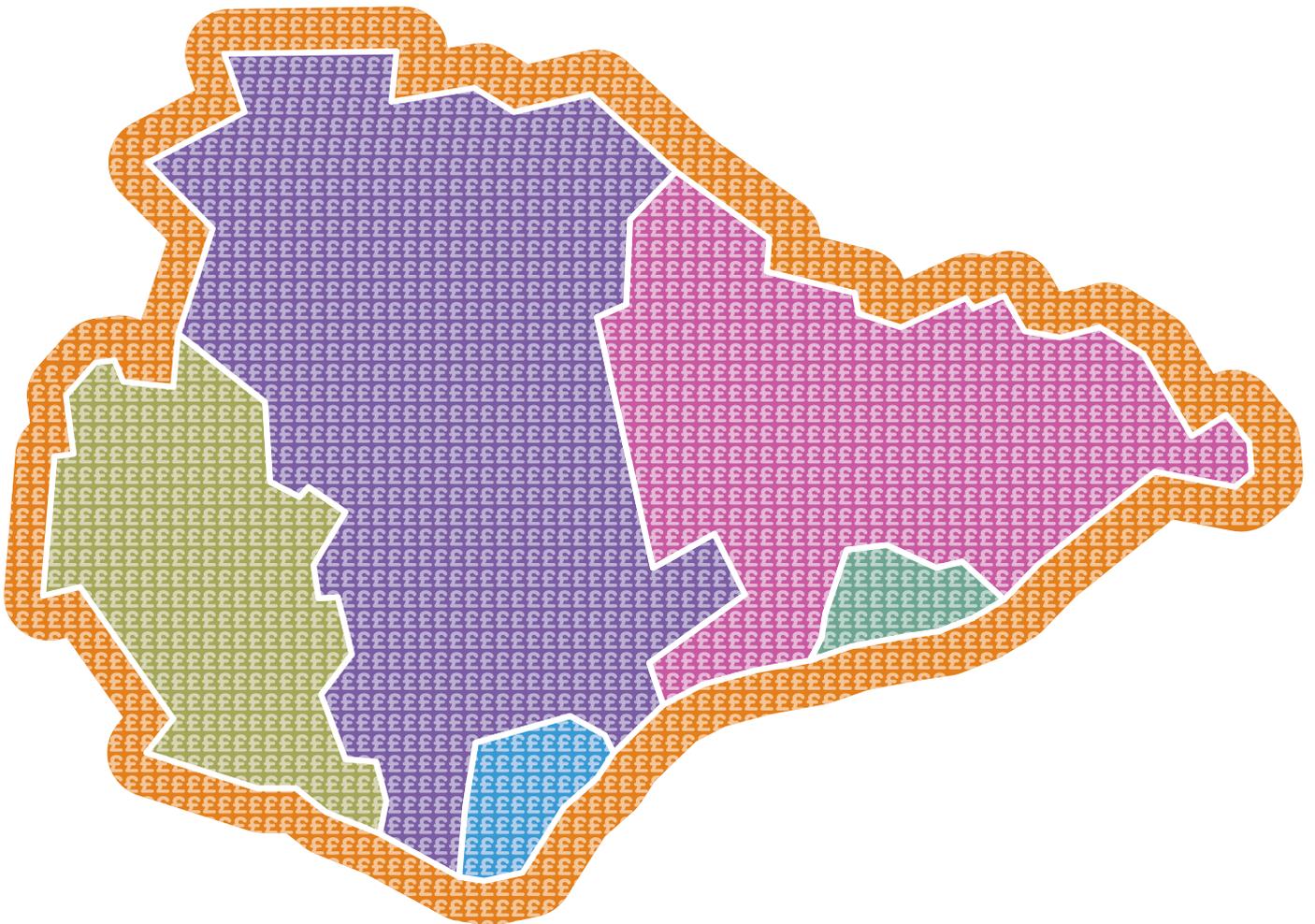


Valuing the Voluntary Sector

The economic impact of
voluntary and community
organisations in East Sussex



Economic Value Added (EVA) report 2011



About

This report is based on a countywide survey of the voluntary and community sector undertaken in 2010. It was managed by the three Councils for Voluntary Services (CVS) in East Sussex: 3VA, HVA and RVA, and sent out to their combined membership of over 1,300 organisations.

The statistics within this report are based on the findings from these 1,300 organisations, scaled up to reflect RAISE's rule of thumb of four voluntary and community organizations per 1,000 population. RAISE is the regional umbrella body for the voluntary and community sector in South East England. RAISE's Hidden Asset report 2005 determined this baseline for the South East region, and using this calculation gives East Sussex 2,048 organisations.

CVSs exist to support, promote and develop local voluntary and community action. Groups who are interested in the support provided by 3VA, HVA or RVA. Their contact details are on this page.

3VA, HVA and RVA would like to thank all the groups who took the time to complete their annual membership update and the Economic Value Assessment survey – this report would not have been possible without the valuable information you provided.



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Introduction

The voluntary and community sector (also called the not-for-profit profit or third sector) is often spoken about in glowing terms – doing good for the community, helping people in need, the glue holding our society together. All this is true and more.

Undoubtedly the societal value of the sector is appreciated but usually in the form of a somewhat glowing charitable way almost as if “real business” is only in the realm of the private sector or the public sector. Much has been heard about the economic dependency of areas on public sector employment or the strength of the private sector to provide a spur to economic development.

Almost nothing is heard of the economic contribution of the voluntary and community sector:

- its cost efficiency,
- its innovation,
- its role in skills development and
- its contribution to local economic development.

Whilst the majority of local voluntary and community organisations may not primarily regard economic development as a principal intended outcome they do perceive its importance in the successful delivery of their services.

This study seeks to highlight one point. The economic value of the Voluntary and Community Sector in East Sussex is of major importance and should be taken much more seriously as an engine for economic growth.

This report has been prepared to enable policy makers to better understand the economic impact of the work and contribution of the voluntary sector.

The study is conservative. The Councils for Voluntary Services, Rother Voluntary Action, Hastings Voluntary Action and 3VA have surveyed their membership to make this first estimate of the size of the sector in monetary terms and in economic terms. It is not an exact figure in the same way that the size of the private sector can never be precisely established. That is not the purpose. The conclusions from the study however can be considered to be a conservative estimate or an underestimate as voluntary contributions through schools, hospitals sports clubs and those that operate informally do not register on official databases and are under represented.

Nevertheless the results are striking.

Adam Chugg, 3VA

Steve Manwaring, HVA

Martin Fisher, RVA

Headlines

1 The sector works across all areas of the community

This report is based on the research carried out with over 1,300 organisations the top five areas being:

- 1 Children and families
- 2 Advice/information/advocacy
- 3 Older people
- 4 Education/training/learning
- 5 Health

2 The sector is a major employer in East Sussex

The voluntary and community sector is a major employer within East Sussex, employing more than 10,000 individuals across the county.

3 Volunteers contribute over £80 million annually

60,130 volunteers are involved in voluntary and community organisations across the county, (12% of the total population). They give 133,889 hours of their time worth £1,599,973.55 every week

4 £476 million contribution to the local economy

921 voluntary and community organisations indicated their annual income in East Sussex. The voluntary and community sector in East Sussex has an estimated income of £476 million.

The survey also recognises that whilst vast in its scope the activity described is often undertaken by small organisations at a local level. Where a local voluntary or community sector group is an employer it tends to be a very small one – a trend which is in keeping with a private sector “micro economy” in East Sussex as well.

It is an obvious point but as the economy contracts and public service finance reductions begin to bite the sector will face increased demand at the very point when its resources and capacity are stretched to the limit. With the increasing emphasis being placed on the role of the voluntary and community sector the growing significance of social capital and the expectations of the Big Society the support for the voluntary sector will perhaps be more important **both socially and economically** than ever before. We believe that decision makers at all levels should be interested in the results of the survey and how the work of such an important contributor to the county’s social and economic wellbeing can best be supported.

Respondents

This report is based on the research carried out with over 1,300 organisations and the information below gives a brief profile of these organisations.

Legal structure¹:

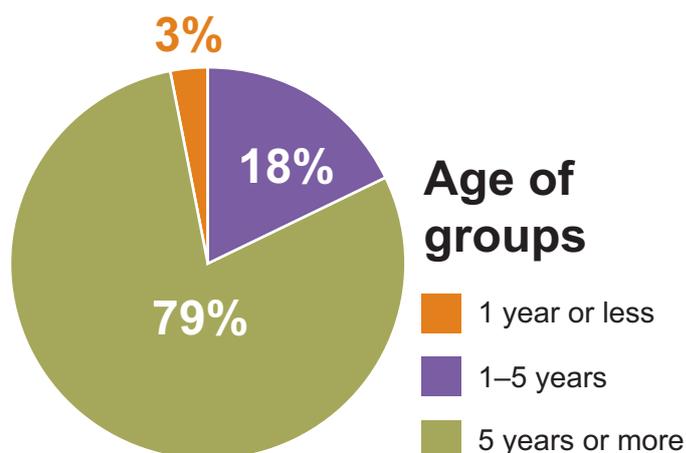
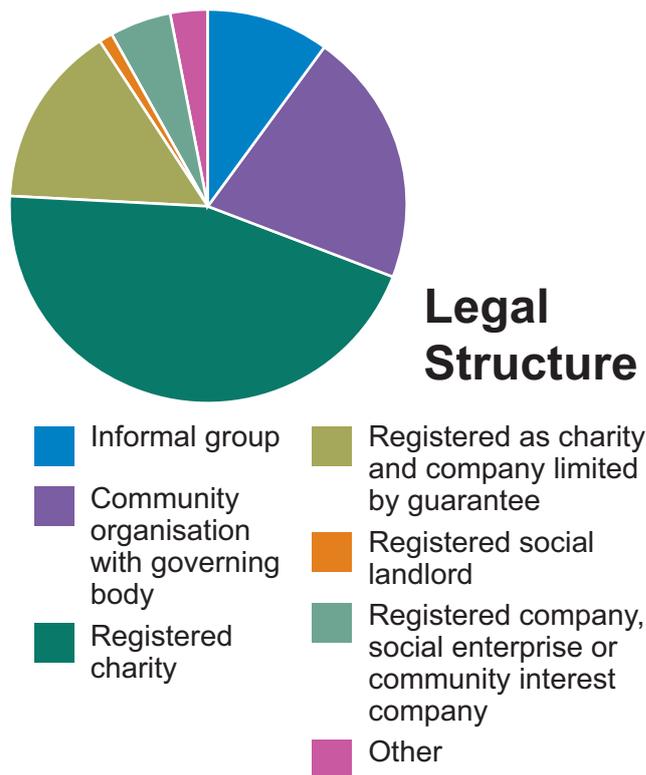
The most common structure for organisations in East Sussex is a registered charity. However, more than 31% are not formally registered being smaller or more informal groups.

Age of groups²:

East Sussex shows a strong mix of established voluntary and community organisations and new, where 21% of groups are under five years old, emerging to meet new needs.

Geography:

East Sussex shows a relatively even spread of groups across the five district and boroughs. Of those that responded 102 organisations stated they were countywide, 49 worked across the south-east, 81 are national and 21 worked internationally.



Footnote 1:	Total	%
Informal Group	104	9.6%
Community Organisation with Governing body	229	21.1%
Registered Charity	495	45.7%
Registered as Charity and Company Ltd by Guarantee	166	15.3%
Registered Social Landlord	9	0.8%
Registered Company/ Social Enterprise/ Community Interest Company	49	4.5%
Other	32	3.0%
Total	1084	100%
Number of groups that answered this question	1084	

Footnote 2:	Total	%
Age of group in years		
Less than 1	20	2.5%
1 to 5	141	17.7%
more than 5	637	79.8%
Total	798	100%
Number of groups that answered this question	798	
No answer	527	

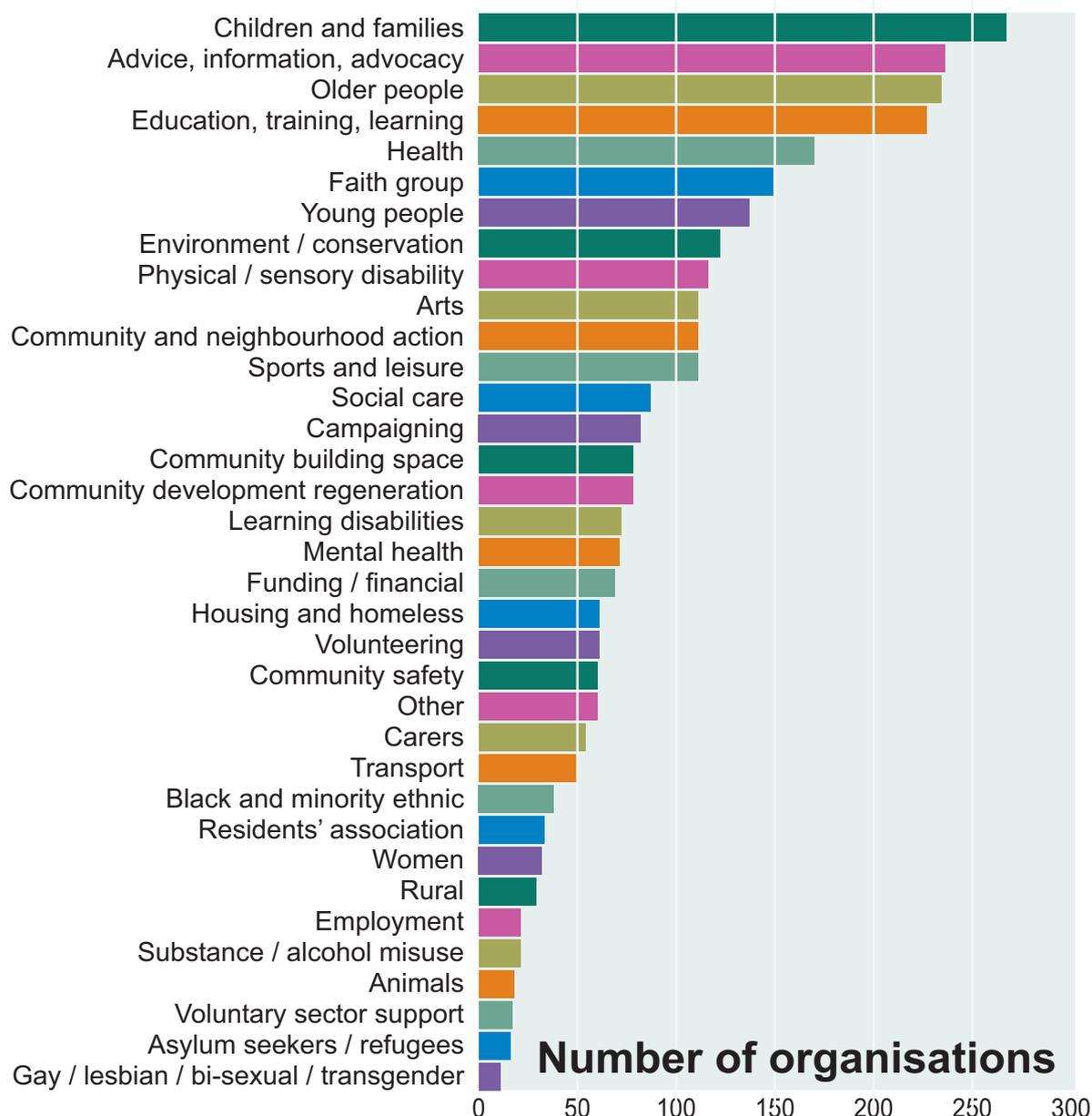
The sector works across all areas of the community³

Voluntary and community organisations in East Sussex are part of a dynamic sector, working to actively improve quality of life in all sections of the community and local area. It provides an environment for training and skills development for paid workers, volunteers and service users with much of the sector involved in providing services to excluded groups and communities.

The top five areas of work locally for the sector are:

- 1 Children and families
- 2 Advice/information/advocacy
- 3 Older people
- 4 Education/training/learning
- 5 Health

The 35 areas of work listed here highlight the breadth of experience and expertise that the sector can offer, and an indication of the vibrancy of voluntary and community action across the county.



Footnote 3:

Area	%	Number
Children and families	8.6	267
Advice/information, advocacy	7.6	236
Older People	7.5	234
Education, training, learning	7.3	227
Health	5.5	170
Faith group	4.8	149
Young People	4.4	137
Environment/conservation	3.9	122
Physical/sensory disability	3.7	116
Arts	3.6	111
Community & neighbourhood action	3.6	111
Sports and Leisure	3.6	111
Social Care	2.8	87
Campaigning	2.6	82
Community building space	2.5	78
Community development regeneration	2.5	78
Learning Disabilities	2.3	72
Mental Health	2.3	71
Funding/financial	2.2	69
Housing and Homeless	2.0	61
Volunteering	2.0	61
community safety	1.9	60
Other	1.9	60
Carers	1.7	54
Transport	1.6	50
Black and minority Ethnic	1.2	38
Residents Association	1.1	33
Women	1.0	32
Rural	0.9	29
Employment	0.7	21
Substance/alcohol misuse	0.7	21
Animals	0.6	18
Voluntary Sector Support	0.5	17
Asylum seekers/refugees	0.5	16
Gay/lesbian/bi-sexual/transgender	0.4	11
Total	100	3110

The sector is a major employer in East Sussex

The voluntary and community sector is a major employer within East Sussex, employing more than 10,000 individuals across the county. This total is equivalent to 4% of the total population of the county, and 7% of the total working age population⁴.

This means that the voluntary and community sector rivals many of the biggest organisations in the county as a key local employer.

The sector employs 7% of the total working age population of East Sussex

Around 70% of voluntary and community sector employees work over 16 hours a week, and 30% under 16 hours a week.

On average, a voluntary and community organisation in East Sussex employs 9.5 members of staff. By European Union standards for classifying enterprises, the average VCO in East Sussex falls well short of the 50 employees needed for even small enterprise. The average VCO is in fact deemed a micro-enterprise with less than 10 employees. It is also important to bear in mind that this is an average across all organisations in the county and therefore many organisations will fall well below this due to the larger organisations operating in the area who are significant employers.

Footnote 4:

Please note that we have decided to make a conservative estimate of this number based upon the responses to the survey. Fewer groups answered this question than the others in the survey and we suspect this is because some of those without employees understandably skipped this question. We suspect that the number may be significantly higher, but even this conservative estimate of the number shows the VCS to be a significant employer, with more than 3% of the working age population.

The sector is predominantly made up of micro organisations

This is characteristic of employment in the private sector across East Sussex, as the county is dominated by small businesses, with the average number of employees per business being just over 7 in 2008⁵.

An understanding the make-up of voluntary and community organisations in East Sussex is an essential part of working in, with or alongside the sector. While smaller groups tend to benefit from being embedded within local communities and often seen as the lifeblood of a particular area, capacity is often the aspect that groups struggle with the most – even setting aside time from the day-to-day to fundraise. Whether organisations wish to consult, engage, commission or involve voluntary and community organisations, knowing who and what make up the sector provides vital intelligence in this process.

Supporting the sector

As we have described in this report, most of the voluntary organisations of East Sussex are small – we may be described as a micro sector. Therefore, we need to be mindful of the support needs of such a sector – on the one hand, we must ensure that the trustees of such organisations have access to support for organisational management and development. Equally, as employers, they will need advice on issues such as HR, legal, governance as well as support for upskilling and developing their employees.

Footnote 5:

www.eastsussexinfigures.org.uk/Documents/LatestFocus.pdf

Volunteers contribute £80 million annually to the local community^{6, 7, 8}

Volunteers are often described as part of the “unseen economy”, giving their time and expertise freely to support local organisations in their work. As a county, East Sussex enjoys an significant level of volunteering with 60,130 individuals regularly working as volunteers.

60,000 individuals regularly work as volunteers

These 60,130 volunteers are involved in voluntary and community organisations across the county, and with East Sussex’s population at just under 500,000, our research indicates that over 12% of the total population volunteer.

This is, by far, a conservative estimate as this research has solely focused on volunteers within organisations and Volunteering England provides a much wider definition for volunteering, which includes giving time to help individuals who are not related. Many individuals are also involved in informal volunteering such as helping at sports clubs or supporting their children’s school, these volunteers are much harder to capture and quantity but have the potential to substantially increase the figures above.

130,000 hours are given by volunteers each week

In total, these volunteers give 133,889 hours of their time every week. Many voluntary and community sector organisations are dependent on the contribution and commitment of volunteers in order to sustain their organisation day-to-day, and their contribution cannot be underestimated.

Volunteer hours are equivalent to £1.5 million every week

Using the average wage for East Sussex, it is possible to calculate that the hours donated by volunteers are equal to £1,599,973.55 every week⁹. Furthermore, this weekly value is equal to an annual contribution of £79,998,677.5, just shy of £80 million¹⁰. These astonishing figures give just an indication of the true value of voluntary and community sector, and what the unseen economy, and its army of volunteers, are contributing within our communities.

Footnote 6: Number of Volunteers **25856**
Number of groups that answered: 880

Therefore, 880 groups answered this question, which is 43% of the total number of estimated local organisations using RAISE’s rule of thumb.

So to round up the figures, divide number by 43 and multiple by 100. Gives us:

Number of Volunteers	25,856	60,130.2
Number of groups:	880	2047

Footnote 7: Volunteers' weekly hours **37489**
Number of groups that answered 573

Therefore 573 groups answered this question, which is 28% of the total number of estimated local organisations using RAISE’s rule of thumb.

So to round up figures, divide number by 28 and multiple by 100. Gives us:

Volunteers' weekly hours	37489	133,889.3
Number of groups	573	2046

Footnote 8: www.direct.gov.uk/en/Employment/Employees/TheNationalMinimumWage/DG_10027201

Footnote 9: *East Sussex in Figures* highlights that the average gross weekly wage for East Sussex is £442 – an hourly rate of £11.95 for a normal 37 hour week. Using this figure, the 133,889 hours contributed by volunteers each week equals £1,599,973.55

Footnote 10: £1,599,973.55 multiplied by 50 weeks in a year = £79,998,677.5

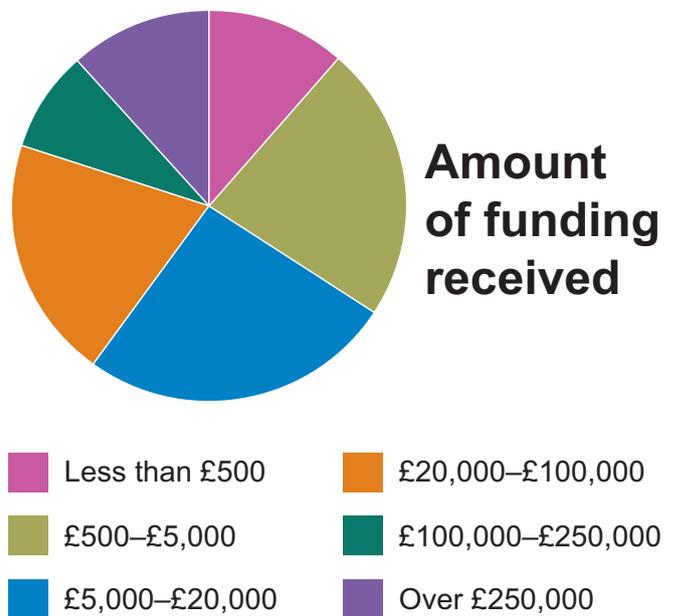
£476 million contribution to the local economy

921 voluntary and community organisations indicated their annual income within East Sussex. 59% of respondents had an annual income of less than £20,000, emphasising that the majority of voluntary and community organisations are very small, with little or no funding, and many are entirely volunteer-run with no paid staff.

The majority of voluntary and community organisations are very small, with little or no funding.

Conversely, there are some very large voluntary and community sector organisations in East Sussex, which are also significant employers – 12% had an income of over £250,000, with a few multi-million pound charities.

Taking the income figures gathered from member organisations, and assuming that these are representative of the whole of the sector within the county, it is possible to calculate that the voluntary and community sector in East Sussex has an estimated annual income of £476 million.



The voluntary and community sector in East Sussex has an estimated annual income of £476 million.

Where the funding comes from

Organisations were asked to select their main funding sources (up to 3) and 714 organisations responded.

Source of income	Number of organisations	% that get significant income from this source
Own fundraising activities	389	54%
Private donations	375	53%
One-off small grants	189	26%
Earned Income/Trading	154	22%
Charitable Trusts	118	17%
Lottery distributors	92	13%
Central Government Departments	41	6%
Primary Care Trust	61	9%
East Sussex County Council	131	18%
District / Borough Councils	98	14%
Town/Parish Councils	18	3%
Other	44	6%

The voluntary and community sector appears to be very independent. When the data was collected in 2010, traditional fundraising activities such as street collections, summer fairs and jumble sales were still the most common source of income (54%), closely followed by individual donations (53%).

Over the past few years, voluntary and community organisations have been encouraged to look at whether they can generate some of their own income, and there has been an increase in the number of organisations that define themselves as social enterprises.

22% of respondents said that earned income or trading was one of their main sources of income.

17% got significant income from charitable trusts, and 13% from lottery distributors (e.g. Big Lottery Fund, Arts Council England, Heritage Lottery Fund and Sport England), while 26% of organisations relied on one-off small grants.

The statutory sector is an important funder for many organisations: East Sussex County Council (18%), District and Borough councils (14%), Primary Care Trusts (9%). The impact of the cuts to the statutory sector are likely to affect many of these organisations over the next few years, and it is important that those who are able look at diversifying their income streams, such as taking up opportunities to deliver public services through the commissioning and personalisation agendas.

Conclusion

This research shows the voluntary and community sector of East Sussex is an important economic resource for the county. Investment in the local voluntary and community sector is investment in the East Sussex economy. Voluntary and community groups, partner agencies working with them, funders, and members of the public can all find clear examples of this within this report. Many voluntary and community bodies are expected to demonstrate both value for money and added value – and this is very clearly demonstrated throughout.

The research for this report was carried out in 2010, at the beginning of a particularly challenging period for many in the voluntary and community sector – a time where funds may be reducing, demand for the services is likely to increase and for some, futures look uncertain. Those involved with the sector are urged to review to these results, when their support is needed more than ever.

As the sector is facing up to the enormous changes which have followed the banking collapse in 2007, there is growing evidence of the resourcefulness and adaptability of the sector and the development of more entrepreneurship.

We must celebrate the work that we do, nurture existing groups to ensure they thrive, value the unique make-up of the sector when engaging with it and respect and protect the dynamism, independence and vibrancy of what makes the sector what is it.

At the same time, many of the key findings of the report are not just relevant to this current period but are timeless. They provide clear examples of the sector's:

Diversity – the sector is active in all areas of society: **children; providing advice and older people are the most active and works with some of the most disadvantaged people within the county.**

Importance – the sector a major employer and service provider in the county: **7% of the county's working age population work in the sector.**

Community spirit – the sector attracts a wealth of volunteers: **60,000 volunteers regularly give their time, contributing 130,000 hours each week.**

Economic value – both in terms of income and the contributions made by volunteers: **£476 million income annually and £80 million contributed by volunteer hours annually.**

Character – the sector is predominantly made up of micro-organisations: **59% have an income of £20,000 or less.**

Having said so much about economic value, it also must not be forgotten that the voluntary and community sector adds so much in so many other ways as well – social, cultural, and environmental value are just three examples. Both paid staff and volunteers benefit from the opportunity to give something back to their local community. And furthermore, communities themselves are often held together by the contributions made by those within them.

Continued overleaf

Conclusion continued

To those in the voluntary sector, the message is clear – **carry on with your vital work and use this report to help demonstrate the collective impact of the sector.** Sometimes the sector does not shout loudly enough about the value and importance of what it does. This report demonstrates the substantial contribution made by the sector, a contribution that needs to be cherished and celebrated.

To those in other sectors, this report clearly shows what the sector contributes and highlights the opportunities for working together. In short, we must celebrate the work of the sector, nurture existing groups to ensure they thrive, value the unique make-up of the sector when engaging with it and respect and protect the dynamism, independence and vibrancy of what makes the sector what is it.

Finally, thanks are due to all those who have made this report possible – the staff and volunteers at 3VA, HVA and RVA for their hard work on the research and the report and who, in producing this report, have shown what can be achieved through collaborative effort. Most of all, thanks to the groups who took the time and trouble to fill in the survey that enables us to show the value of the voluntary and community sector in East Sussex.