Cost of Living Fund

Evaluating the Impacts of Blended Finance during the Cost of Living Crisis

August 2026

Contents

1. The Cost of Living Crisis 6

2. The Cost of Living Fund 8

3. What the Fund Set Out to Achieve 10

4. What Changed As a Result 13

5. What We Learned 20

6. Case Studies 22

7. Appendices 30

Executive Summary

In 2024, Charity Bank's Cost of Living Fund provided £2.5m of blended finance and grants to social sector organisations responding to rising financial hardship across the UK. The programme was designed to support immediate responses to the cost of living crisis, recognising the "double pressure" faced by the sector: rising demand alongside constrained resources.

The Fund deployed £2.5m to 26 organisations. All organisations responding to the survey reported making a positive impact on people facing cost of living pressures, while 64% reported improvements in their financial resilience.

Self-reported data from our survey of recipients, supported by qualitative evidence, indicates that the Fund made a meaningful contribution to organisations' ability to support people and communities facing financial hardship. Over half of respondents described this impact as large or very large.

Many organisations also reported being better able to generate income, plan ahead and strengthen their financial position despite a challenging operating environment. In most cases, respondents said the Fund had been an important factor in enabling these outcomes.

As one organisation reflected:

> **"The breathing space has meant that we have been able to pursue more funding streams... to improve our financial stability."**
>
> Rene House

Recipients reported that blended finance helped them respond to immediate community need while strengthening longer term resilience. By combining grants and affordable loans, organisations were able to expand support, invest in organisational capacity and create stronger foundations for future sustainability.

The Report at a Glance:

The Fund

£2.5m deployed

26 organisations supported

100% would be interested in similar funding in the future

Supporting Communities

100% reported a positive impact on people facing cost of living pressures

58% reported a large or very large impact

89% said the funding was important or very important in achieving that impact

Strengthening Organisations

64% reported improvements in financial resilience

79% said the funding was important or very important in enabling those improvements

73% response rate (19 of 26 organisations)

1. The Cost of Living Crisis

Since 2021, the UK has experienced a sustained increase in the cost of living, driven by rising prices for essential goods and services including food, energy, housing and transport. While inflation has eased, the overall cost of living remains significantly higher than before the crisis, continuing to place pressure on households across the country.

These pressures have fallen most heavily on people on lower incomes. According to the UK Parliament's House of Commons Library, 7.5 million people were living in food insecure households in 2023/24, including 18% of children. Meanwhile, 66% of adults reported an increase in their cost of living in March 2025 compared with the previous month, highlighting the continuing financial strain faced by many households.

The impact has been reflected in growing demand for support services. Food banks in the Trussell community distributed more than 2.6 million emergency food parcels in 2025, equivalent to one parcel every 12 seconds. Over 900,000 of these parcels were provided for children. Given that Trussell operated from 1,556 locations in 2025, and there were an estimated 1,172 additional independent, non-Trussell food banks in the UK, the total number of food parcels distributed is likely far higher.

At the same time, housing insecurity remains a growing challenge. The Homelessness Monitor: England 2025 reports that almost 300,000 households were experiencing the most severe forms of homelessness, including rough sleeping, sofa surfing and unsuitable temporary accommodation. Rising housing costs and affordability pressures continue to contribute to increasing demand for homelessness support services.

Charities and social enterprises are often the first organisations people turn to for support. However, they have faced their own challenges, including rising operating costs, workforce pressures and uncertainty around future income. This has created a dual challenge for the sector: growing demand for services combined with increasing pressure on organisational sustainability.

The Cost of Living Fund was established to help charities and social enterprises respond to this challenge, supporting immediate community needs while strengthening the organisations delivering that support.

The Cost of Living Crisis in Numbers

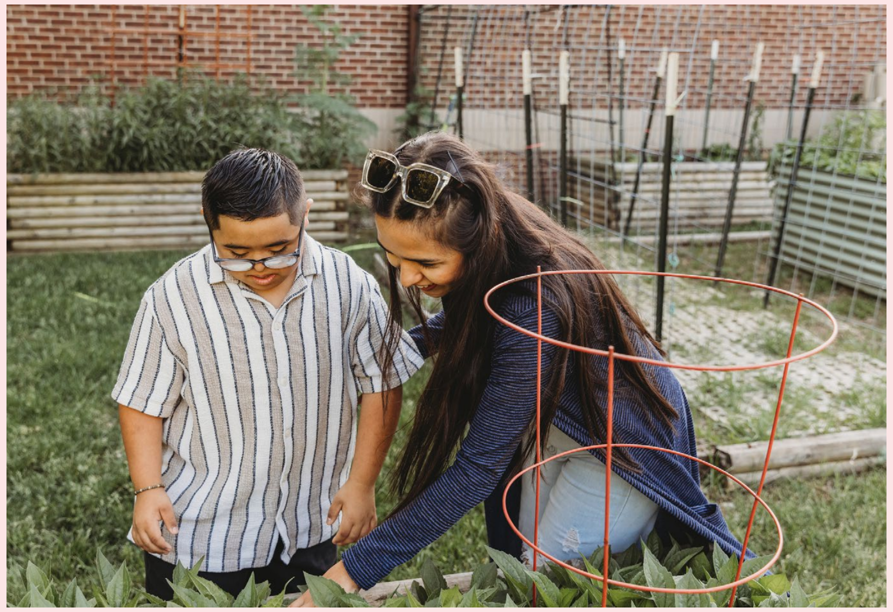
7.5 million people living in food insecure households (2023/24)[1]

2.6 million emergency food parcels distributed by Trussell alone in 2025[2,3]

Over 900,000 of these emergency food parcels were provided for children[2,3]

Almost 300,000 households experiencing the most severe forms of homelessness in England[4]

66% of adults reported rising living costs in March 2025[5]



1 UK Parliament, House of Commons Library, Food poverty: Households, food banks and free school meals (July 2025).

2 UK Parliament, House of Commons Library, Food Banks in the UK (June 2026).

3 Trussell, End of Year Food Bank Statistics 2025.

4 Crisis, The Homelessness Monitor: England 2025.

5 Office of National Statistics, Public opinions and social trends, Great Britain: March 2025.

2. The Cost of Living Fund

The Cost of Living Fund was launched to help charities and social enterprises respond to rising financial hardship within their communities. Funded by Charity Bank and Access – The Foundation for Social Investment, it combined grant funding with affordable loan finance to provide flexible support where it was needed most.

Recognising the urgency of the cost of living crisis, the Fund was designed to be simple, flexible and quick to deploy. Organisations were able to use funding in ways that reflected local need, from food provision and homelessness prevention to financial advice, digital inclusion and investment in organisational capacity.

The Fund supported 26 organisations across England and deployed a total of £2.5 million in blended finance and grants.

£1.33m Grants +
£1.17m Loans =
£2.5m Support

Why Blended Finance?

Flexible

Organisations could use funding in ways that reflected local needs and priorities.

Affordable

Grant funding and affordable loan finance reduced financial barriers during a challenging period.

Scalable

Funding enabled organisations to expand existing services and reach more people.

Supports sustainability

The combination of grant and loan finance helped organisations invest in future resilience, not just immediate delivery.

3. What the Fund Set Out to Achieve

The Cost of Living Fund was established to help charities and social enterprises respond to increasing financial hardship within their communities while strengthening their ability to deliver essential services over the long term. Recognising that many organisations were facing rising demand alongside growing financial pressures of their own, the Fund combined grant funding and affordable loan finance to provide flexible support where it was needed most.

The Fund was designed around three core objectives:

A. Target funding to areas of greatest need

The Fund prioritised organisations working in disadvantaged communities and those often underserved by mainstream finance.

The table below shows the percentage of funding that went to targeted demographics.

B. Deliver direct impact on the cost of living

Funding was intended to support interventions that would alleviate financial pressure on individuals and families, both immediately and through preventative support. This included activities such as food provision, housing and homelessness support, financial advice, digital inclusion initiatives and community-based support services.

C. Strengthen organisational resilience

A central aim was to ensure that organisations could continue delivering essential services sustainably, recognising that resilience at organisational level underpins long-term community impact. Funding was therefore designed not only to help organisations respond to immediate need, but also to create the stability and capacity required to plan for the future.

Targeting	Outcomes
Organisations serving the most disadvantaged communities in the country (IMD 1-3)	**88%**
"Diverse-led" organisations*, who have often been historically underserved by mainstream finance	**27%**

***For the purposes of this report, a diverse-led organisation is defined as one where 50% or more of the Senior Leadership Team or Board identify with one or more of the following groups:**

- **Black, Asian and/or Global Majority backgrounds**
- **People with long term health conditions or disabilities**
- **Members of the LGBTQIA+ community**

Theory of Change

Inputs

Inputs

£2.5 million of grant funding and affordable loan finance provided to charities and social enterprises responding to the cost of living crisis.

Activities

Activities

Organisations used the funding in ways that reflected local need, including food provision, housing support, financial advice, digital inclusion, community services, staffing and organisational capacity building.

Outputs

Outputs

Increased access to services, expanded organisational capacity, support reaching more people in need and improved ability to respond to growing demand.

Outcomes

Outcomes

Reduced cost of living pressures for individuals and communities, strengthened organisational resilience and greater capacity within the social sector to respond to future challenges.

Goals

Goals

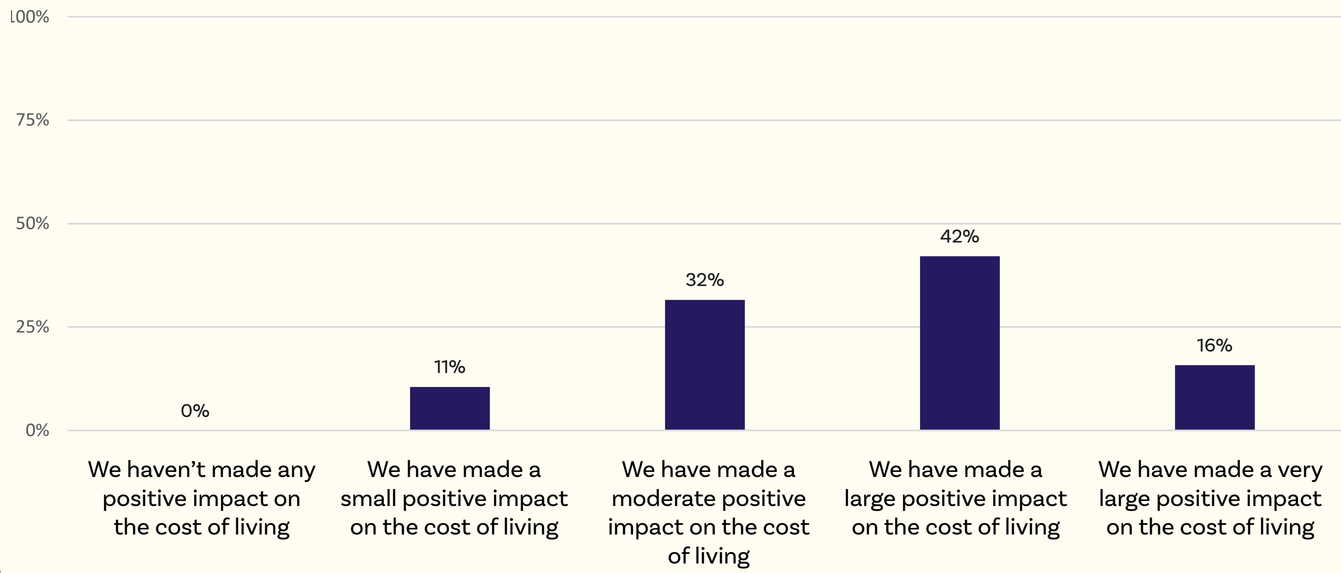
- Positive impact on people
- Positive impact on communities

4. What Changed As a Result

4.1 All recipients reported positive impact on people facing cost of living pressures.

Over half (58%) described this impact as large or very large, indicating both scale and depth of impact.

Over the past year (since receiving a grant / investment), how would you describe the impact you've had on the cost of living?



Base: 19 organisations

Organisations used the funding in practical and targeted ways to reduce financial pressure on individuals and households. This included:

- Providing food, hot meals and essential goods
- Supporting people to maintain tenancies or avoid homelessness
- Offering warm spaces and community support
- Improving access to benefits, employment and digital services

In many cases, organisations acted as a critical safety net, preventing situations from escalating into crisis.

“We have been a safety net for many people who may otherwise find themselves on the streets... Without the funding, we would have had to reduce our service offering.”

Rene House

Some organisations delivered support at significant scale.

“We have continued to support up to 400 families... providing food, a warm space, and a safe place for people to connect.”

Birmingham Care Group

Organisations also reported that the programme helped prevent longer-term harm.

“We supported over 300 people to avoid homelessness and provided 400 with accommodation, preventing over 107,000 nights of rough sleeping.”

Homeless Action Research Project (HARP)

Digital inclusion emerged as an important theme, enabling individuals to access employment, benefits and more affordable services:

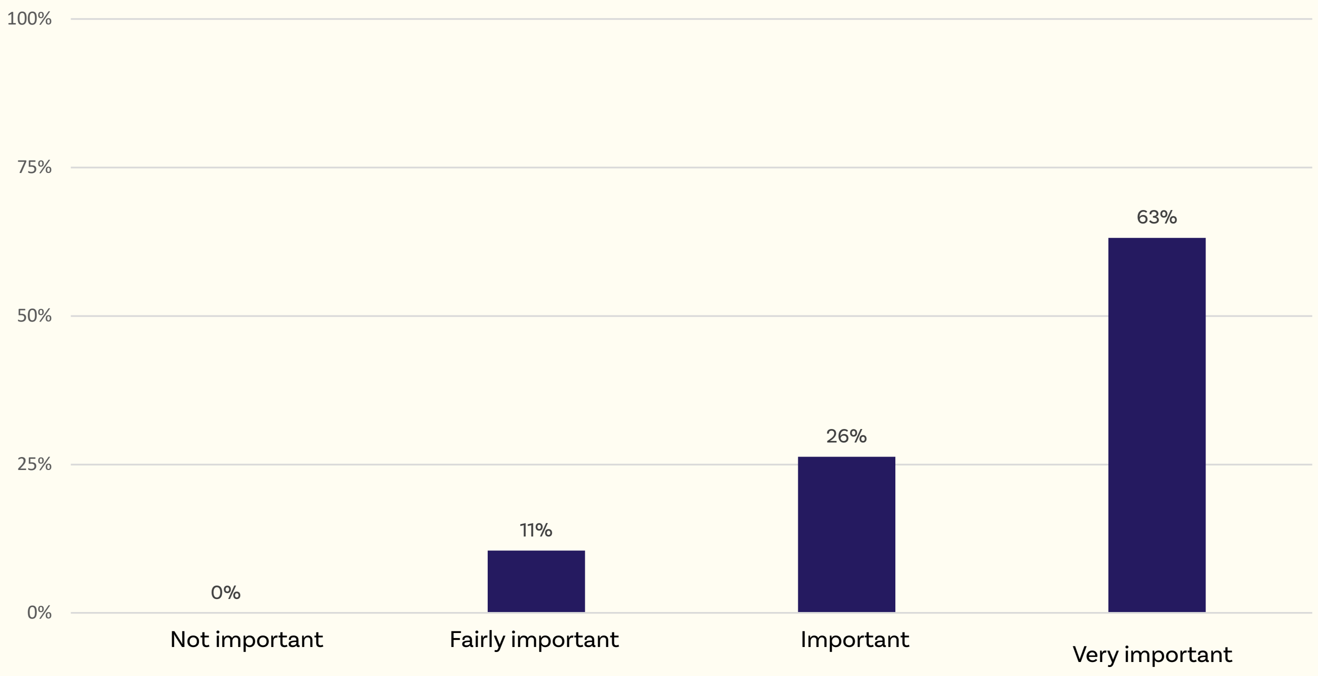
“We have removed the financial barrier of accessing technology... enabling service users to apply for jobs, manage money, and find cheaper deals.”

Framework Housing Association

These examples illustrate how the Fund supported both immediate relief and longer-term stability for individuals and communities, preventing cost-of-living challenges from tipping people into crisis.

The majority of the organisations that received funding said that this had been an important or very important factor in enabling this impact.

How important has this funding been in enabling you to have an impact on the cost of living?



Base: 19 organisations

Recipients reported that the funding enabled them to scale existing provision, or launch new services that otherwise might not have been possible:

“Your funding enabled us to have this positive impact [...] by providing the resources we needed to launch a drop-in study group in one of our education centres where young refugees have been able to access a safe, warm and welcoming place to do their homework, make use of free access to the internet, charge their devices and get additional support.”

Refugee Education UK

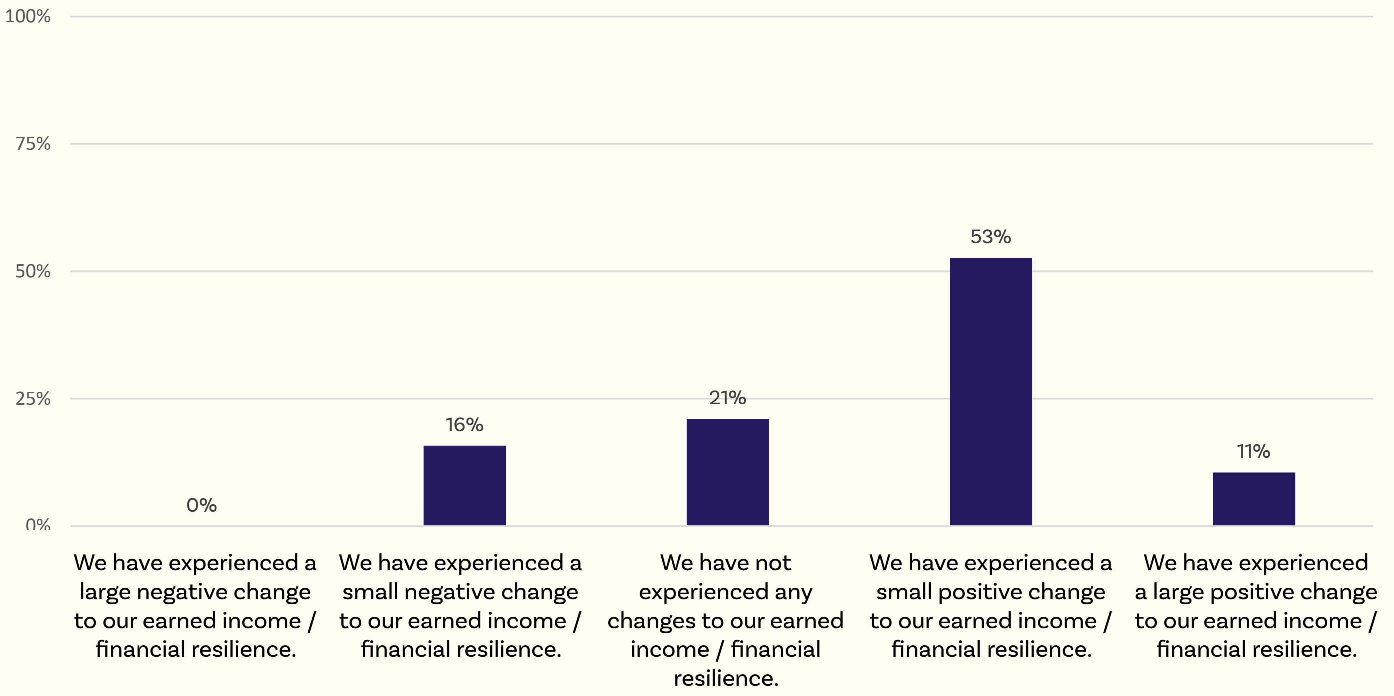
“We were able to increase our active caseload by 15 service users above our original projection – supporting around 75 people instead of the 60 we had planned.”

Support When It Matters (SWIM)

4.2 Almost two thirds of recipients reported positive impact on their organisation's financial resilience.

Alongside community impact, recipients reported improvements in organisational resilience, which they attributed at least in part to the Fund. Nearly two-thirds (64%) of organisations reported a positive change in their earned income or financial position:

Over the past year (since receiving a grant / investment), has your organisation experienced any change to its earned income / financial resilience?



Base: 19 organisations

However, in a challenging funding environment, organisations consistently highlighted that maintaining stability was itself a positive outcome.

Recipients reported that the funding often acted as an enabler, creating the conditions for organisations to plan how they could strengthen their position over time.

"Our financial position has stayed the same. But without the funding, there is a real possibility it would have worsened."

Transforming Lives for Good

"The investment has provided some financial security, but we are consciously seeking longer-term solutions."

Kashmir Youth Project

Many organisations reported that they had used this period of stability to develop new income streams or secure additional funding:

"The funding has helped stabilise our delivery... leading to new opportunities for contracts and partnerships."

Cost of Living Fund recipient

Investment in staff capacity was a particularly important factor:

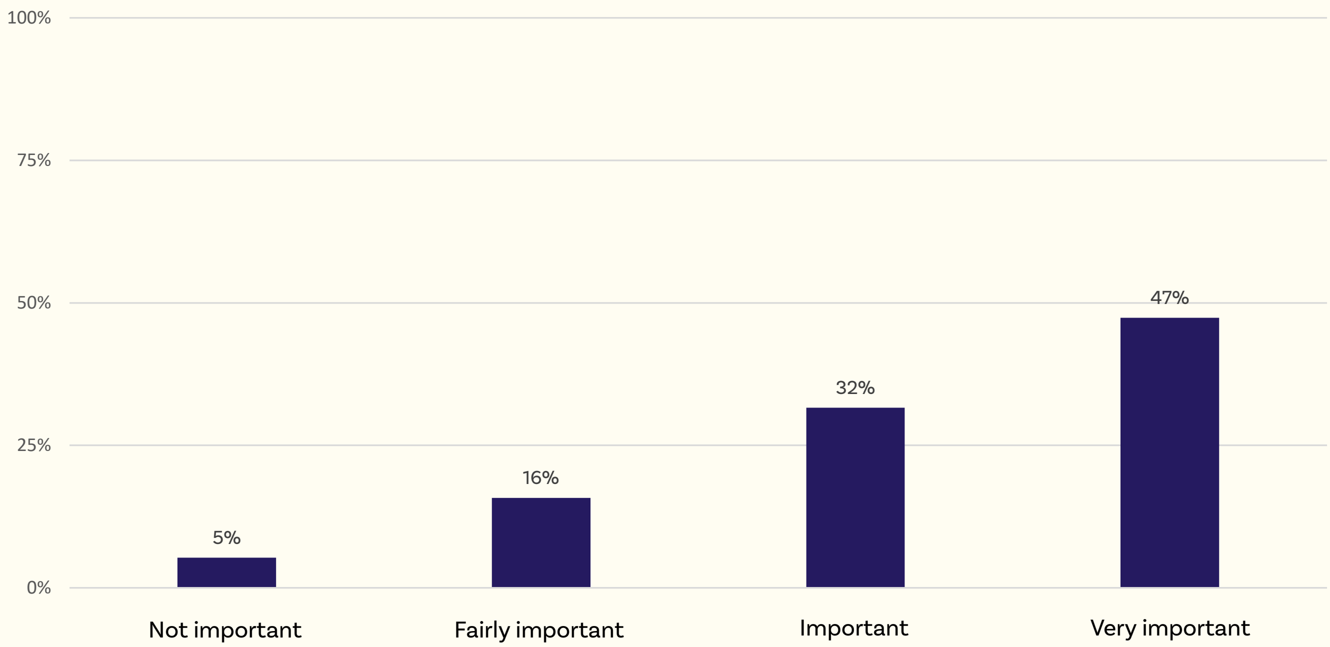
"By taking on additional staff, we increased our caseload and could respond faster and more personally."

Support When It Matters (SWIM)

Recipients reported that improvements to their financial resilience occurred both directly (e.g. increased trading activity, or improved utilisation of assets) and indirectly (e.g. the capacity to plan more effectively for the future, and better access to other funding opportunities).

Crucially, 79% of recipients said the funding they received was important or very important in enabling these changes to their organisation's financial resilience.

How important has this funding been in enabling this change to your organisation's earned income/financial resilience?



Base: 19 organisations

Overall, recipient responses suggest that the Fund delivered a dual benefit: strengthening organisations' ability to meet current demand and supporting steps towards longer-term financial sustainability.

5. What We Learned

Five valuable lessons emerge from the Cost of Living fund:

Stabilisation is a meaningful outcome

In periods of economic stress, preventing decline is as important as achieving growth. Organisations consistently emphasised that maintaining their position allowed them to continue delivering essential services, and this has important lessons for what "success" looks like for programmes like this.

Capacity drives impact

Investment in staff and core organisational infrastructure was a primary driver of impact. This highlights the importance of funding that has the flexibility to support capacity, not just project delivery.

Agility enables effectiveness

The non-prescriptive nature of the Fund, coupled with the way the Fund was structured to allow rapid deployment, allowed organisations to respond to local need and to adapt as conditions changed. This agility was a key strength of the programme.

50/50 grant-loan mix drives confident service delivery

The equitable mixture of grant and repayable loan seemed to give organisations greater confidence when it came to launching or expanding services that pure loan or pure grant might not have.

Short-term support can enable long-term resilience

By providing the financial relief needed to create operational "breathing room", the Fund enabled organisations to develop new income streams, secure additional funding, and invest in strategic development.

Conclusion

Taken together, our findings suggest that blended finance can be a valuable tool for supporting both community resilience and organisational stability. The experience of the Cost of Living Fund demonstrates how combining grants with affordable loan finance can help organisations meet immediate needs while building stronger foundations for the future.

These findings challenge the perception of short-term funding as a temporary fix, instead positioning it as a catalyst for longer-term impact and resilience.

As funders, investors and policymakers consider how best to support communities facing economic hardship, blended finance should be viewed as an important part of the funding toolkit, helping social sector organisations deliver impact today while strengthening resilience for tomorrow.

Refugee Education UK

Funding received: £75,000 loan and £75,000 grant

Refugee Education UK supports children and young people who have experienced displacement, trauma and disrupted schooling, helping them access education and rebuild their futures.

Refugee children often arrive in the UK having missed years of education and face significant barriers including trauma, language differences and financial hardship. As CEO Catherine Gladwell explains: “They arrive full of hope […] but often face a long wait to get into school.” Education plays a vital role in restoring stability and future prospects.

The cost of living crisis has exacerbated these challenges, with many young people unable to access heating, internet or quiet study space. “We’ve seen a massive increase in children not being able to access the internet […] and not sleeping well because it’s too cold,” Catherine notes.

Funding from Charity Bank enabled Refugee Education UK to expand its services, including drop-in study spaces, one-to-one mentoring, financial education, and mental health support. It also supported staff wellbeing and capacity, ensuring consistent support for young people during a period of increased need.

For the young people supported, education provides hope and direction. One student shared: “Education is freedom […] it’s like walking from darkness into light.” Another student, a 15-year-old Ukrainian refugee, shared: “A lot of the time I am feeling sad […] but you help me think about the future. Everything about this place is helping me with my learning. One day I want to go back to my country and be an engineer to build all the stuff that is now broken.”

By offering safe spaces, structured learning, and personalised support, the charity helps children regain confidence and progress through education.

The funding has also strengthened organisational resilience, enabling Refugee Education UK to invest in new income-generating activities and expand its reach. As Catherine explains: “The grant and loan have enabled us to unlock some of our unrestricted funding, which we’ve been able to invest in increasing the hours of the staff member who runs our subscriber network for over 1,000 education professionals. We’re moving the network to a paid subscription model and using it to promote our training services, none of which we would have been able to do if we hadn’t increased that staff member’s hours.”

By stabilising services and investing in sustainability, the charity is better positioned to support more young people to rebuild their lives through education.

“Education is freedom […] it’s like walking from darkness into light.”

A Refugee Education UK student

CASE STUDY

Neuro Wellbeing Centre

Funding received: £25,001 loan and £20,000 grant

The Neuro Wellbeing Centre supports people living with neurological conditions such as multiple sclerosis, Parkinson's and fibromyalgia, offering specialist therapies that are often unavailable or unaffordable through the NHS.

For many, managing symptoms and maintaining mobility is critical—but difficult to access. As Chair Tim Culling explains: "The NHS just doesn't have the capacity to deliver that kind of support." The Centre provides services including a specialist gym and hyperbaric oxygen therapy at a fraction of typical private costs, ensuring support remains accessible.

During the cost of living crisis, demand for the Centre's services increased sharply, while many clients struggled to contribute financially. "Demand was going through the roof, but people had less disposable money," Tim reflects.

Charity Bank funding provided vital stability, allowing the Centre to continue supporting people who could not afford to pay. "The loan and grant meant we didn't have to turn away people who couldn't afford to make a donation." This ensured continued access to therapies that help manage symptoms, maintain independence and improve quality of life.

For those supported, the impact is profound. One client shared: "Places like the Neuro Wellbeing Centre [...] help people manage and even improve their symptoms." By keeping services affordable, the charity enables people to access support that would otherwise be out of reach—particularly important given that many disabled people face financial hardship.

Beyond immediate support, the funding gave the organisation crucial breathing space. "We could stop constantly worrying about money... which gave us the headspace to reduce our expenses and increase our income."

As a result, the Centre has improved its financial position, increasing income streams and expanding services. Reflecting on the experience, Tim adds: "The belief and hope that it gave us was priceless."

"We could stop constantly worrying about money... which gave us the headspace to reduce our expenses and increase our income."

Tim Culling, Chair of the Neuro Wellbeing Centre

CASE STUDY

Support When It Matters CIC (SWIM)

Funding received: £60,000 loan and £60,000 grant

Support When It Matters (SWIM) delivers culturally sensitive, intensive support to people from global majority backgrounds who are homeless or at risk, often facing overlapping challenges including substance misuse, poor mental health, and involvement with the criminal justice system.

People of colour face disproportionately high levels of poverty and homelessness, alongside barriers to accessing support. As CEO Peter Merrifield explains: "People… feel they need to protect themselves. They can't divulge everything as they don't know how that information is going to come back and put them in a worse position." SWIM's approach is designed to build trust and provide holistic, person-centred support.

Demand for SWIM's services rose sharply during the cost of living crisis, including from family members of existing clients facing financial hardship. Charity Bank funding enabled SWIM to recruit three additional staff, expanding support to help individuals access benefits, manage debt, reduce bills and meet essential needs.

This intervention prevented some clients from losing their homes or relying on high-cost credit, while also supporting longer-term stability through employment and training pathways. The funding also enabled the provision of food and hot drinks at SWIM's community hub, ensuring people could engage fully with support.

SWIM's support has been life-changing for many. One client shared: "If it wasn't for SWIM, I would still be on the street… they make sure that I have everything I need for university." Another described how the service helped them "reflect on things that have happened in the past and how I want to move forward and improve my standard of living."

The funding has enabled SWIM not only to respond to immediate cost pressures, but to strengthen longer-term outcomes by improving financial resilience, access to opportunities, and supporting sustained recovery.

As Peter Merrifield reflects: "There's always been a sense of, 'We're going to make this work.'" Charity Bank's support has been instrumental in enabling SWIM to grow its reach and continue delivering vital support to some of the most marginalised communities.

"If it wasn't for SWIM, I'd still be on the street…"

A SWIM client

CASE STUDY

Framework Housing Association

Funding received: £75,000 loan and £75,000 grant

Framework Housing Association supports around 19,000 people each year who are homeless or at risk of homelessness, providing integrated housing, health and employment support. In response to the growing cost of living crisis, it has expanded its Digital Inclusion Project to tackle digital poverty — a key driver of financial exclusion.

Digital exclusion can significantly increase living costs and limit access to jobs, housing and support services. As Framework's Digital Inclusion Coordinator explains: "It's not about changing the font size on a Word document; it's about how you apply for housing, manage your money, access the NHS app, and avoid scams."

With Charity Bank funding, Framework has scaled delivery through dedicated staff, volunteer Digital Champions, and strong corporate partnerships. Over the past year, the project has supported more than 1,000 people by providing free devices, connectivity and skills training. Donations from partners — including laptops, phones and SIM cards — have removed financial barriers to getting online. As one team member noted: "When partners refresh equipment, they now think of us... often sending 50 laptops at a time."

This support enables individuals to access benefits, search for work, manage finances and find cheaper goods and services online — helping to reduce immediate cost pressures while building longer-term resilience.

The project has also transformed individual lives. One participant, who had lost her job due to lack of digital confidence, rebuilt her skills and progressed to learning programming. Another, after years of substance misuse and homelessness, was able to reconnect with his family and access support after receiving a phone and data: "Having a phone... meant I could call my kids and stay in touch with my support worker." He is now in recovery and training to become a counsellor.

The funding has enabled Framework not only to scale its reach but to deepen its impact. As the team reflected: "Charity Bank has enabled Framework not just to continue the digital inclusion work, but to improve it." In doing so, the project is reducing cost-of-living pressures while helping people rebuild stability, confidence and opportunity.

"Having a phone... meant I could call my kids and stay in touch with my support worker."

A Framework project participant

7. Appendices

7.1 Recipient Organisations

The composition of the funding received by the 26 organisations the Fund supported is shown in the table below. 16 organisations received a Cost of Living Grant alongside a Cost of Living Loan, 8 organisations received a Cost of Living Grant alongside another kind of Charity Bank loan, and 1 organisation received a standalone Cost of Living Grant.

Organisation	Cost of Living Grant	Cost of Living Loan	Other Charity Bank Loan
Adullam Homes Housing Association	X	X	
Appris Charity	X	X	
Aspire Ryde	X	X	
Coast & Vale Community Action	X	X	
Coventry Cyrenians Ltd	X	X	
Eva Womens Aid Ltd	X	X	
Foresight North East Lincolnshire	X	X	
Framework Housing Association	X	X	
HARP Southend	X	X	
Homeless Street Angels Limited	X	X	
Refugee Education UK Ltd	X	X	
Swindon Therapy Centre for Multiple Sclerosis	X	X	
Target Housing Ltd	X	X	
The James Charities	X	X	
Transforming Lives for Good (TLG) Ltd	X	X	
YMCA Cheltenham	X	X	
Support When It Matters	X	X	
Hull FC Rugby Community Sports & Education Foundation	X		X
YES Brixham	X		X
Birmingham Care Group	X		X
Leigh Building Preservation Trust	X		X
Kashmir Youth Project	X		X
Rene House CIC	X		X
Integrate Education CIC	X		X
Consolidated Almshouse Charity of Swanscombe	X		X
East London School of Music	X		

7.2 Methodology & Data Sources

Overview

This report draws on a mixed-methods analysis of survey responses and organisational data from recipients of the Cost of Living Fund between 2023 and 2025.

The analysis assessed:

- Impact on cost-of-living pressures
- Changes in financial resilience
- The role of funding in enabling these outcomes

Unless otherwise stated, findings are based on self reported survey responses from participating organisations.

Survey Sample

- All 26 organisations that received support were invited to complete the survey.
- 19 responses were received, resulting in a response rate of 73%.

All respondents completed core survey questions.

Survey Instrument

The survey included:

- 5-point outcome scales
- 4-point attribution scales
- Open-text qualitative responses

Limitations

- The survey relied on self reported data from participating organisations and did not include independent verification of outcomes.
- Although the response rate to the survey instrument was strong (73%), the overall size of the CoL cohort remains small (n=26) and this may further limit the generalisability of qualitative findings.
- Not all participating organisations provided detailed narrative responses to open text questions, which may limit the generalisability of qualitative findings.

These limitations should be considered when interpreting findings, but the data provides strong directional insight into programme impact.

Charity Bank | Cost of Living Report 2026

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