THE IMPACT OF THE 'CREDIT CRUNCH'

AN ONLINE SURVEY OF HOMELESS LINK MEMBER ORGANISATIONS

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CONTENTS

EXECUTIVE SUMMARY

The recession is having a profound effect on people in need:

- Mortgage repossessions in the UK reached 12,800 in the first quarter of 2009, while Court orders granting possession of tenanted homes continue to run at the rate of 26,000 to 30,000 per quarter[1].
- Unemployment had increased to 2.26 million in June 2009
- Redundancies are at their highest levels since 1995

Services providing help for people in need are coming under increased pressure:

- The latest report from Citizen's Advice shows that redundancy advice up 162%, Jobseeker's Allowance advice up 68%, mortgages and secured loan advice up 40%.[2]
- Supporting People, the main source of funding for services for homeless people, has fallen in value from £1.72 billion in 2005/6 to £1.66bn in 2009/10. The ring fence for Supporting People funding was removed in April 2009, allowing local authorities to channel the money to other sectors if they wish.

Research reports show that the downturn is significantly affecting third sector organisations income and expenditure at a time when demands for services are increasing:

- Research by NCVO[3] found that almost a fifth of charity leaders' surveyed plan to decrease the number of paid staff. 50% of sector leaders fear their organisation's financial situation will worsen over the next 12 months.
- A survey by CAF bank found that 42% of charities are struggling to deliver services because of low interest rates.

It is in this context that Homeless Link has repeated a survey of its members to gauge the extent of the continuing effect of the Credit Crunch on the homelessness sector.

The survey found:

- Over half (51%) of the homelessness organisations surveyed have been affected significantly or very significantly by the recession, up from 34% in November 2008
- Over two thirds (64%) of respondents reported an increase in demand for their service. This is more than double the number reporting increased demand in November 2008.
- Nearly three quarters (71%) of organisations reported that their income from savings and investments was affected, compared with 23% in November 2008.
- Over half the charities surveyed reported that personal donations have been affected (52%), while over a third report that charitable grants (41%) and statutory funding (35%) are affected.

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[1] Ministry of Justice, Mortgage and Landlord Possession Statistics – 15th May 2009 http://www.justice.gov.uk/docs/stats-mortgage-landlord-q1-2009.pdf
2 Ibid. Figures quoted for the quarter ended 31st December 2009 compared with same period the previous year.
3 http://www.ncvo-vol.org.uk Charity Forecast Survey January – March 2009

- Costs are now more of a concern to homelessness organisations than in November 2008. 30% now report staff costs as an issue, while 22% report rent as an issue, up from 8% in November 2008

- Nearly two thirds of organisations responding to the survey have already taken steps to deal with the impact of the recession. A further 39% expect to do so in the future. The proportion of agencies reporting they have already taken action has doubled in the seven months between November 2008 and July 2009.

If the services that support the most vulnerable members of society are struggling to survive the recession, there is a risk that some services will simply not survive. The worry is that this will translate directly into a reduction of services for vulnerable homeless people. An impact on services provision will inevitably lead to an impact on clients.

PART A. BACKGROUND TO THIS REPORT

The organisations that support homeless people are facing hard times in a challenging economic climate.

1. BACKGROUND

1.1 HOUSING MARKET

The current economic downturn is having a profound effect on the housing market:

- Mortgage repossessions in the UK are up to 12,800 in the first quarter of 2009, compared with 10,400 in the 4th quarter of 2008.[4] The number of mortgages in arrears continues to rise on all measures. The number of loans with significant arrears rose by 12% from 182,600 in the fourth quarter of 2008 to 205,300 in the first quarter of this year.[5]

- According to May 2009's Ministry of Justice, Mortgage and Landlord Possession Statistics, there were 27,485 landlord possession orders made in the county courts in the first quarter of 2009, a decrease of 5% on the same quarter of 2008. 44% of possession orders made were suspended.

- The Chancellor's Pre-Budget Review of 2007 announced plans to build 45,000 social rented homes a year by 2011, and then a further increase to 50,000 a year by the end of the next spending review period in 2014.

1.2 HOMELESSNESS

The latest national statistics on statutory homelessness for the first quarter (January to March) 2009 show that:

- 11,350 applicants were accepted as owed a main homelessness duty during the January to March quarter. This is 26% lower than during the same period in 2008.

- 64,000 households were in temporary accommodation on 31 March 2009, 17% lower than the same date last year.

- The Supporting People budget has been reduced from £1.7bn in 2005 to £1.66 billion in 2009/10. The Supporting People budget ring fence was removed in April 2009.

1.3 UNEMPLOYMENT

Figures from the Office of National Statistics published on 17th June 2009 show the number of unemployed people, the unemployment rate and the number of people out of work and claiming benefits have all increased.

- Unemployment has increased to 2.26 million, an increase of 605,000 over the year.

- The number of people unemployed and claiming benefit was 1.54 million in May 2009, an increase of 726,100 over the year. This is the highest claimant count since August 1997.

- The unemployment rate was 7.2% for the three months to April 2009, up 1.9 over the year.

4 Council for Mortgage Lender website – www.cml.org.uk, News release 15th May 2009. Figures quoted are by 1st charge mortgage lenders.
5 Ibid. Figures quoted include buy to let mortgages. Arrears figures are for arrears of more than 2.5% of the mortgage balance.

Redundancies are at record levels:

- The redundancies level for the three months to April 2009 was 302,000, up 36,000 over the quarter and up 191,000 over the year. This is the highest figure since comparable records began in 1995.

- The latest report from Citizen's Advice illustrates the profound effect of the 'credit crunch' on ordinary people. Citizen's Advice Bureaux report redundancy advice up 162%, Jobseeker's Allowance advice up 68%, mortgages and secured loan advice up 40%.[6]

1.4 GOVERNMENT RESPONSES TO THE DOWNTURN

Government help for homeowners over the past 12 months has included the following:

- The Homeowner Mortgage Support Scheme, announced in December 2008, which allows borrowers to temporarily reduce their mortgage payments during periods of temporary loss of income.

- Mortgage rescue measures, allowing Registered Social Landlords to buy all or a share of a property and rent it back to the former owners. These schemes are designed to avoid up to 6,000 repossessions across England of people who would be considered to be in 'priority need' if homeless.

- Income Support for Mortgage Interest is paid from 13 weeks after a claim is made (compared with 39 weeks previously) for new working age claims from April 2009.

- A Mortgage Pre-Action Protocol came into effect in November 2008, placing introducing new guidance for courts, with expectations on actions that lenders should have taken before issuing possession proceedings.

1.5 EFFECT OF THE RECESSION ON THE THIRD SECTOR

A common theme has emerged across all the surveys undertaken within and about the third sector. All the surveys show a reduction in income for charities and an increase in demand for services, alongside a pressure to reduce costs. Many charities are considering staff cuts and charities are generally not optimistic about the future.

A Charity Commission survey[7] of 1003 charities and found that:

- 52% of charities have been affected by the economic downturn of the last year (up from 38% in the previous survey)

- 58% of charities surveyed reported a reduction of income due to the economic downturn

- 20% of charities that deliver services have seen an increase in demand for their services over the last twelve months, about the same level reported in the previous survey.

Research by the Charity Finance Director's Group, the Institute of Fundraising and Price Waterhouse Coopers shows that more charities are feeling the effects of the recession and that 56% of those surveyed expect a decline in their income going forward.[8]

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6 Ibid. Figures quoted for the quarter ended 31st December 2009 compared with same period the previous year.
7 Charity Commission Economic Survey of Charities, March 2009 –http://www.charity-commission.gov.uk
8 Report in Charity Times,
http://www.charitycomms.org.uk/news/sector_news/charities_feeling_the_effects_of_the_recession_warns_report?

CAF Bank, the not-for-profit bank run for charities, published the results of a survey June 2009[9] that reveals 42% of charities are struggling to deliver services because of low interest rates. The survey also shows that low interest rates are forcing almost half (45%) of charities to dip into their savings or reserves to deliver essential services, which is further weakening the finances of charities who are already facing fundraising pressures.

Research by NCVO[10] found that almost a fifth (19%) of charity leaders plan to decrease the number of paid staff, with over half (51%) maintaining staffing levels. 50% of sector leaders fear their organisation's financial situation will worsen over the next 12 months. Volunteers continue to be seen as vital to the sector, with almost half of respondents (49%) planning to increase volunteer numbers.

1.6 GOVERNMENT HELP FOR THE THIRD SECTOR

In February 2009, the Office of the Third Sector launched a report: 'Action Plan 'Real Help for Communities: Volunteers, Charities and Social Enterprises'.

Government initiatives to help charities include help with mergers, restructuring and collaboration through the Modernisation Fund. The 2009 budget announced a £20 million hardship fund for frontline services, including £3 million from the Department for Children and Families for debt counselling and relationship counselling for families adversely affected by the recession. Applications for the Hardship Fund are administered by the Community Development Foundation.[11]

In February 2009, the Office of the Third Sector launched an action plan aimed at increasing the role of volunteers within charities; Real help for Communities: Volunteers, Charities and Social enterprises'.

9 http://www.cafonline.org/
10 http://www.ncvo-vol.org.uk Charity Forecast Survey January – March 2009
11 http://www.cdf.org.uk/web/guest/hardship-fund

2. RESPONDING TO NEED: UPDATING MEMBER'S CONCERNS

The current economic downturn is having a profound effect on the housing market and on voluntary agencies. Organisations in the homelessness sector are working within a more challenging external environment.

To better understand the situation, Homeless Link has undertaken a repeat survey of its member organisations about the effect of the 'credit crunch.' The original survey was undertaken in November 2008.

The period covered by this survey was the 12 months prior to July 2009, while the period covered by the first survey was the 12 months prior to November 2008.

The results of this most recent survey are contained within this report, together with a comparison of changes since November 2008.

3. METHOD

The Chief Executives or other senior representatives of all Homeless Link member organisations were emailed a request to participate in an on-line self-completion survey in June 2009, accessed via a web link contained in the email. Participation was voluntary and people were able to forward the link to other homelessness organisations as appropriate.

The survey asked about the impacts of the economic downturn in terms of the demand for their service, and the impacts on their organisation's income and costs.

4. THE SAMPLE

4.1 SURVEY RESPONSE

The survey achieved 65 responses.

Respondents did not necessarily answer every question, so the numbers on which each question response is based (the 'base') varies slightly between questions, and is stated below each graph.

4.2 INTERPRETATION OF RESULTS

Approximately 1 in 5 people who were invited to participate responded to the survey, leading to 65 valid responses. This compares with a response rate of 1 in 4 for the November 2008 survey, which produced 75 valid responses.

While the response rate for both surveys is reasonably good, they provide a relatively small number for statistical purposes, meaning that seemingly high percentages of responses in a particular sub group may correspond to relatively low numbers of people. The results should therefore be interpreted with some caution. The data does, however, provide an indication of the issues faced in the homelessness sector. It also provides a basis for comparison with the original survey undertaken in November 2008, and may provide an indicator of trends within the sector.

4.3 THE RESPONDENTS AND THEIR ORGANISATIONS

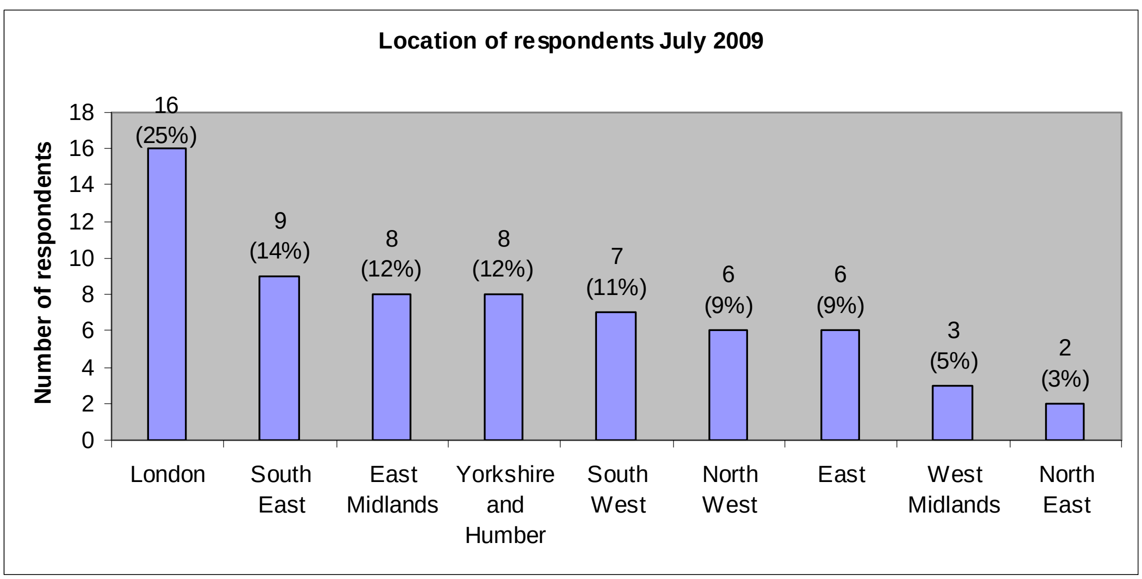
As with the original survey, the vast majority of respondents were from voluntary organisations, including national and regional organisations providing many different services to providers of a single service in one local area.

About half the respondents were representatives of agencies providing accommodation for homeless people – hostels, supported accommodation and night shelters. About a quarter of respondents worked with homeless people in day centres. Other respondents were from church based community organisations and from national homelessness agencies. About one in six agencies offered services that had a strong advice element to their projects, some offering services aimed at specifically at young people. The respondents were mainly a mixture of chief executives and people in departmental or service manager level roles.

4.4 GEOGRAPHICAL LOCATION OF RESPONDENTS

Respondents were asked to provide details of their location. The most common location (for almost a quarter of all respondents) was London, and this region contained 3 out of the 4 national homelessness organisations that contributed to the survey. Responses from most other regions (six out of a total of nine) fell within a narrow range making up 9% -14% of the total.

Note that while the location refers to the location of the head office of the organisation, in most cases it also provides a picture of the region served by or within which the organisation provides its services. The geographical location of respondents follows the same broad pattern of response as the original survey. The main difference is a lower number of organisations responding from within London for the later survey (16 in July 2009 compared with 23 in November 2008).

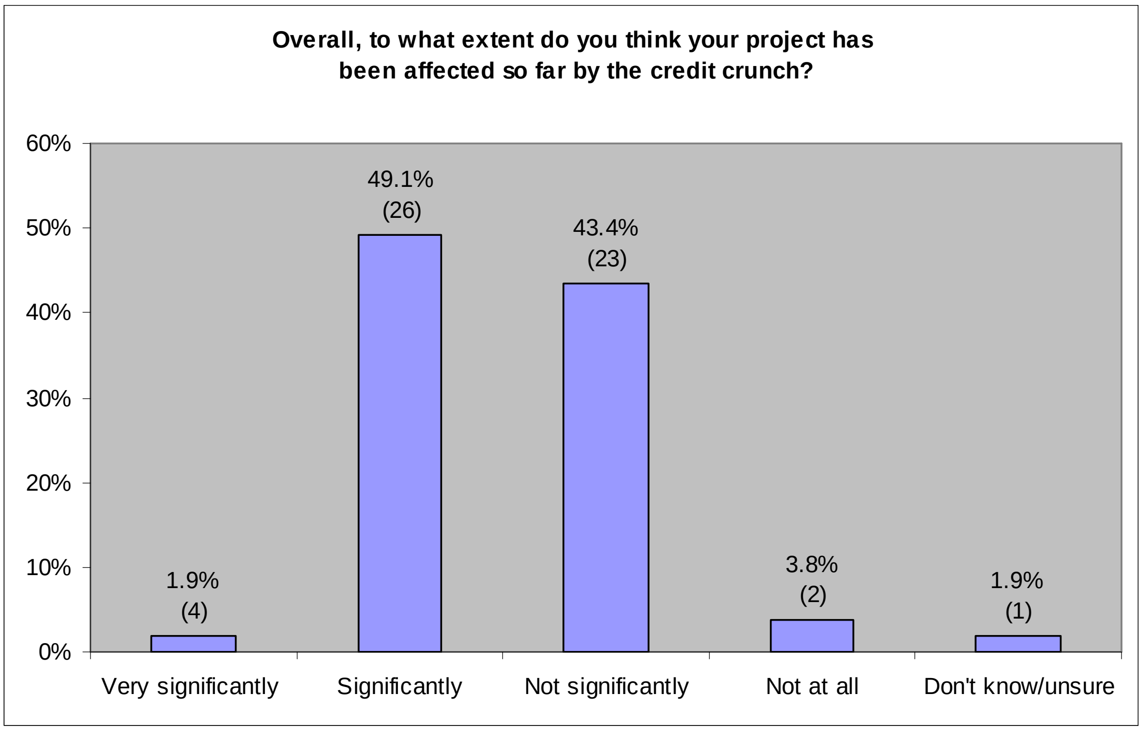


Base = 65

PART B – SURVEY FINDINGS

5. OVERALL EFFECT OF THE 'CREDIT CRUNCH' SO FAR

When asked about the overall effect of the 'credit crunch' on their project so far, over half the respondents (51%) thought that the 'credit crunch' has had a 'significant' or 'very significant' overall effect on their project. 43% of all respondents said that the effect was not yet significant. Only 2 respondents (3.8%) reported that the 'credit crunch' has yet to affect their project.

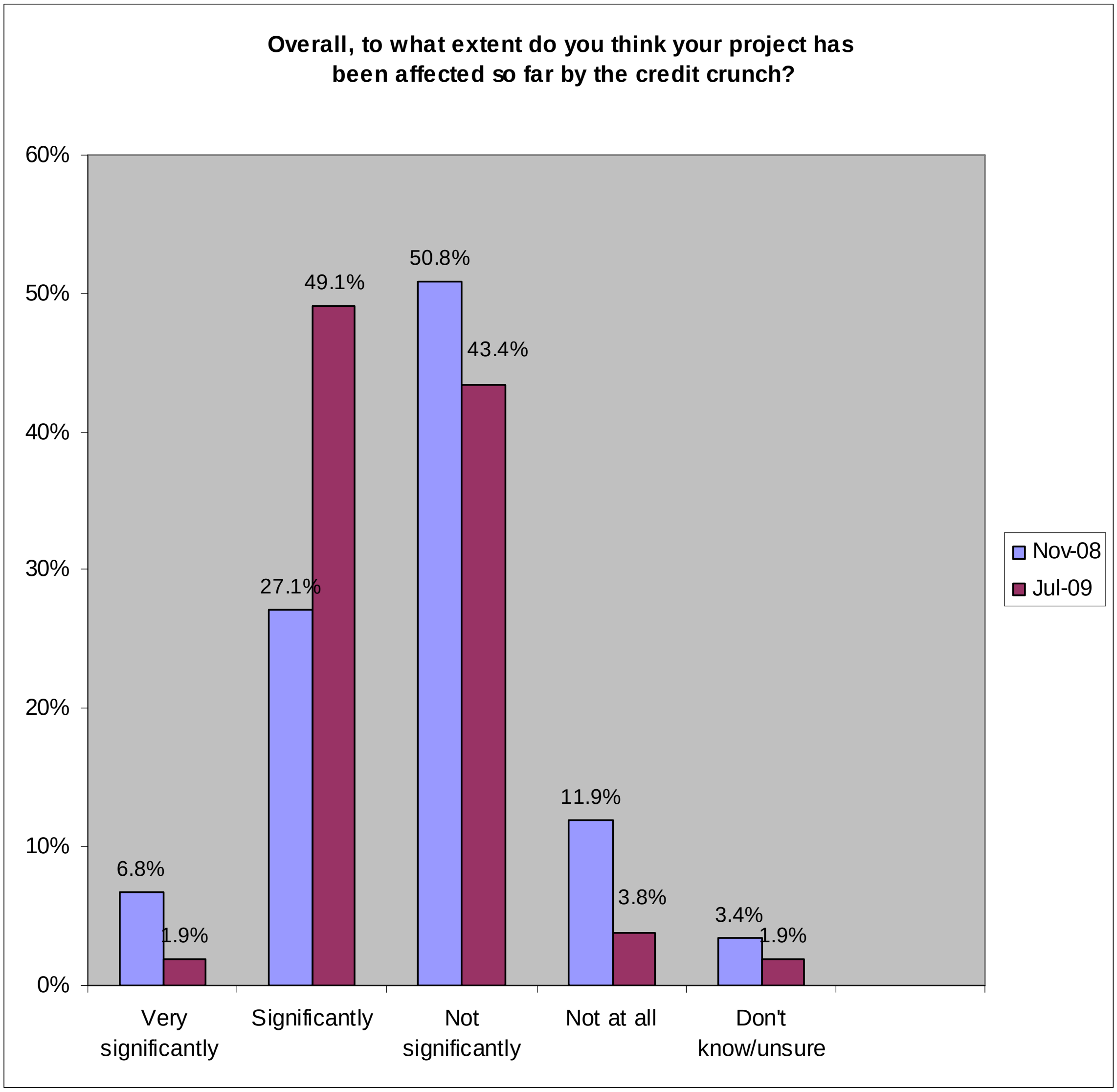


Base = 59

HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?

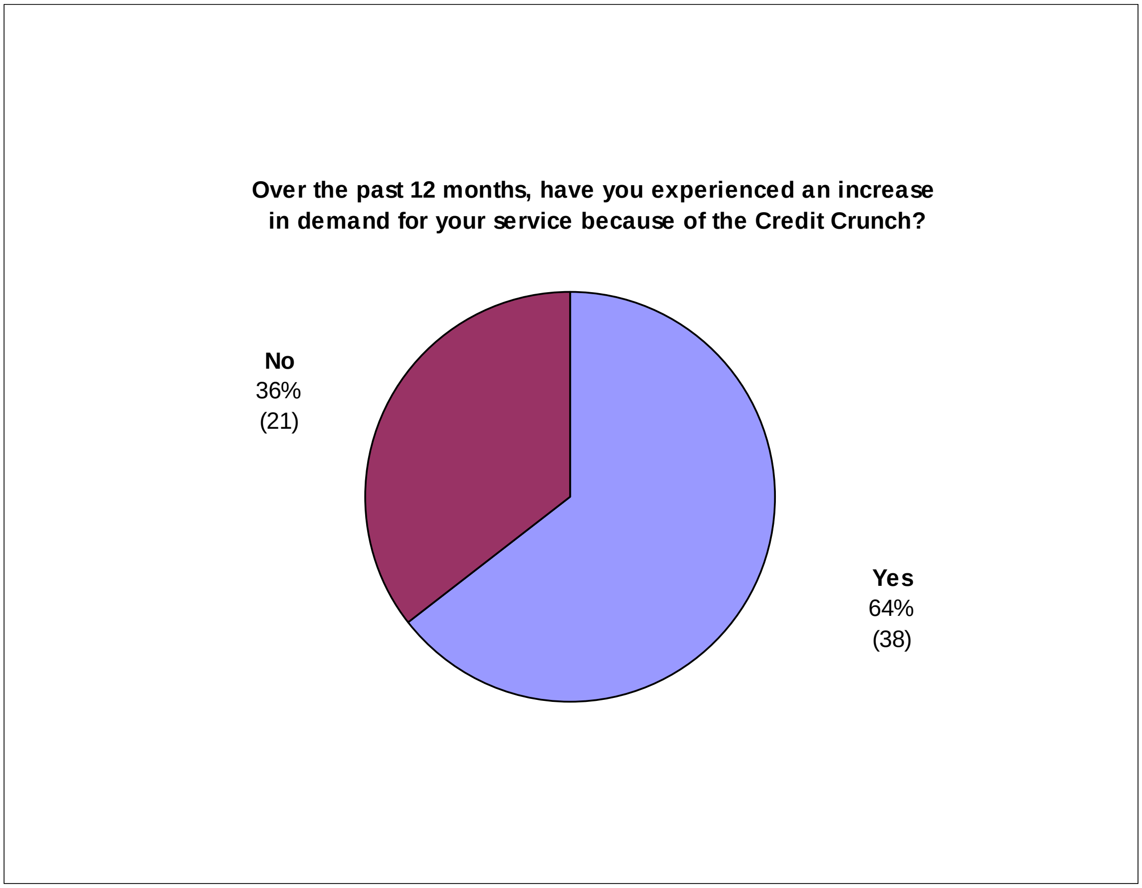
In the original survey of November 2008, over a third of respondents (34%) thought that the 'credit crunch' had already had a 'significant' or 'very significant' overall effect on their project. By July 2009, this figure had risen to over half (51%) of respondents.

Correspondingly, organisations saying that the effect was not yet significant have reduced from over half of all respondents (50.8%) in November 2008 to 43.4% in July 2009. There has also been a reduction in the number of projects reporting no effect at all – from 11.9% in November 2008 to 3.8% in July 2009.


Overall, to what extent do you think your project has been affected so far by the credit crunch?
60%
50%
40%
30%
20%
10%
0%
6.8%
1.9%
27.1%
49.1%
50.8%
43.4%
11.9%
3.8%
3.4%
1.9%
Very significantly
Significantly
Not significantly
Not at all
Don't know/unsure
Nov-08
Jul-09

6. DEMAND FOR SERVICES

Over two thirds (64%) of all respondents reported an increase in demand for their service because of the ‘credit crunch’.



Base = 59

A number of issues are identified as contributing to the increased demand. Debt is seen as a problem leading to hardship, with credit card debt causing day to day problems for people who had previously been able to manage their finances. It is also linked as an issue with rent arrears and repossessions. Unemployment is also raised as a cause of people seeking advice, particularly around issues of budgeting and benefits claims and alongside the related issues of debt and repossession. A small change has been attributed to the repossession of buy to let mortgaged properties, resulting in the homelessness of tenants.

Benefits and housing benefits issues are seen as causing some of the increased need. One agency attributed an increase in requests for emergency provisions and food parcels to changes in the way the Social Fund is administered, resulting in long delays and unmet need at a very basic level. Late housing benefit payments in the private rented sector are cited as a cause for landlords to evict tenants, while several agencies reported an increase in homelessness amongst people whose landlords will simply not accept Housing Benefit and who expect tenants to pay their regular rent in cash. An increase in rough sleeping in one area was attributed to Eastern Europeans laid off by the construction industry having no access to benefits entitlement.

Whilst problems within the private rented sector are identified by some agencies as causing increased homelessness, others are reporting an increased pressure for the services of that same sector, particularly with agencies promoting the private rented sector as an alternative to homelessness:

> “Our bond guarantee scheme has seen a three-fold increase in the number of bonds we give out”

> “I believe that we see more people needing support to get into PRS accommodation, especially”

Family relationships are suffering in this climate, with a number of agencies making links between redundancy or job loss affecting some family members, families breaking up, family arguments or repossession resulting and young people aged 16 to 25 finding themselves homeless and on the streets.

WHAT THE RESPONDENTS SAID….

> “We work with young people aged 16-25 yrs. There are more contacting us due to potential homelessness caused by arguments with parents who are struggling to manage in the current economic climate. Those we are supporting are maintaining their tenancies, but struggling to find employment.”

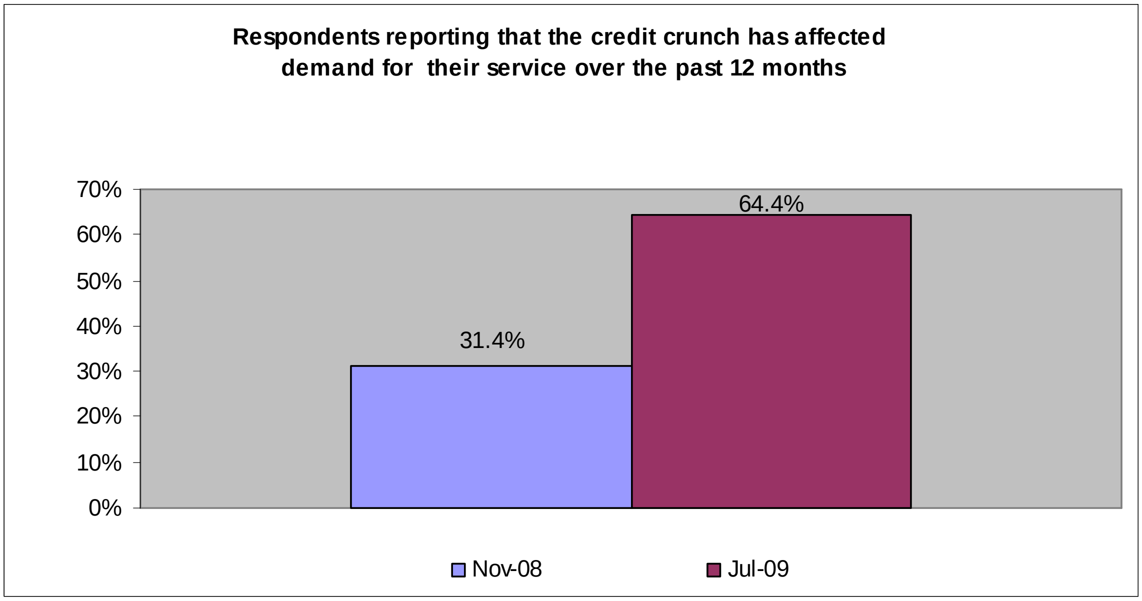
> “Especially since Christmas and the collapse of the building industry in Manchester we have had an increase in people loosing their jobs and their accommodation. The situation is particularly acute for Eastern Europeans who can't get benefits and the number sleeping rough and depending on our services has more than doubled. It is also affecting British people, for example, some of the people we helped into work 6-12 months ago have been laid off and come back to us.”

> “Churches and other groups are providing emergency accommodation for people with no recourse to public funds”

> “A very slight increase in the numbers of people losing private sector tenancies (some because of the collapse of the buy to let market and the fact their landlords could not keep up their mortgage payments and the mortgage company took back the property)”

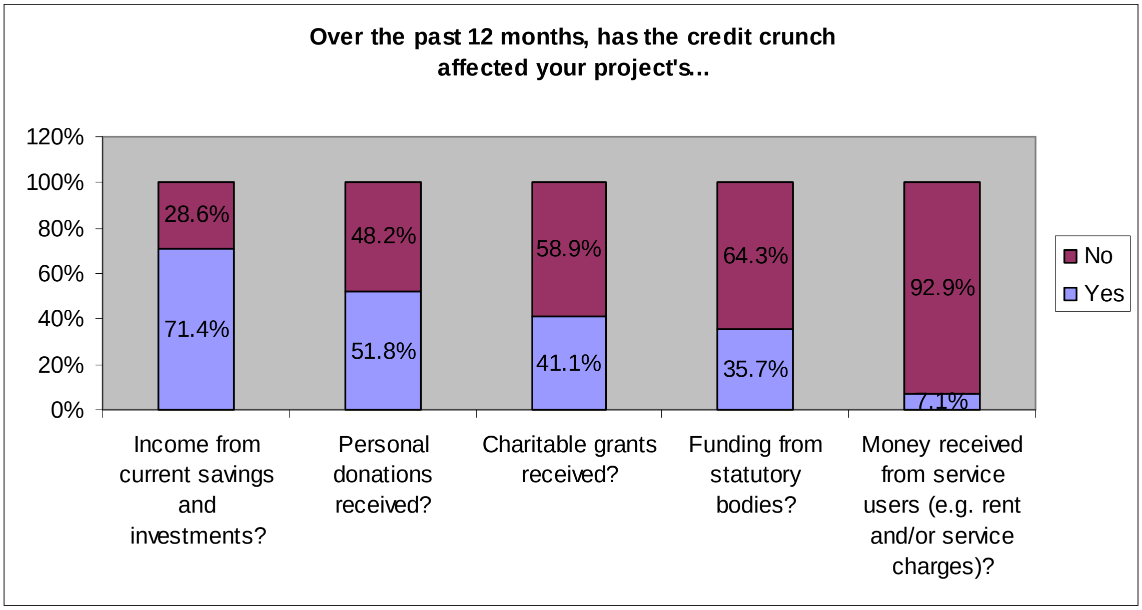
HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?

The proportion of agencies reporting that the credit crunch has affected the demand for their service has more than doubled – from 31.4% in November 2008 to 64.4% in July 2009.



7. EFFECT ON INCOME OVER THE PAST TWELVE MONTHS

Respondents were asked about five different categories of income. Results show that a majority of homelessness organisations surveyed are now clearly feeling the effect of the economic downturn on their income.



Base = 64

Nearly three quarters of respondents (71.4%) reported that the economic downturn had affected their income from savings and investments. Low interest rates have affected most organisations and this topic has provided the source of most comment.

Over half of respondents (51%) reported an effect on personal donations received, and over 40% reported an effect on charitable grants received. Over a third (35%) reported an effect on funding from statutory bodies. Some agencies reported in comments a reduction in corporate donations.

'Other' categories of income also mentioned as having been affected by the 'credit crunch' were legacies dependent on property sales being slower to come through, a reduction of donations in church premises, large gifts from individuals for capital investment purposes.

WHAT THE RESPONDENTS SAID….

Some strong themes emerged from responses to free text questions where respondents were asked to give provide more detail.

About interest rates:

> "Lower interest rates have obviously affected our interest income by at least £70K and this was usually allocated to meaningful activity and service user welfare not funded by other sources."
>
> "Interest on our bank account fell from over £100 to around £10 per month."
>
> "Very low interest rates have significantly affected the amount we earn from our reserves."

On donation income:

> "Sponsorship pledges and collections down 50%."
>
> "Donation income is down about 20% on the year. Marathon runners have found it harder to get sponsors - sponsorship is also down but don't have the final total yet."

Knock-on effects from the pressures on businesses:

> "We launched a Big Birthday Appeal last year and had anticipated more support form local larger businesses that we already had links to, but they all cut back their support for charitable causes / sponsorship.
>
> We have also noticed a drop in the food we receive from Marks and Spencer. As they are making cuts, it is having a knock on effect to us, which again, is starting to prove a big problem and threat to our service."

Multiple effects:

> "Statutory funders refuse to award inflation proof funding, and indeed are offering less than last year whilst still expecting the same. Charitable grants are harder to come by - are having more refusals even from those who have previously funded us. And personal donations are down against last year."

On a positive note:

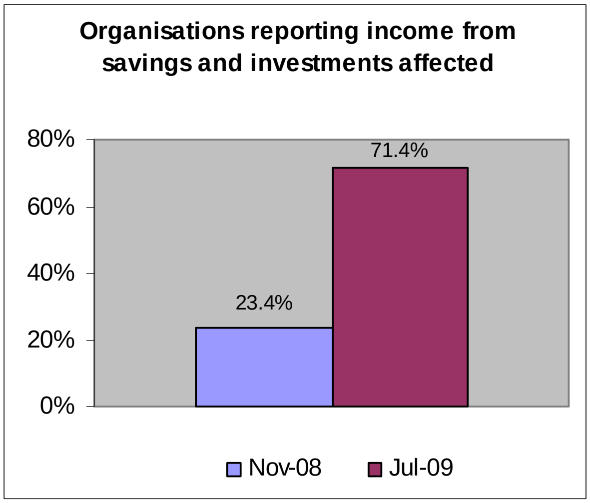
> "Income from fundraising has increased slightly"

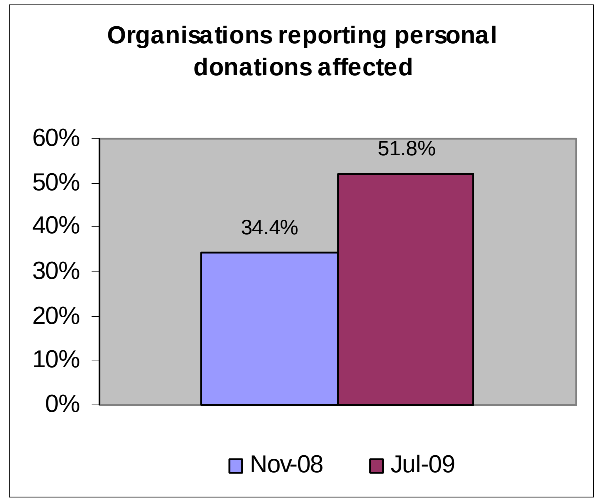
HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?

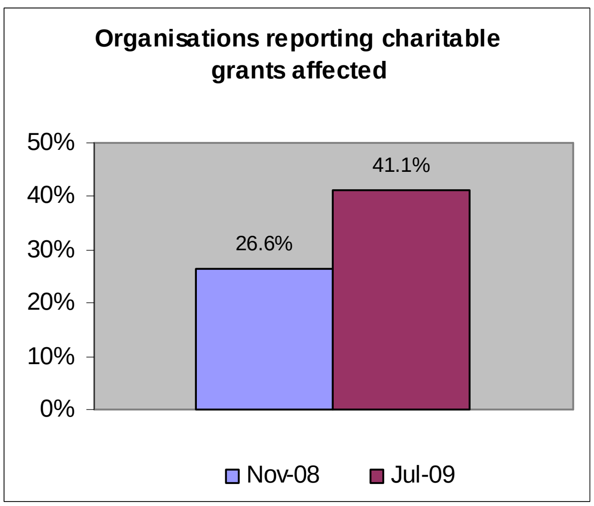
The results to this survey differed quite markedly to the original survey reported on in November 2008, when the majority of respondents said that the 'credit crunch had not affected them over the 12 months to November 2008 on each of the five categories of income.

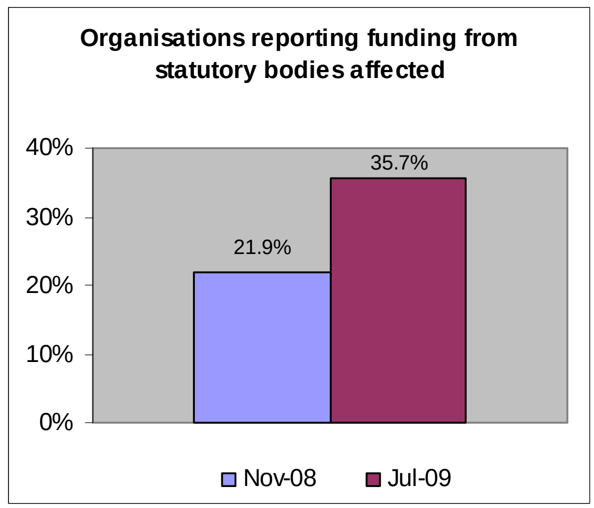
An increased level of concern is reported by organisations in the homelessness sector on four of the five measures: income from savings and investments, personal donations, income from charitable grants and income from statutory bodies. Of these, the biggest change is the rise in the number of organisations reporting their income from savings and investments being affected, up from 23.4% to 71.4% - a threefold increase.

ORGANISATIONS EXPRESSED INCREASED LEVELS OF CONCERN IN FOUR CATEGORIES:

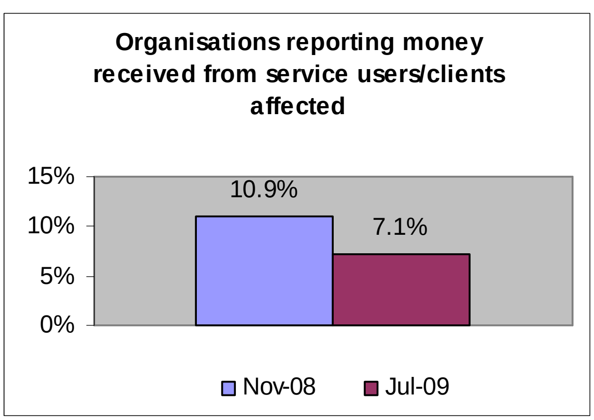








Income from service users is the only measure where respondents are showing a lower level of concern:



8. EFFECT ON COSTS OVER THE PAST TWELVE MONTHS

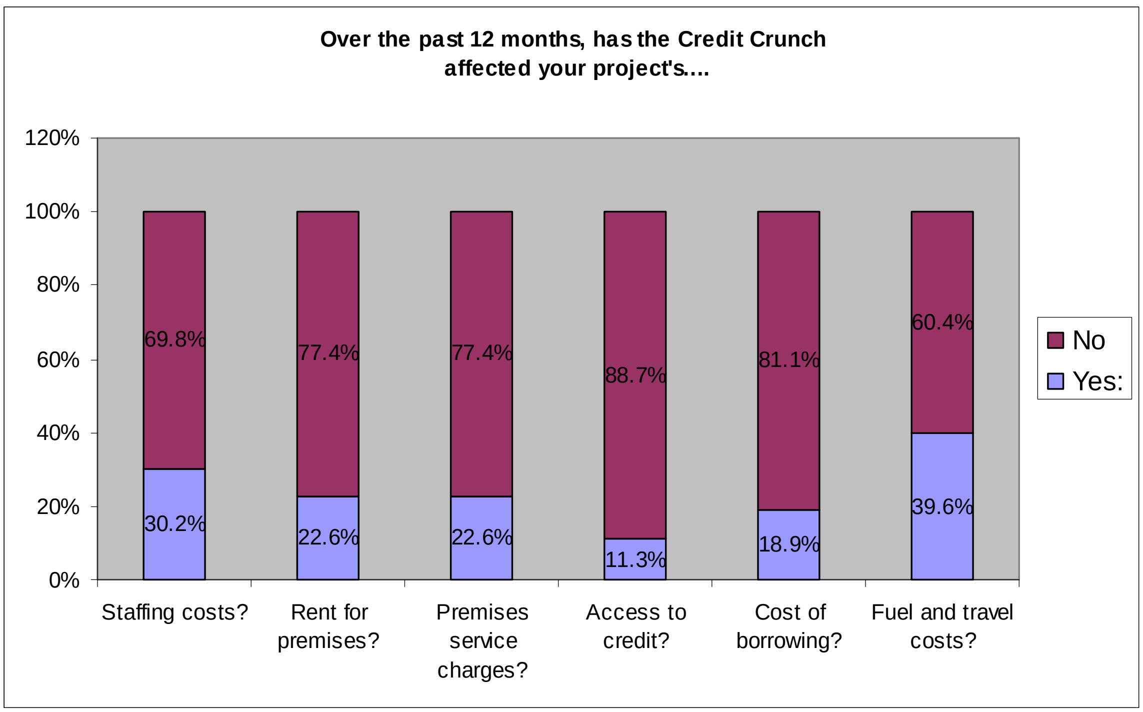
Respondents were asked about six different categories of costs. For each category the majority (more than 60%) of respondents said that the 'credit crunch' has not affected it over the past twelve months. However, nearly 40% of projects said that they had been affected by fuel and travel costs, and around a quarter of projects felt that staffing costs, rent for premises and premises service charges have been affected (22%-30%).

It is important to note that the effect on costs is not always a negative one, and that a mixed picture may result. One agency commented:

> "Note that… the impact has been to reduce rather than increase costs. Staffing, rent and premises are costing us less due to the credit crunch. Against this the income from investments has fallen due to lower interest rates."

There is some evidence that agencies may be treating some aspects of the credit crunch as an opportunity:

> "We are managing to re-negotiate leases and therefore reduce expenditure on rent."



Base =53

WHAT THE RESPONDENTS SAID….

"Trustees will not approve cost of living awards to salaries based on bank's interest rates"

"We have made one salaried member of staff redundant and replaced her with volunteers."

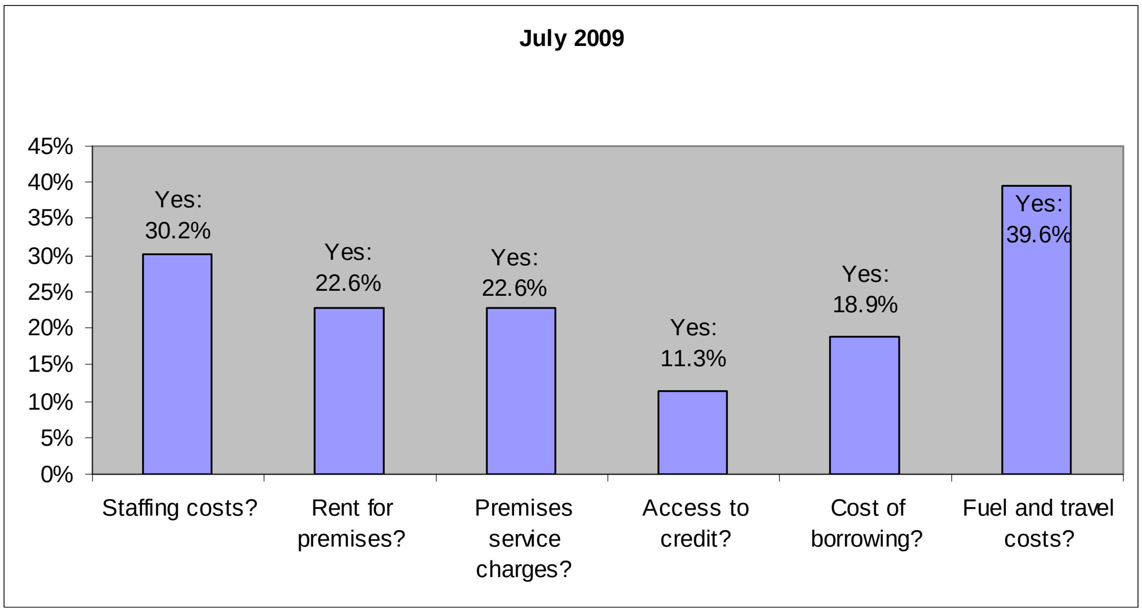
"The cost of petrol is rising again and fuel costs at our projects are considerably higher than in the previous 12 months"

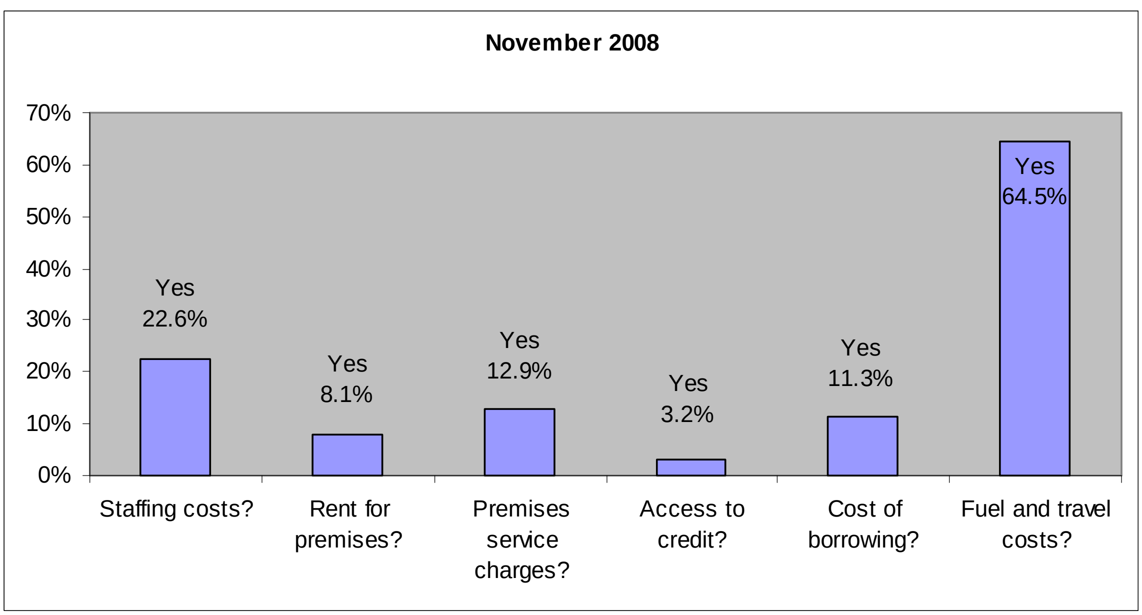
HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?

The charts below compare the response rates of organisations that expressed a concern in both surveys.

- Rent for premises is now affecting 22.6% of homelessness organisations compared with 8.1% in November 2008.
- The number of organisations reporting access to credit as an issue represents only 11.3% of the total, but has increased nearly four fold since November 2008.
- Fewer respondents are expressing concern about fuel and travel costs in the most recent survey.

Over the past 12 months, has the Credit Crunch affected your projects…





9. EFFECTS EXPECTED OVER THE NEXT TWELVE MONTHS

Respondents were asked whether they thought the ‘credit crunch’ will affect various categories of costs and income over the next twelve months.

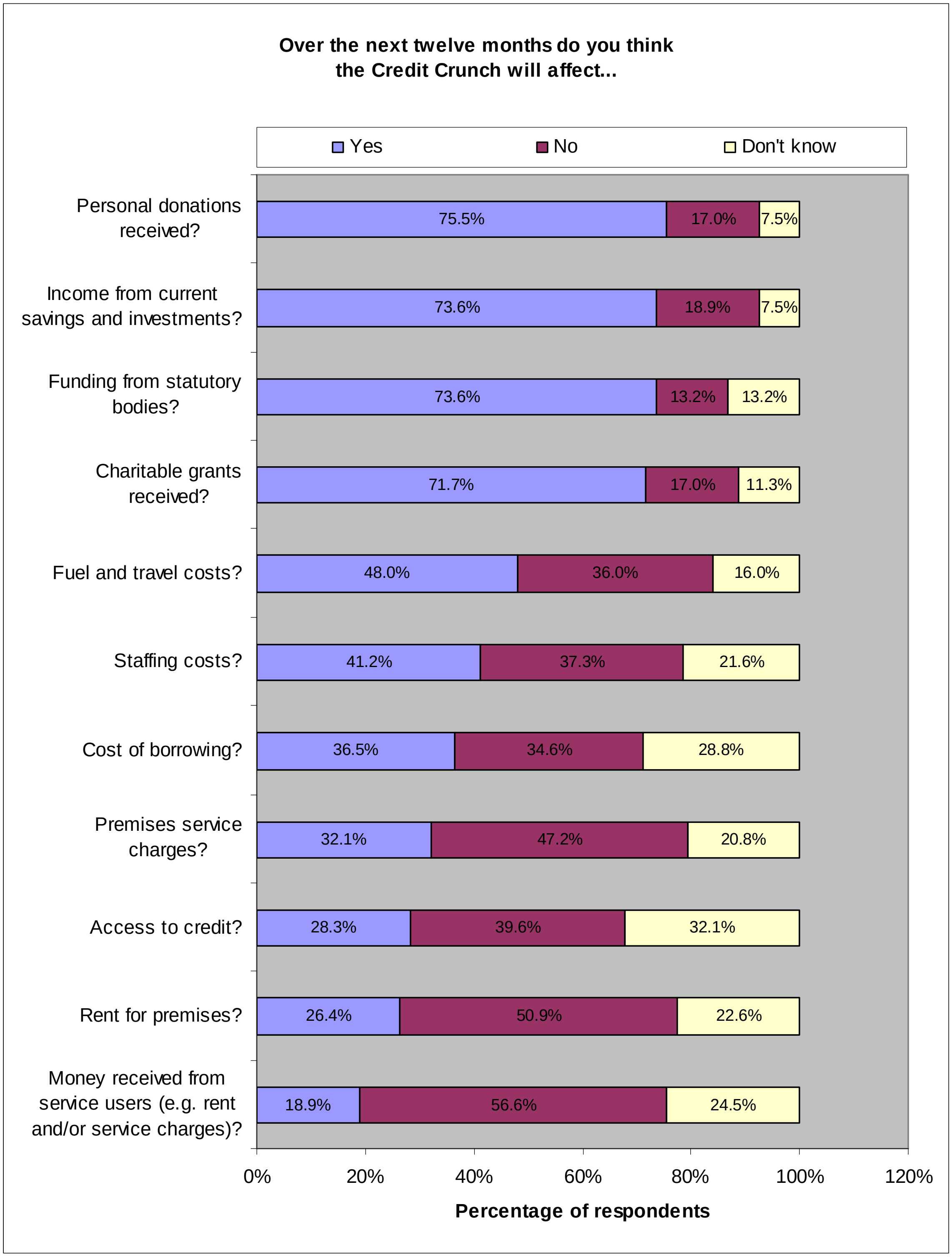
A high proportion of respondents expressed concerns over income:

- Around three quarters were concerned about income from savings and investments, funding from statutory bodies and charities and personal donations
- Over 48% said that the ‘credit crunch’ would have an effect on every aspect of income included in the survey.

Many respondents are also concerned about costs:

- Nearly a half are concerned about fuel and travel costs
- Around a third are concerned about the cost of borrowing, access to credit and premises service charges
- Over 40% are concerned about staffing costs

The results suggest that organisations are thinking about the effect of the challenges they will be facing in the future: a concern about reductions in income that are either currently affecting them or that they anticipate will affect them in the next twelve will translate readily into a concern about how to meet organisational costs. In many organisations, staffing will be the biggest cost.



Base = 50-53[12]

12 The number of people responding varied slightly between each category.

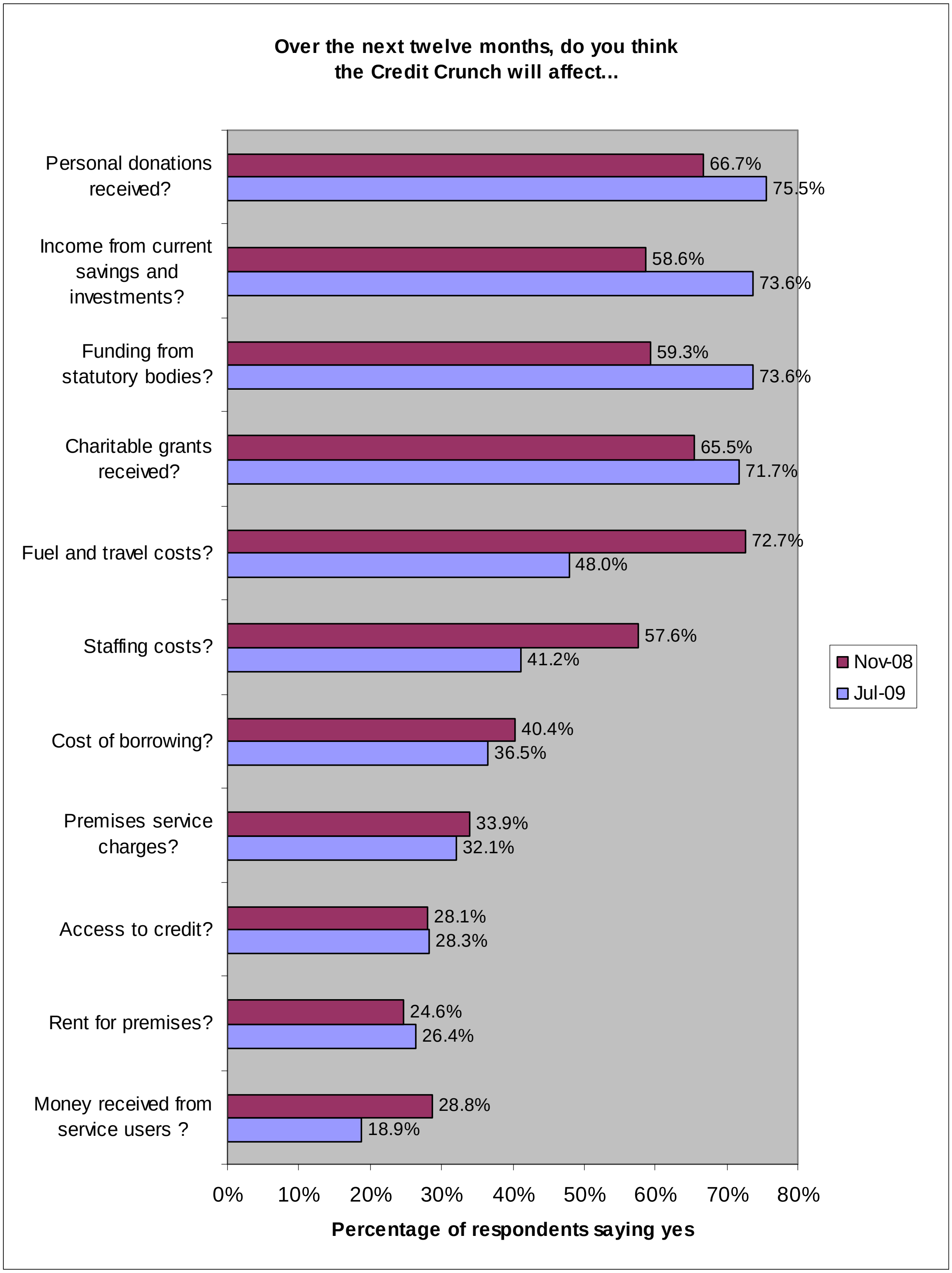
HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?

The chart opposite compares the numbers of homelessness agencies expressing concern about various categories of costs and income for the two periods surveyed.

- More respondents are showing concern about the impact of the economic climate on income than for the future twelve months in July 2009 than November 2008 on four measures: income from savings and investments, funding from statutory bodies, funding from charities and personal donations.

- There has been little change in the numbers of agencies expressing concern about rent for premises, access to credit, premises service charges and the cost of borrowing

- Fewer agencies are expressing concern about staffing costs, money from service users and fuel and travel costs.



Base = 50-53[13]

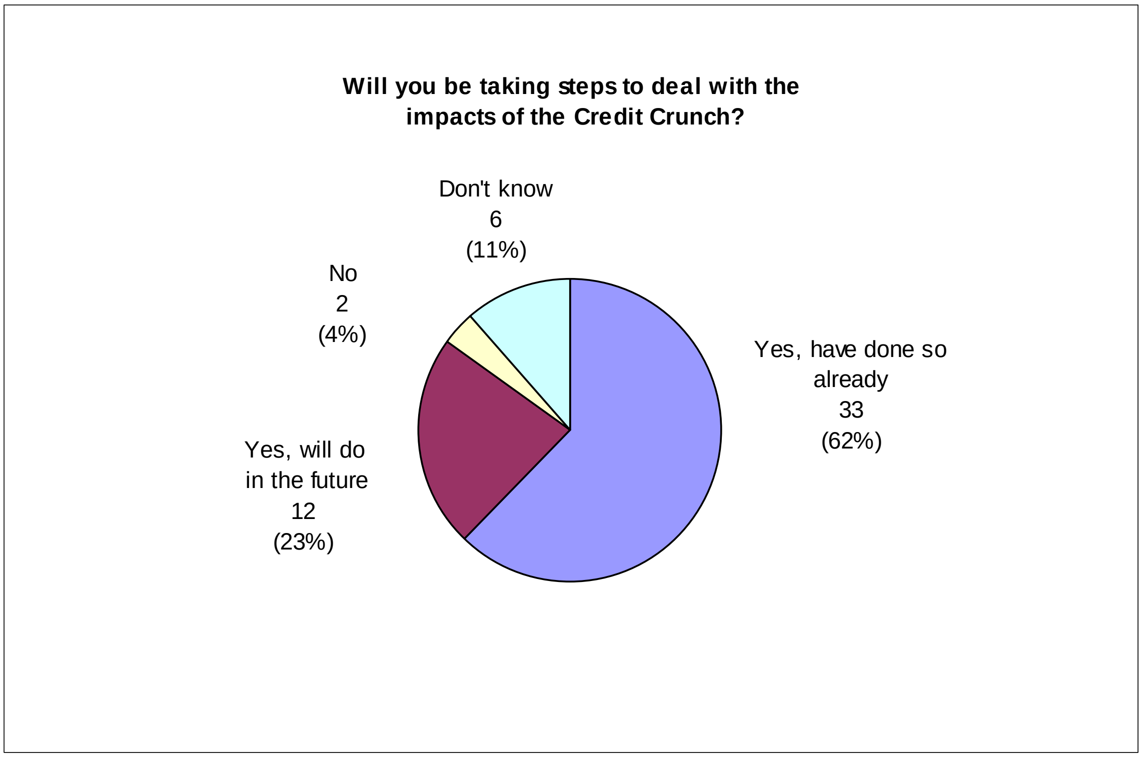
13 The number of people responding varied slightly between each category.

10. STEPS BEING TAKEN

Respondents were asked whether they will be taking steps to deal with the impact of the ‘credit crunch’.

The overwhelming majority of respondents (85%) reported that they have taken, or will be taking, steps. 62% have already taken action, with a further 23% planning to do so in the future. Only 4% said they will not be not be taking steps.

The high proportion that are say they either have already taken steps or will do in the future, shows how seriously this sector is taking the effects of the recession.



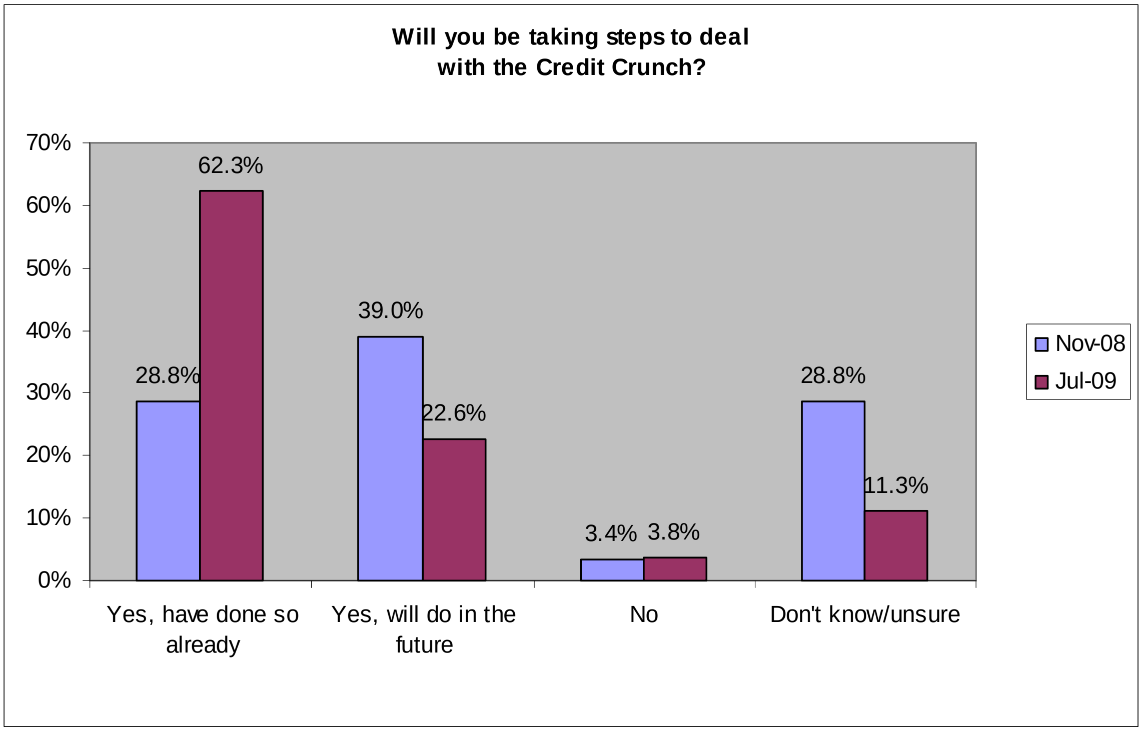
Base = 59

The steps that respondents say they will be taking have been broadly categorised into themes and have been reproduced in full in Appendix 1. It is not possible to draw conclusions about the relative importance or weight given to each of the comments. However, the comments do provide an illustration of the approaches being taken and actions considered within the sector.

A number of organisations report that they are actively reviewing their service provision: they are considering issues of service efficiency – looking at cost savings at every level. In relation to staff, some agencies have already re-structured either making redundancies or redeploying staff to a reduced number of posts. Some have mentioned more flexible working and efforts to reduce absence and staff turnover.
Respondents have also indicated that they are planning for future cuts in public expenditure. Some have indicated that they are thinking about how their services and worth are perceived by funders and stakeholders and are actively promoting their public profile.

There is evidence of a focus on financial planning, controlling income and expenditure, and looking to make the best of a difficult market for investments.

HOW DOES THIS COMPARE WITH THE ORIGINAL SURVEY?



The homelessness sector is taking the recession seriously. The proportion of agencies reporting that they have already taken action has doubled in the seven months between November 2008 and July 2009.

11. CONCLUSION

The results of the November 2008 survey showed that overall, respondents expected the ‘credit crunch’ to have a greater effect over the next twelve months than had so far been experienced. How far has this forecast proved to be correct? This follow-up survey, after a gap of seven months, paints a bleak picture.

Over half of the organisations surveyed say they have been significantly affected by the current economic downturn.

Historically low levels of interest rates have affected income from savings and investments of over 70% of respondents. There is some evidence of staff cutbacks as a result of this change alone.

Organisations are affected by a reduction in donations from both individuals and corporate donors who are themselves adversely affected by the recession. A higher proportion of organisations are now reporting that their funding from charitable and statutory bodies has been affected.

Two thirds of organisations are now reporting an increase in demand for their services, a doubling of the rate reported in November 2008.

Homelessness organisations are responding the challenges. This survey provides evidence that organisations are treating the recession seriously and attempting to manage its effects. There is evidence of service review, planning, and of an awareness of the external environment. Action has already been taken and more is planned. Pressures on staff costs in some organisations have resulted in redundancies, staff redeployment or the replacement of paid staff by volunteers.

There are signs that some agencies are using the recession as an opportunity where possible – trying to renegotiate rental costs in an effort to balance their books, but this action needs to be seen in the context of agencies having to balance their books.

On a rare positive note, the only area where figures are revised down is fuel costs and travel.

Together these results suggest that action must continue to be taken at least to maintain levels of service provision during the downturn. Increased demand on services will need to be monitored. Homelessness services and agencies working to prevent homelessness will themselves need access to resources to help maintain and develop their services. Homeless Link will continue to work with its members and the government to support this work.

APPENDIX ONE - STEPS TO BE TAKEN

Survey respondents were asked: Will you be taking steps to deal with the impacts of the credit crunch? , followed by the open question: What steps will you, or might you take?
This Appendix categorises and lists respondents' detailed answers to this open question.

1. SERVICES REVIEW

Service efficiency

> "Ensuring that services are streamlined and efficient as possible. Finding cost saving operational measures - planning travel better, efficient use of appliances etc."

> "Prudent concentration on core business - no new adventures!"

Restructuring and redundancy

> "Have restructured and made 12 redundancies both front line and back office"

> "Re-configured staff structures and size of teams, but we have not had to make redundancies as we had a number of existing vacancies"

> "A mixture of driving down costs, salary freeze, increased focus on PR, fundraising and partnership working as well as potential redundancies"

> "Restructuring, deletion of some positions"

Planning for future cuts in public expenditure

> "We are very concerned about what will happen when CSR 2011 cuts public expenditure. It looks already as if stat sector will protect its own services regardless of best value and cut us first."

> "the real problem is not the credit crunch but the future of Supporting People. Cuts are already being made" and we are having to respond by reducing the level of the services we provide."

> "SP grant in Suffolk is reducing 5% per year over the coming years and a strategic review of all services is being undertaken to address this issue"

> "Internally we are undertaking a strategic review of our services and working up contingency plans to address probable decreases in funding from our health partnerships"

Promotion of Service

> "All we can do is push our service forward and do the best we can with what we have and hopefully we will be ok and will get in a better position to receive funding."

> "Ensuring that the service we provide is valued by all key stakeholders through literature events etc"

> "Attempt to get a higher local profile".

> "We are increasing our efforts to promote what we do."

Growth and merger

> "Growing the business through bidding for new contracts and possible merger in order to improve reserves position and future long tem and medium sustainability - i.e. ride out the worst times and position ourselves to take advantage of opportunities that may well arise from un-ring fenced Local Area Grant funding."

2. FUNDING

2.1 FUNDRAISING TO MAINTAIN EXISTING FUNDING LEVELS

> "Need to generate more income."
>
> "We are attempting to appeal to local organisations etc for donations to help with the shortfall that we already experience."
>
> "Designated a staff post to explore and bid for new funding streams capital and revenue."
>
> "We will request extra funding from the two Religious Orders who founded the project."

3. COSTS

3.1 STAFFING

> "Continue with all current efforts to achieve efficiencies, mainly around staffing which is our biggest cost so seeking to further reduce absence, turnover etc.
>
> "We will have to cut staff.
>
> "We have had to forego a staff cost of living pay increase this year and probably next year too - our main funders have not added an inflationary increase this year and it has been announced there will be no further annual inflationary increases for the foreseeable future."
>
> "We are looking closely at the staffing establishment and we will likely not renew/terminate short term contracts for some staff."
>
> "Will have to look for efficiency improvements and look at posts not directly funded by contracts. Real impact for us will be during next 12 - 18 months in my view."

3.2 NON-STAFF COSTS

> "Programme of tight expenditure control"
>
> "Reduction of office costs through multi-desking and more flexible working for staff"
>
> "Re-negotiation of lease"
>
> "Cuts are already been made in travel to manage fuel rises."
>
> "Will be looking at how we can save money - be more energy efficient, cut down on travel and possibly recreation for residents"
>
> "Looking at whether there are genuine efficiencies to be achieved in sharing back office functions with other organisations"

4. FINANCIAL PLANNING

4.1 BUDGETING

"Tighter control and monitoring on all aspects of both income and expenditure, plus efficiency review"

"A mixture of driving down costs, salary freeze, increased focus on PR, fundraising and partnership working as well as potential redundancies"

"Budget set for next year with a 10% reduction in funding, already working towards this figure before the crunch hits home. Charities that do not do this are leaving themselves somewhat exposed"

"Being very prudent with current monies! Taking advantage of free training etc"

"We have initiated cost cutting measures across our back office functions and are looking to source more competitive prices from a wide range of service suppliers."

"Budgeted prudently to reflect reduced income from donations and from investment interest"

"Develop new marketing and fundraising strategies & employ specialised people to undertake this work to generate income"

"Increase peoples targets for PRP with stretch targets and training opportunities to help retain staff and develop them for succession planning"

"Create trade opportunities with other charities"

4.2 INVESTMENTS

"Place more of money into long-term, high interest accounts"

"Seeking out the best rates for investment."

"Reviewed and revised investments policy"

HOMELESS LINK IS THE NATIONAL MEMBERSHIP ORGANISATION FOR FRONTLINE HOMELESSNESS AGENCIES IN ENGLAND. OUR MISSION IS TO BE A CATALYST THAT WILL HELP TO BRING AN END TO HOMELESSNESS.

Our two goals are to:

- raise standards in the services that support homeless people and tackle homelessness
- influence the development of policy, strategy and investment at all levels of government.

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