



Is the voluntary sector in recession?

Background

Effects of the recession on service users and voluntary organisations

The place of funding within the recession

Key messages for local and national decision-makers

Next Steps

June 2009

GCVS is a company limited by guarantee, registered in Scotland: No. 97679.

GCVS is a recognised charity in Scotland: Ref No. SC006923.

Background

In March 2009, GCVS surveyed its members to ascertain the impact of the economic downturn on voluntary organisations.

The questionnaire focused on three main areas:

- the effects of the recession on the voluntary organisation as a whole: its staff and service users
- the place of funding within the recession
- the key messages for local and national decision-makers

Forty-four member organisations responded on behalf of Glasgow's voluntary sector. Together, they provide a wide range of services which aim to meet the needs of the diverse population of Glasgow. They represent the staff, volunteers and service users who live in or deal with situations such as homelessness, learning disabilities, HIV/Aids, drug and alcohol abuse, equalities issues, etc.

There are almost **23,395** paid staff in Glasgow's voluntary and community sector.

In addition, over **50,665** Glaswegians do some unpaid voluntary work every week for organisations with paid staff.

Over **72%** of voluntary and community groups focus on the 'hard to reach', including low income households, drug users, disabled people, people with mental health problems, those with learning difficulties and older people.

It is clear from the survey results that the impact of the economic downturn is still to be felt in full force. At this initial stage, organisations are taking preliminary budget-saving measures but feel that more stringent measures may need to be taken before the country lifts out of recession. With that in mind, the March 09 survey will act as a baseline survey for future engagement with voluntary organisations to assess how and if their situation has changed.

Effects of the recession on service users and voluntary organisations

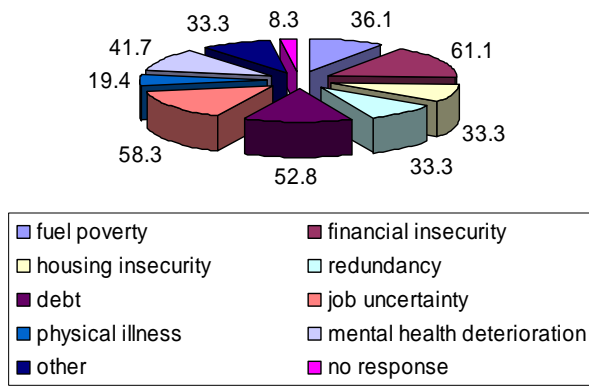
Voluntary organisations are seeing the impact on service users with additional requests for support, especially in financial insecurity, job uncertainty, debt and mental health deterioration.

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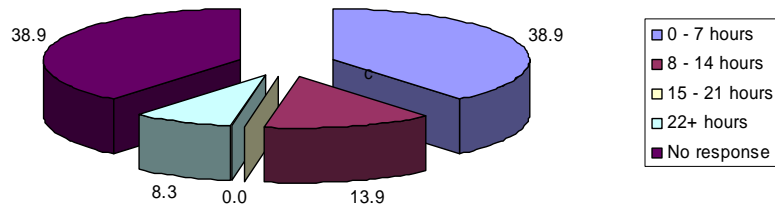
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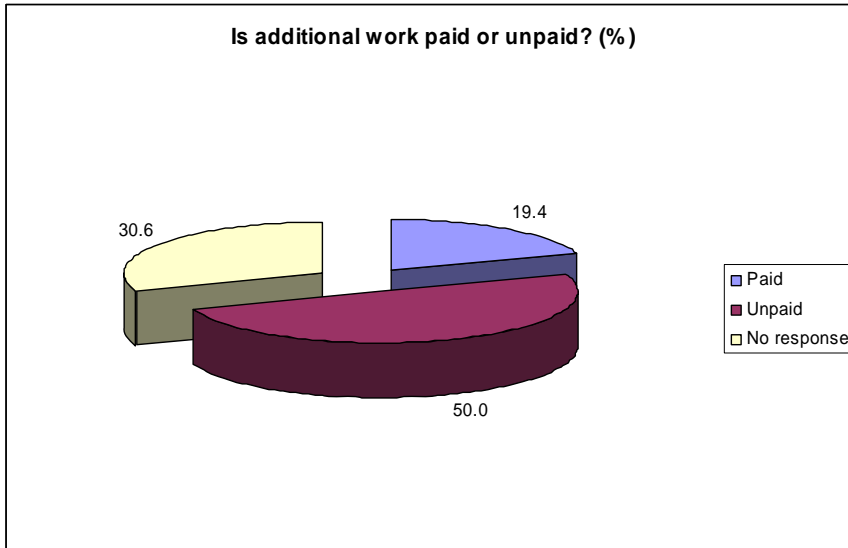
Areas in which service users have been affected by the recession (%)



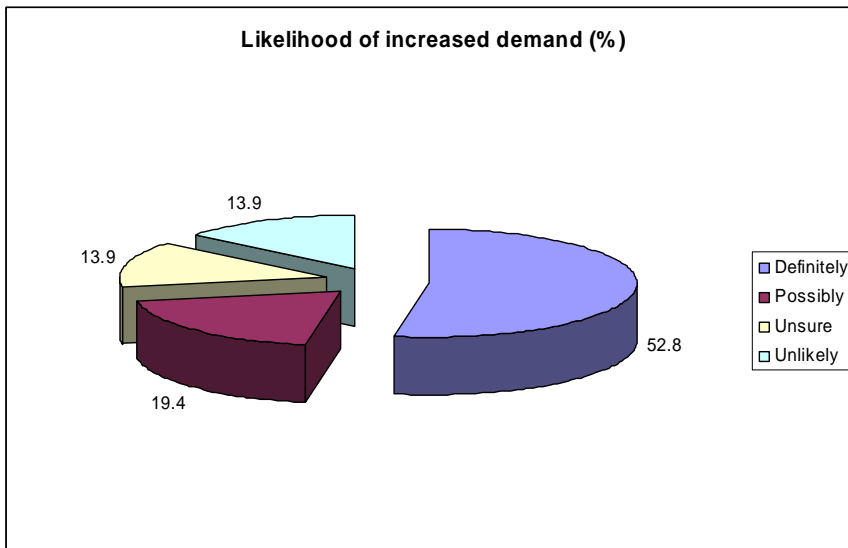
Two thirds of the voluntary organisations surveyed said that their staff are working up to two days extra per week in order to meet demand. The majority of those staff work extra hours on an unpaid basis.

Additional hours worked (%)

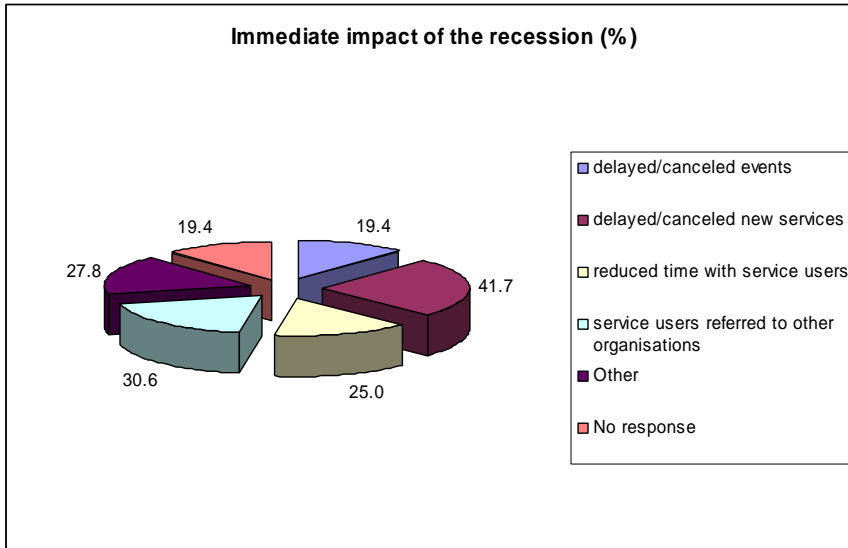




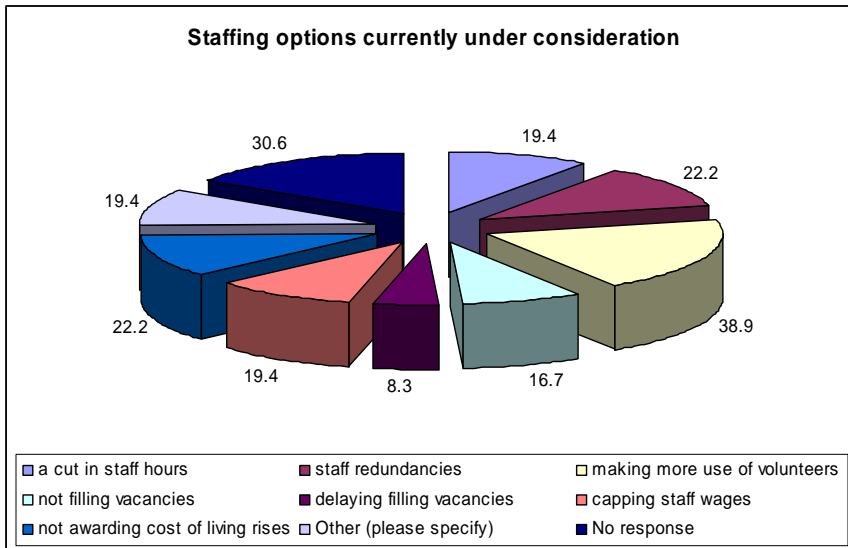
Over half of those surveyed felt that the number of service users requiring help and the complexity of the needs presented will definitely increase as the recession continues. Of those, almost 50% felt it was inevitable that the increase in need would lead to longer working hours.



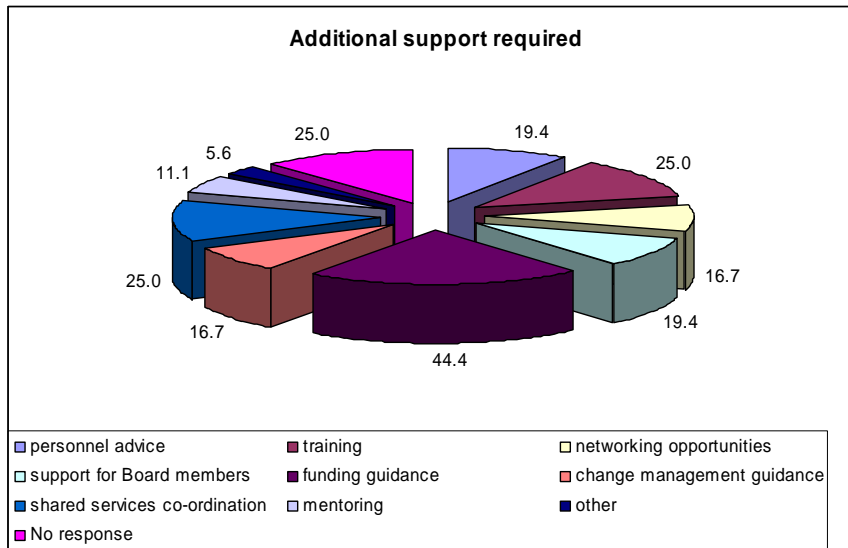
Organisations are already feeling the strain, with many having to cut back on their time commitment to individual service users in order to be able to deal with growing demand. Almost half have had to delay or cancel new services, while almost a third have referred service users to other organisations.



Meanwhile, voluntary sector staff are feeling the stress of the extra demand, coupled with the restricted funding. Just under 40% of the organisations surveyed say that they plan to make more use of volunteers to run their services. A third will cut staff hours in order to make ends meet. Redundancies are a real possibility for over a fifth of the respondents.



Voluntary organisations struggling with the impact of the recession are searching for additional support to help them during this unique and universal period. While just under half would appreciate further funding guidance, 61% said that capacity building support through training, governance, and change management would be useful.



The place of funding within the recession

Funding is an ongoing issue for the voluntary sector, not least now when finance is a hot topic in all quarters. However, this survey showed that voluntary organisations are slow to blame the recession alone for their lack of funds.

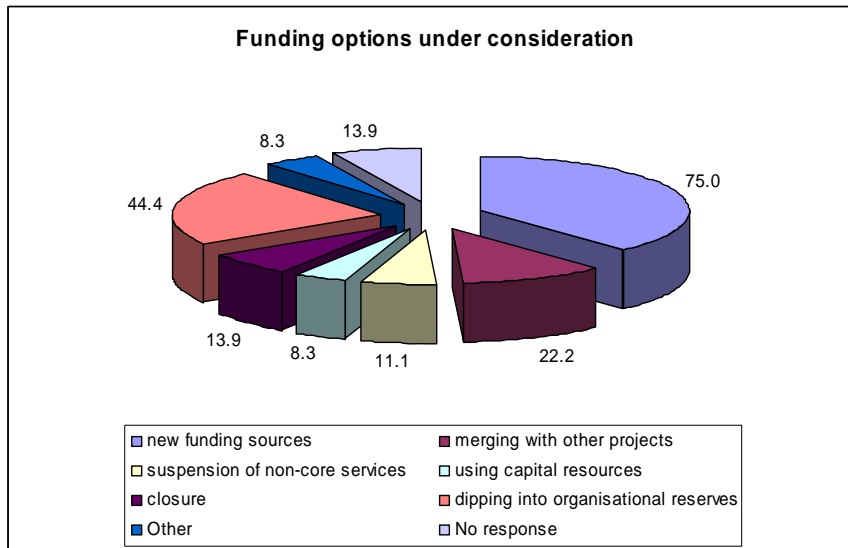
About 75% already source funds through more than one channel. But there is some uncertainty about the security of income from those sources in the future. Of those who received funding from Glasgow City Council for 09/10, almost 40% saw a decrease compared to the funding received in 08/09. Two thirds of those surveyed anticipate a further reduction in the period 10/11. All of those respondents who received lottery funding in 09/10 expect funds from that same source to be decreased next year. Almost half of Glasgow Community Planning Partnership funding recipients received less in 09/10 than they did in 08/09. Almost 60% presume there will be even less in 10/11.

So, voluntary organisations, flexible and resourceful by nature, have set to considering their options. A full three quarters of respondents will be looking for new sources while over half will have to dip into their organisational reserves. A merger with other projects is highly probable for a quarter of the respondents and closure seems to be a sad inevitability for a further 14%.

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Key messages for local and national decision-makers

The survey asked respondents to list three key areas of support which would help minimise the potential negative impact of the recession on their service users.

Key areas of support

The top three key areas of support required were:

1. An ongoing evaluation of the effects of the recession
2. Continued capacity building within the sector to support the service users
3. A review of funding commitments

1. An ongoing evaluation of the effects of the recession

Respondents felt that the most significant cuts to voluntary organisations are likely to come later in the recession. With that in mind, those surveyed were keen to be kept well informed of the impact of the recession. They also felt that bodies such as the Scottish Government should be kept up-to-date with the situation on the ground for the voluntary sector.

2. Continued capacity building within the sector

With resources squeezed, staff hours reduced and needs increasing, the voluntary sector representatives felt an imperative to protect their staff, volunteers and their organisations at this time.

They spoke about the need for training in transferable skills as well as the need for creativity in sourcing finance. They were also aware of the need for strong governance and acute business acumen in times like these.

Respondents were also keen to promote the difference that can be made to lives, despite difficult circumstances, when staff and volunteers are skilled-up to do so.

3. A review of funding commitments

The respondents would like to see a review carried out of the funding commitments to the sector. Some feel that there needs to be an acknowledgement by the Scottish and UK Governments that "it is not OK to bail out private businesses without helping the voluntary sector."

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Others felt that the responsibility for funding lies with the local authorities and call on them to make clear and timely decisions.

Across the board, voluntary organisations feel that funding decisions should be based on transparent application, criteria and awards.

Key messages for local and national decision-makers

The survey also asked what key messages the voluntary sector would like GCVS to bring to local councillors and decision-makers in the current economic climate.

The three key messages were that:

1. The voluntary sector is a valuable resource
2. Partnership working is vital
3. Funding must be fair

1. The voluntary sector is a valuable resource

Respondents are confident about the positive impact that their services make on the lives of their clients. They are less sure that local decision-makers are aware of their value to Glasgow's people.

In the survey, they were keen to highlight that they can, and do, provide flexible, independent services which can respond quickly to the fast-changing needs of their client groups.

"We are good value for money!"

Some respondents warned that voluntary sector services, designed for the most disadvantaged in our communities, would be replaced with difficulty if they were scrapped.

"Once gone these services are not easily replaced and there are not enough on the go already to meet the needs of those at most disadvantage in the employment market."

Others indicated that it will be impossible to keep working in an environment where demand is greater than supply. "We cannot continue to subsidise deficit led services ad infinitum."

2. Partnership working is vital

The voluntary sector representatives surveyed underlined the importance of partnership working in all areas of service delivery. They said that resources should be distributed on clearly defined community need; that the voluntary sector plays a huge role in working within communities of need; and that the sector should be supported to work in partnership with local decision-makers.

"Voluntary sector is meant to be a partner in service delivery. Treat it like one."

"Voluntary sector organisations could be valued partners to local authorities during the recession but need the appropriate resources to do this."

Some respondents suggested that training in partnership working would be beneficial for local authorities.

"Provide more investment in teaching local authorities to work more closely with the voluntary sector"

3. Funding

While there is some sympathy for the fact that money is tight in all sectors, most of our voluntary sector respondents point out that additional funding is required, not to feather nests, but to provide vital services.

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"I understand the underlying monetary and budget constraints on authorities. These will be hard times for many. I would just ask that the poorest and those with least political power do not lose out proportionally more than others in our society."

With careful consideration and close partnership working, funding could be allocated more fairly, efficiently and strategically.

"Cut backs are flying in the face of local CPP themes particularly employability"

"There is not a level Playing Field in Fairer Scotland Funding - our administration costs are higher than colleges, etc."

Some respondents felt that partnership working between the voluntary and public sector is not a negotiable issue, particularly when it comes to funding.

"Cutting funding in the voluntary sector will increase pressure on council services
Local authorities should be expected as a matter of course to work with the voluntary sector."

Next Steps

GCVS will feedback the findings of the survey to key public sector partners and will raise the findings through the Compact Partnership Group.

We will continue to monitor the impact of the recession on the sector over the next year and intend to carry out a second survey in September to compare and contrast our initial findings.