

The structure, dynamics and impact of the voluntary, community and social enterprise sector

A study of West Yorkshire Combined Authority,
West Yorkshire and Harrogate Health and Care
Partnership, and Humber, Coast and Vale Health
and Care Partnership areas

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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 is drawn from the Third Sector Trends study 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/>

The Commissioning Partnership

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Summary of key findings in each area

West Yorkshire Combined Authority area

Including: Bradford, Calderdale, Kirklees, Leeds and Wakefield local authority areas.

- The VCSE sector is bigger and more varied in structure than might have been imagined. There are ~5,200 registered VCSE organisations in the area. The majority are registered charities (63%), CIOs (12%) or CICs (14%). It is anticipated that there are ~6,700 unregistered VCSE groups. There are 2.3 VCSE organisations per 1,000 resident population. In total, it is estimated that there are ~12,000 registered and unregistered organisations and groups in the area.
- The VCSE sector is made up of independent, self-directed organisations which exist to serve purposes defined by themselves. The sector cannot be conceived of as a ‘system’ that attends to issues in a ‘unified’ way and its energies are not distributed evenly across communities of place, interest or practice. Organisations of different sizes work with different levels of formality and complexity. The largest VCSE organisations (with income above £1million) absorb 70% of sector income, while the smallest organisations or groups (~2,200 organisations with income below £10,000) only draw on 0.4% of sector income.
- The sector relies primarily upon its people to get things done. It is a large sector which employs 29,700 full-time equivalent people who deliver 49m hours of work. Employee salaries cost the sector approximately £846m, or 68% of sector income. VCSE employees constitute about 3.6% of all employment in the area. The sector relies heavily upon 121,000 regular volunteers who deliver 8.7m hours of work. The total replacement value of volunteering would be between £76m and £118m. Smaller VCSE organisations and groups are much more dependent on volunteers than the largest organisations but across the whole of the sector, the contribution of volunteers is highly valued.
- Sector finances are drawn or generated from many sources including grants, contracts, trading, subscriptions, gifts, in-kind support, investments and loans. The sector’s income of £1.25bn and expenditure of £1.26bn is finely balanced. The sector also has substantive assets, which are made up of property and longer-term investments and cash-in-hand reserves amounting to £1.73bn.
- The VCSE sector addresses a wide range of social, economic and environmental issues. There is competition over resources of money and people to get things done – but the sector is characterised by its tendency to work in complementary ways: 83% have good informal complementary relationships with other organisations, 75% work semi-formally in cooperative ways, and 43% work in more formally constituted partnerships.
- There are four key areas of activity which consume most of the VCSE sector’s energy and where the sector feels it has the most impact: 62% of VCSE organisations work in the field of personal health, 52% in personal wellbeing, 42% in community wellbeing and 27% on financial security.

These percentages add up to more than 100% because VCSE organisations often feel they make an impact on several issues.

- It is possible to generate reliable estimates on the financial or proxy-financial energy that the sector injects into its work in local areas. The total value of this energy is £1,396m.
- The energy the VCSE sector employs has a multiplier effect upon the local economy, contributes to fiscal savings for public sector bodies and produces immediate use values for beneficiaries. The total economic added value is calculated to be between £3.1bn and £4bn.
- The social, community and existence value the VCSE produces cannot be defined statistically due to the complex nature of its makeup and difficulties in comparing practices and outcomes. It is nevertheless expected that this added value is at least of equal value to the energy invested by the sector – amounting to at least £1.4bn.
- The total added value which the VCSE sector produces is the equivalent of between 3.1 and 3.9 times the energy put in. The total equivalent financial value would be between £4.5bn and £5.4bn.

West Yorkshire and Harrogate Health and Care Partnership area

Including: Bradford, Calderdale, Kirklees, Leeds and Wakefield local authority areas and the North Yorkshire County Council Districts of Harrogate and Craven.

- The VCSE sector is bigger and more varied in structure than might have been imagined. There are ~6,500 registered VCSE organisations in the area. The majority are registered charities (64%), CIOs (12%) or CICs (7%). It is anticipated that there are ~8,400 unregistered VCSE groups. There are 2.6 VCSE organisations per 1,000 resident population. In total, it is estimated that there are 14,900 registered and unregistered organisations and groups in the area.
- The VCSE sector is made up of independent, self-directed organisations which exist to serve purposes defined by themselves. The sector cannot be conceived of as a 'system' that attends to issues in a 'unified' way and its energies are not distributed evenly across communities of place, interest or practice. Organisations of different sizes work with different levels of formality and complexity. The largest VCSE organisations (with income above £1million) absorb 70% of sector income, while the smallest organisations or groups (~2,750 organisations with income below £10,000) only draw on 0.4% of sector income.
- The sector relies primarily upon its people to get things done. It is a large sector which employs 34,100 full-time equivalent people who deliver 56m hours of work. Employee salaries cost the sector approximately £959m, or 66% of sector income. VCSE employees constitute about 3.7% of all employment in the area. The sector relies heavily upon 147,900 regular volunteers who deliver 10.6m hours of work. The total replacement value of volunteering would be between £92m and £145m. Smaller VCSE organisations and groups are much more dependent on volunteers than the largest organisations but across the whole of the sector, the contribution of volunteers is highly valued.
- Sector finances are drawn or generated from many sources including grants, contracts, trading, subscriptions, gifts, in-kind support, investments and loans. The sector tends to live within its means, ensuring that total expenditure of £1.44bn does not exceed its income of £1.46bn. The sector also has substantive assets, which are made up of property and longer-term investments and cash-in-hand reserves amounting to £1.98bn.
- The VCSE sector addresses a wide range of social, economic and environmental issues. There is competition over resources of money and people to get things done – but the sector is characterised by its tendency to work in complementary ways: 83% have good informal complementary relationships with other organisations, 76% work semi-formally in cooperative ways, and 42% work in more formally constituted partnerships.
- There are four key areas of activity which consume most of the VCSE sector's energy and where the sector feels it has the most impact: 62% of

VCSE organisations work in the field of personal health, 52% in personal wellbeing, 42% in community wellbeing and 27% on financial security. These percentages add up to more than 100% because VCSE organisations often feel they make an impact on several issues.

- It is possible to generate reliable estimates on the financial or proxy-financial energy that the sector injects into its work in local areas. The total value of this energy is £1.6bn.
- The energy the VCSE sector employs has a multiplier effect upon the local economy, contributes to fiscal savings for public sector bodies and produces immediate use values for beneficiaries. The total economic added value is calculated to be between £3.6bn and £4.6bn.
- The social, community and existence value the VCSE produces cannot be defined statistically due to the complex nature of its makeup and difficulties in comparing practices and outcomes. It is nevertheless expected that this added value is at least equal value to the energy invested by the sector – amounting to at least £1.6bn.
- The total added value which the VCSE sector produces is the equivalent of between 3.1 and 3.8 times the energy put in. The total equivalent financial value would be between £5.2bn and £6.2bn.

Humber, Coast and Vale Health and Care Partnership area

Including: East Riding of Yorkshire, City of Kingston upon Hull, North Lincolnshire, North East Lincolnshire and City of York, together with six of the seven North Yorkshire County Council Districts: Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby.

- The VCSE sector is bigger and more varied in structure than might have been imagined. There are ~5,900 registered VCSE organisations in the area. The majority are registered charities (66%), CIOs (9%) or CICs (7%). It is anticipated that there are ~7,600 unregistered VCSE groups. There are 3.5 VCSE organisations per 1,000 resident population. In total, it is estimated that there are 13,500 registered and unregistered organisations and groups in the area.
- The VCSE sector is made up of independent, self-directed organisations which exist to serve purposes defined by themselves. The sector cannot be conceived of as a 'system' that attends to issues in a 'unified' way and its energies are not distributed evenly across communities of place, interest or practice. Organisations of different sizes work with different levels of formality and complexity. The largest VCSE organisations (with income above £1million) absorb 66% of sector income, while the smallest organisations or groups (~2,500 organisations with income below £10,000) only draw on 0.7% of sector income.
- The sector relies primarily upon its people to get things done. It is a large sector which employs 23,200 full-time equivalent people who deliver 38m hours of work. Employee salaries cost the sector approximately £613m, or 61% of sector income. VCSE employees constitute about 4.1% of all employment in the area. The sector relies heavily upon 127,700 regular volunteers who deliver 9.2m hours of work. The total replacement value of volunteering would be between £80m and £125m. Smaller VCSE organisations and groups are much more dependent on volunteers than the largest organisations but across the whole of the sector, the contribution of volunteers is highly valued.
- Sector finances are drawn or generated from many sources including grants, contracts, trading, subscriptions, gifts, in-kind support, investments and loans. The sector tends to live within its means, ensuring that total expenditure of £948m does not exceed its income of £999m. The sector also has substantive assets, which are made up of property and longer-term investments and cash-in-hand reserves amounting to £1.34bn.
- The VCSE sector addresses a wide range of social, economic and environmental issues. There is competition over resources of money and people to get things done – but the sector is characterised by its tendency to work in complementary ways: 79% have good informal complementary relationships with other organisations, 69% work semi-formally in cooperative ways, and 30% work in more formally constituted partnerships.
- There are four key areas of activity which consume most of the VCSE sector's energy and where the sector feels it has the most impact: 62% of

VCSE organisations work in the field of personal health, 52% in personal wellbeing, 42% in community wellbeing and 27% on financial security. These percentages add up to more than 100% because VCSE organisations often feel they make an impact on several issues.

- It is possible to generate reliable estimates on the financial or proxy-financial energy that the sector injects into its work in local areas. The total value of this energy is £1,079m.
- The energy the VCSE sector employs has a multiplier effect upon the local economy, contributes to fiscal savings for public sector bodies and produces immediate use value for beneficiaries. The total economic added value is calculated to be between £2.4bn and £3bn.
- The social, community and existence value the VCSE produces cannot be defined statistically due to the complex nature of its makeup and difficulties in comparing practices and outcomes. It is nevertheless expected that this added value is at least equal to the value of the energy invested by the sector – amounting to at least £1.1bn.
- The total added value which the VCSE sector produces is the equivalent of between 3.1 and 3.8 times the energy put in. The total equivalent financial value would be between £3.5bn and £4.2bn.

Section 1

Introduction

1.1 Purpose of the report

West Yorkshire Combined Authority, together with the Health and Care Partnerships for West Yorkshire and Harrogate, and Humber, Coast and Vale, Yorkshire Sport Foundation, Community First Yorkshire, and Two Ridings Community Foundation commissioned this study to improve understanding of the structure, dynamics and economic and social value of the regional voluntary, community and social enterprise (VCSE) sector.

It was recognised that the VCSE sector plays an important role working in partnership with the public and private sectors in directly supporting people and their communities particularly around their health and well-being, and improving their confidence, social engagement and economic productivity.

The VCSE sector is recognised by the consortium to be agile and able to respond quickly to social need, providing services and interventions tailored to meet people's needs. Specifically, the sector's effective response to the Covid-19 pandemic has meant that these roles have been increasingly recognised at all levels of Government and among partners. But what is not currently well understood is the full economic scale of the sector and the value of its impact.

This research commission arose, therefore, from a growing demand from the VCSE sector itself and the commissioning partners to understand the impact they have, what 'added value' they bring and how that can help to reconfigure the design and delivery of services to be as effective and efficient as possible.

The findings from this report will now be shared with VCSE sector stakeholders and partners within the NHS, Local Authorities, Local Enterprise Partnerships (LEPs), charitable foundations and others who are involved in the planning and development of our regional economies and health and care systems. It is hoped that this report will support the sector and partners to forge stronger relationships, have a deeper understanding of the role and impact of the sector and ultimately inform discussions to connect the VCSE sector and work in collaboration with the health and care systems, and private and public sectors.

For the purposes of this work, the National Audit Office (NAO) definition of the third sector (referred to as the VCSE sector in this report) is adopted:

'Third sector organisations is a term used to describe the range of VCSE organisations that are neither public sector nor private sector. It includes voluntary and community organisations (both registered charities and other organisations such as associations, self-help groups and community groups), social enterprises, mutuals and co-operatives.'

This definition is taken also to include the voluntary sport sector.

In terms of the coverage of the analysis, geographies include:

- **West Yorkshire Combined Authority area** (Bradford, Calderdale, Kirklees, Leeds and Wakefield);

- **West Yorkshire and Harrogate Health and Care Partnership area** (Bradford, Calderdale, Kirklees, Leeds and Wakefield, and North Yorkshire districts of Harrogate and Craven); and
- **Humber, Coast and Vale Health and Care Partnership area** (North East Lincolnshire, North Lincolnshire, Kingston-upon-Hull, East Riding of Yorkshire, York, and the following districts of North Yorkshire: Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby).

1.2 Structure of the report

This research report covers the following issues.

- Section 2 provides an overview of sector structure and dynamics 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 3 presents a detailed 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 4 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 5 explores VCSE sector perceptions of where social impact is achieved. The analysis reports on where impact is distributed by spatial areas and types of organisations. The key aim of the section is to explore the extent to which aspects of impact interact and how this helps to accumulate social value.
- Section 6 presents the approach taken to account for 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 values for different aspects of added value produced by the sector.
- Section 7 includes a very short summary of key findings from the study in each of the three areas. A discussion follows on the approach taken to defining and calculating sector impact in the context of current policy and practice. Finally, the section briefly discusses how sector intelligence can be sustained.

Section 2

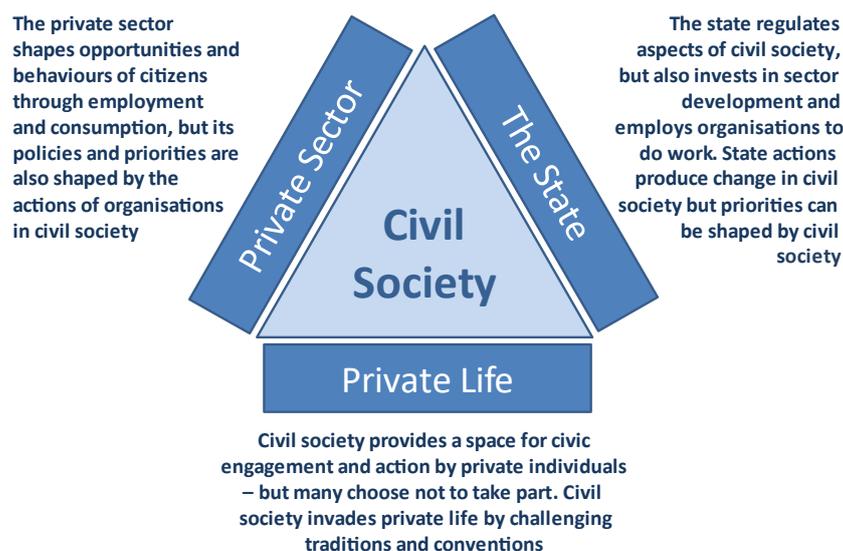
Sector structure

2.1 Defining the VCSE sector

The terms ‘third sector’ and ‘third sector organisation’ (TSO) are widely recognised internationally by academics and policy makers.¹ But the term ‘third sector’ is not always well known, recognised or understood by people who work or volunteer within the sector. Consequently, in this study, the term voluntary, community and social enterprise (VCSE) sector has been adopted.

Civil society is a pluralistic domain where organisations tackle a wide range of social, economic, cultural and environmental issues.² Civil society operates independently from other sectors – but there is much interaction between civil society and the state, private sector and private life (see Figure 2.1).

Figure 2.1 **Civil society as ‘the space in between’**³



¹ This section is a shortened version of a recently published report on the role of charitable trusts and foundations which support VCSE organisations. See Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle upon Tyne: Community Foundation serving Tyne & Wear and Northumberland: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

² The definition of civil society has been the subject of academic debate for many years. Consensus on an exact definition of civil society is elusive, but most commentators agree that civil society is different from the state and necessarily must be separate. As an entity, civil society is sustained through the existence of relationships which are built on trust and reciprocity rather than formal or legal constraints. It provides informal mechanisms for conflict resolution, problem solving and co-operation. In sum, civil society provides the arena within which voluntary action flourishes, often to the benefit of society but also to the benefit of individuals and interest groups which both gain and can inject social capital into civil society through their association.

³ This model of civil society is developed from work by Evers, A. and Laville, J. L. (2004) ‘Defining the Third Sector in Europe’ in A. Evers and J.L. Laville (eds.) *The Third Sector in Europe*, Cheltenham: Edward Elgar Press. A more recent and potentially influential contribution defines civil society as a ‘third pillar’ alongside the state and private sector. This analysis is less convincing as it pays insufficient attention to the blurred boundaries between sectors and over-stresses the extent of homogeneity of the ‘third pillar’. See Rajan, R. (2019) *The Third Pillar: the revival of community in a polarised world*, London: William Collins.

Definitions of civil society are contested because it has ‘fuzzy’ boundaries. From the perspective of VCSE organisations, it is often easier to define *what civil society is not* rather than *what it is*:

- VCSE organisations differentiate themselves from private-sector companies because they are not driven primarily by financial profitability – instead, they prioritise the creation of social, cultural or environmental value.
- VCSE organisations distinguish themselves from private individuals because they have come together with a shared interest to achieve a mission which transcends notions of personal self-interest.
- VCSE organisations position themselves as independent entities which are separate from the state – they exist to tackle inequalities and issues which are not met by mainstream services and have often gone unrecognised or ignored by government or exacerbated by government policy.

Civil society has the capacity to *advance, ameliorate or resist* changes brought about by the market, state or private individuals – it also *produces* change by challenging the status quo. But civil society is not structured systematically – its component parts do not fit together like a jigsaw.

Civil society is full of imaginative, creative, committed, ambitious and determined people who want to get things done about an issue which is important to them. Competition to win influence and resources is therefore intense. All organisations and groups which champion a cause are keen to win support to achieve their ambitions. But strong commitment to specific issues makes it hard for civil society to agree on priorities apart from sustaining their right to organise and act as they choose within the realm of civil society.

Some organisations and groups vigorously defend their autonomy and refuse to get involved in partnership, collaboration or co-production, but many VCSE organisations enthusiastically embrace the idea of working with other organisations in complementary or more formal ways - sometimes this is driven by principle and sometimes by contingency.

However civil society and its component parts are defined, and no matter how it attempts to distinguish its role from other sectors – the fact remains that nothing stands still socially, politically, culturally or economically. This in turn shapes the way that policy makers think about civil society and take actions which impact on its activities.

2.2 Defining VCSE organisations

In this study, the term VCSE sector is used instead of the more commonly used definition of ‘third sector’. The National Audit Office (NAO) defines the third sector as follows:

‘The third sector is the term used to describe the range of organisations which are neither state nor the private sector. Third sector organisations (VCSE organisations) include small local community organisations, and large, established, national and international voluntary or charitable organisations. Some rely solely on the efforts of volunteers; others employ paid professional staff and have management structures and processes similar to those of businesses, large or small; many are registered charities whilst others operate as co-operatives, “social enterprises” or companies limited by guarantee... All share some common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and the reinvestment of surpluses for those same objectives.’⁴

⁴ Bourne, J. (2005) Working with the third sector, London, National Audit Office. <https://www.nao.org.uk/report/working-with-the-third-sector/>

As the above quotation indicates, there are several categories of VCSE organisation. Determining precisely how many VCSE organisations there are in Yorkshire and Humber is not easy to do due to the limitations of the data, in terms of currency and quality in official registers. In this section, a brief overview is provided on several types of VCSE organisations; these are detailed below with estimates of the number of organisations in each category.

Charity Commission **registered charities** constitute a majority of organisations within civil society. The population of charities in Yorkshire and Humber are enumerated as follows:⁵

- **Charitable Company:** 2,119 (19.7%).
- **Charitable Incorporated Organisations:** 1,509 (14.0%).
- **Trust:** 1,082 (10.1%).
- **Previously excepted** 235 (2.2%).
- **Other general charities:** 5,798 (54.0%).

Several other types of VCSE organisations need to be included in sector-wide estimates.

- **Community Interest Companies (CICs)** are a special type of limited company which exist to benefit the community rather than shareholders. 14,396 CICs are registered in England and Wales. CICs are fully registered and annual reports are produced on the size of the sub-sector which is broken down by UK nations and English regions. 1,476 CICs have been identified in Yorkshire and Humber from the register created by the Office of the Regulator of Community Interest Companies.⁶ As far as possible, attempts have been made to ensure that those included in the database are defined as active CICs.⁷
- **Cooperatives and Societies:** a register is available which lists 30,735 organisations in England and Wales – however only a minority are active. 20,955 are recorded as ‘de-registered’. Others are listed as under a ‘cancellation notice’ ‘dissolving’, ‘in administration’, ‘in liquidation’ ‘in receivership’, ‘transferred engagements’ or ‘winding up’. Collectively they total 254 organisations on the register.⁸

Currently there are 9,245 active organisations on the register (excluding 27 ‘amalgamated’ organisations. A few societies cannot properly be described as VCSE sector organisations because they are established to serve the financial interests of their members. These include ‘benevolent societies’, ‘building societies’, friendly societies’, ‘loan societies’, ‘superannuation societies’, ‘working men’s clubs’.

Former Industrial and Provident Societies have been re-registered mainly as Community Benefit Societies (CBSs) but not exclusively so. In 2008 there were 895 IPSs in Yorkshire and Humber, but now only 171 are registered at

⁵ In this report, the collation of organisations from the register has not been restricted to ‘general charities’ as is the case in, for example, the NCVO Civil Society Almanac. Consequently, faith groups and educational institutions are included providing that they have an annual income below £25m a year (which has led to the removal of all universities in Yorkshire and Humber and some of the larger public schools. This means that data presented here will not be directly comparable with NCVO reports. It should be noted, however, that NCVO is reconsidering its approach to the inclusion of non ‘general charities’ and other types of VCSE organisations in the future. See: <https://almanac.fc.production.ncvocloud.net/about/methodology/>

⁶ See the Office of the Regulator of Community Interest Companies (2020) *Annual Report 2018-2019*, Cardiff: Office of the Regulator of Community Interest Companies.

⁷ The most recent available report from the Regulator from the CIC regulator lists 1,176 in Yorkshire and Humber, whereas the listings gained from Orbis and the official register produce over 1,400 entities. While all were defined as active, some may have dissolved or converted to other legal forms. Between April 2019 and March 2020 over 5,000 new CICs were approved in the UK, so it is likely that the official register count may increase substantially for 2021-2022. The register was downloaded for this report in April 2021. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/964429/cic-21-2-community-interest-companies-annual-report-2019-2020.pdf

⁸ The Mutuals Public Register is available here: [Mutuals Public Register \(fca.org.uk\)](https://mutualspublicregister.fca.org.uk/).

Companies House (using the old registration title). It is presumed that the remained migrated either to CIC status or CLGs with charitable registration.⁹

Those which remain of interest on the register include.

- **Community Benefit Societies**
- **Cooperative Societies**
- **Credit Unions**
- **Registered Societies**

The register lists the names and addresses of organisations, but these data are not itemised by nation or English region. Determining how many Cooperative Societies, Credit Unions and Registered Societies should be included as VCSE organisations in generalised sector statistics is open to question. But it would seem reasonable to assume that between 200-300 Registered Societies in Yorkshire and Humber could meet those criteria (in addition to Community Benefit Societies).

- **Companies Limited by Guarantee (CLGs):** many VCSE organisations are both registered charities and CLGs. In the Third Sector Trends data set, 28.6% of registered charities are also registered as CLGs; but only 12% of CLGs are not registered as charities.¹⁰ The majority of these organisations are quite large (more than 50% have income above £250,000). Fewer than 5% of micro or small organisations are registered as CLGs. It is estimated that non-Charity Commission registered CLGs will be between 3-4% of the whole sector.¹¹

Fully disaggregating CLGs from other non-profit businesses such as CBSs and on national registers such as Company House or Orbis is not always possible due to the way data are recorded. It is important not to over claim the size of the VCSE sector due to duplication of organisational legal forms. Estimates of the proportion of additional non-profits which are not registered as charities is 6.5% (excluding CICs and CASCs which are identifiably and separately registered)

- **Faith organisations and groups:** many of these organisations are registered by the Charity Commission and are included as 'registered charities' or 'charitable incorporated organisations'. But there are no fully reliable data sources to determine precisely how many charities (or other legal forms) are 'faith-based' or 'faith-led'. For example, in Yorkshire and Humber, 1,799 charities describe themselves as pursuing religious activities, but on closer inspection of a sample of organisations it is evident that many are not churches, mosques, chapels, temples or synagogues (amongst others). Consequently, it is not known how many faith groups which are strongly associated with or integrated into faith organisations are active, but are unregistered, which contribute to civil society. In the Third Sector Trends Study benchmarking exercise undertaken by Southampton University, an attempt was made to map these organisations. There were 692 such organisations which constituted 4.3% of active VCSE organisations in

⁹ The mapping exercise undertaken by Kane, D. and Mohan, J. (2010) *Mapping Registered Third Sector Organisations in Yorkshire and Humber*, Newcastle-upon-Tyne, Northern Rock Foundation: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/YH-TSOs.pdf>

¹⁰ Kane and Mohan (2010), *ibid*, indicated that 10% of VCSE organisations were CLGs that were not also registered charities.

¹¹ Some VCSE organisations are registered as Companies Limited by Shares but they are currently few.

Yorkshire and Humber.¹² The current estimate is lower due to the increased levels of registration of faith organisations as CIOs.¹³

- **Amateur sport clubs and other sport-oriented VCSE organisations:** summary statistics produced by Sport England, collated in 2015, are available on the total number of sport organisations in Yorkshire and Humber. These can be further disaggregated by three agencies: North Yorkshire Sport (1,392 listed organisations), Yorkshire Sport Foundation (which covers South Yorkshire and West Yorkshire 4,090 organisations) and Active Humber (1,174 organisations).¹⁴ As distinct bodies, it is assumed that there is no overlap in listings – meaning that there are as many as 6,656 registered and unregistered sport organisations in Yorkshire and Humber.

There are many forms of registration available to amateur sport clubs or other sport-oriented organisations including Community Amateur Sport Clubs (CASCs), registered charities, CIOs, CICs, CLGs, CBSs or societies. On the CIC register, for example, 120 organisations are captured in sport related Standard Industrial Classification (SIC) codes; and in the Charity Commission Register, 2,192 charities and CIOs state that they serve sport and recreational purposes. It is unlikely that there are many more than registered 3,000 community oriented amateur sport clubs and other sport-oriented organisations in the region – the remainder identified by Sport England are likely to be unregistered ‘below the radar’ organisations (see further discussion below).

There are currently 513 registrations of CASCs.¹⁵ CASCs can claim to be defined as VCSE organisations because qualifying conditions include, amongst other things, a requirement to be open to the whole community and be organised on an amateur basis with its main purpose being ‘the provision of facilities for, and the promotion of participation in, one or more eligible sports’. Under the Charities Act 2011, CASCs cannot also register as a charity, but can deregister as a CASC if it wishes to do so.

In this report several types of organisations are not included in the analysis. Exclusions include **trade unions, political parties** and **trade associations** because these organisations are more likely to serve ‘sectional interests’ rather than civil society.

While many businesses have social objectives, most pursue financial profit as a principal objective if they are to survive and thrive. Consequently, all **private sector businesses** (including or ‘for-profit’ worker cooperatives/ partnerships) are excluded.

¹² Defining the range of faith-based organisations and how they are registered or regulated is beyond the scope of this study. Having access to such data would be invaluable, but undoubtedly difficult to classify as the range of faith organisations is substantial, see for example: https://en.wikipedia.org/wiki/List_of_religious_organizations. For a useful report on Christian faith organisations’ activity in this field, see *Church in action: a national survey of Church-based social action* (2018) Church Urban Fund/Church of England. [Church In Action: A National Survey Of Church-Based Social Action - CUF](https://www.churchurbanfund.org.uk/Church-In-Action-A-National-Survey-Of-Church-Based-Social-Action-CUF)

¹³ See for example: Charity Commission (2009) *Faith in Good Governance*, London: Charity Commission. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/355533/faithgovenglish.pdf, see also: Church Growth Trust (2019) *Charitable Incorporated Organisations for Church Charities*, Rutland: Church Growth Trust, <https://churchgrowth.org.uk/wp-content/uploads/2017/09/CIOs-for-Church-Charities-March-2019.pdf>

¹⁴ Each of these sport bodies collates data on organisations in their area, full details are available on their websites: <https://www.yorkshiresport.org/>; <https://www.northyorkshiresport.co.uk/> and <https://activehumber.co.uk/>.

¹⁵ Yorkshire CASCs were extracted from the current online CASCs Register. <https://www.gov.uk/government/publications/community-amateur-sports-clubs-casc-registered-with-hmrc--2> The most recent available national estimates and membership analysis can be found here. <http://www.cascinfo.co.uk/cascregistrationfigures/201612december/> (accessed 30th September 2020). HMRC definitions, qualifying conditions and taxation rules of CASCs can be observed here: <https://www.gov.uk/government/publications/community-amateur-sports-clubs-detailed-guidance-notes/community-amateur-sports-clubs-detailed-guidance-notes#become-a-community-amateur-sports-club>

Housing Associations and other large-scale Registered Social Landlords provide a vital social purpose, but they are excluded because their scale and purpose would skew assessments of sector activity disproportionately.

NHS hospital trusts and **universities** can make a significant contribution to economy and society, but they are excluded from the analysis (although these organisations are retained in the CCR database for future analysis).

Semi-autonomous Non-Departmental Public Bodies (NDPBs) which are state-funded entities such as **research councils** and the **Care Quality Commission** are also excluded.¹⁶

2.3 The regional context

Yorkshire and Humber is a large region covering an area of 15,408 square kilometres. It had a population of 5.48 million in 2018.¹⁷ Over 80 per cent of the population live in urban areas (that is, towns with a population above 10,000).¹⁸

The region was, until recently, divided into four sub-regional administrative and economic areas which are used to some extent in the analysis undertaken in this report.¹⁹

- **West Yorkshire** is the most densely populated of the four sub-regions. 2.32m²⁰ people live in this area of 2,000 square km, amounting to over 40 per cent of the total regional population. There are five unitary authorities: Bradford, Calderdale, Kirklees, Leeds and Wakefield.
- **East Yorkshire (Humber)**²¹ has a population of 0.93 million residents in an area of 3,500 square km. It has four unitary authorities: City of Kingston upon Hull, East Riding of Yorkshire, North East Lincolnshire and North Lincolnshire.
- **North Yorkshire and York** is the largest of the four sub-regions spatially. It is largely rural with a population of 0.82 million people (North Yorkshire = 614,505 excluding the unitary authority of York) living in an area of 8,608 square km.
- **South Yorkshire** is not included in this study, except when incorporated into regional statistics. This is the second most densely populated sub-region in Yorkshire and Humber and has 1.4 million residents in an area of 1,500

¹⁶ The Cabinet Office defines a non-departmental public body (NDPB) as a “body which has a role in the processes of national government, but is not a government department or part of one, and which accordingly operates to a greater or lesser extent at arm’s length from ministers”. See: <https://www.gov.uk/guidance/public-bodies-reform#:~:text=A%20non%2Ddepartmental%20public%20body,at%20arm%27s%20length%20from%20ministers%E2%80%9D>. A more substantive discussion of such bodies can be downloaded here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/663615/PublicBodies2017.pdf. Producing a definitive list of NDPBs or similar organisations has become increasingly complex as several such bodies have been redefined as charitable organisations such as British Waterways which in England is now known as the Canal and River Trust (see: <https://www.gov.uk/government/news/over-1-billion-investment-secures-future-of-new-waterways-charity>).

¹⁷ Source: Statista: <https://www.statista.com/statistics/294681/population-england-united-kingdom-uk-regional/>

¹⁸ For a more detailed portrait of the region see Kay, I. (2010) *Portrait of Yorkshire and Humber*, London: ONS. and ONS (2012) *Regional Profiles: Key Statistics - Yorkshire and Humber*, London: ONS, http://www.ons.gov.uk/ons/dcp171780_275367.pdf.

¹⁹ The current UK Government does not recognise these formal regional boundaries and abolished key agencies which operated at a regional level. This led to the closure of the Government Office for Yorkshire and Humber region in March 2011 and the Regional Development Agency, Yorkshire Forward, in March 2012, see: House of Commons Library (2013) *The Abolition of Regional Government*, 27th March. See also, Involve Yorkshire and Humber (2012) *Changes to Governance Structures and Arrangements in Yorkshire and Humber*, Leeds: Involve Yorkshire and Humber.

²⁰ Compiled from ONS Area Population Estimates, 2020: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalescotlandandnorthernireland>

²¹ Humber is a former sub-region of the former Yorkshire and Humber administrative region. The area includes four unitary authorities: East Riding of Yorkshire, Hull, North East Lincolnshire and North Lincolnshire. While there have been some controversies surrounding the naming of this sub-region, the term Humber is adopted as this is currently used by the Local Economic Partnership, see: <http://www.humberlep.org/>.

square km. There are four unitary authorities: Barnsley, Doncaster, Rotherham and Sheffield.

Regional governance has undergone considerable change since 2010. Many tiers of regional governance were abolished early in the last decade, including the regional development agency, Yorkshire Forward, and Government Office for Yorkshire and Humber. Within the VCSE sector itself, the regional umbrella organisation and infrastructure agency, Involve Yorkshire and Humber, closed due to loss of core funding. This has left a gap in the sector's regional capacity to address policy and intelligence issues.

While some regional institutions have gone, new sub-regional bodies have emerged. A former Chancellor's 'Northern Powerhouse' initiative to strengthen the northern economy was accompanied by other developments including the establishment of four Local Enterprise Partnerships in Yorkshire and Humber.²²

This was followed by new initiatives to set up two combined authorities:²³ the Sheffield City Region and West Yorkshire Combined Authority. These authorities now both have directly elected Mayors and are empowered to take devolved responsibility for issues such as transport, health, regeneration and skills.

NHS England recognises the importance of the VCSE sector in strengthening health and wellbeing in local areas.²⁴ This study involves two Health and Care Partnership areas, more details of which can be found in the next sub-section.

2.4 The structure of the VCSE sector

In this section, data tables are presented to describe the structure of the VCSE sector in Yorkshire and Humber, and within three discrete areas which are defined as follows:

- **West Yorkshire Combined Authority:** including Bradford, Calderdale, Kirklees, Leeds and Wakefield local authority areas.
- **West Yorkshire and Harrogate Health and Care Partnership:** including Bradford, Calderdale, Kirklees, Leeds and Wakefield local authority areas and the North Yorkshire County Council Districts of Harrogate and Craven.²⁵
- **Humber, Coast and Vale Health and Care Partnership:** including East Riding of Yorkshire, City of Kingston upon Hull, North Lincolnshire, North East Lincolnshire and the unitary authority City of York, together with six of seven North Yorkshire County Council Districts: Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby (but *not* Craven).²⁶

It is important to remember, when reading tables and graphs, in this report that there is a measure of geographical overlap across these three areas.

²² There are four LEPs in Yorkshire and Humber: Leeds City Region Local Enterprise Partnership; York and North Yorkshire Local Enterprise Partnership, Hull and East Yorkshire Local Enterprise Partnership; and Sheffield City Region Local Enterprise Partnership. A map of the LEPs and links to websites can be found here: <https://www.lepnetwork.net/about-leps/location-map/>.

²³ A briefing from the House of Commons Library on the purpose of Combined Authorities can be found here: <http://researchbriefings.files.parliament.uk/documents/SN06649/SN06649.pdf>. In Yorkshire and Humber there are currently two authorities: Sheffield City Region and West Yorkshire Combined Authority. Details on each of the Combined Authorities can be found at this Local Government Association website address: <https://www.local.gov.uk/topics/devolution/combined-authorities>.

²⁴ See NHS England, Partnerships and relationships: <https://www.england.nhs.uk/ourwork/part-rel/>

²⁵ Full details on the scope and areas of operation of the partnership can be found here: <https://www.wyhppartnership.co.uk/about>.

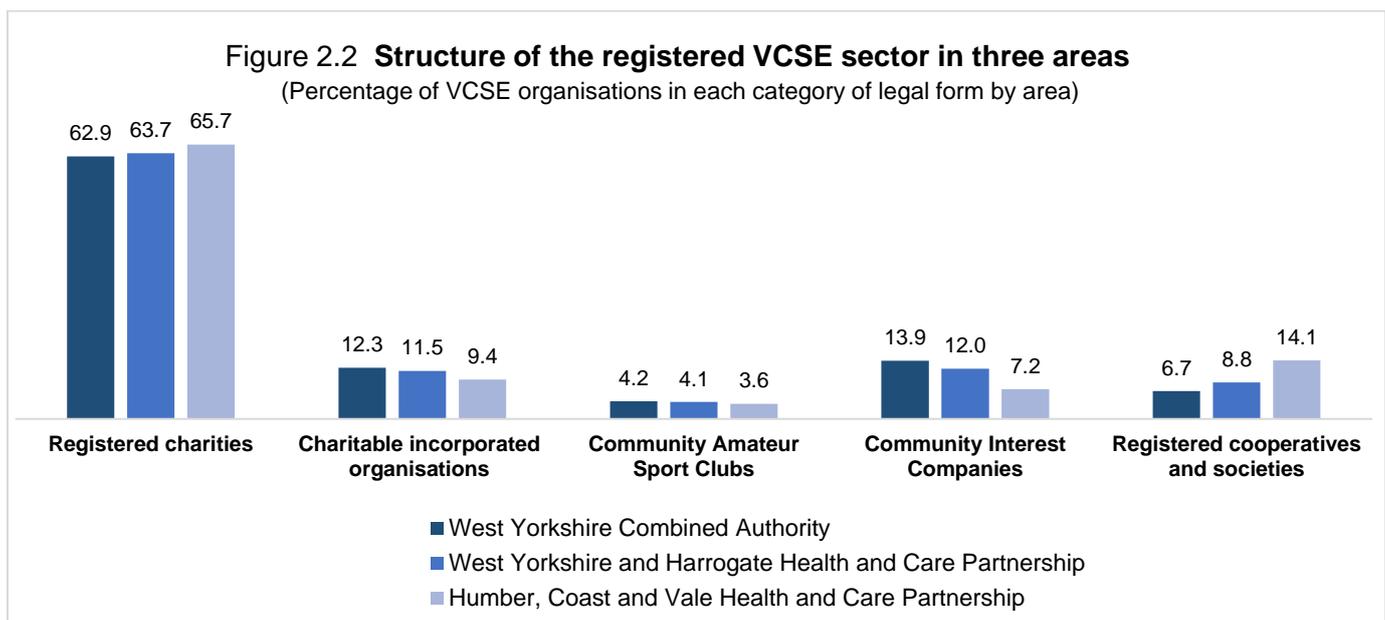
²⁶ Full details on the scope and areas of operation of the partnership can be found here: <https://humbercoastandvale.org.uk/>

Number of organisations by legal form

Table 2.1 shows the organisational composition of the VCSE sector in Yorkshire and Humber by charity type as defined by legal form. The table is split in two parts, with the formal sector on the left-hand side and the informal unregistered sector on the right-hand side of the table.

The formal sector comprises organisations which are located on different registers. The most common types of organisations are Registered Charities and Charitable Incorporated Organisations: collectively they constitute more than two thirds of the sector.

As shown in Figure 2.2 there are some notable variations in sector structure in the three areas of study. In Humber, Coast and Vale Health and Care Partnership area, there is a larger proportion of cooperatives and societies (14%) than in the other areas, but fewer CICs (7%) – which are most prevalent in the West Yorkshire Combined Authority area (14%).



Below the radar organisations and groups

It is not possible to state with certainty how many organisations and groups sit ‘below the radar’ in Yorkshire and Humber. 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.

Academic study on the characteristics, purpose and social value produced by such societies, organisations or groups has been undertaken,²⁷ but firm empirical evidence to affirm how many informal organisations exist remains patchy.

The Third Sector Trends Study commissioned the most detailed study to date to estimate the proportion of VCSE organisations which operated below the radar in 46 local authorities in Cumbria, Yorkshire and Humber and North East England. From this work it was determined that there was an average of 3.66 below the radar groups

²⁷ See, for example, McCabe, A. and Phillimore, J. (2009) Exploring below the radar: issues of theme and focus, Birmingham, *Third Sector Research Centre Working Paper no. 8*: <https://www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/tsrc/working-papers/working-paper-8.pdf>. A second collection of observations related to this study was published with critical commentary on what defined such informal groups. Qualitative analysis had much to say about the experience, purpose and potential social benefit produced by such groups but avoided speculation on their number. See: McCabe, A. (2018) Ten years below the radar: reflections on voluntary and community action 2008-2018, Birmingham, *Third Sector Research Centre Working Paper no. 143*. <https://www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/tsrc/working-papers/10-years-below-the-radar-final.pdf>

per 1,000 population.²⁸ This roughly equates to 1.29 below the radar groups for every registered organisation.²⁹

More recent research for Local Trust by NCVO and 360Giving has drawn a distinction between more structured unregistered organisations which are in a position, for example, to apply for grants, and less formal groups. The evidence suggests that a proportion of unregistered groups could be considered as sufficiently similar to many small charities and CIOs that they could be included in 'formal' sector estimates. Local Trust estimate that there are between 200,000 - 300,000 below the radar groups. Around 13,000 of which received grants between 2016-19.³⁰

Such estimates are plausible, but their use remains contentious as it is not known whether their activities are fully comparable with those of registered organisations which serve civil society interests. During the Covid-19 pandemic, however, there have been indications that mutual aid groups have been effective in tackling a wide range of issues such as social isolation and homelessness.

Mutual aid groups have been defined as:

A mutual aid group is a volunteer led initiative where groups of people in a particular area join together to support one another, meeting vital community needs without relying on official bodies. They do so in a way that prioritises those who are most vulnerable or otherwise unable to access help through regular channels.³¹

It has been estimated that there are around 4,300 mutual aid groups in the UK which marshal the efforts of up to 3 million volunteers who provide support for local communities. Early indications from research suggest that many of these groups and volunteers will continue to inject energy into their communities once the pandemic subsides – though not necessarily on the same issues.

²⁸ Mohan, J., Kane, D., Wilding, K., Branson, J. and Owles, F. (2010) *Beyond 'flat earth' maps of the third sector*, Newcastle-upon-Tyne: Northern Rock Foundation: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/NRF-TST-Report-Beyond-Flat-Earth.pdf>. The summation of area statistics was undertaken using all three Third Sector Trends Mapping reports for Cumbria, Yorkshire and Humber and North East England which listed 23,526 registered organisations in an area with a population of 8.3m people.

²⁹ In Third Sector Trends surveys, all organisations and groups are welcome to join the study by invitation from the researchers (using registered listings), funding bodies (such as trusts and foundations), public bodies (such as local authorities and NHS Trusts) and local infrastructure organisations (at regional or local authority/district level) which hold listings.

³⁰ See: 360Giving and NCVO (2020) *Below the Radar: exploring grants data for grassroots organisations*, London: Local Trust: <https://localtrust.org.uk/wp-content/uploads/2020/08/Below-the-Radar-Report-HR.pdf>.

³¹ See, for example, Power, A. and Benton, E. (2021) *Where next for Britain's 4,300 mutual aid groups?*, London: London School of Economics: <https://blogs.lse.ac.uk/covid19/2021/05/06/where-next-for-britains-4300-mutual-aid-groups/>. The full academic article by the same authors 'Community responses to the Coronavirus pandemic: how mutual aid can help', is available here: <https://ppr.lse.ac.uk/articles/10.31389/lseppr.21/>. <https://covidmutualaid.org/> is the coordinating body, although not all mutual aid groups are registered here.

Table 2.1 Size and composition of the VCSE sector in Yorkshire and Humber								
	Registered Charities ³²	Charitable Incorporated organisations ³³	Community Amateur Sport Clubs ³⁴	Community Interest Companies ³⁵	Other registered organisations ³⁶	Total VCSE organisations	Estimated 'below the radar at 1.29 per VCSE organisation' ³⁷	Total registered and informal sector
West Yorkshire Combined Authority	3,294	643	221	729	350	5,237	6,758	11,996
West Yorkshire and Harrogate Health and Care Partnership	4,137	749	264	780	570	6,500	8,387	14,888
Humber, Coast and Vale Health and Care Partnership	3,878	555	215	423	829	5,900	7,612	13,512
Yorkshire and Humber	9,234	1,509	513	1,476	1,565	14,297	18,443	32,740

³² Registered Charities include Charitable Companies (2,119), Trusts (1,082), Previously Excepted charities (235) and 'other' (5,798) registered charities. Charitable Companies tend to be larger organisations: about 40% have income above £250,000. Those organisations defined as 'Other Charities' tend to be small: over 80% have annual income below £50,000.

³³ Charitable Incorporated Organisation is a relatively new legal form and tends to mainly include smaller organisations. In the Yorkshire and Humber data set, 48% of CIOs have income below £10,000 and a further 26% have income between £10,000 and £49,999. Fewer than 1% have income above £1m.

³⁴ Data on Community Amateur Sport Clubs were collated from the Register. The Register only includes the address of these organisations. Consequently it is not possible to determine variations in size as measured by income although it is presumed that the majority will be micro or small VCSE organisations.

³⁵ Community Interest Company data was collated from the Companies House Register. The register only holds a limited amount of data on individual companies. Orbis holds more information on CICs but often these data are incomplete making analysis difficult. Furthermore, organisational names do not necessarily match across registers which limits the scope for deduplication of cases.

³⁶ The 'other category' combines estimates on several VCSE organisation types. Cooperatives and Community Benefit Societies (many of which are still recorded as Industrial and Provident Societies by Companies House and on the Orbis data base) and on the Societies Register. The range of data on all three registers is quite limited and often partial making it impossible to get accurate data on income and expenditure or aspects of activity. Other societies also fall into the definition of VCSE organisations including Credit Unions and other non-profit societies and clubs. Estimates on the number of residual faith-led organisations are also incorporated into the 'other category' drawing on estimates provided by Kane and Mohan (2010) *op cit*. It is likely, however, that many faith organisations migrated to the Charitable Incorporated Organisation legal status and are therefore accounted for under that column. Other unincorporated faith organisations may nevertheless still be numerous and sit under the umbrella of formally registered churches, chapels, mosques, temples, synagogues and so on.

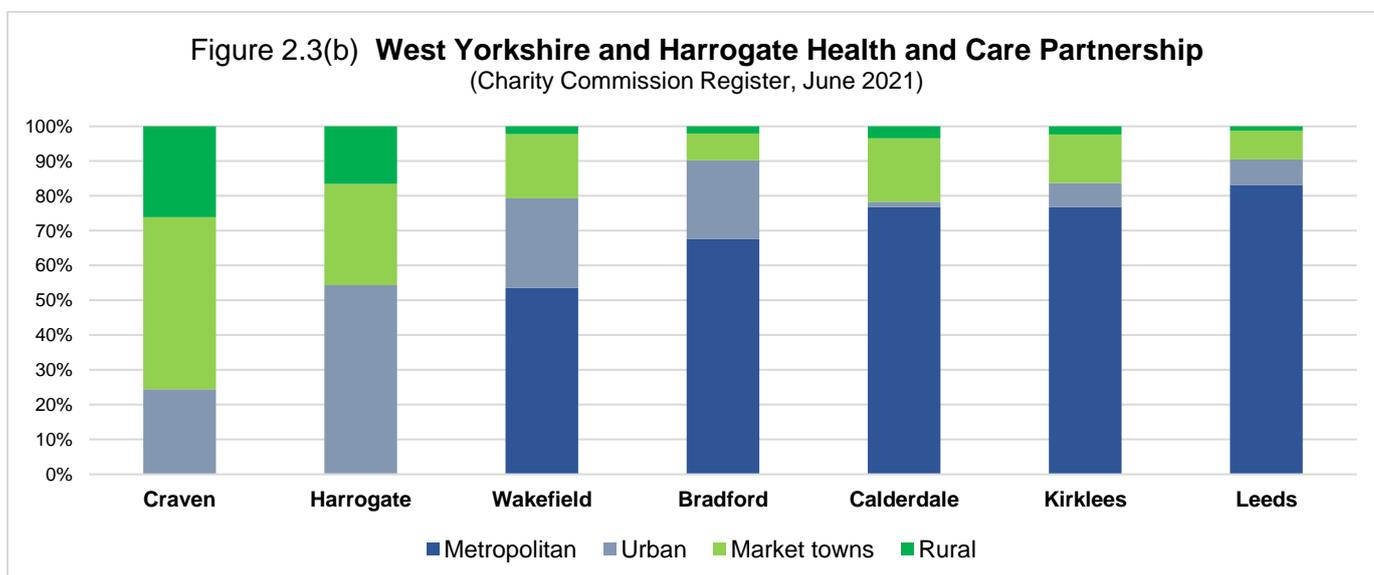
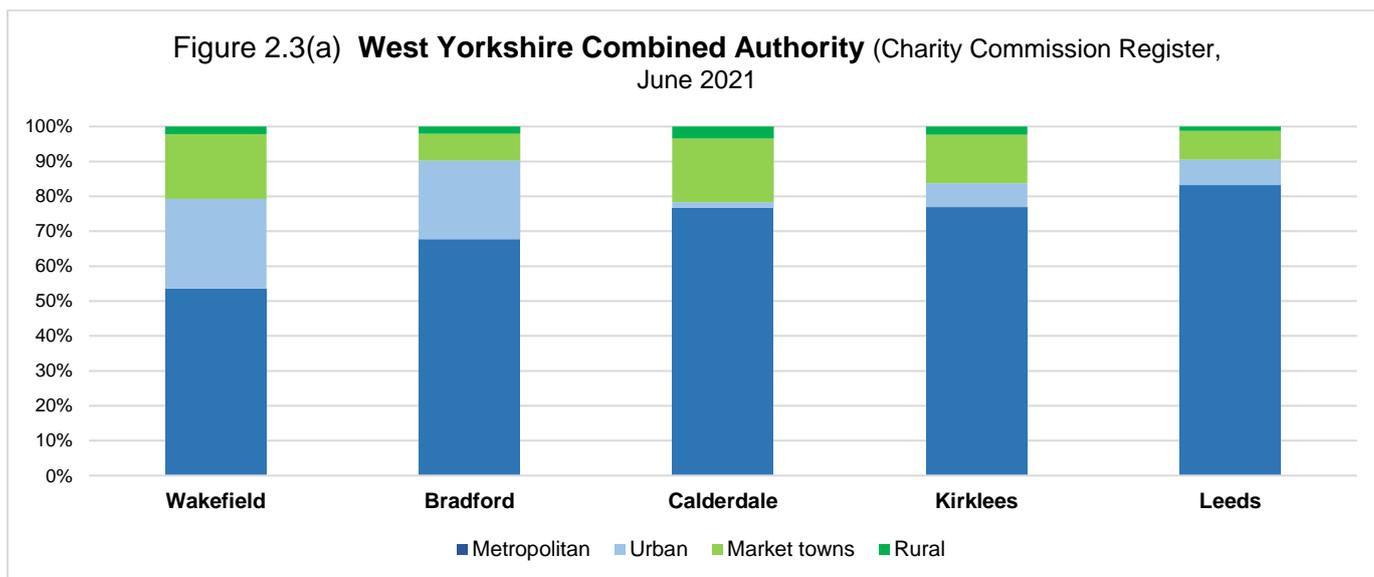
³⁷ See discussion on VCSE organisation types in Section 1.2.

Rural and urban distribution

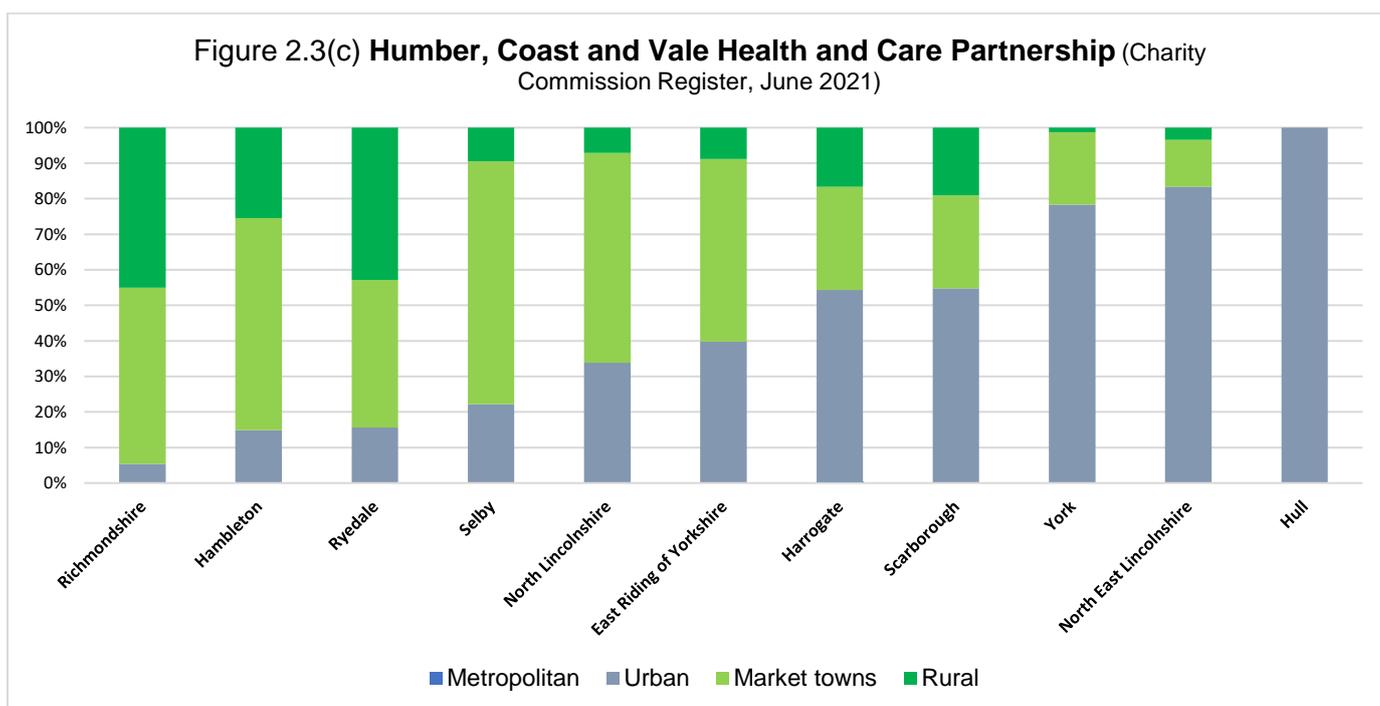
The three areas studied in this report differ substantially in their spatial characteristics. It is necessary to recognise these differences when interpreting the data presented in subsequent sections.³⁸

Figures 2.3(a) to 2.3(c) show how organisations are distributed in each local authority or district. The charts are arranged with the most rural districts and authorities on the left and the most urban on the right.

West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership are primarily metropolitan areas while Humber, Coast and Vale Health and Care Partnership is divided into largely urban and mainly rural areas.



³⁸ The rural and urban classifications represent collapsed categories from the full set of ten ONS categories. The collapsed categories were constructed as follows: 'Metropolitan' (A1, B1), 'Urban' (C1, C2), 'Market towns' (D1, D2, E1) and 'Rural Areas' (E2, F1, F2). The terms 'market towns' and 'rural areas' are adopted as shorthand descriptors only and do not fully reflect the formal categorisations. For more detail on how the classifications are constructed, see: Department for Environment, Food and Rural Affairs (2016) *Guide to applying the rural urban classification to data*, London, Rural Statistics Unit, Defra: <https://www.gov.uk/government/collections/rural-urban-classification>.



Richer and poorer areas

VCSE organisations are often distributed unevenly across areas depending on the extent of their relative affluence or deprivation as measured by the English Indices of Deprivation (EID). Table 2.2 shows how charities are distributed in the three areas being studied.

It is clear from this table that in Humber, Coast and Vale Health and Care Partnership area, fewer charities are in the poorest quintile than in the other areas which reflects underlying socio-economic characteristics.

Row percentages	Poorest areas EID 1-2	EID 3-4	Intermediate EID 5-6	EID 7-8	Richest areas EID 9-10	Total registered charities
West Yorkshire Combined Authority	30.2	20.1	14.3	19.5	16.0	3,865
West Yorkshire and Harrogate Health and Care Partnership	24.4	17.0	13.7	25.6	19.3	4,791
Humber, Coast and Vale Health and Care Partnership	10.6	10.2	22.8	30.3	26.1	4,362
Yorkshire and Humber	21.6	15.6	18.3	24.4	20.0	10,554

Given the importance of area affluence and relative deprivation in the analysis that follows in this report, Table 2.3 presents data on the distribution of charities by each local authority / district area in Yorkshire and Humber.

In Humber, Coast and Vale Health and Care Partnership area, local authorities and districts are somewhat polarised with mostly affluent districts in North Yorkshire

(except for Scarborough), East Riding of Yorkshire and to a lesser extent North Lincolnshire. There is a concentration of relatively poor areas in Hull and North East Lincolnshire and Scarborough.

<i>(Row percentages)</i>	Poorest areas EID 1-2	EID 3-4	Intermediate EID 5-6	EID 7-8	Richest areas EID 9-10	Total registered charities
Bradford	43.4	15.5	12.6	11.3	17.3	897
Calderdale	28.8	21.3	19.3	19.5	11.1	389
Kirklees	30.7	16.5	14.7	24.4	13.8	763
Leeds	23.2	23.1	14.1	20.5	19.2	1,436
Wakefield	26.1	25.3	12.9	25.8	10.0	380
North Yorkshire						
<i>Craven</i>	0.0	3.6	5.8	62.8	27.7	274
<i>Hambleton</i>	0.0	4.3	6.8	48.7	40.2	396
<i>Harrogate</i>	0.3	4.8	14.0	45.7	35.3	652
<i>Richmondshire</i>	0.0	0.4	43.2	34.1	22.3	229
<i>Ryedale</i>	0.0	7.0	56.0	26.5	10.4	298
<i>Scarborough</i>	18.9	23.3	31.8	17.0	9.1	318
<i>Selby</i>	0.5	10.0	15.8	38.0	35.7	221
York	8.9	14.6	19.9	18.8	37.8	643
East Riding of Yorkshire						
Hull	59.4	15.1	17.4	8.1	0.0	345
North Lincolnshire	9.4	13.9	33.1	35.5	8.0	287
North East Lincolnshire	36.7	15.4	15.4	27.7	4.8	188
South Yorkshire						
Barnsley	22.3	30.7	21.3	23.3	2.4	287
Doncaster	29.7	27.0	21.5	19.1	2.7	367
Rotherham	34.9	20.5	15.7	22.9	6.0	332
Sheffield	34.3	15.2	16.6	11.1	22.9	1,067
Yorkshire and Humber	21.6	15.6	18.3	24.4	20.0	10,554

Table 2.4 presents data on the number of VCSE organisations in each area of study by the number of people living in each area. These data show that the distribution of VCSE organisations per 1,000 members of the resident population are quite similar, ranging from 2.3 to 3.5 per 1,000 resident population. This compares with 3.4 per 1,000 population across England.³⁹

³⁹ 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: Policy&Practice, St Chad's College, Durham University. Table 8, p. 21.
<https://www.stchads.ac.uk/research/research-news/the-structure-and-dynamics-of-the-third-sector-in-england-and-wales/>

The structure, dynamics and impact of the VCSE sector

However, underlying data on local authorities and districts (see Table 2.5) reveal more substantial variations. The more affluent districts of North Yorkshire have more than twice as many VCSE organisations per 1,000 resident population than in less affluent local authorities of Hull, North Lincolnshire and North East Lincolnshire.

	Number of VCSE organisations	Population ⁴⁰	VCSE organisations per 1,000 population
West Yorkshire Combined Authority	5,237	2,320,214	2.3
West Yorkshire and Harrogate Health and Care Partnership	6,500	2,537,579	2.6
Humber, Coast and Vale Health and Care Partnership	5,900	1,699,651	3.5
Yorkshire and Humber	14,297	5,479,615	2.6

	Number of VCSE organisations	Population	VCSE organisations per 1,000 population	% VCSE organisations in least affluent quintile	% VCSE organisations in most affluent quintile
Bradford	1,216	537,173	2.3	43.4	17.3
Calderdale	526	210,082	2.5	28.8	11.1
Kirklees	1,025	438,727	2.3	30.7	13.8
Leeds	1,943	789,194	2.5	23.2	19.2
Wakefield	527	345,038	1.5	26.1	10.0
North Yorkshire					
North Yorkshire	3,236	614,505	5.3	2.8	25.8
<i>Craven</i>	381	56,832	6.7	0.0	27.7
<i>Hambleton</i>	537	91,134	5.9	0.0	40.2
<i>Harrogate</i>	882	160,533	5.5	0.3	35.3
<i>Richmondshire</i>	308	53,244	5.8	0.0	22.3
<i>Ryedale</i>	396	54,920	7.2	0.0	10.4
<i>Scarborough</i>	432	108,736	4.0	18.9	9.1
<i>Selby</i>	300	89,106	3.4	0.5	35.7
York	874	209,893	4.2	8.9	37.8
East Riding of Yorkshire					
East Riding of Yorkshire	1,063	339,614	3.1	5.1	36.1
Hull	470	260,645	1.8	59.4	0.0
North Lincolnshire	388	172,005	2.3	9.4	8.0
North East Lincolnshire	253	159,821	1.6	36.7	4.8
South Yorkshire					
Barnsley	390	245,199	1.6	22.3	2.4
Doncaster	495	310,542	1.6	29.7	2.7
Rotherham	446	264,671	1.7	34.9	6.0
Sheffield	1,445	582,506	2.5	34.3	22.9
Yorkshire and Humber	14,297	5,479,615	2.6	21.6	20.0

⁴⁰ Compiled from ONS Area Population Estimates, 2020:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

Purpose of organisations

Data are available from the Charity Commission Register on the purpose of organisations. Unfortunately, it is not possible to determine from these data what the 'main purpose' of charities are. Consequently, there is substantial overlap between categories.

Table 2.6 shows the percentage of charities in each category (by size of organisation) which have stated that they serve each purpose. For example, under the category 'the prevention or relief of poverty', it is shown that 15% of *all* micro-charities state that they attend to this issue.

Table 2.7 has been constructed to show the percentage of charities which serve one purpose (such as 'the prevention or relief of poverty' on the top row) and also serve other purposes. Amongst charities which attend to the issue of 'the prevention or relief of poverty', therefore, 9% also support issues surrounding 'human rights / religious or racial harmony / equality and diversity'.

By *reading along each row* it is possible to find out which areas of activity commonly 'go together' and those which do not. For example, charities which attend to 'the prevention or relief of poverty' are most likely also to attend to issues surrounding 'education and training' (54%), 'the advancement of health or the saving of lives' (34%). They are least likely, by contrast, to serve interests associated with 'human rights' (9%), 'recreation' (11%) and 'arts, culture, heritage and science' (15%).

These data provide useful insights into the cross-overs between issues and are worth scrutiny. They also demonstrate that it is not possible to disaggregate purposes in a meaningful way due to the way the data are recorded by the Charity Commission.

That stated, it is possible to show how much energy is expended in each area of activity (see Section 5); but in so doing, it should be noted that energy is 'shared' and cannot be attributed wholly to one aspect of charitable activity.

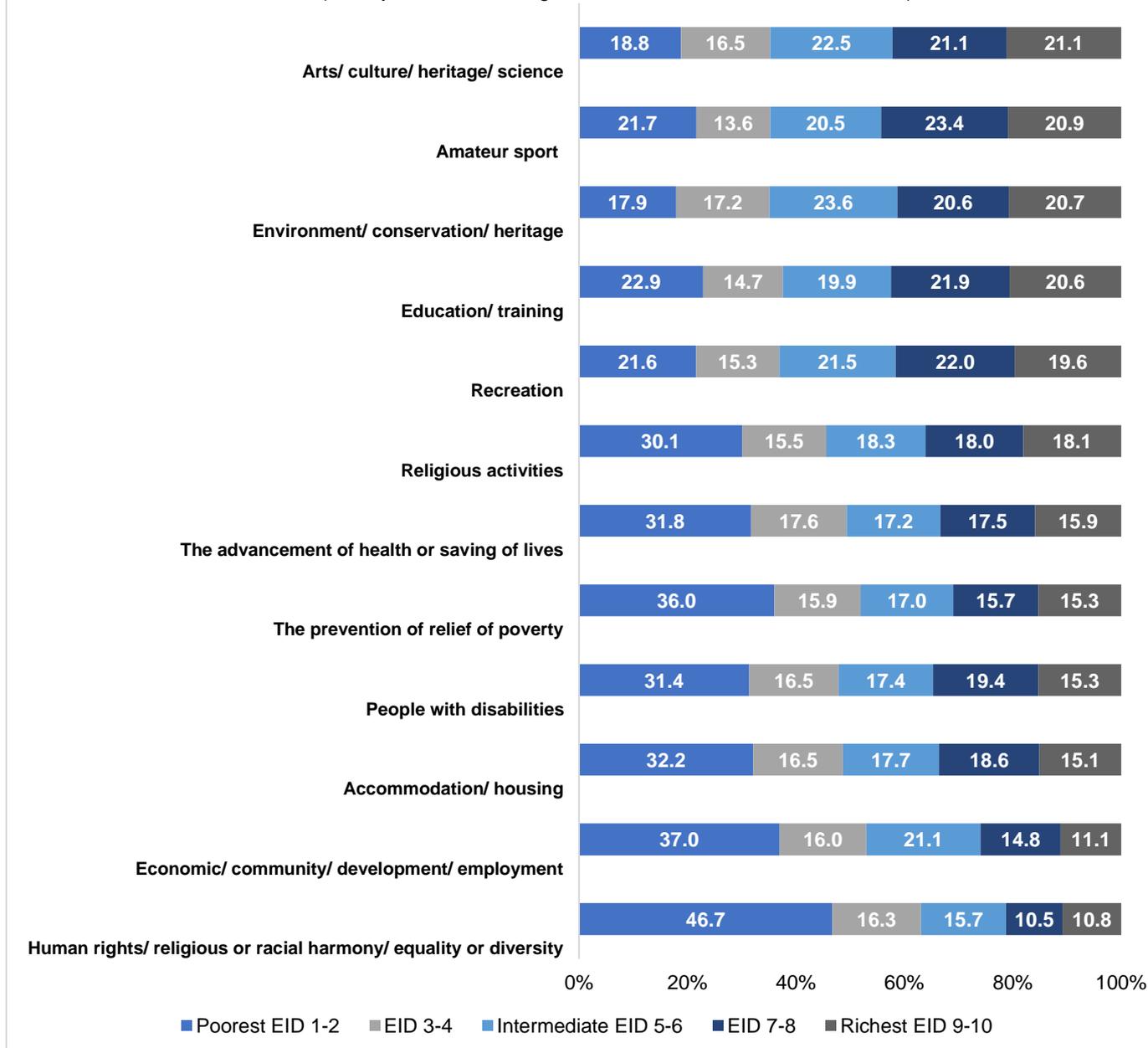
Table 2.6 Percentage of charities attending to social purposes by size of organisation (Charity Commission Register, June 2021, Yorkshire and Humber)													
	The prevention or relief of poverty	Human rights/ religious or racial harmony/ equality or diversity	The advancement of health or saving of lives	Religious activities	Accommodation/ housing	Amateur sport	Recreation	Arts/ culture/ heritage/ science	People with disabilities	Economic/ community/ development/ employment	Education/ training	Environment/ conservation/ heritage	All charities
Micro (below £10,000)	14.8	1.7	10.6	12.5	3.0	22.1	10.1	18.2	11.0	8.6	47.2	14.2	4,127
Small (£10,000-49,999)	12.3	3.2	12.4	17.1	5.1	27.5	16.2	25.2	12.9	13.2	48.5	12.5	2,736
Medium (£50,000-£249,999)	18.3	4.9	16.0	28.5	5.4	18.5	12.8	16.3	15.8	16.9	52.9	9.9	1,916
Larger (£250,000-£999,999)	27.9	4.1	25.3	24.1	11.4	17.3	10.0	16.1	25.8	27.3	61.0	11.5	659
Big (£1m-£25m)	21.6	2.3	30.6	7.3	18.6	13.3	10.0	18.9	22.9	25.9	73.4	12.3	301
Number of Charities attending to each issue	1,548	283	1,343	1,714	497	2,171	1,203	1,917	1,350	1,300	4,913	1,230	9,739

Table 2.7 Percentage of charities attending to multiple purposes (Charity Commission Register, June 2021, Yorkshire and Humber)													
<p>Read along the rows of the table to determine the percentage of VCSE organisations in each category which also attend to other issues. For example, of the 1,596 organisations which attend to the prevention or relief of poverty, 9.2% also attend to human rights / religious or racial harmony / equality or diversity.</p>	The prevention or relief of poverty	Human rights/ religious or racial harmony/ equality or diversity	The advancement of health or saving of lives	Religious activities	Accommodation/ housing	Amateur sport	Recreation	Arts/ culture/ heritage/ science	People with disabilities	Economic/ community/ development/ employment	Education/ training	Environment/ conservation/ heritage	
	The prevention or relief of poverty	1,596	9.2	34.1	25.8	13.0	16.9	11.4	14.8	32.7	28.6	54.2	13.4
	Human rights/ religious or racial harmony/ equality or diversity	46.2	318	33.6	36.2	6.6	19.2	33.0	31.4	36.8	42.8	69.2	32.1
	The advancement of health or saving of lives	39.4	7.8	1,379	11.5	9.7	27.3	21.0	21.4	46.5	27.6	63.5	14.1
	Religious activities	22.9	6.4	67.8	1,799	3.6	12.9	7.2	14.1	8.3	10.6	36.1	8.7
	Accommodation/ housing	41.8	4.2	26.9	12.9	498	13.1	7.8	13.9	26.9	21.5	43.4	10.4
	Amateur sport	12.1	2.7	16.9	10.4	2.9	2,223	32.1	38.8	18.4	24.8	58.1	20.8
	Recreation	14.1	8.1	22.5	10.0	3.0	44.8	1,291	35.5	20.6	25.0	56.5	21.1
	Arts/ culture/ heritage/ science	12.0	5.1	15.0	12.9	3.5	43.7	23.2	1,973	15.0	26.2	70.0	29.2
	People with disabilities	35.9	8.0	44.1	10.3	9.2	28.1	18.3	20.3	1,454	26.1	55.6	15.9
	Economic/ community/ development/ employment	33.7	10.1	28.2	14.2	7.9	40.9	23.9	38.3	28.2	1,349	73.4	26.9
	Education/ training	14.5	4.4	17.4	12.9	4.3	25.6	14.5	27.4	16.0	19.6	5,042	15.6
	Environment/ conservation/ heritage	17.0	8.1	15.3	12.3	4.1	36.5	21.5	45.6	18.2	28.7	62.3	1,266

The structure, dynamics and impact of the VCSE sector

There are some variations in the extent to which charities attend to purposes depending upon the relative levels of affluence of the area within which they are based. As shown in Figure 2.4, there are some significant variations. For example, 37% of charities which attend to issues associated with economic development, community development and employment are in the least affluent quintile.

Figure 2.4 **Distribution of charities by purpose and location in richer and poorer areas** (Charity Commission Register, June 2021, Yorkshire and Humber)



Section 3

Financial resources

3.1 Organisational categories

In the analysis which follows, organisations are presented in size categories. The use of these categories does not imply that they are entirely separate and distinctive, but they are useful when making comparisons about organisational structure, functions, policy and practice preferences which inform analysis, interpretation, conclusions and recommendations.⁴¹

- **Informal organisations:** ‘micro VCSE organisations’ and ‘small VCSE organisations’ (defined in the Third Sector Trends Survey as organisations with annual income below £50,000) rarely employ staff and therefore operate quite informally in terms of their policies and practices – they mainly operate at a local level, but not exclusively so. They are usually completely reliant on voluntarily given time to sustain their activity. Being small does not mean that these organisations lack complexity in terms of interpersonal relationships – this is largely due to the voluntaristic nature of participation in activity which requires the development of a negotiated order to define and tackle priorities.
- **Semi-formal organisations:** ‘medium sized VCSE organisations’ (with income between £50,000 and £250,000) adopt semi-formal practices. They tend to employ people but there is little scope for a complex division of labour or occupational specialisation. Often, they are the ‘embodiment’ of their leaders’ interest in cultural and value terms – but not always – some adopt more inclusive cooperative approaches. This can make personal interrelationships complex. While they are ambitious to achieve a great deal, they rely mainly on grants to keep going and most have limited or no interest in delivering public sector contracts.
- **Formal organisations:** ‘larger VCSE organisations’ (which have income between £250,000 and £1million) are more formal in their structures and culture because their scale allows for specialisation and a more complex division of labour. There are formally embedded hierarchical aspects to organisational structure and some procedural practices are necessarily adopted. But they are not impersonal bodies in practice because of their small scale and limited number of employees and volunteers. These VCSE organisations rely on a mixed finance diet where grants and self-generated trading tend to be amongst the most important income sources.
- **Formal hierarchical organisations:** ‘big VCSE organisations’ (which have income between £1million - £25million). Due to scale they adopt more formalistic inter-personal relationships between strata of employees and social

⁴¹ The Charity Commission and NCVO use a different set of categories which is less sensitive to the differences between smaller charities. While micro-organisations are defined in the same way as in Third Sector Trends, small organisations include all charities with income between £10,000 and £100,000 and medium organisations have income from £100,000 - £1million. At the outset, Third Sector Trends took the view that these categories are too broad and divided VCSE organisations with income below £1million into four rather than three categories. For a more detailed discussion see 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: Policy&Practice, St Chad's College, Durham University. <https://www.stchads.ac.uk/research/research-news/the-structure-and-dynamics-of-the-third-sector-in-england-and-wales/>

distance becomes more pronounced and separates domains of decision making and practice delivery – whilst not losing elements of organic change from across the formal hierarchy. Financially, these organisations rely on mixed sources: particularly grants, self-generated income and public contracts. They devote significant time to strategic planning and position themselves beneficially through effective public relations and networking.

- **Formal complex organisations:** Major VCSE organisations (with income above £25million) resemble large businesses or smaller public sector bodies. With stronger reliance on employees than volunteers they adopt standardised structures and expect procedural conformity. They rely heavily on public sector contracts, trading and to a lesser extent grants. Large organisations also depend upon self-generated fundraising. Consequently, they seek to develop a recognisable presence or ‘brand’ in the public domain. Such organisations tend to be effective at influencing policy stakeholders and/or formal engagement in visible campaigning.

Table 3.1 presents estimates of the income and expenditure of VCSE organisations in Yorkshire and Humber. These estimates were reached, firstly, by listing the actual levels of income and expenditure of all registered charities by organisational size and area location (from local authority level upwards). Secondly, estimates were made on the proportion of other types of VCSE organisations by size and location. This was achieved by using multipliers produced from data held in the Third Sector Trends study.

Income and expenditure estimates were constructed in two stages. Firstly making estimates for legal forms of those organisations which tended to be larger in size (including non-Charity Commission registered Companies Limited by Guarantee, Companies limited by Shares, Credit Unions, Cooperatives and Community Benefit Societies (which are often still listed as Industrial and Provident Societies on registers).

Secondly, a second set of estimates was made for other legal forms, including Community Amateur Sports Clubs, registered Societies and Community Interest Companies. By making these estimates separately, it was possible to produce more generally applicable multipliers for the whole of the non-charity organisations in the sector.

The estimates are more likely to be reliable in wider geographical areas than they are at Local Authority level where multipliers can skew results due to local imbalances in sector structure.

When interpreting the findings, it is important not to read too much into the balance between income and expenditure levels. In some areas, for example, it is indicated that income levels are lower than expenditure levels.

This should not be taken to mean that the sector is in a ‘financial crisis’ because income and expenditure levels tend to fluctuate across financial years substantially while organisational finances may be more stable. For example, the receipt of grant funding may cross financial years. Consequently, expenditure in one financial year may be expected to exceed the level of ‘new’ income.

The data presented in Table 3.1 indicate that most sector income is absorbed by the largest organisations (with income above £1m).

Table 3.1 Income and expenditure by size of VCSE organisations by area (Charity Commission Register data, October 2020)						
Income (£ millions)	Micro (£10,000 or less)	Small (£10,001 - £49,999)	Medium (£50,000 - £49,999)	Large (£250,000 - £999,999)	Big (£1,000,001 - £25m)	Total
West Yorkshire Combined Authority	4.5	29.8	142.1	203.1	866.7	1,246.2
West Yorkshire and Harrogate Health and Care Partnership	5.9	37.4	164.1	234.3	1,021.5	1,463.2
Humber, Coast and Vale Health and Care Partnership	6.9	33.0	118.0	178.7	662.6	999.2
Yorkshire and Humber	14.4	79.8	337.5	501.4	2,058.8	2,991.9
Expenditure (£ millions)	Micro (£10,000 or less)	Small (£10,001 - £49,999)	Medium (£50,000 - £49,999)	Large (£250,000 - £999,999)	Big (£1,000,001 - £25m)	Total
West Yorkshire Combined Authority	5.4	28.3	134.0	201.5	891.6	1,260.8
West Yorkshire and Harrogate Health and Care Partnership	7.0	35.9	155.6	232.7	1,010.1	1,441.3
Humber, Coast and Vale Health and Care Partnership	7.6	32.9	113.3	165.5	628.7	948.0
Yorkshire and Humber	16.5	77.9	320.4	482.5	2,030.1	2,927.4

The structure, dynamics and impact of the VCSE sector

The data presented in Figure 3.1 need to be interpreted with care because the number of small organisations is much greater than large ones, as indicated in Figure 3.2 which compares data for Yorkshire and Humber.

The data show that nearly 70% of sector income is absorbed by less than 4% of VCSE organisations. At the other end of the spectrum, micro VCSE organisations constitute 42% of the sector, but only absorb 0.5% of sector income. A key finding is that the bulk of sector organisations keep going on relatively low levels of income. Much of their energy is produced from the time given by volunteers as will be demonstrated later in the analysis.

Figure 3.1 Distribution of VCSE sector income by organisational size

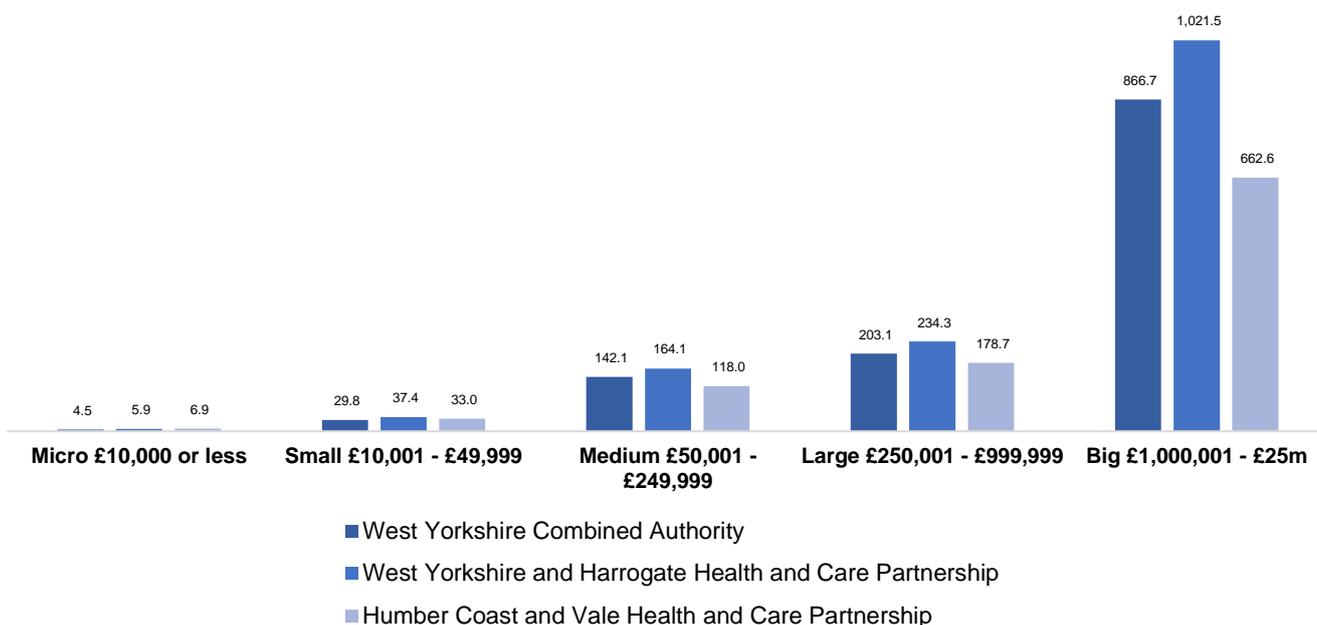
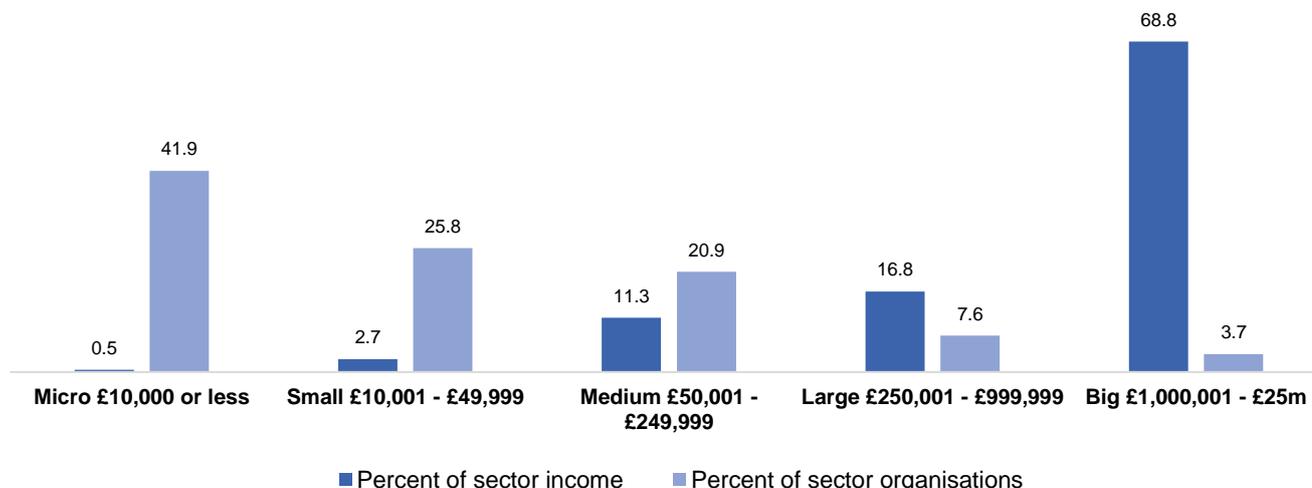


Figure 3.2 Comparing distribution of sector income and sector organisations (Yorkshire and Humber 2021)



Third Sector Trends data collected in 2019 strongly suggested that the financial wellbeing of the sector had continued to be strengthened between 2017 and 2019. In each of the study areas more VCSE organisations had rising income than those which experienced significantly falling income (see Table 3.2).

Across Yorkshire and Humber, 20% of VCSE organisations had significantly rising income compared with only 14% with falling income. The main finding is, however, that financial stability was the experience of the majority of VCSE organisations.

Table 3.2 **Change in income levels of VCSE organisations** (Third Sector Trends, 2019)

	Risen significantly	Remained about the same	Fallen significantly	N=
West Yorkshire Combined Authority	23.5	62.5	13.9	395
West Yorkshire and Harrogate Health and Care Partnership	23.7	62.3	13.9	438
Humber, Coast and Vale Health and Care Partnership	18.9	68.2	12.9	286
Yorkshire and Humber	20.2	66.0	13.8	836

3.2 Sources of income

Types of income

Third Sector Trends study does not collect data on 'actual' levels of income VCSE organisations receive from different sources.⁴² 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.

A series of graphs (see Figures 3.3(a) to 3.3(c)) is presented which shows the extent to which VCSE organisations value each of the following sources of income: **grants, contracts, earned income, income from investments, subscription income, in-kind support, gifts and donations and loans.**

In all three areas, grants are judged to be the most important source of income, while borrowing is the least important. In general terms, variations in the extent to which sources of income are valued is not pronounced between the three areas.

⁴² 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.

Figure 3.3(a) Extent to which sources of income are valued in the West Yorkshire Combined Authority area (Third Sector Trends, 2019)

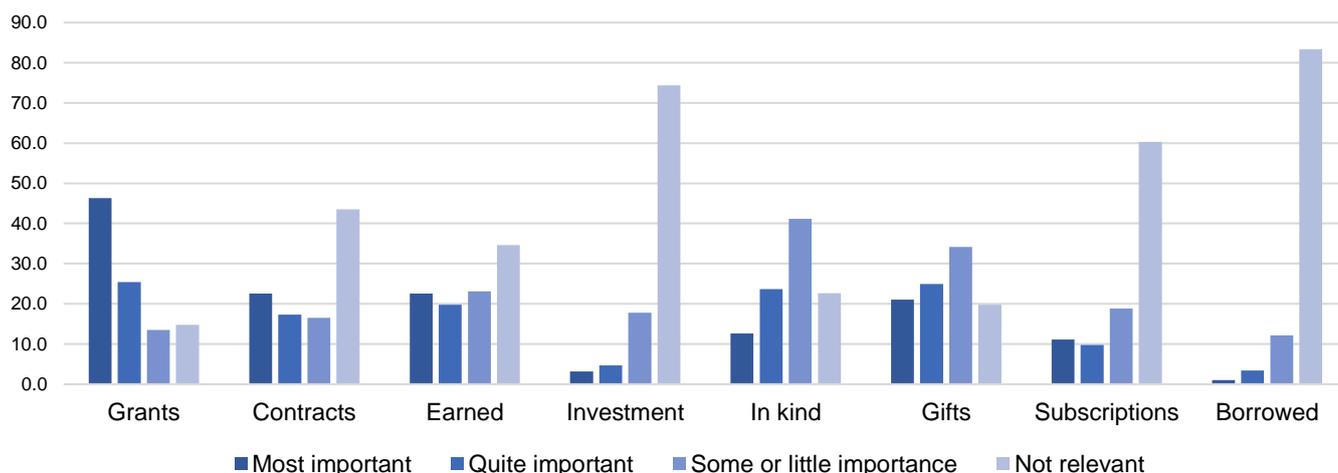


Figure 3.3(b) Extent to which sources of income are valued in the West Yorkshire and Harrogate Health Care Partnership area (Third Sector Trends, 2019)

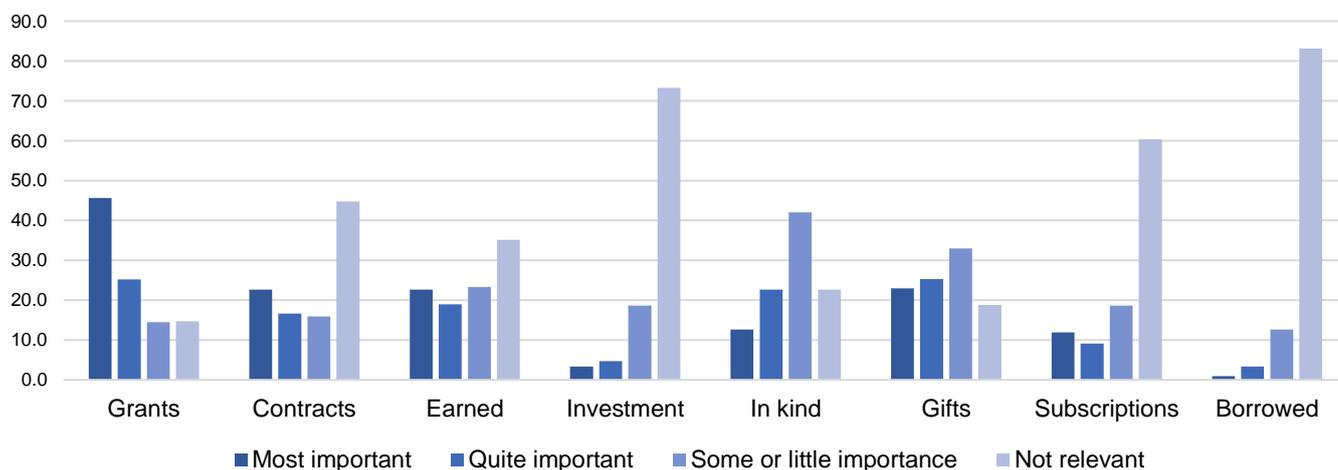
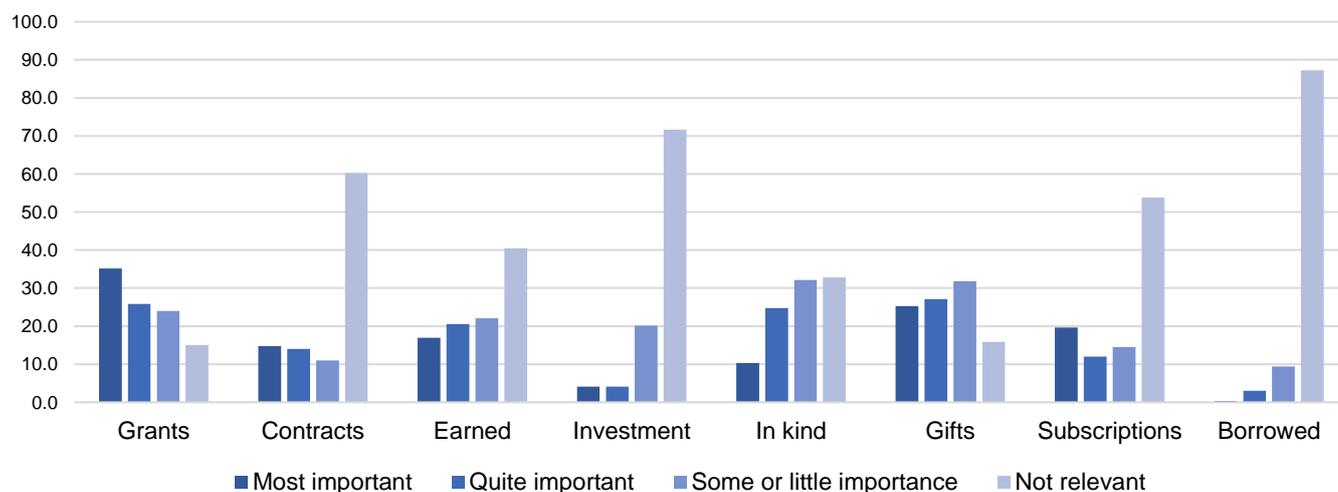
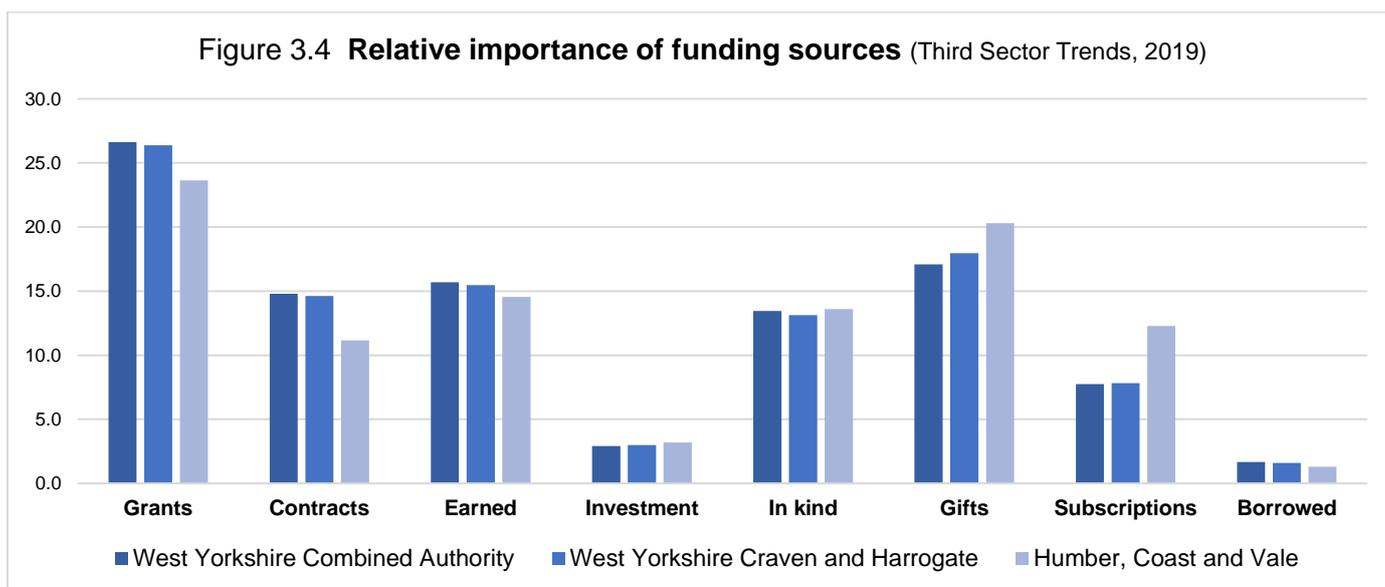


Figure 3.3(c) Extent to which sources of income are valued in the Humber, Coast and Vale Care Partnership area (Third Sector Trends, 2019)



Using data on the perceptions of the value of sources of income can be used effectively to show how attitudes change over time. It should be noted that the bars do not represent the financial value of income sources, but **perceptions of their value relative to other types of income**.

As shown in Figure 3.4, perceptions vary little between areas. Although it should be noted that in the Humber, Coast and Vale Health and Care Partnership area, gifts and subscriptions are valued to a greater extent while contracts (and grants to a lesser extent) are not regarded as valuable as in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas.



In Figures 3.5(a) to 3.5(c) data are presented in the three areas from 2013, 2016 and 2019. In the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas, the perceived value of grants and earned income has grown over time, while contracts and subscription income has become less valuable. In relative terms, both loans and investment income have remained to be of little importance.

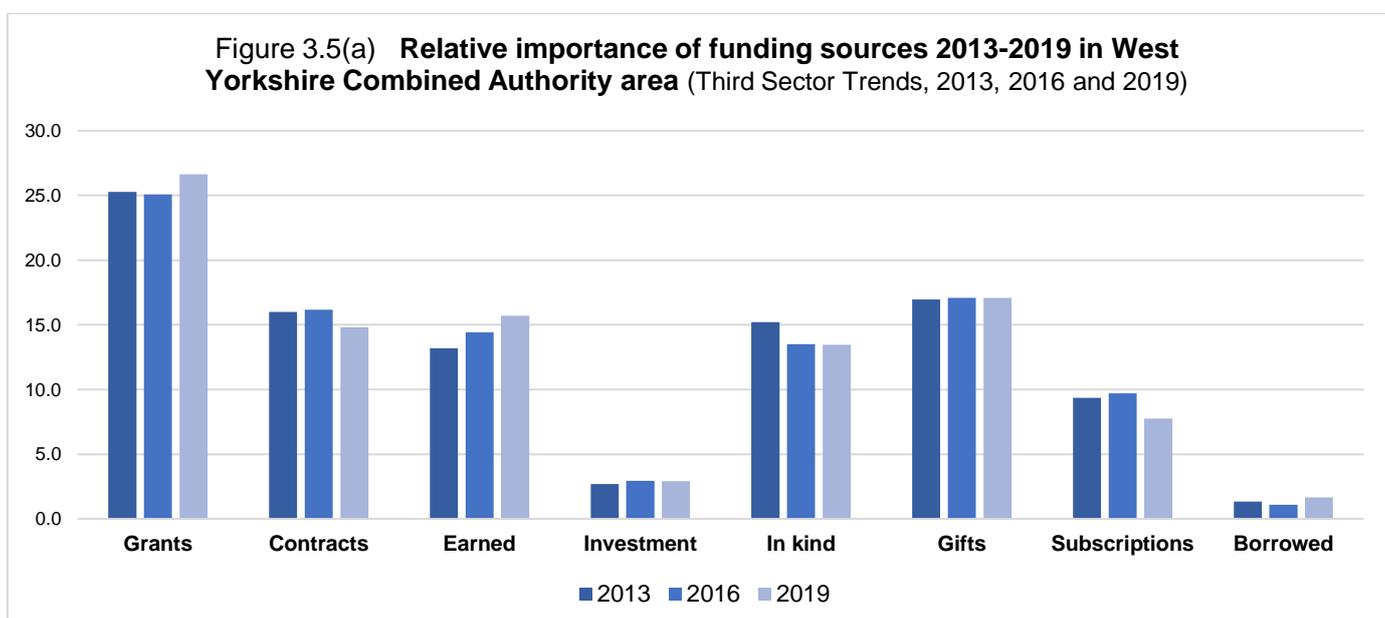
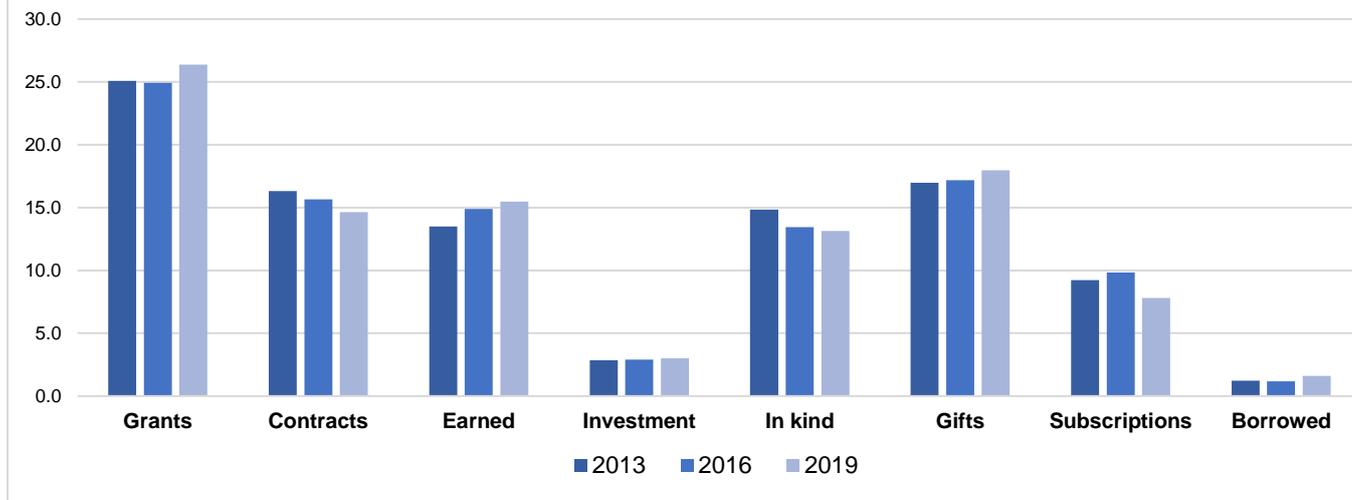
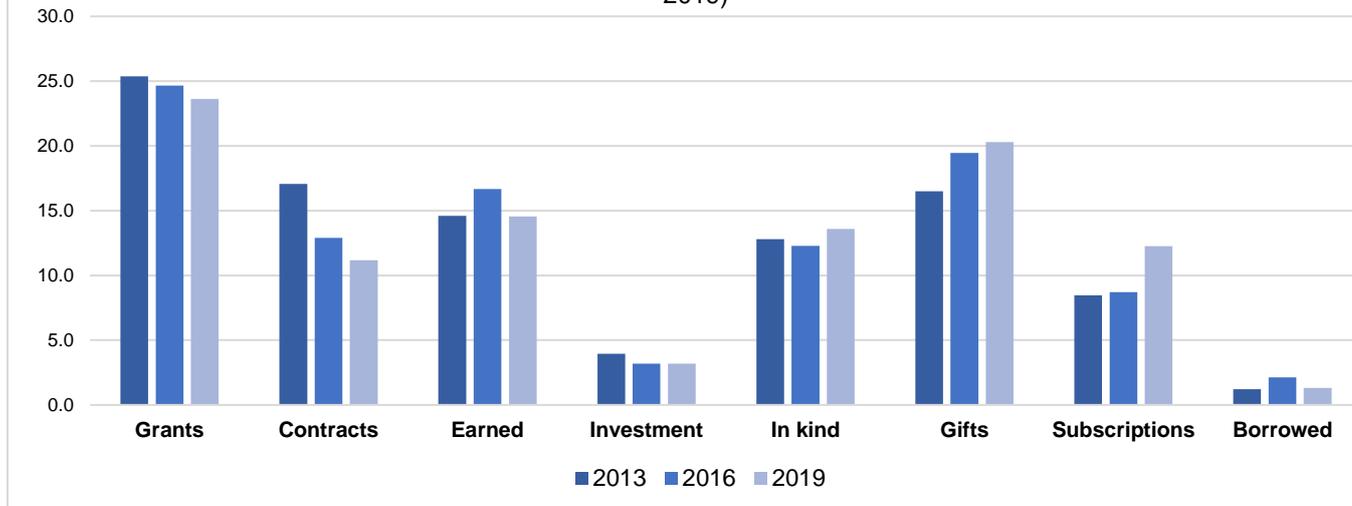


Figure 3.5(b) Relative importance of funding sources, 2013-2019 in West Yorkshire and Harrogate Health Care Partnership area (Third Sector Trends, 2013, 2016, 2019)



In the Humber, Coast and Vale Health and Care Partnership area, the value of contracts appears to have declined significantly in relative terms while gifts and subscriptions have progressively been regarded as of more importance. This may reflect the larger proportion of smaller VCSE organisations in this area.

Figure 3.5(c) Relative importance of funding sources, 2013-2019 in Humber, Coast and Vale Health and Care Partnership area (Third Sector Trends, 2013, 2016, 2019)



Grant funding

To assess the incidence and financial value of grant funding, data from 360Giving have been analysed.⁴³ To undertake this research, grant making data from Yorkshire and Humber were downloaded on 24th June 2021 and therefore represents the position at that point in time as the dataset is being continuously updated.

360Giving provides an invaluable source of information on grant making but it does not yet provide a complete record because some grant makers do not submit their data. This makes time-series analysis difficult because in any given year the

⁴³ The analysis presented here will be bolstered by a second, more substantive study on grant making in Yorkshire funded by National Lottery Community Fund which will be published in the summer of 2021. An earlier report was produced in 2019, see Rocket Science (2019) *Yorkshire and Humber funding ecology research*, <https://www.yorkshirefunders.org.uk/wp-content/uploads/2019/10/YH-Funding-Ecology-report.pdf>

composition of funding bodies varies. The principal purpose of this study, however, is to look at broad patterns of grant distribution rather than to examine patterns of change.

360Giving provides data on the geographical location of grant recipients from ward level upwards. But to assess the distribution of grants in urban and rural areas and in richer and poorer areas (using the English Indices of Deprivation), the data set was matched with ONS postcode lookup data.⁴⁴

Unfortunately, the 360Giving record of postcodes for grant recipients is incomplete. But records exist for over 20,000 grants in Yorkshire and Humber which provides a good basis to explore distribution patterns.

Tables 3.3(a) to 3.3(c) present data on the number of grants awarded each year. The most reliable data are from 2016 to 2019 which are more fully populated with information from grant makers. It is likely that much of the 2020 grant making data has not yet been submitted and processed.

The most complete data was collated between 2018 and 2020 and should be regarded as the best benchmark currently available on the number of grants. These data are summarised in Figure 3.6. It is not possible to estimate the value of other grants given, primarily by smaller trusts, foundations and community foundations that do not submit data to 360Giving.⁴⁵

⁴⁴ Full details on ONS lookups are available here: <https://geoportal.statistics.gov.uk/>.

⁴⁵ In more detailed studies it is possible to make broader estimates by examining the annual reports of those foundations which do not submit data. This exercise was done in North East England in 2020, see Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle upon Tyne: Community Foundation.

https://www.researchgate.net/publication/348817768/The_Strength_of_Weak_Ties_How_charitable_trusts_and_foundations_collectively_contribute_to_civil_society_in_North_East_England?channel=doi&linkId=6011b0ab45851517ef1e89b4&showFulltext=true

Figure 3.6 Distribution of grants made by trusts and foundations in three study areas in 2018-2020 by award value (360Giving, 24th June 2021)

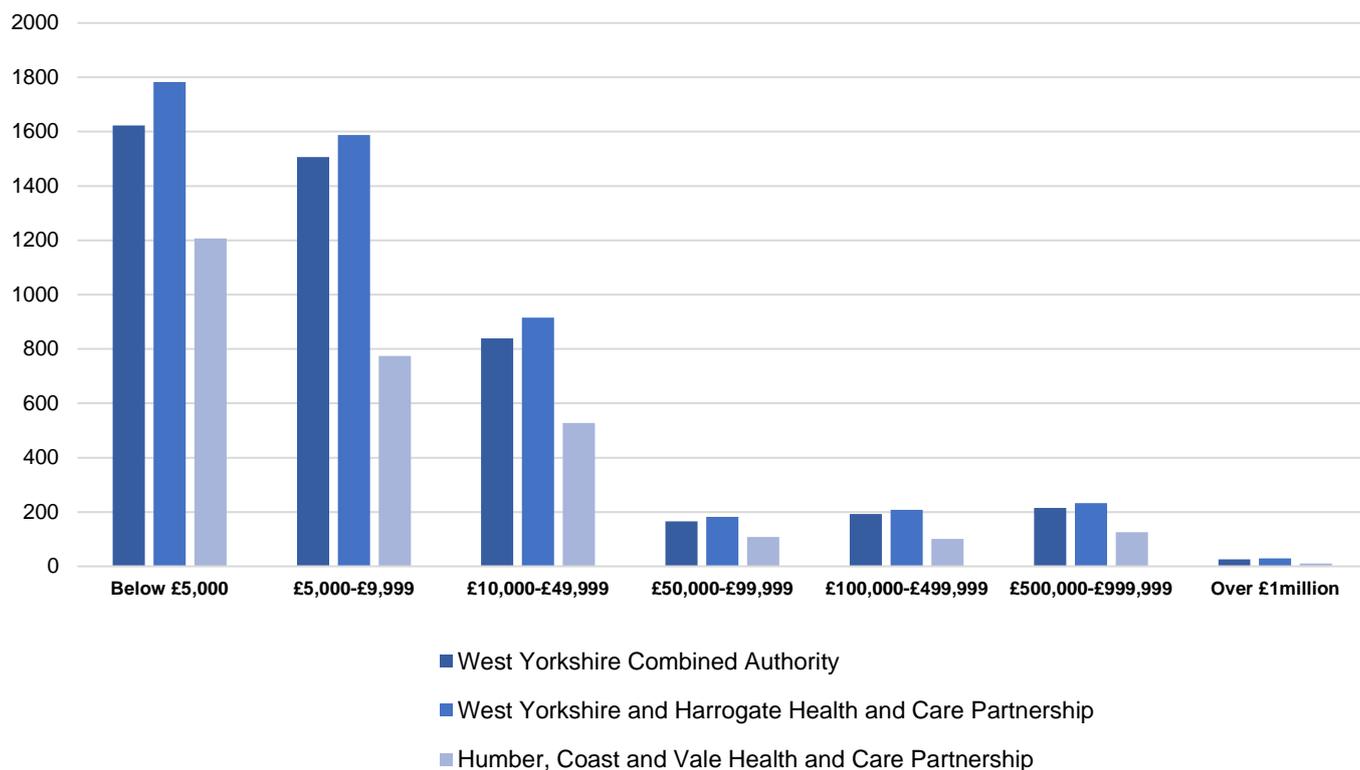


Table 3.4 shows the financial value of grants given by trusts and foundations each year and lists the average grant value in each of the three areas. The most reliable evidence is found for 2019 where the total values of grants were as follows:

- In the West Yorkshire Combined Authority area, the value of grants in 2019 was ~£46,400,000.
- In the West Yorkshire and Harrogate Health and Care Partnership area, the value of grants in 2019 was ~£48,700,000.
- In the Humber, Coast and Vale Health and Care Partnership area, the value of grants in 2019 was ~£16,600,000.

Table 3.3(a) Number of grants by charitable trusts and foundations awarded in West Yorkshire Combined Authority area (360Giving, downloaded 24th June 2021)								
	Before 2010	2010-2015	2016	2017	2018	2019	2020	Total
Below £5,000	1,477	459	77	404	212	532	879	4,040
£5,000-£9,999	1,023	1,448	356	340	394	524	588	4,673
£10,000-£49,999	227	588	153	182	254	284	301	1,989
£50,000-£99,999	52	275	36	48	61	48	57	577
£100,000-£499,999	79	236	63	66	67	77	49	637
£500,000-£999,999	213	295	68	81	90	75	50	872
Over £1million	31	41	13	17	9	8	9	128
	3,102	3,342	766	1,138	1,087	1,548	1,933	12,916

Table 3.3(b) Number of grants by charitable trusts and foundations awarded in West Yorkshire and Harrogate Health and Care Partnership area (360Giving, downloaded 24th June 2021)								
	Before 2010	2010-2015	2016	2017	2018	2019	2020	Total
Below £5,000	1,753	539	88	482	260	579	944	4,645
£5,000-£9,999	1,193	1,575	393	367	421	553	613	5,115
£10,000-£49,999	269	654	167	191	285	306	324	2,196
£50,000-£99,999	56	307	43	54	70	50	62	642
£100,000-£499,999	85	265	68	70	71	85	52	696
£500,000-£999,999	232	318	72	89	94	83	56	944
Over £1million	32	48	14	18	11	8	10	141
	3,620	3,706	845	1,271	1,212	1,664	2,061	14,379

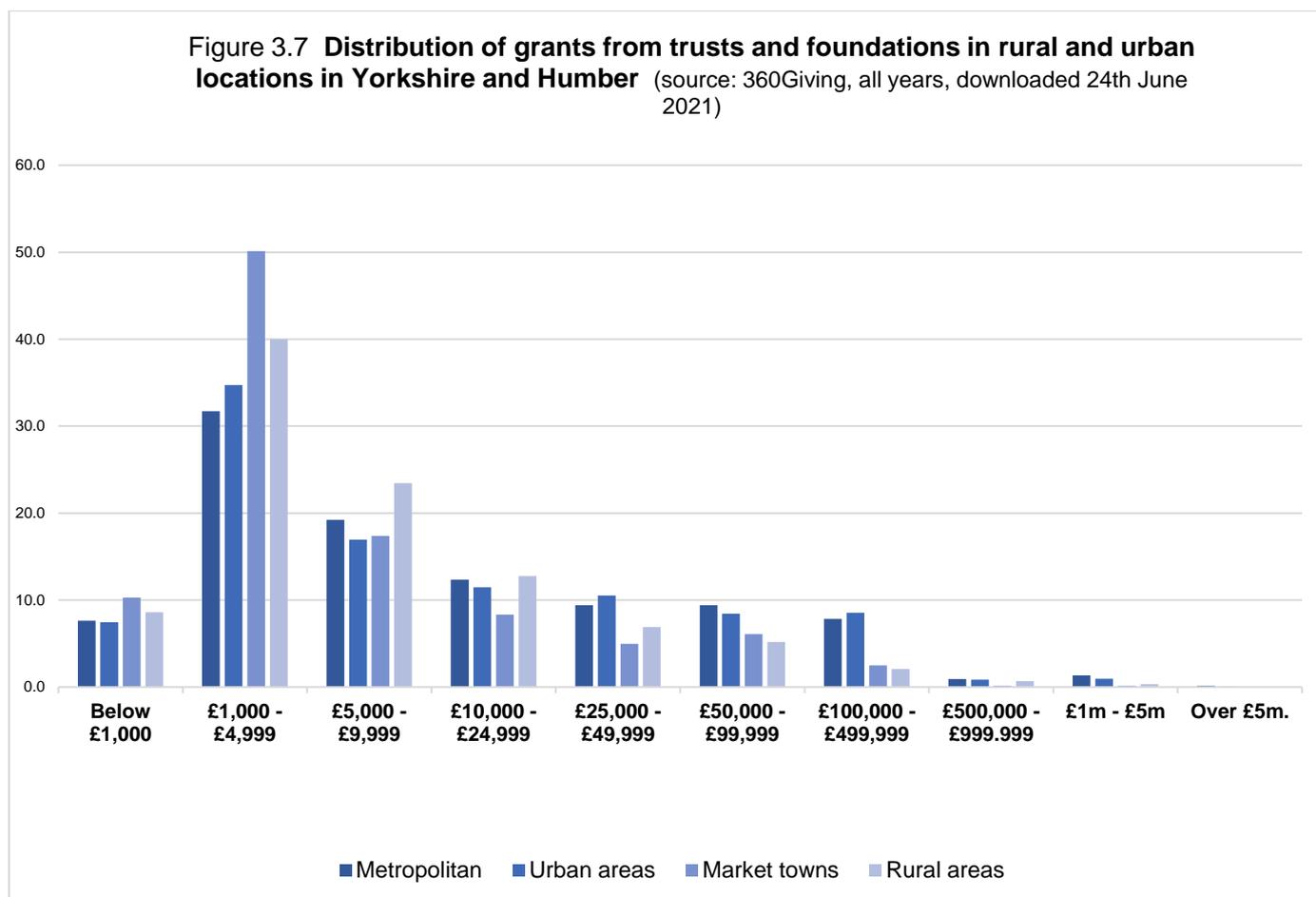
Table 3.3(c) Number of grants by charitable trusts and foundations awarded in Humber, Coast and Vale Health and Care Partnership area (360Giving, downloaded 24th June 2021)								
	Before 2010	2010-2015	2016	2017	2018	2019	2020	Total
Below £5,000	1,700	420	77	535	342	244	621	3,939
£5,000-£9,999	1,077	1,054	300	268	310	222	242	3,473
£10,000-£49,999	253	474	145	100	174	177	177	1,500
£50,000-£99,999	34	174	18	42	48	30	30	376
£100,000-£499,999	44	143	41	46	38	41	22	375
£500,000-£999,999	152	200	54	58	54	40	32	590
Over £1million	19	33	12	6	7	0	4	81
	3,279	2,498	647	1,055	973	754	1,128	10,334

Table 3.3(d) Number and value of grants from charitable trusts and foundations, all years, in three areas (260Giving, June 24 th , 2021)									
Size of grants	West Yorkshire Combined Authority			West Yorkshire and Harrogate Health and Care Partnership			Humber, Coast and Vale Health and Care Partnership		
	Number of grants	Total value of all grants	Average value	Number of grants	Total value of all grants	Average value	Number of grants	Total value of all grants	Average value
Below £1,000	884	560,945	£635	993	631,491	£636	863	537,095	£622
£1,000-£4,999	3,289	9,529,326	£2,897	3,787	10,889,474	£2,875	3090	8,740,040	£2,828
£5,000-£9,999	4,687	38,180,436	38,146	5,129	41,634,143	£8,117	3473	27,572,585	£7,939
£10,24,999	2,018	23,497,244	£11,644	2,225	25,878,115	£11,631	1500	17,133,815	£11,423
£25,000-£49,999	600	20,973,722	£34,956	665	23,422,827	£35,222	377	13,389,272	£35,515
£50,000-£99,999	643	45,555,541	£70,848	702	49,722,766	£70,830	379	26,156,138	£69,014
£100,000-£499,999	880	202,562,608	£230,185	952	217,570,754	£228,541	593	141,837,136	£239,186
£500,000-£999,999	54	34,330,959	£635,759	60	37,676,875	£627,948	48	31,823,653	£662,993
£1m-£4,999,999	74	140,358,047	£1,896,730	81	153,430,487	£1,894,204	33	65,273,079	£1,977,972
£5m or more	5	97,397,094	£19,479,419	6	104,301,391	£17,383,565	5	44,975,905	£8,995,181
Total	13,134	612,945,922	£46,669	14,600	665,158,323	£45,559	10,361	377,438,718	£36,429

Table 3.4 Total and average value of grants from charitable trusts and foundations by year in three areas (360Giving downloaded 10 th June 2021)									
	<i>West Yorkshire Combined Authority</i>			<i>West Yorkshire and Harrogate Health and Care Partnership</i>			<i>Humber, Coast and Vale Health and Care Partnership</i>		
	Number of grants	Total value of all grants	Average value	Number of grants	Total value of all grants	Average value	Number of grants	Total value of all grants	Average value
Before 2010	3,103	137,511,310	44,316	3,621	144,746,491	39,974	3,279	70,802,225	21,593
2010-2015	3,346	245,552,340	73,387	3,711	271,805,982	73,243	2,500	132,881,505	53,153
2016	768	51,143,984	66,594	847	57,147,782	67,471	648	55,747,080	86,029
2017	1,139	54,472,675	47,825	1,272	58,326,462	45,854	966	53,523,401	55,407
2018	1,087	43,825,996	40,318	1,212	48,034,047	39,632	865	28,745,722	33,232
2019	1,548	46,374,743	29,958	1,664	48,681,526	29,256	736	16,585,213	22,534
2020	1,934	36,242,460	18,740	2,063	38,594,620	18,708	903	16,500,186	18,273
Total all years	12,925	615,123,508	47,592	14,390	667,336,909	46,375	9,897	374,785,332	37,869

Interpretation of the data presented above can be enhanced by getting a deeper understanding of other aspects of grant distribution.

Figure 3.7 presents data on the distribution of grants in urban and rural areas in Yorkshire and Humber. In rural areas smaller grants tend to be more prevalent than in urban and metropolitan areas.⁴⁶



More detailed analysis is presented in Table 3.5 on the percentage distribution of grants by size of award in rural and urban areas. Larger grants are much more prevalent in metropolitan areas where 9-13% of grants are valued above £100,000 compared with between 3-5% of grants in rural areas.

⁴⁶ The rural and urban classifications represent collapsed categories from the full set of ten ONS categories. The collapsed categories were constructed as follows: Metropolitan (A1, B1), Urban (C1, C2), Market towns (D1, D2, E1) and Rural Areas (E2, F1, F2). The terms 'market towns' and 'rural areas' are adopted as shorthand descriptors only and do not fully reflect the formal categorisations. For more detail on how the classifications are constructed, see: Department for Environment, Food and Rural Affairs (2016) *Guide to applying the rural urban classification to data*, London, Rural Statistics Unit, Defra: <https://www.gov.uk/government/collections/rural-urban-classification>

Table 3.5 Percentage distribution of grants from trusts and foundations in urban and rural areas, all years (360Giving, downloaded 24 th June 2021)					
	Under £5,000	£5,000 - £24,999	£25,000 - £100,000	More than £100,000	N=
West Yorkshire Combined Authority					
Metropolitan	40.4	32.9	17.6	9.2	4,402
Urban areas	50.1	30.7	16.2	3.0	525
Market towns	59.8	26.1	11.6	2.4	371
Rural areas	40.0	38.5	16.9	4.6	65
All areas	42.7	32.3	17.0	8.0	5,363
West Yorkshire and Harrogate Health and Care Partnership					
Metropolitan	40.4	32.9	17.6	9.2	4,402
Urban areas	48.0	28.4	16.4	7.2	818
Market towns	60.9	25.1	11.9	2.0	494
Rural areas	41.6	41.6	14.2	2.7	113
All areas	43.2	31.7	16.9	8.2	5,827
Humber, Coast and Vale Health and Care Partnership					
Metropolitan	n/a	n/a	n/a	n/a	n/a
Urban areas	38.7	28.0	20.1	13.3	1,764
Market towns	61.8	24.8	10.5	2.9	725
Rural areas	51.4	34.3	11.0	3.3	181
All areas	45.8	27.6	16.9	9.8	2,670

The distribution of grants in more or less affluent areas is achieved by using the English Indices of Deprivation (EID). Table 3.6 shows the percentage distribution of grants, by size, in each EID quintile for the three areas of study.

The distribution of grants by size in each of the areas of study is similar. But there are marked variations by the relative affluence of areas (as indicated by variations in the number of grant awards made, see right-hand column). In the West Yorkshire Combined Authority area, for instance, almost 2,500 grants have been awarded in the poorest areas compared with about 400 in the richest areas.

Table 3.6 Distribution of grants by trusts and foundations, by size, in richer and poorer areas (360Giving, downloaded 24 th June 2021)					
Percentage distribution of all grants all years	Under £5,000	£5,000 - £24,999	£25,000 - £100,000	More than £100,000	Number of grants
West Yorkshire Combined Authority					
Poorest EID 1-2	37.7	35.7	18.8	7.7	2,457
EID 3-4	40.8	30.5	17.7	11.0	1,087
Intermediate EID 5-6	52.3	25.7	16.1	5.9	744
EID 7-8	52.7	29.7	12.1	5.5	676
Richest EID 9-10	43.4	32.6	14.0	10.0	399
All areas	42.7	32.3	17.0	8.0	5,363

Percentage distribution of all grants all years	Under £5,000	£5,000 - £24,999	£25,000 - £100,000	More than £100,000	Number of grants
West Yorkshire Combined Authority, Craven and Harrogate					
Poorest EID 1-2	37.7	35.7	18.8	7.7	2,462
EID 3-4	41.3	30.4	17.4	10.8	1,120
Intermediate EID 5-6	51.1	25.7	15.8	7.5	844
EID 7-8	53.3	28.9	12.7	5.1	871
Richest EID 9-10	44.0	30.2	15.1	10.8	530
All areas	43.2	31.7	16.9	8.2	5,827
Humber, Coast and Vale Health and Care Partnership					
Poorest EID 1-2	26.1	33.0	26.1	14.9	606
EID 3-4	50.9	24.6	18.5	6.0	281
Intermediate EID 5-6	53.3	23.8	15.2	7.6	604
EID 7-8	51.9	29.5	12.3	6.3	603
Richest EID 9-10	49.8	25.2	12.8	12.2	576
All areas	45.8	27.6	16.9	9.8	2,670

Public sector service delivery contracts

This sub-section considers the extent to which VCSE organisations engage in the delivery of public sector service delivery contracts. It is not possible to assess the actual value of contracts as no reliable comparative data are available.

Table 3.7 shows the extent to which VCSE organisations are aware of such opportunities and their interest in engaging in the delivery of public sector contracts.

- Awareness of contracting opportunities is high. Only around 20% of VCSE organisations are not aware of such opportunities.
- Many VCSE organisations are aware of contracting opportunities but are not interested in taking part as this is not judged to be relevant to their activities. VCSE organisations are least likely to be interested in contracts in the Humber, Coast and Vale Health and Care Partnership area (48%).
- Many VCSE organisations report that they need more information, more support or perceive other 'barriers'. Perceptions of barriers to contracting are most common in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas (about 11% of VCSE organisations).
- A similar proportion of VCSE organisations were bidding for contracts in 2019 across all areas (around 3-4%) but actual delivery is most common in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas (around 20% of VCSE organisation respondents).

Table 3.7 The propensity of VCSE organisations to engage in public sector service delivery contracts (Third Sector Trends, 2019)				
	West Yorkshire Combined Authority	West Yorkshire and Harrogate Health and Care Partnership	Humber, Coast and Vale Health and Care Partnership	Yorkshire and Humber
We are not aware of these opportunities	18.1	19.3	22.4	20.1
We are aware of these opportunities, but they are not relevant to our organisation's objectives	34.5	35.5	48.0	39.3
We are aware of these opportunities but need more information	5.3	4.8	3.2	4.6
We are interested in this option but would need extra support to do this	8.1	7.5	3.9	6.9
We are interested in this option but feel there are barriers in the tendering process	11.1	10.5	5.3	9.0
We are already bidding to deliver public sector services	3.3	3.0	3.9	3.6
We are already delivering public sector services for which we have tendered	19.6	19.5	13.2	16.5
N=	397	440	281	826

Table 3.8 shows the extent to which attitudes about the delivery of public sector service delivery contracts have changed between 2013 and 2019.

- The percent of VCSE organisations delivering contracts has remained similar in all three areas between 2013 and 2019 (although fewer take part in the Humber, Coast and Vale Health and Care Partnership area).
- In all three areas, lack of awareness of contracting opportunities seems to have increased since 2013 as has the tendency of VCSE organisations to state that they do not want to get involved in such work.
- In 2013, it was common for VCSE organisations to feel they lacked information, needed support or perceived barriers to contracting, but this has fallen substantially in all three areas as attitudes have firmed up about not getting involved in contracting.

Table 3.8 Changing levels of interest in the delivery of public sector service delivery contracts, 2013-2019 (Third Sector Trends, 2013, 2016, 2019)						
	We are not aware of these opportunities	We are aware, but they are not relevant to our objectives	Need more information, support or perceive barriers	We are already bidding to deliver public sector services	We are already delivering public sector services	N=
West Yorkshire Combined Authority						
2013	16.6	29.4	29.4	8.2	16.4	415
2016	13.7	37.9	25.1	4.8	18.5	475
2019	18.1	34.5	24.4	3.3	19.6	397
West Yorkshire and Harrogate Health and Care Partnership						
2013	16.2	29.4	30.0	8.3	16.0	456
2016	14.0	38.3	24.5	4.9	18.2	527
2019	19.3	35.5	22.7	3.0	19.5	440
Humber, Coast and Vale Health and Care Partnership						
2013	14.4	35.8	28.8	8.7	12.4	299
2016	17.8	39.3	22.8	4.7	15.3	359
2019	22.4	48.0	12.5	3.9	13.2	281

While interest in delivering public sector contracts has diminished, it should not be assumed that relationships with local public sector bodies are worsening. As Table 3.9 demonstrates, there is widespread agreement amongst VCSE organisations that their work is valued by local public sector bodies.

A clear majority of VCSE organisations also feel that they are informed by local public sector bodies about issues of interest to them. Similarly more than half of VCSE organisations agree that public sector bodies involve them in implementing policies that affect them. Attitudes are generally positive about public sector organisations acting on VCSE organisations' opinions, although the strength of such views vary to some extent by area.

Table 3.9 Extent to which VCSE organisations feel valued by local public sector organisations (Third Sector Trends, 2019)					
<i>(Excludes all VCSE organisations which do not have any relationships with local public sector bodies)</i>	Strongly agree	Agree	Disagree	Strongly disagree	N=
West Yorkshire Combined Authority					
They value the work of our organisation	48.6	41.2	7.7	2.5	364
They inform our organisation on issues which affect us or are of interest to us	28.7	45.8	20.3	5.2	345
They involve our organisation appropriately in developing and implementing policy on issues which affect us	21.6	37.5	27.6	13.2	333
They act upon our organisation's opinions and/ or responses to consultation	18.0	42.5	27.2	12.2	327

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Table 3.9, continued...					
(Excludes all VCSE organisations which do not have any relationships with local public sector bodies)	Strongly agree	Agree	Disagree	Strongly disagree	N=
West Yorkshire and Harrogate Health and Care Partnership					
They value the work of our organisation	47.8	42.3	7.5	2.5	400
They inform our organisation on issues which affect us or are of interest to us	28.8	45.4	20.6	5.3	379
They involve our organisation appropriately in developing and implementing policy on issues which affect us	21.3	38.7	27.2	12.8	367
They act upon our organisation's opinions and/ or responses to consultation	17.8	42.8	27.8	11.7	360

Humber, Coast and Vale Health and Care Partnership					
They value the work of our organisation	41.5	47.2	8.5	2.8	246
They inform our organisation on issues which affect us or are of interest to us	16.7	53.5	20.2	9.6	228
They involve our organisation appropriately in developing and implementing policy on issues which affect us	11.6	40.6	34.3	13.5	207
They act upon our organisation's opinions and/ or responses to consultation	7.5	42.2	36.2	14.1	199

Earned income

Many VCSE organisations engage in trading activities to bolster their income. As shown in Table 3.10, a clear majority of VCSE organisations are involved in some aspect of trading activity to earn additional income. Relatively few VCSE organisations have strong levels of dependence on earned income, however, only 13-15% of VCSE organisations produce over 80% of their total income from trading).

Table 3.10 Percent of VCSE organisations engaging in trading activities to earn income (Third Sector Trends 2019)							
	No earned income	1-20% earned income	21 – 40% earned income	41 - 60% earned income	61 - 80% earned income	81 - 100% earned income	N=
West Yorkshire Combined Authority	27.7	25.7	9.8	9.3	12.1	15.4	397
West Yorkshire and Harrogate Health and Care Partnership	28.2	24.8	9.5	9.8	12.3	15.5	440
Humber, Coast and Vale Health and Care Partnership	35.2	23.1	9.6	9.3	9.6	13.2	281
Yorkshire and Humber	31.5	24.6	9.6	8.7	11.4	14.2	832

In Table 3.11, it is indicated that the proportion of organisations which do not earn income has increased since 2013, although the variations are quite small. This is especially pronounced in the Humber, Coast and Vale Health and Care Partnership

area where the percentage of VCSE organisations not engaging in trading rose from 27% in 2013 to 35% in 2019.

The evidence also shows that heavy dependence on earned income has declined over time. For example, in the West Yorkshire Combined Authority area, in 2013 30% of VCSE organisations earned more than 80% of their income, but this fell to 21% in 2019.

Table 3.11 Changes in the propensity of VCSE organisations to earn income 2013-2019 (Third Sector Trends 2013, 2016, 2019)							
	1-20% earned income	21 – 40% earned income	41 - 60% earned income	61 - 80% earned income	81 - 100% earned income	Percent of VCSE organisations not earning income	N=
West Yorkshire Combined Authority							
2013	33.7	13.6	10.0	12.6	30.1	25.5	415
2016	41.3	13.4	9.6	13.1	22.7	27.6	475
2019	35.5	13.6	12.9	16.7	21.3	27.7	397
West Yorkshire and Harrogate Health and Care Partnership							
2013	33.7	14.4	9.8	12.7	29.4	23.9	456
2016	41.1	12.2	10.4	12.5	23.7	27.1	527
2019	34.5	13.3	13.6	17.1	21.5	28.2	440
Humber, Coast and Vale Health and Care Partnership							
2013	31.1	11.0	12.3	13.7	32.0	26.8	299
2016	26.5	10.4	13.8	14.2	35.0	27.8	360
2019	35.7	14.8	14.3	14.8	20.3	35.2	281

VCSE organisations get involved in a wide range of trading activities,⁴⁷ the most important of which are running retail or hospitality businesses, running a community building, or providing 'paid-for' services.

As shown in Table 3.12, levels of engagement are quite similar in the three areas studied, although running retail or hospitality businesses is slightly less common in the Humber, Coast and Vale Health and Care Partnership area.

There is some evidence to suggest latent interest in getting involved in these trading activities in 2019. It is not known whether the Covid-19 pandemic has dampened such interest. The 2022 Third Sector Trends survey will find out if this is the case.

⁴⁷ For a more detailed breakdown of trading activities amongst VCSE organisations in the North of England, see Chapman, T. and Gray, T. (2019) *Community Businesses in the North of England 2020: New comparative analysis from the Third Sector Trends study*, London: Power to Change.

https://www.researchgate.net/publication/348818301_Community_Businesses_in_the_North_of_England_2020_New_comparative_analysis_from_the_Third_Sector_Trends_study

Table 3.12 Percent of VCSE organisations engaging in the most popular trading activities (Third Sector Trends, 2019)					
	We are doing this now	We're planning to do this	It's a vague possibility	No, we don't do this	N=
West Yorkshire Combined Authority					
Run a retail or hospitality business (e.g. a community café, pub or shop)	18.1	0.8	5.2	75.9	386
Run a community building (e.g. hiring rooms for events, rent space to other organisations)	28.9	3.1	4.9	63.2	391
Provide 'paid-for' services for individuals (e.g. sport training, craft classes, work related tuition, ticketed events)	26.4	5.9	6.5	61.2	387
West Yorkshire and Harrogate Health and Care Partnership					
Run a retail or hospitality business (e.g. a community café, pub or shop)	17.8	1.2	4.9	76.1	426
Run a community building (e.g. hiring rooms for events, rent space to other organisations)	29.4	3.2	5.3	62.0	432
Provide 'paid-for' services for individuals (e.g. sport training, craft classes, work related tuition, ticketed events)	26.2	5.6	6.8	61.4	428
Humber, Coast and Vale Health and Care Partnership					
Run a retail or hospitality business (e.g. a community café, pub or shop)	13.3	3.2	3.6	79.9	278
Run a community building (e.g. hiring rooms for events, rent space to other organisations)	29.3	4.3	5.0	61.4	280
Provide 'paid-for' services for individuals (e.g. sport training, craft classes, work related tuition, ticketed events)	24.6	4.0	5.4	65.9	276

Support from business

In addition to grant, contract and earned income, many VCSE organisations get financial or non-financial support from private sector businesses.⁴⁸ Table 3.13 shows that, while in a minority, many VCSE organisations have productive relationships with businesses.

- Around 14-16% of VCSE organisations state that money from businesses is of great importance to them and another ~25% of organisations say it is of some importance. Reliance on business is a little stronger in the Humber, Coast and Vale Health and Care Partnership area.

⁴⁸ See Chapman, T. (2021) *Going the extra mile: how private businesses support local social sector organisations*, London: Pro Bono Economics (to be published June 2021)

- In kind support (such as free use of facilities, food donations, help with transport etc.) is of great important to 11-16% of VCSE organisations, support appears to be strongest in the West Yorkshire Combined Authority area.
- Employer volunteers are less often regarded as of great importance (between 5-8% of organisations). Pro bono support (such as expert advice or technical support is valued slightly higher – and especially in the West Yorkshire Combined Authority area.

Table 3.13 Provision of support by private sector businesses (Third Sector Trends, 2019)				
	Great importance	Some importance	Little or no importance	N=
West Yorkshire Combined Authority				
They give us money to help us do our work	13.9	24.7	61.4	396
They provide free facilities, or goods and services to help us do our work	16.1	22.9	61.1	398
They provide volunteers to help us do our work	7.9	20.1	72.0	393
They provide free expert advice to help do our work	8.4	21.8	69.9	395
West Yorkshire and Harrogate Health and Care Partnership				
They give us money to help us do our work	16.4	24.1	59.5	440
They provide free facilities, or goods and services to help us do our work	13.9	24.8	61.3	439
They provide volunteers to help us do our work	7.4	20.7	71.9	434
They provide free expert advice to help do our work	8.0	21.5	70.5	437
Humber, Coast and Vale Health and Care Partnership				
They give us money to help us do our work	13.2	28.8	58.0	281
They provide free facilities, or goods and services to help us do our work	11.7	23.4	64.9	282
They provide volunteers to help us do our work	4.7	11.9	83.4	277
They provide free expert advice to help do our work	6.0	18.5	75.4	281

3.3 Assets and reserves

To determine current levels of assets held by VCSE organisations, data have been drawn upon from the Charity Commission Register, Third Sector Trends and NCVO.

- Charity Commission Register data has been used to identify how many VCSE organisations operate in each local authority or district, which were then scaled up to whole sector levels (as discussed above in relation to Table 1.1).
- Third Sector Trends data were used to produce multipliers on the number of VCSE organisations which have property assets, investment assets and cash in hand reserves.⁴⁹
- NCVO publish average levels of charity assets by size in the Civil Society Almanac, from which it is possible to develop multipliers to achieve sector wide estimates of assets.⁵⁰

While it cannot be claimed that the estimates produced by modelling the data are entirely accurate and especially so at more focused spatial levels, they provide a good indication of the distribution of assets by organisational size and by wider spatial areas from which analysis can cautiously proceed.

According to NCVO, sector assets for the UK amount to £106.7bn, of which £22.5bn is in fixed assets, £71.3bn in investments and £12.9bn is held as cash in hand. Charities in Yorkshire and Humber comprise about 6.2 per cent of the whole UK sector and, all things being equal, would expect to have around £6.6bn in sector assets. For organisations with income below £10m, assets would stand at about £2.6bn.

The estimates presented here will draw upon NCVO analysis and indicate that sector assets for VCSE organisations with income below £25m in Yorkshire and Humber amount to about £4.1bn (also considering that this study has a broader definition of sector organisations than NCVO).

A second test on the accuracy of the estimates is to compare sector income with sector assets. NCVO data indicate that for organisations with income below £10m, charitable income in the UK is about £25bn while assets stand at about £61bn. Income therefore represents about 40% of sector assets (for Yorkshire and Humber, proportionally, would be about £1.5bn and £3.7bn respectively).

The estimates produced in this study are in a similar range. Total assets are estimated at £4.1bn, while income is estimated at £2.9bn. This suggests that income levels are higher, proportionally, to assets at about 74% than stated by NCVO nationally. This should not be particularly surprising, however, as there is a much bigger concentration of larger charities in London and the South East which have a larger asset base than in Yorkshire and Humber.⁵¹

It is clear from the data analysis that the distribution of assets varies substantially amongst organisations of different sizes in Yorkshire and Humber. As Figure 3.9 shows, the smallest organisations are much less likely to hold property assets than

⁴⁹ Third Sector Trends surveys invite respondents to state their levels of assets (if they have them) in the following bands: 'no assets or reserves'; 'less than £10,000'; '£10,000 - £50,000'; '£50,000 - £250,000'; '£250,000 - £1m'; '£1m plus'.

⁵⁰ NCVO does not publish regional variations in assets held by charities. Consequently, it has been necessary to produce an estimate for Yorkshire and Humber as a percentage of all UK charities (The region comprises about 6.2% of all charities). Using national averages, rather than firm regional averages is not ideal as it may skew aspects of the data. However, using TST Yorkshire and Humber estimates helps to remedy this to some extent. The results suggest that property assets are of greater importance in the region than at a national level, while investment assets seem to be lower. Cash in hand assets are at similar levels by size band.

⁵¹ In London, about 10% of charities have income between £1m and £25m, compared with less than 4% of charities in Yorkshire and Humber. And of course there are many more charities in London (29,800) than Yorkshire and Humber (10,755). See Chapman (2020) *op cit*, Table 7, p. 20.

their larger counterparts. Instead, their assets are concentrated as cash reserves (61% of all assets). The largest organisations' assets, by contrast, are tied up in investments (27%) and property (49%), only 24% consist of cash reserves.

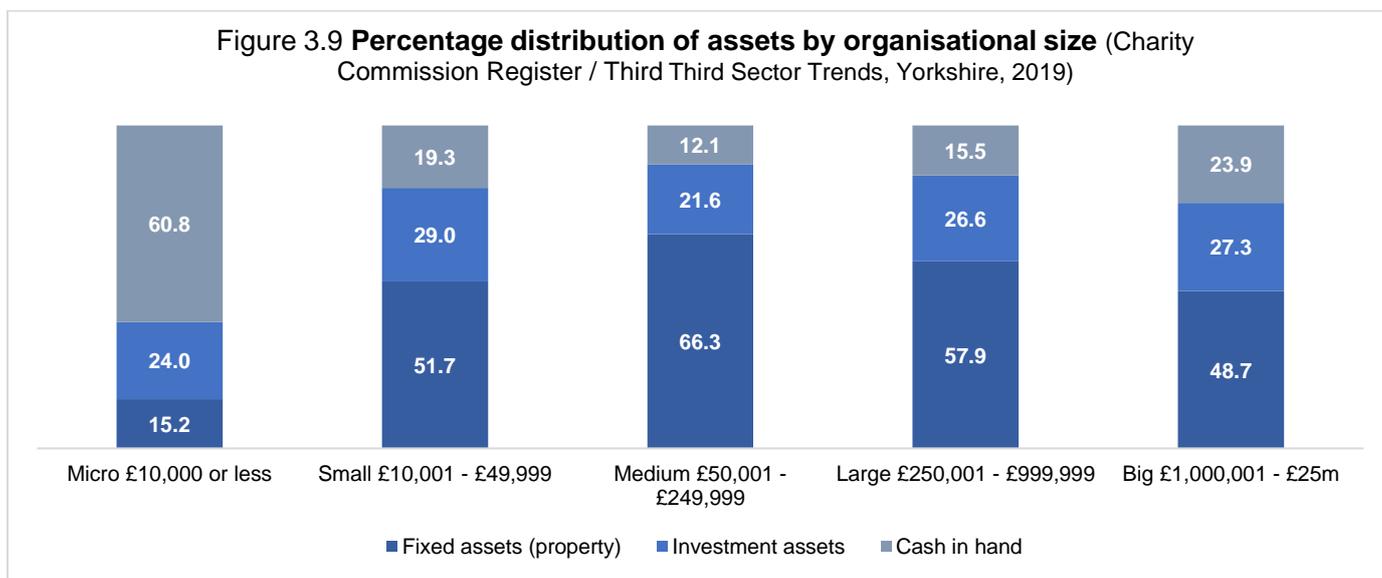


Table 3.14 shows the distribution of property and investment assets and cash-in-hand reserves by size of VCSE organisations in the three areas of study and for Yorkshire and Humber.

Table 3.14 Estimated distribution of property, investment and cash-in-hand assets (Charity Commission Register 2020 / NCVO Almanac 2020 / Third Sector Trends, 2019)

(£ millions)	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)	Total
Property assets						
West Yorkshire Combined Authority	2.2	36.1	183.0	210.5	487.5	919.3
West Yorkshire and Harrogate Health and Care Partnership	2.9	45.8	212.6	243.1	552.3	1,056.7
Humber, Coast and Vale Health and Care Partnership	3.1	41.9	154.8	173.0	343.8	716.6
Yorkshire and Humber	6.9	99.4	437.6	504.1	1,110.2	2,158.2
Investment assets						
West Yorkshire Combined Authority	3.5	20.2	59.6	96.5	273.7	453.5
West Yorkshire and Harrogate Health and Care Partnership	4.6	25.6	69.2	111.5	310.1	521.0
Humber, Coast and Vale Health and Care Partnership	5.0	23.5	50.4	79.3	193.0	351.2
Yorkshire and Humber	10.8	55.6	142.5	231.2	623.3	1,063.4

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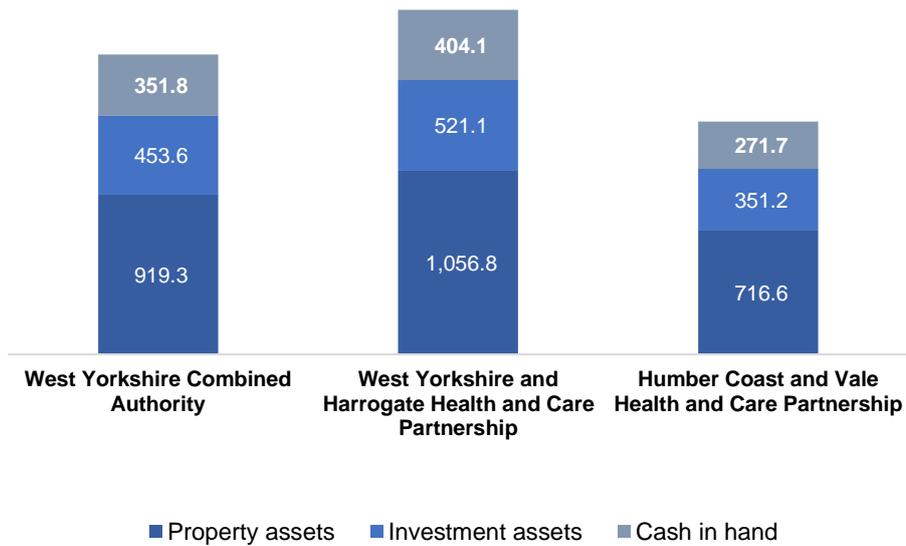
Table 3.14 Continued/...						
<i>(£ millions)</i>	Micro (income below £10,000)	Small (income £10,000- £49,999)	Medium (income £50,000- £249,999)	Large (income £250,000 - £999,999)	Big (income £1m- £25m)	Total
Cash-in-hand reserves						
West Yorkshire Combined Authority	9.0	13.5	33.3	56.4	239.7	351.9
West Yorkshire and Harrogate Health and Care Partnership	11.7	17.1	38.6	65.1	271.6	404.1
Humber, Coast and Vale Health and Care Partnership	12.6	15.6	28.1	46.3	169.0	271.6
Yorkshire and Humber	27.5	37.1	79.5	135.0	545.9	825.0
Total assets and reserves						
West Yorkshire Combined Authority	14.8	69.8	275.8	363.4	1,000.9	1,724.7
West Yorkshire and Harrogate Health and Care Partnership	19.3	88.6	320.4	419.7	1,133.9	1,981.9
Humber, Coast and Vale Health and Care Partnership	20.7	81.1	233.3	298.6	705.8	1,339.5
Yorkshire and Humber	45.1	192.1	659.7	870.3	2,279.5	4,046.7

The distribution of assets by size of organisation varies to some extent across the areas studied. As shown in Table 3.15, assets are more likely to be concentrated in the largest organisations in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas (around 57-58%) compared with the Humber, Coast and Vale Health and Care Partnership area where 53% of assets are held by the largest organisations. This is because, as shown above, the proportion of large organisations in this area is smaller than in the more concentrated urban areas of West Yorkshire.

Table 3.15 Distribution of sector assets amongst VCSE organisations by size (Charity Commission Register / Third Sector Trends, 2019)					
<i>(Row percentages)</i>	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)
West Yorkshire Combined Authority	0.9	4.0	16.0	21.1	58.0
West Yorkshire and Harrogate Health and Care Partnership	1.0	4.5	16.2	21.2	57.2
Humber, Coast and Vale Health and Care Partnership	1.5	6.1	17.4	22.3	52.7
Yorkshire and Humber	1.1	4.7	16.3	21.5	56.3

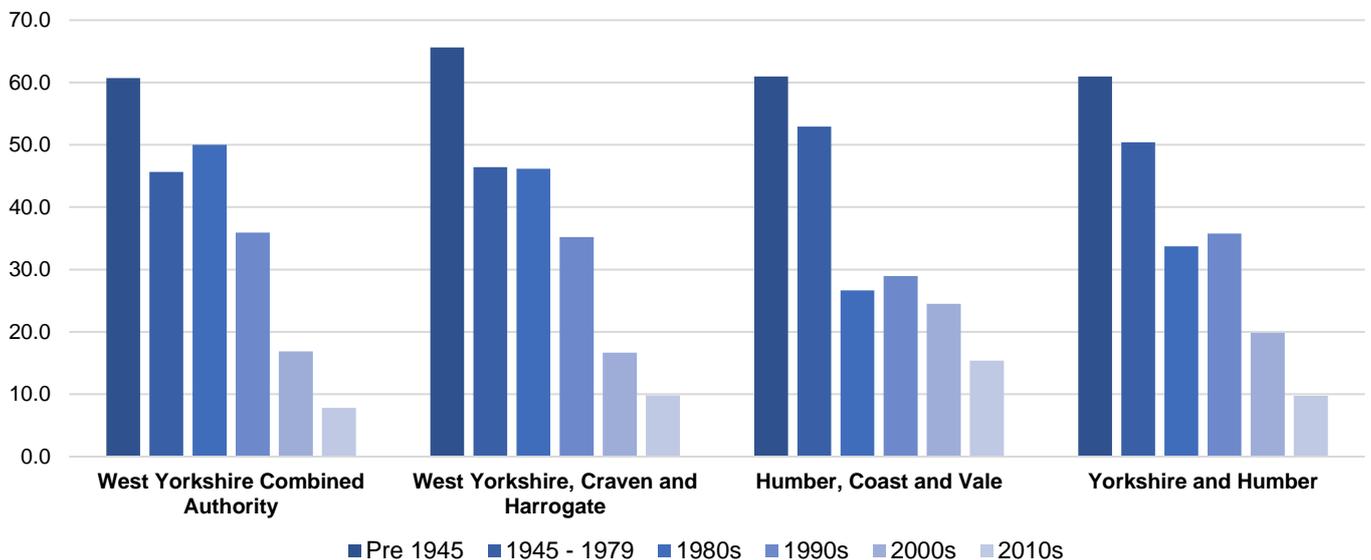
The distribution of assets amongst the three study areas is shown in Figure 3.10. The balance between assets in each area is quite similar, though the volume of assets varies due to the larger number of VCSE organisations in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas.

Figure 3.10 **Distribution of assets in three study areas** (£ millions, Charity Commission Register / NCVO / Third Sector Trends, 2019)



The evidence suggests that the ownership of property assets is closely related to the age of organisations. As shown in Figure 3.11, older VCSE organisations are much more likely to own property than more recently established organisations.

Figure 3.11 **Percent of VCSE organisations which own property valued over £50,000** (Third Sector Trends, 2019)



By considering the way VCSE organisations use assets, it is possible to get a better understanding of positive and negative aspects of organisational finances. For example, it is possible to determine the percentage of organisations which are investing in future development, or the percentage which are obliged to use their assets and reserves for essential costs.

Table 3.16 presents data on the ownership and use of assets. It is evident that VCSE organisations in the Humber, Coast and Vale Health and Care Partnership area are more likely to hold reserves (84%) than in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas (~75%), which may be because there are more long-established VCSE organisations in the Humber, Coast and Vale Health and Care Partnership area.

Only a relatively small proportion of VCSE organisations use their reserves to invest in new activities (around 16%). A slightly larger percentage of VCSE organisations, however, have used reserves for essential costs (around 17-18% in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas, and 21% in the Humber, Coast and Vale Health and Care Partnership area).

	No, we don't have any reserves	No, we have not drawn on our reserves	Yes, we have used reserves to invest in new activities	Yes, we have used reserves for essential costs	Used reserves for mixed purposes	N=
West Yorkshire Combined Authority	26.1	31.5	15.7	17.3	9.4	394
West Yorkshire and Harrogate Health and Care Partnership	25.3	31.3	16.1	18.2	9.2	435
Humber, Coast and Vale Health and Care Partnership	16.0	41.5	16.7	20.6	5.3	282
Yorkshire and Humber	22.2	35.7	15.8	18.7	7.7	830

Patterns of usage of reserves between 2013 and 2019 are shown in Table 3.17. There is good evidence to suggest that financial pressures on the sector seem to have diminished during this period (following the financial crash of 2008).

- In the West Yorkshire Combined Authority area, use of reserves for essential costs reduced from 24% to 17% between 2013 and 2019, but the percentage of VCSE organisations with no reserves remained similar (22-26%).
- In the West Yorkshire and Harrogate Health and Care Partnership area, use of reserves for essential costs reduced from 24% to 18% between 2013 and 2019, but the percentage of VCSE organisations with no reserves remained similar (22-25%).
- In the Humber, Coast and Vale Health and Care Partnership area, use of reserves for essential costs reduced from 25% to 21% between 2013 and

2019, but the percentage of VCSE organisations with no reserves fell from 26% to 16%.⁵²

- The propensity of VCSE organisations to invest reserves in new activities changed little between 2013 and 2019 in all areas (around 15-16%).

Table 3.17 Changing uses of reserves 2013-2019 (Third Sector Trends, 2013, 2016, 2019)						
	No, we don't have any reserves	No, we have not drawn on our reserves	Yes, we have used reserves to invest in new activities	Yes, we have used reserves for essential costs	Used reserves for mixed purposes	N=
West Yorkshire Combined Authority						
2013	25.4	27.4	16.0	23.9	7.2	401
2016	22.4	34.1	14.5	23.3	5.7	455
2019	26.1	31.5	15.7	17.3	9.4	394
West Yorkshire and Harrogate Health and Care Partnership						
2013	24.7	29.2	14.9	24.0	7.2	442
2016	21.5	34.4	15.0	23.5	5.5	506
2019	25.3	31.3	16.1	18.2	9.2	435
Humber, Coast and Vale Health and Care Partnership						
2013	26.0	30.2	14.6	25.0	4.2	288
2016	18.2	40.9	15.3	20.0	5.6	340
2019	16.0	41.5	16.7	20.6	5.3	282

⁵² There is some emerging evidence from the Charity Commission to suggest that VCSE organisations have drawn more heavily on reserves during the Covid-19 pandemic: <https://www.civilsociety.co.uk/news/one-in-four-charities-forced-to-use-reserves-during-pandemic-polling-shows.html> . It will be possible to check this on an area basis following the next round of Third Sector Trends in 2022.

Section 4

People resources

4.1 Employment

There are currently no reliable national statistics because the Office of National Statistics does not have a discrete set 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.⁵³

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.⁵⁴

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 4.1 presents estimates on levels of employment in the VCSE sector in Yorkshire and Humber. The volume of work activity produced by the sector is considerable. In Yorkshire and Humber, 115 million working hours are produced each year. In the three study areas, the following levels of working hours are produced:

- West Yorkshire Combined Authority area: 49 million working hours are produced.

⁵³ 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/>

⁵⁴ 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 2.5 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.

- West Yorkshire and Harrogate Health and Care Partnership area: 56 million working hours are produced.
- Humber, Coast and Vale Health and Care Partnership area: 38 million working hours are produced.

The cost of wages in proportion to sector income stands at about 64%, although levels vary between areas. In the West Yorkshire Combined Authority area, wage costs are about 68% of income compared with 61% in the Humber, Coast and Vale Health and Care Partnership area.

Table 4.1(b) shows the estimated size of the VCSE sector workforce alongside national statistics on the full regional workforce.⁵⁵ The evidence suggests that the VCSE sector workforce constitutes between 3-4% of the regional workforce.

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).⁵⁶

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.

⁵⁵ BEIS Regional employment estimates: [Business population estimates for the UK and regions 2020: statistical release \(HTML\)](https://www.gov.uk/government/statistics/business-population-estimates-for-the-uk-and-regions-2020-statistical-release-html) - GOV.UK (www.gov.uk)

⁵⁶ 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>

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	Estimated full-time employees ⁵⁷	Estimated part-time employees	Estimated full-time equivalent employees	Total hours worked (£ millions) ⁵⁸	Total wages (£ millions) ⁵⁹	Wages as a percentage of total sector income	Wages as a percentage of total sector expenditure	Total sector income (£ millions)	Total sector expenditure (£ millions)
West Yorkshire Combined Authority	21,500	24,400	29,700	49.0	845.9	67.9	67.1	1,246.1	1,260.7
West Yorkshire and Harrogate Health and Care Partnership	24,800	28,100	34,100	56.3	959.0	65.5	66.5	1,463.2	1,441.4
Humber, Coast and Vale Health and Care Partnership	16,700	19,500	23,200	38.3	612.7	61.3	64.6	999.2	948.0
Yorkshire and Humber	50,530	57,700	69,800	115.1	1,911.6	63.9	65.3	2,991.8	2,927.8

	<i>Estimated VCSE sector employment</i>			<i>Total regional employment</i>			<i>Third sector as percentage of all employees</i>		
	Full-time employees	Part-time employees	Full-time equivalent employees	Full-time employees	Part-time employees	Full-time equivalent employees	Full-time employees	Part-time employees	Full-time equivalent employees
West Yorkshire Combined Authority	21,500	24,400	29,700	722,400	340,400	835,900	3.0	7.2	3.6
West Yorkshire and Harrogate Health and Care Partnership	24,800	28,100	34,100	788,100	380,800	915,000	3.1	7.4	3.7
Humber, Coast and Vale Health and Care Partnership	16,700	19,500	23,200	473,500	256,800	559,100	3.4	7.6	4.1
Yorkshire and Humber	50,530	57,700	69,800	1,586,900	802,300	1,854,300	3.2	7.2	3.8

⁵⁷ 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.

⁵⁸ 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.

⁵⁹ The cost of wages was determined using the benchmark of 80% of the Yorkshire and Humber regional 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.

Table 4.1(c) shows how the VCSE sector compares with other industrial sub-sectors (all businesses) in Yorkshire and Humber.⁶⁰ The likelihood is that many VCSE organisations are included in sectors such as ‘human health and social work activities’, ‘education’ and ‘arts, entertainment and recreation’. Nevertheless, the exercise produces a basis for broad comparison between the VCSE sector and industrial sub-sectors.

- VCSE sector organisations comprise about 3.4% of all businesses.
- VCSE sector employees comprise about 3.4% of all employees.
- VCSE sector turnover represents about 1% of business turnover.
- By employment, the VCSE sector is of comparable size to, for example, the information and communication industry and is larger than financial and insurance industries.

Table 4.1(c) VCSE sector activity in context of wider business environment (BEIS, 2020)					
	Number of businesses	Number of employees ⁶¹	Turnover (£millions)	Average business employees	Average turnover
Agriculture, forestry and fishing	12,055	37,000	3,886	3.1	322,356
Mining, quarrying; electricity, gas, water, utilities	2,420	23,000	10,284	9.5	4,249,587
Manufacturing	26,855	292,000	51,429	10.9	1,915,062
Construction	70,400	162,000	24,951	2.3	354,418
Wholesale and retail trade; repair of vehicles	43,290	555,000	103,180	12.8	2,383,460
Transportation and storage	23,825	100,000	13,482	4.2	565,876
Accommodation and food service activities	17,775	147,000	6,021	8.3	338,734
Information and communication	17,290	50,000	5,054	2.9	292,308
Financial and insurance activities	4,645	43,000	no data	9.3	no data
Real estate activities	10,105	36,000	3,058	3.6	302,622
Professional, scientific and technical activities	55,495	162,000	16,655	2.9	300,117
Administrative and support service activities	41,965	167,000	13,953	4.0	332,491
Education	22,225	39,000	1,725	1.8	77,615
Human health and social work activities	24,380	131,000	5,660	5.4	232,158
Arts, entertainment and recreation	14,830	41,000	1,973	2.8	133,041
Other service activities	34,880	58,000	2,269	1.7	65,052
All businesses	422,435	2,043,000	263,580	4.8	623,954
VCSE Sector	14,297	69,000	2,992	4.8	209,275
Percent VCSE sector of all businesses	3.4	3.4	1.1		

⁶⁰ It should be noted that drawing this comparison fails to take into account that many VCSE sector organisations (such as Companies Limited by Guarantee) will be included in the business statistics.

⁶¹ BEIS statistics include ‘people working for a business, but excluding owners and partners’.

4.2 Volunteers

National estimates for the number of volunteers in the UK are published annually in NCVO’s Civil Society Almanac.⁶² 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).

As Table 4.2 shows, 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.

	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)
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

Table 4.3 shows the extent of reliance on volunteers in the three study areas. Data in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas are broadly similar (as would be expected given the geographical cross overs).

- Nearly 80% of VCSE organisations agree or strongly agree that they rely upon volunteers who regularly give their time and that they could not survive as an organisation without them.

⁶² NCVO *ibid*: [Volunteering overview - Volunteering | UK Civil Society Almanac 2020 | NCVO](#) (downloaded 3rd December 2020).

- About 60% of VCSE organisations agree or strongly agree that they rely on volunteers who can work unsupervised, while 70% agree or strongly agree that many of their volunteers are also service users or beneficiaries.

In the Humber, Coast and Vale Health and Care Partnership area, levels of reliance on volunteers are even higher, which reflects the different structure of the sector in this area – where there is a higher proportion of smaller VCSE organisations.

Table 4.3 VCSE organisational reliance on volunteers (Third Sector Trends, 2019)					
	Strongly agree	Agree	Disagree	Strongly disagree	N=
West Yorkshire Combined Authority					
We rely mainly on volunteers who commit time on a very regular basis	39.2	40.1	13.9	6.8	352
We rely mainly on volunteers who can work unsupervised	21.6	40.8	30.6	7.0	343
Many of our volunteers are our service users/ beneficiaries	21.8	47.7	25.9	4.7	321
We could not keep going as an organisation without volunteers	56.6	22.5	15.8	5.1	355
West Yorkshire and Harrogate Health and Care Partnership					
We rely mainly on volunteers who commit time on a very regular basis	40.5	38.7	14.4	6.4	390
We rely mainly on volunteers who can work unsupervised	22.2	41.4	30.1	6.3	379
Many of our volunteers are our service users/ beneficiaries	21.5	48.0	25.4	5.0	358
We could not keep going as an organisation without volunteers	57.6	22.6	15.2	4.6	394
Humber, Coast and Vale Health and Care Partnership					
We rely mainly on volunteers who commit time on a very regular basis	48.3	35.8	11.7	4.2	240
We rely mainly on volunteers who can work unsupervised	28.5	49.1	19.3	3.1	228
Many of our volunteers are our service users/ beneficiaries	20.3	42.9	28.6	8.3	217
We could not keep going as an organisation without volunteers	67.9	19.8	8.6	3.7	243

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:

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- 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 Oxfam⁶³ 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 energy which is produced through voluntarism⁶⁴ in VCSE organisations of different sizes by estimating the number of hours regularly given by volunteers.

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 CCR-based population data.

Table 4.4 presents data on the number of regular volunteers and allocates proxy financial values to the hours they work.

⁶³ 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.

⁶⁴ 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 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.

Table 4.4 Estimated number of regular volunteers, time given and proxy values of volunteering resources							
	Estimated number of volunteers	Hours worked (average 72 hours per annum)	Proxy value at National Living Wage (£ millions) ⁶⁵	Proxy value at 80% average regional wage per hour (£ millions)	Sector income (£ millions)	Added value to sector income (at National Living Wage)	Added value to sector income (at 80% average regional wage)
West Yorkshire Combined Authority	121,000	8,700,000	75.9	118.4	1,246.1	6.1	9.5
West Yorkshire and Harrogate Health and Care Partnership	147,900	10,600,000	92.4	144.7	1,463.2	6.3	9.9
Humber, Coast and Vale Health and Care Partnership	127,700	9,200,000	80.2	125.0	999.2	8.0	12.5
Yorkshire and Humber	320,600	23,100,000	201.4	313.8	2,991.8	6.7	10.5

⁶⁵ The National Living Wage (adults) in 2021 is £8.72. <https://www.gov.uk/government/publications/the-national-minimum-wage-in-2021>

4.3 Equalities, inclusion and diversity

Recently, widespread concerns have been expressed from many quarters about the extent to which leadership opportunities in the VCSE sector are open to all members of the community who feel that they may have a contribution to make. The debates which are taking place have been hampered by a lack of reliable data on diversity and inclusion.

For example, the Government Equalities Office carried out a consultation on proposals to extend equalities legislation to cover the roles of volunteers as well as employees. This produced a defensive response by some representative bodies, feeling that attending to these issues could be overly burdensome to VCSE organisations which were already hard-pressed in resource terms.⁶⁶

Others have taken a more positive and active position and argue that people in VCSE organisations, (whether they are leaders, managers, employees or volunteers) need to feel able to challenge organisations on their duty to attend to equal access and opportunities. For example, Kimberly McIntosh at JRF has argued, with reference to race equality and justice in the VCSE Sector:

‘All workplaces need to create space for staff to talk openly about racism in the sector and ask difficult questions. If there are no black people in senior management, it needs to be okay to challenge that - either online with a hashtag or in the office - without fear of backlash or defensiveness. Senior leadership could respond by updating their strategy, setting targets, changing recruitment practices, collecting data at each stage of the recruitment process, and monitoring the success rate of BME candidates.’⁶⁷

Recognising that the issue of ethnic diversity in the sector is too rarely addressed, ACEVO has made proposals for *Making Diversity Count*, in the VCSE sector. As they have argued:

‘A lack of diversity in charity sector employees and leadership should be seen as a symptom of a deeper malaise. It is the product of a system interconnected rules, institutional practices and ideas that govern everyday life. These factors separate BAME people from charities: whether as potential employees or as populations whose lives are enhanced by the work of charities. As such, it is not enough for charities to ‘fix’ their own organisational deficits. As a sector, we need to work together to eliminate the diversity problem at the source and to embed rules, institutional practices and ideas that instead produce and reproduce equality, diversity and inclusion.’⁶⁸

The debate on equalities in VCSE organisations has deepened over the last two years. For example, the CharitySoWhite campaign has been active in ‘tackling institutional racism in the charity sector’.

‘Our vision is of a charity sector that is taking the lead on tackling and rooting out racism. We want to see a shift in fundamental structures

⁶⁶ Rickets, A. (2019) ‘NCVO voices concern over employment equality consultation findings on volunteers’ *Third Sector*, 19th October, <https://www.thirdsector.co.uk/ncvo-voices-concern-employment-equality-consultation-findings-volunteers/volunteering/article/1663183>, see also, Consultation on Sexual Harassment in the Workplace: legal protections under the Equality Act 2010: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816116/Technical_consultation_-_FINAL.pdf

⁶⁷ McIntosh, K. (2019) ‘Race equality and justice in the charity sector’, York: JRF, <https://www.jrf.org.uk/blog/race-equality-and-justice-charity-sector>

⁶⁸ ACEVO (2019) *Making diversity count in the charity sector.* <https://www.acevo.org.uk/2019/05/making-diversity-count-in-the-charity-sector/>

across the charity sector, where our sector, leaders and decision-makers reflect the communities that we work with. Unless we take serious and urgent action to tackle racism, social justice will not and cannot prevail. This will take investment and commitment and means leaders prioritising taking action and accountability, in order to bring about systemic change⁶⁹

Attending to issues surrounding ethnicity is important, but of course, there are other aspects of diversity and inclusion which also need to be addressed including those associated with social class, gender and sexuality⁷⁰, age⁷¹ and disability.⁷²

Campaigns for greater diversity and inclusion in charities have also addressed the issue of recruitment of less educationally well qualified candidates. The 'Non Graduates Welcome' campaign was launched in 2019 to address this issue.⁷³

The Charity Commission published its own *Diversity and Exclusion Strategy 2019 to 2023* in April 2019 to ensure that, as an organisation, it attended to its legal obligations but also effect positive cultural change in the way it works. Its aim is to create 'an inclusive culture, that values diversity, in how we treat our employees and interact with those that we regulate.'⁷⁴ This may represent a prelude to the Charity Commission taking a more active role in promoting equalities within the sector and demanding that evidence on progress in employment and volunteering practices is produced.

Many of the VCSE sector's principal infrastructure and representative bodies have produced guidance on good practice for VCSE organisations on how to adhere to equalities law and enact effective human resource procedures.⁷⁵ But there is very little available evidence on the extent to which the sector is meeting their responsibility to produce a diverse employee and volunteer workforce.

⁶⁹ Charity so White (website) <https://charitysowhite.org/vision>

⁷⁰ There is little academic research on sexuality and inclusion in the voluntary sector. However there is some emerging comparative evidence in this field, see, for example: Aydin, E. and Ozeren, E (2020) 'Inclusion and exclusion of sexual minorities in organisations: evidence from LGBT NGOs in Turkey and the UK', *Journal of Organisational Change*, 33(3), pp. 567-578. By contrast there is a substantive, though ageing, social science evidence base on women in employment and women in leadership. For a useful starting point, see: Government Equalities Office (2019) *Gender equality at work: research on the barriers to women's progression*: <https://www.gov.uk/government/publications/gender-equality-at-work-research-on-the-barriers-to-womens-progression>

⁷¹ There is a substantive policy literature on age-proofing policy and practice, however, there is little research evidence on issues surrounding age discrimination in the voluntary sector at present. NCVOs Equality, Diversity and Inclusion advice provides a good starting point in addressing statutory obligations under the Equality Act 2010: <https://knowhow.ncvo.org.uk/your-team/hr/equality-and-diversity>

⁷² There are no substantive studies on leaders with disabilities in the voluntary sector as far as the author is aware from web searches. The *Lord Holmes Review: opening up public appointments to disabled people* (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760721/Lord-Holmes-Review-full.pdf) provided a welcome contribution to debate on the extent of inclusion of people with disabilities from public appointments and offered policy recommendations to improve both intelligence and practice which could be incorporated into various aspects of third sector practice. However, there is little evidence to suggest take up of such ideas by voluntary sector representative bodies. One North East England VCSE organisation is raising awareness of employee experiences, see: <https://differencenortheast.org.uk/news/>. There is a growing literature on equality legislation and its application to issues surrounding disabilities; see, for example: Williams, L. (2016) 'The implementation of equality legislation: the case of disabled graduates and reasonable adjustments' *Industrial Relations*, 47(4) 341-359. A useful, though more dated text on disability in employment is Roulstone, A. and Barnes, C. (2005) *Disabled people, Policy and social inclusion*, Bristol, Policy Press.

⁷³ Non Graduates Welcome manifesto can be found here: <http://nongraduateswelcome.co.uk/manifesto/>

⁷⁴ Charity Commission (2019) *Policy Paper: Diversity and inclusion strategy 2019-2023*: <https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023>

⁷⁵ See for example, the following guidance from NCVO/Knowhow *Diversity and inclusion* <https://knowhow.ncvo.org.uk/your-team/hr/equality-and-diversity> and ACEVO's *Racial diversity in the charity sector*, <https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023>

Third Sector Trends began exploring issues surrounding diversity amongst volunteers in 2016. In 2019, regional level data were collected across the North of England on the extent to which the sector is inclusive in its leadership the findings from which are reported below.⁷⁶

Regional variations in diversity

While the rest of this report has concentrated solely on Yorkshire and Humber, this section uses comparative regional analysis to help get a better understanding of patterns of equality and diversity given that there has been so little research on this issue before.⁷⁷

Comparative analysis shows regional variations in the percentage of governing body chairs with different characteristics are shown in Table 4.5. There are some notable variations across the regions.

- Graduate chairs are the most populous in Yorkshire and Humber (68%). In North East England, there are fewer graduate chairs 61% which may reflect the region's profile of lower-level participation and achievement in higher education. These data suggest that graduates are significantly over-represented when compared with graduate population averages (North East England 33%, Yorkshire and Humber 34%, North West England 36%)⁷⁸.
- Women chairs are more strongly represented in North East England (46%) than in Yorkshire and Humber (42%) or North West England (41%). As the percentage of women and men in the population is about equal, this shows that women are currently under-represented as chairs.
- There are relatively few chairs with registered disabilities (around 8-9% across the regions). This may suggest that people with disabilities are under-represented as chairs as about 16% of the working population and around 48% of pension age adults have disabilities. The percentage for the full population is estimated at 20%.⁷⁹
- Black, Asian and minority ethnic (BAME) chairs are the most populous in Yorkshire and Humber (8%) and the least in North East England (4%). The proportion of chairs is relatively low: in the UK, about 14% of the population are BAME.⁸⁰ By region, the percentages are 5.1% in North East England, 9.7% in Yorkshire and Humber, 13.2% in North West England, suggesting that BAME chairs are not representative of the regional population, and especially so in North West England.⁸¹

⁷⁶ This sub-section is taken from a recent report based on 2019 Third Sector Trends data: Chapman, T. (2020) *Third Sector Trends: briefing on equalities and diversity in organisational leadership*, available here: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2020/10/THIRD-SECTOR-TRENDS-BRIEFING-DIVERSITY-AND-INCLUSION-IN-ORGANISATIONAL-LEADERSHIP-OCTOBER-2020.pdf>

⁷⁷ There has been a number of studies in West Yorkshire, including: Soofi, T. (2013) *Third Sector Trends Study: the black and minority ethnic voluntary community and faith sector in West Yorkshire*, Leeds, University of Leeds; and, Lachman, R. (2012) *West Yorkshire public sector cuts: the impact on the BME voluntary and community sector*, Leeds: Leeds University Business School.

⁷⁸ These percentages refer to people of working age. ONS (2017) Graduates in the labour market: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/graduatesintheuklabourmarket/2017>.

⁷⁹ See DWP (2014) *Disability facts and figures*: <https://www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures>.

⁸⁰ ONS (2018) *Population of England and Wales*: <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest#main-facts-and-figures>

⁸¹ ONS (2018) *Regional ethnic diversity*: <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest#ethnic-groups-by-area>

- In the UK, 18.3% of the population are aged over 65 years,⁸² retired people are therefore substantially over-represented as VCSE organisation chairs.

	North East England	Yorkshire and Humber	North West England	North of England
Percentage of VCSE organisations with graduate chairs (about 35% of the working population in the North have degrees)	61.3	67.6	64.5	64.2
Percent of VCSE organisations with women chairs (51% of the UK population are women)	46.0	42.0	40.9	43.1
Percent of VCSE organisations with registered disabled chairs (about 20% of the UK population have disabilities)	8.4	8.2	9.2	8.6
Percent of VCSE organisations with BAME chairs (14% of the UK population is BAME)	4.2	7.5	5.7	5.7
Percent of VCSE organisations with retired chairs (18% of the UK Population are retired)	58.2	51.3	52.9	54.4

Table 4.6 presents the percentages of chief officers in VCSE organisations with different biographical characteristics.

- As discussed in relation to Table 2, it is apparent that graduates are over-represented as CEOs when compared with population averages. However, given the responsibilities attached to this role, this is less surprising. There are fewer graduate CEOs in North East England (64%) whilst the highest proportion is in Yorkshire and Humber (76%).
- Women are well represented as CEOs in the VCSE sector, constituting over 65% of all CEOs in the North of England. They are the least populous in North East England (61%) when compared with Yorkshire and Humber (69%) and North West England (68%).
- CEOs with registered disabilities are relatively few in number by working age population averages (see above discussion) at only 7% of all CEOs. They are best represented in North West England (10%) and least in North East England (6%).
- BAME CEOs are under-represented by population averages in all regions. But the proportion broadly follows the population averages in regions with 4% in North East England, 10% in Yorkshire and Humber and 11% in North West England.

⁸² ONS (2019) *Overview of the UK population*: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/august2019#the-uks-population-is-ageing>

	North East England	Yorkshire and Humber	North West England	North of England
Percentage of VCSE organisations with graduate CEOs (about 35% of the working population in the North have degrees)	64.1	76.2	70.8	69.8
Percent of VCSE organisations with women CEOs (51% of the UK population are women)	61.0	68.6	67.7	65.3
Percent of VCSE organisations with registered disabled CEOs (about 20% of the UK population have disabilities)	5.6	6.2	9.8	7.1
Percent of VCSE organisations with BAME CEOs (14% of the UK population is BAME)	3.9	9.7	10.6	7.7

Diversity in organisations of different sizes

Table 4.7 presents data from across the North of England on the characteristics of VCSE organisations' governing body chairs by size of organisation. There are insufficient data to undertake this analysis reliably at Yorkshire and Humber level.

- **Headline data shows that a clear majority of VCSE organisations have graduate chairs (64%). VCSE organisations are increasingly likely to have graduate chairs as they become larger in size (ranging from 54% in micro-organisations to 83% in the biggest VCSE organisations)**
- **Women are chairs in 43% of VCSE organisations. Variations are not pronounced, but women chairs are most populous in the very smallest organisations (48%).**
- **About 9% of VCSE organisations have chairs with registered disabilities. The percentage of chairs with disabilities reduces as organisations get larger (micro VCSE organisations have 10%, reducing to 6% in the biggest organisations).**
- **There are relatively few Black, Asian and minority ethnic (BAME) chairs. Organisational size has no obvious bearing on the proportion of BAME chairs.**
- **A majority of chairs are retired (54%). The smallest VCSE organisations are most likely to have retired chairs (60%).**

	Micro - under £10,000	Small £10,000 - £49,999	Medium £50,000 - £249,999	Large £250,000 - £999,999	Big £1m or more	All VCSE organisations (n= 2,953)
Percentage of VCSE organisations with graduate chairs	54.2	58.7	68.1	77.8	83.3	64.2
Percent of VCSE organisations with women chairs	47.5	42.3	42.3	41.0	40.9	43.1
Percent of VCSE organisations with registered disabled chairs	10.0	9.1	8.9	6.7	5.6	8.6
Percent of VCSE organisations with BAME chairs	5.5	4.8	8.1	3.2	5.2	5.7
Percent of VCSE organisations with retired chairs	60.2	55.4	50.2	50.4	54.0	54.4

Table 4.8 presents data on the characteristics of CEOs by size of VCSE organisations. Data are only presented for organisations with income above £50,000 as few VCSE organisations employ staff with income below these levels.

- Graduate CEOs become much more populous as organisations become larger: there are only 55% of graduate CEOs in medium sized VCSE organisations compared with 83% of the biggest organisations.
- Women outnumber male CEOs across all organisational sizes (60%). Variations in the percentage of women CEOs are slight and not patterned.
- CEOs with registered disabilities reduce in number as VCSE organisations become larger in size, although variations are slight, they fall from 7% in medium sized organisations to 5% in the largest.

	Medium VCSE organisations (income £50,000 - £249,999)	Large VCSE organisations (income £250,000 - £999,999)	Big VCSE organisations (income £1m or more)	All VCSE organisations (n=1,290)
Percentage of VCSE organisations with graduate CEOs	54.5	70.1	82.5	64.1
Percent of VCSE organisations with women CEOs	59.9	62.0	57.9	60.1
Percent of VCSE organisations with registered disabled CEOs	6.6	5.7	5.6	6.1
Percent of VCSE organisations with BAME CEOs	7.1	6.9	5.2	6.7

The above analysis diversity and inclusion in VCSE sector leadership has produced only a partial picture of the current situation. But it has helped to show that something is going on which results in fewer leadership positions being populated by people with biographical or personal characteristics.

It has become clear that the situation of people from BAME groups stand out in comparison with other groups. This begs questions about what should be done if it turns out that acts of passive or active discrimination by VCSE organisations limit opportunities.⁸³

The short summary of findings presented above indicates that there are many unanswered questions about the reasons behind the over- or under-representation of certain groups in the leadership of VCSE organisations. Indeed, such questions could still not be answered even if good quality and regularly updated statistics on inclusion and diversity were collected and publicly available.⁸⁴

⁸³ A recently published report provides a strong set of arguments on the consequences of discrimination in the Third Sector and makes a very valuable contribution to debates on how organisations may need to change their cultures and *practices* to tackle endemic racism. See Lingayah, S., Wrixon, K. and Hulbert, M. (2020) *Home Truths: undoing racism and delivering real diversity in the charity sector*, London: Voice4Change, ACEVO: <https://www.acevo.org.uk/reports/home-truths/>

⁸⁴ It would be enormously helpful, if VCSE organisations were required to submit diversity and inclusion data as part of annual reporting processes by agencies such as the Charity Commission and Companies House. These data, if made publicly available could then be analysed as part of, for example, the NCVO's Almanac. Some VCSE organisations may complain about this additional administrative burden – but if reporting was required it would alert organisations to the outcomes of their current policies and practices. Formal reporting would only capture evidence, of course, from those VCSE organisations which are obliged to submit annual reports – but other studies, such as Third Sector Trends, could continue to monitor those organisations, such as small registered charities or unincorporated societies and groups which are exempt from regulatory reporting framework.

The obvious reason for this is that interpretation would be incomplete until more is known about, firstly, the underlying social processes that stop people from putting themselves forward for leadership roles; and secondly, until more is known about those factors which dissuade or exclude people from leadership positions.

It is unlikely that organisational cultures, policies and practices provide the sole explanation for unequal access to opportunities. It is more likely that there is a range of push and pull factors that attract or dissuade people from putting themselves forward for senior posts in VCSE organisations.⁸⁵

Speculation does not help the issue. Stronger conceptual tools are needed to frame research questions and, consequently, produce better-quality evidence to understand the impact of underlying factors which shape aspirations and opportunities to become organisational leaders. More also needs to be known about the complex interaction of factors that shape aspirations and opportunities.

Researchers and policy makers should attempt to understand more about the pool of actual or potential leadership talent before it is possible to make sense of statistics on diversity, equality and inclusion. And certainly, they also need to address issues surrounding the extent to which VCSE organisations are open and welcoming to *all* candidates who have the requisite skills, knowledge and experience to take on such roles – irrespective of other personal or biographical characteristics they may have.

4.4 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.

Table 4.9 shows that there is an enormous amount of informal complementary activity going on in the VCSE sector in each area.

- Around 80% of organisations in each area state that they have useful informal relationships with other voluntary organisations and groups and about a further 10% show a willingness to do so in future.
- About 70-75% of organisations work quite closely, but informally, with other voluntary organisations and groups, and about 12% more show an interest in doing so in future.
- Fewer VCSE organisations work in formal partnership arrangements, in the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas, about 40% do so, while in the Humber, Coast and Vale Health and Care Partnership area, 30% do so; but many more are considering this prospect (around 21-26%).

⁸⁵ These push and pull factors are explained and discussed in more depth in the full report, see , Chapman T, (2020) *Op cit.* pp. 26-28.

Table 4.9 Informal and formal partnership arrangements in the VCSE sector (Third Sector Trends, 2019)				
	Yes, this is how we work now	Not at the moment, but we'd like to work this way	No, this doesn't apply to us	N=
West Yorkshire Combined Authority				
We have useful informal relationships with other voluntary organisations and groups	82.7	9.0	8.3	398
We often work quite closely, but informally, with other voluntary organisations and groups	74.7	12.9	12.4	396
We often work in formal partnership arrangements with other voluntary organisations and groups	43.3	27.0	29.8	393
West Yorkshire and Harrogate Health and Care Partnership				
We have useful informal relationships with other voluntary organisations and groups	83.0	8.9	8.2	440
We often work quite closely, but informally, with other voluntary organisations and groups	75.7	12.1	12.1	437
We often work in formal partnership arrangements with other voluntary organisations and groups	42.3	26.3	31.4	433
Humber, Coast and Vale Health and Care Partnership				
We have useful informal relationships with other voluntary organisations and groups	79.1	6.7	14.2	282
We often work quite closely, but informally, with other voluntary organisations and groups	68.9	11.8	19.3	280
We often work in formal partnership arrangements with other voluntary organisations and groups	29.7	21.4	48.9	276

Formal relationships are often forged when VCSE organisations are working on bids for grants and contracts, As Table 4.10 shows, experiences vary to some extent across the three areas being studied.

- In the West Yorkshire Combined Authority and West Yorkshire and Harrogate Health and Care Partnership areas there has been a slight overall increase in the percentage of VCSE organisations which have been successful in partnership bidding (from around 27% to 29%).
- In the Humber, Coast and Vale Health and Care Partnership area, there have been lower levels of interest in partnership bidding, and the percentage of successful VCSE organisations has fallen from 21% to 15%. The percentage of VCSE organisations which will not consider bidding has risen from around 47% to 64% since 2013.

Table 4.10 Partnership bidding for grants and contracts, 2013-19 (Third Sector Trends, 2013, 2016, 2019)					
	Yes, and have been successful	Yes, and have not yet been successful	No, but we are considering this	No, we are not considering this	
West Yorkshire Combined Authority					
2013	27.7	10.1	19.0	43.1	415
2016	24.6	10.8	24.0	40.6	480
2019	29.3	6.0	24.5	40.3	400
West Yorkshire and Harrogate Health and Care Partnership					
2013	27.2	9.4	20.4	43.0	456
2016	24.2	10.5	23.5	41.7	532
2019	28.4	5.9	23.5	42.2	443
Humber, Coast and Vale Health and Care Partnership					
2013	21.1	8.0	24.4	46.5	299
2016	19.9	7.7	24.3	48.1	362
2019	14.5	3.5	18.4	63.6	283

Section 5

Perceptions of sector impact

This section of the report examines perceptions of sector impact to underpin analysis of the economic and social value that the sector produces (which is presented in Section 6). The analysis has four stages:

- The first stage is to present a general overview of the areas of impact where VCSE organisations feel that they make their strongest contribution in each of the three study areas.
- Secondly, data are presented to show how impact is distributed amongst VCSE organisations of different sizes, how impact is distributed across more or less affluent areas, and by VCSE organisations which focus their attention on their immediate locality or across wider areas.
- The third stage is to look at interactions between different aspects of sector impact to find out, for example, if VCSE organisations which focus attention on social isolation are also creating impact in other domains such as health and wellbeing.
- Finally, the social issues VCSE organisations address are refined into four broad areas of impact to get a better understanding of how impact may accumulate.

5.1 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.

Figures 5.1(a) to (c) present evidence on VCSE organisations’ perceptions of the impact they achieve. Assessments of impact are shown in rank order for each of the three study areas.

The most immediate finding in all three areas is that the VCSE sector tends to emphasise impact in broadly-based ‘soft’ outcomes such as: ‘health and wellbeing’, ‘confidence to manage lives’, ‘tackling isolation’ and ‘empowerment’.

Figure 5.1(a) West Yorkshire Combined Authority area, perceptions of impact
(Third Sector Trends 2019, Yorkshire and Humber)

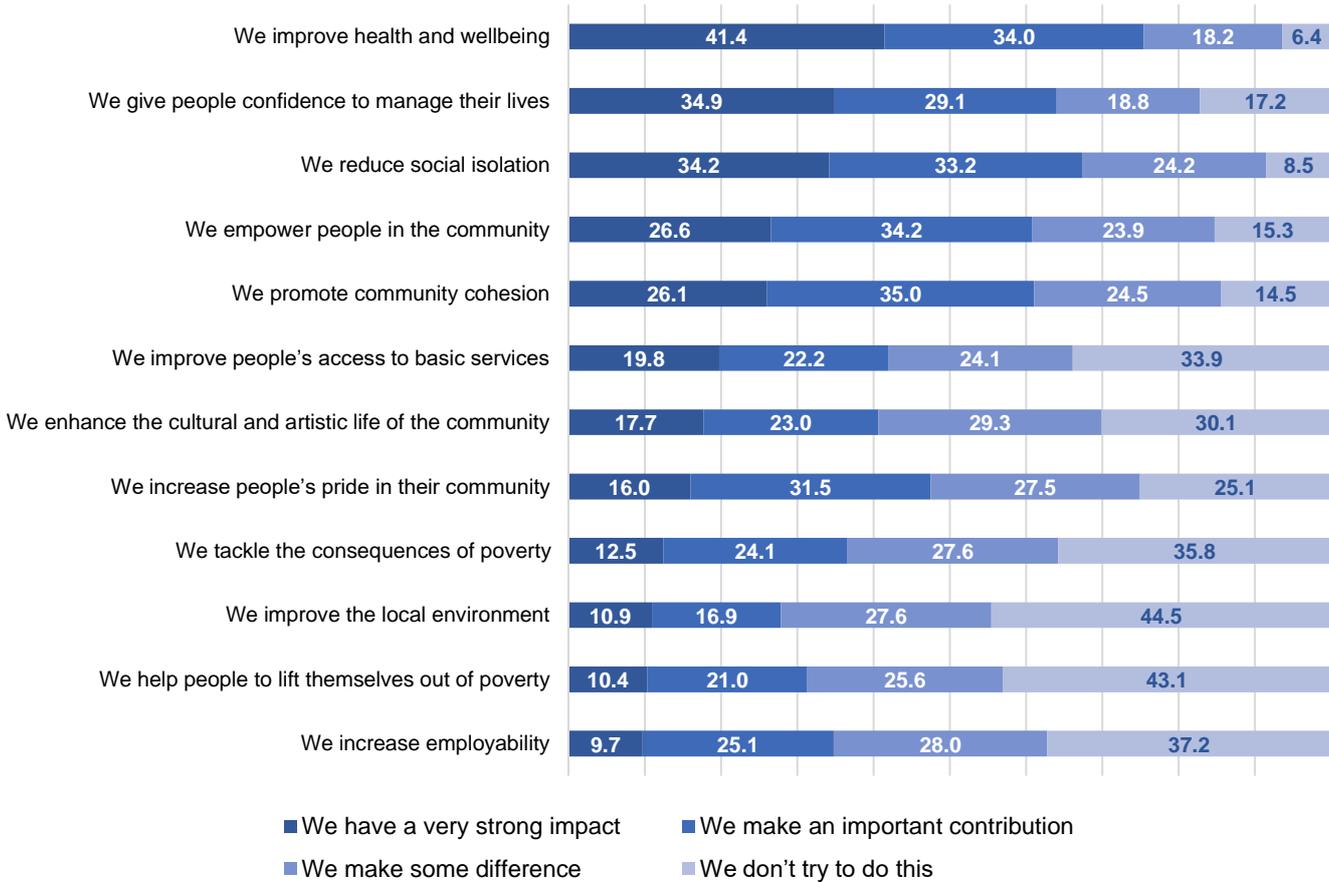


Figure 5.1(b) West Yorkshire and Harrogate Health and Care Partnership area - perceptions of impact (Third Sector Trends 2019, Yorkshire and Humber)

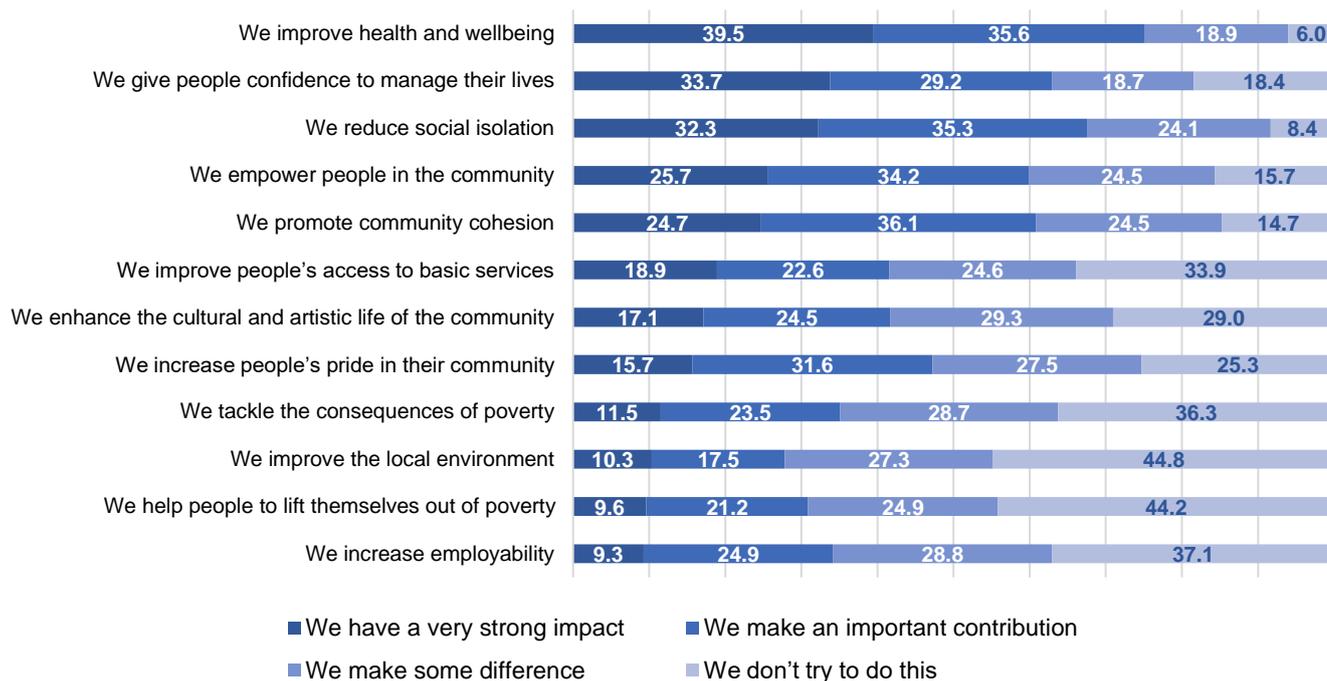
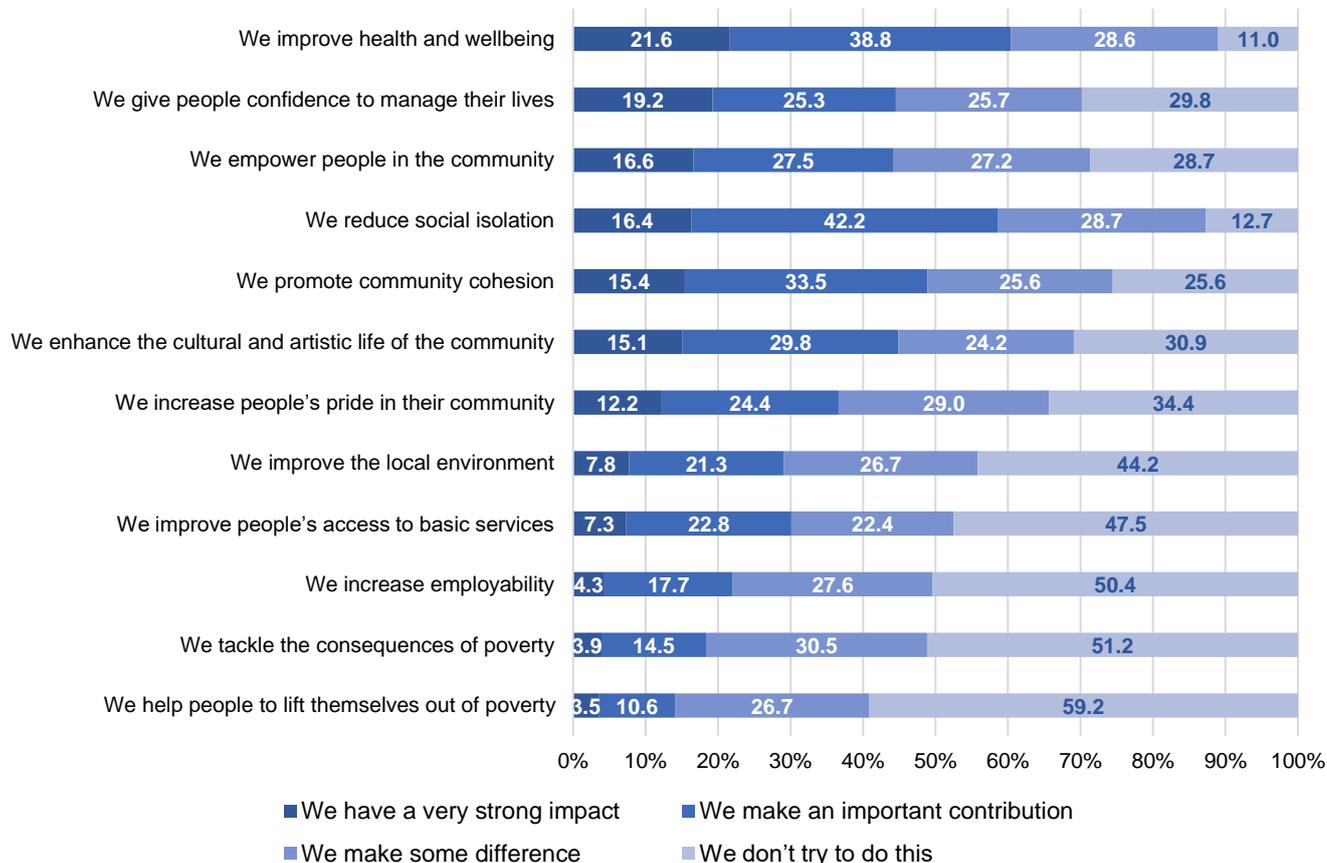


Figure 5.1(c) Humber, Coast and Vale Health and Care Partnership area - perceptions of impact (Third Sector Trends 2019, Yorkshire and Humber)



5.2 The distribution of impact

This sub-section examines whether organisations of different types or working in different kinds of areas put greater emphasis on aspects of impact.

Impact assessments by organisational size

Table 5.1 shows perceptions of impact by size of VCSE organisations. Bigger organisations tend, in general terms, to claim higher levels of impact than smaller ones.

This requires careful interpretation. On one hand, it would be expected that larger VCSE organisations would claim to have a stronger impact simply because their scale of activity would help them to achieve more. But the findings are not clear cut. In many areas of social impact, 'large VCSE organisations' (with income between £250,000 and £1million) are more likely to perceive strong impact than the 'biggest' VCSE organisations (which have income above £1million).

These differences are especially pronounced in developing *confidence, reducing isolation, empowerment, community cohesion* and *pride in the community*. The biggest VCSE organisations claim higher levels of impact only in areas where 'tangible' measures might be used such as *access to services, tackling poverty, health and wellbeing* and to a lesser extent *employability*.

As well as having more resource capacity to do work and having broader areas of interest, larger VCSE organisations are also more likely to be familiar with the language and policy narratives surrounding social impact. From an interpretive point of view, therefore, there may be a risk that smaller VCSE organisations underestimate their impact by comparison.

	Micro (income under £10,000)	Small (income £10,000 - £49,999)	Medium (income £50,000 - £249,999)	Large (income £250,000 - £999,999)	Big (income £1m or more)	Average <i>(in rank order)</i>
We improve health and wellbeing	19.6	18.5	39.1	49.1	56.0	32.4
We give people confidence to manage their lives	15.3	15.6	34.4	49.5	44.9	28.7
We reduce social isolation	18.6	14.5	34.6	40.2	32.6	26.2
We empower people in the community	17.3	13.4	27.8	38.2	27.0	23.2
We promote community cohesion	23.4	16.5	26.1	30.0	20.5	23.0
We enhance cultural and artistic life of community	16.7	19.2	18.5	15.7	9.1	16.9
We increase people's pride in their community	19.3	13.4	14.7	22.2	8.0	15.7
We improve people's access to basic services	6.8	6.6	19.1	23.6	27.0	14.6
We improve the local environment	12.8	11.4	7.9	14.0	5.8	10.5
We tackle the consequences of poverty	4.7	7.2	9.4	13.0	15.7	9.1
We help people to lift themselves out of poverty	3.2	5.3	9.4	8.4	17.0	7.6
We increase employability	3.1	3.6	7.9	13.6	14.6	7.4

Impact assessment by area of operation

Table 5.2 shows assessments of impact by VCSE organisations which are located in richer or poorer areas using the English Indices of Deprivation. It is clear from this table that assessments of impact tend to be much stronger amongst VCSE organisations based in the poorest areas (with the exception of impact on *enhancing the cultural and artistic life of the community and improving the local environment*).

Some findings stand out:

- More than twice as many VCSE organisations based in the poorest areas (41%) feel that they have a strong impact on giving people confidence to manage their lives as in the richest areas (17%).
- Almost twice as many VCSE organisations based in the poorest areas (37%) perceive that they have a strong impact on social isolation compared with 21% in the most affluent areas.
- Few VCSE organisations based in the poorest areas feel that they tackle the consequences of poverty (17%) or help lift people from poverty (13%), but this is more than double the impact than that is perceived by VCSE organisations in the richest areas.

	EID 1-2 Poorest	EID 3-4	EID 5-6	EID 7-8	EID 9-10 Richest	Average (in rank order)
We improve health and wellbeing	40.3	26.3	28.4	25.3	32.0	32.4
We give people confidence to manage their lives	40.6	28.8	19.7	20.7	16.8	28.7
We reduce social isolation	36.9	23.5	18.8	17.7	21.2	26.2
We empower people in the community	33.7	16.6	15.0	15.4	19.0	23.2
We promote community cohesion	29.4	18.2	21.1	14.1	21.2	23.0
We enhance cultural and artistic life of community	14.4	14.5	19.4	15.6	20.2	16.9
We increase people’s pride in their community	15.8	15.3	15.1	14.3	15.5	15.7
We improve people’s access to basic services	23.1	13.6	9.3	6.7	10.0	14.6
We improve the local environment	10.3	10.9	8.1	7.8	14.9	10.5
We tackle the consequences of poverty	17.0	7.5	3.2	2.2	4.0	9.1
We help people to lift themselves out of poverty	13.2	5.4	3.3	2.3	6.1	7.6
We increase employability	9.0	11.5	4.8	5.6	4.1	7.4

The data presented in Table 5.2 focused on the activities of VCSE organisations which are ‘based’ in richer or poorer areas. However, many VCSE organisations do not limit their work only to the area where their main offices are located.

Table 5.3 presents data on VCSE organisations 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, empowerment, pride in the community and tackling isolation. 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 area or district in Yorkshire and Humber) are most likely to emphasise their impact (in rank order) on health and wellbeing, confidence, empowerment and tackling isolation, but least likely to perceive impact on the consequences of poverty or improving the local environment.

Table 5.3 Percent reporting ‘very strong impact’ by spatial range of VCSE organisations work
(Third Sector Trends 2019, Yorkshire and Humber)

	Work in the local community or neighbourhood	Work in the boundaries of one local authority or district	Work in Yorkshire and Humber	Work at a wider level	Average (in rank order)
We improve health and wellbeing	19.8	38.5	39.9	35.8	32.4
We give people confidence to manage their lives	16.9	35.8	32.0	31.3	28.7
We reduce social isolation	20.6	34.4	22.1	22.1	26.2
We empower people in the community	22.3	24.7	22.8	23.4	23.2
We promote community cohesion	27.6	22.7	19.6	14.5	23.0
We enhance cultural and artistic life of community	18.1	17.2	12.3	27.7	16.9
We increase people’s pride in their community	22.2	13.2	11.7	13.3	15.7
We improve people’s access to basic services	9.7	16.9	18.1	13.3	14.6
We improve the local environment	14.7	9.5	8.1	8.3	10.5
We tackle the consequences of poverty	6.0	10.6	7.6	17.2	9.1
We help people to lift themselves out of poverty	4.3	7.8	9.2	11.1	7.6
We increase employability	4.2	8.0	9.4	11.3	7.4

Further analysis is clearly needed at a later date, using data from across England and Wales to look at the interactions between VCSE organisation size, location in richer or poorer areas and spatial range of work than is possible here (due to the size of the data set).

5.3 Social impact for beneficiary groups

The series of graphs in this section present data on perceptions of 'very strong impact' in each of the areas of impact. These data have been disaggregated to show which beneficiaries are served by VCSE organisations. This does not mean that VCSE organisations pay exclusive attention to one beneficiary group. As will become apparent in the sub-section 5.4, there are cross-overs between beneficiary groups which VCSE organisations serve.

Figure 5.2(a) presents data on VCSE organisations which serve broadly-defined beneficiary groupings; *children and young people*, *older people* and *people in general*. The bars of the graphs are arranged in rank order, with the heaviest area of impact area to the left and the lowest areas of impact area to the right.

It is notable that amongst VCSE organisations which 'work with people in general', their assessments of strong impact is more evenly distributed – as would be expected if there is a general commitment to social wellbeing rather than a focus on specific beneficiary groups.

VCSE organisations which serve the interests of children and young people and older people follow a similar pattern in defining their strongest areas of social impact. VCSE organisations supporting children and young people are more likely to emphasise impact in *environmental* issues and *employability* than those VCSE organisations working with older people.

VCSE organisations working with older people are slightly more likely to focus on *access to services*, *empowerment*, *reducing isolation* and *community cohesion* than is the case with VCSE organisations serving children and young people.

Figure 5.2(b) shows differences in perceptions of impact for VCSE organisations working with BAME groups, people in rural areas and people in deprived urban areas. It is notable that VCSE organisations working with BAME groups perceive that their impact is a good deal stronger, and especially so in relation to *confidence*, *community cohesion* and *empowerment*. There are also wide differences in relation to *access to services*, *cultural and artistic life of the community* and *poverty*. Only in relation to environmental issues, do BAME focused VCSE organisations report a lower level of impact.

VCSE organisations serving people in rural areas perceive levels of impact to be lower. This may partly be due to the smaller size of VCSE organisations working in rural areas. It is notable, however, that stronger emphasis is laid on *pride in the community* and the *cultural and artistic life of the community* than VCSE organisations working in deprived urban areas.

Amongst VCSE organisations which work with 'people in deprived urban areas', a stronger emphasis in impact is placed on *confidence*, *improving health and wellbeing* and *social isolation* compared with VCSE organisations working in 'rural areas'. There is also a much stronger emphasis, as would be expected, on having strong impact in issues surrounding poverty.

Figure 5.2(c) turns attention to health and social care issues. Perceptions of very strong impact are shown for VCSE organisations serving people with physical health problems, mental health issues, learning disabilities and physical disabilities – together with VCSE organisations which support carers.

What stands out in this graph is the broad similarities in assessments of very strong impact. As would be expected, the strongest emphasis is placed on issues surrounding *health and wellbeing*, *confidence*, *tackling isolation* and *personal empowerment*. VCSE organisations which work with carers place emphasis on their impact in raising carers' *confidence to manage their lives*,

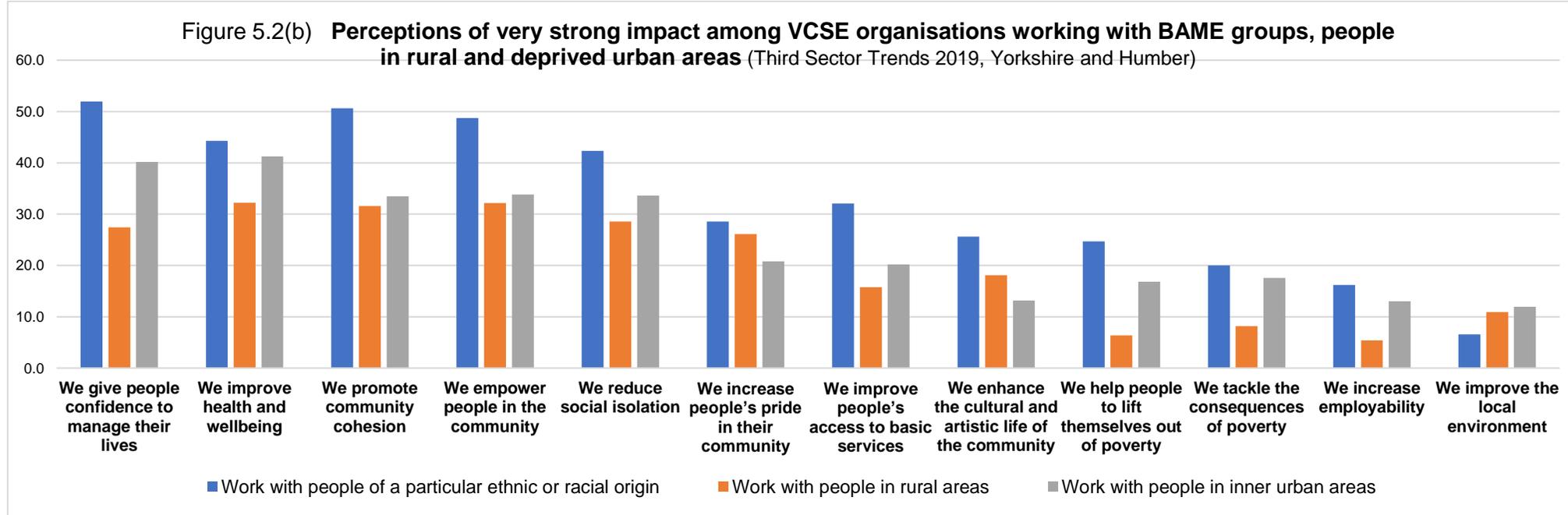
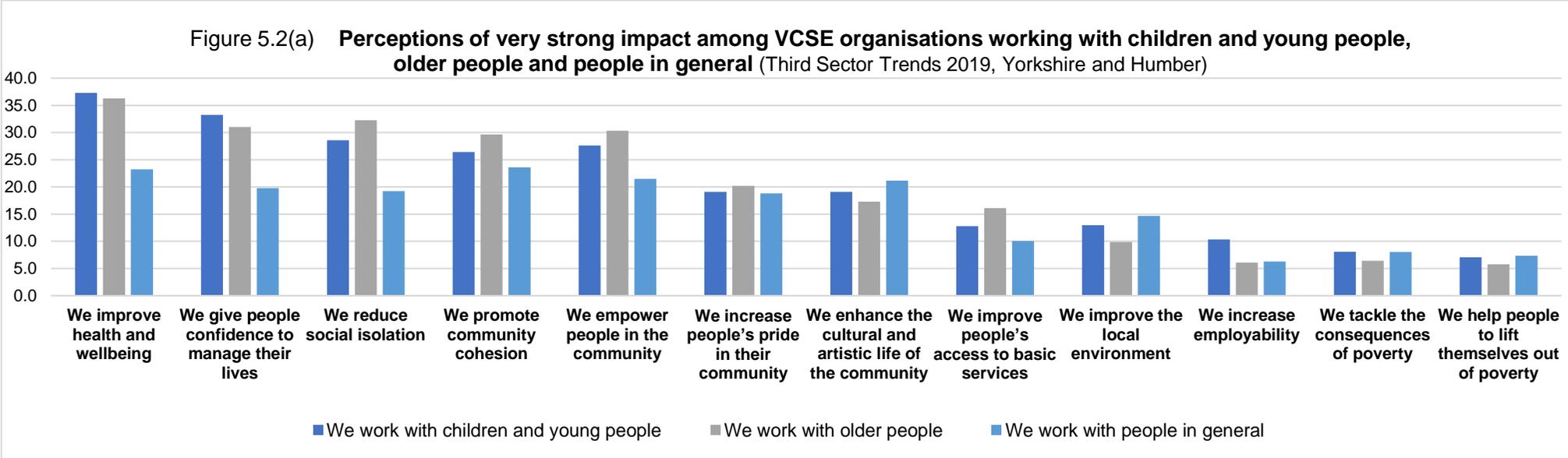


Figure 5.2(c) Perceptions of very strong impact among VCSE organisations working in the health and social care fields (Third Sector Trends 2019, Yorkshire and Humber)

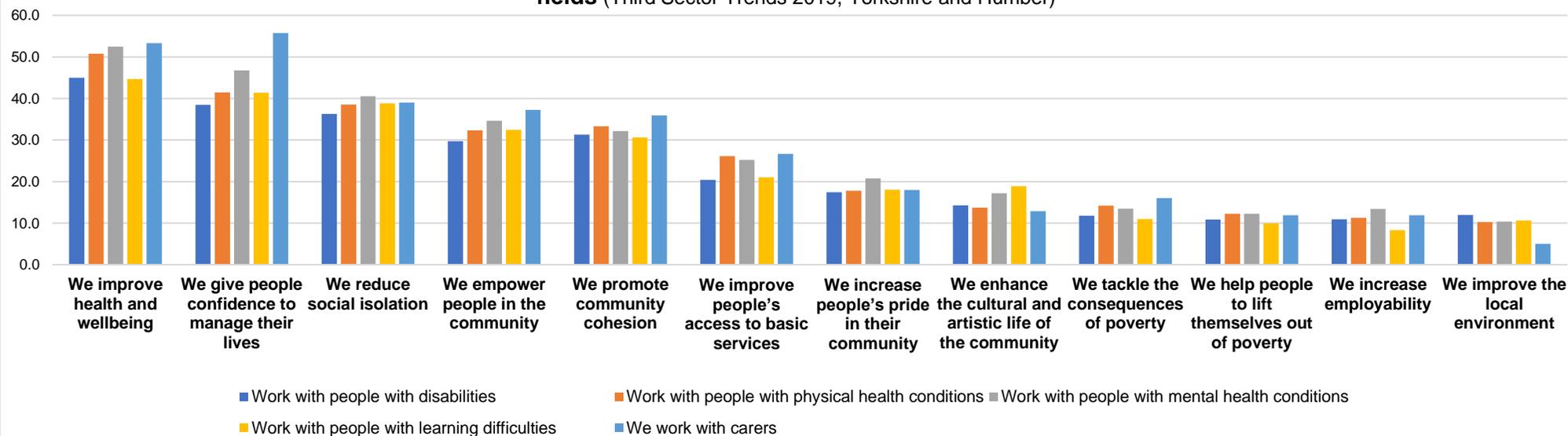
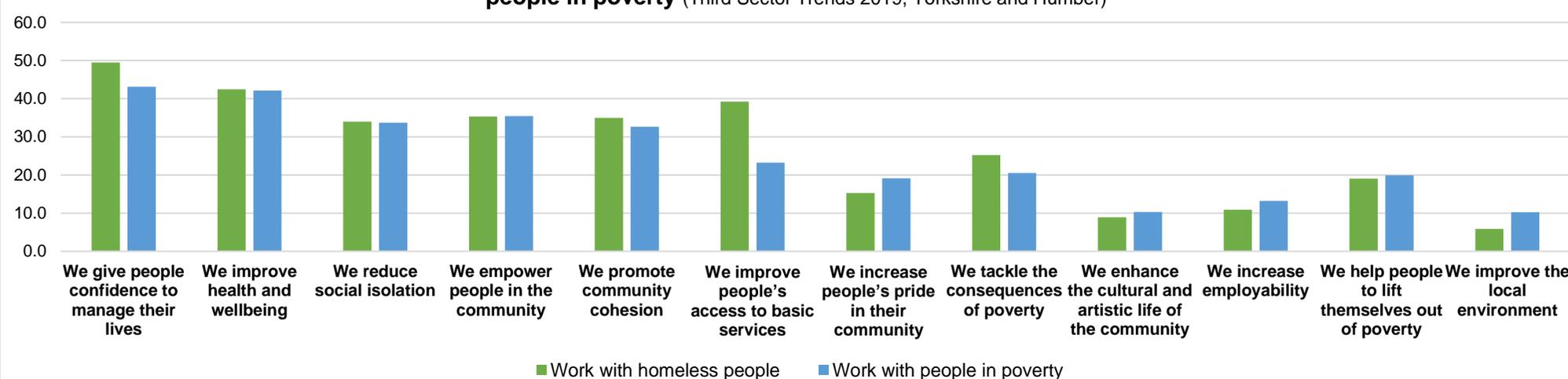


Figure 5.2(d) Perceptions of very strong impact among VCSE organisations working with homeless people and people in poverty (Third Sector Trends 2019, Yorkshire and Humber)



5.3 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 5.4 presents a matrix of data 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.⁸⁶

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 areas of impact tend to be clustered together due to the many interactions. Looking at the situation at this level of detail is, however, somewhat complex. Consequently, it is necessary to slim down the areas of perceived impact into more manageable categories.

⁸⁶ 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 5.4 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	1,059	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	1,229	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	332	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	360	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	533	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	666	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	390	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	855	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	903	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	631	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	1,071	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	355	

5.4 The accumulation of value

If the value of the VCSE sector activities is to be assessed in broad terms, it is necessary to identify core areas of sector practice into which its energy is directed. The above analysis has indicated that there is a good deal of overlap in the work of the VCSE sector.

Recognition that cross-overs in impact exist is important because it helps to show how difficult it is to 'attribute' impact in a highly focused way. This section shows the extent of cross-overs between different aspects of the VCSE sector's work. It does so using four 'core' variables that have been created from the twelve aspects of impact discussed in the previous section.

Through a process of clustering the twelve factors to see 'what-goes-with-what', four new broadly-based variables have been created. They address issues, arguably, of equal social importance, but that does not mean that the sector necessarily injects the same amount of energy into them with equal vigour.

The four core variables are shown on the top line of Table 5.5, and underneath is the list of variables that helped to construct it.

- **Personal health:** refers to direct support on health-related issues and / or support for people with health-related conditions (including mental health, physical health, physical disability and learning difficulties).⁸⁷
- **Personal wellbeing:** refers to aspects of personal attributes needed to take part in social life such as confidence, resilience, social skills, education, training and social capital.
- **Financial security:** refers to support to access aspects of social and financial inclusion through, for example, paid work, housing, access to services and benefits and either deal with aspects of poverty or find ways of escaping from poverty.
- **Community wellbeing:** refers to the strength of community ties, pride and social cohesion, quality of community facility, physical and cultural environment, and social inclusion and community empowerment.

⁸⁷ Only in the case of 'personal health' was it necessary to draw upon additional data because the category 'health and wellbeing' was too large and too generalised to use on its own. Consequently, in addition to those respondents who stated that 'health and wellbeing' was something they made a very strong contribution to in terms of impact, these were filtered by organisations which said that their beneficiaries fell into one or more of the following categories: mental health, physical health, physical disabilities and learning difficulties.

Figure 5.5 Construction of four key areas of social impact

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

Figure 5.3 Interactions between four core social impact variables

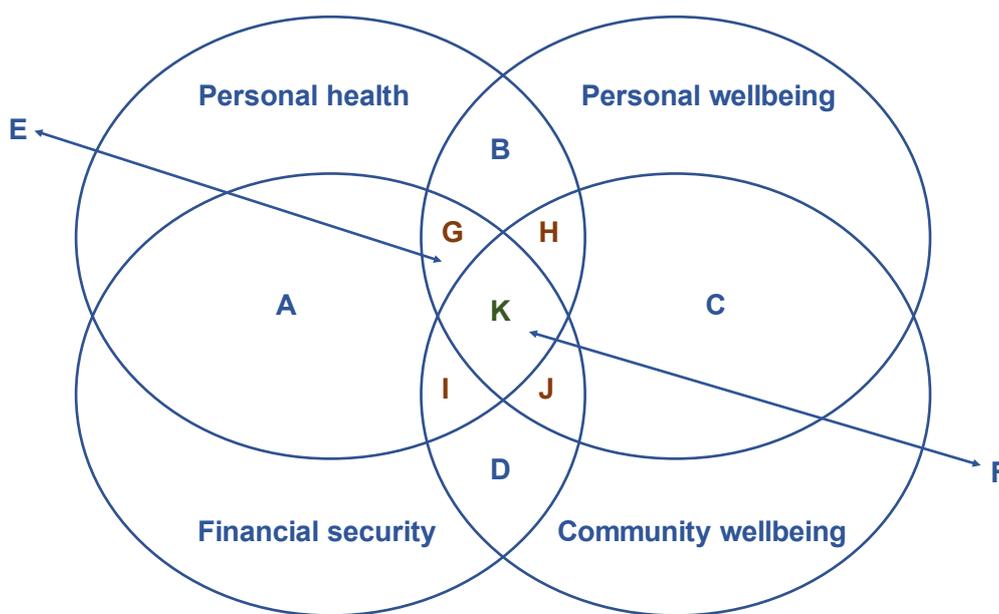


Table 5.5 Percentage interactions between core social impact variables (Third Sector Trends 2019, Yorkshire and Humber)	
Core areas of sector impact	
Personal health (62% of VCSE organisations say they make a substantive impact)	Personal wellbeing (52% of VCSE organisations say they make a substantive impact)
Financial security (27% of VCSE organisations say they make a substantive impact)	Community wellbeing (42% of VCSE organisations say they make a substantive impact)
Two-way interactions	
A = Personal health and Financial security (20%)	B = Personal health and Personal wellbeing (33%)
C = Personal wellbeing and Community wellbeing (21%)	D = Community wellbeing and Financial security (13%)
E = Personal health and Community wellbeing (27%)	F = Financial security and Personal wellbeing (18%)
Three-way interactions	
G = Personal health, Personal wellbeing and Financial security (13%)	H = Personal wellbeing, Community wellbeing and Personal health (14%)
I = Personal health, Financial security and Community wellbeing (10%)	J = Community wellbeing, Personal wellbeing and Financial security (8%)
Four-way interactions	
K = Personal health, Personal wellbeing, Financial security and Community wellbeing (6%)	

It is possible to make firm estimates on the number of VCSE organisations which get involved in these different activities, as shown in Table 5.6. The key point of this table is to demonstrate the extent to which VCSE organisations contribute to many aspects of social benefit simultaneously.

For example: 62% of VCSE organisations feel that they contribute to personal health. Amongst these VCSE organisations,

- 33% also feel that they contribute to personal wellbeing, 20% feel that they contribute to financial security, and 27% feel that they contribute to community wellbeing.
- Organisations that contribute to personal health often think they make a good contribution across three areas of social impact. For example, 14% of VCSE organisations think they contribute to health, personal and community wellbeing.
- And finally, 6% of VCSE organisations feel that they contribute well to all aspects of social impact.

It is easy to imagine why one VCSE organisation might feel that they can contribute to all aspects of social wellbeing. For example, a local community sports club working with young people in an affluent or disadvantaged area could make a reasonable claim that they contribute in the following ways:

- Young people become more fit and agile (personal health).
- Young people become more socially confident (personal wellbeing).

- Young people become more involved in and contribute to their community (community wellbeing).
- Young people are better able to be financially secure because of all the above (financial security).

By dissecting and interpreting the data this way, it is possible to recognise that this does not simply represent ‘duplication’ of the effort of VCSE organisations, but that VCSE organisations’ effort is multifaceted and can ‘add value’ in a multitude of ways.

That stated, it must also be accepted that no one VCSE organisation, even if it does contribute to all aspects of social impact, *achieves* all the impact. Instead, impact accumulates from the activities of a whole range of organisations operating in the VCSE sector (together with public and private sector bodies).

Table 5.6 Interactions between elements of social impact and estimated number of organisations involved in each study area								
		Percent of VCSE organisations that feel that they make a good impact on these issues	West Yorkshire Combined Authority	West Yorkshire and Harrogate Health and Care Partnership	Humber, Coast and Vale Health and Care Partnership	Yorkshire and Humber		
Personal health		62.0	3,250	4,033	3,660	8,870		
Personal wellbeing		52.4	2,750	3,409	3,094	7,497		
Financial security		27.4	1,440	1,780	1,616	3,915		
Community wellbeing		41.7	2,190	2,713	2,462	5,967		
Two-way interactions (% VCSE organisations which feel that they contribute to both areas of impact)								
Personal health	Personal wellbeing	32.8	1,720	2,140	1,940	4,690		
Personal health	Financial security	20.2	1,060	1,310	1,190	2,880		
Personal health	Community wellbeing	26.9	1,410	1,750	1,590	3,840		
Personal wellbeing	Financial security	17.6	920	1,140	1,040	2,510		
Personal wellbeing	Community wellbeing	20.7	1,090	1,350	1,220	2,970		
Community wellbeing	Financial security	12.8	670	830	750	1,830		
Three-way interactions (% VCSE organisations which feel that they contribute to all three areas of impact)								
Personal health	Personal wellbeing	Economic security	12.9	680	840	760	1,840	
Personal health	Personal wellbeing	Community wellbeing	13.9	730	910	820	1,990	
Personal health	Community wellbeing	Economic security	10.1	530	660	590	1,440	
Community wellbeing	Economic security	Personal wellbeing	7.7	400	500	460	1,100	
Four-way interactions (% VCSE organisations which feel that they contribute to all four areas of impact)								
Personal health	Personal wellbeing	Economic security	Community wellbeing	6.0	314	390	354	858

5.5 Summary

The analysis in this section has shown that the activity of the VCSE sector cannot easily be disaggregated into fields of practice. Individual VCSE organisations, large or small, believe that they make a strong impact across a range of areas of personal and social benefit.

These findings have profound implications for the way that overall VCSE sector impact can be considered. The analysis indicates that whole sector value cannot simply be built up in blocks from assessments of impact in discrete areas of practice. Instead, it only makes sense to paint a picture of VCSE sector impact with a broad brush.

Section 6

Social and economic value

6.1 How to value sector activity

This study was designed to examine ways of assessing the contribution of the VCSE sector as a complete entity to the social and economic wellbeing of three areas of Yorkshire and Humber: Humber, Coast and Vale Health and Care Partnership area, West Yorkshire Combined Authority area and West Yorkshire and Harrogate Health and Care Partnership area.

This represents a departure from most evaluation studies of sector impact which, until now, have tended 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*.⁸⁸ 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.⁸⁹ More recently, the use of *social impact bonds*, which are devised to incentivise social

⁸⁸ 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.

⁸⁹ 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 if change?* London, NESTA: <https://www.nesta.org.uk/blog/whats-wrong-with-theories-of-change/>

investment by pinpointing likely financial outcomes, have caught the political imagination in some circles.⁹⁰

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 (as shown in Section 5) 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.⁹¹ 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

⁹⁰ 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 .

⁹¹ 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>.

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.

The limitations of impact attribution

This critical discussion indicates that current approaches to evaluation work tend to be driven by a desire to 'attribute' impact to discrete funding streams. This has been especially common in public sector funding programmes since the 1980s when procurement practices were transformed to increase outsourcing of public service delivery, to encourage greater competition amongst private or VCSE sector suppliers, and to improve quality while driving down costs.

This has not always been the case. It was once much more common for local authorities and health authorities to award grants or issue 'service level agreements' to trusted service delivery partners in the VCSE.⁹² Such funding arrangements are still commonly used by charitable trusts and foundations which are not bound by public sector procurement rules.

In a recent Third Sector Trends study of the work of 25 grant making charitable trusts and foundations,⁹³ it was shown that the majority of foundations made little use of formal approaches to impact assessment. Often it was argued that the areas of work they funded were so complicated that even intensive scrutiny would be unlikely to yield convincing evidence. As one participant in the study remarked:

'It's about not necessarily knowing the answer, it's best not to presume too much about things. Good grant makers use judgement and proportionality in their decision making.'

Many charitable trusts and foundations argued that it was more important to focus attention on the quality of the relationship they had developed with VCSE organisations they funded. As one participant argued:

'Actually, I've got no interest in measuring our impact. What I'm interested in is what relationship do we have with those charities, and what relationships they have with communities, other charities and the public sector. Then we can ask ourselves what we are sustaining. And expecting that sometimes it will fail, and not beating ourselves up about that. I don't think it protects you from failure by having really strict criteria on impact and I think that a lot of the stuff that is generated is just put in a drawer and never read.'

In practice terms, some charitable trusts and foundations which had been heavily involved in the use of complex approaches to impact assessment, were rethinking their strategy. This shift in policy was brought about by the realisation that the attribution of impact to funding streams was much harder to do than expected:

'Rather than focusing on the attribution of evidence, we ought to start saying we'll share the outcomes. And because [VCSE organisations] are

⁹² In the early 1980s, government encouraged the use of procurement practices to outsource public services. This represented a cultural shift from 'public administration' towards 'public management'. Strong emphasis was placed on notions of 'value for money' and 'improvement' strategies applied to customer service and evaluation of satisfaction. This resulted in stronger dependence upon systems of collaborative governance of the commissioning process and progressively increased use of contracts for the engagement of private sector or VCSE sector organisations to deliver services. For a useful account of the development of this policy shift, see: Powell, M. (2007) *Understanding the Mixed Economy of Welfare*, Bristol: Policy Press; Dunleavy, P. and Hood, C. (2007) 'From old public administration to new public management', *Public Money and Management*, 14:3, 9-16.

⁹³ Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle: Community Foundation serving Tyne & Wear and Northumberland: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2020/02/CFTWN-Strength-of-Weak-Ties-Full-Report-February-2020.pdf>

working in a very fluid environment where people have complex and changing needs, you just have to let the organisation get on with doing the best it can for those individuals. It's about how well they manage their money as an organisation, not attribution. That might be a problem for some funders, but it's probably the direction we need to go.'

In this study of the VCSE sector there is an opportunity to look at social and economic impact in a different way from conventional evaluation research. Devising such an approach can proceed based on the understanding gained from analysis in Sections 2-5 of this report on sector structure, dynamics and perceived impact.

The following key findings should 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.
- 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.

Financial impact values as indicators of 'economic growth'

There is currently much political interest at the national level in finding ways of accounting for the financial value of the VCSE sector's work.⁹⁴ It is a well-intentioned aim, which centres on the idea that the activities of the VCSE sector are currently insufficiently credited or rewarded because the impact it achieves does not lend itself to the conventional approaches to measurement such as its contribution to gross domestic product (GDP).

⁹⁴ See for example, Kruger, D. (2020) *Levelling up our communities: proposals for a new social covenant*, <https://newsocialcovenant.co.uk/>. Haldane, A. (2019) *The third pillar and the fourth industrial revolution*, Pro Bono Economics 10th Anniversary Lecture: <https://www.probonoeconomics.com/news/andy-haldanes-full-speech-from-the-pro-bono-economics-10th-anniversary-lecture>. There are several initiatives under way to produce economic assessments of sector value. See, for example, a recent report by Pro Bono Economics to encourage government to include more data on VCSE sector activity in the National Accounts. See Kenley, A. (2021) *Taking account: the case of establishing a UK social economy satellite account*, London: Pro Bono Economics / Law Family Commission on Civil Society, available here <https://www.probonoeconomics.com/news/government-faces-significant-gap-in-its-understanding-of-economy>

GDP is a monetary measure calculated to record total economic output of goods and services.⁹⁵ This measure is used at national and international levels to calculate and compare levels of economic growth. A second measure 'gross value added' (GVA) is used by government to assess levels of economic activity in industrial sectors and/or geographical regions.⁹⁶ While GVA is not a measure of productivity, it is widely used to compare the strength of economic activity in regions or industrial sectors.

In recent years, the use of GDP and GVA as indicators of national, regional or industrial sectoral strength and vitality has attracted criticism. In the context of this report, the most important of which is that such measures put emphasis on economic growth but largely ignore the inequitable distribution of the benefits of that growth nationally and internationally.⁹⁷

Given the shortcomings of conventional economic indicators, new approaches have been put forward. For example, campaigns on 'community wealth building'⁹⁸ have highlighted the importance of the local social and economic multiplier effects gained via local public sector procurement strategies.

Relatedly, policy work which focuses on the value of the 'foundation economy' emphasises the collective contribution of local business activity, the work of the local public sector and the VCSE sector on local social and economic wellbeing. As Andy Haldane, former Chief Economist at the Bank of England has argued in an afterword to *The Foundational Economy*:

'The critique goes to a set of deep questions in economics and economic policy. How do we assess how well society is being served by the economy? The existing conventions, based around individuals' consumption of private goods – in short, GDP. Or an alternative, based on everyone having sufficient access to social, as well as private, goods – a broader measure of wellbeing?'

⁹⁹

In the context of this study of the social and economic impact value the VCSE sector produces, the use of conventional metrics on productivity could only partially capture the value that the sector produces. So it has been necessary to think of other ways of doing so.

Rather than trying to 'force' sector activity into a systematic model, it is better to go with the flow and accept that it is hard to pin down in precise terms what the sector does and what it achieves.

Figure 6.1 provides a simple diagram to show that sector activities are characterised both by inherent tensions and aspects of complementarity. It is not inconceivable that a single VCSE organisation could do all the things listed in the following bullet points. For example, the RSPB is involved in *protecting* habitat, *challenging* those who threaten habit, *relieving* the conditions of birds which have been harmed and *investing* in practical or policy-oriented programmes to remedy the loss of habitat.

⁹⁵ For a concise description of GDP and how it is constructed, see *The Economist* definition <https://www.economist.com/economics-a-to-z/g#node-21529906>

⁹⁶ The ONS definition of GVA and how it is calculated can be found here: <https://www.ons.gov.uk/economy/grossvalueaddedgva>

⁹⁷ There is a large literature on the linkages between more equal societies and social wellbeing which is critical of conventional emphasis on economic growth. See: Piketty, T. (2014) *Capital in the twenty-first century*, Cambridge, Mass: Belknap Press of Harvard University; Stiglitz, J. (2013) *The Price of Inequality*, Harmondsworth, Penguin; and, Wilkinson, R. and Pickett, K. (2010) *The Spirit Level: why equality is better for everyone*, Harmondsworth, Penguin.

⁹⁸ See, for example, Guinan, J. and O'Neill, M. (2020) *The case for community wealth building*, Cambridge: Polity Press.

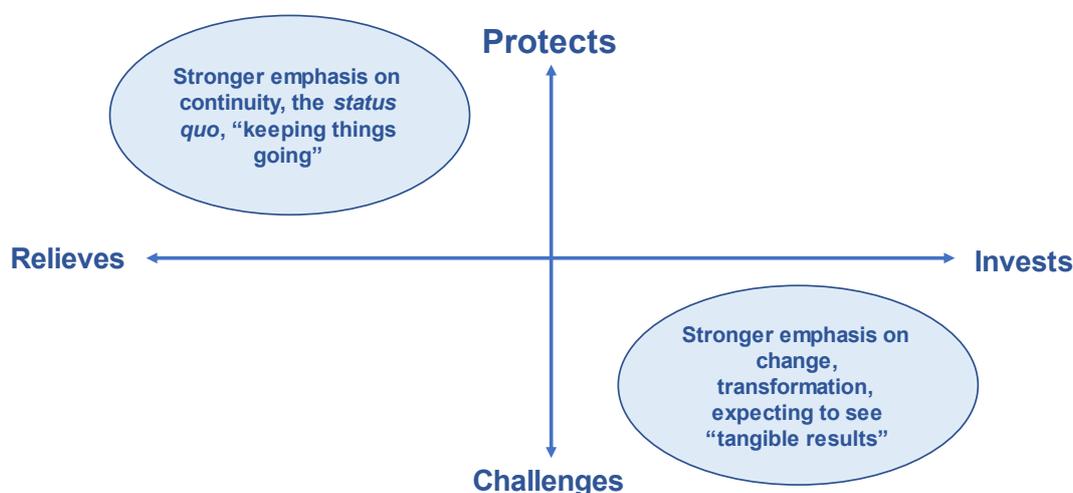
⁹⁹ Haldane, A. (2018) 'Measuring and shaping the economy: afterword', *Foundational Economy*, Manchester: Manchester University Press.

- **Protects:** when VCSE organisations preserve or protect something which they feel has inherent importance or is, for some reason, under threat from others.
- **Challenges:** when VCSE organisations question the attitudes and behaviour of others or encourage attitudinal or behavioural change.
- **Relieves:** when VCSE organisations tackle an issue by meeting needs that are ignored, neglected or caused by others.
- **Invests:** when VCSE organisations strengthen the resilience, capability or resolve of others to achieve an objective.

Finding a way to ascribe ‘value’ to each of these activities in a standardised way is not possible because the *inherent* value of the activity may be defined differently, depending on the point of view of, for example, the people who lead and manage a VCSE organisation which delivers activity, the employees and volunteers who engage in hands-on delivery of services, those people who are the recipients of that activity and from onlookers (in the private or public sectors or the general public) who make their own ‘value judgement’ about whether the activity is worthwhile.

Figure 6.1 also shows that the VCSE sector can be thought of as a force for stability and continuity, but also a force which challenges and produces change. It is inevitable that opinions will vary at organisational level and sector levels on what should be regarded as ‘legitimate’ or ‘beneficial’ action depending on the point of view of the observer.

Figure 6.1 What does the VCSE sector do?



6.2 Accounting for whole sector value

This section outlines a methodology to help VCSE sector stakeholders to make informed judgements about sector value.

Consultation exercises

As a part of the research process, two consultation exercises were held to test ideas and methodologies on how to assess sector value. The consultations were held with stakeholders in July 2021. Stakeholders included public sector officers from local authorities and NHS trusts, charitable foundations and trusts, sector representatives from VCSE infrastructure organisations and a range of practice oriented VCSE

organisations.¹⁰⁰ The first was held with Humber, Coast and Vale Health and Care Partnership area stakeholders, and the second was held with West Yorkshire and Harrogate Health and Care Partnership area stakeholders.

An approach to defining and estimating the impact value of VCSE sector activity was presented to each stakeholder group – adopting separate sets of calculations on impact for each area. Following this, an hour was set aside for discussion. Participants were also given the opportunity to make contact by email if they chose to explore issues in more detail later if required.

In the stakeholder sessions, a clear tension emerged between the desire to demonstrate economic and social impact in a technical and monetised format, and a less rigid socially value-driven approach to emphasise sector strengths in all their complexity.

Some participants lacked enthusiasm for embracing either the language or logic of economic assessment of sector impact. A view was expressed that the work of the VCSE was different from either that of public sector or private sector and as such, should be valued in its own context, not using indicators that better suited the work of other sectors.

Other participants took a different position, and argued that by embracing aspects of economic measurement of sector energy and productivity, the value of the VCSE sector's contribution to economy and society could be made more persuasively to stakeholders in the public and private sectors.

For the most part, participants sought a compromise position where both economic and social approaches to evaluating the contribution of the sector were incorporated into the analysis. In making this case, it was clear that a balance needed to be struck between meeting the needs of the VCSE sector to achieve its own objectives whilst also connecting where appropriate with the policy and practice narratives of other sectors.

For example, it was recognised that in public sector circles, increasing policy emphasis was being placed on strengthening community resilience. Strong evidence on the volume of VCSE sector activity and the strength of its impact, it was felt, could bolster public sector commitment to work in complementary ways with the VCSE sector.

The final approach taken to assessing sector value, after taking stock of the comments made in the stakeholder exercises and making necessary amendments, is presented below.

Key definitions

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:

¹⁰⁰ A full list of stakeholders can be found in Appendix 8.1.

- 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.
 - **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.

6.3 How can sector value be assessed?

This section explains how value can be assessed in four stages.

- The first step is to produce financial and proxy-financial estimates of the **energy** which the VCSE sector has at its disposal to produce social and economic value.
- The second step is to define '**types of value**'. Six types of value are defined, three of which can be 'monetised', and three of which cannot.
- The third step is to present estimates for the **financial value of sector impact** for the local economy.
- Some types of value cannot be measured, but this does not mean that such forms of value do not exist. The final step involves discussion of how to make **informed judgements about how to value the social contribution the sector**.

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.¹⁰¹
- **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).¹⁰²

As shown in Table 6.1, these financial values when combined reach substantial sums in each of the areas studied. But these statistics do not fully reflect the whole value 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.

¹⁰¹ 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.

¹⁰² 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 Yorkshire and the three study areas. 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>.

Table 6.1 Financial and proxy-financial value of energy the VCSE sector injects into area activity (£ millions)			
	West Yorkshire Combined Authority	West Yorkshire and Harrogate Health and Care Partnership	Humber, Coast and Vale Health and Care Partnership
VCSE sector financial expenditure	1,260.8	1,441.3	948.0
Proxy-replacement value of volunteer time in each area (mid-point estimate)	97.2	118.6	102.6
Proxy value of additional in-kind support in each area	29.7	31.7	21.8
Proxy value of additional sources of self-generated income in each area	8.6	9.1	6.3
Total financial value of sector energy expended by the VCSE in each area	1,396.2	1,600.7	1,078.7

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.¹⁰³

- **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.
- **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

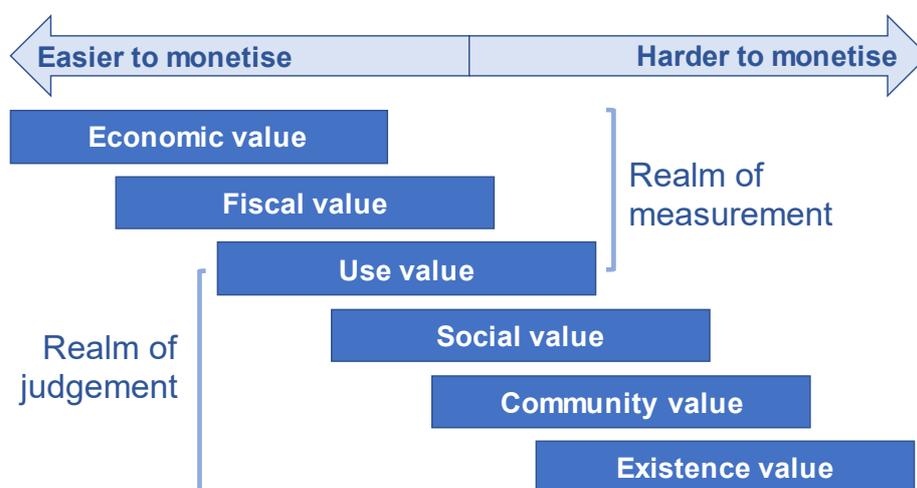
¹⁰³ There is a large academic and policy literature on the definition and measurement of value. A useful recent contribution has been offered by Mulgan, G., Breckon, J., Tarrega, M., Bakhshi, H., Davies, J., Khan, H. and Finnis, A. (2019) *Public value: how can it be measured, managed and grown?* London: 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>

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 6.2 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 6.2 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).¹⁰⁴

¹⁰⁴ 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*

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 practice boundaries – but without necessarily considering how other interventions may have contributed to overall impact.¹⁰⁵

sector, London: Power to Change, <https://www.powertochange.org.uk/wp-content/uploads/2019/09/Open-call-report-Striking-a-Balance-DIGITAL-V6.pdf>

¹⁰⁵ 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. See also, Harlock, J. (2013) *Impact measurement practice in the UK third sector: a review of emerging evidence*, Birmingham: Third

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.¹⁰⁶ 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 6.2.

	West Yorkshire Combined Authority		West Yorkshire and Harrogate Health and Care Partnership		Humber, Coast and Vale Health and Care Partnership	
Value of VCSE sector energy invested in the area (£ millions)	1,396.2		1,600.7		1,078.7	
Estimated added value (£ millions)	Lower estimate	Higher estimate	Lower estimate	Higher estimate	Lower estimate	Higher estimate
Economic multiplier value (range 55%-75%)	767.9	1,047.2	880.4	1,200.5	593.3	809.0
Fiscal multiplier value (range 45%-65%)	628.3	907.5	720.3	1,040.4	485.4	701.1
Use value multiplier (range 25%-45%)	349.1	628.3	400.2	720.3	269.7	485.4
Total contribution	3,141.5	3,979.2	3,601.5	4,561.9	2,427.0	3,074.2

The accumulation of value

The fourth 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.

As shown in Section 5 of this report, VCSE organisations believe that they make a strong contribution to one or many aspects of social life. Similarly, it has been shown in Section 3 that people in public sector and private sector organisations, with whom VCSE organisations come into contact, also value the activity of the VCSE sector.

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

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

¹⁰⁶ 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=Cj0KCQjw6NmHBhD2ARIsAl3hrM1eO53eusFbSpDO2pvaHqxGNvJrKr31zlf2ucWS48sGtAQIvQ_tNoaApJQEALw_wcB

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 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. As part of the research process, all members of the commissioning group individually explored, at a purely theoretical level, the tangible (or ‘direct’ and ‘measurable’) and intangible (or ‘indirect’ or ‘unmeasurable’) values of a range of VCSE sector activities including, for example:

- A tea dance in a village hall for older local residents
- After-school sports activities
- A craft club for people with learning disabilities
- A community café in a relatively poor area where there are no other cafes.

For each of these initiatives, attempts were made to identify potentially positive or negative impacts for individuals, communities and the costs and benefits for VCSE organisations.

The exercise was a useful one (which anyone can try) in that it helped to emphasise the complexities surrounding the identification of tangible or intangible benefit. Furthermore, it helped to demonstrate that ‘intangible benefits’ were often regarded as equally or *more* ‘valuable’ than tangible benefits.

There is a wealth of good qualitative research evidence available to demonstrate how intangible aspects of benefit are highly valued. One example is provided from a series of case studies undertaken by the author as part of a separate study.¹⁰⁷ 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 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.¹⁰⁸

¹⁰⁷ 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>

¹⁰⁸ 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/>.

Keeping things simple

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.

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 6.3.

	West Yorkshire Combined Authority		West Yorkshire and Harrogate Health and Care Partnership		Humber, Coast and Vale Health and Care Partnership	
Value of sector energy invested in the area (£ millions)	1,396.2		1,600.7		1,078.7	
Estimated added value (£ millions)	Lower estimate	Higher estimate	Lower estimate	Higher estimate	Lower estimate	Higher estimate
Estimated economic, fiscal and use value	1,745.3	2,583.0	2,000.9	2,961.2	1,348.4	1,995.5
Estimated social value (at least equal to the value of energy put in by the VCSE sector)	1,396.2	1,396.2	1,600.7	1,600.7	1,078.7	1,078.7
Total value of sector energy and impact	4,537.7	5,375.4	5,202.3	6,162.6	3,505.8	4,152.9
Total value divided by initial energy invested to produce an overall multiplier ratio	3.3:1	3.9:1	3.3:1	3.8:1	3.3:1	3.8:1

Section 7

Summary and discussion

7.1 Summary of key statistical findings

The VCSE sector comprises a wide range of organisational types, including registered charities, Charitable Incorporated Organisations, Community Interest Companies, Cooperatives and Community Benefit Societies, Community Amateur Sport Clubs and range of other registered societies and clubs.

Size of the sector

Across Yorkshire and Humber there are about 14,300 VCSE sector organisations (VCSE organisations). It is estimated that there are 2.6 registered VCSE organisations per 1,000 members of the resident population in Yorkshire and Humber. It is estimated that there are many more unincorporated societies and groups which sit 'below the radar' of official registers – numbering about 18,400. The total number of estimated registered and unregistered organisations and groups is 32,700 – 5.9 per 1,000 members of the resident population.

Sector finances

The total income of the VCSE sector in Yorkshire and Humber is about £3bn. But this income is not shared equally by VCSE organisations. The biggest VCSE organisations (with income over £1m) absorb about two thirds of income while micro VCSE organisations (with income below £10,000) receive less than 1 per cent. Sector income is about £2.99bn while expenditure is at a similar level of £2.93bn. Sector assets in Yorkshire and Humber stand at £4.1bn, this is comprised of £2.1bn of property assets, 1.1bn of investment assets and £825m cash-in-hand reserves.

Summary data by area geographies can be found in Table 7.1.

	Registered VCSE organisations	Below the radar unregistered groups	Number of VCSE organisations per 1,000 population	Sector income (£ millions)	Sector expenditure (£ millions)	Sector assets (£ millions)
West Yorkshire Combined Authority	5,200	6,800	2.3	1,246.2	1,260.8	1,724.7
West Yorkshire and Harrogate Health and Care Partnership	6,500	8,400	2.6	1,463.2	1,441.3	1,981.9
Humber, Coast and Vale Health and Care Partnership	5,900	7,600	3.5	999.2	948.0	1,339.5
Yorkshire and Humber	14,300	18,400	2.6	2,991.9	2,927.8	4,046.7

Employment and volunteering

It is estimated that there are 69,800 full-time equivalent VCSE sector employees in Yorkshire and Humber delivering 115 million hours of work which is valued at £1.9bn in salary terms. Employees comprise between 3-4 per cent of the regional labour force.

VCSE organisations amount to about 3.4 per cent of all business employers in the region and contributes the equivalent of 1 per cent of business turnover. By employment, the VCSE sector is of comparable size to, for example, the information and communication industry and is larger than financial and insurance industries.

Regular volunteers who work for VCSE organisations number 320,600 and provide 12m hours of work which has a proxy financial replacement value of between £201m (at National Living Wage) and £314m (at 80% of the average regional wage). This adds between 6.7 and 10.5 per cent value to sector income.

It has been possible to generate reliable estimates on the financial or proxy-financial value that the sector injects into its work in local areas.

Findings for area geographies are summarised in Table 7.2.

	<i>Employees</i>			<i>Volunteers</i>			
	Estimated full-time equivalent employees	Total hours worked	Total wages	Estimated number of volunteers	Hours worked	Proxy value at National Living Wage	Proxy value at 80% average regional wage
West Yorkshire Combined Authority	29,700	49.0m	£845.9m	121,000	8.7m	£75.9m	£118.4m
West Yorkshire and Harrogate Health and Care Partnership	34,100	56.3m	£959.0m	147,900	10.6m	£92.4m	£144.7m
Humber, Coast and Vale Health and Care Partnership	23,200	38.3m	£612.7m	127,700	9.2m	£80.2m	£125.0m
Yorkshire and Humber	69,800	115.1m	£1,911.6m	320,600	23.1m	£201.4m	£313.8m

Social and economic impact

The energy the VCSE sector employs to achieve social impact also has a multiplier effect upon the local economy, contributes to fiscal savings for public sector bodies and produces immediate use values for beneficiaries.

The social, community and existence value the VCSE produces cannot be defined statistically due to the complex nature of its makeup and difficulties in comparing practices and outcomes. It is nevertheless expected that this added value is at least equal to the value of the energy invested by the sector.

Estimates of the value of the social and economic impact of the VCSE sector have been estimated as shown in Table 7.3

	West Yorkshire Combined Authority		West Yorkshire and Harrogate Health and Care Partnership		Humber, Coast and Vale Health and Care Partnership	
Value of sector energy invested in the area (£ millions)	1,396.2		1,600.7		1,078.7	
Estimated added value (£ millions)	Lower estimate	Higher estimate	Lower estimate	Higher estimate	Lower estimate	Higher estimate
Estimated economic, fiscal and use value	1,745.3	2,583.0	2,000.9	2,961.2	1,348.4	1,995.5
Estimated social value (at least equal to the value of energy put in by the VCSE sector)	1,396.2	1,396.2	1,600.7	1,600.7	1,078.7	1,078.7
Total value of sector energy and impact	4,537.7	5,375.4	5,202.3	6,162.6	3,505.8	4,152.9
Total value divided by initial energy invested to produce an overall multiplier ratio	3.3:1	3.9:1	3.3:1	3.8:1	3.3:1	3.8:1

7.2 Discussion: how to value the VCSE sector

This report has shown that in the three areas of study, the VCSE sector is large, varied in composition and purpose and has significant economic and fiscal benefits to the local economy as well as producing use values for beneficiaries.

It has also been argued that estimating the value of less tangible aspects of VCSE sector is hard to do. This is because of the many intersections in sector activity which makes boundaries between discrete spatial areas, fields of practice and beneficiary groups hard to disaggregate and attribute value.

One clear message arising from the analysis is that assessment of the value of intangible aspects of sector impact is largely based on informed judgement. But because these judgements are made implicitly by users of services or indirectly by grant makers – they are not made consistently and cannot easily be compiled statistically. This can render many of the benefits produced by the VCSE sector invisible.

You don't know what you've got 'till it's gone

It is essential to recognise that civil society is strong in the UK compared with many other nations and that the hard-won rights which underpin civil society, some of which have been in place for centuries, make its existence fundamental to our culture. When something is so deeply embedded in society, there is a tendency to take it for granted – perhaps even see it as 'normal' and thereby diminish the value of its significance.

The ownership of a strong civil society is, of course, anything but 'normal' when observed from an international perspective. But in the UK, it is virtually impossible to conceive of a situation where civil society could cease to exist. It is simply assumed that people will continue to come together, of their own volition, to tackle social, economic or environmental issues that are important to them.

By recognising the 'presence' of civil society as *unusual*, rather than *normal*, it is possible to think about the consequences for state and society if a strong VCSE

sector no longer existed. It may be difficult to come to clear conclusions on the total value of the VCSE sector to society when it exists, but in its absence, it would be all too easy to recognise what had been lost – and soon after, the cost to the state of the consequences of that loss.

Room for improvement?

Too often the VCSE sector is observed through a negative lens by commentators from outside of the sector. Aspersions are regularly cast that it is not, in some sense, quite cutting the mustard in comparison with the private or the public sectors. This has led over the last twenty years to a wide range of well-meaning policy initiatives, largely but not exclusively from government to ‘improve the performance’ of the VCSE sector.

Examples include many interventions to improve the *capability* of the VCSE sector – by making it more efficient, productive and more self-reliant.¹⁰⁹ There have also been many attempts to build the *capacity* of the sector by, for example, encouraging VCSE organisations to grow or to harness the ‘untapped’ reservoir of volunteers.

Much of this support may have been welcomed by some VCSE organisations, but most of these interventions ultimately failed to transform the sector as intended. The size and structure of the sector has remained similar, and the proportion of people who regularly volunteer has remained about the same for at least the last two decades.¹¹⁰

The question is, does this represent the VCSE sector’s failure to respond, or the failure of government and other agencies to recognise, understand and respect the limits to which civil society can be pushed and shoved to serve other sectors’ agendas?

Pressure on the VCSE sector to achieve more is rarely accompanied with sufficient additional resource to do so. And too often, what funding agencies want the VCSEs sector to do more of is associated with their own agendas rather than those of VCSE organisations. Big funding pots tend to be associated with programme interventions with objectives which were devised outside of the VCSE sector rather than assigning core funding to the VCSE sector to get on with things that they already do well.

Looking at the issue from this perspective makes it clear that there is a good deal of scope for parts of the VCSE sector to achieve more than it does now, but not within the bounds of its current energy resources.

Sector energy, potential and momentum

Bigger VCSE organisations command most of the financial energy of the sector. But they constitute just a small minority of organisations in the sector. The majority of VCSE sector organisations are small, they tend to be independently minded but work in neighbourly or complementary ways with other organisations and groups.

These smaller organisations depend on voluntarily given time as their core energy resource and work mainly at a local level on issues of importance to them. For the most part, there is no need for them to grow, to work on a wider spatial range than they do now or to align themselves with other people’s agendas.

As far as most of these organisations are concerned, they just want their work to be valued for *what it is*, not *what it should be* from the perspective of outsiders. Even if it were possible, the cost of enumerating the value of their impact would be prohibitive

¹⁰⁹ The success of capability development programmes has been mixed, for a critical review of this literature, see Macmillan, R., Ellis Paine, A., Kara, H., Dayson, C., Sanderson, E. And Wells, P. (2014) Building Capabilities in the Voluntary Sector: What the evidence tells us, Birmingham: Third Sector Research Centre, Working Paper no. 125.

¹¹⁰ The NCVO Civil Society Almanac produces accessible time-series data on change in size and resource and volunteer numbers. https://data.ncvo.org.uk/?_cldee=bWVyc2V5c2lkZWVudmlyb25tZW50YWx0cnVzdEBnbWFpbC5jb20%253d&urlid=6

and, in any case, few small organisations would be interested in doing so as it would distract them from their work.

It is for observers, therefore, to make proportionate judgements of the social value of the energy put in by these organisations and recognise that while this energy is applied to social issues in unsystematic ways, impact accumulates to produce social and community value.

“If we’re not here, we can’t help”

Finally, it is worth reiterating an earlier point about the VCSE sector’s ‘existence value’. Civil society and the VCSE sector which sits within its boundaries, is durable and to a large extent sustainable within certain limits. Continuity in the sector is strengthened by its ‘natural momentum’ as the civic core evolves and invests energy across generations.

Sector durability ensures that its potentiality is sustained and that, in difficult times, it can pull out the stops to achieve a great deal. While strong evidence on the response of the VCSE sector to the Covid-19 pandemic remains patchy¹¹¹ – the indications are that many VCSE organisations grasped the nettle in ways that even surprised themselves.

Some organisational leaders felt energised by the response to the pandemic.¹¹²

‘Firstly, the community response to the pandemic, in their willingness to volunteer in any way to help the vulnerable has been amazing in a small area [we have had] 200 volunteer registrations in three weeks. Secondly, it genuinely feels like there is an understanding of the value of the Third Sector by statutory agencies. And lastly, the willingness to fully invest in working collaboratively through the pandemic and a commitment locally to continue this leaves our community stronger. It’s a wonderful legacy from a strange and worrying situation. The Phoenix from the ashes.’

Much of the momentum, it seems, was released by small, local organisations.

‘I think that small grass-roots organisations have proved their worth throughout the Covid-19 situation. There needs to be research to recognise the value they brought, whilst larger organisations were “turning the ship” we were proactive, certainly in our region, and [new volunteers] came to the aid of us and our communities.’

There has been much sector innovation to find new ways of achieving things when more conventional practice was rendered impossible by social distancing and recurrent lockdowns. Funding bodies responded quickly, with trust and confidence to inject energy into the sector, often with few questions asked, but based on trust that local organisations would do their level best.

This comment from a VCSE organisation, aptly reflects this point of view, in what turned out to be the early days of the pandemic in June 2020.

‘We are very fortunate that we have been re-commissioned for the current year by the local authority. Instead of running face-to-face services, we run an online get-together and a weekly newsletter for families and professionals, updating Covid-19 news, play ideas, good YouTube etc. We have also set up our own YouTube channel of singing for the young children and put up a video each week. We have got this

¹¹¹ A good entry point to the recent literature on the response of the VCSE sector to Covid-19 can be found here: <https://www.birmingham.ac.uk/research/tsrc/blog/reflecting-on-change-in-the-third-sector-through-covid-19-and-beyond.aspx>

¹¹² The following quotations are taken from the *Third Sector Trends Covid-19 impact survey* which was undertaken in June 2020 across the North of England, the full report is available here: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

critical funding because we work so closely with the Council and they trust us to meet the needs of the hard-to-reach whenever possible. We have raised money to pay for play-packs we are putting together for the families using the foodbank. So, a scary time but OK. We are working way more hours but are pleased to have a job, keep the charity functioning and trail-blaze how to do life differently, as we always seem to do!

Unfettered by 'theories of change' and 'outcome frameworks', the invisible strength of the sector suddenly became highly visible.

'On the one hand we're exhausted by all that we've had to do at pace in the last four months. But at the same time we have to find the energy to grasp some really important new opportunities (and effectively manage them) before they slip away again. Wish we could just hit the pause button and have a bit of time to take stock, but we have to reset our strategy, plan for a different future, build some new relationships and partnerships, all whilst continuing (for a long time to come) to deliver our crisis response work (which is itself exponentially different to our usual day job.). Oh, and dealing with our own personal experiences of the crisis to boot, and support our staff in their own personal experiences too. Just drained!'

The VCSE sector's agility and eagerness to tackle challenges communities face which arise from unforeseen events is undoubtedly impressive. Certainly, the enormous boost of energy produced during the Covid-19 pandemic demonstrates the importance of valuing the latent or potential energy of the VCSE sector.

Big social upheavals produce big headlines. It is a good thing that the spotlight has been turned toward the VCSE sector to show the crucial role it can play in a crisis. But it is equally important to recognise that, on a smaller scale, this is what happens all the time in the VCSE sector. When local circumstances throw up issues that cannot be left unattended, the sector rises to the challenge.

Appendices

8.1 Steering group and stakeholder panel members

Project commissioners' steering group members

Jo-Anne Baker, West Yorkshire and Harrogate Health and Care Partnership

Liadan Buggy, West Yorkshire Combined Authority

James Flanagan, West Yorkshire Combined Authority

Jan Garrill, Two Ridings Community Foundation

Danielle Harding, West Yorkshire and Harrogate Health and Care Partnership

Sam Keighley, Yorkshire Sport Foundation

Caroline O'Neill, Community First Yorkshire

Gary Sainty, Humber, Coast and Vale Health and Care Partnership

Stakeholder consultation meeting participants

Humber Coast and Vale Health and Care Partnership area

Stakeholder consultation, 12 July 2021, Chaired by Gary Sainty.

- Jennifer Allott – Age UK York
- Liadan Buggy – West Yorkshire Combined Authority
- Tony Chapman – University of Durham (presentation)
- Jane Colthup – Community First Yorkshire
- Claire Etheridge – Sector Support North East Lincolnshire
- James Flanagan – West Yorkshire Combined Authority
- Paul Gutherson – Centre 4 Grimsby
- Max May – Rural Arts
- Susan Oliver – Humber and Wolds Rural Action
- Caroline O'Neill – Community First Yorkshire
- Emma Pears – SELFA Children's Charity
- Lorraine Pritchard – Mires Beck Nursery
- Gary Sainty – Humber, Coast and Vale Health and Care Partnership
- Alison Semmence – York CVS
- Carole Zagrovic – York Carers Centre

West Yorkshire and Harrogate Health and Care Partnership area

Stakeholder consultation, 15 July 2021, Chaired by Jo-Anne Baker.

- Jo-Anne Baker – West Yorkshire & Harrogate Health and Care Partnership
- Gary Blake – Voluntary Action Leeds
- Tony Chapman – University of Durham (presentation)
- Cllr Simon Cunningham – Leeds City Council
- James Flanagan – West Yorkshire Combined Authority
- Becca Gallagher – Yorkshire Sport Foundation
- Dannie Harding - West Yorkshire & Harrogate Health and Care Partnership
- Chris Hollins – Third Sector Leeds
- Mark Hopley – Community First Yorkshire
- Val Johnson – Voluntary Action Kirklees
- Dipika Kaushal – Voluntary and Community Calderdale
- Soo Nevison – Community Action Bradford
- Nadim Qureshi – Bradford Metropolitan District Council
- Hilary Thompson – SRO W&H HPoC, Third sector leaders Kirklees
- Francesca Wood – Forum Central Leeds

8.2 Sustaining sector intelligence

It is hoped that the research findings presented in this report are of value to stakeholders within the VCSE sector and beyond in the public and private sectors. The findings reflect what is going on at this point in time and there may be a desire to update the statistics periodically.

The problem with ‘snap-shot’ studies is that it becomes difficult to view the strengths and weaknesses of the VCSE sector from a position of ‘social distance’. Comparative and time-series data helps to overcome this problem and provides an opportunity to explore sector challenges and change dispassionately.

Sources to update data statistics

Most of the data which are included in this report are openly available and can be downloaded from websites. The key freely available sources of information were as follows:

- The Charity Commission Register.
- Companies House.
- ONS population, area deprivation and postcode look-up data.
- BEIS business data.
- NCVO Civil Society Almanac data

Additional statistical data on sector structure was drawn from:

- Orbis, a business search engine, which is accessible only by subscription,
- Registers of CICs, CASCs and mutuals which are available online but provide only limited scope for analysis

- Third Sector Trends data is published on a triennial basis and can be used as presented in report formats.¹¹³
- Localised VCSE sector studies¹¹⁴

The multipliers used in this report were generated from one or more of the above sources and would need to be updated from time to time to reflect the current situation. The methodologies are explained in the main body of this report and could be replicated to ensure consistency.

How often should the data be updated?

Most studies of the VCSE sector are localised or focused on specific aspects or fields of activity. The drawback associated with such approaches is that opportunities for comparative analysis are limited. This means that the validity of data cannot easily be checked and when exploring aspects of data in more depth, it is not possible to use data from wider areas to maintain cell sizes.

It would be useful, therefore, if area-wide studies could be repeated on a regular basis but not necessarily annually because substantive change in sector activity tends to occur relatively slowly. Although major events such as the global financial crash of 2008, or the Covid-19 crisis have a potentially major impact on sector activity, change does not come immediately and is better tracked over periods of between two and three years.

A good time to replicate the study would be a year to eighteen months after the completion of the next cycle of Third Sector Trends 2022 so that multipliers can be updated using reliable comparative evidence.

A repository for quantitative and qualitative evidence

Across the areas studied in this report there have been several localised studies undertaken in recent years. Many of these studies use only qualitative data or include a mix of qualitative and quantitative elements.

Qualitative evidence enriches understanding of sector activity and impact and provides insights that cannot be gleaned purely from statistical work. Qualitative evidence can also inform the development of research questions for future surveys.

Accessing this wealth of information is difficult. So it would be useful to establish an evidence repository (or commission an existing organisation to do so) to hold an accessible and regularly updated online library of such reports and data sets for future use.

¹¹³ Additional analysis can be undertaken by arrangement with the organisations which hold the copyright to the data.

¹¹⁴ A number of local studies have been used to help interpretation of findings including the recent Community First Yorkshire Community Resilience Survey <https://communityfirstyorkshire.org.uk/what-we-do/representation/vcs-resilience-survey-may-2020/>. However, inclusion of data from such surveys has not been possible as they do not provide sufficient area coverage or allow for comparative study.

8.3 Additional data tables

Number of VCSE organisations	Registered Charities	Charitable Incorporated organisations	CASCs	Community Interest Company	Other registered organisations (CLG, CCBS IPS etc)	Total VCSEOs	Estimated 'below the radar @ 1.29 per VCSEO	Total registered and informal sector
Bradford	770	143	28	161	114	1,216	1,569	2,785
Calderdale	336	59	40	72	19	526	679	1,205
Kirklees	629	140	43	123	91	1,026	1,323	2,349
Leeds	1213	251	87	312	80	1,943	2,507	4,450
Wakefield	348	50	23	61	45	527	680	1,208
North Yorkshire	2,153	277	133	161	510	3,234	4,172	7,406
<i>Craven</i>	252	34	6	10	79	381	491	872
<i>Hambleton</i>	356	47	25	11	98	537	692	1,229
<i>Harrogate</i>	590	72	37	41	142	882	1,137	2,019
<i>Richmondshire</i>	214	17	5	7	65	308	397	705
<i>Ryedale</i>	264	35	7	29	61	396	510	906
<i>Scarborough</i>	281	43	29	34	45	432	557	988
<i>Selby</i>	196	29	24	29	22	300	387	686
York	548	109	25	71	121	874	1,127	2,001
East Riding of Yorkshire	716	82	22	63	180	1,063	1,371	2,434
Hull	294	59	5	54	58	470	607	1,077
North East Lincolnshire	165	25	16	50	132	388	500	888
North Lincolnshire	254	37	20	34	92	253	326	580
Barnsley	263	30	15	48	34	390	503	894
Doncaster	337	34	13	80	31	495	639	1,135
Rotherham	297	38	13	44	54	446	576	1,022
Sheffield	911	175	30	142	187	1,445	1,864	3,309
Yorkshire and Humber	9,234	1,509	513	1,476	1,565	14,297	18,443	32,740

The structure, dynamics and impact of the VCSE sector

Income	Micro £10,000 or less	Small £10,000 - £49,999	Medium £50,000 - £249,999	Large £250,000 - £999,999	Big £1,000,001 - £25m	Total
Bradford	996,018	6,811,751	37,383,726	54,023,549	179,358,195	278,573,239
Calderdale	477,602	3,460,415	15,027,209	14,012,923	77,966,201	110,944,350
Kirklees	943,769	6,501,174	28,165,238	30,795,300	121,585,693	187,991,174
Leeds	1,581,367	9,924,361	47,976,302	87,997,264	386,348,464	533,827,757
Wakefield	471,891	3,080,882	13,565,218	16,223,626	101,418,977	134,760,594
North Yorkshire	4,223,795	17,587,694	56,126,923	70,729,435	288,685,774	437,353,620
<i>Craven</i>	499,363	2,089,372	6,848,888	5,157,031	21,843,325	36,437,980
<i>Hambleton</i>	719,569	3,037,439	8,182,421	10,653,774	29,057,804	51,651,006
<i>Harrogate</i>	954,259	5,507,431	15,088,774	26,126,922	132,956,305	180,633,691
<i>Richmondshire</i>	519,465	1,389,868	4,988,823	5,809,834	7,091,047	19,799,038
<i>Ryedale</i>	575,383	1,953,425	6,057,782	7,498,171	57,166,877	73,251,638
<i>Scarborough</i>	535,080	2,182,398	9,879,937	10,122,833	25,974,493	48,694,741
<i>Selby</i>	420,675	1,427,760	5,080,298	5,360,871	14,595,922	26,885,526
York	672,338	4,654,483	25,487,263	43,445,783	193,131,861	267,391,729
East Riding of Yorkshire	1,467,950	6,107,631	18,468,540	20,217,739	28,226,318	74,488,178
Hull	320,195	3,028,163	12,956,533	32,156,532	126,509,601	174,971,023
North East Lincolnshire	449,905	2,156,050	6,504,538	5,366,912	14,990,284	29,467,688
North Lincolnshire	256,267	1,513,640	5,337,875	11,957,095	32,857,960	51,922,837
Barnsley	385,867	2,274,968	8,208,795	14,005,831	42,545,820	67,421,280
Doncaster	517,962	2,486,253	11,130,280	16,887,844	79,613,850	110,636,189
Rotherham	534,163	2,014,782	11,860,912	13,399,463	88,887,270	116,696,590
Sheffield	1,120,771	8,194,480	39,257,647	70,153,158	296,655,767	415,381,823
Yorkshire and Humber	14,419,859	79,796,726	337,456,999	501,372,455	2,058,782,035	2,991,828,071

Expenditure	Micro £10,000 or less	Small £10,000 - £49,999	Medium £50,000 - £249,999	Large £250,000 - £999,999	Big £1,000,001 - £25m	Total
Bradford	1,152,232	6,180,872	35,491,482	54,195,407	195,835,678	292,855,671
Calderdale	517,403	3,146,626	14,253,607	14,137,932	92,764,268	124,819,837
Kirklees	1,038,476	6,040,398	27,937,070	30,043,106	128,839,262	193,898,312
Leeds	2,117,317	9,973,680	43,616,039	86,005,755	386,517,785	528,230,576
Wakefield	572,446	2,949,962	12,685,711	17,083,335	87,610,698	120,902,151
North Yorkshire	4,524,527	18,036,909	55,161,460	70,689,662	237,064,242	385,476,800
<i>Craven</i>	561,438	2,107,116	6,556,659	5,301,725	15,460,711	29,987,649
<i>Hambleton</i>	788,948	3,174,721	7,411,876	11,192,530	20,614,282	43,182,357
<i>Harrogate</i>	1,086,180	5,506,595	15,108,824	25,919,543	103,071,409	150,692,551
<i>Richmondshire</i>	480,708	1,460,933	5,273,835	5,301,725	10,307,141	22,824,342
<i>Ryedale</i>	612,811	2,022,831	5,416,371	7,658,047	36,074,993	51,785,053
<i>Scarborough</i>	568,777	2,163,305	9,834,989	9,425,288	36,074,993	58,067,353
<i>Selby</i>	425,665	1,601,408	5,558,907	5,890,805	15,460,711	28,937,496
York	847,661	4,438,990	23,518,452	39,468,394	180,374,966	248,648,464
East Riding of Yorkshire	1,533,862	6,096,588	17,817,009	18,850,576	30,921,423	75,219,458
Hull	381,631	2,612,823	11,973,030	27,686,784	128,839,262	171,493,530
North East Lincolnshire	561,438	2,275,685	6,414,123	4,123,564	25,767,852	39,142,662
North Lincolnshire	278,884	1,517,123	4,988,763	10,014,369	41,228,564	58,027,702
Barnsley	440,343	2,247,590	8,837,237	14,137,932	36,074,993	61,738,095
Doncaster	598,133	2,612,823	10,832,742	15,316,093	72,149,987	101,509,778
Rotherham	528,412	2,050,926	10,975,278	14,137,932	87,610,698	115,303,246
Sheffield	1,420,107	7,726,090	35,919,091	66,566,098	298,907,087	410,538,473
Yorkshire and Humber	16,512,872	77,907,084	320,421,095	482,456,940	2,030,506,765	2,927,804,756

The structure, dynamics and impact of the VCSE sector

Number of employees	Estimated full-time employees	Estimated part-time employees	Estimated full-time equivalent employees	Total hours worked	Total cost at 80% average regional wage @ £13.59 per hour
Bradford	5,219	5,881	7,179	11,846,134	178,557,507
Calderdale	2,076	2,333	2,854	4,708,517	75,587,298
Kirklees	3,471	3,972	4,795	7,911,002	120,482,750
Leeds	8,788	9,878	12,081	19,932,996	318,413,889
Wakefield	2,034	2,300	2,801	4,621,307	70,452,827
North Yorkshire	7,036	8,432	9,846	16,246,388	229,344,904
<i>Craven</i>	<i>594</i>	<i>737</i>	<i>839</i>	<i>1,385,136</i>	<i>18,758,823</i>
<i>Hambleton</i>	<i>863</i>	<i>1,098</i>	<i>1,229</i>	<i>2,027,317</i>	<i>27,838,869</i>
<i>Harrogate</i>	<i>2,587</i>	<i>3,044</i>	<i>3,602</i>	<i>5,942,764</i>	<i>82,201,515</i>
<i>Richmondshire</i>	<i>476</i>	<i>585</i>	<i>671</i>	<i>1,106,516</i>	<i>14,955,562</i>
<i>Ryedale</i>	<i>873</i>	<i>1,032</i>	<i>1,217</i>	<i>2,008,466</i>	<i>28,279,239</i>
<i>Scarborough</i>	<i>1,076</i>	<i>1,248</i>	<i>1,492</i>	<i>2,461,345</i>	<i>36,874,920</i>
<i>Selby</i>	<i>568</i>	<i>688</i>	<i>797</i>	<i>1,314,844</i>	<i>20,435,976</i>
York	4,189	4,678	5,749	9,485,203	133,795,122
East Riding of Yorkshire	1,601	2,033	2,279	3,760,244	53,330,405
Hull	2,803	3,123	3,844	6,343,289	90,291,753
North Lincolnshire	688	835	966	1,594,165	24,120,771
North East Lincolnshire	978	1,123	1,353	2,232,323	36,831,510
Barnsley	1,170	1,374	1,628	2,685,553	40,967,633
Doncaster	1,725	1,962	2,379	3,925,152	60,625,604
Rotherham	1,882	2,086	2,577	4,252,266	62,054,791
Sheffield	6,873	7,713	9,444	15,583,057	223,821,367
Yorkshire and Humber	50,534	57,723	69,776	115,127,596	1,718,678,131

Number of volunteers	Estimated number of volunteers	Hours worked (average 72 per annum)	Proxy value at National Living Wage per hour (£8.72)	Proxy value at 80% average regional wage per hour (£13.59)
Bradford	28,543	2,055,124	17,920,680	27,929,133
Calderdale	12,037	866,691	7,557,543	11,778,327
Kirklees	23,059	1,660,258	14,477,451	22,562,908
Leeds	45,396	3,268,491	28,501,240	44,418,790
Wakefield	11,994	863,574	7,530,365	11,735,970
North Yorkshire	67,692	4,873,847	42,499,941	66,235,574
<i>Craven</i>	7,735	556,936	4,856,479	7,568,756
<i>Hambleton</i>	10,932	787,094	6,863,461	10,696,610
<i>Harrogate</i>	19,167	1,379,992	12,033,532	18,754,093
<i>Richmondshire</i>	6,237	449,049	3,915,706	6,102,574
<i>Ryedale</i>	8,195	590,021	5,144,983	8,018,385
<i>Scarborough</i>	9,220	663,863	5,788,890	9,021,905
<i>Selby</i>	6,207	446,891	3,896,891	6,073,251
York	20,775	1,495,791	13,043,295	20,327,795
East Riding of Yorkshire	21,617	1,556,447	13,572,218	21,152,115
Hull	11,721	843,915	7,358,935	11,468,799
North Lincolnshire	7,915	569,882	4,969,372	7,744,698
North East Lincolnshire	5,754	414,285	3,612,568	5,630,138
Barnsley	8,624	620,949	5,414,671	8,438,690
Doncaster	11,045	795,246	6,934,542	10,807,388
Rotherham	10,229	736,507	6,422,343	10,009,134
Sheffield	34,254	2,466,292	21,506,070	33,516,914
Yorkshire and Humber	320,656	23,087,298	201,321,235	313,756,373

Notes

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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