

AT THE CUTTING EDGE: A SURVEY OF THE IMPACT OF THE SPENDING CUTS ON THE MOST DEPRIVED COMMUNITIES IN ENGLAND

KEY FINDINGS

This report summarises the results of a special survey carried out by Church Urban Fund and Church Action on Poverty to monitor the impact of the public spending cuts on voluntary groups in the most deprived areas of England. Undertaken in January 2011, the aim is to get beyond the headline numbers – an £81 billion reduction in government expenditure over four years - to how this is impacting at a grassroots level, through the eyes of project leaders who are working with some of the most marginalised people in our society. The key findings are:

- Nearly half of the voluntary groups have already experienced a noticeable reduction in their income as a result of the spending cuts, and a further fifth think their income will definitely or is very likely to fall. Only one in six do not expect the cuts to impact on their organisation;
- Over half of the groups received some public funding last year from either central or local government, accounting for a third of these organisations' total income. In many cases, these grants have already been cut or discontinued. Uncertainty over the future of public funding is a huge problem in itself, as it makes forward planning very difficult.
- Even groups not in receipt of public funding are being affected indirectly by increased competition for trust funding, including from larger charities who would previously have looked to government grants or contracts to fund much of their activity. Church-based community projects are also noticing a significant reduction in income from individual giving and the hiring out of premises to local authorities and groups funded by them;
- Voluntary groups listed a wide range of strategies to compensate for an anticipated fall in their income. Cutting services was the third most common response after applying to more trusts and diversifying their funding stream. Only a minority of groups had no plans as yet;
- More than 80% of groups expect the spending cuts to have a significant impact on the people they work with, disproportionately affecting some of the most marginalised people in our society. Many groups cited examples that are recorded in this report, including cuts in services and benefits to very disadvantaged young people, vulnerable families, frail elderly people, homeless people and those recovering from addiction. Other major concerns are about loss of jobs and opportunities and the rising cost of living.

A SURVEY OF THE IMPACT OF THE SPENDING CUTS ON THE MOST DEPRIVED COMMUNITIES IN ENGLAND

BACKGROUND

In November 2010, the Coalition Government announced substantial cuts in public spending over the next four years totalling £81bn (which includes the cuts announced earlier that year). Of particular significance to the charity sector are the above-average cuts to local authority budgets, which are front-loaded and borne disproportionately by the most deprived areas.

This report is based on an online survey of 232 faith-based voluntary groups in the 10% most deprived communities across England, asking about the impact of the spending cuts on the organisations and on the people they work with. These groups address a wide range of problems associated with poverty, such as homelessness, addiction, isolation, unemployment, low skills and lack of opportunity. The majority have an income of less than £100,000 a year and rely heavily on volunteers.

IMPACT ON VOLUNTARY GROUPS

Around 60% of the groups surveyed are expecting their general situation to worsen over the next year and only 20% expect it to improve. However, 44% say they are planning to increase the services they offer over the next few months. Realistic or not, this reflects the groups' desire to meet the acute and rising need they see in their communities.

These voluntary groups are quite heavily dependent on public funding. Just over half received some public funding last year, accounting for a third of these organisations' total income. One in five groups relies on public funding for more than half of their income. In many cases, these grants are being cut or discontinued.

At the time of the survey, nearly half of the groups (99 groups, or 46%) had already experienced a noticeable reduction in their income as a result of the spending cuts and an additional 46 groups (21%) thought it was definite or very likely that they would be affected over the coming year, in many cases as early as April 2011. Only 36 groups (16%) thought it unlikely that they would be affected. Uncertainty over the future of public funding is a huge problem in itself, as it makes forward planning very difficult. Nor are smaller groups optimistic about their chances of securing future government contracts for new programmes or reformed public services.

"We have lost funding for Night Support Workers, worth £30,000. Supporting People has been reduced by £12,000 last year and £47,000 from April. Targeted Support Fund has ended - £13,239. Future Jobs Fund has also ended - £2,267. We have already made two staff redundant and a further two will leave at the end of March. We may have to cut staff even further as the squeeze continues."

South Tyneside Churches' KEY project

"Our government-funded contract (Flexible New Deal) is being cut short and we do not know whether we will be successful in our attempt to be part of the next programme. The Future Jobs Fund under which we employ a number of previously unemployed young people is also being cut short."

Strood Community Project, Kent

Voluntary groups that receive public funding – and this includes many of the larger ones - are more likely to be affected by the cuts, but the impact is not confined to these groups. Many others (56 groups in total) expressed concerns about the knock-on effect on their ability to raise money from charitable trusts and foundations, even though they were not specifically asked about this. Applications to some of the largest funders have increased by up to 50% in the last year. And small/medium-sized groups are facing more competition from larger ones, who would previously have looked to government grants or contracts to fund much of their activity.

"We don't receive money direct from public funding but have already noticed it becoming harder to secure grants and donations from trusts as they are more over-subscribed. We see this becoming increasingly hard as many organisations who are currently receiving public funding are larger and capable of putting in better applications."

St Christopher's Youth Project, Bradford

A significant number of voluntary groups, including many church-based community projects, reported various other indirect effects of the cuts, such as loss of income from hiring out premises to local authorities and groups funded by them, reductions in individual donations due to the economic climate, and higher maintenance costs due to the rise in VAT.

Between them, these organisations reported a wide range of strategies to compensate for an anticipated fall in their income. Cutting services was the third most common response after applying to more trusts and seeking funding from businesses and wealthy individuals. Other options being considered are: social enterprises and other income-generating activities; more community fund-raising; greater use of volunteers; cost savings; and collaborating or merging with other voluntary groups. Only a minority of groups had no plans as yet. Respondents highlighted a number of adverse side-effects, including diversion of staff and volunteers to fund-raising activities, the replacement of paid staff with less skilled volunteers, and having to ask for more donations from communities and congregations that are already over-stretched. A few groups saw opportunities in the new funding environment.

IMPACT ON DEPRIVED COMMUNITIES

Nearly 60% of groups expect the spending cuts to have a large impact on the people they work with, 24% expect there to be a small impact, and 18% expect no impact. Many groups are already beginning to see the effects of the spending cuts and cited specific examples of services that are in danger of closing as a result:

- Council funding for 58i's youth homelessness project in Nottingham was pulled at the last minute; if new funding is not forthcoming within months, the young people the project helps may end up homeless or staying in B&Bs where they are easy prey to drug dealers.
- FACE, a support service for older people in Faversham, is having its government grant axed or cut in half. Without support with the practical tasks needed to look after their homes and keep them safe, many of their elderly clients could end up in residential care.
- For the Centre Project in Leicester, which provides a support network for vulnerable adults, the loss of government funding is potentially life-threatening for some of their clients who depend on the centre as their only positive contact with the outside world.
- Oxford has lost its only dedicated debt centre, which was run by Oxford Vineyard Church and worked with around 250 people a year at a modest annual cost of £6,000.

Many groups also highlighted the impact of cuts to other local services. Examples include fewer people being referred to addiction treatment centres, people being discharged from mental health services who still have considerable support needs, and whole communities blighted by the early termination of housing renewal schemes.

"We work with vulnerable families and the spending cuts mean that they are not getting the support they need. We are working with a single mum at the moment whose children were taken into care. They will not be allowed back until significant things are done in the house to make it habitable but the spending cuts mean that the council will not carry out many of these necessary jobs. Fortunately some of the church folk are helping, but there are many tasks we simply do not have the skills to do."

St Martin's, Sherwood, Nottingham

A SURVEY OF THE IMPACT OF THE SPENDING CUTS ON THE MOST DEPRIVED COMMUNITIES IN ENGLAND

Other than cuts to local services, the main concerns are to do with reductions in specific benefits, loss of jobs and opportunities, and the rising cost of essentials like food and heating, which is not being matched by benefit increases. Most commonly referred to were cuts to the Educational Maintenance Allowance, disability-related benefits and Housing Benefit (forthcoming). These are hitting some of the most vulnerable groups: young people from low income families, people with a long-term disability or mental health problems and those who are homeless or in insecure housing. A small rise in prices or reduction in benefits can have a significant impact on individuals and families who are already on the edge. As one project leader explained, even the breakdown of a car or washing machine becomes a major problem.

"Many people who use our services are unemployed with addiction problems and chaotic lives that mean even a small change can send their finances into chaos. One lady had her benefits stopped without really understanding why and had no income for a week. Her only options were to starve or graft, so she returned to the street - something we had stopped her from for around twelve months."

All Saints, Liverpool

"Finding employment has always been difficult for the people of the West End of Newcastle and it is going to become more difficult as the cut backs take effect. A lot of people in the area are employed either directly or indirectly by the Council – and a lot of voluntary organisations are funded by them. There are a lot of worried people wondering if they are still going to have a job and, if not, where they are going to find one.

We have a young man - a "NEET" - doing some voluntary work at the moment and he has said that the number of jobs he can apply for is decreasing and the number of people applying for each job is increasing. And because he has spent three years doing A Levels and, not achieving the grades he needed, he finds himself too old to be an apprentice and lacking in the practical experience or skills that employers are looking for. I would imagine he is only one of many in the same situation."

CHAT Trust, Newcastle

CONCLUSION

The impact of the cuts is already being felt by voluntary groups in deprived areas and by the people they work with, disproportionately affecting some of the most marginalised people in our society who often depend on local services for support and help to rebuild their lives. Savings from reductions in funding to voluntary groups are relatively small, because these groups rely heavily on volunteers. But the potential costs are very large in both human and economic terms.

FURTHER INFORMATION

The full report, "At the Cutting Edge: A survey of the impact of the spending cuts on voluntary groups in the most deprived communities in England" is available as a free download from www.cuf.org.uk/research. For more information about this study, please contact **Tom Sefton** at the Church Urban Fund (tom.sefton@cuf.org.uk).

Church Urban Fund, Church House, Great Smith Street, London SW1P 3AZ

T 020 7898 1667 F 020 7898 1601 E enquiries@cuf.org.uk W www.cuf.org.uk

Registered Charity number 297483.