

**Value and Volume:
an introduction to the
voluntary and community sector
in Hertfordshire.**

Prepared for:

**Hertfordshire
Infrastructure
Consortium**





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Introduction

There is cross-party agreement that **a thriving voluntary sector is a necessary and essential feature of a successful community.**

The Third Sector Strategy of the Department for Communities and Local Government spells out a “clear expectation” that the sector should be “a key partner to local government in creating strong and sustainable communities”. The strategy recognises the sector as:

- an advocate and campaigner for individuals and groups who need a stronger voice;
- a trusted catalyst for cohesion that can bring people together;
- a force for social justice and equality;
- an increasingly important partner in the design and delivery of services.

There are also strong incentives for Hertfordshire’s local government to encourage volunteering and strengthen social cohesion (the Local Area Agreement), empower communities through the transfer of assets and the development of community anchors (Quirk Report), and work in closer partnership with the voluntary sector in the design and delivery of public services (Compact).

The voluntary sector is also being prompted to prepare for change, through participation in Local Strategic Partnerships, the Compact, and national funding programmes such as ChangeUp, Basis, and the Community Assets Fund.

This focus on ever-improving relationships attracts strong cross-party support, and the agenda is set for the foreseeable future.

But there is still little understanding of the “Third Sector”. This report attempts to introduce Hertfordshire’s voluntary and community sector, and map out its value and volume.

Data used for the report comes from a wide variety of published sources, and also from original research carried out through the Herts CVS network with funding from the ChangeUp programme. References are given at the end of the report.

Bob Jones
Chief Executive Officer
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The Voluntary and Community Sector in Hertfordshire

1) Executive Summary

a) Headline results

- Hertfordshire's voluntary and community sector comprises:
 - 3,238 charities registered with the Charity Commission;
 - 2,016 other formally constituted groups;
 - between 800 and 6,000 informal groups.
- The sector includes:
 - 135 groups serving the needs of specific cultural or ethnic communities;
 - 646 groups addressing the needs of young people;
 - 391 groups providing sports activities;
 - 109 groups specifically serving rural communities.
- The sector's total income is around £481m pa:
 - an average Hertfordshire charity has turnover of £142,415 pa;
 - this is significantly larger than the regional average of £85,902 or the national average of £122,125.
- Hertfordshire residents make an annual net contribution of £139m to UK charities based outside Hertfordshire.
- Hertfordshire's voluntary and community sector employs 19,642 individuals, with approximately 46% (9,056) on part-time contracts.
- 333,000 people volunteer at least once a year for a voluntary or community group.

b) Taking stock

The voluntary and community sector is not easily analysed, and its greatest contribution is not as an economic powerhouse.

The voluntary sector builds social capital and community cohesion in a way that the public and private sectors do not. The sector's greatest strength is its diversity: each organisation makes its own unique contribution to the community and these contributions cannot be counted off in pounds sterling and units of labour.

From research undertaken, there are three key findings about Hertfordshire's voluntary and community sector.

First, the economy of the voluntary and community sector is extremely complex and Hertfordshire lies close the centre of a truly global system.

Secondly, the sector includes a large number of informal groups that do not readily engage with the mainstream.

Thirdly, at all levels the sector is extremely adaptable and flexible and will offer employment opportunities where other sectors can't and utilise buildings that other sectors won't.

2) Setting the ground

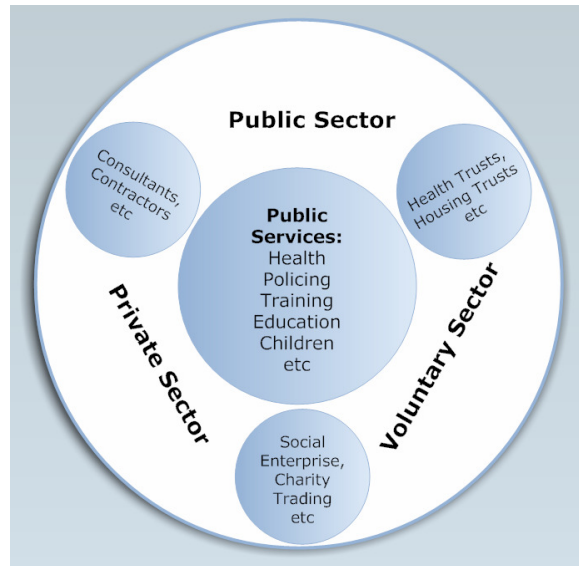
a) Understanding sectors

Classic socio-economic models identify three distinct sectors: the *public sector* comprising national and local government and their various agencies, the *private sector* comprising firms that exist for private profit, and the *voluntary sector* comprising groups that work for charity and “good causes”.

This model has a tenacious grip on the collective consciousness but now has little correspondence to reality:

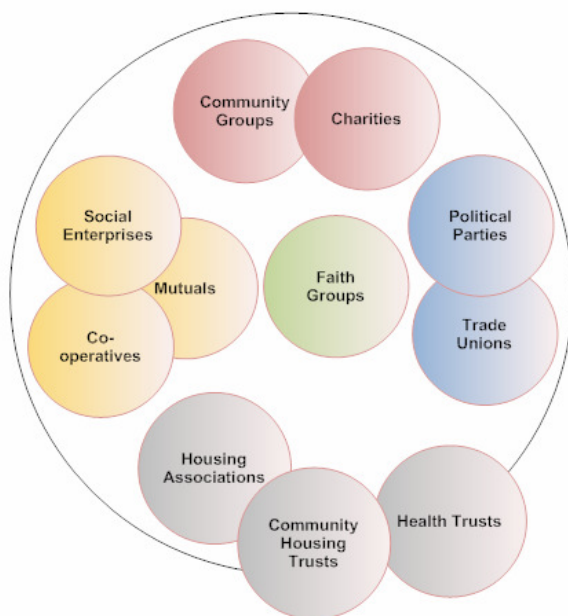
- the boundaries between the different sectors are now blurred;
- sectors now collaborate in the delivery of public services;
- sectors borrow models from each other;
- there are now hybrid groups that possess features from two or more sectors.

All this makes it increasingly difficult to draw clear lines between one sector and the next.



b) Defining the Voluntary and Community Sector

To accommodate this blurring of lines between sectors, the term “Third Sector” has been coined to define organisations that are “value driven and principally reinvest surpluses or raise funds to further social, environmental or cultural objectives.”



The Third Sector includes community groups, voluntary organisations, faith and equality groups, political parties, trade unions, charities, social enterprises, and co-operatives, health trusts, housing trusts, and housing corporations etc.

This report makes some references to the Third Sector. But it is mostly concerned with the voluntary and community sector comprising registered charities and community groups. What distinguishes voluntary and community sector groups is that they are independent and their management is ultimately in the hands of voluntary committees or unpaid trustees.

c) Why focus on the voluntary and community sector?

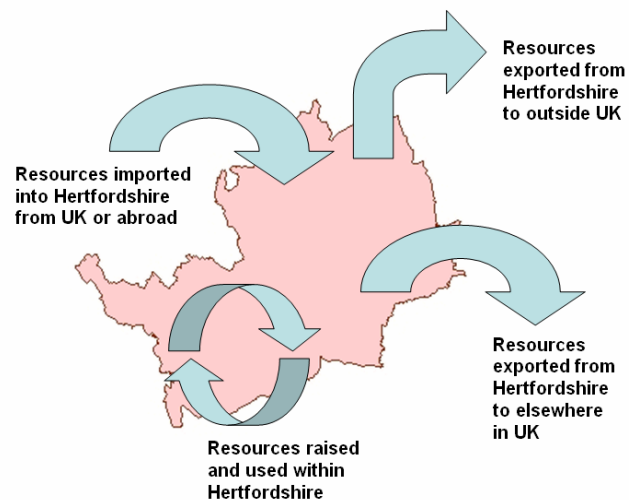
One answer is that the voluntary and community sector is the most community orientated part of the Third Sector: it mostly comprises groups that originate in local communities, draw their active membership from local communities and seek to serve local communities. And in so doing, voluntary and community groups are the most valuable social capital in any community.

The simple fact, too, is that a study of all Third Sector activity would take far longer to complete and some studies of other sub-sectors are already available (and are listed in the appendix).

d) Hertfordshire is not an island

Some traditionalists see the voluntary and community sector as operating within a primitive or pastoral economy, based on a cottage industry of patronage and philanthropy. This is very far from the truth.

Measuring the financial value of the voluntary and community sector in Hertfordshire has been extremely difficult because the sector is so sophisticated and complex.



Hertfordshire's voluntary and community sector is integrated within a vast and mature economic system. Resources are raised both from inside Hertfordshire and from outside the county. These resources may then be expended within Hertfordshire or passed out of the County to groups elsewhere in the UK or to groups anywhere across the world.

This complexity makes it very difficult to measure "the voluntary and community sector in Hertfordshire". A few examples will illustrate this:

- the KPMG Foundation is based in Hertfordshire but raises money from all over the UK, and in 2004-05 distributed £2.8m to charities and community groups throughout the UK;
- there are Oxfam shops and volunteer groups raising money throughout Hertfordshire, but Oxfam are based in Oxford and their expenditure of £282m pa is overwhelmingly spent on relieving poverty overseas;
- the International Committee on Seafarers' Welfare is also based in Hertfordshire but raises money from all over the world and in 2005-06 spent £323,841 supporting activities in the Baltic, the Indian Ocean, West Africa, Latin America and South East Asia;
- The Royal National Lifeboat Institution has active branches in Hertfordshire that contribute to the RNLI's £137m income, but the RNLI's services are all focused on the UK's coastline and major waterways;
- the Salvation Army employs and supports many people throughout Hertfordshire and has annual turnover of more than £100m, but it is based in south east London and does not publish separate income and expenditure accounts for each part of the country.

3) The value and volume of Hertfordshire's voluntary and community sector:

a) How many constituted voluntary groups are there in Hertfordshire?

Answering this question in itself will reveal little about Hertfordshire's voluntary and community sector. But it will lead to the next stage of research.

Our research has identified 5,254 constituted voluntary and community groups in Hertfordshire.

This figure is slightly higher than what might be deduced from other published research. For example, the Joseph Rowntree Foundation estimates that there are 200,000 to 240,000 organised voluntary organisations in England. If voluntary organisations are evenly distributed throughout England, we might expect 4,096 – 4,916 voluntary organisations in Hertfordshire. Our research places Hertfordshire slightly above the higher end of this range.

But for registered charities, the situation is reversed. This exercise has identified 3,238 registered charities in Hertfordshire. According to the 2007 UK Voluntary Sector Almanac, there are 16,096 charities in the East of England region. Hertfordshire's per capita share of these charities would be 3,824.

This deduction is supported by the findings of the 2000 Leeds Metropolitan University study *Valuing the Voluntary and Community Sector in North Yorkshire and York* which found that community organisations accounted for 83% of all third sector organisations, and of all third sector organisations only 57% were registered with the Charity Commission. Performing the calculation for Hertfordshire:

5,254 voluntary and organisations are 83% of
6,330 third sector organisations of which 57% or
3,608 will be registered charities.

If Hertfordshire has fewer individual charities, this *may* indicate that there is less voluntary activity in Hertfordshire than elsewhere in the East of England Region. This in turn would be consistent with research findings that there is more voluntary activity in rural areas than in urban areas (Hertfordshire is more urbanised than the rest of the Eastern region).

But an equally plausible explanation might be that Hertfordshire's voluntary groups have merged so they can work together more effectively to meet the needs of communities living in suburban "conurbations" such as Oxhey-Watford, Welwyn-Hatfield, Kings Langley-Hemel Hempstead, Wheathampstead-Harpenden, Cheshunt-Broxbourne-Hoddesdon and Letchworth-Baldock.



b) “Hard to reach”: how many *informal* groups are there in Hertfordshire?

Most studies agree that England has 300,000 – 500,000 voluntary organisations in total. If 200,000 – 240,000 of these are “constituted” in some way, this means there are 40,000 - 300,000 “informal” groups active in England.

Per capita, 800 – 6,000 of these groups will be based in Hertfordshire. Most experts would look to the higher end of this scale.

The great difficulty lies in determining the point at which a group of individuals becomes an informally constituted group - and vice versa. These groups are hard to define, but by definition these groups are also *hard to reach*.

Some of these will be new groups that are gradually emerging into the mainstream. Others may be larger groups in the process of dissolving themselves. But a significant proportion will be informal groups that, through choice or otherwise, have a semi-permanent existence just beyond the pale of authority and just beyond the reach of “official” social organisations.

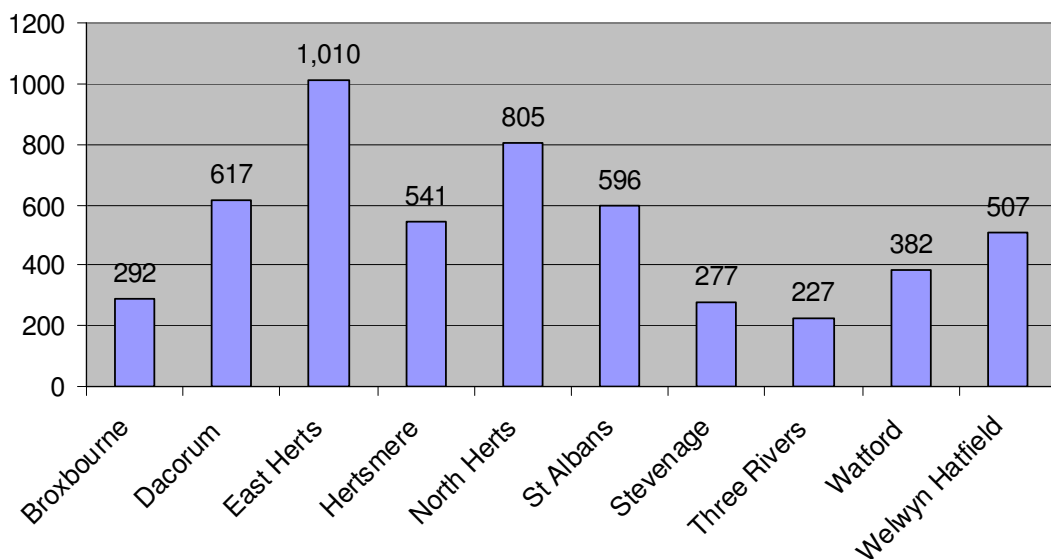
These groups will engage a large number of individuals who are active in one or more social networks. These individuals are likely to be amongst the most active communicators and the most powerful catalysts for change. In many cases, they might be the difference between communities that are engaged, stable, and socially cohesive, and communities that are not.

These groups are likely to emerge and engage when they experience a genuine feeling of community empowerment. But securing the effective engagement of these groups will create powerful new forces for social cohesion.

c) Analysis of 5,254 constituted groups by District

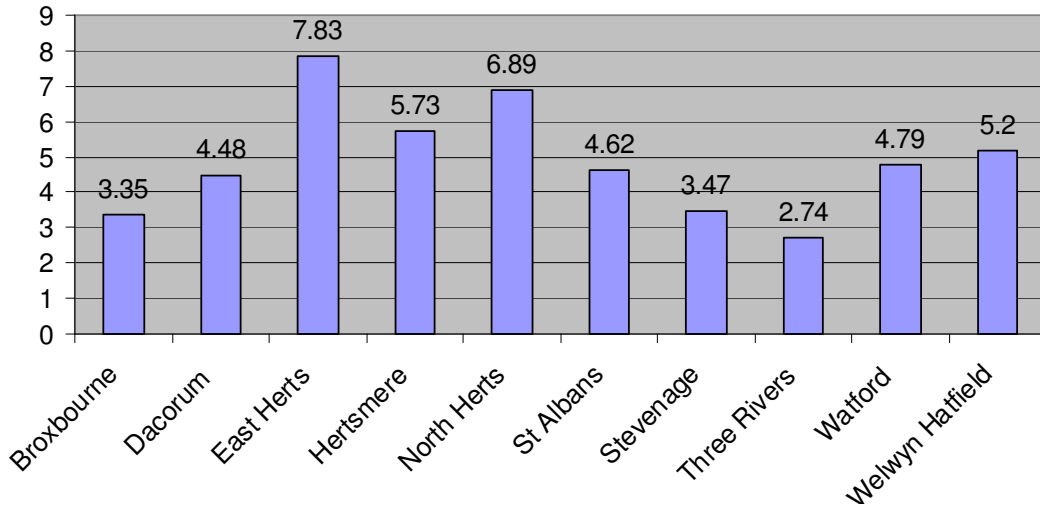
The known groups are distributed amongst Hertfordshire’s Districts and Boroughs as follows:

Voluntary Groups by District



These figures need to be considered alongside other demographic data for each District such as population:

Voluntary Groups per ,000 population by District



Again, it should be emphasised that a smaller number of active groups does not necessarily indicate a less active voluntary sector: it may indicate a more mature voluntary sector with more merged groups.

d) More detailed analysis of 5,254 constituted groups

Of the 5,254 constituted groups, our research has indicated that there are:

- 135 groups serving the needs of specific cultural or ethnic communities;
- 646 groups addressing the needs of young people;
- 391 groups providing sporting activities;
- 109 groups specifically serving rural communities.

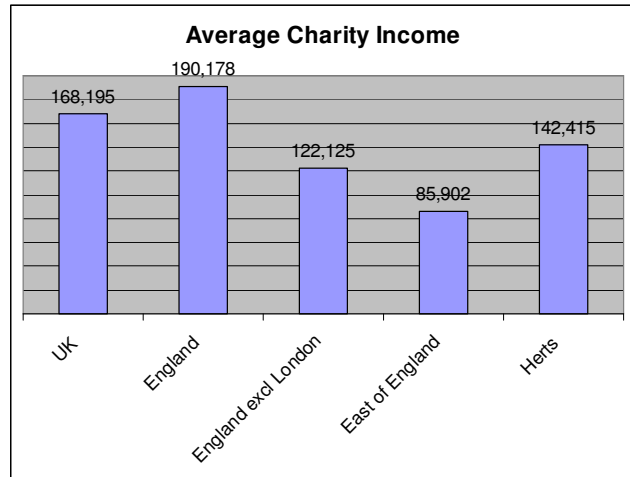
4) The value of Hertfordshire's voluntary and community sector:

a) Economic value

According to NCVO / Guidestar, in 2004-05 the average UK charity's annual turnover was £168,195, and for England charities the average was £190,178.

The picture becomes more complex because for London-based Charities, the average turnover is more than £500,000 and the average income of England's Charities outside London is only £122,125. The average across the East of England region as a whole is even lower at £85,902.

Above, it was recognised that per head of population, Hertfordshire has fewer charities than the rest of the East of England. It was suggested that this was because Hertfordshire charities had evolved to better meet the needs of their clients. If this is true, we would expect Hertfordshire charities on average to be larger than charities elsewhere in the East of England region.



This is exactly what we do find.

Our research has demonstrated that Hertfordshire's charities have an average turnover of £142,415.

The calculation then suggests that Hertfordshire's charities have a turnover of £461m.

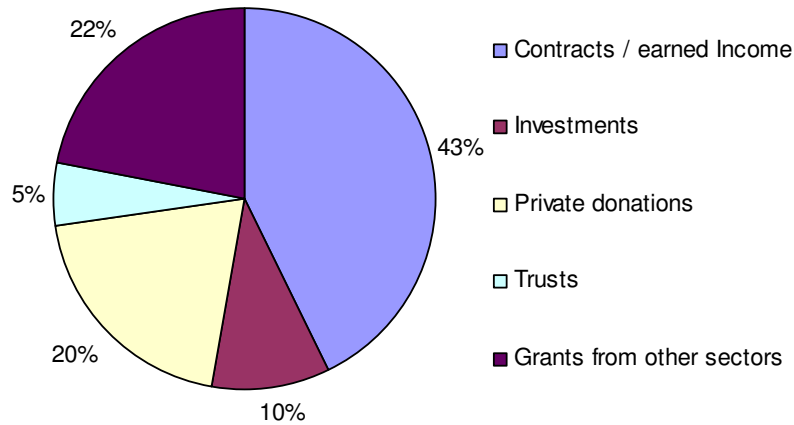
But this turnover is only for the 3,238 organisations on the Charity Commission's register. Our studies have identified a further 2,016 groups that are not on the register. Other recent studies have assumed that these unregistered groups will have a similar average turnover to registered charities. In Hertfordshire this would suggest a total turnover of nearly £750m. But our research shows that this assumption is incorrect.

There are many reasons why a community group doesn't appear on the Charity Commission's register. Many groups will simply not understand the registration requirements, while other groups will operate under the auspices of a parent organisation such as a church or local authority. But the most likely reason a group doesn't appear on the register is that its turnover hasn't reached the registration threshold of £5,000 pa (recently increased from £1,000 pa).

It was extremely difficult to solicit financial information from unregistered groups. Our sampling suggests that Hertfordshire's unregistered groups have a total turnover of around £20m, with an average turnover of about £10,000. We can therefore say that Hertfordshire's total voluntary and community sector has a turnover of £481m.

Our own research did not examine the sources of income, but national trends (published by NCVO / Guidestar) indicate that income will be generated from the following sources:

Charity Income by Source (total = £481m)



For every £1:00 of public sector grant aid, the voluntary sector raises more than £5:00.

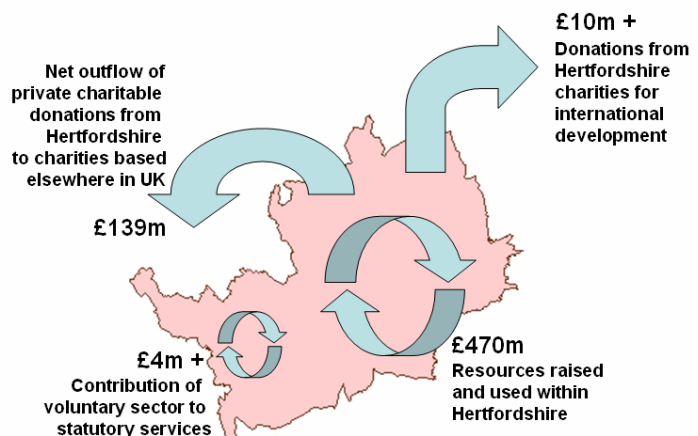
According to latest research from NCVO / Guidestar, in the East of England region 61% of people donate to charity with an average donation of £480 pa. For Hertfordshire, this generates charitable donations each year of £235m pa. But from the analysis above, only £96m pa flows into Hertfordshire charities from private donations. From this, we can say that for private donations there is a net outflow to charities based outside Hertfordshire of £139m pa.

Hertfordshire’s voluntary and community sector has already been described as being an integral part of a vast and mature economic system. Our research also allows us to begin quantifying:

- the contribution that Hertfordshire makes to the global charity economy;
- the contribution that the voluntary and community sector makes to Hertfordshire’s own economy.

From our research, we found that Hertfordshire’s voluntary and community sector contributes each year:

- at least £4m to statutory education and health services within the county;
- at least £10m to international development charities.



But our research shows that most monies raised by Hertfordshire charities will be retained and expended within Hertfordshire.

b) Employment

The voluntary and charity sector relies heavily on volunteers but is also a major local employer. The voluntary sector provides many part-time employment opportunities.

Our research indicates that Hertfordshire's voluntary and community sector employs 19,642 people, and that of these 9,056 (46%) are employed on part-time contracts.

The voluntary and community sector's low income levels mean that it cannot offer salaries to compete with the private and public sectors. Instead, charities will compete where they can – for example, allowing flexibility so staff can fit their employment around other work or family commitments. Statistics show that nearly 70% of voluntary sector employees are women.

If the voluntary sector did not create employment opportunities of this nature, it seems probable that many of the voluntary and community sector's 9,056 part-time workers would be unable to find similar employment in the private or public sectors, and they might then need to rely on tax credits or benefits.

c) Volunteering

During Hertfordshire's LAA baseline survey in September 2006, only 13% of respondents said that they took part in formal volunteering for at least two hours each week. *Helping Out*, the Cabinet Office's September 2007 national survey of volunteering, reported that 39% of adults in the East of England take part in formal volunteering at least once a month, while a further 20% take part in volunteering on a less regular basis.

The *Helping Out* survey reports that (of 39% who formally volunteer) the *average* amount of time spent volunteering is 4 hours per week.

The most likely explanation for this discrepancy is that survey responses are highly sensitive to the slightest change in the wording of questions.

One interesting feature is that of people who volunteer, only 65% work with voluntary organisations. 23% of volunteers work with public sector agencies such as the police, hospitals, or schools. And 12% of volunteers work in the private sector learning new skills or preparing to enter or re-enter the workforce.

From these two government survey results (taking the county's over-16 population as 803,800) it is possible to say that 100,000 - 300,000 people in Hertfordshire volunteer for a total of between 10m and 65m labour hours pa. Other recent studies, including in North Yorkshire and West Midlands) would suggest a labour hours figure at the lower end of this scale.

Even so, multiplied by the minimum wage it might suggest a total value of donated labour equivalent to at least £50m pa.

Our own research, based on a sample of 288 organisations, suggests that a total of 333,000 people volunteer for the voluntary and community sector in some capacity over a given year. This figure is not strictly comparable to the samples above as it includes *all* volunteers, even those who volunteer for only one day or event each year.

5) Future research suggestions

To produce a reliable quantitative assessment of the economic value of a local voluntary sector, researchers need infinite resources and unconditional access to complete and accurate data on everything.

Even so, it is extremely difficult to quantify the voluntary and community sector's contribution to any local economic system: definitions are too fluid, and systems are too complex.

Given a finite and relatively closed sample, it would be productive to carry out a longitudinal study of a local voluntary and community sector over several years. Such a study could help identify trends and would allow for more detailed scrutiny of particular features or sub-sectors. The Herts CVS database now being implemented will soon provide ideal source material for such a study.

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