

24.1.20

Nick Forbes  
Leader of the Council  
Newcastle City Council

Dear Nick,

**Newcastle City Council Budget Proposals 2020-21, MTP for 2019-22 Shaping Our Future Together  
Consultation Response from Connected Voice**

**1. Process**

As the infrastructure support organisation for the City we take seriously our responsibility to engage VCSE organisations in the matters which have an impact on them and the people they support. We have actively promoted the Council budget consultation since it opened by:

- Sharing details regularly in our bulletin which goes out to over 1000 people
- Sharing it on social media
- Directly contacting key VCSE organisations in the City to encourage them to respond
- Holding a consultation session on the budget for VCSE organisations on 13<sup>th</sup> January, attended by the Director of Resources and Planning, and the Director of City Futures.

We are aware that there have also been engagement sessions planned with the voluntary sector directly relating to the Adult Social Care proposals, and this is very much needed given the fact the greatest impact will be felt in this area.

The process was truncated this year due to the general election in December, meaning timescales between the consultation session and the production of this response were much shorter (two weeks as opposed to two months). We know that this impacted on the level of response we were able to generate from the sector.

**2. Context**

We understand the very difficult context that Newcastle City Council is working in, addressing a loss of £327 million from 2010 to 2020, while facing increasing costs each year through the rising demand for adult and children's social care. We know that the rising demand is closely linked to austerity and that this is outside of local authority control.



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We agree that the harsh and sustained funding reductions from central government have had a serious impact on the city and we know from our daily engagement with those VCSE organisations on the front line, that vulnerable people and those in poverty are feeling the impact more than anyone else.

We note that there are no further staffing cuts highlighted in this budget update, and this is a welcome factor given the number of job losses that have already happened over previous years and the recent review and restructure of the senior management team within the Council.

We know that despite the Council's best efforts the budget presented will serve to widen the equality gap we have in Newcastle further. We have plenty of research which highlights the impact that austerity is having locally, and through our member organisations we have access to case studies supporting this – so we renew our offer to work with you wherever possible to lobby against further cuts and to highlight the huge impact of the cuts we have already experienced on our most vulnerable residents.

We welcome the four detailed Integrated Impact Assessments that have been produced in this updated budget, which help us to understand the direct impact this year's savings will have on access to adult social care services, and which honestly convey the impact of further council tax increases on the most vulnerable in our city. We have provided a more detailed commentary on the IIAs in section 5.

The information is presented in a clear, accessible format and we particularly welcomed the use of graphics in the presentation to get across key trends and condense a huge amount of information.

We want to acknowledge the outstanding work that has taken place over the past few years to drive growth and investment in the city. We share your pride about the leading role Newcastle is taking on innovation and we are hopeful that the benefits will be shared by our sector and our beneficiaries in the longer term. We know that sustained effort has been made to create and safeguard jobs and to develop partnerships which enable Newcastle to maintain a culture and leisure offer that could no longer be supported by the local authority.

We are hopeful that the additional investment that the North of Tyne Combined Authority has brought into the region will help to enhance that growth further, and we want to highlight the crucial role that the voluntary sector plays in achieving an inclusive economy and in creating positive pathways to work. We are actively involved in the North of Tyne VCSE stakeholder group to represent the voluntary sector in Newcastle, and will work with the North of Tyne Voluntary Sector Ambassador to make the case for our role in the inclusive economy.

Thank you for continuing to meaningfully engage the local voluntary sector in your financial planning.

### **3. VCSE perspective**

The range of issues we highlighted in last year's budget consultation response are still current. We published our latest sector research, [Canaries in the Coalmine](#), in July 2019. This research highlighted the ongoing pressures our sector faces in terms of increasing demand from people with increasingly complex needs. It also brought the impact that austerity is having on our local voluntary and community organisations into sharp focus. Almost half of respondents had referred people to food

banks in the past year, and the retraction of the state that has happened as a result of austerity has meant organisations are spending more time advocating for public services for people who should receive them.

Many of the VCSE organisations in the city deliver contracted services on behalf of the local authority. As we have stated in previous years, the pressures caused by increases in the National Living Wage impact significantly on us, as well as on our public sector partners.

The savings proposed in Adult Social Care are at such a level that whole system change is now required. We are willing to work with you on further consultation and planning in order to implement these changes over the coming year. The IIAs on adult social care reductions highlight the importance of working with the voluntary sector to achieve the changes needed. We believe that this work needs to start from a basis of knowledge of the capacity within the sector – which our research shows is in some cases quite limited. Signposting people to local community activities and support is part of the answer. However given the increase in social prescribing within the NHS (which focuses on funding signposting to the detriment of funding the services that people are signposted to) and the capacity issues in our sector referenced above, we anticipate that we will soon reach a situation of ‘lots of travel agents and no holidays’. Close working between local VCSE organisations and the Council’s Adult Social Care team will be essential over the next few years if we are to ensure that we don’t end up pushing the costs and pressures downstream.

We know that Newcastle City Council outperforms many local authorities both in terms of the amount of total expenditure that is spent within the voluntary sector, and in terms of transparency around this spend. However from the latest information presented to the Voluntary Sector Liaison Group (6 Jan 2020) we note that the percentage of Newcastle City Council’s spend that goes to the sector is reducing significantly (from 19% in 2014 to 15% on 2018). Given that the overall expenditure is reducing this has a double impact. We also note that the amount being spent with local charities is reducing (down 22% since 2014) while the amount being spent with regional or national charities is increasing. We want to work with you to reverse this trend, because the Newcastle pound is important, and because social capital is very difficult to build back up again once it is lost.

We acknowledge the significant work that the Council has done to embed social value in commissioning over the past year and we feel this is crucial in terms of helping get the best impact for our communities out of the money the Council is spending.

More generally in terms of commissioning processes we want to point out that early and regular dialogue is needed with VCSE organisations who are providing services. Uncertainty about future plans leads to instability and the loss of key staff. The level of dialogue and engagement in commissioning processes is not consistent across the Council.

The huge budget reductions proposed for Adult Social Care feel aspirational rather than practical to us at the current time. The reality that VCSE support providers see is that people do not keep getting better, they often require additional support and increasing support for the rest of their lives.

The focus which the Council has put into growth over the past few years will bring a positive impact and income into the city, which is essential in these challenging times. Investment in community enterprise at a local level can bring about important changes too - and we would like to see a commitment to this as part of your overall investment in economic development. Young people in

particular are interested in social business models, and with the right support will create sustainable businesses which help keep money in local communities.

#### **4. Proposed Council Tax Increase**

We understand the need to increase income from Council Tax and we support the council's decision to implement a further 3.95% increase. We understand that this only makes a small dent in the savings the Council needs to achieve.

We are concerned about the impact of any increase in Council Tax, however small, for those on low incomes. We know that in-work poverty is a major issue in Newcastle and we applaud the work you are doing to enhance the support to people on lower incomes through the Council Tax Reduction Scheme.

It is useful to note that your IIA shows the increase in charges for residents already receiving a reduction are small. We look forward to working with you and other voluntary sector partners at the Welfare Reform Board to ensure that those small numbers of residents who will be affected are supported through other means.

The IIA also recognises the fact the people living with a disability are significantly more likely to be in poverty and will therefore be more likely to be adversely affected by this increase. We would seek reassurance that concerted efforts will be made to ensure the availability of the Council Tax Reduction Scheme and hardship scheme is highlighted to people with a disability.

#### **5. Service Proposals**

##### **3 Communities Team and Ward Budgets**

We welcome the ambition to generate more income through the Communities Team and we understand from our questions at the consultation session that this is related to drawing down additional grants from central government. We would ask that where appropriate consideration is given to doing this is partnership with the VCSE organisations working at a neighbourhood level. We see this as particularly relevant for those organisations who can support community enterprise and help keep money in the local area.

##### **6 Community Hubs and libraries**

We understand the need to increase charges for room rental and printing but we ask that this be kept to a minimum and that the authority bears in mind the very small annual income of some of those organisations hiring space in libraries and community hubs. Room hire costs at Newcastle Central Library are already higher than many other central community venues.

##### **13 and IIA 1 Adult Social Care – reviewing the way we support people after a crisis.**

We acknowledge that the financial challenges are such that there is no other option than to move to support with a recovery focus. We also believe that this is a better model of care that will meet needs in a more person centred way, but we are unclear how it will be possible to move to this very

aspirational model given the huge financial constraints involved. Further detail and testing of the proposed models as they emerge would be welcomed.

We know that the alliance way of working helps with efficiencies and joins up services for individuals, but it is clear that individuals will still be negatively impacted – how will the Council address this?

The section detailing who has been consulted on this IIA is not complete and we would like to see a revised copy when this has happened.

There is acknowledgement of the increased pressure that the proposals will put on carers and we feel the role of Newcastle Carers Centre is critical here in terms of flagging up what the impact is so this can be addressed. Unpaid carers are making a vital but in many cases invisible contribution to our society and anything we can do to support them further must be done.

#### **14 and IIA 2 Adult Social Care and Financial Management**

It is positive to see that 500k of the 700k saving is to come from improved efficiency of audit and recovery – but there is still 200k impact to local residents. Older people and people with a disability are funding the gap as their contributions will increase. We realise that moving to this way of working is within statutory guidelines and we know that the Council has protected people from this for as long as possible. But this proposal still means we are meeting some of the funding gap using money from our most vulnerable residents.

#### **15 and IIA 3 Adult Social Care – Being Well In Newcastle**

The IIA for this proposal recognises that stronger links are needed to connect people to their communities, and recognises the value of local support. This is not consistent with a reduction in the Newcastle Fund (28), or reductions in Adult Social Care Commissioned Services (23). We agree that a move away from a time and task model of working is needed and we support this, but we await the detail of how a new model would actually work, especially when linking to local community services that are already under increased pressure. We know that this approach has been consulted on with a range of voluntary sector partners and we support the ideas behind the public service reform model – however we are still lacking examples of where it has been implemented to good effect in the longer term.

#### **23 Adult Social Care Commissioned Services**

Given that Adult Social Care is by far the largest commissioner of VCSE services within the Council, we urge you to think carefully about the burden that further savings within some of these contracts would have overall. We already know of some cases where voluntary sector organisations are subsidising contracts with grant funding.

#### **28 Newcastle Fund**

We are disappointed to note the plans for a further reduction of 200k to the Newcastle Fund. This amount of money is insignificant in Council funding terms, but a grant of even 10k is significant for most VCSE organisations, and can have a high impact.

The Council made a strategic decision in the most recent round of the Newcastle Fund to increase the allocation by £125,000 – citing our Canaries in the Coalmine research as an important factor in this decision. That research still stands, and we must highlight again that small amounts of money from the Council help our sector to lever in more money from elsewhere.

Given what we already know about the current crisis in mental health support, increasing social isolation, and given the likely social tensions that will arise in the Brexit process, we would ask you to reconsider the reduction in the Newcastle Fund allocation. It is an important source of prevention funding, especially for smaller organisations.

Yours faithfully,



Lisa Goodwin  
Chief Executive