



HOLDING ON BY A SHOESTRING:

**TRACKING THE IMPACT OF THE SPENDING CUTS ON
VOLUNTARY GROUPS IN ENGLAND'S MOST DEPRIVED AREAS**

**CHURCH URBAN FUND
& CHURCH ACTION ON POVERTY**

NOVEMBER 2011

ACKNOWLEDGMENTS

Thank you to all the voluntary groups who responded to our on-line survey and to the project leaders who took part in our follow-up phone survey. A list of all these organisations can be found at the end of the report.

FURTHER INFORMATION

A four-page summary of the full report is available as a free download from www.cuf.org.uk/research. For hard copies of the summary or for more information about this study, please contact Tom Sefton at the Church Urban Fund (tom.sefton@cuf.org.uk).

Together we can tackle poverty in England

Our vision is for every church in every community to be involved in tackling poverty together by giving time, money, action and prayer. Our aim is to increase the passion within the Church for the poor and marginalised and to make the Church's response more effective.

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KEY FINDINGS

Voluntary groups have a vital role to play in supporting some of the poorest and most marginalised people in our society, no more so than in the current economic climate when many people are suffering the effects of rising unemployment, higher living costs and cuts in local services. This study, which follows an earlier report in March, looks at how church- and faith-based projects in deprived areas are coping in the light of the spending cuts, based on a survey of CUF-supported projects. The key findings are:

- Spending cuts are having a disproportionate impact on smaller voluntary groups in the most deprived areas. Around half of the groups we surveyed receive some public funding, and 70% have seen this reduced in the last year. Most groups, whether or not they receive public funding, are indirectly affected by the cuts. Project leaders say they are finding it much harder to secure grants due to increased competition for trust funding. Rising costs, financial uncertainty and falling private donations are also common side-effects of the spending cuts.
- Many voluntary groups are responding by putting more time and resources into fundraising, cutting costs, running down their reserves, making more use of unpaid staff or volunteers and relying on one-off donations. This is helping groups to get through difficult times, but is unlikely to be sustainable in the long-term. Some projects are responding innovatively to the cuts in order to reduce their reliance on trust funding.
- Overall, 40% of groups expect their general situation to worsen over the next year, which is a less pessimistic than earlier this year. But, even among those project leaders with a more positive outlook, the future of the organisation is often quite precarious upon closer investigation. A quarter of projects expect to close or contract over the next few years and another quarter are uncertain about their future, but a quarter are hoping to expand.
- Nearly 80% of voluntary groups report rising demand for their services and around a half say they have increased their services this year. However, there is an inevitable conflict between rising demand and falling income, which will be increasingly difficult to reconcile without additional funding and support from government or elsewhere.
- Based on these groups' responses, those most adversely affected by the cuts include: young people; homeless people; asylum seekers and those suffering severe hardship due to cuts or delays in benefits. Greater priority should be given to supporting projects working with these vulnerable groups.

BACKGROUND

Church Urban Fund helps to support a network of church- and faith-based voluntary groups in England's most deprived areas. Being rooted in their communities, these groups are well-placed to respond to the issues affecting poor communities, working in relationship with local people to help them take control of their lives and improve their situation. They are also in a good position to assess the impact of the cuts on the most marginalised groups in our society and the network of services that supports them.

Our earlier survey in January showed that voluntary groups were already feeling the impact of the cuts on their own finances and expected them to have a significant impact on the people they work with, although it was often too early to make an assessment. The purpose of this report is to monitor the impact of the cuts six months after the first main round of cuts in April 2011. The evidence is from an online survey of 138 CUF-supported organisations (in September-October) and more in-depth phone interviews with 12 project leaders. Most of the groups have an annual income of less than £100,000.

IMPACT ON VOLUNTARY GROUPS IN DEPRIVED AREAS

Cuts to local authority budgets are having a disproportionate impact on voluntary groups in the most deprived areas, because these groups are more dependent on public funding and because changes in central funding formulae have led to disproportionate cuts in the budgets of the most deprived local authorities (see Annex 1).

In our survey, more respondents think that groups in the most deprived areas are being hit harder than groups in wealthier areas (69% vs 11%) and that smaller voluntary organisations are being more adversely affected than larger organisations (74% vs 32%).

Around half of the groups we surveyed receive some public funding and most of them (70%) have seen this reduced in the last year. Where their funding has not been cut, this is often due to strategic decisions by the local authority to protect certain budgets, for example youth services in Tower Hamlets and homelessness services in Manchester.

Most groups, even if they do not receive public funding, say they have been indirectly affected by the cuts, due to:

- greater competition for trust funding as charities seek to replace government funding (65%);
- increase in costs (52%);
- difficulties in planning ahead due to financial uncertainty (47%);
- a fall in private donations (37%); and
- a fall in other sources of income (28%).

Increased competition for trust funding is a particular problem for smaller voluntary groups with limited fundraising capacity. All of the project leaders we spoke to are finding it much harder to secure continued funding, especially for core services, and were having to put more time into fundraising (often without success), detracting from their charitable work. In smaller organisations, fundraising is often done by the project manager, so time spent on fundraising means less time with the people they work with.

Overall, 40% of the voluntary groups expect their general situation to worsen over the next year, which is less pessimistic than early this year (when 59% said this). It is also less pessimistic than the rest of the voluntary sector. 50% of NCVO members expect their situation to worsen, according to their latest quarterly survey in Q3 2011 (see Annex 2). However, even among project leaders with a more positive outlook, the future of the project is often quite precarious upon closer investigation, and reliant on the success of pending applications.

Response to the cuts

Many projects are managing the impact of the cuts by investing more time and resources into fundraising, cutting costs, running down reserves to cover salary costs, taking on more unpaid (or low-paid) staff and volunteers, and relying on one-off donations from individual supporters or the goodwill of churches. Whilst these responses are helping groups to get through difficult times, this is unlikely to be sustainable in the longer-term. The situation is likely to get harder for many groups as existing grants - often awarded for two or three years - come to an end. The case studies overleaf show how four groups, and many like them, are holding on by a shoestring in a challenging financial environment.

How are voluntary groups responding to the spending cuts



Source: own survey of CUF-supported voluntary groups (Sep 2011)

Case study: Canaan Project, Tower Hamlets (young people)

The small amount of public funding the project receives has been maintained, thanks to the borough's decision to protect spending on youth work. Nevertheless, its financial situation is precarious. The knock-on effect of the cuts is that more charities are applying to the same few trust funds, reducing the odds of success.

Furthermore, grants are increasingly restricted to direct service provision, meaning a small charity like this faces great difficulties in funding core costs. The project has only two weeks' reserves; trying to build a sustainable model of youth work in this context is extremely difficult. The project manager - and only full time staff member - is spending more time writing grant applications, and less time helping young people when this is more important than ever.

Despite the economic challenges, the project is looking to expand its provision to meet growing demand. It is working with colleges to take trainee youth workers on placement, which is mutually beneficial. Nevertheless, training placement youth workers costs the project in both time and resources. The project manager says he needs another full time member of staff just to manage trainees, without which it becomes another burden which falls on his shoulders and draws him away from where his skills lie, which is working with marginalised young people.

Case study: Meeting Point Leeds (asylum seekers)

This project works with male asylum seekers delivering social and sporting activities and signposting to appropriate agencies for other support. It has an annual income of £40,000.

Due to lack of funding, the project has had to have cut its one-to-one advocacy work with asylum seekers and reduce home visits by about 12 per month, as well as withdrawing from a Christian football league. It does not receive any public funding for their work with asylum seekers at the moment, because there is very little government money available for this kind of work. The manager's salary is being paid for out of their reserves, which are running low. And the project is relying on a few one-off donations from individual supporters and a rent holiday from the church to keep going.

Most of the project's funding comes from grant-making organisations and charitable trusts. Work with asylum seekers has never attracted much support, but funding is getting even tighter. At the same time, it is having to deal with more destitute refugees, because other organisations in this area have had serious cuts in funding and the council has disbanded its in-house support for refugees and asylum seekers.

Case study: CHAT Trust, Newcastle (advocacy, asylum seekers, young people)

This group works with young people, especially those involved in or at risk of being involved in criminal activity. It also runs English Conversation Classes and an advocacy/advice service and has an income of around £70,000 a year.

It has funding in place until May next year, but the position is uncertain beyond that. Most of the group's funding comes from charitable trusts, although it used to get some money from the Department of Health. (This was only intended for three years and was not withdrawn because of the cuts.)

The board of trustees is opposed to funding connected to the lottery, which is an issue, because this is where the government seems to be channeling a lot of the available money. Another problem is that, as a small organisation, it is finding it very difficult to compete for funding with bigger charities who have dedicated fundraisers. The project leader has to run the services on top of doing the fundraising, but is now spending around half her time on fundraising - up from a quarter. When she started four years ago it was rare to get turned down for grants; now it's much harder.

The organisation recently secured some public funding to continue with its English conversation classes for recent immigrants, but only for the next term – and that involved attending four separate ward committees, which was very time-consuming.

Case study: St Margaret's and St Chad's, Oldham (community development)

This Church runs several community projects and employs a CUF-funded development worker. It has an annual income of around £150,000. Under the listed places of worship scheme, the government used to reimburse VAT on building expenses. Now they limit that reimbursement to £3m a quarter (for all listed places of worship across the country). This means the Church is struggling financially, as they are required to spend £40,000 upfront from their reserves, without any guarantee of it being reimbursed. Church funds are therefore being diverted away from their community work, which they want to make their priority.

Two community groups had to be closed as the worker's funding from Sure Start was cut: a Chit Chat meeting group for Asian women, and another group focused on healthy living. The church spent around £3,000 from its reserves trying to keep these services going, but it became clear that savings had to be made, so the administrator's hours have been reduced from full time to 2 days a week part time. The church has actively sought to generate more income by advertising rooms for hire to local businesses, but have had to reduce the rent by a third to keep one of the hirers, the Barnardos group, whose own funding was cut.

Grants are harder to come by, too. If a pending grant application is successful, the church's community work could continue for two more years; without this, its reserves will run out much sooner.

The two case studies below show how some groups are adopting a very proactive response to the new economic climate, and seeking to become less reliant on trust funding. One project has set up a charity shop to help cover the costs of its advice centre next door and is a subcontractor for the Government's Work Programme. Another project is charging for its child care services and renovating its building to rent out part of the space to other charities (see below).

Case study: Strood Community Project, Kent (employment and basic skills)

This project provides basic skills training for people without qualifications, as well as a charity shop and drop-in advice centre. It has an annual income of around £200,000. As a sub-contractor for the Work Programme, it is paid a reasonable 'attachment fee' for each unemployed client (110 in the first five months), but the system is gradually moving to payment by results, so that after three years the project will only be paid in full if clients remain in work for at least six months. The project leader thinks this is why few voluntary groups are involved, because they're unwilling to take the risk. It works for them because they have Medway Council acting as a middle-man; and because they have free access to the project's other services, including basic skills training and debt advice.

Meanwhile, competition for charitable trust funding has increased significantly. The project has not secured any large grants since the spring, but are waiting to hear from a large bid (for £300,000). He thinks that voluntary organisations need to take more control over their income. He is considering moving the shop to larger premises to generate more income for an expanded advice centre. He has started a market stall to sell the low value donated items, which is bringing in around £100 a week, and is using e-bay to maximise the income from more unusual items. He is also planning a sponsored abseil down the local church.

Case study: Weoley Castle, Birmingham (children)

This group runs a breakfast club (with 16 places) and an after-school club (for 30 children). All 12 of the staff are from the local estate. Fees are charged for both services which help to pay the salary costs, though not the overheads. It used to run a day centre for older people, which is now closed with two staff made redundant.

Thrive Together West Midlands, a local faith-based infrastructure organisation, has been incredibly helpful in supporting them over the last year. Thrive helped the project to obtain funding for its breakfast club, which started in September, and connected the project to staff from another children's project in the area who were willing to share their experience. Thrive also helped to put together a business plan for Weoley Castle's premises to become financially self-sustaining within a year. The project has secured funding to renovate the building and will be looking to rent rooms out to help cover the running costs. It is also in negotiation with a Christian youth charity about establishing a social enterprise in the premises, which would pay rent as part of its business model.

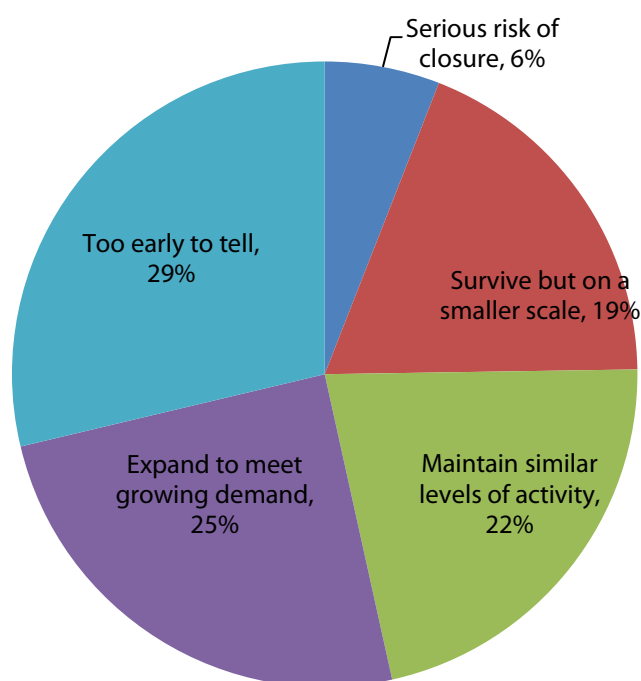
Ultimately, the project leader would like the centre's activities to be self-sustaining, so that it is not reliant on external funding, and because she doesn't want to spend all her time filling out grant applications, although they recognise that this model wouldn't necessarily work for other groups who may not be able to charge for their services.

Of the groups we surveyed, about a fifth said they had already cut services and/or reduced the number of paid staff as a direct result of public funding cuts. Examples include:

- Haven Community Project in Birmingham were no longer able to provide summer activities for 60 young people and have suspended their work with 50 unemployed young people
- A Rocha UK in Southall, West London lost their funding for a park liaison officer, so are no longer able to organise community activities, or tidy and conserve the park
- H Church in Bath & Wells had to close their community café, though they are now looking to re-open it with a more limited service, affecting about 50 parents and their families
- East to West in Egham, Surrey have closed one of their projects (affecting 30 young people not in education or training (NEET) and another project has gone part-time (so 100 fewer young people are being seen).
- The Parish of Ashton and Nechells in Birmingham has cut two staff from its St James advice centre
- Trinity Churches in Shrewsbury have made a youth worker redundant

Looking further ahead, 6% of the organisations said they were at serious risk of closure in the next few years; 19% said they thought they would survive on a smaller scale; 22% expect to maintain similar levels of activity and 25% say they hope to expand to meet growing demand. A significant minority of groups (29%) said it was still too early to tell.

How do you expect your organisation to be affected in the next few years?



Source: own survey of CUF-supported projects

Support from external bodies

When asked about the support received from external bodies, individual supporters, local churches and grant-making organisations were generally seen as “very” or “quite” helpful (by around three quarters of respondents). Many groups said that individuals, local churches and the wider community had responded generously to support them through a difficult time with financial donations and in-kind support. Other helpful support includes free advice and training; support from CUF and dioceses; support or donations from local businesses; and publicity in the local media, which has generated individual support.

Quite a few groups also said that the financial situation had encouraged them to work more collaboratively with other voluntary groups, for example by sharing overheads, coordinating services, and sharing ideas and information, which was seen as a good thing. However, in some areas, it is leading to unhelpful competition between charities that are chasing the same funding.

On the other hand, only 32% of respondents said that local government had been helpful and just 5% said central government had been helpful. Project leaders highlighted a number of specific issues in this regard:

- **Lack of clarity and short-term nature of local authority funding decisions:** Uncertainty about future funding makes planning ahead very difficult and is very unsettling. As one project leader explained, even if they receive local authority funding, it is only for one year at a time.
- **Changes to commissioning and contracting arrangements:** this is causing confusion and disadvantaging smaller voluntary organisations who have little chance in direct competition with larger private contractors and who risk being exploited or ignored as subcontractors. Only 9% of the groups we surveyed said they were intending to compete for new government contracts.
- **Frustration with the government’s Big Society agenda:** project leaders said it costs money to train and manage volunteers and questioned where the volunteering opportunities would come from if the voluntary sector is contracting. Another project leader says he ‘believes’ in the Big Society, but feels that current government initiatives are only relevant to large charities

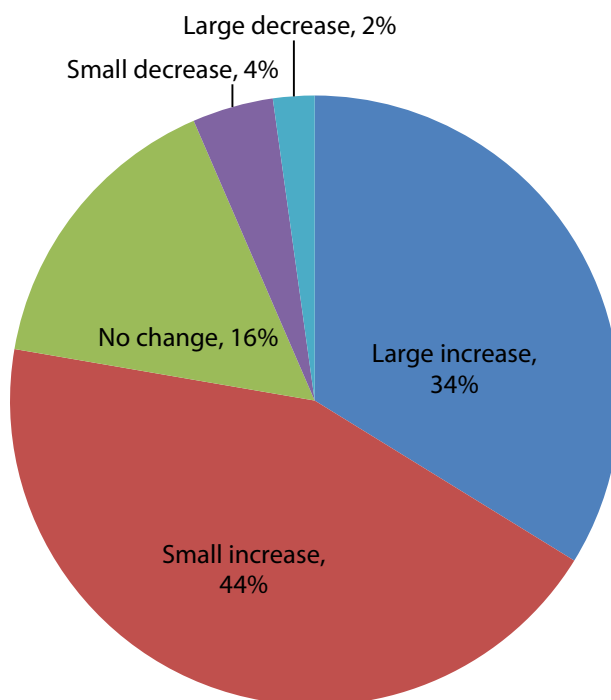
IMPACT ON INDIVIDUALS AND COMMUNITIES

Cuts in local authority funding are impacting on the capacity of the voluntary sector at a time of rising demand and expectation that the sector will be doing more. In our survey, nearly 80% of groups report an increase in the demand for their services since the beginning of the year, including for example a 30% increase in the number of homeless people accessing Booth Centre's day centre in Manchester since April (see below). This is frequently a knock-on effect of cuts in other local services, which places additional strain on projects that are having to handle larger numbers of clients and/or more complex cases.

Perhaps surprisingly, in view of their financial situation, more than half of the voluntary groups we surveyed said they had increased the services they offer in the last nine months and about the same proportion were planning to increase services over the next three months (see Annex 2). This reflects their commitment to meeting the growing need in their local community. However, there is an inevitable conflict between rising demand and falling income, which will be increasingly difficult to reconcile without additional funding and support from government or elsewhere.

The case studies overleaf show how four projects, and many others like them, are doing their best to meet rising demand for their services on a tight budget. Only in one case, Coventry Foodbank, is the group's finances relatively secure.

How has demand for your services changed since the beginning of the year?



Source: own survey of CUF-supported projects

Case study: Booth Centre, Manchester (homelessness)

The Booth Centre in Manchester Cathedral has seen the number of homeless men and women accessing its day centre increase by nearly a third since April. It has benefited from the decision of Manchester City Council to ring-fence 'homelessness prevention' spending, but is expecting to lose a £40,000 grant from DCLG [Department for Communities and Local Government].

The Centre is under increasing strain owing to cuts elsewhere. When a nearby advice surgery was axed, it had to carry the burden of addressing their visitors' complex needs themselves. It is already at full capacity in terms of physical space; visitors are having to stand for a long time waiting to be seen, as there simply isn't room for any more chairs, or to accommodate any more staff members.

General donations have decreased month on month since April compared to last year, as ordinary supporters are less able to contribute owing to their own financial difficulties. The group's ability to meet the increasing need rests on the outcome of ever more competitive funding applications, which would allow it to move to bigger premises.

Case study: Bridge Street Church, Leeds (families)

Bridge Street runs a debt and money management advice centre for local residents, and has a number of community groups for children, young people, and older people. They successfully ran a life skills course until funding ran out on topics such as self-esteem, employability skills, parenting, and cookery.

The project is seeing an increased demand for debt advice with more families struggling to make ends meet. The project leader is also anticipating an increase in the need for the Mums & Tots group and parenting courses as financial pressures put more strain on family relationships. With support from CUF, the number of families receiving debt advice has been increased from 6 to 10 a month, but this is still far short of meeting local need. The centre is currently run by one paid member of staff working two days a week.

In response to the financial situation, the project has been replacing staff with volunteers once their contract come to an end; but relying more on volunteers is already taking its toll, as well as contributing to local unemployment. Expanding the volunteer base requires time and resources to be spent on training and management to ensure quality of service remains high. While volunteers have helped the church to maintain its current level of community work for now, this arrangement is less satisfactory and less sustainable in the longer term.

Case study: Quinton Youth for Christ, Birmingham (young people)

Quinton YFC runs a mentoring programme funded by a local school, offering support to young people faced with issues such as teenage pregnancy. This is an area where half the pupils receive free school meals and just 10% have both natural parents at home.

The project has increased the number of young people being mentored from 30 to 100 a year, but its funding is decreasing. Last academic year, it received £20,000 of public money; this year that has been reduced to £14,000, and it is not expecting any public funding next year. If it is unable to find alternative sources of funding, it will have to close down altogether, leaving 100 young people without the one to one support they have been receiving.

The project has tried to compensate by taking on a full time intern and student placements. It hopes to continue expanding in order to meet rising demand, but this is entirely contingent on the outcome of increasingly competitive grant applications. The project manager is spending four times longer writing grant applications, which is placing strain on the project by diverting resources away from day to day management.

Case study: Coventry Foodbank (financial hardship)

Coventry Foodbank provides emergency food parcels to individuals and families across the city. It began in January 2011 with two distribution centres, and by the following year will have ten distribution centres, covering all but one of the most deprived wards in the city. It has fed over 4,200 people over the last 9 ½ months, half of these children. The project has witnessed increasing demand since the cuts came into effect last April. People experiencing benefit delay have found it much harder to access crisis loans, leaving them without any form of support.

The project manages to operate with very low running costs. So far this year, the project has been financed on less than £25,000, which covers service charges and the salaries of an administrator and van driver. This has been possible largely thanks to in kind donations: the council donated city centre warehouse space and a van, and a local housing association donated office space. The Foodbank is supported by over 100 volunteers and over 40 churches, of all denominations.

With the project manager also volunteering, the organisation's finances are robust. It is not vulnerable to spending cuts, although it is heavily reliant on continued in kind support from the council and housing association. The project plans to continue increasing the number of people it can help, and is looking to expand its staff by hiring a warehouse manager. The project has benefitted from positive media coverage and attracted businesses looking for opportunities to partner.

The groups we spoke to are keen to focus on the impact of the cuts on individuals and communities, rather than on their own projects. They identified a long list of ways in which the people they work with are being affected. Taken together, a pattern emerges of entire networks of local services being weakened or wiped out.

The issues highlighted most frequently include:

a) Cuts to youth provision and support for poorer students

- Closure of the local authority youth club facilities and specialised youth facilities (St Peter's Church, Stockport)
- "Detached youth workers have all been cut from our immediate area" (The Flame Tree, Tottenham)
- Younger people being affected by the withdrawal of EMA and the massive rise in tuition fees, which is putting many people off going to university in our locality (Shine, Bradford)
- Closure of the local leisure centre has meant an increase in young people on the streets of the estate (Toy Club, Leeds)

"The young people who came to our youth club live in the most deprived area of SE15 and SE14. Now they can't access any other youth activities in the whole of these two postal code areas. They roam around in the area with nothing constructive to do. If we don't think and plan for young people now, we will have a repeat of the chaos we saw a few months ago." (REM Educational Centre, SE London)

b) Increased homelessness due to a reduction in hostel places and cuts in Housing Benefit

- Increase in clients becoming homeless, despite being in work, because they are unable to afford higher rents (Hope Housing, Bradford)
- Closure of a local daytime drop-in service for homeless people means there is now no facility for this group to get easy access to showering and other personal services. Medical help/advice is also more difficult to access (Arun Angels, Bognor Regis).
- Growing waiting list for move-on accommodation (Slough YMCA)
- Landlords becoming unwilling to take tenants on housing benefit as they know that this will be cut in early 2012, making it more difficult to find housing for people and most likely leading to a dramatic increase in homelessness (Lighthouse at Weston, Weston-sup-Mare)
- Cuts in housing benefits are having an effect on our clients who have to top up their rents with what little benefits they have (Harbour Bideford)

"There are fewer hostel places available as the emphasis is moving towards cheaper options. This means that it is harder for our clients to access safe, supervised, drugs-free accommodation" (Jericho Project, Nottingham)

c) Cuts to legal and other support for asylum seekers

- Refugees being particularly affected by reductions in their entitlement to employment, training, housing and other social services (WHEAT Mentor Trust, London)
- Increasing number of Eastern European clients with no recourse to public funds (Greenleaf Trust, Waltham Forest, London)
- Reduced legal budgets mean that refused asylum seekers will find legal representation hard to obtain. Travel to sign on without access to emergency cash for doing so forces many clients into default which makes them more vulnerable (Doncaster Conversation Club & Night Shelter)
- Access to ESOL classes for refugees and asylum seekers is harder due to fewer places, more restrictions and rising costs. (Meeting Point, Leeds)

“One specific group are asylum seekers or immigrants with Citizenship who are applying for permission for family members to join them. Free law advice has been cut and a large provider of free legal assistance has gone in Sheffield, creating huge confusion and delay in dealing with cases. We have seen people experiencing emotional meltdown as news about this has come through.” (DATIC Trust, Sheffield)

d) Reduced support for people with mental health problems

- A local mental health drop-in centre has been closed and no replacement service in the area provided (Inspire, Middleton)
- Difficulties in getting help for people with mental health issues, particularly those who have a dual diagnosis (South West Community Chaplaincy)
- Our local MIND support group have lost all their funding which means that people in our area who suffer with depression are suffering with lack of support. We find it hard to point people to the right organisations because they are either reducing their intake, reducing the services that they offer, or they have closed altogether. (Bridge Church, Lincoln)

“One family we work with has 3 autistic children. Last year, they had just got the children individual mentors, but then the funding was withdrawn. The progress in the short time they had this support was amazing - such a shame!” (St Martin’s, Sherwood)

e) Severe financial hardship caused by cuts or delays to benefits.

- Delays in the payment of JSA [Job Seekers’ Allowance] are leaving many households without enough to get by. And we are now experiencing a real reduction in crisis loans payments though Job Centre Plus and the food bank is becoming a fail-safe for failings in the welfare state. (Coventry Central Food Bank)
- Local mothers from low income families are being increasingly harassed by the Benefits Office, told that they have to go on to Job Seekers Allowance and look for work whatever the pay, and whatever the hours and location, despite them having

young children and, in some cases, older relatives to care for (DATIC Trust, Sheffield)

- Clearly disabled persons being declared fit for work (Axminster Alternative Job Club)
- Some of the women who have lost benefits unfairly have taken up working in prostitution at home, which is highly dangerous (STEP/ Community Action, Norwich)
- Increased cost of living is making it very difficult for people to cope on benefits (Worthing Churches Homeless Project)

“Local mothers from low income families are being increasingly harassed by the Benefits Office, told that they have to go on to Job Seekers Allowance and look for work whatever the pay, and whatever the hours and location, despite them having young children and two of them being single mothers who are also looking after elderly relatives. This is putting significant stress and pressure on their lives and causing some serious mental health issues, including depression. As the primary carers in their families this is affecting confidence in looking after their families..”(DATIC Trust, Sheffield)

f) Other services

- Withdrawal of money earmarked for regeneration in areas like Anfield is leading to very vulnerable people being stuck in half empty, derelict streets (Christ Church, Liverpool)
- Closure of Sure Start Centres affecting families in the parish (St Mark’s, Dukinfield)
- Children who act as main carers within their family have had their support services cut (Bacup Family Service, Manchester).
- Local provision for those with alcohol problems has closed (Parish of Aston and Nechells, Birmingham)
- Subsidised bus routes have been cut from the most isolated parts of Hull and East Riding (St Michael’s Youth Project, Hull).

“In the last couple of months CAB have closed their local office and the Rights Project has just lost its funding. It is highly ironic that as people need additional help and support to access benefits, to put in appeals, to sort out their finances that the third sector organisations who have been there and able to help them are now having to close due to lack of funding.”(CHAT Trust, Newcastle)

ECONOMIC CASE FOR SUPPORT

Cutting funding to voluntary groups in deprived areas is short-sighted even from a purely economic point of view. Two of our case studies show how the work of these groups, and others like them, is preventing the need for more expensive interventions further down the line (see overleaf).

According to one of the project leaders, funding for youth provision in his part of London has dried up leaving no recreational activities for young people in the two postcodes they work in. He warns that if we don't think and plan for them now, we will have a repeat of the rioting we saw a few months ago. Another project we contacted carries out practical tasks for hundreds of low income older people, helping many of them to stay in their homes and reducing the need for expensive residential care (see below).

Case study: REM Educational Centre, London

The project supported by CUF provided ICT training for young people who were struggling in mainstream education. The centre also ran music, media and after school projects and had an annual income of £32,000. The project used to get funding from New Cross NDC and Lewisham council, as well as CUF, but most of the public funding has gone. The New Deal for Communities programme, which was a major funder of youth services in the area, came to an end, so a whole network of youth clubs and activities (known collectively as the Ministry of Youth) folded with it.

The council rejected a recent application because there was a small mistake on the form. The project leader reckons that the council were looking for any excuse to weed out applications. He has applied to charitable trusts, but without any success as yet. He says that grant applications that would normally be successful are being turned down. He had to close down the Saturday School last year and the Friday Youth Club in August, so there are no activities at present, and the project is at serious risk of closure (though the project leader is still fundraising and hoping to re-start some of the youth activities).

His message to government is that funding has dried up and projects are grinding to a halt, but that young people are still out there and need more activities to occupy them and let off steam. Just the other evening, he stopped a potentially lethal fight between two young people, who used to come to the youth club and had been friends.

Case study: Faversham Assistance Centre (older people)

FACE provides practical support for low income older people with little or no access to support from family and friends (e.g. with gardening, decorating). They have about 180 clients on their gardening list at any time and decorate around 100 houses a year.

At its peak, the group had an annual income of £130,000, most of which was public funding. This has fallen to around £110,000. Funding from the Primary Care Trust has been discontinued and it is getting less money from the local council. The rest of its income comes from private charitable trusts, but it is finding it more difficult to secure grants, because there are more people applying for less money. As a result of the cuts, the project has cut back the number of staff hours, so their waiting list is growing.

The project leader encourages volunteering, but says that this doesn't come free and is not a substitute for paid staff. She says that government have this "airy-fairy" idea that projects can run on thin air. She thinks this is very short-sighted: "We're not after vast amounts of money. None of the staff are paid very much and we do lots of volunteer hours. It is very good value for money, given the number of people we are helping to stay in their homes, which is saving government up to £500 a week in residential care costs."

RECOMMENDATIONS

Based on the evidence presented here, we want to highlight a number of key issues that would help to support the work of voluntary groups in deprived areas:

- correcting the current bias against the poor in the allocation of central government funding to local authorities, so that the most deprived areas do not continue to face the largest reductions in their budgets (which is being passed on to voluntary groups in these areas);
- doing more to value the contribution of *smaller* voluntary organisations in deprived areas, who are being disproportionately affected by the cuts due to increased competition for funding from larger charities. This should include:
 - ready access to small, and preferably longer-term, grants to sustain vital core services and kick start new initiatives.
 - funding for local infrastructure organisations who can play a crucial role in supporting and coordinating the work of smaller voluntary organisations.
 - giving greater consideration to the role of smaller voluntary organisations in the development of the government's Big Society agenda;
- giving higher priority to funding groups supporting those who are suffering most from the spending cuts, including young people, homeless people, and asylum seekers, as well as people in severe hardship due to cuts or delays in benefits.

"It feels that small organisations like ours are undervalued. We quietly get on with what we do best, which is serving our local community. But, we could do with additional support and recognition, because we don't want to trumpet what we do and we don't have the time or resources to promote our work."(CHAT Trust, Newcastle)

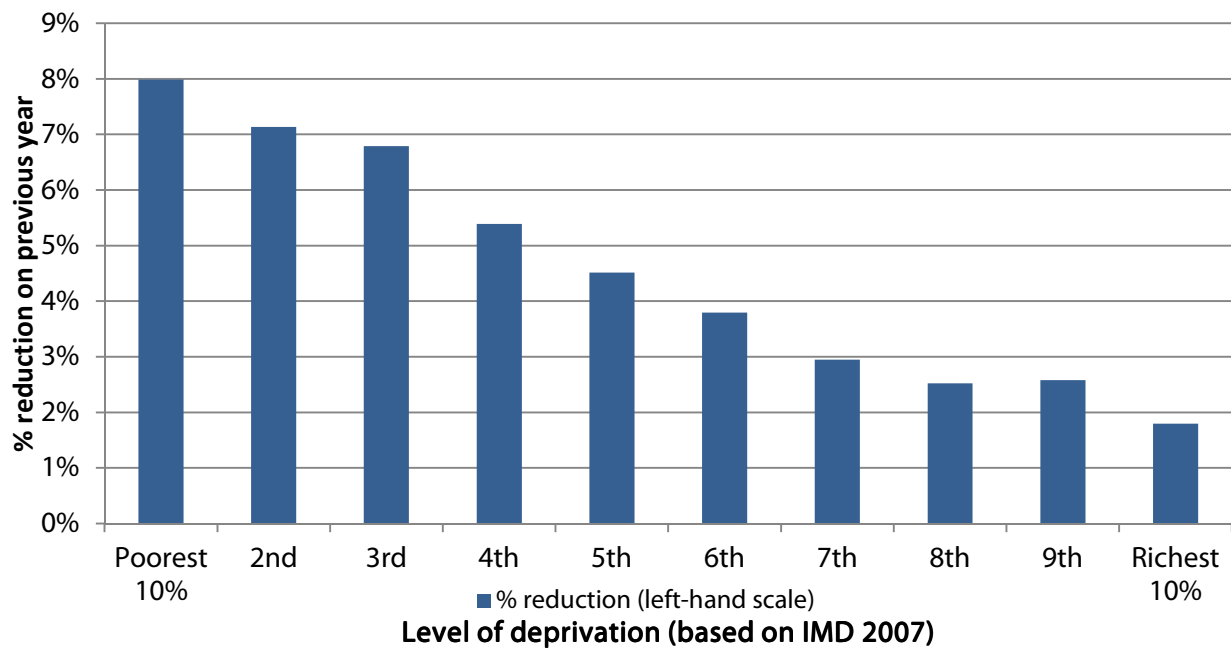
CONCLUSION

This report shows that voluntary groups are doing all they can to meet rising demand, but that many of the groups are under increasing strain due to cuts in public funding, increased competition for alternative sources of funding, and the knock-on effect of cuts on other local services. There is an urgent need, in particular, to do more to support smaller voluntary organisations in deprived areas, including improving access to small grants and funding for local infrastructure organisations, as well as correcting the current bias against the poor in the way central government funding is distributed between local authorities.

ANNEX 1: CUTS IN LOCAL AUTHORITY BUDGETS BY DEPRIVATION LEVEL

The net effect of recent changes to the local authority funding system appears to strongly favour wealthier authorities at the expense of the most deprived. In 2011/12, the first year of the new settlement, Hackney, Tower Hamlets, Newham, Manchester, Rochdale, Knowsley, Liverpool, St Helens, Doncaster and South Tyneside are among the 36 local authorities that face the maximum cut of 8.8%. Meanwhile, Dorset gets a small increase in funding and Windsor & Maidenhead, Poole, West Sussex, Wokingham, Richmond upon Thames and Buckinghamshire all get cuts of 1% or less. Overall, the reduction in the budgets for the 10% more deprived authorities is more than four times greater than for the 10% wealthiest authorities (see Chart below).

Reduction in local authority budgets by level of deprivation, 2011-12^a



- Figures are for local authorities' revenue spending power, which is the total amount of resources available from council tax, central Government revenue grants, and NHS funding for social care.
- London Boroughs, Metropolitan Boroughs, Unitary Authorities and Shire Counties are ranked according to the 2007 Index of Multiple Deprivation and divided into ten groups. The poorest 10% includes: Liverpool, Hackney, Tower Hamlets, Manchester, Knowsley, Newham, Islington, Middlesbrough, Birmingham, Kingston-upon-Hill, Blackpool, Nottingham, Sandwell, Salford and Stoke-on-Trent. The richest 10% includes: Wokingham, Rutland, Surrey, West Berkshire, Windsor & Maidenhead, Bracknell Forest, Buckinghamshire, Richmond-upon-Thames, South Gloucestershire, Wiltshire, Hampshire, Leicestershire, Oxfordshire, and Bath & North East Somerset.

Source: own analysis using data from Annex A of CLG's "Local Government Financial Settlement 2011-12".

ANNEX 2: NCVO SURVEY QUESTIONS

We included two questions in our survey that are also asked in a separate quarterly survey by the National Council for Voluntary Organisations (NCVO). This enables a comparison between CUF-supported projects – most smaller church- and faith-based groups – and the rest of the voluntary sector.

- a) **Altogether, do you think the general situation of your organisation will improve or worsen over the next 12 months?**

	CUF survey		NCVO survey	
	Jan 2011	Sep 2011	Q4, 2010	Q3, 2011
Worsen	59%	40%	61%	50%
No change	20%	38%	21%	33%
Improve	20%	22%	18%	18%

- b) **During the next 3 months, does your organisation have actual plans to increase or decrease the extent of services that it offers?**

	CUF survey		NCVO survey	
	Jan 2011	Sep 2011	Q4, 2010	Q3, 2011
Decrease	10%	7%	19%	17%
No change	46%	41%	54%	46%
Increase	44%	52%	28%	38%

ANNEX 3: LIST OF RESPONDING ORGANISATIONS

Name of organisation	City or town	Diocese
58i	Nottingham	Southwell
A Rocha UK	Southall (West London)	London
Act Network	London	
All Hallows Church Bow	Bow in London	London
All Souls and St. Peters, Radford	Nottingham	Southwell
Alternatives Trust East London	London	Chelmsford
Anchor Project	Bradford	Bradford
Arun Angels	Bognor Regis	Chichester
Axminster Alternative Job club	Axminster	Exeter
Bacup Family Service	Bacup	Manchester
Booth Centre, Manchester Cathedral*	Manchester/Salford	Manchester
Bridge Church Lincoln	Lincoln	Lincoln
Bridge Street Church*	Leeds	Ripon & Leeds
Burnside Centre	Langley, Middleton	Manchester
Camborne Parish Church	Camborne	Truro
Canaan Project*	Poplar, London	London
Caramel Rock	Canning town	London
Caris Islington	Islington	London
Cedar Housing Nottingham	Beeston (south Notts)	Southwell
Chapel St	London	
CHAT Trust*	Newcastle upon Tyne	Newcastle
Christ Church	Liverpool	Liverpool
Christchurch on the Mead	Hackney East London	London
Church of England St Thomas, Bury	Bury	Manchester
Churches Together in Broomhill and Broomhall	Sheffield	Sheffield
Community Action Norwich	Lakenham	Norwich
Coventry Central Foodbank*	Coventry	Coventry
Crime to Christ Charitable Trust	Northampton	Peterborough
Day Spring Ministries	Croydon	London
Doncaster Conversation Club & Night Shelter	Doncaster	Sheffield
East to West	Egham	Guildford
Eden Dalgarno	London	London
Edward Road Baptist Church	Birmingham	Birmingham
Faversham Assistance Centre (FACE)*	Faversham and Sittingbourne, Swale	Canterbury
First Fruit	East London	Chelmsford
Folkestone Rainbow	Centre	Canterbury
Grays Thurrock Team Ministry	Grays, Thurrock	Chelmsford
Greenleaf Trust	Waltham Forest	Chelmsford
H Church	Weston-Super-Mare	Bath & Wells
Halcyon Methodist Church	Plymouth	Exeter
Harbour Bideford	Bideford	Exeter
Haven Community Project	Birmingham	Birmingham
Hideaway Youth Project	Manchester	
Hope Housing	Bradford	Bradford
Horsham Matters	horsham	Chichester
Hoxton's Vineyard	London	London

Inspire Middleton - Lighthouse Project	Middleton	Manchester
Islington Faiths Forum	North London	Manchester
Jericho Road Project	Nottingham	Southwell
Keighley Choices	Keighley	Bradford
Latymer Christian Fellowship Trust	Kensington * Chelsea	London
Leeds Parish Church	Leeds	Ripon & Leeds
Light and Life Free Methodist Church East Cornwall	St Austell, Cornwall	Truro
Linacre Methodist Mission & Neighbourhood Centre	Litherland, Liverpool	Liverpool
Love Thy Neighbour Project	Newham	London
Marsha Phoenix Trust	London	Southwark
Maryam Project - St. Philip's Church	Bradford	Bradford
Meeting Point (Christ Church)*	Leeds	Ripon & Leeds
Mike's Place	Sittingbourne	Canterbury
Narthex	Birmingham	Birmingham
North Staffs Youth for Christ	Stoke on Trent	Lichfield
Northampton Hope Centre	Northampton	Peterborough
Northmoor Live At Home Scheme	Manchester	Manchester
Open Hands Coventry	Coventry	Coventry
Pan-Asia Community Housing	Birmingham	Birmingham
Parish of Aston & Nechells	Birmingham	Birmingham
Parish of S. Margaret's, Hollinwood & S. Chad, Limeside*	Oldham	Manchester
Priory Parish	Birkenhead	Chester
Project Freedom Trust	Earlestown, St. Helen's	Liverpool
Quinton YFC*	Quinton	Birmingham
REM Educational Centre (REMEC)*	London	Southwark
REM Educational Centre (REMEC)	Worcestershire	Worcester
Restore	Derby	Derby
Shine	Bradford	Bradford
SixtyEightFive	Middlesbrough	York
Slough YMCA	Slough	Oxford
South West Community Chaplaincy	Across Cornwall, Devon and SW Somerset	Exeter
Southend Vineyard	Southend	Chelmsford
Strood Community Project*	Strood	Rochester
St Andrews and All Saints Malvern	Malvern	Worcester
St Barnabas Learning Centre	Huntingdon	Ely
St Budeaux Church Community Hall Development Committee	Plymouth, Devon	Exeter
St Chad's	Lichfield	Lichfield
St John and St James Church, Orrell Hey	Bootle, Liverpool	Liverpool
St John Chrysostom	Liverpool	Liverpool
St Laurence Church Junk 4 Fun	Northfield	Birmingham
St Luke's Community Centre	Liverpool	Liverpool
St Mark Marks, Marks Gate	Barking & Dagenham	Chelmsford
St Mark's	Dukinfield	Chester
St Martin's Centre	Newcastle upon Tyne	Newcastle
St Martins Church, Sherwood	Sherwood, Nottingham	Southwell
St Mary Stoke Newington	London	London
St Michael's Youth Project	Hull	York
St Oswald's Church, Netherton	Bootle	Liverpool
St Paul and St Mark Old Ford	Tower Hamlets	London

St Paul's Bow Common	East End of London	London
St Paul's Brixton	Brixton	Southwark
St Pauls Community Centre, Marylebone	Westminster	London
St Peter's Church	Burnham , near Slough	Oxford
St Peter's Multicultural Community Project	Rochdale	Manchester
St Peter's Parish Church Stockport	Stockport town centre	Chester
St Peters Stonegrove	Edgware	London
St Peter's, Penhill	Swindon	Bristol
St. Aidan's	Speke, Liverpool	Liverpool
St. Aidans Community Group	Sunderland	Durham
St. John's Knotty Ash	Liverpool	Liverpool
St. Leonard's Youth & Community Centre	Bootle	Liverpool
St. Paul's Stockingford	Nuneaton	Coventry
STAK	St Austell	Truro
Step at Community Action Norwich	Norwich, Norfolk	Norwich
Step by Step (Cumbria)	Kendal	Carlisle
Streetspace	National and chard	Bath & Wells
Sussex Pathways	pan Sussex	Chichester
TAB CENTRE Shoreditch Baptist Church	E2 East London	London
The Ark Community Project	Plymouth	Exeter
The Church In Cottingley	Leeds	Ripon & Leeds
The Church of The Ascension.	Lower Broughton, Salford	Manchester
the DATIC Trust	Sheffield	Sheffield
The Eastside Centre - Zion Baptist Church	Sutton-in-Ashfield	Southwell
The Flame Tree	Tottenham, London	London
The Gate Christian Outreach	Southampton	Winchester
The Lighthouse at Weston Charity	Weston-super-Mare	Bath & Wells
The Manuel Bravo Project	Leeds	Ripon & Leeds
The Oasis Centre	St. Columb	Truro
The Purple Sheep Centre/ H Church	Weston super Mare	Bristol
The Springfield Project	Birmingham	Blackburn
Three Spires Tots	Coventry	Coventry
Toy Club	Leeds	Ripon & Leeds
Trinity Churches	Shrewsbury	Lichfield
Trussell Trust	Salisbury	Salisbury
Voice of Dalit International/Holy Trinity	Southall	London
Walsall Street Teams	Walsall	Lichfield
Wandsworth Mediation Service	Wandsworth (London)	Southwark
Warwickshire Counselling Centre	Nuneaton	Coventry
Weoley Castle Community Projects*	Birmingham	Birmingham
WHEAT Mentor Support Trusts	London	London
Working Chance	London	London
Worthing Churches Homeless Project	Worthing	Chichester
Wycombe Homeless Connection	High Wycombe	Oxford

- = participated in phone survey