

KEY FINDINGS: SURVIVAL STRATEGIES:

THE IMPACT OF THE CURRENT ECONOMIC CLIMATE ON COMMUNITY ORGANISATIONS IN THE MOST DEPRIVED AREAS OF ENGLAND

This report examines the impact of the current economic climate on community organisations in the most deprived areas of England. It follows two reports published by Church Urban Fund (CUF) in 2011, 'At the Cutting Edge' and 'Holding on by a Shoestring', which looked in detail at how public spending cuts were affecting people and organisations at a grassroots level. Returning a year later to the same organisations, we wanted to examine the ongoing effects of the economic climate.

This report is based on a survey of organisations supported by CUF since 2008. CUF grants target small community-based organisations in the 10% most deprived areas of England. As such, this study offers an insight into how some of the most deprived communities in England are coping in the current economic climate.

The current economic climate is having a significant impact upon community organisations and people living in deprived areas of England. This impact can be seen in the:

- **Rising demand for services** - 78% of organisations have experienced a rise in demand for their services over the past 12 months.
- **Difficulties of securing funding** - 76% of respondents said that securing a regular stream of income was a 'major issue' for their organisation.
- **Significant issues confronting people living in deprived communities** – The most common problems cited by respondents included high levels of unemployment, especially amongst young people; reductions in benefits coupled with rising rent, food costs and bills; increasing levels of homelessness, and rising levels of debt.

However, in response to the current economic climate:

- **Organisations are employing a range of survival strategies to increase service provision** - 71% of organisations have been able to make an increase, to some extent, in their service provision over the last 12 months.
- **Organisations are increasingly willing to collaborate and work in partnership with others** - 83% of organisations are now working more closely with others.

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BACKGROUND

Following a Spending Review in 2010, George Osborne, the newly appointed Chancellor of the Exchequer, outlined his plan to cut public spending by £81 billion, as a strategy to reduce the UK's £156 billion deficit. For people living in poverty in England, these spending cuts, combined with a stagnating economy, are creating a 'perfect storm' (Oxfam GB, 2012), as unemployment and the cost of living rise and benefits are simultaneously reduced. For organisations around the country, these cuts have led to a significant reduction in their grant funding. At a time when need is increasing dramatically, organisations find themselves struggling to deliver the services and support demanded of them.

It was in this context that we wanted to learn more about the impact that the current economic climate was having upon community organisations in England¹. In September 2012, a survey was sent to every organisation that had received a CUF grant since 2008. Out of the 1,139 organisations that received it, a total of 250 completed the survey, a response rate of 22%.

Nearly all these groups are based in the 10% most deprived areas of England and most are relatively small, faith-based organisations with an annual turnover of less than £150,000 a year, these being the main criteria for receiving a CUF grant. The activities these organisations undertake are extremely diverse, addressing the wide range of problems associated with poverty, including homelessness, addiction, mental health problems, isolation, unemployment, low skills and lack of opportunities.

IMPACT OF THE CURRENT ECONOMIC CLIMATE

On community organisations

Our research reveals the two most significant problems facing community organisations across England. Firstly, demand for the services provided by community groups has increased dramatically over the last year. Almost eight out of ten (78%) organisations reported an increase in demand for services over the past 12 months: 41% of organisations reported a small increase whilst 36% of organisations reported a large increase.

Secondly, at a time when demand is rising significantly, organisations are struggling to secure the funding they need: 76% of respondents said that securing a regular stream of income was a 'major issue'.

These two problems are causing extreme difficulties for the majority of organisations across England:

"It has become much harder to find funding for our homeless projects. We are [a] very small charity and we struggle to fill the gap in provision for the homeless which has been left by statutory organisations and the government. All this at a time when we are seeing more people homeless, more people out of work and sleeping rough, more people on benefits." Pilgrim Hearts Trust, Oxford

On people living in deprived communities

The current economic climate is affecting people living in deprived communities in many ways. The most common problems cited by respondents were: high levels of unemployment, especially amongst young people; reduction in benefits coupled with rising rent, food costs and bills; increasing levels of homelessness, and rising levels of debt. These factors are creating a situation in which many families are "struggling to make ends meet".

Youth unemployment: Young people are not only finding it increasingly difficult to find jobs, they are also receiving less support from youth workers as a result of cuts to support services. Consequently, many are feeling anxious about their future.

Cuts in benefits as prices rise: Organisations have noted an increase in demand for advice about benefits claims and an increasing number of people having their benefits removed or cut. Changes to benefits are causing a great deal of concern amongst claimants, in particular those with disabilities or mental health issues. The fact that cuts to benefits are occurring alongside rising food and fuel costs puts an even greater squeeze on household incomes. One food bank commented that they had gone from feeding 1 - 15 families a week to more than 70.

Rising levels of homelessness: Many organisations reported rising levels of homelessness in their communities as a result of public sector cuts to projects supporting homeless people, the lack of job opportunities, rising prices making rents unaffordable, and cuts to benefits.

Rising levels of debt: Organisations working with people in debt reported that demand for their services has increased, as has the level of debt being repaid. As rents rise, food and fuel costs go up, and many lose their jobs, people are turning to credit cards and loan sharks to survive.

"Increase in use of our food bank, huge rise in debt, people are feeling a real sense of hopelessness and guilt at not being able to feed their children. We are seeing a real rise in people not feeling there will be a change to their circumstances leading to emotional distress, an overriding sense of hopelessness and wondering how they will manage." Narthex Sparkhill, Birmingham

There is no doubt that the current economic climate is causing significant problems for community organisations and people living in deprived communities around England. There is a great deal of uncertainty about the future for both organisations and individuals. As the cost of living rises while jobs and grants remain scarce, many feel anxious and stressed about the future and their ability to make ends meet.

RESPONSES TO THE CURRENT ECONOMIC CLIMATE: SURVIVAL STRATEGIES

We have already seen that demand for services has increased across the country during the last 12 months. However, many organisations have been able to increase their service provision in response to this situation. Whilst 78% of organisations have seen demand increase, 71% of organisations have been able to increase their provision.

These findings are surprising and lead to the question; how are organisations managing to increase their service provision, given the difficulties of securing a regular income stream?

Our survey is able to shed some light on that question. We asked respondents, 'What, if any, changes has your organisation made in response to the current economic climate?' Their answers show the survival strategies organisations have been able to employ over the last year to increase their service provision.

Not surprisingly, the most common strategy community organisations have employed is to put more time and resources into fundraising: 100 (44%) organisations identified this as a 'major change' and 77 (34%) identified it as a 'minor change' to their organisational practice. At a time when the majority of organisations are struggling to secure a regular income stream, this is an obvious and necessary response to the economic

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climate. It does however, mean that, while helping to increase service provision in the short term, an increasing amount of organisational capacity is being used to secure income rather than deliver services.

The second most common survival strategy is more unexpected and more positive. Many organisations have responded to the economic climate by choosing to work more closely with others: 63 (28%) organisations said this had been a 'major change' and 123 (55%) described it as a 'minor change' to their organisational practice.

The third most common survival strategy is that organisations are becoming increasingly reliant on volunteers to deliver services: this has been a major change for more than a quarter (26%) of organisations. Despite the difficulty of recruiting and retaining volunteers, reported as a major issue for 46% of our sample, organisations are being forced by the lack of available funds to depend on volunteers rather than paid staff.

The determination of community workers across England to support those in need is clear, yet these survival strategies are not sustainable in the long term. Increasing the time and resources spent on fundraising will cease to pay off as grant funding is further reduced by public sector cuts; and the supply of volunteers able to support community organisations is limited. These strategies are enabling organisations to provide extra services in the short term, but will not guarantee their long-term survival.

OPPORTUNITIES AHEAD: DEVELOPING COLLABORATIVE WORKING

Current difficulties in securing funding and recruiting volunteers, though extremely stressful for community organisations, also present an opportunity to develop collaborative ways of working with other service providers. More than eight out of ten (83%) organisations are now working more closely with others than before.

"Organisations are looking at ways to support each other and collaborate with one another. I see [the current economic climate] as an ideal opportunity to be more co-operative and cohesive, maximising on each other's unique areas of expertise and local social capital." Sussex Pathways, Sussex

If this trend continues, it would be a very positive consequence of the current economic climate, helping to develop a new culture of collaboration. Partnerships between churches and faith-based organisations can help to streamline the delivery of services in a local community as well as provide extra resources and support for community workers, assisting organisations to continue delivering the services so badly needed by people living in poverty.

FURTHER INFORMATION

A copy of the full report is available as a free download from www.cuf.org.uk/research. For more information about this study please contact us at Church Urban Fund (bethany.eckley@cuf.org.uk).

¹ Church Urban Fund grants are given to church-led community projects and small faith-based organisations that deliver community work in deprived areas of England. As such, the term 'community organisation' has been chosen to describe this variety of survey respondents throughout this report.