



Newcastle Council  
of Voluntary Service



Enabling voluntary action in Newcastle and Gateshead

# Canaries in the Coal Mine

*The views of the voluntary, community and social enterprise sector in Gateshead and Newcastle*

July 2019



Photo by Philip Dunn

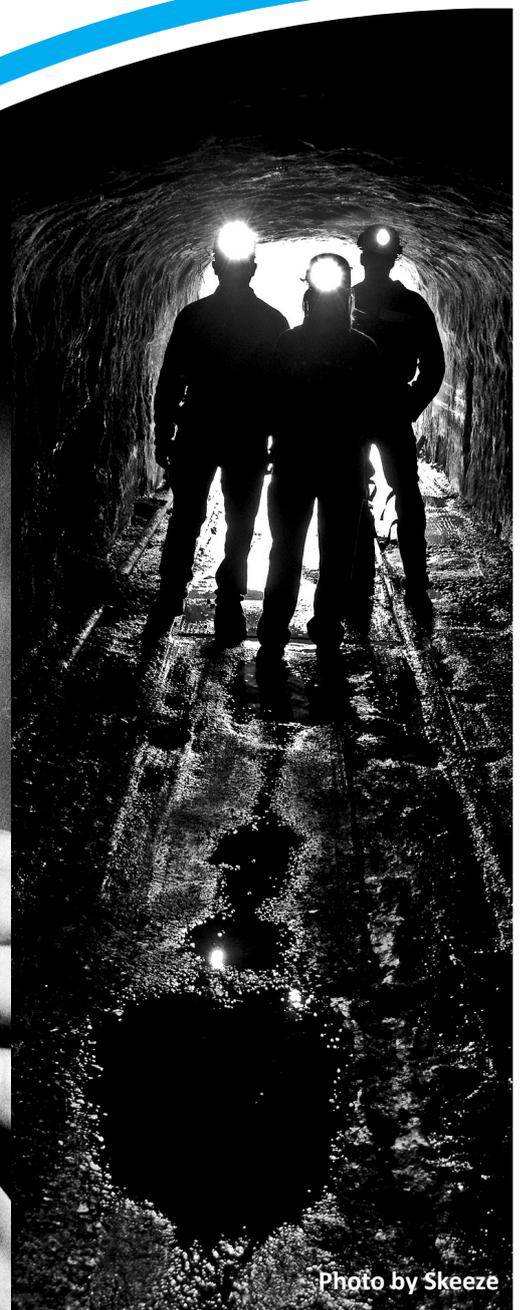


Photo by Skeeze

## Acknowledgements

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This report was written by Martin Gollan and edited by Sally Young.

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## The Title

*"A canary in a coal mine is an advanced warning of some danger. The metaphor originates from the times when miners used to carry caged canaries while at work; if there was any methane or carbon monoxide in the mine, the canary would die before the levels of the gas reached those hazardous to human."*

Gateshead and Newcastle both have proud mining traditions. Canaries were often kept, definitely not as pets, but as 'early warning systems' for the dangers ahead. The Newcastle CVS series of studies from 2010 has indicated that voluntary and community organisations are often the first places to recognise and identify the troubles ahead – Universal Credit (and wider welfare reforms), personal debt, food and fuel poverty, increase in mental distress, the growth of hate crime, the lack of opportunities for children and young people, the shrinking state and the growth of loneliness and isolation. For these reasons, we can be regarded as 'canaries in the coal mine'.

## Key Findings

**Funding and sustainability** continues to be the most pressing issue for voluntary and community organisations in Gateshead and Newcastle, regardless of their size.

Nearly eight out of ten organisations noted an **increase in demand** for their services in the last year; this has been a consistent figure for a number of years. Many organisations reported a year on year growth in demand for several years.

The **recruitment and retention of volunteers** continues to be a significant challenge, as there appears to be a greater movement of people into and out of roles. This is despite the Government funding initiatives such as National Citizen Service and the online Do-it volunteering system. So although there has been an overall increase in the numbers of people volunteering, the retention rates are dropping.

The impact of **welfare reforms and personal debt** is affecting many different communities and organisations, not just those who are advice givers.

**Funding is becoming increasingly precarious for medium-sized organisations** as they cannot compete for contracts as the scale is too big, and value too small, but a lot of time is spent in raising relatively small amounts of money from trust funds.

**Optimism continues to shine** through with a third of organisations anticipating they will increase the numbers of staff, two-thirds increase the numbers of volunteers and over half wish to increase the numbers of services they offer in the year ahead.

**Innovation is still happening** - seven out of ten organisations had developed new areas of service, projects, initiatives and events in

the last year.

The **retraction of the state**, particularly in mental health and social services, is getting worse as authorities revert to providing 'only statutory services'. More time is now spent in advocating for public services for people who should receive them.

**The relationships with the public sector varied** with organisations; many had no contact, some had good relationships, but for others there were issues of independence, power and autonomy. Often only large organisations had the capacity to engage.

Increasing awareness about shifting relationships and the role of civil society in facing **what 2020 and the years ahead will bring**. There is a sense of change and challenge and the need to do things differently.

**Grants from charitable foundations and trusts** were the most common form of income for small and medium-sized organisations.

**The normalisation of poverty and food banks**; the acceptance of austerity as the normal position. There is an apparent lack of challenge to why we have reached this position.

The danger of **charities becoming the de facto state**, without the resources, powers or law. As the state retreats to provide only statutory services, it is assumed charities and volunteers will 'step in and step up', else provision is lost.

Concerns about how the **North East resources compare to the rest of the UK**, and how we are slipping further away. The impact of Brexit and the potential benefit of the North of Tyne Combined Authority are unknowns.

**Children and young people** were repeatedly identified by many organisations as a group where further resources needed to be invested.

The shift to more contracts of lower value, greater competition for grant funding, increases in the National Living Wage, pension contributions and the general cost inflation was putting **further pressure on charity resources.**

**More people with increasing needs and increasing complexity of needs.** This was noted by general charities and community organisations, which don't necessarily have the skills and experience to deal with people who have very complex needs.

Nearly **half of the respondents made referrals to food banks;** this has become an everyday activity for many charitable organisations.



## Introduction

The Newcastle CVS study of the Gateshead and Newcastle voluntary and community sector (VCS) offers a snapshot of local organisations and the issues and challenges that we have to face. These studies began in 2012 with the Surviving not Thriving regular reports, which looked specifically at conditions for the voluntary sector in Newcastle and complemented VONNE's Surviving not Thriving reports, which provided a regional picture.

Taken as a whole the Newcastle CVS reports, which in 2017 expanded to cover voluntary and community organisations in Gateshead as Newcastle CVS began to deliver infrastructure support in the borough, provide a unique account of during a period of significant economic and social change. This was caused first by the 2008 economic crash, followed by the recession and then the introduction of the austerity programme and the reduction of the size of the public sector. This impacted upon voluntary and community organisations through a combination of reduction in public funding, particularly the targeted regeneration funding during the early years of austerity, and the effect of reduced or closed public services on those people and communities who relied upon them and now looked to voluntary organisations to fill the gap.

Voluntary and community organisations, almost by definition, work with people and communities who have the fewest resources and assets along with limited networks on which to fall back on in times of crisis. Unfortunately, these have been precisely the people and communities most adversely affected by austerity, welfare reforms and cuts to public services.

Austerity, cuts, welfare reforms emerge as the key motifs in Newcastle CVS studies and reports since 2010, as they track the impact of policy changes on communities and on the sector itself.

The New Economics Foundation recently stated that both the Coalition Government and present Government's austerity programme has ensured the heaviest burden has been borne by the poorest people<sup>1</sup>. When austerity finally comes to an end, it is not unreasonable to assume that the social and economic damages caused will continue to reverberate for some time, even if there are sustained future public spending rises. We have all learned to work in the New Normal.

For voluntary and community organisations and social enterprises one of the primary outcomes of austerity and the closure of public services has been the year on year increase in demand from people in crisis for help and support, often presenting with more and increasingly complex problems to be solved.

However voluntary and community organisations have also had to contend with a paradigm shift in how the sector is funded. Policymakers have been enthusiastic to see charities take on a bigger role in public service delivery, chiefly through contracting. Recent governments have also invested funding into social investment and sought to encourage voluntary and community organisations and social enterprises to broaden their sources of income to include social finance loans, along with more complex financial instruments such as Social Impact Bonds (SIBs).

This latest study finds, as did previous studies, marginal interest or appetite within

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<sup>1</sup> <https://neweconomics.org/2019/02/austerity-is-subduing-uk-economy-by-more-than-3-600-per-household-this-year>

Gateshead and Newcastle's charities for loan finance and little uptake of SIBs or other social finance instruments. At the same time, while government contracts and grant aid continue to be part of the often complicated mix of funding streams, many voluntary and community organisations, apart from the very smallest, have to manage their finances more carefully. Results from this latest study indicate the on-going trend of the role of the state as a source of financial support for the sector is diminishing.

This is perhaps unsurprising. The Local Government Association has reported that by 2020 councils will have lost nearly £16 billion from central government funding; the equivalent of 60p in every £1<sup>2</sup>. However, their shrinking status as an important source of funding has not prevented the public sector from continuing to assume it is the natural lead for any local initiative or strategy. Some public managers have yet to recognise that as their budgets have been reduced, so has their relevance to what is an independent voluntary and community sector, albeit one that may share similar objectives with public organisations.

This report explores the responses to the Gateshead Newcastle VCS survey. It also seeks to put those responses into a wider context by drawing upon research and reports produced at regional and national level.

## Background and Methodology

The Newcastle CVS 2019 Gateshead Newcastle survey was carried out between 4 April and 10 May using the online platform Survey Monkey. During the five weeks the survey was live it was regularly promoted to Newcastle CVS's 700 plus membership and received 118 responses. This is a slightly lower response to those received by earlier surveys. However, the results from this survey continue (as did earlier surveys) to reflect findings from other similar studies, carried out at national and regional levels.

The survey asked similar questions to those used in previous Newcastle CVS studies but with an additional question included about food poverty in Gateshead and Newcastle. The survey asked specifically for the views and experience of food poverty among voluntary organisations and the people they work with and support.

Food poverty and the use of food banks has been increasing year on year. Earlier in 2019, Parliament's Environmental Audit Committee reported that food insecurity in the UK was "*significant and growing*"<sup>3</sup>. Newcastle CVS's own report, Food Poverty in Newcastle, published in December 2018, reported "*a notable increase in food poverty in the last six years*"<sup>4</sup>.

For many voluntary and community organisations food poverty, its causes and its consequences have become a fundamental part of the fabric of life in poor communities. As such, it seems right to devote space to considering in more detail what this means in practice for the sector and its beneficiaries.

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<sup>2</sup> [https://www.local.gov.uk/sites/default/files/documents/5.40\\_01\\_Finance%20publication\\_WEB\\_0.pdf](https://www.local.gov.uk/sites/default/files/documents/5.40_01_Finance%20publication_WEB_0.pdf)

<sup>3</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1491/149102.htm>

<sup>4</sup> [https://www.cvsnewcastle.org.uk/images/Publications/Food\\_Poverty\\_in\\_Newcastle.pdf](https://www.cvsnewcastle.org.uk/images/Publications/Food_Poverty_in_Newcastle.pdf)

## Voluntary and community organisations in Gateshead and Newcastle

The Newcastle CVS Gateshead Newcastle survey received 118 responses. 65% of these came from registered charities, 28% of which were also companies limited by guarantee. Relatively few respondents, only 14%, had converted to, or were originally set up, as a CIO (Charitable Incorporated Organisation). A CIO is an incorporated structure which provides similar protections to trustees as registering a charity as a company limited by guarantee.

### What is your organisational structure?

We might speculate that the higher number of registered charities and organisations that are also registered as companies limited by

guarantee may reflect the relative stable and settled nature of the voluntary sector in Gateshead and Newcastle. All the more shocking then we begin to see the closure of some of these established organisations due to factors such as lack of funding, loss of contracts and increased cost pressures (both core and project costs).

*"[The top challenge] has to be money! The vast majority of our income is from room hire... however we need to spend time and money redecorating and replacing all of our ageing light fittings with new energy efficient LED fittings."*

The individual organisations that responded to the survey are a heterogeneous grouping, ranging from men's sheds and a racing pigeon club to charities with multi-million pound annual turnovers that are delivering services across the UK.

Chart 1: What is your organisational structure?

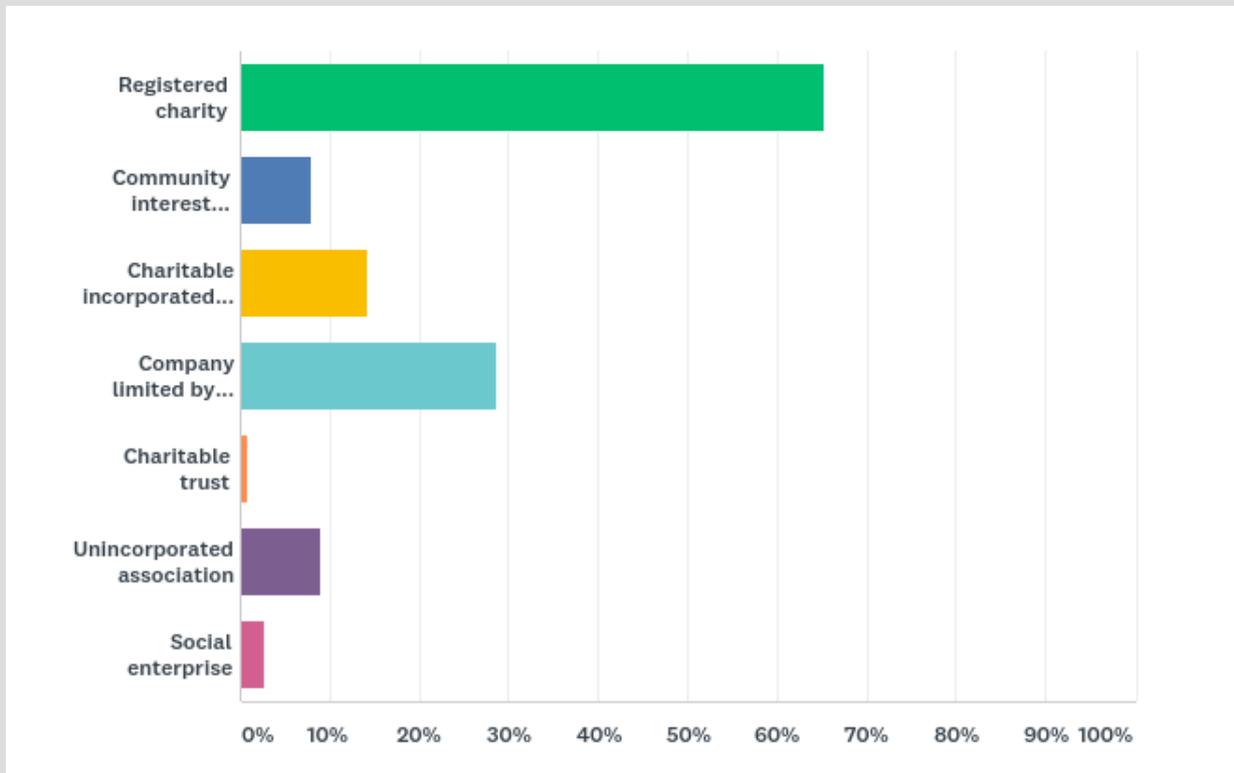


Table 1

How many voluntary and community organisations operate in Gateshead and Newcastle?		
	Gateshead	Newcastle
Registered charities operating across but not necessarily based in	851	1,102
Community Interest Companies	25	117
Mutuals and Cooperatives	10	24
Community and grassroots groups	1,300 - 2,000	2,500 - 3,000

The question of how many charities and social enterprises, cooperatives and mutuals, community and grassroots groups operate in Gateshead and Newcastle is a difficult one to answer. The table above includes information from the Charity Commission, Companies House and the Office of the Regulator of Community Interest Companies.

To find the number of registered charities operating within a given local authority area the only comprehensive source of information is the Charity Commission. However, the Charity Commission's search facility changes on a regular basis, making consistent retrieval of data, which can be checked against previous years, complicated if not impossible.

The Charity Commission's search facility also includes in its results not only those charities registered in a particular local authority but also charities which include that area within their area of benefit. Therefore, a search for charities in Gateshead will currently return

twenty-four which include 'Newcastle' in their name, and which are unequivocally located in Newcastle. Similarly, a search of registered charities in Newcastle will currently include at least twelve with 'Gateshead' in their name.

These are only the most obvious examples. In both cases the charities include their neighbouring local authority in their area of benefit, but this doesn't guarantee that they are in fact active in that area. In the Newcastle CVS 2018 GaN Canny report<sup>5</sup>, there were 321 registered charities in Gateshead with 516 not based in but including the borough in delivery of their activities. For Newcastle the report listed 627 charities based in the city and 586 working in Newcastle but not registered there.

Applying the GaN Canny percentage split to the 2019 sample of charities registered in Gateshead and Newcastle and those based elsewhere but delivering in either area we estimate that Gateshead has approximately 341 registered charities, an increase of 6.2% from last year. Newcastle meanwhile has approximately 573 charities registered in the city, a drop of 8.6%.

To arrive at a definitive number of registered charities in Gateshead and Newcastle would require significant time, involve going through individual annual returns and at the end of that exercise the figures might still not be accurate because new charities have been registered, existing ones closed down, and areas of benefit changed. The NCVO UK Civil Society Almanac 2019 lists Newcastle having 592 general charities and Gateshead having 331<sup>6</sup>; given the proximity of these numbers, our figures seem 'about right'.

If we accept the relative difficulties of arriving at

<sup>5</sup><https://www.cvsnewcastle.org.uk/latest-news/543-gan-canny-our-latest-survey-report>

<sup>6</sup>Sheila McKechnie Foundation Social Change Project <https://smk.org.uk/social-power-report/>

a definitive number of voluntary organisations and also accept that the sector regardless of its exact size has a significant and considerable presence in Gateshead and Newcastle, we might usefully move on to ask, what presently, is the mood of the voluntary sector?

This survey offers an account of Gateshead and Newcastle's voluntary and community sector that is characterised by a certain optimism and self-belief about the ability of individual organisations to continue to meet their objectives and the needs of their beneficiaries.

*"We have a new domiciliary care service and we have a new counselling service."*

*"We have begun to develop new initiatives intended to specifically serve the wider community [including a] Places of Welcome café, drop in craft groups and a community leaders forum. I'm excited about where these may go and the opportunities they present."*

*"We're always looking for new ideas and events."*

*"Taking on space in Saltwell Park in Gateshead."*

*"Our men's group now operates two days per week and has 18 to 20 attending each day, they thoroughly enjoy the day which is tailored to their needs, quizzes, home cooked two course meal, definitely no bingo!"*

However, this optimism is coupled with a note of pessimism about the ability of the sector as a whole to successfully navigate the difficult operating conditions in which charities, social enterprises and community groups find themselves.

*"There are lots of grants available for charities like us but there are also lots of other charities like ours applying for the same money".*

*"Being left out of meaningful partnership work; taking on additional temporary services away from core delivery in order to receive 'in vogue' funding and keeping the core going."*

*"Trying to run the organisation without using reserves, raising funds to meet the everyday costs, finding external users of our facilities during the working day to create an income."*

As evidence of the difficult operating environment, it is worth noting the slight drop in Community Interest Companies from the previous numbers reported; in 2019 there were 25 in Gateshead and 117 in Newcastle, whilst in 2018 there were 30 in Gateshead and 121 in Newcastle. This is at a time when the effectiveness of the charity model and its fitness for purpose in the twenty first century are questions that have been raised, not least within the sector itself.

From the Sheila McKechnie Foundation's Social Power Project<sup>7</sup> and the Civil Society Futures report<sup>8</sup>, the independent inquiry to the Charity Commission's recent report on the failures of Oxfam's safeguarding procedures<sup>9</sup> and the Chair of the Charity Commission's call for need of a 'cultural upheaval' within the sector<sup>10</sup>, to the ambitions and expectations of people coming to infrastructure organisations for advice on setting up a not for profit initiative, there is a sense of change and challenge in the air for the voluntary and community sector.

<sup>7</sup>Civil Society Futures independent Inquiry <https://www.civilsocietyfutures.org>

<sup>8</sup><https://www.gov.uk/government/news/charity-commission-reports-on-inquiry-into-oxfam-gb-no-charity-is-more-important-than-the-people-it-serves-or-the-mission-it-pursues>

<sup>9</sup><https://www.civilsociety.co.uk/news/charity-sector-needs-a-cultural-upheaval-says-commission-chair-baroness-stowell.html>

<sup>10</sup><https://core.ac.uk/download/pdf/103676.pdf>

The social enterprise model has consistently been promoted by policymakers and politicians. The introduction of the Community Interest Company in 2004 potentially brought a measure of regulatory coherence into what for some has been the rather nebulous category of 'social enterprise'<sup>11</sup>.

The advantages of setting up a CIC rather than a traditional charity (of being able to be a director and therefore have direct control over of the CIC governance while also actively delivering the service, while also drawing a salary) can however be outweighed by the disadvantages.

Many CICs are working to solve the same social problems as charities and unincorporated community groups. Almost by definition, these are likely to be communities with limited resources, and therefore problematic if a CIC is looking to generate trading income. According to UnLtd, an organisation which funds and supports social enterprises, 71% of social entrepreneurs struggle to make a living<sup>12</sup>. One reason for this is likely to be, along with limited trading opportunities, restricted access to grants that are readily available for charities and community groups to apply to.

Consequently, it appears that some CICs experience a set of fundamental challenges that affect their potential for sustainability notwithstanding the continued interest in setting up social enterprises and the significant impact they can have.

*"We are a new and growing social enterprise."*

*"[Our work] enables them to take back control of their lives... gives them value and purpose."*

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<sup>11</sup><https://www.cvsnewcastle.org.uk/latest-news/543-gan-canny-our-latest-survey-report>

<sup>12</sup><https://www.theguardian.com/small-business-network/2018/mar/12/social-enterprises-go-bust-all-the-time-how-the-sector-is-tackling-its-image-problem>

### Where does the voluntary sector work?

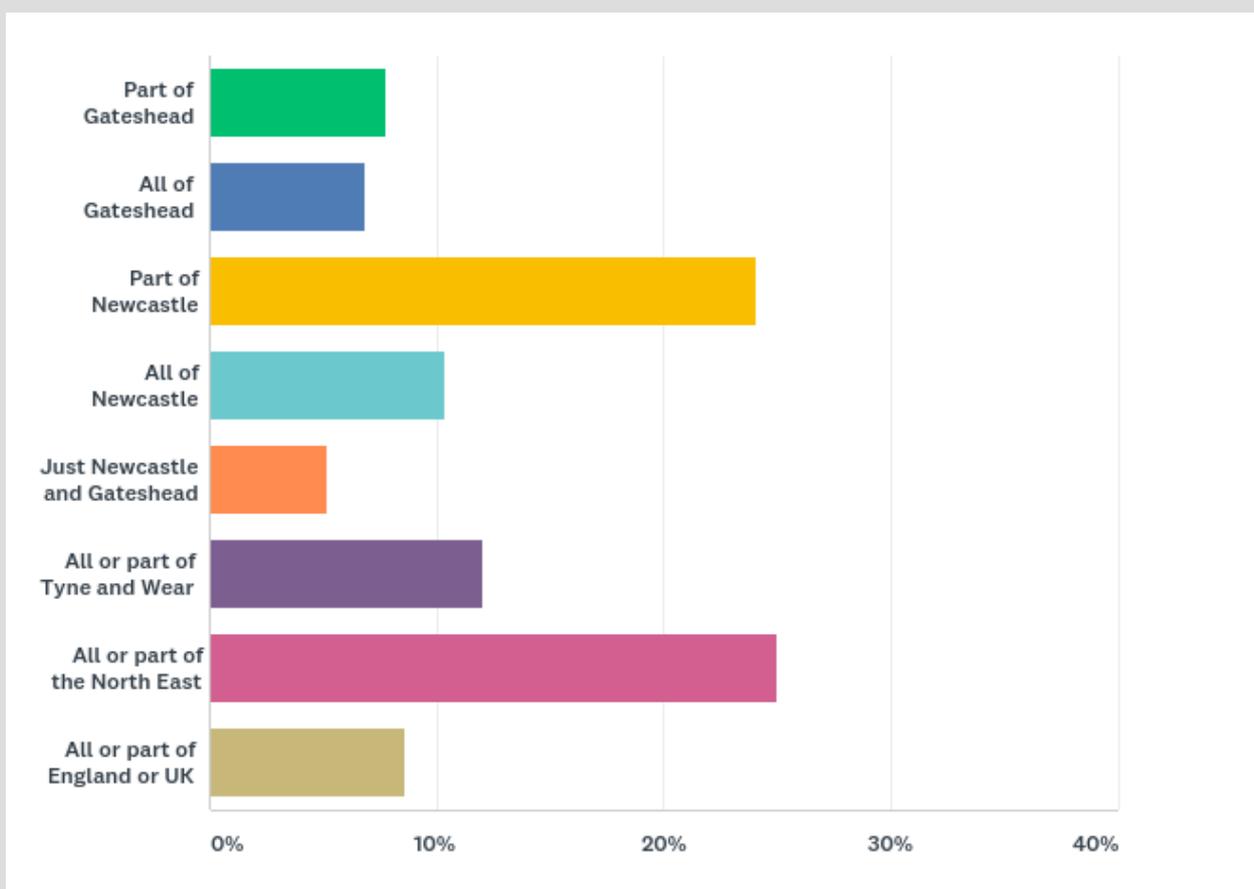
The survey asked, ‘where do you deliver your services?’ and the short answer is - everywhere!

From responding to need in local neighbourhoods, “all our events are in our community centre” to delivering at national level, “our services are predominately Gateshead, but we do have some regional services and some of our telephone services are national” and even international scale “[we deliver] internationally, primarily East Africa” the sector is seen and is active at all levels. However, it is clear from the survey that voluntary and community

organisations located in Gateshead and Newcastle are primarily active within these local authority areas.

The Third Sector Trends Study in North East England 2017<sup>13</sup> reported that 24.6% of third sector organisations in Tyne and Wear worked at village or neighbourhood level with 30.6% operated at a single local authority area. Comparing the areas covered by voluntary organisations against their annual incomes the study finds 51.9% of those working mainly within local authority boundaries tend to be small organisations with an income under £50,000.

Chart 2: Where do you deliver your services ?



<sup>13</sup>The Third Sector Trends Study in North East England 2017 <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/Third-Sector-Trends-in-North-East-England-2017-1.pdf>

Breaking down this CVS study results further and by income band, we find a correlation between the large percentage of organisations within the micro, small and medium income categories and the Third Sector Trends findings of the spatial areas small, medium or large voluntary organisations and where they tend to operate.

The higher percentage of respondents that work principally in Newcastle or Gateshead is unsurprising when the survey responses are broken down by annual income. The NCVO UK Civil Society Almanac 2019 tells us that 96% of voluntary organisations fall within the micro, small and medium categories (with annual incomes up to £1million) however their share of the UK voluntary sector's £50.6bn annual income amounts to just 18%. Voluntary organisations with incomes in excess of £1million account for four fifths of the sector's total income.

Table 2

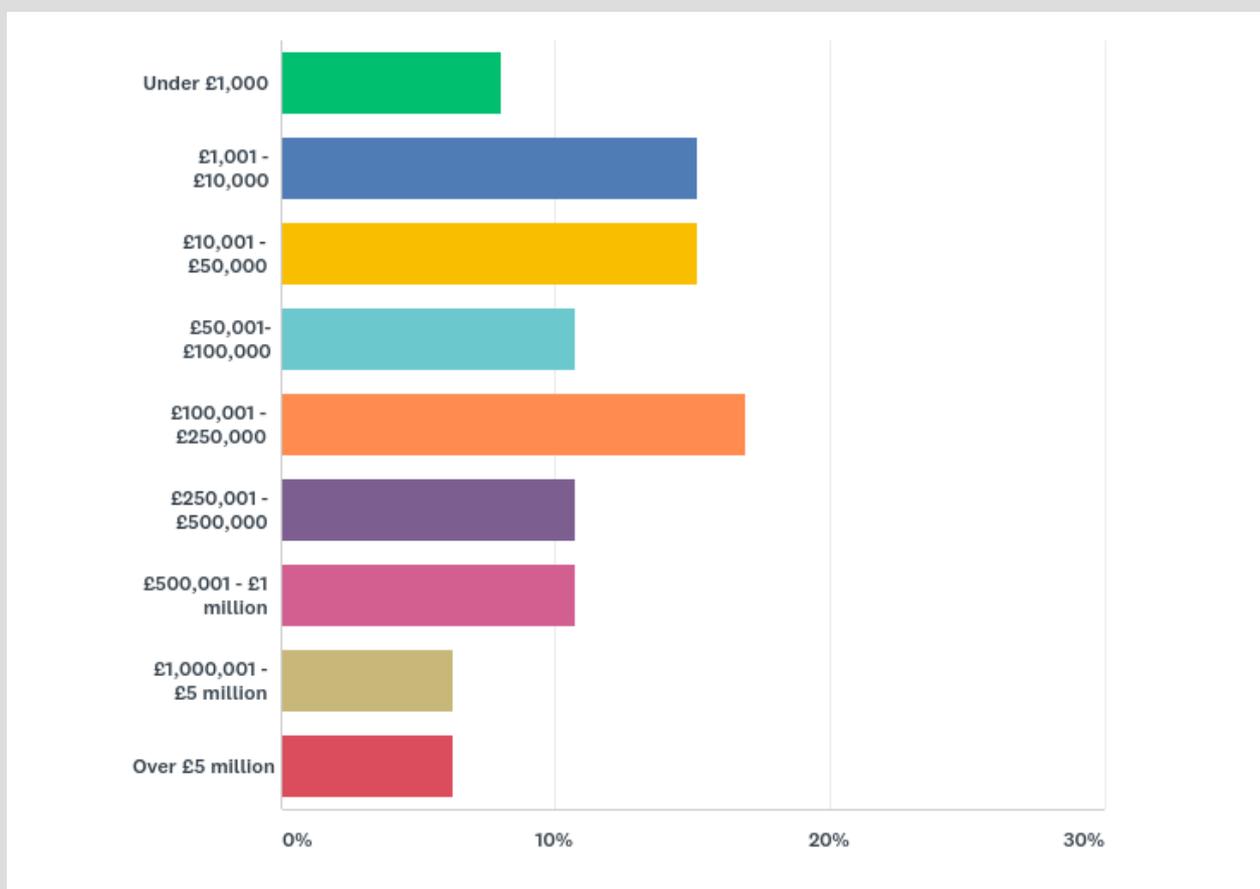
Charities by size - national, local and respondents				
Income bands	National by size (%)	Newcastle by size (%)	Gateshead by size (%)	Sample by size (%)
Micro: less than £10,000	47	32	32	23
Small: £10,001 to £100,000	34	35	34	25
Medium: £100,001 to £1million	14	25	27	36
Large: £1million to £10million	3	5	6	6 (£1m to £5m) 6 (over £5m)
Major: £10million to £100million	0.3	0.9	1	0
Super major: more than £100million	0.03	0	0	0

## It's all about the money

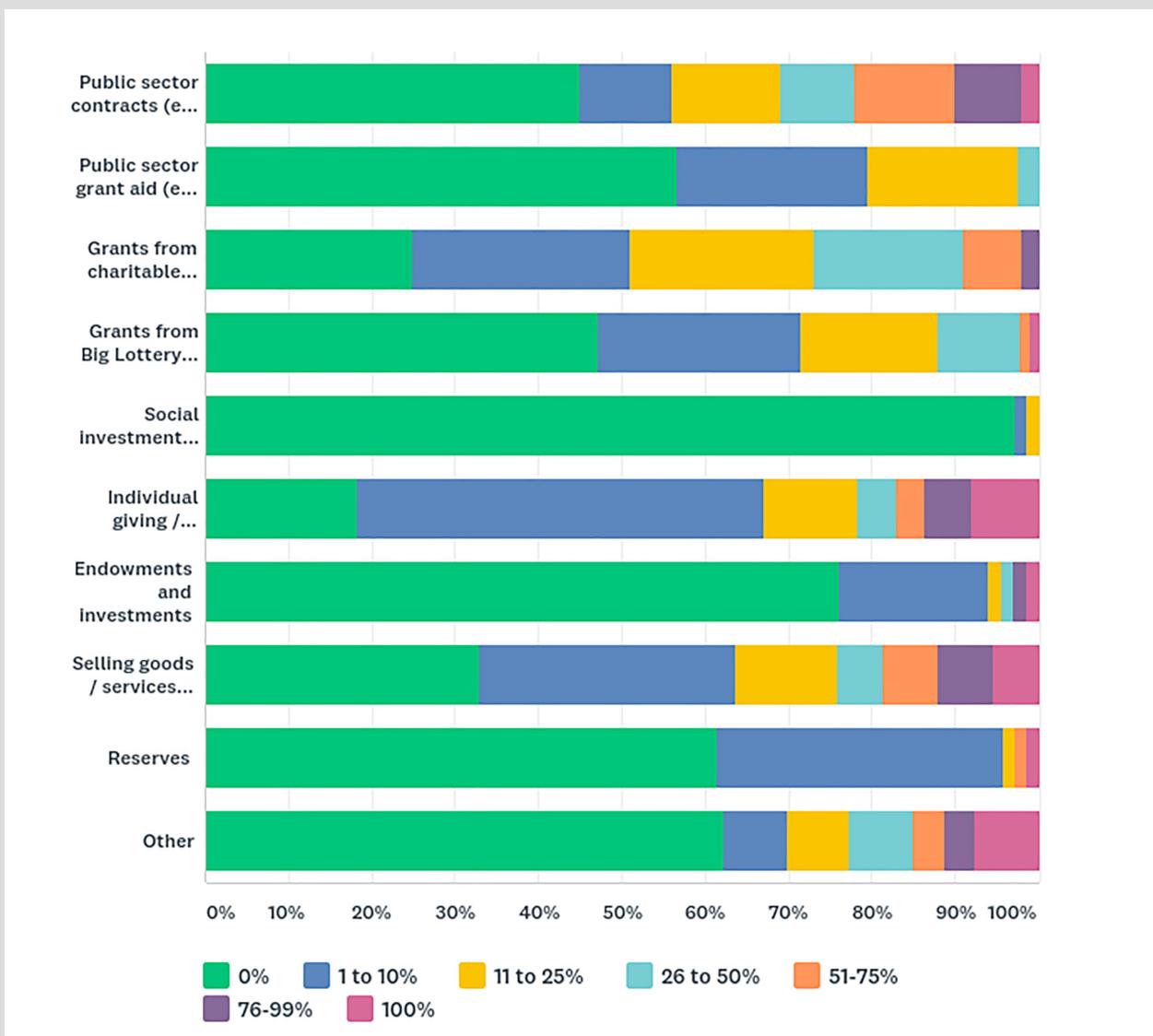
The survey asked questions about turnover and where income came from.

The UK Civil Society Almanac 2019 reports that the sector's total income for the financial year 2016/17 increased by 2% over the previous financial year. The source of this increase was a rise of £588.8m in grant income and of £602.6m in investments.

Chart 3: What was your turnover last financial year?



**Chart 4: Please estimate what percentage of your annual funding (based on the last financial year for which you had figures) comes from? (Please check all relevant boxes)**



Asking organisations where their income comes from is always a complex question. Organisations have to break down what percentage of their income comes from different sources.

The category ‘investments’ includes rent from property, dividends and interest on saving deposits. Compared to the other English regions the NCVO Almanac finds the North

East has the lowest return from investments; £56.5million compared with £2.2billion in London and £93million in the East Midlands, which has the second lowest returns.

Across each of the income categories used in the NCVO Almanac, including grants, contracts, fundraising and earnings, the voluntary sector in the North East consistently has the lowest figures. The

region's income totals £1.01billion, compared to its closest neighbour, once again the East Midlands on £1.6billion while London dominates with a total income of £21.4billion.

45% of the organisations responding to this survey did not receive any income from public sector contracts; 56% currently have no public sector grant aid, such as Gateshead Thrive or Newcastle Fund. Surprisingly perhaps, it is community organisations with incomes below £10,000 where public sector grants are notably absent.

What emerges as more important for these very small community organisations are grants from charitable trusts, for example the Community Foundation, National Lottery Community Fund and individual giving, donations and fund-raising. For some organisations with incomes under £10,000, and especially for those with incomes under £1,000 fundraising, donations and giving makes up 100% of their income. Fundraising, donations and giving is also important for those voluntary organisations with higher incomes, from £100,000 up to and over £5million where it makes up to 10% of their total annual income. The survey results indicate that public sector contracts become a more significant source income, especially for organisations with incomes between £100,000 and £1million, where it can make up to 75% of the overall income of an organisation.

The National Lottery Community Fund and funding from charitable trusts are also an important component in the income mix of those medium to larger voluntary organisations; in some cases accounting for 25% - 50% of overall income. For the very largest organisations, for those with annual

incomes over £5million grant aid makes up no more than 10% of their income.

The survey sample suggests those organisations with the very largest incomes enjoy diverse sources of funding and income so that the loss of one strand does not threaten the stability of the whole.

*"The financial strength of the charity relies on a spread of income from diverse sources."*

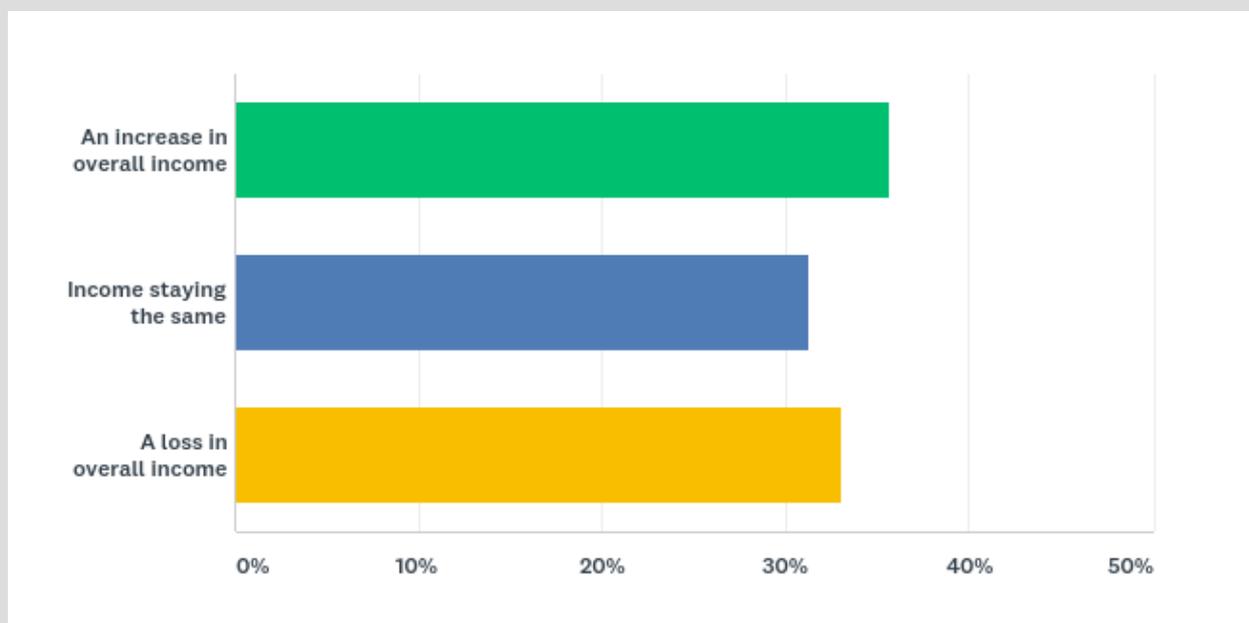
While acknowledging that it is a small sample (of what is nationally a small part of the whole voluntary sector) there are a few high-income organisations that appear overly reliant upon public sector contracts. The risks in this strategy, both to the culture of an organisation and its resilience to financial shocks, were explored in the Newcastle CVS 'Do We Need to Talk' report<sup>14</sup>. This offered examples of organisations that had effectively become voluntary sector versions of outsourcing organisations like Carillion, Capita and Interserve; potentially vulnerable to collapse having consumed too many public sector contracts.

Notably, none of the highest income organisations responding to the survey had to draw upon its reserves during the previous financial year. This was in contrast to all other respondents, where whatever income category they occupied, they had to make up to 10% of their income from reserves.

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<sup>14</sup>NCVS Do we need to talk 2018 [https://www.cvsnewcastle.org.uk/images/Publications/Public\\_Sector\\_Procurement\\_and\\_Contracts.pdf](https://www.cvsnewcastle.org.uk/images/Publications/Public_Sector_Procurement_and_Contracts.pdf)

Chart 5: In relation to your overall income, in the last year have you experienced?



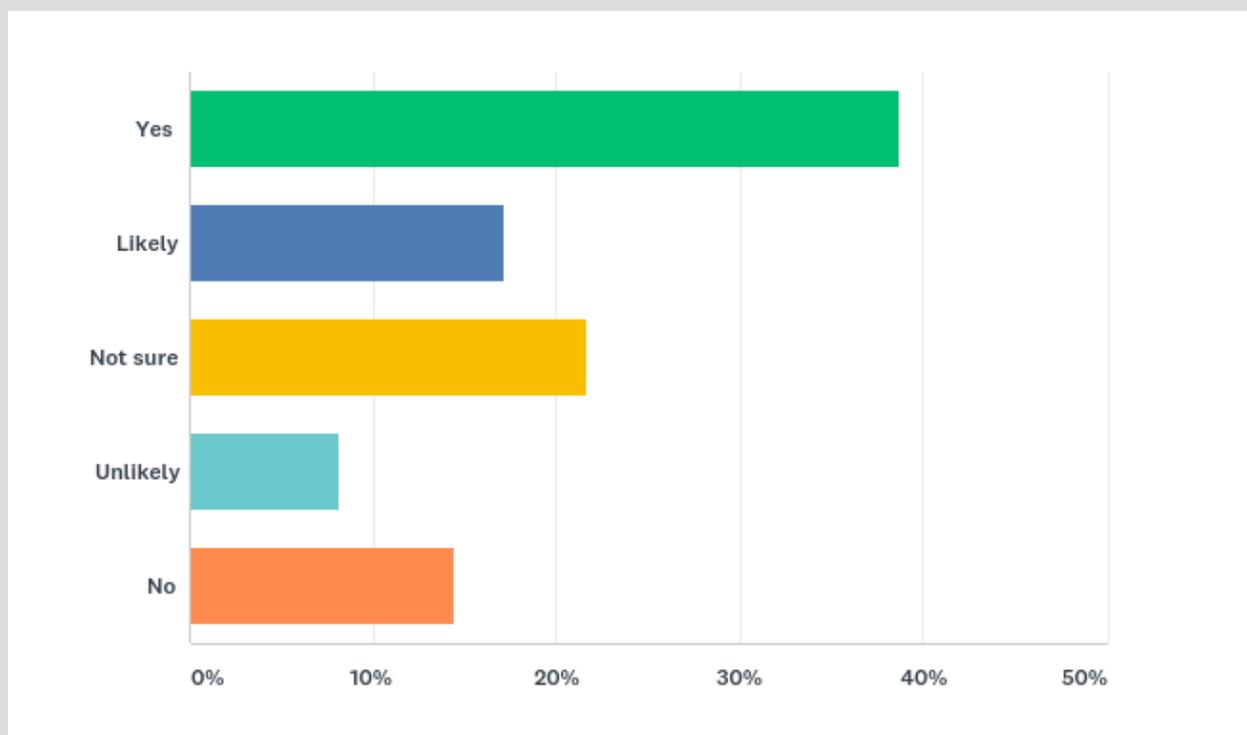
Echoing the Third Sector Trends report for North East England, it is those medium income organisations, placed somewhere between £50,000 and £250,000 per annum, that are the most reliant on reserves. By implication they are the most vulnerable too, due to having higher running costs (mainly office and staff) than their low income peers and without the depth of reserves or assets that higher income organisations will enjoy and which provides a cushion against sudden and unexpected shocks.

A number of recent reports and studies have highlighted the current difficulties and vulnerabilities of smaller and medium-sized charities, calling for more action to support them. These reports recognise that as part of the 96% of organisations with incomes below £1 million, smaller and medium-sized charities are the foundation of the voluntary sector. Nationally, micro, small and medium sized organisations dominate the voluntary

sector being 96% of the 166,854 voluntary organisations in the UK.

The NCVO UK Civil Society Almanac 2019 defines those organisations with an annual income up to £1 million as medium sized, whereas the more regionally focused Third Sector Trends study defines medium-sized organisations as those with incomes up to £250,000.

**Chart 6: If your organisation has reserves, do you anticipate you will be using some of them this financial year (2019-2020)?**



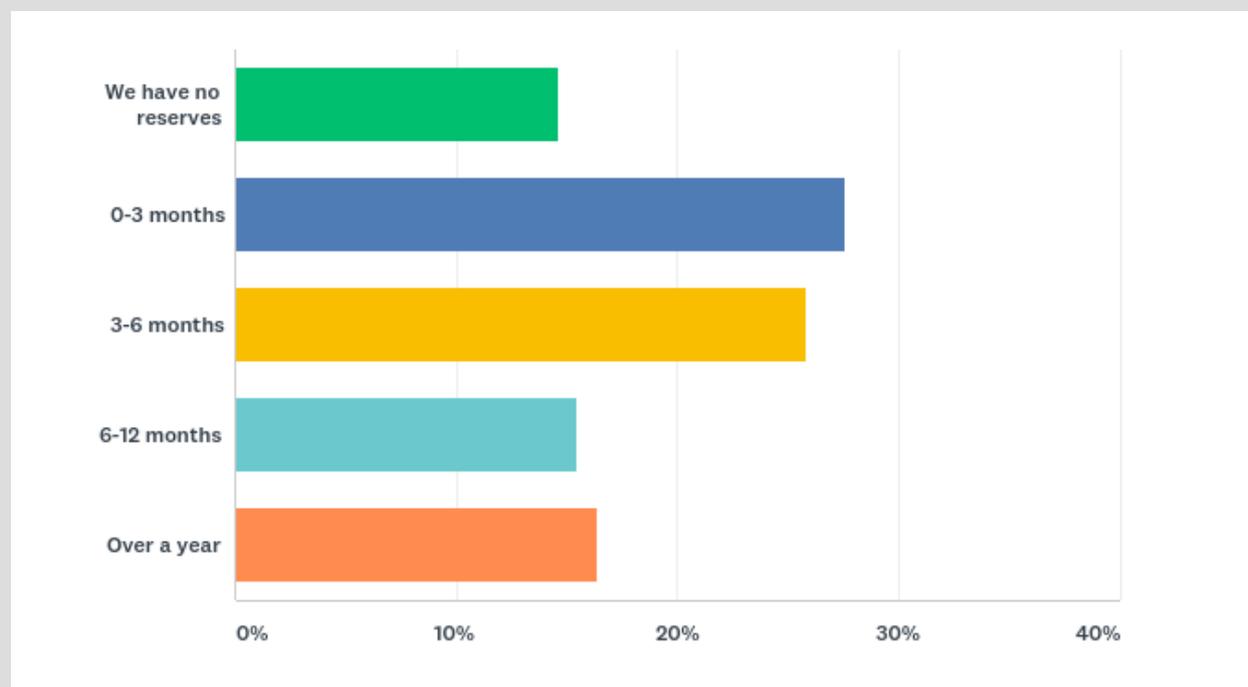
The Third Sector Trends Study describes the sector as 'under-capitalised' having a limited access to reserves and a small asset base. The study noted that the majority of North East voluntary organisations (58%) have no property assets and a similar percentage (55%) hold no investments. In both cases it is larger organisations with incomes in excess of £250,000 that hold property assets, investment or both, though the study does find around a third of smaller organisations also holding property or investments.

Similarly, while only 10% of organisations were found to have no reserves, half of all North East voluntary organisations were estimated to have no more than £10,000 in reserves. The study found that organisations with declining incomes were using reserves to meet essential costs.

*"I arrange coach trips for residents but often have to dip into reserves to meet hire costs."*

The survey found over a third of respondents anticipated they will be using some of their reserves during this financial year (2019-2020) which is in line with the response to the same question in the 2018 survey.

Chart 7: If you had no funding or income from tomorrow, how long could your organisation keep running on its reserves?



The respondents to the VCS Survey listed rent increases, salary costs and the decrease in membership fees as among the cost pressures individual organisations manage on an annual basis. Others highlighted the impact of austerity and the loss of public sector grant or contracts.

*"The organisation has suffered badly from local authority budget cuts and austerity."*

*"There is a move from block contracts to personal budgets, which creates difficulties in providing consistency in support... it creates job insecurity and more temporary contracts."*

*"The majority of our funding came from a government contract, which has finished as well as from the local authority."*

The immediate impact of a specific loss of funding or income can clearly be seen resulting in staff redundancies or closure of specific projects which in turn may have a

damaging effect on people using the project. However, it needs to be noted that beyond these immediate changes, loss of funding can have a more gradual and destabilising impact on the organisation as a whole.

*"[Our top challenges are] finding contracts, finding funding."*

*"[Our top challenges?] core funding to maintain existing work and organisation... reduction in our membership... lack of clarity on government policy on youth."*

*"Our main challenge is securing funding to deliver our services and obtaining office space to enable the group to run more efficiently."*

As ever more time and energy is spent seeking replacement funding, the possibility of the whole organisation closing begins to become more tangible and it can become difficult to attract new volunteers or retain existing trustees. Then the organisation

finds itself steadily descending into a cycle where closure is the inevitable destination. In Newcastle and Gateshead there have been examples in recent years where trustees and managers have recognised sufficiently early that this is the journey they are on and been able to manage the inevitable closure. Unfortunately, there are other local examples where closure has happened suddenly and without warning leaving those people and communities directly affected distressed and angry, while others scramble to fill the gap in support that has opened up for beneficiaries.

Despite the importance of the local contribution of small and medium charities as the Lloyd's Bank Foundation noted in its Growth Pilot evaluation *"the resilience and spirit to keep going indefinitely is not guaranteed."*<sup>15</sup>

While the survey finds challenges and pessimism in the sector this is not the case for all voluntary organisations.

*"As some sources (especially local authority support) have dried up we have been fortunate that other sources have taken their place."*

*"Our work has changed – a shift from a large project to a small project – so our income has changed accordingly; we planned for this shift and continue to achieve our mission and do great work."*

In response to the question of what respondents anticipate to happen during the current financial year, 2019 – 2020, 64% expected to engage additional volunteers and 54% to expand the number of services they provide. The survey found expectations of increases in staffing levels amongst a third of those who filled in the survey, while a little under two thirds expect to increase partnership working.

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<sup>15</sup>[https://www.lloydsbankfoundation.org.uk/GROW\\_pilot\\_executive%20summary%20report\\_final.pdf](https://www.lloydsbankfoundation.org.uk/GROW_pilot_executive%20summary%20report_final.pdf)

Chart 8: In this financial year (from April 2019) do you anticipate?



*“Demand has significantly increased and as a result the organisation has increased the number of people it supports... we have found innovative ways of increasing our output and outcomes without increasing the level of resource required, by the same proportion; however we are having to increase our staff team by around 40% in 2019/20.”*

*“We are hoping to expand the services we offer to include our own volunteer ran groups to hopefully tackle things like severe poverty in this area, alcohol and drug related issues and maybe expand to include a foodbank.”*

*“We hope to expand services and events offered to our members by sourcing funding and joining other organisations in partnership so that we can offer greater level of support through joint ventures.”*

*“We hope to continue to expand the organisation through taking on new services under contract to a local authority... we want to start a social enterprise and expect to work in partnership with others to do so.”*

Notwithstanding the ability and resourcefulness of individual voluntary organisations to remain sustainable and continue to meet their objectives, a number of recent reports, studies and inquiries have raised concerns about the fragility of small and medium income voluntary organisations in particular and their vulnerability within current economic conditions.

*“Due to having to reduce staff levels we are able to offer less than we did, with school's budgets being cut they are unable to afford the programmes we offer.”*

*“We would struggle to afford to bring new staff on but need to maintain a lot of activities so we will be looking to bring in more volunteers to achieve this... we are always keen to work in partnership in order to share resources and increase efficiencies.”*

*“We are not secure in staffing due to refunding and securing that funding for the year ahead will directly impact the services we offer and the young people we support.”*

The Institute of Voluntary Action Research’s (IVAR) ‘The Value of Small’<sup>16</sup> is a study of the distinctiveness of small and medium income charities describes small and medium organisations as “first responders to emerging needs at the hyper-local level”. The report states that small and medium voluntary organisations create safe spaces for people, promoting both inclusion and belonging for established and new communities in an area.

The IVAR report highlights the impact of ‘perma-austerity’ on the small and medium income sized sector, the effect it has had on funding mechanisms and accuses public sector funders of adopting ‘increasingly narrow and rigid’ approaches that fail to take account of the distinctive features and values of small and medium organisations that make them uniquely different from larger charities.

The Lloyds Bank Foundation has also explored the particular culture and dynamics of small charities in its Growth Pilot Programme. Paul Streets its Chief Executive has written of the need for the sector to ‘recalibrate’ the focus of its attention away from Westminster and that it’s time to look local and respond to the message from local charities and local

authorities about “what is happening to the poorest people on the ground”<sup>17</sup>.

<sup>16</sup>IVAR The Institute of Voluntary Action Research’s (IVAR) The Value of Small’ [www.ivar.org.uk/research-report/value-of-small](http://www.ivar.org.uk/research-report/value-of-small)

<sup>17</sup><https://lbfew.wordpress.com/2019/04/03/paul-streets-its-time-we-looked-local/>

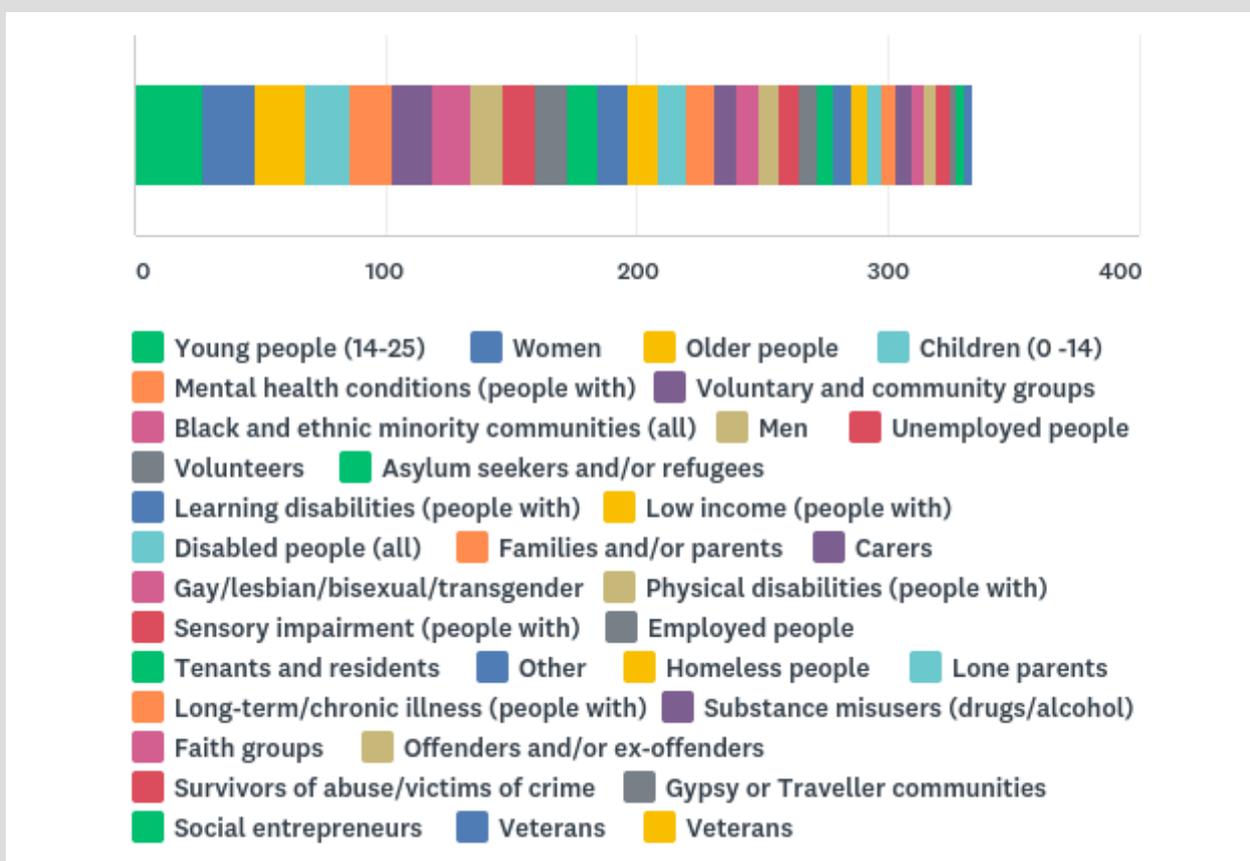
## The nature of the work

Just under half (43%) of the survey respondents told us they work with all client groups. Of those voluntary organisations that work with specific clients, young people, (aged 14 to 25) emerged as the single group that a majority of respondents work with. This is followed by women, older people and children (0 to 14). This is a slight change from the 2018 survey, which listed children as the largest group most in receipt of voluntary sector services, just ahead of young people then volunteers and older people. However this 2019 sample could be a different cohort, rather than a shift in beneficiary needs.

These results should not be surprising. The UK Civil Society Almanac 2019 tells us that children and young people are the most common beneficiary group and local authority youth services have been badly affected by austerity. In 2018 the YMCA<sup>18</sup> reported that overall spending on youth services in England had fallen by £737million since 2010, with 600 youth centres closing between 2012 and 2016 and 3,500 youth workers losing their jobs.

*“One of our contracts has expanded, however three others are up for retender which creates insecurity in the workforce and could potentially lead to a reduction in contracts, services and staff”*

Chart 9: Who are the groups you work with? Please tick up to four groups and only tick those client groups that you mainly work with



<sup>18</sup><https://www.ymca.org.uk/research/youth-and-consequences>

According to the Institute of Fiscal Studies as many as 500 Sure Start Children's Centres across the country have closed between 2011 and 2017 with spending on Sure Start cut by two thirds<sup>19</sup>. Where Centres are still running, in 55% of local authorities the services they offer have been reduced, according to the Sutton Trust<sup>20</sup>. This is against a background of increasing child poverty, with 4.1 million children living in relative poverty.

That a high number of voluntary and community organisations are found to be working with children and young people simply demonstrates the sector's responsiveness to need, and its status as a 'first responder'.

The trend identified in previous Newcastle CVS surveys of increasing demand from people with more and increasingly complex problems continues into 2019.

*"Not only do we have an increase in demand for our services, many of our clients have more complex needs. Mainly due to poverty, austerity and benefit cuts/changes."*

*"Demand for our bereavement support has more than doubled from a steady 300 people per year to 700 last year... if this carries on all year, we could have nearer to 1,000 people asking for support. Austerity and Universal Credit have caused great hardship [and] when people are then hit by bereavement it is often the last straw and they have no coping mechanisms left."*

The survey provides a raw account of life in communities in Gateshead and Newcastle which have been hit hardest by the combined effects of cuts to public services, precarious working conditions and low incomes, whether as a result of cuts to benefits or low wages.

*"Mental health issues are on the rise. We... respond practically to where we are able to folks who are affected by the effects of the welfare system and being out of work. We invest our time and energies supporting the most vulnerable in society."*

*"More children and young people experiencing poverty caused by low wages and rising prices which will [increase] stress on family life, increasing mental ill-health, especially anxiety and depression for parents and children."*

Describing the difference, it seeks to make to the lives of young women, one organisation explains how at one time the support they offered enabled young women to gain the confidence and skills needed to take the next step and go onto college. Now, they are gratefully told the *"project saved my life... I wouldn't be here without it."*

The rising tide of mental ill health affecting people in Gateshead and Newcastle is another issue that has consistently been raised by the voluntary sector locally. In an exercise carried out at Newcastle CVS's annual general meeting in 2017, that asked attendees about the main issue facing Gateshead and Newcastle, mental health was the most frequently given answer.

The extent of the crisis taking place in local communities is not always apparent, especially to the outside observer and may only come to the surface through the accounts of local people, carers, workers and volunteers who are embedded in the day to day life of the community.

The response by one community association based in Gateshead, to the challenge of increasing local engagement and reaching those individuals and communities that

<sup>19</sup><https://www.bbc.co.uk/news/education-48498763>

<sup>20</sup><https://www.suttontrust.com/wp-content/uploads/2018/04/StopStart-FINAL.pdf>

services are apt to claim as 'hard to reach' is to *"increase our visibility to locals of our existence and availability [of the] centre"*. The association is currently working with FareShare and others to create a local food network for low income families.

Other local associations seek to make a difference by caring for and improving the local environment, something that is often central to local authority thinking as councillors and officers grapple with the challenge of balancing reducing budgets and delivering core services. Gateshead Council's Thrive initiative, for example asks people to take more responsibility for what goes on in their own neighbourhood.

*"Between 2001 and 2006 we developed a pocket park. We still get support from Gateshead Council, but they cannot undertake the gardening because of austerity measures [and] it is a major struggle for us to combat vandalism, dog mess and fly-tipping."*

Some organisations seek to improve community cohesion by offering a range of activities and events that enable some families to enjoy new experiences through organised trips. Alongside these activities however, there remains the bread-and-butter issues that many grassroots organisations address; increasing family income by offering welfare rights support, promoting better health by providing advice, support and access to health services, providing specific support to mothers, babies and toddlers and providing volunteering opportunities to benefit the health and wellbeing of local people.

However, the spectre of austerity is never far away.

*"Effects of austerity – women are hardest hit... growing far right influences lending itself to hate crime – women are easier targets... shortage of language/orientation support due*

*to cuts in ESOL provision."*

*"Increased deprivation is pushing people towards our services... cuts elsewhere 'in the system' means that our services struggle to engage statutory services to effectively support our clients; we find ourselves having to explain why sub-optimal responses from the statutory sector is the new normal."*

Other respondents make a similar point.

*"More reduction in personal income, welfare reform, now food and fuel poverty is becoming more apparent and 'normalised."*

This sense of current conditions, shaped by the policies of austerity, welfare reforms and budget cuts, becoming 'the norm' both for communities, (especially the poorest ones) and voluntary sector organisations located or working in these communities is a new element emerging from the 2019 survey.

*"We give them a lifeline and enable them to keep on caring; without some of our services they are frightened as to how they are going to manage."*

*"[What do we think are the main issues for young women?] lack of positive activities, financial poverty, pressure in all areas e.g. body image, educational attainment, peer pressure to misuse substances, sexual pressure."*

Some voluntary organisations are responding to these seemingly permanent circumstances by reviewing and changing how they carry out their work in order to meet their objectives.

*"We have moved to a 'social welfare approach' which better enables us to respond to client needs and work in a more person-centred and holistic way."*

The survey draws out the risk to people of becoming *"socially isolated due to reduced opportunities and health inequalities"*. Often

responses to the survey associate the likelihood of becoming isolated with ageing, but voluntary organisations that work with people with physical disabilities or sensory issues also call attention to the risks of social isolation and loneliness.

*"We know – because people tell us – that attending our social groups means the difference between almost virtual isolation and meeting friends... our groups challenge social isolation and... ease the mental and physical health problems that affect lonely people."*

The results of the survey indicate some gaps in specific client groups in receipt of voluntary sector services. These include veterans, social entrepreneurs, Gypsy or Traveller communities, survivors of abuse and offender or ex-offenders. However, this is more likely to be the reflection of the sample of organisations responding to the survey rather than assuming there are no local voluntary organisations working with these particular client groups.

Asking for an estimate of the number of people who benefit from action their voluntary organisation undertakes, 79% of survey respondents answered more than 100. This suggests more than 10,000 individuals benefit from the survey sample organisations alone. The UK Civil Society Almanac 2019 estimates that nine in every ten UK households have accessed voluntary sector services at some point.

## Involvement in doing good in Gateshead and Newcastle

The voluntary and community sector is nothing if not egalitarian. The Civil Society Futures inquiry posited that human relationships are the connective tissue of civil society before going on to criticise charities and NGO's for becoming too transactional in their practices. However, at the grassroots end of the civil society spectrum anyone with an idea or campaign or a desire to 'give something back' can, with some like-minded individuals, begin to organise and set up an unincorporated group, apply for funding and begin to make a difference.

Alternatively, people can offer themselves as a volunteer. The IPPR report on the Value of Volunteering in the North report, published in October 2018<sup>21</sup> estimated the number of volunteers in the North East was 150,000, equating to approximately 11 million hours of volunteering time. The report estimated the value of volunteering to the region to be £130million. The report acknowledges that reducing the contribution of volunteering to a set of economic outputs has its limitations and that the 'value that any one volunteer brings varies hugely'.

Volunteering has occupied a central position in successive governments thinking about the voluntary sector. From New Labour's Millennium Volunteers and the Future Role of the Third Sector report in 2007 to the Coalition Government's Big Society and National Citizen Service to last year's Department for Digital, Culture, Media and Sport (DCMS) Civil Society Strategy and

enabling a lifetime of contribution while saving libraries and community centres from closure, volunteer time is considered an essential foundation of the voluntary sector.

DCMS has published the Community Life Survey for 2018-2019<sup>22</sup> and noted that 22% of adults in England took part in formal volunteering at least once a month 36% took part in formal volunteering at least once in the last year. 75% have given to charitable causes in the last four weeks, donating an average of £24 each. For both formal and informal volunteering, participation has reduced since 2013-2014, but generally rates of regular volunteering (at least once a month) have remained stable since 2016-17. The most common barriers cited to formal volunteering were work commitments and 'other things to do in my spare time'. The most common reasons given for formal volunteering were 'I wanted to improve things/help people' and 'this cause was really important to me'.

The NCVO report on volunteering 'Time Well Spent'<sup>23</sup> examined the volunteering experience to gain a rounder view of the different ways of getting people involved in volunteering, looking at how volunteering fits into people's lives and the impact it has on them, to understand peoples experiences across the volunteer journey, to consider what a quality volunteer experience looks like and explores how to better engage potential volunteers. This report is more nuanced and explores the reasons behind why, how and who volunteers and should be considered by any organisations that want to recruit, retain and engage volunteers more meaningfully.

<sup>21</sup><https://www.ippr.org/files/2018-10/third-sector-and-volunteering.pdf>

<sup>22</sup>DCMS Community Life Survey for 2018-2019 <sup>22</sup> [www.gov.uk/government/statistics/community-life-survey-2018-2019](http://www.gov.uk/government/statistics/community-life-survey-2018-2019)

<sup>23</sup>NCVO Time Well Spent [www.ncvo.org.uk/policy-and-research/volunteering-policy/research/time-well-spent](http://www.ncvo.org.uk/policy-and-research/volunteering-policy/research/time-well-spent)

Table 3

How many people are involved in your organisation?								
+Income bands	0	1	2-4	5-10	11-20	21-50	51-99	100+
Number of volunteers	6.1%	1.7%	11.5%	21.2%	17.7%	21.2%	8.8%	11.5%
Number of trustees	2.6%	0.0%	20.5%	56.2%	18.7%	0.0%	0.0%	0.0%
Approximate number of people who benefit	0.0%	0.0%	0.0%	1.7%	1.7%	6%	11.3%	79.1%

The survey asked about the number of volunteers in organisations, and the results indicate that volunteering continues to be an important feature of voluntary sector delivery. Asked a further question about the movement, up or down of the number of volunteers during 2018, 80% of respondents replied increased or stayed the same. It is clear from comments to the survey, that volunteers are considered a valued resource.

*"We have a core dedicated volunteer group now who do everything, everyday; it would be nice to be able to allow them time off"*

*"Although we have a similar number of volunteers, we have now introduced ASDAN accreditation for volunteers to offer a better volunteer experience and also help volunteers to be work ready"*

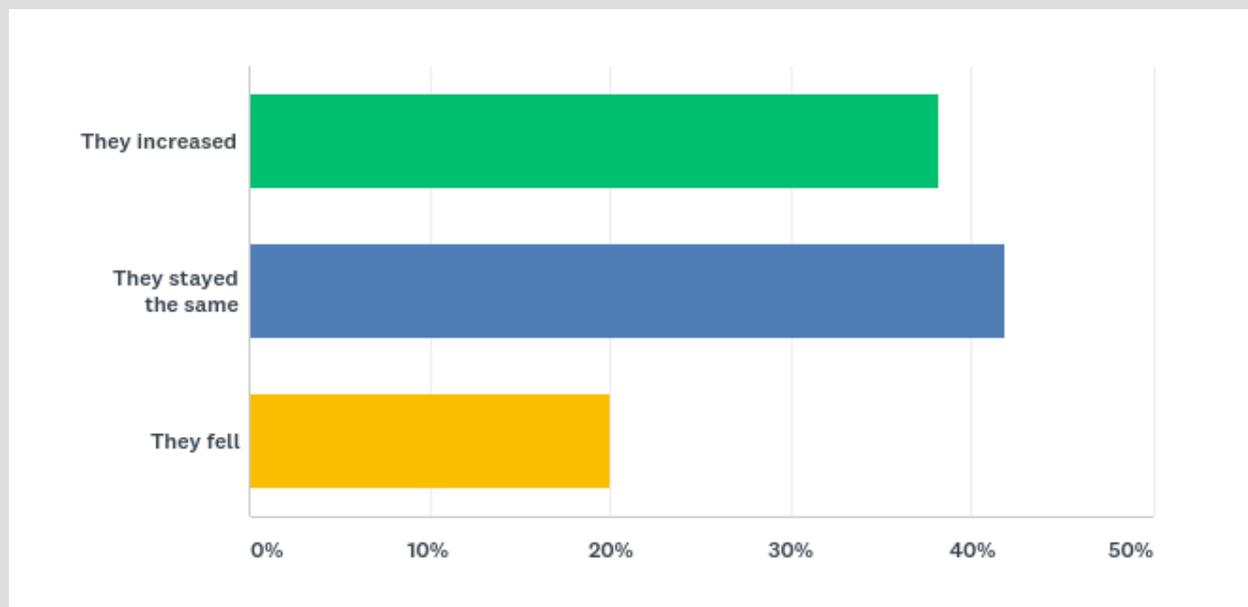
*"We have a fantastic pool of dedicated and knowledgeable volunteers; we have robust and clear volunteer recruitment and support policies and processes"*

It is also clear from responses that voluntary organisations recognise the pressures that volunteers and staff are exposed to, regularly working with and supporting people whose lives can be complex and difficult. In replying to the survey question about the top three

challenges they expect their organisation to face during the next two years, one response included *"ensuring that staff and volunteers are not overwhelmed with the volume and diversity of our work, their health and wellbeing is important too"*.

If voluntary organisations on one hand recognise their duty of care to staff and volunteers, they can, on the other, sometimes find it challenging to fully discharge that duty. For small and medium sized voluntary organisations, the financial resources available to offer staff and volunteers access to occupational health services are likely to be unavailable. Schemes like Time to Change and Better Health at Work can offer a more attainable means to recognise the effect of workplace pressures on staff and volunteers and a guide to putting measures in place to mitigate them. However, adopting these approaches may still prove beyond sections of the voluntary sector where groups and organisations are operating on very low income levels.

Chart 10: During 2018, did you experience?



The survey finds a fifth of respondents experienced a loss in overall volunteer number during 2018. It is unclear from comments added to what extent the circumstances of their volunteering led volunteers to leave.

Previous Newcastle CVS surveys have raised issues of difficulties in recruiting and retaining volunteers and this trend appears to continue in the 2019 survey.

*"It's very difficult to recruit volunteers; the volunteers our project has have been with us for a number of years."*

In listing challenges that are likely to face individual organisations over the next two years, difficulties with volunteer recruitment appears in around a fifth of replies given. Doubts are expressed in some comments about the quality and commitment of new volunteers (with younger volunteers singled

out by a number of respondents as being less reliable).

*"Attracting new volunteers to replace older volunteers as they scale back (through health and age); there just isn't the same ethos."*

*"Finding suitable volunteers... will be our number one challenge."*

Evidence given to the House of Lords Stronger Charities for a Stronger Society committee suggested that voluntary organisations, in the face of funding cuts, were coming to be increasingly dependent on volunteers, who were no longer just a 'helping hand'.

According to the report, the boundaries between staff and volunteers risked become blurred and at worse, an over reliance on volunteers risked hindering the growth of a charity.<sup>24</sup>

<sup>24</sup>[https://publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/13308.htm#\\_idTextAnchor106](https://publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/13308.htm#_idTextAnchor106)

During 2018, the Newcastle Volunteer Centre registered 1,463 people seeking volunteering opportunities, two thirds of whom were women. The age range most interested in volunteering are 26 - 49. In 2018 the Great Exhibition of the North, like many high-profile initiatives proved a popular option for those looking to volunteer.

There has been some criticism within parts of the voluntary sector of what is effectively seen as a middle-class capturing of volunteering, especially for high profile events like the Great Exhibition or sporting events like the Olympics. By contrast, the Civil Society Futures Inquiry report suggested that in an environment of precarious, low income working environment, 'volunteering your time for free is unlikely to be a priority if you're worried about where your next meal will come from'.

Other popular areas for volunteers to engage include supporting people with mental health problems, helping in the NHS, supporting older people, animals and working in food banks. The least popular areas appear to be working with adults with learning difficulties and becoming a trustee.

Gateshead Council, which runs the borough's volunteering opportunities, notes 2,586 registered volunteers. The Council heavily promotes and encourages volunteering, with ambitions to position itself as a centre of volunteering excellence. The council reports 10,000 volunteers are actively helping across Gateshead communities (adding this is the tip of the iceberg with many more taking part in informal volunteering activity).

The 2018 Gateshead Residents Survey listed 75% of residents volunteering informally while 54.4% undertook formal volunteering.

The survey also found 57.4% residents individually, not as part of a group, taking on tasks to improve their local area.

Many of the volunteering opportunities advertised by Gateshead Council during June 2019 are closely related to public service roles, for example providing telephone support for victims of anti-social behaviour or a conversational English tutor role with Gateshead Housing Company.

Some Trade Unions have expressed concerns about the use of volunteers by public bodies. The organisers of Edinburgh's Hogmanay street party were criticised by the GMB Union for contravening Volunteer Scotland's Code of Practice and the National Minimum Wage Act and seeking to exploit volunteers as unpaid labour<sup>25</sup>.

Meanwhile, the Civil Society Futures report has advanced a vision of civil society that includes Community Business (described as a subset of social enterprises) as a *"solution to many of the ... endemic and systemic problems' posed by stagnating wage levels, low productivity and increasing automation of jobs. Locally rooted and accountable to the local community, Community Businesses the inquiry claimed, already involve 119,500 volunteers – along with 35,500 staff and offer a positive way of reimagining work"*.

Such a description could of course be applied to voluntary sector organisations. Along with the 10,000 and more volunteer positions the sector offers in Gateshead and Newcastle, it is also a significant employer.

<sup>25</sup><https://www.commonspace.scot/articles/13553/concerns-raised-second-time-over-use-unpaid-labour-edinburgh-s-hogmanay>

Table 4

Number of full and part-time staff employed by Newcastle and Gateshead voluntary and community organisations								
+Income bands	0	1	2-4	5-10	11-20	21-50	51-99	100+
Number of full-time employees	37.8%	7.7%	21.3%	8.7%	8.7%	3.8%	2.9%	8.7%
Number of part-time employees	32.4%	6.4%	25.9%	13.8%	7.4%	5.5%	2.7%	5.5%

When asked whether 2018 saw a variation in staff levels 46% responding said there had been no change in staffing numbers. A small minority (5.8%) reported paid staff becoming volunteers. In one example the posts of centre manager and catering manager were both now filled by volunteers. Lack of funding and short-term funding are commonly identified as reasons for staff redundancies. 37% of organisations reported an increase, and 14% a decrease in staff number over the previous year.

*"We have less staff as we closed our playgroup and made a member of staff redundant due to the end of a lottery project."*

*"Staff were 'let go' due to lack of funding."*

Even when respondents reported taking on new staff it is with the expectation that the position will be unlikely to last beyond a specific project or pot of funding.

*"One new member of staff on a one-year programme; unlikely to be kept on beyond that point if new funding is not secured."*

The Civil Society Almanac 2019 reports that since 2010 the voluntary sector workforce has grown continually (apart from the years 2011 and 2018). The sector's workforce nationally is slightly older, on average, than the public and private sector and has a higher percentage

of part-time workers. Two thirds of the sector's workforce are women and 51% of employees are educated to degree level. The voluntary sector has the highest proportion of temporary contracts compared to the public and private sectors (though growth in temporary contracts is slowing down)

While this survey does not explore these areas, there is little to observe that suggests the local workforce do not broadly follow these same characteristics.

There has been a significant push in the voluntary and community sector to offer the Accredited Living Wage, as agreed by the Living Wage Foundation. However, this can cause difficulties for competitive tendering if staff wage bills are considered to be 'too high' and marked accordingly. The introduction of auto-enrolment for pensions, although announced well in advance, meant additional pension costs for many employers. There are often difficult discussions at Board level when the pressure is on trustees to manage the budget, be a fair employer and be competitive; and there can be different views on whether charitable funding should be used to pay pensions and other staff benefits. As more public sector organisations move to the Accredited Living Wage, the differentials are obvious. The increases in the National Living Wage will be challenging for some charities.

## The Challenges Ahead

Overwhelmingly, respondents report an increase in demand for their services.

During 2018, did your services experience	
An increase in demand	77%
No change in demand	20%
A decrease in demand	1.7%

This increase in demand continues a firmly established pattern observed in previous Newcastle CVS surveys. Other studies, for example the Third Sector Trends in the North East of England report, have also highlighted the expectation or actual increase in demand for services with only a minority anticipating a decline in demand.

The Civil Society Futures inquiry forecasts that forces operating from local, through to national and even global levels will increase the demands on voluntary organisations as issues such as rising personal debt, increasing poverty, growing inequality and increased pressure on health and social care systems take hold. The NCVO Road Ahead 2019 report<sup>26</sup> warns charities to prepare for a 'gloomy economic outlook' of change and uncertainty.

Asked what the main challenges for beneficiaries are likely to be during the next two years, poverty is frequently cited.

*"Lack of investment in people, their families and services that support the most marginalised in our society compounding poverty."*

*"Not only do we have an increase in demand*

*for our services, many of our clients have more complex needs, mainly due to poverty, austerity and benefits cuts/changes."*

*"We have had people come to us in a terrible state; our lunch clubs are attended by people aged 67 to 99, for most of them this is the only day of the week they get out of the house, get to socialise and enjoy a hot, freshly cooked meal."*

Associated with poverty are often a number of other common experiences including social isolation, poor physical and mental health; so common in fact that these conditions are becoming normalised.

*"We have seen a massive increase in single men in need of help; we are hoping to work with more partnerships to offer specific help."*

Among specific issues identified in the survey are the increasing number of services that are moving online, leading to digital exclusion.

*"People with learning disabilities have difficulty with access to the internet and completing on-line forms."*

*"Mental and physical health issues tend to be most common among our members, additional challenges including gaining asylum and hate crime."*

*"[Being a carer] can create or intensify financial pressures and welfare reform has exacerbated this, so we have had an increase in carers saying they cannot afford to buy food."*

*"Schools not able to cope with social economic need of parents or carers of their pupils, therefore pushing more of these onto our services and asking us to do it for free."*

*"Transport costs."*

<sup>26</sup>NCVO The Road Ahead 2019 [www.knowhow.ncvo.org.uk/tools-resources/strategy/RoadsAhead2019.pdf](http://www.knowhow.ncvo.org.uk/tools-resources/strategy/RoadsAhead2019.pdf)

The frequency that poverty, its causes (Universal Credit, sanctions, low pay and precarious working conditions) and its consequences, (poor physical and mental health, social isolation and lack of opportunity) appear in the lists of challenges facing communities merely follows a pattern set in our previous surveys.

Around a third of the voluntary organisations that responded to the survey are located in postcode areas, including NE4, NE6 and NE15, which have been closely associated with social and economic deprivation for many years. Many of the remaining two thirds of respondents will almost certainly be providing services for people living in those areas.

Areas such as Scotswood and Byker, Lobley Hill and Bensham have long been associated with the characteristics of poverty. They have attracted voluntary sector led interventions and have been the focus for government funded regeneration schemes and initiatives. An LSE article<sup>27</sup> published in 2016 considered whether personal behaviours or structural factors (e.g. deindustrialisation) lie at the root of poverty. Its conclusion that personal behaviours, if allowed to develop past opportunities for early intervention, while at school for example, can be a factor but that the high levels of severe and multiple disadvantage in northern industrial towns, like Newcastle, Middlesbrough and Blackpool, can only be accounted for by material and structural factors.

Philip Alston, the UN Special Rapporteur on extreme poverty and human rights, in his statement on poverty in the UK<sup>28</sup> described Universal Credit as embodying, “the promotion of austerity” and accused

Government ministers of being “in denial” about the “social calamity” their policies have caused. As part of his evidence collection in November 2018, Professor Alston visited the Newcastle foodbank and spoke with users and volunteers.

*“[Main issues for beneficiaries?] work capability assessments and the conditionality attached to welfare reform... lack of services available to protect individuals at a critical need point.”*

Professor Alston’s final report sets out the choices that the survey informs us many people in Gateshead and Newcastle are forced regularly to make; of whether to “eat or heat their homes. Children are showing up at school with empty stomachs, [families] with incomes no more than 10% above the poverty line [are] just one crisis away from falling into poverty.”

This survey makes clear that these circumstances are depressingly familiar to voluntary and community workers and volunteers.

*“Complex needs that take longer to work with; for the first time in twenty-seven years we are at a crisis point with the levels of referrals.”*

Asked about the challenges that organisations themselves expect to face in the next two years, funding dominates as the number one challenge followed by increasing demand on services.

One comment from an established voluntary organisation based in a diverse area with high levels of deprivation, running a community venue but which has experienced a loss in overall income exemplifies this position.

<sup>27</sup><https://blogs.lse.ac.uk/politicsandpolicy/what-causes-poverty/>

<sup>28</sup>Alston Report Statement on Visit to the United Kingdom, by Professor Philip Alston  
<https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=23881&LangID=E>

*"[The challenges will be] securing funding, as the public sector purse shrinks and there is more competition for grants from charitable trusts; building our trading activities to generate income; meeting increasing demand with decreasing resources."*

For others, the challenge of securing longer term funding and meeting the needs of beneficiaries is combined with a lack of local neighbourhood projects to work with. Reductions in local authority and other government grants will be a significant test for some respondents to the survey while for others it's keeping hold of experienced staff and *"encouraging people to value the service we provide."*

For larger voluntary organisations (though not exclusively), for whom public sector contracts make up a more significant proportion of their annual income, retendering of services, the immediate impact of this on staff and the attendant impact on beneficiaries is a challenge. One such organisation forecasts for beneficiaries there will be a reduction of access to services and *"inconsistent support due to staff being employed on temporary contracts or feeling insecure in their employment so seeking employment elsewhere, potentially out of social care."*

Recent claims by the Local Government Association that one in five councils in England will need to make drastic spending cuts to avoid effective bankruptcy<sup>29</sup> and that within three years one in three councils will be unable to meet their statutory duties to provide sufficient adult and children social care services only hasten forward the bleak picture depicted in the Gateshead Newcastle survey.

However there is always light at the end of the tunnel and in the voluntary and

community sector we can still find prevailing optimism.

When asked, 70% of organisations noted their organisation had developed new areas of service, projects, initiatives or events in the last year.

Despite the manifest challenges that are likely to test both voluntary sector organisations and the communities they work with, the voluntary and community sector continues to achieve real and substantive difference for those people and communities who need support.

*"The service... meets a very basic need and human right; for many of our service users it is the difference between eating and going hungry – treating people with dignity or ignoring the levels of poverty in our society."*

Other positive outcomes that the sector achieves include improving individual self-esteem, increasing independence, physical fitness and mental wellbeing; reducing social isolation and enabling people to better manage their day to day lives (and cope with the demands of Universal Credit).

*"They describe us as a lifeline."*

*"[We enable a] better understanding of money issues, help with benefits and support, increased confidence."*

*"[Our services] changes their lives and improves their independence."*

*"Some people have become more active through our health walks, one long term unemployed [service user] now has a permanent job; social isolation is being reduced."*

*"The lack of understanding people in local and central government have of the true cost of*

<sup>29</sup><https://www.theguardian.com/society/2019/jul/02/one-in-five-councils-face-drastic-spending-cuts-within-months>

*childcare and support needed for families to provide a good, healthy and stable lifestyle, with opportunities to learn and get work."*

Specific forms of intervention and support from voluntary organisations vary from offering prosaic, everyday items such as toiletries, washing up liquid and soap powder to organising exercise classes and mindfulness sessions to providing specialist advice on welfare and benefits applications and appeals, to providing training Police officers about improving their responses to incidents of domestic abuse.

*"One young mum who was depressed and suffering from anxiety, said she felt that suicide was an option as her sister had committed suicide; we referred her to a foodbank... I personally gave her a fiver to feed her cat as she was really upset that she could not feed her cat."*

*"[We help] parents to access sanitary protection (receiving donation from the police as they had received a lot); one young girl was going to school during her period and having to wear a sock instead of proper sanitary protection."*

## Food poverty in Gateshead and Newcastle

Ken Loach's award winning 2016 film, *I Daniel Blake* was a hard hitting indictment of the government's welfare reforms. Filmed in Newcastle, the film includes a memorable scene shot on location in the city's West End Food bank, at the time and still, the largest food bank in the country.

In January this year the Environmental Audit Committee published a report on hunger, malnutrition and food insecurity in the UK<sup>30</sup>. The report stated that food insecurity in the UK is significant and that it is growing, with numbers of children affected by food poverty among the worst in Europe.

Echoing accusations laid against the government by Professor Philip Alston, the UN's Special Rapporteur on Extreme Poverty, the Environmental Audit Committee found that the *"government has failed to recognise and respond to food poverty and its impact on those affected"*.

The report went on to welcome the *"excellent local initiatives working to reallocate the UK's surplus food and to tackle hunger"*. The government was told it needed to *"engage with civil society to understand the scale, causes and impacts of food insecurity in the UK, implement strategies for improvement and monitor progress"*.

In April 2019 the Trussell Trust, which supports a nationwide network of more than 1,200 food banks in the UK, reported on its statistics for April 2018 to March 2019. During that year Trussell Trust food banks gave 1.6 million three-day emergency food supplies to people in crisis with more than

half a million going to children. The figures represent an 18.8% increase on the previous year<sup>31</sup>. The Trussell Trust estimate that its network makes up about two thirds of the food banks in the UK.

Food banks are only one of the responses to food poverty, though doubtless the most visible. In this survey, respondents were asked what they had to say about food poverty from their organisation's point of view and the view of the people they support.

*"It's a real and severe issue for a significant number of our service users and food poverty when it exists, overshadows all other considerations; when someone doesn't know where their next meal is coming from nothing else matters"*

Our specific interest in food poverty dates back to 2012 when it became apparent that people were being referred to food banks, but few seemed to know how many there were in Newcastle, where they were and who was running them.

The Newcastle CVS report in 2012, *Food for Thought, Food Bank provision in Newcastle*<sup>32</sup> was the first attempt to map food banks in the city, listing eight food banks along with seven other 'no cost' facilities.

Food poverty, and the initiatives undertaken by voluntary and community organisations to mitigate its effects, surfaced regularly in subsequent reports produced by Newcastle CVS that were often primarily about other work that voluntary and community organisations were doing, such as supporting people with disabilities.

Most often food poverty and food bank usage have been linked to the Government's

<sup>30</sup><https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1491/1491.pdf>

<sup>31</sup><https://www.trusselltrust.org/about/>

<sup>32</sup>[https://www.cvsnewcastle.org.uk/images/files/research\\_and\\_reports/2012/foodthought12.pdf](https://www.cvsnewcastle.org.uk/images/files/research_and_reports/2012/foodthought12.pdf)

welfare reforms and in particular Universal Credit, beginning with the five week wait (originally six weeks) between making a claim and receiving the first transfer of benefit into a claimant's bank account.

According to the Trussell Trust, areas like Newcastle and Gateshead, where Universal Credit has gone live, have seen an average 52% increase in food bank usage during the first twelve months<sup>33</sup>. In areas still waiting for Universal Credit to go fully live, the increase has been 13%.

This quote is from a voluntary organisation working across Gateshead and Newcastle supporting people with mental health problems, *"we are seeing an increase in food and fuel poverty, mainly due to the changes in the benefits system, the roll out of Universal Credit and the application and assessment of PIP and ESA"*.

Personal Independence Payments (PIP) and Employment Support Allowance (ESA) are benefits available for people who cannot work because of sickness or disability. The Trussell Trust has explicitly linked the application and appeals processes for these benefits to increases in the number of people being referred to foodbanks while experiencing mental health problems, stress and anxiety.

*"We have helped many people access food banks whilst waiting for benefits to be approved or when appealing" – from an organisation that supports people with sight loss."*

Of the organisations responding to the survey, almost 50% made referrals to food banks (in some cases on a weekly basis), handed out vouchers, collected and donated to, signposted or started up a food bank. From being virtually unknown seven or

eight years ago, food banks have become an integral part of the everyday economy of the poorest communities, families and individuals in Gateshead and Newcastle.

*"We can see how [food poverty] is affecting people on our estate; they look for shops where they can get good offers and I know some have been using food banks... Universal Credit hit really hard; we have made phone calls for them as the cost to get through was a cost they couldn't afford as most people only have mobile phones"*.

Several responses to the survey highlight the impact of poverty on children and young people.

*"Food poverty is a very significant issue... in particular young people seem to be invisible when it comes to exploring this issue; young people are very hesitant to talk about food poverty, they are extremely embarrassed and suffer from the stigma... that prevents them asking for food and help"*.

From an educational charity that works with low income families, *"we noticed that kids come in [to our after school club] hungry and during our holiday programmes we always notice those that come in not having had breakfast and those who always seem to forget to bring their lunchbox"*.

*"Parents are having to be more careful with their finances; in some families parents are not eating much to feed their children"*

*"We provide a meal at all of our youth work sessions; many of the young people that attend are hungry and report that they have had no access to food that day"*

While food banks form a core response to hunger and poverty, not all of the organisations responding to the survey use

<sup>33</sup><https://www.trusselltrust.org/2019/03/27/stem-rising-tide-food-bank-referrals-end-five-week-wait/>

or approve of them.

For certain organisations the answer lies in adopting a different relationship to food and becoming more confident in using and cooking fresh food. Criticisms have been made about the food available from food banks, often heavily weighted towards tinned and dried food rather than fresh. Concerns are expressed about the health implications of over-reliance on food that is processed with too much salt, sugar or both and the lack of cultural appropriateness of some food packages.

*“Wrong food is given at food banks, increasing health issues; education is needed to improve budgeting, cooking skills, healthy eating.”*

*“We want to make bread and pizza ovens in community settings so that everyone can use them.”*

*“There are many complex challenges around food poverty including lack of practical skills to cook from scratch, lack of resources including access to cooking facilities or insufficient energy to cook from scratch; cheap and abundant availability of poor-quality high fat/sugar foods. I feel food banks are actually making matters worse by providing free, processed food rather than tackling the issue of low wages.”*

Research from the Institute for Fiscal Studies<sup>34</sup>, issued in June 2019, found that a fifth of people in working households were living in relative poverty (defined as below 60% of the median income). An increase of 40% since the mid-nineties, the level of poverty is driven up in part, the IFS said, by higher private and social housing rents and lower housing benefits. Another factor was the slower growth in earnings compared with higher earners.

The assorted forces, policies and structural

inequalities that combine to (it appears) relentlessly drive upwards the number of people and families living in poverty without sufficient food to eat will not be undone by the voluntary sector. Acting on its own, the sector at best will be able to provide immediate relief to those without food and use the evidence it collects to campaign and influence those with the political will to bring about change.

*“Food poverty is very real and is increasing exponentially.”*

*“Food poverty is definitely increasing.”*

<sup>34</sup><https://www.ifs.org.uk/publications/14193>

## Conclusions

The voluntary and community sector is clearly resilient, but it is entering a period of change. In his final speech to NCVO's 2019 conference Sir Stuart Etherington castigated those whose vision was stuck in a nostalgic past when life was better and called for investment in 'social growth' along with economic growth.<sup>35</sup>

He suggested a new economic phase was on the horizon for voluntary and community action, turning from the transactional relationships created by public sector contracting but demanding trustees, managers and workers ask fundamental questions about the why and how of their organisations; questions that might see a scaling down rather than scaling up, if the voluntary sector is to regain the trust lost following recent scandals about fundraising and safeguarding.

However, even if the sector rises to Sir Stuart's challenge, conditions are likely to remain tough for Gateshead and Newcastle organisations. A normalisation of poverty appears to be happening, whereby food banks, virtually unknown seven or eight years ago, are part of the fabric of life for individuals and families living on low incomes.

Brexit was still relatively absent from the list of challenges lying ahead for the sector and communities in Gateshead and Newcastle. Those responding to the survey who did raise it, were likely to be working with migrant communities that are the most likely to be directly affected.

Similarly, little reference was been made to the creation of the new North of Tyne

Combined Authority or the new metro mayor, even though one of his signature policies is the creation of community hubs across the new area. For the few organisations that did refer to the combined authority it was with a mind to the partnership-making possibilities this expanded administrative and commissioning area, might present.

Despite these challenges it is noticeable that Gateshead and Newcastle's voluntary and community organisations continue to be optimistic about the future possibilities. 70% of respondents had developed in the previous year, new areas of service, initiatives or projects. These included new domiciliary care and counselling services; increased referral and support services. Other organisations introduced mindfulness into their programmes, developed peer support groups and began regular quiz nights and cooking events.

One group set up a men's group for *"gents over 65... who are often very isolated"* while another *"converted a double-decker bus into a learning bus to reach out to other areas of need"*.

One organisation had introduced a handyperson scheme. For others, they offered different creative opportunities such as performance, animation and glassmaking. Yet another was involved in an EU funded project about human rights and language that was being successfully rolled out locally.

Many of the initiatives listed above and others in the survey do not present high risk ventures or require significant investment. The survey indicates that public funding makes up no more than 25% of most voluntary organisations' budgets. This

<sup>35</sup>Stuart Etherington April 2019 <https://www.ncvo.org.uk/about-us/media-centre/press-releases/2518-sir-stuart-etherington-s-2019-state-of-the-sector-address-to-ncvo-annual-conference-delegates>

is doubtless a reflection on the reduced amount of grant aid available from councils and other public bodies and also the increased competition for funding.

“[Our] organisation has suffered badly from local authority budget cuts and austerity”

“The majority of our funding came from a government contract, which has finished, as well as from the local authority”

The survey appears to indicate that the importance of National Lottery Community funding to the VCS in Gateshead and Newcastle has increased slightly since publication of 2018's GaN Canny report.

However, a closer look at the National Lottery Community fund grants made to organisations in Newcastle indicate thirty-one awarded in Newcastle of which twenty-eight were Awards for All, with a value of between £5,000 to £10,000. Gateshead shows a similar pattern where out of nineteen Big Lottery grants made in the borough, seventeen were from Awards for All.<sup>36</sup>

If competition for larger grants is increasing, it is clear the opportunities once promised by public sector contracts have peaked. More small and medium-sized organisations need to adjust to getting by primarily on small grants and any income generation. There is a risk that the sector could face a period of instability and potentially a hollowing out, most likely of those small to medium income organisations with staff and a small asset base.

Looking across the voluntary sector in Gateshead and Newcastle it is easy to see the dedication, imagination and energy of the sector and miss the canaries in the coal mine whose presence should alert us to the dangers present and encourage us to organise ourselves before it is too late.

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<sup>36</sup><https://insights.threesixtygiving.org>

## About Newcastle CVS

Newcastle CVS provides an independent voice and expert support services to voluntary and community organisations and social enterprises in Newcastle and Gateshead; we are here to help.

Members of Newcastle CVS, can benefit from free and discounted training, access to networking events and forums, our free quarterly Inform magazine, a chance to share their updates in our fortnightly e-inform bulletin and discounts on our specialist services, including Ellison Services finance (payroll and accounts), funding support and guidance on governance, policy and compliance.

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Newcastle CVS  
Higham House  
Higham Place  
Newcastle upon Tyne  
NE1 8AF

Contact us: 0191 232 7445  
[information@cvsnewcastle.org.uk](mailto:information@cvsnewcastle.org.uk)  
[www.cvsnewcastle.org.uk](http://www.cvsnewcastle.org.uk)



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