

## **When the dust settles**

The impact of a changing landscape on the Voluntary and Community Sector working to reduce reoffending and address community safety.

Report of a Home Office funded Clinks Project

March 2011

*“These are times of considerable change and challenge for the Voluntary and Community Sector. The proposals in this report aim to ensure that when the dust settles, there is still a Voluntary and Community Sector which can realise the opportunities and work in partnership with others to reduce reoffending and build vibrant, safe communities.”*

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## Introduction

The Home Office commissioned Clinks in November 2010 to undertake a programme of engagement with the Voluntary and Community Sector (VCS). The programme of work was undertaken between Nov 2010 and March 2011. The aims of the project included developing an understanding of:

1. how the changes in the funding and delivery landscape will affect the VCS and in particular its ability to work with the Home Office on its policy and business objectives
2. how the Home Office can develop a partnership with the VCS during this time of transition that is also sustainable in the longer term
3. how the VCS can work more effectively with Community Safety Partnerships in both the design and delivery of services and understanding the barriers that prevent them from doing so currently
4. what support is required by the VCS from the Home Office to help them sustain and build their resilience, capacity and capability and identifying activities, for example brokerage, that could help attract more resources to the VCS
5. how the needs of vulnerable people and communities are met.

The project has been undertaken in the context of a significant economic downturn and in a climate of public sector expenditure reduction. The policy environment has emphasised the role of the VCS in meeting the needs of vulnerable people who would previously have looked to the public sector for support. Furthermore, there has been a concerted drive to shift the levers of change and delivery from central government to local areas.

## Key strands and activities

In order to obtain good quality information from the VCS about the impact of the aforementioned developments and the effects on the future of partnership working with local criminal justice and allied agencies, a range of methods and approaches were implemented. These included:

- Two on-line surveys, one conducted in late 2010 of VCS organisations involved in criminal justice work focussing on the impact of the economic downturn; an additional on-line survey conducted in January 2011 focussing on the capacity of the VCS to engage with Home Office priority areas including the Government's agenda - localism, Big Society, reducing re-offending, changes in local commissioning;

Community Safety Partnerships; elected Police and Crime Commissioners etc. Clinks published a report summarising the responses to both of these surveys.<sup>1</sup>

- A series of three ‘Open Space’ consultation events held in Manchester, Newcastle, and Birmingham. Clinks published a report of these events.<sup>2</sup>
- In the South West region Clinks convened three sub-regional events –Gloucester, Bournemouth, and Cornwall – which identified the key areas of current policy likely to have the greatest impact on the VCS - working on the reducing re-offending agenda; Payment by Results; localism; new approaches to rehabilitation in prisons; meeting the specific needs of women offenders; sustaining work with socially excluded groups. A series of thematic, solutions-based workshops took place at these events, the results of which are incorporated in this report, and informed our recent response to the MoJ Green Paper, *Breaking the Cycle*.<sup>3</sup>
- Arrangements for identified VCS organisations to keep fortnightly ‘journals’ recording their activities in dealing with the impact of financial and policy issues. Clinks published a report summarising the issues recorded.<sup>4</sup>
- Four partner organisations were involved for their specialist knowledge of the Home Office priorities and their networks of organisations working in these areas. The priority areas are: reducing re-offending (including drugs); violence against women; youth crime, including serious youth violence; crime prevention; and victim support. In addition to Clinks’ knowledge and networks of organisations working with offenders and ex-offenders, we recruited Drugscope; the Women’s Resource Centre; National Council for Voluntary Youth Services; and Victim Support. These partners promoted the project activities to their members, helped identify potential journal writers working in these particular areas, and each ran a round table event – see below.
- The above partner organisations also held round table meetings involving agencies working in their specific areas of young offenders; victims; vulnerable women; and drug offenders. Clinks provided funding for infrastructure organisations in each of these service delivery areas to convene the meetings and record the key points of discussion. The reports from these events are available online<sup>5</sup>

These distinct strands of engagement with the VCS elicited a wealth of qualitative and quantitative information about the current state of the VCS working on reducing reoffending and crime prevention and its future potential. There were a number of broad themes which emerged from this project, including:

- Impact on the internal financing and staffing of VCS organisations;

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<sup>1</sup> Clinks (2011) ‘Changing times, Challenging times’. Available at:

<http://www.clinks.org/publications/reports/ho-vcs-bs>

<sup>2</sup> Clinks (2011) ‘Changing Times consultation events’. Available at: <http://www.clinks.org/publications/event-reports>

<sup>3</sup> Clinks (2011) ‘Clinks’ response to Breaking the Cycle Green Paper’. Available at:

<http://www.clinks.org/publications/responses>

<sup>4</sup> Clinks (2011) ‘Mapping the changes’. Available at: <http://www.clinks.org/publications/reports/ho-vcs-bs>

<sup>5</sup> Clinks (2011) ‘Partner roundtable reports’. Available at: <http://www.clinks.org/publications/reports/ho-vcs-bs>

- Capacity and ability to engage with changing policy landscape;
- Issues relating to scope for developing effective partnerships with statutory agencies;
- Impact on the level of service available for beneficiaries.

## Number and range of contributions

There were a total of 295 responses to the Economic Downturn (99) and Home Office (196) surveys. The respondents represented all strands of the Sector, from small local charities to large national organisations.

18 organisations completed and submitted fortnightly diary entries describing their activities over a two month period in responding to the current financial and policy environment.

The four roundtable events involved 46 organisations. Two had 12 participants each and two had 11 participants each.

The consultation events attracted a total of 335 participants, again ranging from small local organisations to large regional and national organisations.

Information about the project, consultation events, surveys, and briefings on issues was promoted through the Clinks network of 6,500 individuals, including over 3,700 working in the VCS, as well as via our partners' networks, which total over 4,500. In total this project directly targeted over 11,000 individuals.

## Consultation events

The 'Open Space' format of these events uses a method that encourages participants to identify the issues that are most important and relevant to them within a broad framework set by a specific question. These events addressed the question: *'Change and Uncertainty - How is it affecting you and what you do?'*

Following a short introduction explaining the aims of the project, participants were then encouraged to choose issues that they wanted to discuss and then form sub-groups to explore these further. The key points of the discussion are recorded, as are any recommendations that come from the group.

## Feedback

In addition to a picture of the Sector that the various activities have provided, we had very positive feedback from those involved in the various activities. In particular, those involved in writing journals commented that this had helped them to take a more strategic view of what was happening to their organisation and the Sector, and partner organisations fed back that this provided a useful snap shot of the issues their members were facing, increasing understanding of their main concerns and priorities.

## Key messages and issues from the project

The next section of this report discusses particular issues which relate to the main themes identified above.

### Redundancies

63 of the 99 respondents to the Economic Downturn Survey said they had made, or would imminently be making, staff redundant – with four respondents losing all of their staff.

*“Over 50 % of our work force is on redundancy notice and (there is a) huge level of uncertainty regarding remaining services and their sustainability.”*

*Economic Downturn Survey*

As a result, the majority of organisations responding to the economic downturn survey reported that they were either currently undergoing a redundancy programme or were planning to do so imminently. Redundancy processes are demanding of staff and management resource, as well as having a direct impact on service delivery.

For large organisations the impact can often be absorbed across a range of ‘business units’ but for smaller agencies the loss of one post can represent a significant proportion of their overall staff complement and threaten the existence of the organisation. There is also a risk that valuable knowledge and skill is stripped out of an organisation and that this cannot easily be replaced in the short to medium term.

### Uncertainty and future planning

74% of respondents to the Economic Downturn Survey had experienced a decrease in grant income, almost half had reductions in earned income and over a third, a reduction in public donations. Additionally, 87% expected further decreases in grants in the coming year. These financial pressures were exacerbated by rising costs resulting from increases in VAT and National Insurance contributions.

*“We are looking at reforming our strategy to take into account the possible impact and benefits of payment by results and also to review how we integrate our services more effectively.”*

*Clinks’ Home Office Survey*

*“We felt we had some of the wrong people for the wrong jobs in view of the future changes to our work.”*

*Clinks’ Home Office Survey*

*“Although some partners have taken advantage of year end funding available, future funding is not visible. This has led to a lack of direction, for example for Youth Offending Teams, and uncertainty about how services will be delivered in the future”.*

*Clinks’ Home Office Survey*

*“At the moment it is all about whether you can survive or not. When you add up the bits that have been lost it begins to add up to a significant percentage of your overall income”*

*Drugscope round table event*

*“We do not yet know the full extent and impact of cuts, for example on police, local authorities and NHS. This results in additional uncertainty and may lead to staff redundancies that could be avoided if future funding levels were known”.*

*Victim Support round table event*

The effect of constrained financial operations extends beyond simply anxiety about jobs. One of the themes repeated in the responses to the surveys and in the consultation events is the difficulty of planning for organisations large and small. This is being particularly played out in the local authority arena as many organisations that receive local government funding - through grants or contracts - will not know their futures until their local authority has received its settlement from central government. It will inevitably be the case that decisions about staffing and service delivery cannot be made until within days from the end of the 2010/11 financial year. Even worse, there will be situations where decisions about funding will not be made until weeks or months into the 2011/12 financial year which results in a break in service, staff redundancies, etc.

At the round tables, held in the last weeks of March, organisations were reporting that they did not expect to hear about contracts until the 2011/12 financial year. If fortunate enough to access funding after this hiatus, it is very difficult to ‘restart’ parts of the organisation.

It could be argued that large public sector organisations are facing similar pressures, but again they can absorb some of the impact across a larger area of operation—and of course they are often the commissioners of services and some will be in the position of being able to choose between retaining staff or cutting their grants to VCS organisations in their areas.

Despite the prevalence of the aforementioned issues facing VCS organisations there was significant evidence of proactive and assertive planning to respond to the current difficulties. Alongside programmes of staff redundancies many organisations were reviewing their strategic priorities and assessing the potential for mergers and partnerships with allied agencies.

They have also considered widening their scope beyond their specialism to see if there are synergies with other areas of service delivery. This approach does contain risks for an organisations’ mission. For example, a women’s organisation participating in a round table discussion reported being under pressure to join up with a larger agency which delivered services to male offenders in the same locality. There is also a concern – voiced largely in

the context of commissioning – that small, local organisations will be forced to close or merge with large national organisations, which could result in the loss of valuable local knowledge and networks.

## Localism

85% of respondents work with the statutory sector locally, including local authorities, youth offending teams Drug and Alcohol Teams, probation trusts, mental health services and the police

*“It would seem that voluntary sector representatives are not always active or influential within local partnerships”*

*Clinks’ Home Office Survey*

*The lack of understanding [of local authorities] for the need for women’s sexual violence services is shocking.”*

*Economic downturn survey respondent*

Localism has had a mixed impact on the VCS working on the Home Office priority areas. On the one hand, as most VCS organisations work at the local level the government drive to decentralise provision and strategic engagement would appear to be a positive development for the Sector. It would free local providers and commissioners to address the problems that were most relevant to their localities, and in a way that was best suited to the local context. Also, it is much more feasible for small organisations to form local consortia to deliver innovative services than is the case if the commissioning and strategic development is at a national level.

However, there was considerable concern expressed about the importance of having some national ‘levers’ which ensured that the needs of vulnerable and ‘unpopular’ groups would be met in local areas. Without a strong steer from central government, it was anticipated that a ‘postcode lottery’ would prevail, with wide variations in the provision for vulnerable women, refugees, and offenders, among others. This risk will be mitigated if the VCS working with these groups are given ‘voice’ at the local level (see section on Representation and Support).

## Competition, commissioning and collaboration

When asked about their experiences – good and bad – of working with the statutory sector, 59% of Home Office survey respondents reported these to be “variable”. Only 12% described working with the statutory sector as “easy” and almost one in five labelled it as “hard”.



*“...despite pronouncements about 'Big Society' and voluntary sector involvement the burden of financial cuts are being disproportionately placed upon our sector while 'they' fight to preserve their staff's employment.”*

*Clinks' Home Office Survey*

*We are in interesting discussion with a large prime contractor currently. We have been offered a sub-contract which is weighted heavily against us, i.e. they can terminate for relatively minor breaches or defaults whilst obliging us to accept a large amount of financial liability including removal from other contracts we might have with the prime.”*

*Economic downturn survey*

*“We are finding that many of those smaller agencies who have provided specialised services for us over the last year are starting to run out of resources or funding”.*

*Economic downturn survey*

*“A major issue is that you are taking over NHS contracts under TUPE rules and there can be a great deal of resentment that a voluntary organisation has taken over the service. In the TUPE process the organisational culture may impact on staff in unforeseen ways e.g. why should you have an allegiance to a new contractor?”*

*Drugscope round table event*

The shrinking pot of available funding for public service delivery has a dual effect on the relationships between VCS organisations, and between VCS and the public sector. There is less willingness of VCS organisations to share information and skills, or indeed to work together in a climate where they are forced to compete for scarce resource.

Even more unhelpful is the climate of competition between the public sector and the VCS, as the latter is consistently regarded as a potential provider of the services delivered currently by the public sector. This is unhelpfully reinforced by messages from government that the VCS and the private sector are intrinsically preferable to the public sector. There is a real and understandable tension for public sector agencies in attempting to maintain a focus on 'best value' and 'competitive neutrality' whilst under pressure to maintain current levels of staffing and provision.

A related issue identified by respondents to the surveys, and participants in the round tables especially, is the impact that 'short term funding' has on the VCS. The Compact has traditionally emphasised the importance of contracting arrangements that are at least three years or longer. However, the pressure to implement significant reductions in expenditure in the current budget year with further anticipated cuts in the future has driven commissioners to reduce risk by procuring VCS services for limited time spans of 12 months or even less in some circumstances.

The result of competition for delivery of public services can be the transfer of delivery from one organisation to another, either in the private, voluntary, or public sector. For VCS organisations taking on public sector delivery of existing services, the implications of TUPE regulations can be significant. The increased staff costs can have major implications for resourcing other parts of the organisation. Additionally, from a staff perspective, in those cases where the contract moves from a public provider to a VCS organisation this can be a destabilising factor, especially if it occurs more than once as has been the case with a number of drug treatment and support agencies. The problems are most acute where, as a result of the transfer, the TUPE'd staff will be on different salaries and conditions but may well be undertaking similar tasks to those already employed in the VCS organisations.

## Heightened need, reduced resources

76% of organisations report an increase in the number of people seeking their services.

*“As we support individuals in need, many are experiencing increased hardship and so require additional support. We’re seeing an increasing number of individuals wanting to volunteer to support their job chances and increase their experience.”*

*Economic Downturn Survey*

*“Agencies that organisations previously signposted clients to have disappeared or shifted focus, resulting in the needs of clients not being met”.*

*Victim Support round table event*

The economic downturn has resulted in, among other things, increased unemployment and raised levels of personal debt. These factors in turn have contributed to substance misuse, mental health problems, and pressures on already stressed families in deprived areas especially. VCS organisations which have traditionally provided services to address these issues are themselves reducing the scope of their operations. They report being caught in a vicious cycle of diminishing capacity and rapidly increasing levels of deprivation and social problems.

This whole process is exacerbated by the cuts to public sector services (e.g. probation, children’s services) which has meant that the bars to access services from these organisations have been raised, leaving the VCS ‘to pick up the pieces’.

## Representation and support

77 of 104 respondents to the Economic Downturn survey identified local and national infrastructure organisations as providing support and information regarding the changing policy and delivery landscape.

*“The reality for some frontline organisations is that they had limited capacity to operate, let alone engage with local authorities and national government. Whilst the ability to influence and engage was*

*becoming ever more crucial in the 'Localism era', it was not feasible for many organisations to deploy appropriate staff to 'sit around the table' and be heard."*

*Women's Resource Centre round table event*

The organisations responding to the consultations and to the surveys are often in a vulnerable position and lacking the capacity to 'fight their cause'. There are many that are looking to find solutions to their difficulties but require support to do so. Several identified Clinks specifically as an organisation they look to for this support as well as more local infrastructure organisations. Assistance in writing funding bids, negotiating their way around the local structures governing community safety and re-offending, and asserting the needs and importance of the client groups they serve are all areas they identify as critical to their survival.

They expressed a need to understand the shifts in the policy landscape, including the relevance and impact of the availability of local crime data. There was also uncertainty about the role and function of the elected Police and Crime Commissioners, and the means by which the VCS would have access to PCC's and allied structures. There was concern about the potential for a 'populist' agenda overwhelming crime and disorder strategies.

Finally, several respondents referred to the importance of promoting the value of the VCS to senior levels of government. This not only involved articulating the unique values of the Sector and their closeness to local communities, but also clearer identification of the evidence base demonstrating the effectiveness of VCS services.

## Partnerships

60% of Home Office survey respondents said their experience of partnership with the statutory sector was "variable"

*"There's no cohesive approach locally so I end up having to go to a large number of different meetings about the same thing. Police, probation and prison don't seem to work together."*

*Clinks' Home Office Survey*

Successful partnerships between the VCS and the public sector depend largely on forming strong relationships between key staff in each organisation. The turmoil currently being experienced, including redundancies in both sectors has meant that important strategic and delivery contacts between the two sectors at a local level have often been significantly disrupted. Some organisations in the VCS have also experienced a reduction in referrals in some contracted services. This is often due to changes in staff in the public sector as a result of redundancies or relocation as a result of organisational restructuring. The result is a fracturing of previously constructed relationships which facilitated joint working.

There is evidence that the Sector remains willing to work on the community safety / reducing reoffending agenda. However, one of the findings of the Home Office survey was that around 50% of the respondents were not currently involved with a CSP in their area.

Whether this was due to a lack of awareness of how to engage with the CSP, or if there were other factors involved, was not clear.

We did not ask at what level this engagement was (i.e. strategic, service delivery or referral). From discussions during the consultation events we know that this is an important issue. While there are examples of good engagement at a strategic level, we also heard from organisations involved in CSPs where there was no strategic VCS engagement, and where communication was one way – the VCS organisation submitting information but receiving none in return, not even the benchmark information necessary to the organisation to measure its impact. Also, there is a perceived sense of reduced transparency as commissioning partners withhold access to strategic and operational decisions. Where there is a VCS organisation on the CSP, they may not consider themselves representatives of the wider Sector.

Finally, there was concern expressed regarding the dominance of the police in CSPs, with some evidence of tension between the community and the police. More research would be useful to explore these issues. Encouragingly, there were strong endorsements of the value of CSPs from many organisations that were involved in these arrangements. Several stated that they found dealing with public sector agencies at this level ‘easy’ and supportive.

## Payment by Results (PBR)

*“Problems of proving responsibility for outcomes. Multi-agency interventions—who is credited with impact? Who gets paid? What provision brought about the results?”*

*Clinks consultation event*

*“Within the last 6 months, there has been a lot of discussion about payment by results. We understand these sorts of financial investments will most likely be led by large organisations who can take the financial risk. Smaller organisations will need to align themselves with the larger organisations.”*

*Clinks’ Home Office Survey*

Payment by results (PbR) is causing concern in the VCS for a number of reasons:

- It is believed that a PbR regime will favour large private organisations that have access to capital and/or reserves that allow them to deliver services while waiting for payment based on future outcomes.
- There is some evidence that so-called ‘prime providers’ will ‘cherry pick’ the easiest cases to work with and pass on the high cost/high risk cases to (VCS) sub-contractors. There is uncertainty about how PbR will be implemented and whether there will be arrangements for immediate funding for delivery with further funding reserved to be paid dependent on outcomes.

- There was concern that commissioners would seek to implement a 'pure' model withholding the entire amount of funding until outcomes have been evidenced. This would represent a very significant challenge to most VCS organisations, especially those that are small and locally based.

Notwithstanding these reservations, there is some optimism that PbR's focus on outcomes will allow greater flexibility for providers to deliver innovative services and not be constrained by overly specific contracting and monitoring requirements. This outcome focus is best facilitated by the implementation of Social Investment Bonds (SIB's) which place the financial risk with the funder rather than the 'commissioner' or the provider.

However, there is not yet evidence that there is the social investment capital from either charitable trusts or from the private finance sector to deliver this on the scale required across the Criminal Justice System.

## Transition fund

There has been a lack of eligibility, and hence success, in applying for the Transition Fund.

*"Proving we meet the qualifying criteria would have been extremely time consuming and expensive".*

*Economic Downturn Survey*

There has been considerable hope regarding the potential of the Transition Fund to alleviate the impact on the VCS of the public sector expenditure cuts and the economic downturn.

The survey results for this project found that over 28% of respondents were not aware of the Transition Fund and 24% stated they were eligible with 47.4% stating they were ineligible. 23% of respondents reported that they had applied for Transition Fund support. It was not possible to confirm precisely how many organisations had been successful in their attempts to access this funding.

Frustrations around the Transition Fund were a feature of the collated recording in the 'journal' exercise. The failure of the Transition Fund to meet the need of many organisations raises the question of how they will survive the transition period.

## Volunteers

*"Our organisation pivots on the development of long term relationships with hard to reach young people; trust is absolutely critical to our effectiveness. Yet volunteers can rarely commit to lengthy placements with us. Consequently the young people lose trust in the organisation as they see fewer committed staff members and more unfamiliar faces."*

*NCVYS round table event*

*“There is an expectation that staff should be NVQ level trained—with volunteers there is a deprofessionalisation of the field in which there has been a huge investment in workforce development”*

*Drugscope round table event*

The role and function of volunteers in the future delivery of VCS services was a concern for many VCS organisations. Some respondents reported that one of their strategies for dealing with staff redundancies was to use volunteers to take up these posts. However, there were significant risks in doing so because volunteers usually did not have the same skill set and experience as the previous paid professional post holder, and of course they could not be expected to provide the same quantity of time each week, nor indeed the same consistency of availability. Therefore, although there was some scope for using volunteers in this way, this strategy is limited.

Another key issue regarding volunteers is the importance of assigning a true cost to their deployment. There is a persistent view that volunteers are a ‘free’ resource and this ignores the need to recruit, induct, train, and supervise volunteers, as well as to reimburse their out-of-pocket expenses. Hence, even when it is possible to use volunteers to undertake tasks previously done by paid professional staff, there remains a cost that needs to be reflected in contracting arrangements.

## **Risk to preventative services**

*“Prevention services are being cut and a focus on enforcement”*

*Clinks’ Home Office Survey*

*“Project manager told me they will need to tighten the criteria for access to the service so only the most needy can access”*

*Economic Downturn Survey*

The impact of the economic downturn and the public expenditure reduction programme has been felt particularly by those organisations that deliver preventative or ‘up-stream’ services. This is especially relevant for services for vulnerable women, young people, and drug users.

Public sector organisations, including criminal justice agencies, are reconfiguring their services to focus on those that carry a statutory responsibility. These invariably involve child protection, high risk offenders, and drug users already addicted.

Supporting People services have had the ‘ring fence’ removed and many of these provided support to those ‘at risk’ of offending and homelessness leading to drug addiction and related issues.

Preventative work is often at the core of Community Safety Partnership strategies and if neglected could well produce even more expensive social problems in the future. For

example, there was a women's VCS organisation that lost the funding to work with perpetrators of domestic violence. This is an unpopular group which would not attract 'sympathetic' funding in local areas, but the removal of this kind of preventative service could well result in increased offending (and related costs both financial and personal) in the future.

## Adapting to the new delivery landscape

*The danger of these perceptions is that organisations run the risk of becoming stagnant and not delivering as much social impact as they might. There is a sense of 'being in limbo' and waiting until there is greater clarity of the future, but also an opportunity to contribute to defining agendas.<sup>6</sup>*

*Clinks, Mapping the changes, 2011*

There is a case for improving the quality of engagement between the VCS and public sector commissioners and policy makers about the forthcoming changes affecting the delivery of Home Office priorities. There is a risk that the timing of reductions in VCS income is not aligned with the new commissioning agenda—and that the hiatus will result in serious loss of VCS provision before new opportunities and new structures emerge.

The survey responses confirmed that the majority of respondents were aware of key issues relating to Integrated Offender Management, election of PCC's, changes in local commissioning, and the publication of local crime data. However, the majority also indicated that they needed more information about these arrangements.

Taken together with the findings that many organisations were undertaking strategic reviews of their purpose and scope, restructuring their workforce, negotiating new collaborative arrangements, and identifying new sources of funding, there is a picture emerging of urgent planning taking place within a vacuum.

## Cumulative impact of public expenditure reductions

*"Participants commented that due to the harsh funding environment, some organisations were already facing the options of 'easy wins' or closure. This was both negative for joined up working and counterproductive to the government's broader aims."*

*Women's Resource Centre roundtable event*

*"Another of the groups' concerns regarding funding mechanisms was the accelerated use of competitive tendering. Participants stressed that commissioning was not always the most appropriate form of funding"*

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<sup>6</sup> Clinks (2011) 'Mapping the changes' Available at: <http://www.clinks.org/publications/reports/ho-vcs-bs>

*but was increasingly being used, to the detriment of smaller and more specialist organisations.”*

*Women’s Resource Centre roundtable event*

*“I am continually surprised at how low contracts are going out at—how can organisations deliver at that price?”*

*Drugscope roundtable*

There is almost a ‘perfect storm’ developing in the VCS which has been caused by a constellation of factors arising from the public expenditure reductions. Cuts to public services have led to the withdrawal of services to groups that are not seen as priorities for delivery. These groups are then left to seek help from the VCS at a time when its resources are being reduced through cuts in grants and lower prices for contracts.

In addition to restricted access to statutory services, the other driver for increased pressure on the VCS is the greater hardship experienced by vulnerable groups who are facing higher debt, insecure housing, and rising levels of substance misuse. VCS organisations are themselves therefore needing to prioritise their service delivery, often at the expense of delivery to the groups that the Sector has traditionally served.

However, it is not only the categories of service user that the VCS is forced to prioritise, but also whether to continue to work ‘up-stream’ on preventative services. There is decreasing funding available to undertake work on prevention, for example in relation to youth services. Young people at risk of drug use, homelessness, school exclusion, and criminal behaviour are increasingly denied services as funders in the public sector are focusing on ‘downstream’ interventions, and commissioning services accordingly.

Finally, given the government’s desire to transfer public sector delivery to the VCS in order to achieve cost savings there is a risk that the VCS, in its understandable desire to achieve sustainability, will sacrifice its independence and increasingly deliver to the government agenda. This has been a risk for the Sector for a number of years as it has taken on public sector delivery contracts, but the current economic climate has significantly increased the tension between retaining a role as representing the concerns of local communities and accepting delivery contracts which align with government priorities.



## Recommendations

### Commissioning and funding | Partnerships | Marginalised groups

**1. Clinks and the Home Office will bring together key relevant partners from across the VCS and Government to develop an Action Plan based on these recommendations.**

#### Commissioning and funding

**2. Commissioners at local and national level should be more strategic in their approach to reducing public expenditure.** In particular they should assess the impact that even relatively small reductions in grant or contract levels can have on VCS organisations where they may be experiencing reductions from a number of different sources, especially those that are small and local. Wherever possible, discussions should take place between commissioners and VCS providers regarding the pace and timing of funding reductions. The VCS is flexible and innovative, and given information and support through this process the worst effects of cuts may be mitigated.

**3. Commissioners at both local and national level should adapt the implementation of Payment by Results to ensure that VCS providers are not disadvantaged in sub-contracting arrangements.** The Merlin standards have had an inconsistent implementation to date and more attention needs to be given to increasing compliance with Merlin by prime contractors.

**4. There needs to be a focus on ensuring that 'upstream' services are not disproportionately affected by reductions in commissioning budgets.** This could be achieved by the retention of specific funding streams to support preventative work. It is acknowledged that there will be over-all reductions in funding available but the impact could be spread across all areas of service provision.

**5. The Home Office will need to introduce structures which will facilitate the engagement of local VCS organisations with elected Police and Crime Commissioners in order that they can have a voice in strategy and design of future services.** The introduction of PCC's will be critical for local VCS organisations. These arrangements may need to be broken down to a 'sub-county' level as in many areas the PCC's will be a long way from some local communities.

**6. Long-term funding (3+ years) should be available to Local Infrastructure Organisations to create and maintain VCS forums in all local areas.** There are examples where relatively small amounts of money can deliver significant gains in social capital and a fertile bed for innovation.

**7. There is a continuing need to educate commissioners about the VCS, especially in relation to specialist and local organisations.** This should be reflected in the development of commissioning processes which recognise and support the unique value of the Sector.

**8. It is important that arrangements are made to enable national and local government to assess the interaction and cumulative impact of cuts across departments and in both the public sector and the VCS.**

## Partnership

**9. Government should facilitate local area surgeries / marketplace events where strategic commissioners and stakeholders could join together with voluntary organisations to share information and foster further engagement.**

**10. Contact points in public sector agencies working in partnership with the VCS or commissioning services from the Sector should be maintained and any changes communicated to the sector as soon as is feasible.** The maintenance of transparent and robust relationships between the sectors is critical for future re-design and configuration of services.

**11. Local infrastructure organisations and other VCS representative mechanisms should be closely linked into Community Safety Partnerships to facilitate strategic decision-making and planning.** It was clear from both the survey responses and from the consultation events in particular that the VCS is keen to remain engaged with the reducing re-offending / crime prevention agenda, but often operates at the margins. Better strategic engagement will help to ensure that the VCS can make a positive contribution to this agenda.

**12. Communication arrangements which keep the VCS informed about the rapidly changing policy landscape would enhance the capacity of the Sector to effectively respond to government initiatives.** This is probably best achieved through VCS intermediaries (infrastructure organisations) who can disseminate information using established networks.

**13. Commissioners should establish routine arrangements which can facilitate and support new and continuing collaborations and create specific incentives for organisations to work closer together.** Partnerships and collaborations between VCS providers working locally are currently difficult to set up.

**14. Government at all levels needs to demonstrate its commitment to the Compact** as it is particularly important to protect and support the VCS during these socially and financially challenging times.

**15. Government should make provision for continuing monitoring of capacity in the VCS and assessment of need across relevant service user groups beyond September 2011.**

### Marginalised groups

**16. There needs to be greater awareness of the specific needs of vulnerable women and BAME groups, in order to ensure that decisions about rationalisation or mergers of services do not undermine the key principles of delivery to these groups.** There is evidence that commissioners have recommended that services for women offenders be incorporated within male provision—a development that would directly counter the vision promoted by the Corston Report.

**17. Notwithstanding the government’s commitment to ‘localism’, there needs to be a mechanism that allows the Home Office to assess whether decisions about services to marginalised groups at a local level are being met.** Strategic information about service provision across the country needs to be made available to local groups to equip them to lobby for specific services.

**18. Government should explore possible mechanisms which would require generic providers to ensure that they made provision to meet the needs of diverse groups in their service delivery.** This could include women, BAME etc.

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