



Economic Crisis, need & voluntary organisations in the Lancaster district:

A report for Lancaster District Community Voluntary Solutions

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Contents

Acknowledgements		3
Executive summary		4
Introduction		7
The policy context	8	
Outline of report	9	
Research method		10
The effects of the economic crisis on voluntary organisations		12
Introduction	12	
Funding	13	
Staffing	15	
Sustainability of service delivery	16	
Diversifying business models?	19	
Summary	21	
The effects of the economic crisis on need		22
Introduction	22	
Needs related to mental health issues	23	
Food	25	
Welfare benefit advice and advocacy	27	
Housing	28	
Summary	29	
Conclusion		30
Bibliography		32

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Executive Summary

Introduction and research method

- Britain is currently facing enduring economic problems, including a ‘double dip’ recession, long-term and deep austerity measures, and a long and deep squeeze on incomes. Income poor people will be most acutely affected by these economic trends.
- In the context of such economic indicators the voluntary sector faces a possible ‘triple whammy’; increased demand for the services it provides, reduced funding and increased costs. This provides the context for this research that focuses upon the effect of the economic crisis in relation to funding, staffing levels, service delivery and the demand for services.
- Representatives were interviewed from 13 voluntary sector organisations that varied in size, client-group focus, role and length of time they had been operating. The interviews were semi-structured and covered the topics that informed the focus of the research on the effects of the economic crisis on the operation of the organisations and the effect of the economic crisis upon need.

The effects of the economic crisis on voluntary sector organisations

- Research at a national level suggests that the economic crisis will have a long-term and mixed impact upon the voluntary sector. This was confirmed in interviews that demonstrated at the extremes, for example, two organisations had plans to extend the services they offered while one organisation faced imminent closure. The other organisations were between these two extremes. They were attempting to maintain service delivery levels, although for some further cuts to funding, staff and service delivery were on the horizon.
- Some organisations were finding it difficult to replace funding that had been lost because of austerity-driven cuts to public spending. There was a feeling that increased competition for funding was problematic. Some organisations, however, were seeing more success in their funding bids, although they found it difficult to explain why this was the case.
- Two organisations that we spoke to representatives from received no grant or contract-derived funding. In both of these organisations the respondents had invested their own money and were in position where they did not have to work to secure an income for themselves.
- Most of the respondents that we spoke to said that the organisations they worked for had seen staff changes in recent times. These included staff being made redundant, having their hours cut, or working for no pay.
- Respondents were aware of the trends towards social enterprise and commissioning. One organisation had embraced the idea of social enterprise while others were still thinking through its implications for their organisation and service user groups. There was a high degree of reflexivity about how such trends might impact upon the organisations and their service users. Maintaining a service user/community focus within such trends was particularly important.

The effects of the economic crisis on need

- Voluntary organisations in the Lancaster district are facing increases in demand for their services. Partly this is being driven by factors, such as demographic, social and policy changes that are outside of the economic crisis and the austerity reaction to it. However, there is little doubt that the current economic environment is increasing demand for the services offered by the voluntary organisations that we spoke to.
- Most spoke of the effects that the introduction of the Employment and Support Allowance was having on their service users in terms of increasing the need for advice and advocacy and for support, for example, for accessing food, when benefit entitlements had been reassessed or stopped altogether.
- A range of issues related to mental well being were raised by respondents. This was unsurprising because there are well-known relationships between economic crises and mental ill-health. The inability of the Employment and Support Allowance's Work Capability Assessment to take account of mental health issues was highlighted as being particularly problematic, as was the regionally-based redefining of people whose social care needs are to be financially supported.
- An inability for service users to access adequate amounts of food was highlighted by several organisations as being problematic in the Lancaster district. The reasons for this were said to be a combination of the changing benefit entitlements, the economic crisis and austerity measures.
- The need for advice and advocacy on social welfare benefits and services was highlighted as being particularly high. Most of the organisations that we spoke to representatives from offered at least some advice on such matters, even if that was not the main element of their organisations' work.
- Organisations recognised their limitations in terms of advice and advocacy and that 'bad advice' was problematic. However, accessing more specialised advice services could be difficult because they too faced high demand for their services.
- Needs related to housing were raised by several organisations in the context of changes (driven by the austerity agenda) to the way in which Housing Benefit entitlements are calculated.

Conclusions

- Voluntary sector groups in the Lancaster District are facing a period in which existing needs and those driven by the economic crisis interact. People's everyday lives do not make a distinction between economic crisis and non-crisis needs. However, needs that are rather mundane for many people can in the current economic environment quickly develop into severe problems.

- The austerity approach seems to be premised upon the idea that if state-sponsored benefits and services are retrenched people needs will be reduced. However, for those people with the least economic resources this is not the case. Their needs may be expressed in different ways, but they will be expressed in some form.
- It is primarily changes being driven at a central government level that is creating needs at a local level. Given that we are only a short way into what is likely to be austerity for many years, the demand on the services of voluntary organisations in the Lancaster district is likely to grow in future years when the opportunities for funding are likely to be constrained.

Introduction

The UK is currently enduring economic problems that have not been seen for many years. It is now in the second ‘dip’ of a ‘double dip’ recession. This is after the first dip that was longest and deepest recession the UK had experienced since the 1930s (King, 2011). In addition, and as a consequence of policy environment of austerity the UK is facing cuts to public expenditure, the level of which has only been witnessed once (in the 1970s and in response the UK needing to secure an International Monetary Fund loan) in the post World War II period (Jones, Stewart and Travers, 2011). By 2014/15 the UK government estimates that its austerity measure will result in public spending savings of £80 billion per annum (Chancellor of the Exchequer, 2010a, 2010b; for discussion, Grover, 2011, Spicker, 2010). It is estimated that the period of austerity will last well into the medium term and probably into the long term¹. Partly as a consequence of this and partly as a consequence of upward pressure on global commodity prices, households in the UK are enduring a squeeze on living standards that has not been witnessed since at least the 1930s and probably before (Joyce and Sibieta, 2011).

Bleak as this economic picture is, it is also the case that the economic pain of the current economic crisis is not having an equal impact. It is the income poorest families, particularly those containing children, that are facing deepest cuts of all. So, for example, work for the Family and Parenting Institute, estimates that the effects of austerity measures (mainly changes to social security benefits and tax credits) that are to be introduced between 2011 and 2104 will result in a fall income, on average, of 12 per cent for a non-working lone parent (Browne, 2012).

Given such observations, the National Council for Voluntary Organisations suggests that the voluntary sector is facing a ‘triple whammy’². First, the economic and social disadvantage – for example, increased unemployment and poverty – related to such trends has resulted in increased demand for services provided by the sector. Second, the economic crisis and the austerity reaction to it has the potential to reduce the funding of voluntary organisations, thereby adversely affecting the services that they are able to deliver in a period when the potential demand is increasing. Third, voluntary sector groups are facing upward pressures in their costs.

It is within this context that the Faculty of Arts and Social Sciences was approached by Lancaster District Community Voluntary Solutions to do a small piece of research examining the position of voluntary sector organisations in the Lancaster and Morecambe and surrounding areas. This approach was perfectly timed as the authors of this report had just designed a programme of research, driven by concerning rumours they had heard about the effect of the economic crisis on the voluntary sector, to examine such issues. The research proposal was re-written to include interviews with a greater number of organisations in the Lancaster district.

¹ See, for example, the comments of the Cabinet Secretary, Sir Jeremy Heywood in *The Guardian* (21 June 2012) (<http://www.guardian.co.uk/society/2012/jun/21/spending-cuts-civil-service?newsfeed=true>, accessed 21 June 2012).

² <http://www.ncvo-vol.org.uk/news/civil-society/charities-hit-triple-whammy-financial-pressures-during-recession> (accessed 21 June 2012).

The research was essentially informed by the research question: what effect is the current economic crisis having upon voluntary sector organisations in the Lancaster District? To inform this question the research was concerned with essentially two types of effects;

- those that affected such organisations as organisations (for example, how was their funding situation? Had they had to change the way in which they worked because of the economic crisis? Had the services they offer been affected?).
- those related to need (for example, had trends in the demand for services changed? What are the main needs service users are facing? Have there been any changes in the needs that people were presenting to organisations?).

The policy context

We have noted the fiscal reaction to the economic crisis has been one of austerity; reductions in public spending that are to be long-term and deep. However, contemporaneously, and not necessarily related to the austerity measures, there have been changes to the policy environment that may in various ways affect the voluntary sector. We briefly focus upon these in the following sections.

Personalisation

As a policy idea personalisation is essentially an extension of consumerism into social policy environments. This can be seen in the key terms – for instance, ‘choice’, ‘flexibility’ and ‘consumption’ – that frame it (Ferguson, 2007). The idea of personalisation has perhaps been most fully applied in the development of personal budgets for social care, whereby by people who are deemed to require such care are able to receive cash and purchase services or assistance that they feel most fits their needs. However, it is visible across whole range of social policies, including education and social security policy (‘personalised’ support and conditionality, see Gregg, 2008). However, there is some concern that rather than providing choice and flexibility in the support that various groups of ‘vulnerable’ people are offered, personalisation is merely a means of passing onto individuals, and, if they have one, their families, responsibility for aspects of their welfare previously provide for by central or local government, and/or as a means of demanding change in their behaviour in order to continue receiving support provided via public sector spending (for discussion, Duffy, Waters and Glasby, 2010, Grover, 2012). We see the effects of such developments in the difficulties that many chronically sick and disabled people are having with the Employment and Support Allowance.

Localism

There are different versions of localism, but they are united by the idea that the central state is not best placed to develop services that affect individuals at local level (Hodgson and Spours, 2012). The idea of localism is not new, but it has received a new lease of life under the Coalition government (Hodgson and Spours, 2012). While the policy manifestations of localism are not great at the moment, it is clear that there are to be some developments in the future that will mean policy responsibilities previously held at a central government level will be devolved to the local level (or at least the money that was previously used to pay for those services at a central level will be ‘localised’). The best example is the introduction of Local Welfare Assistance from 2013. It is supposed to help to support ‘vulnerable’ people and will be paid for by localising some of the money currently spent on discretionary elements of the Social Fund. While in the spirit of localism central government says it does not wish to direct

local authorities in how it organises Local Welfare Assistance, the Department for Work and Pensions (2011a) suggests that it should be administered by local authorities, but the support offered by it delivered by the voluntary sector through, for example, credit unions, food banks and furniture recycling schemes. Not only is this held by central government to be consistent with personalisation (HM Government, 2010a), but the administering of such services at a local level is argued to be more likely to be able to capture individual need). It is also linked to what might be described as the ‘de-stating’ social provision. For the voluntary sector localism has several implications. More positively, it could provide some funding (likely to be through commissioning) to support the work that they do. More negatively, however, there is concern that it will be able to support less people in less helpful ways than the current Social Fund that it partly replaces and, therefore, may lead to an increase in demand for the services of the voluntary sector.

Open Public Services

Alongside personalisation and localism, it is clear that the Coalition government sees it best, where possible, if services are delivered by neither central, nor local government. Such a belief is also not new. The ‘mixed economy’ of welfare has existed for many years and received a boost with the development of the purchaser/provider split encouraged by the NHS and Community care Act 1990. Since then the private and voluntary sectors have been increasingly involved in the delivery of services through grant-funding, contract delivery and, more recently, commissioning.

It is clear though, that the Coalition government wants to develop further means of ‘de-stating’ public services. In its *Programme for Government* (HM Government, 2010b, p. 29), for example, it noted that it would ‘support the creation and expansion of mutuals, co-operatives, charities and social enterprises, and enable these groups to have much greater involvement in the running of public services’. However, it is also clear that such organisations are not to be given any preference in the desire to remove the delivery of services from the central and local state. They will have to compete with statutory and private providers through the commissioning process (Cabinet Office, 2011). There are opportunities and dangers for the voluntary sector in this process, both of which relate to funding. Such a process might suggest more funding being available for voluntary organisations, but its availability is likely to be closely linked to performance, most probably through mechanisms such as payment by results.

Outline of report

There are four further sections in the report. The following section outlines how the research was conducted. There are then two sections in which we outline the findings. The first of these focuses upon how the organisations that we spoke to representative from have been affected by the economic crisis in organisational terms. It examines issues related to funding, staffing and service delivery. The second findings section focuses upon issues related to demand for the services of those organisations. It does this by examining needs that were highlighted by respondents as being particularly pertinent at the time of the research. It focuses upon needs related to mental health issues, food, advice and advocacy and housing. The final section – the conclusion – draws together themes from the research.

Research method

There were two main elements to the research. The first, involved desk-based research examining the current policy context related to voluntary sector organisations. The focus of this research was upon the broader context in which to place the findings from the Lancaster district. It involved research in relation to localism, austerity and the voluntary sector. This research was crucial in informing our understanding of the second part of the research which involved semi-structured interviews with 13 voluntary sector organisation based in the Lancaster district.

There are many voluntary sector groups in the Lancaster district. The CVS directory, for example, lists around 280 or so. Given the nature of the research, in particular the short time frame in which it had to be conducted (from design to dissemination between April and July 2012), inevitably there would be selection in the organisations that were to be involved in it. Lancaster District Community Voluntary Solutions contacted the organisations on its email listing to inform them of the research project. A small number, given the large number of voluntary organisations in the district, responded to this email. We considered which organisations had responded in the context of the focus of research upon the affects of the economic crisis on the voluntary sector in the Lancaster district. In brief, it was important to capture information from the organisation that we thought would have been affected by the economic crisis. In brief, the 13 organisations that we interviewed representatives from were approached as the consequence of a combination of their volunteering to be interviewed and attempting to ensure that organisations with various ‘need’ foci, but particularly those related to material needs, were interviewed.

We are not claiming that those organisations that we did not interview respondents from have not been affected by the economic crisis or, indeed, are not dealing with needs that arise from it. However, the organisations that we did interview representatives from do represent a good cross-sections of organisations concerned with various needs of people in the Lancaster district (and in a couple of cases in the wider north-west as well). Representatives were interviewed from organisations that varied in:

- the types of needs that they addressed (from the provision of food to destitute people to providing emotional and financial support to people with life threatening conditions to the provision of community-based facilities).
- their service users. Some organisations were for very specific groups of people (for example, with a particular set of needs while others offered, at least as part of their role, services to a broad group of users).
- the length of time that they had existed for (the youngest being less than a year old, while another had, at least in part, its origins in the 1940s).
- the size of the organisation (from, in one instance, a single person providing a service to, at the other end of the scale, an organisation with a relatively large team of paid and volunteer staff).

The interviews were recorded and transcribed. As part of the ethical framework for the research it was agreed that if we were to use quotes from respondents, we would do so

anonymously so the respondents could not be identified. Hence, in this report we have not given the names of the people to whom the quotes that we use can be attributed and we have attempted to protect the anonymity of the organisations for which they work.

The effects of the economic crisis on voluntary sector organisations

Introduction

When the economic crisis started in the second half of 2008 there was great concern about its potential effects on the voluntary sector. In their work on the media coverage of the crisis and the voluntary sector (although described as the ‘third sector’), for example, Taylor, Perry and Alcock (2012) argue that in the initial stages of the crisis there were dire warnings about the potential effects of it upon voluntary sector organisations. However, these predictions soon gave way to a view that the effects of the economic crisis would be more of a ‘mixed picture’, than an imminent crisis for the sector as a whole. At least in part, this view was informed by work that drew upon evidence from previous economic crises and an acceptance of the heterogeneity of the voluntary sector (Wilding, 2008, Morgan, 2009). Professor Gareth Morgan (2009) of the Sheffield Hallam University, for example, pointed out in the current economic crisis some charities would see little change, some might see potential for growth as demand for their services increased, others would see such decreases in income that they would have to close, while also ‘when people are going through times of difficulty, new ideas for charitable ventures may emerge, so I expect to see some new charities formed’.

Taylor, Perry and Alcock (2012, p. 4) argue that around the end of 2009 alongside the ‘mixed picture’ discourse emerged a more forward looking discourse that predicted a more serious crisis “on the horizon for the [third] sector variously described as ‘lagged effects’ or ‘a second wave’ of the current recession or as a new crisis”. It was argued that such an effect would occur in 2010 or 2011 ‘caused by a combination of the end of several large local authority contracts, the spending review and anticipated cuts to public services and the 2010 general election’ (Taylor, Perry and Taylor, 2012, p. 4).

We are now in this period when it was predicted that this ‘second wave’ of crises would hit the voluntary sector. There certainly are financial challenges, particularly for those organisations that receive government funding. This should not be a surprise, given that the Coalition government has made it clear that the voluntary sector cannot be excluded from the plans to reduce the public sector spending deficit: ‘Citizens, communities and civil society providers all need to play a part in reducing the deficit, and no single sector can be immune to reductions in public spending’ (HM Government, 2010c). Kane and Allen (2011) estimates that the voluntary sector is facing a loss of £2.8 billion in funding from central government between 2011 and 2016. To put this in context, it is estimated that in 2007/08 the voluntary sector received total funding of £12.8 billion from central government (Kane and Allen, 2011). There seems to be little chance of the scale of these cuts being reined in or replaced by other sources of income. In other words, there is now little hope that as one central government funding stream ceases another will emerge to replace it. The changes that are being witnessed will have an impact for many years. Indeed, according to Kane and Allen (2011, p. 5) ‘the period of increasing investment from the state has gone, possibly permanently’.

Central government funding is, of course, not the only source funding for voluntary sector organisations. There is variable potential for the others. So, for example, there is concern, given the reduction of 28 per cent in central government funding for local authorities between 2010 and 2014, that local authorities also have fewer resources to support the voluntary sector. At a national level *The Guardian* (3 March 2012), for instance, reported a leaked report that had been presented to the government’s Cabinet in which it was noted

that it was ‘highly likely that public sector agencies are passing on disproportionate cuts to civil society organisations (ie, higher cuts to civil society funding than they themselves are facing)’ (although at a local level in 2012/13, Lancaster City Council have attempted to maintain support to voluntary sector groups by providing them with inflationary increases in grant-funding). Funding from other sources – for example, donations – tends to be fairly stable during economic crises (Wilding, 2009). Income from non-government grant-giving bodies tends to be affected by economic crises over the medium term as they seek to ‘smooth-out the impact of recessions on their grant making’ (Wilding, 2009, p. 6). Perhaps a more pressing issue, however, is that there is evidence of greater competition among voluntary organisations for the funding from grant-giving trusts and foundations (Charity Commission, 2009).

What these observations suggest is that the ‘mixed picture’ discourse that emerged in late 2009 still best describes the affects that the economic crisis is having upon the voluntary sector. Those voluntary sector organisations that are reliant upon particularly central government, but also possibly local government funding, are likely to be facing greater funding pressures than those reliant upon donations, and non-state grant funding.

To understand the complexities of the effects we have divided this section into four parts. First, we focus upon issues related to the funding of the organisations that we interviewed respondents from. We then move on to discuss issues related to staffing and the sustainability of service delivery. Finally, we focus upon issues related to business models. In particular, we focus upon the extent to which we found evidence of the voluntary organisations we interviewed representatives from being geared to contemporary policy ideas (such as social enterprise and commissioning).

Funding

Many of the respondents we spoke to said that they had lost funding that some, although not all, had found difficult to replace. One organisation, for example, had half of its grant from a funding stream introduced by the last of the 1997-2010 Labour government to address some issues related to immigration removed after the money available for the programme at central government level was reduced as part of the austerity programme. Another organisation is facing the loss of a third of its income because of changes, again driven by austerity cuts, to the way in which legal advice about social welfare issues is delivered. A third respondent, whose organisation had been unable to replace fixed-term funding from the Big Lottery, told us:

Nine out of ten applications this year have been rejected. ...up until last year it’s been about a ninety-five percent success rate. Everything that we put in sort of came off. Because we were very strategic, we weren’t asking for large amounts of money ‘cos we had our core costs already in place so we were doing a lot of project work and trying to support more vulnerable families and young people, so you tend to get quite a bit of funding for that. But we’re now having to apply for core costs (Respondent F).

For those organisations that had lost funding trying to replace it could be problematic. So, for instance, Respondent K was concerned that there would be many organisations applying to the limited number of funders that could potentially provide funding to replace that being lost in 2013 because of austerity measures affecting the Legal Services

Commission: ‘replacing... funding is very difficult when everyone’s going to be applying to the Lottery or whatever’.

In contrast, however, others had seen more success in their bids for funding. Respondent F, who we noted above as saying that the organisation they worked for had been unable to secure continuation funding from the Big Lottery had, nevertheless, been able to secure some money elsewhere towards the core costs of the organisation to help ‘keep the doors open’. Another respondent told us that the user-led organisation they worked for had ‘done very well with all our funding requests... we’ve been very, very fortunate and had a virtual hundred percent hit rate on all our funding requests that we put in’ (Respondent B).

Respondent C felt that in recent months funding had seemingly become easier to secure:

Well that’s why I’m kind of saying it’s been really unusual. It’s been very lean over the last eighteen months and for every ten funding applications I put in maybe one reasonably significant, i.e. up to ten thousand, and maybe one very small one [were successful]. More recently the success rate has gone up. So I think, I’d say from the last six months’ worth of funding bids I’ve done we’ve generated something from around a third of them, some of them more significant than others... it’s bizarre ‘cos you don’t actually feel like you’re doing anything different but something’s shifted out there and I don’t know what it is (Respondent C).

There are various possible explanations – for example, the amounts of money being sought, the timeframes over which they were being sought, the funding body being applied to and the nature of the applying organisation – of why the experience of these organisations differed. The comments of our respondents demonstrate the ‘mixed picture’ that we saw at the start of this chapter denotes the current fortunes of voluntary organisations.

We found it surprising that two of the respondents that we spoke to represented organisations that received no grant funding from public or private sources. One did receive some donations from the public and the other was thinking about applying for grant-funding in the future, but up to the interview, they had both made a financial investment in their organisation (for example, in the purchasing of public liability insurance and, in one case, in paying for a specialist licence needed to deliver their service and renovating a building). In many senses, they epitomised one version of the Big Society – services designed to relieve particular needs being delivered by volunteers without state (central or local) government funding. However, at least in one case, they also demonstrated the difficulties with the view that voluntary organisations require little funding because the person delivering the service was only able to do so because they had a source of income that meant they did not have to do paid work. Without this, it would have been very difficult to deliver the services they were providing.

For some organisations issues related to funding were more concerned with factors outside of the economic crisis. One respondent, for example, spoke of the way in which localism in the criminal justice system – the shift from Police Authorities to elected Police and Crime Commissioners – might adversely affect the funding of the organisation for which they worked:

...as I understand it... the Police and Crime Commissioner coming in, I think it's the 21st November... will hold overall control of the police, Lancashire Police budgets of about £260, 270 million. Whereas as it stands at the moment that's controlled by a panel called the Police Authority. But from that there is a separate pot of money that's skimmed off that that goes to the CSPs [Community Safety Partnerships]. So that gives some local control, the Community Safety Partnerships in the local authorities actually do have some say in how some of [that is spent].

The respondent went on to outline how the shift from the Police Authority to elected Police and Crime Commissioners might affect the organisation they worked for:

...the police authority, that committee, won't exist. The local CSPs won't have that budget anymore. It will all sit under the police and crime commissioner. So it all sits with one person. ...the big question is whether they're [the elected Commissioner] going to see domestic violence as one of the policing priorities. Now the police authority Lancs wide at the moment does and the Community Safety Partnership locally does. Neither of those will exist after November, so it's just an unknown quantity. And in terms of how much money that involves, that depends on what the Police and Crime Commissioner decides to allocate the money to. So [the] pot of money we're talking about now, that figure may not be in existence after November.

Staffing

It is estimated that staff costs represent just over half of the expenditure of the voluntary and community sector (Davies, 2009). This is not surprising as it is no secret that the main cost of most employing organisations, whether in the private, state or voluntary sector is wages. What, however, this does mean is that in a period of fiscal austerity wage costs are scrutinised for savings. This can be done in a number of ways, for example, reducing the number of staff through redundancies and recruitment freezes, reducing the hours of staff, or reducing their wages for working the same number of hours. Following the onset of the current economic crisis in 2008 Davies (2009) found that all of these strategies had been employed by voluntary sector groups.

These approaches to saving expenditure on wages were visible across our interviews. So, for example, several of the organisations that we interviewed representatives from had reduced the hours of all staff to save expenditure and two had reduced the number of managers. A further respondent (F) told us that:

We've got fourteen staff. I mean until the cuts hit we employed twenty-two local people. And the cuts came in and we lost, we went down to fourteen. ...I had to cut my finance worker down to one day a week, I got rid of three line managers. So if you think that we have eighteen projects across the working week that require line management and support, I've lost all that middle management so it all falls on my toes. I'm actually managing, I'm doing three people's jobs in effect. ...The youth work never got affected but we... hit... staff in a back office major, major time.

In addition to losing paid staff, it was also apparent that organisations, at which the above quote hints, also reduced hours. So, for example, two organisations had seen across the board cuts in hours and commensurate cuts in salaries. In the example above where there had been a reduction in the number of staff employed by the organisation for which they worked,

the respondent had also seen their own hours reduced for seven months because of funding constraints. Another organisation had been unable to pay some of its staff: 'We then had to scurry around. We worked for a couple of months without pay' (Respondent G). The position of staff in some organisations remains precarious. So, for example, Respondent K told us that because of the loss of contracts in 2013 facing the organisation for which they worked there was a risk that half of its paid staff would lose their jobs, while Respondent L told us that all of the paid staff in their particular organisation faced redundancy in 2013 if funding that it had received for a decade was not renewed.

Furthermore, we saw in the previous section that we came across two organisations staffed by people who received no wages at all. In both cases, the people involved were happy with their situation. Both organisations were relatively new and were set up after a particular need that they felt was not being met had been identified. As we noted, these two organisations epitomise a version of the Big Society, but they also reflect a long-established observation that people who work in the voluntary sector do so 'because of a sense of commitment to a particular cause' (Davies, 2009, p. 32).

However, there is a concern that it is staff who are bearing the brunt of funding issues faced by the voluntary sector. Davies (2009, p. 40), for example, goes on to note that:

Because of their commitment to their clients, voluntary sector staff are often willing to make extra efforts in a period of crisis. However, they cannot be expected to bear the burden of policy decisions taken... at local or central government levels. And it is a mistake to imagine that there is an infinitely elastic level of tolerance for this among staff. Many studies have shown that pressure on employment conditions has a detrimental effect on the mission attachment of voluntary sector employees and can result in 'burn-out' and disillusionment... In turn this results in retention problems and extra expense for the employer in the long term.

Sustainability of service delivery

The issues related to funding and staffing discussed above reflect a wider issue related to the sustainability of services. Voluntary sector services work in areas where either there is market failure or neglect or, increasingly, where the state feels there should be greater competition for services previously provided by it at either a central or local level. However, the difficulties that the voluntary sector faces in terms of funding do raise the issue of the sustainability – of the ability of organisations to maintain the level of service that they need to deliver to meet the demands made of them. Sustainability, of course, can be secured through various means, but in an age of austerity all are likely to involve reducing costs. So, for example, on the organisational side of things organisations with similar functions and similar ethos may choose to work closer together, perhaps through formal merger or 'partnership' working; some – as the Big Lottery's recent Transforming Local Infrastructure funding wishes to encourage – could choose to share backroom costs. However, it is also the case that in order to continue operating front line services may be affected – for example, reducing the hours that a service is available to users or reducing the services that are offered to them.

In our interviews we found that the issue of sustainability was important and that, as might be expected given our above observations, there was once again a mixed picture. At one extreme there was one organisation whose financial position was so problematic that it faced closure, resulting in the loss of services for in-migrants, particularly from Eastern

Europe, to the Lancaster district. As noted, it had its grant halved from a stream of funding that was reduced as a consequence of austerity measures at a central government level.

Another respondent told us how securing funding for running costs was problematic and had potentially catastrophic consequences:

The irony about the fundraising is I can get money for computers, I can get money for furniture, I can get money for whatever, but I cannot get the revenue funding. But I can have the best furniture ever, all this furniture that you see has either been given to us or has been paid for by other people. That's why it looks so lovely. It's beautiful. The carpet was paid for when we moved in, charitable trust bought the carpet, fantastic. But they don't pay the wages and they don't pay the rent. Lancashire County Council have given us money for equipment and stuff like that, I'm very grateful. But I'm gonna have the best equipment and the best furnished charity but I can't pay the rent. And my landlord is not interested in furniture. It won't pay his bills, it's not what he's there for. So getting the revenue funding is very, very difficult. I try and I try, I am making a minimum of about twenty applications to charitable trusts a month. I'm in touch with them all (Respondent J).

The interview went on:

LP: But you don't intend to shut down do you?

RJ: If I haven't got any money I'll have to. Don't want to, it's not the plan but I'm realistic. I have to be realistic and I have to say to the trustees 'look you haven't got the money'. ...At the moment we're into a new financial year which started the first of April. We carried forward some money from last year and the forecast for the current financial year is saying that we are £8,000 short. So between now and next March I need another £8,000. That will only get us to the first of April. At the first of April next year I need £30,000. My plan, my fundraising plan, is to get that £8,000 in or committed and then I'll start looking at next year. So I try to be ahead of the game if you follow me. I want to fundraise for next year now but I can't focus on that at the moment ...Two charitable trusts gave us substantial grants for three years, but they are coming to an end now this year. So I'm struggling as the fund raiser to replace that money.

LP: So what's going to happen in the future then?

RJ: If we don't get any money we shut.

What this exchange demonstrates is, depending upon ones position, the precariousness of the voluntary sector or part of its ebb and flow; that some organisations close as others start up and so on. However, it also demonstrates the difficulties with accessing funding for long periods of time for running costs outside of local authority grant funding.

The closure of services, however, is at one end of the potential effects on service delivery extreme. Other organisations were facing particular issues in relation to some, but not all, of the services they offered. So, for example, in 2013 one organisation faces losing a specialist service that delivers social welfare advice because, as part of the austerity agenda, the government has withdrawn the majority of funding for such work. While this is unlikely to lead to closure of the organisation, it will mean the loss, unless other funding can be secured, of its specialist services. The problem with this, of course, is that the needs that the

service addresses do not disappear with the funding. As Respondent K told us: ‘you’re going to save... millions in the Legal Services Bill but who’s going to pick up the tab because the problems are not going to go away’. In this instance, what Respondent K was pointing to was the fact that changing the law (as this withdrawal of funding had required) has little effect upon the need of individuals. It just means, in this case, the government is no longer willing to fund services to address those needs. In the terminology of Bradshaw (1972) the expressed needs of people will be unmet needs.

We were told by respondents from another organisation that one of the consequences of the economic crisis was that the level of financial support that they were able to offer service users had decreased. The following exchange makes the point:

LP: So that’s almost my next question, are you having to reallocate your resources in some sort of ways? Use your money differently?

RD: Yes, differently. Very much so. In that before we could, well we liked to think of ourselves as never having to say no.

RE: We’ve always said that haven’t we.

RD: Yes that we’re the branch that never says no. When a request comes in for help, whether it’s something very trivial or something... major, but now we are restricted very much. There was a case recently where one of the nurses at Preston asked us if we would fund a gentleman to have a break with his wife and it was obviously going to be the last holiday he’d ever have. ...So we agreed that yes we would give them eight hundred something pounds, but national office have now said your maximum is five hundred. Now they will ...have to find the rest as a family. So can you see? It’s not that we’re saying no, we’re saying yes but only so far.

Similar observations were made by respondents supporting a different group of service users with a different set of needs. They noted how, when funding became difficult, they had to reduce the amount of support (the provision of food in their instance) that they could offer:

When we run low on stock and we are struggling to get the money in to buy more in the early days, we didn’t give as much out to each person, but they still got food and it would last them about three four days. And we did say then you can come back if you’re really stuck and we’ll class it as one parcel still because you’re not getting the full size. So when we run low we do try and eek it out that way until... we’ve the money ...to go and buy some. Now I mean back then we used our own money to go and buy some. But we’ve tried to be very thrifty (Respondent H).

As we noted above though, we came across two organisations that had little or no funding from grant-giving bodies. This, however, does not mean that they do not face the precariousness of many of the organisations that are reliant upon such funding. Both, for example, were aware that as demand for their services grew, that there would be a need for some sort of funding. Moreover, such micro-organisations arguably face a different set of sustainability issues that relate to the size of the organisations. So, for instance, any unforeseen circumstances, such as illness, might render them inoperable.

Diversifying business models?

We saw in the Introduction that the policy context of the way in which voluntary sector groups operate is changing and that there are at least some opportunities for them in this process of change (for the government's views see HM Government, 2010c). However, it is also the case that the expectation is increasingly that any reliance upon government (whether central or local) funding will reduce in the future. For sustainable services the view, as indeed it is for individuals and local authorities, is that the voluntary sector needs to be more efficient, and, perhaps more importantly, from a central government position self-sufficient. In particular, the notion of social enterprise has been encouraged in recent years because, although the ideas that frame it are long-standing, it has particular resonance with the main economic (free market models) and social (notably, choice, independence and responsibility) paradigms of contemporary policy environments.

There are various ways models of social enterprise, but they are united in their activities that 'most often include revenue-source diversification, fee-for-service program development... private sector partnerships and social purpose businesses (that is mission-focused practices involving business practice, business revenue or both)' (Dart, 2004, p. 414). It is not the case that government funding is not part of the social enterprise landscape – indeed, the desire to commission more services is consistent with social enterprise (see HM Government, 2010b) – but the emphasis is upon sustainability outside of, for example, a reliance upon grant-funding from central and local government.

The challenges that this emphasis upon enterprise and developments in the funding of public services were recognised by our respondents. So, for example, in some ways, and at first glance, it might appear that some of the organisations we spoke to representatives of had embraced the idea of social enterprise. Several of them made charges for at least some of the services they provided and/or for unrelated goods. So, for instance, one organisation sold second-hand clothes for small amounts of money, while another organisation hired out equipment to people with mobility issues and had a counselling service for which a charge was made.

Such charges though, were often made on an *ad hoc* basis, rather than being organised in way that they could deliver a substantial and sustainable income. So, for example, the organisation selling second-hand clothing waived the small amounts of money charged when people in demonstrable need required them. Another organisations charged for particular items or events, but these were concerned with meeting the costs of providing those items/events, rather than providing an income stream for the organisation. So, for example, a service-led organisation charged for day trips to cover their cost. However, the charge was often supplemented by the organisation.

Nevertheless, there was knowledge of social enterprise among the sample organisations, although the idea was not always welcomed. For example:

But also what I find very difficult... in this area [is that] social enterprise is really being pushed now and I see yes that is part of a solution but it's not the whole solution because what do you do when someone isn't gonna pay? And I think when you've got a homeless person that comes here and we know within a month generally speaking, unless they've got really severe dysfunctional mental health alcohol problems or whatever, we have managed to get people on their feet or whatever. Well how much

is that in terms of preventive services service expenditure, do you know what I mean? So I'm very upset really that we're being pushed into a social enterprise but actually where's the discussion about what's the other need here? What's the community need? What are the consequences of if we can't get money through a social enterprise, through being a business, what are the consequences for the community? (Respondent G)

This quote neatly demonstrates one the tensions within the idea of social enterprise; that the social (for instance, the 'consequences for the community' in the above quote) can be at odds with the idea of enterprise. The danger is that the focus upon need is lost because of the requirement to make a surplus for re-investment in the organisation. We were told that the demands of being a social enterprise required organisational change that might help to overcome such tensions:

I think there's a lot of charities who are moving towards social enterprise activity but probably on paper for an organisation like the social enterprise investment fund are a bit woolly still, so there's work to be done about either separating out your free charitable [from] your chargeable enterprise (Respondent C).

Respondent F was more encouraged by the idea of social enterprise and had plans drawn up for an extension to the centre in which they worked to house a health and well-being centre – 'a place where', for example, 'we can do stop smoking classes, proper stop smoking classes, proper studio, proper gym facilities for people' – that would be run as a social enterprise. While this respondent found much of the current policy direction difficult, they had a pragmatic approach to social enterprise and the direction in which funding is heading:

we looked at a model where it'd [the proposed extension] have to be a membership based venture really. Café in there that turns over, which agencies can use to book... out to do stuff. So it has to wash its' own face really... the whole social enterprise, getting paid by results, all these new initiatives that are coming out of this new government. I have to get clued up on it. I don't like some of it but it's going to happen and the big society agenda is something that I've had to get me head round. So it means our organisation having to move. Whether we like it or not, we have to be contract ready. So whether the NHS is going to start doing stuff or the county council is going to start commissioning more stuff or we have to go through... procurement... we have to be contract ready.

Other respondents talked about the potential difficulties with what is likely to be increased competition as the commissioning of services develops further:

There's a great deal of emphasis with the government on the private sector. So you get agencies like A4e... and people like that. Now that's quite difficult for me personally to understand how a company like A4e can make such large profits whereas if those activities were funded through the voluntary sector it wouldn't be making a profit, it would be making monies that get ploughed back into delivering those services. So what you would get is not a profit, you'd get an additionality of the service. So we're paid to do this but actually because we're getting this money we can also now deliver this service which might be to a hard to reach group. So going

back to the original concept, if we were talking about that kind of contract, so what would we end up doing with this surplus, if you like, that we make, we'd probably then think right what we need to do is employ an interpreter 'cos the whole service would benefit from having the interpreter in place. Or we would employ a trainer. So what you do then is you raise the organisation's ability to do more as opposed to more money [going] in to an individual's bank account (Respondent K).

Drawing upon their experiences of their own organisation Respondent K went on to outline one of the problems with payment-by-results contracting for voluntary sector organisations:

...there are differences between... service level agreements and... target led, or delivery led [contracts]. ...the [funder's name given] model is a really interesting one. We used to have a situation where they paid us to employ people to deliver X hours of work for... clients. Now what happens is that we get paid X amount per client that we see. And if we don't deliver to those clients, you know if we haven't seen enough clients we don't get the same level of income. So when someone is off sick or someone leaves the organisation, the risk or the financial consequences of that rests with the voluntary organisation. And I see those kind of contracts coming more and more. So there comes a point where voluntary organisation won't be... cash flow viable. In business... it's a bit like large companies turning round to small suppliers and saying 'we're paying our bills on ninety days instead of thirty days'. So what you end up with is a good supplier... that... can't make it work financially for cash flow reasons. We certainly face that sort of situation where someone's off sick or someone leaves and it's very, very difficult to manage 'cos the first thing you've got to do, because we have equal opportunities policies in terms of our recruitment... we've got to advertise it. But where does the advertising money come from for a post that you're not getting any money for because the person's left? And so that's very very difficult.

Summary

The picture we found was mixed; one of funding lost, rejected funding applications, unsuccessful bids for money and some evidence of unexpected and possibly unexplainable success in achieving funding. The overall result of this uncertainty over funding has serious effects on staffing including reduced staffing levels, part time working, working without pay, and redundancy. The consequence of this is that continuity, experience and expertise are lost. In turn, this can lead to a reduced ability to maintain service delivery levels, particularly in terms of reductions in the hours services are available and an inability to meet the volume of demand. The government offers a social enterprise model as a solution to need and demand for services, but this requires organisational change which can mean that the focus on need is lost and, moreover, a system based on payments by results can make sustainability more, rather than less, precarious.

The effects of the economic crisis on need

Introduction

There can be little doubt that the demand for the services of the voluntary sector has increased during the economic crisis. As we have noted, at a national level, the National Council for Voluntary Organisations describe demand as being one of a ‘triple whammy’ facing the sector (the other two are ‘rising costs and an unprecedented fall in income’). However, the issue of crisis-related demand are complicated by the fact that organisations may have been facing increased demand due to factors that are not necessarily related to the economic crisis and the policy reaction to it. There are many reasons why there may be an increase in demand for the services provided by the voluntary sector, and many of these exist whether or not a society is witnessing economic expansion or contraction.

One organisation in the research, for example, is witnessing increasing demand because of demographic factors, particularly the ageing of the UK’s population, alongside the developments in medical technologies that mean people are able to live for longer periods of time. Several of the other organisations are dealing with issues, particularly those related to the changing structure of out-of-work benefits for chronically sick and disabled people, that have created increased demand for advice and advocacy. The changes to such benefits were not the consequence of the economic crisis, but were part of the then Labour government’s desire to increase the proportion of workless people in paid employment (see Grover and Piggott, 2005, Piggott and Grover, 2009). Several respondents spoke of increasing demand that the changes in such benefits was causing:

...because the new Employment [and] Support Allowance has been coming in everybody’s been getting changed from Incapacity Benefit onto Employment [and] Support Allowance. Unfortunately they’re deciding everybody’s fit for work, ATOS who are running it, so we’re having to appeal many of those claims (Respondent B).

We’re just inundated at the moment with people who are having their disability benefits reviewed, their care packages re-examined. Everything’s going to appeal, so people are wanting advocacy at [the] appeal stage (Respondent C).

Significant numbers of people [are coming to us with Employment and Support Allowance problems]... there are a number of reasons for that. One is that people are finding it harder to make a claim anyway, as a new claim, because the criteria is much tougher. Secondly,... people are coming in because following a review they’ve now been refused despite the fact that they are worse this year than they were last year... people don’t understand that... suddenly... you have to be less well in order to get the benefit (Respondent K).

Another example of non-economic crisis change creating an increase in demand relates to changes in social housing allocations – to a choice-based letting system – that can be traced to the Green Paper, *Quality and choice: A decent home for all. The housing green paper* (Department of the Environment, Transport and the Regions, Department of Health, 2000):

We work with Lancaster City Council, we’re one of the agencies... they’ve changed how people can apply for housing so it’s a bidding process now and various agencies

get those details before they go out into the general domain, so we support people to bid before the bidding process is expanding out with a view to maybe the more vulnerable people. So we're working with city council, it's a new venture this but people don't understand it. Our service manager's sort of in discussions with the city council so there's a larger piece of work here 'cos people are getting confused, there's new banding systems, people are confusing them with council tax banding so actually what was designed to be quite a simple process is being more confusing than originally thought and people are needing more support to do it. So we support people with housing (Respondent C).

It is likely, therefore, that demand for the services of voluntary sector organisations would be increasing even if the UK was not facing the economic problems that it is. However, it is also very clear from our interviews that respondents felt that the economic crisis was also increasing demand for their services. Indeed, for one respondent the combination of the consequences of the economic crisis merely exacerbated already problematic trends (in this case related to disability benefits): 'it is very worrying for people [waiting for appeals on Employment and Support Allowance claims] and it's worrying as well when times are very difficult' (Respondent K).

Given such observations, what were the main needs faced by the organisation that our respondents represented? Essentially, there were four needs – mental health issues, food, advice and advocacy and housing – that emerged from our interviews as being particularly pertinent. While, of course, it might be argued, that this reflected the nature of our sample, it is the case that they were mentioned by respondents across a range of organisations. We examine these demands separately, although in the lived realities of the people of the Lancaster district they are inter-related.

Needs related to mental health issues

There should be little doubt that the economic crisis has had an adverse impact on the mental health of many people living in the UK. Surveying over a thousand people, for instance, Elizabeth Finn Care (2010) found 'a staggering rise in mental health illness among UK workers, directly attributable to worries related to the economic downturn'. The study showed that nearly a half (47 per cent) 'of people have experienced depressive symptoms during the recession – some four-to-five times higher than levels recorded amongst the general population before the slump'. People who had lost their job or had seen a reduction in their wages were particularly affected by symptoms related to anxiety, depression and stress (reported in *The Guardian*, 1 April 2010). Meanwhile, SANE reports that:

There has been a disturbing increase in the number of people with depression and anxiety due to financial uncertainty contacting our helpline for information and emotional support. ...They report that their fears about losing their jobs and being unable to find work are making them ill. They are finding themselves getting into debt, and because they are depressed, feel increasingly unable to face the future³.

In many senses, such findings should not be surprising. So, for example, while causal relationships are difficult to establish, it has been argued for many years that unemployment may have an adverse impact upon the mental health of people (see, for instance, Ezzy, 1993).

³ http://www.sane.org.uk/resources/news/show_news/306 (accessed 21 June 2012).

Furthermore, it is the case, as the above observations suggest, that financial issues, particularly poverty and debt, are possibly closely related to reduced mental well being (Fitch, Hamilton, Bassett and Davey, 2011).

In addition, there is evidence that mental health services face cuts because of the need for efficiency savings within the NHS. Following a Freedom of Information request, for example, False Economy found that mental health trusts were ‘planning acute jobs cuts with some planning to shed 15% from their workforces’ (reported in *Community Care*, 23 February 2011). Mental health services, therefore, are facing the pincer movement of increased demand and diminishing capacity that is reflective of the more general effect of the economic crisis on many publically funded services.

In our interviews mental health-related needs were mentioned in various contexts. Respondent A, for example, spoke of changes to benefits for chronically sick and/or disabled people that were independent of the economic crises:

At the moment it’s all about benefits, Employment and Support Allowance... I’m getting people ringing me up on the phone and they’re upset because they’ve had their, they’ve been for their medical and they’ve been given zero points. I go and visit them and I don’t know how they’ve got zero points. You know you can just take one look at them and you know that they’re ill but, I must say most of my clients at the moment... aren’t physically disabled. They’ve got mental health issues. And, that’s the hard part you know. I’ve worked with mental health as well when I [was] young, and I’ve seen people and... it annoys me and I get a bit angry about it because you can clearly see that they’re in no fit state to work and all this going on around them, it’s making they’re mental health even worse (Respondent A).

Similarly, Respondent K said of Employment and Support Allowance that:

...people feel that they’re not [being] treated properly, that they’re illnesses or disabilities are not taken into account. People with mental health problems are finding that one particularly difficult because it [the Work Capability Assessment of employment and Support Allowance] seems to err on confirming that you’re alright. And how people with mental health problems, I think you need someone with that level of expertise in order to do that assessment, whereas [we] had... in one particular case the person asked the assessor what qualifications they had, and this was someone with a mental health problem, and the person [the assessor] answered that they were a qualified maternity nurse.

It is also the case though, that such concerns were raised in relation to the redefining of the ‘disability category’ at a local level so that only those with the most acute needs receive social care support. The issue here is the cumulative effect that changes to out-of-work benefits and social care is having:

Well at the moment they’re coming through the door with letters going ‘they’re gonna stop my benefits, I don’t know what to do, I’m frightened’. ...the whole kind of social care review with the withdrawal of moderate services, unfortunately you’re finding people who maybe were moderate are escalating to crisis situation. We’ve had some really, we’ve had some positive cases but more often than not very sad cases where

people have, particularly people with mental health issues have built up, it's taken them six seven years to get out the house, start doing a bit of volunteering and then they get a letter saying 'we're stopping this, you've got to come and do this do this' and they just go straight to crisis situation. They're back in the house, not going out the door, no food and self-harming (Respondent C).

Or, as Respondent B told us:

...for people with mental health problems the last two years has been an absolute nightmare because they've lost all their services, there's been so many changes that they haven't wanted.

Another respondent, representing an organisation that does not just deal with mental health issues, noted how they had helped to support people with mental issues at the request of statutory services:

In the past we've put people in bed and breakfast and paid for the B&B... The mental health crisis team usually are the ones that bring people that are homeless to us. ...because where do they take them? Where do they get help for them? So they brought a guy at Christmas and he was desperate. Well we didn't really know the scenario at the time, but obviously they were dealing with him. He had a little dog. He needed somewhere to stay. ...we ...decided we'd pay B&B for three nights to give them chance at the mental health crisis team to try and find somewhere else or sort somewhere out. ...the lady from the mental health crisis team rang us and said 'he's absolutely elated. He sat and cried when he went in the bedroom because he couldn't believe people would do this for him, and he's absolutely elated now. He's had three days and we've sorted it out'. And that for us is great (Respondent H).

Food

A second need that was raised by several respondents related to issues regarding food. For whatever reasons, there are people in the Lancaster District who do not have access to adequate amounts of food. In many senses, this is not a new phenomenon as some people have had recourse to collectivised provision of food for many years. Perhaps the most obvious example is free school meals, but such provision of food might also include meals and 'soup runs' for street homeless and vulnerably housed people. However, the current economic crisis does seem to have crystallised issues related to food and having enough to eat. So, for instance, the biggest provider of food banks in the UK – the Trussell Trust – saw the number of people fed by its food banks increase by 100 per cent (61,468 to 128,697) between 2010/11 and 2011/12⁴.

In our interviews, Respondent A told us that:

I've had a few people who can't afford food. I had one lady who came through another agency and she had no food at all in her cupboard. ...The lady in question she had learning disabilities as well so she didn't understand. They stopped her money and they told me that the reason why they did that is 'cos she never returned her form.

⁴ <http://www.trusselltrust.org/latest-news#FoodbankIncrease> (accessed 21 June 2012).

But and they said they didn't realise she had this disability. And I got the local church as well, they provided her with some dinner (Respondent A).

This quote demonstrates the inter-connected of issues faced by service users. In this case the systems of the Department of Work and Pensions (that are supposed to protect those people with mental health issues and learning disabilities) had led to the withdrawal of out-of-work benefits of a women with learning disabilities which meant she could not afford to eat.

We were told by Respondent J that their organisation had its origins, at least in part, in the identification of a need for the provision of food:

Well we looked at it, 'cos there are other food banks around the country and we saw what other people were doing and we realised that that was a need. There was nothing else in the area, so we started to develop the food bank. And people were very generous. We had one or two semi-social events where people we said 'come along and have a cup of tea and a mince pie but bring a tin'. We called it a 'bring a tin' event. We were so encouraged because people came to see what we were doing and everything was free, the refreshments were free providing you brought a tin. So we built up some stock so we started to do it (Respondent J).

This organisation had received referrals from a range of community and voluntary sector groups, as well as statutory agencies. In 2009 it supplied 104 emergency food parcels. The projection for 2012 is the provision of 487 such parcels, an increase of nearly 500 per cent. The explanation for this increase was located in current economic crisis:

LP: So why do you think demand's gone up then?

RJ: Simply because the economic situation. Simply that. People are not getting pay rises, people are being laid off work, people have got children that haven't been fed etc etc etc.

LP: You said that [name of children's centre] were?

RJ: [name of children's centre] refer to us when they find they've got children with parents who are not feeding them.

LP: So that's not just a one off?

RJ: That's happened several times.

Such observations are deeply worrying because independent predictions suggest that in future years the incidence of both adult and child poverty is likely to increase (Brewer, Browne and Joyce, 2011). This is partly because the austerity measures that have been announced by the Coalition government, as we have see, will affect the income poorest people the most (Browne, 2012) and because of the extension of benefits that are dependent upon people making effort to return to work, to people who, although deemed capable enough by the government's regulations, are not capable of making such a move (Grover and Piggott, 2012). This point is made in the following quote:

Well if they've come for food and they've walked in off the street they'll say 'I believe I can get some food here'. I had a guy in Saturday... I said 'okay' and he was our age, quite smartly dressed. And he was very embarrassed, there was somebody in shopping and he said 'I can get a food parcel?' and I said 'yeah you can, can you fill

this form out?’ So he filled the form out and he hadn’t put his reason at the bottom and I said ‘why do you need it?’ He said... he was on a disability benefit and they’d done something with his benefit. So I got him the food and I said ‘look you can have three of these in a twelve month period so if things aren’t sorted next week don’t be bothered about coming back and asking because that’s why we’re here. It doesn’t matter to us who it is or what it is, you come back’. But he was very embarrassed (Respondent H).

While this quote neatly demonstrates a theme – problems with the government’s out-of-work benefit regime for sick and disabled people – that is visible throughout this report, it also demonstrates some of the more affective aspects (feelings of embarrassment in this case) of poverty, and in particular an inability to afford food, brings.

Welfare benefit advice and advocacy

There can be little doubt that the demand for advice around social welfare issues is increasing. We found in the Lancaster district there was a great demand for advice on social welfare benefits and services, something that is likely to increase in the future because of changes to social security benefits as a consequence of austerity measures. So, for example, one respondent said of the Personal Independence Payment (an austerity driven replacement for Disability Living Allowance – see Department for Work and Pensions, 2010a) that ‘they’re gonna have more appeals. The appeals I reckon are going to be worse than the ESA [Employment and Support Allowance]’ (Respondent A).

Respondent F said of the organisation – a community-based centre – for which they worked that:

...we’ve got a lot of poor people, we’ve got a lot of people that require a lot of help. I do so many benefit advice sessions. ...this month alone I referred nineteen people onto welfare rights to get independent advice and guidance ‘cos we can’t deal with all that.

LP: So you don’t actually do anything in regards to benefits, you refer people on?

RF: No we do a bit of both. I’m trained to do things like DLA [Disability Living Allowance]. I’m trained to do housing application forms, I’m trained to deal with youth homelessness, I’m trained to give so much advice and guidance but they come to the point where people are going through appeal procedures and so on, that’s not our bag...

LP: So if you refer people on to welfare rights are they able to, have they got enough capacity to deal with the people you send them?

RF: ...to be honest they’re really, really busy because once upon a time when I used to refer people on I used to get in within a week, but people are having to wait for anything up to a month for an appointment now. And when you’ve got no money coming in, you know that’s a long time for people to wait.

This exchange demonstrates not only the advice and advocacy demands upon the organisation that Respondent F worked for, but also that the main organisation it signposts people to for more specialised advice services, is also under pressure. When people have little or no money waiting a week for benefit advice is a long time, let alone waiting for a month. The interesting issue though, about Respondent F’s comments is that the organisation that they work for is not primarily an advice giving organisations, but given the nature of its

services and neighbourhood in which it is located, such advice plays an important part of its work.

The organisation that Respondent C works delivers an advice and information service as part of its work. The focus is often upon social welfare issues. While the organisation offers a pay-as-you-go counselling service this often identified issues that were more properly dealt with through welfare benefit/service advice:

...what we're finding is a lot of people that have come through the counselling... might not actually need counselling. They might have had their benefits withdrawn. Their housing might be substandard. So they might come in and actually through the first two or three sessions internally, they might need a personal budget putting in place, they might need somebody to help them manage their money so as part of our self-directed support we do that right the way through to fully. So actually by the time you've picked all of that off the sides they can actually focus on themselves and it may be that actually they just need someone to talk to them for a couple of weeks and gradually their situations improve. That's not always the case but we've found that a lot of people are just in distress (Respondent C).

It is fair to say, therefore, that most of the organisations that we interviewed respondents from engaged, at least to some degree, in offering advice on social welfare benefits and services. The comments of respondents demonstrated several important points. First, there is a good deal of referral and signposting between organisations; that the respondents for the various organisations recognised the limitations of their own and their organisations' knowledge, and that they were willing and able to refer people to those organisations better placed to offer more specialised advice and/or advocacy. This is linked to a second issue; a recognition that the quality of advice is important. Respondent K, for instance, told us 'there is bad advice. And there are situations where people would have been a lot better off with better advice'.

Housing

A fourth set of needs raised during interviews was related in various ways to housing. First, and linked to the issue of advice and advocacy, recent changes to Housing Benefit – for example, the extension of the Shared Accommodation Rate to people under the age of 35 (rather than 25 as it was previously) – has created a demand for advice and advocacy upon housing and Housing Benefit issues. So, for instance, Respondent K told us:

...our two highest enquiry areas are debt and welfare benefits, so they're clearly related to the recession. And so we're busier than ever with those enquiries and particularly with the changes that have come with welfare benefits. Employment [and] Support Allowance, limitations on Housing Benefit... and things like the single room rates [now the Shared Accommodation rate] being extended to thirty-five year olds... [These] changes... have come very very recently so people's personal circumstances have changed quite dramatically... [people] can find themselves substantially worse off than they were just perhaps a few months ago and that's of course a worry to them.

Second, those changes, driven in the austerity package of public sector spending cuts by a view that Housing Benefit was distorting housing markets and discouraging people from

taking paid employment (Department for Work and Pensions, 2010b, 2011b; comments of David Freud, Minister for Welfare Reform, reported in *The Guardian*, 4 November, 2010), means that people are having to make up short-falls in their Housing Benefit payments. In income poor households – those to whom Housing Benefit is paid – such a development has an impact upon other equally important areas of weekly spending. The following exchange between Respondents H and I makes the point:

RI: What we're really doing is just bridging a gap of finances if they haven't got it.

RH: Yeah, because their benefits have all changed. It's been worse lately because housing benefits have been reduced, [their] benefits have all been changed. Some of them are finding they've no benefits at all... Or their Housing Benefit's been dropped right down and they can't afford to buy food if they want to pay for their property.

Respondent L pointed to the difficulties that the restrictions in Housing Benefit had in terms of young people accessing affordable accommodation:

If you're in a home and you reach 18 your parent loses child benefit and you also lose tax credits. Your mother loses tax credits. So you've got a fully grown woman or man who eats just what any normal adult would and you lose every single benefit and there's no work. And then they're restricted 'cos they can't move out because they can't move into accommodation because they can't afford to because it's fifty quid a week, that's all you get if you're unemployed. You'll get fifty pound for a room, that's all you get.

Such issues will only be exacerbated by the extension of the Shared Accommodation Rate to those people aged under 35.

Summary

Demand for advice on welfare benefits is outstripping capacity. Those in need of mental health services are in increasing need of support from voluntary organisations as only those with the most acute needs are currently receiving social care support, while others are losing vital welfare payments through harsh work capability assessments. Gaps in benefit payments, as a result of changes to entitlements, mean that people can be left without money for food for periods of time, but, as we saw in the previous section, some organisations are finding they have to ration food parcels through lack of resources. Meanwhile the effect of new Housing Benefit rules will put people at greater risk of losing their homes. This will put further strain on voluntary organisations that offer advice and support.

Conclusion

We have seen in this report that the effects of the current economic crisis and the policy reaction to it are having a mixed impact upon the voluntary sector in the UK. There is some evidence to support this in the case of the organisations that we spoke to representatives of in the Lancaster District. This 'mixed picture' relates to the fortunes of the voluntary organisations. We have seen, for example, that some of the voluntary groups in the Lancaster district were or had plans to expand while others, unfortunately, were facing a contraction in service delivery, with one about to close. In terms of demand though, it is the case that it is not a mixed picture; all organisations reported facing high demand for their services. As we have noted, attributing this to just the economic crisis and the policy reaction to it is difficult. It is clear from the research that needs related to the economic crisis and the retrenchment in public sector spending that has been the consequence of it have come on top of needs created by longer-term social factors and technological change, and shorter-term policy changes that were not framed by the economic crisis, but nonetheless have created a high demand for advice and advocacy, and have exacerbated the financial problems for already income poor people.

The issue here is that existing and longer-term needs and those that can be attributed to the economic crisis and the policy reaction to it interact. In the reality of people's everyday lives they are closely intertwined and inter-dependent, and a change in circumstance in one aspect of a person's life can have profound on the others. The following example makes the point neatly:

we had a client in who took out... a pay day loan. And basically what you're doing is you're borrowing money against your next wage. ...in this particular instance... there's no public transport so the only way they could travel to work was by car... and the car... had an MOT and failed its MOT. Needed about £500 worth of work on it. So they didn't have many choices so they borrowed from... a pay day company... they borrowed the five hundred and by the end of the month they owed £625... it's usually on a thirty day loan. Anyway, then there were problems at work as people went on short time working so they couldn't pay back the five hundred pounds, well what was then £625, so the following month they actually owed £778. Then the company closed so they now couldn't pay it back, so in the third month they owed £998. Their monthly wage was a thousand pounds. In three months that loan had totally eradicated their wages but they were now not working anyway. So people who find it difficult to get a good credit rating or have a very limited income are very much ...impacted [by the recession]... to a huge extent (Respondent K).

This example demonstrates what for many people is a minor inconvenience can, for those people with fewer economic resources, become a problem that not only absorbs a great deal of their time and energy, but which has a dramatic impact upon their needs. The issue is that for those people with the least economic resources (and most of the organisations that we spoke were dealing with such people on a day to day basis) their needs may be expressed in different ways (for example, in difficulties in paying for housing, or food or both and also in a need for advice or advocacy), but they will expressed in some form; for example, in people presenting themselves as homeless to the local housing authority, or in an episode that

requires the intervention of the community mental health team, or them being referred to one or several of the services that we spoke to.

In many senses, none of this is new. For many years people have had problems with securing enough resources whether that is, for example, financial, housing or food. However, there can be little doubt that decisions currently being taken at a central government level about the nature and direction of social policy is creating greater levels of demand at a local level. In the future there will be more people in need and their needs are likely to be even more acute than they are now. We have seen the beginnings of this in relation to the issue of benefits for chronically sick and disabled people. And from 2013 there are even greater structural changes to occur in the social security system, with the introduction of Universal Credit, the abolition of the discretionary Social Fund and the introduction of Local Welfare Assistance. Such changes are always problematic as people have to get used to, and understand, their new entitlements which will, if previous experiences are repeated, be delayed and often incorrect as computer systems are fine-tuned and staff are not fully prepared. With programmes of both structural reform and austerity driven change the needs of people will increase. The issue then becomes whether the voluntary sector can meet the challenges that this will undoubtedly bring in a period that, while offering some opportunities, is still likely to be defined by constrained funding.

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