

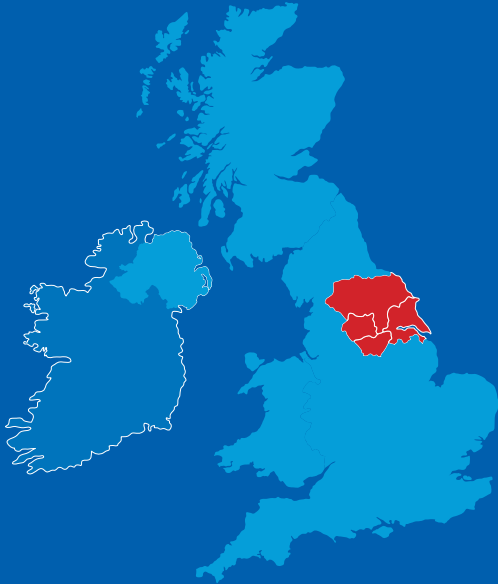
## Local authority spending cuts:

the impact on third sector organisations and the communities they serve

**Date:** 14.01.11

**Status:** information

**Significance:** Yorkshire and the Humber



## Summary

This briefing draws together research on the geography of the cuts to local government spending, the economic recovery and other data about local areas and the third sector in Yorkshire and the Humber. We have used this information to highlight which local authority districts are likely to face multiple challenges from structural disadvantage, public sector spending cuts and the economic climate. Our starting point is that third sector organisations have a vital role to play in supporting communities facing such challenges but these organisations are themselves vulnerable, often in the communities that most need their help.

## Background

Yorkshire & the Humber Forum has been leading on work to promote an understanding of the economy in Yorkshire and the Humber that goes beyond simple increases in financial resources such as the report commissioned from the new economics foundation 'Living Better, Using Less' (2009). The Forum has long been an advocate of economic and regeneration policy that connects communities facing disadvantage. The most recent example of this is the Forum's Annual Lecture 2011 given by Professor Danny Dorling on the the geography of austerity and the alternatives. We have also undertaken two major research projects on the third sector. The first, with the Northern Rock Foundation, Southampton University and NCVO quantifies the number, location and types of third sector organisations in Yorkshire & the Humber. The second, funded by the Economic and Social Research Council and undertaken in collaboration with the Centre for Social Economic Research at Sheffield Hallam University (CRESR) presents ways of measuring civil society and involvement and also provides a broad assessment of 'Big Society' in Yorkshire & the Humber.

The cuts to local authorities in Yorkshire and the Humber (and nationally) were announced on Monday 13th December 2010.

## Key findings about the cuts to local authorities in Yorkshire and the Humber

- The biggest cuts to councils in Yorkshire and the Humber will be to 4 out of the 5 most deprived LA districts in Yorkshire and the Humber according to the Index of Multiple Deprivation 2007: Hull, Bradford, Doncaster and North East Lincolnshire. These are also the districts that will find it hardest to recover from the recession ('No City Left Behind', Work Foundation, 2010; 'Private Sector Cities', Centre for Cities, 2010; 'The Sustainable Cities Index 2010', Forum for the Future).
- The cuts will affect the 36% (on average) of third sector organisations in LA districts across Yorkshire and the Humber that receive funding from their local authorities (NCVO 2010). In turn we estimate from data gathered by the National Survey of Third Sector Organisations (NSTSO, Cabinet Office 2009) that up to 26,000 employees are directly at risk. For example,

in Doncaster 2,636 people are employed in the 3rd sector, approximately 40% of organisations are funded from the public sector and are therefore likely to be affected by cuts. The assumption is that 40% of the workforce and therefore 1,055 jobs are at risk. Other badly affected areas are:

- Bradford: 1,460 jobs at risk (37% of organisations)
  - Hull: 1,045 jobs at risk (46% of organisations)
  - North East Lincolnshire: 370 jobs at risk (38% of organisations)
- The cuts will bite deepest in the areas with the lowest levels of social capital. There is no standard measure of social capital. CRESR has analysed a variety of data to identify districts that do not score well across a number of relevant indicators. Social capital can be inferred from the number of organisations compared to the population and the number of volunteers as a proportion of the population (NSTSO 2009, Charity Commission data, Citizenship Survey 2008-9), as well as the levels of empowerment and involvement in decision-making (Communities and Local Government, Place Survey 2008).
  - NCVO / Southampton University ('Mapping the Third Sector in Yorkshire & the Humber', 2010) and CRESR look at the financial vulnerability of charities in terms of income sources and reserves. Vulnerability is expressed in relatively high proportions public sector income and relatively low amounts of reserves. A wide range of evidence suggests that organisations with a turnover of £100,000-£1 million are the most vulnerable ('Impact of the Recession on the Third Sector', Capacitybuilders, 2009). NCVO (2010) have identified the percentage of charities of this size per district and their collective percentage of income.
  - The areas that appear recurrently in a low position in a number of the data sets referred to above are Hull, Doncaster and North East Lincolnshire. Bradford scores better on 'empowerment' but has a high proportion of organisations with relatively low reserves and high reliance on public sector funding making the registered sector there vulnerable.
  - The extensive rural hinterlands of metropolitan authorities like Doncaster, Rotherham and Bradford will suffer doubly as resources are both cut and pulled into the urban core.
  - Predominantly rural authorities such as East Riding of Yorkshire and North Yorkshire County Councils will receive relatively low percentage cuts but the costs of providing services to a small, dispersed population mean that the cuts will have a disproportionate impact. North Yorkshire County Council will have the lowest immediate percentage cut but over the next three years it will lose £33 million, which is more than Leeds (£28.9 million).
  - Around 72,700 people are employed in over 5,600 third sector organisations in Yorkshire and the Humber - approximately 3% of the workforce. The highest proportions of employees are in North Yorkshire (4.7%) and York (4.2%). Wakefield, North East Lincolnshire, East Riding of Yorkshire (1.9%) and North Lincolnshire (1.1%) have the lowest proportion of employees.
  - Estimates of volunteering in Yorkshire and the Humber vary. The most robust figures from the National Survey of Third Sector Organisations and the Place Survey suggest that 300,000-350,000 people volunteer in third sector organisations in Yorkshire and the Humber. These volunteers contribute around 25 million hours of voluntary effort per year.

- There are large numbers of small organisations in North Yorkshire that employ relatively high proportions of the local workforce. 2,700 organisations employ nearly 10,000 people or 4.7% of the local workforce, according to figures produced by Southampton University and NCVO. These will be vulnerable to cuts that local authorities make to their local voluntary sector.
- There are a number of other authorities which will have to make lesser cuts but that are still going to find it hard to recover from recession and have a narrow base of social capital. These include Wakefield, Barnsley and Rotherham. There will be a band of authorities across the southern edge of Yorkshire and the Humber region experiencing a combination of economic hardship and reduced public services at the same time as having less civil society resource to address the ongoing problems their residents will face.

Local Authority	% reduction in LA spending power	Regional IMD <sub>1</sub> ranking (1 = most deprived)	Number of TSO's <sub>2</sub> per 10,000 population	% of population are volunteers	% of TSO's <sub>2</sub> receiving any local authority funding	NSTSO <sub>3</sub> Workforce estimate
Barnsley	-7.4%	5	21.78	3.21	33%	1,677
Doncaster	-8.9%	7	20.34	4.17	40%	2,636
Rotherham	-5.0%	1	19.97	4.62	35%	1,696
Sheffield	-8.4%	8	26.21	1.90	37%	5,372
Calderdale	-4.9%	3	30.08	7.37	40%	2,031
Kirklees	-4.3%	10	24.78	10.48	39%	2,724
Wakefield	-4.7%	4	17.59	3.70	35%	1,627
Bradford	-8.8%	2	23.34	6.02	37%	3,946
Leeds	-5.0%	9	21.63	3.36	35%	7,114
Kingston upon Hull	-8.90%	6	18.28	15.72	46%	2,272
East Riding of Yorkshire	-2.9%	12	33.11	3.40	30%	2,168
North East Lincolnshire	-8.9%	11	16.56	10.07	38%	973
North Lincolnshire	-4.0%	13	27.64	14.74	31%	913
York	-3.3%	14	39.77	12.52	34%	3,167
North Yorkshire	-2.8%	15	49.39	12.51	28%	9,866

<sup>1</sup> **IMD:** Index of Multiple Deprivation      <sup>2</sup> **TSO:** Third Sector Organisation

<sup>3</sup> **NSTSO:** National Survey of Third Sector Organisations

**Summary data for all local authorities**

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## Conclusions

Organisations in all sectors that provide support for third sector organisations need to take account of this information to help shape their services, funding and consultation mechanisms. The evidence obtained from this study is important in informing the development of 'Big Society' activity and responding to the coalition government's plans for dealing with the fiscal deficit.

- A number of local authority districts which have relatively high levels of deprivation also have low levels of social capital.
- Wakefield, Rotherham, Hull and North East Lincolnshire will be at a significant disadvantage in trying to build a Big Society, particularly as these are areas likely to suffer significantly from cuts in public expenditure and are also least likely to generate substantial amounts of private sector employment.
- The differential impact of both cuts to public services and the recovery from recession will mean that Local Economic Partnerships and City Regions will have to tailor their strategies carefully to their constituent districts.
- As government seeks to implement and develop the 'Big Society' there is an expectation that the voluntary sector will help to fill the gaps created by the withdrawal of the public sector. The figures, in this briefing especially for the areas mentioned above, show how difficult it will be to achieve this.

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## What happens next?

Yorkshire & the Humber Forum will continue to monitor the situation regarding cuts, disadvantage and the state of the voluntary and community sector.

In particular we will work with our colleagues in other local, regional and national organisations to monitor the effect of cuts through a new website to be launched soon [www.voluntarysectorcuts.org.uk](http://www.voluntarysectorcuts.org.uk)

We will use this research and other findings to advocate on the sector's behalf in Yorkshire and Humber and nationally.

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**More information**



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'Paid Work and volunteering in Yorkshire & the Humber' forthcoming from NCVO and Southampton University  
'Third sector organisations in Yorkshire and the Humber' – [www.yorkshirehumberforum.org.uk/publications\\_resources/knowledgebase/400/305.pdf](http://www.yorkshirehumberforum.org.uk/publications_resources/knowledgebase/400/305.pdf)

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**Resources**



[www.voluntarysectorcuts.org.uk](http://www.voluntarysectorcuts.org.uk)  
<http://wherearethecuts.org/>  
Guardian Newspaper Leeds Cutswatch:  
<http://cutswatch.guardian.co.uk/ushahidi/>  
Third Sector Magazine - Austerity Watch panel:  
[www.thirdsector.co.uk/NewsDailyBulletin/1048204/Austerity-Watch-2011-will-bloodbath/](http://www.thirdsector.co.uk/NewsDailyBulletin/1048204/Austerity-Watch-2011-will-bloodbath/)

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**Date**

January 2011

We use our briefings to summarise important developments and their implications, including proposals for new structures or legislation. They are designed to promote debate, put forward an argument, elicit response and encourage action, as appropriate.

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