

# **Community crunch in the South West**

**The impact of the economic downturn on  
the services and sustainability of  
voluntary and community organisations  
in the South West**



## **1. Introduction**

During December 2008 South West Forum<sup>1</sup> gathered evidence through its members of the impact of the current economic downturn on voluntary and community organisations and on their service users and beneficiaries.

Our findings paint a worrying picture. This is that while many voluntary and community organisations in the South West are experiencing increased demand for their services supporting people in need at the same time their very existence is threatened by loss of funding and uncertainty over their future. The ability of the voluntary and community sector to respond to the challenges presented by the economic downturn, for instance in terms of providing support, advice and training for people who are unemployed and/or in financial difficulty, is seriously compromised by a lack of secure funding.

Specific evidence of the impact on individual organisations is provided in section 4.

## **2. Context**

It is essential to consider the current position of voluntary and community groups in the context of some underlying trends. In April 2007 South West Forum surveyed its members and the results received back were very worrying. This revealed many organisations facing reductions in funding in the then current year 2007/8 and very serious concern about the prospects for funding in 2008/9 and beyond.

A follow-up survey by South West Forum published in October 2008<sup>2</sup> but based on data collected over the summer revealed a picture of continuing uncertainty, cuts in services having a direct impact on service users and beneficiaries and the very real prospect of the closure of services and whole organisations and redundancies.

This survey identified a number of specific issues, including:

- Unclear commissioning processes and slipping timescales
- Big Lottery Fund and other major non-statutory funders remaining dramatically oversubscribed
- Continuing problems associated with short-term, stop-start project funding
- Inconsistent approach by public authorities to working in partnership with and funding for voluntary and community organisations
- Changes in EU, RDA and DEFRA funding causing interruptions in funding

*The global financial crisis and economic downturn of the last few months therefore comes on top of an already very fragile situation for voluntary and community groups in the region.*

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<sup>1</sup> Information on South West Forum is included in the Appendix

<sup>2</sup> Contracts, Cuts and Closures, South West Forum 2008

### **3. Actions by government**

South West Forum believes voluntary and community organisations have a major role to play in helping the region tackle the problems people and communities are and will be facing as a result of the economic downturn. Voluntary and community groups are especially effective at meeting the needs of the most vulnerable and disadvantaged members of society and can be flexible and responsive to the needs of specific communities of people and place.

We recognise that there is much that voluntary and community organisations and their support services should be doing themselves to respond to current circumstances. For example South West Forum itself is putting more effort into supporting voluntary groups engaged in worklessness, employment and training activities.

However we do believe there is an important role for government and government agencies in taking action which will help ensure that the resources, capacity and skills of the sector can be fully deployed to help the region respond to the unprecedented circumstances we are facing.

We are therefore proposing the following actions:

- The voluntary and community sector is fully involved and represented in regional task groups and other structures established to respond to the downturn.
- Additional funding secured to match extra ESF funds available resulting from the revaluation of the euro should not be at the expense of existing contracts and agreements.
- All government agencies should be required to streamline and speed up procedures and systems regarding funding and investment in the sector to enable voluntary organisations to respond more quickly and focus more of their resources on delivering front line services.
- Government should promote and itself increase investment in volunteer centres to increase their capacity to support volunteering as a route to employment and respond to the increasing demands upon them, especially from people with particular needs.
- Government should encourage and incentivize local authorities to establish and/or enhance grants programmes for voluntary and community organisations to help the sector respond quickly and flexibly to emerging needs and, where appropriate, avoid lengthy and cumbersome contracting processes.
- Government should consider establishing a dedicated fund in each of the nine English regions to be used strategically to enable voluntary and community organisations to respond effectively to the increased demand for their services brought about by the current economic situation. Funding decisions could be made through a joint mechanism involving the Regional Employment and Skills Partnership and regional voluntary and community sector representatives. We suggest a fund of c £10million is an appropriate order of magnitude.
- Government should consider establishing a national fund to provide temporary assistance to successful voluntary and community organisations facing serious financial difficulties to help them respond to the new economic conditions. Such a fund would be used to “buy time” or organisations to enable them to re-configure, develop new partnerships and secure new income streams. We suggest a national fund of c£250million would be appropriate.

#### **4. Evidence of Impact**

The impact of the economic downturn on voluntary and community organisations in the South West is most effectively revealed by quoting the feedback we received through the December 2008 survey. We have categorized the impact into four main types, as described below, although it is clear that they all inter-relate:

- increased demand for front line services
- reduced funding and resources
- volunteering
- impact on organisational capacity

#### **Increased demand for frontline services**

*"We are starting to get swamped with the demand and anticipate it will escalate after Christmas"*  
Citizens Advice Bureau

*"Demand for emergency assistance is about 15% up on last year"* Foodbank network

*"We are seeing an increase in demand for our services however feel that this is probably more a result of forthcoming legislative changes rather than any impact of the current economic climate!"*  
Regional equality champions

*"We are aware that there are concerns within the equality sector that many of the gains made over previous years will be lost with many disadvantaged groups being the first to experience the negative impacts of recession e.g. older people being made redundant before younger colleagues etc"* Regional equality champions

*"There is an increasing demand from teenage parents to be taught how to cook. Cooking is no longer taught in schools and they can no longer afford to live on convenience foods. Sadly there has also been an increase in domestic violence"* Family education trust

*"Clients experiencing job loss, cuts in pay and hours (doubled in last 2 months compared with same period last year)"* Citizens Advice Bureau

#### **Funding and resources**

*"The organisation is 18 years old and this is the most vulnerable we have been. Donors are cutting back due to their funds being affected by the investment markets"* Youth support service

*"Existing public sector contract cut by 10%"* Equalities organisation

*"Loss of £50,000 contract with a public agency"* Rural network

*"Financial donations down 50%"* Foodbank

*"Corporate funding cut back"* Rural Community Council

*"We have funding at a reasonable level until the end of March 09 following which we are again in great danger of having to cease as a trust. This continues to add stress to our staff and endangers sustainability as valuable members of our team look for more secure employment. Much of our time is spent looking for funding; this being the main focus, planning and developing new projects falls behind. If there is no regular core funding available this will also mean we will be unable to survive. Funders still continue to be unwilling to fund core and only pay lip service to full cost recovery"* Family education trust

*"Fundraising from the public has become more difficult. Indications from local authorities that they will reduce their funding still further"* Rural Community Council

### **Volunteering**

*"Volunteers are more "needy" than previously. Hard to engage groups who need a lot of supportive work prior to being ready for voluntary work. High percentage of relapse clients"* Volunteer centre

*"Noticeable increase in volunteers who are unemployed. More volunteers are being directed to us who have special needs i.e. mental health as Jobcentres struggle to meet their target"* Volunteer centre

*"Talking to some clients using our brokerage service, it is evident that those who are at risk of losing their jobs, or who have already been made redundant, are moving away from seeking voluntary placements as a priority as they seek alternative paid work"* Volunteer centre

### **Organisational capacity**

*"Organisations are having to focus more of their energies and resources on identifying and applying for funding (with less chance of success) which diverts resources away from the day job. We are aware that a number of frontline and infrastructure VCS organisations are struggling to exist as funding has been reduced or withdrawn"* Regional equality champions

*"I've noticed one benefit in fact which is an increase in response to jobs we have advertised – clearly an indicator of the state of the employment market"* Age Concern branch

*"We have had to put our training arm into abeyance for the time being as take-up has dropped off, (the courses were delivered to the voluntary and statutory sectors) and we have no funds to subsidise the training courses we are offering. A contributory factor to this may well be organisations cutting their budgets"* Charities Information Bureau

**January 2009**

## **Appendix**

### **South West Forum**

South West Forum is the voluntary and community sector network for the South West Region. It is an independent charity founded in 1999 to be the regional voice of the voluntary and community sector. It has approximately 160 member organisations, about 80 of which are networks, forums and other umbrella bodies. They include councils for voluntary service, rural community councils and specialist regional and sub regional infrastructure organisations. Our network members have a combined membership of about 15,000 organisations.

South West Forum works to ensure that there is a strong and authoritative regional voice for voluntary and community organisations in all areas of policy, by promoting and safeguarding the independence of voluntary and community organisations and their values and enabling voluntary and community organisations to collaborate effectively and to develop strong and equal relationships with partners.

As well as working regionally South West Forum works nationally with the other eight English voluntary and community sector networks through the Regional Voluntary Sector Networks Forum.

Further details of the organisation are available through [www.southwestforum.org.uk](http://www.southwestforum.org.uk)

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