

## **Allocation Principles**

Cabinet has previously agreed a set of overarching principles for officers in relation to how this budget reduction could be achieved. These principles are:

- Priority to existing applicants already in receipt of a Running Costs Fund grant, which, regrettably means that no new applications can be considered
- No requests for increased funding can be considered
- No award for inflation
- Follow appraiser proposals where possible
- Consideration of a reduced level of grant for organisations receiving larger grants rather than those in receipt of smaller grants
- Priority, by way of Two Year Funding, to organisations “whose core business is to provide local employment opportunities and/or training and support which leads directly to local employment opportunities”

## **Notice periods**

Where a reduction in grant is being proposed consideration is being given to paying a notice period. While a notice period is not applicable to every organisation, it is expected that most will receive paid notice.

## **Impact Assessments**

Impact assessments have been conducted for all organisations where a reduction in grant is proposed. Where an organisation has applied for the first time for a grant no impact assessment is necessary

It is clear from the impact assessment meetings that organisations are receiving cuts from many different directions, both SCC and other funders, so in many cases the information in the bundles you received last week captures the cumulative impact of cuts or proposed cuts from various sources..

Several organisations noted that while they can manage the reductions this year, they will struggle if there are further reductions next year.

## **Tabling revised appendix 1a**

Following the impact assessments officers have updated some of the proposals and I would like to table revised proposals.

These new proposals, if accepted, would mean a reduction on the grants budget of just under 15% as against the current proposals being about 19%. It would also mean an increased draw down on contingencies of £168,596. Any revised offers may be subject to conditions which will be outlined in grant offer letters to groups..

## KEY MESSAGES FROM IMPACT ASSESSMENTS

### RUNNING COSTS FUND

#### ARTS

##### **Art Asia £46,103 = reduction of £3,147 (6.9% same as Arts Council)**

Proposed reduction in SCC funding has limited direct impact on its own, however the full reduction in funding from other funders is not yet known and this may increase the cumulative impact of the SCC reduction. Further reductions in future years will be less easy to contain without reducing the value of Art Asia's work with the communities of Southampton. It would help the cash-flow of the organisation to receive the SCC grant in larger instalments. (From IIA Form)

Helen Keall said that it's not the impact of the current proposed reduction that makes a difference – the effect of this year's proposed reduction can probably be contained this year - it's the potential cumulative effect of the SCC reduction and Arts Council and other funders reductions. These reductions will start to impact on the capacity of Art Asia. (From Notes of Impact Assessment Meeting)

##### **City Eye £27,634 = reduction of £2,048 (6.9% same as Arts Council)**

City Eye currently has 3 full-time members of staff but is in the process of reviewing whether or not they can retain all staff and current staff paid hours. Reducing salaries is not an option as staff are already paid well below industry standards.

Unpaid work for SCC will be difficult to continue with reduced funding as the capacity of the organisation will be reduced and proportionately more staff time will need to be allocated to sourcing income and funding.

Some activities will not happen, City Eye is likely not to have the capacity to get involved with as many community projects. The reduction will be in proportion to the level of funding reduction.

Costs to users for workshops and training will have to increase, therefore reducing access. The most disadvantaged groups and individuals will be the hardest hit. (From Notes of Impact Assessment Meeting)

##### **Nuffield** – In most recent letter from Kate Anderson

For 2011/12, the Nuffield had planned for an 8% cut from the council; the additional 20% proposed cannot be absorbed.

Their other sources of income are also under considerable pressure.

There is a major risk that if the proposed 28% reduction to the council grant is approved it will undermine the support for the Nuffield from Arts Council England for £1.8 million which will be decided on 29<sup>th</sup> March.

The proposed cuts would also endanger the County Council's grant to the Nuffield which could have a negative impact on their work in schools.

The Nuffield request that Cabinet consider reducing their grant by £33,329 in the current year instead of the proposed £66, 658 to enable them to explore options and develop a new approach to the delivery of their schools work.

**The Media Workshop £30,117 = reduction of £2,232 (6.9% same as Arts Council)**

Reduction represents around one month's running costs – not including salary costs. The impact will be incremental. The organisation will have to work harder to earn and will have less ability to commit to paying sessional workers. So there will be a reduction in opportunities for some paid workers.

The reduction is manageable on its own, but the income of The Media Workshop will also be affected by the ability of other SCC funded organisations to continue paying for Media Workshop services.

The Media Workshop is likely to be affected by the entire reduction in funding to the voluntary and community sector as they represent a large proportion of Media Workshop clients.

The current proposed reduction represents a large cumulative reduction in funding for The Media Workshop. Martin said that they are receiving less SCC grant funding now, without taking account of inflation, than they were 18 years ago (then they were receiving approximately £38,000). But to counter that, earned income has increased from around 40% of total income to nearly 60% (on average). "We represent good value for money," said Martin.

If the capacity of the organisation is reduced, then it will become more difficult to continue generating – or increase – income. SCC funding provides the basis for generating income and providing a service to disadvantaged community groups – the core business and purpose of The Media Workshop. (From Notes of Impact Assessment Meeting)

**Turner Sims £8,876 = reduction of £527 (6.9% same as Arts Council)**

Funding specific elements of the proposed outreach project may mean that pieces of the jigsaw don't fit and that the extended reach into new communities can't happen. The basic level of outreach, similar to previous seasons, should still be able to take place. (From IIA)

The outreach programme is the only demonstration of City Council support for the venue and offers an important profile for the city as a place of culture. City Council support also acts as a kind of 'kite mark' for the quality of the activities on offer. The specific areas of the outreach programme that would be affected by the current funding offer will be: London 2012 activity as it may prove difficult to keep it free to access; jazz workshops unless they can be funded through individual schools or Southampton Music Service. (From Notes of Impact Assessment Meeting)

**DISABLED ACCESS/LIVING  
SCIL**

Can absorb 10% reduction next year but would be concerned about cumulative impact of any further reductions.

Whilst the proposed reduction will not have a big impact in 2011/12 depending upon what happens in the next few years further reductions could affect sustainability. Important to maintain the support of the Council and ensure that the small but critical grant contribution from the Council does not threaten SCIL's and Unity 12's sustainability (From Notes of Impact Assessment Meeting)

## **Shopmobility**

The reduction for Shopmobility has been agreed after multiple discussions with them since June 2010.

The level of grant proposed for them will be sufficient to maintain the service, however outreach services may be more limited. To mitigate against the grant reduction City Shopmobility will introduce price increases which may have some detrimental effect on people with lower incomes.

The level and quality of service provided to customers is likely to be curtailed with the level of the cuts, as more staff time will be taken up with fundraising activities and potentially reduced hours.

## **EDUCATION**

### **Countryside Education Trust – No grant - DSG funded**

It is possible for CET to levy additional charges to schools who wish to access the provision. However it is unclear as whether the schools would agree to this.

The grant application of £7,711 represents less than 2% of the total budget for 2011/12 (grant in 2010/11 was £7,269). Dependent on whatever cuts the organisation has to manage, it is unlikely that in and of itself the loss of SCC grant will have a great impact. However it is clear that many Southampton pupils, particularly from disadvantaged backgrounds have benefitted greatly from this facility. Therefore the loss of SCC grant funding could result in their access to the programme being reduced or restricted.

It should also be noted that Southampton does have its own facility in the 'Down to Earth' farm. However the facilities and scale of CET much exceeds what is on offer at Down to Earth who do not offer a residential experience in a broader rural setting.

CET does charge for its activities so the only realistic opportunity for it to make ends meet is to increase the charges to offset a loss in subsidy funding which the SCC Running Cost Grant has offered. But as stated above – there is no assurance that schools will do this. (From IIA Form)

### **INTECH**

The impact of the cessation of this grant will be greater on Southampton school children than on the organisation itself. Southampton schools will have to pay for entry to Intech, and should there be no decrease in attendance from Southampton schools, Intech will actually be able to increase revenue, as the grant did not fully cover the overheads and much was provided through goodwill. Having said this however, Intech do expect attendance from Southampton schools to drop by around 60% - similar to the levels experienced when Hampshire County Council ceased their subsidy. Pre and post visit resources provided by Intech will be lost.

Intech will continue to offer subsidised coach travel to and from Southampton schools will encourage schools to visit. Intech will also consider increasing their outreach activities. (From IIA Form)

### **Marwell Education Service – No grant – DSG funded**

We know that over 1500 Southampton pupils from more than 20 schools benefitted from their day out at Marwell in 2010/11, particularly Special Schools. But the grant application of £8100 represents less than 5% of the total budget for 2011/12. Dependent on whatever other cuts the organisation has to manage, it is unlikely that the loss of SCC grant will have a significant impact. Marwell also has the opportunity to charge schools more and raise money this way although it is unclear what impact this could have on uptake.

However, Marwell Education Service does benefit from being able to promote that SCC is part of its funding base to other funders. Similar SCC benefits from the kudos of being associated with a world class facility like Marwell and our direct support does encourage Southampton Schools to access the provision. In the circumstances if there was a way that SCC could make a nominal contribution of say £2500, there could be enormous benefit all round. (From IIA Form)

### **EMPLOYMENT/TRAINING**

#### **Fairbridge Solent**

- The applicant downsized (£) their application in recognition of reduced budgets in the public sector and amended the elements of their service that grant is being sought for, from that received in 2010/11
- The applicant estimates the proposed financial reduction, when combined with other reductions in budget, will lead to the reduction of 1fte post to 0.5fte
- It is estimated that this will result in a reduction of 7 young people not being able to access services
- Other sources of funding are being bid for, in a very competitive environment.

#### **Revised Proposal**

- The applicant has made a commitment that should the grant only be reduced to £40,070 (and not the £35,234 being recommended) then the original outputs (young people supported, etc) can be maintained. The applicant would effectively have reduced SCC grant funding by 33% between the financial years 2010/11 – 2011/12
- Additional commitments will need to be made regarding clients not being supported from outside of the City's boundaries (From IIA Form)

### **ENVIRONMENT**

#### **BTCV**

BTCV will not be able to continue its work with volunteers in the Southampton from April 2011. The previous amount of funding of approx. £3,800 per annum was small, so ceasing the grant should only have a small impact – whilst the cumulative impact of other funding sources diminishing would have a considerable impact on the organisation. (From Impact Assessment Form).

## GENERIC ADVICE

### SARC £159,530 = reduction of £67,000

Not happy about being treated less favourably than the Citizens Advice Bureau. A similar percentage would have resulted in a reduction of approximately £45,000.

The organisation also notes the council's intention to carry out a review of advice services in the city and expects that this will result in further grant reductions. On this basis they ask Cabinet to consider reducing the level of cut proposed for next financial year.

<b>£67k reduction (£159,530 grant)</b>	£
• The loss of one part time adviser post (currently temporary 2 day week post)	11,000
• 20% reduction in hours and salary of remaining staff based on 4 day opening	37,000
• Reduction in employer's pension contribution from the current 12.5% (LA equivalent) to 4%	<u>16,000</u>
	64,000

In addition a draw down from reserves, depending upon notice period, will be required to achieve the savings

#### Impact on Service

- 4 day opening - therefore less accessible (Monday is the best day to close)
- Over 50 less tribunal cases – given success rate this is likely to have a very significant effect on clients likely to have had a very good case.
- 500-1000 less clients seen
- Waiting lists
- No outreach in Thornhill or St Mary's (BME clients)

## Other Reduction Options

**£47k reduction** as above without needing to draw on reserves. It would also bring the reduction closer to that of CAB. This would result in a grant of £179,530.

**£35k reduction** as above but part-time advisor post could be reinstated to continue outreach work and build training capacity. (From Notes of Impact Assessment Meeting)  
This would result in a grant of £191,530.

A reduction in grant will lead to a reduction in services which will directly impact the number of clients SARC are able to help and the amount of money they are able to draw into the city. (From IIA)

## CAB

Always oversubscribed

Indebtedness has increased

Keen to keep as broad a spread of advice as possible

The organisation also notes the council's intention to carry out a review of advice services in the city and expects that this will result in further grant reductions. On this basis they ask Cabinet to consider reducing the level of cut proposed for next financial year.

### £67k reduction (£272,309 grant)

- 2.5 redundancies
- 4.5 day week for all staff (reduction of 1/2 day)
- no pay increase for staff for the third consecutive year

- using reserves to make up the deficit

**£40k reduction (£299,309 grant)**

- 1 redundancy
- 4.5 day week for all staff (reduction of 1/2 day)
- recruiting a paid Volunteer Supervisor
- using of £5,000 of reserves (N.B. reserves would be depleted to absolute minimum in 6 years)

**£31,309 reduction (£308,000 grant)**

- 1.5 redundancies
- 5 day week for all staff (no reduction in the working week)
- recruiting a paid Volunteer Supervisor
- no need to draw on reserves

Or

- 1 redundancy
- 4 day week for the Manager /5 day for other staff
- recruiting a paid Volunteer Supervisor for 4 days a week
- using £10,000 of reserves per annum (N.B. reserves would be depleted to absolute minimum in 3 years)

## **HEALTH AND WELFARE**

### **Relate Solent 10% reduction**

While any reduction is unwelcome they are appreciative of the position the council is in and the support the council is giving them. CAF/CASS contract has been reduced by 50% and currently forecasting approx £19,000 less income in 2011/12. Relate Solent have set up a working group to consider the financial position of the organisation and how the reduction in income could be mitigated to ensure they can continue to provide a service to their clients. (From Notes of Impact Assessment Meeting)

### **Southampton Rape Crisis**

Last year, Star delivered 567 sessions in City Primary, Secondary Schools & Youth/Community settings, almost half of which were not covered by the SRE funding, but by a combination of the Running Costs Fund grant and other external funding. To maintain the current level of contact with Southampton young people Rape Crisis is planning to run 550 sessions 2011/12. Even if SRE continue to fund the Star Project at existing levels (i.e. 291 sessions), the only other funding Rape Crisis has secured for the for 2011/12 is for 30 sessions to be delivered in Thornhill. This leaves 229 sessions currently unfunded. If the Running Costs Fund grant, which contributes both to the sessions and to the increase in counselling arising from those sessions, is reduced by £3,467 the Project will have to find additional funding from other sources or reduce the number of sessions offered. (From IIA)

Impact assessment shows that the CSL contract only part funds the Star sessions and the grant funding that appeared to duplicate this actually provides additional sessions on top of those paid by the contract.

## **PLAY/EARLY YEARS**

### **Community Playlink**

It is proposed that CPL's grant is reduced by 10%, from £42,995 to £38,696. Another funding stream from CSL commissioning is being reduced by 38% from £65,000 to £40,000. CPL has carried out a complete review of their services. They have already stopped their commercial waste collections, proposed pay reductions and hours reductions for staff, have started charging service users for misuse or loss of equipment and are pro-actively seeking further external funding (From IIA) The reduction in service availability will mostly impact on female service users and reduction in staffing will impact on the mostly female workforce, Community Playlink delivers services in areas with high BME populations so service reductions may have a greater impact in these areas.

### **Southampton Children's Play Association**

Payment of grant similar to previous years (front loaded as most of their expenses are in the summer). It is proposed the SCPA grant is reduced by 10% from £103,863 to £93,477. Funding SCPA receive via a Framework Agreement from CSL Commissioning will be reduced from £37,326.25 to £20,790.72. SCPA are constantly applying for external funding to support their work. This will continue in the future. (From IIA Form). If the reduction in grant is approved then SCPA will reach fewer children and families with their schemes.

### **Weston Adventure Playground**

#### **Overall Impact**

- Expenditure has been reduced as much as possible by reducing opening/staff hours.
- As salaries are the largest item of expenditure a reduced grant would mean having to consider a further reduction in opening/staff hours – resulting in very well equipped/used facility being used less.
- Other grant applications are already made mainly for equipment and if possible additional revenue e.g. Children in Need.
- Community Payback and older children help with the maintenance, but the builder's Make Good Guarantee ends during 2010/11 which will mean higher maintenance and repair costs.
- The building is used by community groups for occasional training and by a church group but at minimal charge.
- Efforts could be made to increase income by encouraging more external users – the Church Hall nearby and Weston School have community facilities.
- Corporate use is not possible.
- The treasurer of Weston Adventure Playground would like the grant to be paid at the same level as last year.

Will have to reduce staff hours further to absorb reduction.

## **SPORT**

### **Hampshire Badminton Association**

Options to absorb reduction in grant

- Less support from Badminton Development Officer
- The reserves cannot be used to fund existing provision
- Badminton development as a whole would suffer with less participants going on to join clubs
- Coaching courses would still be available but no specific to Southampton and fees would be higher (From Notes of Impact Assessment Meeting)

The Hampshire Badminton Association feel that for the grant awarded (£1300), the return to Southampton is at least double due to the Badminton Development Officers time spent specifically delivering Badminton programmes and initiatives in the city. Badminton England is also refocusing their areas of which Southampton is listed as a focus area. The group will try and mitigate the impact of no grant through continuing the work of its steering group to support targeted work. (From IIA)

### **Hampshire Schools Sports Association**

The Hampshire School Sports Federation currently receives £2,000 from SCC to support and deliver County representative School Sport, £1000 of this is passed straight back to the Southampton School Sports Association. The recommendation is for the HSSF to only receive £1000 with the other £1000 going directly to SSSA. HSSF running costs are based on a break even basis with all money allocated each year to deliver the required number of sports. Meetings to be held when new structures are in place to support school sport and representative sport (From IIA)

### **Southampton Diving Academy**

SDA have now requested a reduction in grant of £6,000 due to change in circumstances following recent agreement with Active Nation and this was confirmed at an impact assessment meeting on 28th Feb.

## **VOLUNTARY SECTOR SUPPORT**

### **Southampton Voluntary Services (SVS) £162,460 = reduction of £50,000**

Cumulative impact arising from the loss or reduction of other SCC and external funding streams not just the proposed reduction in core grant. Whilst some decisions are still outstanding this will result in a total loss of funding of between 50 - 60%. At the same time SVS has seen a substantial increase in demand for its services both from voluntary organisations as well as potential volunteers where there has been a 600+ % increase in enquiries over the last 4 years.

SVS's 500 member organisations represent all the equality strands. Therefore reduced voluntary sector support work – information, advice, liaison and representation – will impact on all areas.

SVS is facing the cumulative impact of a number of SCC and external funding streams ceasing or reducing - 12 of the 14 streams which currently support Voluntary Sector Support work facing 100% cuts. With funding so interlinked and contract and project income contributing to the work of the Voluntary Sector Support Team it is difficult to separate out the direct impact of a reduction in the core grant from the cumulative impact of the reduction in other funding streams. SVS was able to develop the Voluntary Action Centre and support facilities within it as a resource base for the voluntary sector based on

its historic mix of funding streams without any increase in its core SCC grant. However with a 50%+ reduction in income this is unsustainable in the long run.

With a reduced core grant the organisational support for the sector and the rest of the work may be destabilised and could ultimately threaten viability. This would have a domino effect, with organisations throughout the city feeling the impact in different ways e.g. changes to safeguarding (vetting) system - SVS having no capacity to support with this; organisations would need to do the background work themselves. Intensive and time consuming problem solving work with voluntary organisations experiencing crises or difficulties has increased over recent years but will not be possible if voluntary sector support work is cut back resulting in an escalation of problems and trustees and management committees not having a source of independent advice and support when they most need it. Similarly lack of capacity to deal with the increase in volunteers could affect the credibility of the sector. If unemployed people do not have a positive experience when they return to employment post recession future support, donations and fundraising could be jeopardised. SVS has bid for LAA reward money to support volunteering work linked to the volunteering action plan. Increased time spent researching and making bids in the face of greater competition takes worker time away.

SVS has no choice but to pay building costs out of the core grant which leaves very little left to pay for other things. The essential costs of running the VAC amount to approx half the SCC core grant. If the only way SVS could survive is to rent out all their space, it would mean a loss of space to the sector, e.g. no meeting rooms, so the city would lose a resource base for the whole sector. There is also no certainty that tenants can be found as there is currently a glut of office space available as organisations are downsizing and fewer groups have funds available to rent offices. SVS has contributed to multi-agency working, e.g. by not charging for meeting rooms – charging could have a knock on effect on partners budgets and potentially affect working relationships. SVS has had to pick up additional costs linked to partnership meetings such as printing out all the papers and the advent of IT and new technology has brought additional support costs for technical support, software licences, training and printer inks etc which were never part of the original core budget when it was initially set.

SVS has already taken prudent cost saving measures in year in anticipation of funding reductions and constraints by not replacing staff who have left, by reviewing all cost areas, seeking to make savings and by looking for external funding streams wherever possible. SVS also support an active team of about 70 volunteers but possibilities for further increasing volunteer numbers are now constrained by lack of staff capacity to adequately induct, support and supervise their work to ensure safe practice.

SVS has also taken the conscious decision to reduce costs in the coming year by not re-applying for its 4<sup>th</sup> reaccreditation as an Investors in People organisation. This decision to not retain an important externally recognised and validated quality award was taken very reluctantly but based on cost entirely. SVS will though continue to carry the costs of accreditation for the NAVCA and Volunteer England awards which relate directly to its voluntary sector support functions. (From IIA Form)

Due to the cumulative impact of loss of contracts SVS will struggle to cope with any further reduction. Their ideal would be no reduction.

### **Training for Work in Communities (TWICS) £30,455 = reduction of £9,355**

Reduction of £9,355 to the core grant together with the cumulative impact of a number of funding streams ending e.g. NIACE on 31.3.2011 or being withdrawn e.g. ESF could threaten the viability of TWICS. The SCC Adult Learning Framework Agreement continues until July 2011 but will then need to be renegotiated and TWICS is also concerned that with the recession organisations such as SureStart will have less money to buy training.

The core grant pays for the manager who is part time and 25% of the rent. The reduction would mean that TWICS could not replace a 20 hour a week trainer who is considering retiring which would result in reduced capacity to deliver training and to fundraise and this would then impact on their ability to generate other income. It would also mean depleting reserves to below the level recommended by the Charity Commission.

A 10-15% reduction might be more manageable. It would still mean TWICS would have to reduce hours and utilise reserves. A 10% reduction would leave them with the minimum level recommended by the Charity Commission whilst a 15% reduction would leave them just under the level.

Ideal option for TWICS is a 10% reduction, giving them £35,829, with notice this would be £36,824 in 2011/12.

The next best option for them is a 15% reduction, giving them £33,839, with notice this would be £35,839 in 2011/12.

### **YOUNG PEOPLE**

#### **Be Your Best Foundation**

There is an option to increase ticket prices though this would disadvantage young people from poorer families. The number of events may need to be reduced accordingly though this is stated as a last resort. (From IIA)

The reduced grant should not significantly affect the accessibility for Southampton secondary schools to participate in Rock Challenge 2012 (From Notes of Impact Assessment Meeting)

#### **City Reach Youth Project**

City Reach provides a vital service to very specific inner city communities. A cut in funding will result in a reduction in the number of support sessions that will be run for these communities. Although the reduction in grant funding is relatively small, the project has limited funding from other sources so the impact will be significant. (From IIA Form)

## **NEW PROJECTS FUND**

### **Saints Foundation £43k half of requested which was less than 12 month equivalent**

The Saints Foundation has submitted additional evidence to support their application.

100% funding supports both the sessions at Redbridge & Cantell Schools. In discussions with Mark Abraham – Head of Community it was felt that if 50% funding was awarded the priority would go to Cantell School. The money could not be divided between the 2 schools as the delivery involves a whole programme of engagement over a number of weeks, this cannot be sacrificed by reducing the delivery programme.

The Saints Connect programme builds on the success of the Kickz programme that has been delivered in the east of the city at Woodlands school. (From IIA Form)