

Cost-of-living Survey Analysis 2023

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Introduction

Essex Community Foundation (ECF) conducted ten in-depth interviews with community organisations in Essex to understand their experiences of the cost-of-living crisis. The findings from these interviews painted a troubling picture, and formed the basis of the questions asked in this survey geared toward understanding the extent of the impact the crisis is having across the county.

Organisations from all across Essex took part in the survey. A total of 273 respondents took part, from organisations with annual turnovers ranging from under £50,000 to over £1 million. More than half of

the responses came from registered charities, but charitable incorporated organisations (CIOs), community interest companies (CICs), private companies, and unincorporated clubs or associations also took part, as did other organisations such as churches, sports clubs and local councils. These organisations worked across a range of topics and demographics such as children and young people; older adults; health and wellbeing; homelessness and housing; refugees and asylum seekers; arts, culture, heritage and the environment; and economic disadvantage.

Key findings

These findings present a summary of the survey results. More detail about the findings of this survey can be found throughout the rest of the report.

- 96% of survey participants had experienced increases to the costs of running an organisation – to essential supplies and utility bills, in particular.
- 81% had noticed a decline in income; most of all from grant funding, followed by public giving and corporate giving.
- 77% of organisations had taken action in light of these pressures that had negatively impacted their organisation and the support they were able to offer (such as making redundancies, or suspending services).
- 84% said the volume of demand for their services had increased, and 78% said that the people they supported were presenting with increasingly complex needs.
- 84%, however, had been able to meet demand in the past year, though only 18% felt 'very confident' that their organisation could continue to perform at the same level in the year ahead.
- 70% said that in the last twelve months it had been more difficult to maintain volunteer numbers.
- 34% felt that a combination of these pressures had negatively affected morale within the organisation.
- 82% needed funding for core costs to enable them to cope with the impact of the crisis, followed by access to multi-year funding and project costs.
- 61% told us that one of their largest concerns in sourcing funding was the complexity and time it took to produce funding applications and bids, followed by trend-based commissioning that excluded the needs of their communities, and existing grants and contracts that did not reflect current rates of inflation.
- 54% felt funders could better support them during the crisis by representing the sector at a higher level (for example, within local authority and statutory services). Others wanted funders to build networks of organisations locally, and provide guidance, advice and mentoring.



Rising costs and diminishing income: the impact of the cost-of-living crisis for organisations in Essex

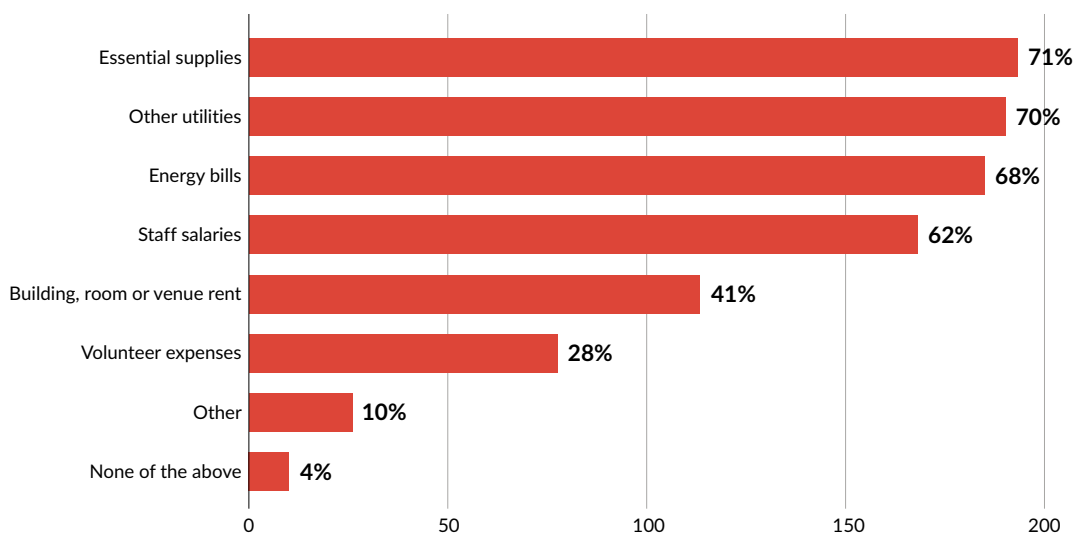
Almost all respondents had experienced increases to the costs involved with running an organisation in the past twelve months (96%). Most commonly, organisations had faced increases to the cost of essential supplies – such as food and office stationery – which impacted 71% of all organisations.

Unsurprisingly, energy bills and other utility bills (such as water, internet, and insurance) had risen for 70% and 68% of organisations respectively. 62% of organisations had faced increases to staff salaries, due to recent increases to the national living wage as well as internal pay reviews based on inflation.

Almost half of all organisations (41%) had faced rent increases, whether for building rent or room and venue hire; and over a quarter reported increased volunteer expenses (28%) due to the price of fuel and other such costs associated with volunteering. Organisations had also faced higher costs in relation to transport, digital services, and equipment hire.

The survey also asked organisations if their income had been impacted by the cost-of-living crisis. 81% of participants experienced a decrease to their organisation's income during this time: half of all participants told us they had seen a decline in income

In the past twelve months, has your organisation seen increases to any of the following costs? (Select all that apply)



“A winter without funding to pay our energy costs may see the end of us.”

“It is a challenging time for most groups in terms of rocketing costs.”

from grant funding (50%), almost half (48%) reported a decline in public giving, over a quarter (27%) had noticed a decline in corporate giving, 21% faced a decline in self-generated income and 13% had seen a reduction in commissioned contracts.

While these figures are already concerning, many participants will have been engaged in programmes of grant funding and commissioning at the time of completing the survey, meaning the true extent to which income is decreasing may not be fully shown by the results of this survey.

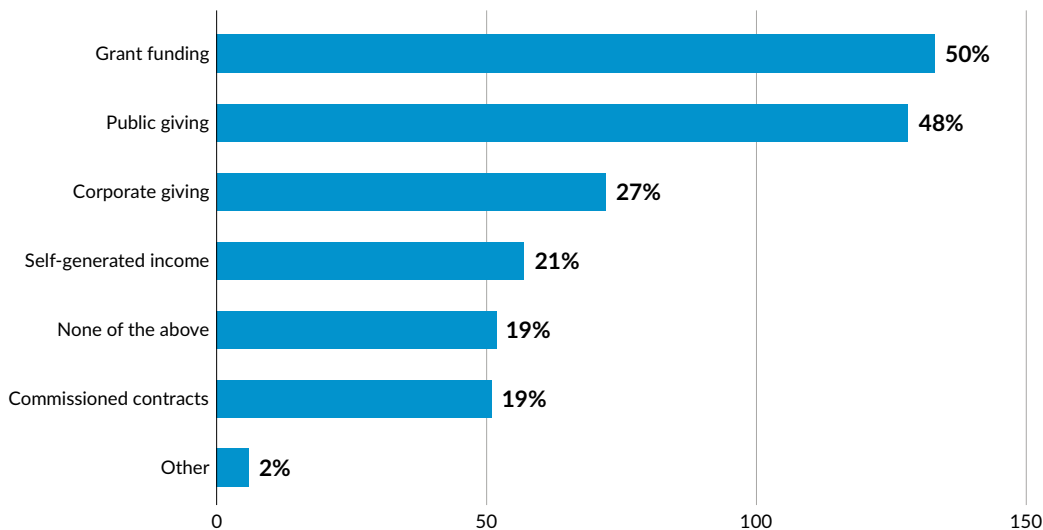
Furthermore, we know that many organisations rent their office spaces on a long-term basis, with fixed rent and utility bills. It is therefore probable that these costs

will increase when their contracts are next renewed, meaning the financial pressures that organisations are facing could increase again in the near future.

Understandably, the combination of rising costs with declining income meant that many organisations had needed to make difficult decisions in order to remain operational. More than three-quarters (77%) told us they had needed to take some form of action to try and mitigate the threat to their organisation.

Over a third of respondents (34%) had made unplanned use of their reserves; 15% had reduced staff hours, or made redundancies; 7% had downsized the space they worked from, and 4% had sold organisational assets.

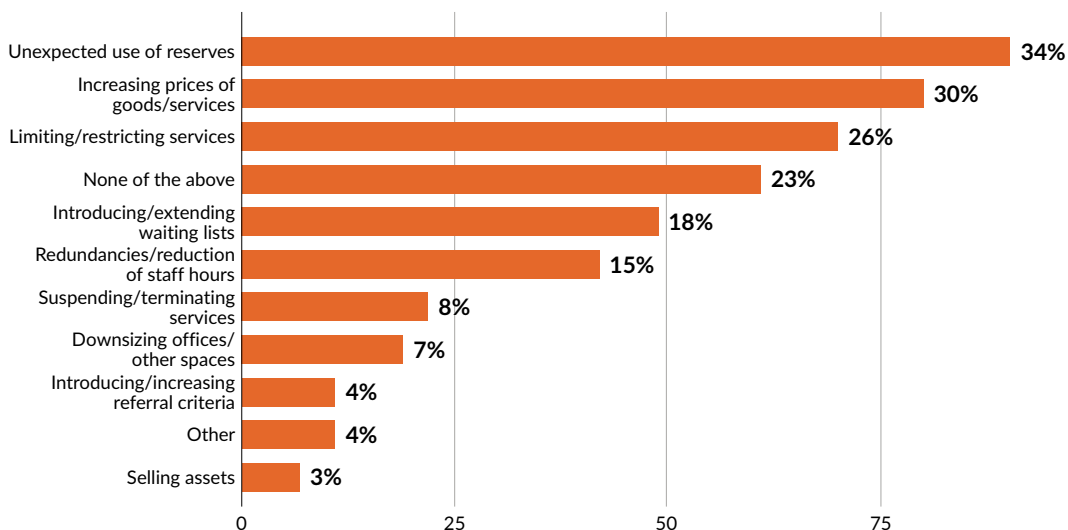
In the past twelve months, has your organisation noticed a decrease to any of the following? (Select all that apply)



“Without further grant funding we will have to lose staff or reduce working hours in the next 12 months.”

“The level of public support has dropped over the last couple of months. Other food banks, etc, are stating the same difficulties.”

In the past twelve months, has your organisation undertaken any of the following in response to increasing costs/decreasing funds? (Select all that apply)



“It’s just very tough, and we expect to withdraw some services by the end of the year.”

“...prices are getting so high that we now have to cut certain events out.”



Furthermore, these difficulties naturally had an impact on the level of support that organisations were able to offer: just over a quarter (26%) had limited or restricted their services; 18% had introduced, or extended, waiting lists; 8% had terminated or suspended services altogether; and 4% had introduced, or increased, referral criteria.

While this is devastating for organisations, it is ultimately the communities they support that are most affected by the difficult decisions groups are being forced to take under such circumstances. This is a time when the most vulnerable in our society need higher levels of support, as evidenced by the following section.

Volume of demand and complexity of need

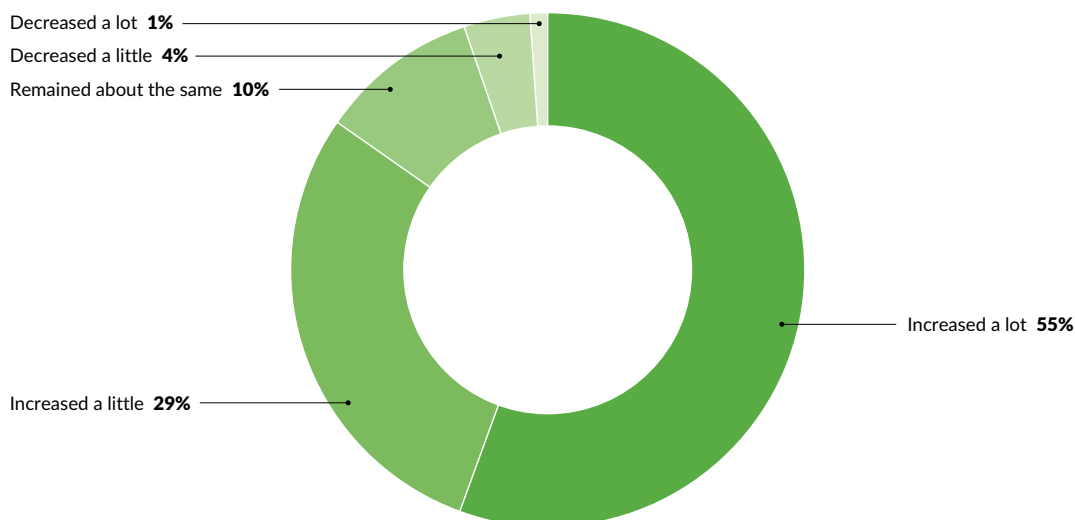


The impact of the cost-of-living crisis on society, particularly to the most vulnerable demographics, is by now well documented. We wanted to understand how this had impacted the demand for support that organisations were seeing in the communities they worked within, as well as the level of need that people were presenting with.

For 84% of respondents, the volume of demand had increased 'a lot' (55%), or 'a little' (29%) in the past twelve months. Only 10% of participants told us that demand had remained about the same, and even fewer stated that demand had decreased a little (4%) or a lot (1%).

What's more, 80% expected demand to increase further over the next twelve months: 41% by 'a little' and 40% by 'a lot'. The remaining respondents predicted that the volume of demand would remain about the same (15%), would decrease a little (3%), or would decrease a lot (1%).

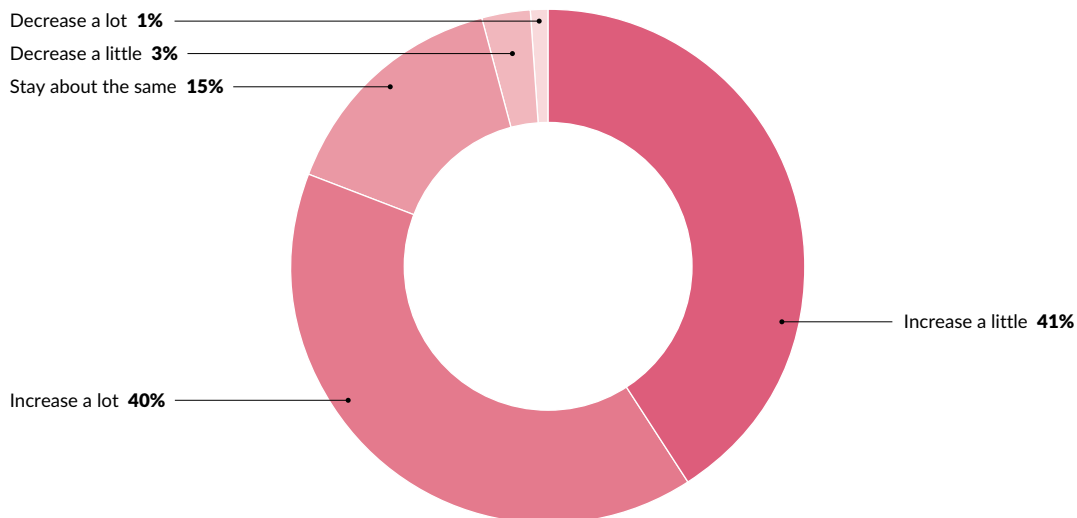
In the past twelve months how would you describe the volume of demand for your organisation's services, compared to the year before?



"Need is growing and more people are turning to the voluntary sector for support services..."

"There is a growing need, and we need to increase income, but in a cash challenged society."

Over the next twelve months, how do you predict the volume of demand for your organisation’s services will look?



“The situation is only going to deteriorate further for several years...”

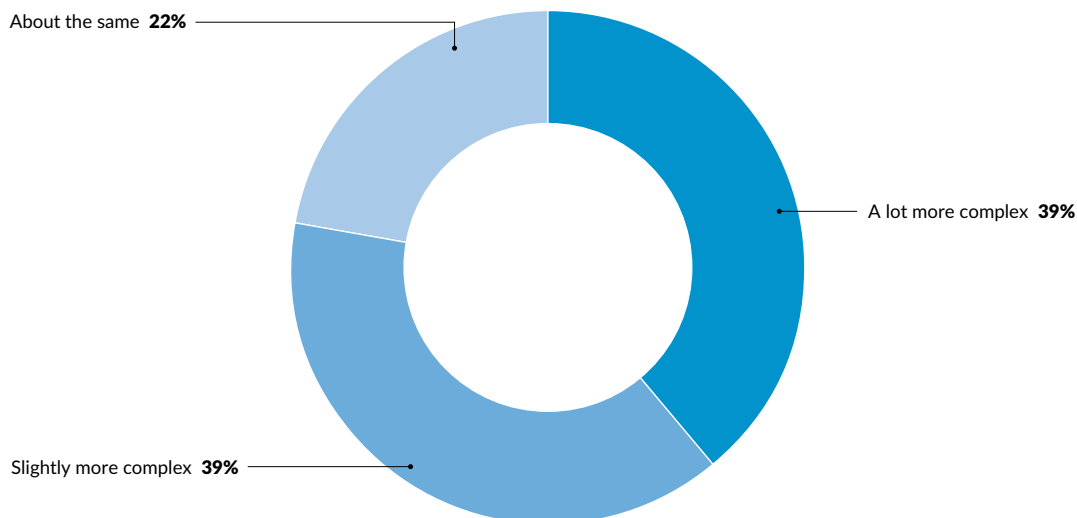
“If demands on our services continue to increase, and the funding is more difficult to get, it will have an impact...”

Furthermore, over three-quarters of respondents (78%) said that people’s needs had grown in complexity in the past twelve months (39% each for ‘a lot more complex’ and ‘slightly more complex’). 22% said that people’s needs were about the same, and no respondents said that people’s needs were ‘slightly’ or ‘a lot less’ complex.

As a result, almost all organisations had taken some form of action to meet the additional need within their communities (92%). In this time of decreased income

and raised costs, more than half of all respondents (53%) had actually expanded or grown their existing services, 43% had introduced new services altogether, and a further 33% had adapted services to better meet need (for example, by making them available online). Therefore, it is not surprising that 36% of organisations had recruited additional volunteers, 28% recruited fixed-term staff, and 15% recruited permanent staff.

In the past twelve months, have you noticed a change to the complexity of the needs of people seeking support from your organisation?



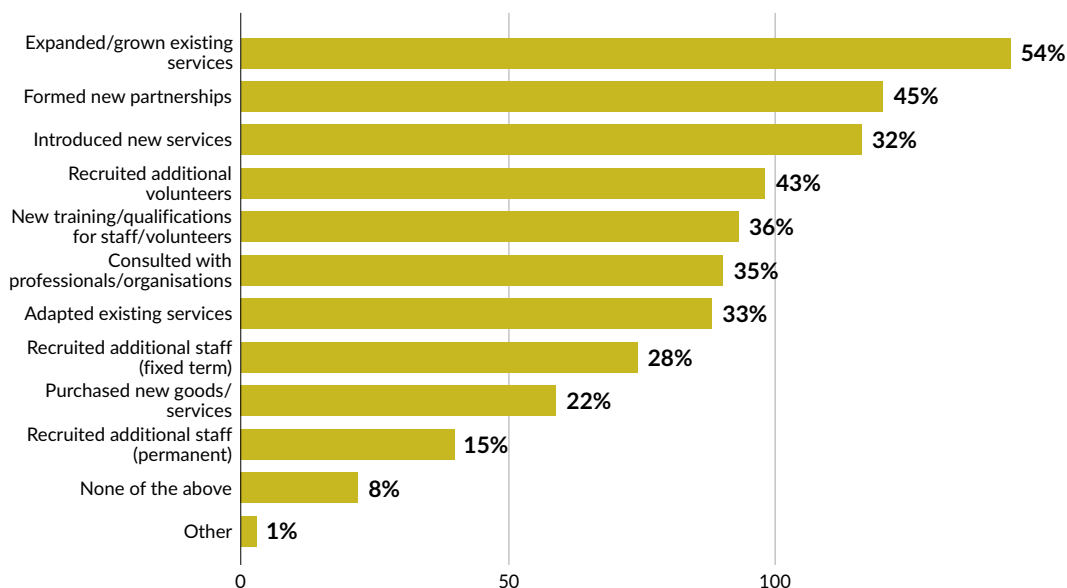
“The needs of our beneficiaries are getting more frequent and more complex.”

“Our community’s needs are changing at a rate not seen before, and trying to adapt and support these complexities is challenging.”

As well as growing capacity, organisations were enhancing their knowledge and expertise to assist in managing the increased complexity of need: 45% had formed new partnerships with other organisations, 35% had undertaken new training or qualifications, and 33% had consulted with professionals or organisations with areas of specialism. 22% of respondents had also purchased new goods and services, such as specialist equipment.

This is an incredible accomplishment. At a time when organisations were facing higher costs, with lower income, it is a testament to the commitment of the sector that, when we asked organisations if they had been able to meet demand, 84% had done so. This does not detract from the efforts of the 16% that had not been able to meet demand, as our findings showed that meeting demand had not been easy: 61% of respondents told us they had met demand 'with some difficulty,' 15% 'with little to no difficulty,' and 8% 'with great difficulty.'

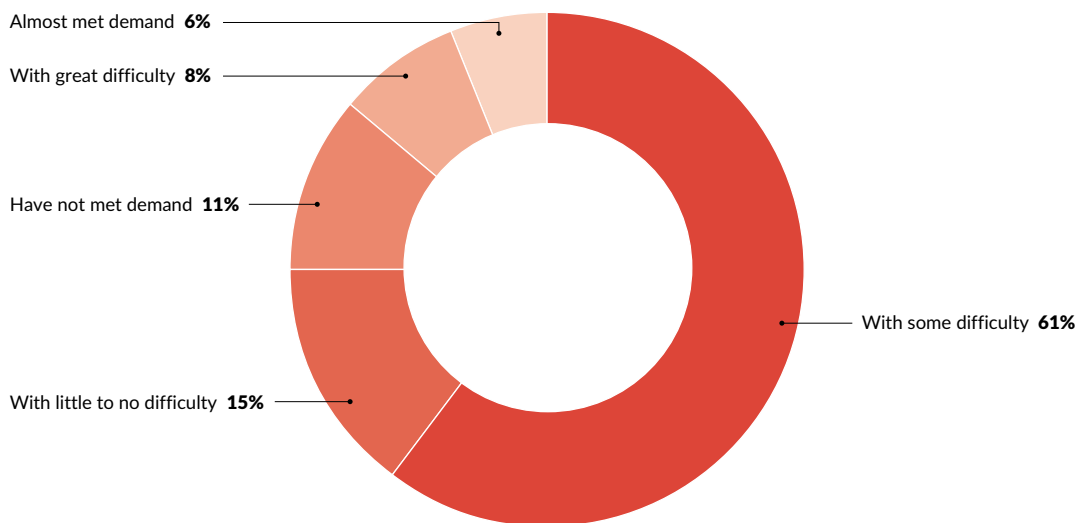
In the past twelve months, has your organisation undertaken any of the following actions to meet volume of demand or complexity of need? (Select all that apply)



"We have plans in place to expand delivery to meet rising demand..."

"I really feel that collaboration with other specialist service provider is going to make the biggest change..."

In the past twelve months, how well has your organisation been able to meet the volume and complexity of demand?



"We are doing our best in extremely challenging circumstances."

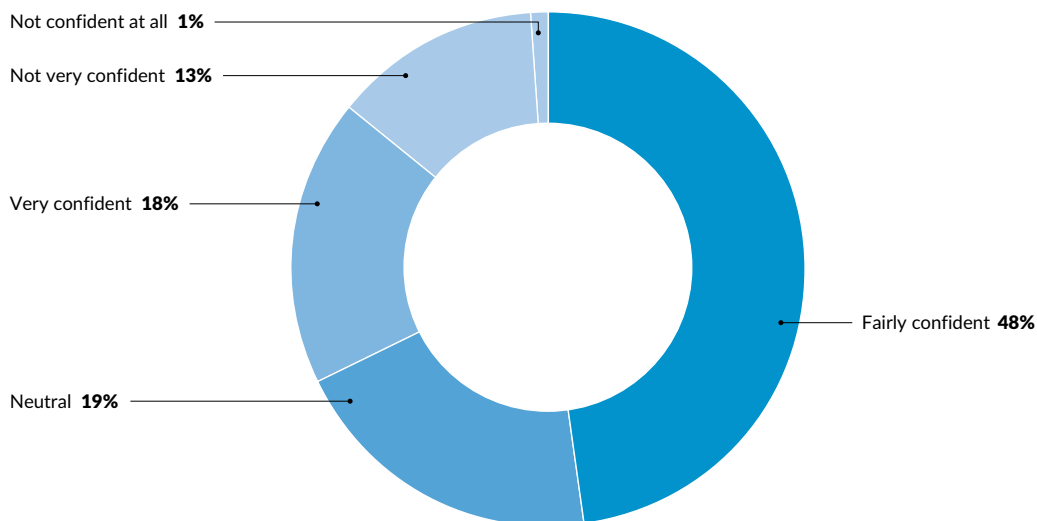
"It breaks our hearts not being able to do more."



However, there was some indication from organisations that they could not continue to operate at this level unless circumstances improved. We asked participants how confident they felt that their organisation could perform at its current, or a greater, level in the next twelve months. Most respondents were cautiously optimistic: while 66% who felt a level of confidence, 48% were 'fairly confident' compared to 18% who were 'very confident'. 19% felt 'neutral' about the future, followed by 13% who were 'not very confident', and 1% who were 'not confident at all.'

These conditions have the potential to create a hostile environment to those working within the sector, whether in a paid or voluntary capacity. The people who provide support are not immune from the effects of the cost-of-living crisis, at an individual level, while dealing with increasing workloads, complex and often distressing caseloads, and, potentially, job insecurity. The section below looks at the impact of the cost-of-living crisis on staff and volunteers within community organisations.

Considering the costs and demand your organisation has experienced in the last twelve months, how confident are you that it will continue to operate at the same level, or better, in the next twelve months?



"We want to be optimistic about the short and long-term future."

"...the future beyond 2024, for some of our core work, is extremely uncertain...."



The impact on the workforce: paid staff and volunteers

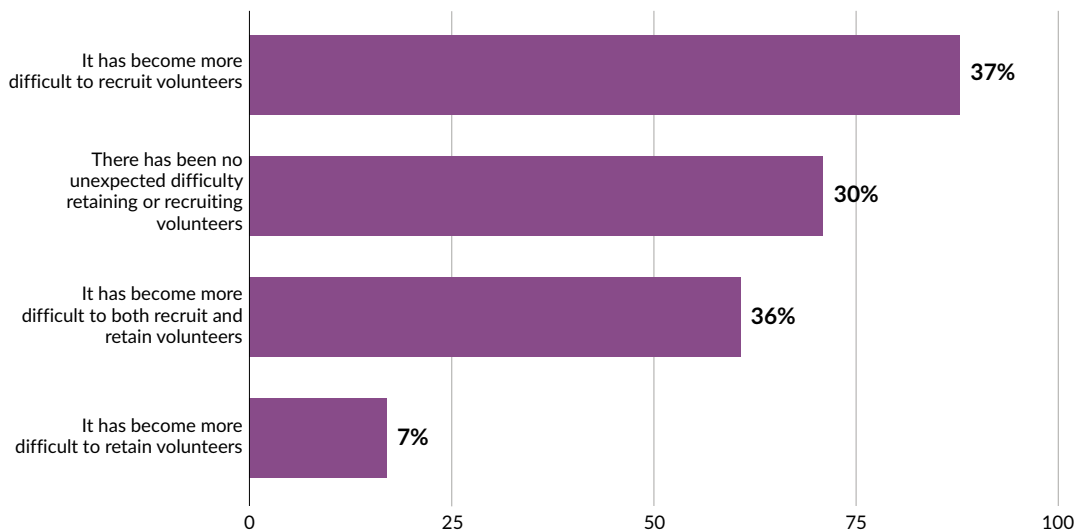
ECF's 'Thriving Communities' report found that many organisations were struggling to recruit volunteers. We asked organisations that worked with volunteers if the cost-of-living crisis had exacerbated this issue, as the rising cost-of-living would likely mean more of the population would need to find, or return to, paid employment.

70% of organisations working with volunteers told us they had experienced difficulty maintaining volunteer numbers in the past twelve months. 37% said it had become more difficult to recruit volunteers, 26% said it was harder to both recruit and retain volunteers, and 7% told us it had been more difficult to retain volunteers. It is therefore all the more impressive that 36% of organisations had recruited additional volunteers in the wake of growing demand and need.

This is of huge concern, as organisations told us they relied on volunteer support across a range of roles: 64% involved volunteers for service delivery, including befriending, running events, and mentoring; 42% utilised volunteers in a fundraising capacity, with everything from fundraising events, retail work, and



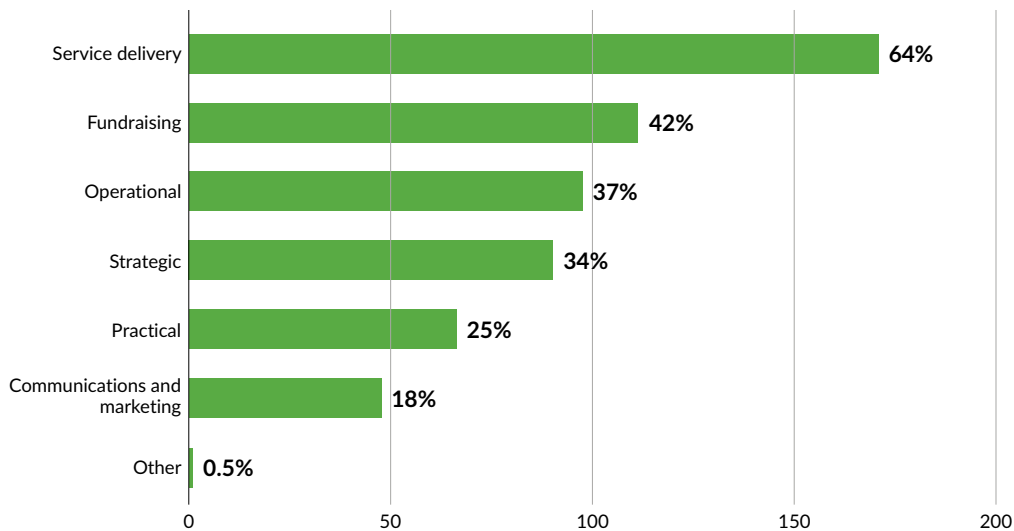
In the past twelve months, have you experienced any challenges in recruiting or retaining volunteers?



“People no longer have the time to give.”

“Since COVID, volunteers have been a challenge... it is difficult to get commitment.”

**What types of roles do you most commonly need volunteers to support with?
(Select up to three)**



“As we have lost paid staff already the bulk of the work falls to volunteers...”

“I don't think some funders realise it's often volunteers writing the bids.”



bid writing; 37% were supported by volunteers in an operational capacity, with tasks including admin, data monitoring, and human resources; 34% with strategic development such as trusteeship and governance; 25% for practical help like decorating, IT support and gardening, and 18% for communications and marketing.

In recognition of the difficulty organisations had in recruiting volunteers, the fact that some organisations had reduced staff hours or made redundancies, and the extra (and more complex) workload brought about by the cost-of-living crisis, we wanted to understand how organisations felt their teams were faring in the face of these issues (not to mention any financial difficulties they may be facing at an individual level due to the crisis).

Half of organisations said that the current pressures of the cost-of-living crisis had had no noticeable impact on morale (44%). Almost one third (31%), however, said that morale had declined a little, and a small number (3%) said it had declined 'a lot'. For almost a fifth of organisations (19%), morale had actually improved; with 13% of respondents claiming it had improved 'a little' and a further 6% saying it had improved 'a lot'. Therefore, our findings are somewhat inconclusive at this stage, and may be influenced by factors such as the ones that arose in our interviews with professionals, like workplace wellbeing initiatives and access to support, but could also be related to the stability of an organisation itself, or the intensity of the issues arising from the communities they work with.

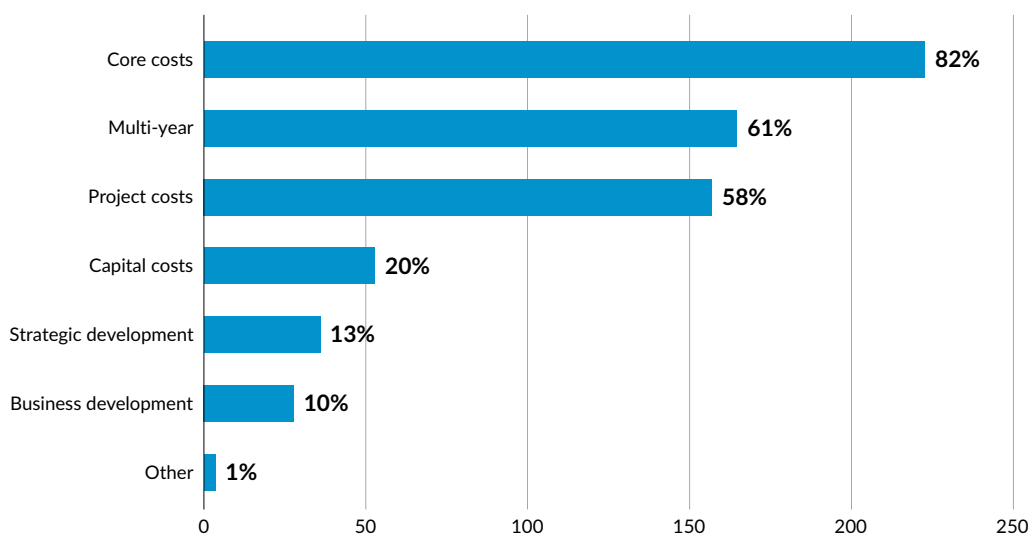
What part can funders play in mitigating the impact of the cost-of-living crisis?

ECF recognises the delicate and precarious nature of the situation so many organisations are facing as a result of the cost-of-living crisis. In order to understand the role funders, such as ECF, can play in minimising the burden on such groups we asked participants what they needed from a funder such as the type of funding, their concerns with current funding practices, and support funders can give beyond monetary grants.

When we asked organisations the type of funding that would be most helpful to them, in their current situation, 82% told us they needed funding for core costs, followed by 61% wanting access to multi-year funding, 58% looking for funding for project costs, 20% for capital costs, 13% for strategic development, and 10% for business development.

We also asked organisations about their concerns regarding current funding practices, and 61% told us that the time required, and complexity, of writing funding applications and bids was a primary concern. 43% felt that funding and commissioning could be effected by trends, which failed to recognise the needs of the communities they worked with; 34% said their existing grants or contracts did not reflect current rates of inflation; 32% felt there was a lack of flexibility as to how funds could be spent; 28% were concerned about commissioned contracts that did not cover the full cost of the work commissioned; and 20% said they were concerned about the time it took for funds to arrive following a successful application or bid. Others were concerned by the increased competition for funds – particularly at a time when grant funding was limited – as well as the time it took for funders to decide to whom funds would be granted.

Considering the current needs of your organisation, what type of funding would support your organisation the most? (Select up to three)



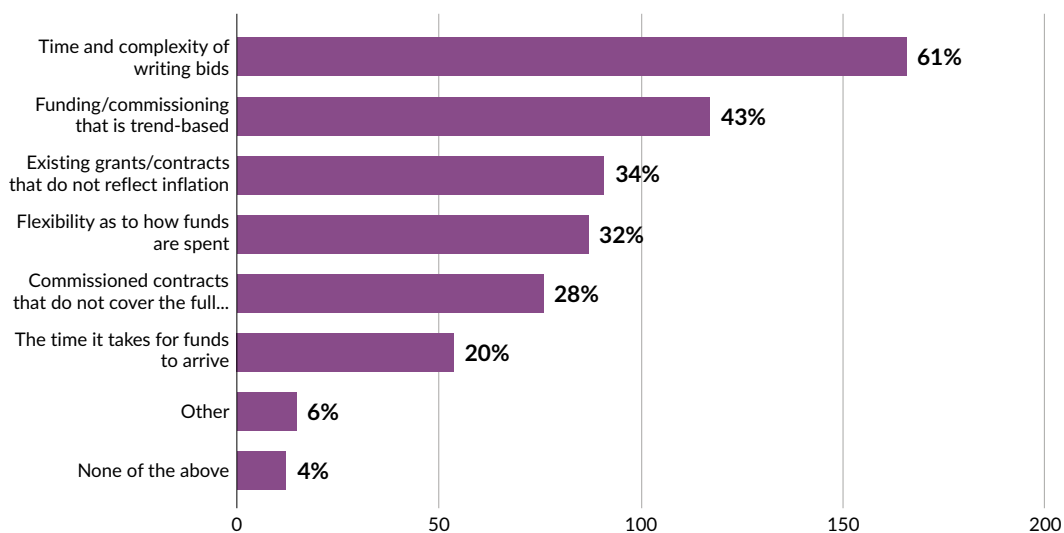
“We continually struggle to source funding for core costs and this is an immediate concern, particularly in light of inflation.”

“The biggest uncertainty we face as a contributing company is the question of where next year’s funds come from.”



Finally, we asked participants what funders could do to assist organisations during this time, and in the future, outside of monetary grants. More than half of respondents (54%) wanted funders to represent the needs of the sector at a high level; for example, with local authority and other service commissioners. 40% wanted funders to build and convene networks of organisations across the local sector; 33% wanted to access funder-run guidance, mentoring and advice; 29% felt that funders could offer training on topics such as funding, investing and building reserves; and 29% again said they would benefit from funders providing room hire or office space at low or no cost.

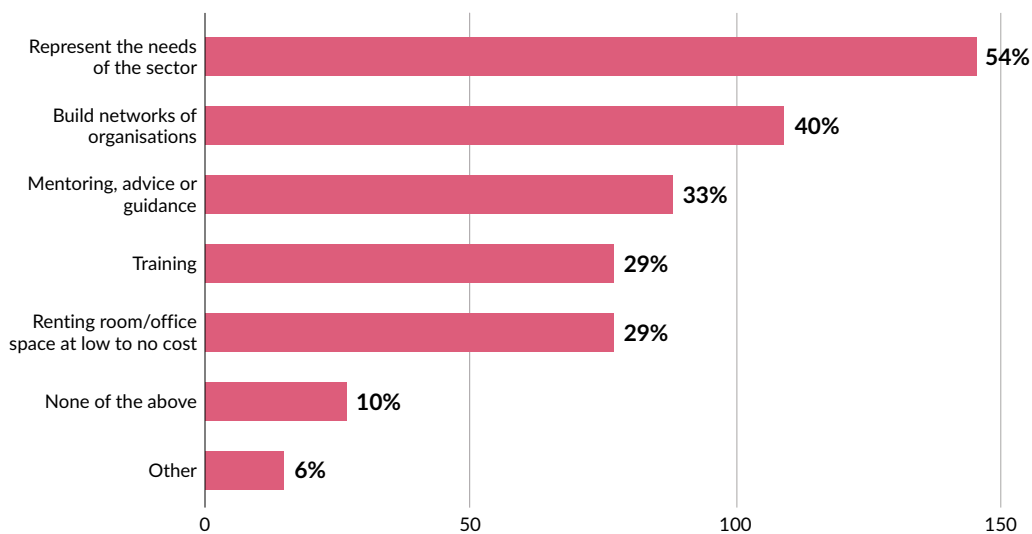
Considering the current needs of your organisation, which of the following poses the largest concern in regards to funding?



“Writing funding bids takes a long time...”

“No one is interested in funding anything that is not currently politically fashionable.”

Aside from monetary support, what else could funders do that would assist your organisation’s needs? (Select up to three)



“Working together would be very beneficial, getting referrals from other organisations would help...”

“It would really help if I could sit down with the grants team and go through our needs...”



In conclusion

Our survey findings paint a bleak picture about the state of the sector in the wake of the cost-of-living crisis. This is in keeping with national studies of a similar nature, and the accounts of the professionals we interviewed in advance of creating this survey. While organisations are, in many cases, defying the odds by meeting demand, and even expanding their services, this is not sustainable if the current situation does not change and, unfortunately, many organisations predict that things look likely to become worse.

Prior to the cost-of-living crisis there has been more than a decade of austerity measures, and the effects of the COVID-19 pandemic are still being felt.

We know that community organisations are passionate, dedicated and resilient, but they are not invincible, and desperately need support to continue providing the services they currently offer into the future.

We are committed to listening to the voices of the sector, and, where possible, being part of the solution. The findings of this survey will continue to inform our response to the cost-of-living crisis, and we hope that other funding bodies and commissioners can also make use of this report.



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