



## City and Hackney Assembly Insight Report on the Impact of cost of the living crisis on VCS Organisations

October to December 2022

### 1.1 Introduction

In response to the Cost of living Crisis, Hackney CVS, via the VCS Assembly, has led a consultation with the City & Hackney VCS to identify the challenges their organisations and service users are currently facing.

This report presents six themes of challenges found by local City and Hackney VCS organisations during the cost of living crisis; (1) Increasing costs, (2) Need for funding, (3) Limited organisational capacity, (4) Recruitment challenges, (5) Challenges in partnership working, and (6) Lack of social housing. The report also discusses three solutions of how the public sector can support the VCS; (1) fund locally, (2) value the VCS and maximise use of the VCS, (3) share resources with the VCS where possible.

This VCS Assembly had two additional objectives. Firstly, to build collaborations across the community to build community resilience, and secondly, to identify and understand any skills gaps and challenges faced by the local community, to then skills sessions in response to identified challenges. This will be reported separately.

### 2.1 Methodology

The consultation period ran between 5 October to 30 November 2022.



Insights were collected via multiple methods; an online survey, printed survey (with responses collected at events), and discussions with VCS organisations at special interest group (SIGs) and network meetings.

Events used to gather insights included: coffee and networking mornings at Hackney CVS, SIG and network meetings, Neighbourhood Forum meetings, and VCS Leadership Group meetings.

The online survey was shared widely to via email to VCS organisations on Hackney CVS' distribution lists, and via the Hackney CVS newsletter. The council also supported in its distribution.

The insights collated into this short report which will be shared with partners nationally and locally, including National Association of Voluntary and Community Action (NAVCA), National Council for Voluntary Organisations (NCVO), London Borough of Hackney, East London Foundation Trust (ELFT), North East London Integrated Care System (NEL ICS).

In today, insights were collected from 37 VCS organisations.

### 3.1 Survey results

Insight themes:

1. *Increasing costs*
2. *Need for funding*
3. *Limited organisational capacity*
4. *Recruitment challenges*
5. *Challenges in partnership working*
6. *Lack of social housing*

### 3.2 Increasing costs

**Ten organisations spoke about the challenges around increasing costs, including utilities, food, and childcare.**

*"Cost of electricity bills to go up 200% across the organisation during the 6-month price cap" – MIND City, Hackney and Waltham Forest.*

Organisations reported that the increased cost of utilities and food was impacting their financial sustainability. This was manifold, with their own costs increasing, as well as the costs for their service users resulting in higher demand on their services, as well as staff also being impacted by cost of living price increases, impacting on their stress levels. The service users were also reported to be presenting with more complex needs e.g., increase in the number experiencing poor mental health related to increased levels of stress and anxiety directly linked to the rise in costs.

Parents are also finding challenges around the cost of childcare. One organisation said:

*"Parents/carers need a one-off or regular childcare to be able to access the various schemes that can improve their life circumstances, e.g. courses/programmes/attend appointment/counselling etc, but childcare is often not provided, and families do not have a support network or family who could help with this/money to afford a babysitter/childminder (funding for childcare only kicks in when the child is two, and is usually not flexible)"*



### 3.3 Need for funding

Nine organisations spoke about the need for funding. VCS organisations often struggle by being given short term grants or contracts by funders. This means that organisations struggle to plan in advance and be financially sustainable. However, it was identified that there was value and need for short-term funding which organisations said allows them to be responsive around current issues. One organisation said that *“whilst finances are stable we operate with minuscule additional capacity thereby limiting the amount of work we can do in the community”*

Six organisations said that longer term funding would enable more and better service delivery from VCS organisations. This is partly due to being able to recruit and retain staff. One large local-based VCS organisation said that *“tenders [that were] paused during pandemic means uncertainty. [The] financial impact on services contributes to difficulty recruiting and retaining staff, as staff (who are often residents) struggle to get by as well.”*

Three organisations said that they would benefit from alternative funding routes to enable them to have unrestricted funding, for example, corporate funding. One organisation said *“we have to raise 80-90% of our money through grant applications which is a competitive and resource intensive process”*. Two organisations expressed that they find it challenging to find capacity for continual grant writing and four organisations said that there is a need for easily accessible grant funding. This feedback is consistent with insights from local organisations gathered for the June 2022 VCS Assembly focused on anti-racist commissioning.

### 3.4 Limited organisational capacity

10 organisations talked about limited organisational capacity. Three organisations said this was caused by increased service demand due to the statutory services being at capacity. Three organisations said they needed more time in the day. One organisation said:

*“The need in our communities is vast statutory services overstretched so voluntary sector picks up a lot of what is missed or not accessed”*

Organisational capacity is impacted by challenging social environment, years of austerity as well as the cost-of-living crisis. Another organisation said their *“organisation is under pressure as more resident's demand help with utilities/funds/housing. [We] need to increase capacity”*

Four organisations said that there was a lack of space to deliver projects, which is consistent with the discussions held at the Hackney Refugee and Migrant Forum steering group in December 2022.

Some organisations said that capacity challenges mean they are unable to do work that supports the further development of their organisation and promotion of their services, which could lead to funding opportunities.

*“attending essential training [is challenging], due to cost of training and staff capacity”*

One organisation said that coffee mornings, such as the one hosted by Hackney CVS, are good to make relationships with organisations that do work similar to us, which they don't otherwise have time for.



### 3.5 Recruitment challenges

Eight organisations discussed staff and volunteer recruitment challenges. Four said there are a lack of volunteers, making it difficult to recruit at the moment. One organisation highlighted there was a *“reduction in people willing to volunteer particularly from Black and Global Majority communities”*. One organisation highlighted the challenges around recruiting management staff, and another talked about the challenge in recruiting trustees.

### 3.6 Challenges in partnership working

Five organisations talk about the challenges in partnership working. One organisation said that *“relationships between VCS organisations and the health system is variable”*. Another said that the ‘system’ doesn’t listen to the needs of service users, *“Many of our service users are still not 'heard' - many do not want to or have extreme difficulty in personally engaging with consultations etc.”* Some public sector consultations just engage with one organisation *“and many other people are not involved at all - is this representative?”* Three organisations talked about how they don’t feel acknowledged or recognised by the system for their contribution to health and care.

Some organisations highlighted the challenges of not knowing about services that other organisations are providing, and that this presented a lost opportunity, [to more effectively collaborate and make appropriate referrals] amongst other reasons.

### 3.7 Lack of social housing

**Three organisations talked about the lack of social housing, particularly in Hackney.**

One organisation said *“Ukrainian refugees who have come here were welcomed originally and now don't have support. they are finding themselves without the ability to get housing”*. Another organisation said that there is a lack of housing for people who are experiencing or who have experienced domestic violence.

## 4.1 Conclusion

This consultation took place over a two-month period, during Autumn as the cost-of-living crisis, which was forewarned, really started to impact the community.

Lots of the themes are about lack of financial opportunity and the struggle to access funds, and then the ways in which organisations are impacted, including staff/volunteer recruitment and retention challenges, space issues and organisational sustainability challenges.

Some of the themes were not financially oriented, for example, one was around the challenges of partnership working, an area which does not necessarily need extra funding to make a positive change and supporting the health and social care system to improve outcomes.



Lots of the challenges that were mentioned in the consultation are not new challenges, but that these had been exacerbated by the cost of living crisis, leading to organisations working in even tougher conditions, making hard decisions, and feeling the impact from years of strain.

It is hoped that sharing this report, the public sector partners will gain an increased understanding of the challenges facing the local VCS in light of the current crisis, and will be open to discussing how they can support local organisations navigate this challenging period, not only for the immediate term, but to generate long-term systems-change.

## **4.2. How the public sector can support local VCS organisations:**

**4.2.a. Fund locally:** As we develop and embed working as part of the North East London Integrated Care System, there are changes to funding mechanisms including where funds are held and the different processes used to release funds.

It is important for NEL ICS to recognise that not funding a local organisation can have a drastic impact on the organisation and the beneficiaries they support, and therefore the local health system. A VCS organisation closure and therefore removal of their service can lead to higher pressure on the local health system and impact the health outcomes of the local population. VCS organisations grow out of local community need, so inevitably a new organisation will be started, and more resources required to reach the maturity of the closed organisation.

Much of the success that local VCS orgs have on improving outcomes for local populations, is due to the inherit understanding of local communities, as they are often led by these communities. The trusted relationship they have established, in many cases, over a number of decades, and indeed generations is fundamental to their reach.

**4.2.b. Value the VCS and maximise use of the VCS:** statutory organisations rely heavily on VCS organisations as demonstrated during the pandemic where VCS organisations adapted to support local communities at a rapid rate. However, VCS organisations don't always feel as though the public sector understand or value their contribution to local health outcomes. It is important for the statutory sector to work to understand the skills and expertise that the VCS bring to the health system, and the added capacity they provide to a stretched public sector, often reaching communities who otherwise go unserved. Additionally, VCS organisations provide activities which improve the quality of life, beyond simply meeting the basic needs of resident, limiting the demand for more intensive and expensive health and social care from statutory providers.

**4.2.c. Share resources with the VCS where possible:** Statutory sector partners have resources which are feasible to share, for example, buildings or space that aren't used or not maximised. Public sector partners can work closer with VCS partners, seeking to understand the services they have available and value the input the VCS have on the local population's help, as this is not consistently done.

## **5. Organisations and networks that contributed**

Caribbean community centre



Christians Against Poverty

City & Hackney Carers

Claudia Jones

Community African Network

Core Arts

Food Cycle

Hackney Congolese Womens Association

Organisations at September and October Hackney CVS Coffee mornings

Hackney Cypriot Association

Hackney Marsh Partnership

Hackney Playbus

Hackney Quest

Organisations at Q3 Hackney Refugee and Migrant Forum

Organisations at Q3 Learning Disability Special Interest Group

Organisations at Q3 LGBTQ+ Special Interest Group

Organisations at Q3 Mental Health Special Interest Group

Mind CHWF

National Hate Crime Awareness

PEER

Rainbow Community Care Association

Red Roots Incubator

Refugee Womens Association

ROJ Women

Shoreditch Trust

St Joseph's Hospice

St Mary's Secret Garden

October VCS Leadership Group

Well Street Neighbourhood forum

WHEAT Mentoring Support

Xenia