

# ON THE BRINK OF CLOSURE: CAN SMALL CHARITIES SURVIVE THE COST OF LIVING CRISIS?

**A report from The Jo Cox Foundation, October 2022**

Small charities doing vital work to support local communities are facing untenable challenges because of the cost of living crisis. Because of increasing costs, workforce challenges and significant rises in demand from beneficiaries, almost half of those we surveyed are fighting for survival. Urgent government intervention is required to ensure they can keep supporting their communities.

Small charities have little protection from the financial impact of the crisis and the issues they face will mean cuts to service levels at a time of increasing need. Without government support we will see a rise in loneliness and disconnection, leading to an increased pressure on local and national services, including health and social care.

## **Background**

The Connection Coalition was formed by The Jo Cox Foundation in April 2020 as a response to the Covid-19 pandemic, anticipating that the nation was at risk of a crisis of disconnection and a worsening epidemic of loneliness and isolation. Over 800 organisations have joined the Coalition and we support them as they work to build and maintain relationships and connections in their communities.

As the pandemic rolls into a third winter and the impacts of the cost of living crisis start to be felt, the ongoing crisis of disconnection is only set to worsen. Across the UK, communities are supported by over 166,000 voluntary organisations, the majority of them small, with a turnover of less than £1 million. Many of these organisations stepped up in the face of the pandemic, providing vital services at the most difficult of times. It is essential to listen to, value and give practical support to these organisations who are keeping our communities safe and connected.

We conducted an online survey of Connection Coalition members for two weeks in September - October 2022. 23 members responded, giving us a snapshot of the experiences and concerns of small charities right now.



## KEY FINDINGS

1. **Nearly half of members have concerns about the ongoing viability of their organisation over the next year.**
2. **Three-quarters of members say the cost of living crisis is already having a negative impact on the running of small organisations.** This is being seen in costs for their facilities and costs for service delivery (e.g. food and travel price increases).
3. **All respondents foresee a negative impact within their organisation over the next six months.** The areas of most concern are costs for their facilities, costs for service delivery, volunteer recruitment and retention, and staff recruitment and retention.
4. **One third of members anticipate a need to cut back on the services they provide.**
5. **At the same time as needing to cut back due to rising costs, members anticipate the crisis negatively impacting the community members they serve, increasing demand on their services.** Over half foresee an increased demand for their services this winter.

## WHAT DOES THIS MEAN FOR SMALL CHARITIES?

1. **Some small charities will have to close, and others will be forced to use their reserves**

Even during the best of times, most small charities do not have the luxury of extensive reserves to fall back on. With the backdrop of Covid, during which 60% of charities<sup>1</sup> saw a loss of income, the situation is now even more precarious. Costs are rising at a time when donations from the public and other sources are falling<sup>2</sup>, meaning some charities may have no choice but to close.

“We will have to use reserves to fund the increase in heating and this, coupled with it being harder to get funding could impact us significantly.”

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<sup>1</sup> Charity Commission, October 2021 - [the impact of Covid-19 on charities](#)

<sup>2</sup> Charities Aid Foundation [Giving Report](#) 2022



## 2. Small charities will have to cut service levels

With rising costs and decreasing donations, small charities will have no choice but to either reduce the service they provide to existing beneficiaries, or to reduce the number of beneficiaries they support. When asked about the impact on services, only 30% of respondents felt certain that they would not need to implement cutbacks in the next year.

“We are particularly concerned about the future services to older people. Our energy bills are rising and the cost of meat, wholesale goods etc. means services such as our Meals on Wheels to vulnerable and isolated people may cease if additional funding is not secured.”

## 3. The needs of communities will increase significantly due to the impact of the cost of living crisis

87% of respondents to our survey said that they anticipate that the physical and mental health of their beneficiaries will be impacted by the cost of living crisis. This will impact the demand on charities, with the majority predicting an increased demand on their services.

“We desperately need to employ a staff member to take on the increased workload of supporting the community.”

## OUR ASKS TO GOVERNMENT

Small charities urgently require government support. They need:

1. **Direct government financial support** to ensure they can continue to deliver essential services this winter, including:
  - **Support for heating and facility costs**, in particular direct targeted support for community buildings to provide warm spaces.
  - Increased **tax allowances** towards heat and light for home workers, as many charity workers are remote or self-employed.
2. Solutions to be **co-designed with communities**. Small charities are the backbone of local, direct support to our communities. They are the experts in what works to create meaningful social connections, and to tackle loneliness and isolation. They should be engaged and involved in decision making in response to the cost of living crisis.



## ABOUT THE CONNECTION COALITION

### What is the Connection Coalition doing to help?

The Jo Cox Foundation provides a voice for Connection Coalition members who may not otherwise be heard by policymakers. We will continue to amplify and share their concerns (and solutions) during the coming months. We will also be increasing our work to provide spaces for members to connect with others. We played a key role in supporting the morale, wellbeing and mental health of members during the pandemic, and we will continue to do this.

*"Those running services are going to need a safe space to talk, otherwise the impact on their mental health could be huge."*

### Who are the Connection Coalition members?

Connection Coalition members work to address a range of social issues, including:

- Tackling social isolation and loneliness, often with a specific focus including rural isolation, younger people or older people
- Division, polarisation and disconnection within communities
- Mental health and wider wellbeing issues

They work through a range of methods, the most common being:

- Building social connections through events and activities
- Social cohesion, bridging divides, connecting people across lines of difference
- Befriending services

The majority of Connection Coalition members who responded to the survey and engage most in our activities are small organisations. All survey respondents had an annual turnover of less than £1 million, with 41% under £100,000. 73% of respondents are either entirely volunteer led or have fewer than 10 employees.

Members are based all over the UK, most often working in and representing local areas, with some working UK-wide. The only English region not represented in the survey respondents was London, with the most responses coming from Yorkshire, the South East and the East Midlands.

