



The Reality Cheque: *Will it cash, or bounce?*

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**Nottingham
Community
and Voluntary
Service**

Letter from the Chief Executive



A year ago, Nottingham CVS highlighted in our first ever State of the Sector report that local organisations were hard pressed. They had greater demand for services, fewer staff, less funding and poor prospects.

Sadly, the same is still true this year, worsened by welfare reform and strained by fewer funding options for a stretched sector.

We're finding that the term "more with less" is becoming an unofficial mantra for Nottingham's voluntary sector, and one the sector is none too happy about. Frustratingly, as the sector's capacity diminishes due to reduced resources, areas in which the sector has previously thrived and succeeded are being opened up to the private sector on Payment by Results contracts or contracts that are too big for the sector to bid for.

Probation services, helping people back into work, helping disabled people and much more is falling into the hands of the private sector for them to profit from, costing millions, while a sector which has always strived for value for money is told to work smarter and turn a profit.

The Government is hiding behind companies and martyrs when things go wrong, blaming companies for their ill-thought out plans and waste, and not looking inward at the systems the government forced into place, much against the sector's advice.

These circumstances are tough locally too. We acknowledge that these changes make life increasingly difficult for the City Council, who are one of the messengers put out to be shot.

The voluntary sector sees bodies we've worked with cooperatively before suddenly becoming fall guys despite supposed new broad ranging power and responsibilities, which actually strip power away from them and paint them as targets.

We are more than aware of the difficulties local authorities face, but it would be dangerous to absolve the council of responsibility at a time when they're most needed. It's unlikely this reality check will be much read and celebrated in Westminster, but it's not written so much for them.

Local MPs, Councillors, Chief Executive Groups, council officers and other decision makers should pay great attention to our report as it outlines the sector's struggles, laying the foundations for a year's worth of work to build a stronger sector and, by implication, a stronger city for our needy.

With foodbanks opening at a rate of three a week nationally, charities closing services down due to a lack of capacity and more vulnerable people set to be worse off due to the government's devastating welfare reforms, it's time the city and the sector worked together to go against the grain of the nation and make this city stronger for its weakest.

If this "reality cheque" bounces, the city will be poorer in so many ways.

A handwritten signature in black ink, appearing to read 'H. Kearsley-Cree'.

Helen Kearsley-Cree
Chief Executive, Nottingham CVS
July 2013

Headlines

80% of groups surveyed report an **increase** in demand for services.

Groups are largely working with **less funding** than 12 months ago.

37% are working with **fewer staff**.

A further **37%** have the **same** staffing levels as last year.

89% of groups report that **welfare reform** will impact on their **client group** in some way.

54% may have to **close** a service they provide.

11% of groups may have to **close altogether**.

59% of groups say **welfare reform** will affect their **organisation** – including even more increases in demand for services.

More applications for funding are expected in the next 12 months, with **70%** reported to be seeking **local grants** – a source that is **disappearing**.

76% of organisations provide services **across the city**, not just in local areas.

Groups predominantly look to **local grants and contracts** for money, but there are **more applications** for national funds than 12 months ago.

55% say funders **don't understand** the full costs of delivery.

70% of groups are concerned that by **challenging** a funder, they **risk** their chances of being funded in the future.

54% are **pessimistic** for their client groups' future prospects.

53% are supporting **more volunteers** this year.

62% report that the funding they have is **not covering costs**.

Reserves are either being used, or are likely to be used, to **fund services**.

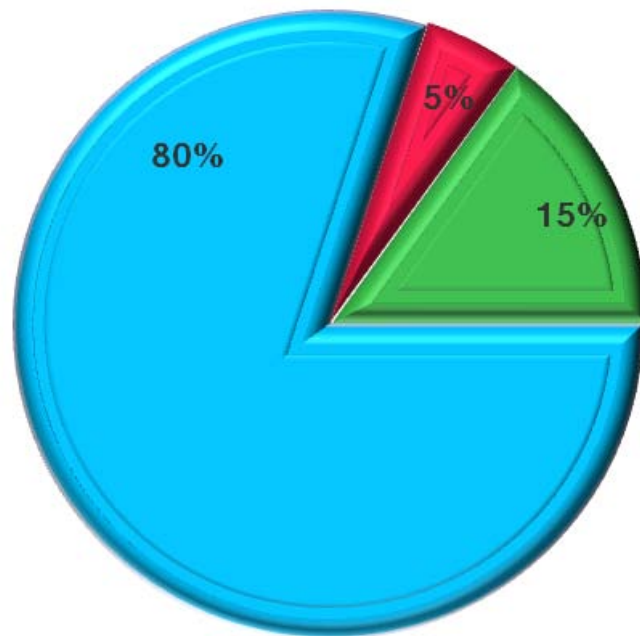


Part 1

The Past 12 Months

Question 1: Have you seen a change in demand for services over the last 12 months?

■ Increase ■ Decrease ■ No Change



In an era where growth is limited, it is a shame that we see growth of demand for services as a concern. However, as the city's voluntary sector works mainly to support people, it is a real worry that four out of five groups in the city are reporting an increase in demand for services.

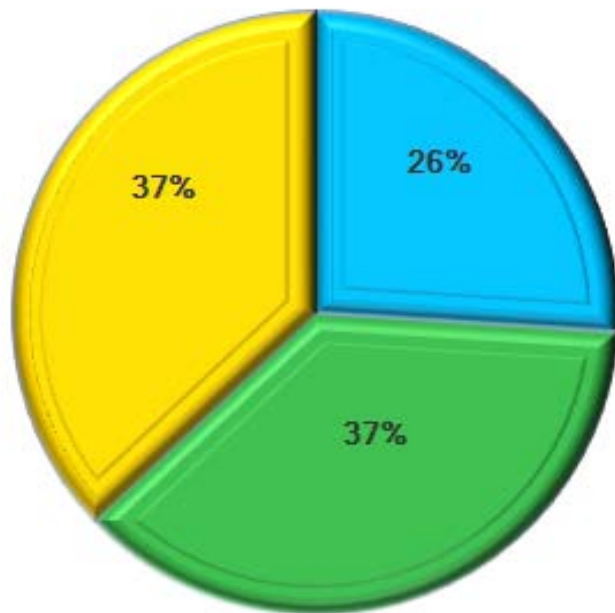
This figure is an increase on last year's survey, where 64% of respondents reported an increase in demand. That figure was high and cause for alarm, but this year's figure of 80% is a serious concern, especially as this survey suggests that demand will continue to increase.

What is important to note is that this increase in demand for services has come prior to further government welfare reforms. Universal Credit, the Benefit Cap, Legal Aid reform, Personal Independence Payments, long term implications of the 'Bedroom Tax' and Council Tax changes and much more are due in the next 12 months, which may see this figure increase even more.

It is imperative that local and national government invest in the voluntary sector to maintain support for those people affected by these changes. This isn't a call to protect the future of voluntary organisations and their employees: it's a call for protection of the country's most vulnerable people.

Question 2: Have you seen a change in staff numbers in the last 12 months?

■ Increase ■ Decrease ■ No Change



We are pleased to report that more organisations are retaining staff compared to last year, where 52% reported a decrease in staff numbers. Taken on their own, these numbers are relatively positive.

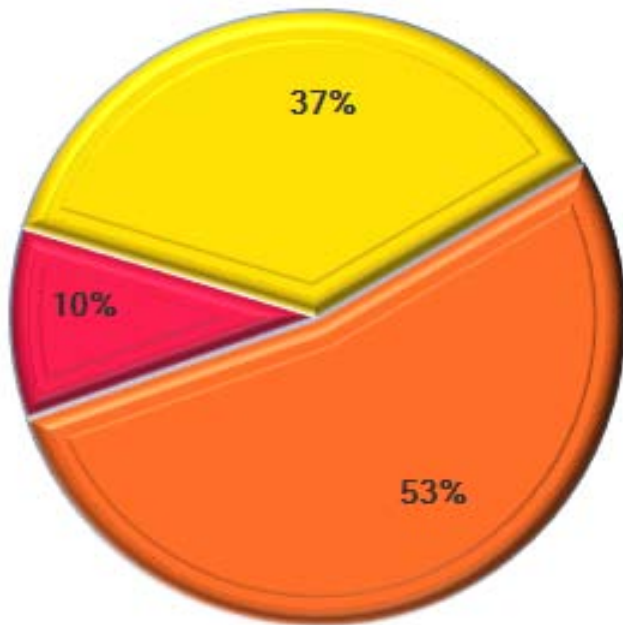
However, over a third of organisations have still had to reduce staff numbers, and an identical number have maintained staff levels despite an increase in demand. This places more strain on staff time and organisational resources, including reserves, which affect the future of organisations.

If organisations are stretching their resources to meet demand, then this can only go on for so long. There will come a point where staff may leave, services get scrapped to preserve an organisation, or service users are turned away.

So, while statistically this is better news than last year, there are strong currents under still waters.

Question 3: Have you seen a change in volunteer numbers in the last 12 months?

■ Increase ■ Decrease ■ No Change



Once again, we are pleased to see so many organisations working with volunteers to deliver their services. Volunteers are the lifeblood of this sector, and the option of volunteering is an essential one in a time of high unemployment, fewer training opportunities and low confidence among job seekers. It provides an opportunity for voluntary organisations to do more, and to give people more skills and confidence to aid their development.

We have also seen fewer organisations decreasing the number of volunteers they work with compared to last year's figures (from 28% to 10%). This could be tied to meeting the increase in demand for services, greater recognition of the value of volunteers or an increased demand for voluntary roles in that organisation's particular field.

All of this comes with a warning though. Last year, NCVS speculated that volunteer numbers could be increasing in order to meet demand for services. This year, we have seen a further increase in organisations working with volunteers (from 36% to 53%) and an increase in demand for services.

It is looking more and more likely that volunteers are helping organisations meet demands for services, potentially due to having fewer staff. Volunteers are invaluable but cannot replicate the work that staff do in terms of workload, responsibilities and permanency.

Question 4: Why do you think this is?

Increase in volunteers here because people are increasingly entering volunteering as a stop gap during periods of unemployment

Due to the drastic cuts made to smaller organisations. The increase in volunteers is due to the pressure of individuals being pushed to find work even though they are not ready due to health issues or not having the right skills/qualifications

A lot of people who are unemployed are being told to volunteer by either the job centre or work programmes

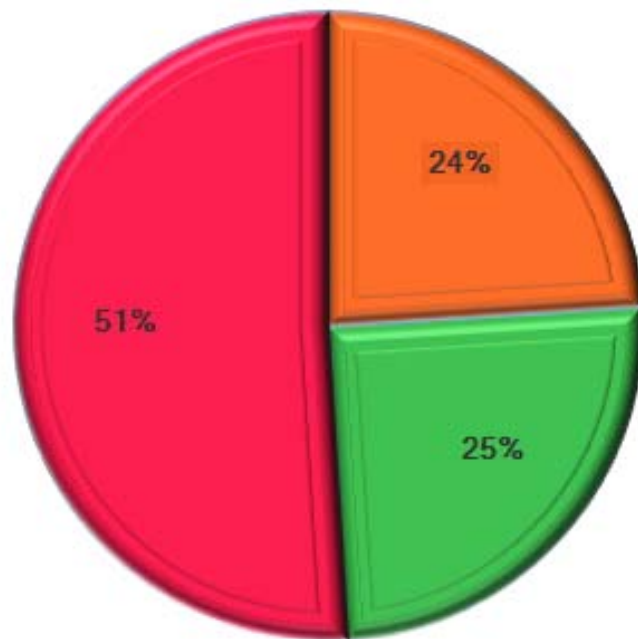
Fewer services due to reduced funding means higher demand on remaining services.

Volunteer numbers are still increasing, and not always for altruistic purposes. While the examples we highlight here aren't the entire picture, they're elements of it. Volunteering can help people's employment prospects, especially young people, but it's being used more and more as a tool for people than a long term commitment.

Stories of people being mandated to volunteer, even if they're not ready, are becoming increasingly common and this is concerning. Volunteering should be a choice for people to get the most out of it, and while instances of mandated volunteering are rare, they're becoming more common and must be addressed.

Question 5: Have you had to change the level of support you can offer volunteers in the last 12 months?

■ Increase ■ Decrease ■ No Change



Organisations are offering more or less identical levels of support to volunteers compared to last year, which could mean that the cuts made to time for managing volunteers simply couldn't be cut any more. There are a small number of groups increasing the support they can offer volunteers (up 4% from last year), which doesn't quite match the increase in volunteer numbers shown in Question 3.

This raises the question of how long this support can be offered to so many volunteers? Organisations could be faced with a choice of recruiting more staff to manage volunteers, which seems unlikely with more spending cuts due; or, reduced volunteer recruitment, which could stifle the capacity of the sector to meet demand, which we believe will increase again with further welfare changes.

There are slightly fewer organisations offering less support to volunteers, but this is still around as many as are increasing their support. It's interesting that there is such an even split, and leads us to wonder what some groups are doing differently? It might be an opportunity to start sharing good practice in volunteer management.

Question 6: Why do you think this is?

We've had more volunteers.

We have more people volunteering who are further from the labour market and wanting to get into employment, means they also need more support in the role to help their progression.

A lot more duties for the volunteers to undertake in their role.

Volunteers tend to go to help with first line services which we don't provide

A simple question yields a simple answer: volunteers have to be supported more if they're helping to deliver services. Volunteers can be a real asset to an organisation if their skills are used properly, but this must be balanced against a role with the right amount of responsibility.

With more people volunteering and demand for services increasing, it makes sense to give a willing volunteer force more responsibility, especially with higher unemployment and more skills available.

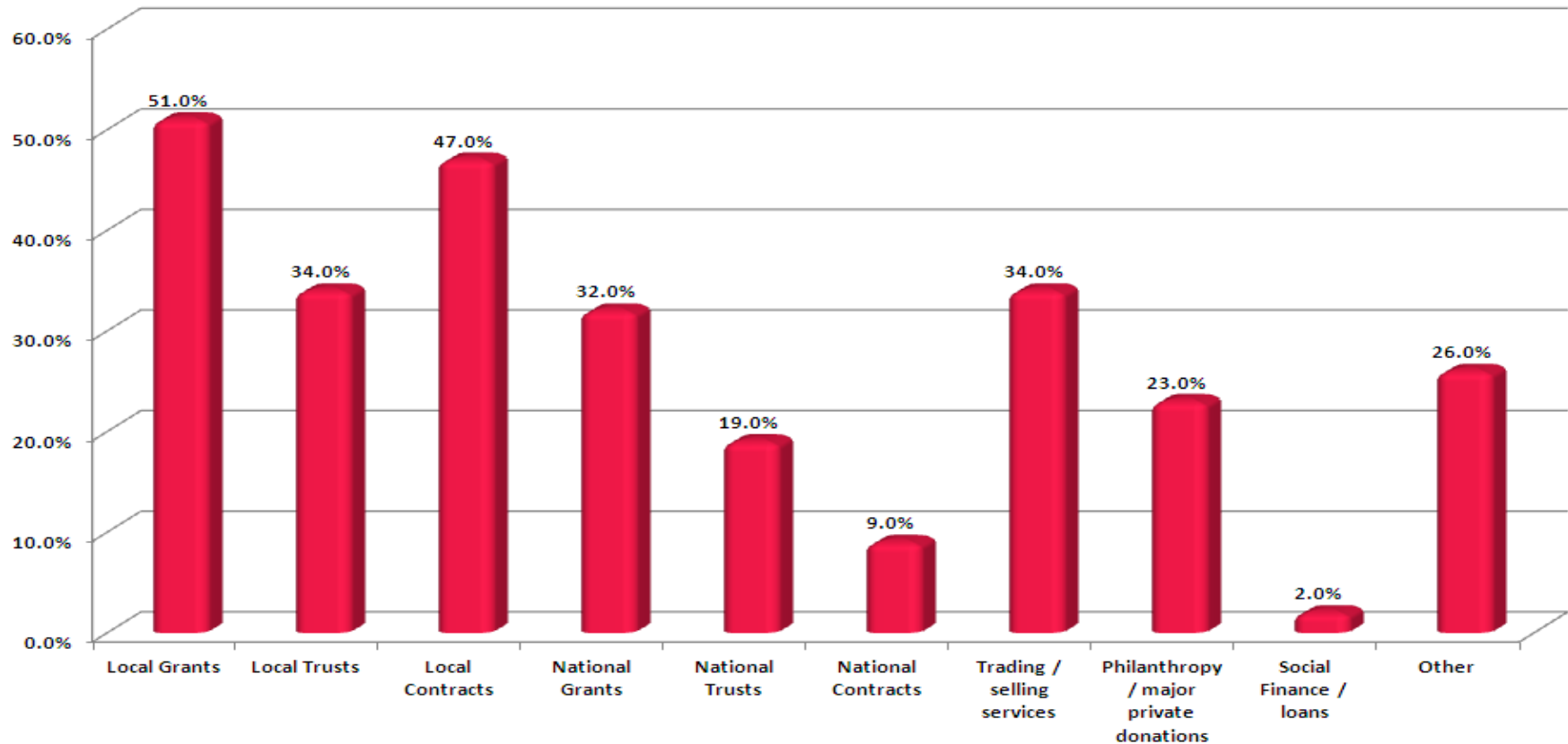
But it's important that volunteers aren't seen as the solution to an increase in demand for services: there still needs to be a level of responsibility that should only be given to paid staff, given certain client groups in the sector whose needs shouldn't be passed on to people giving their time for free.

A large, heavy-duty metal vault door, likely made of steel, is shown. The door is circular with a complex locking mechanism in the center. The mechanism consists of a central hub with several radial bolts or pins extending outwards. A large, curved handle is attached to the right side of the door. The door is surrounded by a thick metal frame with visible rivets or bolts along the edges. The overall appearance is one of strength and security.

Part 2

Funding

**Question 7: What has been the nature of the funding streams you've received in the last year?
(Tick as many as apply)**



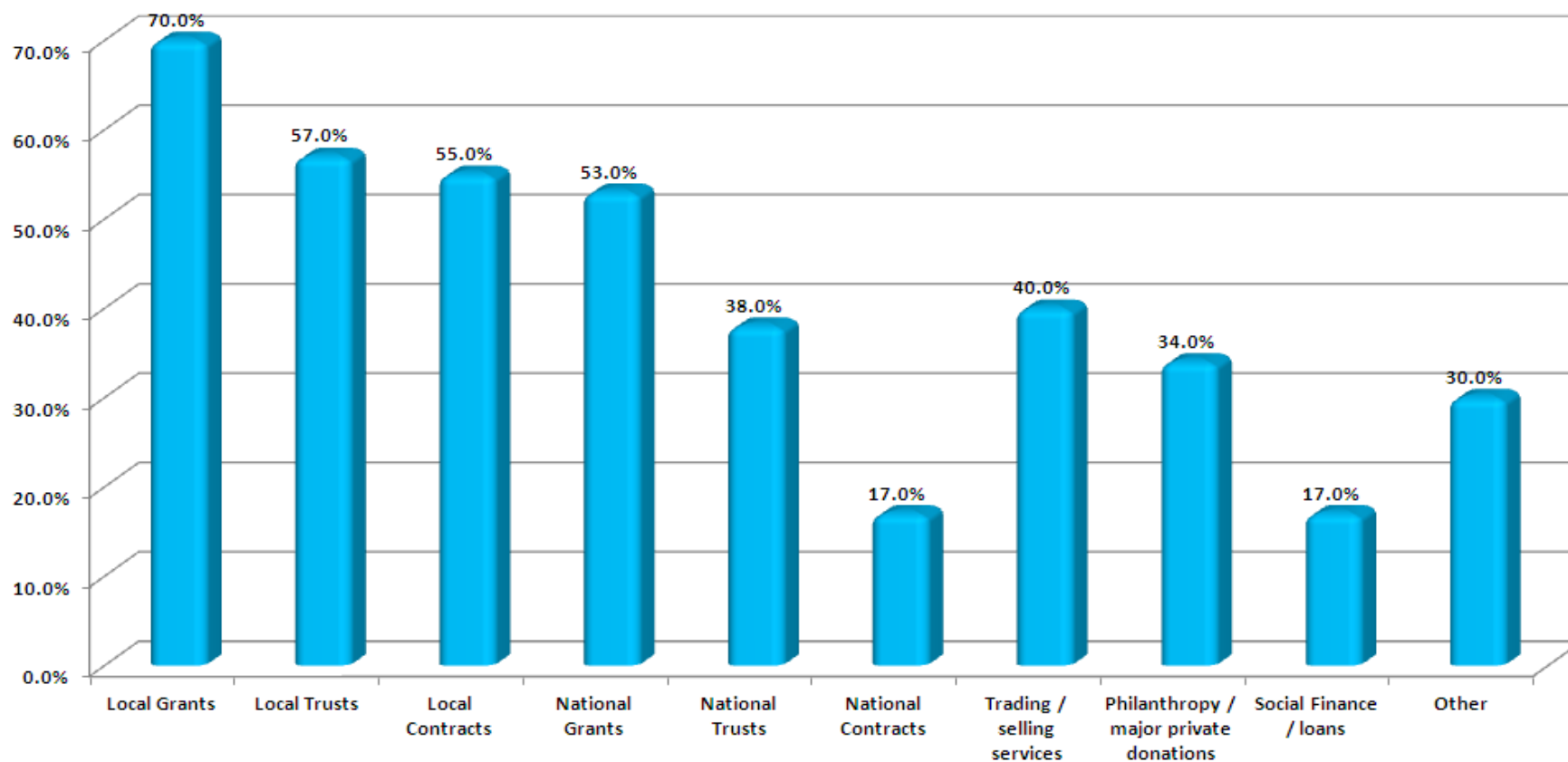
These results are consistent with last year, except for a slight drop across most categories. This could be that organisations have received less funding, or have all “swapped” what type of funding they all apply for.

Despite a shift in the way Nottingham funds the sector, there is still a large reliance on local money compared to national money. It is good to see that the local authority values the work of its local sector, and has broadly awarded contracts as such.

Trading remains a steady source of income, but social finance has barely been picked up by groups despite government focus.

What's concerning is the government's encouragement of philanthropy and partnership working with the private sector to win contracts or fund services. There is a danger that philanthropy could become tapped, and alternatives are unclear. Moreover, whereas statutory funding is citizen focussed, private donations come with private motivations and outcomes. We are unsure of any protections in place for such funding to protect the independence of the sector and its work.

Question 8: What is the nature of the funding streams you could potentially apply for over the next year? (Tick as many as apply)



These results are startling. There is still a huge appetite for grants, despite Nottingham City Council moving with the national trend away from grants. This may end up isolating groups, who have indicated they work across the whole city and not in specific areas. Moreover, if groups are working in consortia to access grants, surely this will mean groups will receive less money, despite increasing demand?

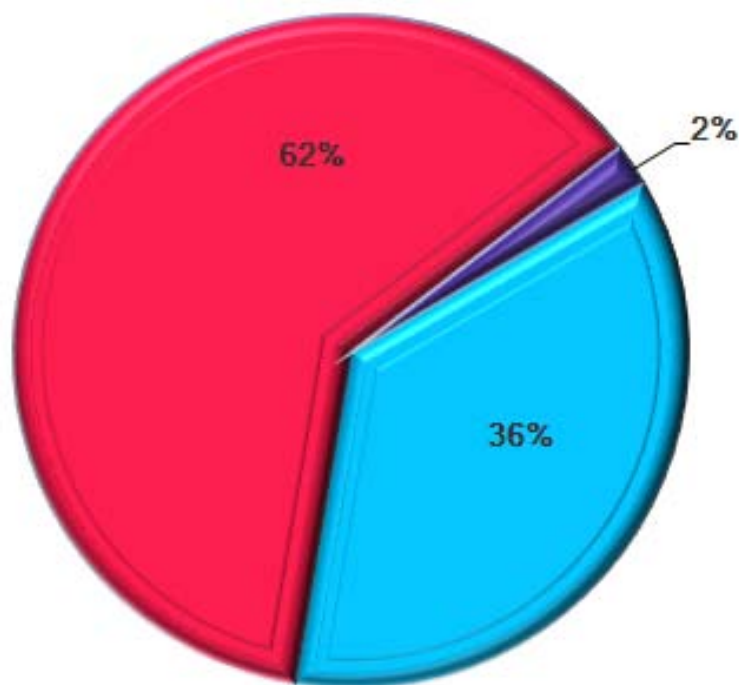
Additionally, more organisations seem to be bidding for contracts at a local and national level. This could also mean groups missing out.

As more groups look to trading, the sector risks competing against private sector competition who can afford to reduce their prices.

This shows a market which is getting more competitive, when the sector's strength is in collaboration. This has been translated into competitive consortia arrangements, which is actually leading to less cooperation as groups become protective of their work. Competition may be healthy, but not at the expense of cooperation.

Question 9: Does the funding you have now cover all of your costs?

■ Yes ■ No ■ Prefer Not To Say



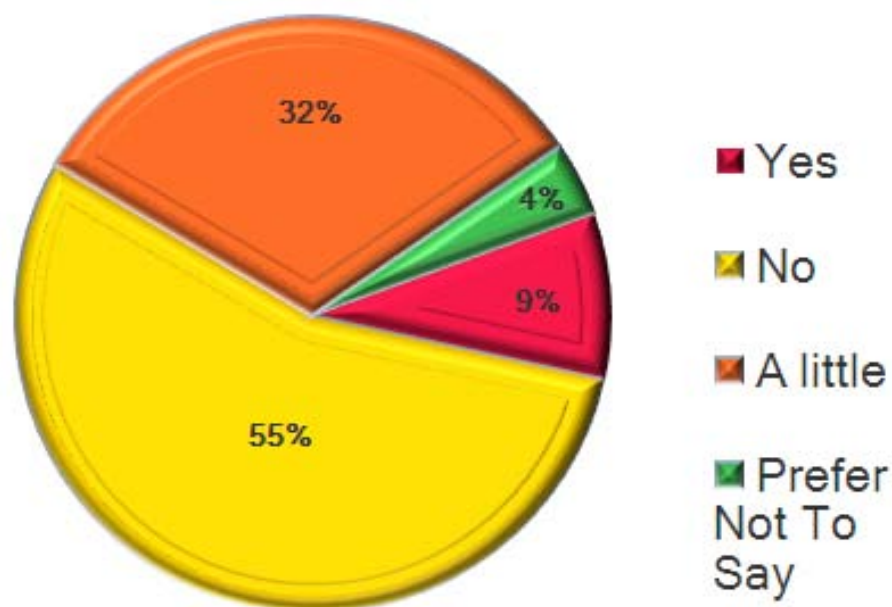
Given how competitive funding is becoming in the sector, and the diversity of income sources listed above, it is alarming that the funding groups have broadly does not cover their costs.

This means that groups are running at a loss, or using reserves to prop up services. This is not a long term strategy, and could lead to groups taking on roles which do not fit their traditional purposes. Worse still, if and when the money runs out, groups could fold.

In the broadest possible terms, this is bad news for those that charities and voluntary organisations help. Don't look at these figures as organisations that could disappear, but as services that can't be sustained.

Funders need to recognise this most urgently – cutting costs is something everyone needs to do, and voluntary organisations are not blind to this, but reducing funding to save costs could damage the city long term. Whether this is reducing management costs or funds for services, it is not sustainable.

Question 10: Do you think those providing funding appreciate the full costs of delivery? E.g. staff, resources, travel, overheads etc.



This figure simply isn't good enough. This is akin to having money for rent, but not for bills and food.

It can't go on like this.

This response indicates a new relationship between funders and voluntary organisations is needed, where cost of delivery is comprehensively understood by funders, and organisations feel comfortable challenging on this issue.

NCVS asked the City Council about building in management and administration costs into the Area Based Grant system at a One Nottingham event in January 2013, and were told that the savings in time from only filling in one lot of monitoring would result in monetary savings.

Responses here, where 87% haven't been able to confidently say that funders understand the costs of delivery, should be a warning to assumptions like those above, especially when held with 62% reporting that their income doesn't cover their costs.

Question 11: How much has your funding changed by in the last 12 months? As a percentage or as a monetary figure. (Both would be very helpful)

**Income reduced by
53% - £108,591.
Expenditure reduced
only by £34,000**

**About the
same, although
different
sources.**

**Only just covered
costs last year. Have
not secured this
year's funding yet**

The answers to this question were pretty clear: groups are still working with significantly less funding than they were a year ago. Some groups have lost over half their funding, with some losing up to 75%.

Groups are also cutting expenditure as income disappears, which could mean staff and / or services. Long term, these are skills and or services which could be permanently leaving the city.

While some groups are looking for different sources of funding to carry their work on, our concern is the sustainability of new funding: is it likely to be pulled like other sources of funding have been?

Finally, some groups are using reserves to prop up their work, but this can't carry on forever. We are concerned that as funding dries up, reserves will become too common a lifeline while services still need to be delivered.

Question 12: How has the type of funding you receive changed in the last 12 months? E.g. have you moved from grants to selling and trading, or from contracts to philanthropy / major private donations?

Moving more towards trading

We've also recruited a new member of staff to bring in donations from corporate organisations and trusts, which is proving successful.

We have also increased the charge to citizens, though we keep charitable status through subsidising those on a low income or not on a personal budget.

Grants to selling and trading

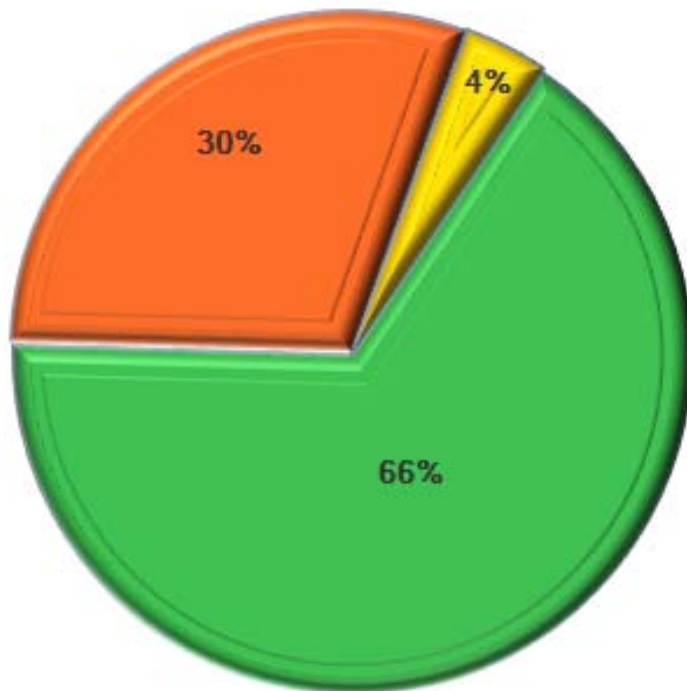
With grants drying up, despite the thirst for them remaining high, groups are trying to find new ways to fund their work. Trading, philanthropy and trusts have become new sources of income, showing that the sector can adapt to new circumstances.

We are pleased to see this, although we are concerned that there is still a thirst for grants as detailed in Question 8. These still need to remain as part of a broad funding spectrum for the sector, despite its adaptability.

Other groups have also changed staff roles to give them more of a fundraising focus. This appears a prudent move; however with demand for services increasing we are curious to know if this is being met with staff time being diverted.

Question 13: Does your charity have reserves?

■ Yes ■ No ■ Prefer not to say

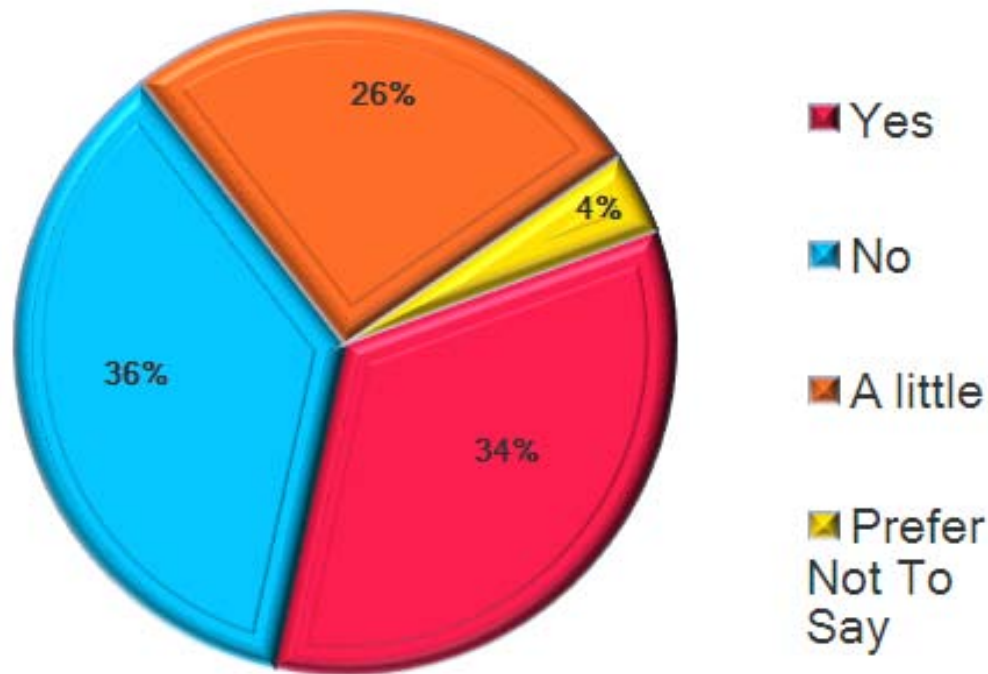


Reserves are essentially savings or rainy day money for charities, and it has been a rainy few years. So to see a slight increase in organisations with reserves than last year is good news. More organisations are complying with Charity Commission rules, but nearly a third not complying is still a cause for concern, especially with the increase in demand for services and costs broadly not being covered by funding.

There is a danger that voluntary organisations are living hand to mouth and from grant to grant, which has its own problems as grants are decreasing. This is dangerous, as it will ultimately be service users who suffer.

When asked a supplementary question about those who had reserves were using them to fund services or not, 68% of those who responded said they were. We wonder how long this can go on for before drastic changes are made to services, before staff have to be cut, and before organisations have to close.

Question 14: Are you worried about losing out on future funding if you campaign against / speak up against a funder or its processes? This can be any funder, e.g. government, funding body, donor etc.



This is a story NCVS has been hearing for some time, but has only just been able to quantify. With such a scarcity of funding available, groups are reluctant to do anything which might harm their chances of obtaining funding or adversely affect their operational status. This includes speaking up against unfair deadlines for tenders, unfair requirements or a lack of realism, either before or during the project.

Over a third of those surveyed indicated discomfort about speaking up, something the sector has been very good at over the years, and over a quarter would have reservations. It is a difficult relationship to balance for local government especially, as it could be seen as organisations biting the hand that feeds them.

But local government and charities have the same common purpose: to make life better for citizens. If voluntary organisations can't feed this back, how can things get better? How can citizens be properly cared for, especially vulnerable citizens that voluntary organisations work with?

Question 15: If Yes, can you explain more?

No point in complaining as others will take the funding

With limited funding available speaking out would possibly go against the organisation and future funding may not be forthcoming

This would be unwise for a small charity in our position

Demand for funding is so high and competition is so tight that I wouldn't like to do anything to scupper my chances of being considered for funding, something which reporting a funder might well do.

This is a concern that NCVS has had for some time. Organisations have been telling us they are concerned about speaking up against funders due to the increased competition and the idea of being perceived as trouble makers.

Whilst we have had assurances, we are still hearing of groups being warned of the consequences of speaking "out of turn."

This is a national concern too. According to the Guardian, charities "feel increasingly unable to challenge policy or speak out...because they feared losing contracts or influence. Many were self-censoring because they feared retribution from funders." (Guardian, 22 January 2013: "Charities afraid to challenge public policy amid retribution fears.")

The answers given here demonstrate that this is reflected locally too. Groups see that the funding environment is brutal, and they feel they may have to compromise on their campaigning voice to win it.

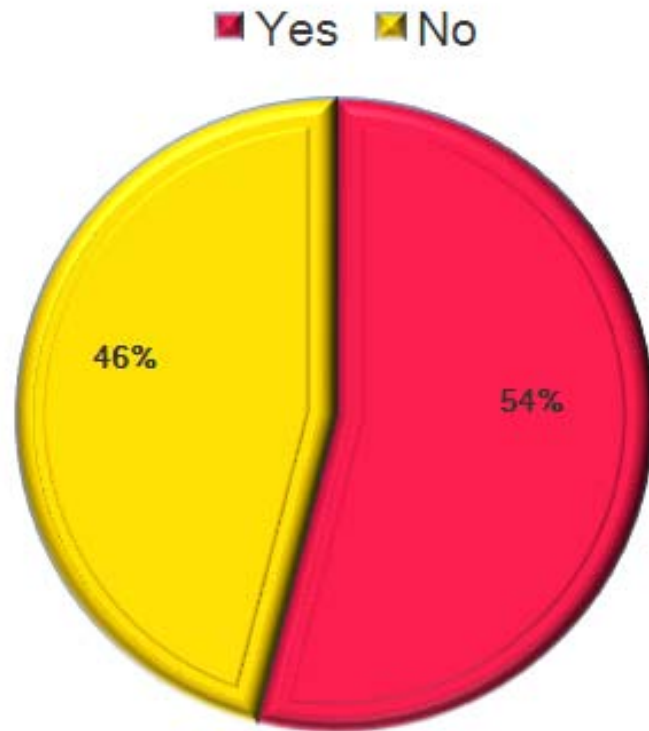
This is unacceptable, and not in keeping with the voluntary sector's responsibility to speak up for those who need it.

A crystal ball held by a hand, with the Earth visible inside. The background is a soft, out-of-focus landscape with rolling hills and a cloudy sky.

Part 3

The Future

Question 16: Is there a possibility of your organisation having to close a service it provides?



While this is a sizeable decrease on the 76% of those who answered 'yes' last year, the possibility of half of services having to close is a serious concern.

When asked which services, there are consistencies with last year. Some services which deal with specific communities or cultures may fall away, leaving only generic support with less focus or understanding. Several respondents replied that they are funding services from reserves, or will do if they have to.

Worryingly, some respondents replied that their advice services had closed, or will close. This could have a huge impact on vulnerable people in the city, especially with further welfare changes coming. If these communities can't get their advice from these specific services, this will increase demand on generic services, who will also find themselves dealing with new client groups in an already demanding environment.

We have moved premises and we don't receive any running costs hence once the reserves have run out, we will not be able to continue to run the service

We have money for general health and wellbeing but nothing for our main client group, which is our key concern

Specific services are often seen as duplicating work: this is simplistic and could damage communities.

Question 17: Why do you think this is?

We are using our reserves to cover the deficit but also completing funding applications for new projects

Funding moving to larger contracts we are not eligible for

We are a very small organisation and do not have further funding to sustain the organisation. We have tried to apply for national funding and have not been successful due to the heavy competition

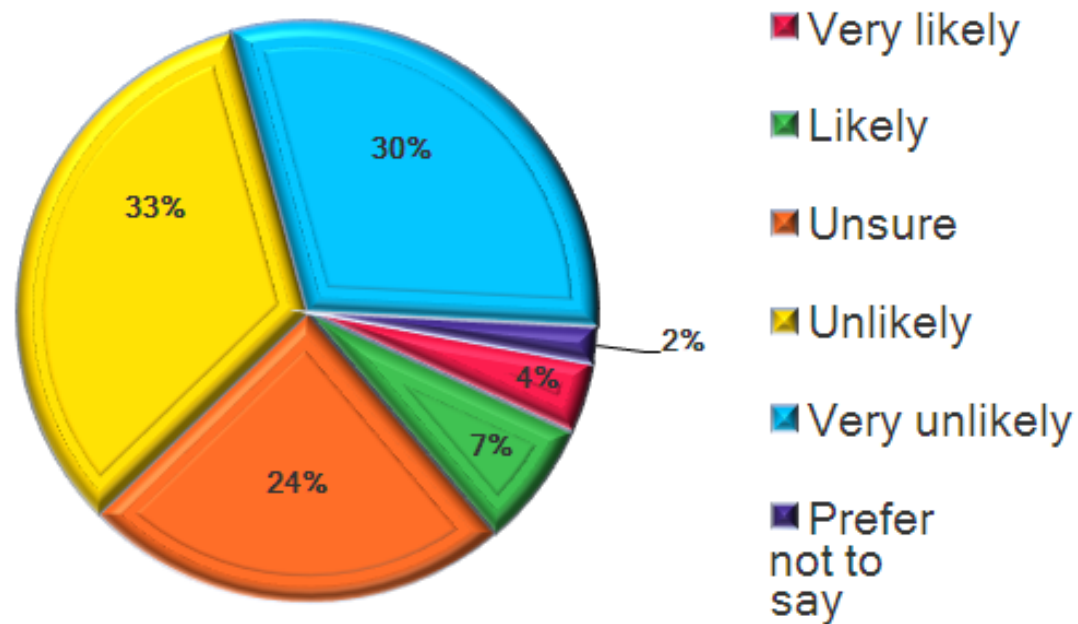
Funders target large numbers and only consider priorities

Responses detailed a lack of funding for specific projects, escalating costs of running services and contracts being too large to bid for.

While large, unwinnable contracts are certainly problematic, a lack of funding options overall is increasingly becoming a problem. Small organisations are unlikely to have bid for large, national contracts before but with less funding available, they have to bid for what's available.

This risks the voluntary sector becoming a generic fire fighting service, unable to help smaller communities of people or causes who need the most help. A lack of preventative work or not addressing minority issues not only risks harming the voluntary sector, but the city and its citizens long term.

Question 18: What is the possibility of your organisation having to close altogether?



Finally, some relatively good news. Broadly, organisations are unlikely to close, however their services might despite the increased need for them.

Compared with last year's statistics, there is a perception of greater security, as fewer organisations are suggesting it is unlikely they will close. However, there is still a large proportion of the sector which is unsure of its future. Insecurity is a poor motivator for employees, and leaves vulnerable service users feeling insecure – especially at the 11% of organisations who feel they may close, as had been warned by NCVS and Wheelbase on East Midlands Today in April 2013.

11% sounds like a small amount, but consider the work voluntary organisations do and it's a lot of people who won't be cared for, represented or helped. Behind every organisation is its clients.

Question 19: If you can't provide your services, who will end up picking up your work? What problems will they face?

No one will pick up our work which falls between social and health. Our clients will just suffer in silence

If we can't provide services, people will face greater poverty and isolation, and may not be able to access similar services elsewhere.

Generic advocacy and information services but they will not meet the needs of our client group. Reduction in service results in people being less able to manage their condition

It has taken years to build up our contacts and trust amongst local people.

As far as we are aware no one else offers this service because other organisations/services sell equipment and therefore cannot be impartial.

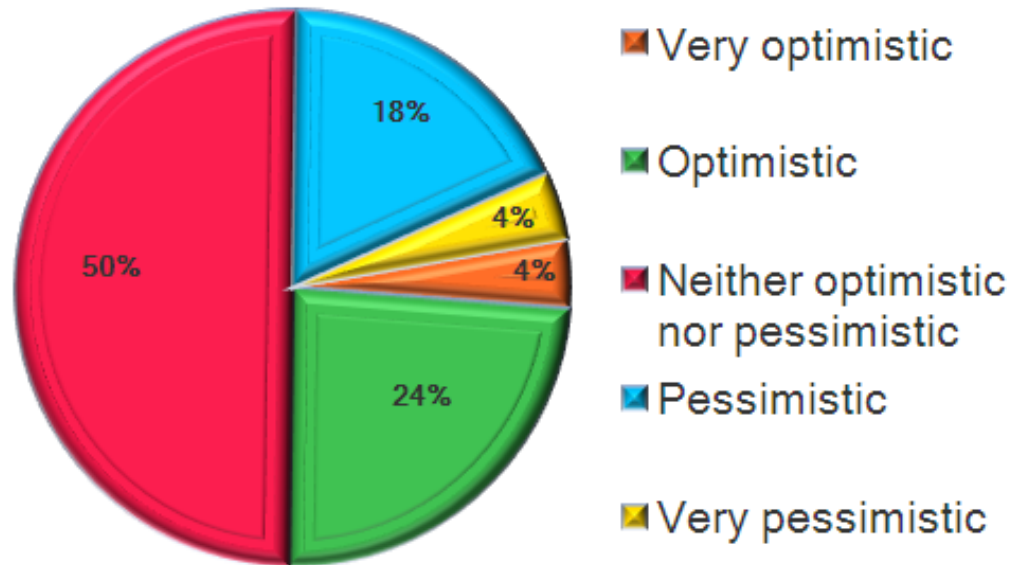
Street homelessness will and is increasing again along with their other problems of offending alcohol drug problems and mental health issues

Half of those who answered this question said no-one. This is a similar response to last year, where 55% answered no-one.

This clearly shows that the sector is a last resort for a lot of people who need help, and pulling such funding away would be colossally damaging to the people of Nottingham. Testimony from the sector shows the impact losing its services could have.

While there is vocal appreciation of the voluntary sector and the work that it does, we are concerned that this is translating into financial support less and less. These services can't run on nothing, or on reserves. If vulnerable people need services, they need providing by those with the skills to help them.

Question 20: How optimistic are you about your organisation's future prospects given local and national political agendas?

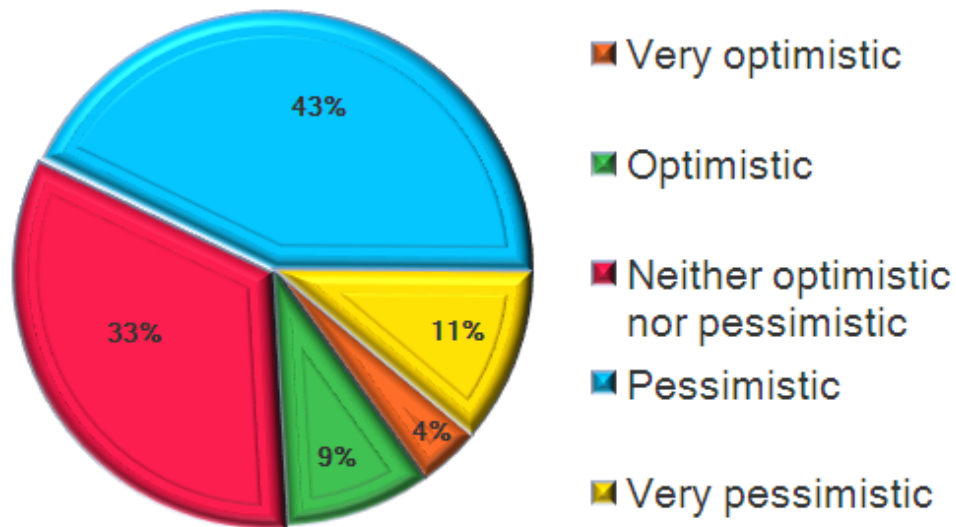


This graph paints a picture of uncertainty. This shows a sector waiting for something to happen, and a sector that doesn't want to jump to conclusions.

The voluntary sector has rightly been praised for its flexibility and its ability to respond to change for the benefit of its service users. This is reflected here – organisations will adapt and change their work to meet the needs of their users. They will have to, with impending changes to welfare, health and social care and legal aid.

Uncertainty breeds insecurity though, and the more insecure a workforce feels, the more likely they are to move on. With reducing funding and increasing demand and numbers of volunteers, there is a possibility that these skills won't be properly replaced. It would be a shame to see uncertainty weaken such an asset to the city.

Question 21: How optimistic are you about your client group's future prospects given local and national political agendas?



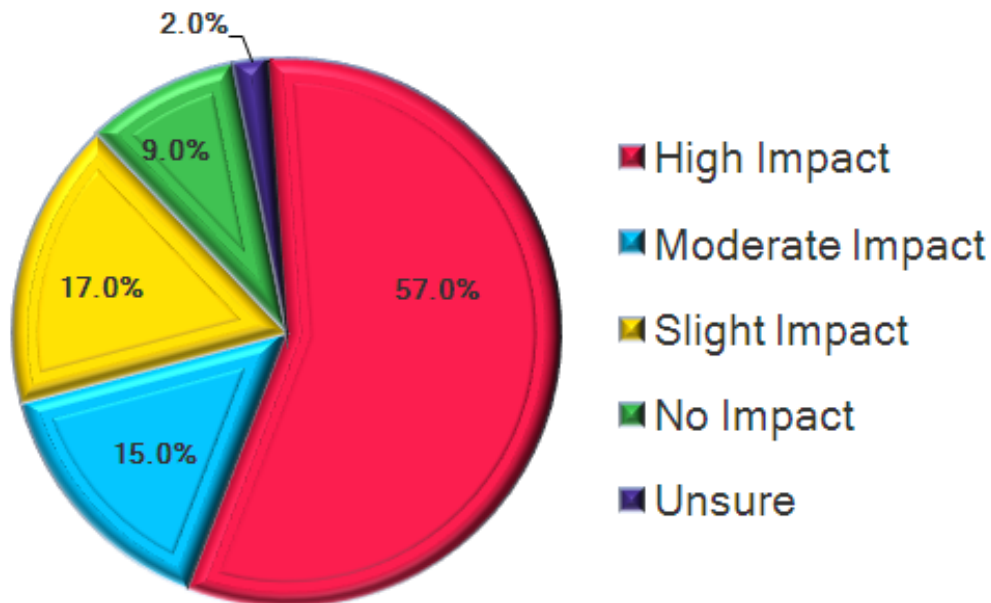
This is a very different picture to the uncertainty displayed by organisations. Over half of organisations are pessimistic where the future of their clients is concerned, which you would expect from a sector which cares about its clients.

This is to be expected with so much going on, and with vulnerable people bearing so much of the brunt of government reforms – which are nowhere near finished. With Personal Independence Payments coming soon, and the consequences of Bedroom Tax nowhere near felt yet, along with drastic changes to other welfare protections and a lack of efficacy of employment programmes for vulnerable people, it's no surprise there is widespread pessimism.

Add these government reforms to what we see in this survey – an increase in demand for services, more competition for funding (and less money) and fewer staff, and there could be serious consequences for vulnerable people in the city.

No wonder there's a lack of optimism. It's scary.

Question 22: What impact do you think recent and coming welfare changes will have on your service users?



The current welfare reforms are the biggest since the establishment of the NHS in 1948, yet whereas the NHS heralded universal healthcare, the current reforms seem to be having an inverse impact.

Only 9% of those surveyed could say that the reforms will have no impact on their service users. Which means an absolute majority of the sector feels that the forthcoming welfare reforms will affect their clients.

This is a loud and clear message to the government that these reforms will affect the country's most vulnerable. 91% of those surveyed saw welfare reforms affecting their clients. Whether this effect is good or bad remains to be seen, evidence from Question 23 seems to imply it will be for the worse.

Welfare Reform is a game changer for the voluntary sector, and support to mitigate any negative consequences of these reforms from government must be forthcoming.

Question 23: If any impact at all, what? And due to which reforms?

Welfare reform - greater poverty and evictions due to inability to manage money and higher drug/alcohol use - higher crime levels and anti-social behaviour

Universal Credit being paid monthly – people struggle to budget now when paid fortnightly

The welfare changes are going to have a high impact on individuals who have a mental health issue. They will end up in debt, health deteriorating and no culturally specific service to support them.

Changes to welfare benefits and lack of job opportunities for young people will also lead to greater pressure on families

Any new system is bound to have teething problems, but the fears around welfare reform could be better described as serious tooth decay.

Claims of making the welfare system fairer fly in the face of testimonies we have from voluntary sector organisations which show how the new systems will penalise the most vulnerable.

Every component of welfare reform was reported as having a negative impact on service users. There are serious questions about people's capacity to manage money under Universal Credit and the effect the Personal Independence Payment will have on disabled people. The worst is yet to come, and we need to come together as a sector to challenge the consequences of welfare reform.

Groups who work with the most vulnerable are needed more than ever, despite specific services being replaced with generic ones. If these voices are drowned out, no one will be left to speak for those who need most support.

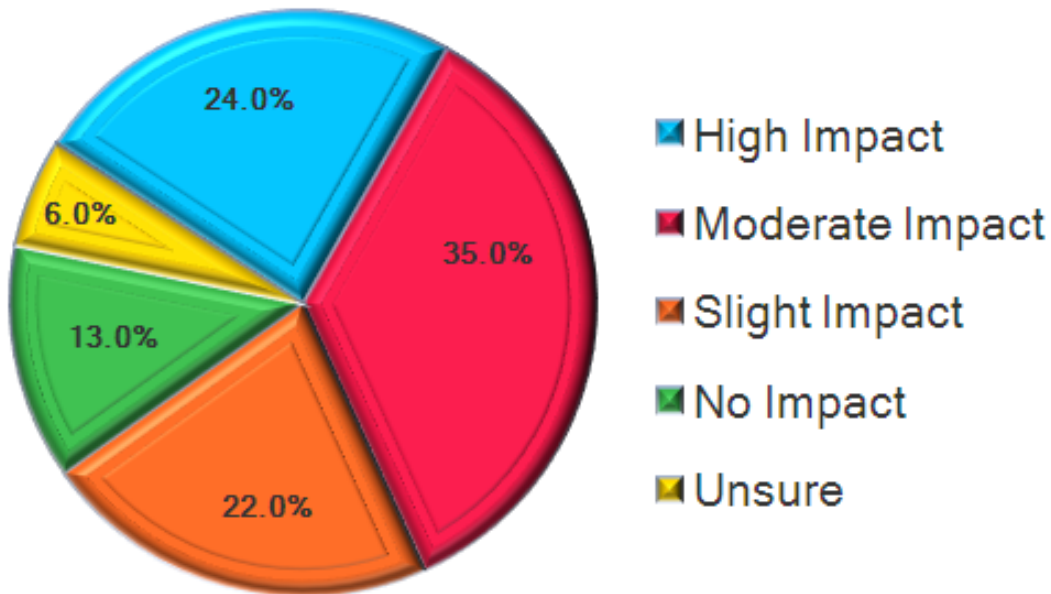
Question 24: What impact do you think recent and coming welfare changes will have on your organisation?

While 81% have reported some impact on their organisations, there is less concern about the severity of impact on the organisation compared to the effect on clients. This is a sector which is more concerned for its clients, who can't react as flexibly as organisations can to adjust their priorities and work according to circumstances.

Organisations will flex and adapt to ensure that their work continues, and that clients' needs will be met, but as the rest of this survey shows, that can only go on for so long before breaking point.

Welfare reform is already affecting the sector as demand is increasing: we expect to see a further increase in demand for services next year, given the sector's projections in this survey.

Only two things could change this – increased funding and capacity to meet demand, or a scaling back of reforms that are likely to hurt vulnerable people and the organisations that work with them. We don't anticipate that either are likely.



Question 25: If any impact at all, what? And due to which reforms?

Increased demand for our services due to increased personal debt and greater levels of homelessness

More demand for services as a result of less income for individual service users

We encourage service users to volunteer to run our organisation. Many are now saying they are too scared to do so because they are on ESA and may be regarded as 'fit for work' if they volunteer.

Different image of what constitutes volunteering (social action giving vs. unpaid work experience)

The key messages here have been that demand is set to increase further, after two years of demand for services already increasing. Welfare reform is pushing ahead, but we haven't yet seen any national investment in the voluntary sector as a result of the reforms to help those who will suddenly need it most.

There is evidence that volunteers may also be affected. The news that sanctions could stop people volunteering is disturbing, and not something we'd accounted for. While we have previously seen volunteers being mandated to volunteer, now we see volunteering going in the opposite direction. We are seriously concerned about volunteering becoming misunderstood and misused.

Finally, it is becoming increasingly apparent that demand is going to increase further, along with competition for funding. This kind of competition is bad for the sector, bad for the city and bad for its citizens.

Question 26: What additional support has your organisation received in the last year?

One Nottingham grant, BBC Children in Need grant, People's Health Lotteries grant

Business mentoring, won a couple of awards which has lead to raised profile, more publicity etc, social network

Heritage Lottery Fund (encouragement to apply), Nottingham City Council (vocal support for future project idea), NCVS (general funding advice)

None, just empty promises.

This is a mixed picture from the sector, with increasing support from the private sector and philanthropic donations on the one hand, and desperation on the other.

It's clear that the sector still needs grants, and the reduction in volume of these will only do damage to the city as groups' sustainability and ability to help others diminishes.

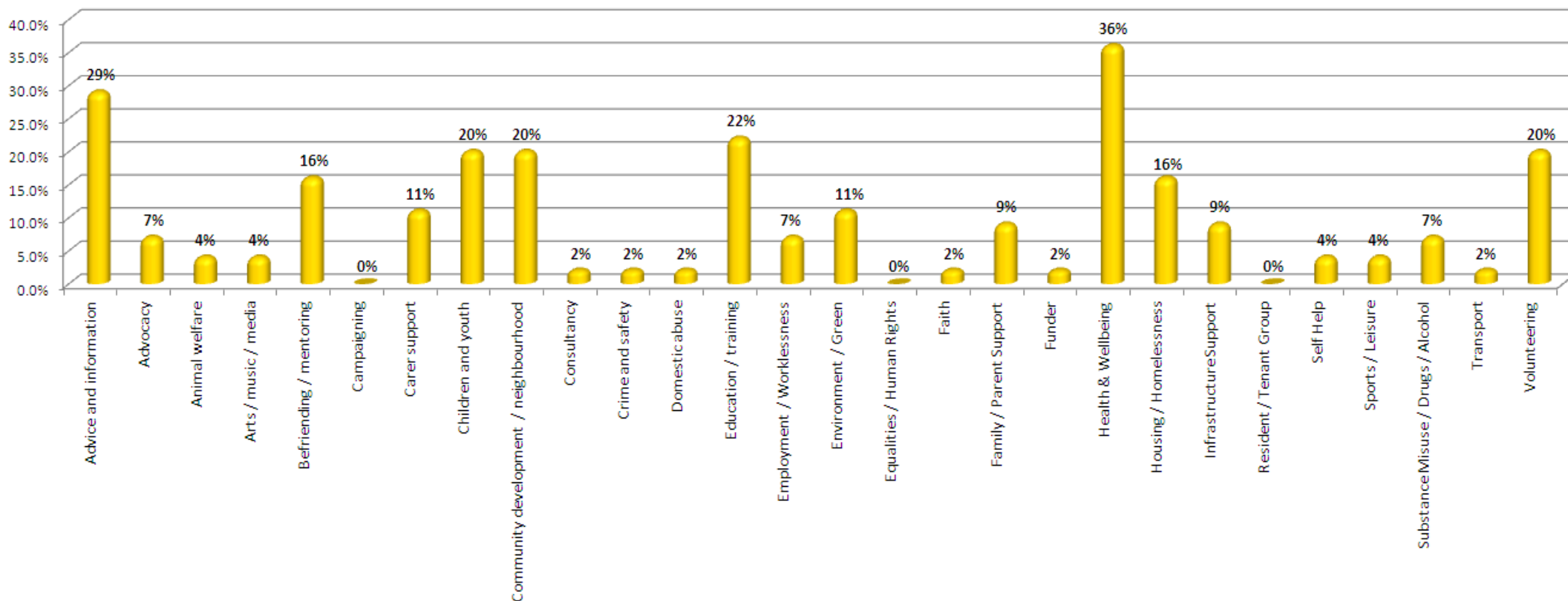
While organisations are diversifying where they apply to, we are concerned that increasing competition is going to mean more miss out, especially where bigger contracts are involved. NCVS will continue to support the sector as we have in the past, and hope that extra support for the sector will be forthcoming.

A person wearing a dark suit, white shirt, and patterned tie is holding a red book. The book's cover has the text 'THIS IS YOUR LIFE' in white, serif, all-caps font. The person's hand is visible at the bottom, holding the book. The background is a solid light blue.

Part 4

About Your Organisation

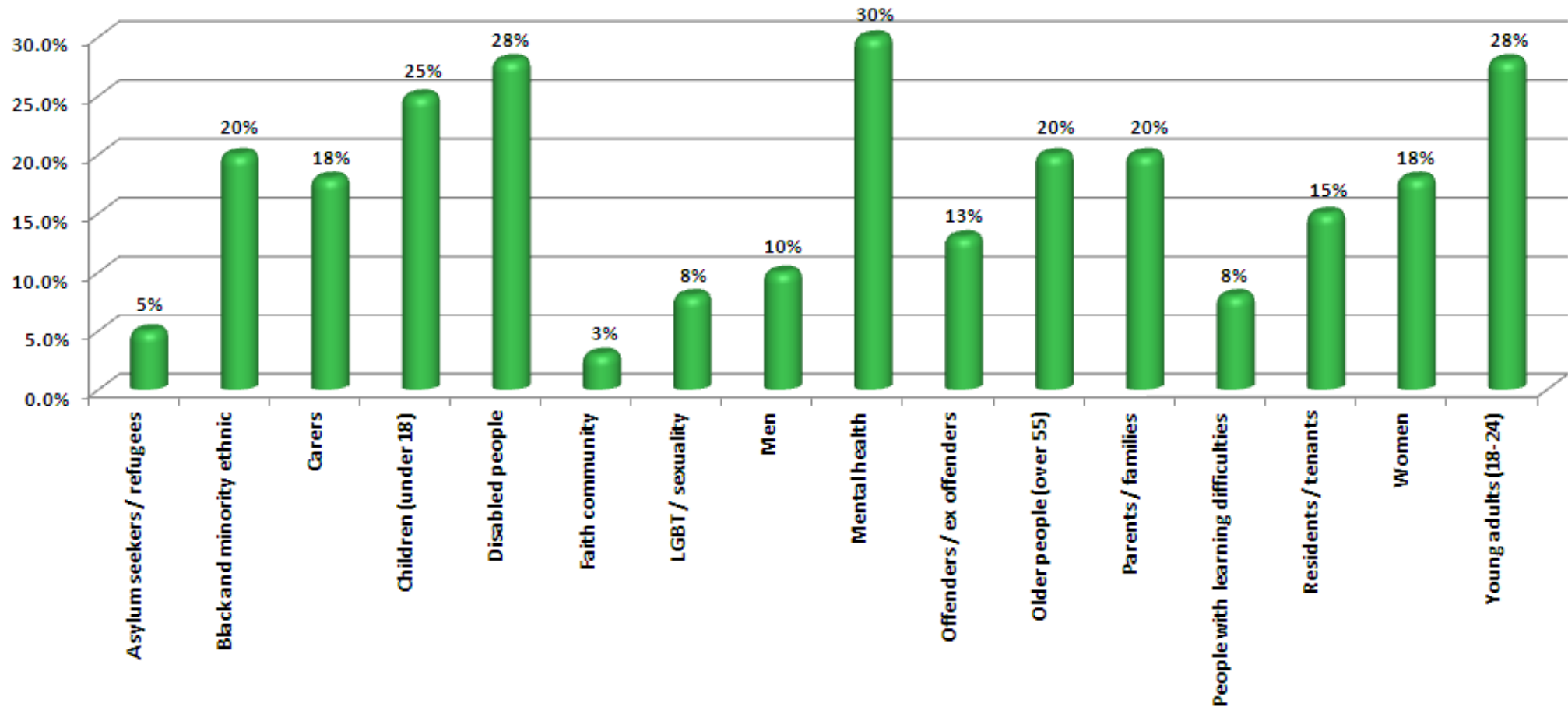
Question 27: Please tell us about the services your organisation provides (please tick a maximum of THREE).



This shows the breadth of services provided by respondents to our survey, and therefore the services likely to be affected by the issues raised throughout this survey.

Perhaps most poignant are the higher numbers of health and wellbeing and advice and information respondents – organisations keen to have their say given the effect forthcoming reforms are likely to have.

Question 28: Who are your organisation's main client groups? (Please tick a maximum of THREE).

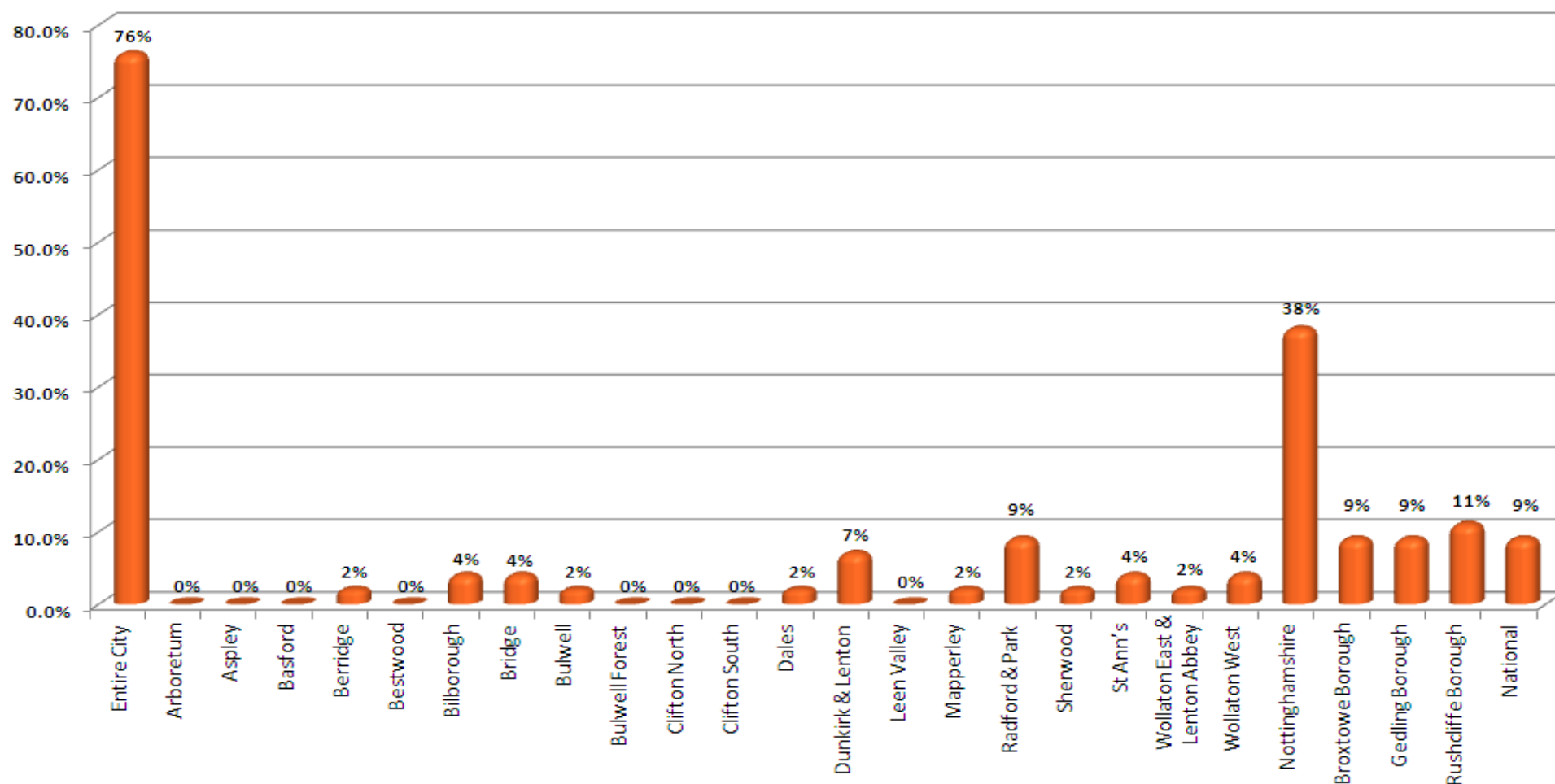


This broad spectrum of service users shows the people likely to be adversely affected by the forthcoming changes, and those likely to be affected by any further policy shifts.

Voluntary organisations traditionally work with the most vulnerable in society – those whose lives have already been

adversely affected necessitating the help of charities – and the above shows the people in the city who could suffer if services close, or if reforms aren't properly considered.

Question 29: Which areas does your organisation work in? (Please tick as many as apply)



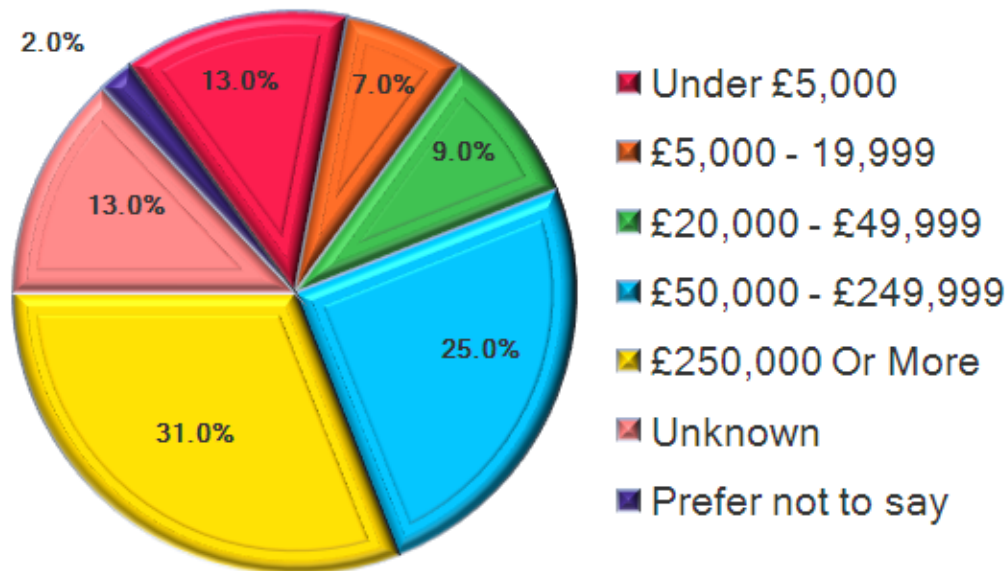
There are three major conclusions to draw from these results. Firstly, as contracts get bigger, smaller organisations are less able to bid for them, or unable to rely on a slice of money from a consortium, and as a result either close or take on more work than they can handle.

Secondly, as a result, services are being provided city wide in order to fill the gap left by the smaller services that close, losing local intelligence and relationships.

Thirdly, the City Council's Area Based Grants programme doesn't broadly fit with the services being provided across the city. 76% of organisations don't just work in one area, yet Area Based Grants bring local groups together to address local issues and needs. This is only a component of what the sector is doing, though.

While Area Based Grants have a place in the funding picture, this graph shows that they are needed alongside other funding arrangements.

Question 30: What is your organisation's annual income?



We are pleased to see that this is a better spectrum of groups than last year, but changes across all income amounts is concerning.

It could be that new groups are answering from last year, or that organisations are losing income. We are inclined to believe it is the latter, and are concerned that with demand increasing that funding could reduce further.

Conclusion: The Reality Cheque

Last year, we resisted calling our findings the ‘Perfect Storm’ like some of our national colleagues because we felt the worst was yet to come for the voluntary sector.

Once again, we couldn’t rightfully present these as a worst case scenario because of the sector’s projections for the future.

In a year in which we have seen the same staff, or fewer, continue to deliver services that are in higher demand than ever with less funding, we could have easily hit the panic button. But the people in the know - the sector who answered our survey - said that the worst is yet to come with the spectre of Welfare Reform looming large for Nottingham’s vulnerable people.

Add this to a competitive funding pool, which only promises bigger fish fighting for smaller feed in shallower waters, and actually, the worst really is yet to come.

This is the **reality cheque**. Things are bad, but they could get worse. If we let it bounce, then it really will be as bad as this survey projects: services closing, no-one picking up those who need help, welfare reform hurting those the welfare system exists to protect and groups having no relationship with funders.

If it cashes though, and we work together, we can make a difference to the vulnerable people of Nottingham and the charitable groups who protect them.

NCVS has always taken the position that our State of the Sector surveys are not tools to bash local and national government

with, but a starting point for cooperative working. As an organisation, we can honestly and openly survey a cross-section of the sector and use it to help make the city better together.

That’s not to say we won’t be honest, sometimes brutally, about what’s going on. However, given the reluctance of groups to speak up to funders on occasion, it’s our role to put ourselves in the firing line. That role is more important than ever given these results.

This survey paints a picture of a sector working less with their core client groups in order to provide generic services, as funding to help smaller communities has receded. Also in the picture are groups vying for local funding to provide cross-city projects, with sector projections showing that it’s going to become even more competitive.

Our picture also paints a difficult relationship with funders - despite doing “more with less,” something our Chief Executive warned about, it’s not sustainable. Funding isn’t covering costs, reserves – a traditional last line of defence – are being used to sustain groups and services, and while groups believe funders don’t understand the full costs of delivery, they’re reluctant to challenge for fear of a quieter competitor stealing in.

This is fuelling broad pessimism for clients alongside welfare reform, which is likely to increase demand for services even further. But if the funding simply isn’t there, services could close, and some of the city’s most vulnerable will have nowhere to turn - some with specific needs not met anywhere else.

Making recommendations is made complicated by even more Local Authority budget cuts from the government, hitting big cities like Nottingham hard while some areas in the country are barely touched. It's an unfair environment - and even less fair if you happen to need help from charities.

With this in mind, NCVS recommends:

1. That while Area Based Grants have a place in a broader funding landscape, our results indicate that citywide services need to have an important place in that landscape too. Area Based Working has a place in resolving some local issues, but also risks fragmenting citywide work the sector does to deliver to its entire client group.
2. That funding must be spread across the sector to mitigate the impact of Welfare Reform, as our report shows that its impact is likely to send shockwaves across the sector, and not just impact advice services. The sector works with those most closely affected by Welfare Reform on a regular basis and are best placed to mitigate its impact, and communicate what's needed most.
3. That the sector and the City Council work even more closely together to campaign to change Welfare Reform, which is clearly a danger to Nottingham's vulnerable people. Welfare Reform is clearly here to stay, but its reforms are hurting people the government clearly cannot have intended to hurt. This needs to be demonstrated as clearly as possible at the highest possible levels.
4. There needs to be a new relationship with funders – and quickly. There needs to be clear and firm messages that the sector can approach funders with questions and concerns without jeopardising their futures; reporting mechanisms established in the event that groups' funding is held over them or out of their reach; and action to be taken as a result of reporting such concerns. Not being

able to cover costs, and then not being able to report this, is risking the closure of services.

The sector is a great place to turn for a lot of vulnerable people, but it simply won't be able to help them if groups or services don't exist due to closure. Like everyone else in the country, the sector is under pressure which is only going to increase. Unlike most though, the sector is likely to be pulled from all sides by lack of funding, demand increasing even further, government reforms, greater competition labelled as consortia and a lack of understanding of sector priorities.

A final word of warning. The sector has always been seen as flexible to the city's needs, but we would suggest a better word to describe it is "stretchy."

The sector has stretched to help more people, made money go further, strained to meet demand and asked evermore from its staff and volunteers.

The thing is - if you stretch more than you should, you can stretch something out of shape that isn't fit to help anyone. And if you stretch it too far, it snaps.

The force of that snap would be felt by many people for a long time.

The **Reality Cheque** is in the mail. Don't be tempted to return it to sender.



Ferg Slade

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