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# Association of Chief Executives of Voluntary Organisations (ACEVO)

## Representation for Budget 2014

We very much welcome the news that the UK economy has begun to pick up, and that as a nation we are on a more optimistic course.

ACEVO members – charity and social enterprise leaders working with vulnerable people in some of our most marginalized communities – are still experiencing a relentless upturn in the demand for their services. When setting priorities for the 2014 budget, we ask that four priorities are considered in order to place social justice at the heart of its proposals.

### 1. Community Recovery Fund and Social Investment

Our sector's infrastructure needs a sustainable funding plan if we are to meet the needs of the future. We have been impressed by initiatives such as the Commissioning Academy, which supports effective public sector working with the sector, and the Investment and Contract Readiness Fund, which supports charities and social enterprises to grow. The Government's support for social investment, such as the roadmap for a Social Investment Tax Relief outlined in the last Autumn Statement, is helping the UK to lead the world in this field.

But we must not be lulled into believing that such measures are sufficient. Social investment in particular is a young market. The vast majority of social investment funding does not go to grass roots charities and social enterprises. Indeed, risk aversion on the part of investors means this need may remain unfulfilled, despite the efforts of Government-funded Big Society Capital.

We have noted many cases in which social investment has gone to organisations that could as easily have procured investment from commercial sources. Social impact bonds, while innovative, remain some years from going mainstream. Our communities will not wait for the market to rectify itself and neither should the Government.

We urge the Treasury to ensure that sufficient short term funding is allocated to buttress our nation's social infrastructure. We recommend that the funding allocated to the Cabinet Office's highly successful Investment and Contract Readiness Fund be doubled. This fund has already proven

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its worth with voluntary sector organisations stepping forward to offer citizens a real choice in the provision of services to justice.

We also recommend that a new **Community Recovery Fund** be hypothecated to support the growth and development of voluntary organisations working in local communities that are not yet investment and contract ready. These organisations do crucial community work that reduces the demand for state services. This fund would perform a similar function to the much-needed Transition Fund you granted in 2010. It would provide a source of investment for struggling voluntary organisations, many of which have been disproportionately targeted for local spending cuts. We would support such a fund and would be prepared to work with the Cabinet Office on this agenda, which ensures that the voluntary sector share in the proceeds of recovery.

**2. The prevention and early intervention agenda: NHS Investment Initiative**

We would also like to emphasise the need for the Government to maintain its momentum on the crucial issue of public service reform. Previous budgets have rightly identified early intervention as a conduit to smarter, more effective public services. They included measures to support early intervention. We welcomed the inauguration of the early intervention foundation and the help for pre-schoolers offered in the previous Autumn Statement.

However the really big savings and radical thinking are to be found in healthcare. It is time to apply early intervention principles to this area of expenditure. Long-term demographic and financial pressures require new approaches to the provision of care and support. With rising life expectancy and the increasing prevalence of long-term health conditions and complex needs, the health and care system must get better at providing home and community-based support for people to stay healthy, well and out of hospital. When over 40% of adults now live with a long-term illness, we need alternative methods of support to the traditional model of reactive care provided primarily in acute settings.

ACEVO explored this issue in *The Prevention Revolution*, the report of the 2013 ACEVO Prevention Taskforce (chaired by Sir Hugh Taylor), which examined the barriers to the growth of preventive health and care services and recommended ways to overcome them.

It is clear that we need to invest smartly in the NHS so as to privilege innovation and make savings in the long term. We recommended the creation of an **NHS Investment Initiative** to fund the development of innovative new forms of provision, provide access to capital for new, innovative providers from the charity and social enterprise sectors and accelerate the transition to preventative models of care and support. The time is right for this investment initiative, which will combine the best of financial innovation with the best of public service, and we call on the Treasury

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to work with the Department of Health, NHS England and other relevant stakeholders to inaugurate this smart intervention in our health service.

The Government has announced its welcome ambition for joined-up health and care to be the norm by 2015 and the Chancellor announced funding for pooled budgets in the last Autumn Statement. We urge the Treasury to accelerate this transformation, and to fund a new tranche of local pooled budget pilots to bring together NHS commissioners and social care commissioners alongside councillors at the local level. These local health innovation funds, recommended by both the ACEVO Prevention Taskforce and the Association of Directors of Adult Social Services (ADASS), would support both clinical commissioning groups and local authorities to invest in services that shift care and treatment from acute to community-based settings. This is the future of better healthcare, driven by a prevention and early intervention agenda and smart financing.

### 3. Tackling youth unemployment: funding for local youth employment partnerships

The Government is to be congratulated on achieving the first recorded fall in UK youth unemployment for several years, in late 2013 and early 2014. However, as you will be aware, there remains a structural youth unemployment problem in the UK, with around 7-9% of young people becoming NEET (Not in Employment, Education or Training) after the age of 16, even in times of economic growth, with large negative effects on our economy. As ACEVO's 2011 Youth Unemployment Commission showed in its report, this carries a significant cost, estimated to be £4.8 billion in 2012, with a further £10.7 billion cost to the economy in lost output.

There is consequently a strong economic and fiscal case, as well as a social case, for further investment in interventions to support young people into sustainable employment. The Coalition Government has taken some promising steps in this area, such as the creation of the £1 billion Youth Contract, but there is still a long way to go. In particular, there is a need for more intensive support for those young people at greatest risk of becoming NEET post-16, who currently face a shortage of high-quality progression options.

The ACEVO Youth Unemployment Commission proposed an intensive Job Ready Programme aimed at reducing the proportion of school leavers who go on to become long-term NEET, to help fill this gap. These would be locally commissioned by a range of local partners involved in NEET prevention, and delivered by local provider organisations through an outcomes-based funding system: a Youth Employment Partnership. The Treasury has a direct interest in developing these proposals and ensuring they are properly funded. We recommend a ring-fenced pot of funding to develop Youth Employment Partnerships that support the most at-risk young people into employment.

**4. Recognising and supporting the voluntary sector as an economic and social contributor**

In last year's Autumn Statement the Chancellor announced an additional £1 billion of capital to support SMEs. Through the British Business Bank, these programmes invest in late-stage venture capital funds, loan guarantees and targeted schemes such as lease and asset finance. We support these welcome measures to boost Britain's business. However, we are concerned that this analysis puts less emphasis on the benefits to the UK of a flourishing, growing voluntary, community and social enterprise sector. Research from the LSE and the Social Economy Alliance among others, showing that social enterprises in particular have outperformed comparably sized businesses since 2008, suggests this represents an opportunity missed.

We call on the Treasury, alongside their offer to Small Businesses (Small Business, GREAT ambition 2013) to make a similar commitment to voluntary sector and social enterprise growth that goes beyond the social investment tax relief: a belt-and-braces offer that supports our sector's infrastructure and aspirations. We are happy to continue working with the Government on such an initiative and we will outline our own programme of reform in our manifesto for the voluntary sector in advance of the 2015 general election.

Finally, we highlight the importance of considering the voluntary and social enterprise sector across every part of the Treasury's economic plan. It is right that the UK has a National Infrastructure Plan, but it must also track its impact on community organisations, who both use national infrastructure and who increasingly provide it through, for example, energy cooperatives. At the Autumn Statement 2013 the Chancellor announced that resources under the strategic influence of LEPs would be at least £20 billion to 2021. We welcome this commitment to greater localisation but urge the Treasury to remain engaged with it. Without a strong steer from the centre very little will end up in our most marginalized communities, where voluntary sector organisations can make most difference.

The voluntary sector has a combined income of £38.3 billion and an expenditure of £36.8 billion. Charities employ nearly 750,000 people and more than 20 million people volunteer each year. We are a growing, vibrant, confident sector, and an integral part of rather than an adjunct to national growth. We suggest that if the Treasury is looking for growth at the grass roots, at the local as well as the national level, in the places that directly reach people's lives, you will recognise, support and work in partnership with the voluntary and community sector.

**ACEVO, 14 February 2014**