

Turning a corner?

Charities and the cost of living crisis

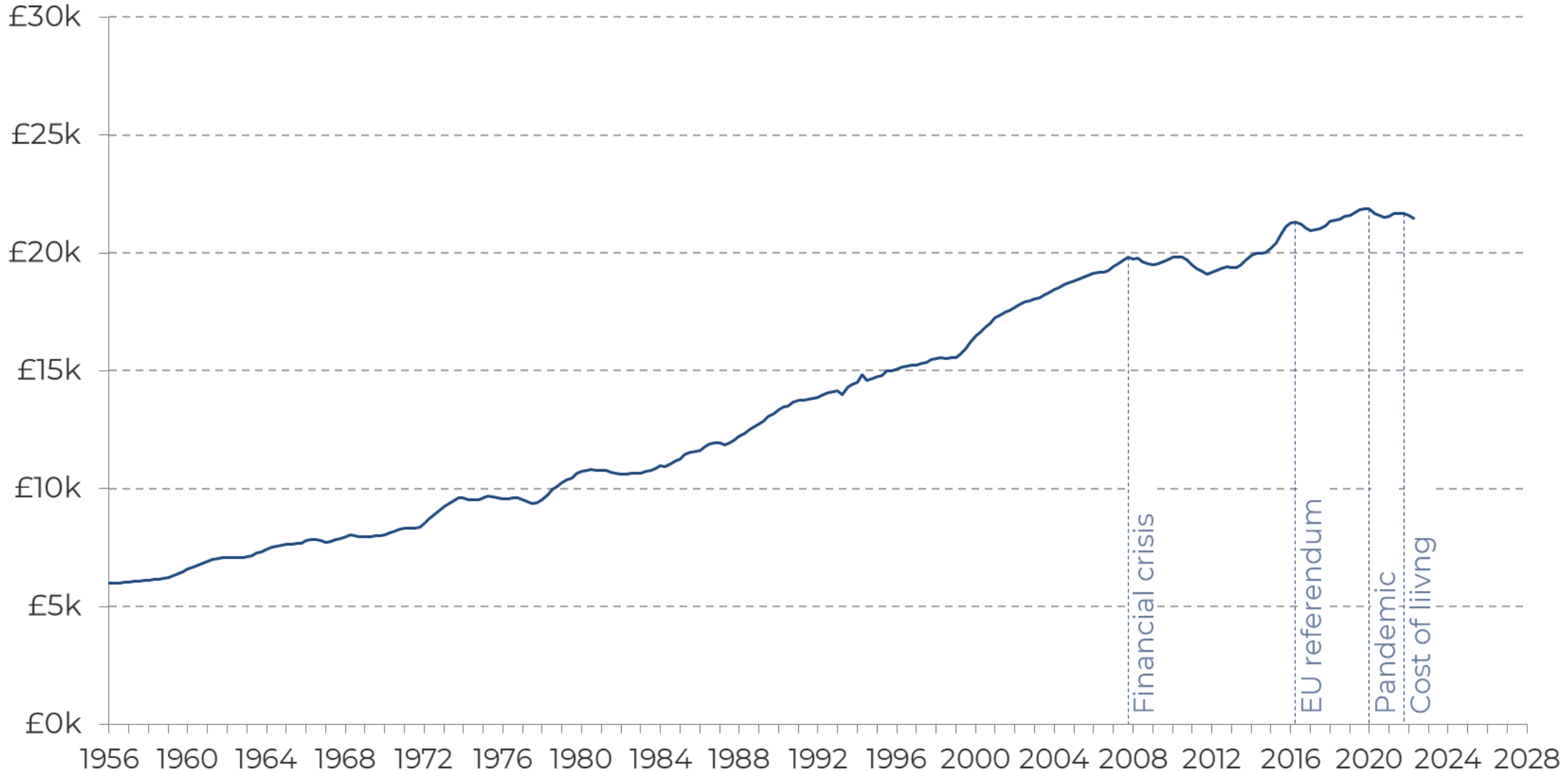
Directory of Social Change Conference

Nicole Sykes
29 March 2023



Cost of living crisis is latest in line of recent shocks

Average real household disposable income per person: UK

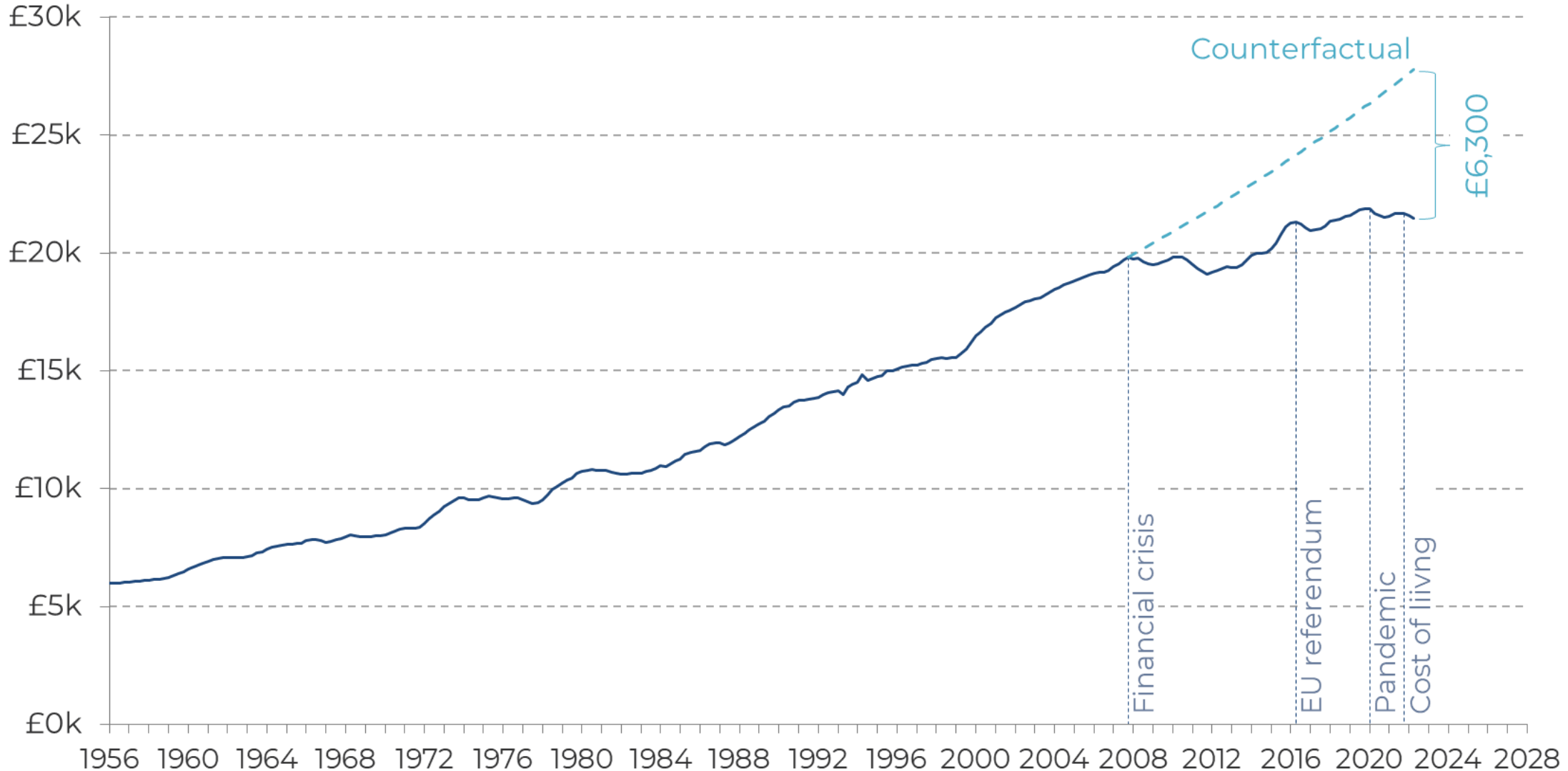


Notes: Chained volume measure, reference year 2019.

Sources: PBE analysis of ONS, National Accounts (series id DG2V and EBAQ and OBR, Economic and Fiscal Outlook

Leaving incomes well down on where they could be

Average real household disposable income per person: UK

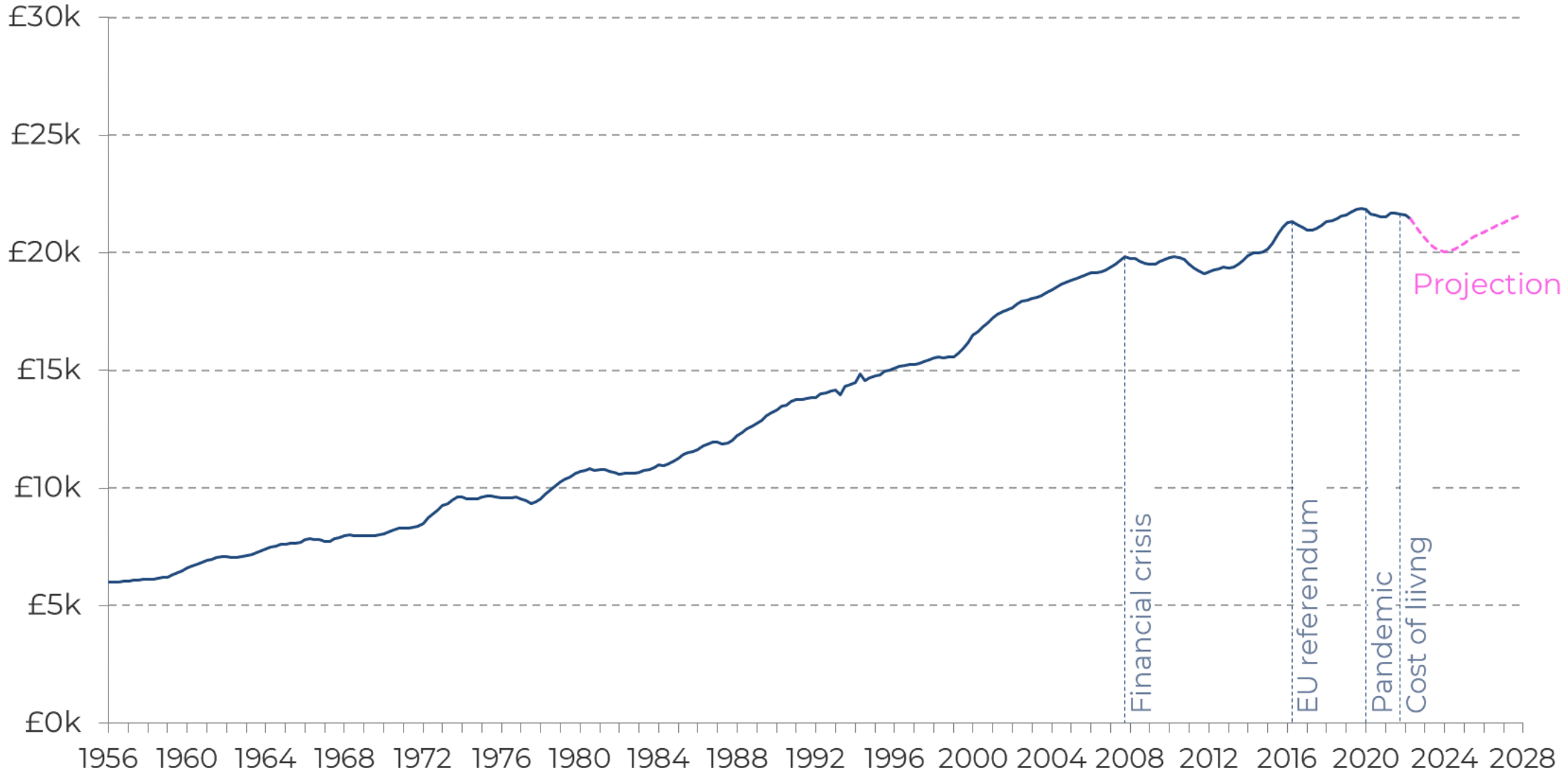


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With further still to fall

Average real household disposable income per person: UK

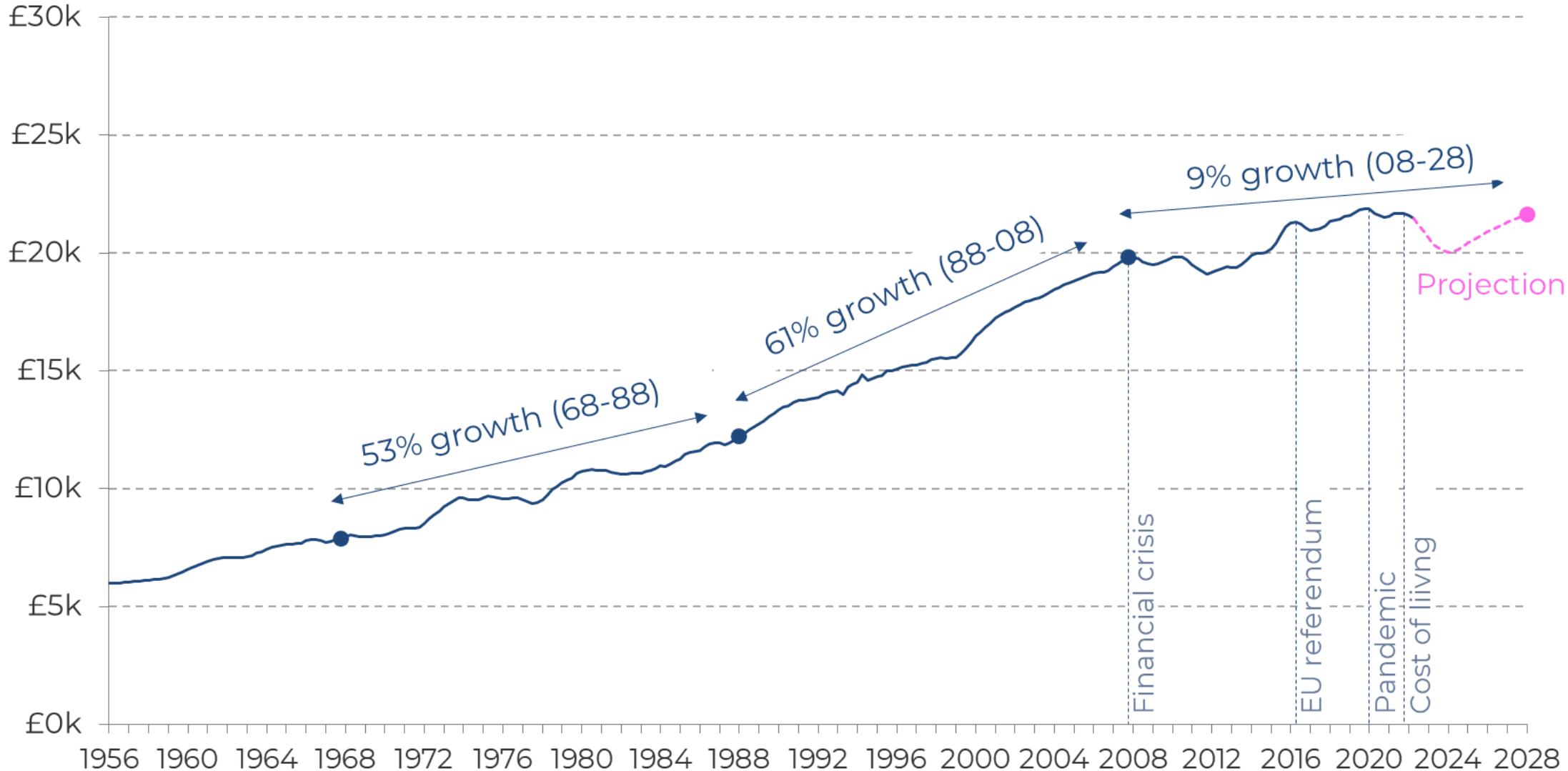


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Fundamentally changing the context for all of us

Average real household disposable income per person: UK

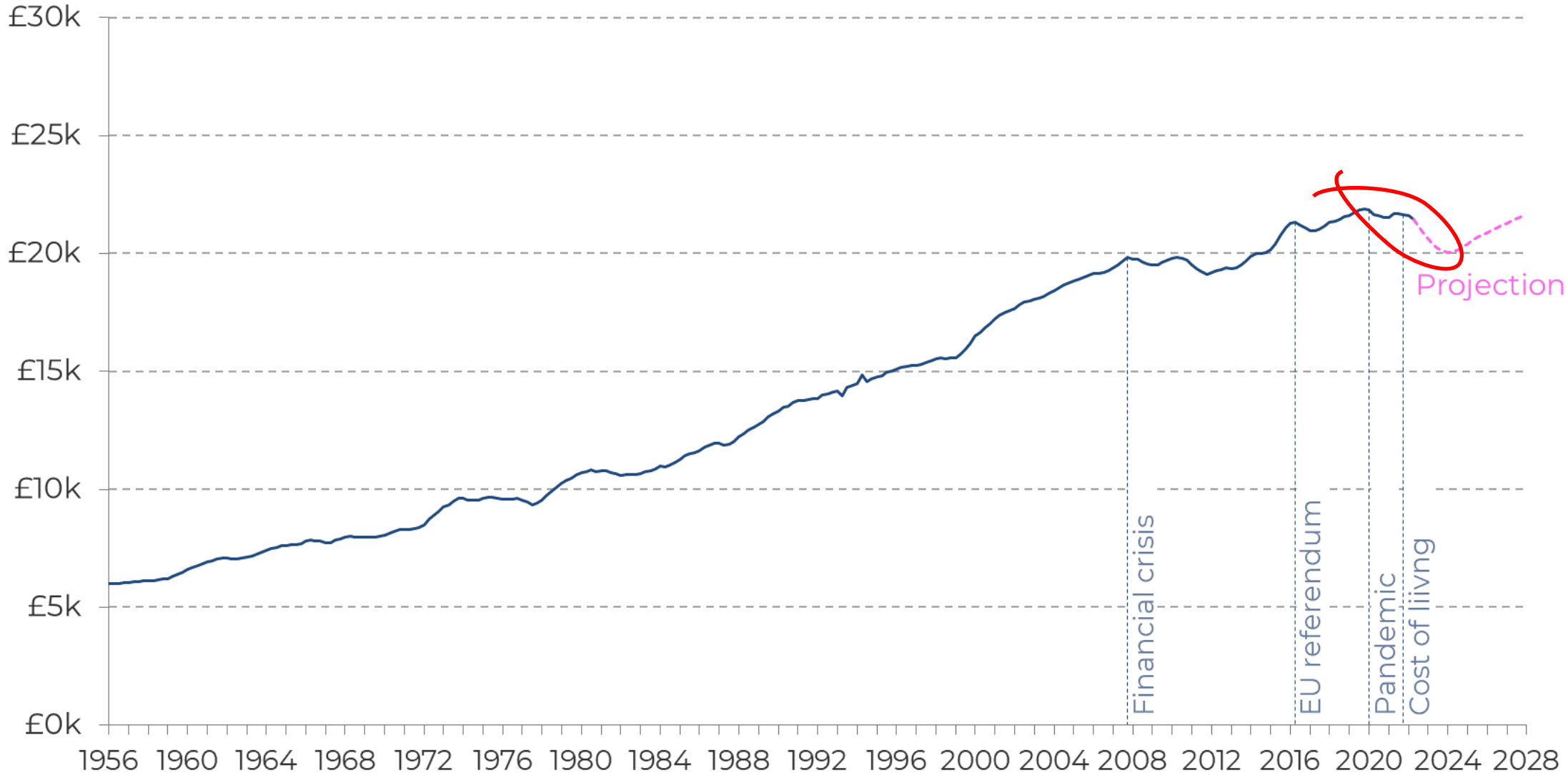


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And our lived experience of the near-term squeeze

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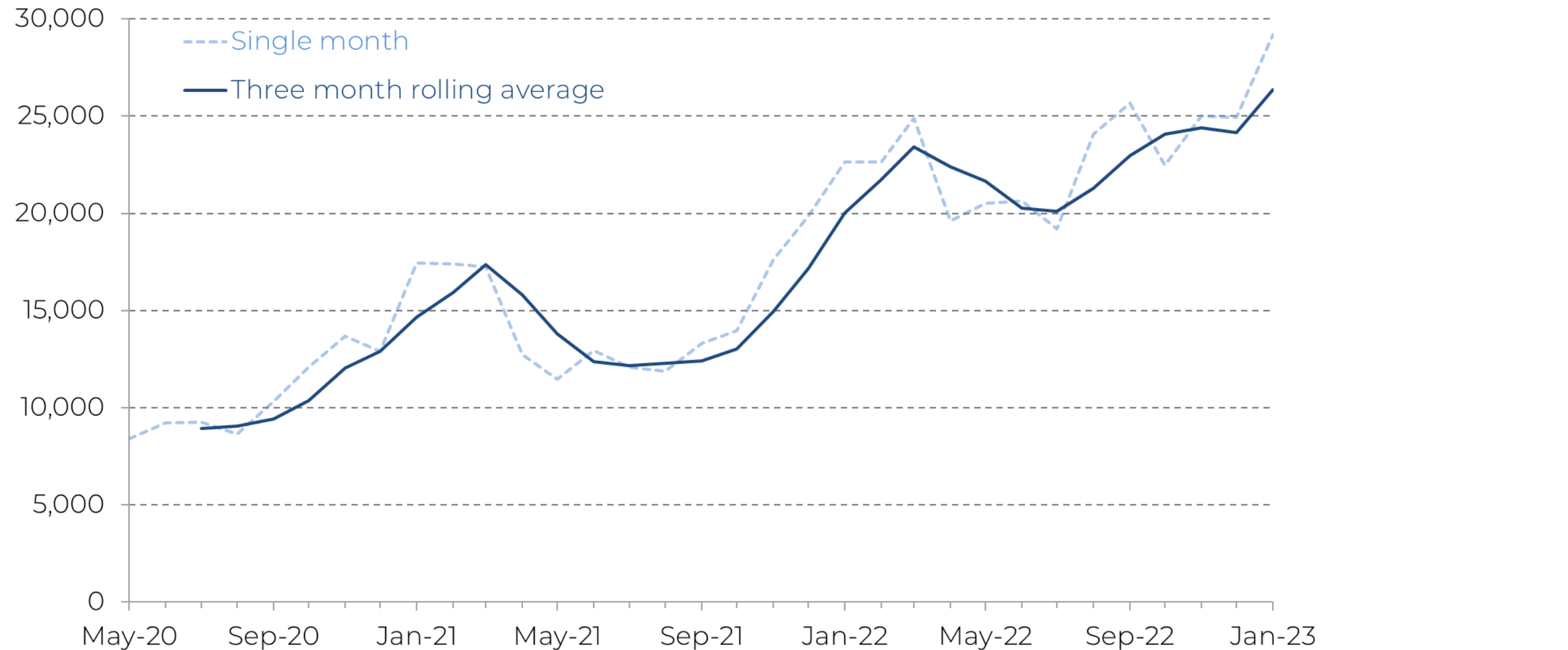


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Prompting a rapid jump in charity demand

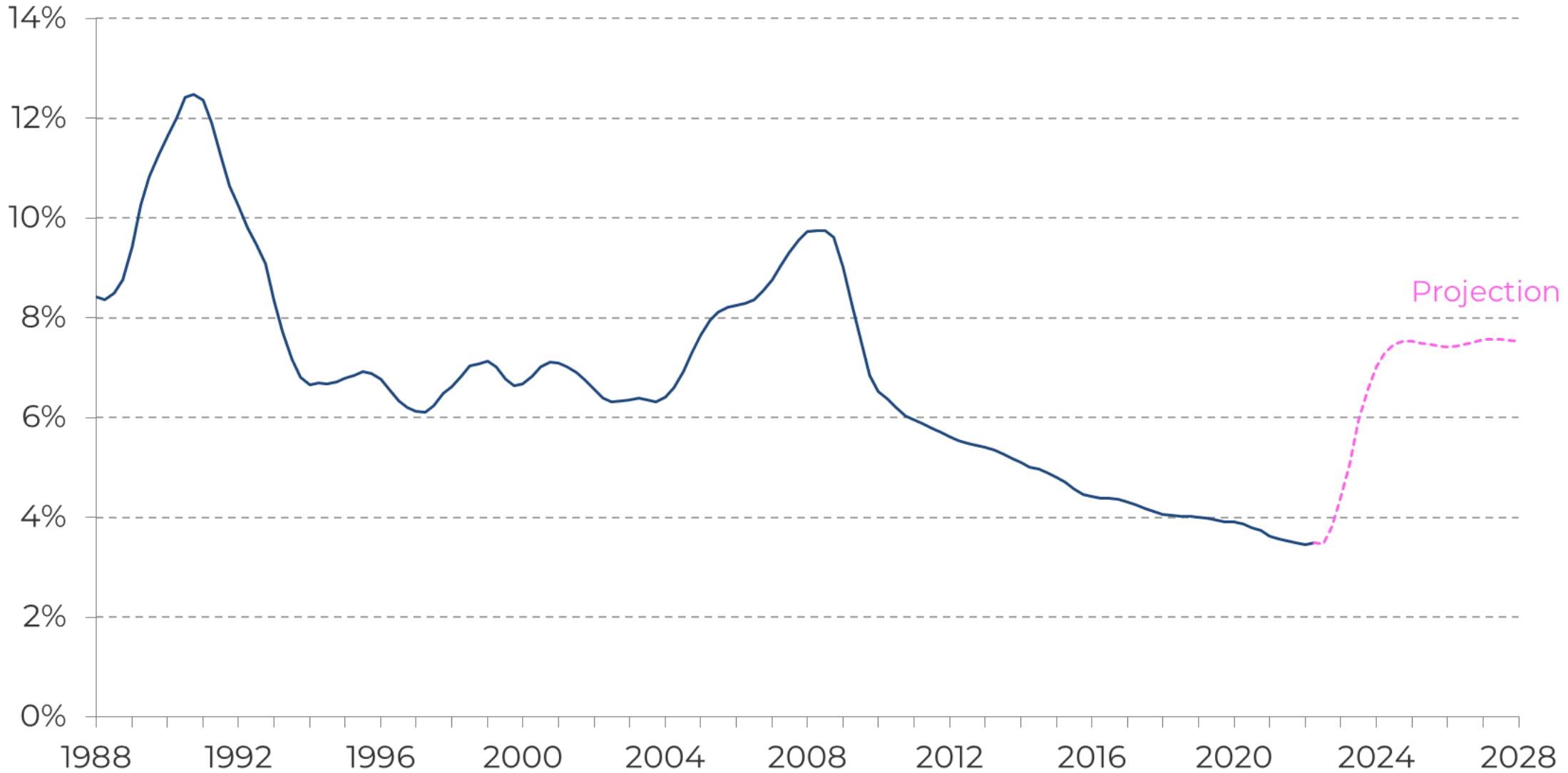
Number of people helped by CAB with referrals to foodbanks or other charitable support: England & Wales



Notes: Data collected across 600 offices and 1,800 outreach locations across England & Wales. "Other charitable support" covers any emergency financial support or support in kind that people need to make ends meet. Sources: PBE analysis of Citizens Advice, Advice Trends

With more challenges still to come (1)

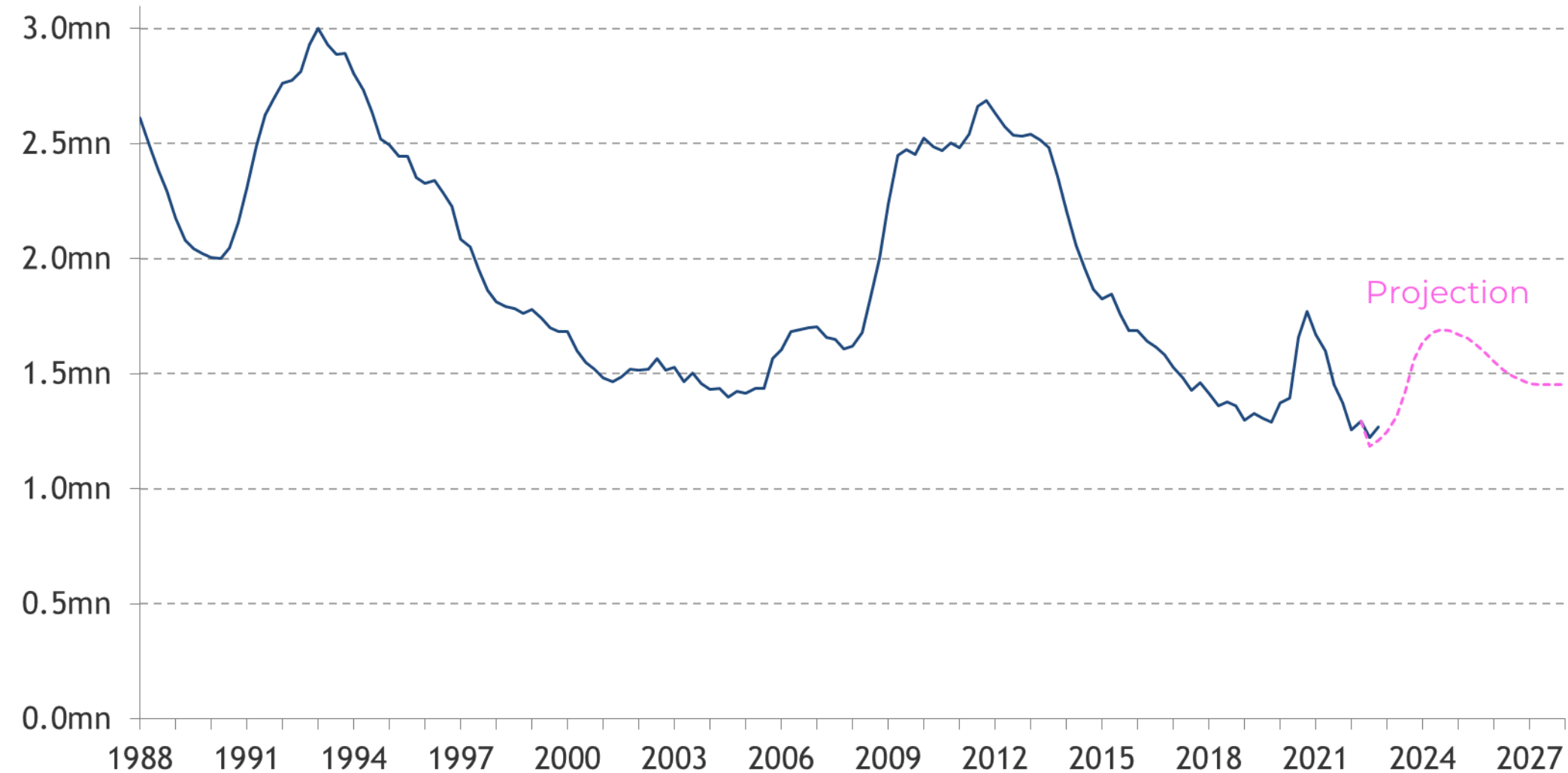
Household debt servicing costs (interest payments as a share of household disposable income, rolling four quarter sum): UK



Sources: PBE analysis of ONS, National Accounts (series id J4X3 and RPHQ) and OBR, Economic and Fiscal Outlook

With more challenges still to come (2)

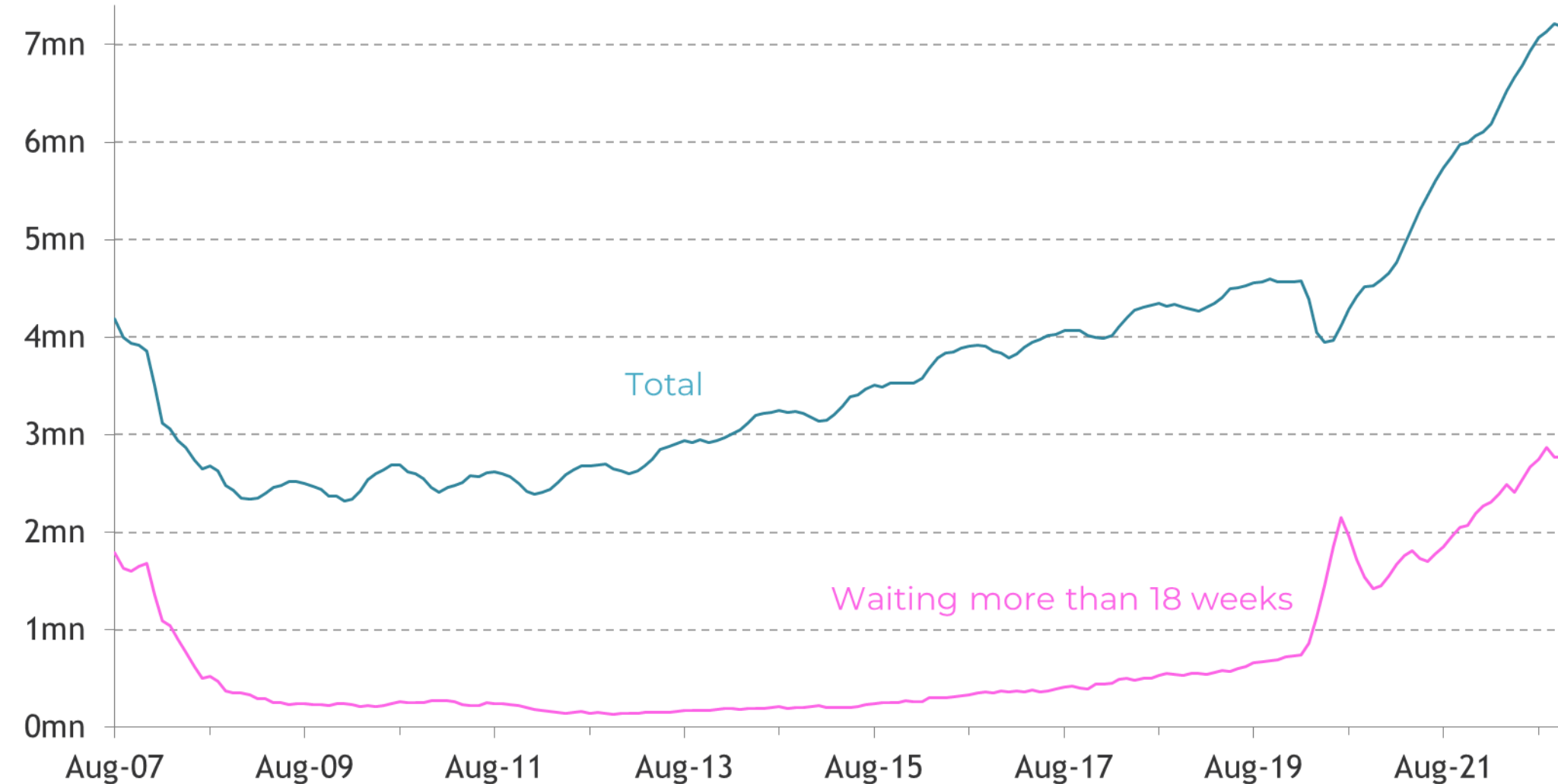
Number **unemployed** (16+, four-quarter moving average): UK



Sources: PBE analysis of ONS, National Accounts (series id MGSC) and OBR, Economic and Fiscal Outlook

With more challenges still to come (3)

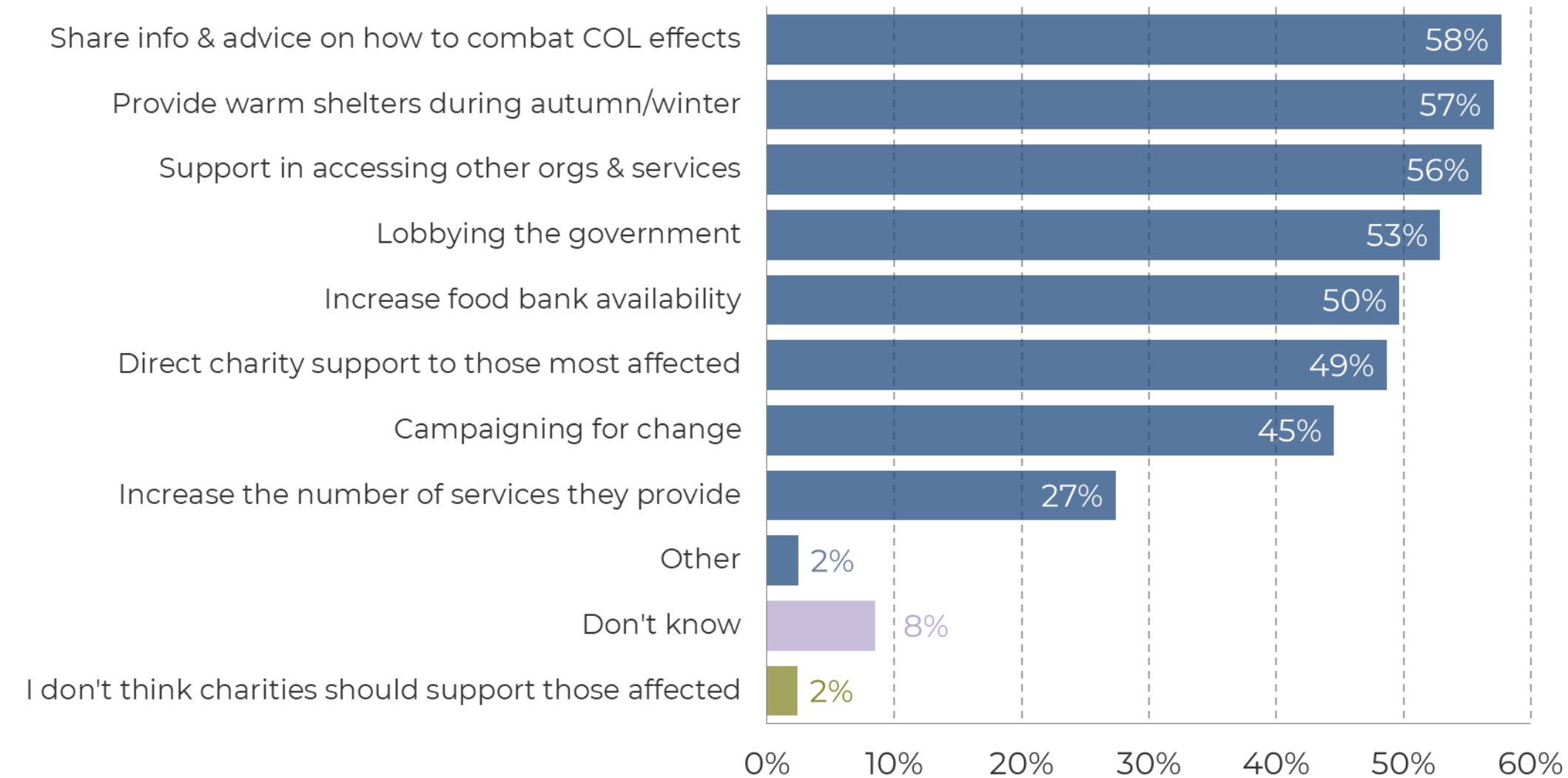
Number of people on NHS England referral to treatment **waiting list**



Sources: NHS England and NHS Improvement: monthly RTT data collection

People want/expect charities to step up

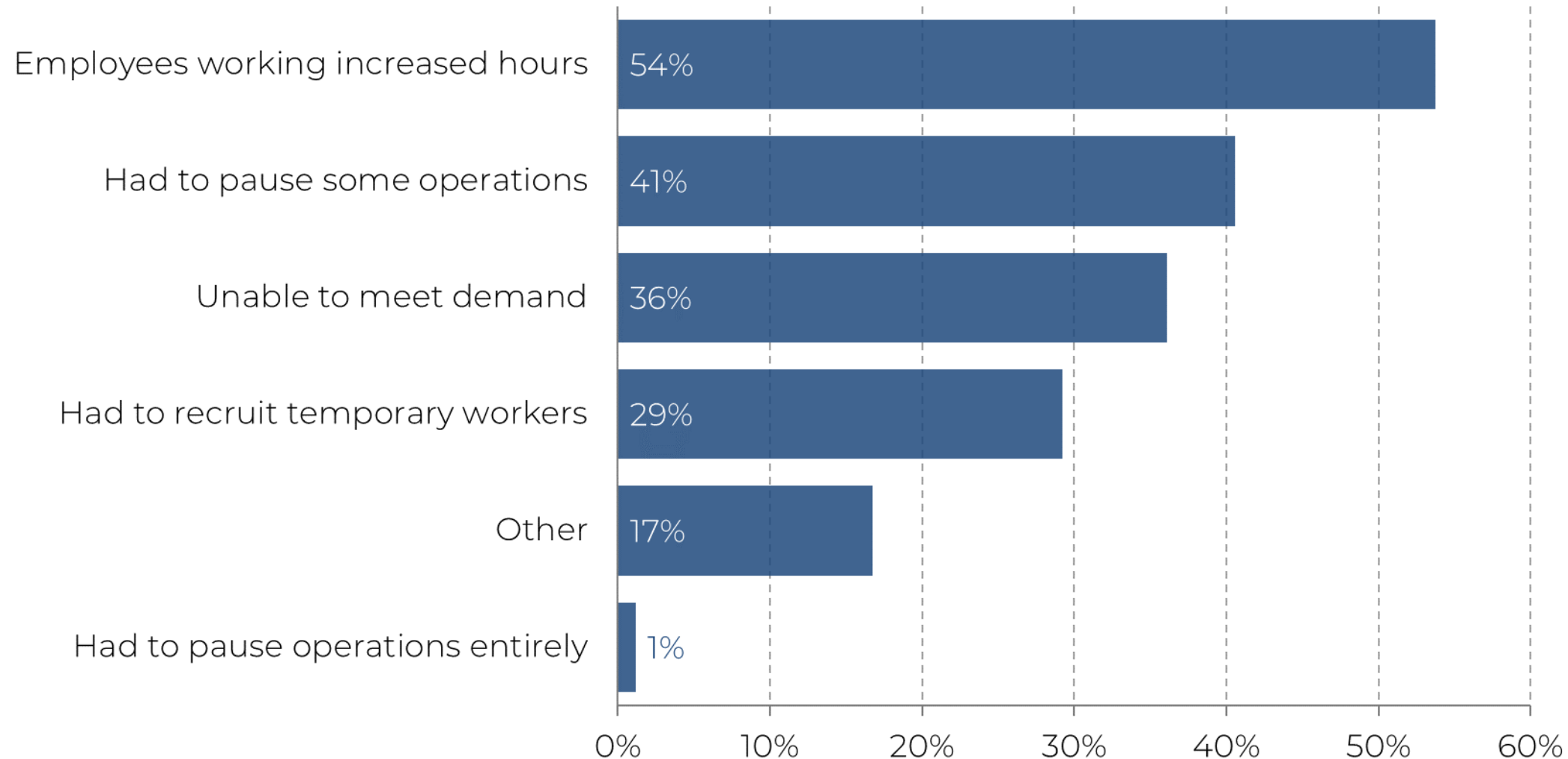
Which, if any, of the following, do you think that charities should do to help support those affected by the current cost of living crisis? GB, Sep-22 (all that apply)



Notes: Total sample size was 2,009 adults. Fieldwork was undertaken 14 & 15 September 2022. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). Sources: PBE analysis of YouGov

Meaning something's got to give (1)

How have **recruitment difficulties** affected your organisation? UK, Nov-22 (among those who said they had experienced recruitment difficulties)



Coming out of the pandemic, 74% of charity leaders were already concerned about burnout among their staff

Notes: n=335, residual is 'Don't know' – 1%. Respondents could select as many responses as were applicable. Sources: PBE and Nottingham Trent University VCSE Data and National Insights Observatory, State of the Social Sector Survey (7 - 21 November 2022)

With sector income likely to fall in the next two years

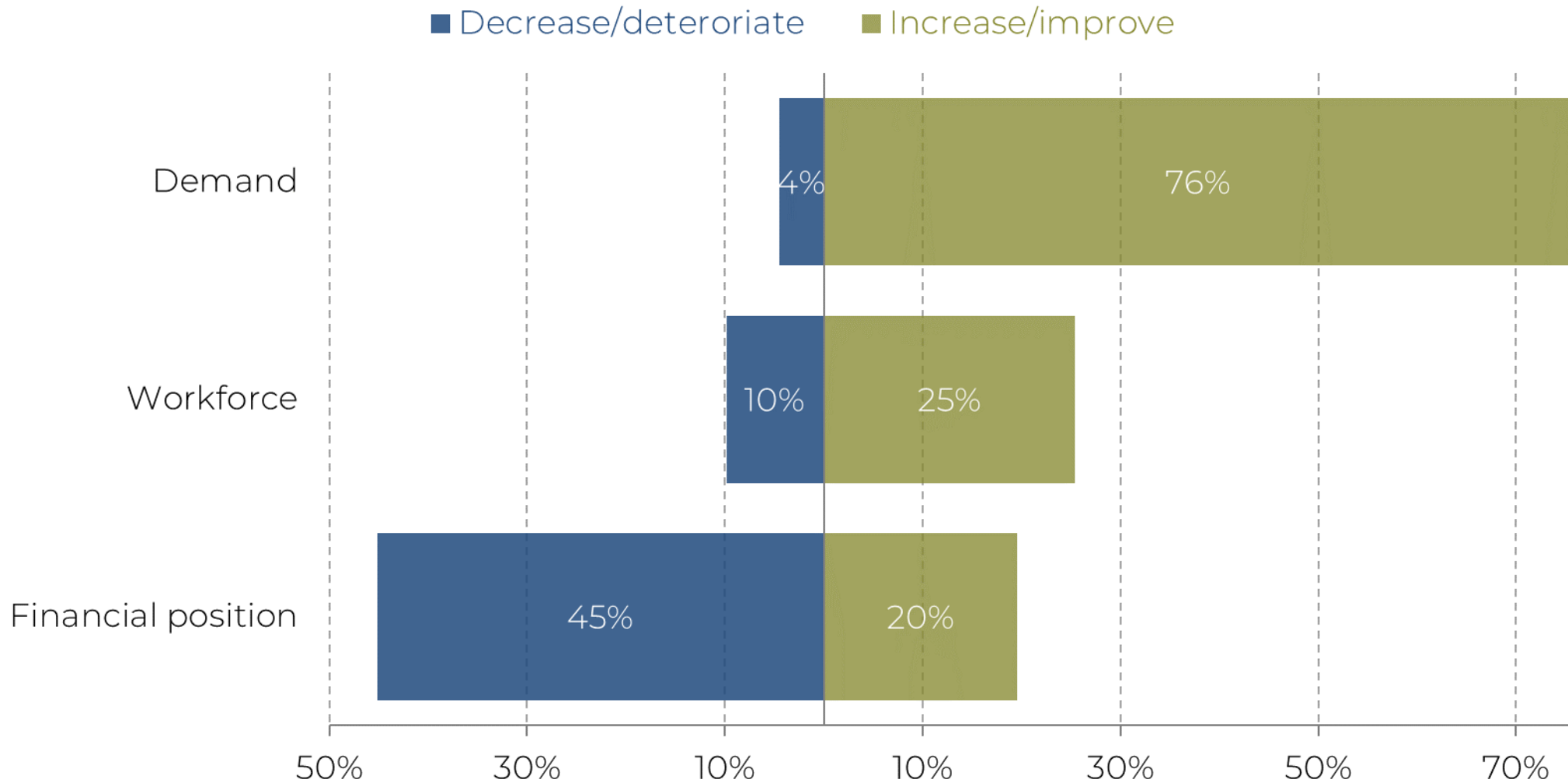
PBE analysis of charity income (adjusted by CPI inflation) based on OBR and ONS data



PBE analysis of historical, pre-covid and March 2023 projections of charity income
Source: OBR, NCVO, ONS, various

Creating an imbalance between demand and supply

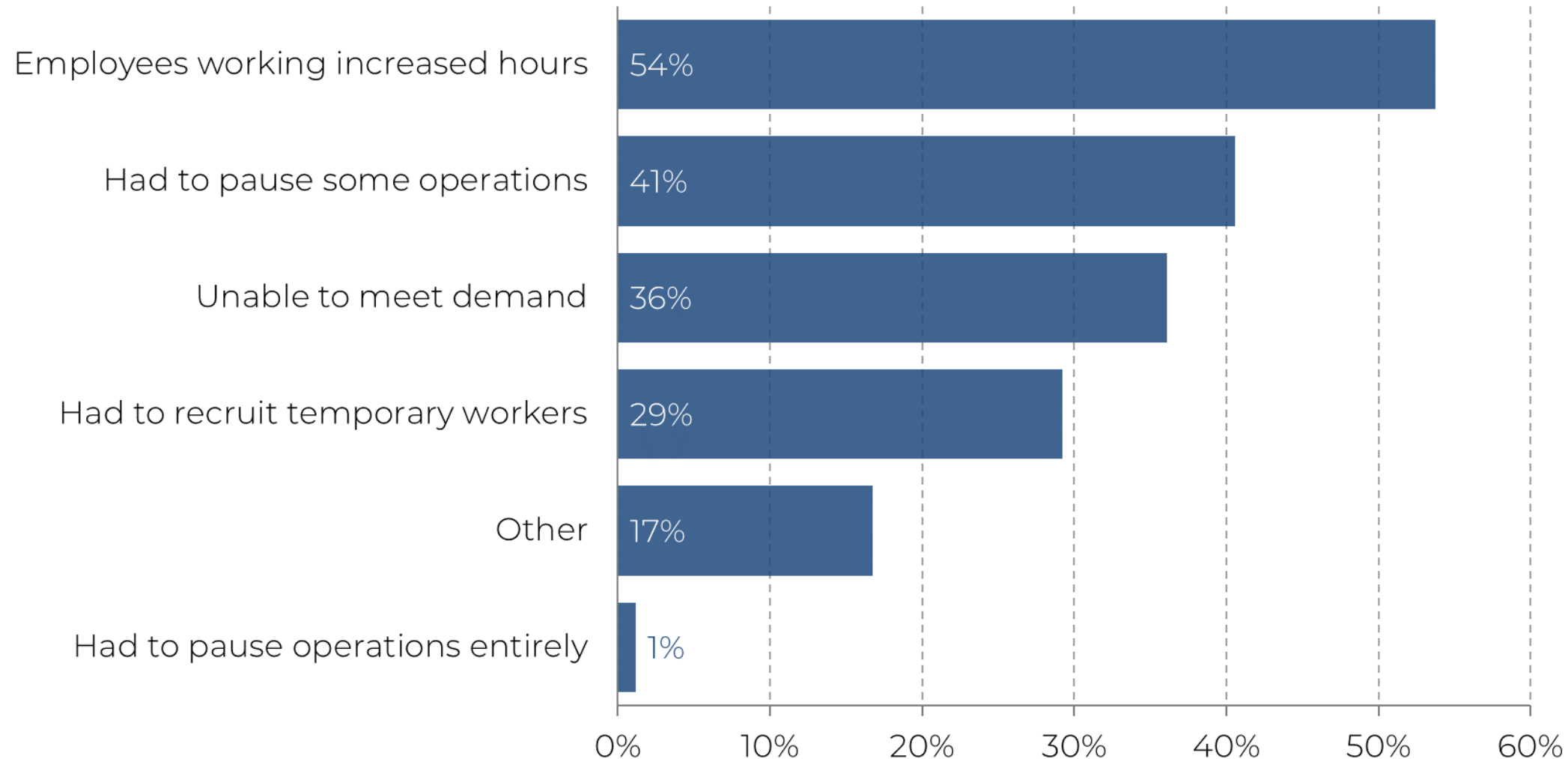
Proportion of charities expecting a decrease/increase in demand and workforce and deterioration/improvement in financial position over the next three months: UK, Nov-22



Notes: Total sample size was 671 charities and community groups.. Sources: PBE and Nottingham Trent University VCSE Data and National Insights Observatory, State of the Social Sector Survey (7 - 21 November 2022)

Meaning something's got to give (1)

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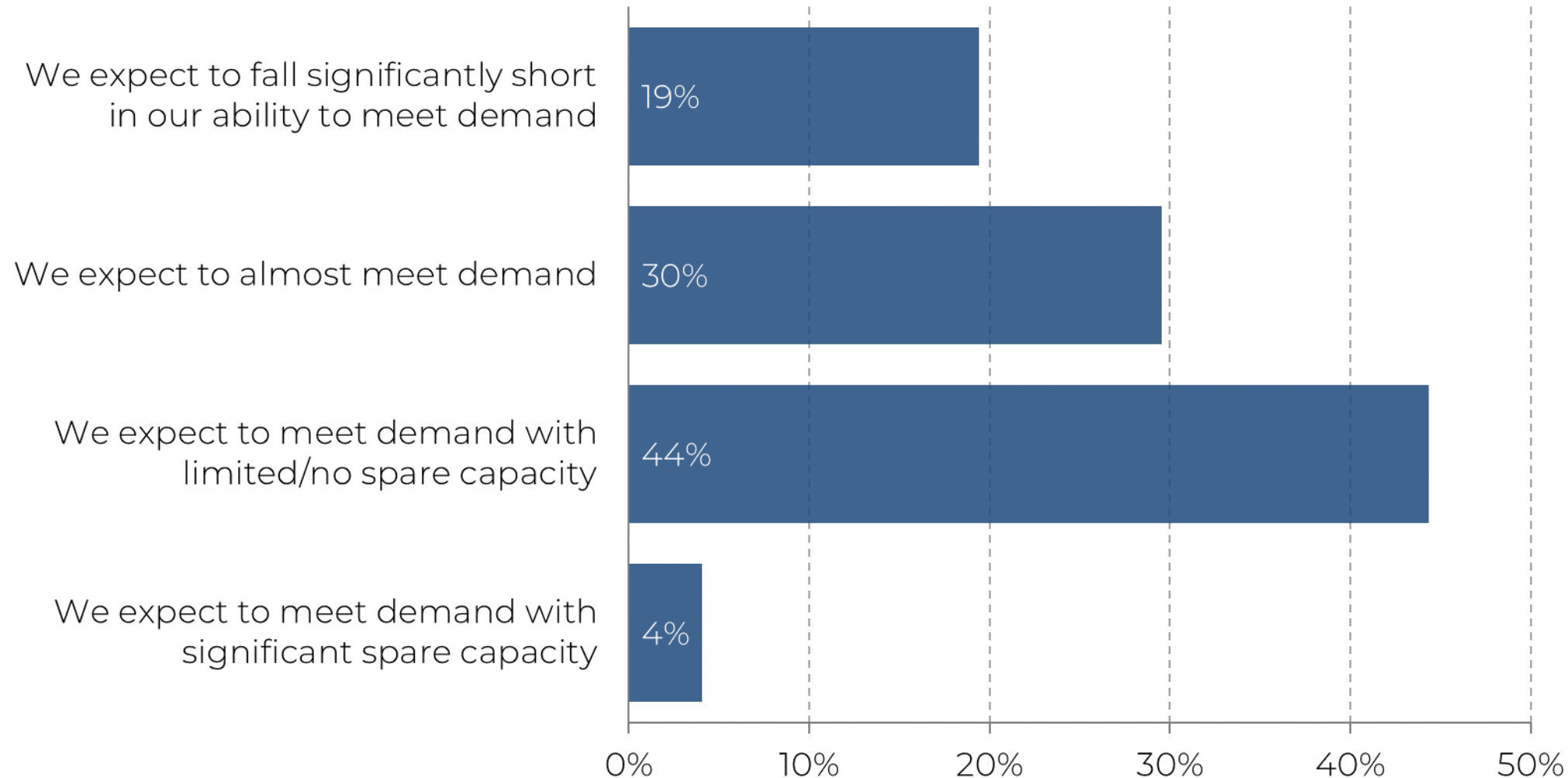


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Meaning something's got to give (2)

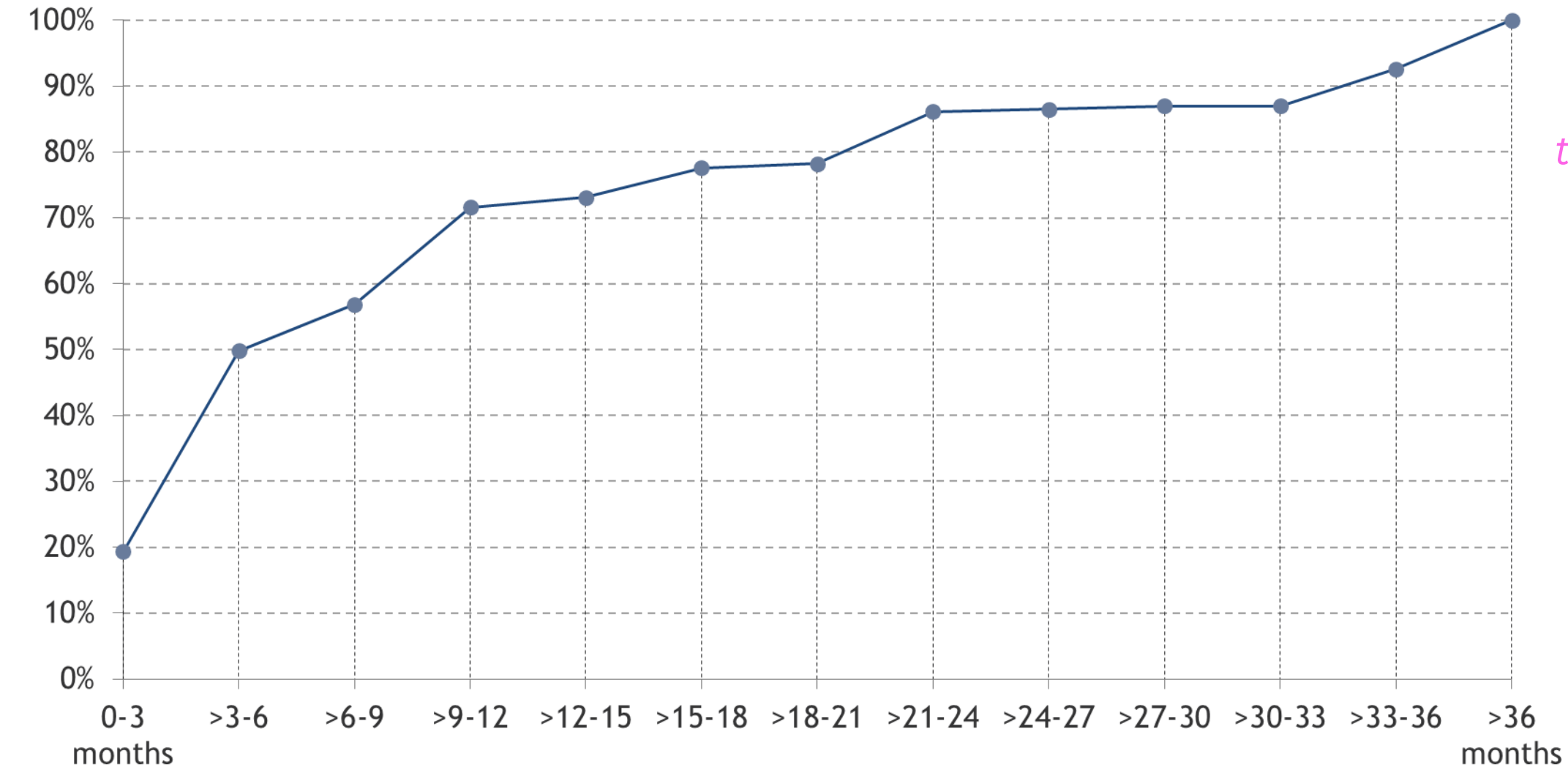
To what extent do you expect to be able to **meet demand** for your services over the next three months? UK, Nov-22



Notes: n=671, residual is 'Don't know' – 1.5%, 'Not applicable' – 1.2%. Sources: PBE and Nottingham Trent University VCSE Data and National Insights Observatory, State of the Social Sector Survey (7 - 21 November 2022)

Meaning something's got to give (3)

How many months do you **expect your reserves to last**, based on current levels of expenditure? UK, Nov-22



51% of charities reported using their reserves to meet day-to-day operating costs in February 2023

Notes: n=584. Totals do not sum to 100% due to rounding. Sources: PBE and Nottingham Trent University VCSE Data and National Insights Observatory, State of the Social Sector Survey (7 - 21 November 2022)

But overall, 2023 is turning out to be another tough year

- The pace at which living standards are falling has slowed, but we haven't yet shifted out of reverse
- Household debt, unemployment and the legacy of public service backlogs will further add to charity demand in 2023
- The cumulative effects of multiple economic shocks mean many charities are already beyond capacity and likely to struggle to meet demand
- Things *are* expected to improve over the course of the year, but outcomes will likely get worse before they get better
- In response, govt and funders should provide more resource, more understanding and more collaboration

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