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An Exploration of the Impact of the Coalition Government's Spending Review on the North East Region

Executive Summary

**Professor Catherine Donovan, Dr John Clayton,
Ms Jacqueline Merchant, Dr Nicola Ballantyne**



**University of
Sunderland**

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Introduction

The Coalition Government's Spending Review has resulted in far-reaching cuts in public expenditure across the United Kingdom and it is expected to disproportionately impact on the North East (NE). One of the main reasons for this is that as heavy industry declined in the North East so the public (and voluntary) sector expanded and created new opportunities for employment and new education and training needs.

This report has as its focus the impact of the spending review on partner agencies to the undergraduate degree programmes in the Department of Social Sciences at the University of Sunderland. This was one aspect of a broader study where the aims were to explore the impact of the Coalition Government's Spending Review on the partner agencies of the Department of Social Sciences in the University of Sunderland; to consider the implications of the cuts for the programmes offered in the Department; and to contribute to the broader debates about how the region is experiencing and responding to the Spending Review.

Methodology

A mixed methodology was adopted. A survey of partner agencies (N=487) with links to the Department's programme teams (N= 76 completed the survey, giving a 16% response rate) and follow up interviews with fifteen volunteers from partner agencies were conducted. The study was conducted between March and May, 2011. Given that many agencies heard about their funding during this time it is probable that this will have impacted negatively on the response rate.

Findings

A. Impact of the Cuts

Four themes emerged from the analysis of the survey and interviews in relation to whether and how the cuts were affecting partner agencies:

1. General Impacts

- The vast majority of survey respondents (99%) indicated that they were being or expected to be negatively affected by the spending cuts.
- The five areas identified as being most negatively affected by the spending cuts were: having funding reduced (71%); the ability to plan and budget effectively (51%); the number of staff being reduced (45%); and their ability to refer on to other agencies (30%). However, less than 10% of survey respondents feared that their agencies currently faced total or partial closure.
- Whilst all sectors indicated they were being affected the voluntary sector was most likely to indicate this (79%) followed by the public sector (75%) and then the private sector (55%).
- All interview respondents knew of other agencies that had been closed or whose service had been substantially cut in the current round of cuts. Remaining agencies found themselves unable to provide the same level of support for smaller voluntary groups and/or were having to respond to those service users who had been using agencies and/or groups that no longer existed. In addition, the fact that the fourth concern of survey respondents was their ability to refer on to other agencies reflects their perception or knowledge that there are fewer agencies providing services for their service users.

2. Impact on Service Delivery

- Nearly half (46%) of survey respondents said that staffing had been directly affected by the cuts and 30% indicated that the numbers of staffing hours had been reduced. In interviews, respondents explained that fewer people had full-time contracts but they were still expected to cover the same workload.
- Cuts in staffing was identified as having had most impact on senior management and experienced staff, and concerns were raised about the medium to long term impact of this experience and expertise drain on agencies across the region.
- The impact on services for young people seemed to be particularly stark with several respondents indicating that the cuts have resulted in a shift away from generic work with young people to more crisis intervention case work.
- The cuts in central and local government budgets meant that work related to raising funds takes up far more time of full-time, experienced staff who are then not available for direct work within the agency such as with service users.
- Cuts in administrative staff were also identified as it was said to have resulted in a greater reliance on volunteers, which in the long term was identified as raising concerns about adequate training, supervision and exploitation of individuals.

- Only 23% of the survey respondents thought that the quality of their service would be negatively impacted by the current cuts. In interviews it became clear that respondents were committed to ensuring that the quality of their service was maintained even when the quantity and scope of their service might be decreased.

3. Impact on Service Users

- Interview respondents raised concerns about the impacts of the cuts for their service users in terms of:
 - already vulnerable groups having their benefits and/or services reduced;
 - the mental health and well-being impacts on young people;
 - the desperation some families would experience as a result of having no service to access;
 - the reduced potential of agencies to provide an adequate service for future service users;
 - the resulting tensions that were already being felt in some communities as different groups felt in competition with each other over increasingly scarce resources.

4. Managing uncertainties

- Several changes in funding regimes were noted by interview respondents: more focus on consortia, more difficulties in achieving matched funding; larger national charities bidding for work historically done by local authorities; closure of some funding streams; and those agencies reliant on non grant aid funding were less able to secure funding for salaries. All of these impacted on the time taken in work related to fund-raising.
- Factors affecting success in funding included: being recognised as undertaking core business; larger agencies appeared better protected and better resourced to secure future funding and engage with new funding regimes; those with stronger funding strategies seemed more secure about future funding.
- Planning and budgeting for the future was the second most identified concern in the survey (51%) indicating how uncertainties about what is still to come, shape agencies' current experience.
- Low morale was in evidence as well as anger and several respondents indicated their intention to protest about and resist the spending cuts.

Conclusions and Recommendations

- The Centre for Children, Young People and Families has a responsibility to document the changes occurring to partner agencies in the region and the implications for the University. A dissemination event of the findings of this research will provide a platform for discussing the implications of the Spending Review in the region. It is recommended that this event take place before the end of 2011 and it to be the first in a series of events that pick up and explore specific issues identified by respondents such as using volunteers, evaluation and monitoring, and new funding regimes.
- In particular, any dissemination activity should highlight the plight of those social groups and organisations that appear particularly vulnerable, for example, those involved in youth work and smaller organisations across sectors, and young people as service users.
- This research should be seen as a baseline and repeated annually. In addition, future research should include the perspective of services users, particularly young people.