



Social Enterprise: Cost of Living 2022

Social Enterprise Scotland hosted a session open to all social enterprises on the 6th September with circa 50 in attendance.

Like everyone, social enterprises are concerned about inflation and the significant and spiralling increases in the cost of living.

It impacts social enterprises directly through increased operating costs (alongside the ongoing impact of covid and reduced income/revenue), affecting planning and the sustainability of social enterprise itself. It impacts on the much-needed goods and services that social enterprises provide to their communities (of interest and/or geographic), even more important currently as they see first-hand how inflation hits our most excluded individuals disproportionately.

To set the scene for the session we heard from Aimee Spence from Inspiralba, Mark MacRitchie from Community Central Hall and David Kelly from Community Transport Associate Scotland as we explored how inflation has impacted on social enterprises and the people they support across different industry sectors.

Attendees had the opportunity to highlight issues and concerns as well as having the opportunity to share information and discuss potential solutions – a summary of the break-out session is captured below.

Cost of Living Break Out notes

Challenges

- Number of people said they 'don't know where to turn' – lack of information and communication
- The huge scale of the challenges involved seem to be resulting in a feeling of helplessness and being overwhelmed.
- Energy bill example - 50K annual bill for a small theatre and energy company has now increased this to 300K. 21k annual bill for a development trust now increased to 210k.
- The length of the situation is unknown and unpredictable and is therefore creating anxiety.
- Governments are just coasting and not understanding the scale of this crisis, why the inaction?

- Covid was simple with “stay at home”, this is far more complex.
- Children still not recovered from Covid era and now have to deal with this trauma too.
- Energy Bills
 - Currently no energy cap on businesses. Expecting the UK Gov to introduce a freeze on household bills but potentially not for businesses.
 - Frightening increases in prices that threaten many organisations’ future – totally outwith SEs control (whilst looking at how costs/usage can be reduced will help, there is a limit to how many savings can be made)
 - Need to lobby Scot Gov to provide energy grants for 3rd sector – similar type of support as provided with covid is needed asap
 - Unable to budget and there is no control over how much you are paying on bills
- SEs still in recovery from the impact of Covid and starting to rebuild income streams – exacerbated as reserves were run down to ‘survive’ covid
- Increased demand for services from beneficiaries at a time when SE’s cannot afford to meet that demand
- Loan funding not a solution when SEs in such precarious situations (see previous 2 points)
- Impact on volunteer numbers who are often the lifeblood of SEs and wider third sector organisations. Many volunteers can’t afford to travel given the cost of fuel
- Dichotomy for some SEs whose remit is to increase the skills/employability of people through training, support and real work experience. But once these individuals are trained, they move onto other (higher paid) employment. Hard to maintain a pipeline of people to keep the organisation going (financially and otherwise) in these circumstances. For example, a Community Transport organisation trains and supports drivers to achieve the right licence required. The organisation then needs these individual to help run their service, but the drivers often move on to other employment eg supermarket delivery driver which is higher paid – a good outcome as this is what the SE is set up to achieve but it also causes problems for the SE when it happens consistently.
- Mental Health
 - How to support the mental health of staff team and the people in the communities they serve.
 - People are reluctant to take the help given to them – stigma associated with foodbanks and other types of support
 - Knock on effects of rising energy costs on mental health already visible eg reports of people with disabilities not having the funds to charge mobility scooters so unable to leave their homes
- Lack of consistency and approach across local authority areas
- Whilst recognising for individuals the likely increase in the Living Wage SEs for individuals is welcome, this will create a significant challenge for SEs who strive to be fair work employers.

- Many SEs not being able to access the electricity framework because of not being a registered charity
- Instability due to focus on short term funding – SEs can't have growth and stability without multi annual funding.
- A lot of toolkits for the crisis aren't accessible eg Ofgem's resource is a 40-page document
- Failure to connect the energy crisis to Net-Zero aims
- Reserves being used up again.
- Volunteer crisis – drying up due to people not having the mental or financial capacity to do it.
- Many credit union savers are being forced to withdraw their funds to pay for energy bills and simple living costs.
- Costs of running e.g. a kitchen and café are multiple, food, fuel, transport customers, all connected and a ripple effect.
- The issue of warm banks, what will happen, how will these work?
- The whole energy system is broken and needs reformed, lots of profiteering from big energy companies.
- Not just about survival but about standing still with services and therefore not matching increased demand.

Support and Solutions

- Increase awareness and communication of support/strategies/tools & resources/funding available
 - Was highlighted that Local Authorities often have business development funding and TS grants to tap into
- Full Cost Recovery in funding (whatever type) allowing for meaningful inflationary increases annually
- Huge government intervention is needed.
- We have precedent and a support infrastructure for funding and other support in place due to the Covid lockdown period. We learned a lot about what works and what doesn't e.g. some orgs falling through the cracks of support as data from business rates was used to identify funding recipients.
- Contract values need to increase to recognise that orgs will need to pay an increased real Living Wage (especially as mandated/preferred in Govt/other public sector contracts)
 - Also recognise knock-on effect on entire salary structure
- Opportunity to use local anchor organisations who genuinely understand their community to ensure relatively small pockets of funding reach directly into communities and people most in need (similar to the approach used for some of the Covid funding)
 - Targeted local funding and support required

- Recognise there is reduced capacity at LA level due to cuts in budgets – reduced ability to deliver statutory services (that SE often pick up) alongside less intelligence/knowledge of the reality for people ‘on the ground’
- Similarly, SEs require the same level of speed, responsiveness and agility from Govt, funders and public bodies as applied during Covid, when developing funding programmes to mitigate the impact of the COL crisis
- More accessible funding for all SEs – all orgs impacted (less criteria that restricts via turnover, or through funders’ changing priorities and themes)
- Connect with local funders and trust to shape and influence funding opportunities
- Share resources/assets to save money
 - Is there a role for collective purchasing? Is this realistic?
- Potential to explore working with corporates to bridge some of the funding gaps (partly caused by COL, partly caused by loss of EU funding)
 - May be more mileage in building relationships with local businesses who could be more accessible/less red tape/more attachment to local area
 - Utilise skills base for support from eg local banks (not just about volunteering ‘painting days’)
- Free travel for young and older people incredibly helpful just now
- Mitigate impact of COL through increasing any benefits that Scot Govt can control (recognising UKG led benefits unlikely to increase in line with inflation)
- SCVO support hub, Enough is Enough UK campaign, NCVO-led joint UK campaign.
- Collective purchasing – is there a support service for this?
- Scot Gov utilities framework open to orgs?
- Learn from other countries where this is not happening in the same way e.g. France and energy price cap.
- Is there scope for better leadership and resilience training?
- Multi-year funding for organisations needed now more than ever.
- We need money in people’s pockets - simple but complex at the same time. Is it time for Universal Basic Income? What about the Scot Gov Minimum Income Guarantee?
- The time has come for genuine partnership working, local authorities and others, across different sectors.
- What role can funders play in adapting and being flexible. An example included Lottes getting in contact to increase funding and offering flexibility.

For any more details on the session and to find out more about future Cost of Living sessions, please contact our Policy and Public Affairs Manager, Duncan Thorp, at duncan.thorp@socialenterprise.scot.