



State of the Sector



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January 2013

Introduction

In the Summer of 2012 SAVS carried out a survey of its members to help us demonstrate the current state of the sector in Southend. In our last survey report in the summer of 2009 we highlighted that the recession officially started in January 2009 and that it generally takes the Voluntary and Community Sector approximately 18 months to feel the full impact of a recession. At the time we estimated the full effects of the recession may not be felt until 2010 or 2011.

The results demonstrate how the effects are now beginning to be felt and the situation is becoming gradually worse for the majority of Voluntary and Community Sector (VCS) Organisations.

We issued the survey to our 257 VCS member organisations, and received responses from 55

We had separate surveys for VCS organisations who had an income of under or over £10,000 and will refer to these as either the large (over £10,000) or small groups (under £10,000). We received 31 responses for the large groups and 24 responses from the small groups. Not all organisations completed the whole survey.

Organisations covered a wide range of activities, from those working with the homeless, those giving advice and providing advocacy, those working with carers, with disabled people, with mental ill-health, learning disabilities and youth. All the organisations provide vital services to support the most vulnerable and those in need in Southend.

The Survey was split into three parts;

- (1) What changes took place in 2011/12
- (2) The current position in 2012/13
- (3) The economic impact update

Summary of results

Both large and small organisations reported they had experienced more difficulty in raising funds; 58% of large and 47% of small. Both sets had had an overall decrease in funding from 2010/11 to 2011/12.

For the large groups, 62% had received less income, and this was mainly grant income from Southend Borough Council. For the small groups, 85% had seen a decrease in funding, a total of 40% less funding in 2011/12 than in 2010/11. This loss of income was mainly from Grant Making Trusts and Essex County Council.

The impact of this reduction was reflected in different ways by the smaller and larger organisations. In both cases, many organisations had continued to offer the same level of service with less money; this was particular prevalent in the small groups with 81% continuing in this way. 39% of the large groups did the same and all acknowledged this was putting additional pressure on staff. In addition, both had used reserves to enable them to continue in this way; 50% of larger and 44% of smaller groups. This trend continues in the current financial year 2012/13, with 48% of larger and 56% of smaller either definitely or probably using reserves to prop up their services. This is clearly an area of concern as reserves will not last forever, and when they run out, the sustainability of these organisations is questionable. It is not a long term solution.

When asked about the impact of the recession, both sets of groups had identified that running costs were significantly higher. But the recession is impacting differently in other areas depending on the income of the groups. The main challenge for the large groups is that funders are asking for much more for their money and there is a much higher demand from users of their services. The small groups main challenge is that people are less able to pay for services.

In the current financial year, both groups have experienced less funding – 54% of larger and 44% of smaller. Again this is from grants – and in the case of large groups, from tenders.

This year 83% of small groups are continuing to offer the same level of service with less resources, compared to 53% of the larger. 53% of large had made redundancies.

When asked about the future, 33% of large and 31% of small thought their situation would get worse over the next twelve months.

Organisations with an income of Over 10k per annum

Section 1 – What changes took place in 2011/12

A total of 58% of respondents said they had experienced difficulty in raising funds during the year. The table below shows that this was predominantly from grant making trusts or tendered for services.

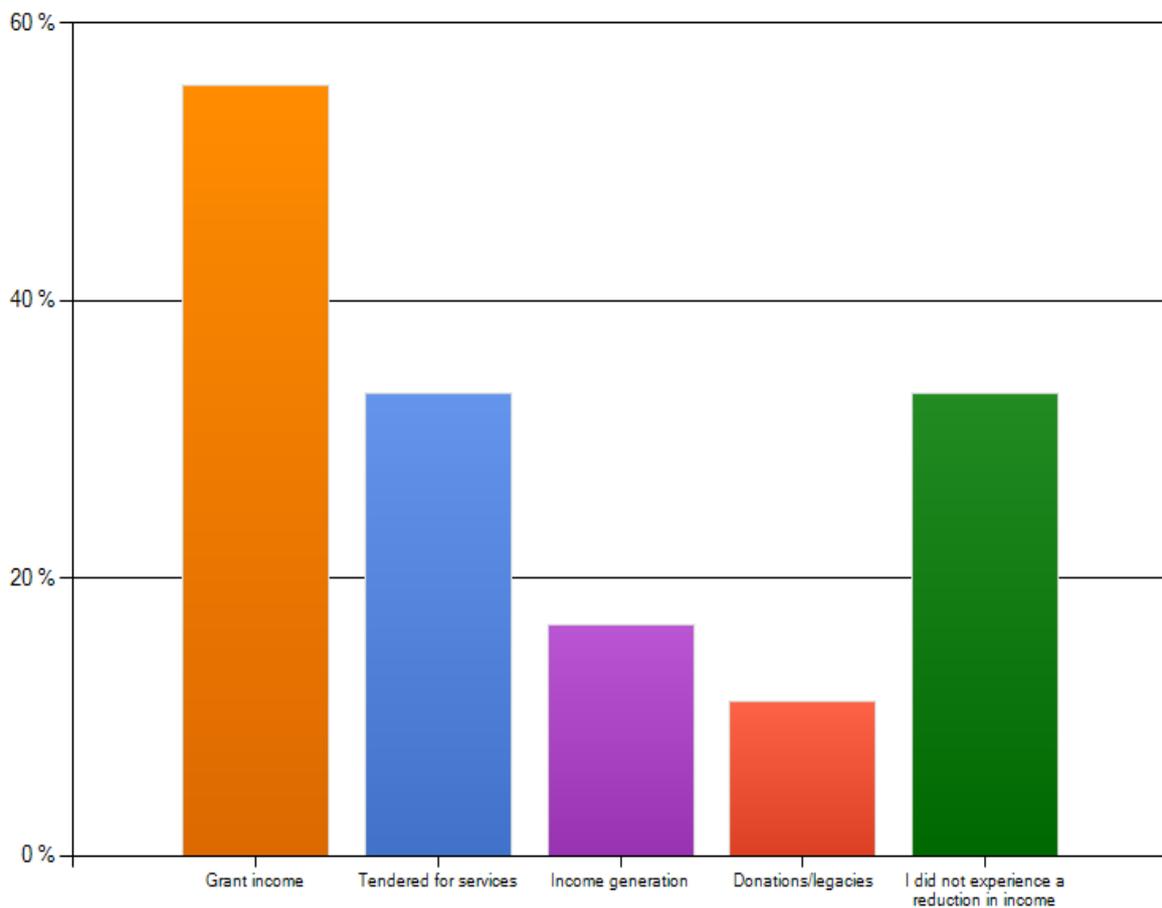
Out of 29 organisations that responded to the question regarding income, their total income in 2010/11 was £15,308,288. This reduced by just over 9% in 2011/12 to £13,910,393; a total decrease of £1,397,895.

Of these 29 organisations, 62% had seen a decrease in funding from 2010/11 to 2011/12, 34% had seen an increase and 4% had seen no change

However, the decreases in income were significantly higher than the increases with the total increase for the 34% amounting to £310,500.

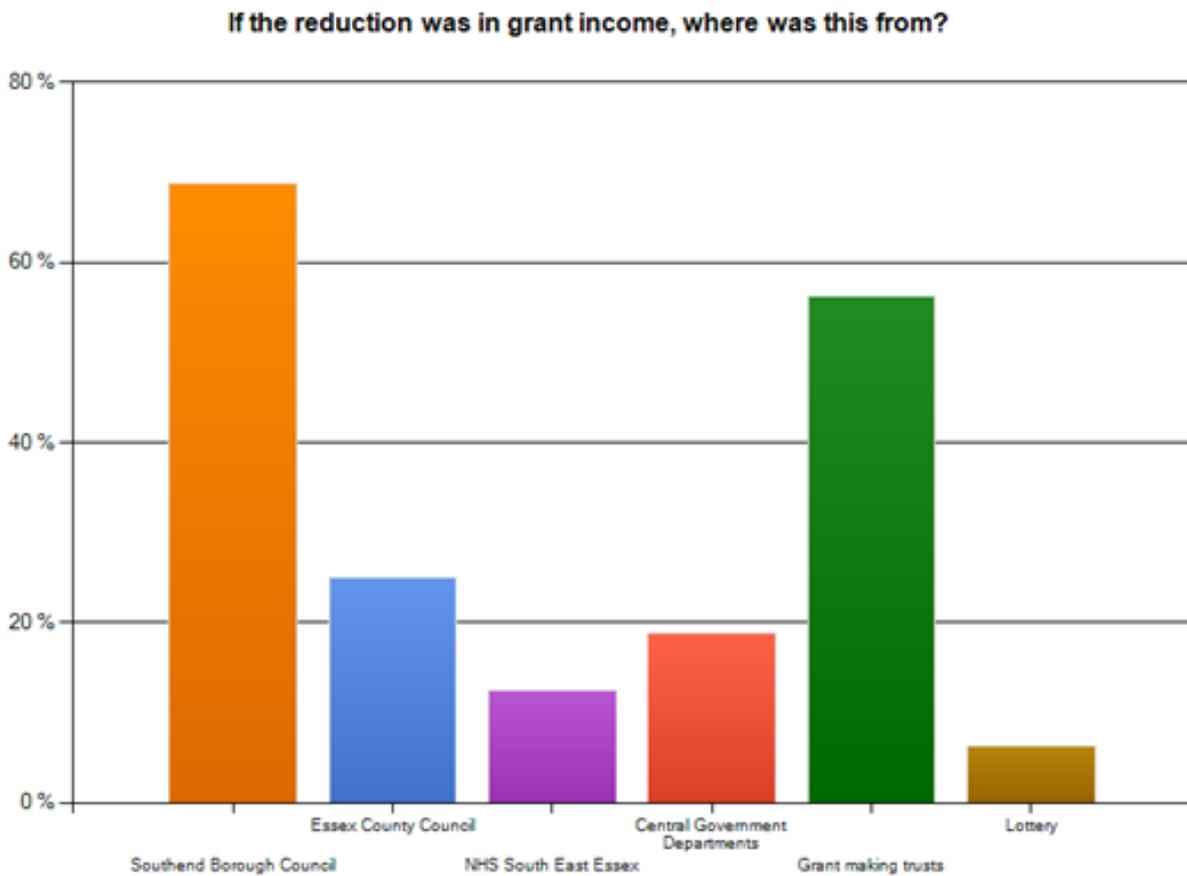
It is clear that the reduction in income for VCS organisations is substantial, whereas increases, when they do occur are comparatively small.

If you experienced a reduction in income, where was from?



Sources of grant income

We asked respondents where they had experienced a reduction in grant income, where this was from:



- 69% had a reduction from Southend Borough Council
- 25% from Essex County Council
- 13% from NHS SE Essex
- 19% from Central Government
- 56% from grant making trusts and 6% from the Big Lottery

This question was not asking about the level of reduction, merely the funder. Some organisations had reductions from more than one funder. Funding is becoming more difficult to access across the board and it is difficult if not impossible to make up shortfalls of funding from one source from another.

There was a similar pattern when we asked about tendered for services with 50% being from SBC, and 33% from ECC, and 17% from both Central Government and NHS SE Essex.

“Had difficulty getting grant funding from many sources - harder to complete forms and difficulty putting account information”

“We are constrained by the inability of local authorities to pay the true cost of care for the elderly”

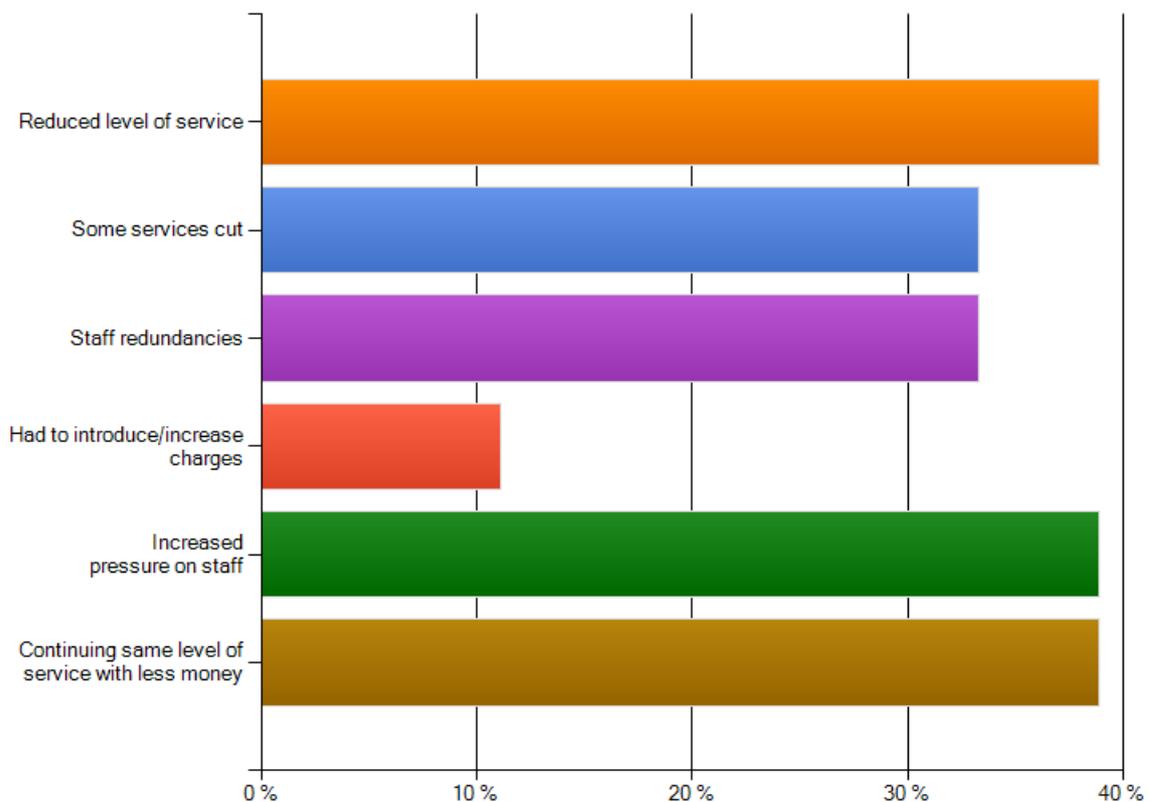
“Southend Council have funded us for many years under the small grants scheme. This stopped a year ago. We had less funding in the last financial year from the Lottery”

“Our project funding ends on 31 July 2012 so the project is closing down and both staff are being made redundant”

Impact of reduced income

We asked about the impact of these cuts on their service delivery and staff. The table below shows a significant number, 39%, of respondents said they were continuing to deliver the same levels of service but with less resources; however 39% said this was putting additional pressure on staff. 33% had cut services and 39% had reduced services. For example, services to the homeless, young people, advocacy services for those with learning disabilities, counselling and many more.

What impact has the reduction in income had on your organisation?



What is concerning is that 50% of respondents had used reserves in 2011/12, a worrying trend and begs the question how long will these reserves continue to be available to prop up services.

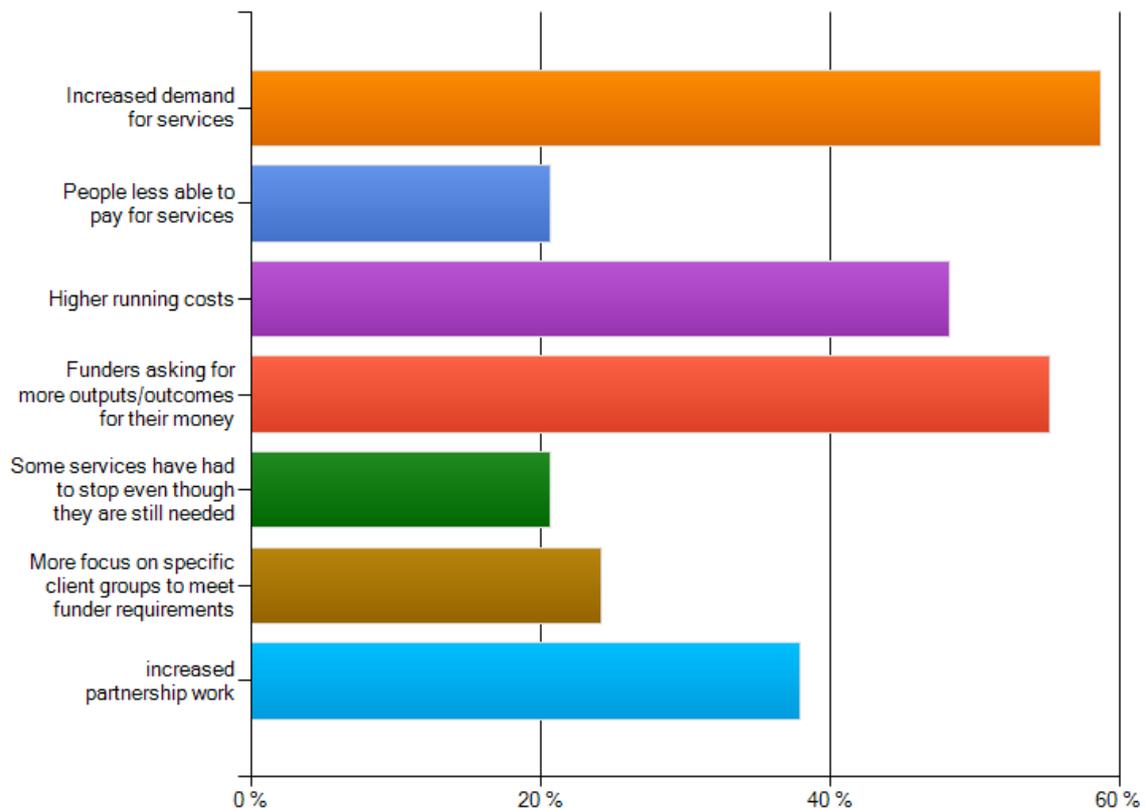
Impact of the recession

We asked about the impact the recession had had on the demand for services from the VCS organisations.

The chart clearly shows one of the biggest impacts is that 55% of funders are asking for more for their money. A key concern that has been voiced at several of SAVS Thematic Groups is that quality of services is being compromised due to the funders squeezing more outputs and outcomes from contracts. This is uncomfortable for a sector that prides itself on delivering high quality services and an issue many are struggling with.

Other clear impacts are that the demand for services has increased in 59% of cases, 48% have experienced higher running costs. A positive outcome is that 38% have increased their partnership working – all of whom rated it as a positive or very positive experience.

What impact has the recession had on your organisation in 2011/12?



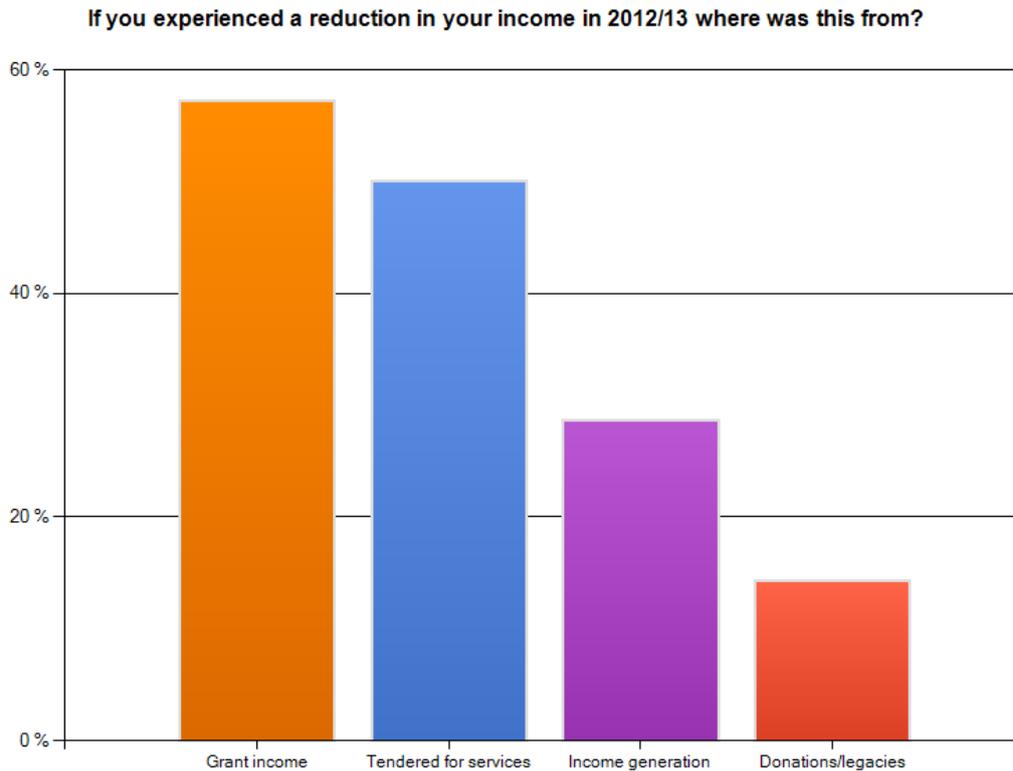
Volunteering

47% of respondents had seen an increase in people wanting to volunteer, the majority seeing a 25% increase which they were able to deal with.

Section Two
Current position

We asked respondents what was happening now in 2012/13. 54% had less funding than in 2011/12.

The table below shows that the majority of the reduction was from grants but is closely followed by tendered for services and income generation.



The sources are as in 2011/12 with most having less funding from SBC (89%) and grant making trusts (56%).

The sources of the reduction from tendered for contracts are SBC (57%) and Essex County Council (43%).

“Income has been kept constant even though running costs are going up”

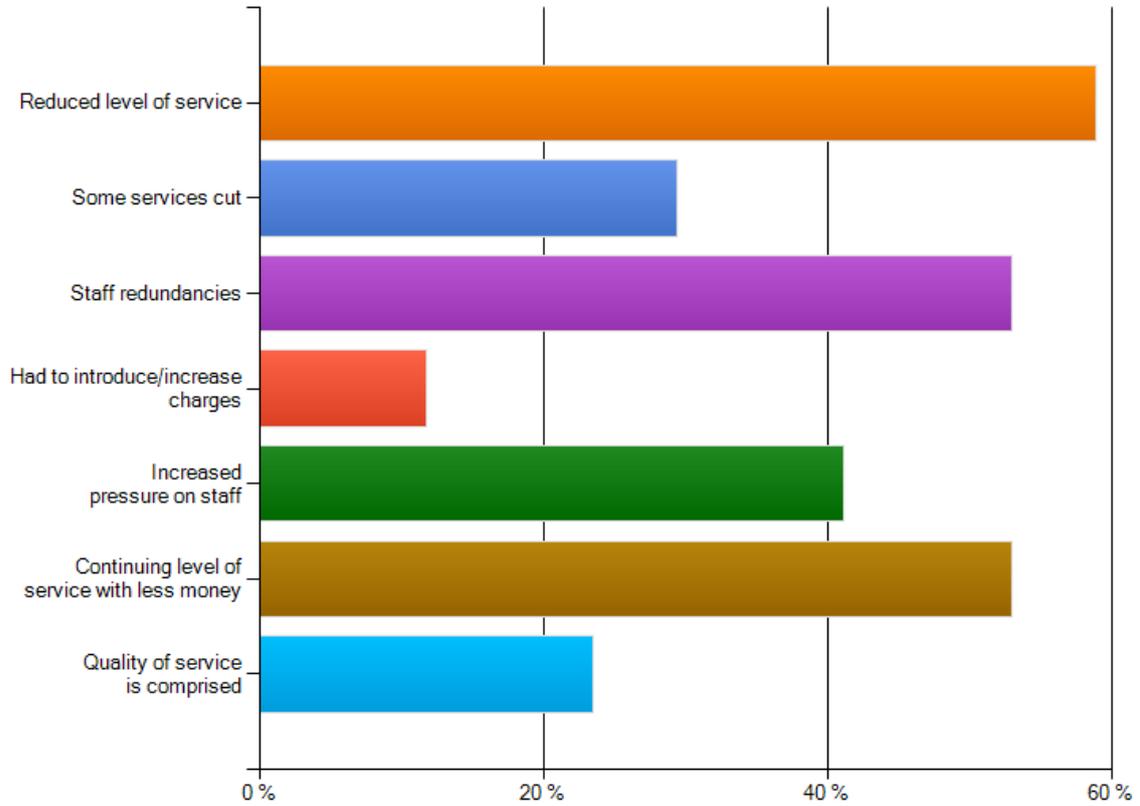
“20% cut in Supporting People contract”

We asked what impact will the reduction in income have on your organisation?

59% will reduce services this year and 29% will cut services altogether. 53% have made staff redundancies. 53% are continuing to deliver the same level of service with less staff and 41% have found this puts additional pressure on staff. 48% will definitely or possibly use reserves this

year. This leads to the question of how long this is sustainable before staff leave or reserves become depleted?

What impact will the reduction in income have on your organisation?



The Future

33% of respondents thought their financial situation would get worse over the next 12 months; 22% thought there would be an improvement and 45% thought it would remain the same.

Section 3

Economic Impact

We asked the respondents about their volunteers, staff and income sources. 18 organisations responded.

The 18 organisations had a total of 1030 volunteers who gave 92,211 hours of volunteering in 2011/12. If they were paid the national average hourly wage of £13.90 this would cost £1,281,732.

The 18 organisations employed 354 full time equivalent staff costing £5,431,762. The majority (335) of these staff live in Southend which means approximately £5 million is supporting the local Southend economy.

The total combined income for these organisations was £7,541,239 of which £2,768,935 did not come from the local public sector, e.g, Southend Borough Council or NHS SE Essex.

Organisations with income under Under 10k per annum

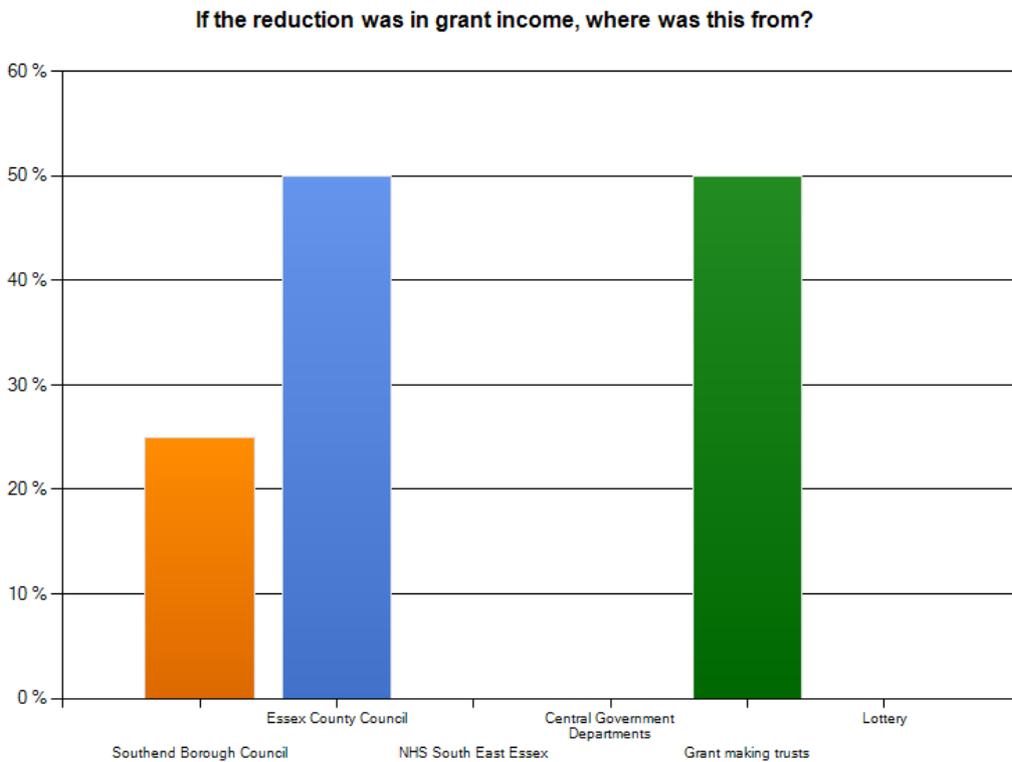
A total of 47% of respondents said they had experienced difficulty in raising funds during the year.

85% of organisations who had existed in 2011 had seen a decrease in funding from 2010/11 to 2011/12. This decrease amounted to almost 40% of the total income these organisations had received in 2010/11 (£77,094 in 2010/11 and £46964 in 2011/12). For the 15% that saw an increase, this amounted to £778. Again, we see the fall in income far exceeding any increases.

Sources of grant income

The decrease in income was predominantly from grant income (46%).

We asked respondents where they had experienced a reduction in grant income, where this was from:



25% had a reduction from Southend Borough Council

50% from Essex County Council

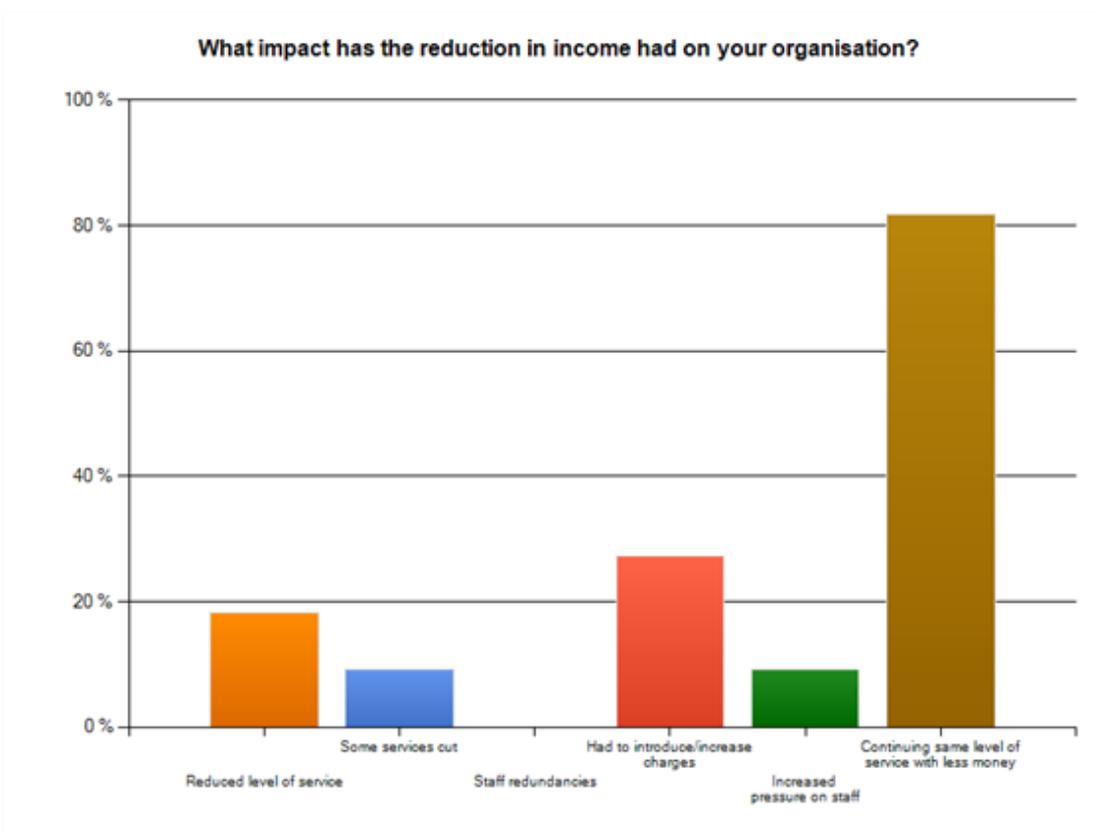
50% from grant making trusts

“We operate two clubs for the elderly and, as loyal members die, it is increasingly difficult to recruit new members to replace them”

“Southend Council changed the way that grants were allocated which made it difficult for a small operation such as ours to apply for a grant. We have therefore had to increase our costs for the meal supplied to”

Impact of reduced income

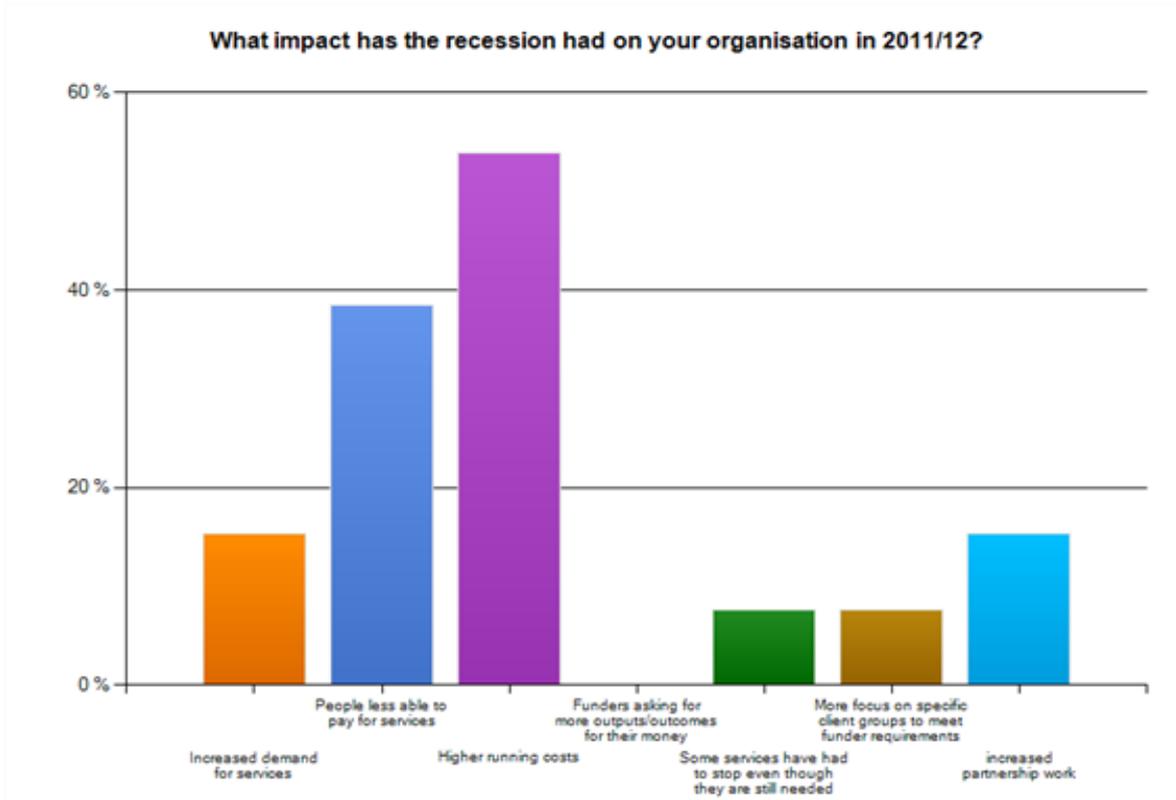
We asked about the impact of these cuts on their service delivery and staff. The table below shows a significant number, 82%, of respondents said they were continuing to deliver the same levels of service but with less resources; 27% had introduced charges for their services and 18% were offering a reduced service.



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What is concerning is that 44% of respondents had used reserves in 2011/12, again, this is worrying because reserves will not last for ever and when they run out, organisations will not be able to survive.

Impact of the recession

We asked about the impact the recession had had on the VCS organisations.



The chart clearly shows one of the the biggest impacts is that 54% have experienced higher running costs with 39% seeing their customers are less able to pay for services/clubs, etc. 15% had increased their partnership work and 15% had experienced an increase in demand for their services.

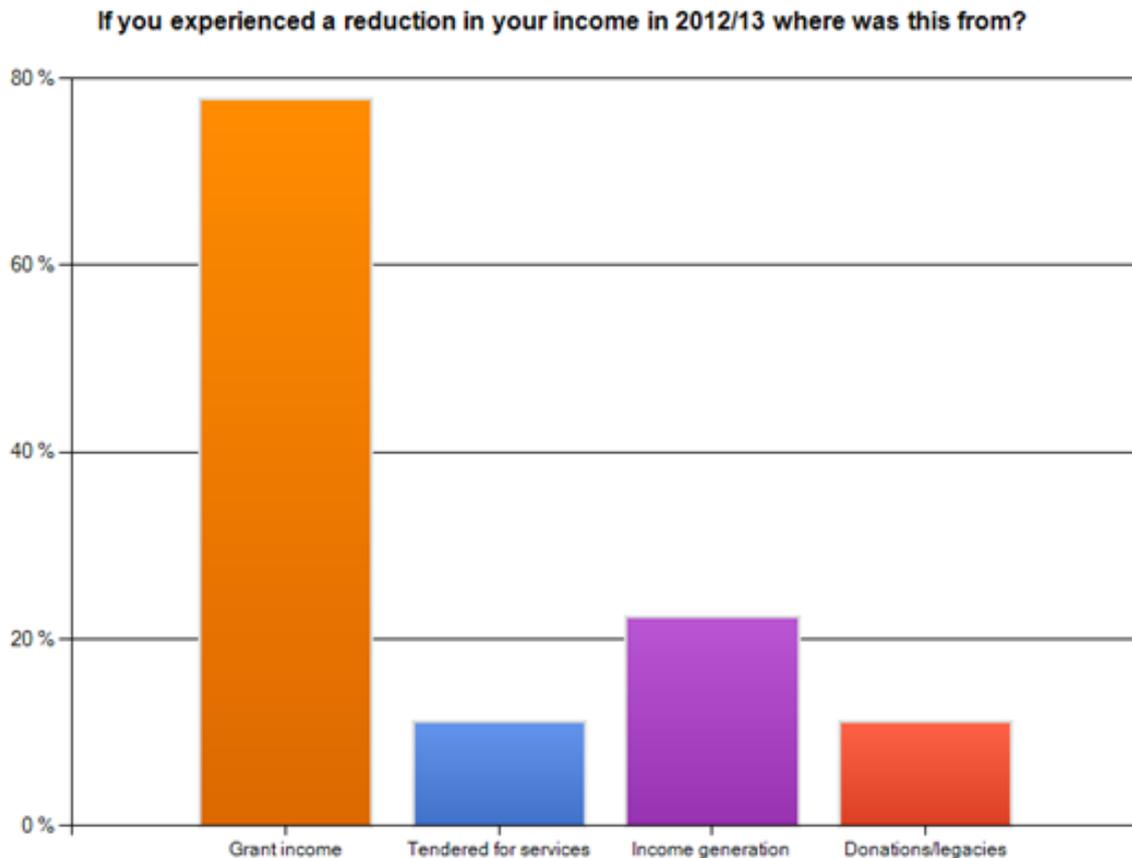
Volunteering

39% of respondents had seen an increase in people wanting to volunteer, the majority seeing a 25% increase which they were able to deal with.

Section 2
Current position

We asked respondents what was happening now in 2012/13. 44% had less funding than in 2011/12.

The table below shows that the majority of the reduction was from grants.



“We have been advised that there will be no funding after March 31 2013 although this will depend on the stance adopted by the newly elected PCC”

We asked what impact will the reduction in income have on your organisation?

11% will reduce services this year and a further 11% will cut services altogether. 89% are continuing to deliver the same level of service with less staff and 11% will introduce charges.

The Future

31% of respondents thought their financial situation would get worse over the next 12 months with 56% definitely or possibly having to use reserves.

Section 3

Economic Impact

14 respondents answered this question. Between them they had 1032 volunteers who gave 22,000 hours in 2011/12. If they were paid the average hourly wage of £13.90 this would have cost £305,800.

The 14 organisations employed 2 full time equivalent staff costing £30,500. All of these staff live in Southend.

The total combined income for these organisations was £46,391 of which £1770 came from SBC or NHS SE Essex. The balance of £44621 came from out of Southend.