

Surviving NOT Thriving

The impact of the recession on the third sector in the North East of England

VONNE
Voluntary Organisations' Network North East
9th Floor
Cale Cross
156 Pilgrim Street
Newcastle upon Tyne
NE1 6SU

May 2009

Foreword

'Surviving NOT Thriving' aims to assess the impact of the recession on voluntary and community organisations and their beneficiaries. Early findings from a survey of the sector tell us that over half of respondents are already seeing a downturn in their funding and are predicting further decreases this year. A third are struggling to cope with increased demand, mental health charities, advice services and hostels are turning people away as demand outstrips resources. One quarter predict they will make staff redundant this year, and two thirds believe their beneficiaries are ill equipped to cope with the impact of the recession

It is likely that the situation faced by the sector will worsen before it improves, as reductions in public sector funds begins to bite, with the consequent negative knock-on to the voluntary and community sector. The sector needs to prepare for a tough year financially in 2010–11. Beyond this, it is difficult to predict.

So, whilst the sector is not panicking, you can see why we say we are surviving not thriving. It is clear that services are reducing, projects will go to the wall, staff redundancies will occur. And the voluntary and community sector services are, for the most part, available to the most vulnerable and disadvantaged in our society. The VCS "reaches the parts that others can't reach".

Is there a silver lining? Well, VONNE and others will campaign for funding to retain essential services. The voluntary sector has a history of innovation and lateral thinking. It is likely that those who do more than survive the recession will be those organisations which can adapt to changing circumstances, have broad based funding arrangements and are led by strong, politically aware Chief Executives and trustees."

Mike Worthington OBE
Chair
VONNE

To say that there are no huge surprises arising from the research and impact report is not to diminish the importance of the findings. It probably indicates that the third sector support services and partners are 'in touch' with their user groups and realistic about the consequences of the recession.

Delving deeper does provide more insight and particularly revealing is the impact on groups of different size. This is just a 'snapshot' from a fraction of the organisations in the region. Its importance is that it goes beyond the anecdotal and provides a more authoritative baseline against which future surveys can assess change and trends. We should be grateful to staff at VONNE, the specialist organisations which led on the thematic research and those organisations which completed the questionnaires, for responding so quickly and providing timely intelligence for the sector and funders.

Neil Bennett
Regional Manager
Capacitybuilders

Contents

	Page
Executive Summary	4
Introduction	6
The impact of the recession on the third sector in the North East - Summary of findings	8
Conclusions	26
Recommendations	27
Appendices	29

Executive Summary

In Autumn 2007, the near collapse of Northern Rock Bank and the potential impact that had on Northern Rock Foundation brought into sharp relief the relationship between global financial strain and local voluntary sector organisations in the region. Since then we have been regularly asked to comment on the impact that the recession is having on the sector, and whilst we were aware that some organisations were struggling and others were reporting a surge in demand, the information that we had was anecdotal.

We now have clear indications that voluntary sector organisations are **Surviving NOT Thriving**. Finding the funding to continue is a constant battle for most voluntary sector groups in the North East. With almost a third struggling to cope with the increased demand for their services, we are seeing people in desperate need being turned away as demand for VCS services particular in relation to debt advice, homelessness, family breakdown and mental health services outstrips supply. We therefore ask that the general public in the North East support the Voluntary and Community Sector by continuing to make donations to charity and by considering giving up their time to volunteer with local organisations. This report also contains a series of recommendations aimed at national, regional and local policy makers.

Over 130 organisations provided information for this work, from which we have begun to identify key pressure points, emerging trends and potential areas for actions.

- Funding issues are by far the biggest challenge faced by organisations, almost all respondents said that securing funding will be their biggest challenge over the next 12 months. Over half of respondents are already seeing a negative impact on their funding and 55% are predicting further decreases in the coming year.
- Half of all organisations surveyed are predicting an increase in service provision over the next 12 months. Nearly a third of organisations stated they were struggling to cope with increased demand on services. Mental Health charities, advice services, and hostels are already turning people away as demand outstrips resources.
- One quarter predict that they will make staff redundant in the next 12 months.
- Three quarters believe that the beneficiaries of their services are ill equipped to cope with the recession.
- Grants form a significant source of funding for many organisations, these will be under increased pressure due to low interest rates and the impact this has on available grant funds. This pressure will intensify as public sector agencies face increased pressure to produce greater efficiency savings.
- There is a significant threat to the reserves of organisations as many are using these funds for ongoing operational requirements. Few organisations had significant endowments or investments and these were limited to organisations which have over 50k per year income.

- 10% of responding organisations expressed concern over the newly formed unitary authorities in Durham and Northumberland and the potential impact on third sector funding.
- Regardless of size approximately 50% of organisations perceive the economic climate to have a very negative or negative impact on staff. 10% of responding organisations expressed concern over staff retention.
- Respondents were most positive about opportunities in relation to partnership / collaborative work and increasing service demand. However many respondents were keen to point out that whilst service demand was increasing this did not necessarily mean it was caused by positive circumstances or a positive outcome.
- Both statutory and non statutory funders are making increased reporting demands on Third Sector organisations. The increased administrative burden deflects precious time from service delivery.

VONNE
May 2009

Introduction

Voluntary Organisations' Network North East (VONNE) is the regional infrastructure body for the voluntary and community sector (VCS) in the North East. Our mission is to ensure that the VCS plays a full part in the life of the North East. Full details of VONNE can be found at www.vonne.org.uk

This report forms part of the work undertaken in conjunction with the North East Regional Infrastructure Consortium (RIC) and the Regional Infrastructure Development Group (RIDG) and was funded by Capacitybuilders' Resilience Grant fund. Full details on both RIC and RIDG can be found at www.vonne.org.uk/rine/home.

The research undertaken is set against a backdrop of unprecedented global conditions since 1945¹. The United Kingdom itself is experiencing a period of economic recession with national debt forecast to grow to 79 per cent of the Gross Domestic Product (GDP) by 2013-14².

As a region which has (in recent times) lagged behind other English regions in terms of overall economic performance the true impact of the recession has been difficult to accurately gauge. The public sector is one of the largest employers in the North East and therefore may shield a greater proportion of the region's workforce from the full effects of the recession. However the North East has a higher rate of economic inactivity than the national average, and the lowest level of average earnings for employees of any English region³. Therefore the full impact may not become apparent until after the official recession has ended.

A similar difficulty has emerged in trying to identify the precise impact on the region's third sector. The nature of the third sector with a degree of reliance on grant and contract funding, means that for some income levels have been protected in the short-term. However the sectors beneficiaries tend to be those most vulnerable to the impacts of the recession.

The aim of this report is to:

- establish baseline data on the impact of the recession on the North East's third sector.
- determine the impact on a number of specific themed priority areas identified by RIC and RIDG members and 'Real help for communities'. These are mental health, debt & benefit advice, homelessness, family breakdown support services and all strands of the North East VCS Equalities coalition.
- produce a series of recommendations and specific actions which will help build the resilience of the third sector in the North East of England.

Consultant's 26-01 were appointed to develop the survey and to gather and interrogate the evidence and data. Their report forms the foundation for this piece of work. Information on the specific impact on the themed priority areas was collected by third sector organisations working in the relevant field.

¹ International Monetary Fund research published on 22nd April 2009

² Chancellor of the Exchequer's Budget speech April 2009

³ NERIP State of the Region Report 2008

Those theme lead organisations are:

- Mental Health North East
- Citizens Advice
- Homeless Link
- The Angelou Centre
- The North East VCS Equalities coalition

For the purposes of this report the third sector includes voluntary and community organisations, groups, charities, social enterprises, mutuals, or co-operatives. The size of organisations have been defined by their annual income;

Small organisations have selected an annual income between £0 and £50,000

Medium Organisations have selected an annual income between £51,000 and £500,000

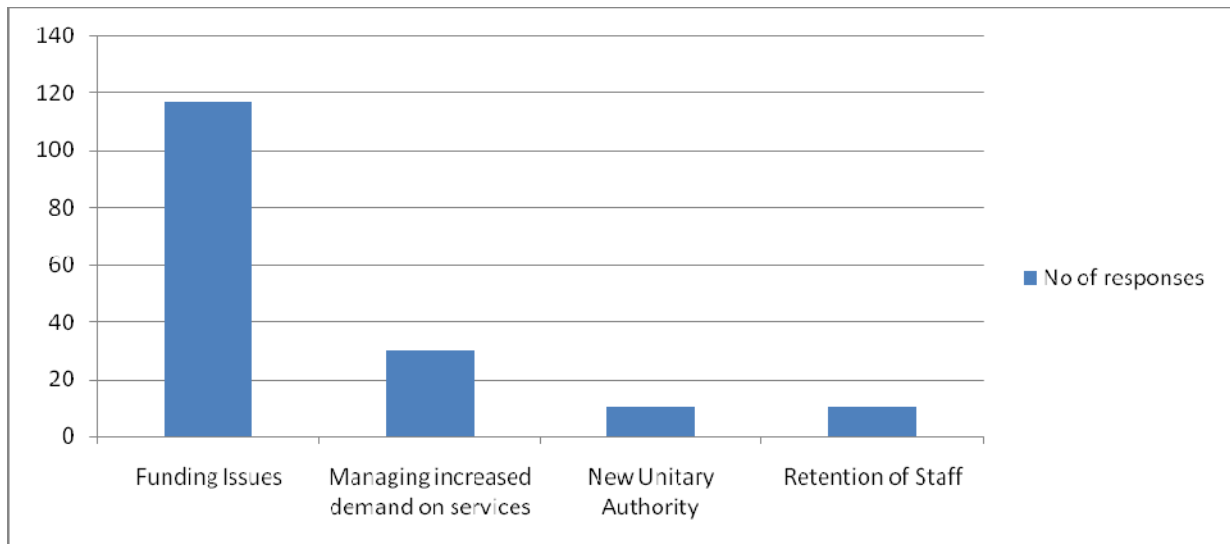
Large Organisations have selected an annual income of £501,000 or more

The Impact of the Recession on the Third Sector in the North East

We asked respondents to tell us how the economic climate was impacting on them and what challenges and opportunities they were predicting for the future.

Challenges

Respondents were asked to identify the top three main challenges in the coming year and tell us why.



Top four challenges – identified by respondents

As the chart above shows, nearly all of our survey respondents identified funding as the main challenge for the coming year, with a number highlighting it more than once. A number of issues emerged around funding including greater competition, a perception or knowledge of decreasing funding levels and challenges in securing core funding.

Comments

“We are a fledging group and on the one hand have opportunities to go to trusts and National Lotteries for funding but we realise we are competing in a fundraising market which every other group is competing in with less money to go around”.

“Competition - There is a lot of competition for contracts. Small projects like ourselves are not equipped to compete. Larger organisations...have greater resources and are better equipped to compete.”

“Cuts in public spending as they will affect contracting with voluntary sector”.

“Maintaining current service levels, the National Treatment Agency are cutting Drug and Alcohol Action Team budgets by 18.3% over next three years.”

“Raising funding for core costs - full cost recovery difficult to secure from grant giving bodies”.

Nearly a third of organisations stated they were struggling to cope with increased demand on services. As the recession impacts on some of the third sectors most vulnerable beneficiaries it appears some organisation are struggling to find the resources to cope.

Comments

“Meeting demand for our services, we already have waiting lists and the credit crunch is likely to mean more people turning to alcohol and drugs to escape from their problems”

“Accommodation - Cannot meet demand. There is a lack of refuge space”

“Increase in demand for services, due to partners of women losing their jobs, increase of stress and violence in the home.”

“Recruiting and maintaining enough volunteers to cope with the demand for service”.

“Find savings within service delivery whilst increasing and improving service as demands increase”.

“Funding for outreach work and children’s work - Cannot meet the demand for outreach services. Currently there is no children’s worker or crèche worker”.

Respondents also expressed concern over the newly formed unitary authorities in Durham and Northumberland, and the potential impact on third sector funding. A further 10% of responding organisations expressed concern over staff retention.

Comments

“Retaining all of our contracts in Northumberland - The change to one Unitary Authority has resulted in funds normally distributed by six district councils via Crime and Disorder Reduction Partnership's to local groups being dealt with centrally via competitive tender process”.

“Changed to unitary authority – Unclear of what is happening”

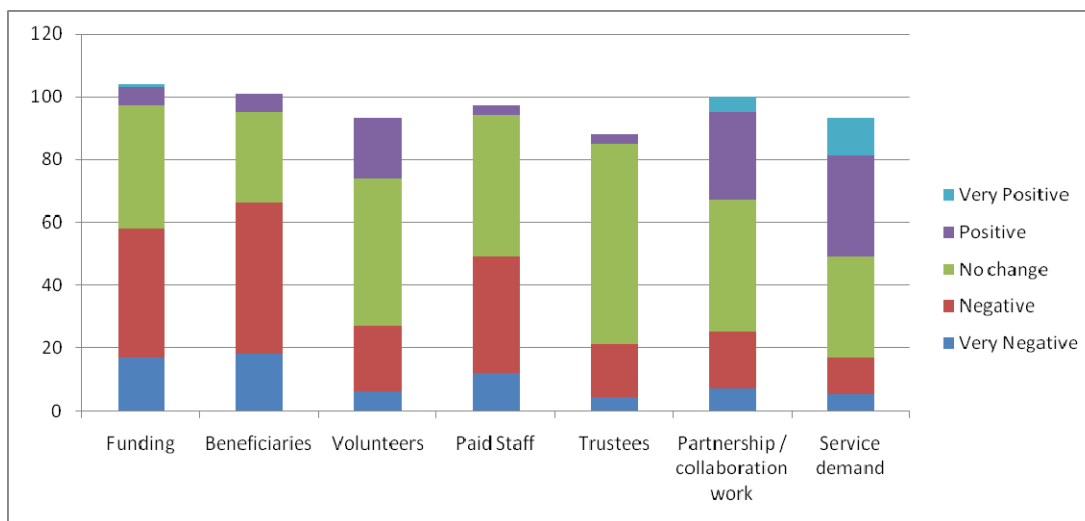
“Trying to ensure the new unitary authority in Co Durham fulfils promises made by the district to transfer assets to the cultural community – e.g. a building!”.

“Staff retention - Due to uncertainty around funding staff may seek alternative employment. Also staff are so over stretched due to lack of resources and increased demand – staff ‘burn out’. Lack of standardisation of services creates additional pressure on staff”.

“...We must try to keep current staffing so we keep our staffing skills base...”

Impact

Organisations were asked to rate the impact of the economic climate so far on their organisation’s funding, beneficiaries, volunteers, paid staff, trustees, partnership working and collaboration, and service demand. They were also asked to make comments about the responses they made.



Current Impact of the Economic Climate

The chart above shows that half or more of the organisations responding felt the economic climate was having a negative or very negative impact on funding, their beneficiaries and paid staff. This finding varies across organisational size.

Comments

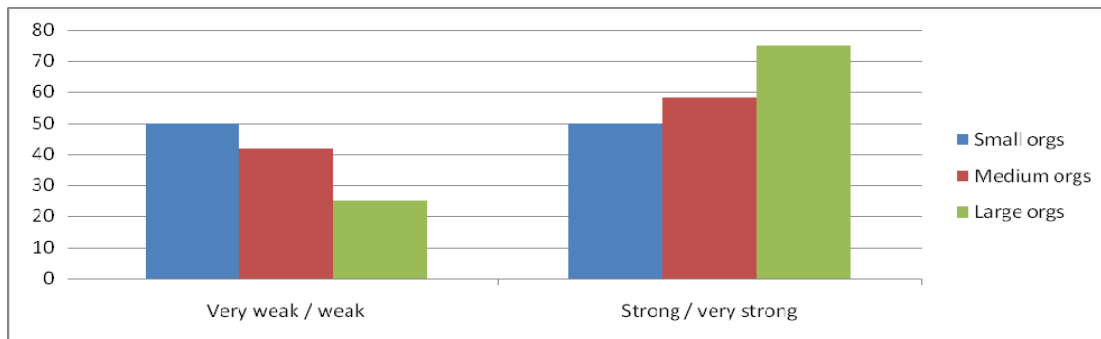
“...Funding has been reduced by 20k...”

“...we’re finding that our member groups are struggling with obtaining funding from other bodies”.

“Applications for funding that have been submitted to date have been negative which is having an effect on staff moral; the trustees are also starting to feel concerned about the outcome. Beneficiaries are increasing in numbers”.

We asked respondents to rate their beneficiaries’ and their organisations’ ability to cope with current economic climate. We also asked that they provide further detail / evidence to support their choices.

Three quarters of all organisations stated their beneficiaries had a very weak or weak ability to cope, but just under two thirds of respondents (64%) identified their organisations ability to cope as strong or very strong.



Organisations Ability to Cope by Income Size

50% of smaller organisations they rate their ability to cope as very weak or weak, compared to 42% for medium sized organisations and 25% for large organisations. Most comments for this question refer to the beneficiaries and their ability to cope, however some of the comments about organisational ability appear to indicate that a lack of funding/reserves is the biggest cause of the negative view.

Comments

Beneficiaries

“Beneficiaries experiencing more complex problems so more stresses and less able to deal with it.”

“People with disabilities and mental health issues face increasing challenges as money gets tighter.”

“The older women that have been the main beneficiaries are clear that they are not able to afford basic necessities, a lot are in debt, within the extended family relatives are using their money to pay the household bills.”

“Our beneficiaries are very vulnerable their access to education, employment, benefits is very restrictive”

“As (the) most marginalised are our target group they will be hard hit by heavy rises in unemployment”.

Small Organisations

“Our reasons are that we are anticipating withdrawal of support and more competition for funding”.

“Funding sources/income greatly reduced”

“Reduction (in real terms) in grant inevitably leads to a lower ability to cope”.

“The organisation faces more challenges in finding the funds to keep going”

Medium and Large Organisations

"For ourselves we have minimum of 2 years funding agreements in place for most staff, so feel reasonably well protected from current downturn."

"We have been very aware of the state of the economy and through forward planning have built up reserves".

"For the organisation – We seem to have been fortunate in securing funding for the next 2 years so we are managing ok".

"We are fortunate in having a wide funding base".

"Well governed and managed organisation with good financial control and appropriate reserves"

"We have a tested, strategic growth plan in place. We will be in a very strong position if we can continue to implement it"

"We have strong reserves and own our building."

Although it is not all positive for medium and large organisations;

"We are currently running at a deficit"

"We don't have large contracts therefore we need to keep renewing funding."

"All our planned actions have financial implications and we are having to put things on hold".

"The impact is very worrying, but we are in a stronger position than some - for the time being, anyway. But the impact on funding from the Council may change that, even dramatically so"

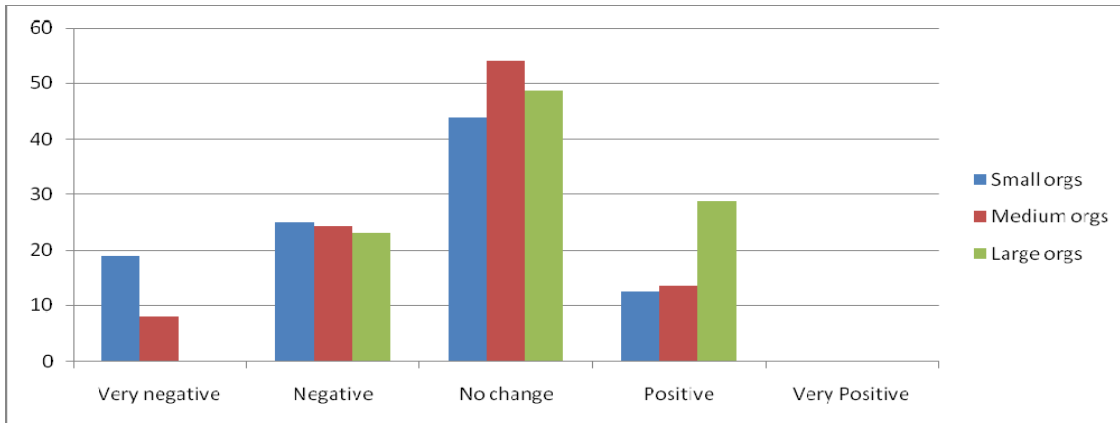
"We have struggled with accessing funding for a number of years now, so will battle on!"

"At present we have noticed more Carers seeking advice around financial issues particularly debt."

"Demand for our service has gone up as more people are struggling - many of the referrals we have are sofa surfing and friends etc can no longer afford to support them as they are having difficulties themselves."

"The climate gives everyone cause for concern but people who have very little to live on to begin with are the most affected".

A greater proportion of smaller organisations (44%) perceived the economic climate to be having a very negative or negative effect on volunteers compared to medium sized organisations (32%) and larger organisations (23%). However many organisations are reporting they have seen an increase in the number of people who want to volunteer, although organisations have mixed views on this increased demand.



Impact of Economic Climate on Volunteers by Organisation Size

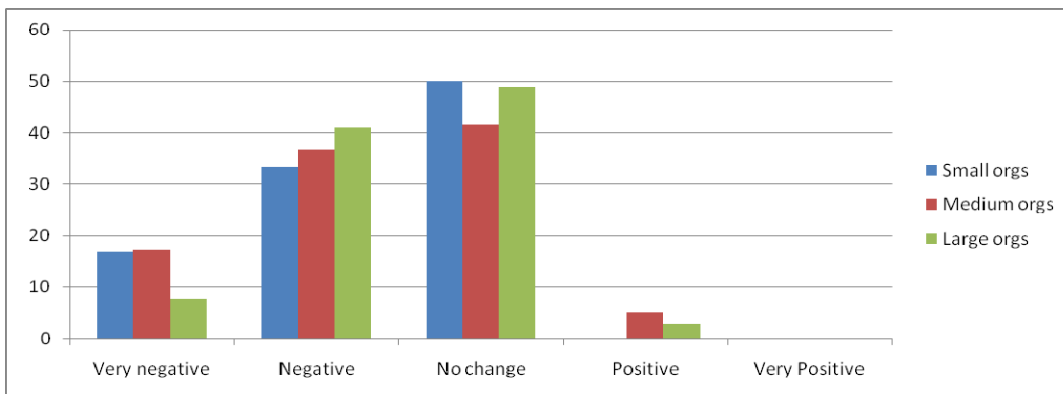
Comments

“We have noticed an increase in the numbers of people asking about volunteering.”

“The Welfare Reforms which the economic climate impacts upon means we are getting more people wanting to Volunteer but it is really difficult to fundraise for Volunteer Coordinators and if we cannot induct, support and train volunteers then they are not able to assist/deal with enquiries including advocacy and appeals around Health and Social Care”.

“We are expecting a significant increase in requests for volunteering but envisage a problem finding sufficient placements as groups will be unable to support many more volunteers as well as increased demands from service users”.

Regardless of size approximately 50% of organisations perceive the economic climate is having a very negative or negative impact on staff.



Impact of Economic climate on paid staff by organisation size

Comments

“We are a very young organisation so it is difficult to tell. We have just made 1 member of staff redundant whose job it was to raise funds from events.”

“In the past two years, the staff team has been reduced by 50%.”

“Staff – No increments, reduction in salary.”

“Added pressure on staff because of uncertainty of funding, no guarantee of jobs.”

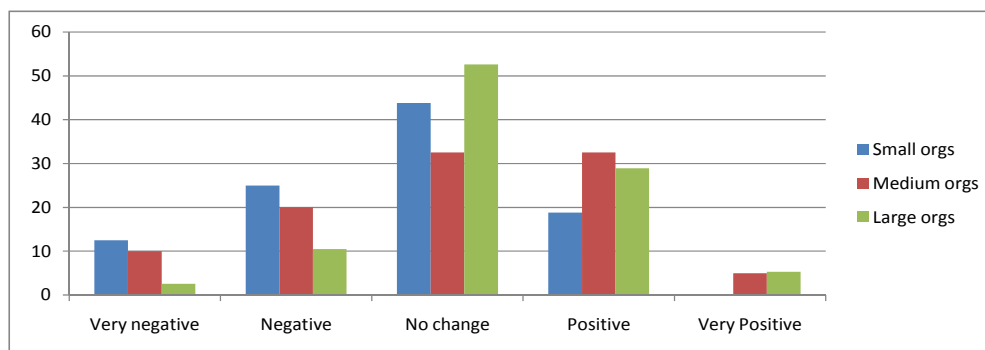
“Staff have found it challenging to respond fully to the ever increasing demand for support and a wider range of services”.

“The staff are very committed however there are some concerns about the sustainability of the project”.

“Trustees are under tremendous pressure to raise funds in this current climate as well as re-establishing the project without any support.”

“Trustees – Very aware of impact of economic climate they are feeling the pressure and are trying to reassure staff and looking towards securing funding“

Overall for partnership working and collaboration the majority of respondents (75%) rated the impact as neutral or positive. However there were differences depending on organisation size. The impact of the recession on partnerships and collaboration was reported as very negative or negative for 38% of small organisation, 30% of medium organisations and only 13% of large organisations who may, perhaps, have greater resources or capacity to direct towards partnership work.



Impact of Economic Climate on Partnership Working and Collaboration by Organisation Size

Comments

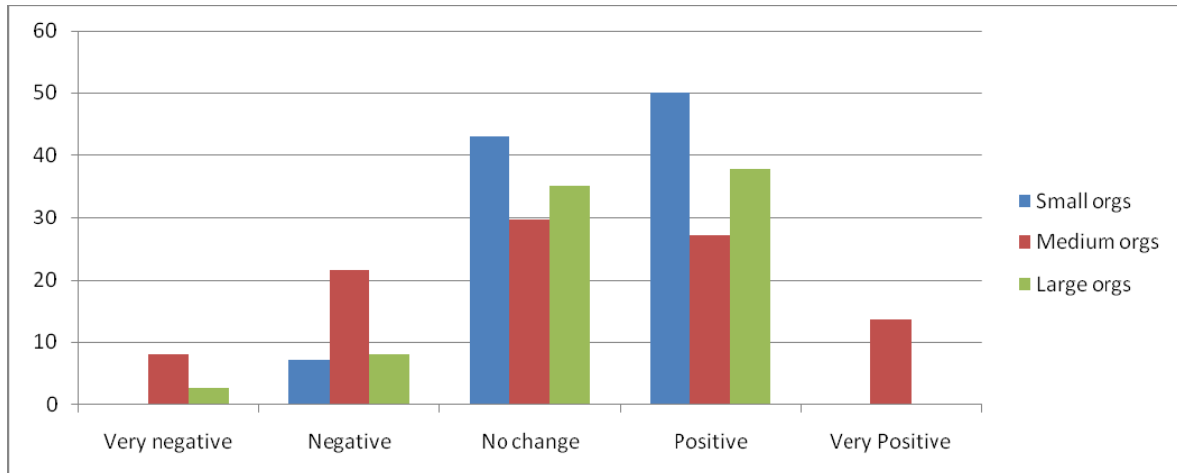
“Partners are far more willing to work jointly, in collaboration and explore joint funding avenues.”

“Partners more keen to engage recognising the cost effectiveness of joint working.”

“Our partners are more strict with their resources, including time and effort, and feel less able to participate in events and meetings which take them away from their main role.”

“Definite changes – Organisations not committing themselves to partnership working want to be clear about budgets before committing”.

47% of organisations stated the economic climate was having a positive or very positive impact on service demand.



Impact of Economic Climate on Service Demand by Organisation Size

Comments

“Noted increased demand as a positive but there are no more resources to deal with it so not sure it is.”

“Very positive service demand, only in the sense that demand for the poverty industry goes up in recession”.

“By selecting positive with regard to service demand this is a negative comment, the worse the situation, the greater the demand for our support”.

“An increase in service demand is good for us as we are increasing the value of what we deliver. However, it's not for the beneficiaries as they need our services more because they have been negatively impacted upon by the recession.”

“We are receiving enquiries for support from an increased number of people who we do not often have enquiries from: People who own their own homes (economic status). Most of the support we give is for those in social housing but recently people under threat of redundancy (either themselves or partners/spouses) are contacting us for support...”

“Demand has gone through the roof which proves we are needed, negatively though we are struggling to cope with the demand”.

“Note that we are receiving enquiries for support from more people and this could be looked on as positive (it is what we are here for) but on the other hand if we are making people redundant this is a very negative impact”

“There are a number of projects that have closed in the area which has led to a higher demand on our services.”

Demand from Funders and Partners, and Ability to Cope

We asked organisations whether they were experiencing increased demand from funders and other partner organisations.

Of the 99 respondents, 40% stated they were experiencing increased demand from funders and other partner organisations. Of these almost three fifths (57%) felt they did not have the capacity to cope with this increased demand.

57% of small organisations felt they had the capacity to cope while 57% of medium and 58% of large organisations did not feel they could cope with increased demand.

Respondents were given the opportunity to comment on the increased demand and the impact on themselves personally and on the health of their colleagues. The main impacts were recorded as increased pressure, workload and stress.

Comments

“All staff suffering stress and anxiety. One person suffering panic attacks and anxiety due to stress. I am suffering physically with extreme muscle tension and other stress related problems. Really all need a holiday but not much chance of that!”

“So far, we are managing ok, but hoping that things improve soon. As far as moral is concerned, the economic downturn is making members fearful for the future of their jobs and therefore less willing to go out on a limb with their contribution to the network”

“Very stressful, working conditions are deteriorating as we squeeze into offices and hot desk, but good to help even more clients and make such a difference”.

“We are working really long hours and are more liable to make mistakes, get upset, deal less well with day to day stuff - not good for our home lives”.

“All fighting hard to keep going and anticipating more stress”.

“Its very stressful, but we feel lucky to have survived for another year.”

“Our commitment to support individuals makes it hard to say no, yet time is limited and as a small organisation we have to multi-task. The important gets squeezed by the urgent.”

Opportunities

We asked respondents to tell us whether they felt the economic climate has created opportunities for their organisation and provide comments to support their answers.

Of the 100 respondents to this question, 40% of small organisations, 51% of medium sized organisations and 50% of large organisations felt that the economic climate had created opportunities for their organisation.

Comments

“Potential for closer working with smaller charities, to share expertise, facilities and staff”.

“We are now in a better position to access services such as tenancy support and debt. We are more able to develop new services”.

“People are more willing to consider different approaches to business support”.

“There are some corporate companies who are now prepared to donate. Plus it has led to the opportunity to review services with a view to giving a better service and getting rid of none effective provision.”

“The current situation has created an added impetus to go and look for new opportunities.”

“Increased demand for rooms to rent from services to the unemployed so increase in rental income Also increased demand for advice may lead to more opportunities for top up funding - contract is not full cost recovery”

“Property & land should be cheaper; contractors for building work are being more competitive”

“It's unclear at this stage, but it may create opportunities for the VCS by increasing interest in organisations with social aims as a reaction to the excesses of private profit.”

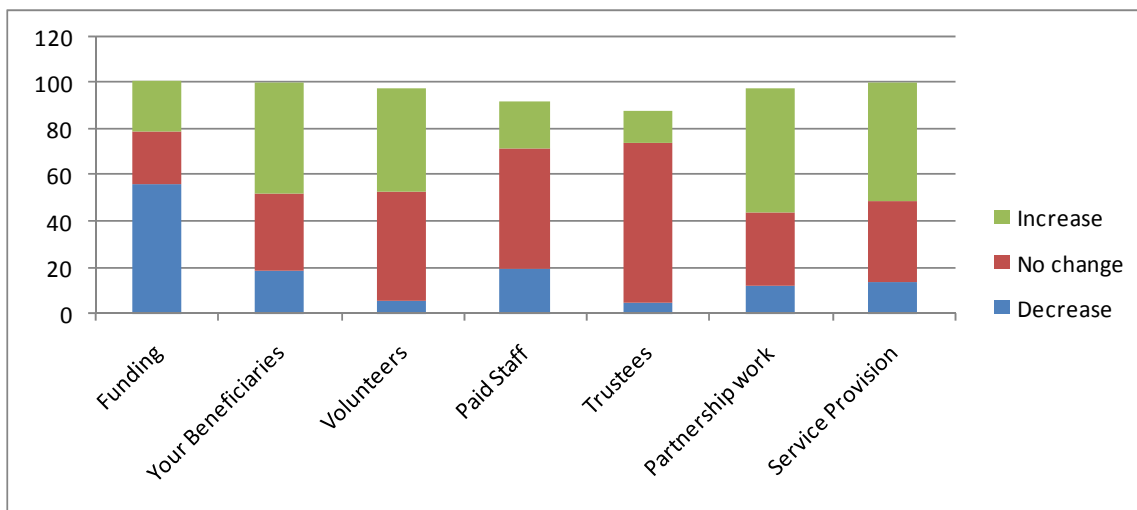
“Statutory agencies are more interested in partnership working than ever before, even the departments that didn't quite get it before! This creates opportunities for the voluntary sector, though we should not marter ourselves, professional all the way!”.

“It has forced a back to basics approach. We had this type of approach anyway. It has forced organisations to really examine what is important and what they need to have in place to deliver their service”.

“Because it has increased our client base but that is no good if we can't find the money to keep going”

Predicted Changes

Respondents were asked to predict changes for their organisations in the coming year on funding, beneficiaries, volunteers, paid staff, trustees, partnership work, and service provision.

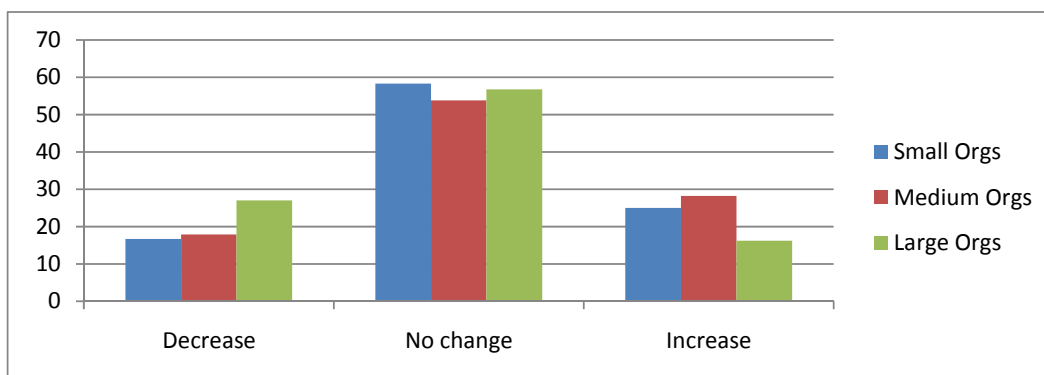


Predicted Changes for the Next Twelve Months

The most significant areas of change predicted were a decrease in funding (55% of respondents), an increase in beneficiaries (48% with an additional 33% predicting no change), and an increase in service provision (51%).

Just under half of respondents (46%) are predicting an increase in volunteers. In contrast to responses in other areas in the survey, over three quarters of respondents (79%) predict no change or an increase in paid staff.

When this is broken down by organisational size (see chart below), a greater proportion of larger organisation respondents (30% compared to 17% for small and 19% for medium) are predicting staff decreases, with smaller and medium organisations appearing to be more optimistic (small organisations predicting increase 25%, medium 24%, large 17%).



Predicted Change in Paid Staff by Organisation Size

It is not clear why large organisations appear to feel less optimistic with regard to staff numbers. This could be due to the scale of their delivery, which requires larger amounts of funding to run, or a more pessimistic outlook with regard to the availability of future funding despite reporting that they are currently seeing less negative impact on their funding (49%) than smaller (75%) and medium (52%) organisations.

Comments

Small Organisations

“The funding can only increase, as it's at nil at the moment. We expect demand to grow but it's hard to predict by how many...”

“Charitable status just applied for so we hope this helps our ability to raise funds. We want to employ a part time work so £30 – 35,000”.

“We have received a grant which enabled us to employ 3 staff which will lead to increased beneficiaries, service provision and partnership working.”

Medium Organisations

“Our paid staff is one half-time worker. Ideally we would like this to become a full-time post, but cannot afford the salary costs at the moment.”

“Staff - As long as funding remains the same”

“Looking to recruit more staff if funding bids are successful”.

“2 part-time staff will be employed to meet the need of a new service we are about to deliver...”

“We have already successfully bid for funds for additional hours of advice and for two new projects the result of which is more paid staff employed and more volunteers being recruited and trained”.

“With the unpredictable funding situation staff may begin to look for alternative employment opportunities”.

Large Organisations

“Paid staff - funding will not be so easy to obtain so volunteers will be need to provide the service rather than paid staff. Paid staff will be used for supervisory posts rather than service delivery”

“20% of our annual funding is at risk we will need more volunteers to cope with demand for services and to replace the capacity we lose as a result of reducing staffing numbers if we lose funds.”

“Funding and paid staff could reduce by 10%. Partnership work will increase by 10%. Users will increase by 5%”.

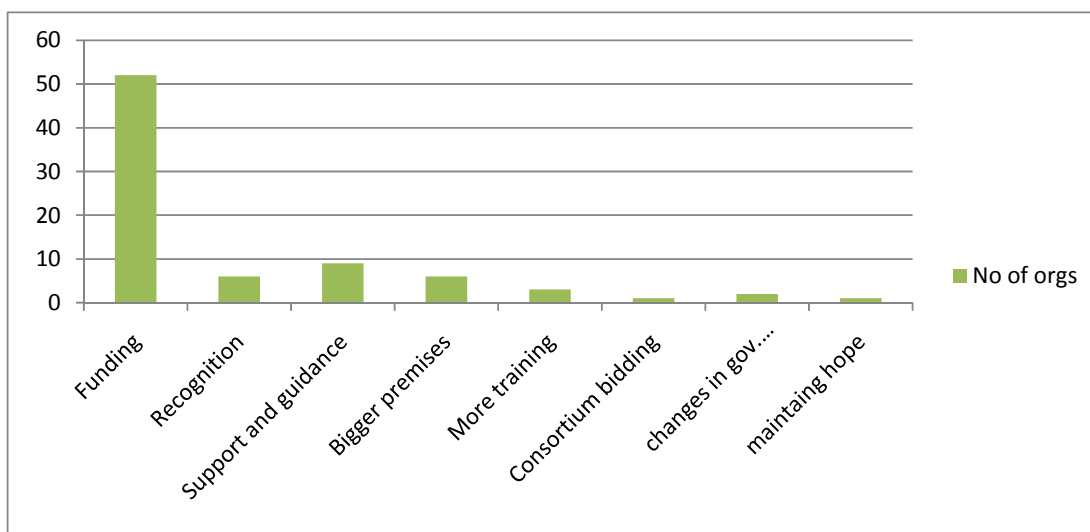
In an attempt to interrogate this data further and to provide a clearer picture of the predicted changes two further questions were included which asked specific questions about the number of staff redundancies and services closures predicted .

Of the 45 respondents to these questions, 22% predicted staff redundancies and 14% predicted service closures. This equates to 37 staff predicted to be made redundant and five services predicted to close. Interestingly, given previous responses, only medium and large organisations predicted staff redundancies or service closures.

Support

The final question in the survey asked respondents to identify additional support (if any) they would need to meet the needs of their beneficiaries during the recession.

Overwhelming (72%) respondents identified increase availability of funding to cope with demand and maintain services.



Additional Support Needs Identified

Comments

Additional funding

“More funding, bigger premises, faster training Assurance about continued funding, that is all we need to continue the great job we do.”

“We need some of our services paid for from statutory funding, which would increase our revenue and enhance the service we could provide. The lack of commissioning and grants over the last 3 years has had more of an effect than the current recession!!”

“The local authority have funding to assist 3rd sector projects but every man and his dog are applying which leads to tension and less funding.”

“Our group would benefit from resources to allow the full-time employment of our worker. We would also benefit from a list of funders or resource providers to which we could direct our partners.”

“We require funding to develop outreach services and services for children. There is an increase in the demand for our services yet there are no additional resources.”

“Funding to sustain the project.”

“Funding and support / mentoring / office services from structural organisation”

"More funding to increase number of front line to meet the demands..."

Support and Guidance

"Our additional support will include signposting on funding, planning and capacity issues, setting up social enterprise arms and themed support work eg on youth, health etc."

"More debt services information."

"More flexible support from e.g. Business Links e.g. can get funding to look at databases but not to create."

"Also, the Personalisation Agenda - our carers are going to need a lot of support and guidance around this (as we ourselves do!)."

"Managing in a crisis Personnel advice including redundancy etc. Mergers / Partnership working."

Recognition

"Funding and the recognition that we provide a valuable service"

"To communicate the excellent service we are seeking to implement at a level where our vision can become a shared vision embraced by those who are in place to develop the region."

"The additional support required would be recognition that the charitable and voluntary sectors provide a much needed service which isn't provided by the government or statutory bodies and that more funding and provision should be provided."

"Recognition of the increase of numbers of women who are destitute and who have no recourse to public funds."

"There needs to be more awareness raising – still huge lack of awareness displayed by practitioners – do not understand the dynamics of domestic violence."

Premises

"We need to be given business premises and office services rent/lease free. Empty buildings are a crime when there is so much that could be happening in them."

"We need bigger premises. We are grossly overcrowded. At the same time there is an enthusiasm and a commitment to the client that is awesome. We also laugh a lot. Keep calm!"

Training

“More training for agencies – so that they understand the complexities of domestic violence.”

Central and Local Government

“More workers to respond to the demand Changes in government legislation which would increase benefit levels and access to health provision for our beneficiaries”.

“Time, commitment and money investments from central and local government in distributed energy”.

Research Findings – Thematic

Real Help for Communities (the government's national action plan for the third sector) identifies a number of priority themed areas, which were felt to require specific scrutiny to establish a fuller understanding of the impact of the current economic climate.

These areas were:

- Mental Health
- Debt and benefits advice
- Family Breakdown Support (particularly domestic violence)
- Homelessness
- Equality and diversity via the seven strands of the North East VCS Equalities Coalition

For each of the priority leads a specialist third sector organisation was identified to undertake the impact assessment work and to produce a short report of their findings and identify up to three key organisational asks and one key beneficiary ask. Those reports are attached as Annexes.

Conclusions

From the data and comments gathered it appears that the third sector in the North East is **surviving but not thriving**. Many organisations appear to be heavily reliant on the goodwill and commitment of staff and volunteers to meet current and predicted increases in demand.

Grants continue to form a significant funding source for third sector organisations. Many organisations have identified that a significant proportion of their overall income comes from a single funding type. The survey indicates some lack of development in those income streams over which organisations have some control, such as trading and charitable donations.

It is often quoted that an organisation's biggest asset is their staff; staff and volunteers working in the third sector in the region are experiencing high levels of stress, with issues such as threat of redundancy and increased demand with no commensurate increase in resources having an impact.

Uncertainty surrounding the recent local government changes and the potential impact on public sector budgets as a result of government borrowing has led to negative perceptions of funding.

It is likely that those who emerge fittest from the coming months will be those organisations that can adapt to changing circumstances, have broad-based funding arrangements and are led by strong Trustees under the principles of good governance.

Recommendations

1. The general public in the North East are called upon to support the Voluntary and Community Sector at a time when we are **SURVIVING NOT THRIVING**. The public are asked to continue to make financial donations and to consider volunteering their time.
2. The third sector must maintain the pressure for adequate funding (particularly the **role and legitimacy of grants**) for third sector projects from all funders – a recognition that “voluntary” does not mean “cheap”, and that inadequate funding devalues our staff, our volunteers, and most of all our beneficiaries, is vital.
3. The sector welcomes the £42.5 million worth of funding available under Real Help for Communities, however the sector notes that this money must be spent before the end of March 2010. VONNE predicts, with confidence, that the domino effect of the recession may yet to have made its full impact on the Third sector in the North East and the beneficiaries that we serve. The Treasury is asked to extend and further resource those funding streams beyond March 2010.
4. The value of **volunteers**, whether in service delivery, fundraising, administration or governance, cannot be overstated. **Additional resources** should be urgently sought for the recruitment, management and support of volunteers in front line organisations. Arrangements should be made to ensure the propagation of best practice in volunteer management, and to ensure the full potential of volunteering is realised. Changes in the levels of volunteering in the region, and the types of roles volunteers do should be monitored over the next six months.
5. The **role of the Compact** in negotiations with statutory funders needs to be clear to encourage longer-term strategic and sustainable funding. The Third Sector Strategic Forum should be tasked with developing a regional strategy to manage the anticipated decrease in funding for voluntary and community groups over the next 12-18 months. It should use the findings of this report in conjunction with the regional funding framework to identify likely pressure points in funding for the sector and work with representatives of the public sector to take early action to mitigate negative effects. The Regional Compact Funding and Procurement Code should be used to support this work and remind all partners of the commitments to best practice in funding.
6. Tight budgets and the Procurement agenda stifles innovation. Government departments should be encouraged to hold “**Innovation Funds**” to support third sector innovation with a view to mainstreaming that provision. “safe sensible social” grants around sensible use of alcohol are a good example of local people and local organisations using a small amount of money to design and deliver services that meet the needs of the community.
7. With a quarter of respondents predicting staff redundancies in the coming year, **Coordinated redundancy support** must be available for third sector organisations and their staff; Job centre plus, LSC and Business Link should be encouraged to form hubs of support to VCS clusters.
8. In order to mitigate potential threats to services, greater collaboration is required to ensure sustainable delivery. Mergers and collaboration are one of the sustainability strategies identified by respondents to the survey. VONNE will work in partnership with national and sub regional partners to support mergers and collaborations, as well as with supporting partners like Future Builders in the region. VONNE will work with statutory partners to advocate for support for a range of responses to ensure sustainability in the sector.

9. There needs to be clarity on how third sector organisations can engage with newly formed unitary authorities in order to allay fears over funding. The sub-regional infrastructure consortia should use the Regional Infrastructure Development Group (RIDG) to work together to address the concerns of voluntary groups working in County Durham and Northumberland. Consortia in Northumberland and Durham are already working to address some of these challenges and the RIDG will commit to a series of actions to help them achieve progress, including any work required at a regional level.
10. VONNE will continue to work with agencies like Business Link North East to ensure the VCS can easily access and make the most of mainstream business support and training opportunities available to help the sector address the impacts of the recession in the short-term.
11. Support to individuals that seek the services of the Third Sector or the Public sector because they have lost their job, are in debt, need emotional support etc must be seamless. Third sector and public sector support providers need a **coordinated response to ensure that appropriate referrals** are made between agencies.
12. North East Empowerment Partnership in partnership with Urban Forum should work with representatives of the community sector to gather case studies and other evidence to identify the effect of the recession on local activism and campaigning. The Empowerment Partnership should be responsible for taking forward any subsequent actions to support or promote the role of local voluntary activity during the recession.
13. Trustees are also volunteers – resources must be provided to allow them to access support in the work they do for third sector organisations, especially when their personal and business lives may also be threatened. Trustees need to be aware of their financial responsibilities, including the dangers of using reserves to manage financial shortfalls. More generic training on the roles and responsibilities of Trustees may be required. Trustees must be made aware of their responsibilities in relation to their staff (paid and volunteer) in times of great stress. Consideration should be given, as a matter of urgency, to the creation of a personal support mechanism for staff – this might take the form of life coaching, counselling, or social support of some kind.
14. The Office of the Third Sector must ensure that Real Help for Communities reaches the Third Sector in the NE, particularly as the support is made up of loans as well as the grants, and Third Sector organisations in the NE have traditionally seen a poor take up of the future builders offer. Government Office must be encouraged to hold OTS to account on this.
15. Very few Third Sector organisations are large enough to act as lead contractor or prime contractor in million pound plus contracts. **Contracts must be robustly monitored** to ensure that when Third Sector organisations are named as partners in Contract winning bids, those arrangements are carried out with Third Sector organisations being fairly rewarded for their involvement.
16. **Continued Monitoring** - This survey provides a useful baseline. It is recommended that the exercise be repeated to measure the impact of the recession. It would be most effective if this could be done at 6 monthly intervals. This will allow for key trends and issues to be identified as early as possible in order for action to be taken. VONNE has undertaken to do this.

Appendices

ANNEX A	Methodology and copy of the survey
ANNEX B	Full Report Findings
ANNEX C	Thematic report for Mental Health
ANNEX D	Thematic report for Debt and Benefits Advice
ANNEX E	Thematic report for Family Breakdown
ANNEX F	Thematic report for Homelessness
ANNEX G	Thematic report for Equality and Diversity
ANNEX H	Acknowledgements