



...Survey of local third sector support providers

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Third report.

This is the third in a series of surveys set up in 2009 to track the impact of the economic downturn. The surveys continue to provide valuable information on the sector during a time of considerable change, both for frontline civil organisations and those who support them.

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1. Summary

This report highlights the findings from Capacitybuilders' third survey of local support providers, showing how changes to the economy have impacted on the voluntary and community sector.

Analysis shows that:

- Demand for support from frontline groups continues to increase according to the vast majority of local support providers.
- For the third survey running, more support providers have reported a reduction in their overall income for the previous 12 months, than those that have seen their income rise.
- Despite this increase in demand and pressure on income, nearly half of all respondents stated that they are coping well.
- However, increasing numbers of support providers are now planning merger, up from 1 in 7 to 1 in 5 over the last 12 months.
- A similar proportion is planning to cut staff numbers.

2. Introduction

The survey was set up in 2009 to track the impact of the economic downturn. It continues to provide valuable information on the state of the sector during a time of considerable change, both for frontline civil society organisations and those who support them. Three surveys have been completed so far conducted at roughly six month intervals –Survey 1 in May 2009; Survey 2, October 2009; Survey 3, April 2010.

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Each survey has covered the following areas:

- changing patterns of demand for support services
- changes in income
- organisational responses to the recession
- the impact of current economic challenges on wider civil society organisations
- expectations for the future.

By keeping the topics and survey questions broadly similar each time, it means that we can now analyse comparative data from the three surveys that have taken place over the last year, enabling us to build a clearer picture of how support providers have been affected by such a changeable economic climate. Findings from this series of surveys have proven useful in terms of informing policy makers of the areas of resilience and vulnerability that exist within the sector, as well as helping those that provide support to plan their services more effectively.

Sample

The table below sets out further details of the dates and size of each of the three surveys.

Survey No.	Date	Sample size	No. of respondents	Response rate
1	May 2009	898	289	32%
2	October 2009	1544	389	25%
3	April 2010	1510	352	23%

3. Key Findings

3.1 Demand for services

Data from Survey 3 conducted in April / May 2010, shows that local support providers are continuing to see an increase in demand for their services from frontline voluntary and community sector organisations. As the table below demonstrates, this is consistent with findings from the previous two surveys.

Table 3.1.1 Proportion of support providers reporting increased demand for services over the last 12 months		
Survey 1	Survey 2	Survey 3
78%	79%	82%

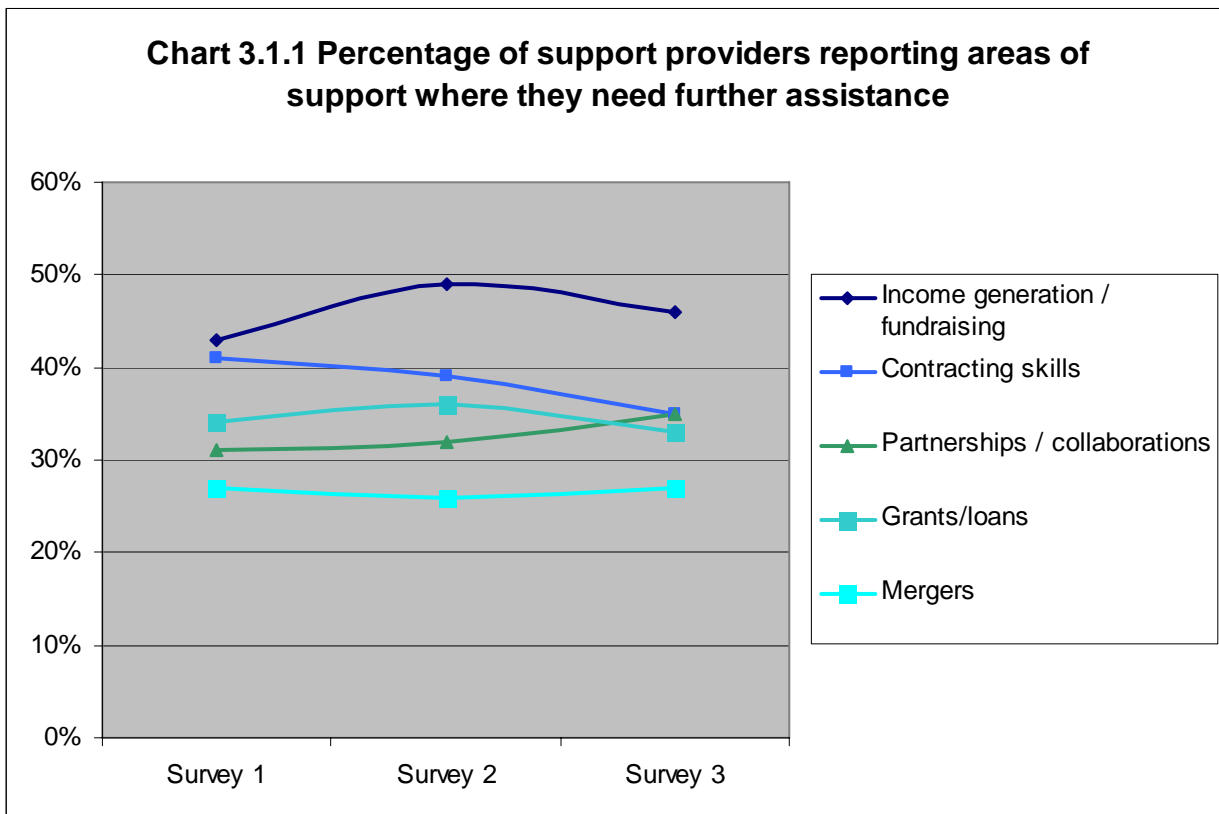
This points to increasing upward pressure on demand for advice and support services from frontline groups. A substantial proportion of support providers remain positive about their ability to cope, with nearly half (46%) stating that they are coping either 'well' or 'very well'.

As with previous surveys, support providers were asked whether there were specific areas where they felt they would benefit from either additional resources or further assistance to continue to support frontline voluntary and community groups. Responses to this question tended to mirror those from Surveys 1 and 2, see Chart 3.1.1.

Generally speaking, the areas of support where further advice and assistance are reported as most needed can be grouped under three broad themes:

- Funding: Income generation / fundraising; Emergency grants / loans.
- Working together: Building new partnerships / collaboration; Understanding / implementing merger.
- Contracting: Developing contracting skills.

This information provides a clear indication of some of the pressure points that exist within the sector.



3.2 Income

In each of the three surveys Capacitybuilders has conducted since April 2009, a larger proportion of respondents have reported a decrease in income over the preceding 12 month period, compared to those that have reported a rise (see table 3.2.1 below).

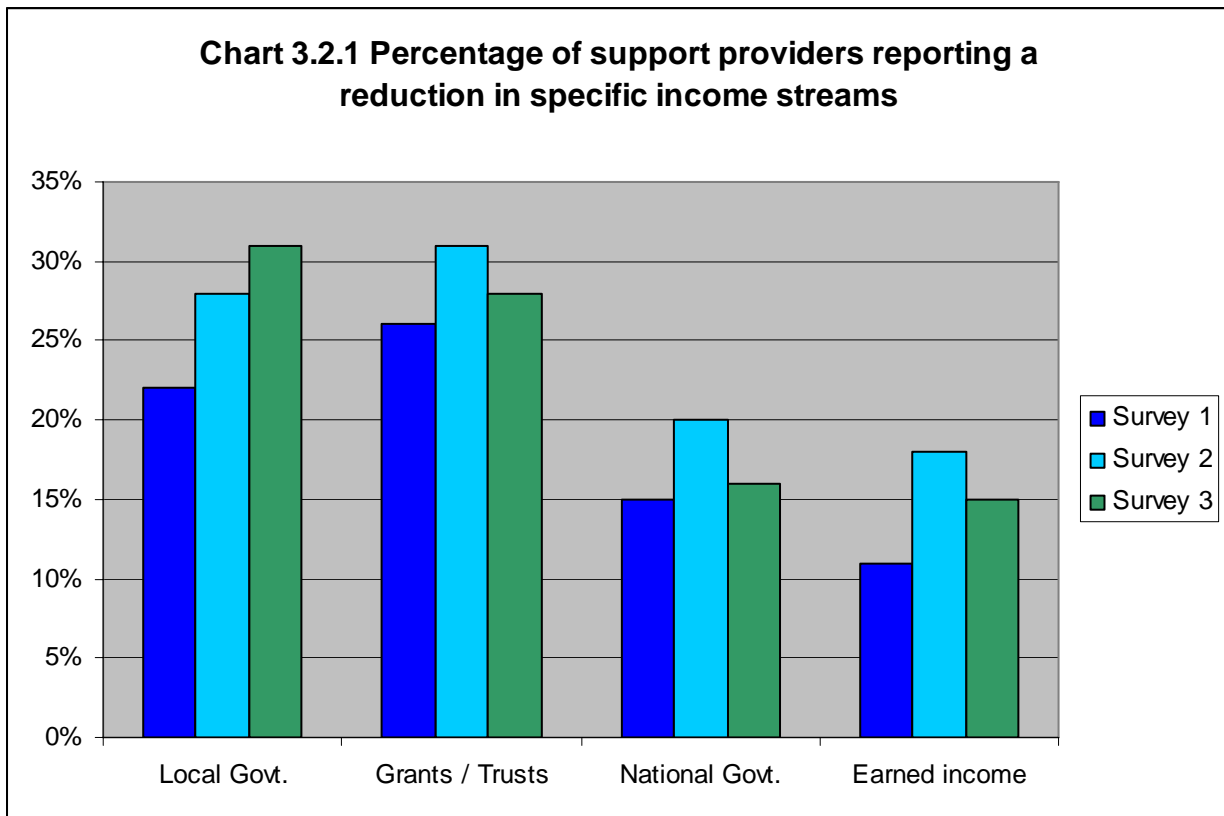
	Survey 1	Survey 2	Survey 3
Decrease	38%	42%	40%
Increase	36%	28%	34%

The data shows that in Survey 2, the gap between support providers reporting a decrease in income and those reporting an increase had widened substantially. However, the most recent data suggests that this gap has reduced, bringing it more in line with findings from Survey 1. The survey took place before recently announced cuts in funding for support agencies from changes to LAA reward funding. Capacitybuilders will monitor this closely in future surveys.

Looking more closely at data from Survey 3, there appears to be a more substantial difference between the biggest 'winners' and 'losers' with regard to income. Table 3.2.2 shows that nearly twice as many respondents have seen a significant reduction in their income (i.e. more than a 15% change) as opposed to support providers that have seen significant funding increases over the previous 12 months.

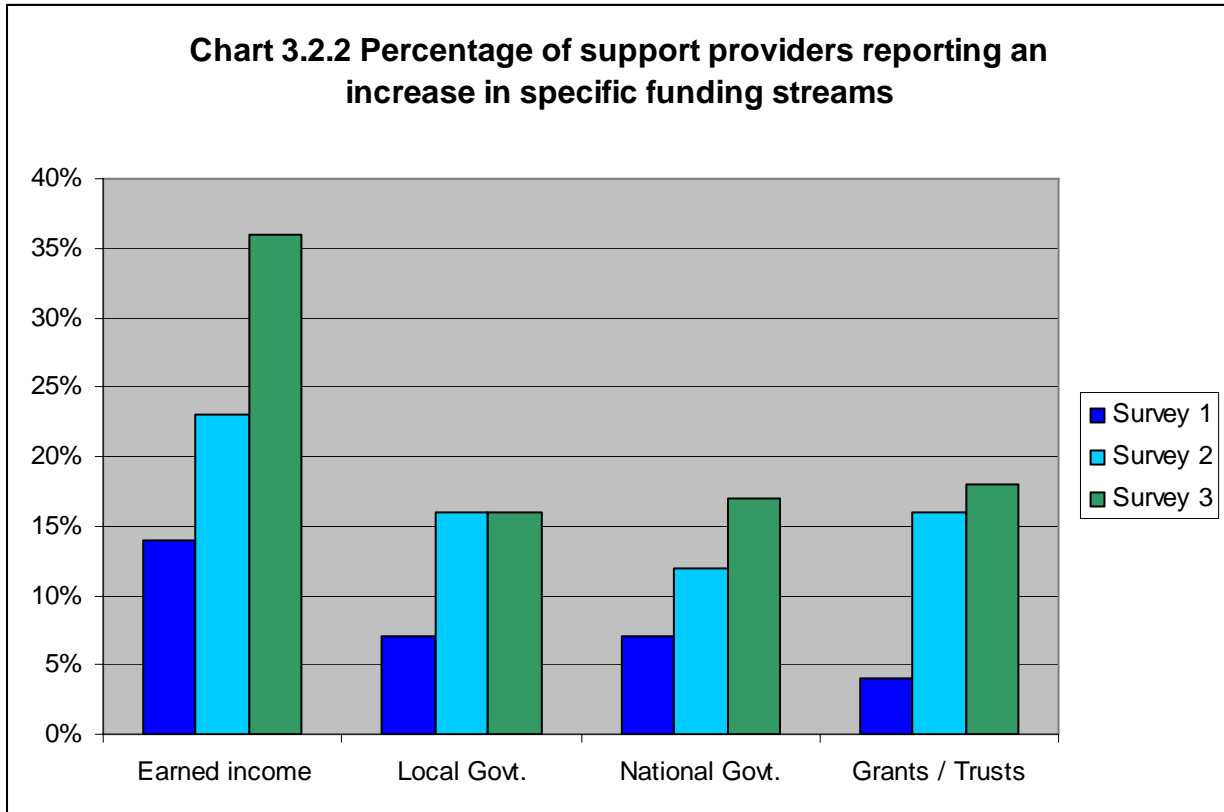
Significantly decreased (> 15%)	20%	Overall decrease 40%
Slightly decreased (5% – 15%)	20%	
Remained the same (+ / - 5%)	26%	
Slightly increased (5% – 15%)	23%	Overall increase 34%
Significantly increased (> 15%)	11%	

The survey sought to explore changes in each of the four main sources of income for support providers: local government, national government, grants, and earned income. Chart 3.2.1 shows the proportion of respondents that have seen a reduction in income from each of these four funding sources.



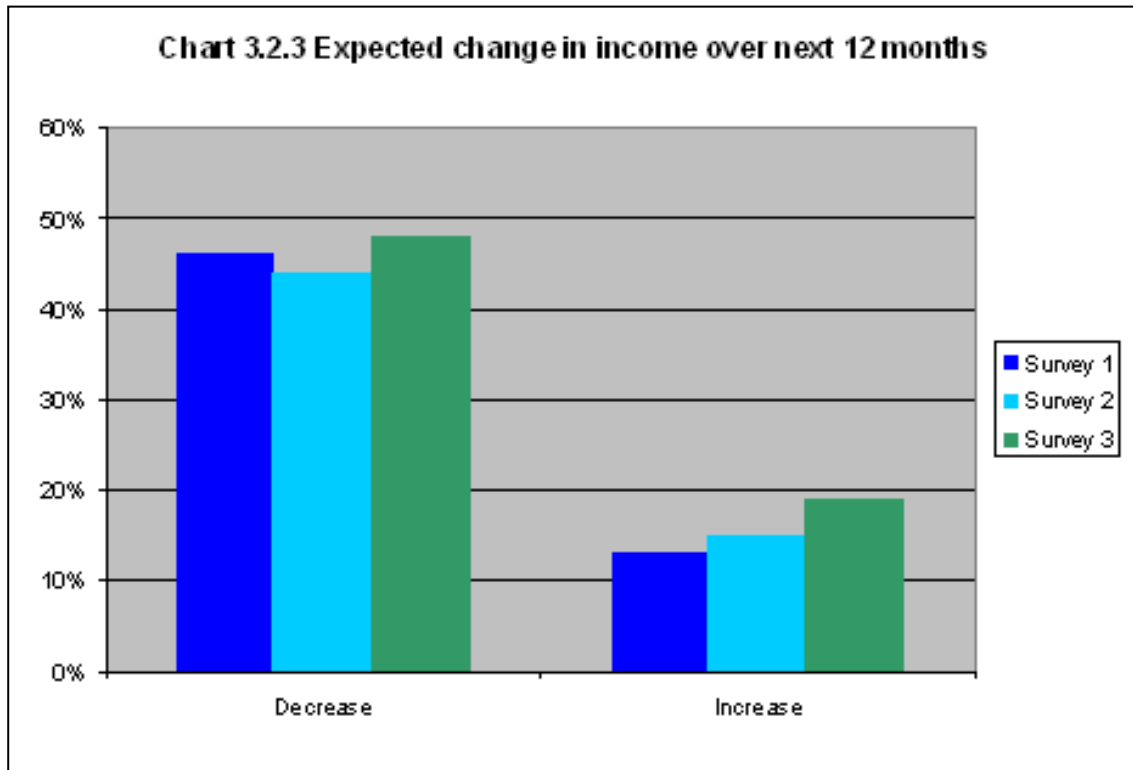
The chart suggests that where income has reduced, local support providers are being more affected by losses from Local Government and Grants / Trusts, than from decreases in National Government and Earned Income. However, it is clear to see that while income from Grants / Trusts, National Government and Earned Income are tracking along a similar trend, reduction in funding from Local Government is having an increasing impact on support providers. Data from Survey 1 shows that just over a fifth (22%) had reported a reduced income from Local Government. Survey 3 suggests that this proportion has grown to nearly a third (31%).

Chart 3.2.2 looks at the same four funding sources but this time shows the proportion of support providers that have seen an increase from each income source.



The chart indicates that increasing proportions of support providers (Survey 1 = 14%; Survey 3 = 36%) are exploring ways to generate their own earned income – and being successful at it. This demonstrates that many local support providers have recognised the need to proactively explore alternative avenues to generate funding, something that is likely to become more important as we all enter what will be a period of significant public spending constraints.

However, looking forward there remains a fair degree of pessimism among local support providers around prospects for future income – see Chart 3.2.3.



According to the latest data, nearly half of respondents (48%) expect their income to reduce over the next year, while just under a fifth (19%) think that it will go up (though it is worth noting a small upward trend across the surveys for this finding).

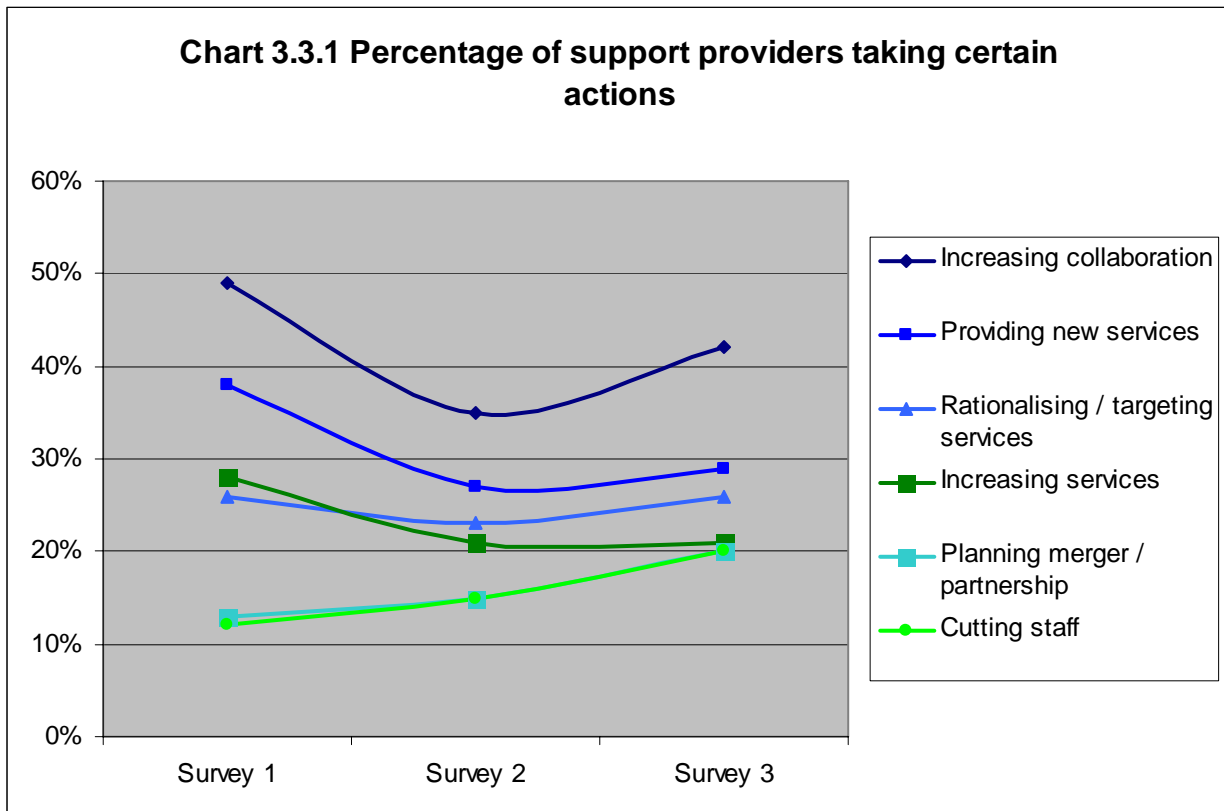
There are similar expectations over the medium-term, with 50% of support providers believing that their income will go down over the next 3 years; while 18% expect it to increase.

3.3 Actions taken by support providers

This section sets out the types of actions local support providers have taken, or are currently taking, in response to pressures resulting from the economic downturn and cuts in public spending. In previous survey reports (available at www.improvingsupport.org.uk) data has been combined to show both the contingency actions support providers are considering, as well as the actions undertaken. However, now three comparative datasets are available for analysis, it is

possible to separate out what actions support providers have actually taken, to address current pressures around demand and income.

Chart 3.3.1 shows the most common actions that have been, or are currently being taken by support providers.



Increasing collaboration has consistently been the most common response for local support providers. No doubt this reflects the efficiency and cost savings these types of arrangements often bring, for example through shared back office functions. However, there are two particular actions where a continuous upward trend across the three surveys can be seen: Planning Merger / Partnership; and Cutting Staff.

In the first survey, conducted in April / May 2009, approximately 1 in every 8 respondents was planning a merger. By the time data from Survey 3 had been collected, this proportion had increased to 1 in 5 support providers. This is a similar case for the proportion of support providers taking the difficult and unenviable

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decision to reduce staff numbers. Data from Survey 3 shows that 1 in 5 (20%) of respondents have also had to cut staff.

4. Contacts

For further information on Capacitybuilders surveys looking at the impact of the economic downturn please contact:

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