

CRISIS

WORSE THAN COVID

**HOW THE COST OF LIVING CRISIS IS
UNDERMINING OUR HARDEST HIT
NEIGHBOURHOODS.**



**KIM MCGUINNESS
NORTHUMBRIA
POLICE & CRIME
COMMISSIONER**

CRISIS

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INTRODUCTION

The North East has a proud track record of communities coming together to cope with hardship. But after years of Government austerity, the Covid pandemic and now the cost of living crisis, we're seeing life get impossibly hard in some of our hardest hit neighbourhoods.

Helping families in need though is a network of youth clubs, community centres, food banks and more that have become the frontline in the fight against poverty, and especially in the battle to keep young people away from criminality.

But for those groups, the pressure is mounting. Funding is drying up, demand is increasing and bills are rising.

In this report I want to give those organisations a voice and put the reality of their situation centre stage. For too many neighbourhood services, the cost of living crisis has had an even harder impact than lockdown. Energy bills are going, forcing many to reluctantly consider reducing services or even closing down, just as demand reaches its highest in living memory.

The Cost of Living Crisis is even worse than Covid for our frontline charity sector, and the Government should urgently repeat the emergency grants brought in during the pandemic for frontline charities.

I hope this report serves as a final wake up call to the Government. We either provide funding support to these vital neighbourhood services, or we wait to pick up the pieces when they disappear.

Many thanks,



Kim McGuinness
Northumbria Police & Crime Commissioner

EXECUTIVE SUMMARY

- Over half of the organisations believed that the cost of living crisis had more of an effect on them than the Covid-19 pandemic.
- 95% have seen their clients struggling due to the cost of living crisis.
- 56% of the respondents thought that there had been more local problems that needed police help.
- 79% said they are struggling to meet demand for services.
- More than 1 in 2 organisations (63%) have had to cut back on spending, inc; staffing numbers, number of sessions delivered, wages & energy useage
- Child poverty in the North East has increased by 11% (26% to 37%).
- 45% of the organisations struggled to pay gas/electricity/fuel/food bills as a result of rising inflation costs and expect this continue
- 71% are supporting more people now than they were 12 months ago.



Pictured: (L) Mindstars CIC & (R) Grainger Park Boxing Club

THE POVERTY PICTURE

THE STATISTICS THAT DEFINE OUR CHALLENGE

Poverty is a significant issue that affects many individuals and communities in Northumbria. It is a complex and multifaceted problem that manifests itself in various ways.

One of the most striking statistics is the number of individuals living in hardship in Northumbria. According to recent data, approximately **20%** of the population lives in poverty. This figure is higher than the national average and highlights the severity of the problem in the region.

Moreover, poverty disproportionately affects certain groups in society, such as children, single-parent households, and individuals with disabilities. In 2022 the North East overtook London to have the highest child poverty rates in the UK at **38%**.

Similarly, single-parent households are more likely to experience poverty, with around **40%** of these households in poverty in Northumbria. Furthermore, individuals with disabilities are twice as likely to live in poverty than those without disabilities.

The impact of poverty extends beyond income and material deprivation. It also affects health and wellbeing, education, and social mobility. For example, children living in poverty are more likely to experience poor health, low academic achievement, and limited career opportunities. Additionally, poverty can lead to social exclusion, marginalisation, and a lack of community cohesion.

Poverty is a significant challenge facing Northumbria. It affects a significant proportion of the population, particularly children, single-parent households, and individuals with disabilities.

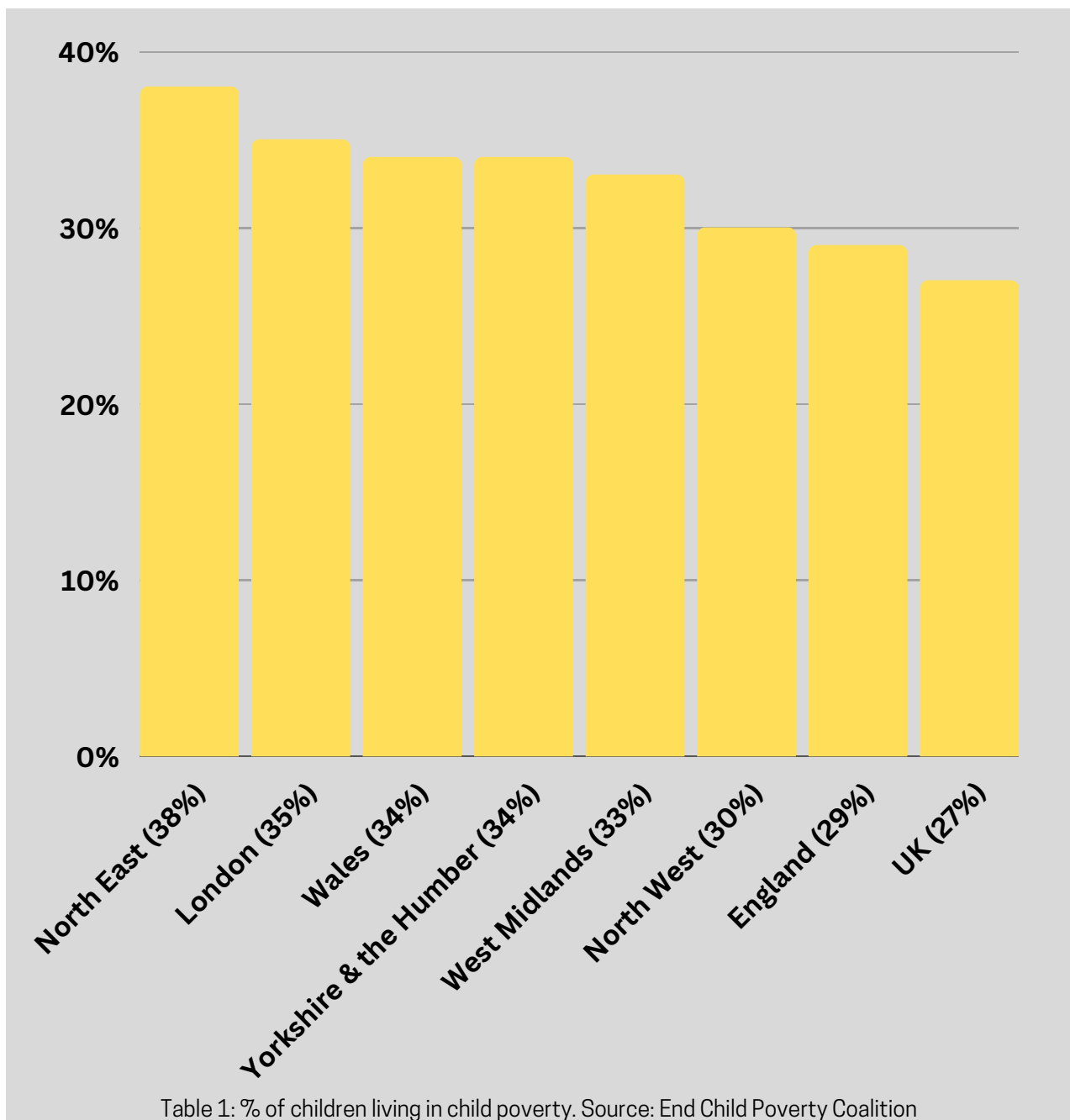
Addressing poverty requires a multifaceted approach that tackles the root causes of poverty, such as low wages, inadequate social security and poor-quality housing.

THE POVERTY PICTURE

THE STATISTICS THAT DEFINE OUR CHALLENGE

This report shows how deprivation is being embedded further in the region by the current cost of living crisis.

But by working together, we can create a more inclusive and equitable society that provides opportunities for all its citizens.



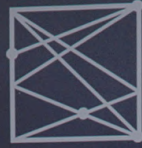
ABOUT THIS REPORT

In Northumbria, Police Commissioner Kim McGuinness has set out a clear plan which states that to fight crime, we must fight poverty first. To help deliver with this aim of improving lives to prevent crime in the North East, she funds a variety of organisations that are doing great work and making a difference across Northumberland, Tyne and Wear. These commissioned services range from youth groups that help steer young people out of trouble, to specialist emotional and practical support for victims of crime.

It is the views of these frontline community organisations that this research has aimed to capture in order to fully understand the struggles and needs of those working to help people, particularly during the cost-of-living crisis. It is these groups and charities who have already been filling the void left by the closure of SureStart Centres and have helped people through more than a decade of public sector cuts. It's these organisations, charities and community groups we invited to respond to an online survey which ran from 16th February – 10th March 2023.

The survey sought to understand the impact of the cost-of-living crisis and asked a series of questions exploring topics such as funding cuts, rising demands and staffing levels. In total there were 84 respondents to the consultation from throughout the Northumbria Police force area. A range of organisations and third sector partners were represented, ranging from local youth groups and community hubs to organisations offering counselling or running baby and toddler groups in the local area.

Quotes from these participants are included throughout the report, along with survey data. The Commissioner is grateful to all who took part to inform this piece of work and better understand the challenges faced by those helping our communities during this time of notable hardship.



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FIGHTING
POVERTY
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PAY



HOW SERVICES ARE

FACING THE COST OF LIVING CRISIS

Struggling families are being assisted throughout the North East by frontline organisations that provide assistance to a variety of young adults, the elderly, and many others. After surviving the Covid epidemic, these organisations are now facing yet another crisis, namely the cost of living crisis, which has impacted them severely.

Organisations taking part in our survey, from community hubs to boxing clubs, said they are facing prolonged exposure to multiple challenges - funding is decreasing, pressure is increasing and limited resources have to go further.

The poll brought to light some concerning issues, including:

- **Over half** of the organisations believed that the cost of living crisis had more of an effect on them than the Covid-19 pandemic.
- **95%** of the organisations that answered said they have seen their clients struggling due to the cost of living crisis.
- The effect of higher costs has also had a negative effect on local crime, with **56%** of organisations reporting more crimes in their area.

The cost of living crisis and the covid pandemic have had a huge effect on frontline organisations. When we asked which crisis had the biggest effect on them, they said:

"Both had a big impact in different ways. The pandemic meant increased need due to isolation and loneliness leading to mental ill health. The cost of living has also caused mental ill health issues, but less isolation as people are coming to us to keep warm and get food."

HOW SERVICES ARE FACING THE COST OF LIVING CRISIS

Another organisation told us:

"COVID followed by the cost of living crisis has meant deprived areas have been hit incredibly hard. Those suffering with poor mental health and well-being due to Covid now have additional worries to face in heating their homes and feeding their families."

When asked about how the situation was affecting their finances, one of the groups said:

"In the pandemic we were able to access other funding opportunities, but Cost of Living will have a larger impact on our ability to maintain our provision."



Pictured: (Top L) Pallion Action Group, (Top R) Silx Teen Bar Youth Project, (Bottom L) Amble Youth Project, (Bottom R) Jobs Boxing & Fitness Gym CIC

GROWING DEMAND

FOR SERVICES

The Cost of Living crisis is trapping more people into financial hardship. 13 years of Government austerity has meant public services are only able to offer the bare minimum of support, leading more and more people to turn to charities and community networks for support. The result is that just as frontline organisations struggle with rising cost, pressure is sky-rocketing.

Organisations in the North East told us:

- 71% are supporting more people now than they were 12 months ago.
- 79% said they are struggling to meet demand for services.
- 51% said they are seeing families and individuals they had not seen before, or people who previously have not needed support, including young people and working families.

When we asked frontline organisations what the increase in demand looks like they told us that they are seeing "less donations and funding" and are "unable to recruit staff due to rising wage costs" but still seeing more demand.

The Cost of Living Crisis means people are showing up for help who would previously have considered themselves self-sufficient. Organisations told us they have seen "an astronomical rise in work poverty and pensioner poverty." Others said they are "now supporting families where both parents work" and "we are seeing a lot more working families needing support than ever before."

Another said they had seen "a huge increase in the number of referrals for young women aged 11 and 12 years." Worryingly, those organisations which have not seen as big an increase in demand say it may be that people simply cannot afford to access their services. Those who stated they are now seeing fewer service users told us that "people feel they can't afford to come, they can't pay subs" and "parents can't afford costs and travel for their children to participate."

IMPACT ON

SERVICE USERS

Our investigation and the work of others shows the significant financial and mental distress experienced by individuals and families, as well as the mounting pressure on frontline organisations to cope with rising demand.

We know the pressure facing families and individuals is immense and growing:

- Child poverty in the North East has increased by **11%** (**26% to 37%**).
- According to our survey, around **49%** of the people using frontline charity services have struggled to cope after an increase in electricity and gas followed by **39%** struggling after seeing an increase in inflated food and general shopping costs
- The North East has the highest number of households living below the national minimum income standard, at around **36%**. And **53%** of North East children are living in a house without min minimum income standards, according to the Joseph Rowntree Foundation.

Across the North East the Cost of Living Crisis has made families and individuals, especially young people, more reliant on these organisations. When we asked what changes were made in order to keep up with the demands, one organisation told us, "Unfortunately we are in the process of making incredibly difficult decisions about staffing. We are discussing redundancies and ending short-term contracts, hoping additional funding will emerge".

Another organisation shared, "We have closed at weekends and therefore are no longer available as a venue for families to have children's parties (we were their low cost option) and small groups can no longer meet at weekends. It is not financially viable for us to staff and heat the centre when it is not in full use."

These organisations have been left no choice but to make some cuts which includes but not limited to, reduction of staff, session or provisions necessary in order to generate additional funds to help navigate through the crisis.

IMPACT ON

SERVICE USERS

Another issue highlighted to us by these organisations was the issue of increased demands. "We are working with **40% more young people now than six months ago.**" one organisation shared with us. Another organisation have shared their concerns with us stating that they were reliant on volunteers, "We are volunteer run and desperately need staff to support at the sessions but cannot afford to pay anyone."

When we asked what were some of the concerns about the organisation, one organisation told us, "...we have been at risk of closure since February 2022 due to a fall in funding leaving us with a large deficit to fill in 2022/23." If these organisations were to close, it would have a devastating impact on families and individuals who rely on their services. It is therefore crucial that steps are taken to address the financial challenges faced by these organisations and ensure that they can continue to provide their essential services.



Pictured: Creative Youth Opportunities, Bensham

FINANCIAL STRAIN ON FRONTLINE ORGANISATIONS

In order to keep up with the rising demands, funds are needed by organisations to help their clients to ease through the crisis. After 13 years of Government austerity, many of the institutions we spoke to are in a precarious position and are having trouble meeting their financial obligations.

The survey revealed the some of the main concerns of the organisations which are but not limited to:

- **More than 1 in 3** organisations (**35%**) have had to use reserves to cover increased core running costs due to rises in gas & electricity prices
- **More than 1 in 2** organisations (**63%**) have had to cut back on spending, including; staffing numbers, number of sessions delivered, staff wages and energy useage

When we asked the frontline organisations on the impact of the cost of living crisis had on them financially, one organisation shared, "Our reserves which are dwindling fast and we estimate serious issues within the next 12 months which may even result in closure". Another organisation informed us that, they had to "cut expenditure to help support increased costs."

These organisations are compelled to make such difficult decisions by their financial burden in order to stay up with escalating prices.

We were informed by another organisation that they were forced to increase overheads. "Yes, we have to cut expenditure on family activities and weekend activities because we have to reduce energy consumption of our centre" one organisation shared.

Many organisations have reported that they have been compelled to implement budget reductions in order to ensure that they can continue to meet their obligations.

FINANCIAL STRAIN ON FRONTLINE ORGANISATIONS

The organisations have also told us that they had to reduce staffing and wages in the process. "Yes, we have lost staff posts and have reduced all staff hours" one of the frontline organisations shared with us. Another revealed to us that, "There is less money available to meet increased demand. We may have to make some difficult decisions, moving forwards." Based on the replies we've received, it is evident that our frontline organisations require government assistance, particularly in terms of finances, as several face closure.

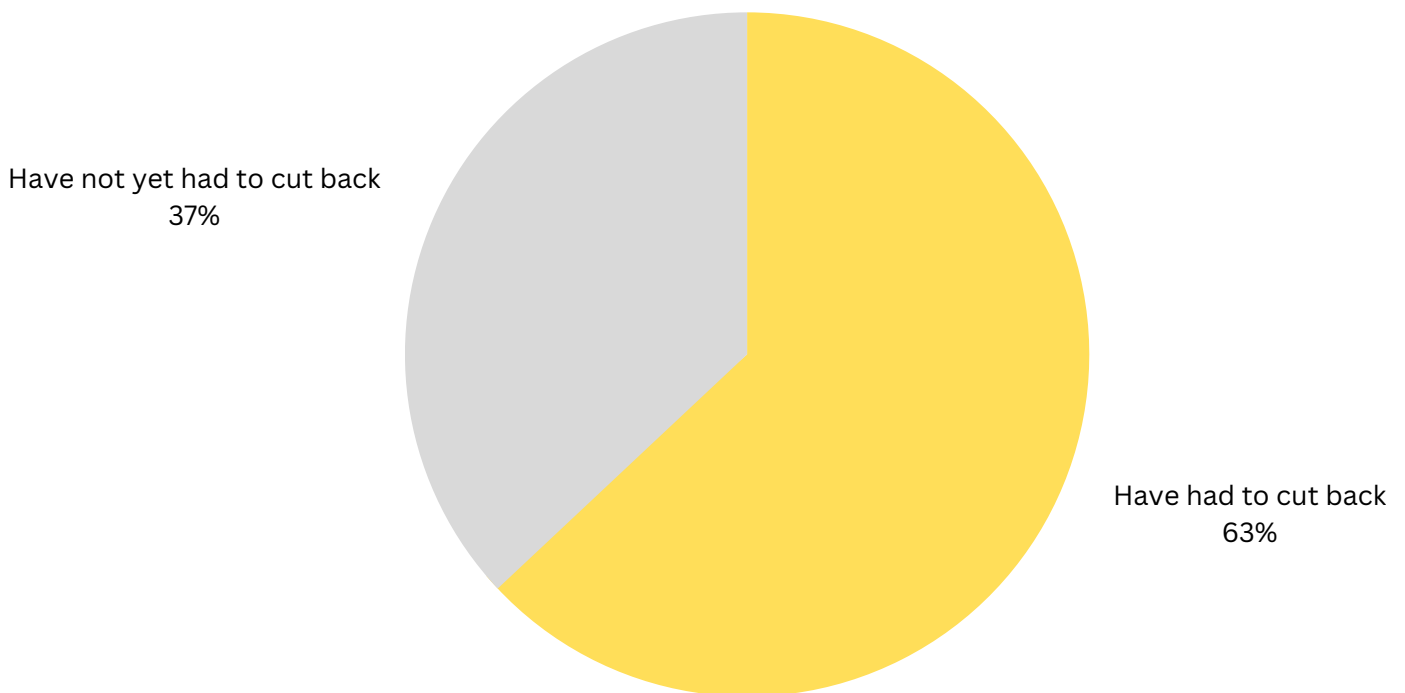


Table 2: % of organisations that have had to cut back on spending, including; staffing numbers, number of sessions delivered, staff wages and energy usage

THE COMING 12 MONTHS

Our frontline organisations are concerned about the future as the pressures of the cost of living issue continue to loom over the entire UK and, in particular, the North East. As a result of the diminishing resources available to provide assistance, there is a great deal of uncertainty.

Organisations planning for the next financial year told us:

- **45%** of the organisations struggled to pay gas/electricity/fuel/food bills as a result of rising inflation costs and expect this continue. **43%** said they had only managed to pay the bills by making cuts elsewhere in the budget.
- **52%** of the organisations have claimed the demographic of the people seeking support / help changed in the past 12 months.
- **56%** of the respondents thought that there had been more local problems that needed police help.

When we asked about their primary concerns for the upcoming year, we were informed of a number of difficulties. One of the organisations said: "People's mental health is leading to self harm. Self medicating with substances and suicide." Another shared with us that they were concerned about the "increase in young people who need additional support, especially related to mental health". Mental health issues are on the rise, especially for children and young adults.

Another organisation said the problem was a lack of well-paid local jobs: "More bill rises! People just can't afford it. Hard working people can't afford it. No one should be better off claiming benefits than working but it is looking like that is the case for many."

Another organisation shared their distress, stating that there was growing concern for whether the cost of living is going to increase further, with no end to the pressure in sight.

HOW HARDSHIP

DEEPENS THE IMPACT OF CRIME

If you are a victim of crime in one of our hardest hit neighbourhoods, the impact hits you harder and it takes longer to recover. We know that crime thrives in areas of entrenched hardship, and you're more likely to be a victim of crime in areas of high poverty.

Based on the results of our survey, over half of the respondents (55%) believed that the frequency of local incidents requiring police intervention had increased, while only a small minority (6%) believed it had decreased. The prevalence of crime is often viewed as an indicator of underlying social issues, such as poverty, inequality, and social injustice.

As one of the frontline organisations told us: "rising poverty, rising mental health crisis and rise in crime There is a clear link between poverty, poor mental health and crime."

These local concerns were reflected nationally in findings by the Commission on Young Lives. They noted that some of the most at risk children have problems that get worse as they grow up and into their early teens. This makes them more likely to be seriously hurt, sexually or criminally exploited, or taken into care.



Pictured: (L) SURT & (R) NDAS

HOW HARDSHIP

DEEPENS THE IMPACT OF CRIME

In her introduction to the Commission's final report, chair of the Commission Anne Longfield made the connection between cuts to public services, increased poverty and the risk of crime clear.

She said:

“The long-term effects of Covid and lockdowns on a generation of young people remain, in my view and the view of many others who work closely with children, greatly underestimated. We see an immediate future where there are even more problems like lack of readiness for school, speech and language development problems, mental health conditions, and increased poverty. The mixture of Covid, a cost of living crisis, a possible return to austerity, and the legacy of underfunded and overstretched service is so toxic and it can only increase the pressure on many vulnerable families and children. It is a gift to those whose aim is to exploit children.”

Those words set out the compound nature of the challenge facing the North East, and why any solution will need input from across public sector which must urgently be backed with more resource.



Pictured: (L) Alnwick Youth Peoples Association & (R) Edberts House

RECOMMENDATIONS

This report is intended as a voice to those frontline organisations struggling and to summarise the wider challenges facing the North East. The complexity and multidimensionality of crime and neighbourhood hardship must be acknowledged nationally.

While we do not set out a series of specific recommendations for each element of the crisis, there are clearly areas which need addressing and opportunity to investigate at a national and regional level. This includes investing in education, healthcare, and social services to provide individuals with the tools and resources they need to thrive.

The most pressing demand from the organisations we spoke to was for emergency grant funding. We were repeatedly told that there should be emergency financing for frontline organisations because the cost of living crisis has left many people financially crippled. We urge the Government to consider implementing cost-of-living payments for charitable organisations, similar to the grants introduced during the covid crisis, so that these organisations can continue to provide assistance to the public.

Further to this, we agree with Unison on the following:

- Urgent investments are needed to fix the immediate effects of this crisis on mental health, stop a personal debt crisis from happening, and keep low- and middle-income families from falling off a financial cliff.
- An increase in pay preferably equal to the rate of inflation for public service employees, including those employed by private companies and community and voluntary sector organisations where services have been outsourced.

RECOMMENDATIONS

Furthermore, we fully support the proposal made by the JRF on the following:

- To make adjustments to Universal Credit so that the minimum rate of support, after accounting for things like debt repayment to the government, will never be so low that people can't afford food, utilities, and fundamental household goods.

We back the Commission on Young Lives in its key finding:

- The Government establishes a new Sure Start Plus Programme, a "Sure Start for Teenagers" network of intervention and support that reduces the risks vulnerable young people face and encourages them to thrive.



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