The Hammersmith & Fulham Poverty and Worklessness Commission

Third meeting

Shepherds Bush Housing Group, Mulliner House, Flanders Road, W4 1NN

8.30am-10am, 15 March 2016

Draft Agenda

1. Introductions and welcome to new Commissioners

2. The story so far (Paper 1)

3. Update of detailed workplan and research requirements (Papers 2 and 3)

4. Voluntary and Community Sector profile (Paper 4)

5. Next steps

Conclusion

6. AOB

7. Date of next meeting

The story so far

1. Initial data analysis has identified priority areas for H&F

- Strong local economy but <u>very low business survival rates</u>

- High economic base but <u>strong sectors reducing and weak ones increasing</u>

- Businesses report <u>high skills shortages</u>

- <u>Plenty of vacancies, esp part-time + less skilled vacancies filled by importing people from outside borough</u>

- <u>75% JSA claimants 35+</u> and low apprenticeships starts for that age group

- <u>High LT unemployment, half due to mental health conditions, association with single person households</u>

- <u>High unemployment rates for people with BAME backgrounds</u>

- In top 10 authorities for <u>deprivation for older people,</u> associated with isolation and lack of informal care

- <u>Local housing unaffordable for many,</u> impossible to progress out of poverty and stay in H&F

- H&F has low levels of in-work poverty and <u>most low income people are in workless families</u>

- The incidence of <u>worklessness is associated with social rented housing</u>

- Do further research on <u>household</u> data analysis using datasets from partner organisations and <u>qualitative research</u> to understand customer journeys

2. Review of approaches taken in recent decades in borough and other areas

Since the 1970s

Absolute standards have risen: council housing decency standards, employment rates, educational attainment	BUT geographic concentrations of deprivation within the borough have hardly changed
H&F's national deprivation ranking has improved	BUT the improvement in H&F's deprivation ranking is an average, concealing pockets of poverty

MOREOVER Housing costs are not included in the measure: a consistent cause of poverty has been land values in the borough |
There have been many local initiatives to address poverty and worklessness, often nationally driven	BUT many appear to have been fruitless, short-term and/or impossible to evaluate
New transport links produce lasting results	Large capital sums are needed
Intensive support to vulnerable people produces more resilient communities	Using paid staff is expensive and therefore limited in scope

3. Major structural barriers/opportunities issues identified so far

Mental and emotional issues inadequately addressed
- Unemployed require mental and emotional support prior to practical support into work
- Social isolation amongst older people leads to poor wellbeing and health problems down the line
- There is no Joint Strategic Needs Assessment for mental health

Health of local charitable & voluntary sector
- The sector is adding substantial value to the borough; however, there are barriers preventing the full potential of this sector being realised
- Talent and other resources in the borough could be tapped to greater effect

Future economic health of borough
- Grow higher value sectors and skills ladders
- Enable new businesses to flourish

Housing ladder not chasm
- There is a chasm between affordable rented accommodation and owner occupation, with little intermediate housing to bridge the gap
- Sub optimal utilisation (including under occupancy) of social housing, and council land

Absence of devolved power
- The borough has relatively little room to manoeuvre within the constraints of national and London policy, governance and finance

4. How the Commission plans to proceed

- After 2 meetings additional Commissioners have joined to become more engaged in the work
- We have a revised workplan taking us to a draft report for testing with stakeholders in October
- We are now introducing the customer voice into the work
- We need to understand our relationship with the forthcoming Business Commission and H&F Council's Futures Board

H&F Poverty and Worklessness Commission

Detailed Workplan

**1 Scope**
By mid November 2015

2 Preparation
By end Jan. 2016
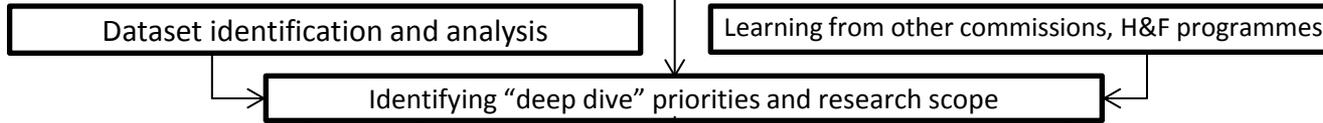
By end Apr. 2016
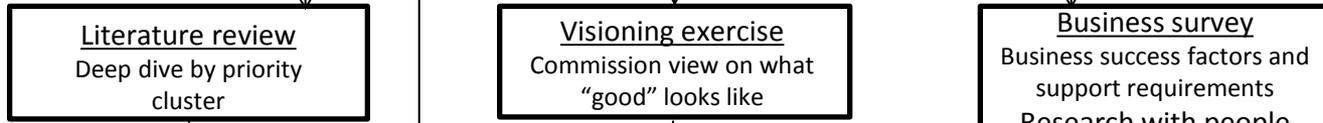
3 Investigation
By end July 2016
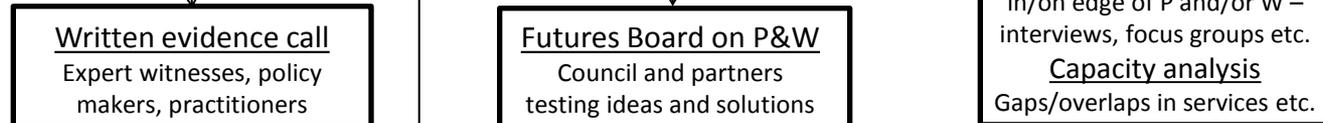
By mid Sept. 2016
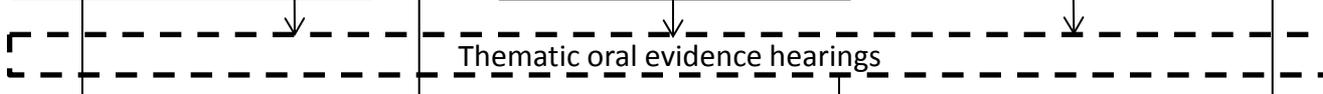
By mid Oct. 2016
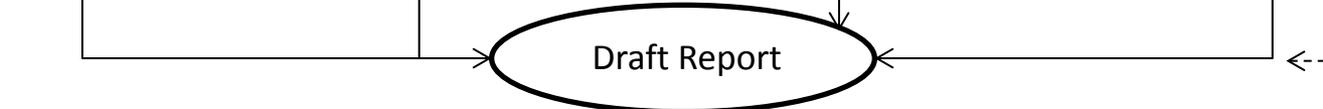
4 Testing and evaluation
By end Dec. 2016
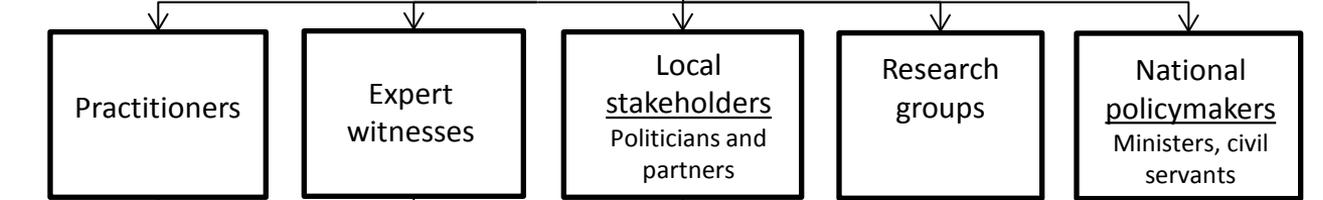
5 Reporting and deployment
By end Feb. 2017

Terms of reference and Commissioner appointments

Dataset identification and analysis

Learning from other commissions, H&F programmes

Identifying "deep dive" priorities and research scope

Literature review
Deep dive by priority cluster

Visioning exercise
Commission view on what "good" looks like

Business survey
Business success factors and support requirements
Research with people
in/on edge of P and/or W – interviews, focus groups etc.
Capacity analysis
Gaps/overlaps in services etc.

Written evidence call
Expert witnesses, policy makers, practitioners

Futures Board on P&W
Council and partners testing ideas and solutions

Thematic oral evidence hearings

Draft Report

Practitioners

Expert witnesses

Local stakeholders
Politicians and partners

Research groups

National policymakers
Ministers, civil servants

Final Report
With recommendations and proposed interventions

Governance
and reference

Commission meetings

Futures Board meetings

Opportunities infiltration

Commission meetings

Futures Board meetings

Business Commission

Opportunities infiltration

Peer review

Q&E review

Funding?

Freedoms and flexibilities

Service redesigns, Implementation

Overall research requirement

Quantitative research
Data analysis should investigate the following priorities:
- Trends in business sectors, clusters and future growth
- Analysis of priority cohorts; BAME communities, residents affected by skills shortages, including those on apprenticeship schemes, 35+ claimants, people affected by mental health conditions, long-term unemployed people, women, vulnerable, older people
- Affordable homes; affordability points, homes for key workers and 'step up' options from social housing to the private rental sector
- Household data analysis, including datasets from partner organisations

Qualitative research
Information about local business survival rates and the initiation of an employer/resident jobs matching scheme will be gained through:
- The Business and Skills Survey
- A focus group with local businesses to review the Business Survey and create an employer to resident job matching scheme

Individual interviews or focus groups with residents should investigate the following:
- customer journeys in accessing benefits, support or services
- residents' experience of poverty/worklessness and reasons why the 'system' might not be working for them
- future-facing conversation with residents about what they want the next six months - year to look like

Policy analysis
Information is required across the following areas:
- Best practice research across all 11 recommendations
- Produce the 'vision' for the borough with the Leader
- Investigate the ideal business mix in terms of industries and required skills that meet current needs and provide a prosperous future for LBHF
- Ongoing monitoring, such as longitudinal mental health and wellbeing data

Capacity analysis
To gain an understanding of current service provision, a capacity analysis should identify:
- where the gaps/handover drop off between services exists
- existing business support
- employment opportunities for the affected cohorts most in need of support

Evidence review
To prepare for the call for written evidence, Commissioners are asked to lead on reviewing the gathered evidence – studies, data, previous Commissions, best practice – and produce a summary paper and, where appropriate, targeted questions to be asked of organisations and individuals to be invited to give written evidence. Details of this will be circulated shortly once Commissioners have discussed and agreed the themes on which they would like to lead.

Research requirements by priority theme

1) Improving Business Survival and Resilience

What we know:
The Borough has one of the lowest survival rates for business in London. This is true for 1,2,3,4 and 5 year survival rates. In 2014 the borough had one of the highest business deaths nationally (302th), as well as one of the highest rates of business births.

This needs to be considered alongside other data, including the fact that the local population is prone to long term unemployment.

Key finding:
- Very low survival rates compared to London and England as a whole.
- High rate of business death as well as business births.
- Population prone to long term unemployment.

What we do not know:
- Why does a low survival rate exist within the Borough
- What types are businesses are dying within LBHF – sector, size, age, location
- What's the impact for the employees of these businesses
- What are local businesses struggling with and what can be done to assist?
- Who are the current businesses at risk, and who are growing (gazelles).
- What do businesses and their employees think about Hammersmith and Fulham as a place to base their business and work.

Requirement:
1. **Business Survey** - A business survey and focus groups are critical to understanding why businesses are failing within the Borough and how improvements can be made to tackle this. How can LBHF be improved as a place to do business? What changes to business support activities are needed to help businesses within the Borough? How can we support smaller micro businesses and certain sectors?

   It is important that this survey can be benchmarked to other business surveys and is representative of the business demography within the Borough.
2. **Business Data** – Analysis needs to be undertaken on businesses in the Borough to identify those that are struggling and those that are thriving. Link to Business Resilience program and predicting businesses most at risk of failure.
3. **Service Provision** - Mapping current business support activities within the Borough – which businesses have received assistance and any possible outcomes.
4. **Policy Research** – what has worked in other Boroughs – especially those with the most similar economic bases, best practise etc. Consider development of business rate strategy and the protection of Hammersmith Town Centre from permitted developments (ie changes to residential).

2) Strengthen the economic base of the Borough

What we know:
The borough performs well in terms of Gross Valued Added (ranked 6th nationally). The borough has a high business density as well as a high job density. The local economy in the borough is predominantly service led, with very few businesses in manufacturing, construction or agriculture. Business tend to be of micro (0 to 9 employees) and small business (10 to 49 employees) accounting for almost 98% of all business with very few large business (250+ employees, 0.5%).

The economy is beginning to narrow rather into relatively few strong sectors, and higher value, skilled sectors are weakening in the borough.

Key finding:
- There has been a weakening in the number of strong sectors such as Information and Communication and Professional, Scientific and Technical sector in the LBHF. However the Retail and Wholesale sector is increasing.
- There has been a fall in the concentration in Information and Communications, Professional, Scientific and Technical sector.
- However, there still remains a concentration in Information and Communication.
- There has been a fall in high skilled jobs and they are being replaced with low skill jobs.
- There has been a small increase in location quotients for the retail stores and Wholesale – which is less beneficial to the borough compared to Information and Communication and Professional, Scientific and Technical sector.
- The BBC leaving the borough has had a major impact on the concentration of the jobs in the borough. This might have a subsequent impact on other Information and Communication businesses in the area[1] and the borough might lose some high value jobs.

What we don't know
- How are our different sectors due to change in the future?
- What are our most valuable sectors and clusters?
- What are the most valuable sector and clusters we would want to attract and grow within the Borough
- How do we attract these clusters/sectors?

Requirement:
1. **Business Survey -** A business survey and focus groups will help to understand why some of our key sectors and businesses are moving to other areas and what can be done for them to remain the borough. It will also help to make LBHF a better place to do business and potentially highlight what needs to be done to attract the sectors we want to grow.
2. **Sector/Cluster Analysis –** Analysis on sectors and clusters and include future forecasts of growth. What are the sectors that generate the biggest amount of

---

[1] This could have an impact on the number of people that are professional in the borough.

GVA? Where are these located? Needs to consider regional and sub-regional developments. Consider a supply chain analysis and highlight key gaps and weaknesses.

3. **Policy Research –** what else has been done within other areas to attract certain businesses/sectors? Need a strategic decision as to widen or deepen sectors in the local economy. Consider what if anything can be done to protect Hammersmith Town Centre from further permitted, residential developments.

---

3)   Understand and address skills shortages for local businesses

What we know:
Employers in the borough highlight high level of skills shortage vacancies or existing skills gaps.

Key findings
- High proportions of local businesses reported skills shortages
- However there exists relatively low skills gaps within the borough.
- High proportion of job vacancies, high job density with more jobs than people of working age.
- The borough has a low proportion of residents in apprenticeships starts at all ages with total of 610 - ranked 283th nationally.

What we don't know
- What are the current skills gaps within the Borough and why local employers cannot fill them.
- Why are apprenticeship starts low?
- More details on the how apprenticeships are being used or promoted in the Borough

Requirement:
1. **Business/Skills Survey** - To be able to understand and address the issue of skills shortages a qualitative research is needed to identify what skills shortages businesses within different sectors/sizes are experiencing and why there is a low level of apprenticeship starts?
2. **Qualitative research** - may also be needed to understand why residents are not starting apprenticeships. What can be done to bridge the gap between known skills gap, the labour market, and adult education provision.
3. **Policy Research** – has there been any successful programs to decrease key business skills gaps. Look at employment trends and try and predict further skills requirements.

---

4)   Improve employment opportunities for those aged 35+

What we know:
Employment rates for people aged 35-49 and 50-64 are low compared to other Boroughs

Key finding
- 76% of claimants are aged 35 or over.
- Low employment rate for people aged 35+.
- High rate of businesses stating they have vacancies and skills gaps / shortages.

What we don't know
o Why are there poor employment rates for those aged 35+ within the Borough
o Why self-employment levels are so low in areas of social housing.

Requirement:
1. **Data Analysis and Access** - Research needs to be conducted to understand why those aged 35+ within the Borough have poor employment rates. This research should cover the following:

   o Unemployed/Inactive 35+ - age, gender, ethnicity, location, education skills and housing

   We currently do not have access to this data and will need DWP to provide details of individuals aged 35+ on benefits. Develop information sharing arrangements with the DWP and offer a "case managed" approach to employment and training.
2. **Qualitative Research** - To accompany this qualitative research should be undertaken to understand the personal view of being unemployed/inactive – what can be improved to help them get back into work, what factors in their life have led to them being unemployed/inactive? What barriers exist stopping them getting back to work? How far away are people away from the labour market?
3. **Service Provision** - Mapping what services are currently being provided in the Borough and their effectiveness.
4. **Policy Research** - has there been any successful programs targeted at 35+. Other co-location, integration case studies across the country or across the world.
5. **Holistic Analysis of data at Household** – to understand how multiple factors impact and contribute to these issues at a Household level. Key to this is information sharing akin to the Troubled Families project. Without this agreed it is difficult to see how families or households facing multiple issues can be proactively assisted.

---

5) Mental health – improve employment opportunities for those with long term conditions

What we know
The main health conditions behind out of work benefits are mental health and behavioural disorders.

Key findings:
- 3,560 people claim Employment support allowance due to mental health and behavioural disorders. This is higher than the total number of JSA claimants in the borough.
- Residents with mental health represent nearly 50% (48%) of the ESA claimant

- In some local areas, the ESA claimants due to mental health issues are as high as 7.4%[2] of working age population.
- The estates in the borough have the highest number of claimants due to mental health conditions.
- There is a high correlation in areas where people living in one bedroom apartment and the prevalence of mental health disorder.
- Residents in the public sector housing are more prone to mental health conditions.
- ESA claimant rate for MH does not necessarily follow deprivation – for example Edward Woods Estate has a high rate, but other similarly deprived estates such as White City do not. Situation is more complicated than just deprivation.

What we don't know:
- Individual details about this cohort – age, conditions, location, education, skills etc.
- What type of services are on offer to this cohort?
- What are the causes and triggers of mental health and how these contribute to these individuals being unemployed.
- How many of these people are known to local mental health services and what is being done to assist them getting back to the labour market.
- What other services are these individuals or households receiving ?

Requirement:

1. **Data Analysis and Access -** Access to data on people with mental health issues. Analysis of the demographics of cohort.
2. **Qualitative Research -** what can be improved to help them get back into work, what factors in their life have led to them being unemployed/inactive and what are the barriers to getting them back into work
3. **Current Service Provision** - Mapping current service provision across mental health and employment and their effectiveness.
4. **Policy Research** - What currently works – any case studies ?
5. **Holistic Analysis of data at Household** – to understand how multiple factors impact and contribute to these issues at a Household level – consider "case management" approach.

---

6)   Improve the employment rates for people from BAME backgrounds

What we know
High proportion of the BME who are unemployed

Key findings:

- High rate of BME are unemployed or economically inactive when compared to the rest of the population.

---

[2] Edward Woods estates

- The majority are located the north sub area of the borough.
  Self-employment rates for people from the most deprived parts of the borough are low.

What we don't know:

- Household composition of BME claimants (Lone parents with dependent children, lone parents)
- Identify the parents that have migrated to the borough or are asylum seekers or refugees and on JSA.
- Income of the BME.
- The number of unemployed by 35+ from BME Cohort.
- Skills, experience and qualifications of individuals in the cohort
- Job requirements for people in this cohort.
- Who is unemployed, no existing information sharing with the DWP.

Requirements:

1. **Data Analysis and Access** - Access to data on BME residents who are unemployed or economically inactive. Analysis of the demographics of the cohort.
2. **Qualitative Research** - what can be improved to help them get back into work, what factors in their life have led to them being unemployed/inactive and what are the barriers in place stopping them getting back into the workplace.
3. **Current Service Provision** - Mapping current service provision and their effectiveness.
4. **Policy Research** - What currently works? Are there similar boroughs with very different BME employment rates – how and why ? Lobbying of central government to encourage information sharing.
5. **Holistic Analysis of data at Household** – to understand how multiple factors impact and contribute to these issues at a Household level

---

7) Reduce the long term unemployment rate

What we know:
The population of the borough is particularly prone to long term unemployment. 51% of all claimants have been claiming JSA for 6 months or more, and 31% for 12 months or more.

Key finding:

- Borough is prone to long term unemployment.
- Very high rates and proportions of JSA claimants for 12 months or more, and high rates for 6 months or more.
- The claimant rate in the north of the borough is a lot higher compared to the south sub area of the borough.
- Poor business survival in the borough.

What we don't know:

- Detailed characteristics of the long term unemployed in the Borough - age, ethnicity, location, housing tenure, household composition, education history (education attainment) and skills.
- Current service provision and effectiveness. What other services and support is in place - how is this managed and how effective is it?
- What has worked in other areas?
- Links to other problems and issues, and barriers to returning to work.
- We do not know the individuals and households concerned – question over information sharing and what can be achieved without it.
- Sought occupations, apprenticeship approaches, and self-employment promotion

Requirements:

When these individuals have been identified a training programme intervention need to be implement services to assists with their jobs search activities.

1. **Data Analysis and Access** - Access to data on long term unemployed within borough. Analysis of the demographics of the cohort.
2. **Qualitative Research** - what can be improved to help them get back into work, what factors in their life have led to them being unemployed/inactive and barriers for returning to work.
3. **Current Service Provision** - Mapping current service provision and effectiveness.
4. **Policy Research** - What currently works? Lobbying of central government around data sharing.
5. **Holistic Analysis of data at Household** – to understand how multiple factors impact and contribute to these issues at a Household level

---

8) Improve the "attractiveness" of part time work and elementary occupations

What we know
The borough has a high proportion of part time vacancies, but a low proportion of the resident population that work part time. The borough 'imports' people to work part time and in elementary occupations.

Key findings:
- The borough has large numbers of vacancies for part time work.
- Borough imports at least 3000 people to work part-time, whilst there is over 2000 JSA claimants within the Borough.
- Very low levels of population that work less than 35 hours a week or part time.
- Low rate of women working part-time compared to males.
- Low rate of residents keen on elementary occupation despite a large number of jobs.

What we don't know:
- Why are part time jobs/vacancies not appealing to residents and JSA claimants?

- Why is there a high rate of females not attracted to part-time job?
- What part time jobs are currently available within the Borough – sector, salary, hours, location, skill requirements?
- What are the skill levels and experience of benefit claimants and how do they match against requirements?

Requirement:

1. **Data Analysis and Access** - Access to data on JSA claimants and vacancy details.
2. **Qualitative Research** – Why are part time vacancies not appealing to JSA Claimants? What can be improved to make part time vacancies more appealing? Consider asking businesses why local people are not filling these positions.
3. **Policy Research** - What currently works? Lobbying for data sharing with DWP.

---

9) Improve wellbeing for vulnerable older people in the Borough – development required.

What we know
LBHF is a deprived area in relation to income deprivation for older people. Concerns over isolation – high levels of single bed homes, people living alone, and a lack of informal care.

Key findings:
- Older residents in deprived (North of the borough) areas have poorer health compare to the more affluent areas (South of the borough).
- There is a higher proportion of people in the borough that do not receive informal care assistance.
- 36% of people aged 50+ live in one person household in the borough, which is higher compare to London (24%) and England (26%).
- The highest rates of people receiving pension credit live in housing estates.
- The borough is ranked as one of the worst local authorities where older people are lonely (ranked 280th – nationally).
- The borough is ranked 309th out of 326 local authorities as having one of the worst income deprivation levels affection older people.

What we don't know:
- Current service provision aimed at the economic wellbeing of vulnerable older people
- Demographic profile of vulnerable older people
- How to improve the economic wellbeing of vulnerable adults?
- How to enable vulnerable adults to do more for themselves – raising social capital and developing community safety.

Requirement:
1. **Data Analysis and Access** – Analysis of where vulnerable adults are concentrated within the Borough. Profile of these adults – age, disability, living arrangements etc. Multi agency approach to tackling significant issues such as fuel poverty and loneliness.

2. **Qualitative Research** – how can we improve the wellbeing of vulnerable older people within the Borough? What are the issues and choices being faced and what can be done about them.
3. **Current Service Provision** - Mapping current service provision
4. **Policy Research** - What currently works?

---

10) Address affordability of local housing

What we know:
There are large scale variations in household income and financial vulnerability in the borough, with those in the north tending to have the lowest income and be the most financially unstable. Highly transient population. Very few live and work in the same borough.

Key findings:

- Average house price in Nov £15,793k and the average rent.
- Private rented sector is £1.5k per months.
- Almost one third of borough households in private rented sector – highly transient population. Very few live and work in the same borough. 'Import people' for part time and lower paid occupations.

What we don't know:

- What are the issues that are causing there to be very few people who live and work in the same Borough? Is this a bad thing?
- What can be done to promote JSA claimants within the Borough applying for part time and lower paid occupations.

Requirements:

- Data Analysis – assessment of genuinely affordable housing within the Borough compared to the demand for affordable housing.
- Determine the "affordability point" for housing products to encourage more key workers to live and work in our borough, and also provide a "step up" product from social housing to the property market.

Links to other work
Housing Market Assessment 2016

---

11)   Information sharing as a barrier to success

What we don't know:
- Currently we do not have access to individual data for the many priorities identified by the Poverty & Worklessness Commission. This means that further analysis will not be possible.
- Currently we have little or no knowledge on how these factors relate to each other at household level. Understanding whether there is a high concentration of households with multiple needs will have significant implications for solutions.

Requirement:
Access to datasets held by partner organisations needs to be tackled before the majority of the research requirements set out in this document can be achieved.

We needs to move away from a geographical based understanding of issues (such as output area) to one of individual households. At best, we are often targeting small geographical areas. Consider and approach to working with families with multiple needs akin to Troubled Families but for the priorities outlined above. Lobby central government and partner agencies to share data – this includes the LA sharing data with others, and between LA departments. Consider an approach where partner agencies sign up to shared objectives and outcomes and shared action plans to meet those objectives.

Desta Consortium
LBHF: Poverty & Worklessness Commission

REPORT TO THE COMMISSION: VOLUNTARY AND COMMUNITY SECTOR PROFILE

Introduction

The local voluntary sector in Hammersmith & Fulham contributes an estimated £70 million each year to the borough economy. More than £50 million each year comes from non-government sources – that is, from sources other than local councils, central government departments or the NHS in any of its many forms. The sector is a superb generator of wealth and the smaller the organisation, the more efficient it is at generating wealth.

Definition

The local voluntary sector is defined as organisations which have a registered address within the borough and which operate locally. It does not include housing associations, independent schools or faith charities. It also excludes charities which have a registered address in the borough but which operate nationally and internationally, although it is likely that these contribute to the borough economy through jobs, secondary trading and supply chain purchases.

Size, Structure and Survival Rates of the Local Voluntary and Community Sector

There are 215 charities with a registered address in the borough and which operate locally, between them contributing £57 million each year to the Hammersmith & Fulham economy. In addition, 23 charities based outside the borough contribute a further £5 million each year.

There are 428 incorporated not-for-profit organisations and myriad unincorporated community associations in the borough. There is little aggregated data about their income or activity. From this, it is reasonable to assume that the financial contribution of the local voluntary sector to the borough economy is at least £70 million each year.

More than 50% of the local sector is comprised of micro organisations with an income of less than £10,000 each year, and a further 34% of small organisations have an income between £10,000 and £100,000 each year.

Local voluntary organisations are remarkably resilient, with more than half having a survival rate of more than 20 years, and nearly 80% have a survival rate of more than five years.

Wealth and Income Generation and Expenditure

The local sector as a whole is a superb wealth generator.

Micro and small organisations, especially, are highly efficient, raising £10.65 for every £1 of their fundraising budget, and with a greater percentage of their income expended directly on charitable activities. Overall, less than 16% of their income comes from any government source.

By comparison, medium (£100k-£1m pa) and large (£1m-£10m pa) organisations generate £8.20 and £4.10 respectively for every £1 of their fundraising budget. Overall, income from government sources is 26% for medium organisations and 32% for large organisations.

Expenditure is dominated by health and social services (33%) with 23% spent on social services.

Council Spend with the Voluntary Sector

The Council has a dedicated Third Sector Investment Fund with £2.6m spend each year with approximately 50 organisations (less than 1% of Council spend in 2013/2014); in addition, the Council spends £8.6 million (2.8% of Council spend in 2013/2014) with SMEs based in Hammersmith & Fulham, although it is not known how much of this is with voluntary organisations.

Impact

In order to retain their charitable status, charities are required to submit a return to the Charity Commission each year, documenting how the charity has contributed to the public good i.e. what their impact has been. Community Interest Companies and Industrial & Provident Societies have similar obligations.

Issues

Challenges facing local organisations include access to funding, particularly since the effects of the global financial crisis on stock markets and the subsequent low interest rates on investments for grant-giving trusts and foundations.

This is exacerbated by the instability of the current funding situation for both grants and contracts. This affects the ability of organisations to plan, especially around staff retention. The availability and affordability of premises are a longstanding issue for the whole of the sector.

Although the local sector as a whole contributes over £1 billion each year to the north west London economy and over half a billion to the shared service area of Hammersmith & Fulham, Kensington & Chelsea and Westminster, there is minimal investment in infrastructure organisations like Sobus, Kensington & Chelsea Social Council and One Westminster.

Infrastructure organisations are frequently compelled to compete with their own voluntary sector constituency for contracts and other sources of funding, with a clustering of activity around public sector delivery (about 28% of the local sector's income overall and diminishing) at the expense of other sources of revenue coming into the sector.

This is also at the expense of the important, wider roles for infrastructure organisations of facilitating a rich, diverse, resilient social fabric of micro and small organisations; of providing influence and voice for the sector's beneficiaries and of challenging inequality, injustice and discrimination.

Only about 15% of the local sector is of sufficient size and capacity to engage in tendering and contracting for public services. Desta was established as the outcome of a £500,000 investment by the local voluntary sector as a specialist membership owned and controlled vehicle for this purpose.

Even so, the voluntary sector is disadvantaged in the provider market and faces prohibitive costs, for example, the costs of tendering – typically 5%-10% of the annual contract value. Many of these costs are hidden, and they consistently drain economic and social value from the sector.

Desta Consortium
LBHF: Poverty & Worklessness Commission

There are tensions around whether charitable resources should be used to engage in unpredictable, costly, high-risk activities such as tendering; and whether contracts for services, where the provider becomes an agent for the state, create a conflict of interest with charitable objects.

The volunteer economy is valued at twice the financial contribution of the local sector. The current trend towards contracting increased services which are dependent on volunteers threatens to disrupt the volunteer economy and destabilise existing volunteer activity. There is an assumption that there are minimal costs associated with recruiting, managing and supporting volunteers.

Opportunities

There are some interesting opportunities about how the Council might work more creatively with the voluntary sector to:

- Support and enhance its inherent wealth generating capacity;
- Minimise the cost and other barriers to the sector of engaging with the Council;
- Develop commissioning models, including grants programmes, which are more consistent with charitable objects and, in doing so, prevent conflicts of interest and
- in the process, substantially increase the amount of money circulating in the local economy through the multiplier effect.

Shani Lee, Chief Executive, Desta
shani.lee@destaconsortium.org.uk

Extracts from *Shaping the Voluntary Sector Provider Market* (2016) and *Delivering the New Commissioning Environment* (2015), Desta.

Desta is a not-for-profit social enterprise set up by the local voluntary sector in 2011. Open to any eligible organisation, Desta currently has 55 member organisations which contribute £59 million each year to the local economy, providing nearly 2,000 jobs and over 2,000 volunteers. Desta is an exemplar of membership owned and controlled collaboration.

Desta Consortium
LBHF: Poverty & Worklessness Commission

Voluntary & Community Sector Shared Service Area Comparison **Appendix**

	Number of Charities	Income	External Charitable Income	Total Charitable Income	Population	Residents per Charity	Income per Charity	Charity Income per Resident	Charity Income per Person Most Deprived Q.
Hammersmith & Fulham	215	57,000,000	5,000,000	62,000,000	182,440	849	265,116	340	1,290
Kensington & Chelsea	288	84,000,000	31,600,000	115,600,000	158,251	549	291,667	730	3,128
Westminster	742	391,000,000	18,400,000	409,400,000	219,582	296	526,954	1,864	8,507
All London	11,436	3,377,000,000	1,040,000,000	4,417,000,000	8,173,941	715	295,296	540	not known

Westminster, with a resident population about 20% larger than Hammersmith & Fulham has three times the numbers of charities, with an average income per charity of nearly double the average of Hammersmith & Fulham charities. The borough has a charity for every three hundred residents and £1,864 each year charitable income per resident. Westminster is interesting as the local voluntary sector's contribution to the borough is now larger than Westminster City Council's entire budget. Westminster also has four times the number of other not for profit incorporated organisations than Hammersmith & Fulham.

Within Hammersmith & Fulham, the charitable sector's financial contribution is comparable to the Council's highest spending department, adult social care. The sector is resilient, with much higher survival rates than local businesses. However, even against the London average, which irons out the peculiarities of Westminster, the voluntary sector and its potential in Hammersmith & Fulham is substantially underdeveloped.

The micro (up to £10k pa) and small organisations (£10k-£100k pa) are of particular interest. They are self-reliant, are the most efficient generators and utilisers of wealth, have the longest survival rates and are the most independent of government income. They form a social fabric or ecosystem across communities, providing opportunities for social engagement, tackling isolation and loneliness, and providing mutual aid, independent of the state.

Medium-sized organisations (£100k-£1m pa) is the segment that has been most damaged by commissioning rhetoric and the purchaser provider split, which has stripped away its intellectual and organisational capacity, frequently removing resources and intellectual assets from public benefit into private shareholder gain. In the five years to 2013, this segment saw a 38% loss of their income from government sources, the highest of any segment in the sector; with, conversely, a gain by national charities of 38% of their government income. This loss is important, as this segment is where specialised organisational knowledge and capacity is vested; where more local jobs are created and sustained and where service innovations most frequently occur. This segment also has the highest potential for contributing to the multiplier effect and increasing money circulating in the local economy.

Extract from *Shaping the Voluntary Sector Provider Market* (2016), Desta.