



The economic and social impact of the voluntary and community sector in Hertfordshire.

Report on a research project conducted for
Hertfordshire Infrastructure Consortium by Obsidian Consulting.
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EXECUTIVE SUMMARY

Introduction

Voluntary and Community Organisations [VCOs] play an important role in society and an increasingly important one in the delivery of services. The sector comprises a large number of often very small, local initiatives with particular focus and skills; as well as larger, professionally run social enterprises. Together, these play important parts in the lives of citizens and in the support for communities for which government and other provide funds.

Understanding of the value of these activities is essential: to justify continuance of funding; to create the respect for such work among all stakeholders; to inform others of activities with which they may wish to engage; and to enable best practice to be shared. Many VCOs are very small and their activities unpublicised. Identification of these can often only be achieved in or by the communities they serve.

A consortium of Local Infrastructure Agencies has been formed in Hertfordshire which seeks to understand the scope of the voluntary and community sector within the county and its value to the wider, regional community by commissioning a research project, supported by Herts Infrastructure Consortium and ChangeUp. Obsidian Consulting was contracted to undertake this research after competitive tendering.

The Size of the Sector in Hertfordshire

The population of Hertfordshire at the last census (2001) was 1.034m; 1.75% of the population of UK; 2.1% of that of England. The total income of the voluntary sector, as identified through this survey, in 2005 was c£1.165m, of which 37% derived from subscriptions and sales; 32% from grants, fundraising and donations; and 20% from public sources.

The number of VCOs (Voluntary and Community Organisations) identified in the survey was:

Local Authority	VCOs	No per 1000 of Population
Broxbourne	722	8.29
Dacorum	1,684	12.22
E. Herts	1,963	15.23
Hertsmere	1,210	12.81
N.Herts	1,802	15.41
St Albans	1,935	15.00
Stevenage	781	9.80
3 Rivers	646	7.80
Watford	989	12.40
Welwyn Hatfield	1,069	10.96
Herts Total	12,801	12.38

A master database for the county and each Local Authority area has been supplied to the Steering Group.

The most common services provided were:

1. Advice and Information
2. Training and Education
3. Leisure

The sector's largest focus is on:

- Children
- Sports and outdoor pursuits
- Leisure and social
- Education, training and skills

Finance:

Analysis of survey findings reveals an average revenue of £91,000 per VCO. Extrapolated to the sector as a whole in Herts, this equates to a sector turnover of £1,165m. Of this



- members contribute the largest (23%) proportion of income for VCOs;
- public sources (Europe; National; Local) on average fund c20% of the sector's requirements;
- sales generate 14%.

People

We asked about numbers of both staff and volunteers. Responses as to numbers of each working differing patterns of time per week have been aggregated; and extrapolated to give a county-wide picture:

At the mean full-time wage rate for Hertfordshire of £14.73/hr and part-time rate of £8.81, this extrapolation results in an estimated annual staff wage bill for the Herts VCO sector of c£714m (61% of estimated revenue).

The average number of volunteers per VCO responding to the survey was 25.44. Extrapolated to the county total of VCOs (12801), this would suggest some 325,000 volunteers in the County – except that many typical volunteers are serial volunteers, supporting several activities at any time. Using the same wage rates as for staff, the equivalent annual wage bill would be £708m.

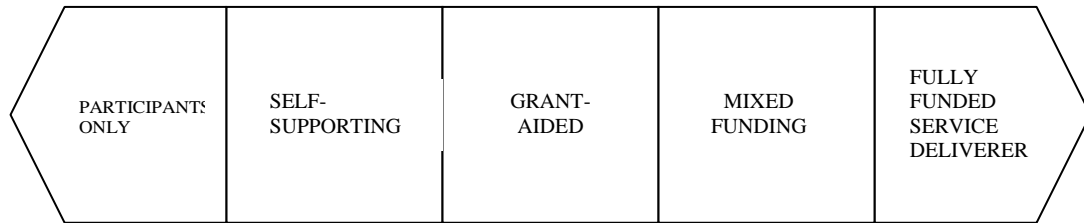
What would happen if your organisation did not exist?			
Clients would, in the main, have to rely on fully funded public services:		9.4%	44
Clients would, in the main, go without the support or services that we provide:		90.6%	425

If repeated across the county and used as the basis for determining the proportion of the work of the voluntary sector which would have to be borne by the public purse, the latter would have to grow by £176m (9.4% of assumed sector revenue of £1.165m; plus 9.4% of the “cost” of replacing all volunteers in the county of £708m).

Conclusions: Opportunities and Barriers.

The value of an organisation in the voluntary sector depends on its stakeholders' needs. At one end of the spectrum, a group of individuals with a common interest may form an organisation (club; group) through which to practice that interest together. Such an organisation may have no need for external funds; may need no accreditation or quality standards; and may set its own rules regardless of any other influences. Its members are its only stakeholders. At the other end of the spectrum are VCOs which are in effect competing with commercial organisations

as service deliverers. Their competitive advantage lies in their engagement with and expertise in a particular field, with the fact of involving volunteers in no way precluding or excusing them from acting in a thoroughly professional way. These have a variety of stakeholders: beneficiaries; volunteers; funders; trustees. The clarity of aims and needs of both of these types of organisation protect them from some of the issues facing those in between them on the spectrum.



- Make own rules
- Sales; subs
- Funds without strings to support altruistic objectives
- Potential contractor
a) if funded
b) if resourced to required standard
- Professional and competitive; but dependent ? sustainable ?

Any organisation should on occasion determine how well it performs its stated purpose. There is an increasing range of tools available for this, including user surveys, SROI, and soft outcomes measurement, as well as output audits. Measurement should certainly be regularized for any VCO seeking contract funds both to demonstrate good management and to ensure that original aims are not compromised by new activities.

Whilst some volunteers and VCOs will resent any attempt to monetarise their work, funders needs for measurement may drive up use of SROI. Care needs to be taken that the form of measurement is both relevant to the outcomes and acceptable to volunteers. There is a potential conflict between the objectives of volunteers (uncounted satisfaction), beneficiaries (soft outcomes) and the needs of funders (bids and measures).

There may also appear to be conflict between the very notion of volunteering and Government agendas. However, the latter may either subliminally or overtly be the stimulus for volunteering organisations as well as the basis for funding. The public is constantly bombarded with messages about obesity, activity, healthy living, etc which may (or may not) inspire individuals to undertake activities which respond to them. Funds flowing alongside these messages presumably increase such interest.

Many VCOs are highly competitive organisations, run by experienced professional managers and even if Trustees or Boards may be volunteers, these are usually recruited because of their experience and expertise. If or as Government develops further its taste for engagement of VCOs in service delivery, more must be geared up to be convincing deliverers of Best Value.

A key value of the VCO sector lies in its relevance; its expertise in particular fields and its community base. Such knowledge often far exceeds that of commercial service suppliers. Funders or commissioners of services need to engage organisations fit for purpose. However, if county-wide provision of the right qualities is patchy; if a well-run aspirant lacks appropriate accreditations or quality standards; if there is a particular expertise not available to meet delivery criteria, a VCO may fail the relevance test. This suggests the need for would-be contracting VCOs to develop a strategic view regarding funding, setting out the requirements for achieving it in an action plan. This may include partnering with others to increase relevance, capacity and geographical reach.

Whilst today VCOs are generally not driven by funders' agendas and maintain their client- or outcome focus, the evidence of the main survey above suggests that there is already a significant reliance by some on public funds, which is predicted to grow. From the evidence available, it seems probable that funders will increasingly demand new professionalism from the VCOs they elect to partner. This will place demands on organisations for which they are not necessarily equipped, especially relating to tendering, measurement and accreditation.

It is important to recognize that, in a period of increasing interest and appreciation of the voluntary sector's capabilities, unnecessary burdens are not placed on those for whom these may be irrelevant. Non-contractors and organisations self-sufficient in their finances should not have to bear a bureaucratic burden merely because they are identified as being a part of the same sector as others for whom such processes are valid.

Recommendations

This report illustrates both an unexpected scale for the VCO sector in Herts but also highlights its diversity and inaccessibility. The data obtained has the potential to be of considerable value both to those wishing to communicate with VCOs and for VCOs, for example in locating potential partners or benchmarking. It has potential value for the sector in Hertfordshire in depicting the importance of the sector to governmental bodies, the Press and the public. It will quickly become out-dated and lose this value.

- A strategy for capitalizing on and updating this information should be a priority for the sponsors.
- A plan for funding and implementing its maintenance and updating is advised.

The base data obtained from the main survey is owned by Hertfordshire Infrastructure Consortium (HIC) and will, for the time being, be maintained by Herts CVS if funds permit, to form the means to repeat this project.

A "map" (actual or searchable database) of VCOs and their activities may aid funders in the selection of service providers. Funders or CVS on their behalf (a

possible value-adding service) may be enabled to locate or bring together contractors with the right mix of know-how, location and willingness to tender effectively.

A further value-adding role for HIC may be to develop a toolkit to aid those VCOs which express interest in obtaining funding. This could include:

- advice on standards, accreditation, quality assurance etc.
- a reality check before committing resources to bidding. Support in measurement of impact on the organisation may be a part of this role.
- tools and advice as to how to tender effectively or support in preparing tenders.
- access to information about partnering or training opportunities should be readily available to organisations wishing to enhance their chance of winning tenders.