a councillor’s guide planned by the Leadership Centre.

***A recession-focused volunteering conference is being held on 29<sup>th</sup> April 2009.*** This event has been organised in collaboration with Volunteering England. It will highlight the value of voluntary action and the practical contribution that volunteering can make in response to the needs and priorities which become more urgent as a result of the recession, including support for older people who may be facing falling income and increased isolation and those with mental health problems who are, amongst other things, likely to be further disadvantaged by current labour market conditions.

***Research into advice services commissioning – to be published summer 2009.*** This research will look at the implications for local authorities of Legal Services Commission changes to commissioning for advice. These changes present councils with some important decisions which impact on local voluntary advice agencies (including Citizens Advice, Age Concern, Shelter and others), their relationship with councils and the nature of local advice provision. The research will identify learning from a number of case study authorities, which will be useful for other councils and service areas where changes to commissioning by external agencies have implications for local government.

***A guide published jointly with Citizens Advice on raising financial awareness and providing support*** – This short guide will highlight the important work councils and third sector advice agencies are doing together to raise financial awareness and provide information and support to residents. This work will be featured as part of the LGA’s regional recession focused events over the coming months.

***Partnership improvement programme – ongoing.*** This IDeA programme, delivered by the Institute for Voluntary Action Research, works with senior officers in councils and local voluntary and community organisations to find ways in which partnership working can be improved through a joint approach. The programme is being delivered in 50 top-tier authority areas over a four-year period. The programme will be expanded to address commissioning and joint commissioning (between local authorities and PCTs) more comprehensively if

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IDeA is funded by OTS to deliver Phase 2 of the National Programme for Third Sector Commissioning.

***Third sector indicators community of practice – ongoing.*** This online community of practice (CoP), located on the IDeA community platform, supports a network of people in councils and voluntary and community organisations leading on delivery of LAA indicators NI 6 & 7. We are also looking to expand our virtual network of councillors with an interest in, or lead responsibility for, relationships with the voluntary and community sector.

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