

The structure and dynamics of the VCSE sector in Yorkshire and Humber: an evidence review and points for debate by funding organisations

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Yorkshire Funders' online event

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The Third Sector Trends Study

- Started in Yorkshire and Humber in 2010 (*funded by Northern Rock Foundation*) to produce 'baseline data' on sector structure.
- Regular large-scale surveys began in 2013 across the region (*funded by JRF and supported by Involve Yorkshire and Humber*).
- Second survey in 2016 (*funded by JRF*).
- Third survey in 2019 (*funded by Garfield Weston/Power to Change*).
- We're due to start again in June 2022 to update the data sets and explore new issues.

Purpose of the surveys

- To do detailed work at regional, sub-regional and local level on sector structure and dynamics.
- Time series data on VCSE sector assets, employment and regular volunteering.
- Trends in income (and changes in reliance on) sources of income.
- Attitudinal data on sector objectives, practices, ambitions and future expectations.
- Analysis on the strength of relationships within the VCSE sector and with the public and private sectors.
- Most recent work has been for health and care partnerships in West Yorkshire, North Yorkshire and Humberside (2021-22).

Types of registered VCSE organisations

- Registered charities = 9,234.
- Charitable Incorporated Organisations = 1,509.
- Community Interest Organisations = 1,476.
- Community Amateur Sports Clubs = 513.
- Others (Cooperatives and Community Benefit Societies, CLGs, CLSs which are not charities, faith organisations not counted elsewhere, etc.) = 1,565.
- There could be as many as 18,500 unregistered societies, groups and clubs... *but little is known about where they are or where they operate.*

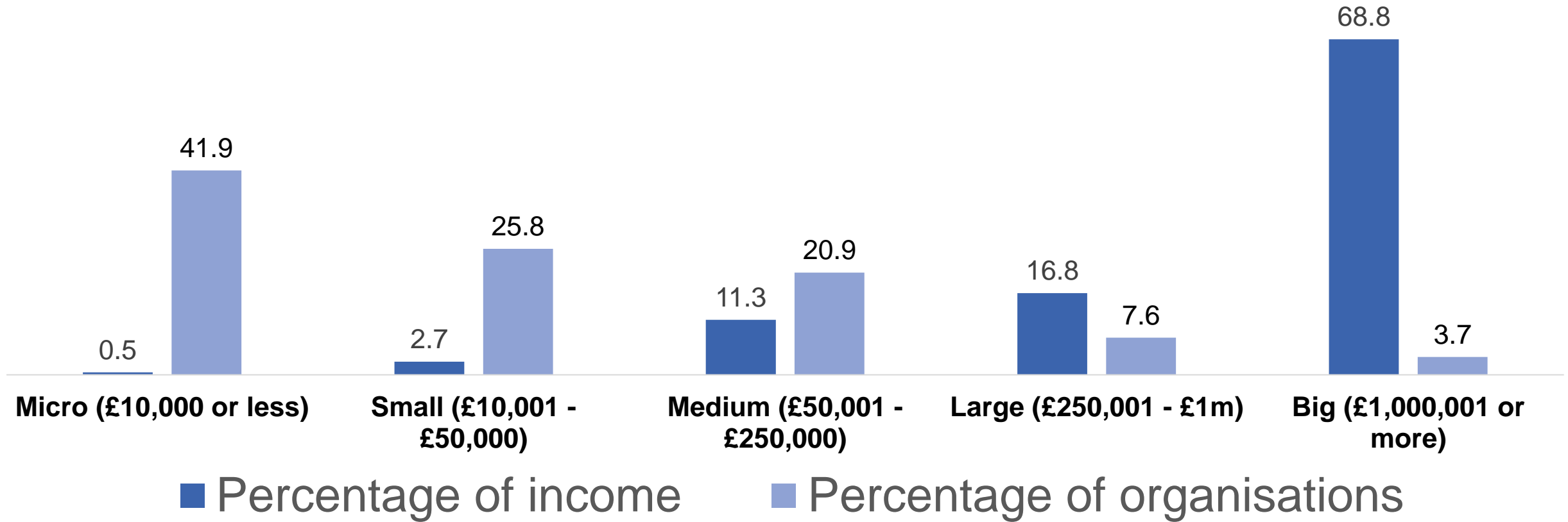
How much 'energy' does the sector have?

- In Yorkshire and Humber there are about 14,500 registered VCSE organisations (~9,250 of which are active registered charities).
- Sector income is ~£3bn expenditure is £2.9bn.
- There are about ~50,000 full-time equivalent employees delivering 123m hours work.
- There are about ~320,000 regular volunteers working for the VCSE injecting 23m hours work with a replacement value of between £201m – £313m.
- Every unit of energy invested by the VCSE sector produces about 3.6 times as much 'added value'.

How much 'energy' does the VCSE sector expend in sub-regions of Yorkshire and Humber?

	Hours worked by full-time-equivalent employees	Hours worked by regular volunteers	Percentage added value from volunteers
West Yorkshire	57,734,000	8,714,100	15.1%
North Yorkshire and York	25,731,600	6,369,600	24.8%
East Yorkshire and Humberside	13,930,000	3,384,500	24.3%
South Yorkshire	26,446,000	4,619,000	17.5%
Yorkshire and Humber	123,841,700	23,087,300	18.6%

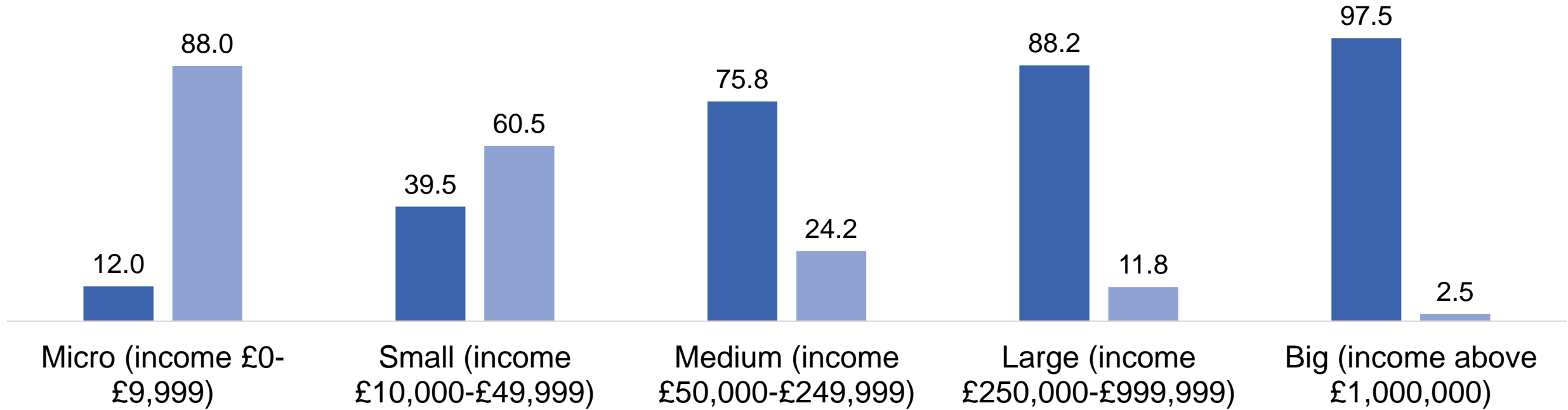
How is sector financial energy deployed?



Local, less formal socially complex orgs.

Wider horizons, more formal complex orgs.

Percentage of work time delivered by employees and volunteers by size of VCSE organisation



- Percentage of work time delivered by employees
- Percentage of work time delivered by volunteers

Informal 'complementary' interactions

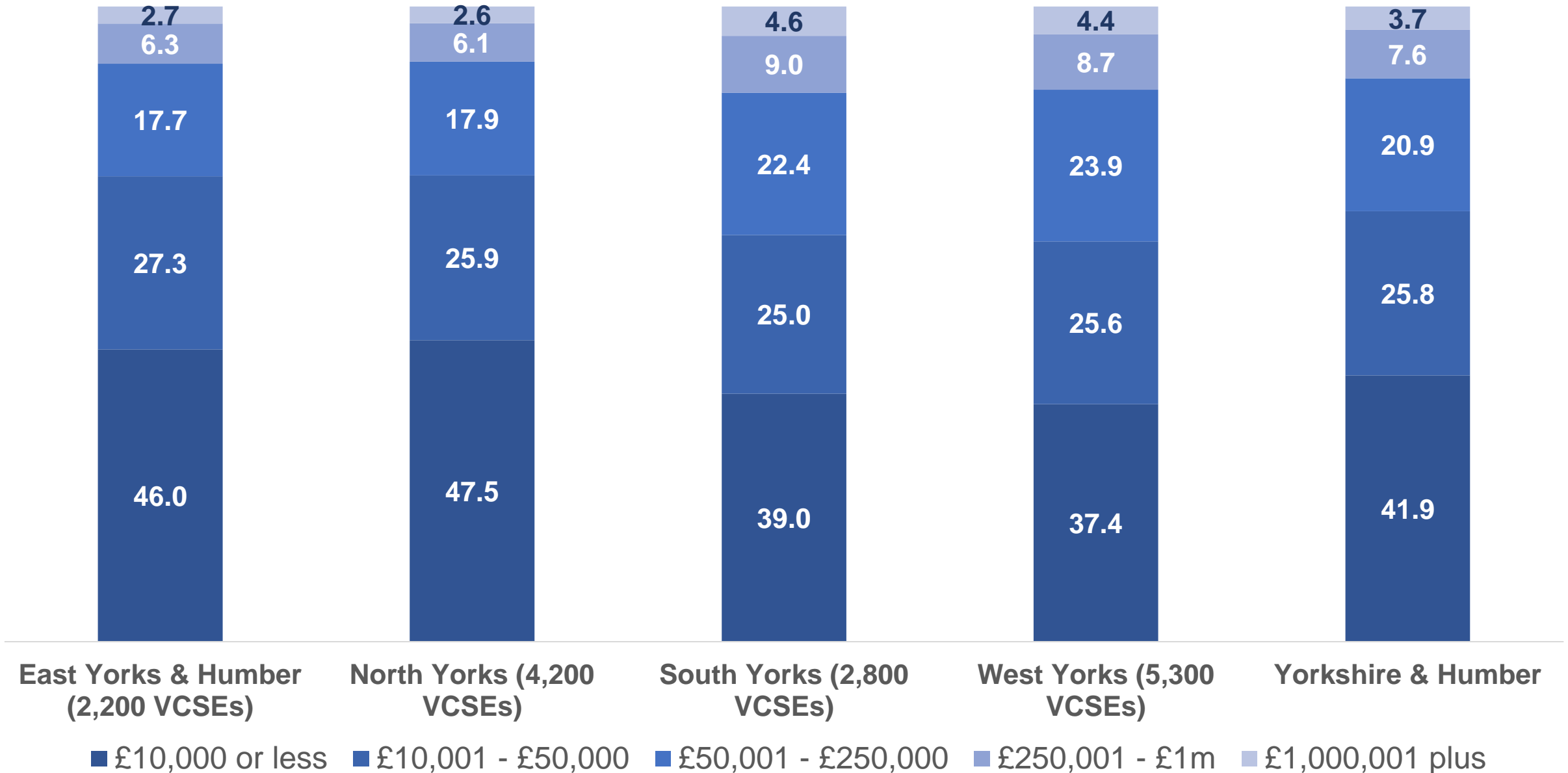
Collaborative 'collaborative' interactions

Reliance on volunteers: percentage 'strongly agree' or 'agree'

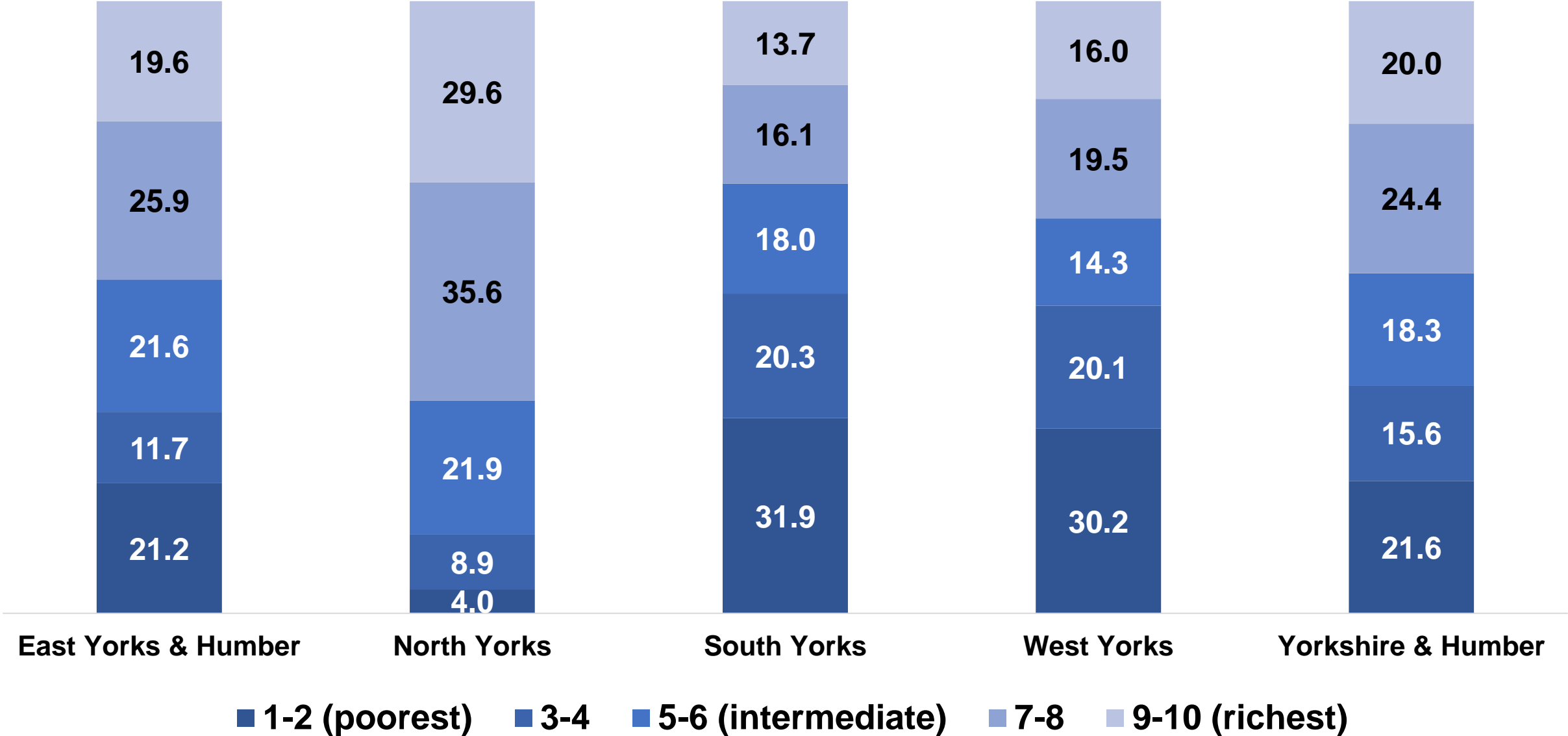
(2019, North of England, excludes VCSEs which do not work with volunteers)

	Micro (income below £10,000)	Small (income £10,001- £50,000)	Medium (income £50,001- £250,000)	Large (income £250,001 - £1m)	Big (income above £1m)
We rely mainly on volunteers who commit time on a very regular basis	90.0	86.3	75.6	68.3	61.6
We rely mainly on volunteers who can work unsupervised	85.9	79.1	65.9	46.9	42.5
Many of our volunteers are our service users/ beneficiaries	76.0	67.5	65.3	63.4	56.2
We could not keep going as an organisation or group without volunteers	93.5	90.3	76.7	65.5	51.9
N=	692	636	704	366	232

How many organisations by size in sub-regions?



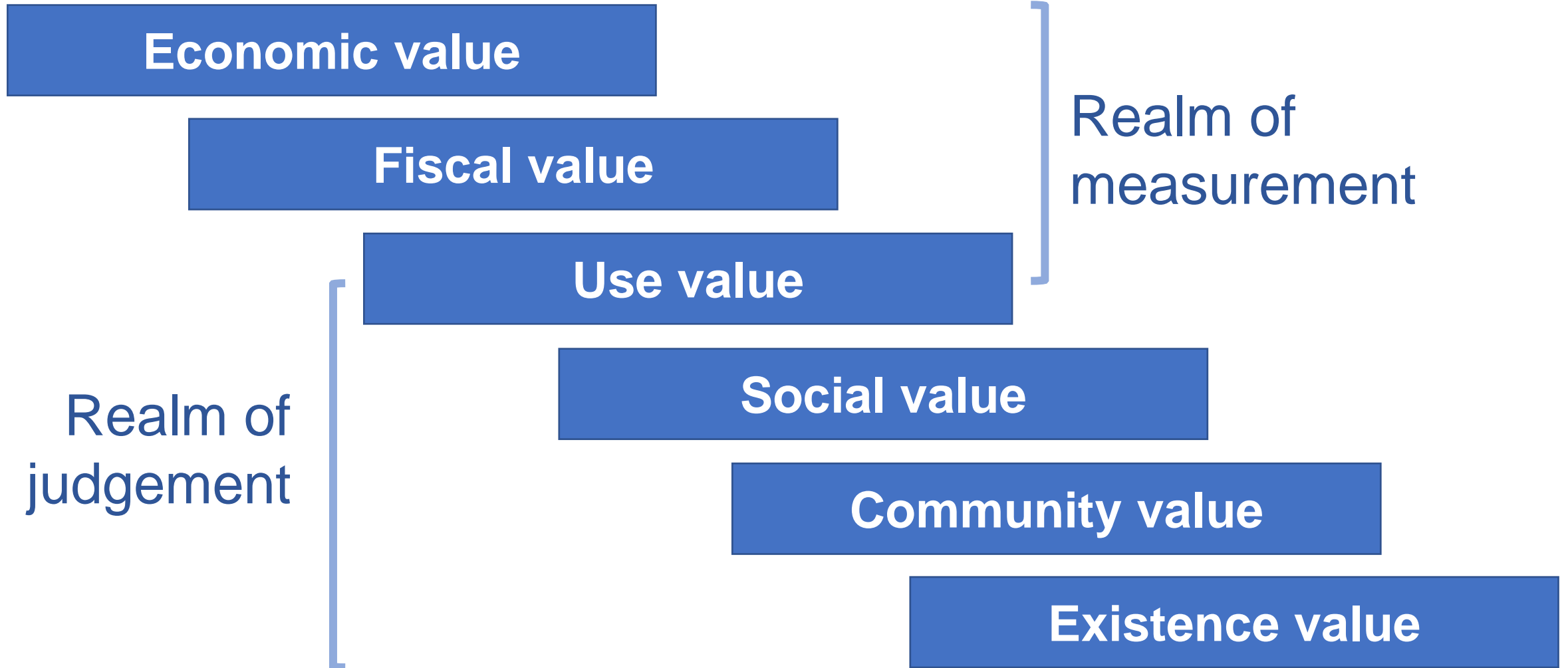
The structure of the sector varies depending upon the 'needs' and 'desires' of sub-regions



How does the VCSE sector produce social value? Who needs to know?

- Those organisations which issue **contracts** generally look for precise outputs that can be measured – *most go to big VCSEs.*
- Those organisations which engage in **social investment** want to attribute measures of social benefit – *not many of these, but generally go to bigger VCSEs.*
- **Programme and project grant funders** usually have a strong interest in attributing value – *go mainly to larger VCSEs or ‘consortia’.*
- **General grants** for core funding or other unrestricted running costs tend to base judgements about value on trust and confidence, not measurement – *all VCSEs seek them, but medium and smaller VCSEs rely on these the most.*

Third Sector Trends research shows that VCSE organisations make a difference in many ways



A tale of three sectors?

Third Sector Trends data tells us about the ambitions, resources, activities and impact of VCSEs of different sizes (barely scratched the surface today!).

Small, medium and large VCSEs think about their role in the world in different ways – **and they are often quite critical of each other.**

Outsiders are critical too – and are continually trying to impose their views on what VCSEs ‘should’ be like.

If we don't get to grips with understanding the differing ambitions, needs and potential of VCSEs of different sizes to do good things for society, then how can we be sure that the available resources to help them out of this crisis (and the next) will go in the right directions?

Bigger is better?

They are more 'formal' than other VCSEs, tend to be business-like, professionalised and hierarchical.

They usually work across wider areas and at 'scale'.

Generally work quite hard to develop positive relationships with public sector bodies locally and government departments.

They are less reliant on volunteers because they need employees to plan and do most of their work – **so money is very important to them.**

About 60% do contracts for the public sector – but this does not usually constitute all of their work (and 40% do not do contracts).

Often they add value to contracts, sometimes they don't.

Other VCSEs quite often criticise bigger organisations

They say that big organisations (and especially ‘big nationals’) steal their thunder - rarely true... they work on activities that most other VCSEs do not want to do.

Bigger VCSEs are often criticised for being ‘just like businesses’ – doing the work of the state and not really in the voluntary sector at all.

Most were established to meet the needs of beneficiaries that had been unrecognised, neglected or ignored by the state or private sector. And they remain rooted in civil society.

Big organisations need money, so they spread their risk – few have all their eggs in one basket. That makes it hard to attribute value to funding streams.

Small is beautiful?

Small VCSEs have income below £50,000 and rarely employ staff, are relatively informal and usually work locally. They are fuelled by voluntarily given time, not money.

Last time we asked, fewer than 50% had applied for any grant in the last two years – money isn't that important to many of them.

Just because they are 'informal' does not mean that they lack social complexity. Keeping the social equilibrium is hard so they tend to be resistant to change.

There are many more small organisations per 1,000 population in richer areas (more than double the number in the poorest areas).

Their collective financial income is low. But pound-for-pound, this part of the Third Sector **produces more value than it consumes** – and especially so amongst micro organisations and groups where the ratio is 3.5 to 1.

So we don't need to worry about them, then?

We do! Small VCSEs cannot run on empty, in financial or emotional terms. They sometimes need small grants to facilitate aspects of their work or just to make them feel 'valued'.

But the impact of their work is often 'intangible' – such as tackling isolation and loneliness, improving health and wellbeing, building confidence, raising pride in the community, and so on.

A village hall or urban community centre can and do achieve all of these things in hundreds of ways.

Luckily, most grant makers are quite comfortable with this and 'trust' small organisations to use their resources wisely and effectively.

It is very important not to divert these resources away from small organisations in poorer or isolated areas, just because it can't be measured – their contribution to the social glue is vital.

Most grants are small! But they serve a vital purpose.

Of the 'middling' sort?

Being stuck in the middle, does not mean that these are “half-way-house’ organisations with no identity and purpose of their own. They do. Many are ‘in’ and ‘of’ their communities

Medium sized VCSEs have been criticised for ‘failing to scale up their activity’, being ‘grant dependent’, not being ready to take on contracts, being disinterested in social investment, not becoming more efficient, being unwilling to work in close partnership with other VCSEs, and so on.

These comments are unfair – most medium sized organisations do not want to grow because their focus is local. Most want to have flat structures (often their leaders say they have ‘escaped’ from formal organisations), and they maintain a tricky balance of employing some staff but also relying heavily on volunteers.

The middle ground is precarious

Medium sized VCSEs deserve to be valued for what they 'are', not what they 'should be' according to think tanks and policy wonks.

They're often not keen to play a small part in bigger organisations' contracts or grants, for good reason. But they do work in complementary ways.

Medium sized VCSE tend to be the most vulnerable financially and organisations can have a run of bad luck due to factors beyond their control - *such as change in government policy, shifts in priorities of foundations, or economic turmoil brought about by Covid-19 (as was the case in the 2008 financial crash).*

They are resilient, but within limits, so they need support to keep going in difficult times if they perform roles nobody else will in their communities.

Weighing up the pros and cons of supporting organisations 'after' a crisis

Constant cries that the VCSE sector faces imminent collapse do not help anyone! It is not facing collapse... civil society will endure. And who wants to invest in a doomed sector!

Unlike private businesses, VCSEs have more scope to be flexible and adapt. But it is up to them to say how to do this, rather to be told what to do.

Many organisations, though, will face very significant challenges in the next couple of years which will lead to hard decisions about the scale of their work.

Following the financial crash of 2008, it took two years for the impact to be felt by most VCSEs – by which time they had come to terms with the need to rethink how to adapt. ***But some of the strategies used then, might not work now***

Money is always a problem in the third sector, but it's not always the answer

- Money isn't that easy to get hold of. And the ground is always shifting in terms of income sources.
- The sector is ambitious to achieve (a good thing) but this means that there'll never be enough money to meet expectations (competition is endemic).
- **So, no matter what funders do, they will be criticised!**
- Having good data to hand helps strengthen good decision making and improves the quality of debate about priorities – but funding organisations must still decide what to do.
- Striking a funding balance is better achieved when funders retain autonomy, but talking to each other and working in complementary ways is vital too.



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<https://www.stchads.ac.uk/research/>

Key reports for Yorkshire and Humber from Third Sector Trends

- [Third Sector Trends in Yorkshire and Humber - St Chad's College Durham \(stchads.ac.uk\)](http://stchads.ac.uk)
- [The difference the third sector makes - St Chad's College Durham \(stchads.ac.uk\)](http://stchads.ac.uk)
- [The contribution of the VCSE sector to health and wellbeing in Humber, Coast and Vale - St Chad's College Durham \(stchads.ac.uk\)](http://stchads.ac.uk)