

THIRD SECTOR LEEDS POSITION STATEMENT:

COST OF LIVING AND THIRD SECTOR RESILIENCE

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Third Sector Leeds (TSL) published a position statement in September 2022 setting out the challenges that the third sector and communities face relating to the cost of living crisis, and how TSL would like to work with wider partners in Leeds to address these.

Representatives from TSL Leadership Group held a workshop on 31 October with senior officers from across Leeds City Council and health authorities to explore how we could work more closely together to better support people with the cost of living crisis.

This paper sets out our agreement on shared principles, how these principles might translate into actions across different organisations, and what we need to do in the short, medium and long term to ensure the third sector remains resilient and able to support communities to thrive.

SHARED PRINCIPLES

These shared principles have emerged over the years in the developing relationship between the third sector and statutory partners:

- Working in a way that ultimately benefits people and communities living in Leeds
- The importance of delivering preventative measures where possible
- Investment in resilience
- The importance of working together in partnership
- A commitment to 'one workforce'
- The third sector being an equal partner as part of both the West Yorkshire Health and Care Partnership, 'Team Leeds' approach and West Yorkshire Combined Authority.

Within these broad strategic principles there is considerable detail, which we would summarise as follows.

Third sector organisations have shown during the COVID-19 pandemic that they can adapt quickly to meet people's changing needs. Organisations have expressed a willingness to be flexible, for example by repurposing their staff to respond to the need for food relief if this becomes a priority and the capacity to respond cannot be met elsewhere.

All actions below contribute to the overarching principle of working in a way that ultimately benefits people and communities living in Leeds. These also reflect the outcomes outlined within the Leeds Best City Ambition.

DELIVERING PREVENTATIVE MEASURES

What we know

- The third sector has significant expertise in preventative work, tackling the wider causes of inequality.
- Delivering preventative measures will have benefits that reach far beyond the immediate impact, and will save Leeds money in the long-term.
- Short term funding tends to lead to shorter term impacts – longer-term investment is needed to sustain real change.
- Third sector organisations are supporting people with increasingly complex needs, who may require more time and support from increasingly stretched services.

Actions we proposed

- Agree to continue prioritising the funding of preventative work based on overall value rather than solely whether or not a service is considered statutory.

INVESTMENT IN RESILIENCE

What we know

- Third sector organisations have seen increases in energy costs and are not always eligible for support from central government
- Around a third of organisations in the sector pay staff according to NJC pay scales. These have just risen by around 8%, and although some funders may meet these increased costs, many will not.
- Support for third sector organisations around the Cost of Living crisis will be short-term funding and will include new work for third sector organisations to do, which creates instability.
- We need to support the sector to continue responding to new challenges and keep supporting communities to thrive.

Actions we proposed

- Uplift existing contracts in line with inflation before new initiatives are developed.
- Work in partnership with the third sector to review existing contracts and re-align them to allow organisations to maximise their resilience
- Where short-term funding is made available, start discussions early with third sector infrastructure to ensure resources are allocated effectively.
- In the longer-term, develop a third sector investment strategy.

PARTNERSHIP WORKING AND THE “TEAM LEEDS” APPROACH

What we know

- Whilst we are all facing the same cost of living crisis, the third sector often has no guaranteed funding, and the impact of cuts can be significant.

- A smaller third sector would have a negative impact on all partners working in Leeds
- The third sector need to be involved as an equal partner from the outset when planning investment.

Actions we proposed

- Existing arrangements, particularly the Third Sector Partnership Group (which includes representation from the sector, local authority, health and higher education) are used to set the strategic direction for this work.
- In practice, this should include open discussion of new areas of development (such as the UK Shared Prosperity Fund) so that we build upon existing arrangements and support existing structures rather than develop new areas of activity.
- All partners agree a shared strategic approach to working with the third sector in Leeds, including prioritising sector resilience.

COMMITMENT TO “ONE WORKFORCE”

What we know

- It is currently challenging to recruit to third sector positions – the sector often invests time and money in workers who then leave for higher paid work.
- Some staff in the third sector are facing challenging financial situations or even poverty themselves.
- There is evidence that volunteers are both absorbing the additional costs of, for example, travel themselves rather than pass it on, whilst others are dropping out of volunteering as they can no longer afford to do so.
- People working in the third sector should have parity of esteem with those working in equivalent roles within the statutory sector – this means fair remuneration, training opportunities and other benefits.

Actions we proposed

- The actions proposed under ‘investment in resilience’ are necessary in the short-term
- In the longer-term, continue producing ‘State of the Sector’ updates to ensure we have a good understanding of the overall composition and ‘health’ of the sector, alongside more detailed understanding of the funding coming into the sector, what impact it has, and that it is being used effectively
- Working in partnership to strengthen the HR/recruitment/retention facilities of the third sector, and to maximise its links within the wider Leeds workforce

OUTCOME OF WORKSHOP

Officers in the workshop agreed on the principles set out above, and although implementing these principles could look different across different organisations/directorates, there are some key actions we can all implement. These include:

Short-term: quantify the impact of the cost of living crisis on the third sector

We need a clear picture of what funding is being spent in the third sector, where the funding is coming from and how it is being spent. For example, how much funding is non-recurrent (short-term) and how much of it is spent on preventative measures.

As well as understanding the ‘spend’ through the third sector, we also need to understand the value of this spend. For example, services delivered through the third sector often have additional benefits such as creating volunteering opportunities and promoting community cohesion. In the same vein, cutting third sector services (which are often preventative) can result in future costs to the wider system.

- The recent NJC pay award results in around an 8% increase in third sector salaries. This could mean that the sector needs to find an additional £19.9m to fund this increase.
- Recent research suggests that the third sector increases direct value by up to 3.9 times. Therefore, a £19.9m deficit could equate to a value of £61.6m for Leeds.
- Although not all third sector organisations are contractually tied to NJC pay scales, the increase to minimum wage is likely to have a significant financial impact on many organisations.

We need to better understand and quantify:

- The comparative value of the third sector (what it would cost if support from the third sector was provided directly by the NHS or local authority)
- The ‘multiplier effect’ of the sector (every £1 spent on health and care third sector organisations is complimented by an amount of funding that they raise directly – bringing resource in that would not otherwise exist in the area).

Medium-term: where reductions need to be made next year, seek to collaboratively restructure in partnership with the third sector rather than ‘salami-slice’ cuts

Where reductions need to be made to reflect local authority or health financial pressures (in 2022/23) we agreed to use these shared principles to do this, including:

- Move away from thinking of services as statutory/non statutory to take into account the wider value of preventative work
- Make decisions *with* the third sector, looking at the total amount of investment and what communities need / aspire for us to deliver and collectively looking at who is best placed to do this
- Move away from a closed-door individual contract management approach – to focus on transparency and a system-wide approach.

Developing a city-owned Third Sector Strategy which sets out a joint plan for investment (in its broadest sense) in the long-term resilience of the sector

This will include:

- Strategic thinking about how we use grants ambitiously now and in future e.g. UKSPF.
- Shared principles to inform decision-making – based on the principles above
- Agree our shared vision/priorities so that we're ready to act when appropriate funding becomes available and can seek out investment from outside of Leeds
- Where significant funding comes into the city, there should be a partnership approach and oversight of how this allocated e.g. through Third Sector Partnership Group.