



Brief Report on the Impact of Proposed Funding Cuts to Children's Services in Fife for 2019/20

07 December 2018

Fife Voluntary Action

This report has been produced by Fife Voluntary Action (FVA), the third sector interface for the Fife Council area. FVA is a Community Planning partner and member of the Children in Fife Partnership.

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Introduction

Fife's third sector provides a wide range of high quality, professional services to children and families across Fife from early intervention and prevention work, through to intensive services.

A significant proportion of this activity is made possible by financial investments from Fife Council's Education and Children's Services directorate, in the form of Service Level Agreements (SLAs). In 2018/19 the total investment was approximately £3.9m across 35 organisations. Third sector organisations are very good at securing additional funding and resources from a wide range of sources often outwith Fife – leveraging added value and ensuring significantly more output and better outcomes than the Council's investment alone could deliver. For many organisations, this includes leveraging in more than 100% of what they receive from the Council.

Due to significant financial pressures Fife Council is having to carefully review all areas of expenditure and seek efficiencies and reductions where feasible. As part of that, the provision of Children's Services is being reviewed, both internally and externally.

Senior Council officers have indicated that the proposed cuts for April 2019 for third sector providers will be 10% and some elected members have suggested it could be a bit more than that after budget discussions have taken place. The third sector's role and contribution is valued by the Council and they remain committed to providing as much financial investment as they can.

Fife Voluntary Action (FVA) and representatives from Fife's Voluntary Sector Children's Services Forum (VSCSF) asked for early and significant dialogue in 2018 to consider the impact of any proposed cuts, with a view to working together to determine how best we can continue to deliver high quality services whilst under financial pressure and increased demand. It is acknowledged that financial pressure, increased demand and often increased complexity are not unique to the third sector but are challenges our public sector partners also face.

Third sector providers remain keen to work closely with our public sector partners to look at how best we can combine our resources and expertise to deliver the stated outcomes in the Plan4Fife and the Fife Children's Services Plan.

On 20 November 2018 FVA was asked to collate information from those organisations with a SLA to inform those discussions. This report presents the findings of that brief piece of work.

Funded Organisations

There are 35 organisations in receipt of funding through Education and Children's Services. These 'Funded Organisations' are listed below.

Aberlour Childcare Trust	Fife Gingerbread
Apex	Fife Women's Aid
Barnardo's	Fife Young Carers
Birthlink	Home Start Cowdenbeath/Lochgelly
CHAS (Children's Hospice Association Scotland)	Home Start Dunfermline
Childline Scotland	Home Start East Fife
Children's Parliament	Home Start Glenrothes
Clued-Up Project	Home Start Kirkcaldy
Cottage Family Centre	Home Start Levenmouth
Crossroads	Relate Fife
CSNIPS (under 3's play friends)	RNIB
DAPL	SAMH
Early Years Scotland	SCMA
Enable Scotland	Scottish Child Law Centre
Families First St Andrews	Seal Association
Families Outside	Snowdrop Creche
Family Mediation	Who Cares Scotland?
Fife Employment Access Trust	

It should be noted that some organisations have more than 1 SLA/funded activity.

The total amount of funding is around £3.9m for 2018/19, with 4 organisations in receipt of less than £10k. Barnardo's receives the most funding, with 4 separate funded projects totalling more than £700k, or around 20% of the funding.

Further detail is available in the Education and Children's Services Committee papers of 27 March 2018, pp133-150.

(<https://fifedirect.org.uk/news/index.cfm?fuseaction=committee.event&evntid=7DEB0A55-9688-F132-FC65573856585275>)

Methodology

FVA contacted the Funded Organisations on a number of occasions during 2018, initially in response to the proposed cuts that were going to apply from April 2018. A fairly comprehensive survey was produced early in 2018 and all Funded Organisations were asked to take part.

Survey responses were collated – anonymously – and circulated amongst the VSCSF to aid discussions around funding. Many of the responses expressed significant concern and talked of the pressure services were under. This led to the approach to Fife Council to seek a better way going forward.

Discussions with senior Council officers and elected members led to the request, on 20 November, for an assessment of the impact of the currently proposed minimum 10% cut from April 2019.

The methodology was impacted by the tight timescale. The request being made on 20 November with a view to having a report available for 07 December with no additional resources, meant much of the work had to be done by e-mail correspondence with the 35 third sector service providers. Some telephone calls and face-to-face discussions also took place.

Funded Organisations were asked to provide as much detail as they reasonably could under two separate questions:

1. What impact would a 10% cut have on your organisation/service?
2. What efficiencies or savings could be identified without impacting on service delivery?

FVA contacted the Funded Organisations several times, including by phone, in order to maximise the response rate. By 05 December, 23 organisations had responded, 12 had yet to do so (of whom 3 receive less than £10k per annum). This gives a response rate of 66% - which is considered a good response, particularly given the tight timescales involved.

The Funded Organisations that responded receive approximately 85% of the total funds made available in 2018/19. 4 organisations receive less than £10k per annum, 1 of whom responded (25%).

The information provided by Funded Organisations has been collated and anonymised, and is summarised in the subsequent sections of this report.

Impact of 10% Cuts

Organisations were not asked to comment on different aspects, merely to describe the impact. Some provided a lot of detail, others a short statement. This section provides a collated summary of the information received.

The vast majority of the respondents (21 of 23) said it would have a significant impact on service provision.

Headline figures include (of the 23 organisations) the following numbers of organisations citing specific impact in the following areas:

Fewer families/children will be supported	15 organisations
Staff will be made redundant	11
Service will be significantly reduced	10
Service will have to cease completely	8
Staff hours will have to be cut	8
Ability to attract match funding will be reduced	6
Volunteers will be lost	4

Important note: the categories above were identified by respondents, they were not prompted to comment on those aspects. Therefore, this data does not and can not imply that those organisations that didn’t explicitly mention these issues do not see them as an issue and will be unaffected.

In our opinion, many more would have commented on some of these aspects had they been prompted to discuss that aspect. For example, volunteering: only 4 organisations highlighted this as an area that would be significantly impacted, but FVA’s experience of most third sector organisations is that a 10% cut will likely impact on the ability of most organisations to recruit, support and retain the same level of volunteers. Substituting paid staff with volunteers is not acceptable in any sector and is not a solution to funding pressures.

One of the challenges of completing such a data collection exercise in a short space of time is the quality of the data and the ability for people to respond fully in the available time. Some organisations provided numbers of families affected, but not all. So, again, these numbers are provided with a significant caveat that this represents the detailed numbers provided by **10 of the 23 respondent organisations:**

844 children or families would no longer be able to receive a service.

Many of these are referrals from Social Workers or GPs and other health professionals.

The proposed cuts do not take into account inflation and other rising costs. Some third sector organisations will have to increase pension contributions in April 2019, to 8% (considerably less than the 24.5% for local authority pension scheme contributions). Council budgets will accommodate cost of living increases and other inflationary costs, so the proposed cuts of at least 10% will be more like actual cuts of at least 12-13% for third sector organisations.

Only 2 third sector organisations of the 23 said, or implied that, the proposed cut would not have an impact on service delivery.

Some quotations from the responses received include:

"reduction in hours could force the current position-holder out in search of alternative employment"

"SLAs and targets would all have to be renegotiated"

"a reduction in funds from one source impacts other funding"

"Cuts will freeze efforts to expand service to accommodate further families"

"We're already running at a deficit"

"our service is free at the point of delivery and we may be forced to reconsider this"

"Relationships and ability to work well together with [statutory agencies making referrals] will diminish"

"Support for volunteers will also be compromised, affecting volunteer retention"

"reduction in numbers of families supported will lead to more families referred to overstretched Social Work at greater cost"

"Staff are already undertaking additional duties outwith paid working hours to sustain service"

"The loss of a staff member would reduce service drastically"

"Margins are tight such that only reduction in staffing will absorb the proposed funding reduction"

"[We have] also received cuts for other core services over the past few years"

"All this combined will have a devastating effect"

"Reduced capacity for awareness raising, networking, multi-agency forums, meetings, and group work"

"This will leave vulnerable families who do not access other services unsupported"

"We currently run on a deficit budget"

"[staff have already] faced a full staff consultation due to funding being continually frozen/reduced, increasing salary costs and planned reductions [from other funding sources]"

"Not filling vacant posts would obviously have an impact of the number of outputs – discussions would need to take place with Fife Council on the impact of this and the priority of the services provided"

Efficiency Savings

Only 2 of the 23 Funded Organisations that responded said that the proposed cut would not have an impact on service delivery.

All Funded Organisations were asked about any scope to make efficiency savings that would not impact on service delivery.

We received the following headline responses:

No scope at all without impacting directly on service delivery	14 organisations
Already running at a year-on-year deficit	3
Potential for shared premises or sharing some functions (e.g. volunteer co-ordination, IT)	2
Currently looking in detail at potential for efficiencies, but nothing identified as yet	2
The proposed cuts won’t have an impact on service delivery	2
A 2.5% cut could be sustained	1
A 1% cut could be sustained	1

Some quotations from the responses received include:

“Potential solutions include greater resource sharing across 3rd sector, examining what public need really is, service redesign, acknowledging that competition for funding is counterproductive, commitment from Local authority to support third sector”

“Overheads already streamlined”

“It would be beneficial to us to share a property with another organisation and split costs.”

“We are currently restructuring the organisation”

“No further cuts can be made other than reduce staffing hours which has direct impact on service delivery and would mean a reduction in families supported.”

“Staff are employed from the area they work in so that mileage costs are minimal.”

“we already run the service on a deficit budget so cuts of this level would be significant and no efficiency savings available.”

“open to sharing rent/building costs with other third sector providers to make savings”

“Further savings could be made through shared support staff/services”

“We cannot think of any further savings/efficiencies we could possibly make. These have already been made during this current and previous financial years.”

Conclusions

The position set out in this report comes directly from Funded Organisations in receipt of more than £3.3m of the £3.9m and representing most of the funded activity taking place in the third sector to support children and families in Fife. From our assessment of the discussions and responses in relation to the two questions posed, we would draw the following conclusions:

- a) **Cuts of at least 10% will have a major impact** – loss of jobs, loss of volunteers, loss of match income, reduced services, service closure, increased waiting lists, people being turned away and referred to statutory services, poorer outcomes for people and so on;
- b) **100's of families and 1000's of people will be not be able to access services** - many of whom will not qualify for statutory services until their situation deteriorates to crisis stage;
- c) **Services will be stopped, most will be reduced and some will be less effective and/or harder to access** (e.g. contact time, ability to cover travel expenses) – less contact time, fewer support hours, fewer visits and so on – impacting on partnership objectives and outcomes;
- d) **There's very limited scope for efficiency savings** – providers tell us and in many cases detailed how they have already squeezed as much as they can through necessity, reductions or freezes in income over years in the face of increasing costs. Some providers did identify some modest opportunities for some efficiencies;
- e) **These cuts will eat into organisational reserves, making services and organisations vulnerable to closure.** Some are already running services on a deficit budget, incurring losses year-on-year;
- f) **Impact on match funding** – a cut of £400k from Fife Council could result in a reduction of up to £1m worth of service delivery (match funding, volunteer value, donations, sponsorship etc.);
- g) **These would be artificial or at best short-term only savings.** Cuts to services will result in increased costs elsewhere and create other problems for the Partnership, not to mention more of our citizens experiencing poorer outcomes;
- h) **Fundraising efforts will be curtailed or more time will need to be diverted from service delivery to ensure survival** – reducing sustainability and putting organisations at greater risk, so even those who can survive beyond April 2019 will be weakened;
- i) **Service development, staff development, scaling up and other improvement actions will almost certainly cease** and over time quality of provision will be increasingly difficult to sustain;
- j) **Finding efficiencies can impact on service provision** – staff and volunteers moving to centralised premises resulting in increased travel time (time spent not supporting families) and most towns and villages in Fife not having easy access to services, introducing additional barriers for many;
- k) **Fewer referrals from statutory services** – the sector's ability to take referrals from schools, social work and other statutory partners will be significantly reduced – putting a strain on many services and potentially putting families in limbo, exacerbating problems and requiring more intensive and expensive support when they do get seen;
- l) **Compound impact of cuts is significant and must be considered** - other services and projects have received cuts already, and more will come making the compound impact of cuts very real. Repeated salami slicing is making services and organisations fundamentally unsustainable.
- m) **Issues of disparity of how staff are treated between sectors** – only half of third sector providers have made cost of living salary increases in the past 2 years and pensions are at a minimum for many;
- n) **Current service provision has developed organically over decades** – within the public sector and the third sector. There's a need to review the challenges we face and how best to deliver those services with the financial resources we have available to us – not to start with funding for existing services and see how best we can retrofit that to the outcomes.

Recommendations

Fife Voluntary Action recommends that:

1. **Fife Council does not proceed with a proposed cut of at least 10% from April 2019**, considering the detrimental impact this will have on hundreds of families across Fife, particularly many of our most vulnerable families. It will directly and immediately impact on job security, job sustainability, vacancy rates, essential financial reserves, and waiting lists and lead to the reduction and in some cases the closure of services;
2. **Fife Council should not consider protecting intensive services only** – the early intervention and prevention work undertaken by professional and trusted third sector providers contributes significantly to improving quality of life and reducing the likelihood of more significant, expensive and intrusive services from (mostly statutory) providers being necessary. Saving money in this way now would be a short-term, knee-jerk reaction that will result in greater costs and poorer outcomes in the short, medium and long-terms;
3. **Fife Council should consider the entirety of the resources available, not just third sector funding, and look to ensure maximum efficiency and use of internal resources** before proposing cuts to the third sector, particularly in areas around administration and SLA oversight;
4. **Fife Council senior officers should continue to engage in a dialogue with third sector partners** with a view to finding more sustainable and outcomes-focussed ways of funding services to children and families across Fife. This is a medium-term action that won't deliver results in time for April 2019, but where the potential benefits – for those who manage budgets, but more importantly, for children and families – are significant. This should also consider other ways in which partners could work together, such as a consortium of providers, asset sharing and other in-kind support that would help make third sector services more sustainable whilst helping to meet budget and outcome challenges;
5. **Third sector providers continue to engage with FVA and the VSCSF** to consider better ways of working together, identifying potential efficiencies and engaging fully in helping to deliver the best services possible for our clients.

Appendix 1 – List of Respondents

The following list shows the Funded Organisations that responded to our requests for information:

Aberlour Childcare Trust	Fife Women's Aid
Barnardo's	Fife Young Carers
Birthlink	Home Start Cowdenbeath/Lochgelly
Clued-Up Project	Home Start Dunfermline
Crossroads	Home Start East Fife
CSNIPS	Home Start Glenrothes
DAPL	Home Start Kirkcaldy
Families First St Andrews	Home Start Levenmouth
Families Outside	SAMH
Family Mediation	SCMA
Fife Employment Access Trust	Who Cares Scotland?
Fife Gingerbread	