

Crisis and Contradiction

Research into the current issues
facing small Voluntary and
Community Organisations

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This report has not been funded by any agency and the Foundation has used its own resources to bring this together.

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EXECUTIVE SUMMARY

- Small community groups have been providing essential services to people 'most in need' in communities for generations. They not only provide essential services but also provide opportunities for people to contribute to their communities, to get involved and to have a greater say and influence.

Many of those small groups are now facing a crisis not just through the challenge of finding financial support but also through the loss of advice and support from key personnel in other agencies.

If these issues are not addressed, what will be lost may never be replaced. Communities will not only lose many essential services but also the knock on effects on health and well being could be significant.

- The future for community groups is looking very uncertain. 56% of the small community groups who took part in this research have less than 6 months' running costs in reserves. 49% are experiencing difficulties in raising funds for this year, 78% are having difficulties in raising funds for next year.
- 55% of small community groups currently get no developmental help and support from other agencies. 51% of those who do get support receive this help and support from their Council for Voluntary Services. 37% of small community groups that receive help get this from their local authority.
- Significant numbers of small community groups are closing or have already closed. These are groups that have been operating for the last 5-15 years. Many say that they have never been faced with such a challenging environment as they now find themselves in. Others have to restrict their services or bring in charges. As many work with individuals who are the 'poorest' in communities these are the people who are being hit the hardest. This seems to be a total contradiction to the aims of the Big Society.
- Current policies and funding cuts are in complete contradiction to the stated aims of this government. As David Cameron said of the Big Society: The rule of this government should be this:
If it unleashes community engagement - we should do it. If it crushes it - we shouldn't.
Cutting funding to community groups and diminishing their essential support cannot be the way forward.

Background

The South West Foundation is an independent charitable organisation established in 2002. Since 2002 the Foundation has been focussing on supporting small community groups throughout the South West region by undertaking research, developing and delivering training and distributing support through small grants. One of the main programmes that the Foundation has been working on recently is the Community Researcher training programme which trains community members in research techniques to bring about change through community action. The Foundation has to date invested over £3million in small grants to community groups alongside training, research and support for the sector.

This report was undertaken by the Foundation to look at how small community organisations in the region are coping with the current economic climate. It could be assumed that these small community groups would be the natural choice for investment by a government that says its aim is to increase the involvement of individuals in their communities and to give them a greater voice.

Much of the data contained in this report is not data that is to be found in other reports about the effect of the 'cuts'. Many small groups do not use the internet in the same way as the larger groups and are therefore not able to take part in the current collection of information. The fear of the Foundation is that small community groups are being affected in many ways by the current economic climate but much of this is invisible and unrecorded.

The report firstly focuses briefly on the reach and value of small community groups. It then considers the findings of the research and what the implications are for these groups.

The value of small voluntary and community organisations

Over the years the Foundation has undertaken a number of pieces of research looking at the remit and value of small community groups. The most recent focussed on the 122 grant recipients that were funded under a small grant programme Community Connections supported by the Esmée Fairbairn Foundation. The average grant size was around £500 per organisation. The grants awarded supported a diverse range of activities in communities from social clubs for older people, projects supporting homeless people, women survivors of domestic violence, to advice and information projects for young people, preschool activities and volunteer driving schemes. Organisations were supporting people most in need in communities but had much wider benefits for the whole community. The total cost of this particular programme was £60,000.

From the monitoring forms and information provided by the organisations funded, it is clear that the number of people who are assisted in communities by small community groups is very significant. From the 122 groups funded there were the following beneficiaries.

- 22,448 people in communities throughout the South West Region benefitted directly from the work undertaken by the small groups funded under the programme
- A further 58,760 individuals in communities benefitted indirectly through support, visiting events or being part of the audience in a community performance
- 1,856 volunteers were listed as having contributed to the work undertaken through this grant programme.
- In total 83,064 people in communities throughout the region were affected in some way by this grant programme either as beneficiaries or as volunteers of the groups funded.

The Foundation has long been a fan of small community groups. The benefits that they bring to communities and their ability to act as a vehicle through which people can become involved as contributors to communities often go unnoticed by those in power. In terms of economic

benefits that small community groups bring to communities, the return on small investments through very small grants is immense.

Given that all of these groups funded by the Foundation are also working with people 'most in need' in communities, the benefits both in human terms and in economic terms are rarely celebrated.

For some time now small amounts of money and investment of time by local people has enabled these small groups to flourish. However, the Foundation has become increasingly concerned about the future of the small groups. All sectors are being affected by the current economic climate, including the Voluntary and Community Sectors. However, little evidence has been collected to date that looks at those very small community groups that are the lifeline for people in communities. The Foundation therefore has decided to invest some of its own resources in undertaking a snapshot survey to look at how small community groups are faring.

Methodology

Valiant attempts are being made by organisations such as NCVO and NAVCA to gather information on the current cuts and how these are affecting the Voluntary and Community Sectors. The 'Voluntary Sector Cuts' website at the time of writing this study has 45 cuts recorded in the South West varying in size from £335,000 to £4,500. The real numbers are likely to be much higher. The website is projecting a very gloomy view of the current funding issues facing the sector but from the Foundation's knowledge of the cuts, data on many of the groups affected is missing from this website and the real picture is a great deal worse.

The Foundation has tried to encourage groups and individuals to speak out about the issues facing the sector, but many are fearful that by speaking out they will lose the small amount of funding they currently have, or they will be penalised when seeking future funding. Some of those agencies who should be the voice of the sector are very absorbed by their own survival.

To obtain the data about the community groups 330 hard copies of questionnaires were sent out in the post to organisations that had received funding from the Foundation in the last two years. The main focus of the Foundation's small grant programme has been on supporting

groups working with people most in need in communities and in enabling those people to take part in communities who might otherwise be excluded. From this mailing the Foundation received 173 completed questionnaires which gave a return rate of around 53%. The Foundation also compared some of the current responses with the results of an earlier piece of research, Funders Footprints 2006, which was based on the views of over 300 small community groups similarly giving their views on funders and support agencies. However the funding crisis was not the main element affecting the sector at that time.

The aim of the new research was to identify what the funding and support issues are, that are challenging small community groups at the moment and what the possible solutions might be.

Types of community groups taking part in this study

Size of the groups

Most of the organisations taking part in this survey had an income of less than £15,000. 44% had an income of less than £5,000. 12% had an income of between £5,000 to £10,000 per annum. 12% had a slightly higher income of £10,000-£30,000. The slightly larger organisations were mainly groups that had been funded under the Foundation's European Social Fund (ESF) Community Grant Programme which was aimed at supporting projects that brought people who were furthest removed from the labour market toward employment.

Paid staff

Significant numbers of the organisations who took part, by their nature had no paid staff (28%) and relied entirely upon the input of volunteers both to manage the organisation and to deliver services. Of the organisations that had staff, most had less than one full time equivalent (FTE) (32%). 16% of the organisations had between 1-2 FTE staff members. 24% had more than 2 FTE staff members and again these tended to be the groups that were funded under the Foundation's Community Grant programme. The numbers of volunteers involved, even in the organisations where there were small numbers of staff, is still significant.

The challenges for small community groups

The Foundation has noticed in its grant assessments over the years that small organisations traditionally have to gather funding in one year in order to support their running costs for the forthcoming year, as they have no guaranteed form of income. As these reserve amounts are usually so small, the Foundation does generally not penalise small groups for having more than one year's running costs in reserves. However, we have also noticed that the small groups appear now to be using their reserves to supplement their ongoing running costs and subsequently have less in reserves than might be previously have been expected.

Reserves

The majority of groups who responded to the Foundation's survey had less than 6 months running costs in reserves (56%); 37% had 6 to 12 months running costs in reserve. Only 5% who took part in this survey had more than 12 months in reserve.

Accessing ongoing running costs

We then asked groups if they were experiencing any difficulties in trying to raise their ongoing funding.

49% of the organisations we asked, indicated that they are experiencing difficulties accessing funding for the current financial year (2011-2012); 78% of the organisations we asked, indicated that they were experiencing difficulties accessing funding for the following year. A significant number specified they could face imminent closure, even some that have been serving their communities for the last 5-15 years. This is a clear indication that although these small groups rely on very small amounts of funding, for them also the current climate is having a potentially devastating effect.

From the research, significant numbers of small community groups currently have very limited reserves. This combined with the difficulties that they are experiencing in raising their ongoing running costs (49%) is leaving the community sector vulnerable and many will potentially face closure very quickly if additional resources cannot be found.

Their capacity to 'stay afloat' and 'weather the storm' is virtually nonexistent. Most have no guaranteed form of income and without ongoing support; the fear is that significant numbers of small community groups could very easily disappear. This appears to be a total contradiction to the current Government's stated agenda, which appears to seek to give more responsibility to local people, to encourage people to be more involved in their communities and to help those most in need.

"Our Conservative - Liberal Democrat Government has come together with a driving ambition: to put more power and opportunity into people's hands. We want society – the families, networks, neighbourhoods and communities that form the fabric of so much of our everyday lives – to be bigger and stronger than ever before."

The Cabinet Office 2011

Sources of Funding

We then asked the small groups where they currently get their main funding from, although some may have a mixture of funding sources, the following is an indication of where the main funding comes from.

- 38% get their main funding from trusts and foundations
- 28% get their main funding from local authorities
- 25% self generate their funding-(this is often community newsletters and some of the horticultural projects).
- 8% from the Lottery (mainly Awards for All)
- 1% other

Trust and foundations are still the main source of funding for these small groups but significant numbers of the small groups rely on funding from their local authority even if this is not their main source of funding. Most small groups will not just rely on one source of income, but will rely on a mix of small grants and income sources. This includes very small local grants from their local authority or parish council.

Local authorities have suffered a well publicised cut in their funding. Under a tight financial settlement announced last December 13th local authorities face an overall cut of 27% to their formula grant from Whitehall over the next four years. There are inevitably variations from area to area but it is said that no council will see cuts of more than 8.8%

this year. Community groups could have managed with cuts at this level but the puzzle is why in many local authorities cuts to some groups have been a staggering high percentage and some groups even faced a 100% cut in their funding. When funding is scarce, traditionally local authorities look for the softer targets to hit the hardest, and for many this is the Voluntary and Community Sector. Government blames local authorities for damage to the sector; local authorities blame central government cuts. The fact is that neither so far has taken effective action to protect the many parts of the voluntary sector with potentially highly damaging consequences for some communities.

Development Support

If the organisations receive funding advice and help and support – where do they get this from?

A number of small community groups operate without help and advice from any source, but for others, the help and support that they receive from larger organisations and agencies is a lifeline. Of the organisations that said they received help, the following indicates where they are receiving their main help from.

- 51% from their Council for Voluntary Services(CVS)
- 37% from their local authority development worker
- 12% from the rural community council
- 0% regional support agency

Overall only 55% of the groups that took part in the survey were receiving help in the first place. This is a slight improvement on the findings of Funders Footprints in 2006 when just under 50% of the groups that took part in that survey were receiving the help and support.

Of those that did receive developmental support, overall the most popular source of advice and help and is still through their Councils of Voluntary Services (51%). Since 2003 all of the research that the Foundation has undertaken has revealed the most significant amount of support and advice to small community groups is provided through the local CVS. This is where the Lottery has played a significant part in the survival of small community groups. Through the Basis funding, the Big Lottery Fund has provided significant support to CVS. In some areas it is this ongoing funding that is enabling certain development agencies to

retain their level of support to small groups for next year or so. The difficulties will come when this source of funding also ceases.

A further 38% of small groups identified help from their local authority as their main source of support. Rural Community Councils, despite many of the groups being based in rural areas, do not appear to be a major source of help for these small community groups. In 2006 24% of small groups in rural areas were using Rural Community Councils for help and advice. In 2011 this figure has gone down to 12%. We did previously question the rural community councils about this finding. They felt that this was due at least in part to the fact that many are no longer funded to work specifically with small community groups and often refer people on to the local CVS. None of the small groups identified receiving help from any of the regional agencies but that is not surprising as this is not the role for many although one or two do have this within their remit.

One of the main issues with these findings is the very small increase in groups obtaining the help and support that they need, despite the huge investment from Capacity Builders. Any future available funding must be invested wisely, if it is to benefit the groups that it is designed to assist. Future funding is needed in support to small community organisations but to be effective that funding needs to be invested directly in those development agencies such as CVS that truly have contact with small grassroots groups. A comment that is often made is that under the previous Capacity Builders programme, the CVS were too often having their time consumed in developing consortia and other structures to meet the funders' requirements to have sufficient resources to extend their reach to smaller groups. Now is the time when the community groups desperately need the full support of their CVS but many of these are also struggling.

Loss of other help and support

For many small groups it is not just the loss of funding opportunities that is giving them cause for concern. Community development workers from local authorities and other agencies also have been providing welcome help to the small groups. It is difficult to gather exact information on the local authority posts being cut but information coming in suggests that many of these posts have been reduced or cut entirely. This will have a great effect on many of the smaller organisations particularly - in 'their hour of great need' which is the only way to view the current situation.

Working with the Community Development workers and with the Race Equality workers has greatly benefitted our organisation and helped us to identify funding.

Without help and support from Senior Youth Workers our organisation will have no support for fundraising or expertise to help young people...there is more demand on our services as youth clubs close and yet it is becoming harder to find funding

There were many, comments about lack of support and the invisible knock on effects of loss of personnel in key agencies, loss of help in kind and increasing costs passed on by others agencies who are themselves trying to make ends meet

Some core council funding would take the pressure off...instead our council has raised our rent by 600%!

The current uncertainty within the NHS and the Council means that the people who work for them are too pre-occupied to concentrate on working with groups like us

The challenge of survival

Some groups have had no option other than to close. 15 of the groups who responded to the research were in the process of closing or had already closed. This included faith groups, three small preschools, toddler groups and older people's groups. Many had been operating for a number of years and closure was in no way due to a lack of need for the services. The Foundation also phoned round all of the groups who had not responded to the questionnaire. We were not able to contact at least 50% of the groups that had not responded to the questionnaire (approximately 53 groups) This does not mean they have all closed but it is likely that a significant number have. Others that are still currently operating indicated that the future looks bleak.

Because we are so small and the environment is changing so quickly it is unlikely that we will survive

Our Parent and Toddler group will have to close

We have a waiting list of families who want to use our services but at the moment we are likely to close

We can only see a few months ahead. Due to reduced funding we have already made staff redundant

We have only got a month or two funding left. We are having to enter into a time of winding down

We are withdrawing support to 400 young people

There is a need to recognize that small groups like ours working with older people just cannot survive

One of the largest organisations with 30 volunteers and 4 members of staff working with young people commented

We have made all our staff redundant and will not be able to offer any services for quite some time if at all

All these comments are in addition to the groups that have already identified as being closed or closing in the near future.

Others are reducing the services that they are able to offer:

We can no longer provide transport for elderly people and infirm members. We cannot provide premises for our members to meet in.

We are diversifying our services and becoming more self supporting but this means we have to charge for services. In 20 years of our history we have never been so close to going down as we are at the moment.

The Future

The Big Society

The Big Society is about helping people to come together to improve their own lives. It's about putting more power in people's hands

From Building the Big Society: Cabinet Office 2011

From the Foundation's point of view, the first view of the Big Society brought a cautious optimistic sigh of hope that the Voluntary and Community Sectors were to be top of this Coalition's agenda and its value recognised, but somehow as time has progressed the contradictions are everywhere.

Within the research the Foundation asked groups about their views of the Big Society. The Foundation had asked a similar question in September 2010 and there were many similar negative responses. The main difference in this current study, to the responses received previously, is that more people appeared to be aware of the Big Society, but even more people were negative about this agenda than they had been in 2010. Other than the initial hopes of the Foundation around the Big Society we have never received any positive responses from the sector on the topic. The major issue is the connection between the Big Society and the cuts.

'The myth of the 'Big Society' should be challenged. The level of cuts will be catastrophic for the most vulnerable in society.'

'As a councillor I have recently conducted my own small survey on 'the big society'. The general consensus thinks it's a 'con trick' 'pie in the sky' coalition smoke and mirrors etc. etc. no one is convinced

'The 'Big Society' already exists!' 'Respect volunteers and do not take advantage of them'

'The crisis for many organisations I have spoken to is very imminent - funding isn't in place to start 2011-12.'

'Except in fashionable areas of creativity, people will not simply volunteer to fill gaps left by paid professionals doing specialised work. The charitable sector exists to fill a gap in the welfare state/statutory sector, not replace it'

'The voluntary sector will not be able to expand into 'the big society' and take over functions currently provided by local government unless they are funded to do so. Volunteers are a vital component but paid staff are required to provide the services that will be required to a consistently high standard. Any process of change needs careful thought and management - not rushed through to suit the political agenda'

There were many other comments along similar lines.

Messages for future funding

The Foundation asked groups for their suggestions about the future. The following is a reflection of the themes that emerged. Most of these themes around funding had been raised by groups in 2006 in Funders Footprints. Little appears to have changed in funding practices. Although the challenge now includes the effect of severely diminishing resources, the messages are still very similar. In the current environment it is even more important that funders' listen.

Funding for core costs

- *As ever we are constantly frustrated by the lack of core funding grant opportunities. We had hoped that the 'big society' policy would look at this. We are a youth club. We need to pay staff etc. We do not want to reinvent new projects endlessly.*
- *Funding should not be project based. Any funding needs to be given to those group projects delivering services and not to new focus groups. Do not forget smaller groups/projects, they are vital and support a lot of communities in our area.*
- *There are so few places you can go for core funding and what is the point in requesting project costs when your core funding isn't in place? For an organisation like ours virtually all our costs are core running costs.*
- *Please consider more funding for the running of successful activities rather than always focusing on new projects.*

- More grants are required for core funding not always new projects. We always need help with core costs rather than projects (many more comments along a similar lines were received)

Concerns over larger organisations getting all the funding

- *This used to be a thriving county with a rich patchwork of small voluntary organisations - this tapestry has almost gone - with just the 'big boys' getting all the contracts. Small organisations don't have the in house skills/resources to get involved in competitive tenders.*
- *Small organisations have small overheads so money can go directly into helping communities*
- *The 'Big boys' get all the money and squeeze the smaller (better run and better focused) groups out. Dear govt please look to where the money is going- give us the tools and we will get on with the job - efficiently and effectively.*
- *Don't just be influenced by the 'big boys' in the voluntary sector - there are some excellent small/med size enterprises doing fabulous work. Find out what's happening on the ground and target where your funds are used - we've been delivering the big society for years.*

Issues surrounding volunteers

- *Groups are already closing because of lack of volunteers. Most volunteers are the fit 60+ with retirement age going up there will be fewer fit elderly to volunteer. Younger people have too much else to cope with just to survive.*
- *To get volunteers is not easy. Most families are struggling with both adults working.*
- *We need ongoing funds for the basic costs of properly supporting volunteers; it takes time and costs money. We have loads of keen volunteers in the 17-25 age group, mostly male, but cannot get the funds to support them.*
- *If the government wants volunteers to cover the gaps in services created by lack of resourcing then there must be some recognition that volunteers still need support/ expenses/ training/ motivation/ recognition etc.*
- *Funding difficulties means we are unable to plan ahead which leads to short notice projects and leads to volunteers being otherwise engaged having made other arrangements. Also short term*

planning gives a slap dash appearance making the organisation look poorly run

Difficulties finding time to fundraise/apply for grants

- *Limited grant funding opportunities and high demand on existing funds.*
- *We are spending a lot of time fundraising, with a fairly low strike rate, rather than implementing services for our users.*
- *Too much of limited volunteer time resource spent reorganising to reduce expenditure and bidding for project funding*
- *Increased competition for similar pots of money - trading seems to be the route to survival*

There were many more comments such as groups not having the time to apply for grants, difficulties with complex applications, the issue that grant criteria's are now harder to meet, more help with applications is needed, – *'morale has dropped due to the uncertainty of finding funding'*

Conclusions

Significant numbers of people in communities and neighbourhoods greatly benefit from the work of small community groups. Their reach into communities, often to the benefit of those most in need, is extensive in relation to the small amounts of funding that are needed for them to survive.

Despite the Coalition Government's stated agenda and priorities for the Big Society many small community groups are facing the largest crisis in their history.

Small community groups are financially vulnerable. Many have less than six months funding in reserves. This coupled with the difficulty in raising ongoing funding means that significant numbers of small community groups will begin very quickly to disappear without additional support.

It is not just the lack of funding that is proving an issue for these small groups. Many rely on support from their local Councils for Voluntary Services (CVS) and development workers provided by local authorities. These services are themselves suffering from the cuts and can no longer

continue to provide the level of support needed. The small groups are therefore affected from both angles.

Community groups are trying to survive by a variety of means including imposing charges, restricting the numbers of people they can assist and meeting less regularly. Some are paying the ultimate price and after years of supporting their communities they are closing.

Funders' processes are more complicated than necessary, and this results in difficulties for small groups and wastes resources.

The Government has introduced a website to tackle unnecessary red tape, the 'Redtape Challenge' where they state their aim is to get rid of red tape. We are concerned that this aim may not apply to funding issues and will therefore be less effective in bringing about real changes in systems that have been needed for years but are especially important in a time of scarce resources.

Recommendations

In order to save 'at risk' community groups, Government and local authorities need to stop blaming each other and previous governments, and set up a rescue fund for these small community groups. It could be called the 'Big Society Challenge' which could give a much needed positive 'make over' to the Big Society while at the same time saving small community groups. Looking at the significant numbers of people that are reached through small community groups, the negative perspective on the Big Society could be turned into a positive by saving communities rather than damaging them. The cost in relation to the benefits is insignificant.

If support was put in for two years protection measures could be put in place during that time to ensure that local authorities have a responsibility for keeping these community groups going rather than using them as a soft targets to make their books balance.

There is a need to avoid the mistakes of previous capacity building programmes and put the funding where it works well and is most effective - on the front line.

It may be helpful to seek new distributors for grants, particularly agencies that could provide support and advice alongside grants. There has always been the argument that grant assessments by agencies who are involved with grant applicants in a supporting role, makes it impossible for assessments to be unbiased. However, these grants are so small-up to £1,000, if they came as a package which included access to advice and support, looking at the evidence, this would be beneficial in terms of sustainability and making the best use of all available resources. Agencies such as CVS and others who have a good track record of supporting small community groups could distribute the grants and provide development support alongside them. These agencies have significant amounts of knowledge and expertise that needs to be utilised.

Funders should start to improve their processes and make funding applications more straightforward for small groups that are applying for funding. They should seek ways to reduce the number of groups applying for funding to programmes. For some current programmes only 20% of applicants are likely to succeed. If funders spent less time and resources in assessing applications that are unlikely to succeed, more resources could be made available for the sector.

If things do not change, what will be lost may never be replaced. Communities will not only lose many essential services, the knock on effects on health and well being would be significant. Opportunities for people to contribute to communities through these small community groups and to have a greater say and influence in those communities could be lost forever.

*The Big Society is about nobody feeling small.....**

*As mentioned by Jess Steele of Locality March 2011