



## SURREY INFRASTRUCTURE CONSORTIUM

*Strengthening the Voluntary, Community and Faith Sector in Surrey*

### BRIEFING PAPER

#### THE CREDIT CRUNCH

#### **and its effect on the Voluntary, Community and Faith Sector in Surrey**

The Credit Crunch or the financial downturn – whichever term you use it affects all of us, either personally or as members of the Voluntary, Community and Faith Sector (VCFS). The subject has achieved considerable exposure in recent weeks, particularly at a national level, with briefings from NCVO and The Charity Finance Directors Group among others.

Locally, several members of the Surrey Infrastructure Consortium (SIC) have reported concerns which are beginning to make a real impact on their ability to do the work their organisations are set up to do. The Consortium is keen to be able to assess local impact and, perhaps, to offer some signposting to sources of help and advice for organisations experiencing difficulties.

Problems reported to-date include;

**Falling interest rates**, where reserves may be held in deposit accounts or other similar bank investments and interest is used to top up income, resulting in less income being received. This has an immediate effect for some, whilst for others building designated funds this could bring about delays in implementing key projects.

**Grant funders** (other than local authorities) often use endowment funds to finance their grant-making, only using their investment income to make grants. Declining investment returns will inevitably result in less funds being available to give away.

**Public sector funders** seeking greater commitment to service provision from the VCFS whilst applying zero inflation to funding.

**Corporate funders** reducing or withdrawing funding in the light of falling turnover and reduced profits.

**Zero inflation** on next year's expenditure budgets against a background of increased expenses. For many groups the biggest expenditure is staffing, followed by energy costs. Staff may be forced to find alternative work if salaries do not keep pace with inflation over the next twelve months. Energy costs continue to rise, even though we may be taking all necessary steps to reduce energy consumption. Staff posts remain unfilled due to low salary levels in the sector, with examples of organisations needing to re-advertise posts becoming more common.

**Volunteers** who previously have not claimed expenses may now be forced to do so, and although we all know that we should allow for this expenditure we are often grateful when they are not claimed. Likewise, some volunteers may be forced to seek paid employment, whilst others may need to take care of family child care responsibilities rather than to pay nursery or childminder costs.

These are just some of the issues facing the VCFS in Surrey. Do you know of others? Is your organisation facing financial problems as a direct result of the economic downturn? Are you having difficulties in recruiting or retaining staff?

Are you concerned about your organisation's capacity to continue to deliver services at planned levels? Does your organisation need help in planning for strategic changes in the light of economic difficulties?

The Surrey Infrastructure Consortium would like to hear from you. We may not be able to provide concrete solutions, but we might be able to offer some suggestions.

Please contact Andrew Jones, the Consortium Co-ordinator at [andrewj@surreyca.org.uk](mailto:andrewj@surreyca.org.uk) or on 01483 459292 Ext 244 and he will liaise with members of the Consortium to help find answers and appropriate information.

Jean Roberts-Jones  
Consortium Chair

December, 2008

*The Surrey Infrastructure Consortium is funded through the government's Capacity Builders programme. It exists to improve support services ("infrastructure") to the VCFS in Surrey, and is made up of organisations across the county whose role is to offer advice, information, training and support services to the Sector.*