



#VoluntarySoVital

**The Cost of Living
Crisis Impact on
Suffolk's Voluntary,
Community & Social
Enterprise (VCSE)
Sector**

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With many of Suffolk's communities reporting local concerns about the impact of the cost of living crisis on residents, Community Action Suffolk has conducted this research into the impact on the Voluntary, Community and Social Enterprise (VCSE) sector organisations that offer the vital support required by Suffolk's residents to keep them safe and well.

Suffolk's VCSE sector is made up of a number of different organisations with 2,936 registered charities (Spring 2022) of which 87% have an income less than £100k (nationally this figure is 23%), 3147 other registered not for profit organisations, and

perhaps a further 10-12,000 unregistered community groups currently surviving on minimal amounts per annum. With the vast majority of the sector falling into the small or micro category of organisation/group, the cost of living crisis is already affecting it in a myriad of ways.

This report is intended to summarise the sector's concerns, consider worst case scenarios and impact, and make recommendations for action to support the sector in the immediate future and longer term to limit the damage that could be caused to local communities and residents in Suffolk should the sector falter.

"During Covid 19, our VCSE organisations clearly demonstrated how vital they are. Limiting or ceasing provision will always be the last resort for the thousands of passionate people working and volunteering in our sector and there is no doubt our sector is already stepping up to the challenge. We will continue to do so wherever possible, but we also need your support."

Christine Abraham

Methodology

The framework of the report is based on findings from Community Action Suffolk's VCSE Sector Cost of Living Impact survey carried out in September 2022 with supporting research. The survey was 'live' for a short period of 2 weeks to enable timely responses in a quickly changing environment, received 97 responses, and will be repeated quarterly throughout 2022/23. Findings from further surveys will be added to this report as appendices as soon as data becomes available to ensure this report remains a live document.

Research for this initial report has been conducted between July and September 2022 and is based on intelligence received directly from the sector in Suffolk and wider local/national published data, reports, blogs and surveys.

Sector intelligence has been collated from 2 focus groups, individual conversations with organisations and groups, Community Action Suffolk employees working on the ground with local organisations, consultation with key strategic forums (i.e. Voluntary Sector Leaders), and data from the CAS sector survey carried out in September 2022.



Chris Abraham
Chief Executive, CAS



Findings

1) Key challenges concerning Suffolk's VCSE sector

Perhaps unsurprisingly, the largest response to this question was the challenge of **increased core costs**. Traditionally an area of concern for all sector organisations in a funding climate more aligned to financing specific project outputs and outcomes with rare opportunity to recover full costs (notably a maximum of 15%), any increase to core costs will inevitably warrant significant concern. 86 respondents clearly identified this within the survey and is corroborated by informal feedback from focus groups and individual conversations. With 46% of charities nationally reporting they had used their reserves during the Covid 19 pandemic (NCVO, September 2022), unrestricted funds are fewer and when coupled with the second greatest concern in our survey of reducing financial donations (56 of 97), organisations are facing difficult decisions to reduce their core expenditure.

c9 in 10 respondents cited increased core costs as a significant challenge

"We have seen a marked decline in the value of donations and shop sales at our public events already. We expect our income from donations, sales and sponsorships to decrease by up to 50% in the coming year."

"We have seen increases in complex need cases - more child protection referrals, increases in domestic and substance abuse and huge increases in petty crime."

"Debt is up by 558% compared to April 2021, we've issued £17,000 in food vouchers in the last 15 months, and seen a 70% increase in requests for charitable support"

Increased service demand and **reducing numbers of volunteers** were highlighted by 51 respondents as key challenges in our survey. **Changing service demand** was also noted by 41. These statements are also further exacerbated by 42 responses expressing concern for the **impact the crisis will have/is having on staff wellbeing**. Organisations have told us that increasing demand for service is already being seen ("We have seen a 70% increase in demand so far this year compared to last", "Our family referrals have doubled in a year") and further increases are inevitable. Alongside changing demand as individuals/households face new and/or more acute challenges around finance (for example, one charity reported an increase in support for those using 'off the radar' finance streams – 'loan sharks') or complexity of cases to support which can then lead to drastic situations of individual crisis, VCSE sector staff are facing not only their own personal financial situation, but more acute situations of hardship and its effect at work.

Additional information reported in the survey and in focus groups has highlighted **loss of staff** as a further concern for the sector. The survey also shows that **volunteer numbers are reducing** (a concern highlighted by CAS earlier this year following a national report of a 40% drop in volunteering during Covid 19) and some challenge arising (7 responses) that volunteers remaining with organisations are seeking **greater flexibility** in how they volunteer.

In focus groups, a number of organisations discussed the challenge of **volunteer recruitment and retention** in the wider context of decreased 'disposable time' where families are taking on additional hours at work or additional employment and therefore reducing/ceasing volunteering to enable 'family/home time' to be less impacted. Organisations also discussed having to utilise their current volunteers less efficiently, for example to cover a wider geographical area therefore spending more time and/or finance travelling which impacts not only the volunteer, but the organisation too as less services can be carried out, and volunteer expenses become less financially viable.

“Ability and need to match salaries with what's available elsewhere is a particular concern. Also, contracts that were signed three or four years ago that don't have enough salary inflation baked in and which we are, thus, delivering at a loss.”

A further concern expressed by 5 respondents to the survey and echoed in sector conversations has been challenges of **salary cost** (specifically where existing funded contracts do not meet inflationary cost of living pay increases), and loss of staff to sectors where higher pay is available. While reports of this are currently small numbers, staff retention will be key to ensuring services continue and vital support is given to communities so is a thread to monitor as this research continues.

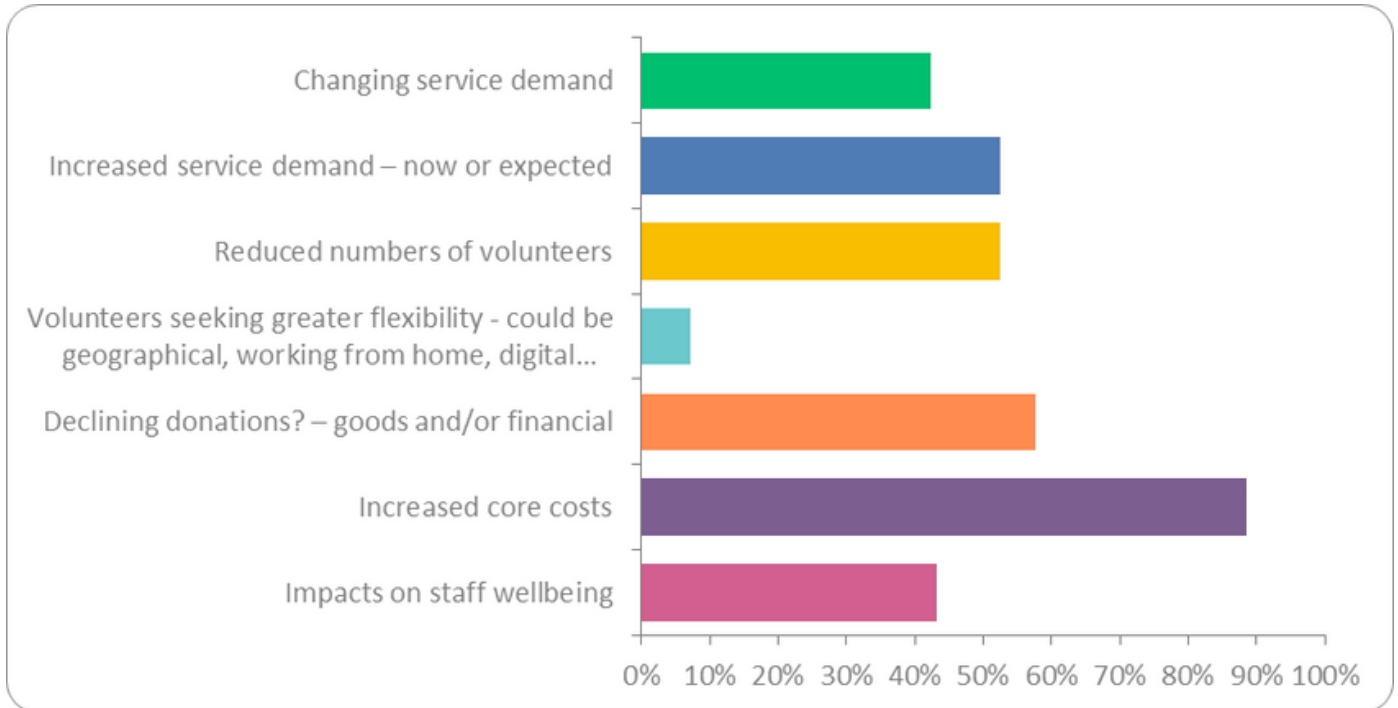
“Our volunteer training programme has gone from 30 per month to 3”

“It is difficult to balance the need for more support (emotional, pastoral and financial) with the reduced availability of people to help - partly because they are themselves under stress and partly because they have to work more to pay their own bills.”

“The most frequent service we are asked to provide is lifts to appointments. With the increase in vehicle running costs, this may make volunteers less willing to volunteer for this service.”

“Losing paid staff as they take jobs in Statutory Sectors to earn more”

Survey results by percentage:



2) Worst case scenarios for VCSE organisations (without additional support):

Loss of services due to overwhelming pressure and insufficient funding, and by **loss of volunteers** received the largest response rate within this survey question (59 responses and 40 responses respectively). 30 respondents reported **temporary or permanent closure** of the organisation could also be faced.

With more than two thirds of respondents suggesting services could be lost, consideration not only falls to those organisations we may lose as a result of the crisis, but also to those left behind already under increased pressure of rising service demand as demonstrated in part one and whether in the longer term this could push those organisations in to this category. The VCSE sector has always stepped up to face challenges head on, never more so than during Covid 19, but with some local organisations reporting that “Covid 19 felt like a warm-up for this”, the pressure to face this challenge could ultimately be too much for some.

**“Less about
"overwhelming pressure"
than about being able to
recruit to existing or new
services with salaries that
are competitive.”**

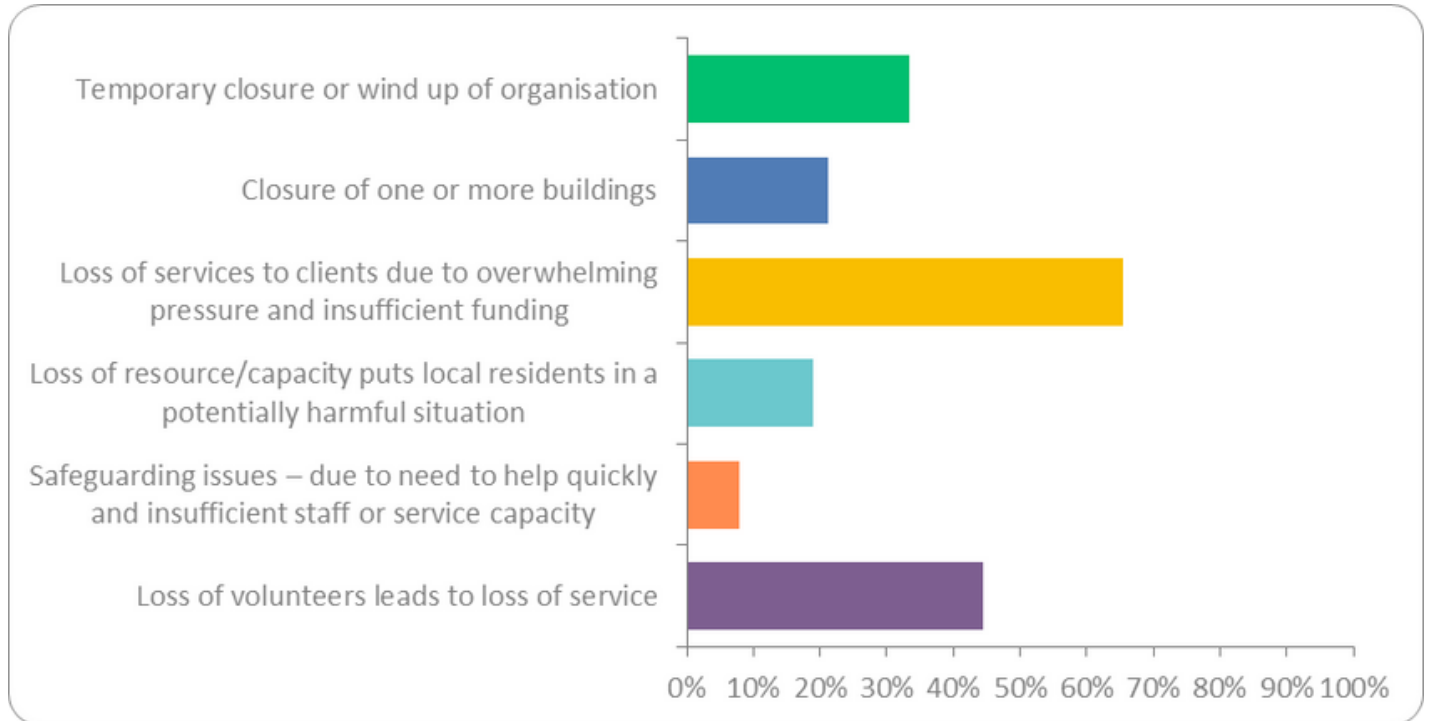
“Our biggest concern is losing staff, 50% of whom are paid less than £19K per year (due in part to many part time staff). This may lead to resignations as people seek better paid employment. We therefore have recruitment costs and vacancies so services are reduced.”

Closure of buildings and impacts on local residents (**harmful situations and safeguarding concerns**) received lower responses in the survey. This could be explained by the level/immediacy of concern expressed by respondents. For example, loss of service(s) may not directly correlate to risk of immediate harm in the case of an indoor walking football group. We are therefore not attempting to draw wider impact conclusions based on the totality or a combination of these responses, but to understand individual organisation circumstances, levels of concern, and where pressure may increase for other organisations in the context of part one responses (see example in paragraph above).

However, 17 Of 90 responses (7 skipped question) have expressed that **individuals may be placed in harmful situations due to lack of resource/capacity** and at just under 19% of responses, this is an immensely concerning picture particularly if a scaled assumption is made based on the size of sector.

**“Not being able to give the support that a
desperate person that comes into me needs”**

Survey results by percentage:



3) Support required/Calls to action:

i. Increased funding for existing services including core funding

A common theme throughout the survey and intelligence gathered has been the challenge of short and long term funding (including core funding) and the inability to plan for the medium and long term. While the sector acknowledges the picture is changing and the future is to some extent unknown (financially, politically etc), more could be done to support organisation stability through grant making and commissioning. The sector is calling for long term (preferably 3 year) funding that will enable organisations to plan and consider future sustainability past this crisis.

“We need more certainty over our funding for 2023/24 so we are able to plan service delivery and make decisions.”

Another consideration is the monitoring and reporting requirements of grants and contracts that at times negatively affect the core costs for organisations in terms of staff resource beyond that allowance within the finance. Funders are called to consider streamlining these requirements wherever possible by limiting to case studies and basic outputs/outcomes and making this a consideration for each specific piece of funding rather than a ‘one size fits all’ principle.

The VCSE sector has also expressed the need for additional funding packages and/or financial support from national and local government akin to that received during the Covid 19 pandemic – small business grants, a temporary hold on business rates, 0% interest loans etc.

As identified earlier in this report, those that have longer term contracts or agreements already in place are also concerned with how to retain staff if unable to increase their wage in line with inflation and the cost of living. Flexibility is required from commissioners and funders to account for this and consider service adaption or application to increase funding.

“Consideration by commissioners to increase future year funding to take account higher core costs and also staffing costs (we need to consider significant pay rises to retain staff).”

ii. Increased funding for new services to meet new needs

In addition to new and increased amounts of funding available for existing projects/services, funders/commissioners are once again also being called by the sector to increase flexibility of existing funding to adapt to be able to meet new ‘crisis’ service demand. Factoring in

increased core costs, and minimal time to report activity, with decreases in local giving and broader donations, increasing provision for new services with current funding is not an option for many organisations.

However, it is worth noting at this point that some have expressed funding for 'new' projects is not always the answer. Many of the VCSE organisations in our sector are not in a position to start brand new projects and require core funding to extend current activity/services that would reach new users or provide new services to existing users but without being a whole scale new project.

“... organisations need help to keep existing services running in these challenging times, why are we always being asked for 'new' projects, why are we back to 6-month grants, what are we going to achieve over 6 months with new projects?”

iii. *Increased campaigning/awareness raising (volunteers, local giving etc.)*

In order to combat some of the challenges expressed in part one, increasing visibility is key whether through campaigning or awareness raising activities. This can be specific to address an immediate issue i.e., volunteer recruitment, increasing donations etc., or more generally about the effect the cost of living crisis is having on the sector and therefore on local resident ability to access support with the ultimate aim of tangible action to support organisations i.e., lobbying national government or calling for help from local residents.

In the case of community buildings and facilities, increasing service users is one such example where awareness raising would be useful. More users paying to access the facilities or groups that go on within them will add unrestricted funds which can be used towards core costs - whether individual users or local business.

“Ultimately what we need is for people to keep using our services. If we can reduce the impact of increasing costs we can continue to provide low cost services that the community can benefit from. We are seeking support to improve awareness and visibility of the facilities and would also be useful if there could be a push for businesses/other organisations who need to use facilities for meetings etc. could be encouraged to use community facilities to keep income coming into the facility.”

iv. Support to increase ability to influence local and national government

In order to address some of the challenges raised in this report, intervention is required from the statutory sector. At the time of writing, the government's Energy Bill Relief Scheme has been announced and welcomed as an initial step to reduce the impact of energy costs on the charity sector. However, this is a small contribution to an increasing crisis and does not go far enough to negate the challenges expressed in this report.

Those organisations with premises, including village halls and community buildings, are continuing to express concern over energy costs. At CAS, we are experiencing an increasing number of new enquiries through our Village Hall & Community Building advice service for support regarding utilities provision from financial advice to information on what is available when fixed term contracts come to an end. Anecdotal feedback suggests that some buildings are considering 'mothballing' over the winter months as it will not be viable post-Christmas to keep the venue open.

For some of our larger charities with amenities reliant on utilities, the effect is expected to be incredibly high. One example of this is Abbeycroft Leisure which has the addition of swimming pools to consider at their premises in Suffolk and are expecting circa £1 million rise in gas alone as a result.

Longer term impacts of permanent or temporary closures is likely to be additional pressure on VCSE sector service demand and statutory provision relating to mental and physical health and social isolation.

"We have seen an average increase across our core costs of 17% in the year to-date. We are fortunate to be on a fixed price electricity tariff until March 2023, but once that ends the impact is likely to be very significant. Our participants (people living with disabilities, mental health issues and long term health conditions) are already disproportionately affected by the cost of living increases."

v. Establishment of community sharing schemes

There are a number of ways community sharing schemes could be useful to address some of the challenges in local communities and for local organisations. Most notably from this survey and other conversations is to assist with cost of energy. 28.7% of Suffolk's properties are 'off grid'. Community Action Suffolk work with AF Affinity to offer a Community Oil Buying scheme

available to local residents and community buildings. From this, we know that during July and August, the average price of oil was beginning to drop, however as of September, with difficulties in driver availability, early signs are that the market is becoming less stable once more as we move into the Winter period. We have already seen an increase of more than 100% in sign-ups to the scheme in the first 6 months of 2022 compared to the entirety of 2021 with many customers now taking advantage of the direct debit pre-payment scheme which enables better financial management through the ability to budget.

Further schemes could be developed to incorporate other fuels and enable bulk buying savings. In addition, community sharing schemes akin to those seen during the pandemic – food, toys, warm rooms, wood and coal have all been suggested during conversations for this research. Some initiatives are beginning to emerge across the Suffolk system (i.e. warm room/spaces) but further could be done to promote the benefits of sharing schemes at community level.

vi. Communications support/training

To aid in raising awareness of VCSE sector organisations and the work they do, provision of training/workshops on how to communicate effectively and promote their work to wider audiences would be beneficial. This could reduce potential costs spent on external PR support, upskill internal staff and/or volunteers, and offer practical ways to communicate not only the impact of the cost of living crisis, but also raise awareness more generally of the incredible work carried out by the sector and benefits of supporting local causes – a good example would be storytelling to enable sharing of case studies.

Social media use has also been presented for consideration to enhance understanding of the platforms as tools for consultation and identifying need.

vii. Wellbeing support for staff

Noted as a key concern in the survey, wellbeing support for staff is likely to increase over coming months as they face more complex and acute cases/challenges in the workplace while also dealing with personal cost of living pressures. There are a wide range of services already available to organisations and individuals on this topic but specific consideration of employee wellbeing when dealing with the cost of living crisis has been highlighted as an area of need.

viii. Other

Throughout the focus groups and also highlighted in the survey results has been an emerging theme of collaboration and shared resources.

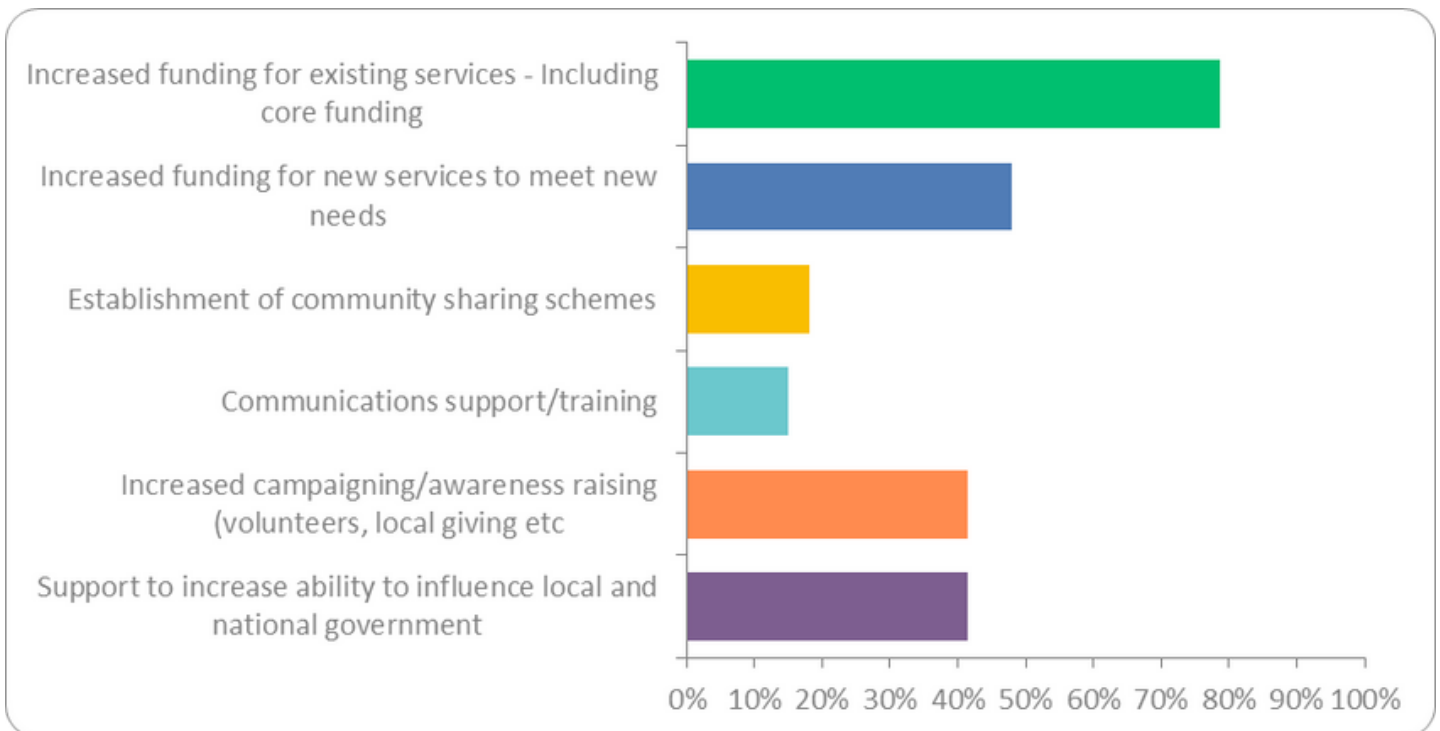
With concern expressed that funding may reduce from traditional sources (grants, donations etc) over the coming months, consideration of working together to reduce cost could be key.

“Opportunities to collaborate are crucial to VCSE strength and stability.”

Suggestions include – staff sharing, volunteer ‘pools’, project/service collaboration, shared premises/facilities, and training opportunities.

Opportunities to collaborate for funding provision has also come through discussions specifically in terms of increased understanding of funders/commissioners of the time and resource that effective partnership working can require. Short term deadlines for application/tender do not encourage collaboration and often means smaller organisations are not able to participate.

Survey results by percentage:



Headline Summary:

*Impact of the Cost of Living crisis on VCSE Organisations and the wider sector –
to October 2022*

- 1. 61% of responding organisations stated that without additional support there will be a loss of services due to overwhelming pressure and insufficient funding**
- 2. 31% of responding organisations stated that without additional support they may face temporary or permanent closure**
- 3. Close to 9 in 10 VCSE organisations that took part in the research are facing significant increases in core costs with rare opportunity to recover full costs through income generation (grants, contracts etc)**
- 4. More than half (58%) of respondents are concerned about and/or experiencing decreasing donations which provide vital unrestricted income**
- 5. 53% are experiencing increased service demand and reducing numbers of volunteers**
- 6. 42% are experiencing changes in service demand (i.e. more acute and/or complex cases or referrals received)**
- 7. More than a third (43%) of organisations are already concerned about the impact of the cost of living crisis on staff wellbeing**

“Closure of services aimed at early help and prevention in order to prioritise crisis support and interventions; even though we all know that early help and prevention support make the most sense in the long term and reduce the need for statutory services. If we as a VCSE organisation can no longer do this work - who will?”

Next Steps

This report is designed to provide a snapshot of the current and potential future circumstances faced by the VCSE sector in Suffolk and outline practical calls to action for a wide range of stakeholders. While the headline figures may suggest a sector facing a troubled outlook, by working together, the wider system, VCSE organisations, and Suffolk's communities can help change the picture we face.

Community Action Suffolk is committed to reviewing and updating this information as the sector continues to navigate a difficult path through the crisis, but the initial findings clearly demonstrate a need for immediate action to prevent a significant decrease in services and size of the sector itself. It should also be noted that the additional value the sector brings to support statutory services, keeping Suffolk residents safe and well within the wider Suffolk system, delivers significant cost and resource savings for statutory sectors.

Unsurprisingly in a financial crisis, there is a clear need for additional and flexible funding, both short and long term, prioritising full core cost recovery to allow for longer term sustainability and cost savings. Financial instability can be attributed to many of the concerns highlighted throughout the research. Working with key funders and commissioners to enable this is key to change. This report will be presented to the Suffolk Funders Network, the Suffolk Collaborative Communities Board, and other key partners to raise awareness and initiate conversations for change. Individual funders will also be approached.

The main function of this report is as a tool to highlight and raise awareness of the issues faced by the sector and have meaningful conversations. As such, it will be published on the Community Action Suffolk website and with various local and national media. We strongly encourage others to refer to the report in their own conversations and share on their media channels and websites to compliment campaigning, lobbying and advocacy using

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In addition, if you are from a VCSE organisation in Suffolk, please do look out for and complete further surveys from Community Action Suffolk on this topic which will help us to keep this as a live document reflecting the Suffolk picture as we move forward. Alternatively, if you would prefer a 121 conversation, please contact hannah.reid@communityactionsuffolk.org.uk

For further support for your organisations during the cost of living crisis, please visit:

www.communityactionsuffolk.org.uk/cost-of-living-support/



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