



# **The structure, dynamics and impact of the voluntary, community and social enterprise sector in Cornwall and Isles of Scilly**

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The contents of the report express the views of the author and do not necessarily reflect the views or policies of the commissioning partners.

## Third Sector Trends Study

Data in this report are drawn from the Third Sector Trends study which was conceived and originally commissioned by Northern Rock Foundation with research conducted by the universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-founder of the research and is now responsible for its legacy. The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Power to Change and Garfield Weston Foundation to expand and continue the research. All publications from the Third Sector Trends study are available free to download at this address: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

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# Section 1

## Introduction

### 1.1 Purpose of the report

In recent months, debates have begun in Cornwall and Isles of Scilly on the current and potential contribution of the voluntary, community and social enterprise (VCSE) sector to local economy, environment and society. This report has been written to strengthen the evidence base on the structure, dynamics and impact of the VCSE sector in to help inform such debate.

The report coincides with the recent publication of the government's White Paper: *Levelling Up in the United Kingdom*.<sup>1</sup> The policy document recognises that in the UK, there are substantial geographical disparities in social and economic wellbeing and evidences these variations by using comparative data on factors such as productivity, employment, skills, social mobility and public health. As the White Paper states:

*...not everyone shares equally in the UK's success. While talent is spread equally across our country, opportunity is not. Levelling up is a mission to challenge, and change, that unfairness. Levelling up means giving everyone the opportunity to flourish. It means people everywhere living longer and more fulfilling lives, and benefitting from sustained rises in living standards and well-being.*<sup>2</sup>

The White Paper sets out four key objectives for government:

- *boost productivity, pay, jobs and living standards by growing the private sector, especially in those places where they are lagging;*
- *spread opportunities and improve public services, especially in those places where they are weakest;*
- *restore a sense of community, local pride and belonging, especially in those places where they have been lost; and*
- *empower local leaders and communities, especially in those places lacking local agency.*

It is recognised in the White Paper that achieving these objectives is complex because all localities are different in one way or another. But the above objectives provide a good starting point for the recognition of the contribution the VCSE sector makes in Cornwall and Isles of Scilly now, and its potential to contribute to the future successes of the area.

Discrete evidence on the structure and dynamics of the VCSE sector in Cornwall is currently quite limited. So this study has drawn on national data from a variety of sources including: Office for National Statistics (ONS), Public Health England, Department of Business, Energy and Industrial Strategy, Companies House, the Charity Commission, 360Giving, NCVO Civil Society Almanac, the Third Sector Trends study and the VSF Charity Browser - a compilation of data commissioned by VSF Cornwall.

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<sup>1</sup> The White Paper and associated documents and annexes are available here: <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

<sup>2</sup> *Ibid.* p. xii.

## 1.3 Structure of the report

This research report covers the following issues.

- Section 2 sets the scene for the analysis by presenting comparative data on sector structure and dynamics with proximate neighbours in Devon, Dorset and Somerset; and statistical neighbours in Northumberland and Cumbria.
- Section 3 provides an overview of sector structure and dynamics in Cornwall and Isles of Scilly to show the scale of the sector and the distribution of its organisations by legal form and geographies. The section also presents findings on the organisational purposes of VCSE sector organisations.
- Section 4 presents an appraisal of sector finances using categories to separate organisations of different sizes. The analysis presents findings on overall sector income and expenditure, the mix of income types. This is followed by more detailed analysis of grant funding, public sector service contracts, earned income and beneficial relationships with the private sector.
- Section 5 presents analysis on the 'people resources' of the sector. Estimates on the size of the employed workforce is presented together with comparative data with other sectors. The volume of energy the sector produces through volunteering is also estimated.
- Section 6 explores VCSE sector perceptions of where social impact is achieved. This is followed by an appraisal of the impact the VCSE sector has on economy and society. This involves explanation of the conceptual and definitional terms used and then explains the methodology for calculating financial proxies for different aspects of 'added value' produced by the sector.
- Section 7 concludes the analysis by comparing sector capacity in localities within Cornwall and Isles of Scilly. The analysis proceeds using ONS and Public Health England data in 14 Primary Care Network areas and three Integrated Care Areas to look at the match of VCSE sector capacity with data on area needs.
- Section 8 presents an overall summary of key findings and makes preliminary observations on their value for future planning and practice in Cornwall and Isles of Scilly.

## Section 2

### The VCSE sector in comparative context

This section of the report provides a basis for the interpretation of data in subsequent analysis by presenting a statistical profile of the socio-economic situation in Cornwall (and where possible, Isles of Scilly<sup>3</sup>) in comparison with proximate and statistical neighbours.

Five areas have been identified for the purposes of comparison. **Proximate neighbours** in South West England include the local authorities in the ceremonial counties of Devon, Somerset and Dorset. Each of these areas share much in common in spatial and socio-economic terms with the county of Cornwall.

Two of these counties, Devon and Dorset are dissimilar from Cornwall in one key respect, the presence of large urban areas. In Devon, for example, there are major concentrations of population and economic activity in Plymouth, Exeter and Torbay. Urban life tends to shape the structure of the VCSE sector by producing higher levels of critical social need in more deeply deprived areas, but also creating more opportunities in, for example, developing the social and cultural life of cities. In the case of Somerset, its proximity to the major conurbation of Bristol and easier access to London creates substantive differences in the socio-economic profile of the county when compared with Cornwall.

It is good practice to make comparison with other areas which have similar spatial and socio-economic characteristics which are not proximate to Cornwall in order to examine whether the structure of the VCSE sector is dissimilar. Two relatively spatially isolated areas, Cumbria and Northumberland, have been identified in the north of England as **statistical neighbours**. Each of these counties are largely rural spatially, but like Cornwall, also have pockets of industrial activity and a number of former industrial townships and villages which have suffered significant economic decline.

#### 2.1 Socio-economic profile of Cornwall and Isles of Scilly

This report focuses specifically on the structure, dynamics and impact of the VCSE sector in Cumbria and Isles of Scilly. Cornwall is a large unitary local authority in South West England covering an area of 3,562 km<sup>2</sup>. Isles of Scilly is an archipelago to the south of Cornwall covering an area of 16.4 km<sup>2</sup>. The Isles of Scilly have a population of 2,200. The population of Cornwall is 573,000.

The VCSE sector exists to provide services and facilities in the local area to meet a wide range of issues, ranging from critical social need for individuals and communities to activities to enrich cultural life, improve the living environment and contribute to social wellbeing. Consequently, interpretation of data on the situation of the VCSE sector in Cornwall and the Isles of Scilly needs to be set in the context of other proximate or similar areas of England.

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<sup>3</sup> Where possible, comparative data are presented for the Isles of Scilly. Given the substantially different spatial, social and economic situation of the archipelago, it is not always possible to draw direct comparisons. In subsequent sections, however, more details localised comparisons will be made between the Isles of Scilly and localities in Cornwall.

Population data are presented in Table 2.1. Cornwall has a relatively large population of 573,299 which is similar to its statistical neighbour of Cumbria but larger than Northumberland. Population density in Cornwall (160 per Km<sup>2</sup>) is considerably higher than its statistical neighbours Northumberland (64.3) and Cumbria (73.9). In all comparator areas, population density is well below the England average of 280 per km<sup>2</sup>.

With the exception of Devon, the size of the Black and Minority Ethnic population is comparable at around 2 per cent. But this is a low level compared with more densely populated urban or metropolitan areas and the England average (10.8 per cent).

In Cornwall, 25 per cent of the population are aged over 65, which is similar to its statistical neighbours, Northumberland and Cumbria. Dorset has a somewhat higher percentage of residents aged over 65 (29 per cent) than Cornwall's proximate neighbours. All comparator areas have relatively large population of people over the age of 65 compared with the England average of 19.7 per cent. The percentage of people aged over 85 years in Cornwall is 3.1 percent which is closer to the England average of 2.7 per cent. Isles of Scilly have a higher proportion of people aged over 85 at 4 per cent.

	Population**	Population density per Km <sup>2</sup>	Black and minority ethnic population	Population aged 85 years and over	Population aged 65 years and over
Cornwall	573,299	160.6	1.8	3.1	25.0
Isles of Scilly	2,226	135.8	1.2	4.0	26.1
Devon	810,716	122.2	2.5	3.6	25.4
Somerset	563,851	162.9	2.0	3.5	24.9
Dorset	379,791	151.9	2.0	4.1	29.1
Northumberland	323,820	64.3	1.6	3.0	24.7
Cumbria	499,781	73.9	1.5	3.2	24.5
England (averages)	56,286,961	280.0	10.8	2.7	19.7

\*Source, Public Health England: <https://www.localhealth.org.uk/#bbox=371864,534438,259306,155354&c=indicator&i=t3.l term ill&view=map10>

\*\*Population statistics source: Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland> (downloaded 3rd December, 2021)

The economic profile of Cornwall and Isles of Scilly are compared with proximate and statistical neighbours in Table 2.2. It is clear that there are broad similarities between all areas. That stated, there are some clear variations from the national data. All of the areas listed have a much higher concentration of activity in *agriculture, forestry and fishing* and in *accommodation and food services*. By contrast, there are many fewer businesses in *information and communication* and *professional services* than the national average.

**Table 2.2 Cornwall and Isles of Scilly business population in comparative context**

	Agriculture, forestry & fishing	Production	Construction	Motor trades	Wholesale	Retail	Transport & Storage (including postal)	Accommodation & food services	Information & communication
Cornwall	15.6	6.4	14.7	3.1	2.8	8.1	3.9	9.7	3.3
Isles of Scilly	21.1	5.3	7.9	0.0	2.6	10.5	10.5	21.1	0.0
Devon	19.3	5.7	13.1	3.2	3.0	6.8	3.7	7.0	4.0
Somerset	14.2	7.3	13.8	3.6	3.2	6.4	3.7	6.2	4.9
Dorset	11.3	7.1	15.1	3.2	3.3	7.9	2.5	6.9	5.3
Northumberland	15.9	6.2	12.3	2.9	2.7	7.0	3.2	9.1	3.5
Cumbria	19.8	5.6	12.4	2.9	2.3	6.6	4.0	8.9	2.6
<b>England</b>	<b>3.8</b>	<b>5.5</b>	<b>13.1</b>	<b>2.8</b>	<b>4.0</b>	<b>8.0</b>	<b>5.1</b>	<b>5.8</b>	<b>8.2</b>

	Finance & insurance	Property	Professional, scientific & technical	Business administration & support services	Public administration & defence	Education	Health	Arts, entertainment, recreation & other services	Total businesses
Cornwall	1.2	3.3	10.2	6.6	0.6	1.3	3.2	5.8	24,635
Isles of Scilly	0.0	2.6	5.3	5.3	0.0	0.0	2.6	5.3	190
Devon	1.4	3.6	11.4	6.4	0.7	1.4	3.5	5.4	38,040
Somerset	1.6	3.4	13.2	7.0	0.8	1.5	3.3	5.9	24,945
Dorset	1.7	3.7	12.9	7.3	0.7	1.4	3.1	6.4	17,690
Northumberland	1.3	3.1	13.3	7.1	0.9	1.2	3.4	6.8	11,420
Cumbria	3.2	2.7	10.9	7.0	0.8	1.7	2.8	5.6	23,385
<b>England</b>	<b>2.3</b>	<b>3.9</b>	<b>16.9</b>	<b>8.6</b>	<b>0.3</b>	<b>1.7</b>	<b>3.8</b>	<b>6.3</b>	<b>2,405,965</b>

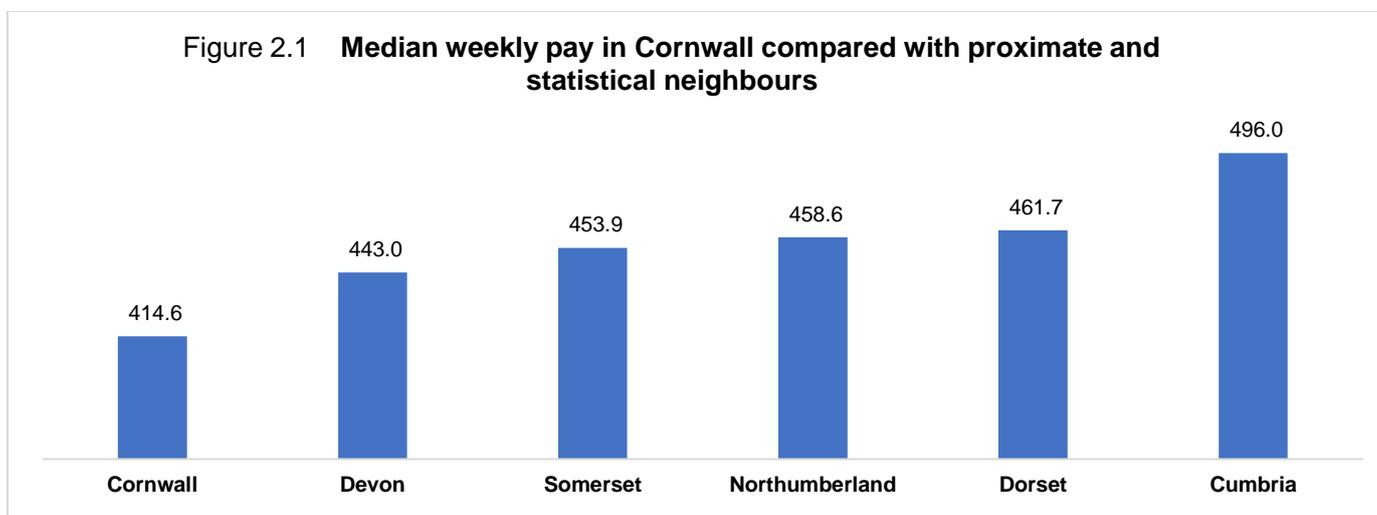
Source: BEIS Business population estimates 2021. <https://www.gov.uk/government/statistics/business-population-estimates-2021> (downloaded 3rd December 2021)

Occupational distribution by area is shown in Table 2.3. Compared with the national average, Cornwall has a lower percentage of employees in *professional* and *associate professional* occupations. There are above average percentages of *skilled trades occupations* and *caring, leisure and other service occupations* and *elementary occupations*. Occupational profiles are more similar to proximate and statistical neighbours.

	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations	Total employment
Cornwall	10.6	13.5	9.9	12.1	16.3	9.1	8.1	7.5	12.9	232,800
Devon	10.5	16.6	10.4	12.4	13.2	9.7	9.5	6.7	11.2	507,900
Somerset	10.8	17.5	11.6	13.7	12.8	8.2	8.8	6.7	10.0	426,800
Dorset	10.1	16.3	13.7	12.2	14.2	9.1	7.9	5.9	10.6	331,100
Northumberland	10.6	17.0	11.9	11.9	11.6	9.5	7.8	7.8	12.0	145,800
Cumbria	8.9	15.4	10.3	11.0	14.6	8.0	8.9	10.5	12.4	232,100
<b>England</b>	<b>9.8</b>	<b>17.4</b>	<b>13.5</b>	<b>13.0</b>	<b>11.7</b>	<b>7.9</b>	<b>8.3</b>	<b>7.4</b>	<b>10.9</b>	<b>24,023,600</b>

Annual Population Survey - Employment count by occupation, England, by District, <https://opendatacommunities.org/resource?uri=http%3A%2F%2Fopendatacommunities.org%2Fdata%2Flabour-force%2Femployment%2Fcount%2Fby-occupation> (downloaded 3rd December, 2021)

The occupational and industrial profile of Cornwall has an impact on levels of pay. As shown in Figure 2.1, median weekly pay in Cornwall is significantly lower than in other areas. This may be compounded by the proliferation of seasonal work in the County.<sup>4</sup>



Source: ONS, Earnings and hours worked, place of residence by local authority, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityashetable8> (downloaded 3rd December, 2021)

The English Indices of Deprivation (EID) provide useful comparative data on the social and economic situation of local authority areas. As Table 2.4 shows, making simple statements on area characteristics is not straight forward. This is because individual areas fare well in some respects but not in others.

Cornwall, in comparative terms, is the most deprived of the counties with an EID rank of 60, while Isles of Scilly is the least deprived with a rank of 151. On the average

<sup>44</sup> Cornwall Council (2021) Economy Monitoring Quarterly Update, <https://www.cornwall.gov.uk/media/uprluh0v/emqu-q1-2021.pdf>.

EID rank, Cornwall is most similar to the relatively isolated and largely rural areas of Cumbria (rank 86) and Northumberland (rank 84). The neighbouring areas of Devon, Somerset and Dorset are shown to be less deprived (with ranks of 110, 92 and 117 respectively).

Comparing levels of the local concentration of deprivation with its closest statistical neighbours shows that Northumberland has a lower rank (52) than Cornwall (84), while deprivation in Cumbria is less concentrated (127). Against income deprivation and employment criteria, Cornwall also has a lower rank than Northumberland and Cumbria.

Cornwall is a much lower ranking area in relation to barriers to housing and services than Northumberland and Cumbria. Isles of Scilly, as a generally more affluent area, has very high-ranking scores for most social indicators. But access barriers to housing and services is one of two exceptions. The other being living environment criteria where Scilly has the lowest score in England. Cornwall also has a low ranking position in this respect. It is worth noting that Dorset and Somerset also have relatively low ranking in relation to housing and environment criteria.

Cornwall has a middle ranking position against health and disability and education criteria – with marginally higher scores than its statistical neighbours – Northumberland and Cumbria.

Table 2.4 Socio-economic situation in Cornwall and Isles of Scilly compared with proximate and statistical neighbours								
(1=poorest 151=richest)	EID average rank	EID rank of local concentration	Income deprivation	Employ- ment	Barriers to Housing and Services	Living Environ- ment -	Education -	Health and disability
Cornwall	60	84	64	50	43	20	78	76
Isles of Scilly	151	151	151	151	69	1	134	151
Devon	110	127	108	100	78	63	102	107
Somerset	92	107	108	94	57	71	73	94
Dorset	117	121	123	106	45	109	82	111
Northumberland	84	52	90	57	81	141	76	68
Cumbria	86	127	107	78	104	58	65	67

Source: English Indices of Deprivation 2019 File 11 Local Authority District Summaries (upper tier)  
<https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

## 2.2 Comparative profile of the VCSE sector in Cornwall

This section makes comparisons between Cornwall and other proximate and statistical neighbours. The analysis draws upon a dataset created from the Charity Commission Register in 2020.<sup>5</sup> This dataset holds details on 150,000 active charities in England and Wales.

Table 2.5 compares the structure of the VCSE sector in Cornwall by size of organisations with other areas.<sup>6</sup> It is clear that sector structure across all areas is broadly similar. Similarities with sector structure at national level can also be observed – although it should be noted that at national level there are more large and big VCSE organisations than in the areas listed. This is due to a concentration of larger charities in dissimilar areas. Nevertheless, the evidence presented shows that it will be possible to make broad generalisations about sector dynamics drawing upon national datasets where there is an absence of locally available data

Table 2.5 Sector structure in Cornwall compared with proximate and statistical neighbours						
	Micro (income below £10,000)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000 - £999,999)	Big (income £1m-£25m)	N=
Cornwall	44.1	29.3	18.5	5.3	2.7	1,708
Devon	42.3	29.7	18.5	6.4	3.1	3,819
Somerset	49.3	27.2	16.9	4.3	2.3	2,426
Dorset	41.8	27.3	20.1	7.4	3.4	2,149
Northumberland	47.3	27.8	16.6	6.1	2.3	922
Cumbria	50.1	24.7	17.1	5.8	2.2	1,851
<b>England and Wales</b>	<b>43.8</b>	<b>25.0</b>	<b>20.0</b>	<b>8.0</b>	<b>3.5</b>	<b>150.000</b>

Table 2.6 compares the percentages of charities which are located in richer and poorer areas. There are dramatic variations between the situation in Cornwall to that of England as a whole. This is because data accurately reflects the socio and economic situation in localities – whereas at a national level, these variations tend to even out. At national level, the balance shifts towards richer areas in terms of charity density.

It would be expected that the six counties which are being compared would have similar sector structures given that their socio-economic and spatial characteristics are quite similar. It is clear (see highlighted boxes) that the population of charities in Cornwall is skewed towards more deprived areas compared with other areas.

That stated, in Cornwall there are fewer charities based in the poorest areas (EID 1-2) because there are not so many areas which have deeper levels of deprivation as

<sup>5</sup> Chapman, T. (2020) The structure and dynamics of the Third Sector in England and Wales: technical paper on working definitions and baseline data analysis. Durham, <https://www.stchads.ac.uk/wp-content/uploads/2020/12/THIRDS2.pdf> .

<sup>6</sup> The following analysis only refers to registered charities and does not include other types of registered VCSE organisations because there is insufficient data available on organisational size. There are too few charities in the Isles of Scilly to make valid comparisons in this analysis. The sum of organisations is not a census figure, but the proportion of organisations within the sample of 150,000 charities. The sample excludes the biggest charities with income above £25 million as this skews local data disproportionately.

is the case in urban areas. In Devon, for example, the proportion of charities in the poorest areas can be accounted for in the cities of Plymouth and Exeter and the conurbation of Torbay. In Cumbria, the deepest concentrations are in Barrow in Furness, Carlisle and in the district of Allerdale.

In Cornwall, analysis at ward-level data shows that charities located in the deepest areas of deprivation are mainly situated in Bodmin, Camborne, Liskeard, Newquay, Penzance and St Austell. In Cornwall there are very few highly affluent areas recorded in the indices of deprivation – which is why a tiny proportion of charities are located in such areas. In sum, what distinguishes Cornwall from other areas is the concentration of charities in the EID deciles 3-6, whereas in other areas, they are more evenly distributed.

Table 2.6 Percentage of charities located in areas of greater or lesser affluence in Cornwall compared with proximate and statistical neighbours						
	Poorest EID 1-2	EID 3-4	EID 5-6	EID 7-8	Richest EID 9-10	N=
Cornwall	6.3	49.1 ←	36.8	7.2	0.5	1,665
Devon	9.8	20.7	35.9	26.2	7.4	3,738
Somerset	2.3	10.7	28.4	40.1	18.5	2,374
Dorset	5.0	11.1	37.0	30.3	16.6	2,100
Northumberland	5.5	14.9	33.2	28.9	17.5	910
Cumbria	8.7	8.1	35.9	35.7	11.6	1,818
<b>England<sup>7</sup></b>	<b>16.2</b>	<b>16.6</b>	<b>21.0</b>	<b>23.3</b>	<b>22.9</b>	<b>139,947</b>

Finally, Table 2.7 compares data on the density of charities across counties. In Cornwall charity density by population is relatively low at 3 per 1,000 residents when compared with other areas (the exception is Northumberland where there are 2.8 charities per 1,000 residents). There are much higher levels of charity density in Devon (4.7 per 1,000) and Dorset (5.7 per 1,000).

A useful indicator of economic vitality is the density of private businesses. It is clear that in Cornwall, business density is relatively low at 43 per 1,000 residents (though much higher than in Northumberland at 35.3 per 1,000). Business density is considerably higher in Devon, Dorset and Cumbria (at around 47 per 1,000). Even though business density is lower Cornwall, there are still more businesses per charity than in any other area – which adds weight to the finding that that charity density is relatively low in Cornwall.

<sup>7</sup> These data are for England only because Wales has adopted a different approach to the definition of deprived areas which is not directly comparable.

Table 2.7 Charity and business density in Cornwall compared with proximate and statistical neighbours

	Population	Number of charities	Charities per 1,000 population	Number of private businesses	Businesses per 1,000 population	Number of businesses per charity
Cornwall	573,299	1,708	3.0	24,635	43.0	14.4
Devon	810,716	3,819	4.7	38,040	46.9	10.0
Somerset	563,851	2,426	4.3	24,945	44.2	10.3
Dorset	379,791	2,149	5.7	17,690	46.6	8.2
Northumberland	323,820	922	2.8	11,420	35.3	12.4
Cumbria	499,781	1,851	3.7	23,385	46.8	12.6

## 2.3 Summary of findings

Cornwall is a large county which is relatively isolated from core cities. The local economy is varied in composition but has concentrations of activity in tourism and primary industries (fishing, farming and forestry). As such, Cornwall shares similar attributes to the counties of Cumbria and Northumberland.

There are pockets of deeper deprivation in Cornwall which are focused mainly in urban areas. There are also indicators of widespread socio-economic pressures on the local population which are associated with low wages and seasonal working. Further pressure is put on the local population by factors such as poorer than average access to decent housing.

Insidious factors such as income deprivation, long-term unemployment and insecure or low paid employment tend to have an adverse effect on personal and community wellbeing. The evidence shows that this, together with poor housing conditions and limited access to services has contributed toward higher levels of poor health and disability in the county.

Socio-economic conditions in the county are likely to have produced a range of critical personal needs and community challenges which can be addressed by the local VCSE sector. But of course there are many affluent areas in the county too which produces other kinds of demand for sector activity surrounding personal development, wellbeing and the enrichment of cultural life.

The above analysis shows that the VCSE sector in Cornwall is structured in a similar way to other areas in many respects (and particularly so in relation to size of organisations). But some clear differences emerge too due to the specific socio-economic circumstances of the county. Most notably, charities are located in areas of intermediate levels of deprivation – relatively few are located in very poor or very rich areas because area dynamics differ from other counties. It has also been shown that charity density in the county is relatively low in comparison with other areas.

What this report needs to explore, therefore, is the extent of energy the VCSE sector has at its disposal to meet local needs and to determine where that capacity is directed and make clear estimates on the accumulated impact of the effort the sector expends.

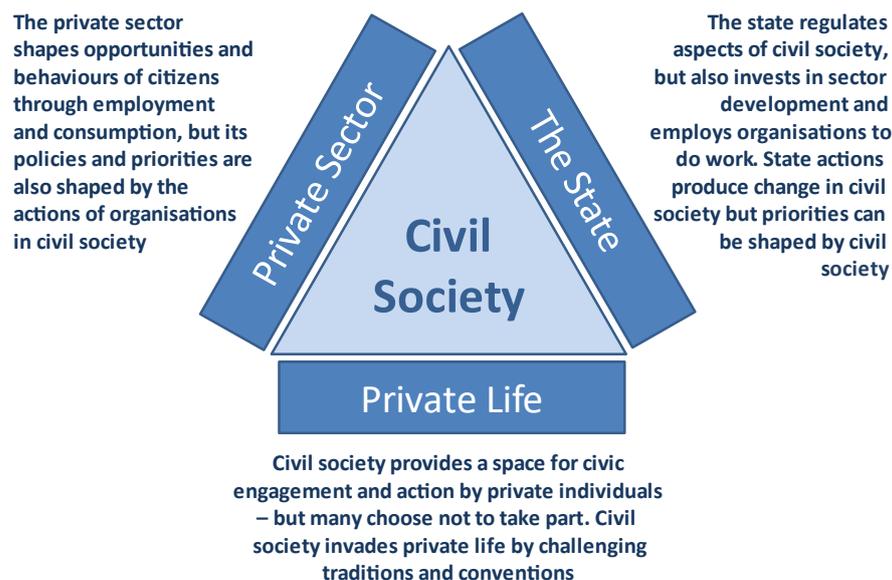
## Section 3

# VCSE Sector structure in Cornwall and Isles of Scilly

### 3.1 Defining the VCSE sector

VCSE organisations work within the realm of civil society. This is a pluralistic domain where organisations tackle a wide range of social, economic, cultural and environmental issues. VCSE organisations are autonomous entities which operate independently from other sectors – but there is much interaction between civil society and the state, private sector and private life (see Figure 3.1).

Figure 3.1 VCSEs operate within the domain of Civil society



### 3.2 Number and distribution of VCSE organisations

The number of organisations in Cornwall and Isles of Scilly is provided in Table 3.1.<sup>8</sup> The majority of VCSE organisations are registered charities, but about a quarter of the registered sector is comprised of organisations with other legal forms, such as Community Interest Companies (CICs) and Cooperatives and Community Benefit Societies (CCBS).

Estimates suggest that 'unregistered' organisations, associations, societies and groups could number around 3,250. Such entities are likely to be small, informal in structure and address issues of interest to their members or participants. Little is

<sup>8</sup> Full details on how these data were sourced and analysed is available in Appendix 1.

known about their activities, however, so this report focuses entirely upon registered organisations about which much more data are available.

Table 3.1 Number of VCSE organisations and groups in Cornwall and Isles of Scilly		
	Estimated number of VCSE organisations and groups	Percentage of all registered VCSE organisations
Total registered charities	1,725	68.5
Charitable companies	140	5.6
Trusts	184	7.3
Other registered charities	1,143	45.4
Charitable Incorporated Organisations	258	10.2
Community Amateur Sport Clubs	93	3.7
Community Interest Companies	536	21.3
Registered societies	85	3.4
Companies Limited by Guarantee (but not registered charities)	51	2.0
Cooperatives and Community Benefit Societies	28	1.1
Total VCSE organisations	2,518	100.0
Estimated number of unregistered organisations or groups <sup>9</sup>	3,251	
Total registered and informal sector	5,769	

Table 3.2 shows the distribution of VCSE organisations by the level of affluence of the area within which they are located. In the least affluent areas, there is a bigger concentration of CICs and charitable companies. While in richer areas, general charities ('other registered charities') are more numerous.

Table 3.2 Distribution by English Indices of Deprivation and legal form (column percentages)						
	Poorest EID 1-2	EID 3-4	Intermediate EID 5-6	EID 7-8	Richest EID 9-10 <sup>10</sup>	N=
Total registered charities	59.4	71.5	69.6	65.3	76.9	1,463
Charitable company	8.4	5.8	5.4	2.9	0.0	138
Trusts	6.0	8.1	6.9	7.1	7.7	184
Other registered charity	31.3	48.0	46.9	45.3	61.5	1,141
Charitable Incorporated Organisation	13.7	9.5	10.4	10.0	7.7	256
Community Amateur Sport Clubs	4.0	2.9	4.6	4.1	0.0	92
Community Interest Company	27.7	20.6	19.9	18.5	23.1	520
Registered Society	6.8	3.1	3.6	1.8	0.0	85
Companies Limited by Guarantee	1.6	0.9	0.9	8.8	0.0	51
Cooperatives and Community Benefit Society	0.4	0.9	1.4	1.5	0.0	27
Total registered organisations	100.0	99.8	100.0	100.0	100.0	2,494

<sup>9</sup> It is not possible to state with certainty how many organisations and groups sit 'below the radar' in Cornwall and Isles of Scilly. Many local infrastructure organisations (such as Councils for Voluntary Service), for example, hold listings of local members or associates which enumerate many more groups than can be identified on registers. For a full explanation see Appendix 1.

<sup>10</sup> There are too few VCSE organisations in the most affluent quintile to produce comparable data.

Table 3.3 compares the distribution of VCSE organisations by legal form in urban areas and rural areas. CICs, CIOs and Companies Limited by Guarantee are more likely to be focused in urban areas. In rural areas, registered charities represent 66 per cent of all organisations compared with just 53 per cent in urban areas.

<b>Table 3.3 Legal form in principal urban areas and settlements in rural areas</b>						
	<i>Principal urban areas</i>		<i>Settlements in rural areas</i>		<i>All organisations</i>	
	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>
Total registered charities	749	53.2	714	65.6	1,463	58.6
Charitable company	74	5.3	64	5.9	138	5.5
Trusts	87	6.2	97	8.9	184	7.4
Other registered charity	588	41.8	553	50.8	1,141	45.7
Charitable Incorporated Organisation	161	11.4	95	8.7	256	10.3
Community Amateur Sport Clubs	54	3.8	38	3.5	92	3.7
Community Interest Company	318	22.6	202	18.6	520	20.8
Registered Society	58	4.1	27	2.5	85	3.4
Companies Limited by Guarantee	50	3.6	1	0.1	51	2.0
Cooperatives and Community Benefit Society	17	1.2	104	1.0	27	1.1
Total registered organisations	1,407	100.0	1,181	100.0	2,495	100.0

Table 3.4 compares the distribution of VCSE organisation in rich and poor urban and rural settlements. The evidence presented here produces very clear differences. In urban areas, 16 per cent of VCSE organisations are concentrated in the poorest areas compared with just 2 per cent in rural areas. These findings simply reflect the socio-economic characteristics of areas, but are relevant because it demonstrates that in urban areas there is a stronger concentration of VCSE organisations in areas where critical needs are more pronounced.

This finding should not be overstated, however. In urban areas 53 per cent of VCSE organisations are located in EID1-4 compared with 56 per cent in rural areas. As shown in Section 2 of the report, in Cornwall many rural areas suffer from significant levels of deprivation.

<b>Table 3.4 Distribution of VCSE organisations by English Indices of Deprivation in rural and urban areas</b>						
	<i>Principal urban areas</i>		<i>Settlements in rural areas</i>		<i>All VCSE organisations</i>	
	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>	<i>Number of VCSE orgs</i>	<i>Percentage of VCSE orgs</i>
EID 1-2 (least affluent)	230	16.3	19	1.7	249	10.0
EID 3-4	516	36.7	595	54.7	1,111	44.5
EID 5-6 (intermediate affluence)	411	29.2	371	34.1	782	31.3
EID 7-8	240	17.1	100	9.2	340	13.6
EID 9-10 (most affluent)	10	0.7	3	0.3	13	0.5
N=	1,407	100.0	1,088	100.0	2,495	100.0

The structure of the sector in rural and urban areas seems to vary little. Table 3.5 compares the distribution of registered charities (including CIOs) in rural and urban areas. Data on organisational income are unavailable for other legal forms. There is a concentration of larger organisations in the principal urban areas which means that overall sector financial resources will be more heavily focused in larger towns.

	Micro (under £10,000 income)	Small (income £10,000 - £49,999)	Medium (income £50,000 - £249,999)	Large (income £250,000 - £1 million)	Big (income £1 - £25 million)	Major (income above £25 million)	N=
Principal urban areas	49.1	27.8	16.8	4.7	1.4	0.2	871
Settlements in rural areas	47.5	34.6	14.0	2.7	1.3	0.0	786
All registered charities/CIOs	48.3	31.0	15.4	3.7	1.3	0.1	1,657

### 3.3 Purpose of organisations

Data are available from the Charity Commission Register on the purpose of charities and CIOs. Unfortunately it is not possible to determine from Charity Commission data what the ‘main purpose’ of charities are. Consequently, there is substantial overlap between categories.<sup>11</sup>

Table 3.6 shows the extent to which the local VCSE sector supports specific groups of beneficiaries. The beneficiary groups are placed in rank order, with the best supported beneficiary areas at the top of the table and the least at the bottom. Charities serving broad groups of beneficiaries such as *children and young people*, *elderly / older people* and *people with disabilities / the disabled* tend to be the most common.

There is a strong emphasis in the area on *the advancement of the arts, culture and heritage or science*. This focus is at a much higher level than the national average.<sup>12</sup> Similarly there is a considerably stronger emphasis on environmental and conservation issues than is the case nationally.

The level of commitment to serve specific causes is framed to some extent by charity size. For example, charities serving the arts and environment tend to be larger (although many smaller charities also support these issues in Cornwall and Isles of Scilly). Amateur sport charities by contrast tend to be smaller organisations.

Some areas of charity activity are supported by relatively few VCSE organisations. Housing and accommodation for example is only an interest of about 4 per cent of charities. Most of these are larger organisations.

<sup>11</sup> For full details on how charitable purposes are defined by the Charity Commission, see: <https://www.gov.uk/government/publications/charitable-purposes/charitable-purposes>. These categories are currently under review. No data are available on the purpose of organisations with other legal forms.

<sup>12</sup> For a useful summary of charitable purpose at a national level, see: <https://charityclassification.org.uk/>. The full analytical report by Damm, C. and Kane, D. (2021) *Charity field classification: main project report*, is available here: <https://charityclassification.org.uk/data/charity-classification-report.pdf>

Table 3.6 Beneficiaries of registered charities and CIOs by organisation size							
Percentage of VCSE organisations reporting that they serve these issues	Micro (income below £10,000)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000 £999,999)	Big (income £1m- £25m)	All charities	N=
Children and young people	52.2	60.1	58.8	55.6	37.2	55.7	939
Education / training	44.5	51.2	57.6	64.4	65.1	50.6	854
The advancement of the arts, culture, heritage or science	27.5	39.5	23.5	44.4	46.5	31.8	537
Elderly / old people	29.6	40.1	23.2	30.0	25.6	31.5	532
People with disabilities (combined categories)	26.3	34.0	24.8	34.4	27.9	28.9	488
The advancement of amateur sport / recreation (combined categories)	28.2	34.8	17.4	17.8	18.6	27.3	461
The advancement of health or the saving of lives	12.8	17.8	16.4	16.7	23.3	15.5	261
Environment / conservation / heritage	16.3	15.2	9.3	20.0	27.9	15.2	257
Economic / community development / employment	13.1	16.4	12.9	18.9	30.2	14.8	250
Religious activities	12.0	16.8	18.6	18.9	2.3	14.8	249
The prevention or relief of poverty	14.2	11.5	11.9	22.2	14.0	13.4	226
Human rights / religious or racial harmony / equality or diversity / people of a particular ethnic or racial origin (combined categories)	5.5	5.5	5.1	7.8	7.0	5.6	94
Animal welfare	2.8	5.7	5.5	7.8	9.3	4.6	77
Accommodation / housing	2.5	3.4	4.8	7.8	9.3	3.8	64
All charities	749	494	311	90	43		1,687

Table 3.7 presents data on the beneficiaries of charities and CIOs' activity by the level of affluence of areas within which organisations are located. Distribution tends to be quite even across these areas – but there are some notable exceptions.

As would be expected, organisations which address the *prevention or relief of poverty* are much more likely to be located in poorer areas. By contrast, charities working on issues associated with *human rights / religious or racial harmony / equality or diversity / people of a particular ethnic or racial origin* tend to be located in more affluent areas.

	Poorest EID 1-2	EID 3-4	Inter- mediate EID 5-6	EID 7-8	Richest EID 9-10	All charities	N=
Children and young people	52.4	56.1	56.0	52.5	66.7	55.6	919
Education / training	54.3	51.8	50.0	42.5	33.3	50.5	835
The advancement of the arts, culture, heritage or science	33.3	33.6	30.2	28.3	11.1	31.8	526
Elderly/ old people	30.5	31.4	31.3	35.8	55.6	31.8	525
Disability / people with disabilities (combined categories)	41.9	27.4	27.2	35.8	33.3	28.9	477
The advancement of amateur sport / recreation (combined categories)	26.7	28.9	27.2	21.7	22.2	27.5	455
Environment / conservation / heritage	15.2	14.9	16.5	12.5	0.0	15.3	252
The advancement of health or the saving of lives	20.0	16.0	12.3	20.8	11.1	15.3	252
Economic / community development / Employment	14.3	16.0	14.8	6.7	0.0	14.7	243
Religious activities	20.0	14.7	12.8	18.3	11.1	14.6	241
The prevention or relief of poverty	19.0	12.2	13.7	11.7	22.2	13.2	218
Human rights / religious or racial harmony / equality or diversity / people of a particular ethnic or racial origin (combined categories)	2.9	6.0	4.2	10.8	11.1	5.5	91
Animal welfare	1.9	5.6	4.0	3.3	0.0	4.6	76
Accommodation / housing	7.6	3.7	3.7	2.5	0.0	3.8	63
All charities	105	818	600	120	9		1,652

Tables 3.8 and 3.9 show the distribution of registered charities and CIOs by purpose. It is clear that a substantial minority of organisations (about 40 per cent) provide access to *buildings / facilities / open space*. This is a useful measure of the extent to which organisations are in a position to serve their immediate localities with, for example, village halls, urban community centres, sports fields and so on.<sup>13</sup> The provision of buildings, facilities or open space is quite evenly distributed across areas of affluence or deprivation. Organisational size has little bearing on the extent of provision of such services.

About a quarter of charities in Cornwall and Isles of Scilly are in a position to make grants to individuals and organisations. Smaller organisations are more likely to engage in such activity. As may be expected, such organisations are more likely to be located in richer areas.

Over a fifth of charities support their communities through the provision of advocacy, advice and information. The extent to which such support is given increases by charity size. Only 17 per cent of micro charities offer such support compared with 54 per cent of the biggest charities. Charities in poorer areas (35 per cent) are much more likely to engage in this kind of activity than in more affluent areas (17 per cent in EID 7-8 areas).

<sup>13</sup> *Power to Change* have produced useful evidence on the provision of community assets such as village halls, see, for example: Archer, T. *et al.* (2019) *Our assets, our future: the economics, outcomes and sustainability of assets in community ownership*, London: Power to Change, <https://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership/> and Scott, N. and Probert, Y. (2018) *Village halls, rural community hubs and buildings: The size, scale, scope and potential of these community business*, London: Power to Change <https://www.powertochange.org.uk/wp-content/uploads/2018/08/Village-halls-open-call-report-Final.pdf>

	Micro (income below £10,000)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000- £999,999)	Big (income £1m- £25m)	All charities	N=
Provides buildings / facilities / open space	35.2	45.7	42.1	43.3	34.9	40.2	678
Makes grants to individuals / makes grants to organisations (combined categories)	32.8	20.2	22.2	25.6	16.3	26.4	446
Provides advocacy / advice / information	16.7	21.9	25.7	35.6	53.5	22.0	371
All charities	749	494	311	90	43		1,687

	Poorest EID 1-2	Intermedi ate EID 5-6	EID 3-4	EID 7-8	Richest EID 9-10*	All charities	N=
Provides buildings / facilities / open space	41.9	38.3	42.2	40.0	22.2	40.5	669
Makes grants to individuals / makes grants to organisations (combined categories)	21.0	26.5	25.3	36.7	44.4	26.4	436
Provides advocacy / advice / information	35.2	20.5	21.4	16.7	22.2	21.6	357
All charities	105	600	818	120	9		1,652

\* There are too few charities in this category to make valid comparisons.

### 3.4 Summary of findings

Showing how VCSE organisations are distributed in Cornwall and Isles of Scilly is an important step in the process of building an understanding of sector capacity, capability and interest in contributing towards social and economic wellbeing.

Evidence on organisational purpose is currently quite limited in Cornwall and Isles of Scilly. The available data only cover VCSE organisations registered with the Charity Commission – and even then, the data are not of great quality. That stated, the indications are that the VCSE sector in Cornwall and Isles of Scilly is characterised by generalist or broadly based aims. For example, 56 per cent of charities state that they support the needs of children and young people and 32 per cent cater for the interests of older people (to bolster understanding, further analysis from Third Sector Trends research is presented in Section 6 of this report).

This section has also looked at sector distribution on four dimensions, by the legal form of VCSE organisation, by their size, their location in areas of relative affluence or deprivation and whether they are based in rural or urban areas.

Studying the legal form of VCSE organisation provides clues about their propensity to get involved directly in shaping the strategic priorities of the area or delivering services on behalf of public sector organisations. Organisations such as Companies Limited by Guarantee, Charitable Companies, Community Benefit Societies and larger Community Interest Companies for example, are more likely to engage in contract working than other types of organisations such as General Charities, Charitable Incorporated Organisations or Community Amateur Sports Clubs.<sup>14</sup>

<sup>14</sup> For a detailed exploration of these distinctions, see Chapman, T. (2020) Community businesses in the North of England 2020: new comparative analysis from the Third Sector Trends Study, London: Power to Change. [https://www.powertochange.org.uk/wp-content/uploads/2020/07/Third-Sector-Trends-Report\\_Final.pdf](https://www.powertochange.org.uk/wp-content/uploads/2020/07/Third-Sector-Trends-Report_Final.pdf)

It is also clear that larger organisations are generally more likely to have the capacity and interest in tackling issues which align with the local public sector's or health sector's strategic priorities. These larger VCSE organisations tend to be based in the principal urban areas of Cornwall and Isles of Scilly rather than more rural areas.

The principal urban areas of Cornwall and Isles of Scilly also tend to be the location of many of the county's poorest neighbourhoods - but not exclusively so. But it would be a mistake to assume that organisations are focused in poorer areas simply because of beneficiary need - many organisations establish their main offices in poorer areas of towns because property prices/rents are lower. More importantly, it should be recognised that larger organisations rarely limit their activities to the immediate area within which they are based. They have a wider sphere of influence – sometimes reaching the whole of Cornwall and Isles of Scilly or beyond.

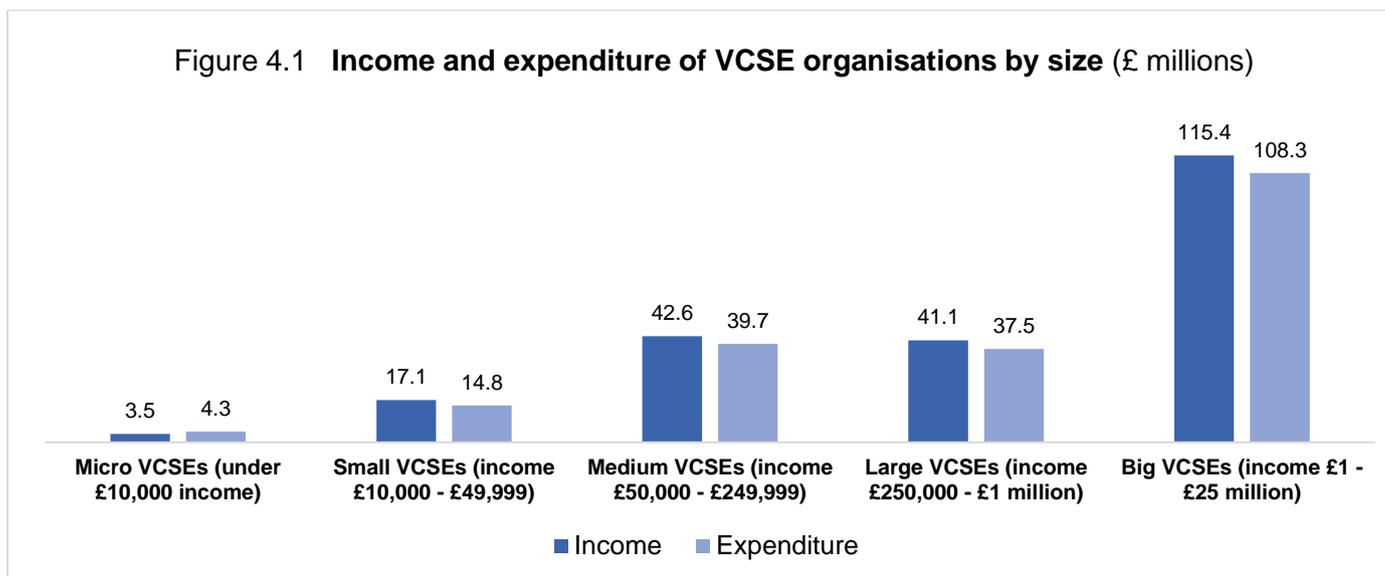
## Section 4

# Sector financial resources

This section of the report begins with an assessment of the volume and distribution of sector resources in Cornwall and Isles of Scilly. This is followed with analysis of the composition of and reliance upon income sources. The remaining sub-sections of the report focus specifically on income from grants and earned income (including contracts to deliver public services).

### 4.1 Distribution of sector income and expenditure

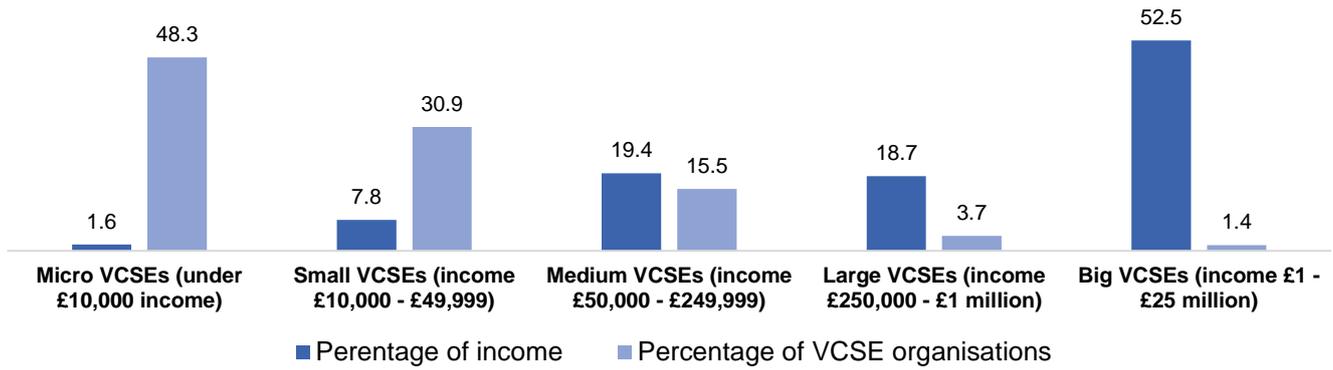
The VCSE sector in Cornwall has an estimated income of £219 million and expenditure of £204 million (excluding organisations with income above £25 million).<sup>15</sup>



As Figure 4.2 shows, more than half of sector income is absorbed by the largest organisations (with income £1m - £25m). Micro and small organisations, which constitute nearly 80 per cent of the VCSE sector share less than 10 per cent of sector income.

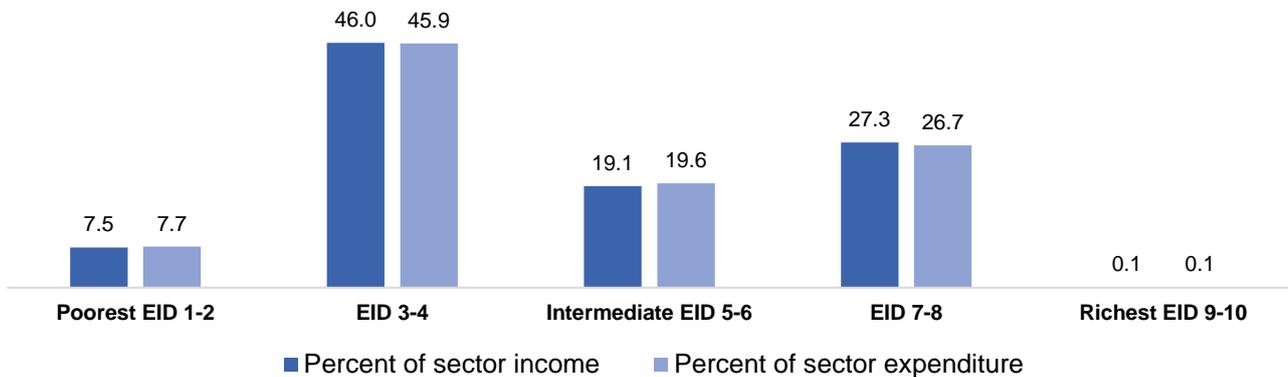
<sup>15</sup> To produce VCSE sector estimates, Charity Commission Register (CCR) data were scaled-up to the level of the whole sector. This was achieved by taking average incomes for organisations by size category and applying these to the scale-up numbers of organisations in each variable used for analysis such as English Indices for Deprivation or when comparing rural and urban settlements. Because CCR data are applied to the whole sector this may produce margins of error. But it is not possible to determine that margin because data are unavailable on income of other types of organisations. It is likely that average CCR incomes are too low for CCBSs and non-CCRs, CLGs and larger CICs but too high for CASCs and smaller CICs. For more detailed description of methodology see Chapman 2020.

Figure 4.2 Proportion of sector income held by organisations of different sizes.



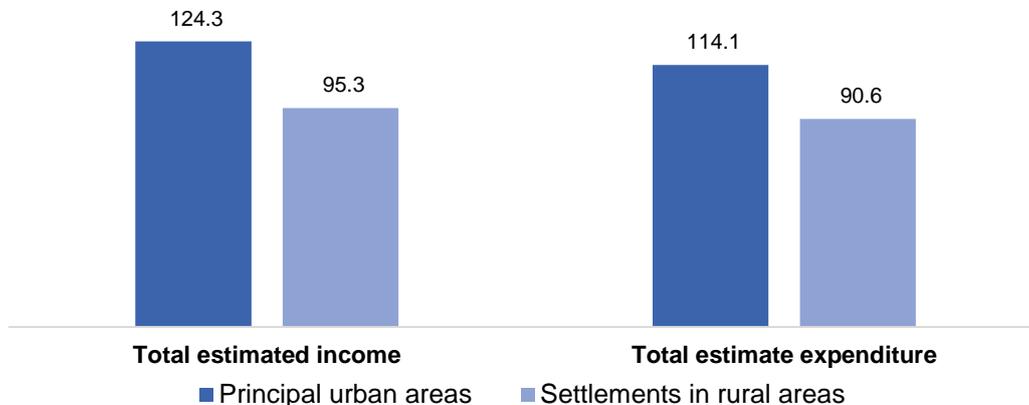
Sector income is unevenly distributed across areas of greater or lesser affluence as shown in Figure 4.3. This is to be expected because, as shown in Section 2, the spatial distribution of deprivation or affluence is imbalanced in Cornwall.

Figure 4.3 Percent of sector income and expenditure in areas of affluence and deprivation



The majority of sector income and expenditure is concentrated in the principal urban areas of Cornwall, as shown in Figure 4.4. It should be noted, however, that this represents the location of VCSE organisations and does not mean that their activities are limited to their immediate locality.

Figure 4.4 Distribution of sector income in principal urban areas and settlements in rural areas (£ millions)



## 4.2 Composition of income sources

VCSE organisations rarely depend on just one type of resource. Instead they often rely on a complex set of financial income sources and in-kind support.

The Third Sector Trends study does not collect data on 'actual' levels of income VCSE organisations receive from different sources.<sup>16</sup> Instead, 'perceptions' of the extent of VCSE organisations' reliance on different sources of income are explored. VCSE organisations are asked to state how important *each* source of income is to them on the following scale: 'most important', 'important', 'of some importance', 'least important' and 'not important'. This is a valuable source of information as it provides a clear understanding of how the perceived 'balance' of reliance on different income sources changes over time.

Third Sector Trends longitudinal research in North East England and Cumbria usefully demonstrates that perceptions of reliance upon the principal categories of resources have changed over the last decade (see Figure 4.5).

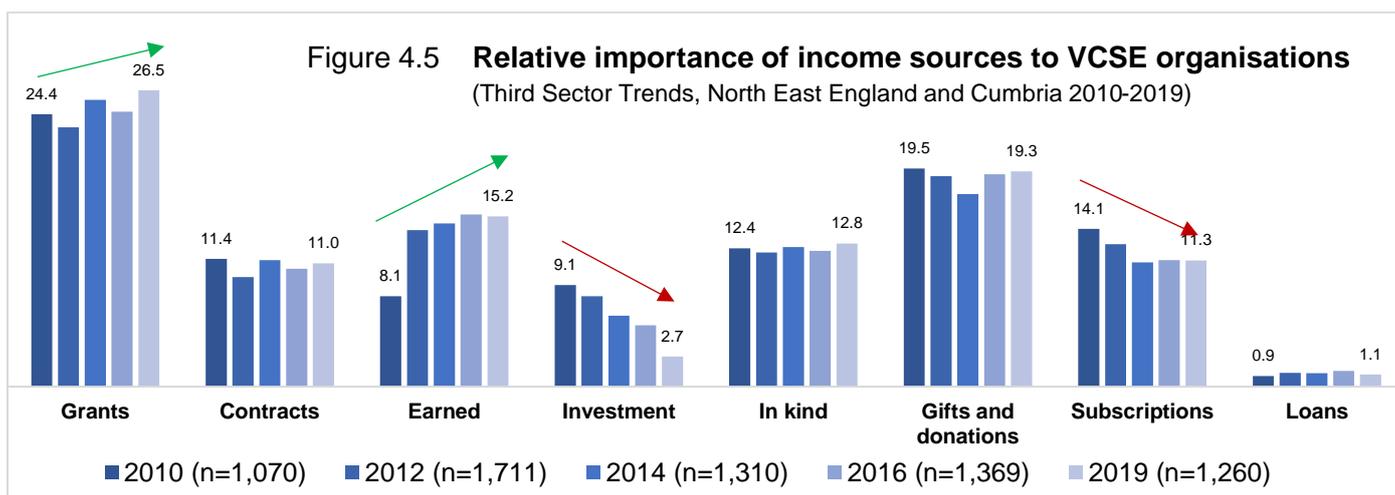
- **Grants** from trusts and foundations, government, and private sector businesses have remained the most important source of income in relative terms in the VCSE sector since 2010, and the level of reliance on grants has risen slightly over time. Very few *VCSE organisations* (apart from micro organisations) have no reliance on grant income. The importance of grants has continued in spite of much criticism of 'grant dependence' by sector commentators a decade ago – when social enterprise was strongly promoted as an alternative way of achieving independence and financial 'sustainability'.
- **Public service delivery contracts** have never represented a significant source of income for the majority of VCSE organisations. Only larger VCSE organisations are generally in a position to take on contracts, though some medium-sized and smaller VCSE organisations may be sub-contracted to do elements of the work. But, even among the biggest VCSE organisations, about one-third of them choose not to take that option and focus instead on objectives they've prioritised, rather than those set by government or local public sector bodies.
- Reliance on **self-generated earned income** increased, in relative terms, dramatically between 2008 and 2010, and continued to rise thereafter before stabilising between 2016 and 2019. The importance of trading income increased in relative terms in response to the financial crisis of 2008 and subsequent austerity programmes, and is indicative of the sector's ability to flex to circumstances. While VCSE organisations were strengthened by engaging in trading up to 2019, the reverse may now be the case (as discussed in more depth below).
- The perceived value of **investment income** to VCSE organisations, in relative terms, has plummeted over the last decade. This means that VCSE organisations no longer perceive investments as a reliable source of income in comparison with their other income sources. That said, NCVO analysis demonstrates that while the financial yield of investment is low, the scale of sector investments has held up well over the last decade. Indeed, in 2017/18 the net assets of the sector in the UK grew to £142 billion. NCVO concluded

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<sup>16</sup> Except for NCVO's Almanac research which is based on published financial accounts of a sample of VCSE organisations from across the UK, previous attempts to collect such information have generally failed to present a convincing picture of VCSE sector income, including work by the major government funded National Third Sector Study in 2008 and 2010. The reason for this is largely to do with respondents not being willing to provide such information. This may be due to lack of easy access to such information or worries about divulging such data. In the Third Sector Trends study, a simpler approach was adopted, by asking VCSE organisations the extent to which they valued different sources of income. Data do not therefore refer to the sum of income, but the extent of relative reliance on income sources.

that “investments were the main driver in the overall growth of assets and grew by £4.1 billion”.<sup>17</sup>

- The financial value of **in-kind** support from private sector businesses, the local public sector or other VCSE organisations cannot be easily quantified. But in relative terms it is important to recognise that in-kind support (such as free training, use of space and facilities, pro-bono consultancy or professional services, work by employee supported volunteers, and so on) has always been regarded as an important element of the third sector’s resource mix.
- **Public giving** is the single most important source of income for the third sector overall. NCVO have demonstrated that 47 per cent of sector income is derived from public giving, but this income is not distributed evenly across the sector. According to a reanalysis of NCVO Charity Commission data, just 4.4 per cent of gift and legacy income is received by micro organisations, compared to 14.2 per cent by VCSE organisations with income between £10,000 and £1 million. By contrast, 81.4 per cent of the money donated by the public is attained by VCSE organisations with income of £1 million or more.
- **Subscriptions** tend to be more important to micro organisations.<sup>18</sup> But there are exceptions; major charities such as the National Trust rely heavily on subscription income from their 5.6 million members.<sup>19</sup> Over the last decade, the relative importance of subscription income has declined in comparison with earned income which has risen.
- While social investment has attracted enormous political interest in recent years, sector interest in **borrowing** money remains extremely low and, in relative terms, such income sources have remained largely insignificant. Only bigger VCSE organisations consider loans to be of greater relative importance, but even among these VCSE organisations, borrowing is regarded as the least important source of income in the mix. This is likely to reflect the ‘prudent’ approach VCSE organisations tend to have towards finances, rather than ‘risk aversion’ as is sometimes asserted by critics.



<sup>17</sup> It should be noted that the investments held by large national charities skews these data to some extent. In relative terms, the local third sector (such as that in the regions of the North) is less reliant upon nor as successful in building substantive investments.

<sup>18</sup> See Chapman, T. (2020) Third Sector Trends 2020, *ibid*, pp 50-51.

<sup>19</sup> National Trust membership data, downloaded 3<sup>rd</sup> August, 2020: <https://www.nationaltrust.org.uk/lists/fascinating-facts-and-figures>

Data on the situation in Cornwall and Isles of Scilly is currently very limited. Consequently, it is necessary to use national Third Sector Trends data to glean clues about likely variations between areas which have similar characteristics to Cornwall and Isles of Scilly and those which are dissimilar.

- **Areas which are similar areas to Cornwall and Isles of Scilly:** includes VCSE organisations based in rural or urban areas which are at some distance from major urban or metropolitan areas.
- **Areas which are dissimilar from Cornwall and Isles of Scilly:** this category includes VCSE organisations which are based in metropolitan or major urban areas together with commutable suburban/rural fringe areas.

As Figure 4.6 shows, the distribution of VCSE organisations by size in the Third Sector Trends sample vary. In areas which are dissimilar from Cornwall and Isles of Scilly, there tend to be higher percentages of large and big VCSE organisations. These differences, though small in percentage terms, have a very significant bearing upon patterns of sector activity as larger or big VCSE organisations are much more likely to engage in, for example, the delivery of public sector contracts.

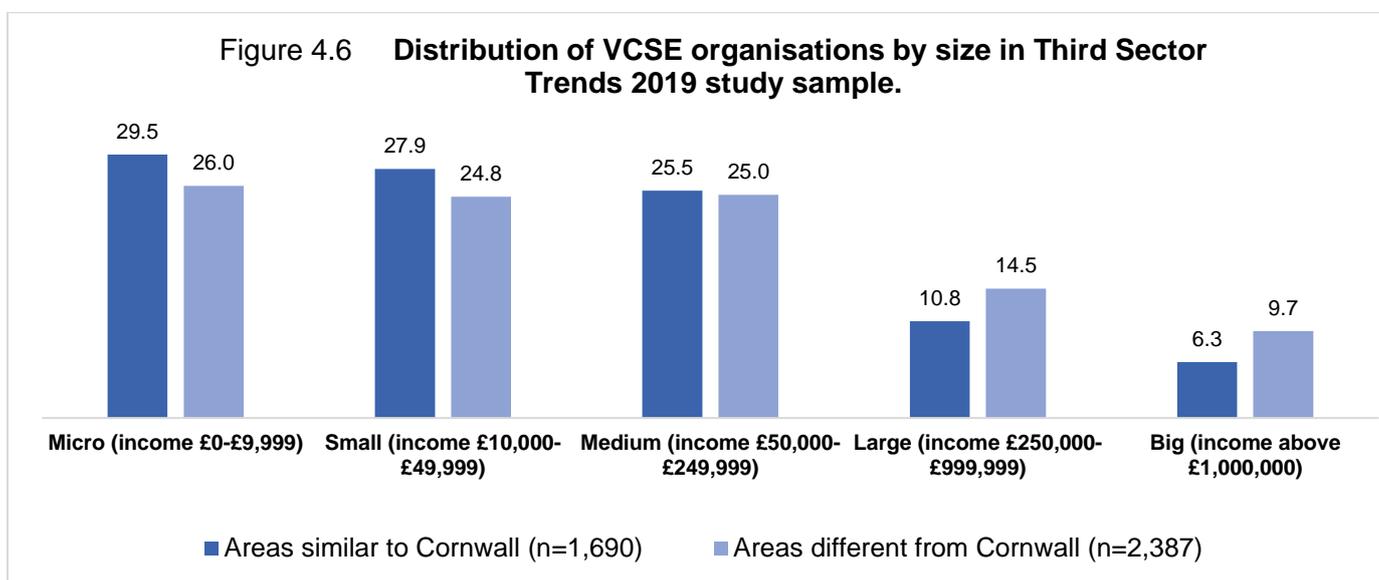


Figure 4.7 shows that there are some substantive differences in the extent to which VCSE organisations rely on resources depending upon the type of area within which they are based.

It seems likely from this analysis that VCSE organisations in areas with similar characteristics to Cornwall and Isles of Scilly are less likely to be engaged in the delivery of public sector service delivery contracts (24%) than organisations in dissimilar areas (34%). The source of these variations is likely to be affected by sector structure, because small VCSE organisations, as shown below, are much less likely to be aware of or interested in delivering contracts.

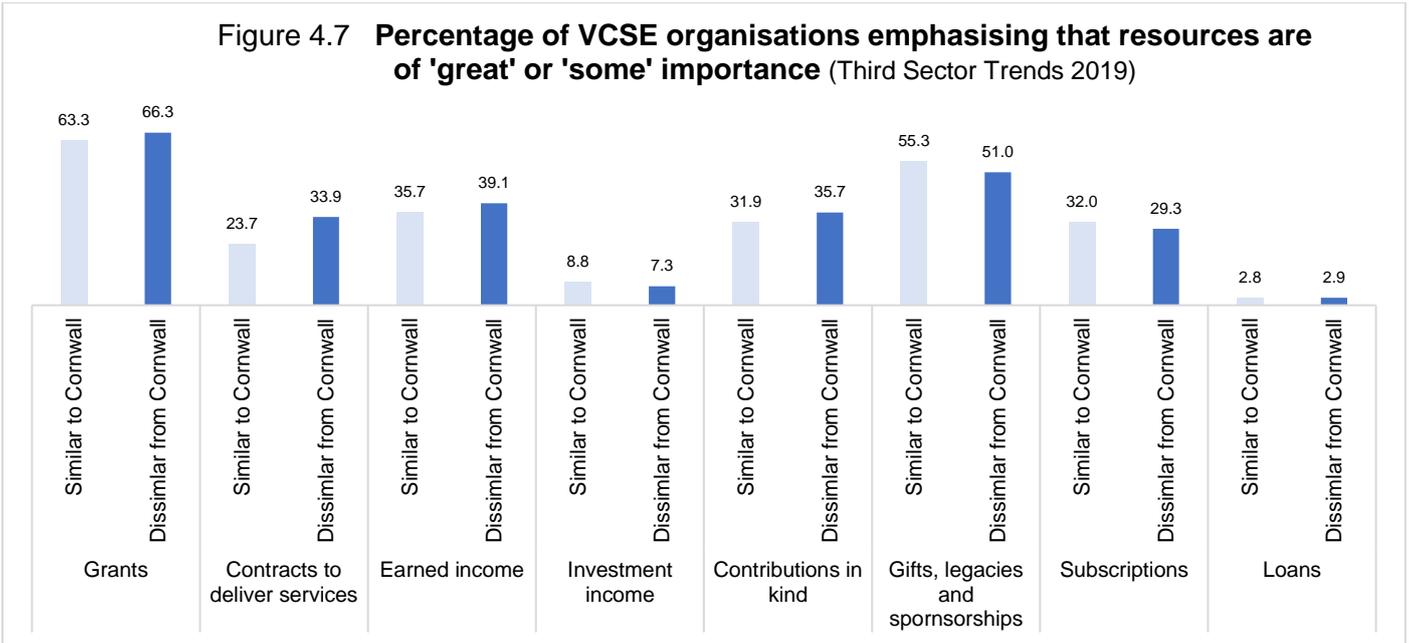
A similar, though less pronounced difference is also evident in relation to self-generated earned income and reliance on grant funding. Again this may be affected by sector structure as larger organisations are more likely to earn significant proportion of income.

It is also clear that ‘in-kind’ support is likely to be lower in Cornwall and Isles of Scilly. In kind support is often provided by private sector businesses – but this is more likely to be the case in dissimilar areas.

VCSE organisations in areas more similar to Cornwall and Isles of Scilly are more likely to rely upon ‘subscription income’, ‘gifts, legacies and sponsorships’. These

sources of income tend to be of greater importance to smaller VCSE organisations which are more populous in areas similar to Cornwall and Isles of Scilly.

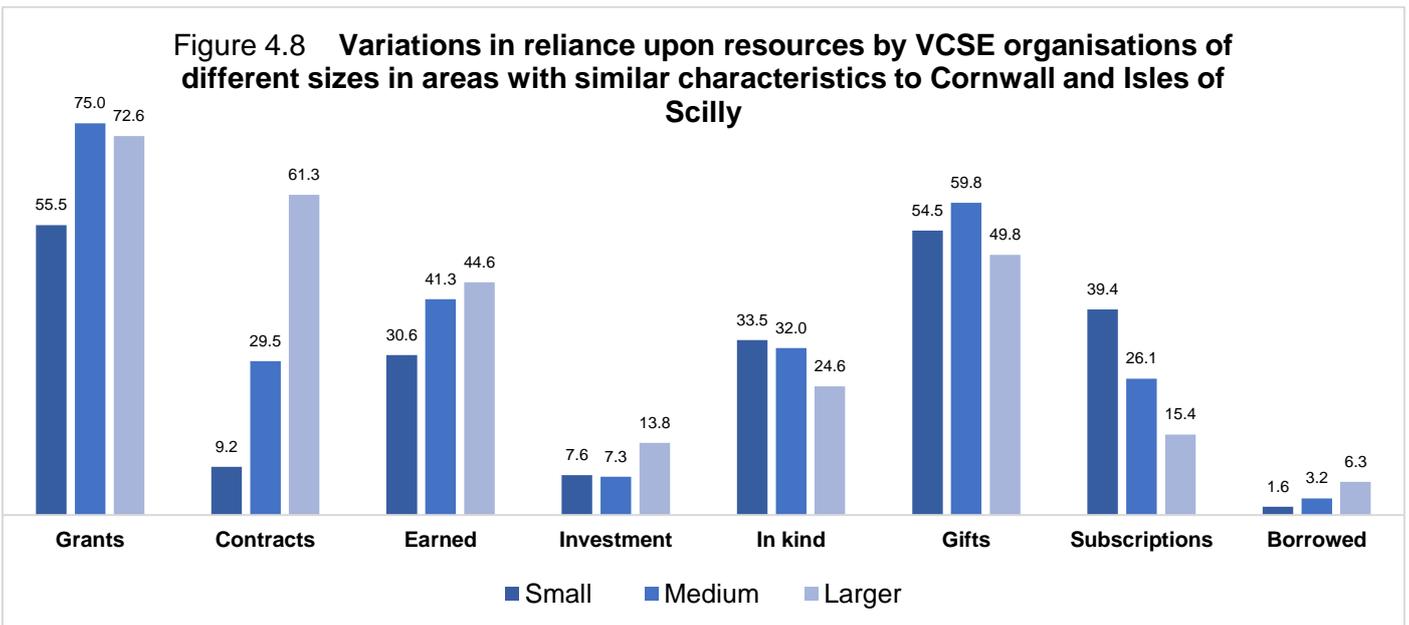
Figure 4.7 Percentage of VCSE organisations emphasising that resources are of 'great' or 'some' importance (Third Sector Trends 2019)



Until data are collected in Cornwall and Isles of Scilly on the financial dynamics of the sector, it is not possible to determine the extent to which organisations of different sizes rely on specific resources. As shown in Figure 4.8, however, it is possible to look at likely variations by using data on organisations working in areas which have similarities to Cornwall and Isles of Scilly.

The analysis indicates that smaller VCSE organisations in Cornwall and Isles of Scilly are less likely to rely heavily on grants or self-generated earned income than medium sized or larger organisations. They are much less likely to engage in the delivery of public sector services under contract. By contrast, smaller VCSE organisations in Cornwall and Isles of Scilly are more likely to rely on in-kind support and subscription income than their larger counterparts. Very few VCSE organisations rely heavily upon investment income – although larger organisations are more likely to do so. Similarly, there is very little reliance on borrowed money across the sector, and amongst smaller VCSE organisations, reliance is minimal.

Figure 4.8 Variations in reliance upon resources by VCSE organisations of different sizes in areas with similar characteristics to Cornwall and Isles of Scilly



### 4.3 Distribution of grant income

Grant income is the most important source of finance for a majority of VCSE organisations. This section looks at the distribution of grant income in Cornwall and Isles of Scilly using data from 360Giving. It should be noted that the evidence presented does not capture all grant income in Cornwall and Isles of Scilly. Some organisations and agencies do not yet submit evidence to 360Giving such as local authorities and health authorities.

Time series analysis of 360Giving data has to be interpreted carefully because some grant funders have only recently started to submit data. This can give the impression that overall grant funding has grown when this may not be the case.

360Giving grant data are not limited to VCSE organisations. Government submissions of data, for example, includes grants made to local authorities, health authorities, schools, colleges and other public bodies. As far as possible, these grants have been removed from the Cornwall and Isles of Scilly data set. It is possible, however, that funds from grants awarded to public bodies were subsequently redistributed to VCSE organisations. Grants to private schools have also been removed, with the exception of pre-school organisations which are often run by local VCSE organisations.

While the use of 360Giving evidence is a complex process and there are some limitations in its usage as outlined above, data do provide a good broad impression of where grant funding is distributed spatially.

#### ***Grant funding***

To assess the incidence and financial value of grant funding, data from 360Giving have been analysed. To undertake this research, grant making data from Cornwall and Isles of Scilly were downloaded on 18<sup>th</sup> December 2021 and therefore represents the position at that point in time as the dataset is being continuously updated.

The data set includes grants from government departments, lottery distributors and charitable foundations. The cleaned data set holds records for approximately 4,000 grants in Cornwall and Isles of Scilly which provides a good basis to explore distribution patterns.

360Giving provides data on the geographical location of grant recipients from ward level upwards. Unfortunately, the 360Giving record of postcodes for grant recipients is incomplete so it is not possible fully to assess the distribution of grants in urban and rural areas and in richer and poorer areas (using the English Indices of Deprivation). Nevertheless, the available data (1,780 cases) were matched with ONS postcode lookup data to get a good impression of the distribution of grants.<sup>20</sup>

Table 4.1 shows the value of grants awarded in Cornwall and Isles of Scilly in the last five years (it should be noted that submissions of 2021 grant data were incomplete at the time of study). It is clear that about three quarters of grant awards are valued at less than £10,000. Fewer than ten per cent are valued over £100,000.

While there are variations in the pattern of distribution of grants across the years, these are insufficiently pronounced to warrant separate analysis. In order to maintain a good number of grants in finer tuned analysis of distribution, therefore, all grants will be included in analysis unless otherwise stated. Table 4.2 shows the source of grants and their average values.

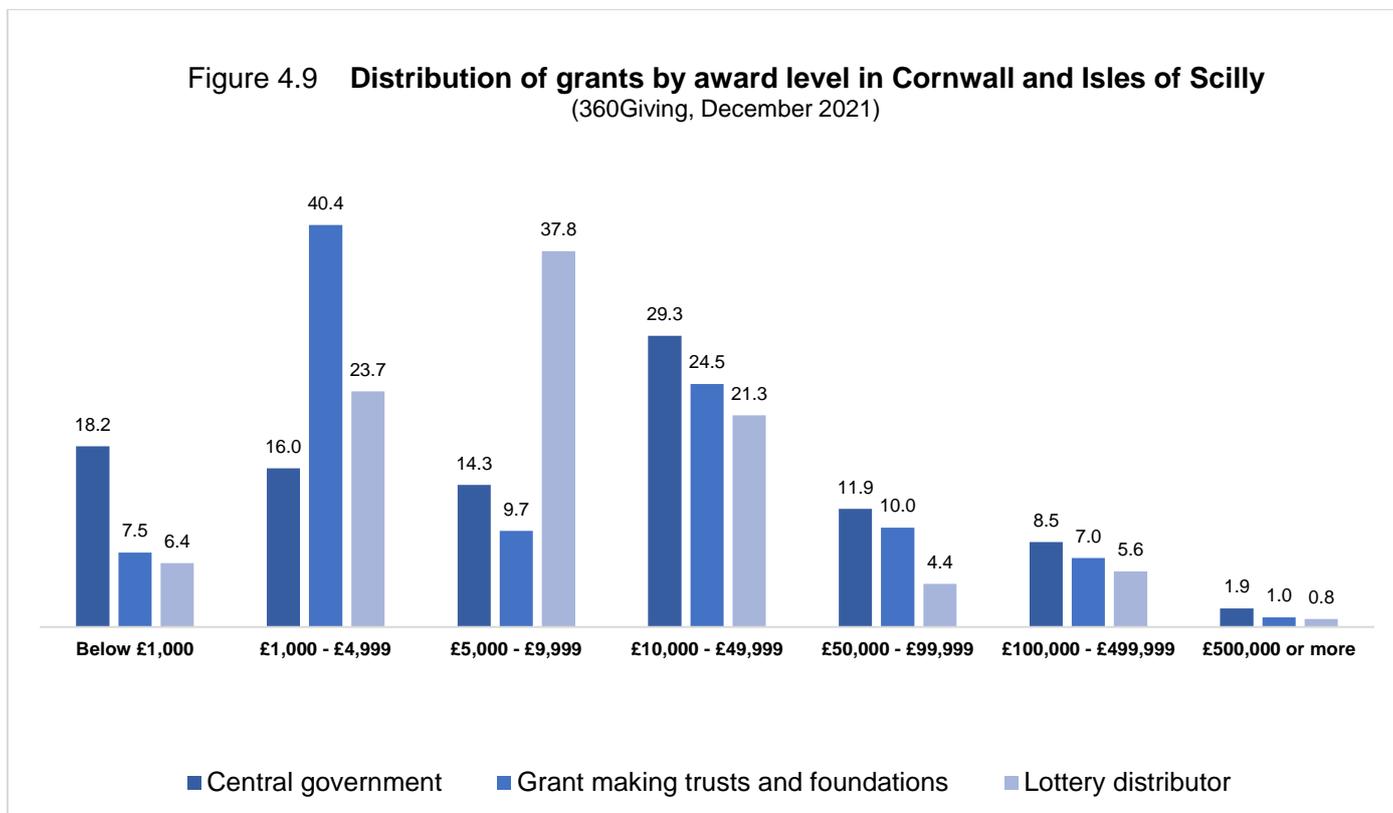
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<sup>20</sup> Full details on ONS lookups are available here: <https://geoportal.statistics.gov.uk/>.

<b>Table 4.1 Distribution of grants by size in Cornwall and Isles of Scilly (360Giving December 2021)</b>								
	<b>Below £1,000.</b>	<b>£1,000 - £4,999</b>	<b>£5,000 - £9,999</b>	<b>£10,000 - £49,999</b>	<b>£50,000 - £99,999</b>	<b>£100,000 - £499,999</b>	<b>£500,000 or more</b>	<b>Number of grants</b>
2018	9.1	18.1	29.2	28.6	6.9	7.3	0.8	496
2019	9.7	21.3	22.2	27.6	10.1	7.9	1.3	555
2020	9.6	28.9	21.7	27.8	7.6	4.1	0.2	539
2021	7.6	25.6	29.7	26.7	4.1	5.2	1.2	172
2018-2021	8.3	25.7	24.6	26.5	7.5	6.4	1.0	2,220
All years	9.4	30.7	34.6	26.7	7.4	7.2	1.1	3,982

<b>Table 4.2 Source and size of grants in Cornwall and Isles of Scilly (360Giving December 2021)</b>			
	<b>Number of grants recorded</b>	<b>Total value of recorded grant awards</b>	<b>Size of average recorded grant award</b>
<b>Central Government</b>	<b>539</b>	<b>31,590,615</b>	<b>58,609.7</b>
Below £1,000	98	22,641	231.0
£1,000 - £4,999	86	229,999	2,674.4
£5,000 - £9,999	77	597,622	7,761.3
£10,000 - £49,999	158	3,553,745	22,492.1
£50,000 - £99,999	64	4,931,945	77,061.6
£100,000 - £499,999	46	9,880,937	214,803.0
£500,000 or more	10	12,373,727	1,237,372.7
<b>Grant making trusts and foundations</b>	<b>920</b>	<b>29,650,355</b>	<b>32,228.6</b>
Below £1,000	69	32,103	465.3
£1,000 - £4,999	372	953,815	2,564.0
£5,000 - £9,999	89	579,106	6,506.8
£10,000 - £49,999	225	4,910,360	21,823.8
£50,000 - £99,999	92	6,535,835	71,041.7
£100,000 - £499,999	64	9,420,886	147,201.3
£500,000 or more	9	7,218,250	802,027.8
<b>Lottery Distributor</b>	<b>3,172</b>	<b>130,066,921</b>	<b>41,004.7</b>
Below £1,000	204	120,142	588.9
£1,000 - £4,99	752	2,336,586	3,107.2
£5,000 - £9,999	1,199	9,705,636	8,094.8
£10,000 - £49,999	676	10,375,158	15,347.9
£50,000 - £99,999	138	8,856,775	64,179.5
£100,000 - £499,99	177	43,550,708	246,049.2
£500,000 or more	26	55,121,916	2,120,073.7
<b>All grants, all years</b>	<b>4,631</b>	<b>191,307,892</b>	<b>41,310.3</b>

The distribution of grants by value varies depending upon their source. As shown in Figure 4.9, it is clear that grant making trusts and foundations tend to make smaller grants: nearly 60 per cent are valued below £5,000. Lottery distributors grants tend to be larger: 38 per cent are valued between £5,000 and £9,999. Fewer than 10 per cent of grants are larger than £100,000 irrespective of their source.

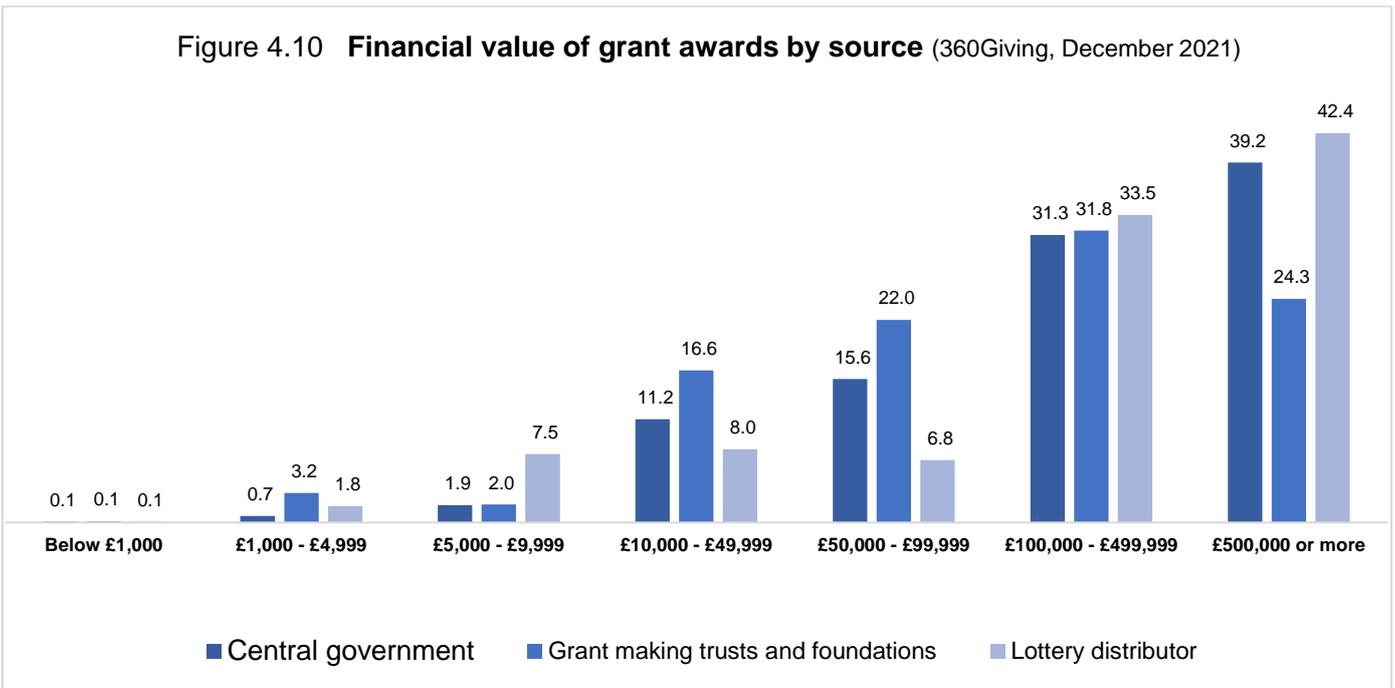


While most grants which are awarded are small, as shown above, analysis of the total value of grants provides a different perspective on their distribution. As Figure 4.10 shows:

- **charitable trusts and foundations** focus most of their grant awards on relatively small grants: 45 per cent of overall grant value is wrapped up in awards below £100,000. Nevertheless, about 24 per cent of total grant value is associated with awards of above £500,000.
- The bulk of the value of **lottery distributors'** awards tends to be tied up in bigger grants: 42 per cent of total value involves awards of £500,000 or more and 34 per cent is in grants valued at between £100,000 and £499,999.
- **Central government** awards are also focused in the higher range of grant values: 70 per cent of total grant value is awarded grants of £100,000 or more.

Unfortunately, data are currently unavailable on grants made by local authorities and health authorities,

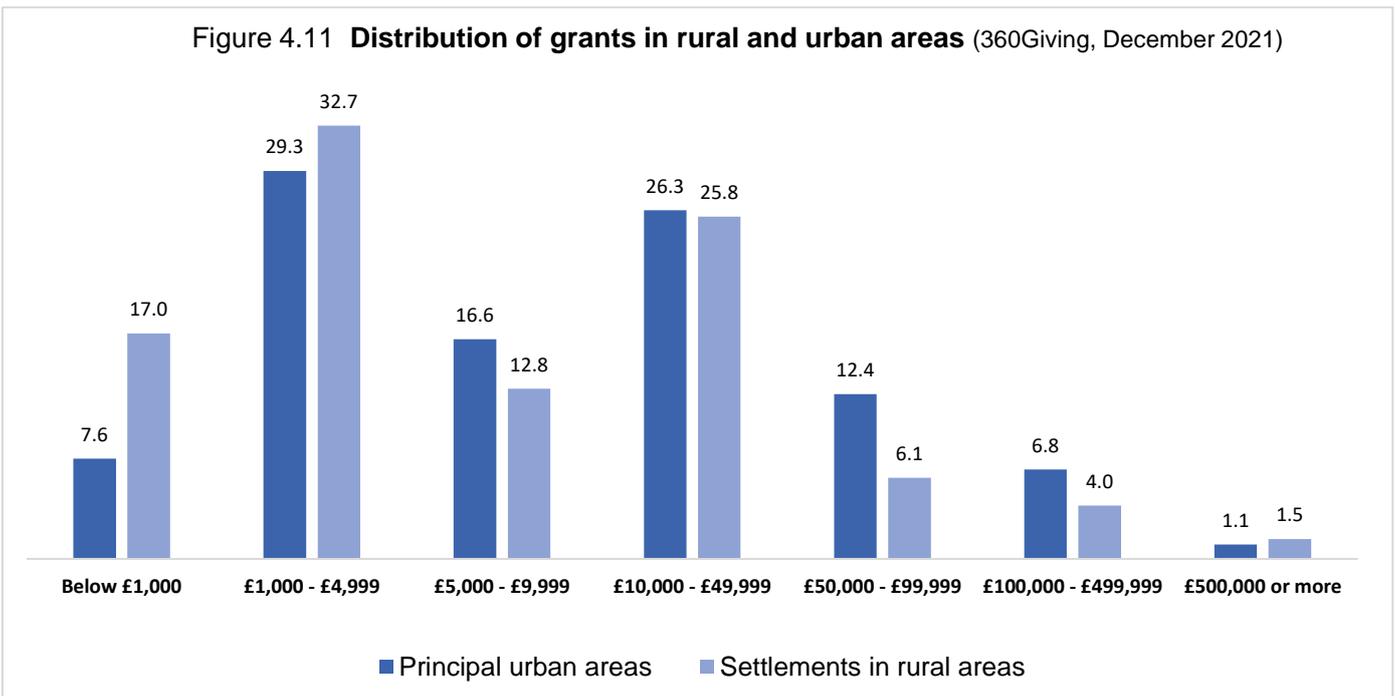
Figure 4.10 Financial value of grant awards by source (360Giving, December 2021)



The next step in the analysis is to look at the distribution of grants by the type of area where VCSE organisations are based. Figure 4.11 compares patterns of grant awards in rural and urban areas of Cornwall and Isles of Scilly. It is clear that in rural areas, a much higher percentage of small grants are distributed: half of grant awards are valued below £5,000 in rural areas compared with 36 per cent in urban areas.

This does not signal some form of discrimination against rural areas, but is more likely to reflect differences in the size and purpose of VCSE organisations as indicated in Section 3. It is, nevertheless, worth noting that a fifth of grants received in urban areas are valued above £50,000 compared with just 12 per cent in rural areas.

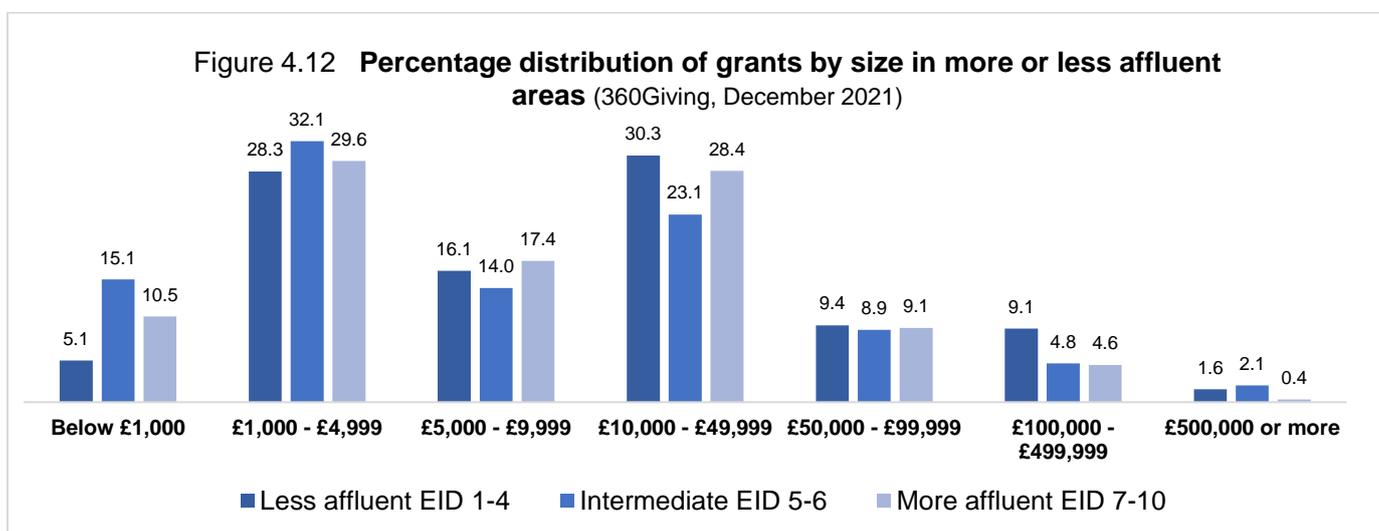
Figure 4.11 Distribution of grants in rural and urban areas (360Giving, December 2021)



It is possible to look at the distribution of grants to VCSE organisations which are located at areas of greater or lesser affluence using the English Indices of Deprivation (EID). Figure 4.12 presents data on the percentage distribution of grants in EID quintiles by size of award.

Interpretation of these data is not clear cut, but some general observations can be made.

- Very small grants valued below £1,000 are more likely to be awarded in areas of intermediate or higher affluence (EID 5 or above).
- For grants valued between £1,000 and £100,000, an impression is given that there is no clear association between the level of affluence of areas and the size of grant awards.
- For larger grants above £100,000 however, it is clear that these are more likely to be awarded to VCSE organisations working in less affluent areas (EID 1-4).

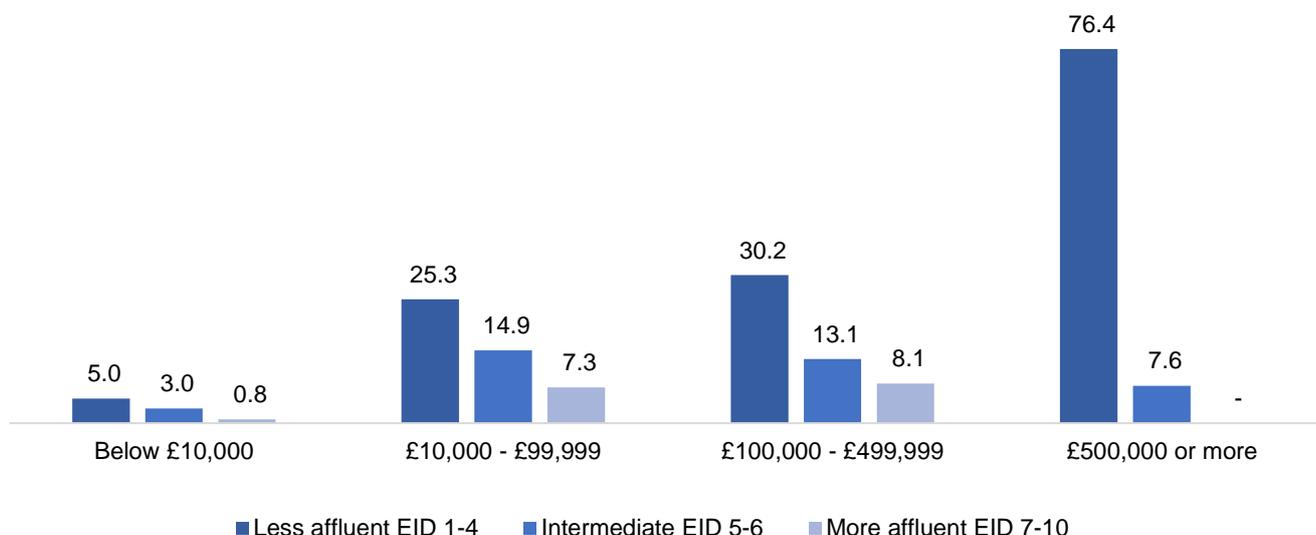


Given that the interpretation of the distribution of the volume of grants is complex, it is useful to look at the distribution of grants by value. Figure 4.13 presents data available on grants to the value of £191 million.<sup>21</sup>

This analysis demonstrates that the bulk of grant funding, irrespective of the size of award, goes to VCSE organisations based in poorer areas. It should be noted, however, that many organisations receiving grants will not limit their activities to the immediate locality. It will therefore be necessary later in the report to look at the evidence on the likely spatial range of activity of VCSE organisations with different characteristics.

<sup>21</sup> It is only possible to analyse those grants where post code data are available so that these can be matched with ONS look up data on EID distribution.

Figure 4.13 **Financial value of grants received by VCSE organisations based in richer and poorer areas** (£millions, 360Giving, December 2021)



## 4.4 Contracts and self-generated earned income

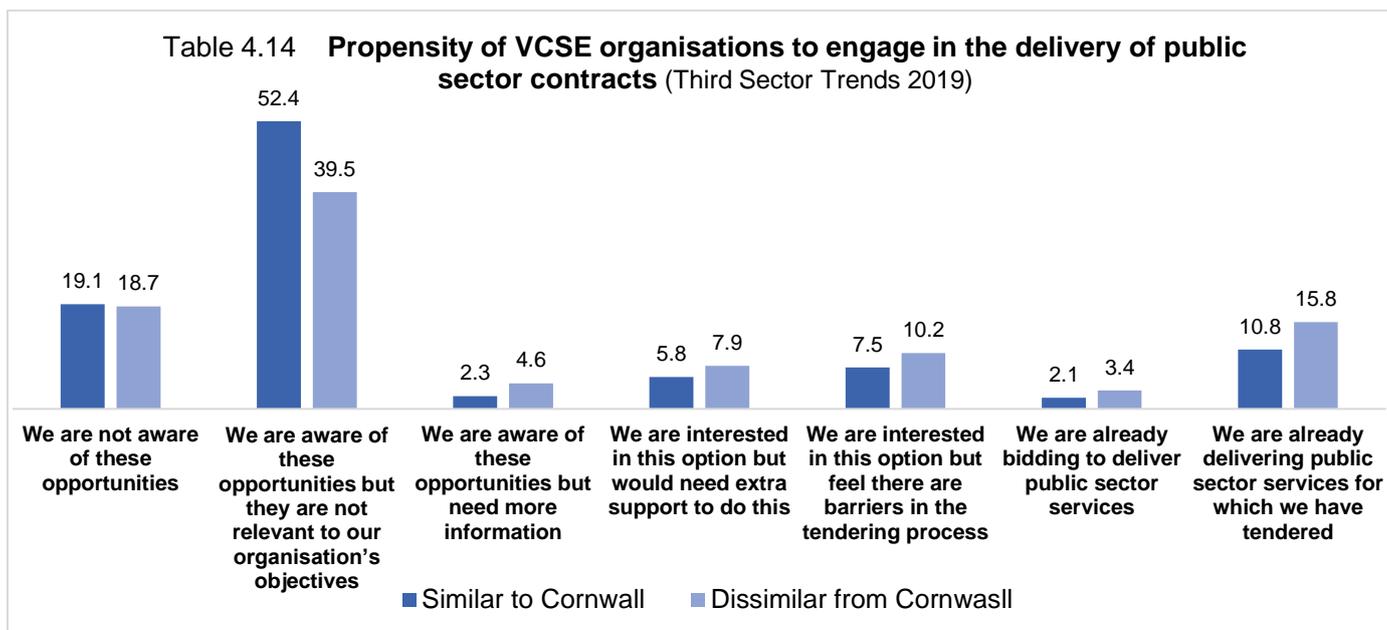
This sub section looks at the extent to which VCSE organisations draw upon income from the delivery of contracts to deliver public services and from self-generated trading income (from, for example, renting space, charging for events and services or engaging in retailing or manufacturing).

Evidence from Cornwall and Isles of Scilly is very limited at the present time, so the analysis will draw on Third Sector Trends data which compares places which are similar to or different from Cornwall and Isles of Scilly.

### ***Contracts to delivery public services***

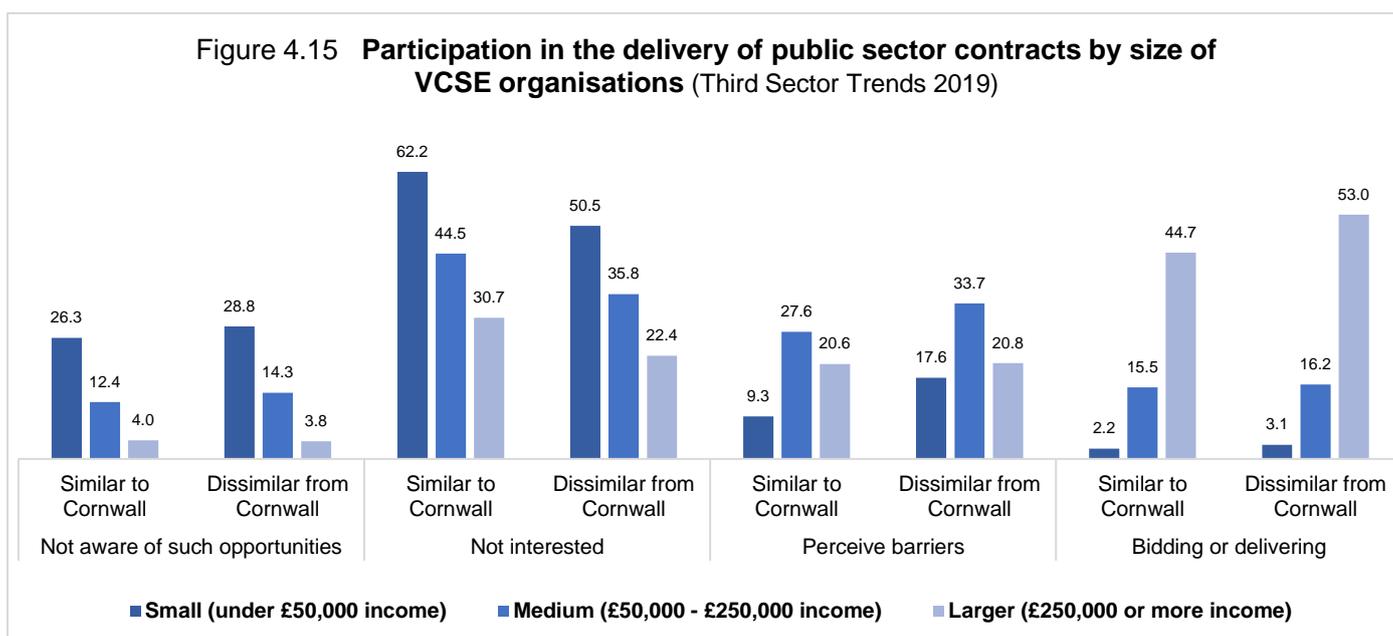
Grants constitute the mainstay of VCSE organisational income across the sector. Income earned from the delivery of contracts is also an important element of sector finances. But as this sub section shows, engaging in contracts to deliver public services is generally achieved only by larger VCSE organisations which have the inclination, capacity and capability to do such work.

Figure 4.14 indicates that the percentage of organisations in the Third Sector Trends study which are delivering public service contracts is likely to be lower in Cornwall and Isles of Scilly (about 11%) than would be the case in dissimilar areas (about 16%). Reticence to engage in contracts in areas similar to Cornwall and Isles of Scilly does not seem to be about 'barriers' to participation, lack of information or support; but rather, because organisations do not see contract delivery as relevant to their organisation's aims.



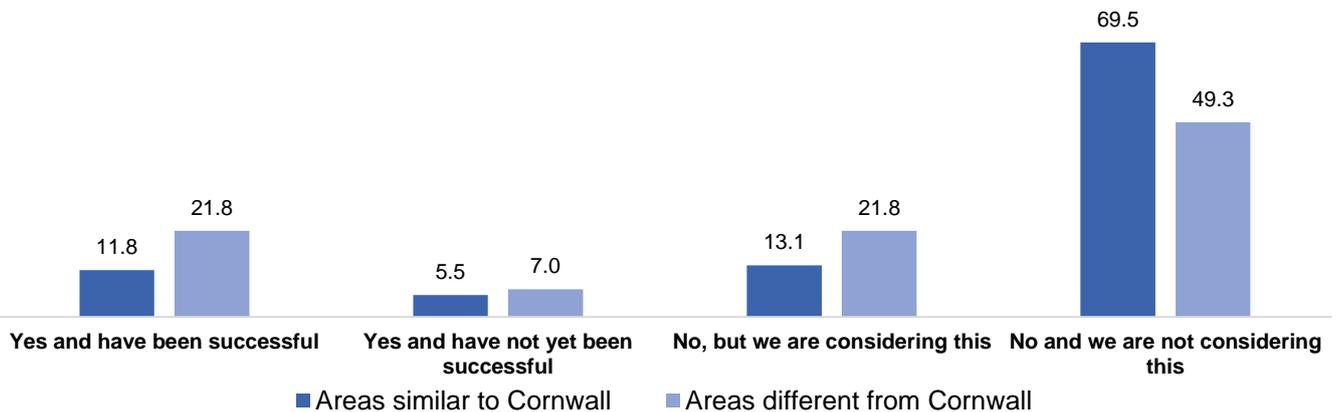
A more reliable estimate of interest in the delivery of services can be achieved by comparing the attitudes of VCSE organisations by size. Figure 4.15 shows that larger organisations (with income above £250,000) are much more likely to be interested in delivering contracts than their smaller counterparts. That stated, only 45 per cent of larger VCSE organisations in places similar to Cornwall and Isles of Scilly are bidding for or delivering services compared with 53 per cent in dissimilar areas. The percentage of larger organisations which are disinclined to engage in contract working is much higher in areas similar to Cornwall and Isles of Scilly (31%) than in dissimilar areas (22%).

These differences need careful interpretation. The disinclination to engage in contracts may be largely due to organisational purpose. But it is also important to take into consideration the availability of opportunities to engage in contract working. In dissimilar areas from Cornwall and Isles of Scilly there is a much greater likelihood of contracting opportunities due to the concentration of, for example, areas of deep deprivation in metropolitan areas.



Evidence on participation in the delivery of service delivery contracts can also be gleaned from analysis of the willingness of VCSE organisations to engage in partnership bidding. Figure 4.16 shows that the likelihood of VCSE organisations bidding for contracts in partnership is much higher in dissimilar areas (22%) than in areas which share similarities with Cornwall and Isles of Scilly (12%). Furthermore, 70 per cent of organisations in areas similar to Cornwall and Isles of Scilly will not consider the prospect of partnership bidding compared with just 50 per cent in dissimilar areas.

Figure 4.16 Partnership bidding for contracts (Third Sector Trends 2019)

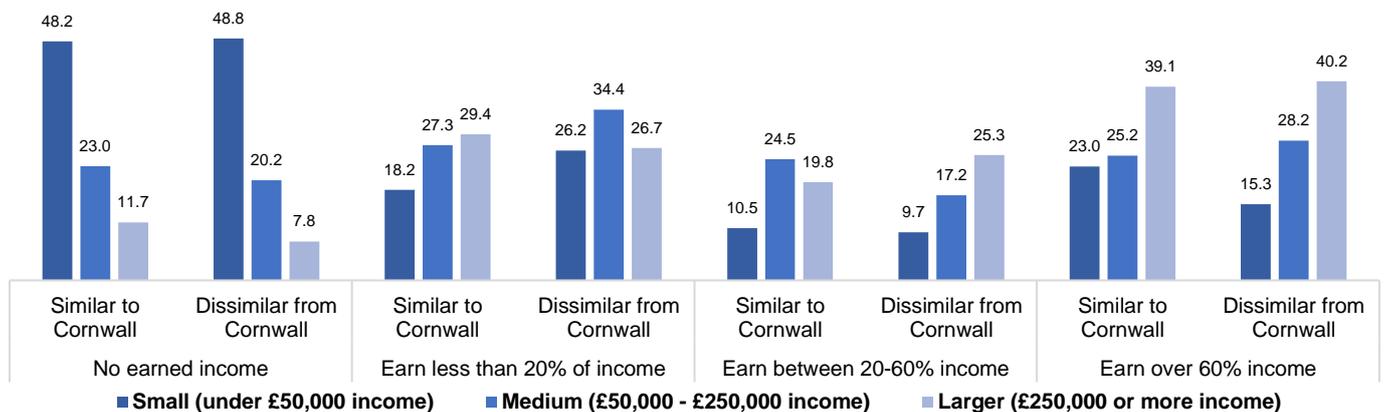


### Self-generated earned income

Over the last decade there has been much debate about the potential of VCSE organisations engaging in self-generated trading activity to bolster their income and give them an opportunity to reinvest profits back into the community. As Figure 4.17 shows, small VCSE organisations are the least likely to earn income from trading. That stated, just over a half of organisations in areas similar to or different from Cornwall and Isles of Scilly report earning a proportion of their income.

Larger organisations are much more likely to engage in trading activities – indeed, the evidence suggest that nearly 90 per cent of VCSE organisations in places similar to Cornwall and Isles of Scilly do so. The extent of reliance on earned income in organisations is clearly affected by their size. About 40 per cent of larger VCSE organisations in places with similar characteristics to Cornwall and Isles of Scilly earn over 60 per cent of their income.

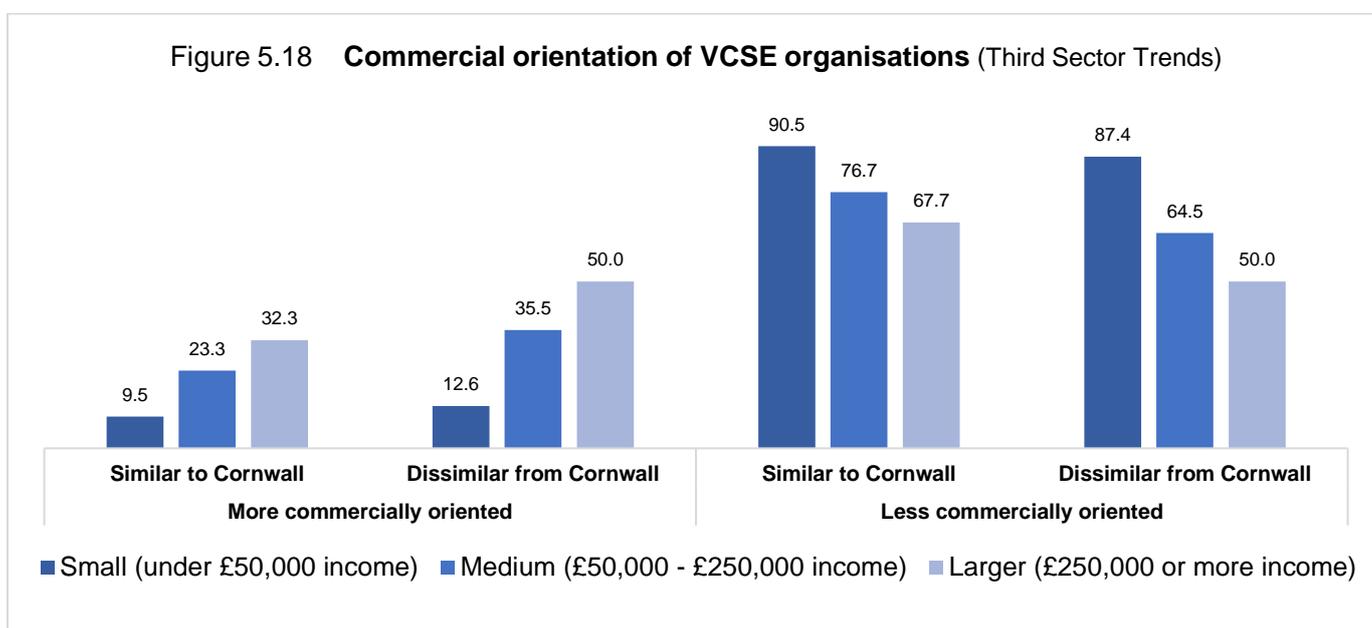
Figure 4.17 Extent to which VCSE organisations rely on earned income (Third Sector Trends 2019)



Third Sector Trends data can also provide an indication of the commercial orientation of VCSE organisations by drawing upon evidence from a range of variables such as legal form, extent of reliance on income from trading amongst other things.<sup>22</sup>

Smaller VCSE organisations are much less likely to have a commercial orientation than their larger counterparts. Furthermore, as Figure 4.18 indicates, there is a likelihood that VCSE organisations based in dissimilar areas are more likely to have a strong commercial orientation than in places which are similar to Cornwall and Isles of Scilly.

This is not to argue that will be the case in Cornwall and Isles of Scilly and further research is needed. Indeed, analysis in Section 3 of this report suggests that there is a larger than average proportion of organisation in Cornwall and Isles of Scilly which may have a commercial orientation – for example, there is a larger than average representation of Community Interest Companies in the area.

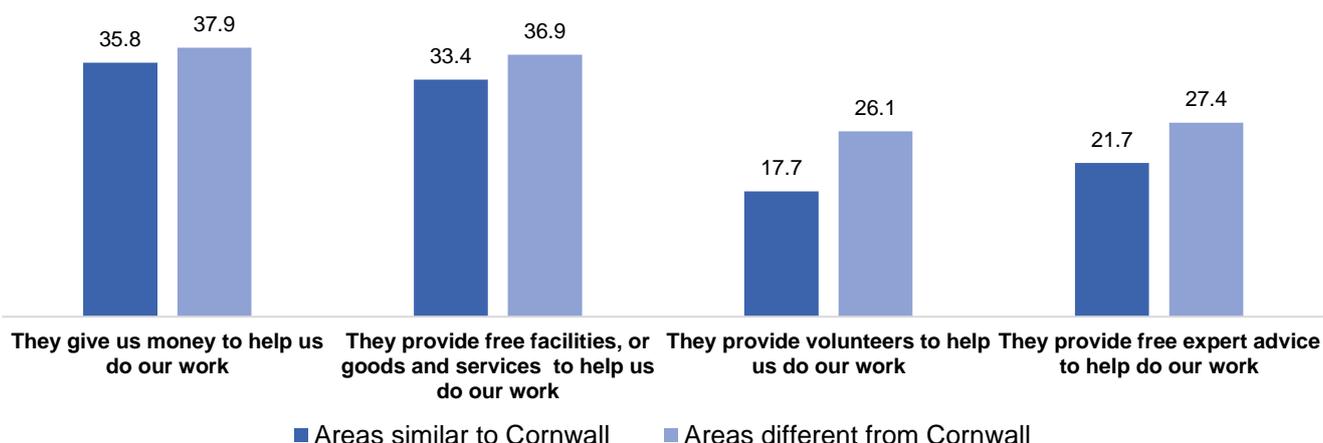


A final indicator of the business orientation of VCSE organisations is the extent to which productive relationships have been built with the private sector at the local level. As shown in Figure 4.19, it is likely that VCSE organisations in dissimilar areas may have opportunities to build stronger relationships with businesses than in areas which are similar to Cornwall and Isles of Scilly.

That stated, around 36 per cent of organisations in places which are similar to Cornwall and Isles of Scilly receive money from businesses and 33 per cent are given access to facilities or are provided goods and services to help them with their work. It seems that VCSE organisations in places similar to Cornwall and Isles of Scilly, however, are somewhat less likely to be supported by volunteers from the private sector or to benefit from *pro bono* expert advice.

<sup>22</sup> For detailed discussion of the methodology underpinning this analysis, see Chapman, T. (2020) Community businesses in the North of England 2020: new comparative analysis from the Third Sector Trends Study, London: Power to Change. [https://www.powertochange.org.uk/wp-content/uploads/2020/07/Third-Sector-Trends-Report\\_Final.pdf](https://www.powertochange.org.uk/wp-content/uploads/2020/07/Third-Sector-Trends-Report_Final.pdf)

Figure 4.19 Percentage of VCSE organisations which state that support from private sector business is of importance (Third Sector Trends 2019)



## 4.5 Summary of findings

This section has focused on sector finances. The key finding, though not unexpected, is that larger VCSE organisations absorb the lion’s share of sector income. The biggest organisations (with income between £1m - £25m) command 53 per cent of sector income, but constitute less than 2 per cent of organisations within the sector.

Micro and small VCSE organisations (those with income below £50,000) constitute 80 per cent of the sector, but command less than 10 per cent of sector income. Larger organisations tend to have a wider sphere of influence, working across boundaries to deliver support and services to beneficiaries, while smaller VCSE organisations generally work at a localised level.

At a spatial level, sector income is distributed unevenly – but only to a point. Certainly, there are concentrations of sector income in urban areas, but that is not to say that expenditure is focused in such locations. It is more likely that activities are spread across boundaries, and especially by larger VCSE organisations. The evidence to show that sector resources are polarised in richer or poorer areas is quite limited in Cornwall and Isles of Scilly.

Organisations of all sizes in the VCSE sector tend to rely on a range of income sources and are rarely dependent upon just one type of financial resource or just one funding organisation. It works well for VCSE organisations not to ‘keep all their eggs in one basket’ so as to reduce the risk of running out of funds.

This arrangement is not always clearly planned – instead, reliance on a variety of sources of income is integrated into the culture of the sector and is derived from the wide range of potential funding sources available from public sector organisations, charitable trusts and community foundations, lottery distributors, private sector companies, the general public and from self-generated income.

The fact that VCSE organisations, large or small, are very rarely wholly reliant on one source or type of funding shapes their identity, their way of working and reinforces their ability to act on issues autonomously.

While funding bodies or strategic organisations certainly can have an influence on the way that parts of the VCSE sector work – they cannot ‘control’ what is going on. The VCSE sector works in the domain of civil society and as such, organisations are independent entities that retain control over and responsibility for their own destiny.

## Section 5

# People resources

### 5.1 Employment in the VCSE sector

There are currently no reliable national statistics on VCSE sector employment because neither the Office of National Statistics, nor Department for Business, Energy and Industrial Strategy have discrete sets of industrial sectoral categories for employees in the VCSE sector. Consequently, VCSE sector employees are distributed across a wide range of industrial sectors and cannot be disaggregated from private sector employees. While estimates have been made on VCSE sector employment using sample data from, for example the Labour Force Survey, their value is limited due to the small number of cases used to build these estimates.<sup>23</sup>

Providing more reliable estimates on the number of employees and regular volunteers in the VCSE sector is essential when gauging the social and economic contribution of VCSE organisations collectively to localities. Generating estimates is a complex process and relies on evidence from the Third Sector Trends Study (TSTS), the Charity Commission Register (CCR) and the National Survey of Third Sector Organisations (NSTSO) – together with useful benchmarks on the size of the employed and volunteer workforce from NCVO.

The TSTS and NSTSO studies both asked respondents to state how many employees and regular volunteers currently worked for them. In both studies, banded responses were coded. Although these bands were constructed slightly differently, it is possible to accumulate direct or mid-point averages from each band to create an overall estimate for each size category of VCSE organisation.<sup>24</sup>

The findings from reanalysis of TSTS (4,000 cases) and NSTSO (44,000 cases) produce reasonably consistent estimates. While these are not perfect, they are likely to be more reliable than those derived from smaller-scale studies and provide multipliers which can be used in area studies.

Table 5.1 presents estimates on levels of employment in the VCSE sector in Cornwall and Isles of Scilly.

- It is estimated that there are over 6,000 full-time equivalent VCSE sector employees in Cornwall and Isles of Scilly. This includes 4,500 full-time staff and 5,000 part-time staff.
- The volume of work activity produced by the VCSE sector in Cornwall and Isles of Scilly is approximately 10 million working hours each year.

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<sup>23</sup> Government statisticians are aware of the limitations of current data but have had to draw upon NCVO estimates due to the lack of alternative sources of more reliable data. See House of Commons Library (2017) *Charities and the voluntary sector: statistics*, London: House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/sn05428/>

<sup>24</sup> In the case of NSTSO, respondents were asked to report the number of full-time equivalent employees. This was judged to be too complex a task in TSTS so respondents were asked to respond for both full-time and part-time employees. These were then combined using an assumption that on average, one full-time equivalent employee was made up of 3 part-time staff. At the upper end of the spectrum (where, for example, employees have more than 100 employees) that upper figure is used as the estimate as it is not possible to make a valid appraisal above this level – this could lead to an underestimation of regular volunteers. But that is unlikely because, as shown in Table 23, employee estimates were shown to be in proportion to overall income.

- The full cost of employing staff is estimated to be £142 million each year, which represents about 70 per cent of sector expenditure.
- Total number of full-time and part-time employees in the VCSE sector is estimated at 9,600 persons, which represents about 4 per cent of total employment in Cornwall and Isles of Scilly.<sup>25</sup>

Estimated number of full-time employees <sup>27</sup>	Estimated number of part-time employees	Estimated number of full-time equivalent employees <sup>28</sup>	Estimated total hours worked (millions) <sup>29</sup>	Estimated total cost of wages (£ millions) <sup>30</sup>	Wages as a percentage of total sector income	Wages as a percentage of total sector expenditure	Total sector income (£ millions)	Total sector expenditure (£ millions)
4,560	5,060	6,080	10.0	142.8	65.0	69.8	219.6	204.6

<sup>25</sup> Total employment statistics are reported in Section 2, Table 2.3

<sup>26</sup> In Third Sector Trends research, VCSE wage estimates are standardised at 80 per cent of average regional or local authority wage levels. In Cornwall and Isles of Scilly this may not work as well as local wages are considerably lower than the South West England regional average. Full-time weekly wages in Cornwall are reported at £502.3 while regional wages are £572.5. Source: <https://www.nomisweb.co.uk/reports/lmp/la/1946157349/report.aspx#tabempocc> (downloaded 24<sup>th</sup> January 2022).

<sup>27</sup> Estimates on levels of employment have been based on Third Sector Trends data from a sample of over 4,000 VCSE organisations in 2019. The first stage was to determine the average number of employers by income band, ranging from 3.3% of micro-organisations to 98% of the biggest VCSE organisations. Once the number of employing organisations were determined by size, average numbers of full-time and part-time employees were used to scale up the number of employees by size of organisations in separate sets of five income bands. To estimate Full-time equivalents, three part-time staff were equated to one full time member of staff.

<sup>28</sup> Full-time equivalent estimates include the total of full-time staff plus 30 per cent of estimated numbers of part-time staff. It is a matter of concern that the part-time estimates for the VCSE sector appear to be too high by comparison with the full-time estimates. Average working hours for part-time staff in the UK is estimated at around 15.5 hours work per week (although this has dropped substantially during the pandemic to around 12.5 hours). ONS Average actual weekly hours of work for part-time workers (seasonally adjusted) May 2021.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/timeseries/ybvb> Currently there is no firm data available from ONS, NCVO, BEIS or Third Sector Trends on the number of hours worked by part-time staff. But it is suspected from related qualitative research that part-time staff in the VCSE sector may work considerably shorter hours than the national average. But it is also likely that there are more part-time workers per employer in the VCSE sector, on average, than in the public and private sectors. It is therefore important that this aspect of employment is researched in more depth in the 2022 Third Sector Trends survey. If it turns out to be the case that part-time staff work shorter hours than on average in the VCSE sector, then the full-time equivalent estimates will need to be adjusted accordingly from the current ratio of three part-time staff to one full-time member of staff. With these caveats in mind, the data presented in Tables 4.1(a) and 4.1(b) need to be treated with some caution until more detailed evidence becomes available on the hours worked by part-time staff in VCSE organisations.

<sup>29</sup> Hours of work were estimated at 7.5 hours per day in a 220-day working year, i.e., 1,650 working hours per full-time equivalent employee.

<sup>30</sup> The cost of wages was determined using the benchmark of 80% of the Cornwall and Isles of Scilly average wage (2020-21) to account for generally lower levels of pay in the VCSE sector. In addition to direct wage payments to employees, employer on-costs were added to full-time staff at 13.8% National Insurance contributions and 3% pension contributions. For part-time staff, only pension contributions were added as most part-time staff are likely to fall below the National Insurance contribution threshold. Basic average annual pay is based on average weekly wages, as reported in Section 2, Figure 2.1.

## 5.2 Volunteers

National estimates for the number of volunteers in the UK are published annually in NCVO's Civil Society Almanac.<sup>31</sup> It is reported that 19.4 million people volunteered at least once in the previous year with a group, club or organisation in the UK. About 11.9 million people volunteered at least once a month. These are impressive statistics which show that a culture of volunteering, in one capacity or another, is well established in the UK.

In studies of the VCSE sector, it is necessary to be careful about extrapolating too much insight from these headline statistics, and especially so when considering regularised volunteering for VCSE organisations. The Third Sector Trends Study is interested in levels of regular volunteering because it allows VCSE organisations to be able to plan and practice their work with a clear idea in mind about the volunteering resources they can draw upon (in addition to the work that might be done by paid employees when such staff exist).

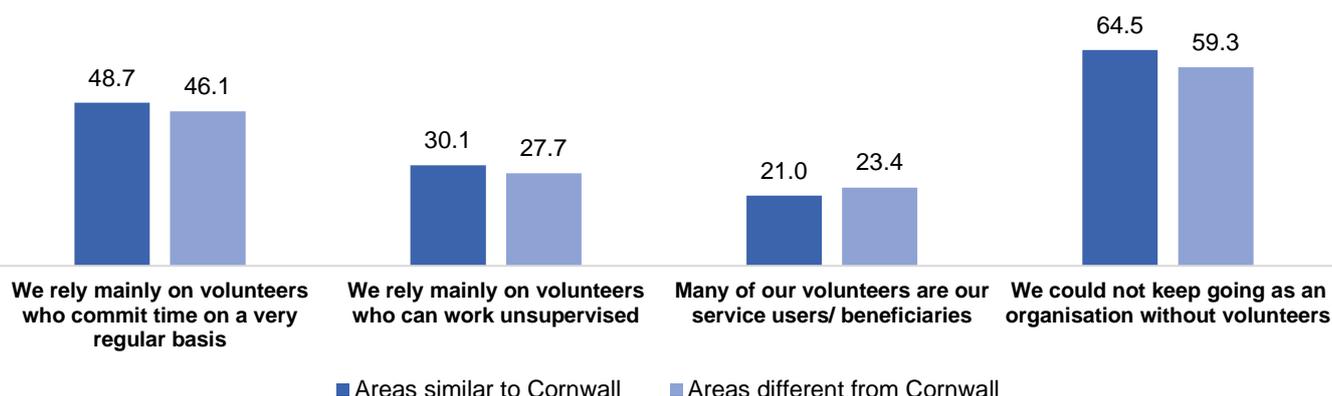
Drawing on Third Sector Trends data, as shown in Table 5.2, most VCSE organisations want volunteers to work on a regular basis, they want them to be able to work autonomously rather than be heavily supervised, and they need them to be skilful and knowledgeable. Reliance on regular volunteers is highest in smaller organisations because they employ none or few staff. That stated, reliance on volunteers is still pronounced even amongst the largest organisations.

	<b>Micro</b> (income below £10,000)	<b>Small</b> (income £10,000- £49,999)	<b>Medium</b> (income £50,000- £249,999)	<b>Large</b> (income £250,000 - £999,999)	<b>Big</b> (income £1m- £25m)
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 organization or group without volunteers	93.5	90.3	76.7	65.5	56.2
N=	692	636	704	366	232

It is possible to produce indicative data which compare the situation in areas which are similar to or different from Cornwall. This helps to find out if reliance on volunteers is stronger or weaker in less densely populated urban areas such as Cornwall. As Figure 5.1 shows, differences in the extent of reliance on volunteers are relatively small between these two types of areas – nevertheless, a slightly stronger reliance on volunteers is demonstrated (with the exception of reliance on service users) in areas which share similar characteristics to Cornwall.

<sup>31</sup> NCVO *ibid*: [Volunteering overview - Volunteering | UK Civil Society Almanac 2020 | NCVO](#) (downloaded 3<sup>rd</sup> December 2020).

Figure 5.1 **Percent of VCSE organisations which strongly agree with each statement** (excluding those which state non applicable)



To estimate the number of ‘regular volunteers’ that VCSE organisations can rely upon to provide support, an approach developed in the Third Sector Trends Study is used. Regular volunteers are defined as people who provide on average 72 hours of support to a VCSE organisations in one year (or an average of six hours per month).

The calculations exclude occasional or ephemeral (i.e. ‘one-off’) volunteering. Ephemeral or occasional volunteering may include people who help with a fundraising appeal, people who are allocated to volunteer through, for example, employee supported volunteer initiatives or by university student volunteer programmes.

Third Sector Trends data only include regular volunteers for VCSE organisations. Consequently, several other kinds of volunteers cannot be included in the analysis:

- Volunteers giving time to public bodies such as local public libraries (unless they are community run entities) or the NHS (unless they are working directly for a VCSE organisation such as WRVS).
- Volunteering in schools as governors, as members of parent teacher associations, supporting teachers in the classroom, school trips and sports days, or general school fundraising activities.
- Volunteering for other public bodies such as the police as special constables, the criminal justice system as magistrates and so on.
- Employee supported volunteers or the provision of pro-bono support by employees or professionals (unless it is facilitated via a VCSE organisation such as Pro-Bono Economics).
- Volunteers participating in national fundraising appeals (for example, BBC Children in Need, Comic Relief, Sport Relief, or for large national charities such as Save the Children and Oxfam<sup>32</sup> etc.)

No suggestion is made that these forms of volunteering lack value or are of a lesser value than those working directly for local VCSE organisations. It is simply a question of calculating the contributions volunteers make, via the local VCSE sector to society.

With these caveats in mind, it is possible to calculate the amount of work energy which is produced through voluntarism<sup>33</sup> in VCSE organisations of different sizes by estimating the number of hours regularly given by volunteers.

<sup>32</sup> Supporting large national charitable organisations as volunteers in local charity shops would be included providing that federated branches responded to the survey at a local level.

<sup>33</sup> In this analysis, average numbers of ‘regular volunteers’ have been estimated from response data in each of the 5 standardised VCSE organisation income categories used in this report: micro VCSE organisations=17.5, small VCSE organisations=20, medium VCSE organisations=25, large VCSE organisations=35, big VCSE organisations=55. Clearly the range of numbers would vary

Proxy financial 'replacement values' of the work of volunteers can be calculated using two measures: the National Living Wage and 80% average regional hourly wage as financial benchmarks. Estimates were scaled up to regional level using Charity Commission Register-based population data.

Table 5.3 presents data on the estimated number of regular volunteers and allocates proxy financial values to the hours they work. In Cornwall, over 51,000 volunteers produce approximately 3.7 million hours of work annually. The proxy 'replacement value' of this work would be £32 million at the National Living Wage or £47 million at 80 per cent of average wages. In terms of 'added value' to the sector's financial income, this amounts to an additional 15 per cent at National Living Wage levels or 22 per cent at 80% of average Cornwall wages.

<b>Estimated number of volunteers</b>	<b>Hours worked (average 72 hours per annum)</b>	<b>Proxy value at National Living Wage (£ millions)<sup>34</sup></b>	<b>Proxy value at 80% average regional wage per hour (£ millions)</b>	<b>Sector income (£ millions, excluding organisations with income above £25m)</b>	<b>Added value to sector income (at National Living Wage)</b>	<b>Added value to sector income (at 80% average regional wage)</b>
<b>51,650</b>	<b>3,719,000</b>	<b>32.4</b>	<b>47.3</b>	<b>219.6</b>	<b>14.8</b>	<b>21.5</b>

### 5.3 Allocation of sector work energy

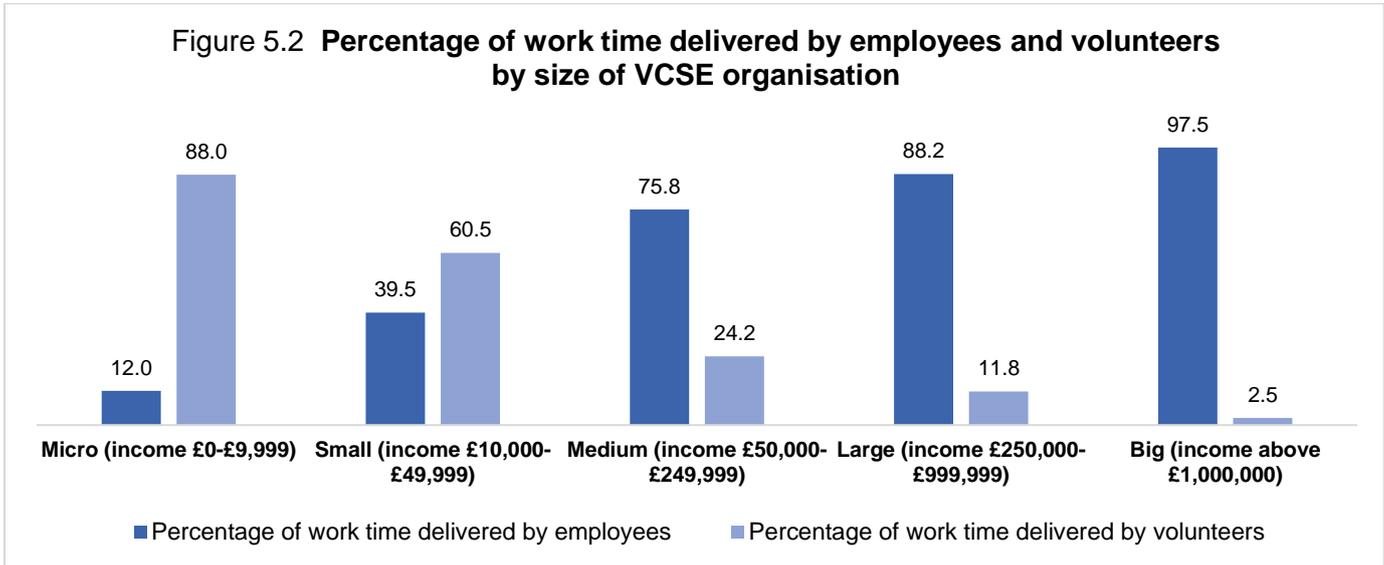
The balance between employee time and volunteer time varies by size of VCSE organisations. As shown in Table 5.4, over half of employee working time is undertaken within the biggest VCSE organisations, while only 2 per cent of employee time is delivered in micro organisations. The majority of volunteer time (71%), by contrast, is delivered mainly by small or micro organisations, while the biggest organisations account for less than 4 per cent.

	<b>Total hours worked by employees</b>	<b>Total hours worked by volunteers</b>	<b>Percentage of employee time</b>	<b>Percentage of volunteer time</b>
Micro (income £0-£9,999)	209,000	1,532,400	2.1	41.2
Small (income £10,000-£49,999)	734,500	1,124,000	7.3	30.2
Medium (income £50,000-£249,999)	2,186,700	698,000	21.8	18.8
Large (income £250,000-£999,999)	1,758,700	234,800	17.5	6.3
Big (income above £1,000,000)	5,146,300	129,600	51.3	3.5
<b>Total sector workforce energy</b>	<b>10,035,200</b>	<b>3,718,800</b>	<b>100.0</b>	<b>100.0</b>

considerably in individual organisations, but for a scaling-up exercise, averages must be adopted. Similarly, the hours worked by individual volunteers may vary widely, but in this study the average number of hours given by volunteers is estimated at 72 per annum or 6 per month. The emphasis is on regular volunteers. In micro and smaller VCSE organisations only, this includes the contribution of trustees and committee members who tend to get more directly involved in day-to-day activities or, in very small VCSE organisations, the group may be entirely reliant upon them to do so. Hours worked are scaled up to FTE employees on the following basis: 7.5-hour days at 220 working days per year.

<sup>34</sup> The National Living Wage (adults) in 2021 is £8.72. <https://www.gov.uk/government/publications/the-national-minimum-wage-in-2021>

When the distribution of time is compared within each VCSE organisational size category, as shown in Figure 5.2, volunteers produce the vast majority of worktime energy in micro organisations (88%) while in the biggest organisations, employees produce most of the work energy (98%).



### 5.4 Working relationships within the VCSE sector

By looking at working relationships within the VCSE sector, it is possible to provide an indication of the willingness of VCSE organisations to work in complementary ways and thereby accumulate the overall value that the sector produces.

Figure 5.3 shows that there is an enormous amount of informal complementary activity going on in the VCSE sector. In areas similar to Cornwall and Isles of Scilly, it is evident that 82 per cent of VCSE organisations work together in informal ways by developing useful informal relationships. Nearly three quarters of VCSE organisations in areas similar to Cornwall and Isles of Scilly work in complementary but informal ways with other organisations. A lower percentage (29%) of VCSE organisations in areas similar to Cornwall and Isles of Scilly work in formal partnerships compared with dissimilar areas.

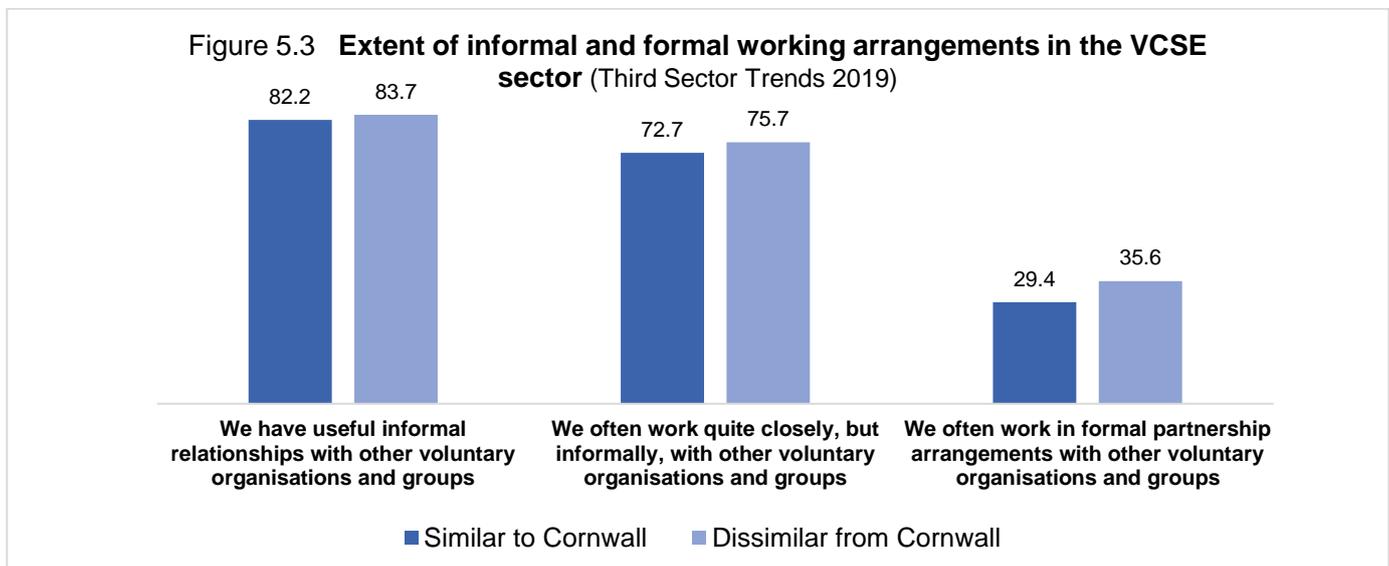


Table 5.5 interrogates the data in more depth by comparing organisations by size. These data show that as organisations grow in size, the more likely they generally are to work in informal, complementary or formal ways.

- Most micro (72%) and small (78%) VCSE organisations in areas similar to Cornwall and Isles of Scilly have useful informal relationships with others in the sector – organisations in dissimilar areas have an only slightly higher likelihood of working together. Relatively few micro (14%) and small (20%) organisations work in formal relationships however compared with similarly sized organisations in dissimilar areas (19% and 25% respectively).
- Medium sized VCSE organisations in areas similar to Cornwall and Isles of Scilly, by contrast, are *more* likely to work with others in the sector than in dissimilar areas. 92 per cent of medium sized organisations in Cornwall and Isles of Scilly work in informal ways, 82 per cent in complementary ways, and 40 per cent in formal partnerships.
- Large and big VCSE organisations are the most likely to work either informally, in complementary ways or formally with others in the sector. With the exception of formal partnership arrangements, patterns are similar in areas similar to Cornwall and Isles of Scilly or in dissimilar areas. Formal partnership working is much more common in dissimilar areas – which may be due to more opportunities to do so, especially in relation to public service delivery under contract.

Table 5.5 <b>Depth of VCSE sector working relationships by size of organisations</b> (Third Sector Trends 2019)					
	<b>Micro</b> (income £0-£9,999)	<b>Small</b> (income £10,000-£49,999)	<b>Medium</b> (income £50,000-£249,999)	<b>Large</b> (income £250,000-£999,999)	<b>Big</b> (income £1–25 million)
<b>We have useful informal relationships with other voluntary organisations and groups</b>					
Areas similar to Cornwall	71.5	77.5	92.2	91.6	93.2
Dissimilar areas from Cornwall	74.9	80.3	86.3	93.1	96.0
<b>We often work quite closely, but informally, with other voluntary organisations and groups</b>					
Areas similar to Cornwall	57.8	67.8	81.8	85.0	86.5
Dissimilar areas from Cornwall	61.2	72.7	81.1	89.2	89.2
<b>We often work in formal partnership arrangements with other voluntary organisations and groups</b>					
Areas similar to Cornwall	14.3	19.6	40.2	49.2	59.2
Dissimilar areas from Cornwall	19.9	25.0	35.8	59.1	67.4

## 5.5 Summary of findings

This section has shown that the VCSE sector provides a great deal of resource to the social and economic wellbeing of Cornwall and Isles of Scilly. The VCSE sector employs approximately 4,500 full-time and 5,000 part-time staff. This amounts to 3.5 per cent of full-time and 6 per cent of part-time employees in Cornwall and Isles of Scilly. Taken together, the contribution of full-time and part-time employees amounts to about 6,000 full-time equivalent employees in the VCSE sector.

It is not currently possible to disaggregate VCSE employees from others when looking at industrial sectors. But with a workforce of around 10,000, the indications are that the VCSE sector is of similar size to, for example, construction sector (13,000 employees), the manufacturing sector (14,000 employees) or transport and storage (7,000 employees).<sup>35</sup>

The VCSE sector also has a very large voluntary workforce comprising an estimated 52,000 regular volunteers. The proxy replacement cost of this workforce, if employed, would be between £32m - £47m. This is the equivalent of 15-22% of added value to the VCSE sector's financial income.

The volunteer workforce is distributed inequitably. Micro organisations absorb over 41 per cent of volunteer time and small VCSE organisations (with income between £10,000 and £49,999) a further 30 per cent of volunteer time. The biggest organisations (with income between £1m - £25m) only account for about 4 per cent of volunteer time.

Volunteers play a vital role in sustaining the activities of VCSE organisations – and especially so in smaller entities. Most volunteers tend to focus their activities in the immediate locality which means that the density of organisations has a bearing on local volunteer capacity.

The work of volunteers and employees is dedicated to the VCSE organisations within which they are based. But that does not mean that sector energy is atomised at the organisational level. Instead, the indications are that there is a great deal of informal, complementary or formal partnership working within the sector.

While evidence for Cornwall and Isles of Scilly is currently limited, the indications are that about 82 per cent of organisations have useful informal relationships with other organisations, that 73 per cent work closely but informally with other organisations and that about 29 per cent work in formal partnership arrangements. As organisations grow in size, they are much more likely to engage in formal partnership working: only about 14 per cent of micro organisations do so, compared with 59 per cent of the biggest organisations.

Sector capacity to contribute to local social and economic wellbeing is substantial – but more needs to be known about how that capacity is distributed – this will be explored in Section 7.

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<sup>35</sup> Employment by industrial sector data in Cornwall are available from NOMIS: <https://www.nomisweb.co.uk/reports/lmp/la/1946157349/report.aspx#tabempocc>

## Section 6

# Sector impact

This section of the report begins with an examination of perceptions of sector impact. This analysis underpins subsequent assessment of the economic and social value that the VCSE sector produces in Cornwall and Isles of Scilly.

### 6.1 Perceptions of impact

Currently, Third Sector Trends is the only large-scale study which collects substantive data on perceptions of sector impact. In 2019, over 4,000 VCSE organisations responded to the survey in England and Wales, which provides a good basis for building a better understanding of how the sector feels that it makes a difference to society.

The Third Sector Trends study explores the structure and dynamics of the VCSE sector in the context of change. At the outset, the study was charged with the task of undertaking an *impartial* and as far as possible an *objective* study. Surveys have been running since 2010 and much has been learned about how to ask questions of VCSE organisations.

When the 2019 survey was launched, new questions were introduced on the impact of the sector's work which were developed in collaboration with *Power to Change* who jointly funded the research. Respondents were asked "**at a community level, what kind of impact do you think you have?**" in each of the following domains:

- We reduce social isolation
- We improve health and wellbeing
- We increase employability
- We tackle the consequences of poverty
- We improve people's access to basic services
- We enhance the cultural and artistic life of the community
- We improve the local environment
- We promote community cohesion
- We increase people's pride in their community
- We give people confidence to manage their lives
- We help people to lift themselves out of poverty

For each statement, respondents were invited to tick one of these responses: 'we have a very strong impact', 'we make an important contribution', 'we make some difference' and 'no we don't try to do this'. Response rates to each question were very high (never below 90% for each statement) which bolsters the reliability of the findings.

It was a matter of concern when the survey was launched that VCSE organisations might over-emphasise the value of their work. But this was not the case. Respondents were measured in their assessments of the areas of impact they contribute towards.

Until the survey is repeated from the summer of 2022, there is insufficient data in Cornwall and Isles of Scilly to look at local perceptions of impact. This means that we

have to rely on data from areas which share similar characteristics with Cornwall as in previous sections of the report.

Table 6.1 provides some useful clues about perceptions of sector impact amongst organisations which operate in similar areas to Cornwall and Isles of Scilly. It is clear that there tends to be a stronger impact on ‘softer’ outcomes, such as health and wellbeing reducing isolation which are more difficult to measure statistically. Perceptions about achieving impact on ‘harder’ outcomes, such as increasing employability or lifting people from poverty tend to be lower.

Table 6.1 Perceptions of social impact in areas with similar characteristics to Cornwall (Third Sector Trends 2019)					
	We have a very strong impact	We make an important contribution	We make some difference	We don't try to do this	N=
We improve health and wellbeing	25.8	37.9	25.9	10.4	1,599
We reduce social isolation	23.6	36.5	26.1	13.8	1,596
We give people confidence to manage their lives	22.6	24.9	23.9	28.6	1,542
We empower people in the community	19.9	28.1	25.8	26.2	1,554
We promote community cohesion	19.7	32.0	28.6	19.8	1,555
We enhance the cultural and artistic life of the community	18.8	25.4	24.6	31.3	1,556
We increase people's pride in their community	15.1	27.0	29.6	28.3	1,529
We improve people's access to basic services	12.6	19.1	21.9	46.3	1,504
We improve the local environment	9.3	17.1	27.9	45.7	1,511
We increase employability	7.8	15.9	26.9	49.4	1,498
We tackle the consequences of poverty	7.6	15.8	26.0	50.6	1,496
We help people to lift themselves out of poverty	7.2	12.7	21.2	58.9	1,492

Table 6.2 presents data on VCSE organisations in areas with similarities to Cornwall and Isles of Scilly which work on different spatial ranges. The analysis is imperfect because smaller VCSE organisations tend to work very locally while larger VCSE organisations are more likely to work across wider areas. Nevertheless, some interesting findings emerge:

- VCSE organisations which work solely at the neighbourhood or village level are most likely to stress their impact on (in rank order) community cohesion, tackling isolation, health and wellbeing, cultural and artistic life the community and pride in place. They are least likely to claim impact on increasingly employability and helping people to lift themselves from poverty.
- VCSE organisations which work at a regional level (that is, across one or more local authority) are most likely to emphasise their impact (in rank order) on health and wellbeing, tackling isolation, increasing confidence, community

cohesion and access to services; but least likely to perceive impact on lifting people from poverty or improving the local environment.

**Table 6.2 Percent reporting 'strong' or 'important' contribution to areas of impact by spatial range of VCSE organisations work** (Third Sector Trends 2019, areas with similar characteristics to Cornwall)

	Work at village/ neighbourhood level	Work in the boundaries of one local authority	Work within the region	Work at a wider level	Ranked by average score
We reduce social isolation	60.7	69.8	61.6	59.3	<b>65.0</b>
We improve health and wellbeing	58.4	73.3	70.2	58.0	<b>62.8</b>
We increase employability	14.5	29.3	33.6	29.3	<b>51.0</b>
We tackle the consequences of poverty	15.8	35.4	23.3	20.5	<b>49.9</b>
We improve people's access to basic services	22.4	45.5	38.2	23.7	<b>47.8</b>
We enhance the cultural and artistic life of the community	52.9	40.7	37.5	41.3	<b>43.1</b>
We improve the local environment	38.2	22.5	21.4	18.7	<b>40.8</b>
We promote community cohesion	61.4	55.1	45.8	37.3	<b>32.4</b>
We empower people in the community	43.0	56.5	51.8	52.5	<b>26.7</b>
We increase people's pride in their community	52.8	43.4	36.7	30.3	<b>25.2</b>
We give people confidence to manage their lives	33.2	57.7	55.3	44.9	<b>23.7</b>
We help people to lift themselves out of poverty	11.1	28.7	21.4	20.5	<b>20.4</b>

Further analysis is clearly needed at a later date, using new data from Cornwall and Isles of Scilly to look at the interactions between VCSE organisation size, location in richer or poorer areas and spatial range of work than is possible here. It is hoped that sufficient data will be collected in the Third Sector Trends survey in 2022 to achieve this objective.

### ***Impact interactions***

Assessing the impact that VCSE organisations have in precise terms is complicated because most organisations want to achieve a wide range of outcomes. To assess the extent to which this happens, Table 6.3 presents a matrix of data from across England and Wales to find out if when VCSE organisations state they have a strong

or good impact in *one area* of activity - *where else* do they feel they make a difference.<sup>36</sup>

The table should be read along the rows. For example, 1,059 VCSE organisations in the sample state that they have a strong or good impact on reducing social isolation. Amongst these VCSE organisations, 66% also feel that they have a good or strong impact on improving health and wellbeing, 56% feel that they have a good or strong impact on giving people confidence to manage their lives... and so on.

It is not necessary to describe the matrix in detail, but it is worthwhile for readers to spend some time looking at these interactions to determine 'what tends to go with what'. The darker green boxes indicate the complementary areas of strong impact, As the strength of perceived impact diminishes, the green boxes are lighter in colour.

A few examples of interactions are provided in the following bullet point:

- **VCSE organisations which focus on health and wellbeing** are most likely also to feel that they have a good or strong impact on *improving people's confidence to manage their lives, reduce social isolation and empower people in the community*. These VCSE organisations are least likely to state that they have an impact on the *environment, employability or help lift people from poverty*.
- **VCSE organisations which focus on tackling the consequences of poverty** are most likely also to feel that they have a good or strong impact on *building confidence, helping to lift themselves from poverty, reduce isolation, increase empowerment and improve health and wellbeing*. They feel that they have less impact on increasing *pride in the community, improving the environment or enhancing the artistic and cultural life of the community*.
- **VCSE organisations which focus on enhancing the cultural and artistic life of the community** tend to be the most focused on a single issue – apart from *increasing pride in the community and promoting community cohesion*. Most of these organisations are amongst the least likely to feel that they have a strong or good impact on issues surrounding *poverty, employability or access to services*.
- **VCSE organisations which focus on increasing people's pride in the community** are most likely to feel that they also have a strong or good impact on promoting *community cohesion and empowering people in the community*. They also put emphasis on improving *health and wellbeing and tackling social isolation*. Such organisations are less likely to claim that they have an impact on issues surrounding *poverty and employability*.

The purpose of this analysis is to show that interactions between aspects of social impact tend to be clustered thematically.

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<sup>36</sup> These data are drawn from the whole of the Third Sector Trends data set (n=4,081) to ensure that findings are as representative of general sector activity as possible.

**Table 6.3 Interactions between different aspects of social impact** (Third Sector Trends 2019, England and Wales)

Key		Reduce social isolation	Improve health and wellbeing	Increase employability	Tackle consequences of poverty	Improve access to services	Enhance cultural and artistic life of community	Improve the local environment	Promote community cohesion	Empower people in the community	Increase people's pride in their community	Confidence	Help people lift themselves from poverty
	Number of VCSE organisations												
	60% or more												
	40-59%												
	20-29%												
	Under 20%												
	Number of VCSE organisations												
Reduce social isolation	<b>1,059</b>	66.2	15.9	17.3	30.5	24.2	14.5	45.7	51.3	31.3	56.3	16.6	
Improve health and wellbeing	57.0	<b>1,229</b>	17.3	16.8	29.2	20.0	14.2	36.9	46.3	25.7	57.8	16.1	
Increase employability	50.6	64.2	<b>332</b>	34.0	33.4	22.3	17.8	44.0	54.2	29.5	68.4	39.8	
Tackle consequences of poverty	50.8	57.5	31.4	<b>360</b>	51.4	15.0	13.9	41.4	53.6	27.2	61.4	57.5	
Improve access to services	60.6	67.4	20.8	18.8	<b>533</b>	18.8	10.9	44.1	59.1	25.7	70.2	32.1	
Enhance cultural and artistic life of community	38.4	36.9	11.1	8.1	15.0	<b>666</b>	20.9	41.9	35.9	40.5	27.5	8.1	
Improve the local environment	39.2	44.9	15.1	12.8	14.9	35.6	<b>390</b>	52.8	44.4	58.5	27.2	13.6	
Promote community cohesion	56.5	53.0	17.1	17.4	27.5	32.6	24.1	<b>855</b>	64.6	51.7	47.1	16.4	
Empower people in the community	60.1	63.0	19.9	21.4	34.9	26.5	19.2	61.1	<b>903</b>	46.0	64.2	21.6	
Increase people's pride in their community	52.5	50.1	15.5	15.5	21.7	42.8	36.1	70.0	65.8	<b>631</b>	44.5	15.1	
Confidence	55.6	66.1	21.2	20.6	34.9	17.1	9.9	37.6	54.2	26.2	<b>1,071</b>	23.9	
Help people lift themselves from poverty	52.5	59.1	39.4	61.8	51.0	16.1	15.8	41.8	58.2	28.4	76.4	<b>355</b>	

## 6.2 Accounting for whole sector value<sup>37</sup>

Most studies of sector impact tend to focus on:

- **practice interventions** (such as programmes to address homelessness, teenage pregnancy, recidivism);
- **organisational or partnerships interventions** (such as mental health recovery college programmes, young people's employability programmes); and,
- **place-based interventions** which attempt to strengthen or revive local economy and society (such as Local Trust programmes or interventions to tackle declining coastal towns).

A wide range of techniques have been developed to undertake evaluation of VCSE sector activity such as *cost-benefit analysis* and *social return on investment*.<sup>38</sup> These approaches are underpinned by social-science driven methodologies to examine aspects of behavioural, economic or social change.

Some impact-focused approaches to evaluation construct *theories of change* to test the effectiveness of programmes achievement of desirable objectives.<sup>39</sup> More recently, the use of *social impact bonds*, which are devised to incentivise social investment by pinpointing likely financial outcomes, have caught the political imagination in some circles.<sup>40</sup>

When carefully used in the right contexts, the above approaches can throw light on the benefits that interventions have brought about. But such techniques cannot be transplanted directly onto an enquiry about 'whole sector' impact for a number of reasons.

- Firstly, impact evaluation work at organisational or programme levels tends to be highly focused on specific areas of practice or impact. When looking at sector impact from an area perspective, this is a serious limitation because

<sup>37</sup> This section is an abridged and updated version of the West Yorkshire Combined Authority report, *ibid*, 2021.

<sup>38</sup> There is a large policy and practice literature associated with approaches to evaluation methodologies which cannot be reviewed here. There are several approaches to Social Return on Investment (SROI), see for example: New Economics Foundation (2004) *Social Return on Investment: valuing what matters*, London, New Economics Foundation. <https://www.nefconsulting.com/wp-content/uploads/2017/09/sroi-valuing-what-matters.pdf> For current practice provided by NEF, see: <https://www.nefconsulting.com/training-capacity-building/resources-and-tools/sroi/>. For a useful critical review of SROI see Arvidson, M., Lyon, F., McKay, S. and Moro, D. (2011) *The ambitions and challenges of SROI*, Birmingham: Third Sector Research Centre University of Birmingham. See also: Morris, A. (2003) *Models of Research Impact: a cross-sector review of literature and practice*, London: Learning and Skills Research Centre; and Nutley, S., H. Davies, et al. (2002) *Evidence Based Policy and Practice: Cross Sector Lessons from the UK*, London, ESRC UK Centre for Evidence Based Policy and Practice. Cost benefit analysis has been used extensively in public and social policy domains.

<sup>39</sup> Theories of change have been used extensively in programme design and evaluation. There is a large literature which lends enthusiastic support to this approach, see for example: Taplin, D. *et al.* (2013) *Theory of Change, technical papers*, New York, Center for Human Environments. In the UK, New Philanthropy Capital has been a leading exponent of Theories of Change, for more detail see: <https://www.thinknpc.org/resource-hub/creating-your-theory-of-change-npcs-practical-guide/>. The approach is not without its detractors, however, see for a short example: Mulgan, G. (2016) *What's wrong with theories of change?* London, NESTA: <https://www.nesta.org.uk/blog/whats-wrong-with-theories-of-change/>

<sup>40</sup> Social Investment is not a new idea. For example, in the 19th century, the Peabody Trust became well known for its 'five per cent philanthropy' in the production of affordable housing for the poor, see: Tarn, J.N. 1973. *Five Per Cent Philanthropy*. London: Cambridge University Press. Enthusiasm for social investment and Social Impact Bonds (SIBs) resurfaced about a decade ago and the idea received an enthusiastic response in government circles. Cabinet Office described social investment as "Social investment provides capital that enables social organisations to deliver both social and financial returns. The investment is repayable, often with interest, and is typically used to develop new or existing activities that generate income – such as trading activities or contracts for delivering public services." (Cabinet Office, 2015). Exponents for social impact bonds (SIBs) have made compelling arguments for the take up of SIBs, see for example: Mulgan, G., S. Tucker, A., Rushanara, and B. Sanders. 2007. *Social Innovation: what it is, why it matters and how it can be accelerated*, Oxford: Said Business School; Nicholls, A. 2010. 'The Institutionalization of Social Investment: the interplay of investment logics and investor rationalities', *Journal of Social Entrepreneurship*, 1:1, pp. 70-100. However, strong evidence of the success of these approaches has yet to emerge and there is little enthusiasm within the VCSE sector to engage with social investment. See Chapman, T. (2017) 'The propensity of third sector organisations to borrow money in the UK', *Policy Studies*, 38:2, 185-204. IBs as .

(as shown in Section 6.1) VCSE sector perceptions of impact tend to centre on 'softer' outcomes which are often produced in complementary ways and across fields of practice by many organisations and agencies.

- Secondly, evaluation work is generally time limited to the period of funding. The desire to produce results quickly can drive the research focus onto concrete outcomes such as the number of people who engage in programmes and include immediate assessments of attitudinal or potential behavioural change. This can restrict the scope for assessing longer-term aspects of change in localities or for constituencies of beneficiaries that are brought about by a complicated and unpredictable mix of factors.
- Thirdly, clear boundaries are often drawn around programme interventions to ensure that impact can be attributed to specific sources of funding. But as shown in Section 5 of this report, the way the work of the VCSE sector is configured is much more complex and means that the disaggregation of the impact of individual organisations, in fields of practice or within localities is not easily achieved. In a study of whole sector impact, it must be recognised that such boundaries are both fuzzy and permeable.
- Fourthly, many evaluation exercises often seek to produce evidence of direct financial benefit gained as a result of funding programmes of work. This is explicable because funding agencies, especially in the public sector, are legally constrained, procedurally oriented and culturally attuned to procurement practices which focus primarily upon conventional economic notions of value for money.<sup>41</sup> The problem, in sector-level analysis, is that funding streams can rarely be disaggregated due to the complex mix of resources which VCSE organisations draw upon.
- Finally, evaluation work is intensive and expensive. And so, the fifth and arguably the most important point to make about approaches to 'whole sector' impact is that much of the work of the VCSE is undertaken by smaller organisations and groups which do not have the capacity, capability or interest in undertaking impact evaluation. And even if they could be persuaded to do so, the cost of doing such work would undoubtedly be greater than the value of most of the grants they received.

When making assessments of overall sector value, the following key factors should therefore be noted:

- The VCSE sector is a pluralistic entity: constructed of many organisations and groups which are varied in their legal structures, their size, assets, interests, objectives and approaches to practice.
- The VCSE sector is made up of autonomous and independent organisations and groups which cannot be managed systematically or marshalled to serve the interests of the state, market or private individuals.
- VCSE organisations tend to be ambitious to achieve their objectives. This produces higher levels of demand for sector resources than can be supplied. This produces a measure of competition over resource.

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<sup>41</sup> There has been a shift in legislative focus on value since the enactment of the Public Services (Social Value) Act in 2013. The Act demands that in procurement processes, aspects of social value are considered, but falls short on defining what constitutes social value and enforcing compliance. It is the stated intention of government to strengthen the processes surrounding social value assessments for larger departmental contracts. For further detail, see: <https://www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources>. A useful review of the policy and practice implications surrounding the act has been published by Power to Change: Jones, N. and Yeo, A. (2017) *Community business and the Social Value Act*, London: Power to Change: <https://www.powertochange.org.uk/wp-content/uploads/2017/08/Report-8-Community-Business-Social-Value-Act-1.pdf>.

- While competition over resources exists, the evidence shows that there is a great deal of informal 'neighbourly' cooperation, semi-formal 'complementary working' and formal partnership activity in the VCSE sector.
- The principal areas of impact of VCSE sector activity tend to be focused on 'softer outcomes' associated with personal health, personal wellbeing and community wellbeing.
- VCSE sector activity tackles many of the same complex issues from different standpoints. While there may be some unnecessary duplication of activity, but for the most part, sector activity is complementary and value accumulates.

If the value of the activities of the VCSE sector is to be assessed and valued, then it is necessary to define in clear terms what it is, precisely, that the sector does. But as noted above, that is difficult because the sector is composed of organisations which are varied in their scale, structures, practices and objectives.

### **Key definitions**

This section adopts a methodology which was devised to help VCSE sector stakeholders to make informed judgements about sector value.<sup>42</sup> The term 'value' can and is used in many contexts in debates about the activities of the VCSE sector. This can confuse arguments about what, precisely, the VCSE sector contributes in social, economic and environmental terms. Clarifications on the definition and use of terminology are presented below which are used consistently for the remainder of this report.

- **VCSE practices:** the way VCSE organisations and groups operate is shaped by distinctive sets of *beliefs* and *principles* which inform the ambitions of individual organisational or group activities, together with approaches to work that produce beneficial impact by drawing upon *experience*, *skills* and *ideas* of trustees, employees and volunteers on how to do things.
- **Energy** refers to the resource that the VCSE sector has available (or can garner) to achieve objectives. Resources include:
  - work time produced by the VCSE's **people** (trustees, employees, volunteers and advocates);
  - productive use of **property assets** (such as buildings and specialist equipment) to deliver services or to rent to generate income; and,
  - **money** (to pay employee salaries, recruit, train and supervise volunteers, pay rent and utility bills, buy consumables for service delivery, etc.).
- **Impact:** is what the sector achieves for:
  - **People:** through the delivery of services to local people to improve health, wellbeing, economic activity and financial security.
  - **Places:** making a positive contribution to community wellbeing by tackling issues such as isolation, social cohesion and economic vitality.
  - **Economy:** how sector trading activity and local expenditure helps to sustain or vitalise local economic conditions and strengthen community wealth and wellbeing.

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<sup>42</sup> In the Yorkshire and Humber study, consensus was reached with consultative panels of participants from across the VCSE sector together with stakeholders from local authorities and health authorities. For full details, see Chapman 2021, *ibid*.

- **Environment:** encouraging environmentally beneficial behaviours in the local population and taking direct measures to reduce energy use, recycling, etc.
- **Value:** is used to refer to the way sector impact is assessed. There are several types of value, including: *economic, fiscal, use, social, cultural* and *existence* values. These can be assessed using measurement such as financial or proxy financial values, or by using informed judgement.

### **How much energy does the VCSE sector have?**

The first step in the process of estimating the added value the VCSE sector contributes involves the identification of the amount of energy which the sector has at its disposal to achieve its objectives.

Rather than over-labouring the process of defining sector energy, a relatively simple approach is taken to include the financial or proxy financial value of sector energy under four headings:

- **The value of financial expenditure:** as shown in Section 2, it is possible to make good estimates of sector expenditure. This sum captures the economic value of employee wages, spending on rent and consumables and the disbursement of grants to individuals or other VCSE organisations together with contributions to local and national taxation.
- **The proxy-replacement value of volunteer time available:** in Section 4, robust calculations on the number of regular volunteers and the work time they invest were presented. Replacement values were attributed to this energy at National Living Wage and at 80% of average regional wages. A mid-point estimate is used to define the value of volunteering.
- **The proxy value of additional in-kind support:** in-kind support from the private sector and public sector is estimated. This support includes the free or low-cost use of facilities and services, pro bono advice and technical expertise, employee volunteer support and the provision of free goods such as surplus consumables.<sup>43</sup>
- **The proxy value of self-generated income:** this estimate is based on the regional share of the national value of income gained from retailing of pre-used goods. This represents the production of financial value from redundant articles and is not covered in the expenditure category (which would include income from other types of VCSE sector trading).<sup>44</sup>

As shown in Table 6.4, these financial values when combined reach substantial sums in each of the areas studied. But these statistics do not fully reflect the whole value

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<sup>43</sup> A recent report on the substantive contribution of business to the VCSE sector has been produced as part of the Law Family Commission on Civil Society. See Chapman, T. (2021) *Going the extra mile: how business works with the local third sector*, London: Pro Bono Economics. Currently there are no equivalent studies of local public sector investment in the VCSE sector using in-kind resources. However, it is likely that the non-financial contributions of public bodies such as NHS trusts, health authorities, police, fire and rescue and other agencies is likely to be at least equal to private sector investment. In-kind support would include the contribution of officers with responsibility for VCSE sector liaison, research and intelligence and advice and guidance – but exclude contracts to the VCSE sector to provide infrastructure support as this will be counted under VCSE sector expenditure. Other forms of in-kind support would include free access to venues and equipment for VCSE sector usage and beneficial arrangements such as peppercorn rents.

<sup>44</sup> The evidence from the Charity Retail Association suggests that charity shop retail produces about £331m in profits in 2018/19. On this basis, estimates were generated. For further discussion of the value produced through charity shop recycling and retail see also, Osterley, R. and Williams, D. (2019) 'The social, environmental and economic benefits of reuse by charity shops', *Detritus* 7(1) 29-35. <https://digital.detritusjournal.com/articles/the-social-environmental-and-economic-benefits-of-reuse-by-charity-shops/244>. For further analysis on the value of charity shop retail, see Harrison-Evans, P. (2016) *Shopping for good: the social benefits of charity retail*, London: Demos <https://www.demos.co.uk/wp-content/uploads/2017/09/Shopping-for-Good-the-social-benefits-of-charity-retail-.pdf>.

of the economic and social impact the VCSE produces. Instead, they simply signal the resource 'energy' that the sector has at its disposal.

What is needed, therefore, is a way of explaining how this energy is *converted* into social and economic impact – that is, how to calculate or judge the 'added social and economic value' that the VCSE produces.

Table 6.4 Financial and proxy-financial value of energy the VCSE sector injects into area activity (£ millions)			
	<i>Lower estimate</i>	<i>Mid-point estimate</i>	<i>Higher estimate</i>
VCSE sector financial expenditure	204.0	<b>204.0</b>	204.0
Proxy-replacement value of volunteer time	32.0	<b>39.5</b>	47.0
Proxy value of additional in-kind support	4.7	<b>4.7</b>	4.7
Proxy value of additional sources of self-generated income	1.4	<b>1.4</b>	1,4
<b>Total financial value of sector energy expended by the VCSE</b>	<b>242.1</b>	<b>249.6</b>	<b>255.7</b>

### ***Defining types of added value***

The second step in the process is to define types of added value that the VCSE sector contributes to local economy and society. No claim is made that these distinctions are entirely original – instead, the approach draws upon the large policy and academic literature on the appraisal or measurement of impact which implicitly or explicitly embrace one or more of these notions of impact value.<sup>45</sup>

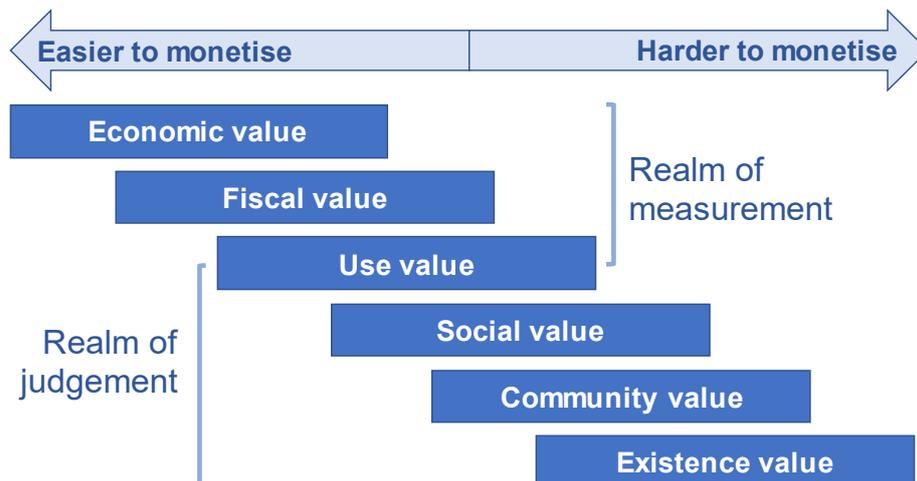
- ***Economic value:*** is defined as the economic contribution that the local VCSE sector makes to the area through 'multiplier effects' driven by: organisational expenditure on local businesses; the spending of employees in the local economy; and, productivity from self-generated trading activities.
- ***Fiscal value:*** is defined as the savings gained by local public sector agencies and government departments because of VCSE activity (either by delivering services under contract more efficiently or cheaply, or by reducing service need via VCSE sector generated activity).
- ***Use value:*** is defined as the direct and relatively immediate personal or social benefits gained by VCSE sector service users which in turn incentivises, empowers and facilitates greater socially, economically or environmentally beneficial activity by the resident population in employment, self-employment, running private businesses/social enterprises and volunteering.

<sup>45</sup> There is a large academic and policy literature on the definition and measurement of value. A useful recent contribution has been offered by Mulgan, G., Breckon, J., Tarrega, M., Bakhshi, H., Davies, J., Khan, H. and Finnis, A. (2019) *Public value: how can it be measured, managed and grown?* London: Nesta. There are many methodologies on offer to measure value, such as descriptive models of causation adopted in 'theories of change' which may result in impact; complex manipulation of evidence and predictive modelling in social return on investment strategies, and so on. Whichever approach is adopted, results can be contested depending on the value position of the observer. For further discussion, see Third Sector Trends discussion paper: *Measuring Impact: easy to say, hard to do*. Newcastle: Community Foundation serving Tyne & Wear and Northumberland. <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/Measuring-Impact-easy-to-say-hard-to-do.pdf>

- **Social value:** the alleviation of the impact of specific social problems and investment in personal and community wellbeing to generate or embrace new opportunities to strengthen economy and society locally.
- **Community value:** strengthening the quality of life, enriching culture, and encouraging cohesion, tolerance, trust and belief in civil society through the collective contribution of the VCSE sector working in neighbourly, complementary or cooperative ways.
- **Existence value:** when the VCSE sector invests in community wellbeing which is valued by the general population though not necessarily used personally. Existence value includes extant VCSE sector capacity and latent potential to produce energy and momentum to tackle unforeseen local challenges or crises.

As Figure 6.1 illustrates, some of these types of value are easier to measure and ‘monetise’ than others. Economic, fiscal and use values are more amenable to monetisation. Social, cultural and existence values cannot easily be monetised or measured – but this does not mean that good judgements cannot be made about their value.

Figure 6.1 Realms of measurement and informed judgement



### ***Economic multipliers***

The third step in the analysis is to make estimates of the financial added value of sector activity to the local economy. Before these calculations are presented, brief explanations are given on the approach taken to estimate ranges of multiplier values based on the available evidence and wider research and evaluation literature. Strong emphasis is placed on producing ‘plausible’, ‘intelligible’ and ‘usable’ multipliers.

- **Economic value:** not all VCSE sector expenditure will remain in the local economy, for example, a proportion of organisational spending and employee wages will be assigned to, for example, mortgage payments or purchases of services and products from outside of the area.

Some multiplier effect calculations use several rounds of impact assessment, where it is assumed that when money is spent in one company, that company will in turn spend this money again, and so on. That is avoided in this study because it cannot be known what proportion of that money is retained by

VCSE sector organisations (and it is not appropriate for the sector to take credit for multiplier effects produced by other sectors).<sup>46</sup>

On balance, it is estimated that about 55%-75% of sector expenditure will be retained and recirculated in the area.

- **Fiscal value:** it is not possible to gain a clear picture on the fiscal value of the contribution of the VCSE sector at present as there are no generalised datasets available from public sector bodies on cost savings at national or local level. There have, however, been some useful studies on likely fiscal benefits in, for example, reduction in usage of police, health and social services, social services resource because of the activities of local VCSE organisations.

Defining, in precise terms, the origin of such benefit is difficult, as shown in Section 5, because the value of sector activity accumulates from the actions of many types of VCSE organisations which are involved in a wide array of activities that directly or indirectly benefit public sector bodies. For example, in the field of health care, contributions have been identified from VCSEs which engage in sporting, recreational, artistic and cultural activities.

On balance, it is estimated that at least an additional 45-65% of the value of VCSE sector energy can be set against direct fiscal savings to the state through the processes of prevention, replacement, additionality or deflection from public service use.

- **Use value:** multiplier effects of use values cannot easily be calculated on a case-by-case basis, let alone at sector level. But this does not mean that such value does not exist. For example, the recipients of VCSE support to tackle financial insecurity can bring immediate benefit (such as access to loans from credit unions, groceries from food banks; mentoring, employability support and borrowing clothes to attend job interviews; support to recover from illness or personal setbacks which facilitate a return to employment, and so on).

While the immediate use value of VCSE sector services can be considerable, it would be unrealistic to argue that the full cost of producing use values can be translated into economic multipliers. It is known, for example, that employability support programmes have mixed levels of success for a multitude of reasons. Similarly, support to tackle issues such as drug or alcohol use can help produce attitudinal and behavioural change but not always – and especially so when beneficiaries face a range of other insidious or unpredictable pressures.

On balance, it is estimated that use values translate into an additional 25-45% of sector energy value into economic value.

Each of the above multipliers deal with direct and immediate sources of economic benefit. But of course, the impact of the work of VCSE organisations is not always direct or immediate – so other aspects of social value production must also be considered which affect medium or long-term aspects of wellbeing.

The multiplier estimates are 'conservative' compared with some other assessments about the multiplier effects of discrete aspects of sector activity. This is because specific assessments of VCSE sector practices attribute success within defined

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<sup>46</sup> There is little evidence of extensive inter-trading within the VCSE (excluding grant making transfers) which is likely to lower accumulated levels of economic impact from within the sector – see Chapman, T. and Gray, T. (2019) *Striking a balance: a study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sector*, London: Power to Change, <https://www.powertochange.org.uk/wp-content/uploads/2019/09/Open-call-report-Striking-a-Balance-DIGITAL-V6.pdf>

practice boundaries – but without necessarily considering how other interventions may have contributed to overall impact.<sup>47</sup>

It is accepted that the estimates may be ‘too low’ or ‘too high’. And similarly, the possibility is not dismissed that there could be considerable levels of variation when looking at different aspects of sub-sector activity.<sup>48</sup> It would be expected that the estimates, as given, may be subject to challenge as the quality of evidence on sector impact improves – but this should be welcomed if it helps to produce informed debate about VCSE sector economic impact.

The resulting economic values, once multipliers have been applied to sector energy estimates are presented in Table 6.5.

Table 6.5 Estimated ranges of added value to the local economy in Cornwall and Isles of Scilly			
Estimated added value (£ millions)	Lower estimate	Mid-point estimate	Higher estimate
Value of VCSE sector energy invested in the area	242.1	249.6	255.7
Economic multiplier value (range 55%-75%)	133.2	162.2	191.8
Fiscal multiplier value (range 45%-65%)	108.9	137.3	166.2
Use value multiplier (range 25%-45%)	60.5	87.3	115.1
Total added value	302.6	386.9	473.2
Total contribution (sector energy plus added value)	554.7	636.5	728.8

### 6.3 Summary: the accumulation of value

The final step in this analysis involves making observations on how to value those aspects of VCSE sector activities that cannot easily be defined, let alone measured. It may not be possible accurately and consistently to measure value which is created through the individual and accumulated action of the VCSE sector, but it does not mean that such value does not exist.

Finding a way of *accounting* for the social value that the VCSE sector produces may not be easy to do, but there are some basic principles arising from the findings presented in this report which can help make informed judgements on sector strengths.

- **Value produced by VCSEs is shared:** only very rarely, if ever, could an organisation claim to produce *all* the value that is required by its beneficiaries. Other organisations or groups also play a part as do people in private life (family, friends and neighbours), the private sector (local businesses) and

<sup>47</sup> For a brief overview of the limitations of approaches to economic impact analysis, see Westall, A. (2009) *Economic analysis and the third sector: overview of economic analysis in relation to the third sector*, Birmingham: Third Sector Research Centre Working Paper No. 14. [http://epapers.bham.ac.uk/801/1/WP14\\_Economic\\_analysis\\_and\\_the\\_third\\_sector\\_-\\_Westall\\_Dec\\_09.pdf](http://epapers.bham.ac.uk/801/1/WP14_Economic_analysis_and_the_third_sector_-_Westall_Dec_09.pdf). See also, Harlock, J. (2013) *Impact measurement practice in the UK third sector: a review of emerging evidence*, Birmingham: Third Sector Research Centre Working Paper No. 14, [http://epapers.bham.ac.uk/1800/1/WP106\\_Impact\\_measurement\\_practice\\_in\\_the\\_UK\\_third\\_sector\\_-\\_Harlock%2C\\_July\\_2013.pdf](http://epapers.bham.ac.uk/1800/1/WP106_Impact_measurement_practice_in_the_UK_third_sector_-_Harlock%2C_July_2013.pdf)

<sup>48</sup> There is a growing body of research literature on the social value produced by VCSE sub sectors. See for example Sport England’s measuring impact guidance <https://www.sportengland.org/how-we-can-help/measuring-impact>. A review has also been produced for arts and culture activities, see: See also, Reeves, M. (2003) *Measuring the economic and social impact of the arts: a review*, London: Social Value UK, <https://socialvalueuk.org/report/measuring-economic-social-impact-arts-review/>; for a more critical analysis of arts measurement, see Holdon, J. (2004) *The value of culture cannot be expressed only with statistics, audience numbers give us poor picture of how culture enriches us*, London: Demos: <https://www.demos.co.uk/files/CapturingCulturalValue.pdf>. Similar research has also been undertaken widely in the health and social care field, for an introduction to the field, see: [https://www.health.org.uk/topics/community-and-voluntary?gclid=Cj0KCQjw6NmHBhD2ARIsAI3hrM1eO53eusFbSpDO2pvaHqxGNvJrKr31zlf2ucWS48sGtAQIvQ\\_tNoaApJQEALw\\_wcB](https://www.health.org.uk/topics/community-and-voluntary?gclid=Cj0KCQjw6NmHBhD2ARIsAI3hrM1eO53eusFbSpDO2pvaHqxGNvJrKr31zlf2ucWS48sGtAQIvQ_tNoaApJQEALw_wcB)

public sector (health, education, police, fire and rescue and the local authority, etc.). While this might constitute some duplication or overlap at times, this is not necessarily a problem as social and personal needs require support of a multifaceted and continuous kind.

- **Value produced by the VCSE sector is cumulative:** because the responsibility for the production is shared, it is likely to accumulate. But it does so in unpredictable ways, depending on the circumstances facing beneficiaries. For example, support from one VCSE organisation may not produce benefit immediately, but can be realised later – perhaps in tandem with other forms of support or encouragement.
- **Value is not a constant:** it should be expected that the value the sector produces cannot always be 'targeted' or 'fully utilised', just as is the case with education or health systems. People make their own choices on what they want to take or leave from the advice or support they may receive. Or other factors beyond their control may increase or limit the extent to which value can be utilised. This makes it hard to determine the value of service or support given - relative to the energy invested.
- **Value does not last forever:** the value of the work undertaken by VCSE organisations will disperse and dissipate over time. These processes occur as other interventions are established to tackle issues in new ways which often come about in response to social change and shifting social priorities. The work of the VCSE is rarely finished – so activity must continually be renewed.

If the technical task of valuing the work of VCSE sector is too daunting (because there are too many factors to take account of and too many unknowns), it is better to make simple and easily evidenced judgements that ring true.

### ***Intangible social, community and existence values***

The old saying, that someone 'knows the price of everything but the value of nothing' is pertinent in the context of this discussion. Only to value aspects of VCSE activity that can be precisely measured would be a mistake because this would fail to capture 'intangible' elements of value.

There is a wealth of good qualitative research evidence available to demonstrate how intangible aspects of benefit are highly valued. An example is provided from a series of case studies undertaken by the author as part of a separate study.<sup>49</sup> The case study centred on a volunteer-led and run library in an isolated former industrial village. The library had come under community ownership due to an asset transfer from the local authority.

When attempting to determine the economic value of the library a series of measures were contemplated such as the financial costs associated with each book loan. The results were not promising because on an annual basis relatively few loans were made, meaning that the pro-rata cost when set against the expense of running the library was high.

A second attempt at valuing the library on an economic basis considered the income brought in from the small kitchen/café and from renting space for small community clubs and societies. Again, the cost benefit appraisal did not produce promising results because, by strict economic measures, the library was 'losing' money.

Even from a volunteer point of view, the library produced mixed results in impact terms. Trustees, who were also active volunteers at the library, found that their responsibilities (of running the library, applying for grants, liaising with the local

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<sup>49</sup> Chapman, T. (2019) *The social process of supporting small charities: an evaluation of the Lloyds Bank Foundation Grow pilot programme*, London: Lloyds Bank Foundation: <https://www.lloydsbankfoundation.org.uk/we-influence/our-research/developing-the-sector>

council library service, etc.) were somewhat onerous and there was limited scope to escape from these responsibilities as succession plans to relieve trustees of their responsibilities had come to nothing.

And yet, the library produced a great deal of intangible value for local individuals and the community in general. Substantive **social value** arose, for example, from its use by a group of secondary school children who, after getting off the bus each evening, used the kitchen and library as a place to socialise and do their homework before parents arrived to pick them up later in the afternoon. The children benefitted because they had a place to go with friends, their parents were happy that they were safe and under quiet supervision, and neighbours and older relatives were relieved of the pressure of looking out for them.

From a **community value** perspective, the library was quite literally 'the only place in town' for people to arrange to congregate in clubs and societies, or to drop in to read, drink coffee or have a chat. The kitchen/café was free to use because it was uneconomic to run as a social enterprise – though there were some items that people could buy if they chose such as biscuits, sweets or crisps. It was also a place where people could volunteer and keep themselves busy, socially connected and intellectually stimulated.

Arguably, the library's **existence value** was just as important as its more direct social and community value. Most people in the former industrial village did not use it, many probably never would, but they knew it was there and could value the fact that help may be at hand if ever they or their families or neighbours needed to use its services. At the most fundamental level, it was a visible symbol that village still had an association to civil society rather than just being a collection of private households.

This case study provides just one example of how intangible forms of value make a difference. In the study from which the example was drawn, there were just 14 detailed case studies in spatially isolated and economically challenged communities: each made its contribution in entirely different ways.<sup>50</sup>

### ***The accumulation of value***

The principal purpose of the above discussion is to demonstrate that it is possible to make an informed judgement about the value of intangible forms of impact that cannot be measured. But it also shows that the prospect of collating evidence on such value on even a relatively small sample of VCSE organisations would be substantial and for the whole sector prohibitive. Furthermore, even if that evidence could be collected – it would be the challenge of a lifetime to devise a system to quantify it and persuade others that the results were intelligible, useful and valid.

There is a better way to look at this problem of intangibility. Instead of looking for 'data' to collate, categorise and count - surely it is better to recognise that the process of making good judgements about the value of sector activity is already happening. There are two simple ways of recognising this.

- Firstly, by taking into account the fact that a majority of VCSE organisations are awarded grants and gifts from time to time, by trusts and foundations, local public bodies which operate small community grants, local parish councils, faith organisations, businesses or philanthropists and so forth. This shows that through the use of trust and judgement, much of the work of the sector has already been assessed and invested in by people holding positions of responsibility.

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<sup>50</sup> There is a wide range of studies on all aspects of VCSE sector impact at organisational or sub-sectoral levels on local communities. A good entry point into this field can be found in the reports produced by the Power to Change Research Institute, <https://www.powertochange.org.uk/research/>; Locality, <https://locality.org.uk/>; and, Local Trust <https://www.localtrust.org.uk/>.

- Secondly, and as importantly, the relatively low levels of closures among VCSE organisations indicates that continuity and sustainability is the norm, not the exception. What this shows is that that VCSE organisations are relevant, purposeful and produce social and community activity that people contribute towards and use. It is a simple point to make: if the work of the VCSE sector was not valued by the community – it would not exist.

Surely, most would agree at least in principle, that the social value that the VCSE sector accumulates is at least of equal value to the energy the sector invests. Perhaps that is far as financial evaluation exercises on intangible impact need to go – the results of which are presented in Table 6.6.

<b>Table 6.6 Social and economic value of VCSE sector activity in Cornwall and Isles of Scilly</b>			
<i>Estimated energy invested and added value (£ millions)</i>			
	<b>Lower estimate</b>	<b>Mid-point estimate</b>	<b>Higher estimate</b>
Value of sector energy directly invested in by VCSE sector	242.1	249.6	255.7
Estimated added economic, fiscal and use value	302.6	386.9	473.1
Estimated social value multiplier <i>(at least equal to the value of energy put in by the VCSE sector)</i>	242.1	249.6	255.7
Total value of sector energy and impact	786.8	886.1	984.5
<b>Overall value added multiplier ratio</b>	<b>3.2:1</b>	<b>3.6:1</b>	<b>3.8:1</b>

## Section 7

### Localised VCSE sector capacity

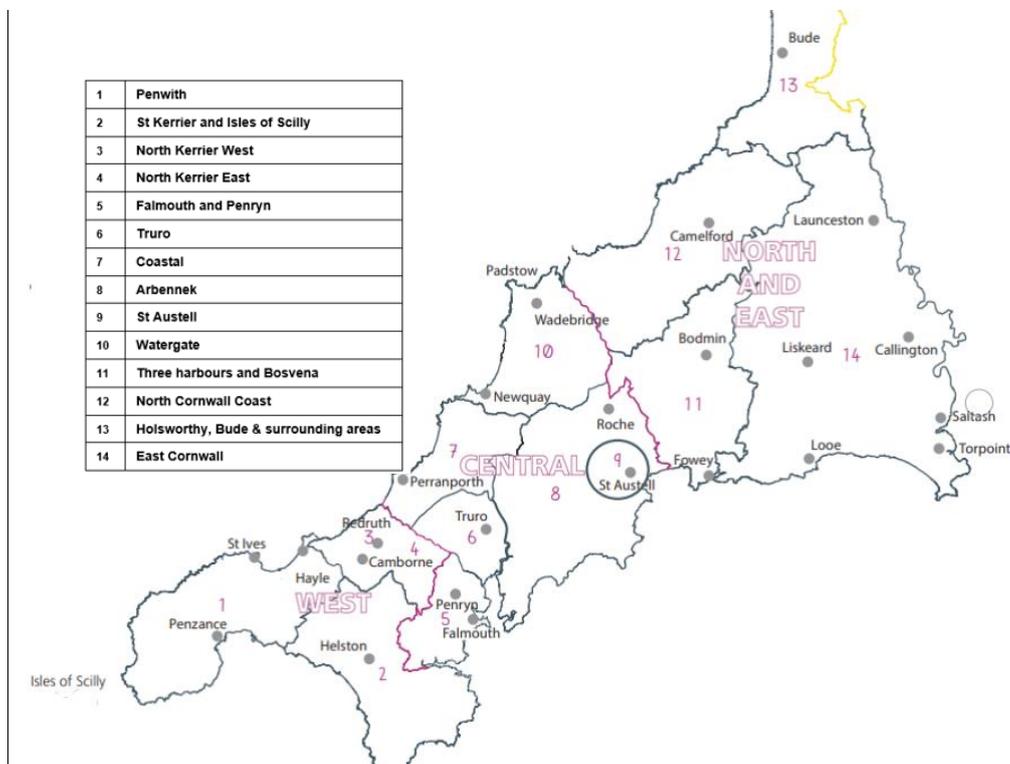
In the final analytical section of this report, comparisons are made on VCSE sector structure, dynamics and impact within more localised areas. The purpose of the exercise is to get a better understanding of the distribution of sector capacity so as to inform strategic debate and planning on the involvement of the VCSE sector in strengthening economy and society in Cornwall and Isles of Scilly.

One area of policy and practice which is being debated currently is the actual and potential contribution of the VCSE sector to health and wellbeing in Cornwall and Isles of Scilly. Consequently, the analysis uses Primary Care Network (PCN) boundaries.

PCNs were established from July 2019 to help integrate primary care with other community services and to secure a strong link between general practitioners and Integrated Care Systems.<sup>51</sup> In Cornwall and Isles of Scilly, 14 PCNs have been established as shown in Figure 7.1.<sup>52</sup>

Using PCNs is not an entirely straight-forward process in analytical terms as there are some overlaps between ward boundaries within Cornwall and Isles of Scilly. Furthermore, one PCN includes areas in Devon. While there is some duplication of the data, a good general set of indicators on VCSE sector capacity can be generated.

Figure 7.1 Map of PCN areas and integrated care areas



<sup>51</sup> The Health Foundation (2019) *Understanding primary care networks: context, benefits and risks*, available at this web address: [Understanding primary care networks - The Health Foundation](https://www.healthfoundation.org.uk/understanding-primary-care-networks).

<sup>52</sup> For more detail, see: <https://cornwallpcn.org/primary-care-networks-pcns/an-introduction-to-primary-care-networks/>

## 7.1 Area demographics and social characteristics

The first step in the analysis is to provide an overview of demographic and social characteristics of PCN areas by drawing upon data from ONS and Public Health England.

Table 7.1 presents data on population levels and key indicators of social deprivation. Variations across PCN areas in population terms are quite pronounced. East Cornwall PCN is substantially larger than other areas, for example.

There are significant variations in income deprivation. North Kerrier East is shown to be the most deprived in this respect, while St Kerrier and Isles of Scilly is the least. Deprivation indicators are fairly consistent. For example, North Kerrier East is the most deprived in relation to older people and child poverty.

While variations in affluence and deprivation are demonstrated, an overarching impression is gained that in Cornwall and Isles of Scilly, it is rare to find 'extreme' variations. Similar studies of metropolitan areas present a different picture where there are concentrated areas of deep deprivation or great affluence.<sup>53</sup>

While metropolitan areas present something of a 'chalk and cheese' picture, in Cornwall and Isles of Scilly the situation is more complex, where pockets of deep deprivation or affluence are to some extent concealed in generalised spatial statistics for areas such as PCNs.

		ONS Total population (by wards)	PCN published population estimates	Older people in deprivation score, English Indices of Deprivation, 2019	Income deprivation score, English Indices of Deprivation, 2019	Child poverty score, English Indices of Deprivation, 2019
West	Penwith	65,939	65,173	16.6	15.5	18.6
	St Kerrier and Isles of Scilly	37,802	32,960	12.3	9.4	10.9
	North Kerrier West <sup>54</sup>	30,233	36,707	16.5	14.5	16.9
	North Kerrier East	37,264	30,813	18.6	18.5	21.8
	Falmouth and Penryn	46,703	47,289	14.0	10.9	14.0
Central	Truro	34,503	32,790	12.2	11.1	13.9
	Coastal	24,743	27,422	13.3	10.1	9.9
	Arbennek	35,858	36,088	12.1	11.8	15.8
	St Austell	30,610	30,845	12.3	13.3	17.8
	Watergate	50,415	47,185	15.5	12.7	14.3
North & East	Three harbours and Bosvena	37,978	41,740	14.0	14.1	18.6
	North Cornwall Coast	34,577	20,568	11.1	10.3	13.1
	Holsworthy, Bude & surrounding areas <sup>55</sup>	21,830	36,475	13.0	13.4	17.3
	East Cornwall	106,122	105,395	12.4	11.6	14.6
Sum and crude averages		594,577	591,450	13.8	12.6	15.5
<b>Cornwall and Isles of Scilly</b>		<b>569,578</b>		<b>13.8</b>	<b>13.0</b>	<b>16.4</b>

<sup>53</sup> See for more in depth analysis in Yorkshire and Humber, Chapman 2021, *ibid*.

<sup>54</sup> The designations of wards are centred on Camborne in the West and Redruth in the East which does not match PCN area designations closely – this has been done to avoid duplicating wards.

<sup>55</sup> This PCN area include parts of Devon, hence the higher population level

Table 7.2 shows that variations between individual PCNs tend to be less pronounced when considered in larger integrated care areas. This process of ‘ironing out’ variations will need to be kept in mind when interpreting VCSE sector capacity.

	ONS population (by wards)	PCN published population estimates	Older people in deprivation score, English Indices of Deprivation, 2019	Income deprivation score, English Indices of Deprivation, 2019	Child poverty score, English Indices of Deprivation, 2019
West	217,941	212,942	15.6	13.8	16.4
Central	176,129	174,330	13.1	11.8	14.3
North and East	200,507	204,178	12.6	12.4	15.9
<b>Cornwall and Isles of Scilly</b>	<b>569,578</b>	<b>591,450</b>	<b>13.8</b>	<b>13.0</b>	<b>16.4</b>

Table 7.3 takes a closer look at aspects of health inequalities in Cornwall and Isles of Scilly. The data show significant variations in key health indicators such as the scores for long-term illnesses or disability across PCN areas which broadly align with deprivation indicators as shown in Table 7.1. Again, these variations are ironed-out to a large extent when integrated PCN areas are assessed, as shown in Table 7.4.

The likelihood is that indicators of public health, even at PCN levels, mask health inequalities in pockets of deep social deprivation in Cornwall and Isles of Scilly.

		Population aged 65 years and over	PCN published population estimates	Limiting long-term illness or disability	Life expectancy at birth for males	Life expectancy at birth for females
<b>West</b>	Penwith	18,877	65,173	24.3	78.8	84.0
	St Kerrier and Isles of Scilly	9,284	32,960	16.6	80.5	83.6
	North Kerrier West <sup>56</sup>	6,732	36,707	21.9	78.9	83.2
	North Kerrier East	8,348	30,813	23.3	78.0	82.2
	Falmouth and Penryn	10,134	47,289	18.8	79.9	84.4
<b>Central</b>	Truro	8,213	32,790	19.1	80.1	84.4
	Coastal	5,782	27,422	19.4	79.7	82.5
	Arbennek	9,137	36,088	20.7	80.3	83.2
	St Austell	7,223	30,845	22.7	79.9	84.2
	Watergate	12,416	47,185	21.1	79.7	85.4
<b>North &amp; East</b>	Three harbours and Bosvena	9,431	41,740	22.6	79.6	83.1
	North Cornwall Coast	9,774	20,568	21.8	81.7	85.9
	Holsworthy, Bude & surrounds <sup>57</sup>	6,054	36,475	22.3	79.8	84.8
	East Cornwall	27,970	105,395	19.6	77.3	80.5
	Sum and crude averages	149,375	591,450	21.0	79.6	83.7
	<b>Cornwall and Isles of Scilly</b>	<b>142,466</b>	<b>569,578</b>	<b>21.4</b>	<b>79.7</b>	<b>83.5</b>

<sup>56</sup> The designations of wards are centred on Camborne in the West and Redruth in the East which does not match PCN area designations closely – this has been done to avoid duplicating wards.

<sup>57</sup> This PCN area include parts of Devon, hence the higher population level

	Population aged 65 years and over	PCN published population estimates	Limiting long-term illness or disability	Life expectancy at birth for males	Life expectancy at birth for females
West	53,375	212,942	20.9	79.2	83.5
Central	42,771	174,330	20.6	79.9	83.9
North and East	53,229	204,178	21.6	79.6	83.8
<b>Cornwall and Isles of Scilly</b>	142,466	591,450	21.4	79.7	83.5

## 7.2 VCSE sector capacity

Matching VCSE sector capacity with local PCN areas is not a straightforward process. This is because many VCSE organisations (and especially so in the case of larger organisations) will work across PCN boundaries.

At PCN level, it is clear that areas with higher levels of VCSE sector capacity tend to be those with larger urban settlements. In some areas this is further exaggerated if they host principal administrative functions for the county. Truro, for example, has 7.1 VCSE organisations per 1,000 population, which is more than double that of many PCN areas. Many organisations will work across PCN boundaries so more reliable evidence can be gleaned from integrated PCN areas as shown in Table 7.6.

Again, in integrated PCN areas it is clear that variations are 'ironed out' to a large extent in relation to the number of organisations per 1,000 population. In terms of sector income, by contrast, variations are clearer. Average VCSE organisational income in *Central* PCN area is considerably higher – which largely stems from the dynamics of the sector in Truro.

		Total VCSE income	Number of VCSE organisations	Average income per organisation	ONS total population by ward	Number of VCSE orgs per 1,000 population	VCSE income per 1,000 population
West	Penwith	24,196,410	308	78,560	65,939	4.7	366,951
	St Kerrier and Isles of Scilly	13,419,006	171	78,474	37,802	4.5	354,981
	North Kerrier West <sup>58</sup>	10,488,754	84	124,866	30,233	2.8	346,931
	North Kerrier East	13,924,270	121	115,077	37,264	3.2	373,665
	Falmouth and Penryn	11,824,204	178	66,428	46,703	3.8	253,179
Central	Truro	29,282,084	244	120,009	34,503	7.1	848,682
	Coastal	8,609,988	93	92,581	24,743	3.8	347,977
	Arbennek	16,920,522	156	108,465	35,858	4.4	471,876
	St Austell	15,464,197	108	143,187	30,610	3.5	505,201
	Watergate	6,810,901	140	48,649	50,415	2.8	135,097
North & East	Three harbours and Bosvena	6,879,125	164	41,946	37,978	4.3	181,134
	North Cornwall Coast	5,987,652	145	41,294	34,577	4.2	173,169
	Holsworthy, Bude & surrounds <sup>59</sup>	5,486,635	78	70,341	21,830	3.6	251,335
	East Cornwall	50,283,095	479	104,975	106,122	4.5	473,823
<b>Cornwall and Isles of Scilly</b>		<b>219,576,843</b>	<b>2,469</b>	87,307	594,577	4.2	369,299

<sup>58</sup> The designations of wards are centred on Camborne in the West and Redruth in the East which does not match PCN area designations closely – this has been done to avoid duplicating wards.

<sup>59</sup> This PCN area include parts of Devon, hence the higher population level

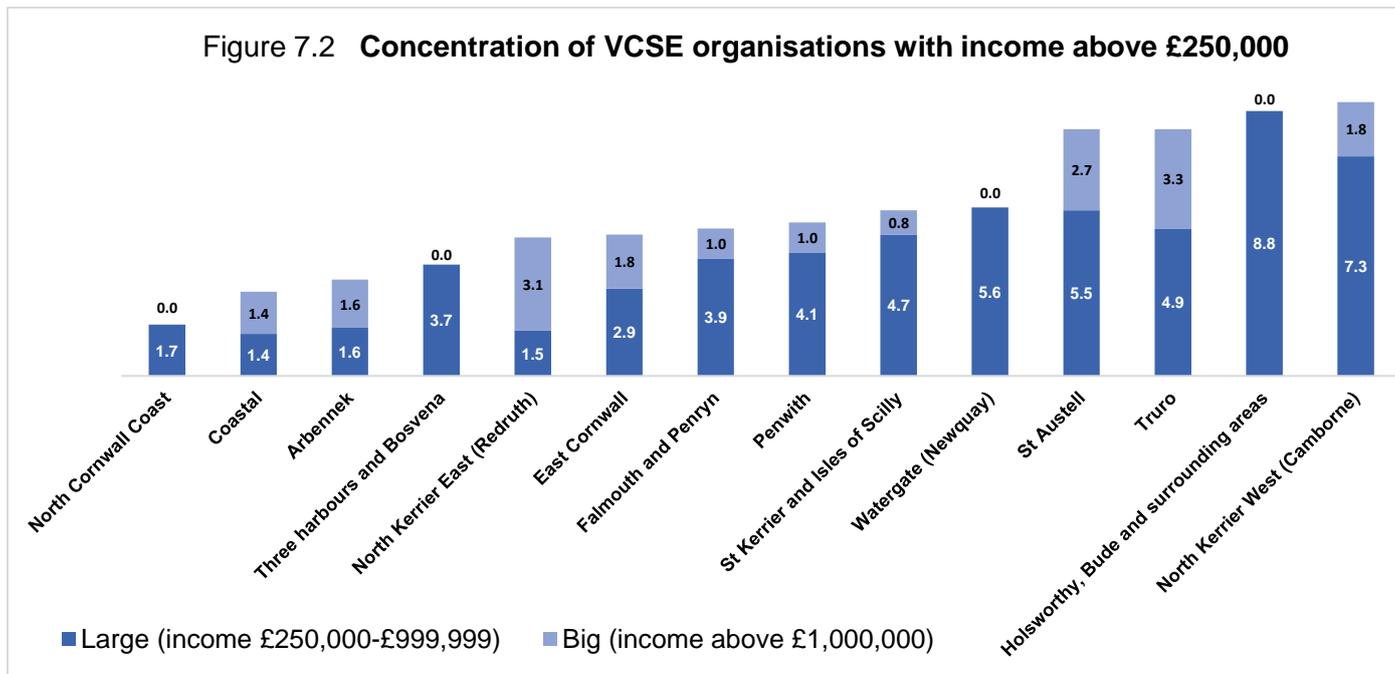
	Total VCSE income	Number of VCSE organisations	Average income per organisation	ONS total population by ward	Number of VCSE orgs per 1,000 population	VCSE income per 1,000 population
West	73,852,644	862	85,676	217,941	4.0	338,865
Central	77,087,692	741	104,032	176,129	4.2	437,677
North and East	68,636,507	866	79,257	200,507	4.3	342,315
<b>Cornwall and Isles of Scilly</b>	<b>219,576,842</b>	<b>2,469</b>	<b>87,307</b>	<b>594,577</b>	<b>4.2</b>	<b>369,299</b>

Localised VCSE sector capacity is shaped by the proportion of larger organisations in areas. As Table 7.7 shows, PCN areas which do not have bigger urban settlements tend to have fewer large organisations. These variations are illustrated graphically in Figure 7.2.

		Micro (income £0-£9,999)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000- £999,999)	Big (income above £1,000,000)	N=
West	Penwith	42.6	34.4	17.9	4.1	1.0	308
	St Kerrier and Isles of Scilly	49.6	33.3	11.6	4.7	0.8	171
	North Kerrier West	41.8	27.3	21.8	7.3	1.8	84
	North Kerrier East	40.0	38.5	16.9	1.5	3.1	121
	Falmouth and Penryn	53.4	25.2	16.5	3.9	1.0	178
Central	Truro	51.2	26.0	14.6	4.9	3.3	244
	Coastal	45.8	37.5	13.9	1.4	1.4	93
	Arbennek	46.8	33.1	16.9	1.6	1.6	156
	St Austell	52.1	27.4	12.3	5.5	2.7	108
	Watergate	44.9	33.7	15.7	5.6	0.0	140
North & East	Three harbours and Bosvena	51.4	28.0	16.8	3.7	0.0	164
	North Cornwall Coast	52.1	30.6	15.7	1.7	0.0	145
	Holworthy, Bude and surrounding areas	45.6	29.8	15.8	8.8	0.0	78
	East Cornwall	50.9	30.4	14.0	2.9	1.8	479
<b>Cornwall and Isles of Scilly</b>		<b>48.4</b>	<b>31.1</b>	<b>15.5</b>	<b>3.7</b>	<b>1.3</b>	<b>2,469</b>

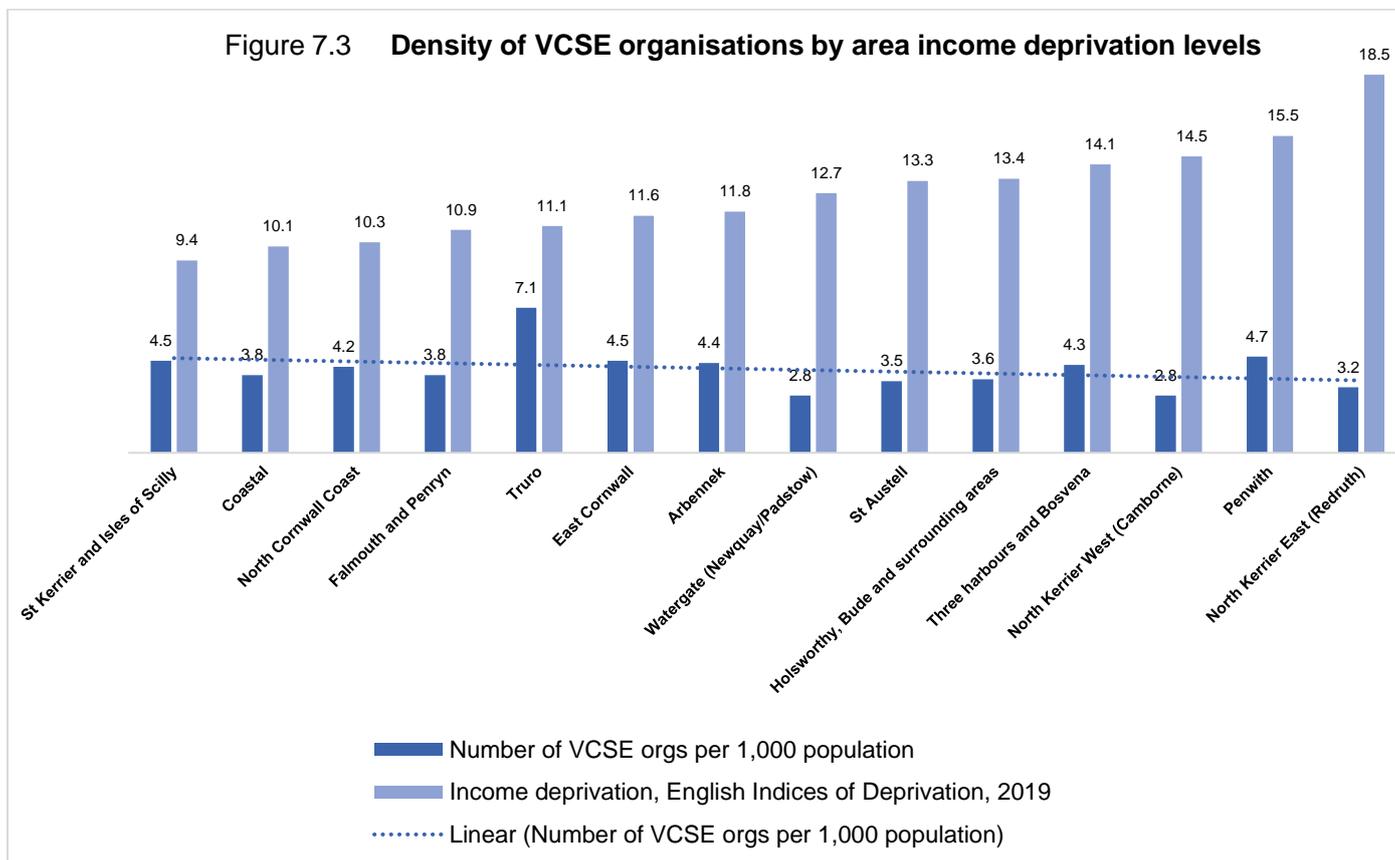
	Micro (income £0- £9,999)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000- £999,999)	Big (income above £1,000,000)	Number of VCSE organisations
West	45.5	31.7	16.9	4.3	1.5	831
Central	48.2	31.5	14.7	3.8	1.8	730
North and East	50.0	29.7	15.6	4.3	0.5	953
<b>Cornwall and Isles of Scilly</b>	<b>48.4</b>	<b>31.1</b>	<b>15.5</b>	<b>3.7</b>	<b>1.3</b>	<b>2514</b>

Figure 7.2 Concentration of VCSE organisations with income above £250,000



In major urban or metropolitan areas of England and Wales, stark variations in the number of VCSE organisations per 1,000 population are evident when areas of deep deprivation are compared with those of great affluence. This is not shown to be the case in Cornwall. As Figure 7.3 demonstrates, some areas have considerably higher income deprivation scores, but the association between deprivation and VCSE sector capacity is weak. From an interpretative point of view, this is an important finding, as it strongly suggests that VCSE sector capacity, especially from larger organisations, is likely to be widely distributed across PCN area boundaries.

Figure 7.3 Density of VCSE organisations by area income deprivation levels



## 7.3 Employment and volunteering

It is possible to make estimates on the energy the VCSE sector has at its disposal in PCN areas and larger integrated care areas. This can be done by looking at likely levels of employment and regular volunteering and then calculating their relative value using financial and proxy financial measures.

It must be remembered that in PCN areas many VCSE organisations based within them will work across boundaries. Analysis at integrated PCN area level is therefore more likely to produce reliable estimates of the energy the VCSE sector has at its disposal. The exception may be North and East North Cornwall where a good deal of activity is likely to be delivered from organisations in Devon, and Plymouth in particular.

### ***Employment estimates***

Employment estimates cannot be reliably produced for individual PCN areas. This is due to the strong likelihood that larger VCSE organisations which are based in one area, will work across one or several PCN boundaries (or indeed beyond county boundaries). Furthermore, the estimates of the number of employees VCSE organisations have are recorded by area. But of course larger VCSE organisations will employ staff beyond the boundaries of the area where their main office is located.

Assessing sector capacity in integrated PCN areas is more reliable. As shown in Table 7.9, the strongest level of capacity is in the *Central* area with 13 full-time equivalent employees per 1,000 population.

This finding must be interpreted with care, however, because some organisations in the *Central* area will work across integrated PCN area boundaries. Furthermore, in North and East Cornwall, there is a very strong likelihood that service provision will be delivered by VCSE organisations in Devon (and Plymouth in particular).<sup>60</sup>

	Number of FTE employees	Full cost of wages (£ millions)	Total sector income (£ millions)	Wages as percentage of income	Average FTE per VCSE organisation	FTE employees per 1,000 population
West	2,074	48.7	73.8	66.0	2.5	10.0
Central	2,155	50.6	77.1	65.6	3.1	13.0
North and East	1,936	45.0	69.0	65.2	2.0	8.8
<b>Cornwall and Isles of Scilly</b>	<b>6,165</b>	<b>144.3</b>	<b>219.9</b>	<b>65.9</b>	<b>2.5</b>	<b>10.5</b>

<sup>60</sup> Cornwall Voluntary Sector Forum commissioned the development of a search tool for local charities. The VSF Charity Browser provides links to charity details by organisational purpose, income, and a range of area geographies. The search tool includes local organisations but also those charities which work in Cornwall and Isles of Scilly but have head offices based in other areas. In the field of health and wellbeing, for example, there are many examples of charities based in Plymouth and Exeter in the database which may operate across county boundaries.

## Volunteer capacity

In the case of volunteer capacity, it is safer to make estimates at the individual PCN level. This is because, firstly, regular volunteers are more likely to live and deliver support in the local area. And secondly, because volunteer numbers are much larger compared with employees, statistical estimates tend to be more reliable.

Regular volunteer numbers, hours worked and proxy replacement value in each PCN area are shown in Table 7.10, and equivalent statistics are shown in integrated PCN areas in Table 7.11.

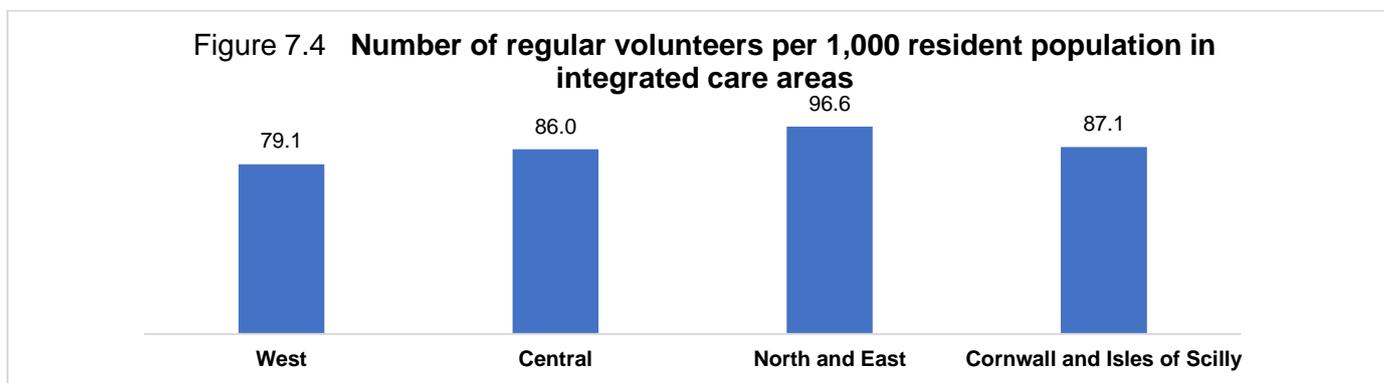
		Estimated number of regular volunteers	Hours worked (average 72 per annum)	Proxy replacement value (National Living Wage)	Proxy replacement value (80% average Cornwall wage)	Total sector income	Lower added value estimate (National Living Wage)	Higher added value estimate (at 80% average wages)
West	Penwith	6,159	443,448	4.0	6.0	24.2	16.5	24.9
	St Kerrier and Isles of Scilly	3,981	286,632	2.6	3.9	13.4	19.4	29.0
	North Kerrier West	1,829	131,688	1.2	1.8	10.5	11.4	17.1
	North Kerrier East	2,094	150,768	1.3	2.0	13.9	9.4	14.7
	Falmouth and Penryn	3,184	229,248	2.0	3.1	11.8	16.9	26.4
Central	Truro	3,987	287,064	2.6	3.9	29.3	8.9	13.3
	Coastal	2,206	158,832	1.4	2.2	8.6	16.3	25.1
	Arbennek	3,851	277,272	2.5	3.8	16.9	14.8	22.3
	St Austell	2,342	168,624	1.5	2.3	15.5	9.7	14.8
	Watergate	2,768	199,296	1.8	2.7	6.8	26.5	39.8
North & East	Three harbours and Bosvena	3,259	234,648	2.1	3.2	6.9	30.4	46.4
	North Cornwall Coast	3,631	261,432	2.3	3.6	6.0	38.3	59.3
	Holworthy, Bude & surrounds	1,824	131,328	1.2	1.8	5.5	21.8	32.5
	East Cornwall	10,651	766,872	6.8	10.4	50.3	13.5	20.7
	<b>Cornwall and Isles of Scilly</b>	<b>51,766</b>	<b>3,727,152</b>	<b>33.2</b>	<b>50.7</b>	<b>219.6</b>	<b>15.1</b>	<b>23.1</b>

	Estimated number of regular volunteers	Hours worked (average 72 per annum)	Proxy replacement value (National Living Wage)	Proxy replacement value (80% average Cornwall wage)	Total sector income	Lower added value estimate (National Living Wage)	Higher added value estimate (at 80% average wages)
West	17,247	1,241,811	11.1	16.8	73.8	15.0	22.8
Central	15,154	1,091,119	9.8	14.9	77.1	12.6	19.3
North and East	19,365	1,394,232	12.4	19.0	68.7	18.1	27.7
<b>Cornwall and Isles of Scilly</b>	<b>51,766</b>	<b>3,727,162</b>	<b>33.2</b>	<b>50.7</b>	<b>219.6</b>	<b>15.1</b>	<b>23.1</b>

To make an assessment of variations in VCSE sector capacity, Table 7.12 shows the number of regular volunteers per 1,000 population in each PCN area.

Primary Care Network Areas		Estimated number of regular volunteers	ONS Population by ward	Estimated regular volunteers per 1,000 population
West	Penwith	6,159	65,939	93.4
	St Kerrier and Isles of Scilly	3,981	37,802	105.3
	North Kerrier West	1,829	30,233	60.5
	North Kerrier East	2,094	37,264	56.2
	Falmouth and Penryn	3,184	46,703	68.2
Central	Truro	3,987	34,503	115.6
	Coastal	2,206	24,743	89.2
	Arbennek	3,851	35,858	107.4
	St Austell	2,342	30,610	76.5
	Watergate	2,768	50,415	54.9
North & East	Three harbours and Bosvena	3,259	37,978	85.8
	North Cornwall Coast	3,631	34,577	105.0
	Holsworthy, Bude & surrounds	1,824	21,830	83.6
	East Cornwall	10,651	106,122	100.4
Cornwall and Isles of Scilly		51,766	573,299	90.3

When comparing integrated PCN areas, as shown in Figure 7.4, it is clear that levels of regular volunteer capacity is somewhat imbalanced, with the highest levels of capacity in *North and East* and the lowest levels in *West* integrated PCN area.



## 7.4 Summary of findings

It is not possible to provide reliable estimates at individual PCN areas due to the strong likelihood of cross-boundary working by VCSE organisations. Even at integrated PCN level, interpretation has to be undertaken with care. This is because *within* Cornwall and Isles of Scilly many larger VCSE organisations will work in two or three of the integrated PCN areas.

A more serious drawback in making comparative assessments is that there is a very strong likelihood in the *North and East* integrated care areas, there will be an influx of capacity from VCSE organisations in Devon (and Plymouth in particular).<sup>61</sup>

<sup>61</sup> A simple search of the Charity Commission Register produces a list of over 850 charities in Plymouth. 60 of these charities have income above £500,000, suggesting that they may have the capacity to work across county boundaries.

Table 7.13 reports findings from an impact assessment using the same methodology outlined in Section 5. The analysis is based on sector capacity within Cornwall and Isles of Scilly and may, therefore, underestimate input from organisations in other areas. Similarly, it cannot be known how much of Cornwall and Isles of Scilly sector energy is expended in other areas.

<b>Table 7.13 Total value of social and economic contribution of VCSE sector in integrated care areas</b>				
	<b>West</b>	<b>Central</b>	<b>North &amp; East</b>	<b>Cornwall<sup>62</sup></b>
Total financial value of VCSE sector energy expended	87.7	89.4	75.5	<b>249.6</b>
<i>VCSE sector financial expenditure</i>	71.7	74.9	58.1	204.0
<i>Proxy-replacement value of volunteer time (mid-point estimates)</i>	14.0	12.3	15.7	39.5
<i>Proxy value of additional in-kind support</i>	1.6	1.7	1.3	4.7
<i>Proxy value of additional sources of self-generated income</i>	0.5	0.5	0.4	1.4
<b>...plus...</b>				
Economic multiplier value ( <i>mid-point estimate 65%</i> )	57.0	58.1	49.1	<b>162.2</b>
Fiscal multiplier value ( <i>mid-point estimate 55%</i> )	48.2	49.2	41.5	<b>137.3</b>
Use value multiplier ( <i>mid-point estimate 35%</i> )	30.7	31.3	26.4	<b>87.3</b>
<b>...plus...</b>				
Added value multiplier of sector activity ( <i>at least equal to energy expended</i> )	87.7	89.4	75.5	<b>249.6</b>
<b>...equals</b>				
Total value of the contribution of the VCSE	311.4	317.5	268.0	<b>886.0</b>
<b>Ratio of value produced relative to energy input</b>	<b>3.6:1</b>	<b>3.6:1</b>	<b>3.6:1</b>	<b>3.6:1</b>

The above analysis indicates that sector capacity to expend its energy on social and economic wellbeing in Cornwall and Isles of Scilly is similar in each of the three Integrated Care Areas. Beneath the surface of this finding, individual PCN analysis indicates wider disparities in sector capacity.

These variations must be interpreted with care because there is likely to be significant cross-boundary working in PCN areas, especially by employees in larger VCSE organisations.

By contrast, volunteer resources vary substantially across integrated care areas as shown in Figure 7.4. This may have a significant bearing upon the capacity of smaller, locally-focused VCSE organisations in the western area of the county to meet local demand for services or support.

<sup>62</sup> It should be noted that the sum of reported values in each of the ICAs is higher than for Cornwall and Isles of Scilly as a whole (as reported in Section 5). This is due to a degree of overlap in ward level statistics in the generation of individual PCN areas and the aggregated ICAs.

## Section 8

# Summary and discussion

### 8.1 Summary of findings

This report shows that Cornwall and Isles of Scilly have a large VCSE sector. The sector is comprised of around 2,500 registered organisations and there may be as many as 3,250 additional small, local informal unregistered groups working under the radar of official statistics.

#### **Financial resources**

The VCSE sector in Cornwall and Isles of Scilly have an income of about £219 million. This is drawn from a wide range of sources such as contracts to deliver public services, grants, self-generated earned income, gifts, donations, investments and subscriptions.

Larger VCSE organisations absorb the lion's share of sector income. The biggest organisations (with income between £1m - £25m) command 53 per cent of sector income, but constitute less than 2 per cent of organisations within the sector. Micro and small VCSE organisations (those with income below £50,000) constitute 80 per cent of the sector, but command less than 10 per cent of sector income.

#### **People resources**

Organisations within the VCSE sector employ large numbers of staff. There are estimated to be over 4,500 full-time and 5,000 part-time employees – this amounts to 6,000 full-time equivalent staff. The VCSE sector comprises about 4 per cent of all employment in Cornwall and Isles of Scilly.

The work of the registered VCSE sector is supported further by around 52,000 regular volunteers who deliver 3.7 million hours of work. The replacement cost of this workforce, if employed, would be between £32m - £47m. This equates to 15-22 per cent of 'added value' to the VCSE sector's financial income.

Volunteers play a vital role in sustaining the activities of the VCSE sector – and especially so in smaller VCSE organisations. Over 70 per cent of volunteer time is delivered in small VCSE organisations (with income below £50,000). The biggest organisations (with income between £1m - £25m) only account for about 4 per cent of volunteer time.

#### **Added value**

It is possible to make informed judgements on the 'added value' the VCSE sector contributes to local economy and society in Cornwall and Isles of Scilly. It is estimated that the sector injects the equivalent of £250 million into the local economy annually (including the replacement value of volunteer time).

The added value the sector contributes can be split into *tangible values* (aspects of sector output or 'hard outcomes' that can be measured) and *intangible values* (which includes 'soft outcomes' such as tackling social isolation, building confidence and strengthening cohesion and pride in the community).

VCSE sector activity is estimated to produce a multiplier effect of £387 million of tangible economic, fiscal and use value and £250 million of additional intangible value.

### ***Sector capacity at local level***

Providing reliable estimates on the contribution of the VCSE sector at local levels is difficult due to cross-boundary working by VCSE organisations which are based in Cornwall and Isles of Scilly, and because organisations based outside the area also make a contribution.

In Primary Care Network areas, there is evidence of variation in sector capacity. Specifically, sector capacity is more heavily focused in larger urban centres across Cornwall and Isles of Scilly – and especially so in Truro. Furthermore, there tends to be a higher concentration of VCSE organisations in areas with low to middling levels of deprivation. But it would be a mistake to over emphasise such differences because distinctions about capacity are blurred by cross-boundary sector activity.

Even at integrated PCN area level, interpretation has to be undertaken with care – but the indications are that the value of VCSE sector energy and impact is quite evenly balanced across the *West, Central and North and East* integrated care areas of Cornwall and Isles of Scilly.

This may not sound like much of a research finding. But actually, *it is*. In metropolitan areas or areas with a mix of densely populated urban areas and a large suburban or rural hinterland, there are usually much clearer demarcations between rich and poor localities. This changes the structure and dynamics of the VCSE sector because organisations based in specific areas tend to have different priorities and consequently focus on different aspects of activity.

In Cornwall and Isles of Scilly, VCSE sector structure, dynamics and purpose appears to be much less fragmented – which may help the sector as a whole to be more responsive to calls to work in a more flexible and integrated way than can be the case in heavily polarised areas.

### ***Three sectors in one?***

The objectives of VCSE organisations are often ambitious, but the available resources they can draw upon to achieve them are finite. This means that there is competition over resources. Because the values, objectives and practices of VCSE sector organisations vary, it is not always easy to get organisations to align with shared strategic aims.

This is not to argue that organisations within the VCSE sector cannot work well together. The indications are that about 82 per cent of organisations have useful informal relationships with other organisations, that 73 per cent work closely but informally with other organisations and that about 29 per cent work in formal partnership arrangements. Nearly two thirds of the biggest organisations engage in formal partnership working, but only about 14 per cent of micro organisations do so.

The size of VCSE organisations affects the way they think and work:

- ***Larger VCSE organisations*** have the capacity and greater interest in tackling issues which connect with local authority and NHS strategic priorities. They tend to have larger numbers of employees who have the expertise and professionalism to deliver services and are more accustomed to doing work which has clearly defined tangible objectives and can comply with public sector expectations surrounding monitoring and accountability.

Because they operate across wider areas, larger VCSE organisations tend to be more able to deliver public services under contract. This does not mean that large VCSE organisations are, ostensibly, *the same* as public sector

bodies. They are not. Operating within the realm of civil society, larger organisations, like their smaller counterparts, share values about independence and are often keen not just to *respond* to the expectations of public bodies but they also want to *shape* them.

- **Medium sized VCSE organisations** tend to be more heavily rooted in localities. They work at a scale that does not allow them to, or they are disinterested in developing formal and hierarchical ways of working that are more common in larger organisations. Many organisations working at this scale cannot or do not want to engage directly in aspects of public service delivery but their activities, funded from other sources such as grant making foundations, underpin or complement aspects of such work.

Their local knowledge of and often long-standing connections with the community help to build understanding and trust with local people. This is a valuable resource for public sector bodies which seek to devise strategic plans to tackle social, economic and environmental issue. But that know-how is not always easy to access because medium sized organisations may not have the capacity to or interest in engaging in protracted and complex policy debate. Consequently, trusted intermediaries are often needed to help bridge the gap between higher level strategic planning with realistic and practical know-how of organisations which are rooted in communities.

- **Smaller VCSE organisations** tend to get on with their own thing and are rarely interested in getting involved in strategic debate. They may be less interested in articulating or demonstrating that their work makes a strong social impact – and their interest in connecting what they do with the strategic aims of other organisations or agencies may not be much of a priority. But as demonstrated in this report, their collective contribution to social wellbeing is enormous. So it is vital not to overlook their contribution just because it is hard to enumerate in a tangible way.

Smaller organisations are usually volunteer-led and run and as such have limited time to engage with the priorities of others. This does not mean that small organisations do not work well with others; most do so, providing those interactions are relatively informal, do not require too much effort and are of mutual benefit. Small VCSE organisations may not have complicated structures or divisions of labour, but that does not mean that they lack social complexity. Often small organisations have to work hard to keep relationships working well and can be nervous about attempts to unsettle the equilibrium when asking them to do things that may push them out of shape.

The VCSE sector in Cornwall and Isles of Scilly is large, productive, well established and is deeply engrained within civil society. When there is talk in the air about 'harnessing' the value of the sector, strategists need to tread carefully. The organisations and groups which constitute the VCSE sector are autonomous entities which determine their own objectives, decide how to tackle them and work hard to garner the resources they need to get things done.

From a birds-eye perspective it is tempting to construct and impose models of VCSE sector structure, as policy-oriented think tanks often do, to determine which levers to pull to get the sector to move in a desired strategic direction. Such perspectives are often naïve at best and when employed in practical terms can have unforeseen and undesirable consequences.

The VCSE sector is not a system where levers can be pulled. It is not even a jigsaw where the pieces fit neatly together. Instead the sector has complex dynamics which continually change in response to immediate circumstance whilst also being characterised by its *longevity*, *continuity* and, sometimes against the odds, *sustainability*.

## 8.2 Discussion

The summary of findings presented above provides an overview of the evidence which is currently available on the structure, dynamics and impact of the VCSE sector in Cornwall and the Isles of Scilly. This provides a useful starting point for debate on the current capacity and future potential of the VCSE sector to contribute to social, economic and environmental wellbeing.

It is, of course, far too early in the process to make firm recommendations on how sector energy might be refocused or impact increased.<sup>63</sup> Instead, the following general observations on sector interactions are offered to stimulate debate and help frame strategic discussions on how to encourage constructive and complementary action or more formal collaborative working within the VCSE sector which aligns with the objectives of public sector and health sector bodies.

### ***VCSE Sector intelligence***

Good cross-sector strategic thinking is generally based on a shared understanding of what is desirable and possible within resource constraints. Sector intelligence in Cornwall and Isles of Scilly is quite limited at the moment. Too little is known about sector *capacity to* and *interest in* working in complementary or collaborative ways to tackle pressing social, economic and environmental issues.

It would seem to be advisable that time and energy is invested in VCSE sector debate about its potential to engage productively with emerging public and health sector initiatives – and especially so at the very local level where critical social and health needs must be addressed.

Good evidence and insights drawn from open debate can be used effectively to confirm or challenge well-rehearsed narratives about what goes on inside the VCSE sector and to explore those factors which make inter-sector relationships prosper or founder.

But debates usually need to happen on different levels. Higher level strategic debates on sector engagement across Cornwall and Isles of Scilly are likely to be dominated by larger VCSE organisations because they have the capacity to and interest in doing so, but also because they work at scale and have a broad overview of issues that relate to their area of specialism.

This does not mean that larger organisations necessarily have fine-grained understanding of issues in localities and they may struggle to hear or speak for the concerns and interests of people in local communities. At this middle range, medium sized VCSE organisations generally have their ear to the ground on local issues and because they are *in* and *of* the community are held in a position of trust with local people.

To bridge the gap between higher and middle-range debate, larger organisations (sometimes known as ‘anchor’ organisations) can help facilitate discussion with

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<sup>63</sup> In Cumbria, North East England and Yorkshire and Humber, where similar studies have been running for well over a decade, it is much easier to make well informed and realistic recommendations on how to maximise the impact of sector practice. See, for example, Chapman, T., Mawson, J., Robinson, F. and Wistow, J. (2018) *How to work effectively with the third sector: a discussion paper for public sector organisations*, Durham: Institute for Local Governance: <https://www.stchads.ac.uk/wp-content/uploads/2018/02/ILG-How-to-work-effectively-with-the-third-sector-discussion-paper-March-2019-.pdf>.

Some of the insights gained from these studies may be of use in Cornwall and the Isles of Scilly to help engender debate and help shape strategic thinking. But it is not possible simply to transplant a set of recommendations from one area to another. More needs to be known more about sector dynamics in Cornwall and Isles of Scilly before that can happen. It is hoped that the evidence base can be improved substantially when the Third Sector Trends survey recommences in the summer of 2022. If enough responses to the survey are collected from organisations working in Cornwall and the Isles of Scilly, together with neighbouring Devon, it should be possible to make firmer statements on sector readiness to work in new ways.

medium-sized VCSE organisations which can, in turn, connect with very small organisations that show an interest in taking part in debates on area need.

Engaging very small organisations and groups in debates on local priorities and needs can be fruitful but also challenging as their close focus on specificities sometimes run counter to more generalised or broadly-based objectives. But just because debates can be difficult does not mean that these small organisations and groups do not have grounded insights on what is possible and desirable for local communities.

Imposing standardised practices and principles on what ‘outsiders’, even with the best intentions, think that needs to be done can alienate local communities from getting involved. It is not a question of getting them ‘on side’, but working with them to find out what they feel is important and what will make a difference to their lives.

### ***It's not all about money***

New initiatives always have costs attached to them. People in the VCSE sector know this and are often enticed by news about potential initiatives that might attract investment from one source or another. VCSE organisations are adept at aligning with new initiatives even if, on the surface, the connection is not immediately apparent. When an area announces an intention to bid for, say, the ‘City of Culture’, it can be expected that many VCSE organisations will be thinking hard about how they can capitalise on this.

Often this is clearly justified and the connection is entirely transparent. For example, VCSE organisations which have a track record in running arts, heritage and culture projects would be expected to get involved. Others may emerge in less obvious, but no less plausible ways. Mental health charities, for example, may have been using therapeutic arts projects for years. Youth organisations, similarly, may realign the way they work by referencing their existing volunteering projects that connect with arts and heritage.

Other VCSE organisations may emerge in much more unexpected ways. But it would be wrong to assert that these new alignments are purely opportunistic (although there may be an element of that). Instead, they may inject real energy into the initiative and produce innovative interactions and linkages which had previously been unrecognised or did not exist at all.

The same principles apply to debates about public health – many organisations may be interested in getting involved once they recognise that they can and do play an effective role, for example, in the prevention of ill health or recovery from illness – and not just the delivery of practical help or treatment.

### ***Talking about money***

Productive debates about the allocation of financial resources can be undermined if the purpose for its provision is unclear. So it is useful to draw a distinction between *financial investment* and *buying services* in such debates.

**Investment** in VCSE sector activity can take many forms such as *capital investments* (for example, enhancement of conversions of property, the transfer of community assets, etc.); *infrastructure support* (such as the enhancement of digital skills, volunteer management, back office services, etc.); and, *investment in sector energy* (such as organisations’ core costs, appointing development workers, etc.). Investments may pay longer-term dividends if things work out well, but there is always a risk that when investment stops – the work will no longer continue.

**Buying** services from the VCSE sector is usually associated with the letting of public service delivery contracts. Due to public procurement regulations, contracts are issued following competitive tendering processes which are open to private sector or

VCSE sector bids. The objectives of contracts are defined by the funding organisation and as such are not, strictly speaking VCSE, activities – though they may be delivered by VCSE organisations and such organisations may choose to add value to the work they deliver by other means.

### ***Complementary and collaborative working***

Complementary working tends to be relatively informal and can often continue over long periods of time. Some organisations work alongside each other for many years while others may step-in or step-out from such arrangements depending upon circumstance. Only very rarely do VCSE organisations feel comfortable about 'pooling' financial resources, but that does not mean that they are unwilling to work collaboratively towards shared objectives from time to time.

Working in consortia can be more challenging but has become more common in response to changes in the procurement practices of some statutory bodies. With a view to delivering services at scale, many public sector and health sector bodies, for example, issue lets that call on VCSE organisations to submit consortia bids. This can work well if VCSE organisations have built a good deal of trust based long-standing experience of collaborative working. But when partnerships are untested consortia working can be less successful. The cost savings achieved by statutory bodies which issue large complex contracts to deliver public services can be offset by the increased costs associated with the complexities surrounding VCSE organisations working within consortia.

Similar problems can arise when investing in VCSE sector capability and capability if strong emphasis on formal collaborative arrangements is stipulated when working relationships amongst VCSE organisations are under-developed. This is why effective investment initiatives often put little money on the table at the outset, but instead offer in-kind support to initiate and facilitate new connections between VCSE organisations, help to build trust and confidence amongst them and ultimately result in the evolution of interesting and effective new approaches to practice. Investing heavily in untested collaborative arrangements too soon can often produce disappointing outcomes.

### ***Local initiatives***

Cornwall and Isles of Scilly differ from many other parts of England because, unlike metropolitan areas, distinctions between more and less affluent areas are somewhat blurred. This presents the area with something of an advantage – because VCSE sector activities are less likely to be polarised. But that does not mean that working in collaborative or complementary ways will all be plain sailing.

The social and economic landscape Cornwall is characterised by a multiplicity of small pockets of deeper deprivation and social exclusion. This can make it easier for such communities to be overlooked. While the general distribution of VCSE organisations across more or less affluent wards in Cornwall and Isles of Scilly is relatively balanced – this does not necessarily mean that energy is expended evenly in areas – nor that organisations feel that it should be. More needs to be known about who is doing what to support communities,

In locality-based funding initiatives, it can be beneficial to draw a clear distinction between 'buying services' to deliver tangible and measurable 'hard outcomes' and 'investing' in VCSE sector activities that deliver 'soft outcomes' and thereby strengthen personal and community confidence, interaction, cohesion and resilience. It is helpful to keep this distinction in mind so that the destination of funding aligns with reasonable expectations of what can be achieved and which types of VCSE organisations may be best positioned to deliver them.

Modest investments in micro and small VCSE organisations can often produce a great deal of benefit for communities and strengthen the social glue without necessarily achieving ‘radical’ or ‘transformational’ change. Contributing to social wellbeing in the community is, after all, a valuable outcome which is hard to measure when it is there, but easy to measure when it’s gone.

It is worthwhile to think carefully about when transformational change is possible and when it is not. VCSE organisations tend to focus on providing support or encouragement for individuals, families and communities to get on with their lives reasonably successfully. ‘Changing’ attitudes and behaviours in a fundamental way is a big ask – so funding bodies and VCSE organisations alike, need to be careful before they ask for or promise that.

Similarly, when calling for ‘innovative approaches’, it is important that funders and VCSE organisations ask themselves why that might be beneficial. Often, innovation is unnecessary – it is getting the job done well, based on understanding, experience and established and skilful practices that counts. The best forms of innovation often arise from the way that a group of organisations bring more benefit through their collective (but often relatively autonomous) efforts - rather than from discrete aspects of innovative practice.

With limited funding available, choosing when to invest in localities is a complex process. At a practical level, people in affluent communities tend to be more adept at forming VCSE organisations to meet their needs or desires and have sufficient confidence and expertise to secure the financial resources they need from, for example, charitable trusts and foundations.

In less affluent areas, aspects of social or financial deprivation diminish the scope for local communities to tackle issues – but this does not necessarily mean that there is an unwillingness or absence of commitment locally to try to deal with them autonomously if investment and support is provided. While the marginal costs of developing and sustaining such work are likely to be higher, the benefit of investing more resources in such areas, in relative terms, may be greater.

### ***Keeping it simple***

Debating issues surrounding resource allocation is never easy. The VCSE sector is always ambitious to achieve a great deal. That means there will always be competition amongst individual organisations over finite resources. It is equally important to remember that funding organisations, no matter how large, cannot define or direct VCSE activity. The VCSE sector relies on a wide range of resources which, to a degree, allows them to pick and choose what they want to focus upon.

Asking for too much change, too fast, rarely pays off. It is better to build an appreciation of what is there now and build on this in constructive and complementary ways. As this report shows, the local VCSE sector in Cornwall and Isles of Scilly invests enormous amounts of energy to tackle issues that it feels are important. There is much to work with, without knocking things too far out of shape.

# Policy&Practice

St Chad's College, Durham University

Policy&Practice is a multidisciplinary research group based at St Chad's College, Durham University. Our staff, research associates and fellows are committed to the promotion of social justice in the United Kingdom and beyond.

*Policy&Practice* is the banner under which this work is communicated to a wider community of interest. The College is committed to undertaking research, policy analysis and evaluation that makes a difference to the way policy makers and practitioners carry out their work, aimed ultimately at increasing the benefit gained by the people for whom they work. We do this through applied research and evaluation for a wide range of private sector organisations, independent charitable foundations, national and local government, charities and other non-profit organisations.

Our work is heavily embedded in the North of England, but we do not confine our work to this area. Several national and international studies have been undertaken over the years in continental Europe, the United States, South Africa and Japan. What we hope to do is to use our learning to help increase our scope for understanding complex social, economic and political issues and our ability to help people tackle challenges in a positive, pragmatic and effective way in new contexts.

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