

TALK COMMUNITY

# THE STATE OF THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE SECTOR IN HEREFORDSHIRE 2021

## EXECUTIVE SUMMARY



# FOREWORD

This 'State of the Sector' research celebrates the incredible contribution made by the 2,300 Voluntary, Community and Social Enterprises (VCSEs) across Herefordshire. The VCSE sector makes an annual social and economic contribution to the county of £355 million, bringing with it enormous value in terms of those who directly benefit from its activities and services, volunteers, employees, donors, the wider community and society as a whole.

Independent VCSE organisations, including small, 'micro' and volunteer led groups, which make up the majority of the sector in Herefordshire, play vital roles in understanding and meeting local needs, building social capital, promoting social inclusion, driving positive change, developing trust, cooperation and addressing inequalities. The sector contributes greatly to community well-being and resilience, as well as offering individual support to some of the most vulnerable people in society. The sector also provides employment and training opportunities, delivers essential services (such as transport and housing) and brings people together to participate in many social, cultural and recreational activities.

Herefordshire Council, in partnership with hvoss (Herefordshire Voluntary Organisations Support Service) commissioned this research to quantify the immense size, breadth and diversity of the local sector, ensuring that it captured the impact of local and informal community groups which are responsible for many of the activities which go on in all communities across the county.

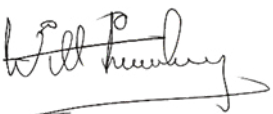
The sector's contribution continues to be significant in ensuring local communities are healthy, safe, cohesive and resilient. During the COVID-19 pandemic, one of the biggest social and economic challenges facing the world, the local VCSE, in great numbers, worked brilliantly in partnership with other sectors as part of a well-coordinated response to provide essential community support.

This research also identifies key needs and challenges that the sector now faces. Reduced levels of funding and resources as well as fewer opportunities to generate income are major issues for the sector. This is even more so at this time when it is supporting those with increasingly complex needs. The research findings and its recommendations, along with the learning experience we have all gained from COVID-19 now provide opportunities for us all to work together in new and different ways to capitalise on the skills, assets, ability, capability and capacity within the VCSE sector. It is essential that the local VCSE sector is now supported to maximise its value and the broader contribution it makes to the county, whilst safeguarding the unique characteristics that set it apart from other sectors.

We recognise that this research was undertaken during the pandemic and at a time when there were considerable challenges and pressures affecting the ability of many to respond. With this in mind, a commitment has already been made to repeat the 'State of the Sector' survey in 2023 in order to ensure ongoing information is available about the local VCSE sector and to monitor progress made by all partners towards this report's recommendations. This will ensure the work of VCSEs continues to be highlighted and acknowledged and that together we respond as a county to the challenges and opportunities in the years ahead.

We would like to acknowledge everyone who has contributed to the research, and in particular local VCSE organisations for their insight and continued contribution to thriving communities across Herefordshire.

## SIGNATORIES -



Will Lindesay

Hvoss Chief Executive



Cllr Ange Tyler

Cabinet Member Housing, Regulatory Services  
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# INTRODUCTION

Research was commissioned by Herefordshire Council in partnership with hvoss (Herefordshire Voluntary Organisations Support Service) in September 2021 to research the Voluntary, Community and Social Enterprise (VCSE) sector and assess the 'state of the sector' in Herefordshire. The objectives of the research were to;

- Provide insight into the size and diversity of the voluntary and community sector in Herefordshire and how it compares nationally and with neighbouring counties.
- Demonstrate the contribution the sector makes socially and economically.
- Highlight how the sector is supported and works with others.
- Identify the key issues facing the sector locally.
- Provide recommendations to strengthen the sector.

The research has identified learning in five key areas:

- The profile of the VCSE sector in Herefordshire.
- The value of Herefordshire's VCSE sector.
- How the sector is changing, and the challenges it faces.
- The impact of COVID-19 on the VCSE sector in Herefordshire.
- Partnership working, voice and influence.

## Methodology

The methodology used both qualitative and quantitative approaches and also included primary research and secondary data analysis. The following primary research was undertaken:

- An online survey, State of the Sector 2021, (SoS) circulated via existing VCSE networks, this elicited 281 responses, (representing a 12 per cent response rate). Responses were received from a cross section of organisations reflecting the diversity of the sector.
- A series of eight focus groups were undertaken: one in each Primary Care Network (PCN) area and four themed focus groups (health and social care organisations, social enterprises, micro and small groups and large organisations). Focus groups were presented with interim research findings to 'test' the assumptions being made by the research.
- Six interviews with the key Local Infrastructure Organisations (LIOs) that provide a range of services and development support to the VCSE sector in the county (primarily on funding, volunteering, governance and training) and a joint focus group with LIOs to discuss interim findings.
- Three interviews with public sector stakeholders.

In addition to the above the interim research findings were also presented and discussed at the January 2022 meeting of the Community Partnership<sup>1</sup>.

Secondary data analysis of existing databases was also undertaken. Data was reviewed from the following sources in October 2021:

- Charities Commission
- Companies House
- Registered Societies
- Herefordshire Council's contracts register

Wherever possible 2021 data has been compared with data from the last large-scale research undertaken in the county; Third Sector Support Needs, undertaken by Herefordshire Council's Research Team in 2010, and with data from other neighbouring counties. The UK Civil Society Almanac has also been used to draw comparisons with national data. Relevant national research was also reviewed to draw comparisons where appropriate.

<sup>1</sup>The Herefordshire Community Partnership was initiated in 2021 jointly by hvoss and Healthwatch and is an open forum for VCSE and public sector with a common goal of producing and designing health, wellbeing and care solutions together.

# KEY FACTS FROM THE SURVEY

**2,304**

VCSEs are based or operate in the county, of which 1,325 are registered with the Charity Commission.

VCSEs contribute

**£355 MILLION**

per annum to Herefordshire's economy.

**£60 MILLION**

is spent on staffing in the VCSE sector per annum.

If volunteer hours had to be paid for this would equate to at least

**£17 MILLION**

per annum.

The Herefordshire VCSE sector has a combined income of

**£278 MILLION**

In Herefordshire there are **4,275** paid VCSE employees, comparatively, the public sector employs **9,020** people and the private sector employs **60,474** people.

**6%** of all employees work in the VCSE sector, compared to **3%** nationally.

**79%** of VCSEs have a turnover of less than £100,000

**41% MICRO**  
(less than £10k)

and **38% SMALL**  
(between £10-£100k).

**32%** of 18+ adult population volunteer in Herefordshire, with **23%** doing so at least monthly.

## FROM THE SoS SURVEY

**108,850** residents in Herefordshire used the services offered by the 281 VCSEs responding to the survey, this ranged from organisations supporting people on a one-to-one basis to housing associations offering several thousand tenancies.

**HALF** of all respondents to the SoS survey operate in just one locality (Primary Care Network Area or below).

**73%** think demand for their service will increase over the next 2 years, particularly those providing cultural and recreational activities and health, social care and well-being support.

**41%** of VCSEs are providing health, social care and well-being services.

**40%** of VCSEs rely on grants for at least half their income.

Marketing and communications support came out as the

**HIGHEST AREA OF NEED**

## NATIONAL COMPARATORS

In Herefordshire the income generated by charities in 2018/19, was equivalent to

**£0.5 MILLION PER 1,000 POPULATION**

compared to the UK total which was

**£0.84 MILLION PER 1,000 POPULATION**

In 2018/19 there were

**4.32 CHARITIES PER 1,000 HEAD**

of population in Herefordshire

compared to

**2.43 CHARITIES PER 1,000 HEAD**

of population in the UK

Data has been triangulated to identify the key learning from the research which is discussed below.

### **Key learning 1 - The profile of the VCSE sector in Herefordshire**

The VCSE sector in Herefordshire is diverse, extensive and impactful. It contributes to almost every area of civil society and enriches the lives of people living and working in Herefordshire.

Analysis of both secondary data sources and primary data tells us the following about the sector in Herefordshire:

- There are approximately 2,300 VCSEs in Herefordshire; 1,325 are registered charities and approximately 700 are micro organisations<sup>2</sup>.
- The majority (79 per cent) of Herefordshire VCSEs are 'micro' or 'small'; 41 per cent 'micro' and 39 per cent 'small'. This is similar to national proportions.
- Compared to neighbouring counties<sup>3</sup>, Herefordshire has one of the highest numbers of charities that are based and operate in the county but they generate comparatively lower income.
- The number of Herefordshire VCSE organisations is approximately 0.5 per cent of the UK total.
- Half of all respondents to the SoS survey operate in just one locality. This highlights the connection that many VCSEs have with their local communities. 79 per cent of Herefordshire VCSEs operate within the county boundaries.
- Larger VCSEs most typically offer services related to housing, health, social care and well-being, or are faith based.
- Micro-groups more commonly comprise environmental groups, local community, citizen or neighbourhood groups, and village halls.
- Herefordshire has proportionally more VCSEs than nationally that provide buildings/facilities/open space, make grants to individuals, or provide human resources.
- Herefordshire has fewer VCSEs than nationally that provide services, provide advocacy, advice and information, sponsor or undertake research, or act as an umbrella or resource body.
- At the time of the survey 108,850 people were engaging with the 281 VCSE sector respondents, this ranged from organisations supporting people on a one-to-one basis to housing associations offering several thousand tenancies.
- Charity Commission data suggests that VCSEs in Herefordshire have a high proportion of organisations with no paid staff (81 per cent), suggesting a heavy reliance on volunteers.
- SoS survey data suggests that Herefordshire may have a higher percentage of part-time employees (54 per cent) compared with the national picture (37 per cent).

<sup>2</sup>The size of organisations have been categorised according to turnover; less than 10k are 'micro', 10k – 100k are 'small', 100k – 1million are 'medium', 1 million – 10 million are 'large', 10million – 100 million are 'major', more than 100 million are 'super-major'. Source: 2018/19 figure from The UK Civil Society Almanac 2020

<sup>3</sup>Data was only available for geographical neighbours at a Local Authority level. County Councils used for comparison were Gloucester, South Gloucestershire, Worcester, Shropshire, Powys.

## **Key learning 2 - The value of Herefordshire VCSEs**

The VCSE sector in Herefordshire has a quantifiable value and also creates 'social value', however the latter is more difficult to measure and quantify. The contribution that the VCSE sector makes to the Herefordshire economy is very significant:

- The sector generates an estimated £278 million of income per annum.
- There are an estimated 4,275 people employed by VCSEs in Herefordshire, which represents 6 per cent of the county's employees.
- The value of paid staff in Herefordshire is approximately £60 million per annum.
- Annually there could be as many as 50,000 volunteers (aged 18+) in Herefordshire who provide unpaid help to VCSEs.
- Volunteers contribute approximately £17 million worth of time annually.
- The combined economic value (income + staff + volunteers) of Herefordshire VCSEs is approximately £355 million per annum.
- The following types of organisations contribute the most income; faith based, health, social care and well-being, and housing.

The social value that VCSEs generate is as a result of the approach it takes e.g. working with volunteers, being embedded in communities and reaching those most in need.

## **Key learning 3 - How the sector is changing, the challenges it faces and what this means for the future**

The sector is operating within a complex and changing environment. COVID-19, Brexit and local events such as the flooding of 2019/20 have all had an impact on VCSEs. Despite public sector funding cuts (which have also affected VCSEs) the policy environment is generally supportive and there is optimism about the future. Talk Community, the development of Herefordshire's Integrated Care System (ICS) and the Community Partnership all offer opportunities for the sector.

There is a significant level of optimism within the sector, despite the challenges it is facing. Of the SoS survey respondents, over two-thirds felt that their financial position will either stay the same (37 per cent) or improve (30 per cent) over the next 12 months. Given the turbulence of the previous two years this indicates a sector that whilst potentially needs to improve financial sustainability also feels robust and resilient. This resilience may be partly built upon longevity, with two thirds of VCSEs reporting having been in existence for 11 years or more.

One of the key challenges identified by the sector is obtaining grant funding with 72 per cent of SoS respondents seeing this as the biggest challenge for the future. Alongside this, 61 per cent derive less than half of their income from earned income, which indicates a sector that is heavily reliant on grant funding. This research suggests that on-going investment is needed to support VCSEs to successfully bid for grants but also to support the development of other sustainable sources of income.

Although the size of the sector is comparable to neighbouring counties, by comparing 2021 SoS data with 2010 survey data it appears that the previous decade has resulted in a significant decrease in paid staff and a large increase in the number of volunteers.

This research strongly indicates that there is a need for the sector to receive support in marketing and communications. There is a greater demand for this in the 2021 survey than in 2010, suggesting the support needs of the sector are changing. Support to facilitate information sharing amongst and between sectors was also identified. It is clear that further investment is needed in infrastructure support to VCSEs to address support needs and ensure that the sector in Herefordshire remains resilient and able to continue to adapt and respond to changing needs.

SoS survey respondents clearly indicated an increase in demand for their services in the future with 73 per cent saying that this was expected. An increase in demand was particularly identified for organisations delivering culture and recreation activities and health, social care and well-being services. The research also identified that there is growing demand for mental health and well-being services, which also indicates that this is a potential area of unmet need.

#### **Key learning 4 - Impact of COVID-19 on the VCSE in Herefordshire**

For many VCSEs the worst impacts of the pandemic may not yet have materialised. Whilst many organisations have benefitted from short term recovery grants from national and local government, the end of this support, compounded by the on-going impacts of the pandemic and increased demand for services, is likely to present challenges for some organisations<sup>4</sup>.

Unsurprisingly, the research shows that a disproportionate number of 'micro' and 'small' organisations have been adversely affected by the pandemic, which is mirrored nationally. It also appears that organisations offering the following services may have been more significantly affected financially;

- Culture and recreation
- Advice, information and advocacy
- Health, social care and well-being
- Education e.g. adult/continuing education

In addition to financial impacts, the sector has also experienced difficulties in recruiting and retaining volunteers as a result of COVID-19. Although at the start of the pandemic there was an influx of new volunteers into the sector, this has not been sustained at the same level and the sector is now experiencing challenges in maintaining a stable volunteer base. The reduction in those who volunteer regularly is corroborated by the Community Wellbeing Survey (2021) with a lower response rate (23 per cent) of those who said they regularly volunteer compared with 32 per cent in 2018<sup>5</sup>.

#### **Key learning 5 - Partnership working and voice and influencing**

When looking at who the VCSE sector prefer to work in partnership with, the SoS research shows:

- 62 per cent of VCSEs collaborate frequently with each other.
- 37 per cent said that they work frequently with the public sector.
- Only 7 per cent said that they work frequently with the business sector.
- Competition at times prevents collaboration.

Based on these findings it is evident that partnership working within, and between, the sectors needs to be further encouraged and facilitated.

In many ways the extreme circumstances of the pandemic demonstrated what the sector is best at. Partnership working prevailed and there was a co-ordinated and cohesive approach to ensure the most vulnerable were supported. The VCSE sector felt that they were equal partners in the emergency response and sectors were playing to their strengths to the benefit of the Herefordshire community. This research suggests that the lessons learned from the response to the pandemic should be carried forward into future strategies and approaches to encourage and embed partnership working.

The research shows that the development of the Community Partnership, although focused on the ICS currently, presents the best opportunity to build cohesion and connectiveness, further investment of time and money is now needed to explore its full potential alongside the role of Talk Community and partnership working at a Primary Care Network level.

Currently it is generally perceived within the sector that there is a need to increase its voice. There is an appetite for co-production and for the VCSE sector to work with the public sector, but whilst there are examples of this working well, generally it is felt that the commissioning system prohibits genuine partnership working, partly due to financial constraints but also because of the power balance in the relationship between the commissioner and those providing commissioned services.

<sup>4</sup>Since the research was conducted, cost of living has become an increasing concern for households, however this was not prevalent during the period of the research.

<sup>5</sup>Community Well-Being Survey (2021), Herefordshire Council. Also please note the CWS was undertaken during the height of the pandemic which may have affected the number of respondents who said they volunteer.

# CONCLUSION

The VCSE sector in Herefordshire is prominent in many areas of civil society and across every aspect of the local economy including skills, employment and enterprise; housing and transport; environment and carbon reduction; poverty reduction; health and social care and culture and recreation.

The county's response to the pandemic has been a powerful demonstration of the value and impact of VCSEs and showed that the sector was able to mobilise and meet the needs of the most vulnerable and marginalised rapidly and effectively.

The SoS report provides encouraging signs going forward, both in terms of the level of optimism from respondents and the fact that the sector is relatively well established. However, there are other signs which show some fragility, with a heavy reliance on grant income and decreasing levels of paid staff, compounded by the ongoing impact of the pandemic. Undoubtedly, the sector has significant value to Herefordshire, both in terms of its contribution to the economy and its contribution to the social fabric.

The sector needs and deserves to be supported. In 2022 immediate support that is most needed is; marketing and communications; information sharing; recruiting and retaining volunteers; support with income generation; and support to meet the increasing demand for mental health and well-being services.

Linked to the need to support the sector there is also the need to build cohesion and connectiveness within the sector. This will in time enable greater collaboration and communication across the sector and will result in the achievement of shared aims. The time for this to happen is now. The significant opportunities presented by the policy shifts of localism and health play to the strengths of the sector and offer a 'win, win' for all sectors.

# RECOMMENDATIONS

The recommendations below are based on the findings of this research which have identified a number of areas to support the work of the VCSE sector to develop longer term sustainable solutions for a thriving sector.

1. To explore the options of developing and establishing platforms through which the voluntary and community sector can: share information with others; strengthen their voice and influence; and engage strategically with other sectors. This needs to take into account the development of the Herefordshire Community Partnership together with existing mechanisms, such as VCS forums, wider partnerships and networks. Factors to take into consideration are:
  - Sufficient resources to ensure sustainability
  - How the approach could facilitate networking opportunities across the sector to help develop a culture of peer support, to include on-line networking (building on the learning and examples developed over the past two years)
  - How to strengthen relationships with the public and private sectors.
2. To build on work already underway to review and strengthen the infrastructure offer around volunteering to develop a county-wide, strategic approach to volunteer recruitment, retention, support and training, recognising the breadth of volunteer roles, and the value that volunteers bring to the sector, the community and the county. The opportunities to work closer with employers to develop volunteering schemes for their staff should be explored.



3. To review, strengthen and promote the infrastructure offer on income generation, including grant and funding advice, but also to consider how best to support the sector to diversify their income streams and develop a more enterprising culture.
4. To explore opportunities for the sector to benefit from tailored business support / expertise initially to focus on the following areas: marketing and communications, income generation opportunities.
5. To develop opportunities for cross sector working to address strategic and common issues. There are already opportunities for this at Primary Care Network level which are being explored as part of the implementation of the Integrated Care System. Best practice in terms of collaboration of resources, knowledge, skills and expertise should be shared to demonstrate the value that each partner offers. There also needs to be a mechanism for addressing these issues at countywide and strategic levels.
6. For infrastructure organisations to work collaboratively around an agreed set of common objectives, to develop complementary services and raise the profile of what is on offer to the wider sector.
7. To review the investment in LIOs to ensure that the needs identified through this research are being addressed and resourced to effectively support and build the capacity of the sector.
8. To consider clearer messaging outlining the aims of Talk Community and the support it can provide working in partnership with the VCSE sector. This would be beneficial as part of a wider marketing strategy for Talk Community to help increase its reach and broaden understanding of the approach.
9. To understand existing community-based mental health and well-being provision and support services across the county with the aim of developing an overview of the mental health and well-being offer within the county, to identify gaps in provision and explore how this offer can be collectively promoted.
10. To do further research to understand the issues faced by organisations supporting young parents, culture and recreation, advice, information and advocacy, health social care and well-being and education, as organisations delivering these services and activities disproportionately reported a deterioration in their financial position.
11. To work collaboratively across sectors to review commissioning approaches, informed by learning over the last two years and to look to future opportunities such as through the ICS. To promote collaboration not competition amongst VCSE organisations, improve longer term planning by investing in longer contracts and continually provide assurance that local commissioning and procurement frameworks reflect the importance of Herefordshire's VCSE. This should take into account:
  - How VCSEs are involved in all stages of the commissioning cycle and make co-design of local services the norm.
  - How procurement methods can be delivered in a way that ensures they are accessible to VCSE organisations.
  - The support and investment required by the sector to enable it to fully participate the commissioning cycle
12. To recognise the important role that the VCSE plays in the local economy. An information campaign based on the key facts from this research should be shared with politicians, leaders and influencers in all sectors. A wider promotional campaign would help raise awareness of the services provided by the sector, aiding recovery post COVID-19.
13. To drive forward opportunities for local businesses and VCSE organisations to work together for mutual benefit. The Connecting Business & Charities event in June 2021 demonstrated the appetite of both businesses and charities to collaborate. Resource needs to be secured for a longer-term programme and to develop more opportunities for embedding this approach across the business and VCSE communities.
14. Through Talk Community test out the emerging findings relating to the gap analysis at PCN level with partners and the wider community in those areas.
15. To undertake a follow up study in two years' time to assess the changes which have taken place, including with direct reference to the above recommendations and the degree to which they have been actioned.