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## Third Sector Leeds

Statement on Behalf of the Third Sector in Leeds

July 2010

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At a time of unprecedented public sector funding constraints, representatives of Third Sector Leeds have begun to monitor the impact of the current financial situation in Leeds. The scale and scope of “the sector” has been estimated as encompassing 1,662 organisations which employed over 20,000 people and an estimated 50,000 volunteers with a wage equivalent value of close to £40m. (Ripple Effect II: Two Years on, June 2009).

There are understandable concerns about reductions in public funding, from both central and local programmes. The pace of change at national level also creates additional anxieties. Whilst we know statutory partners are facing considerable pressure to reduce budgets, our concern is that decisions may be taken by different funders in isolation, without understanding the impact of those combined decisions. We believe it is essential that all reductions in funding are considered strategically and applied in ways which most protect those who are most disadvantaged in Leeds. The city and its partners are committed to one of the principal aims of the Vision for Leeds: Narrowing the Gap between the most disadvantaged people and communities and the rest of the city. It is essential that we do all we can to reduce the likelihood of the reductions in funding actually increasing that gap.

### THIRD SECTOR LEEDS COMMITMENT

Members of TSL appreciate the financial pressures facing all sectors in the UK today. We are committed to adopting a pro-active approach and will continue to meet regularly to develop our ideas so that we can adopt and promote a strategic approach to the situation. We pledge to:

1. Provide clear, consistent and coherent strategic leadership to the sector through the developing structures of Third Sector Leeds
2. Be constructive in our approach and take part in rational discussions with funders, acknowledging we understand the issues they are facing, too.
3. Work closely with public sector partners, and others, to communicate messages to the third sector swiftly and effectively.
4. Initiate and promote wider discussions within the third sector as to how we can provide a more cost-effective service whilst still meeting the needs of the people we support. We will focus on how people can help themselves and become less dependent on public sector support in the medium term.
5. Encourage the individual forums and networks to devise and share their own, specific action plans and update these on an ongoing basis, with a real commitment to taking effective action.
6. Encourage organisations to embrace different ways of working including: collaboration; partnership; merger; sharing of managerial and backroom staff; sharing premises; and promote cluster development by area of work and / or locality.
7. Support Leeds Infrastructure Consortium (LIC) who are leading an infra-structure review to ensure that delivery partners are providing services that are most vital, as well as being flexible to respond to future, changing needs. This may require re-negotiation with funders if the nature of the services needs to change. LIC will also continue to encourage its members to work more closely together to deliver services and reduce costs.
8. Provide timely, accurate and useful information and support to those organisations facing significant down-sizing and closure through information exchange, workshops and, where possible, helping access pro bono legal advice for groups.
9. Take best advantage of the “Supporting Links to Commissioning” project. This might include: supporting more partnership / consortium / collaboration work; helping “join up” services at a local level and encouraging groups to work across silos; helping current contract-holders; continuing the work with the public sector to review the way it delivers services.
10. Work with partners to proactively develop appropriate opportunities to strengthen communities in Leeds, both of place and of interest, whilst ensuring account is taken of the changing policy environment in which we are operating.

## COMMITMENT REQUESTED FROM PUBLIC SECTOR PARTNERS IN LEEDS

We welcome the strong support for third sector activity in Leeds from public sector agencies and partners and the acknowledgement that it makes a vital contribution to local communities in Leeds and, in particular, to those that are considered to be most vulnerable. To maximise its future contribution we ask local statutory bodies to commit to the following:

1. Consider reductions in funding in a strategic and co-ordinated manner. We ask that the VCFS Partnership group find a way of getting all LCC directorates and NHS Leeds to look at the potential impact of their intended cuts before they are confirmed. Many third sector organisations have few if any reserves and will not be able to weather the storm or sit tight and wait for things to improve. Some very good agencies may close and, in many cases, are likely to be those providing much needed and valued services for some of our most deprived citizens. It takes a long time to build up a strong and effective third sector agency but a very short time to close it down.
2. Understand that third sector groups often receive funding from a number of different sources for the same project and that the reduction / removal of public sector funding is likely to lead to other funding also being withdrawn, leading to a greater net loss to Leeds. Some organisations get several grants from different departments / public sector funders and, if the funders operate in isolation they may feel that "their cut" is manageable and not realise that the combined impact of the cuts may make the organisation unsustainable.
3. Avoid just suggesting a straight percentage reduction across all services but, instead, use the existing networks/forums/consortia as potential negotiation points to facilitate early discussions about where cuts could fall based on priority needs. Focus discussions on what priority frontline services can still be delivered for the amount of budget available.
4. Make spending cuts in a fair way. We believe that fairness, in this context, means that those who are already most disadvantaged should not become further marginalised.
5. Acknowledge that third sector representatives can play a full role in strategic decisions and should be seen as a partner in, not merely a recipient of funding decisions. Public sector partners need to make it a priority to enter into dialogue with funded organisations as soon as possible, asking for their ideas and suggestions at the outset before considering wider cutting of funding streams.
6. Commit to regular communication through the agreed mechanism of Third Sector Leeds (via Leeds Voice, as secretariat). This is in addition to direct communication between funders / commissioners and the projects they support, and with other established networks.
7. Ensure that commissioning processes do not exclude third sector providers and provide support to third sector organisations to win contracts. It is now even more important that every effort is made to find the "most effective" service delivery partner in a transparent manner. There is an inherent danger, when public sector funding is at risk, to look at protecting internal staff and activities and being blind to the potential that using external service delivery agents, including those in the third sector, can bring.
8. Understand that whilst volunteering should be encouraged and further developed, it is not a "free" alternative and that there are costs involved.. It should be noted that volunteers need to be managed (often by paid staff) and whilst they often work alongside paid workers, they should not be used as replacements. The joint statement agreed by the TUC and Volunteering England may be helpful in local discussions.
9. Recognise that the need for support and development assistance to frontline organisations, and for capacity building within the sector, will become more, not less, necessary during this period of change and adaptation and work with the sector on creative ways of enabling this to happen.
10. Become more open to a broader range of funding arrangements, acknowledging that commissioning can be more expensive and time-consuming and brings greater pressures both on the commissioners and the commissioned projects. Other forms of financial support can also help the sector retain its independence and distinctiveness more, so that it can continue to deliver the "value added" benefits that help it stand out from other providers
11. Consider the role that the third sector can play in "total place" initiatives given its success in working in local communities and neighbourhoods.
12. Renew commitment to maintain the principles of the Compact and, in particular, ensuring that proper notice should be given if contracts are to end, explicitly recognising when external constraints make this impossible,

## APPENDIX ONE – BENEFITS OF THE THIRD SECTOR IN LEEDS

There is general agreement in Government and public agencies that the third sector has a vital role to play in the delivery of local services. We felt it worthwhile to highlight a few of the benefits.

- a. **Impact beyond scale:** third sector groups can make funding go a long way. Local groups are able to make things happen for local people and often use a grant to lever funds from other sources, as well as accessing in kind support from volunteers and free professional help. They are very adept at getting local residents to do things to help themselves.
- b. **Reach.** Third sector groups are particularly effective at reaching people whose voices are seldom, if ever, heard. They are seen to be accessible and supportive and many who are socially excluded will often take part in local community-led activities as they aren't seen in the same way as the "authorities" are. They have what is called "The Heineken Effect" and are able to reach parts of the community that statutory providers cannot reach.
- c. **Demand-led, Flexibility and Responsive.** Many third sector organisations are small in size and locally led. Not being bound by red tape and bureaucracy, they are often better able to respond flexibly, nimbly and cost-effectively to the needs of their beneficiaries. They have a good understanding of local needs and opportunities, and are able to develop initiatives, support organisations and launch campaigns that are tailored to that specific area or local estate. This "bottom up" response to local issues and opportunities is often more effective than a "one size fits all" model and really helps develop healthy communities.
- d. **Local community links.** Embedded as they are in local grassroots communities, local organisations are particularly adept at involving their users and reflecting the diversity of the local area. They are also well aware of equality issues and embrace local diversity. The scale of their operations also makes them closer to their clients and hence closer to identifying and knowing about their needs. They can thus directly improve local community engagement and assist the process of community empowerment.
- e. **Active citizenship – volunteering.** The importance of volunteering is widely acknowledged and, in particular, with 2010 being the Year of Volunteering in Leeds. Volunteers are the lifeblood of local voluntary and community sector groups and are often the "initiators" of activity. Volunteering brings benefits to the individual involved, as well as extra capacity and expertise to the group. Volunteers might not want to volunteer to support / deliver services that are paid for under contract with a local statutory body, but will support groups that are grant-aided.
- f. **Improving Personal Outcomes / Multiple benefits.** Many groups, although focusing on a single issue, actually achieve multiple outcomes (for example social, economic and/or environmental). A project that helps improve the physical health of one of its beneficiaries often then signposts them onto further training and education, helps them apply for a job and develops their own self-confidence. What starts as a grant for an exercise club, might then be delivering really tangible outcomes in terms of new jobs / further training. These "softer outcomes" are often a pre-requisite for successful outcomes from main programmes. VCFS groups are people-centred and look to tackle the breadth of the issues faced by their beneficiaries. By contrast statutory agencies may face pressure to focus on a tightly defined outcome, within their distinct remit, with an increased risk that they might only be dealing with one of multiple issues faced by the client.
- g. **Partnership approach.** Many local groups work together – ranging from formal partnerships to informal collaborations. This joined up approach to providing support has many benefits including a reduction in costs and the potential to deliver more holistic support to individuals.
- h. **Improving the quality of community life.** Many groups are driven by a desire to make their local community a better place to live by improving the quality of life of local people. This can bring about positive benefits such a reduction in isolation, increased community cohesion, and building links between people. These outcomes are difficult to achieve unless one is able to reach right down to the local level and meet people where they are.
- i. Third sector groups can be the **gateway for people to access local services.** They are well-placed to reach those who may otherwise "avoid" approaching or responding directly to statutory providers. Sometimes these organisations may provide services directly themselves, but in other situations they may encourage, support and guide individuals to access the services available to them in their local area.
- j. **Building social capital.** Much of what the Third Sector does - and particularly the smaller, very local groups - helps to build up social and human capital, the "social glue" that enables so much more to happen. All these local activities will be essential to the Government achieving its aims for Big Society, community engagement and localism.