

The Rt Hon Grant Shapps MP  
Secretary of State for Business, Energy and  
Industrial Strategy  
Department for Business, Energy and Industrial  
Strategy  
1 Victoria Street  
London  
SW1H 0ET

23 November 2022



Dear Secretary of State,

We are writing to urge you to include charities struggling with their energy bills in support measures beyond March 2023, and offer our support as officials develop recommendations. Our organisations represent and support the 165,758 charities across the UK.

The Energy Bill Relief Scheme is an ambitious intervention that is easing some of the pressure on the voluntary sector's costs over the winter. We welcome the inclusion of voluntary organisations in the scheme, but for many this support needs to continue for them to keep providing vital support to communities.

#### **Charities at risks means communities at risk**

Charities are supporting people and communities who are struggling the most with the cost of living. They therefore cannot pass on rising energy costs, as beneficiaries cannot afford it. Many voluntary organisations are providing energy intensive services, for example heating hospices, care homes, accommodation, shelters, refuges and other specialist domestic abuse services, and nurseries. Reducing their energy use would jeopardise the health and wellbeing of the people they support. Furthermore, many charities operate out of buildings that are not energy efficient, such as village halls or community centres, which are increasingly being used as warm banks within communities.

Charities across the country are particularly vulnerable to rising energy costs. Electricity prices for very small non-domestic consumers increased by 23% between Q1 2019 and Q2 2022, while gas prices for these organisations increased by 29%. Prior to the introduction of the EBRs, some charities were expecting their costs to increase by 200% from 2022 to 2023. Some charities reported concerns that their energy costs would rise by as much as 1,000%. It is currently impossible for charities to know, and therefore budget and plan for, their energy costs in 2023/24. These organisations are facing a cliff edge if they receive no further support past 31 March 2023.

Charities are not able to adapt their income sources to meet rising costs: they may be at the limit of what they can fundraise, particularly given the impact of rising costs on disposable income. We also know many charities delivering services for government via contracts or grants are not receiving uplifts in line with inflation. Even before this crisis, two thirds of charities delivering contracts were subsidising with other income to cover

the true cost of delivery. 1 in 4 charities used their reserves during the pandemic, leaving them in a financially precarious position. Charities are using their reserves again now to meet rising costs. It is not sustainable or financially responsible for charities to keep using their reserves for day-to-day operations.

### **What will happen if they are not supported**

If charities struggling with their energy bills do not get support, communities will suffer.

Charities are an essential part of the public services ecosystem. They provide efficient, high-quality services across a range of areas, including (but not limited to) health and social care, employment support, support for disabled people, domestic abuse, criminal justice and children's services. Charities warn that rising energy costs mean services are becoming unsustainable to run. If services close, in addition to the adverse impact on life outcomes, other public services will face high demand and pressures on resource.

Charities are vital to economic growth. When volunteering is accounted for, charities contribute an estimated £200bn per year to the economy.<sup>[2]</sup> Charities employ 3% of the workforce – over 952, 000 people. Research shows that every £1 generated by a community organisation creates £2.50 for the local economy.<sup>[4]</sup>

There is abundant and growing evidence that more people than ever are seeking support from charities, including food banks<sup>[6]</sup> and Citizens Advice<sup>[7]</sup>. Our members are seeing significantly higher demand compared to six months ago. Charities want to support people through the cost of living crisis but need to be able to cover their delivery costs including energy. Two out of three charities have told us that they will be responding to these pressures by restricting access to their services, cutting services, or closing altogether.

### **Support for charities**

The government's commitment to mitigating the impact of rising energy costs is commendable. Overlooking the unique needs of the voluntary sector when making decisions about the future of this scheme will have serious long-term implications – not least for the public services to which people will turn if charities can no longer support them, at a time when government is looking to make savings in public services spending.

We are therefore keen to work collaboratively with your officials to ensure that the needs of the voluntary sector are met when the EBRs ends, and that the risk factors that make voluntary organisations more vulnerable to rising prices are central to plans for providing ongoing support. The mechanism to distribute ongoing support must be accessible and quick for charities, learning the lessons from previous schemes during the pandemic. Next year will be a difficult one for communities, but even more so if the charities that they rely on are no longer around.

We look forward to working in partnership with you and your officials to ensure that charities can continue doing what they do best: working with and for communities.

Yours sincerely,

Sarah Vibert, Chief Executive, The National Council for Voluntary Organisations

Jade Ide, Chief Executive, Association of Chief Executives of Voluntary Organisations

Paul Streets, Chief Executive, Lloyds Bank Foundation for England & Wales

Katie Docherty, Chief Executive, Chartered Institute of Fundraising

Caron Bradshaw, Chief Executive, Charity Finance Group

Maddy Desforges, Chief Executive, National Association for Voluntary and Community Action

Kathy Evans, Chief Executive, Children England

Debra Allcock Tyler, Chief Executive, Directory of Social Change

Carol Mack, Chief Executive, Association of Charitable Foundations

Tony Armstrong, Chief Executive, Locality

Rosalind Oakley, Chief Executive, Association of Chairs

Richard Quallington, Executive Director, Action with Communities in Rural England

Robin Osterley, Chief Executive, Charity Retail Association

Ed Mayo, Chief Executive, Pilotlight

Kirsty McHugh, Chief Executive, Carers Trust

Farah Nazeer, Chief Executive, Women's Aid