

sectorbriefing

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Case studies illustrating the impact of the economic downturn on the voluntary & community sector

Between November and February 2009 Regional Action West Midlands (RAWM) conducted initial research into the impact of the economic downturn on voluntary and community organisations in the West Midlands.

Sandwell District Citizens Advice Bureaux

There are five main Citizens Advice Bureaux (CABx) in Sandwell district, and each has its own outreach projects. The information provided is an average for the district.

The CABx have a Financial Inclusion Fund project and a contract with the Legal Service Commission (LSC) which is split between debt and welfare benefits advice. The Financial Inclusion Fund provides funding to advice agencies to provide multiple debt counselling. The two projects fund 10 paid workers, and include management and on-costs.

As the economic downturn has taken hold, the waiting times have lengthened and it now takes six weeks to see a Financial Inclusion Fund worker, and five weeks for an appointment with a Legal Service Commission worker. Workload has increased by 10% and there are no resources to increase client services.

Reserves are not affected by the economic downturn, neither has income been affected. However, future income depends on the level of grant from central

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government to Sandwell council, as well as other external factors which may occur irrespective of the economic situation. For example, there is an emerging threat of advice services in the borough being put out to commission.

Interview, December 2008

Relate Birmingham

At Relate Birmingham, registrations of new clients have increased by 18%. Apart from relationship problems, Relate clients cite employment, financial and housing issues as the main problems facing them.

All clients have an immediate initial assessment, but the average waiting time for the first full appointment is currently six weeks.

The average cost of a counselling hour is £43. Local residents are requested to make a financial contribution towards their counselling. Typically, clients have donated £31 per session, but this has started to reduce by £1 per hour. Additionally, clients have begun to defer appointments until payday as they have no spare income to pay the voluntary contributions. Relate Birmingham funds the difference in session costs and client donations using funds raised from various private trusts.

Due to its worsening financial situation, Relate Birmingham has been forced to implement a compulsory contribution scheme for any clients outside Birmingham, Solihull and Sandwell. Non-residents are now asked to pay the full cost of counselling sessions.

Relate Birmingham has experienced a small increase in people wishing to become volunteers since the downturn. Not all people are suitable to become counsellors, and some cannot meet the commitment to two years training. Relate signposts would-be volunteers to the Relate website which contains information about general counselling courses. Potential volunteers are directed to Birmingham Voluntary Sector Council for other volunteering opportunities, and details of any administration volunteers are retained at Relate for their own use.

Relate Birmingham invests in CAF bank and therefore does not anticipate lost savings; however, they project lost income from reduced interest on savings. Income from trust funds may reduce as donations shrink.

Data collected December 2008 - January 2009

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Staffordshire Wildlife Trust

Staffordshire Wildlife Trust undertakes environmental work, and their main concern at the time of interview was around the financial implications of the downturn rather than service delivery. At the time of writing they are not facing any immediate problems as most of their investments are on deposit with CCLA bank (a specialist bank for charities, churches and local authorities), and not a commercial institution.

Staffordshire Wildlife Trust stated that a large amount of time had been diverted into checking their financial position. They are particularly anxious that the Government undertakes to protect the wider voluntary & community sector by guaranteeing deposits in CCLA Bank, and by raising or even removing the secure deposit limit of £50,000 as well as relaxing the qualifying criteria for the limit, which currently penalise medium and larger sized charities.

Interview, November 2008.

East Staffordshire Citizens Advice Bureau

East Staffordshire CAB has seen an overall increase in their workload of 20% which they attribute directly to the economic downturn. Statistics show that:

- Housing repossessions had increased by 24% in June 2008;
- Total debt rescheduled in 2005/06 amounted to £7,773,693, with average debt per case of £20,785;
- Total debt rescheduled in 2006/07 amounted to £8,862,643, with average debt per case of £32,192;
- Total debt rescheduled in 2007/08 amounted to £18,883,666, with average debt per case of £64,123.

This is a staggering increase of personal debt, with an increase predicted for 2008/09.

The Government introduced a rescue scheme which signposts people to CABx, without increasing funding or other resources. Clients have begun to seek practical help much earlier than has traditionally been the case, but this creates additional burdens for East Staffordshire CAB which has no new funding or resources to increase opening hours.

East Staffordshire CAB has 3.5 (full time equivalent) debt advisers, with a waiting time of four weeks. Ideally, the waiting time for an initial appointment would be

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within two weeks of first contact with the CAB. The telephone advice service can only handle 10% of calls.

East Staffordshire CAB is not experiencing adverse impact on their finances at the time of writing.

Interview, November 2008

As part of this research RAWM also received some statistics from the National Association of Citizens Advice Bureaux' (NACAB). National statistics are available from all large charities, and the trends are broadly the same: increases in employment problems - especially redundancy - housing, debt, and family or relationship problems.

Age Concern in the West Midlands

Several local Age Concern organisations are reporting an increase in the number of enquires received from people 50plus in relation to redundancy issues and age discrimination.

In addition local organisations are experiencing a big increase in the number of people asking for debt/ financial/benefits advice due to the recessionary pressures, which is putting a strain on information and advice services.

One local Age Concern group is working with their local authority to produce a small pack with information and budget sheets for those people who have just been made redundant.

One Age Concern employee explained: "it is often someone in their late 50's early 60's being made redundant whose wife has already retired and is herself on a very low state pension; they of course are asking what benefits they can receive. Several have reasonable savings as they have saved for retirement but of course would not be old enough to get Pension Credit Savings yet which will mean in many cases unless they can get alternative employment which of course in the present economic climate is nigh on impossible they will have to eat into their savings until the man either gets the full state pension or they are eligible for Pension credit Savings".

Many Age Concern charity shops are experiencing a decline in quality donated goods, which means more effort and cost will have to be spent on getting goods to sell, hence a likely reduction in income/profit. On the bright side, the customer

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demand for low price/value for money products is increasing, because of the recession, so getting more donated goods to sell will be important.

Data gathered February 2009

Herefordshire Voluntary Sector Assembly

Herefordshire Voluntary Sector Assembly surveyed voluntary & community organisations on the impact of the economic downturn on Herefordshire Voluntary Sector. A total of 48 responses were received and showed the following:

- Approximately one third of respondents said that they have been significantly affected by the economic downturn;
- 50% of respondents said the services their organisation provided were affected by the rising costs of overheads, specifically fuel and vehicle costs;
- 80% of respondents said their organisation required more basic funding to keep going;
- 65% of respondents said their organisation was experiencing a reduction in the donations from general public; just over half respondents were affected by the cuts being made in public spending.

Data collected Jan 2009

Conclusion

The impact of the economic downturn on the voluntary & community sector is twofold: voluntary & community organisations are experiencing an increased demand for services, particularly those that provide advice and guidance while simultaneously tightening their belts, lobbying funders and / or reducing activity in order to manage uncertainty about the future and minimise the risk of significant wind down or closure.

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