

Unsustainable – the impact of funding on Not for Profit workforce

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Introduction

If you look at some key documents in the Not for Profit Sector, including the Sector Compact – the voluntary code governing the relationship between the statutory and voluntary sectors – you would have thought that the workforce had been airbrushed out of existence. Yet with around 750,000 workers, you soon realise that the sector has one of the largest workforces in our economy, and provides the essential backbone to services, campaigns, and the sustainability of civil society.

However, the workforce which serves the sector is under increasing pressures as a result of the structural changes to funding, most fundamentally the move away from grant funding to contracts; the focus of getting 'more for less', whilst in open competition with the private sector; and absorbing the pain of recession funding cuts, whether from voluntary, corporate or state sources.

Recently, Unite conducted an online survey of its members working for Not for Profit organisations which aimed to highlight the experience of frontline workers on the ground in response to the changing funding environment. Unite represents 60,000 members working for Not for Profit organisations. These members are drawn from a spread of the 171,000 registered charities, housing associations and other Not for Profit organisations across the UK and the Republic of Ireland.

Highlighted from the responses from members, is the universal recognition that pressures being placed on funding, which are hugely detrimental, and are causing both services and the workforce to suffer.

Short term funding prevents organisations from being strategic in their work, and results in the workforce having no job security and the benefits that accompany this. The lack of adequate funding for services means that the workforce is having to work all hours to meet the needs of contracts and service users under extreme pressure, whilst at the same time conceding to less favourable terms and conditions.

The professionalism of the workforce is determined that the service user still has the highest possible standards of support. The lack of training, poor management and the ideologically-driven commissioning processes are seeing the demise of services.

Without exception, the workforce said that the biggest issue they experienced was stress; this was having an impact on relationships, family and the health of the workforce. Its side effects of bullying and ill-health are now commonplace in the sector. Until these fundamental issues are addressed the sector will be unsustainable – many feel at breaking point, some are beyond this.

This report takes the voice of the sector workforce to highlight the reality of operating under current funding mechanisms and calls for an urgent review. It is time that the professionals who hold civil society together are heard.

The report

The work of the Not for Profit sector has a different role to that of the public sector and privately-run organisations. Much of the statutory sector was created from philanthropic organisations to best meet the needs of our nation. The universal provision of services enabled the charitable sector to bring additionality, innovation, advocacy and a strong campaigning voice, to nudge the state into reforming and improving its *modus operandi*.

Parallel to this, public sector terms and conditions of those providing services were enhanced, and training improved to create a professional and world-class workforce. At the same time the Not for Profit workforce, whilst never well-paid, benefited from the investment put into training and terms of employment.

In recent times, we have seen a reverse of this role, as the Not for Profit sector has assumed many statutory functions, covering a myriad of activities. It now comprises of organisations, funded by a range of sources from investments, voluntary and corporate donations to the ever-increasing statutory provision. State funding has also moved rapidly from grant to contract funding which has put new pressures on the sector.

The work of its 750,000 employees makes it a larger contributor to the social and economic wealth of the nation than some more traditional sectors. In 2006/07, the total income for general charities was £33.2 billion.

Unite members work in housing associations, law centres, children's charities, organisations fighting threats to the environment, and those supporting community and youth projects, as well as a wide-range of international and other organisations. They are employed in the four countries that make up the United Kingdom, as well as the Republic of Ireland.

The UK and the Republic of Ireland's Not for Profit sector finances are under mounting pressure from, losses in the Icelandic banks, a decline in donations from the general public as the recession bites and cut backs from local authorities as they struggle to keep council tax increases under control. Also, many charities have few assets to draw on to plug the widening gaps in their budgets.

Employees are being asked to provide the same, if not more services, but with fewer resources. The dedicated workers in the sector are always finding innovative ways to ensure the quality of service for end users, but they also need an organisation to protect their well-being.

Open competition for funding in the sector has caused many organisations to change their emphasis or undercut the true value of the contract in the bidding process, to guarantee them the contract over, increasingly, poorer providers or private enterprises.

It is the workforce, often the largest expenditure of an organisation, that is then expected to deliver these services. Demands of 'more for less', often lead to people working extortionate hours, or having their terms of employment cut. These issues do not currently form part of the commissioners' considerations, but should do so as there is an impact on service delivery.

Not for Profit sector workers have mortgages, families and financial commitments they need to consider and are now speaking out as to how ideological funding restraint and impossible demands are hurting them and as well as services.

Politicians, policy maker and employers cannot ignore the essential needs of this workforce. Quality investment in the workforce is a prerequisite for the delivery quality services. Without a well-trained and funded workforce, there will be no quality services.

Stability in funding

Short-term contracts and other forms of funding have caused the Not for Profit sector to become very unstable. This has resulted in organisations being unable to strategically plan their services and campaigns because their funding cycle is three years or less, thus resulting in service users and employees being put at risk.

The increasing contestable contract environment in which Not for Profit organisations have to engage with needs urgent review, as this is driving down the quality of services and jobs. Unrealistic contracts are being awarded, while the workforce has to deliver the impossible challenges set. Some organisations have had the honesty to hand back contracts realising their over-zealous ambition.

Current contracting arrangements lead to job insecurity, which in turn means that employees are in a constant cycle of looking for where their next job is coming from, and the constant pressures that this brings.

This is not good for morale and denies employees access to decent pension arrangements and the mortgage market, with its increasingly strict lending criteria.

The most vulnerable in our society are also learning that those on whom they depend, i.e. those working for a particular organisation, will often change, or a service will close. The employees will feel constantly insecure or even disappear, adding to the problems the vulnerable already face. The impact that the funding is having on service users also adds to the responsibility, and thus pressures, that professionals feel for their clients.

As for services, holistic provision is being reduced to a tick box culture, and without funding stability, strategic planning is replaced by a short term approach to meeting long-term needs.

Stability is essential for the sector to perform, and yet is denied by the way that funding is set up.

Impact on the workforce

The workforce is deeply unhappy about the direction of travel. It is rare that commissioners meet with those professionals working in the frontline of service delivery; professionals who really understand service requirements. Commissioner determinations have meant that the workforce has switched from focussing on creative solutions to situations to delivering targets and meeting job requirements. Low morale results.

Training has also been reduced to ensure that statutory competencies are maintained, as opposed to stretching the professional practice of individuals. The increased paper chase has also created a distraction away from those that the sector is there to serve.

Perhaps, most shocking of the findings has been the personal impact that the marketisation of services is having on the workforce. We have learnt how employees have taken out personal loans to ensure that quality services continue. But for them personally, the detriment is shocking, the word stress appeared on every response from our members, without exception.

Some employees are working twice their paid-hours to deliver services, working 12 or more hour days at least 6 days a week is not uncommon. The workforce knows this is not humanly sustainable.

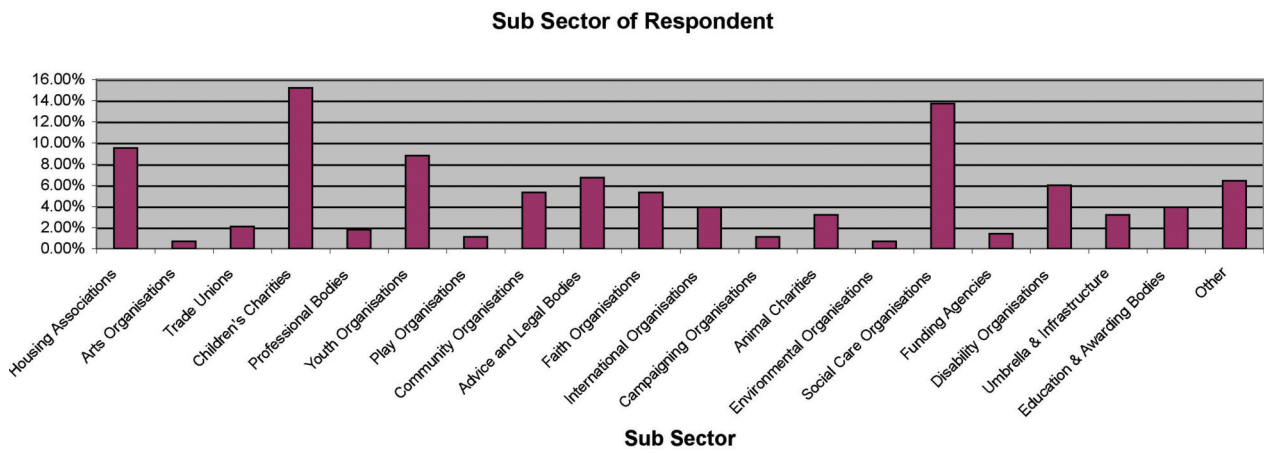
Ill-health due to work related stress is becoming commonplace, whilst family breakdown, miscarriage and suicide are very real issues that people are wrestling with.

Changes in the workplace environment are also taking their toll. Bullying disproportionately impacts on workers in the Not for Profit sector, thought to be exacerbated by pressures put on organisations, as a result of the funding demands.

In short, this research highlights how the workforce can no longer be seen as a secondary concern of the sector. Their voice must be heard and the state and the sector management have a collective responsibility to safeguard their wellbeing.

Survey results

92% of the hundreds of respondents were Unite members; others were members of other unions or none. The sub-sectors in which they work are shown in the table below.



In answering the questions, **Do you believe the way funding is currently structured for your service is having a positive or negative impact on;**

a. *The service received by your clients/service users?*

15% answered in the positive, whilst **85% answered in the negative.**

b. *You and your colleagues wellbeing (e.g. physical and mental health, dignity at work, health and safety, and development in the workplace) in your workplace?*

8.2% answered in the positive, whilst **91.8% answered in the negative.**

The following provides a small example of the hundreds upon hundreds of powerful comments received in response to two narrative questions we put to survey respondents. They illustrate clearly the devastating and sometimes horrific affect the current funding regime is having on both the service received by clients (through the eyes of the people delivering it), and the wellbeing of employees, providing such services.

It was difficult to select which quotes from frontline workers were best to highlight in this report, and perhaps the most powerful impact was reading over 50 pages of comments, all reinforcing one another.

1. Please provide examples of how the service received by your clients/service users is being affected by the way funding is currently structured?

We are chronically short-staffed as posts are left vacant and staff are off on long-term sick leave. This decreases the quantity and quality of service received by the service users.

Too much time is taken in trying to fit into the commissioning framework - time is being taken away from the young people. Projects are not young people-led, but commissioner-led.

Because of pressure on our budgets the level of service to the person I support, which has always been on a 2-to-1 basis, now regularly results in only one member of staff in attendance.

When a project is going extremely well and is used, often to near full capacity, and the funding comes to an end, often there is nothing to take its place,

therefore there is nowhere to refer my clients, and other projects are over subscribed. Often these clients are left in the void.

Experienced staff are leaving job/sector due to job uncertainty. Cutbacks are resulting in less flexibility and support available for clients. In working with service users with learning disabilities, long waiting lists, changing members of staff, and not enough resources is common.

Lack of adequate staffing means grants are not getting out in time, so clients get behind in rent etc., causing them stress and insecurity. One, two and three year funding does not allow projects to develop adequately.

Our services are becoming increasingly stretched as we are expected to cover a wider geographical area with less funding.

Lack of continuity of service leads to no long term developments of services.

Stretched resources reduce quality of services provided.

Emphasis has changed from caring for service users to securing funding again having a detrimental effect on service provision.

As funding is very limited, the number of face-to-face delivery hours inevitably gets reduced and the quality of delivery is affected.

All staff have been given their redundancy notices three times this year due to funding application processes taking so long for each stage and the bureaucratic hurdles. All employees have suffered stress and anxiety every two-three months. We are running out of time, jobs and community services will be lost.

Due to wieldy management procedures and accountability targets, young people are missing out on "hands on" youth work, whilst staff struggle to prove their worth to keep their jobs.

Lack of advisers mean we have to limit how many people we can advise and, on a constant daily basis, we have to turn people away as we have no capacity to fit them in.

Service could be abruptly ended if funding is withdrawn. I am working with people with mental health problems and it is essential to have continuity in services.

Clients are getting less therapy as therapists have to cover posts that are not being filled.

Tendering is driving the unit cost down. Focus on finance has led to the detriment of quality, including the client's uncertainty, staffing problems with high turnover and extra pressures. Reduced security makes us feel like second class citizens, our rights not being respected.

Due to no funding this year the advice centre was made redundant and this is a great loss of a free service for the whole community.

It takes about six months to have a new piece of work to have a real impact on clients. It takes time to reach young people and gain their confidence and respect. Then you are having to think about an exit strategy or seeking new funding which is very time consuming and deflects from the work. Young people feel abandoned and let down. They need continuity in their already tragic lives.

2. Please provide examples of how you and your colleagues wellbeing is being affected by the way funding is currently structured?

Staff morale is very low, colleagues are frequently off with stress related illness, are more rundown, etc. There is no certainty on terms and conditions, pay, or even job. The fact is that this is not a one-off and will re-occur every time there is re-tendering. We have been taken over and feel totally unwanted and unappreciated by our new employer.

My organisation has announced that redundancies are coming. Vacant positions are not being replaced meaning that existing staff have to absorb all the extra work. It is very stressful and worrying about redundancies, but staff feel they have to 'muck in' otherwise they may be considered for redundancy.

The health of staff has suffered massively for a number of reasons, increased workload to save money instead of replacing staff, staff being asked and expected to carry out duties they are not qualified to do putting themselves and service users at risk as a result, experienced staff leaving the sinking ship, and increased staff sickness due to work related stress.

It's stressful waiting months to find out if our re-tender for the service is or is not successful.

I feel suicidal, with funding for the current period not announced before it commenced.

Low self esteem, motivational impact, loss of jobs,

limited contract agreements and one year only contracts, plus no JNC terms and conditions for play workers.

Stringent and sometimes unrealistic targets often cause stress and worry.

It is depressing for colleagues to realise that projects and ideas are restricted when funding may be guaranteed for only a short time, as many donors wish to review matters annually with the real prospect of a cut or no funds for the next year.

Morale in the office is at an all time low. People are fearful for their jobs and therefore cannot concentrate properly on their work which has an obvious impact on the quality of service delivery.

Stress, low morale, overloaded case loads, lack of time, too many systems, paperwork, legislation, no direct support.

Always rushed and stressed.

Depression/anxiety and high blood pressure and no social time for immediate family and relatives.

All day is spent responding to managers demands for outcomes, instead of spending time on young people.

Pressure to jump through hoops re. auditors, funding reviews, etc., distract from service delivery. Colleagues are overworked, then the goal posts are moved and we start again. There has been a loss of autonomy for the voluntary sector.

You are supporting individuals to make long-term plans and it is increasingly stressful as a worker when you do not know what the future holds in relation to your own employment.

Frustration, demoralising, undervalued by the 'powers-that-be' and the government, disappointed, letting young people down - time and again, hands tied behind my back. Staff blaming me!!! I so want to throw in the towel - need I go on?

Stress, exhaustion, low pay means having to work extra hours to make a decent wage.

Short term funding i.e. one-two years means that staff are no sooner recruited and inducted and then they are in a consultation process. This has a huge impact on their motivation and stress levels. Lots of staff are in consultation year-in year-out and it is ridiculous. As professional as they are to maintain the service to children and young people, the insecurity and uncertainty for them is unreal. It wears them down.

The Future

As a first step a real assessment needs to be taken whether or not a service needs to be outsourced, and that by doing so will not cause detriment to the service, service user or the workforce. There also needs to be a closer look at the relationships between the sectors, and realisation that outsourcing is acting as a Trojan horse to privatisation in many areas, so other forms of relationship may be more desirable.

Intelligent commissioning, engaging service users and the employees delivering services, should be undertaken at the design stage of any service. We need to ensure that the quality of the service is central - not just services on the cheap which are increasingly falling into the hands of private enterprise which can act negatively against the sector, driving down terms and conditions and not meet the real needs of service users. We also need smaller community/Not for Profit organisations with an ethos of total client care to be better represented with an assured role in the sector.

We need long term sufficient funding arrangements, more stability and planning of services with an end user focus, taking on the considerations of the workforce. Professionals need to be professionals again, properly trained and supported, enabling them to work proper hours without the stress that is impacting on virtually the entire workforce.

In short, it is time to get in touch with reality.

Action required to address the concerns identified by this survey:

Unite members are calling for all funding streams to be of five-to-ten years duration, with trigger processes which enable them to be extended. Funding also needs to be sustainable and take into account inflationary increases, pensions and expenditure relating to Full Cost Recovery – this means the ‘on’ costs, such as accommodation, heating and lighting expenses. True quality costs money. Additional tiers of bureaucracy should be removed from funding streams, leading to slimmed-down administration costs.

The adoption of these actions will see the horrors of the current funding arrangements, as demonstrated by this survey, addressed, leading to much improved services and client outcomes, by happier and more productive employees.

Unite members call for:

- a review of the way the sector is funded and its relation to the delivery of services, and an end to the market driven competition between Not for Profit sector providers.
- a voice for professional service providers, the workforce, in any commissioning process.
- a continued commitment to real best value, not an undercutting of real costs demanding more for less.
- a work stream which focuses on the workforce, their terms, training and management of the pressures that they are put under, including a review of the impact of the stress experienced by the workforce.
- a work stream which aims to improve working lives.

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