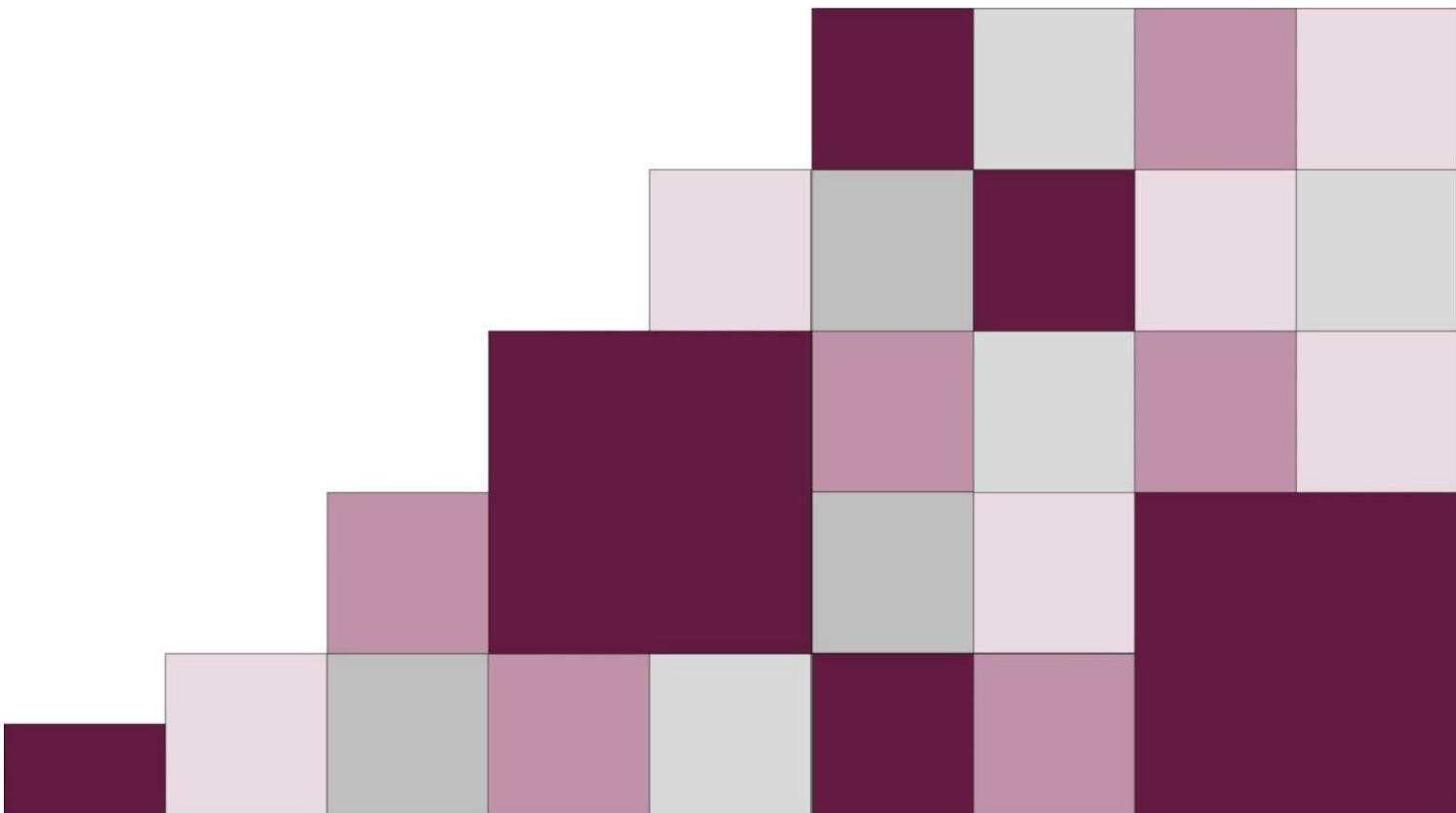


# Rotherham State of the Voluntary and Community Sector 2015

*A report on social and  
economic impact*

**Sheffield  
Hallam  
University**

Centre for  
Regional Economic  
and Social Research



# **Rotherham State of the Voluntary and Community Sector 2015**

**Centre for Regional Economic and Social Research  
Sheffield Hallam University**

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January 2016

# Acknowledgements

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# Definitions

This report is about the 'state of the voluntary and community sector in Rotherham'. The sector is also often referred to as the 'third sector' whilst the current government often refers to 'civil society'. In this report, when we talk about the voluntary and community sector (VCS) in Rotherham, we mean **voluntary organisations**, **community groups**, the **community work of faith groups**, and those **social enterprises** and **community interest companies** where there is a wider accountability to the public via a board of trustees or membership and all profits will be reinvested in their social purpose.

# Foreword

The first time Voluntary Action Rotherham (VAR) commissioned a comprehensive survey of the 'state of' the Rotherham Voluntary and Community Sector, was back in 2008. The 2008 report provided a real insight into the sector, highlighting, key facts about the 'make up' and key contributions of the sector to the social fabric, well-being and local economy. It was a real 'eye opener' for both the local VCS and our partners and stakeholders in showing for example the numbers of VCS groups and organisations that operated in Rotherham, the organisational size, their remit, types of service delivery, beneficiaries, locality, number of paid staff and number of volunteers.

VAR also in the past, specifically commissioned research into the needs of the voluntary and community sector; which has informed the development of the local VCS strategy. On an annual basis, in partnership, we assess the 'take up and effectiveness of the VCS infrastructure support services delivered by VAR and our partners, where relevant. This work has included some analysis of some of the changes for the VCS, particularly in areas of income levels, numbers of staff and volunteers; as well as a focus on any gaps in the VCS infrastructure services required. This information has all been crucial in ensuring the VCS 'Infrastructure' services and support offer is appropriate, relevant and 'fit for purpose'.

So this latest 2015 research into the State of the Voluntary and Community Sector in Rotherham, provides the most up to date analysis; especially at a time when a number of issues affect the environment, including, the decline of regeneration / external funding into Rotherham, the economic conditions, Rotherham's Indices of Multiple Deprivation Score and the squeeze on public sector finances.

Recent years have also seen a contraction of some of the VCS Infrastructure support services; with organisations such as Together for Regeneration ceasing. Although the funding support and small group work has been picked up by VAR and Rotherham Ethnic Communities Alliance.

At VAR we continue to be passionate about the work and role of our members and frontline groups and organisations; and working alongside them we see the much needed services and support provide to many tens of thousands of people in Rotherham, often in the most disadvantaged and marginalised communities. Although not a 'VCS Needs Analysis', there are a number of areas which are highlighted by this 'State of the Sector' analysis, that we continue to support, and some with renewed evidence and some areas are highlighted which although we were made aware of anecdotally, we did not previously have a robust evidence base. Some of the key themes going forward include:

- Managing finances – reserves, managing risk, governance, closing down properly if needed/ need for full cost recovery and the role of the Compact
- Funding – bringing more resources into sector/ support on fundraising/donations and giving/ work with Big Lottery etc
- Support for applying for grants/ use of grant finder
- Commissioning support and tenders
- Project management Support and service delivery
- Raising profile and awareness of sector and supporting sustainability
- Role of volunteering and support to volunteering

At VAR, we will be working with our partners and stakeholders to address and support the areas above and we remain committed to, and positive and passionate about the role the local VCS in contributing to the health and well-being of the Borough.

Janet Wheatley (CEO Voluntary Action Rotherham)

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# Introduction

This report provides the main findings of research aimed at improving the understanding of the social and economic impact of the voluntary and community sector in Rotherham. The research was commissioned by Voluntary Action Rotherham and undertaken by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University.

The key objective of the research was to provide a comprehensive overview of the sector in Rotherham in 2015.

The research involved a web-based survey of organisations supporting the people and communities of Rotherham. At least partial responses were received from 185 of the 681 organisations that were sent a survey questionnaire: this represents an **overall response rate of 27 per cent**, a good response rate when compared to recent other studies<sup>1</sup>.

Voluntary Action Rotherham provided input into the development of the questionnaire which included questions from previous 'state of the sector' studies alongside questions from the Cabinet Office's National Survey of Third Sector Organisations (2008) and Charities and Enterprises (2010).

The questionnaire provided data on various aspects of the voluntary and community sector including:

- **the scale and scope of its activity**, including the roles organisations undertake, the people they support, and the areas they benefit
- **income and expenditure**, including sources of funding, and financial sustainability
- **volunteers and paid staff**, including their estimated economic contribution
- **the sector's views about the future**, including about how things might change over the next three years and their strategic direction as organisations.

When reading the report it is important to recognise two key points. First, the results reported are based on the survey responses received. Therefore it is possible that if a different sample of organisations had taken part in the survey different results may have emerged. It is estimated that the results reported are within +/- six percentage points of the true value.

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<sup>1</sup> A similar study undertaken in Greater Manchester in 2013 had a response rate of 22 per cent and another study undertaken in Nottinghamshire in 2015 had a response rate of 16 per cent (around 18 per cent if responses to an electronic survey distributed to an unknown population are included).

Second, in a number of instances the report presents 'grossed up' estimates for all organisations within the area; for example estimates are provided of income, staffing and volunteers. These have been created using the estimated average for micro, small, medium and large organisations within Rotherham who took part in the survey. The averages are then multiplied by the estimated number of organisations within these size bandings within the area. These have then been summed to provide aggregate area-level results.



## Context for the research

This research comes during a period of slow economic recovery following the recent long-term economic downturn. However, NCVO report that the income of the voluntary and community sector has not recovered in line with the wider economy, with overall voluntary and community sector income in England falling from £42.1bn in 2007/08 to £40.7bn in 2013/14.<sup>2</sup> This is linked, at least in part, to the considerable reductions in public expenditure have taken place over recent years, as a result of which income from Government contracts have fallen by £1.7bn since its peak in 2009/10, and grants from central and local Government have fallen by 49.3 per cent (£2bn) between 2007/09 and 2013/14.<sup>3</sup> With the election of the Conservative Government in May 2015, austerity measures are set to continue for the foreseeable future

The reduction in the sector's income follows a period of considerable growth for the sector during the years 1997-2010 when it received unprecedented levels of policy attention and public funding, including major investment in national sector-wide programmes. While the VCS continues to be seen by the major political parties as playing an important and expanding role in the social and economic development of the country, the policy environment had changed somewhat since 2010. Although some previous policies have continued to receive support, including encouragement for the sector's involvement in public service delivery, there have been fewer national programmes and a much greater emphasis on citizen-led social action

Locally, the reductions in public expenditure have been felt acutely in Rotherham. As part of the Coalition Government's plan to reduce the deficit, it reduced funding for local government in England, and Rotherham Council has experienced, and is continuing to experience, declining Government funding. In addition in Rotherham, since the publication of the Jay Report in 2014 and the subsequent Casey Report, the town has, and is still, undergoing a period of intense change. This has had significant repercussions for all organisations and in particular Rotherham Borough Council.

In order to fully assess the potential and capacity of the VCS to inform and shape the future of Rotherham, the Rotherham Together Partnership (comprised of all key partner agencies) agreed that up to date and independent research was needed on the State of the VCS in the Borough. Such research would provide a comprehensive overview of the sector in Rotherham, enabling partners to effectively utilise and increase the range and potential of community assets, maximise opportunities for co-production with the VCS, increase individual and community resilience and harness the economic potential of the sector.

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<sup>2</sup> A *Financial Sustainability Review* (2015) NCVO - Up until 2011 the sector's income was broadly correlated with UK GDP, after which it sharply declined.

<sup>3</sup> A *Financial Sustainability Review* (2015) NCVO.

# The anatomy of the VCS in Rotherham

This chapter develops a picture of the core features of the voluntary and community sector in Rotherham. It focusses on a series of general questions in which respondents were asked about their group or organisation: what it is, what it does, who for, where and how.

## 3.1. How many organisations are there in the VCS in Rotherham?

Estimating the number of organisations represents a major challenge. This is because a large proportion of organisations are small, local and **not formally constituted** as charities, limited companies or other recognised forms which require registration (i.e. industrial and provident societies). As a result they do not appear on formal central records such as those held by the Charity Commission or the Department for Business, Innovation and Skills (BIS) so are considered '**below-the-radar**' (**BTR**). Any estimate of the total number of organisations in an area therefore requires information on the numbers of registered and unregistered (i.e. BTR) organisations.

In estimating the total number of organisations in Rotherham we drew on information from two sources:

- official Cabinet Office figures indicate that the total number of registered organisations in the voluntary and community sector in Rotherham is **430**<sup>4</sup>
- research by The National Council for Voluntary Organisations (NCVO) and the University of Southampton<sup>5</sup> which found that on average there are 3.66 BTR organisations per 1,000 population. If this figure is applied to Rotherham,<sup>6</sup> it can be estimated that there are **952** BTR organisations in the Borough.

Summing the official Cabinet Office figures and BTR<sup>7</sup> estimates produces an estimated figure of:

**1,382 organisations** *in total operating in the voluntary and community sector in Rotherham.*

<sup>4</sup> This estimate was calculated as part of the 'National Survey of Charities and Social Enterprises' undertaken by Ipsos MORI for Cabinet Office in 2010.

<sup>5</sup> Mohan et al. (2010). *Beyond 'flat-earth' maps of the third voluntary sector: enhancing our understanding of the contribution of 'below-the-radar' organisations*. Northern Rock Foundation Briefing Paper.

<sup>6</sup> Based on Office for National Statistics 2014 population estimates.

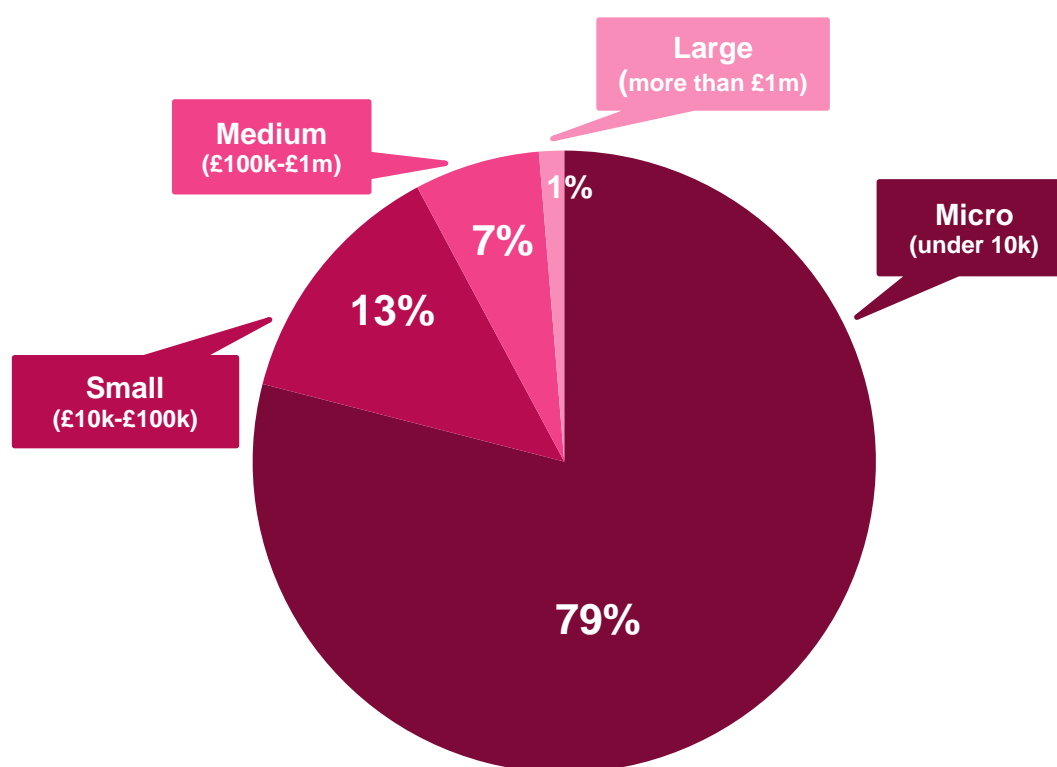
<sup>7</sup> It is important to note that the BTR figure is an estimate based on an average across 46 local authorities. The BTR research found significant variability, with some local authorities reaching over seven BTR organisations per 1,000 population, and in one case exceeding 10.

### 3.2. What size are organisations in Rotherham?

The size of organisations is traditionally measured using their annual income.<sup>8</sup> When the distribution of Rotherham organisations was explored by size category based on income for 2014/15, it showed that **the majority of organisations were either micro or small**. But the survey was under-representative of BTR organisations and over-representative of large organisations, so this did not present an accurate picture of the actual distribution. The figures for BTR organisations were therefore adjusted based on the assumption that the estimated 701 organisations not included in the survey sample were BTR and micro in size. Adjustments were also made to the number of large and medium sized organisations based on a review of Charity Commission and national survey data. The outcome of this process is shown in Figure 3.1, which demonstrates that the majority (79 per cent of organisations) of the voluntary and community sector organisations are micro in size.

Introducing the BTR figure produces a much higher estimate for the number and proportion of micro organisations and emphasises the finding that a large proportion of organisations in the VCS in Rotherham are very small (92 per cent micro or small). This is consistent with national trends: NCVO<sup>9</sup> estimate that 83 per cent of the VCS is made up of micro or small organisations, 14 per cent are medium, and three per cent are large.

**Figure 3.1: Proportion of Rotherham VCS organisations by size (estimated)**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 1,382

<sup>8</sup> In exploring organisation size we used the categories developed by NCVO for use in their Almanac series: Micro (under £10K); Small (£10k-£100k); Medium (£100k-£1m); Large (more than £1m).

<sup>9</sup> A *Financial Sustainability Review* (2015) NCVO.

### 3.3. What types of organisations operate in the VCS in Rotherham?

Respondents to the questionnaire were asked to identify the legal status of their organisation. For this question it was possible for organisations to select registered charity in addition to identifying their legal form. Figure 3.2 below shows that 32 per cent of organisations were a company limited by guarantee and 27 per cent were a group with a constitution, but not registered charities and that separate to identifying their legal status the majority of respondents, 55 per cent, identified that their organisation was a registered charity.

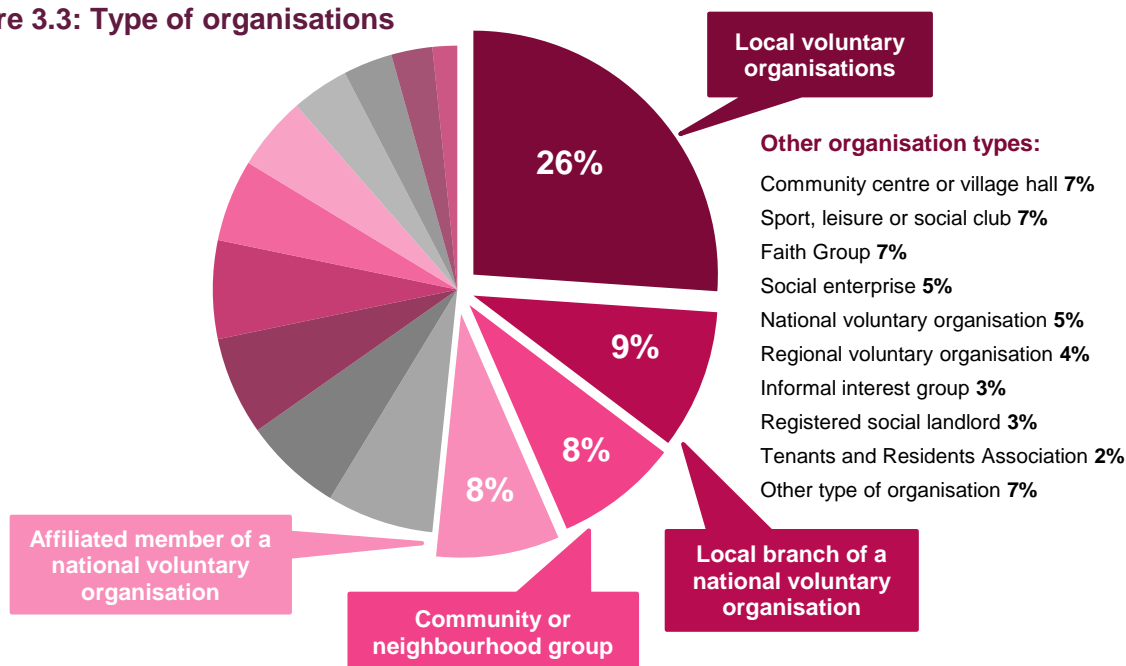
**Figure 3.2: The legal status of organisations**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 183

Respondents were also asked to identify which category from a list of 'organisation types' best described their organisation. The results indicate that many organisations in the VCS are likely to have a local focus. Figure 3.3 shows that the largest proportion, **26 per cent, identified their organisation as being a local voluntary organisation.** This proportion is over double that for the next most common type.

**Figure 3.3: Type of organisations**



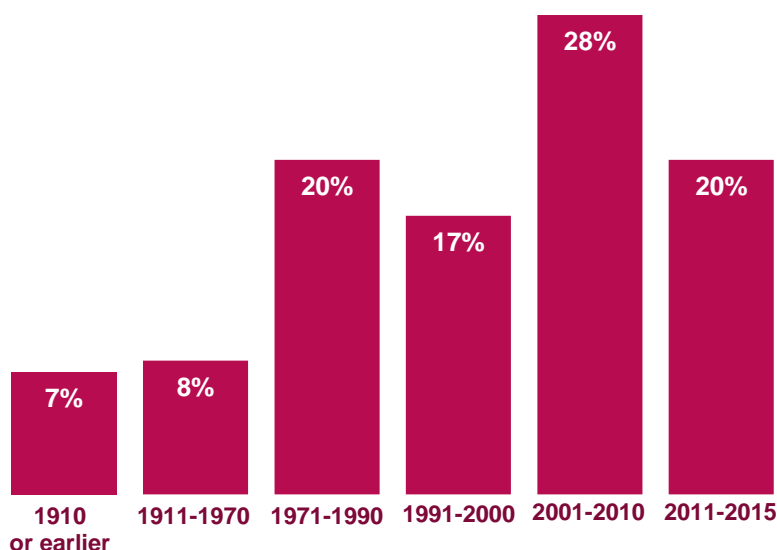
Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 184

### 3.4. How long have organisations in the VCS been operating?

The questionnaire asked respondents to indicate when their organisation was formed. Assessment of organisations by the year in which they were formed provides an indication of how established the voluntary and community sector is in Rotherham.

The responses received build a picture of a VCS that has a fairly well-established core. However, the VCS in Rotherham has also seen the formation of many new organisations since 2001. Figure 3.4 shows that 48 per cent of organisations responding to the survey had been formed since 2001. Furthermore, an additional 17 per cent were formed between 1991 and 2000; this means **almost two-thirds (65 per cent) of organisations were formed in the last 24 years**. This suggests that there has been considerable growth in the voluntary and community sector over the last two decades. At the other end of the spectrum 15 per cent of organisations had been formed before 1971, including seven per cent formed in 1910 or before.

Figure 3.4: Year in which organisations were formed



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 151

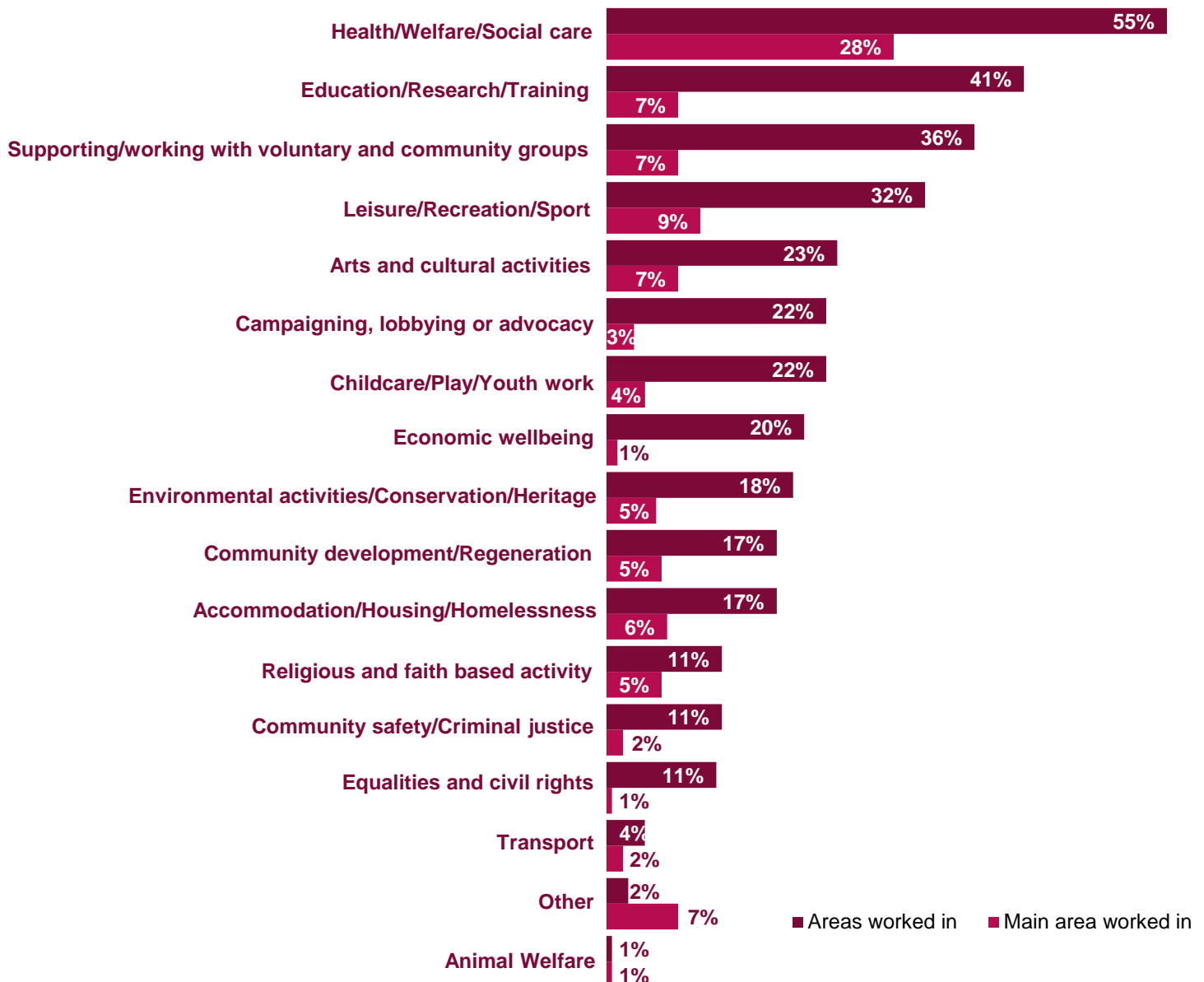
It is important to conclude this section by drawing an important qualification. Although the results suggest that it is likely that the VCS in Rotherham has experienced growth in the number of organisations established in the last 20 years or so, it may not be as dramatic as the figures suggest. By definition, the survey is of organisations still operating in Rotherham in 2015, not those which have closed down or ceased operations. Of the organisations which have survived through to 2014/15, the results suggest that a high proportion were established in the last 20 years. But some of the organisations established before, and since, may have subsequently closed down. Because we do not know the rate of closure over time we cannot be certain that the aggregate number of organisations being established or surviving is increasing.

### 3.5. What does the VCS in Rotherham do?

To elicit a picture of what the voluntary and community sector in Rotherham does, the survey asked respondents to identify all the areas in which their organisation operates and then subsequently indicate the main area in which they work. Figure 3.5 presents the results of these questions and confirms the message that the VCS

in Rotherham works in a diverse range of thematic service areas. However, the proportion of responding organisations working in each area varies. This is most likely dependent on need and funding opportunities. **The area with the largest proportion of organisations operating is health/welfare/social care (55 per cent).** Over one quarter of respondents also identified this as the main area in which their organisations work, noticeably higher than the proportion given for any other area. Around one third of organisations work in each of the following three areas: education/research/training; supporting/working with voluntary and community groups; and leisure/recreation/sport.

**Figure 3.5: Areas and main area in which organisations work**



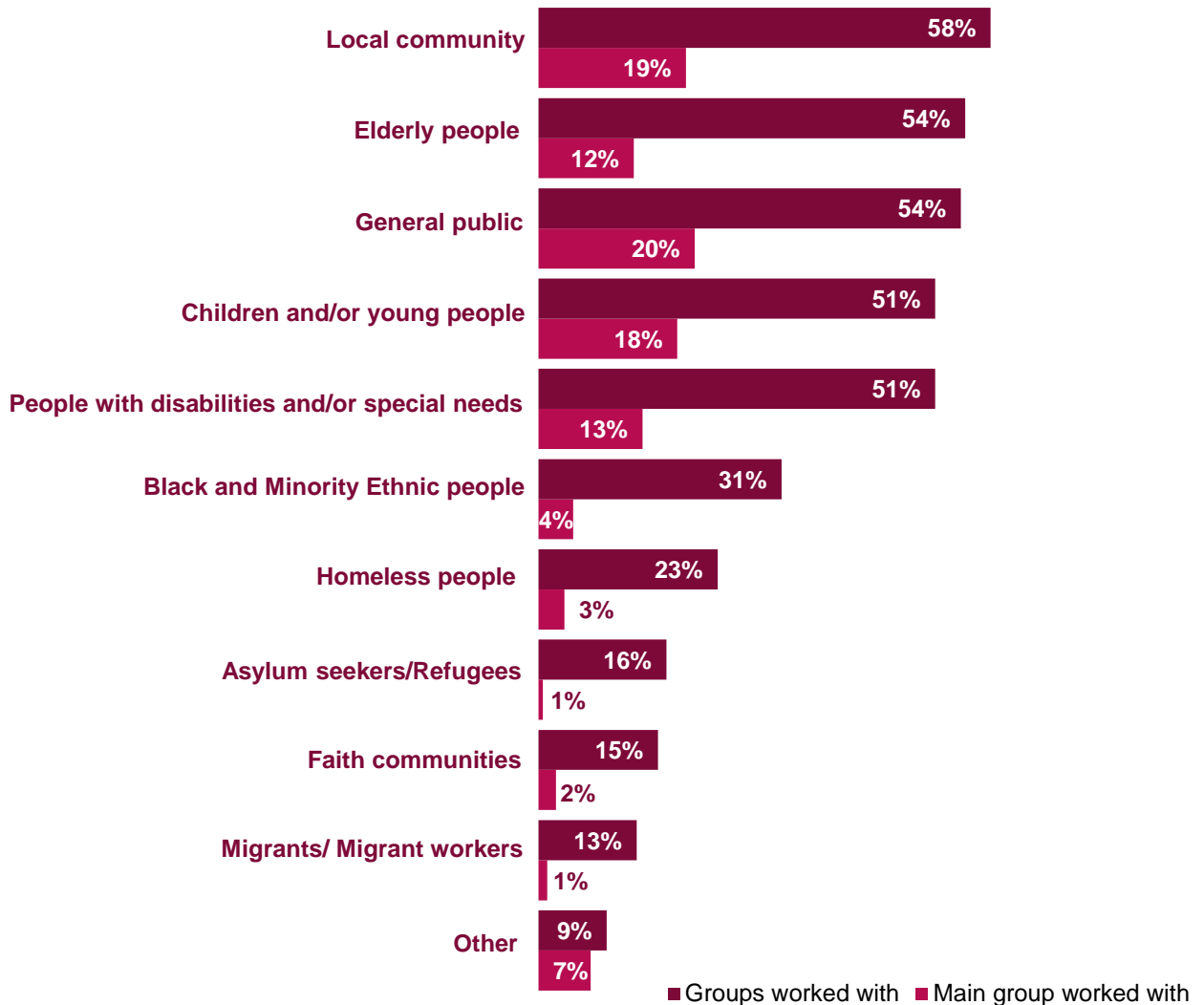
Source: Rotherham State of the Voluntary and Community Sector survey 2015  
 Base: Areas (184); main area (183)

### 3.6. Who are the clients, users or beneficiaries of the VCS in Rotherham?

The questionnaire also asked respondents to identify the groups of people they work with or provide services for and the main group with which their organisation works with. Figure 3.6 shows that, as might be expected, the voluntary and community sector in Rotherham serves a diverse and wide-ranging client group.

Over half of organisations said they support the following groups: the local community; elderly people; the general public; children and/or young people and people with disabilities and/or special needs. One-fifth of organisations identified the general public as the main group their organisation works with. A similar proportion stated the local community and children and/or young people were the main groups they worked with (19 per cent and 18 per cent respectively).

**Figure 3.6: Client groups and main client group of Rotherham organisations**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
 Base: Areas (184); main area (181)

Respondents were asked to identify the ways in which their organisation makes a difference for its service users/client group(s). This question demonstrates the key role that the VCS has in fostering strong and cohesive communities within Rotherham and highlights the importance of the VCS as an essential part of the social fabric of the Borough. As Figure 3.7 shows, almost two thirds (64 per cent) of organisations felt they are improving people's mental health while three-fifths (61 per cent) stated they are addressing the needs of disadvantaged members of the community. Over half said they are increasing people's skills.

**Figure 3.7: Ways in which organisations make a difference**



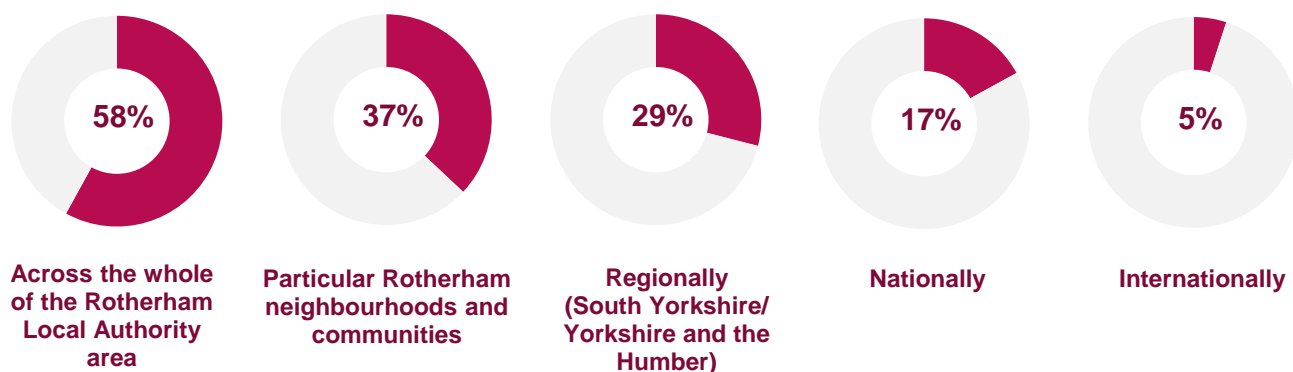
Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 185

### **3.7. At which geographical levels does the VCS operate?**

The survey asked respondents to identify the main geographical levels at which they operated – this ranged from the neighbourhood level, to those operating across England, the UK or overseas. In this question respondents were asked to pick up to three main geographic levels, the results of which are presented in Figure 3.8. This shows that the **local area is a main focus for a majority of organisations** with over half (58 per cent) identifying the Rotherham local authority areas as a main focus of their work and a further 37 per cent identifying particular Rotherham neighbourhoods or communities as a main focus. **If responses to these options are combined, then 85 per cent of respondents overall indicated that their work focusses in Rotherham.**



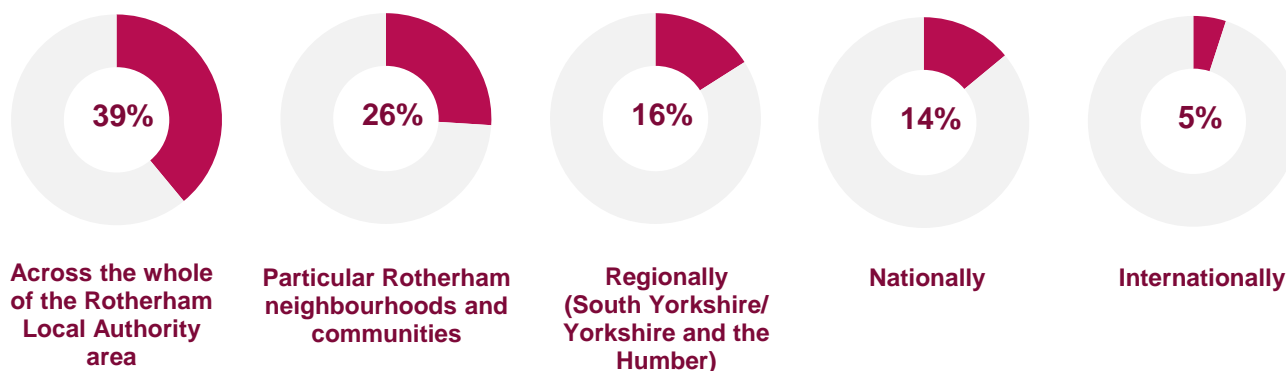
**Figure 3.8: Main geographic focus**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
 Base: 184

Using the responses to this question it is also possible to identify the highest geographic area that is the main focus (see Figure 3.9 below). This analysis finds that for almost two-fifths (39 per cent) their highest main geographic focus was across the whole of the Rotherham local authority area.

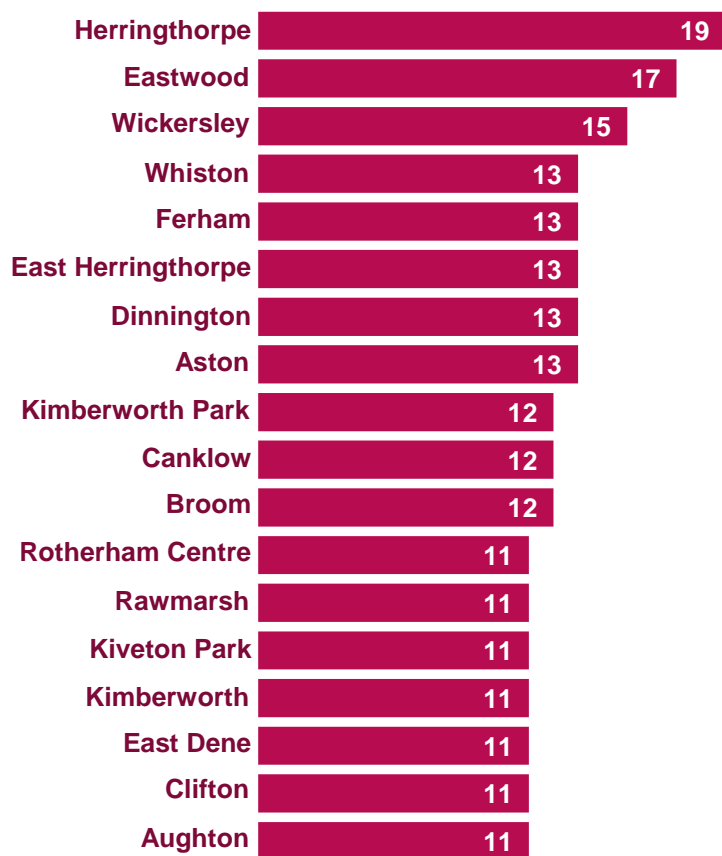
**Figure 3.9: Highest geographic focus**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
 Base: 184

Respondents who indicated that their organisation mainly works in particular Rotherham neighbourhoods and communities were asked to identify in which Rotherham areas their work is focussed. Figure 3.10 shows the areas where more than 10 organisations said their work was focussed. Herringthorpe was the area where the most organisations said they focussed their work, followed by Eastwood and Wickersley. With the exception of Wickersley and Whiston the areas shown are all relatively deprived areas.

**Figure 3.10: Rotherham areas where organisations' work is focussed**



Source: Rotherham State of the Voluntary and Community Sector survey 2015

Base: 67 (Respondents who indicated that their organisation mainly works in particular Rotherham neighbourhoods and communities)

## Finances and income

This chapter provides an overview of the finances and income of the VCS in Rotherham. It includes estimates of the overall income received by the VCS between 2012/13 and 2014/15, analysis of the different sources of income received (public sector and non-public sector) and their relative contribution, and an assessment of the financial sustainability of the VCS.

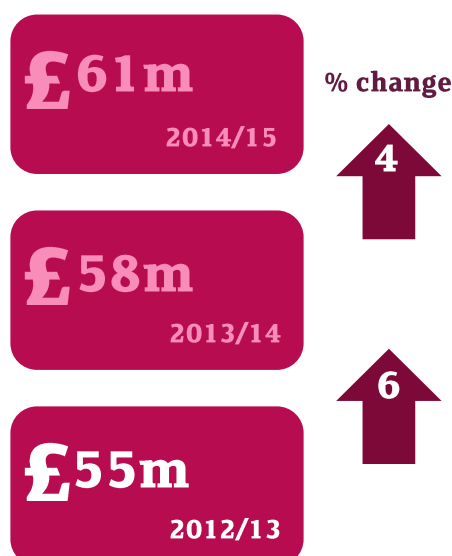
### 4.1. Income

Based on the average (mean) income of respondents to the survey, and drawing on the assumptions used to estimate the total number of organisations in Rotherham, the following is estimated:<sup>10</sup>

**£61 million** *the total income of the voluntary and community sector in Rotherham in 2014/15*

**Year-on-year increases in income have been identified.** It represents an increase of four per cent compared to 2013/14 when the total income of the VCS is estimated to have been £58m and follows a larger increase between 2012/13 and 2013/14. These data are outlined in more detail below.

**Figure 4.1: Estimated annual income of the VCS in Rotherham (2012/13-2014/15)**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 137 All figures are in 2014/15 prices

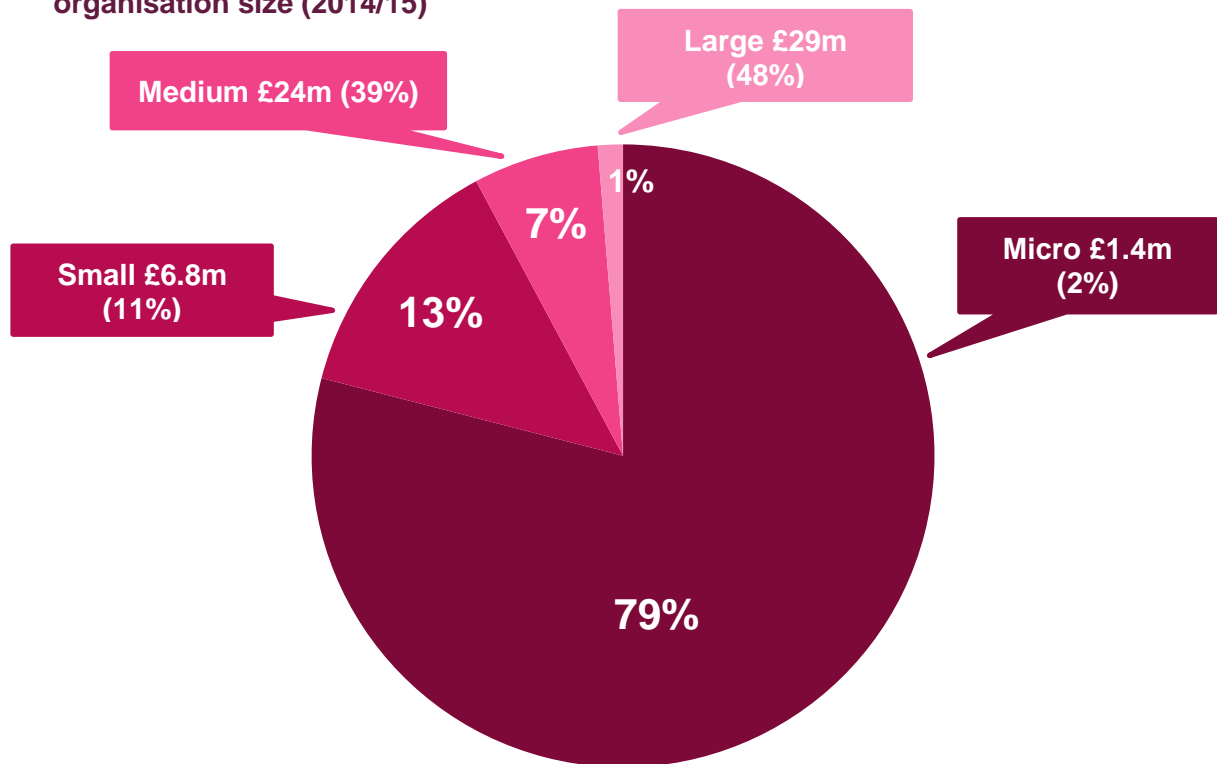
<sup>10</sup> This figure is based on a weighted average (mean) for each size category for respondents from across Rotherham.

This apparent increase in income should be viewed in the wider national context discussed in Chapter 2. NCVO report that overall VCS income in England has fallen from £42.1bn in 2007/08 to £40.7bn in 2013/14 and the sector's income has not recovered in line with the wider economy.<sup>11</sup> That the sector in Rotherham appears to have bucked this trend is a positive story. However, with austerity measures set to continue until at least 2018 and public sector funding for the sector continuing to be squeezed, it seems unlikely that the sector will continue to grow in future years.

When the voluntary and community sector's income is explored in more detail it shows noticeable variations according to organisation size.<sup>12</sup> In 2014/15, the majority of income was concentrated in large and medium-sized organisations even though the majority of organisations were micro or small. This is outlined in more detail in Figure 4.2 and is consistent with the national picture.

This shows that **micro and small organisations account for more than 90 per cent of organisations in the VCS but just 13 per cent of total income.** By contrast medium and large organisations account for 8 per cent of the VCS's organisations but receive 87 per cent of its income.

**Figure 4.2: Proportion of organisations and proportion of income by organisation size (2014/15)**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 137

Analysis of income data from survey respondents identified further variations according to organisation size when we explored how income levels had changed between 2012/13 and 2014/15. These are summarised in Table 4.1.

<sup>11</sup> *A Financial Sustainability Review* (2015) NCVO - Up until 2011 the sector's income was broadly correlated with UK GDP, after which it sharply declined.

<sup>12</sup> In exploring organisation size we used the categories developed by NCVO for use in their Almanac series: Micro (under £10K); Small (£10k-£100k); Medium (£100k-£1m); Large (more than £1m).

**Table 4.1: Estimated change in annual income by organisation size (2012/13-2014/15)**

	<b>Micro</b>		<b>Small</b>		<b>Medium</b>		<b>Large</b>	
	<b>(under £10k)</b>		<b>(£10k-£100k)</b>		<b>(£100k-£1m)</b>		<b>(more than £1m)</b>	
	<i>Income</i>	<i>% change</i>	<i>Income</i>	<i>% change</i>	<i>Income</i>	<i>% change</i>	<i>Income</i>	<i>% change</i>
2012/13	£1.27m		£5.85m		£20.2m		£28.2m	
2013/14	£1.40m	10	£5.78m	-1	£21.6m	7	£29.8m	6
2014/15	£1.38m	-1	£6.78m	17	£23.5m	9	£29.4m	-2

Source: Rotherham State of the Voluntary and Community Sector survey 2015

Base: 137

All figures are in 2014/15 prices

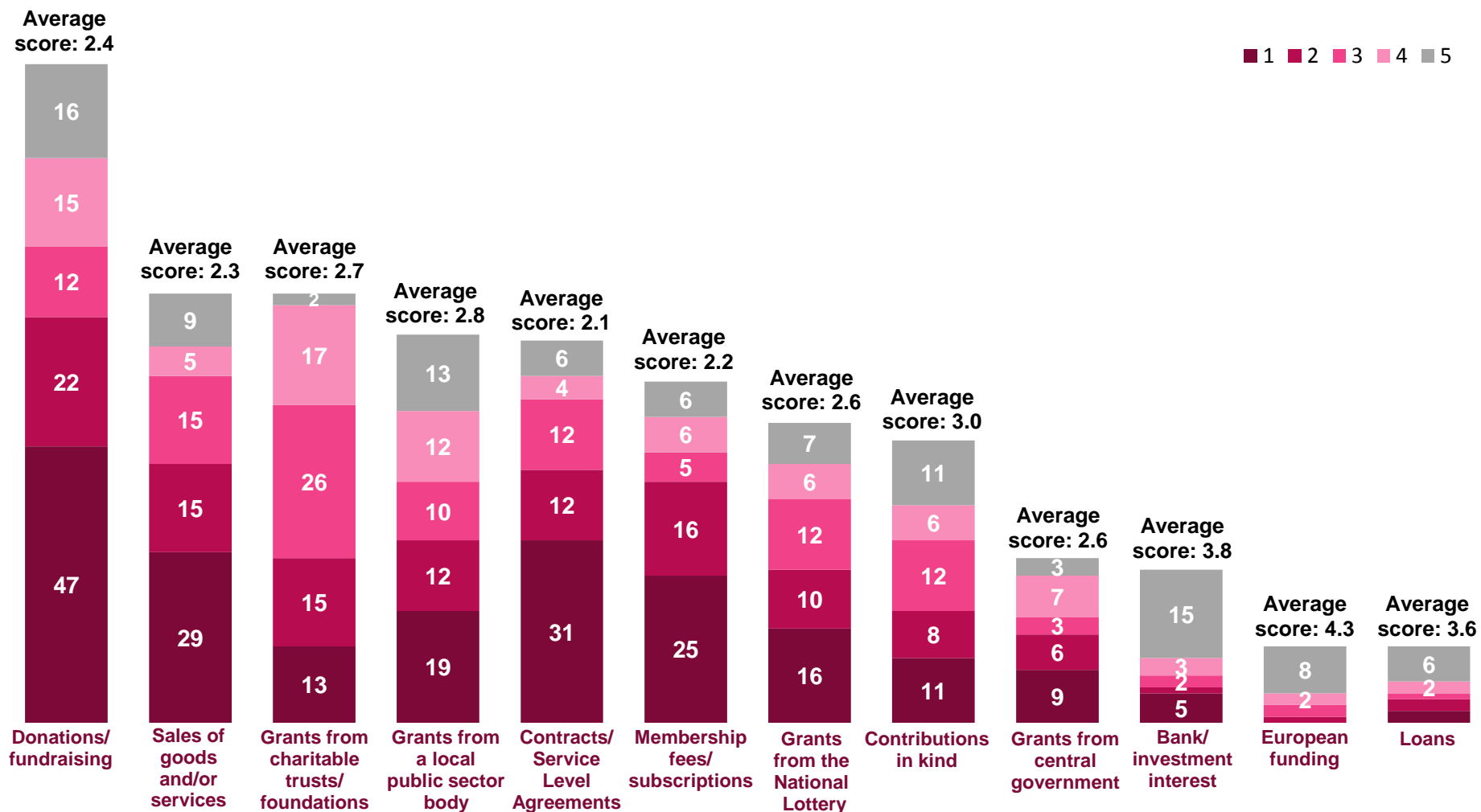
This shows some variations by organisation size:

- Micro organisations experienced a 10 per cent increase between 2012/13 and 2013/14 but then a small decrease between 2013/14 and 2014/15
- Small organisations experienced a small decrease between 2012/13 and 2013/14 but then a 17 per cent increase between 2013/14 and 2014/15
- Medium organisations experienced year-on-year increases of 7 per cent between 2012/13 and 2013/14 and 9 per cent between 2013/14 and 2014/15
- Large organisations experienced a 6 per cent increase between 2012/13 and 2013/14 but then a small decrease between 2013/14 and 2014/15.

## 4.2. Sources of income

Survey respondents were asked to indicate up to five of their organisation's main sources of income in the last 12 months and to rank these in order of importance from one (highest) to five (lowest). Figure 4.3 show the responses to this question. Over 100 (112) organisations selected donations/fundraising as a main source of their income and the average score when asked to rank this type of funding in importance was 2.4. The number of respondents selecting other sources of funding was noticeably lower, however there were three sources where the average score given was higher; contracts/service level agreements (2.1); membership fees/subscriptions (2.2); and sales of good and/or services (2.3).

Figure 4.3: Number of organisations indicating main sources of income and the average (mean) score given when ranking their importance

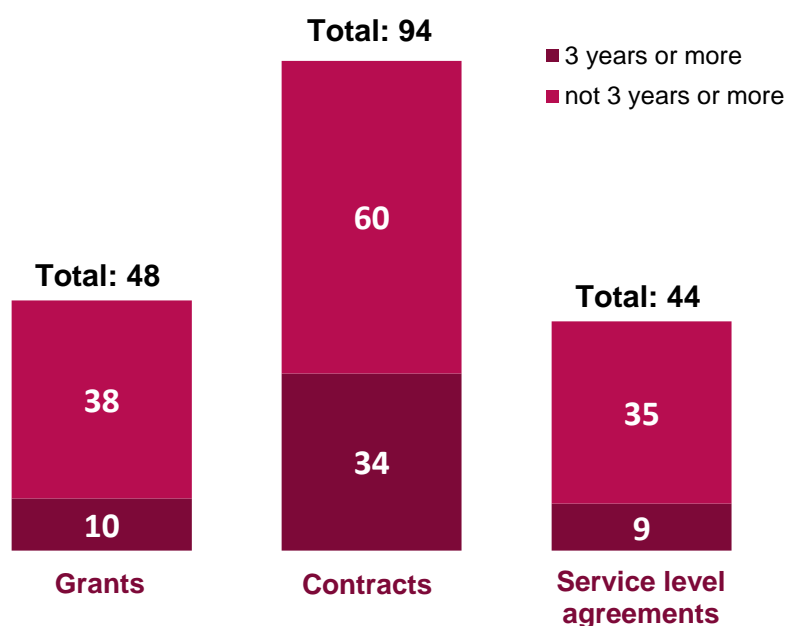


Source: Rotherham State of the Voluntary and Community Sector survey 2015  
 Base: Ranges from 112 (donations/fundraising) to 13 (loans)

Two-fifths of respondents to the survey (41 per cent) said their organisation receives grants, contracts or service level agreements from public sector bodies.

Figure 4.4 shows the number of grants, contracts or service level agreements received by organisations in total and whether these are for three years or more. A noticeably higher number of organisations indicated they have public sector contracts when compared to grants and service level agreements, and over one third of these are for three years or more. Around 20 per cent of the grants and service level agreements organisations receive are for 3 years or more. This suggests most funding received is short-term.

**Figure 4.4: Number of public sector grants, contracts, service level agreements received in total and if they are for 3 years or more**

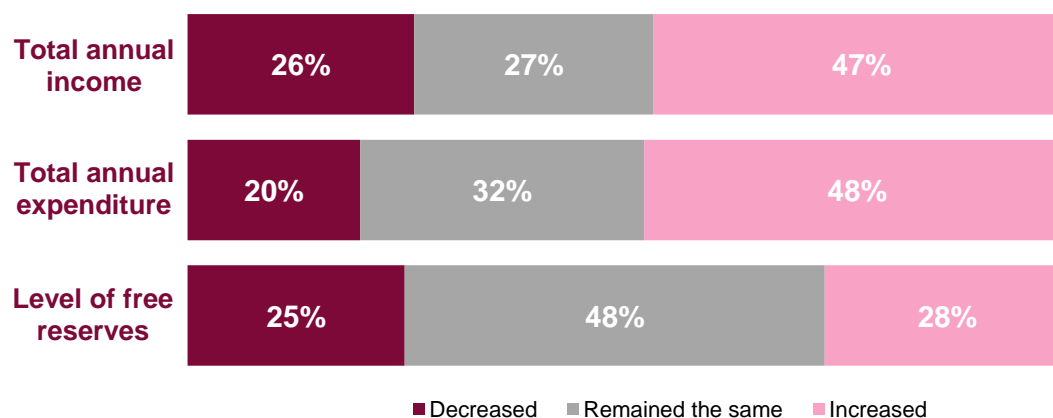


Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: Grants (28); contracts (31); service level agreements (22)

### 4.3. Financial sustainability

The survey asked respondents about how their organisation's financial situation had changed in the past 12 months (i.e. during the current financial year). The results are outlined in Figure 4.5.

**Figure 4.5: Change in financial circumstances in the last 12 months**



Source: Rotherham State of the Voluntary and Community Sector survey 2015

Base: annual income (144), annual expenditure (143), level of free reserves (126)

Note: 'cannot say' response has been excluded from the analysis

This shows that the balance between changes in income, expenditure and reserves was broadly equivalent, with more organisations seeing increases in income and spending than did reductions:

- 47 per cent of respondents reported increasing their income compared to 26 per cent for whom it decreased
- 48 per cent of respondents reported increasing their expenditure compared to 20 per cent for whom it decreased
- 28 per cent of respondents reported increasing their reserves compared to 25 per cent for whom these decreased.

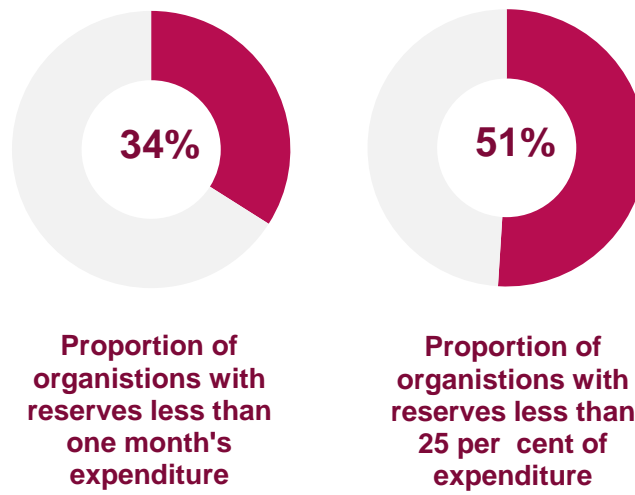
Although the above analysis paints a largely positive picture, further analysis of the financial reserve levels reported by respondent organisations provides an additional insight in to the financial health of the VCS. Reserves are important as they provide organisations with funds to fall back on in the short term should other sources of funding reduce or be withdrawn. They also provide organisations with the flexibility to develop new and innovative activity that might not have attracted external funding from the outset. Organisations with low reserves relative to expenditure are therefore more likely to be restricted in their ability to adapt if key external funding is lost. In order to explore this issue in more detail reserves (2014/15) were calculated as a proportion of expenditure (2014/15) for each respondent. The results are shown in Figure 4.6.

This shows that **34 per cent had reserve levels of less than one month's expenditure**, and 51 per cent had reserves that covered less than three months' expenditure. This suggests that around half of all organisations in the voluntary and community sector could be vulnerable should their funds be severely reduced or withdrawn. A similar study undertaken in Nottinghamshire in 2015 found a similar picture with 43 per cent of organisations surveyed having reserves that covered less than three months' expenditure.<sup>13</sup> This highlights the potentially fragile state of much of the sector in Rotherham despite the increases income reported. The medium and large organisations in this category are likely to be most at risk: they have greater financial commitments and require higher levels of income to carry out their work.

<sup>13</sup> Patmore & Sanderson. (2015) *Nottinghamshire State of the Voluntary Sector 2015*.



**Figure 4.6: Financial vulnerability of organisations in Rotherham**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 129

# 5

## The workforce

This chapter looks at the human resources within the voluntary and community sector in Rotherham. The survey asked organisations to record:

- the number of full-time and part-time paid staff and the number of hours a week they contribute
- the number of volunteers that are part of their workforce and the number of hours each week that they contribute and their broad role type
- the number of committee/board members and the number of hours each week that they contribute and their broad role type.

To provide context on how the workforce has changed the survey also asked organisations how aspects of their workforce had changed in this year compared to the previous year.

### 5.1. How many paid staff are employed in the VCS in Rotherham?

Based on the average number of paid staff employed by respondents to the survey, and drawing on the assumptions used to estimate the total number of organisations in Rotherham, it is estimated that:

**2,100 full-time paid staff** *were employed in the voluntary and community sector in Rotherham in 2014/15.*

**1,500 part-time paid staff** *were employed in the voluntary and community sector in Rotherham in 2014/15.*

**81 per cent of employees** *in the voluntary and community sector in Rotherham in 2014/15 were women.*

**96,800 hours** *was provided by these paid staff per week.*

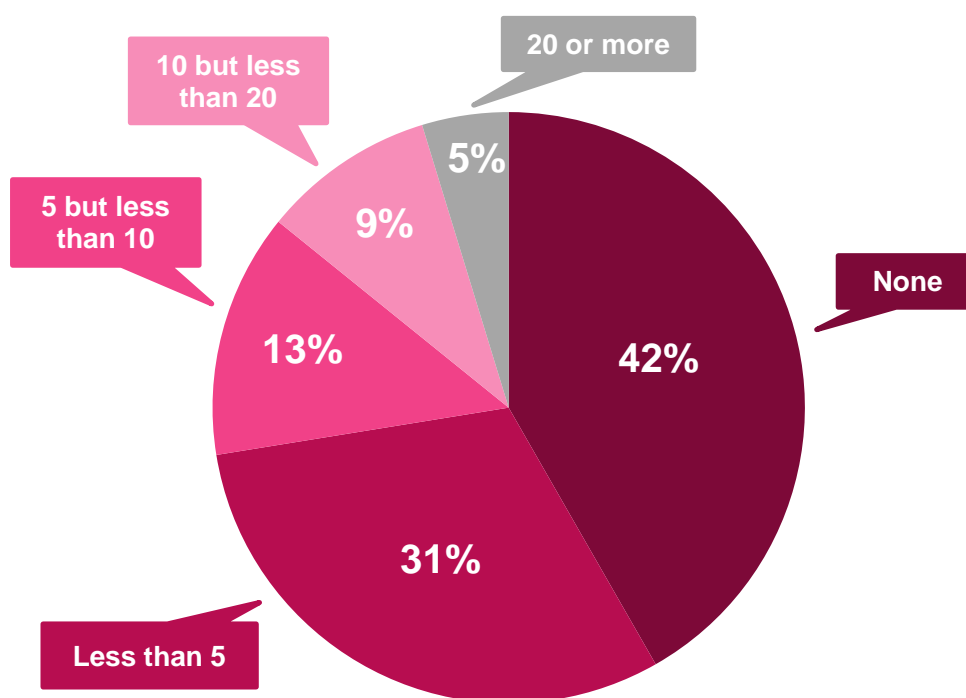
Gross Value Added (GVA), the value of goods and services produced, is a key measure of the economic contribution of organisations or voluntary and community sectors. It can be estimated for paid employees working in Rotherham organisations by multiplying the number of paid staff by the estimated GVA per FTE employee.<sup>14</sup>

From this calculation the following is estimated:

**£99m contributed to the economy per annum by paid employees of Rotherham VCS organisations.**

Figure 5.1 presents a breakdown of responding organisations by the number of **full-time paid staff** they employed. Just under three-quarters of organisations (72 per cent) employed less than five full-time paid staff members. Included in this figure were 42 per cent of organisations that did not employ any full-time paid staff. At the other end of the spectrum five per cent of organisations employed 20 or more full-time paid members of staff.

**Figure 5.1: Organisations by numbers of full-time paid staff**

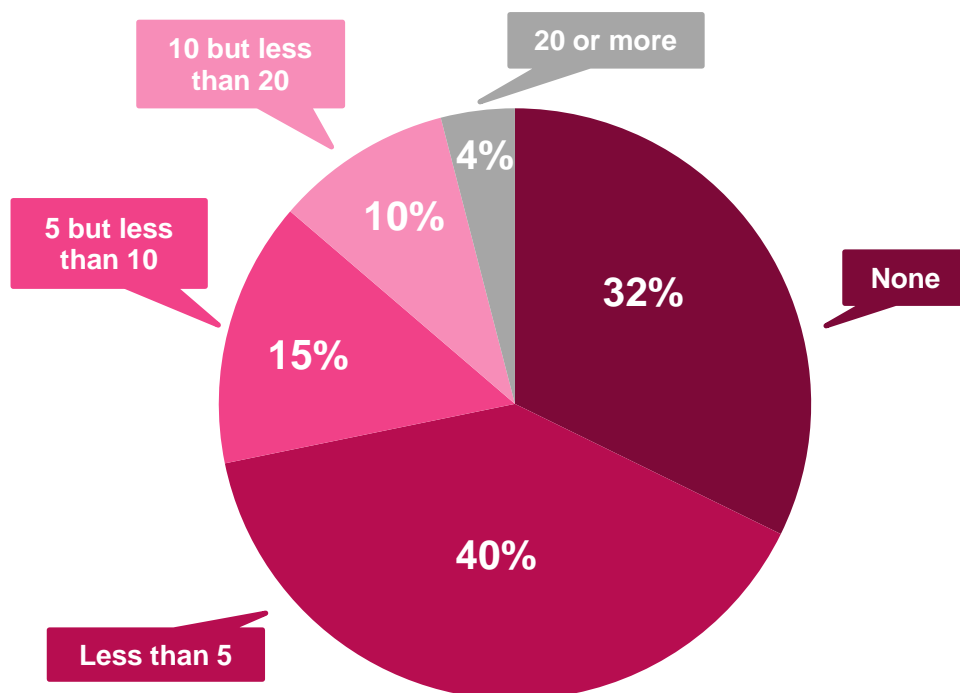


Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 127

Figure 5.2 presents a breakdown of responding organisations by the number of **part-time paid staff** they employed. Just under three-quarters of organisations (72 per cent) also employed less than five part-time paid staff members, the same proportion that employed less than five full-time paid staff members. Included in this figure were 32 per cent of organisations that did not employ any paid staff. This is lower than the corresponding proportion of 42 per cent for full-time staff highlighted above. At the other end of the spectrum four per cent of organisations employed 20 or more part-time paid members of staff.

<sup>14</sup> This study used Yorkshire and The Humber GVA per employee averaged across the following three voluntary and community sectors: public administration and defence, education and health and social work,

Figure 5.2: Organisations by numbers of part-time paid staff



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 124

## 5.2. How many volunteers are part of the VCS workforce in Rotherham and what is their economic contribution?

Based on responses to the survey on numbers of volunteers and committee/board members and the hours which they contribute, and drawing on the assumptions used to estimate the total number of organisations in Rotherham, it is estimated there were:

**49,000 volunteers** in the voluntary and community sector's workforce in Rotherham in 2014/15<sup>15</sup>.

**12,300 committee/board members** in the voluntary and community sector's workforce in Rotherham in 2014/15.

**85,300 hours** of their time provided by these volunteers and committee/board members per week.

There are two broad approaches to valuing the contribution of volunteers. One method, and this study's preferred approach, is to value the output that they produce. In effect this is the value to society of the goods and services that volunteers produce.

<sup>15</sup> It is likely that a number of these volunteers could be the same person volunteering for multiple organisations; additionally, residents from outside of Rotherham volunteering within Rotherham; and conversely there will be Rotherham residents volunteering for organisations outside of Rotherham

This can be estimated by multiplying the number of volunteers and committee/board members by the estimated GVA per FTE employee.<sup>16</sup> From this calculation:

## **£88 million per annum estimated as the economic contribution of volunteers and committee/board members in Rotherham organisations.<sup>17</sup>**

The use of estimated GVA per FTE employee to measure the value of the output produced by volunteers assumes that paid employees would not be used in the absence of volunteers to produce the same level of goods and services. In such a situation the value of output is the value of the labour input (wages and benefits) plus the value of the capital input (for example office space and computers). If paid employees would be used to produce the same level of goods and services then the value of capital input would be borne whether or not volunteers were used. Therefore the value of the output from volunteers would be just the value of the labour input. This value would be roughly equivalent to the value estimated from the input method of valuation which is outlined in the next paragraph.

In the second method, the value of the input of volunteers is used to value the contribution of volunteers.<sup>18</sup> This is the amount that it would cost to pay employees to do the work carried out by volunteers. As such, this can be considered to be the benefit to organisations.<sup>19</sup> However, this benefit might also be passed onto society via lower prices for goods and services due to lower costs of production. The input value of volunteers can be calculated by multiplying the number of hours that volunteers give per week by an estimate of how much it would cost to employ someone to do that work. There are a number of widely-accepted hourly rates that could be used to estimate this value, these include: the national minimum wage; the local median wage; the local mean wage; and the reservation wage. The latter, the hourly rate associated with the actual role of volunteers, is the preferred option; however incomplete responses to the breakdown of volunteers by their role prevented an accurate calculation using this method. Therefore the preference in this study has been to provide a range using the national minimum wage (low estimate) and the local median wage (high estimate). In reality the true value of the input provided by volunteers will lie between the two estimates. It is estimated:

- assuming the national minimum wage for adults<sup>20</sup> it would cost **£30 million annually to employ staff to do the work provided by volunteers and committee/board members in Rotherham organisations**
- assuming the median gross hourly wage for full-time employees in Rotherham<sup>21</sup> it would cost **£50 million annually to employ staff to do the work provided by volunteers and committee/board members in Rotherham organisations.**

Figure 5.3 presents a breakdown of survey responses by the number of volunteers that they use.

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<sup>16</sup> This study used Yorkshire and The Humber GVA per employee averaged across the following three voluntary and community sectors: public administration and defence, education and health and social work ONS.

<sup>17</sup> Please note currently the work of volunteers is not included within official GVA figures.

<sup>18</sup> This is the approach recommended by Volunteering England.

<sup>19</sup> This assumes that there are no additional costs faced by organisations in using volunteers: for example extra management costs.

<sup>20</sup> £6.70 for 21 years and older in 2015.

<sup>21</sup> £11.35 for 2014.

Figure 5.3: Organisations by numbers of volunteers



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 147

### 5.3. How has the VCS's workforce changed in the last 12 months?

The final part of this chapter reports on how respondents perceived aspects of their workforce had changed over the past 12 months. The survey asked respondents whether the number of staff and the number of volunteers in their organisation's workforce had 'increased', 'remained the same' or 'decreased' this year compared to the previous year. Figure 5.4 presents the results to these questions, the key findings of which are:

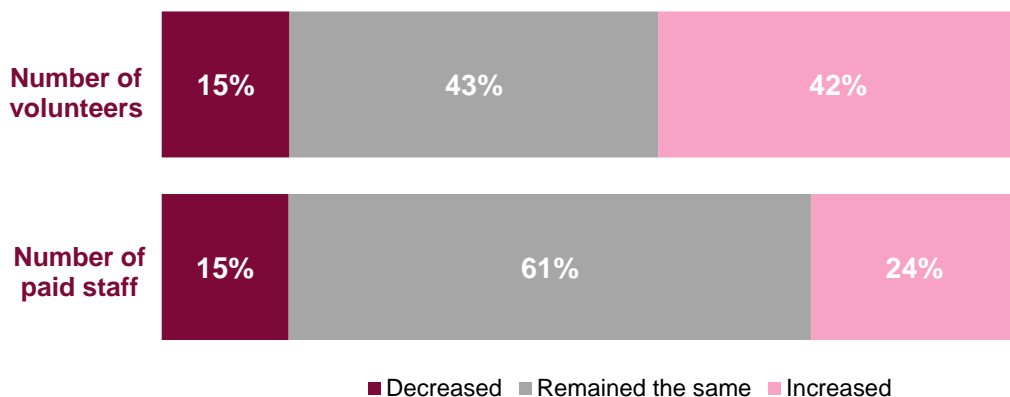
#### Volunteers:

- 42 per cent of respondents reported increased numbers of volunteers compared to the previous year
- in comparison 15 per cent of organisations reported a decrease in volunteer numbers.

#### Paid staff:

- 61 per cent of organisations employed a similar number of paid staff than compared to the previous year
- of organisations reporting a change, 24 per cent reported an increase in paid staff and 15 per cent reported a decrease.

Figure 5.4: Change in aspects of the workforce in the last 12 months



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: paid employees (162); volunteers (174)

## The future

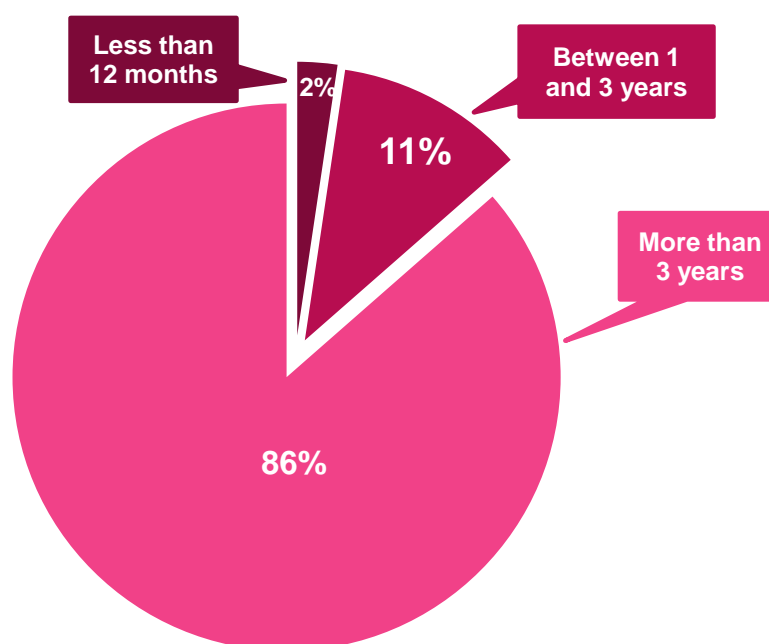
This chapter details the responses received to a series of questions in the survey about the future. The survey asked respondents about:

- the expected lifespan of their organisations
- the changes their organisations expect over the next three years in relation to people, income and expenditure and external links
- what sources of funding and strategies their organisations are pursuing to secure their future.

### 6.1. Lifespan of organisations

Respondents to the survey were asked to indicate the expected lifespan of their organisations. The vast majority (86 per cent) of respondents stated that they expected their organisations to be in existence for more than 3 years. Just over one-in-ten expected the lifespan of their organisations to be between one and three years, while two per cent expected an organisational lifespan of less than 12 months.

**Figure 6.1: Expected lifespan of organisations**



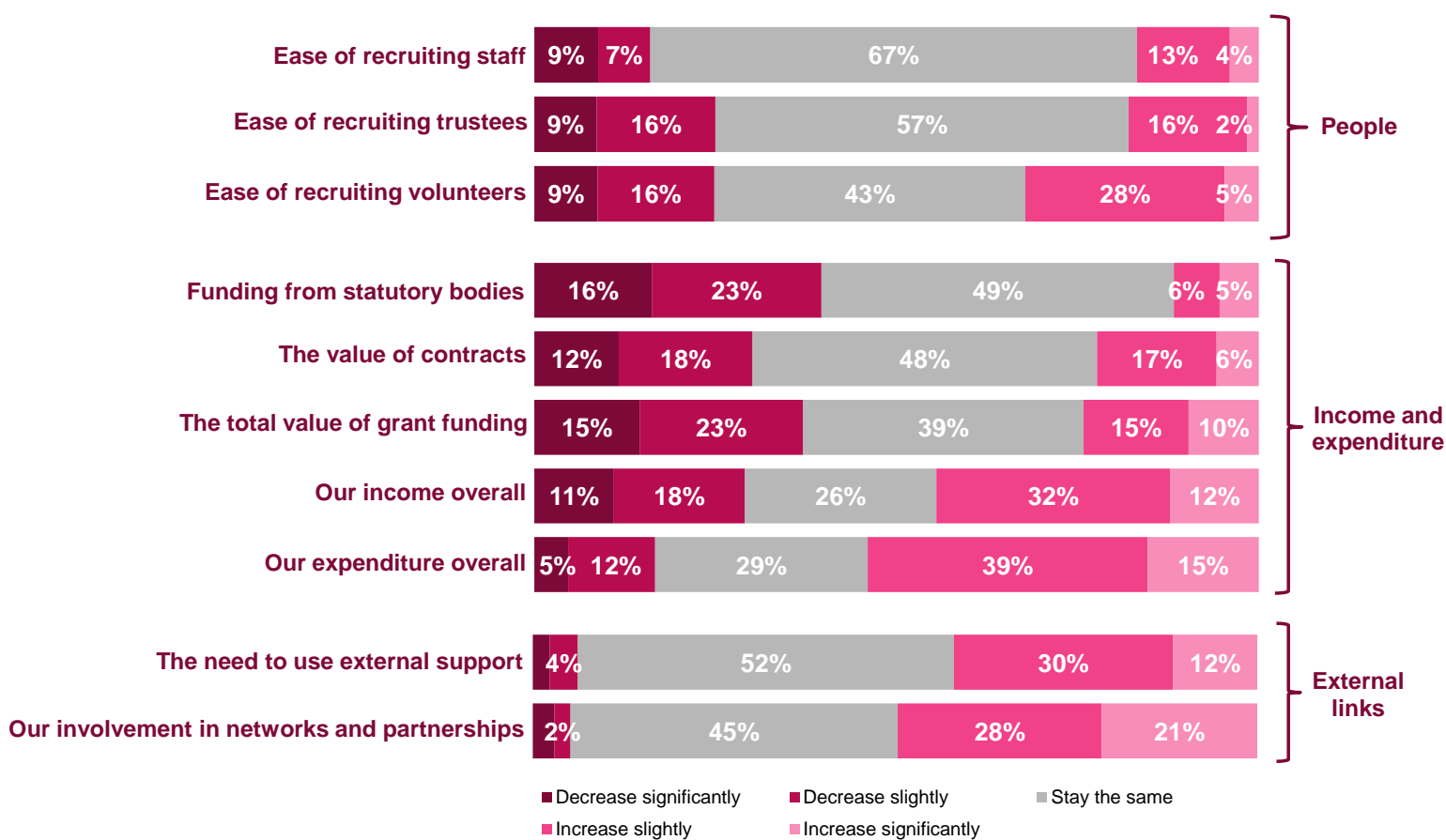
Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 170

## 6.2. Expected changes

The survey asked respondents about the changes their organisations expected over the next three years in relation to people, income and expenditure and external links. Figure 6.2 provides an overview of these responses, which indicate that:

- **People:** most respondents didn't expect much change in terms of their ability to recruit staff and trustees, but were more likely to expect their ability to recruit volunteers to increase rather than decrease.
- **Income and expenditure:** respondents were more likely to anticipate reductions in their income from statutory bodies, contracts and grants, but overall were more likely to expect their total income and expenditure to increase.
- **External links:** respondents were more likely to expect an increase in their need for external support and involvement in networks and partnerships than they were a decrease

Figure 6.2: Expected changes over the next three years



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Min. Base: 103

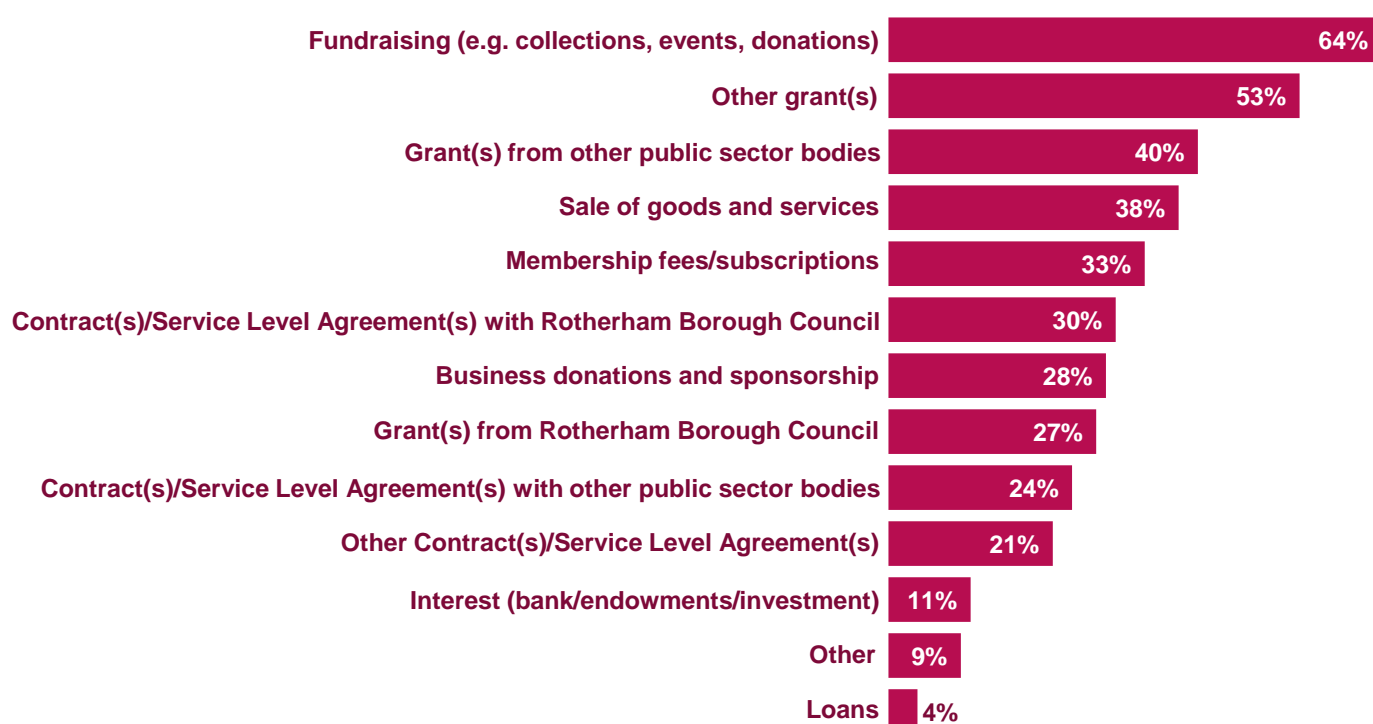


Figures 6.3 and 6.4 provides further details of how respondents were planning to respond the changes they anticipated, outlining the sources of funding they were current seeking and their wider strategies.

**Sources of funding actively being sought:**

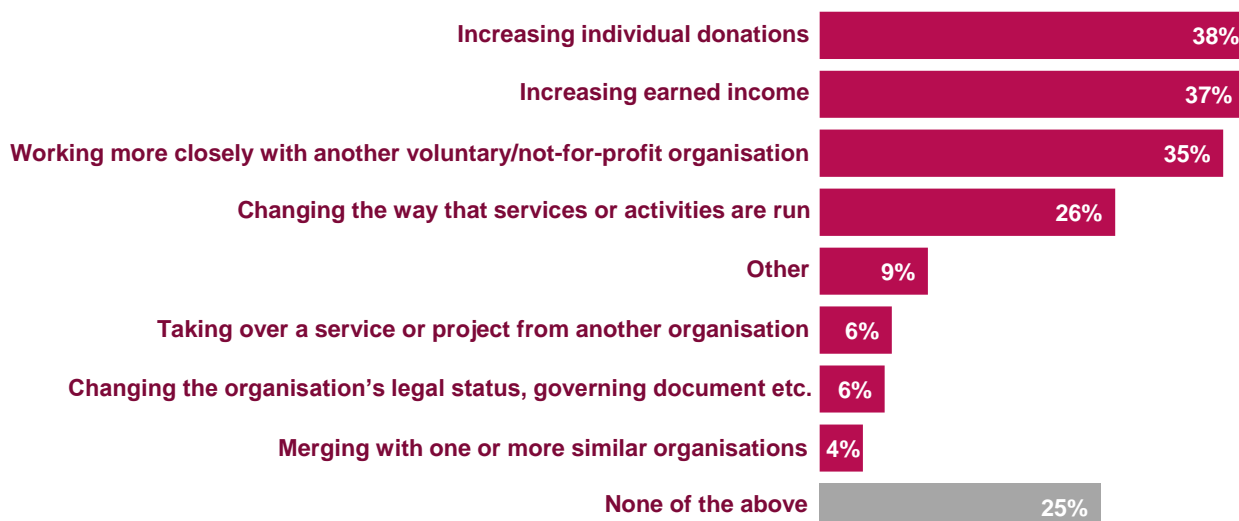
- *Fundraising* through activities such as collections, events and donations was the most common source of funding source, identified by almost two-thirds or respondents
- *Grants*, either from non-statutory sources such as trusts and foundations (just over half of respondents), or public sector bodies apart from the Council (two-fifths of respondents) were the next most common sources
- *Sales of goods and services* and *membership fees and subscriptions* were also quite common sources of funding being sought

**Figure 6.3: Sources of funding actively being sought**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 159

**Figure 6.4: Strategies actively being pursued**



Source: Rotherham State of the Voluntary and Community Sector survey 2015  
Base: 159

***Strategies actively being pursued:***

- The most common strategy was *increasing individual donations*, identified by almost two-fifths of respondents
- Other common strategies included *increasing earned income* and *working more closely with other organisations*, both of which were identified by more than one-third of respondents
- The final common strategy was *changing the way that services or activities run*, which was identified by a quarter of respondents.

Overall, it is clear that respondents were pursuing a broad range of strategies to increasing their income, rather than rely on one or two main options. Most noticeable was an apparent acceptance that increasing public sector income is not a sustainable strategy, and that other sources of income will become increasingly important. Also of note is the recognition that organisations will need to increase the extent to which they work closely with other organisations through partnership and networking activities.

# Conclusions

1. **There are a wide range and a large number of organisations operating in Rotherham who are involved in many areas of activity. As such the voluntary and community sector in the borough occupies an important strategic position between policy development, service provision and everyday life.**

- there are an estimated 1,382 organisations working in the voluntary and community sector
- the vast majority of organisations are micro or small: an estimated 92 per cent have annual incomes less than £100,000)
- the areas with the greatest proportion of organisations working in them are: health, welfare and social care; education, training and research; working with other similar organisations; and recreation, sport and leisure
- the most common client groups are: the local community; elderly people; the general public; and children and young people
- the voluntary and community sector works at a range of different geographical levels: both across and beyond Rotherham; the local authority area, and specific communities and neighbourhoods within it, are the main focus for a majority of organisations
- Improving well-being, addressing the needs of disadvantaged people, increasing skills and improving neighbourhood belonging were the most common ways in which voluntary organisations made a difference.

2. **The sector in Rotherham is an important economic player: it generates income, employs staff and enables volunteering which combined, make significant contribution to GVA**

***Income:***

- total income in 2014/15 was estimated to be £61m, an increase of £2m compared to 2013/14

***Employment:***

- in 2014/15 there were an estimated 3,600 paid staff, of which 2,100 were full-time and 1,500 were part-time
- 81 per cent of voluntary and community sector employees were women

***Volunteering:***

- the sector was supported by 49,000 volunteers and 12,300 committee or board members who combined donated 85,300 hours per week

### ***Economy:***

- the estimated economic contribution of employees by the expected value of the output that they produced (GVA) is £99m per year
- the estimated economic contribution of volunteers by the expected value of the output that they produced (GVA) is £88m per year
- the overall contribution of the sector to GVA is £187m per year

### **3. Rotherham has a large community sector made-up of small neighbourhood groups. However, at moment the scope for utilising this community asset base further is limited:**

- these small organisations are sustaining themselves through volunteers and fundraising, not public sector contracts
- only a small number of key larger organisations have the ability to potentially take on contracts

### **4. Although the sector has experienced an increase in overall income over the last three years, bucking the national trend, the sector still faces an uncertain future**

- a large proportion of organisations have very little money to fall back on if their funding reduces suggesting the sustainability of many organisations is under threat:
  - just over a third have reserves totalling less than one month of expenditure;
  - just over half have insufficient reserves to cover more than three months expenditure
- Respondents expected their income from the public sector, contracts and grants to fall but, paradoxically, they expected overall income and expenditure to increase
- This raises concerns about the future income of the sector, but respondents recognised this and were pursuing a range of strategies to ensure their sustainability, in particular:
  - fundraising activities
  - a broader range of grants and contracts
  - generating earned income from other sources
  - partnership working
  - organisational change.