



# Cost of Living

Tough times, Smart Solutions

Belfast • Enniskillen • Coleraine • Omagh  
Portadown • Derry / Londonderry



## The Impact of the Cost of Living Crisis on the VCSE Sector in Northern Ireland

### Introduction

The Voluntary, Community and Social Enterprise (VCSE) Sector in Northern Ireland is facing a Cost-of-Living crisis with organisations experiencing incredible challenges in their daily operations. Increasing costs, increasing in demand for services, inflation and an increase in energy prices is impacting upon organisations ability to provide services to their beneficiaries.

The Northern Ireland Council for Voluntary Action (NICVA) is responsible for representing VCSE sector organisations issues to government and other partnerships, providing practical advice, support and training and providing information and resources. In order to inform this representation, NICVA has undertaken two Cost of Living (COL) surveys in July 2022 and February 2023.

Both surveys were disseminated to the heads of all of NICVA's member VCSE Sector organisations in Northern Ireland. This article will report the findings from the most recent Cost of Living Survey February 2023, and where possible comparisons will be made with the Cost-of-Living Survey July 2022. The COL survey 2023 had a total of n=233 participants and the COL survey 2022 had a total of n=195 participants.

## **Main concerns for VCSE Sector Organisations**

Consistent with the results found in the NICVA, the COL survey 2022, the top three COL concerns for VCSE Sector organisations reported in the COL survey 2023 were ***the increasing cost of fuel and energy*** (78.9%), ***wellbeing of staff/volunteers*** (56.5%) and ***the potential increasing of staff wages*** (54.3%).

Organisations further elaborated on the concerns faced in their day-to-day operations and service delivery. An organisation providing mental health services reported an increase in demand for their counselling services:

***“We have a huge increase in demand for professional counselling for those clients going into huge anxiety worrying how they are going to pay their bills”***

Other organisation reported a decrease in demand for services due to competition with other increased living costs.

It was also reported that funding from Government departments/institutions did not increase in line with inflation. Several organisations were struggling with basic running costs, falling memberships and the closure of membership groups due to members not being able to afford the expense of membership. One organisation felt that wages should not be “potentially” increased but rather stressed that they were a professional, not for profit organisation but not a “work for no wages sector”.

## **Managing Cost of Living Issues**

Consistent with the NICVA COL Survey 2022, participants in the COL survey 2023 indicated that the main methods used to manage the cost-of-living concerns were ***“using our financial reserves”*** (57.9%), ***“sourcing new donors”*** (39%), ***“making your premises more energy efficient”*** (36%) and ***“increasing charges for services”*** (31.6%).

Further methods cited include downsizing office space, turning the heating off, redundancies, requesting management of fees from funders, tendering for additional contracts, trying to increase sales, developing new social enterprises to support costs and only using premises on a part time basis.

It was reported by one organisation that they would not freeze staff wages:

***“We won’t freeze staff wages, that would be immoral”***

### **Service Reduction**

#### **Family, Children and Young Peoples Services**

Several organisations have been forced to reduce the services they provided to families, children, and young people. In particular, parenting programmes, family support sessions and family advocacy services for parents/carers of children, young people and adults with disabilities/additional needs. Some families have now been placed on waiting lists to gain access to support services.

For other organisations, family support, mentoring and listening ear services had to be paused.

An organisation reported a reduction in refreshments provided to children and young people at a drop-in centre. In many cases, this was the only warm evening meal that these children received.

Many children and young people services have been stopped due to the lack of funding, in particular groups for children and young people experiencing anxiety.

### **Staff and Volunteer Reduction**

An organisation stated that they had reduced and withdrawn services that commissioners were expecting to get for the same price agreed 9-10yrs ago. In a bid to reduce heating and electricity consumption, an organisation was forced to reduce the number of days they provided oxygen therapy sessions to service users. Some organisations reduced their opening hours and staff hours in order to keep their

organisation afloat. Many organisations relied on volunteers to deliver services but due to the rise in the cost of living, those volunteers left organisations to seek paid employment. Due to rising costs, organisations were not able to afford new staff and were struggling to meet the increasing wages of current staff.

Furthermore, an organisation reported a 25% reduction in programmes due to staff burnout.

### **Fuel and Energy Expenses**

Travel and fuel costs are a huge concern and expenditure for organisations. In terms of staff fuel costs, organisations could only reimburse staff 40p-45p per mile which meant that staff had to bear the burden of fuel costs beyond this allowance. Taxis for clients and using transport to provide services in rural areas were also additional fuel expenses for organisations.

Almost 50% of organisations reported that they spent between 0-10% of their total income on fuel and energy compared with 45.8% reported in COL Survey 2022. A further 12.7% reported that they spent 21-30% of their total income on fuel and energy bills.

Almost 35% of organisations stated that they were extremely concerned about the ending of the current UK Government's Energy Bills Relief Scheme to Reduce Energy Bills for Businesses and Charities in April 23 (to be replaced with a reduced Energy Bills Discount Scheme). Almost 7% were not at all concerned about this.

### **Additional Cost of Living Issues Facing Organisations**

In terms of additional costs, organisations reported an increase in expenses such as staff salaries, travel costs, venue costs, food refreshments, insurance and medical equipment. In some cases, organisations were experiencing an increase in expenditure whilst their income sources diminished. Organisations were also experiencing issues with the loss of funding, securing funding and grants, and

struggling to survive. They were also experiencing an increase in service demand from services users, and in some cases were not able to accommodate this.

### **Advice and Support for Organisations**

Organisations ranked the top three forms of advice and support that would be important for their organisations to help them respond to the Cost of Living crisis.

1. Continued direct financial support to reduce energy costs
2. Continued direct financial support to reduce other running costs
3. Continued direct financial support to reduce wage costs

### **Conclusion**

In summary, VCSE Sector organisations within Northern Ireland are being impacted severely by the cost of living crisis. Organisations are experiencing an increase in expenditure, loss of funding and service reduction despite an increase in demand in some situations.

NICVA is undertaking a series of events in March/April/May 2023 for VCSE Sector organisations throughout Northern Ireland whereby the results from this survey will be further discussed in a bid to form policy asks to take forward to represent organisations at government level.