

Understanding the Impact of the Cost of Living Crisis on Sandwell's Voluntary and Community Sector Winter 2022/23

Introduction

The UK is currently in the grip of the most severe cost of living crisis seen for decades. High inflation and sharply rising fuel bills are pushing more and more people into poverty and hardship. Charities and community groups, alongside local authorities and health services, are amongst those looking to provide help and support.

During September and October 2022, SCVO invited local community groups, voluntary organisations, not-for-profit bodies and charities to undertake a survey. Its purpose was to enable us to understand how the rising costs of everyday supplies and services are, and are going to, affect our sector in Sandwell. The survey aimed to gather insights and information on the risks and pressures faced over the coming months, and how this may impact on support for residents and sustainability for voluntary organisations.

In total 43 organisations completed the survey. Of these, approximately 1 in 5 were small voluntary groups, with the remaining respondents split between medium and larger organisations employing staff*. One third of the organisations responding to the survey employ over 20 staff, with most of the remainder employing fewer than 10 staff; on balance proportionally more responses to this survey were drawn from larger professionalised not-for-profits (of which there are fewer in our Sector) than from smaller organisations which form the majority.

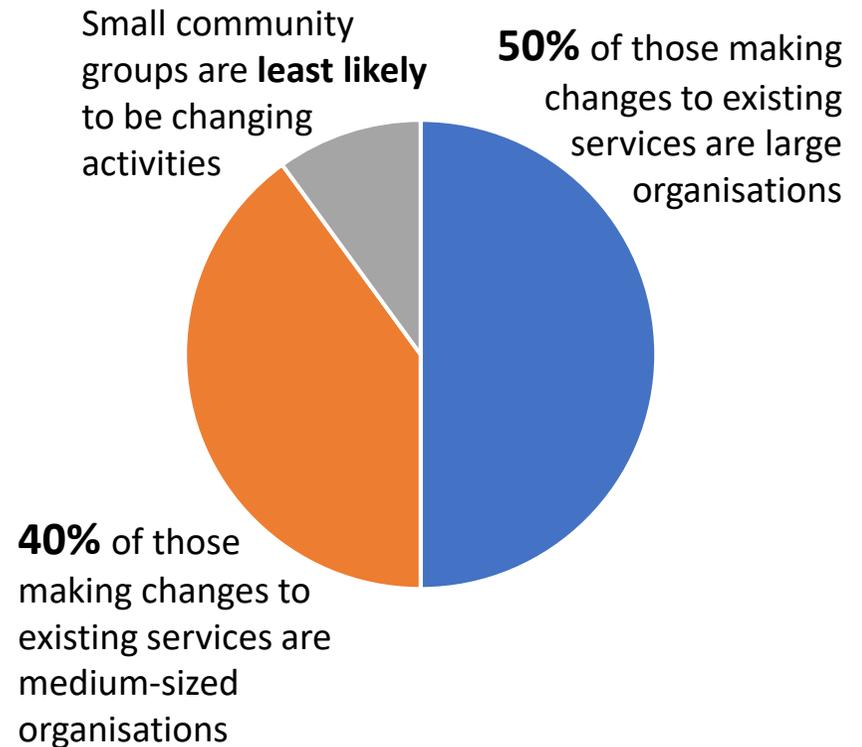
* 'small' refers to groups with less than £15,000 income per annum; 'medium'-sized organisations have up to £250,000 income per annum and 'large' organisations have over £250,000 income per annum. There are currently approximately 1,100 VCS organisations known as active in Sandwell, so survey respondents represent a 4% sample of the Sector.

How Organisations are Making Changes to Existing Activities

Almost half of those organisations surveyed stated that they were changing, or planning to change, the way that they deliver their existing services and activities over the coming 6-12 months due to the cost of living crisis.

These changes were numerous and varied across organisations and groups, including:-

- plans for a **greater number of clients** and demands on staff and organisation resources
- reduction or **rationing of heating** whilst community buildings are in use
- **opening longer** after scheduled activities so residents can enjoy the warm space
- financial support for employees or volunteers on Minimum or Living Wage
- **modifying approaches** and interventions to suit families' emerging needs
- a return to virtual (online) support due to clients struggling to afford bus fare/taxi fare to reach the community venue
- **Energy Advisers** doing more outreach with additional services to access financial help
- reducing office hours or days of the week we work
- increasing provision within **foodbanks**
- introducing a **loyalty scheme** that rewards those using our services with voucher to local businesses and attractions
- looking at **closing** after school clubs due to financial pressures
- opening up community centre on different days and times as a **'warm space'**
- looking at how services can be adapted to reach a growing number of people in need e.g. linking advice surgeries to food pantries etc
- managing current very high demands for **welfare benefits advice**, digital skills training, ESOL training, support with debt and cost of living related issues, increasing requests for food bank vouchers, and those facing threat of homelessness and those requiring mental health/ wellbeing support



1/3

of organisations say they are going to have to increase prices or pass on costs for the community services they offer

"organisational reserves are being used to avoid increasing charges"

"our prices have already had to increase to £2 per session"

"depends if we can secure funding to cover increases, but if not all prices across our offer will have to increase to keep our doors open"

"increasing gym subscription due to costs"

"will increase costs in April 2023 due to staff wages increase"

"we are increasing the charge of our activity sessions, to cover the rising costs of fuel (we operate minibuses) and the cost of the meals as we provide a hot lunch at every session"

"heating and lighting costs will be passed onto the hirer"

New Activities and Support around Cost of Living

Almost two-thirds of organisations surveyed stated that they are delivering (or planning to deliver) additional services or support over the coming 6-12 months, related to the cost of living crisis.

There were lots of different activities planned, some examples of which include:-

- offering events and **advice around energy** and networking.
- carrying out more fundraising to **assist emergency need**
- seeking funding to **support childcare** and opening it up for all, not just working families
- targeting ways residents can maximise their income and limit their expenses
- opening up to provide a **'warm space'** for residents
- clients needing help and support to look at price comparison sites, switch energy suppliers, support with/ info about food pantries and **food bank** vouchers
- supporting clients on low incomes, zero hours contracts, recently redundant and carers
- financial inclusion and **financial literacy** training
- job club and entrepreneurship training
- opening a food pantry
- Helping those people who do not have bank accounts, **digitally excluded** who find it difficult to access government rebates, grants and assistance
- to support the **mental health** of the community who currently have financial troubles
- delivering workshops around **cooking** healthy meals on a budget
- responding to an increase in clients where money is affecting their relationships and home life who can't afford to pay for **counselling**
- presentations on best ways to keep warm and reducing energy bills for our clients who have **challenging health conditions**

Which Cost Increases are Likely to be Most Significant?

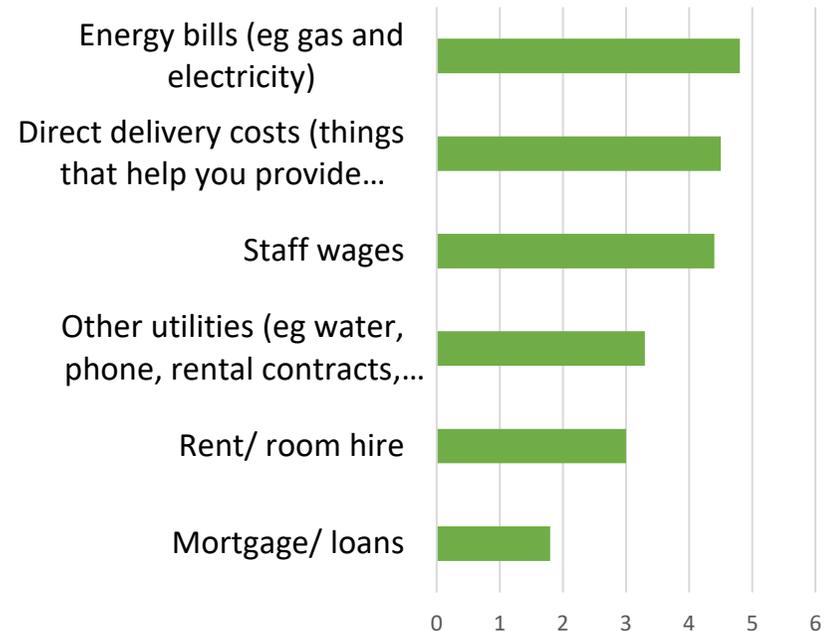
VCS organisations were asked to consider likely changes in costs over the next 6-12 months, including wage rises and energy increases, in light of the current inflationary pressures.

Across all responses, **energy bills** were identified as causing the greatest concern for organisations. Whilst one in six organisations felt that this would not affect them at all, over half anticipated 25% increases in costs, with the remaining quarter of respondents concerned that energy costs might rise to as much as double their current levels. In almost all cases, those anticipating much higher costs were running larger community venues.

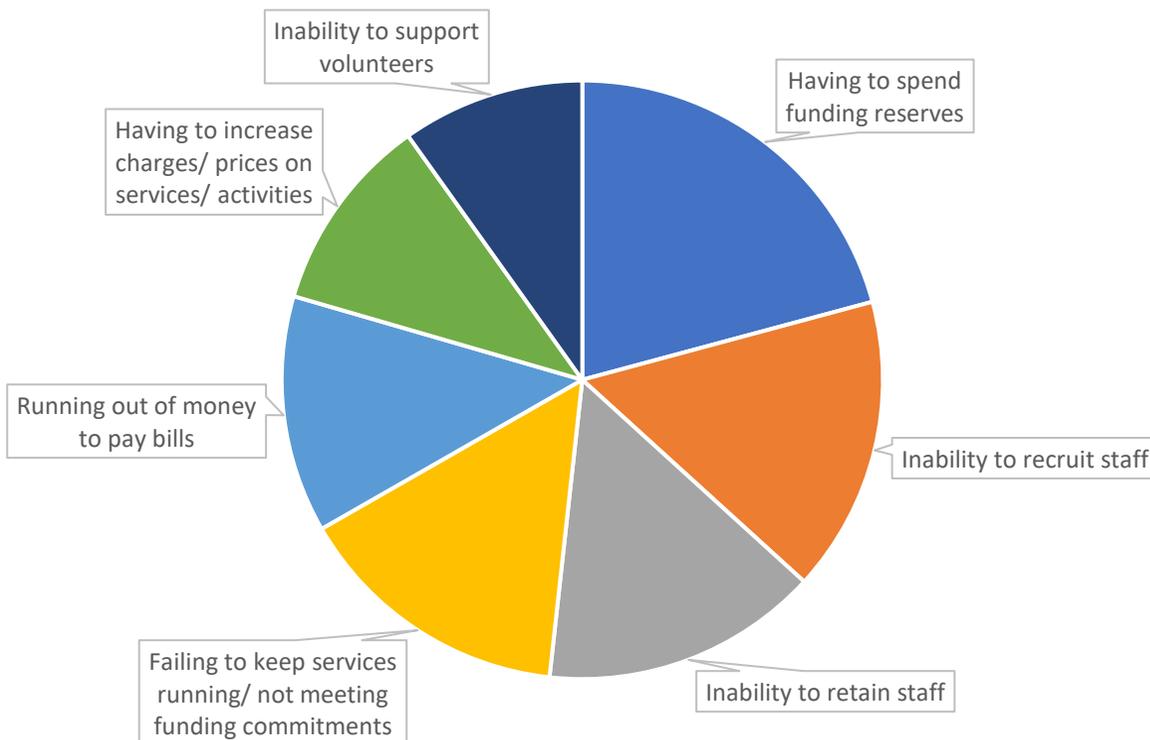
More common across organisations, and rating just below energy concerns, was an expectation that **direct delivery expenditure** (those costs incurred when running services and activities) would increase significantly. More than 9 out of 10 survey respondents expect delivery costs to increase in the coming year up to 25% of their current level.

Half of all organisations said that they expect wages to increase, potentially up to 10% on current levels. Across all respondents, **increases in staff wages** was felt to be the third biggest financial pressure facing them in the coming year.

What do you expect will be your greatest cost increases?



Risks Facing Voluntary Organisations



Managing Future Risks

Charity leaders were asked to consider which impacts associated with cost of living increases might create the biggest risks for their organisation in the year ahead.

These included how cost increases might impact on their ability to recruit and retain staff, support volunteers, keep activities and services running and funded, and manage funds and reserves. Across all organisations surveyed there was broadly an **even spread of risks**, suggesting that there may be multiple impacts on most organisations and groups.

Financial concerns were identified as the chief risk – with many organisations anticipating the need to run at a loss this coming year and utilise reserves to ensure they continue to operate. A significant minority recognised the risk of running out of funds to meet bills and other financial commitments.

Coming in close behind financial worries, are concerns around the **ability to recruit and retain staff** in the coming year, potentially linked to the pressures on salary levels and financial insecurity of organisations. **Inability to support volunteers** was also a key concern highlighted by many leaders.

Responding to the Crisis

Charity leaders identified a number of different measures they were taking to safeguard those they support in the community and the operational future of their organisation or community group. These included:-

- Seeking additional funding
- Minimising costs
- Revising use of their space and equipment to reduce energy usage
- Diversifying their reach into the community
- Increasing volunteer involvement
- Shrinking services and reducing staff hours
- Increasing management charges, room hire and charges for using services
- Reviewing staff pay and conditions

Over three-quarters of respondents cited **partnership working** and collaboration with other local and like-minded organisations as something they are undertaking, or are planning to undertake, as a way of addressing cost of living pressures for their organisation and the local community.

Further Information and Support

More information about this survey and access to support for voluntary organisations and community groups is available from SCVO:-

0121 525 1127 support@scvo.info www.scvo.info www.route2wellbeing.info

