# Assessing the Direct Economic Impact of the Voluntary and Community Sector in Worcestershire

## Research conducted by MRE Unlocking Enterprise CIC for Worcestershire LEP

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# Executive Summary

In Spring 2017, MRE Unlocking Enterprise CIC was commissioned by Worcestershire Local Enterprise Partnership (LEP) to undertake research during Spring and Summer 2017 to provide additional insight into the county's voluntary and community sector. The focus of this research was to quantify the "direct economic impact" of the sector and then describe examples of the many different ways in which the sector makes those contributions. For the purposes of this study, it was agreed that 'direct economic impact' meant jobs, expenditure on goods and services and money brought into the county, either through grants or visitors attracted. It is acknowledged that the sector also makes a substantial *indirect* contribution, not least through delivering support services for the health and social care sector. These services often include extensive work by volunteers, taking some pressure off public services and the public purse. Indirect contributions are no less important but were agreed to be outside the scope of this study.

The first task was to create a workable definition for the sector that would aid the research and analysis work. The full scope of the study potentially includes all registered charities (incorporated or unincorporated), incorporated social enterprises, other not-for-profits and unincorporated community groups and associations.

It became apparent that it might not be appropriate or even possible to survey all these organisations. In terms of whether they genuinely fitted the VCS description, examination of organisations within the 'charitable' category reveals a small number (but often they are sizeable organisations) who have charitable status for historic, tax or regulatory reasons rather than because they provide voluntary and community-based services to their local community. Public schools and housing associations are some of the typical organisations that fit this definition. These types have been included in the arithmetic calculation of the direct economic impact of the sector within this study but were generally excluded from the more qualitative research.

In terms of what was possible to assess and quantify, the challenge was whether the required data was publicly available: incorporated charities have to publish information about their operation in the form of Annual Accounts and Reports, so turnover and employment figures can be assessed. Incorporated not-for-profits follow the same rules as commercial organisations, so have a duty to publish financial information but unless they have a very large turnover, they are required to publish relatively little about the operation, often only a balance sheet, so accessing detailed data is more challenging.

Unincorporated bodies do not have to publish any financial information, so it was impossible to quantify their contribution. However, unincorporated groups can still register with the Charity Commission with turnover as low as £5000 per annum and there are benefits in so doing. Thus, it was anticipated at the start of the research that organisations for whom no data whatsoever could be gathered would be very small and probably did not employ many people. As the work progressed, it became apparent that membership organisations are an exception; they are often unincorporated but can be sizeable in turnover and may employ staff. Sports clubs feature strongly in this group. Whilst some clubs are dedicated to only providing services to members, many play a role in promoting health and well-being through physical activity, some offer volunteer coaching and training services and may organise competitions that draw visitors into the county. Examples of their work are included in the case studies that accompany the research, but it was not possible to quantify their overall contribution to the local economy.

In order to confirm that the definition used was reasonable, it was validated against research carried out by credible national organisations such as the UK Civil Society Almanac prepared annually by NCVO, the National Council for Voluntary Organisations.

Having agreed the type of organisations that were in scope for the research, the next task was to try to quantify them, literally counting how many exist by using various Government databases – Charity Commission, Companies House and Office of National Statistics. This might appear straightforward, but in addition to the challenges described above, accessing the range of necessary data was sometimes problematic. In addition, organisations often cover a wide geographic catchment, which may include but not be restricted to Worcestershire. They may be registered in the county but not operate in it at all and vice versa. Charities sometimes also operate commercial trading arms and so are registered in two different places. Consequently, some informed judgements have had to be made to estimate the number that are relevant to this study.

Our best estimates are that 665 not-for-profit organisations are recognised by the Office for National Statistics in the county, 1,060 social enterprises are registered in Worcestershire, 1957 charities have an interest in the county and 1335 operate to a significant extent within the county.

The full report provides extensive analysis of the sectors in which these organisations operate and the numbers of people they employ. The list of the county's 'Top 20' VCS organisations by turnover is included, where the top three are Malvern Theatres (3), St. Richard's Hospice (2) and Bromsgrove District Housing Trust (1). It was more difficult to pin down the location of all organisations within the county but an estimate by local authority district area has been calculated.

One of the surprising outcomes from the analysis was the range of services delivered. There are very few business sectors that are not covered. For example, community land trusts are involved in forestry and agriculture, charities run visitor attractions and gardens, community transport schemes offer bus services and drivers, credit unions and reinvestment trusts offer financial loans and a railway preservation trust offers specialist heavy engineering services.

The next task was to estimate the economic contribution of voluntary and community sector organisations in a form that would compare with the way the economic contribution of commercial organisations is calculated. Because it is thought that this is probably the first time that analysis of this depth has taken place in Worcestershire, part of the brief was to explain in detail *how* the work was approached and the methodology that was chosen, as well as the figures calculated. Should WLEP decide to repeat the research in the future, this should provide a useful guide for the researchers. Readers will find an in-depth narrative in Section Five of the study.

The challenges associated with defining the size of the sector translate through to this aspect of work. Nevertheless, estimates of the economic contribution of the sector have been made, using accepted methodologies. An estimated £270 million Gross Value Added (GVA) was generated by the VCS in Worcestershire in 2016. In addition, we estimate income for the sector in the region of £374 million, from a sector with 1,360 organisations, 23,407 volunteers and 8,218 employees, representing approx. 3% of workplace employment. These figures are deliberately cautious and are likely to be an under-estimate.

The later sections of the study make observations on the different ways in which the sector makes that direct economic impact. This includes discussion on employment in the sector, purchasing local goods and services, retail activities, fees earnt from charged-for services, the sector's involvement in tourism and the visitor economy, winning external grant funding and using innovative financial instruments to

strengthen sustainability. The sector has a strong focus on financial inclusion work, part of which is to facilitate access to government benefits and to alleviate debt, so we have included some examples of the positive impact of these services. Aside from housing associations, the sector also includes organisations devoted to providing housing for young and deprived people, so we comment on how those services are adding to local housing stock.

Throughout the study there are a number of vignettes to showcase the diversity of the sector. It concludes with a set of case studies, which take an in-depth look at the creative ways in which some individual charities and social enterprises have strengthened their viability. From social care to respite support, from education to furniture supplies for poorer families, to fast cars and land-based industries, the sector is involved in an astonishingly diverse range of activities that not only make a significant contribution to the economy but also improve the quality of life of all who live in and visit Worcestershire

# 1.0 Introduction and Purpose

The voluntary and community sector (VCS) in the UK employs approx. 8,540,000 people and is estimated to contribute approx. £12.2bn. to the UK economy. That's bigger than the GDP of Cyprus![1] In every area of the UK, the sector makes a significant contribution and that's why Worcestershire LEP (WLEP) has commissioned MRE Unlocking Enterprise to shine a light on the county's VCS from an economic perspective. Not the way it is usually seen, perhaps, but the research that follows not only demonstrates the numerical significance of Worcestershire's voluntary and community organisations but also reveals a fascinating array of successful activities and strategies that are helping the sector to weather the storm of public funding cuts and create a more independent, sustainable future.

**Newland Hurst Care Home, near Droitwich,** was founded in 1978 by a group of parents of young people with learning disabilities. Through hard work and fundraising, they turned a dilapidated Victorian house and 19th century stable block into a modern facility with sixteen rooms and a 4-bedroomed flat for people with a learning disability to live independently of their families. They also hire out facilities for community use. Last year they turned over £455,942, and employed 19 people. Most of their income comes from fees and accommodation charges, although investment income and donations contribute.

The purpose of the research was to develop a better understanding of the voluntary and community sector in Worcestershire and the *direct impact* its organisations have on the county's economy. The definition of "direct economic impact" was agreed as the number of jobs it provides, the money it spends in the local economy and the external funds it brings into the county. This is differentiated from the *indirect contribution* it makes, for example, through its training activities that prepare people for employment and the savings it makes for the public purse by delivering services that would otherwise have to be funded by taxpayers. Although no less valuable, indirect contributions to the economy are outside the scope of this Study.

This report presents the findings of the research undertaken by a team of consultants during Spring and Summer 2017.To paint as informative a picture as possible, the work has been divided into two distinct parts, the first aimed at defining what the sector is and quantifying the number and types of organisations, their size and estimated economic impact and the second part involving more qualitative research, designed to provide an understanding of the nature of the sector, the types of services it provides, the different ways it contributes to the local economy and how it generates income.

To add interest, throughout the report, there are vignettes that provide examples of individual organisations that are active in the county and at the end, a set of case studies to give greater insight into the rich tapestry that is the county's voluntary and community sector.

[1] According to National Council for Voluntary Organisations 2016 Almanac

# 2.0 Methodology

We designed a five-stage methodology for the study:

1. Inception meeting to set priorities and finalise the workplan and timetable;
2. Review of data and development of a definition for and breakdown of the sector in Worcestershire in quantitative terms. In particular, this included desk research to:
    - Review data supplied by Worcestershire LEP, including other LEP studies that may contain pointers and comparators for our research;
    - Review other national and local data sources, such as Companies House, the Charity Commission, the Office for National Statistics and Yellow Pages, including data quality, overlap and inclusivity;
    - Produce a definition for the sector and to identify sub-sectors, linking to the work on segmentation, and replicable data sources;
    - Identify potential segmentations of the sector, including by geographic area, industrial sector, type of organisation/governance, and turnover.
3. Calculate Gross Value Added (GVA) that can be attributed to the sector, looking at the different recommended methods for calculating GVA from government and academic sources, and the quality of the data available concerning the size and activities of the sector to develop a defensible estimate;
4. Identify potential subjects and develop case studies;
5. Analyse key messages and reporting.

We have drawn on a range of data and looked at a number of comparable studies to develop an assessment that is robust, replicable and draws on all the latest data and thinking on the sector.

Section Four describes in detail the data sources used for the research and the limitations that the quality and extent of the data place on analysis.

The full method statement for this assignment can be found in Appendix One to this document.

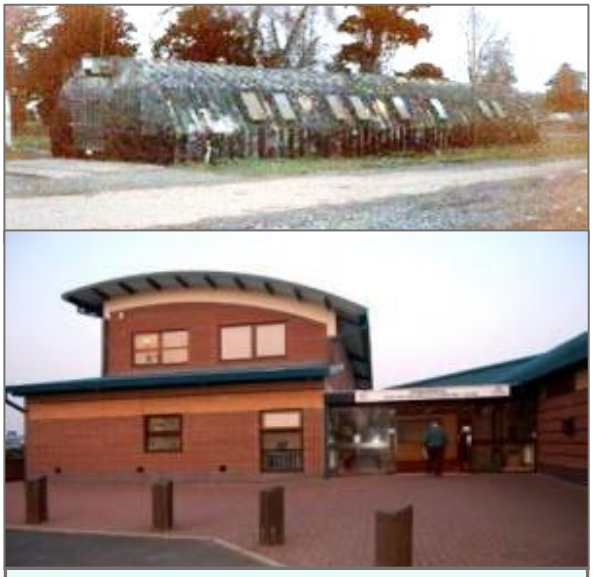
# 3.0 Definitions

## 3.1 Defining the sector

WLEP has a good understanding of the headline economic performance and contribution of commercial organisations in Worcestershire. The purpose of this study was to provide quantification of the contribution of the voluntary and community sector and additional insight into the many ways that the sector contributes to the local economy.

One of the first tasks of the study was to establish which organisations fell within the scope of the research. The term "voluntary and community sector" or 'VCS' is a well-known generic that many people use as a broad descriptor for organisations that exist primarily to help people and communities rather than to generate profits. Another term used for these organisations is the 'third sector', where the 'first sector' refers to commercial 'for profit' businesses and the 'second sector' to public institutions, usually referred to as the "public sector". Within that broad range, there are three main categories:

1. Registered charities - Incorporated entities with formal charitable objects;
2. Social enterprises – incorporated entities that operate as businesses but with a declared charitable aim and an asset lock that means they undertake pro bono work and/or donate some of their profits to charity and do not distribute dividends to their subscribers;
3. Community groups and associations - Unincorporated entities with declared charitable aims.



**Perdiswell Young People's Leisure Club, Worcester.** This club was set up in 1976 and initially ran from old asbestos Nissan huts, aiming to help and educate young people in the City of Worcester and surrounding districts. Through fundraising, grants, and growing a successful trading arm, the club has grown to a centre providing ground floor and first floor meeting rooms, space for room hire, used for birthday parties, youth sessions, a school of dancing, pre-school and mature clubs. Their latest project focused around a skate park and club house.

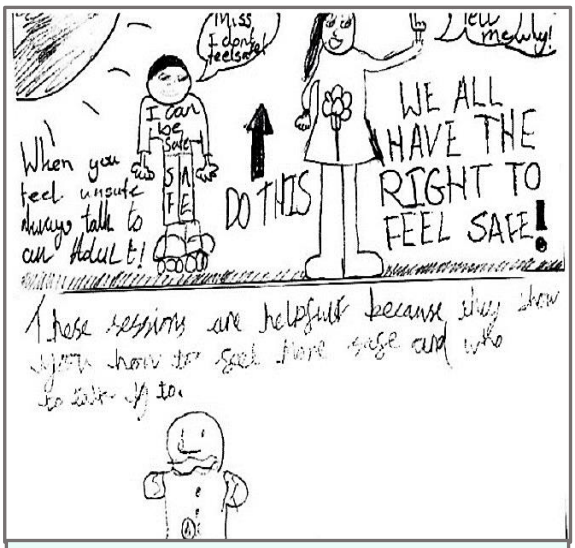
## 3.2 Type of legal entity

Further analysis showed that organisation within these categories could take a number of different legal forms:

- Registered incorporated charity;
- Registered unincorporated charity;
- Trust (which can also be called a Foundation);
- Community Interest Company (CIC);
- Company Limited by Guarantee;
- Charitable Incorporated Organisation (CIO);
- Community Benefit Organisations;
- Unincorporated small Community Amateur Sports Clubs(CASCs) that meet certain rules can claim some charitable benefits from HMRC;
- There are also some legal forms no longer in use for new registrations, such as Industrial Provident Societies, Learned Societies and Royal Charter Companies.

Some charities will operate two legal entities, the charity itself and a trading arm to facilitate the flow of income into the charity. The trading arm can take any of the forms listed above.

Having identified the different forms of legal entity that the 'organisations of interest' might take, searches of the databases of both the Charity Commission and Companies House could take place to locate relevant organisations.




**Mentor Link** has over 14 years' experience of providing a dedicated one-to-one mentoring service to vulnerable and distressed children and young people. From its beginning in 2002 as a small voluntary group, set up in Stourport on Severn, it has constantly grown and developed each year, and now reaches out to areas surrounding its Worcestershire base.

The valuable work is supported in various ways. It has recently secured investment from the Garfield Weston Foundation for professionals from corporate businesses to deliver mentoring to managers. It also works with companies who run employee matching schemes and participates in a programme to apply for match funding personal contributions to volunteering.

## 3.3 Unincorporated, unregistered entities

At the start of the research, we knew that within Category 3 – community groups and associations - there would be many organisations that were neither incorporated nor registered with the Charity Commission. With no requirement to register, this is an amorphous group and difficult to quantify without extensive primary research, which was outside the scope of the study.

Given that the Charity Commission data showed many registered organisations with a turnover of less than £25,000 per annum, of which more than 100 turned over less that £2 (!), it seemed probable that those within Category 3 would each have an even lower turnover and it was unlikely that such groups would have any meaningful economic impact. Although a reliable list of such organisations could not be procured,

nevertheless, it was appropriate to test whether the assumption was correct and to at least 'sample' the kind of organisations that fell into this category.

## 3.4 Organisations outside the main focus of the research

It was apparent from an initial review of the type of organisations that might be seen as part of the sector that there are certain categories of organisations that technically fall within the broad 'not for profit' definition but are not genuinely community-based organisations and do not have a strong reliance on volunteers.

For this piece of work, WLEP's primary interest was in locally-based charities, community-based groups and social enterprises. To stay true to WLEP's objectives, the organisations that do not really fit within the spirit of the definition have been segregated.

These are:

- Housing associations;
- Independent schools/colleges, which have charitable status because they were originally founded to provide relief and education to the orphaned and the poor;
- Trusts/foundations that simply distribute invested funds for charitable purposes;
- Faith groups;
- Trade associations.

However, there are some sizeable organisations in these groups and they are still included in quantitative information. They were not the main focus of the research but the scope of the study allowed us to make reference to relevant examples in the qualitative research and one of the case studies includes a housing association.

**Midland Automobile Club** is a social enterprise membership association with over 100 years' history. It runs many events at **Shelsley Walsh**, which is the oldest motor sport venue in the world! This club is 110 years old, and most local people will know or have heard of Shelsley Walsh Hill climb. It runs a series of approximately 25 events throughout the year, attracting drivers and spectators from around the country and creating business for local hotels, B&Bs, holiday lets, pubs and restaurants.

## 3.5 Validating the definition

The preparatory work above provided the necessary parameters to commence the research but we needed to make sure that they were credible. To validate the interpretation, we have looked at the definitions of the sector used by respected organisations. For example, the National Council for Voluntary Organisations (NCVO)

produces a Civil Society Almanac[2] that defines the voluntary sector as organisations that fit the description used by the Office of National Statistics known as "general charities". These can be found on the Charity Commission register but exclude organisations that "belong elsewhere in civil society". The exclusions encompass housing associations, independent schools, government bodies, faith groups, trade associations, organisations that are not independent of government such as NHS charities and quangos. Thus, our definition and segmentation appear to be valid.

## 3.6 Additional filters

Although difficult to pinpoint, additional exclusions that would make the information more meaningful have also been considered.

Data from both the Charity Commission and Companies House reveals organisations that have their registered office address in Worcestershire, probably at a solicitors' or accountancy practice, but do not appear to provide services in the county. From the perspective of economic impact, if they do not employ people or buy local goods and services in the county, they will not contribute to its economy. Charity Commission data identifies the geographic areas where charities are active, so it is possible to identify at least some of these organisations.

Some organisations appear to have a charitable/social enterprise status for financial/commercial reasons rather than public good and some have a very narrow interest and run for their own ends. An example of this would be some choral groups, where the beneficiaries of the activity are largely the choir members themselves. It was not possible to analyse every single organisation but, where possible, these have been excluded.

## 3.7 Economic impact

Having identified which organisations are within the scope of the study, the research brief was to concentrate on the "direct economic impact" of these organisations. The definition of "direct economic impact" has been agreed as:

- Their trade in goods and services, effectively the amount they turn over, with any available information about concentration on local goods and services;
- The number of staff they employ;
- Any income that they bring into the county e.g. via 'tourism' activities;
- Grants that they are awarded by external bodies, which are then expended in the county.

It is worth saying a word about economic impact that was excluded from our research. It was agreed that indirect economic impact was outside the scope. This means where there is a potential benefit that is difficult to quantify. For example, training programmes that give unemployed people the skills to return to

[2] See: NCVO UK Civil Society Almanac: https://data.ncvo.org.uk/a/almanac12/why-are-our-estimates-lower-than-the-charity-commissions-figures/

work may represent an economic impact if they result in a job but it is virtually impossible to track such results; mentoring may hone individual's work-related skills but the value cannot be quantified.

Many charities undertake work that saves the public purse money but again, it is difficult to put a meaningful county-wide value on the work.

Volunteering makes a massive contribution in all sorts of ways. We have reported on numbers of volunteers, in so far as that is possible from published reports – charities with an income greater than half a million pounds are expected to ensure that a figure is available for their core entry on the Charity Commission website, although not all provide this.

# 4.0 The voluntary and community sector in Worcestershire

## Introduction

An important part of the brief for this Study was to estimate the number of voluntary and community sector organisations that operate in Worcestershire. Section Three contained an explanation of the type of organisation this might include and also those organisations that have been excluded and why. This Section explains the calculation process used to produce an estimate of the number of organisations. There is a substantial amount of detail about the data sources used, the methodology employed and how the results have been triangulated to produce the best estimate. We were specifically asked to include this material; apart from showing how the work has been carried out, it reveals the challenges associated with the calculation and will be beneficial to anyone who updates the work at a later date.

The results reached should be treated as an indication rather than a precise number. They refer only to organisations that are registered with one or other Government agency, thus excluding unincorporated bodies. There is also the possibility of some overlap between different types. Our best estimate at the time the research took place is that there were 665 ”mutual associations and not for profit organisations” recognised by the Office for National Statistics, 1060 companies that might be construed as social enterprises and 1957 charities that operate within the county, excluding national organisations with a presence here, such as McMillan, British Heart Foundation, Oxfam etc.

The narrative and tables that follow provide the technical explanation for how these figures have been calculated. Those with an interest in technical statistics will find them interesting but non-technical readers would be forgiven for progressing to Section Five.

## 4.1 Size and segmentation

Given the range of data sources discussed in the methodology (Section Two above), it will come as no surprise that there is no simple single answer to the question “what is the size of the VCS in Worcestershire?” In this section, we look at the different data sources that will help us to calculate the size of the VCS, the different issues with each data source, and the overall challenge of working out the size of the sector with any degree of accuracy. Specifically, we look at:

1. Charity Commission data, the top-level figure that gives us and how that is then reduced by extracting irrelevant organisations.
2. Companies House data, its quality and what it can tell us about the VCS.
3. Office for National Statistics data and a potential proxy for the size of the VCS.

Finally, we consider how the data sources compare, what each includes, any gaps and overlaps and the challenges that occur when calculating a definitive figure.

The focus of the study is voluntary and community sector organisations that make a positive economic impact in Worcestershire. Where charities operate across more than one local authority area, an attempt has been made to estimate the proportion of their activity that takes place in Worcestershire. For national

charities, however, it is virtually impossible to do this without access to their management accounts. If charities operate on a federated basis i.e. lots of small individually registered charities, e.g. Age UK, then the data in the report will have included them but if they operate a branch structure they will not have appeared in the Charity Commission etc. records that were used. This means that large charities like Cancer Research, McMillan Cancer Trust, Oxfam, British Red Cross etc. will not be included.

### 4.1.1 Charity Commission Data

Looking first at the data downloaded from the Charity Commission website, we can develop a very crude number of VCS organisations that are based and/or active in Worcestershire. The website allows charities to self-declare that they operate in Worcestershire. Before we screened for organisations with only a limited or tangential link to Worcestershire, but using the self-declared "operating in Worcestershire" status, the number of charities in Worcestershire from Charity Commission data is 1,957 as at 29 March 2017. Table 1 below shows how this number is derived by income band.

**Table 1 – Registered Charities operating in Worcestershire by Annual Income Band**

| Annual income band | Number of registered charities | Number of charities present in Worcs. |
|---|---|---|
| Over £10 million | 15 | 11 |
| Over £1 million but less than £10 million | 65 | 39 |
| Over £500,000 but less than £1 million | 35 | 19 |
| Over £100,000 but less than £500,000 | 262 | 159 |
| Over £25,000 but less than £100,000 | 321 | 274 |
| Over £10,000 but less than £25,000 | 347 | *229 |
| Over £5,000 but less than £10,000 | 257 | *170 |
| Over £1,000 but less than £5,000 | 336 | *224 |
| Over £2 but less than £1,000 | 205 | *135 |
| Less than £2 | 114 | *75 |
| **Total** | **1,957** | **1,335** |

*Estimated numbers only
Source: The Charity Commission, data downloaded 29 March 2017

This number and segmentation by income includes schools and academy groups that are registered as charities, as well as some grant-giving organisations.

### 4.1.2 Companies House Data

We had hoped that Companies House data[3] might be able to offer some insight into the number of Community Interest Companies and other not-for-profits registered in Worcestershire, however the search facility currently available on the Companies House Beta Version register[4] does not allow for searching by location of registered office or by type of organisation (CIC), only by name. We spoke to Companies House, who confirmed (wrongly, as it turned out) that there was no way of downloading the information.

[3] https://www.gov.uk/government/organisations/companies-house
[4] Latest attempt 24/5/17

We then contacted the Office of the Regulator of Community Interest Companies – they could not provide any information either, however, they alerted us to a way of accessing the information we wanted from the Companies House website. It is possible to download the full Companies House register of businesses in five discrete chunks. These can be loaded into Microsoft Excel and the numbers reduced by screening out dormant or closed companies, and only selecting company types of interest – for this work, specifically Companies Limited by Guarantee (both those with and without use of "limited" exemption), Community Interest Companies, and Industrial and Provident Societies. We did look at Registered Societies and Royal Charter Companies, which fit within the VCS, however the register includes no location information on these types of organisation at all (this is the same for Industrial and Provident Societies as well), so that it was not possible to determine which were located in Worcestershire.

For each type of business, we then had to narrow down the selection to those based in Worcestershire. While this should have been relatively straightforward, using filters for country, county and town of the registered address, in practice the quality of the data was poor, with those registering businesses reluctant to follow the rubric and therefore for example county might be found under postcode, or house number or with the descriptor "in the county of" added. With an estimated 3.5 million records to sift, it is likely that some level of error has crept in and some organisations have been included or excluded by mistake. Access to the Companies House data meant that we can access company accounts to estimate turnover etc., however, the range of information is not as comprehensive as for registered charities, so numbers of jobs will be more difficult to estimate. Particularly for small organisations, small company filing exemptions mean that turnover data is not available.

The review of Companies House data produced a list of active organisations, who were, in the main, Community Interest Companies or companies limited by guarantee, numbering 1,060. This list will contain errors, with some organisations included that are out of the area, and others not included that were screened out in error, however we estimate that the 'correct' figure is likely to be between 1,000 and 1,050.

Given the nature of Companies House data, it is possible to offer more detail on industry and type of business structure from this overall list. Table 2 below shows the mix of organisations by business type. It can be seen that the largest grouping is the Private Limited by Guarantee without share capital group, and that there are very few Industrial and Provident Societies thought to be within Worcestershire.

**Table 2 – Companies House VCS organisations by business type**

| Organisation type – Companies House definition | Number |
|---|---|
| Community Interest Company | 108 |
| Industrial and Provident Society | 41 |
| PRI/LBG/NSC (Private, Limited by guarantee, no share capital, use of 'Limited' exemption) | 244 |
| PRI/LTD BY GUAR/NSC (Private, limited by guarantee, no share capital) | 667 |
| **Grand Total** | **1060** |

Source: Companies House data, June 2017, MRE sifting applied

It was possible to allocate organisations to the major Standard Industrial Classification codes and this is discussed later in this section.

### 4.1.3 Office for National Statistics data

The final data source considered was the Office of National Statistics (ONS) via its online search facility, NOMIS. The most recent data available from this source is the stock of businesses as at 2016 taken from the Interdepartmental Business Register (IDBR) and enhanced with VAT and PAYE information for 2016. The lowest geographical area we can look at is district and borough level, but LEP and county/unitary authority area gives a better feel for the sectoral mix. While the lowest level of Standard Industry Classification (SIC) code granularity available is to five digits, as numbers of units[5] and enterprises is rounded to the nearest five or ten depending on the query, this level of SIC detail is not particularly helpful.

We downloaded data for each of 2013, 2014, 2015 and 2016, for both enterprises and units, for Worcestershire, the detail of employee size band, the detail of high level SIC and also two-digit SIC, and looked at all ownership forms and the specific ownership band of 'not-for-profits' and mutual associations".

The stock of enterprises, as at 2016, that are mutual associations and not-for-profit organisations by high level SIC code within the county is shown in Table 3 below. The figures shown include those organisations that we suggest should be segregated, for example schools, which is the same for the other data sources.

The number of organisations is far lower than estimated from Charity Commission or Companies House data, however, it is likely that many organisations will appear on those lists, but will not register with the official business count data as they are not VAT registered and/or do not employ any staff. Scout groups, and residential property management groups would not appear in the official statistics, for example.

**Table 3 – Stock of Mutual Associations and Not for Profit Organisations in Worcestershire in 2016 by sector**

| Sector | Worcestershire |
|---|---|
| Agriculture, Forestry & Fishing | **10** |
| Mining, Quarrying & Utilities | **0** |
| Manufacturing | **5** |
| Construction | **10** |
| Motor Trades | **0** |
| Wholesale | **0** |
| Retail | **5** |
| Transport & Storage (including post) | **5** |
| Accommodation & food services | **55** |
| Information & Communication | **0** |
| Financial & Insurance | **95** |
| Property | **35** |
| Professional, Scientific & Technical | **10** |
| Business Admin & Support Services | **20** |
| Public Admin & Defence | **0** |
| Education | **30** |
| Health | **150** |
| Arts, Entertainment, Recreation & Other Services | **225** |
| **Total** | **665** |

Source: NOMIS, data extracted 30/5/17, Crown Copyright Reserved, N.B. Figures may not add up due to rounding differences

[5] A local unit is an individual site (for example a factory or shop) associated with an enterprise. It can also be referred to as a 'workplace'.

The mix of organisations by SIC and by employee size band is shown in Table 4 below. It should be noted that a slightly lower proportion of not-for-profit and mutual associations are in the micro size band (0 to 9 employees) at 79.7%, compared to the 'all organisation' type average for Worcestershire (89.1%). Smaller organisations in the VCS sector seem to rely on trustees and volunteers, whereas a micro business is more likely to have at least a director, who may also be an employee.

**Table 4 – Not for Profit and Mutual Associations by SIC and by Employee Size Band**

| Sector | 0 - 9 | 10 - 49 | 50 - 249 | 250 + | Total |
|---|---|---|---|---|---|
| Agriculture, Forestry & Fishing | 5 | 0 | 0 | 0 | **10** |
| Mining, Quarrying & Utilities | 0 | 0 | 0 | 0 | **0** |
| Manufacturing | 5 | 0 | 0 | 0 | **5** |
| Construction | 10 | 0 | 0 | 0 | **10** |
| Motor Trades | 0 | 0 | 0 | 0 | **0** |
| Wholesale | 0 | 0 | 0 | 0 | **0** |
| Retail | 5 | 0 | 0 | 0 | **5** |
| Transport & Storage (including post) | 5 | 0 | 0 | 0 | **5** |
| Accommodation & food services | 45 | 5 | 0 | 0 | **55** |
| Information & Communication | 0 | 0 | 0 | 0 | **0** |
| Financial & Insurance | 95 | 0 | 0 | 0 | **95** |
| Property | 30 | 0 | 0 | 0 | **35** |
| Professional, Scientific & Technical | 10 | 5 | 0 | 0 | **10** |
| Business Admin & Support Services | 20 | 0 | 0 | 0 | **20** |
| Public Admin & Defence | 0 | 0 | 0 | 0 | **0** |
| Education | 15 | 5 | 5 | 5 | **30** |
| Health | 95 | 45 | 10 | 0 | **150** |
| Arts, Entertainment, Recreation & Other Services | 180 | 40 | 5 | 5 | **225** |
| **Total** | **530** | **105** | **20** | **15** | **665** |

Source: NOMIS, data extracted 30/5/17, Crown Copyright Reserved, numbers may not add up due to rounding

The relative proportion of enterprises in each Sector and employment band that are mutual associations and not-for-profit organisations, compared to the total number of all enterprises of any type, is shown in Table 5 overleaf. This gives an indication of the relative importance of the not-for-profit sector to particular aspects of the Worcestershire economy. It can be seen from this that the VCS accounts for nearly a quarter of Worcestershire's enterprises in the Financial and Insurance sector, 16% of the Health sector and 15% of the Arts, Entertainment, Recreation and Other Services sector. By size band, the VCS accounts for a third of the large employers in Education and 100% of the large employers in the Arts, Entertainment, Recreation and Other Services sector.

**Table 5 – Proportion of Mutual Associations and Not for Profit Organisations per sector and size band**

| Sector | 0 - 9 | 10 - 49 | 50 - 249 | 250 + | Total |
|---|---|---|---|---|---|
| Agriculture, Forestry & Fishing | 0.3% | 0.0% | 0.0% | n/a | **0.6%** |
| Mining, Quarrying & Utilities | 0.0% | 0.0% | n/a | n/a | **0.0%** |
| Manufacturing | 0.4% | 0.0% | 0.0% | 0.0% | **0.3%** |
| Construction | 0.4% | 0.0% | 0.0% | n/a | **0.3%** |
| Motor Trades | 0.0% | 0.0% | 0.0% | 0.0% | **0.0%** |
| Wholesale | 0.0% | 0.0% | 0.0% | 0.0% | **0.0%** |
| Retail | 0.3% | 0.0% | 0.0% | 0.0% | **0.3%** |
| Transport & Storage (including post) | 0.7% | 0.0% | 0.0% | n/a | **0.7%** |
| Accommodation & food services | 4.6% | 2.0% | 0.0% | 0.0% | **4.4%** |
| Information & Communication | 0.0% | 0.0% | 0.0% | 0.0% | **0.0%** |
| Financial & Insurance | 26.4% | 0.0% | 0.0% | n/a | **24.7%** |
| Property | 3.3% | 0.0% | 0.0% | 0.0% | **3.7%** |
| Professional, Scientific & Technical | 0.3% | 3.1% | 0.0% | 0.0% | **0.3%** |
| Business Admin & Support Services | 1.1% | 0.0% | 0.0% | 0.0% | **1.0%** |
| Public Admin & Defence | 0.0% | n/a | 0.0% | 0.0% | **0.0%** |
| Education | 4.8% | 8.3% | 11.1% | 33.3% | **7.0%** |
| Health | 15.8% | 16.1% | 20.0% | 0.0% | **16.0%** |
| Arts, Entertainment, Recreation & Other Services | 13.4% | 30.8% | 50.0% | 100.0% | **15.1%** |
| **Total** | **2.5%** | **4.9%** | **5.1%** | **15.0%** | **2.7%** |

Source: NOMIS, data extracted 30/5/17, Crown Copyright Reserved.

Looking at the size of the organisational population over time, between 2013 and 2016 there was no change in the overall number of enterprises in the mutual association and not-for-profit sector, compared to an increase of more than 2,200 enterprises across all ownership types in the same period. The increase in the latter is partly due to changes in counting methodology implemented by the ONS, with more micro businesses drawn into the official assessment. These changes would have affected the mutual association and not-for-profit sector less than other business types, as they are more likely to ensure they are declared as being not-for-profit and some parts of the segment have tighter rules for registration, for example mutual associations.

There have been some marginal changes in numbers by industrial sector, with reductions in the numbers of organisations in the Financial and Insurance and Health sectors, counterbalanced by an increase in the Arts, Entertainment, Recreation and Other Services sector.

Table 6 below looks at the mix of organisations by sector by comparing the findings from NOMIS and the findings from Companies House data. There are a small number of striking differences – notably the smaller number of finance and insurance sector organisations based on Companies House data, and the smaller number of accommodation and food services organisations. In the latter case, it is possible that Registered Societies may be involved, which we were unable to allocate by area, so did not include in our

extract. There are also significantly more organisations working in the education sector in the Companies House data. Looking at the detail of the organisations in this sector, this is likely to be in part due to misclassification of the work of the organisation (SIC is self-selecting in Companies House data), and also the challenge of splitting out recreation-oriented organisations from those with a primarily educative role. Differences of 5 or less organisations are due to rounding on NOMIS. Industrial and Provident Societies do not provide details of what they do.

**Table 6 – Comparison of NOMIS and Companies House data by Sector**

| Industry | NOMIS | Companies House |
|---|---|---|
| 1: Agriculture, forestry & fishing (A) | 10 | 14 |
| 2: Mining, quarrying & utilities (B, D and E) | 0 | 6 |
| 3: Manufacturing (C) | 5 | 0 |
| 4: Construction (F) | 10 | 7 |
| 5: Motor trades (Part G) | 0 | 0 |
| 6: Wholesale (Part G) | 0 | 0 |
| 7: Retail (Part G) | 5 | 9 |
| 8: Transport & storage (inc. postal) (H) | 5 | 4 |
| 9: Accommodation & food services (I) | 55 | 26 |
| 10: Information & communication (J) | 0 | 21 |
| 11: Financial & insurance (K) | 95 | 5 |
| 12: Property (L) | 35 | 52 |
| 13: Professional, scientific & technical (M) | 10 | 44 |
| 14: Business administration & support services (N) | 20 | 58 |
| 15: Public administration & defence (O) | 0 | 2 |
| 16: Education (P) | 30 | 117 |
| 17: Health (Q) | 150 | 94 |
| 18: Arts, entertainment, recreation & other services (R, S, T and U) | 225 | 530 |
| Unknown sector | | 71 |
| **Total** | **665** | **1060** |

Source: NOMIS, data extracted 30/5/17, Crown Copyright Reserved, and Companies House data, June 2017, MRE sifting and allocation to sector applied

### 4.1.4 Comparisons between data sources

Comparing the numbers of charities operating in Worcestershire through Charity Commission and Companies House data and the number of not-for-profit and mutual associations based in the county, there is a far larger number of charities and not-for-profit companies, than 'mutual associations and not-for-profit organisations' (NOMIS definition). The reasons for this difference are many, and will in part be explored through the qualitative part of this research project; however, a number of headline reasons can be set out here:

- The download of charities included all those who operate in the county, and this is self-determined. However, looking just at names of organisations, it can be seen that many have a geographic

focus that is mainly outside the county. This is also the case with Companies House data, where the allocation to an area is by registered address of the organisation.

- The download of charities includes all charities, some of whom do not have staff, and many of whom have a turnover of less than £25,000 – nearly two thirds (64%) of all the charities working in Worcestershire. There is an overlap between Charity Commission data and Companies House data as most of the charities with a turnover of over £100,000 and a good number of those with a turnover greater than £25,000 are also companies limited by guarantee. The NOMIS dataset will pick up registered organisations with PAYE, VAT or some other registered status, but not the numerous scout and guide groups, friends of Church Halls and other small charities.
- Not all not-for-profit organisations are registered charities, and so will not be included on the Charity Commission database.

This last point, highlights the challenge in putting an exact number on the population of voluntary and community organisations in Worcestershire and may be best described by an illustration – see Figure 1 below.

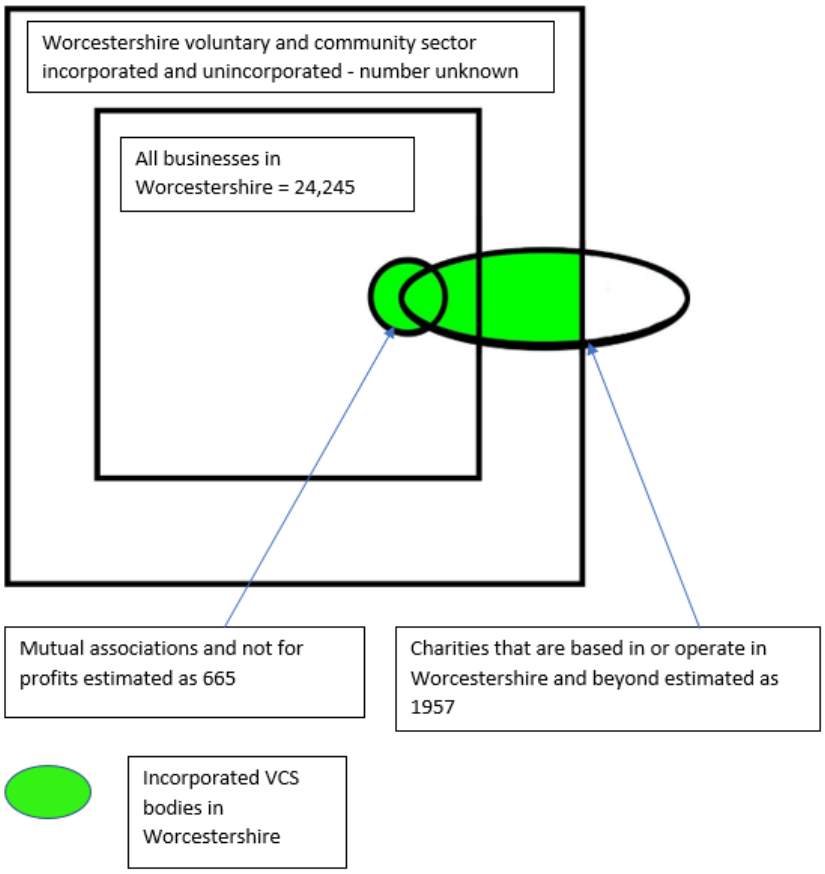



Figure 1 – Venn diagram of the VCS sector

Within the square that represents Worcestershire, there is a population of individuals, businesses, charities, mutual associations, not-for-profit organisations, groups and individuals. Within the square that is businesses in Worcestershire, we know from ONS data that there are 24,245 enterprises, of which 665 are mutual associations and not-for-profit organisations (represented by the circle). We also know that there are 1,957 charities which say that some or all of their activity is within Worcestershire; however, the charity

itself may not be based in Worcestershire. Some of the charities will be not-for-profit organisations and mutual associations, some will be trading arms of charities, and some will be groups that are not set up as businesses. The VCS in total is the green segment of Figure **1, but only a part of it can be enumerated** through official statistical sources, the rest should be determined through research and estimation.

It should also be noted that for the purposes of this work, some organisations that fall within the official statistics, are of limited interest to this work, other than perhaps for the calculation of GVA. As discussed earlier, this segment would include organisations such as the public schools which are registered charities, but whose activities have little direct impact on the people of Worcestershire.

### 4.1.5 Geographic split

Although the Charity Commission data did not facilitate easy allocation of charities to individual boroughs or districts, it was possible to undertake some element of segmentation by area within Worcestershire on the Companies House data, as can be seen from Table 7 below. From the available data, 40% of organisations were based in Worcester, while 44 could not be allocated to an area due to incomplete address information (mainly Industrial and Provident Societies).

**Table 7 – Companies House VCS organisations by geography**

| District within Worcestershire | Number |
|---|---|
| Bromsgrove | 69 |
| Redditch | 75 |
| Malvern Hills | 144 |
| Worcester | 421 |
| Wychavon | 175 |
| Wyre Forest | 132 |
| unable to localise | 44 |
| **Grand total** | **1060** |

Source: Companies House data, June 2017, MRE sifting applied

Looking at raw numbers of organisations by local authority, Tables 8 and 9 below shows that NOMIS has more relevant organisations in Bromsgrove than could be found from Companies House data – this is likely to be due to a number of areas of Bromsgrove District being referred to in their addresses as Birmingham (difficulties with addresses in the Companies House data has been discussed above). It should also be noted that in contrast to the Companies House data, according to NOMIS, Worcester does not have the largest number of organisations. Redditch has the lowest number of organisations according to NOMIS and the second lowest according to Companies House data.

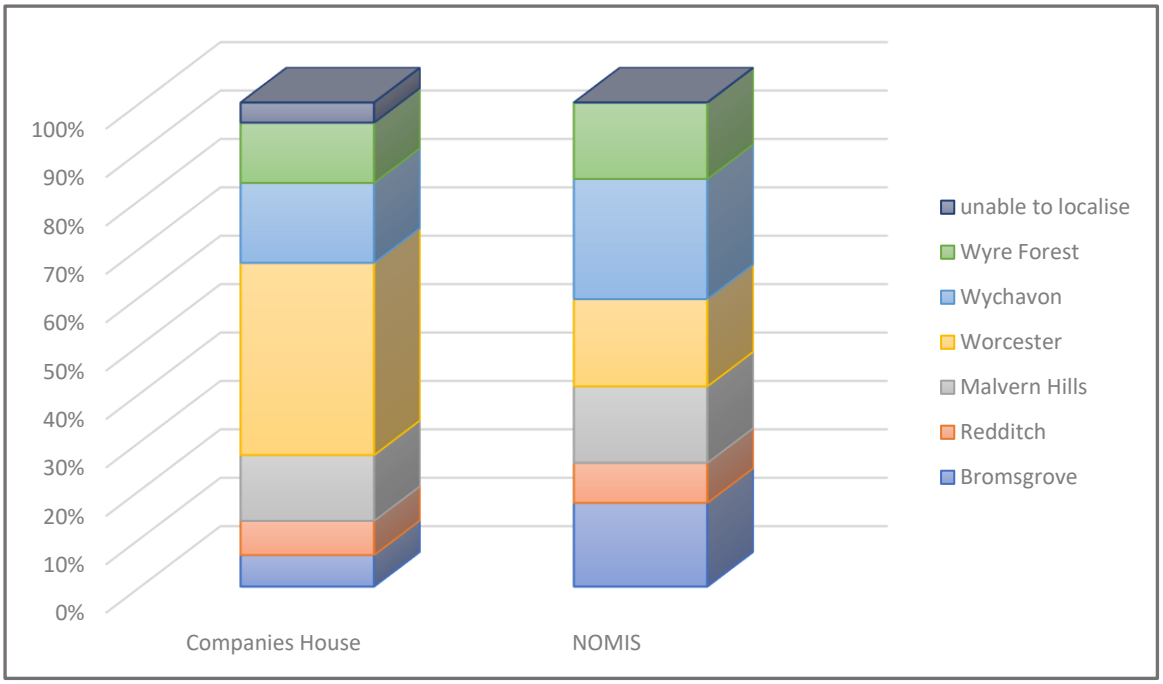
Areas other than Worcester have relatively similar numbers of organisations. There are several reasons for this. Firstly, the address issue – some companies very close to the Worcester border are likely to have said they are in Worcester rather than one of the adjoining administrative districts. Secondly there is a number of organisations that use accommodation addresses or use solicitors' addresses as their registered company address. This is particularly the case for Residents Property Management organisations, of which there are 267 registered in the County, with many based at Whittington Hall, Worcester. These

organisations are unlikely to be included in NOMIS data. A number of Worcestershire organisations are based in Worcester, including organisations linked to health and sports.

**Table 8 – Comparison of Companies House and NOMIS data**

| District within Worcestershire | Cos House | NOMIS |
|---|---|---|
| Bromsgrove | 69 | 115 |
| Redditch | 75 | 55 |
| Malvern Hills | 144 | 105 |
| Worcester | 421 | 120 |
| Wychavon | 175 | 165 |
| Wyre Forest | 132 | 105 |
| unable to localise | 44 | 0 |
| **Grand total** | **1060** | **665** |

**Table 9: Distribution of NOMIS organisations by local authority district**




From NOMIS, the stock of enterprises as at 2016 that are mutual associations and not-for-profit organisations by high level SIC code and by borough and district within the county is shown in Table x overleaf/below. Due to reporting restrictions and confidentiality, all numbers are rounded to the nearest 5, so the numbers are not wholly accurate and may not add up by column or by row. There is no significant difference in the sector mix of organisations by local authority.

**Table 10 – Geographic Breakdown of NOMIS stock of enterprises by Local Authority District**

| Sector | Worcester-shire | Broms-grove | Malv-ern Hills | Red-ditch | Worces-ter | Wych-avon | Wyre Forest |
|---|---|---|---|---|---|---|---|
| Agriculture, Forestry & Fishing | **10** | 0 | 5 | 0 | 0 | 5 | 0 |
| Mining, Quarrying & Utilities | **0** | 0 | 0 | 0 | 0 | 0 | 0 |
| Manufacturing | **5** | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction | **10** | 0 | 0 | 0 | 0 | 5 | 0 |
| Motor Trades | **0** | 0 | 0 | 0 | 0 | 0 | 0 |
| Wholesale | **0** | 0 | 0 | 0 | 0 | 0 | 0 |
| Retail | **5** | 0 | 0 | 0 | 0 | 0 | 0 |
| Transport & Storage (including post) | **5** | 0 | 0 | 0 | 0 | 5 | 0 |
| Accommodation & food services | **55** | 10 | 5 | 5 | 5 | 10 | 15 |
| Information & Communication | **0** | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial & Insurance | **95** | 20 | 15 | 10 | 10 | 30 | 10 |
| Property | **35** | 10 | 5 | 0 | 5 | 10 | 5 |
| Professional, Scientific & Technical | **10** | 0 | 0 | 0 | 0 | 5 | 5 |
| Business Admin & Support Services | **20** | 5 | 5 | 0 | 5 | 5 | 5 |
| Public Admin & Defence | **0** | 0 | 0 | 0 | 0 | 0 | 0 |
| Education | **30** | 5 | 5 | 0 | 10 | 5 | 5 |
| Health | **150** | 25 | 20 | 15 | 35 | 35 | 20 |
| Arts, Entertainment, Recreation & Other Services | **225** | 40 | 40 | 15 | 45 | 50 | 35 |
| **Total** | **665** | **115** | **105** | **55** | **120** | **165** | **105** |

Based on our definition of 'eligible charities, the 'Top 20' in the county are detailed in Table 11 below:

**Table 11 - Top 20 Worcestershire charities by turnover[6]**

| Reg Charity No | Name | Employ-ees | Expenditure | Income | Volun-teers |
|---|---|---|---|---|---|
| 1111423 | BROMSGROVE DISTRICT HOUSING TRUST LIMITED | 131 | £15,687,000 | £19,861,000 | 3 |
| 515668 | ST RICHARDS HOSPICE FOUNDATION | 221 | £7,637,161 | £8,388,625 | 1,000 |
| 241433 | MALVERN THEATRES TRUST LIMITED | 70 | £5,722,808 | £5,956,447 | 180 |
| 511868 | THREE COUNTIES AGRICULTURAL SOCIETY | 31 | £4,824,000 | £4,995,000 | 200 |
| 516872 | WORCESTERSHIRE YMCA LIMITED | 160 | £3,663,968 | £3,674,215 | 70 |
| 1127871 | HARTLEBURY CASTLE PRESERVATION TRUST | 0 | £187,287 | £2,729,580 | 35 |
| 1057370 | EASTBROOK EDUCATION TRUST | 34 | £2,067,578 | £2,635,382 | 150 |
| 256618 | WORCESTERSHIRE WILDLIFE TRUST | 29 | £1,601,984 | £1,950,071 | 400[7] |
| 1081992 | YSS LTD | 59 | £1,789,233 | £1,852,636 | 115 |
| 1146310 | KEMP HOUSE TRUST LTD | 33 | £1,359,795 | £1,724,722 | 324 |
| 1080545 | AGE CONCERN HEREFORDSHIRE & WORCESTERSHIRE | 90 | £1,627,009 | £1,681,215 | 150 |
| 1154467 | THE ROGER & DOUGLAS TURNER CHARITABLE TRUST | 22 | £1,594,000 | £1,565,000 | 20 |
| 700272 | THE PRIMROSE HOSPICE LIMITED | 34 | £1,487,593 | £1,443,105 | 460 |
| 1043921 | ST PAUL'S HOSTEL | 31 | £1,426,210 | £1,370,196 | 140 |
| 1128497 | WORCESTER CITIZENS ADVICE BUREAU AND WHABAC | 42 | £1,241,818 | £1,338,682 | 74 |
| 1102766 | WORCESTER YMCA | 37 | £1,188,682 | £1,159,076 | 50[8] |
| 701310 | WORCESTER LIVE CHARITABLE TRUST LTD | 25 | £1,172,656 | £1,132,990 | 160 |
| 1102022 | ONSIDE INDEPENDENT ADVOCACY | 53 | £1,192,184 | £1,115,672 | 147 |
| 1145192 | WORCESTER STUDENTS' UNION | 38 | £1,247,375 | £1,106,765 | 0[9] |
| 702490 | HEADWAY WORCESTERSHIRE | 63 | £1,128,222 | £1,054,130 | 30 |
| 204609 | THE THREE CHOIRS FESTIVAL ASSOCIATION LTD | 10 | £959,024 | £918,130 | 159 |

[6] As per data from Charity Commission website on 29th March 2017
[7] According to Worcestershire Wildlife Trust website
[8] According to the YMCA Worcestershire website
[9] According to the2015-16 Student Union report, 402 students gave 29,000 hours to good causes.

# 5.0 Economic Impact of the Sector in Worcestershire and contribution to LEP priorities

## 5.1 Direct Economic Impact

As explained earlier, this Study has concentrated only on "direct economic impact" because this fits well with WLEP's priorities. The agreed interpretation of "direct economic impact" was:

- The jobs that the sector creates and maintains;
- The expenditure it spends on good and services, effectively annual turnover;
- Its effect on tourism and the visitor economy, which brings in money from outside the county;
- The investment and grant income that it attracts from outside the county.

For completeness, we have added to that list other examples of income generation, which are explored in detail in Section Six of this document.

One objective of this Study was to estimate a 'global' Gross Value Added figure for the economic contribution of the sector in Worcestershire. This is important for WLEP because it demonstrates the proportion of the county's economic performance that is produced by the VCS. Section 5.2 below describes the detailed process that was used to determine an appropriate methodology to use for this purpose and then how the chosen formula was applied and the results calculated. In the process of making these calculations, the number of jobs that the sector provides and the number of volunteers engaged in charities have been estimated. These estimates are also included in the section below.

The secondary and no less important purpose of this research was to get beneath the numbers and tell the stories of how the sector is achieving financial stability and, in some cases, success with the purpose of highlighting good practice across the sector. It is these strategies, tactics and approaches that underpin good financial performance that translates into positive impact on the local economy.

## 5.2 Economic impact research and methodology

WLEP uses three measures to determine the relative success of the economy in Worcestershire; employment, housing stock and GVA[10]. For the purposes of this work, it was decided to look at employment and GVA as a way of measuring the impact of the VCS, with the aim of giving an estimate of the GVA contribution of the sector to illustrate its relative importance to the local economy.

[10] For a full discussion of the technicalities of producing GVA data at Regional and LEP level, please consult the documentation at https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/methodologies/regionalaccounts

The official methods[11] for calculating GVA for local area interventions are as follows:

**Method 1:**

GVA = operating profit before tax + full employee costs + depreciation + amortisation;

**Method 2:**

GVA = turnover (or sales) less the cost of bought in goods and services;

**Method 3:**

Where turnover estimates are available, convert to sectoral turnover using GVA ratios from official sources;

Where employment estimates are available, convert to GVA by using appropriate ratios from official sources.

Neither Method 1 nor Method 2 are satisfactory ways of measuring the contribution to the local economy, as the VCS primarily runs on a not-for-profit basis, is often in receipt of donated goods and services, and on a practical level, the detailed figures for each element of the calculation are challenging to track down.

Versions of Method 3 have been used in Manchester and Liverpool to estimate GVA attributable to the VCS, as a part of the total GVA of the area. Manchester undertook a survey of relevant organisations and used this to derive estimates for staff and volunteer numbers and their full-time equivalents (FTEs). They then looked at two ways of calculating a GVA estimate, one using estimated GVA per FTE employee[12], and one using a measure of median wages multiplied by the FTE employees and volunteers figure. The former gave a higher estimate than the latter. The latter estimate was close to a methodology advocated by New Economy, which also applied an uplift factor to the wage bill to arrive at GVA of 1.5. This is closer to the full employee costs noted in Method 1. Any comparisons with the GVA of the area will be flawed by the fact that volunteer contribution is not included in official statistics.

In Liverpool, no survey was undertaken; instead they looked at secondary data sources including the National Survey of Charities and Social Enterprises. This survey was last run in 2010, and while it would have been representative at the Worcestershire level, it is now very dated. Because Liverpool did not have their own survey from which to derive numbers of volunteers, they developed an estimate for this. They also used the estimated 3 hours per week per volunteer developed by Manchester. These numbers were used in the formula to calculate the GVA for volunteers (using GVA per FTE across the sectors of public administration and defence, education, and health and social work). For employees, they worked with two figures – producing a low estimate with the national minimum wage, and a higher estimate based on the median wage for the North West region.

This FTE employee and volunteer multiplier method has also been used in Nottinghamshire, Wigan, Bolton, and Sheffield, in general by the same research team.

[11] As per for example the January 2014 document from Scottish Enterprise – Economic Impact Guidance, Gross Value Added, or rather less clearly, the December 2010 paper from the Office for National Statistics Measuring the Economic Impact of an intervention or investment: Paper One Context and Rationale

[12] I have assumed this is equivalent to GVA per head

In the South West region by contrast, Dorset looked at estimating the total income for the sector, the number of employees working in the sector and also the replacement cost of estimated volunteer numbers, i.e. how much it would cost to replace the volunteer hours with paid staff. In Lincolnshire, they also looked at the total estimated annual turnover and employment. The total value of the sector was inflated somewhat by looking at the value of grants drawn into the area, an estimate of the value of volunteering hours, an awareness that there are likely to be a number of organisations "below the radar", but also the knock-on effect in the local economy through purchasing and supply chains.

Shropshire[13] looked at the total employment and volunteering activity of the sector, but the summary was based on secondary data from the National Survey of Charities and Social Enterprises (2010) and the NCVO Civil Society Almanac from 2013, supplemented with case study material from a consortium of providers.

East Sussex[14] estimated the number of employees, the number of volunteer hours (and their value) and the annual income of the sector as a way of measuring its contribution to the county economy. Brighton and Hove undertook a similar exercise.

Somerset[15] did a one-off exercise and looked at how to estimate volunteer hours and their value, the contribution of volunteer hours to GVA, employment and funds brought into the county by the VCS. The focus of this study was slightly different to others, but it does acknowledge the complexity of defining the VCS sector and thus the challenge in developing a numeric estimate of the contribution of that sector to the county.

For this study, we are therefore able to look at two potential ways of measuring the impact if the VCS sector. One would be by developing a GVA proxy, using the methodology pioneered in the North West. The other would be to produce estimates of employment and income for the sector. The most recent per head GVA figure available for Worcestershire is for 2014 and is £19,686. The 2016 weekly median wage figure for Worcestershire is £375.20 (workplace based figure). Either impact figure will involve a level of grossing up, as we have not acquired turnover or employment figures for all charities in the County, nor have we acquired turnover and employment figures for all CICs and companies limited by guarantee. In order to develop a robust estimate in line with other areas, we also need a view on volunteer numbers, even though this was not originally envisaged in the research. We will therefore use the same estimated figures for volunteer hours (3 hours per week for full time equivalent calculations) as used in the North West, but will need to estimate numbers of volunteers, as not all organisations specify how many volunteers they use. Estimation assumptions and methods are set out in the technical annex.

[13] Shropshire's Voluntary and Community Sector, VCSA Shropshire

[14] Valuing the Voluntary Sector: the economic impact of voluntary and community organisations in East Sussex. 2011, produced by the three Councils for Voluntary Services in East Sussex

[15] Volunteering and the Voluntary Sector in Somerset, July 2013, Rob Culligan, Engage West Somerset

## 5.3 Estimates of GVA

As was set out in Section Four, estimating the size of the VCS sector in Worcestershire presents a challenge, and we developed a number of different estimates of the size of the sector. Given that identifying the size of the sector is a challenge, following through to estimate the GVA attributable to the sector is also problematic. We have also noted that GVA may not be the best way to assign economic impact to the sector (see Section 5.1) but has nevertheless been attempted using ratios and assumptions in other parts of the country. We therefore look at producing estimates on the same basis, but working with the different data for measuring the size of the sector.

The smallest estimate of the size of the VCS sector was derived from NOMIS data looking at not-for-profit and mutual associations as a descriptor, which gave an estimate of 665 organisations. Using the broad methodology used in Manchester and Liverpool for turning this number into an estimate of GVA, we have taken the weekly gross average earnings figure for workplace earnings from the Annual Survey of Hours and Earnings[16] for Worcestershire for 2016 of £375.20 and multiplied that by 52 to get an annual earnings figure. Using the assumptions detailed later in this section, we have applied that figure to estimates of employees and volunteers[17] differentiated by employment size of organisation (see Table 4 in Section 4.1.3). This resulted in an estimate of **£270 million GVA generated by the VCS in Worcestershire in 2016**.

A second estimate can be made using the Charity Commission data and the same assumptions as above for employment, volunteering and numbers of organisations with little or no involvement in Worcestershire. This gives an estimate of £188 million GVA. Despite having a larger number of organisations based in Worcestershire, the estimates of employment are lower, which explains the lower figure for GVA – the methodology used is explained in Appendix Two.

There is a significant discrepancy between these two figures, in part driven by a lack of data from Charity Commission sources and in the main, linked to the smaller organisations with income of less than £100k. Not all organisations state the numbers of volunteers and employees in the notes to their accounts and such documents are in any case time consuming to work through. We envisage that the £188 million figure is an underestimate.

As has been indicated in Section 5.1, in other areas, the combination of number of organisations, estimated turnover (income) and employment have been taken as proxies for GVA. Again, assumptions have to be made and a certain amount of grossing up undertaken to come up with estimates within the time frame and resources of this project, but using the Charity Commission data, we estimate **income for the sector** in the region of **£374 million, from a sector with 1,360 organisations, 8,218 employees and 23,407 volunteers**. The VCS is thus comparable in size by employees with the Other Services sector[18] (8,100 employees), and is about **3% of workplace employment**.

[16] https://www.nomisweb.co.uk/

[17] See annex x for assumptions and how the volunteer figures were calculated

[18] Annual Population Survey, Workplace analysis, occupations and broad industrial sectors, year to December 2016, data extracted 17 August 2017

# 6.0 Delivering Economic Impact

## 6.1 Practical Ways in which VCS organisations contribute to the local economy

Technical calculation of the economic contribution of the VCS provides a useful benchmark and a comparator with other areas; it gives a sense of the total contribution of the sector. Setting pure fundraising on one side, behind the figures lie the income-generating strategies and financial approaches that the staff and Trustees of each charity and social enterprise are using every day for survival and growth.

In this section, we explore some of the main themes that have developed during the research process, firstly, in relation to issues directly related to WLEP's priorities and then other noticeable trends.

## 6.2 Jobs

In 5.3 above, employment in the sector in Worcestershire is estimated at 8,218 employees. Earlier estimates are not easy to find; one on-line presentation from WAVOCC[19] in 2012 suggested that the figure was approx. 4,400 but we were unable to find an explanation of how the figure was calculated.

The recent operating environment for the sector has been extremely challenging, particularly for those reliant on public funding. They have experienced what is in effect a 'double whammy': income has often diminished but, unlike a downturn in the private sector, demand for services has increased. For those reliant on public sector contracts, this is predominantly because of the impact of public sector funding cuts, which have radically affected the value of local authority contracts. In addition, the wholesale restructuring of welfare benefits and the closure of many public services has increased the demand on the VCS at a time when reduced income has necessitated redundancies and even closures. Understandably, this has made the sector cautious about taking on new staff unless they can see a clear funding stream to support the post(s).

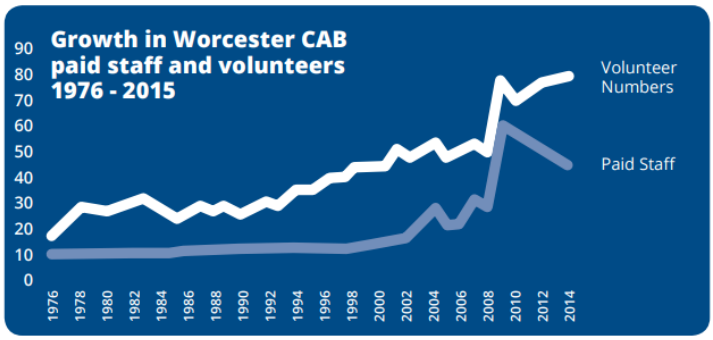
From work we have done with the sector, it is apparent that the sector adopts similar practices to the private sector to limit its risk when employing staff: fixed-term contracts are prevalent and accepted by many staff as the norm, where jobs rely on external funding streams; contractors are used for specialist services that it is too expensive to retain in-house. Some charities that deliver paid-for services as part of their income generation strategy match resource to demand through the use of flexible contracts and by contracting with self-employed providers.

As the name of the sector and our estimates suggest, in addition to employed labour, the business model for the sector relies heavily on volunteer resource; this is evident from charities' annual reports and most of the organisations we contacted simply could not function properly without their volunteers. Worcester

[19] Worcestershire Association of Voluntary Organisations in Community Care presentation to Health & Wellbeing Board 2012.

Citizens Advice reports in its 2015-16 Review[20] that during the year, 74 volunteers provided 20,000 hours of advice to clients, equivalent to over ten full time posts and valued at £340,000.

Research commissioned by Worcestershire Voices[21] in 2013 estimated annual volunteering in the county to have an annual value of £811 million.




*Growth of staff and volunteering at Worcester Citizens Advice*

An immediate response to increased workload may be to assess whether volunteers could take on the role and that is often an option. However, with 1000 - 1500 organisations based in the county all recruiting volunteers, plus all the regional and national organisations that are active in the county without being based here place a substantial demand on a finite pool of volunteers. Inevitably, the sector is strongly biased towards service delivery and whilst accepting that technology can play a role, people, rather than automation are a necessary part of growing an organisation. Most of our case study subjects identified additional paid jobs as a part of their plans: the skills necessary varied from administration to highly specialised technical knowledge. Some have grown their workforce despite all the challenges and this capability points towards some of the other solutions that organisations are developing to keep the income flowing in.

## 6.3 Turnover and local spend

Necessarily, the major proportion of a VCS organisation's income will be spent on salaries. The approach used for this research is to try to isolate organisations that are active in the county, so one can reasonably assume that most of the workforce will be local and a proportion of salaries will be spent with local commercial providers of goods and services.

*Feckenham Community Shop*

Of the remaining VCS budget, often the majority will be spent on utilities and property costs but the balance will benefit local suppliers of office goods, professional services, marketing supplies and so on. It's impossible to get any reliable figures but some organisations operate deliberate policies to 'buy local'.

The county's community shops – Feckenham, Alfrick & Lulsley, Bretforton and Whitbourne on the Herefordshire/Worcestershire border – and a planned

[20] WORCESTER CITIZENS ADVICE BUREAU & WHABAC ANNUAL REVIEW 2015-2106: http://www.cabwhabac.org.uk/images/stories/ar-2016.pdf

[21] See: Worcestershire Volunteering Research Report: http://www.worcestershirevoices.org.uk/uploads/documents/Worcestershire%20Volunteering%202013%20Research%20Report%20131010.pdf

opening at Crowle – are a good example; all promote local food and drink. Whitbourne received £250,000 Big Lottery Local Food funding to build its new shop, which required a major focus on promoting local produce. Now ten years old, it estimates that 30% of its weekly sales – approx. £35,000 per annum - are for goods produced within 30 miles of the shop -milk, bread and cakes, eggs, meat, cheese and chilled goods, beers and cider, local fruit and veg. and handmade chocolate bars, purchased from farmers, local producers and wholesalers. The general public are increasingly interested in food security and traceability and environmental issues such as 'food miles', so it makes good business sense for the shops as well as good customer service. Small-scale promotional 'food fairs' are also organised by the community shops to market local brands.

## 6.4 Retail activities and shops

Retailing is a classic way for charities to earn income, benefitting from free donations of second-hand goods from supporters that can be sold at keen prices, from rate-free premises and staffing the premises with volunteers. Shop surpluses are transferred to support charitable work and, for many, make a useful financial contribution to running costs.

Some charities have given their retail outlets a more professional edge that helps to rapidly scale-up their operation, generating substantial funds. Forces Support, an armed forces bereavement charity whose HQ is based in Kidderminster, operates across the country. Founded seven years ago, the charity largely derives its income from its chain of stores located throughout the UK and has no dependence on public sector funding. Its business model relies on free short-term leases negotiated with national retail property landlords and an in-house professional shop-fitting team that enables it to take on and open stores within a short space of time. Set-up costs are highly controlled, partly due to economies of scale; although a band of over 100 volunteers complement the store staff teams, the model relies on a salaried Manager and Assistant Manager in all of its stores. The stores

**Positive economic impact can result from people simply getting together to improve their local area.**

Community spirit is helping revive neglected buildings in an area of Kidderminster known as The Horsefair. With support from Big Local DY10, volunteers painted the empty and run down former Post Office and placed images in the boarded windows of the Horsefair in Victorian times.

Local activist Spike Betterton has been instrumental in setting up a Facebook page called Horsefair and Proud last May 2016 which now has more than 900 followers. Since then the central triangle around a horse statue has been restored with flower boxes and volunteers from Spec Savers helped paint the railings. The attractive focal point was used for a Christmas Market last December with a large Christmas tree.

Through social media activity, litter picks have mobilised; two work parties have cleared a piece of land and residents of one particular street arranged a street tidying day. A party in the park has been organised in memory of Mr Tee a former resident and business owner who died 2 years ago.

Local businesses are beginning to respond with improvements to shop frontages and one resident has moved her hair dressing salon from the town centre back into the Horsefair and is reporting an increase in turnover.

sell a wide selection of goods such as furniture, bric a brac, clothing and other items which are kindly donated by members of the public. Turnover is in the region of £3m and the charity employs over 60 team members currently.

Albeit at a local level, Age UK Bromsgrove, Redditch and Wyre Forest is another example of a charity that is currently strengthening its retail offer with promising results. More information is available in the case study to be found later in the study.

Retail activity does not have to occupy dedicated 'high street' shop premises. Animal welfare and conservation charities often offer visitors a small range of goods for sale within their offices and visitor centres, which may also provide café and meeting room facilities. Online charity shops are also increasingly popular and many charities now take advantage of Ebay to sell higher value donations of ceramics, jewellery and other antiques.

Although it does not make a direct impact on the economy, another aspect of charity retail activities which may be less well understood is their contribution to recycling waste and avoiding goods going to landfill. Of course, the donation of second-hand goods is, in itself, a form of recycling but charities also earn income from 'ragging' unwanted textile items, often in poor condition, that are sold to commercial recyclers. In a similar way, some will also sell unwanted bric-a-brac, household goods and electrical equipment. Although sadly not located in Worcestershire, Oxfam's[22] Wastesaver national sorting centre deals with 12,000 tons of items each year, of which nothing goes to landfill. Smaller charities in Worcestershire may not operate on this scale but many still carry out the same functions, carefully sorting what can be sold in their shops, what should be sold on Ebay and what should be 'ragged'. Some charities now have arrangements with their local authorities to take goods from household waste sites to be recycled either through shops or 'ragging'.

According to Clothesaid[23]:

*"The UK could save around £3 billion per year from the cost of the resources we use to make and clean clothes if we changed the way we supplied, used and disposed of clothing. This would reduce the carbon, water and waste footprints of clothing consumption by 10-20% each. Being part of the Wrap 2020 Commitment, we aim to reduce our own and help others to reduce their environmental footprints.*

*350,000 tonnes, that's around £140 million worth, of used but still wearable clothing goes to landfill in the UK every year. This equates to more than 30% of our unwanted clothing currently goes to landfill.*

*We Great Britons send 700,000 tonnes of clothing to recycling centres, textile banks, clothes collections and to charity each year. That's enough to fill 459 Olympic-size swimming pools. 57% of people say they recycle their textiles with 41% of people saying they're not aware of recycling facilities for textiles."*

Using a very rough calculation, Worcestershire's population is slightly less than 1% of the UK. 1% of 350,000 tonnes of clothes going to landfill is approx. 3100 tonnes, so even with the strong recycling record of local charities, there is still plenty of scope for improvement in recycling rates.

## 6.5 Charged-for services

Many organisations now charge for at least some of their services, whether at a full-cost or subsidised rate. This has been a bitter pill for some charities to swallow, where the culture is all about providing free support. Nevertheless, harsh financial realities have made this unavoidable. Part of the rationale that has

[22] See: http://www.oxfam.org.uk/donate/donate-goods/what-happens-to-your-donation/wastesaver

[23] Clothesaid is an organisation that recycles waste textiles and donates the proceeds to charities. See: http://clothesaid.co.uk/about-us/facts-on-clothes-recycling/

made this more acceptable is that some services are sold to those who can afford to pay and the surplus helps to keep the organisation running and to fund services for those who cannot pay.

Charities tend to enjoy a higher level of trust than most commercial organisations, giving them a potential advantage with vulnerable client groups. For example, several of the older people's charities in the county provide chargeable cleaning, gardening and handyman services. In terms of economic impact, the most significant proportion of a charity's employment base is likely to be those involved in direct service delivery, regardless of whether services are chargeable or not.

Some of the most common chargeable services are health and social care services, including respite care and dementia day care. Other areas that have been popular include education for school pupils, with specialist facilities offering programmes for children with challenging behaviour. Numerous organisations provide day facilities for people with learning difficulties and special needs, for example, Ninevah Ridge Care Farm[24], which is a CIC based near Cleobury Mortimer. Ninevah Ridge has recently introduced 'Ninevah projects', which is a range of wooden products and shabby chic furniture manufactured or upcycled by clients, which are sold to help the running costs of the organisation. In this way, service users contribute their labour to help keep service charges affordable.

Wythall Transport Museum[25] is typical of cultural attractions that provide chargeable educational programmes closely linked to the school curriculum. Various conservation charities, such as Worcestershire Wildlife Trust[26], also offer courses to the general public, which depending on the subject matter can draw people from some distance. Malvern Outdoors Elements[27], formerly Malvern Outdoors Education Centre, is now a not-for-profit organisation providing outdoors activities for schools and the general public.

Other charities are using their specialist expertise and equipment to sell services to both the commercial sector and to other charities. Severn Valley Railway Holdings generates profits from its commercial engineering testing and component manufacture business to support its charity by selling its services to other heritage railways and locomotive operators.

According to Railway Magazine[28], Severn Valley Railway recently won a 10-year contract from luxury train operator Belmond to service and stable its 'Northern Belle' carriages at Kidderminster. The agreement includes the provision of signalmen, drivers and shunters working anti-social hours. These operations will be covered by paid SVR staff and are included in the costings for the operation.

Premises are a major cost for VCS organisations, not least because they often require space to deliver services to clients but they can also provide an income- earning opportunity. If they are suitable, many organisations will recoup some of the cost through room hire and hospitality services.

## 6.6 Tourism and the visitor economy

Thanks to the county's heritage, landscape and visitor attractions, the importance of tourism to Worcestershire is well documented – think Elgar, the Malvern Hills and West Midlands Safari Park. Other

[24] See: www.ninevehridgecarefarm.org.uk
[25] See: http://www.wythall.org.uk/facilities.asp
[26] See: http://www.worcswildlifetrust.co.uk/courses
[27] See: http://malvernoutdoors.co.uk/about/
[28] See: https://www.railwaymagazine.co.uk/severn-valley-wins-10-year-northern-belle-contract/ March 2017

activities also play an important part: for example, specialist tourism research[29] commissioned by Wychavon District Council demonstrated the importance of festivals and events, such as the Pershore Plum Festival, estimated to contribute nearly £300,000 to the local economy.

What may be less well understood is the role that VCS organisations play in drawing visitors to the county. As well as major attractions, in some cases run by huge national charities such as the National Trust, the county has dozens of smaller organisations and venues run by charities and not-for-profit organisations.

In the 2016 Worcestershire Visitor Survey, the list of tourism venues at which visitors were surveyed strongly featured attractions run by the VCS – Severn Valley Railway, Avoncroft Museum of Buildings, Worcester Porcelain Museum, Bewdley Museum, Harvington Hall – the list goes on.

WLEP's most recent research into the value of tourism to the county estimated in 2013 that tourism expenditure accounted for £538 million. The true figure is unknown but it would not seem unreasonable to assume 50% of that expenditure relates to destinations and attractions owned/administered by the VC sector, that means it is managing assets producing over £260 million per annum. Bodies such as Hartlebury Castle Preservation Trust and Severn Rivers Trust have won funding from the Heritage Lottery Fund that will develop or create new visitor attractions with a programme of events at Hartlebury Castle and a new Visitor Centre and fish pass at Diglis, Worcester.

## 6.7 External grants

Few charities do not take advantage of grants from external bodies. Alongside many foundations and grant-giving bodies, the Big Lottery is a major provider of grants to local organisations through its Reaching Communities and Awards for All programmes. Analysis of the Big Lottery website shows the following examples of grants received by local charities and community organisations in the past 18 months:

- Approx. 30 Awards for All grants to charities plus a number more to religious organisations, village halls, scout, guide and cub groups. Most grants are close to the £10,000 maximum. Total: £300,000.
- £142K for What Makes you Different Makes you Beautiful charity (Malvern) for a family-centred care approach for children on the autistic spectrum;
- £446K for YMCA (Bromsgrove) for the Hewell Rainbow Project to support for prisoners at HMP Hewell and their families;
- £257K for North Worcestershire Basement Project (Bromsgrove) for a drop-in service for homeless and at risk young people;
- £280K for Where Next Association (Redditch) for a community hub for people with learning difficulties;
- £262K for Redditch Nightstop Safe Accommodation and Support to train volunteers to host homeless young people overnight in a safe environment;
- £135K to Speakeasy NOW (Droitwich) for Community Voices, a network of self-advocacy groups for people of all ages with learning difficulties;

[29] Pershore Plum Festival 2015 – Visitor Survey & Economic Impact Report, The Research Solution

- £514K to Wyre Forest Nightstop and Mediation service for Axis project, to provide emergency accommodation, mediation and related crisis support for young people.

Total: £2.036 million, meaning just this snapshot of Lottery grants has brought £2.3 million into the county since January 2016.

Heritage Lottery Fund (HLF) is another source of major funding for county organisations. A few examples from the past four years:

- Abberley Hills Preservation Society received nearly £50K in 2014 for "Revealing Mediaeval Abberley"
- St. Richard's Hospice nearly £10K for St. Richard's Voices – sharing 30 years of memories";
- Hartlebury Castle Preservation Trust - £5.38m for the purchase and refurbishment of Hartlebury Castle (although the majority of this would have been the purchase price from the Church Commissioners);
- £4,000 for Evesham Historical Society for a WW1 exhibition;
- Nearly £44K to the Jestaminute Community Theatre CIC in Redditch for "1964 – the start of something big".

Conservation charities have a good record of bringing funds into the county: see the Case Study on Severn Rivers Trust later in this document. The organisation is part of a partnership that has won nearly £20m for a conversation project along the length of the River Severn.

The nature of these projects suggests that the funds will be used for salaries, good and services and building refurbishment, all of which will enhance the county's economy.

## 6.8 Financial Instruments to strengthen financial viability and credibility

The operating environment since the financial crash of 2008 has challenged charities to find new ways of underpinning their business. Taking advantage of different ways of financing services and development projects has helped some either to grow or at least to stabilise their organisation. We have included in this study two case studies that demonstrate this:

Firstly, how working in partnership with service commissioners and other agencies, Age UK Herefordshire & Worcestershire has used a Social Impact Bond to fund service provision: please see full case study for a complete description;

Secondly, how Newstarts has used a Social Investment Loan to purchase its warehouse and offices in Bromsgrove.

Changes to Government contracting arrangements have meant that contract values are now much higher and would often preclude smaller VCS organisations from bidding for them because they would not have the financial strength to deliver them without risk. One solution to this is consortium working with a large organisation acting as accountable body for the contract and then sub-contracting to smaller organisations. This has been used successfully by Fusion partnership, led by The Community Housing Group and is described in the case study section. Another partnership that has used this arrangement is a group of homelessness charities led by YMCA, who won Worcs. County Council contracts by working together.

## 6.9 Increasing personal prosperity

Earlier in this report, we have identified how obtaining external funding brings in additional money to VCS organisations, much of which may be spent in the county. Grants are an obvious form of this but there is another significant way that VCS organisations contribute to that figure, namely by helping clients with benefits claims that result in increased money from UK Government being made available to local claimants who may spend a proportion locally and, at least, are helped out of debt.

Within the county can be found several Citizens Advice offices and Age UKs serving each of the local authority districts. Each of these offers benefit advice and debt counselling to clients. Some national VCS organisations also offer debt advice in the county, which still results in additional income being available to local people.

Overleaf we provide some statistical evidence from both Citizens Advice and Age UK about the value of these services to local people, which in turn will benefit the local economy and relieves some pressure on publicly-funded services that have to intervene if debt causes other social and health problems.

Nationally, Citizens Advice estimates[30] that during 2015/16 across the country, they helped 272,000 clients access £1.7 billion of new awards or additional benefits, an average of £6,200 per client (per year), relating predominantly to Personal Independence Payments and to Employment Support Allowance. In addition, they helped 84,000 clients achieve one-off awards totalling £159 million, an average of £1,900 per client.

### BENEFIT ADVICE BOOSTS PERSONAL FINANCES

For 10 years, **Age UK Herefordshire & Worcestershire's** Information and Advice service has provided a free Benefits Advisory Service with personalised benefit checks that help individuals, including carers and those requiring care, claim benefits to which they are entitled. The specialist service helps people help themselves by giving them some additional income, to helps some reduce their poverty and focus on improving their independence. This helps beneficiaries in a variety of ways including:

- enabling older people to buy extra help to continue living independently at home for longer
- financial assistance to carers who are often unpaid
- support with some NHS health costs
- support with extra costs faced by some individuals with a disability
- support for the bereaved.

The organisation has information and advice support as a key organisational aim and currently funds the service from its own unrestricted funds due to a lack of external investment.

The service employs three part-time posts and costs c£73,000 pa. Quarter 1of this financial year yielded over £327,866 in unclaimed benefits for beneficiaries and is on target to realise £1.2 million by year end.

In the last 5 years 1082 individuals have been supported via the service bringing more than £4,835,500 new income in to the County. Age UK estimates that with additional external financial support, the amount realised could be tripled.

Services purchased by beneficiaries include caring services, home care help, local transport services, aids and adaptations in the home, respite services, home meals services and gardening. Additionally, beneficiaries can spend in their local shops and communities.

Raising awareness of benefits entitlement is an ongoing challenge as many have no previous experience of the benefits system and remain unaware of their entitlement. Age UK H&W is continuously working on extending their outreach and engagement to raise the profile of the service.

[30] See: Citizens Advice Impact Assessment 2015/16: https://www.citizensadvice.org.uk/Global/Public/Impact/Benefits%20and%20tax%20credits%20advice.pdf

At a local level Worcester Citizens Advice reports in its 2015 - 2016 Annual Review[31] that, as part of an ongoing *project to train law students (from University of Worcester) in dealing with benefit cases:*

*"Since commencing (the) Worcester Law School Partnership Project in 2013 we have continued to recruit and train law students to deliver Welfare Benefits casework. Over 168 new cases were opened by student caseworkers and their supervisors 156 cases were closed 76 closed cases (involving 75 individual clients) recorded a financial benefit. The total recorded financial benefit from closed cases for clients was £438,131. An average financial benefit of £5764 per case or £5841 per client."*

In addition, funding from the Money Advice Service helped to provide 1046 new clients with debt advice:

*"Total debts written off were £457,739 and total debts rescheduled, for example, through reduced repayment instalments totalled £541,793."*

## 6.10 Housing

The role that the VCS plays in providing housing also has a beneficial impact on the local economy, helping the less well-off and homeless towards a better life.

St. Paul's Hostel in Worcester has been providing accommodation for the homeless for 40 years and now has a bespoke building where 46 people can be accommodated. In the 1990s, it opened an additional seven-bed unit to house those trying to free themselves from drug and alcohol addiction.

YMCA Worcestershire has 150 paid staff and 50 volunteers working throughout the county to run youth activities and to provide supported accommodation for up to 84 homeless people in Worcester and a further 52 in Redditch.

Worcestershire Building Preservation Trust uses grant and loan funding to secure the future of historic buildings and then brings them back into residential letting use. It owns property in Pershore, Areley Kings, Bewdley and Ledbury.

Some charities have been providing housing in the county for many decades. Worcester Municipal Charities and Laslett's Charities both provide almshouses houses for the poor and elderly in Worcester and there appear to be a variety of small almshouse developments around the country, funded by individual charitable bequests, such as Dame Mary Yate in Harvington Hall Lane, Kidderminster.

Others are much more recent entrants to the housing sector and, with the increasing emphasis on independent living and overcoming social isolation, it seems likely that there will continue to be a role for the VCS, as well as commercial developers, in developing housing solutions for older people.

The ExtraCare Charitable Trust was established in 1988 and operates retirement villages and smaller housing developments around the Midlands. In Evesham at Yates Court they offer 95 apartments.

Abbeyfield Worcester Society Ltd, a charitable trust, has recently built 37 one- and two-bedroom apartments in Worcester.

[31] WORCESTER CITIZENS ADVICE BUREAU & WHABAC ANNUAL REVIEW 2015-2106: http://www.cabwhabac.org.uk/images/stories/ar-2016.pdf

# 7.0 Case Studies

## Introduction to case studies

This section features a set of more detailed case studies about a variety of VCS organisations to demonstrate the breadth of activity undertaken by the sector and the many ways in which they generate income to underpin service delivery. Although their primary aim is a philanthropic, not a commercial one, the consequence of strengthening their finances is that they will employ more people and spend more on goods and services, so increasing the impact they make on Worcestershire's economy.

*Map showing geographic focus of case study organisations*

For most organisations, community engagement is an intrinsic part of what they do and some will engage with the public in a way that encourages visitors into the county, meaning that commercial organisations will also benefit from their activities.
The organisations featured in the case studies have a variety of legal forms: some are charities with or without trading arms, some are CICs and some are unincorporated.

As shown on the map, we have also chosen organisations with different geographic coverage: some are very local and have a tight 'Area of Benefit' (the geographic area to which their charitable objects confine them); others cover the county; others still are based in and strongly active in the county but draw service users from a broader catchment and may themselves be active outside the county boundaries.

All of this variety is designed to demonstrate the VCS in Worcestershire is a diverse and rich tapestry of organisations acting for the good of Worcestershire people but also playing a valuable role in its economic performance.

# Case Study: Age UKs in North Worcestershire

## Merger to sustain services for older people is supported by retail activity

Age UK Bromsgrove, Age UK Redditch and Age UK Wyre Forest (previously Age Concern) were all autonomous independent charities working within the defined area of benefit of North Worcestershire; they had been delivering services for around 25 years.

Each organisation works to provide services for people over 50 including handypersons; befriending; lunch clubs; footcare; help at home; Men in Sheds, and information and advice.

These services help bridge the gap between hard-pressed health and social care services for many vulnerable older people and, with its preventative services, assists and supports to keep people well, reducing isolation and keeping them out of hospital and other dependent services.

In the last 12 months, the Bromsgrove office has been successful in claiming benefits' awards to the value of £1m and statistics indicate that 80% of this money is spent within the local economy.

The three Age UKs in North Worcestershire had enjoyed a collaborative approach to delivery of services for many years, with an appetite to work together they defined a joint strategic plan to create synergy, whilst harnessing skills and benefiting from the economies of scale. This then led to the sharing of a Chief Executive role.

The three boards agreed a proactive approach to sustain and expand the delivery of quality services for older people, was to take the next step and embark on a formal merger.

Since this merger they now employ around 80 staff and have 200 volunteers!

This move, which had better services for older people at its heart, was not without risk. Mergers are never a straightforward solution and if not done well can destroy the value they are trying to create. The trustees had to think beyond the limits of their individual organisations and what would work best for the community of older people in need.

So why did they decide to take on the risk? Alison Schofield and the Board of Age UK Bromsgrove had realised that strategically they needed to expand their areas of delivery for several reasons.

Specifically, it was apparent that the pattern of funding for organisations like theirs changed drastically over the last eight years. When she came into post, Alison found that the organisation was almost wholly-funded by contracts with Worcestershire County Council.

When the government, and then the council, announced the scale of the cuts they would have to make in 2012, Age UK had about five contracts, focused on preventative care which were funded by these contracts; these have all now gone.

Like many charitable organisations, the need for funding through trusts and grant pots continued to be a key priority.

Age UK Bromsgrove applied for funding - with about a 1-in-5 success rate - and submitted bids for contracts, whilst exploring alternative ways to fund the services potentially at risk with the impending funding cuts looming.

Although they achieved success in this area, clearly this approach was very time-consuming without necessarily producing the results they would need to sustain going forward. As a result of further research and planning, they started to investigate the viability and then open charity shops, thereby creating a strategic template for success. They quickly opened two in Bromsgrove district trialling the template followed by a third over a four-year period.

Realising this much-needed investment they recruited a retail manager who began putting in processes and procedures for each new shop and implements systems and support for each retail opportunity. Now

# Case Study: Age UKs in North Worcestershire

area was limited by the with four shops open in the district, there was always going to be limited opportunity to expand retail as the defined area of benefit: Bromsgrove.

A further strategic reason concerned the way that the commissioning landscape is now much more focused on cost-savings and partnership work. The Sustainability and Transformation Partnerships (STP) involving public health and local government are changing how commissioning will work and look set to let contracts on an even bigger scale, making it much more difficult for small district-wide organisations to compete in the market.

Age UK Bromsgrove, Redditch and Wyre Forest is already experienced in working with partners to deliver contracts and has realised that this style of working has provided real value for money as organisations complement each other's offer.

A recent contract in partnership with Citizens' Advice and the creation of the Worcestershire Advice Network has provided almost 45,000 referrals against the 11,000 asked for in the contract in the first year of delivery, supporting more vulnerable people to access the advice they need.

Also, as Age UK Bromsgrove, Redditch and Wyre Forest they have also found that by merging the areas of benefit the diverse demographics support, a larger funding mix expands the eligibility to apply for increased grant funding.

Their retail operation has now gathered pace, as they have opened a further four shops in the last eight months, and plan to open two further shops per year. They are also setting up a Gift Aid operation, and a furniture recycling warehouse.

Alison Schofield affirms:

"Retail has given us the sustainability that we need."

With a focus on targets and clear performance management structures in place, the shops typically break even after the first year, and all of the shops are in profit in year two.

**Know How**

*"Working strategically with others is important, giving consideration to all options, including mergers, as frequently there is duplication between charities, and money can be saved by sharing staff, sharing central functions, consolidating delivery and/or exploiting other economies of scale. "*

*Alison Schofield*
*Chief Executive*

Age UK Bromsgrove, Redditch and Wyre Forest recognises that it is crucial to keep all sources of income under review and are continually looking to find ways of diversifying their income.

Alison explained that charging for services is part of their strategy to provide high quality sustainable services along with a commitment to provide services that are free, including befriending and access to information and advice.

Age UK Bromsgrove, Redditch and Wyre Forest has invested in ensuring services are improving for older people in the area by this merger. They have an ambitious strategy with a vision:

*"We will work together proactively, in North Worcestershire, to make it a better place for all people to grow old."*

Age Bromsgrove, Redditch and Wyre Forest recognise that there are other collaborative structures that might be a prospective option, other than a full merger for organisations such as theirs, and they are keen to work in partnership with other parties, exploring different ways to work together including offering back office services to others.

# Case Study: Severn Rivers Trust

## Collaborative grant applications help protect nature and grow tourism

**The Severn Rivers Trust** (SRT) is an independent environmental charity based in Martley, Worcestershire, established to secure the preservation, protection, development and improvement of the rivers, streams, watercourses and water bodies in the Severn catchment and to advance the education of the public in the management of water and the wider environment.

It is one of a group of independent conservation charities that helps to protect the UK's rivers. In Worcestershire, the Trust works in partnership with Natural England, the Rivers Trust, the Canal & River Trust, Worcester City Council, Worcestershire County Council, Malvern Hills AONB, the Worcestershire Wildlife Trust and the Environment Agency to carry out conservation work on the Rivers Severn, Teme and Avon.

As a young and ambitious charity, SRT has funded its work through successful large-scale grant applications to national and European awarding bodies. Its projects can take place anywhere across the Severn catchment but often benefit parts of Worcestershire. Its applications usually combine physical improvements e.g. removing weirs and creating fish passes, improving habitats, removing invasive species of flora and fauna, delivering education programmes and public engagement.

*Mike Morris of SRT releasing elvers into the River Teme*

Grants are a key method of funding the organisation's running costs and contribute to the salaries of the SRT's staff team – now thirteen people - and pay for local contractors and services to help deliver its plans. The work undertaken also benefits farmers, landowners, fisheries and the boating industry. Two of its current major programmes benefit Worcestershire and are:

**Springs of Rivers** - This new four-year £4.5 million HLF funded project will bring together a diverse partnership to work alongside the Trust on the ecologically important River Teme and some of its tributaries. The project will incorporate a number of initiatives including wildlife and habitat enhancement, water quality improvements and flood alleviation. A significant amount of time will be spent engaging with schools and local communities that are linked together by the river and will allow people to engage with others throughout the catchment, to learn about the common points shared by those who live within the influence of the Teme.

**Unlocking the Severn –** SRT is a major delivery partner in the largest current single river restoration project in the UK, in collaboration with the Canal & River Trust, the Environment Agency and Natural England. The project has just secured £19.4 million funding, including £10.8 million from the Heritage Lottery Fund (HLF) and £6.6 million from the European Union LIFE Nature programme. The project, the largest of its kind currently in Europe, will address the blockages and secure the long-term future of many of the UK's declining and protected fish species by substantially increasing access to the critical spawning grounds fish require to complete their lifecycles. The project will re-open the River Severn and its major tributary for fish whilst reconnecting millions of people and local communities with the lost natural, cultural and industrial heritage of the river.

# Case Study: Severn Rivers Trust

Today over 6 million people live within close proximity of the River Severn, and the project will build upon the wide economic and social benefits to local communities the river brings. Along the length of the Severn, recreational and commercial fishing activities contribute >£15 million to the river each year with a further £4.4 million per annum from recreational activities such as walking and cycling the Severn Way. Boating accounts for 17,000 visits per year with an additional 25,000 from unpowered boats. The project will build on this by working towards restoring fish populations to bring additional economic benefits, as well as enhancing the recreational and tourism opportunities along the River. As the Severn is Worcestershire's major river, flowing through three major towns and a central feature of Worcester itself, the county will see major benefits from the project.

*Leaping Lights Festival*

Improving public access to the waterways and informing about and engaging the public with its work are key drivers for the Trust and mean it is making an increasing contribution to the visitor economy. For example, the plans for 'Unlocking the Severn' include a new fish pass and England's only underground viewing gallery on the Severn at Diglis, Worcester, which ties in with the wider development of a green corridor around Worcester City and the River Park. The site is adjacent to a footbridge over the Severn installed by Sustrans (also a charity), which local business people report has already increased footfall in the area[32].

Also planned is an annual festival to raise awareness of the wildlife in the river. 'Shadfest' will celebrate the hoped-for reestablishment of this once common fish in the upper reaches of the Severn, which it has not been able to navigate for decades due to weirs and other obstructions. SRT already has a successful track record of organising events such as Lantern Walks. Over 1200 local people took part in the 2015 Leaping Lights festival in Dolerw Park Newtown which celebrates the migration of the Salmon to local rivers, bringing communities together and visitors to the town.

### Know How

*Mike Morris, Deputy Director of SRT advises: "Make sure you understand your funders and their requirements. If you require multiple funders for a project, make sure you can meet their many demands and allow yourself enough time to ensure that there is no conflict from the start of the project."*

[32] See: https://www.sustrans.org.uk/policy-evidence/the-impact-of-our-work/getting-worcester-walking-and-cycling

# Case Study: Malvern Theatres

## Long-term creative vision brings financial viability

**Malvern Theatres** has long been a focal point for drama and music productions. Over its 130-year history, as the Assembly Rooms and then the Winter Gardens, it has hosted drama festivals, touring companies, concerts, light opera and built a cinema to show films. Originally a private company funded by the sale of shares, as the years passed, the organisation has been in and out of local authority ownership and has sometimes faced an uncertain future when the building deteriorated.

In the 1990s, the Theatres became a charitable Trust and an ambitious 12-month refurbishment project was conceived. Trust status enabled the Theatres to secure a £5.2m Lottery grant matched with funding from other partners and the public. This added a flexible atrium with bars and restaurant as well as refurbishing the Festival Theatre, installing new equipment to deal with scenery from larger productions and converting the old Winter Gardens into a concert hall and cinema. The refreshed Theatres continued to attract some of the biggest names to its stages. This did not initially translate into financial success as the company grappled with a modest overspend on the building works. Eventually, an ex gratia payment from Malvern Hills District Council (MHDC) placed its finances on an even keel.

*Malvern Theatres*

With a clear plan that balances financial viability and creative ambition, the Trust is now independent but for a £50,000 per annum maintenance grant from MHDC, with whom it enjoys a strong partnership. Flexibility of space was an important part of the vision to broaden its programme. High profile actors, musicians and touring productions are integral to its offer.

For Nic Lloyd, the Chief Executive who spearheaded the changes and continues to lead the Trust, understanding the audience and diversity and quality of programming are critical elements for the financial success of the Theatres. The potential audience within an hour's drive time of Malvern has been profiled to inform the range of entertainment offered each season. "The loyalty of our audience is phenomenal and has allowed further expansion," said Nic. "The combination of theatre, concert hall and cinema has given us flexibility to present a variety of arts to an intelligent audience, who are always prepared to try something different."

*Atrium, bar and restaurant*

The Theatres has acknowledged the commitment of its audience – some enthusiasts attend performances up to four times per week! - through a membership scheme that offers its 3500 members discounted tickets and other benefits and, more recently, through the introduction of a 'standby' club; for a small annual fee, members can purchase two discounted tickets on the day of a performance.

The Theatres' bars and restaurant run as a concession from which they take a profit share. They have also recognised the leverage that can be added to the local visitor economy and work closely with local hoteliers to package and promote theatre weekends.

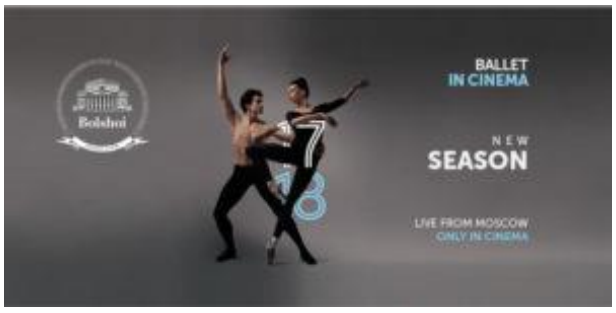
# Case Study: Malvern Theatres

Following a dip after the financial crash, turnover has remained steady in the last few years, then increased by a million pounds in 2015 and has shown a further slight increase to approx. £6.5m in the 2016 financial year. Research undertaken for the Arts Council by Sheffield University values the economic impact of the Theatres between £18m and £21m per annum.

Greater reassurance about financial stability has allowed it to try out new things that stretch its creative abilities and also engage with and support the local community. It uses some of its surpluses, supplemented by fees and grants, to provide drama workshops that culminate in two productions each year, giving aspiring young actors from all over the country, who undergo a genuine audition, the chance to find out what it's really like to become a performer before they enter drama school. The theatre's education staff have also opened up access to a wide range of learners that include those with Asperger's, mental and physical disabilities.

*Chance2Dance over 60s dance classes*

The same ethos to provide stimulating opportunities workshops are delivered for older people, for those with terminal illness and with dementia: its contemporary dance classes for over 60s, Chance2Dance, have been oversubscribed, requiring additional sessions to be scheduled throughout the autumn. The team is always keen to attract new people and to engage those suffering disadvantage; working with the Arts Council, it has recently run a graffiti workshop. Local authority cuts have reduced its education budget but it is constantly looking for new sources of funding.




*Promotion of live Bolshoi Ballent broadcast*

The Theatres' technical team are keen to innovate to bring new experiences to Worcestershire audiences. The diversity of the physical space has allowed them to beam in live high definition broadcasts of premier productions from around the world – the National Theatre, Shakespeare's Globe Theatre, the Metropolitan Opera in New York and the Bolshoi Ballet from Moscow. Paper promotional posters are a thing of the past around the Theatres' walls, replaced by new digital screens. Video excerpts from shows are used increasingly to showcase forthcoming productions. Computer graphics are routinely used in productions and the technical team are currently considering the introduction of computer controlled lighting.

### Know How

*Nic Lloyd is particularly proud of the quality of programming and the diversity of the audience at Malvern and advises other organisations to have a clear long-term plan but not an inflexible one, one that to concentrates on quality and diversity of service.*

Reliable income generation means the Theatres' audiences can enjoy first class, cutting edge performances but this would not be possible without a loyal band of over 100 volunteers who deliver all the front-of-house functions, fund-raise and act as ambassadors, supplementing the work of the employed team of 70 full and part time staff (employed and contracted) and saving approx. £120,000 per annum.

# Case Study: Fusion Partnership

## A Local Solution to National Funding Opportunities

Vestia Community Trust is a Registered Society with Charitable Status and part of The Community Housing Group Limited (TCHG) a Social Housing Provider. Based in Wyre Forest in Worcestershire it was established in 2009 to bring together the TCHG's community-based activity.

Prior to Brexit, from 2014 – 2020, £m 3 million of European Social Funding (ESF) has been available in Worcestershire to invest in 'Social and Economic Inclusion'. The programme is known as Building Better Opportunities.

In response to this business opportunity, the principal Registered Housing Providers in Worcestershire, worked to form a housing-led Voluntary and Community Sector (VCS) Consortium – **Fusion**. The consortia approach has enabled small VCS organisations an opportunity to engage with complex external funding streams that otherwise would be inaccessible to them. By partnering with larger organisations risk is mitigated and skills enhanced around contract compliance, thus creating further opportunity to compete for large national contracts collaboratively.

Vestia Community Trust led the work to establish Fusion and acted as lead in the bids to deliver ESF / Lottery contracts in a Worcestershire. The bid proposed a county-wide programme of Employment Support to those furthest from the job market.

In addition to Housing and VCS, Fusion also has the support of strategic partners, including the District Councils, Heart of Worcestershire College and Herefordshire & Worcestershire Chamber of Commerce.

There are three Building Better Opportunities (BBO) projects. BBO 2 commenced in October 2016 with a contract value of £956,200; BBO 3 commenced in February 2017 with a contract value of £1,130,100. It is estimated BBO 1 will commence in Winter 2018 with a contract value of £1,110,000. Each project will run for 2 years from their start date and will work with up to 300 participants on each project.

Delivery partners for BBO 2 are:

- Fortis Living (Malvern & Worcester)
- Rooftop (Wychavon)
- Bromsgrove District Housing Trust (Bromsgrove)
- Redditch Borough Council (Redditch)
- Wyre Forest Community Housing (Wyre Forest)
- YSS (Worcester)
- Onside Advocacy (Worcester)

Delivery partners for BBO 3 are:

- Fortis Living (Malvern & Worcester)
- Rooftop (Wychavon)
- Bromsgrove District Housing Trust (Bromsgrove)
- Redditch Borough Council (Redditch)
- Wyre Forest Community Housing (Wyre Forest)
- Willowdene (Worcester – also offender support specialist for the County)
- St Pauls Hostel (Worcester)

# Case Study: Fusion Partnership

- Worcester Community Trust (Worcester)
- YMCA (Worcester)

Each organisation employs a Job Coach who works 1-1 with participants, supporting them with an agreed action plan to improve their life opportunities and move them into sustained employment.

The ambition is that Housing Partners working together with specialist and local VCS cannot only deliver Worcestershire wide programmes but provide better, more comprehensive and coherent services; producing better outcomes for residents in need of help moving into sustainable paid employment.

*Coaching services*

Since 2010 the social housing sector has been responding to the impact of the UK Governments Welfare Reform programme. Changes specifically relating to the benefits cap and the way benefits are paid to claimants, has had a dramatic impact on social housing providers business models. Rental payments assured through housing benefits are no longer guaranteed.

Consequently, many organisations in the sector are investing considerable amounts of their existing resources to expand their traditional landlord services to offer a broader package of support to help their tenants gain employment to be less reliant on benefits to sustain their tenancies.

### Know How

*Fusion Lead - Vikki Greenfield advises anyone considering a consortium approach to have an agreed level of quality standards and absolute trust amongst partner organisations. She states the importance of effective, efficient communication and a common language. The complexities of European funding and consequent audit trail require a high level of compliance which can be challenging for small organisations. This is being overcome with a solution-focussed approach, resulting in mature business relations between delivery partners.*

The project has created learning opportunities particularly regarding communication and contract compliance. European funding is complex to work with and has resulted in an upskilling of staff in relation to contract compliance and comprehensive reporting. Fusion are in the top quartile of BBO programmes nationally and aspire to set up a Compliance Hub offering services to other organisations. Fusion is now able to engage with national prime contractors and create further opportunities to lever external funding into the County.

# Case Study: Spokes

## CIC almost trebles income whilst increasing jobs and reducing landfill

**Spokes CIC** is the trading subsidiary of The Emily Jordan Foundation. The charity was set up by Emily's family and friends after she died in April 2008. The aim of the charity is to support individuals with learning disabilities and difficulties to lead fulfilled lives.

*Staff, clients and volunteers at Spokes CIC*

The CIC, based in Kidderminster, trades and generates income generated through client/trainee paying from their personal budgets to attend workplace activities, and through sales of items produced. This includes making new and refurbishing and repairing scrapped bicycles, providing bicycle hire services, growing plants, constructing bird-boxes, flower troughs and other wooden items to sell and running a recycling project called Go Green. Bicycles, wood and aluminium cans are all saved from landfill as a result of their work.

From operating with two volunteers in the early days, the CIC grew to employ a CEO, who started in 2014. 19 staff are now employed, three of whom have disabilities, and an increasing amount of these staff are full time. This investment has resulted in an improvement from a £50,000 deficit three years ago, to a £15,000 net profit in 2016. The turnover increased by 160%. The profit of the company was then donated to The Emily Jordan Foundation to continue the work of helping individuals with learning disabilities and difficulties.

Trebling the income of the company was achieved through a number of strategies:

- The CIC won a County Council contract to deliver Go Green day services. This provides a work experience type placement for those with severe learning disabilities. They are involved in collecting and recycling aluminium, steel and plastics from local businesses. The income from this service is dependent on the take-up of places on this project. This was increased by 50% from 8 to 12 participants.
- They have also increased the take-up of day opportunities by 194% in Spokes bicycle workshop, the woodworks and horticultural projects.
- Bidding for funding from the Big Lottery resulted in a Reaching Communities Grant of £300,000 over three years. The project is all about attracting more “lead volunteers” who can work with the client beneficiaries to take part in the various projects of the CIC. 15 new volunteers have been recruited in the first six months of the project. This project has the potential to make a significant step change to the capacity and delivery of the organisation.
- Winning contracts with the University for Bicycle hire. Many overseas students take this service up.

# Case Study: Spokes

- Contracts with WFDC to provide plants, bringing back the spend within the county. In previous years the council employed staff to grow their own. Since this service closed and staff were made redundant, they have had to outsource plants for their parks. Now the old council facility is being used again, but this time by Spokes under their "Twigs" trading name, growing plants and selling them back to the council.

The 50 individuals, mainly those with learning disabilities and difficulties come to "work" in the various projects and services at Spokes. They are considered furthest away from the labour market, some with quite complex needs and severe learning disabilities. This group of people need training in how to behave in the workplace, learning workplace rules etc. Employers are often not able or prepared to give people with a disability a chance in the workplace, although 65% of people with a learning disability would like a real job. The beneficiaries at Spokes take part in the manufacturing, engineering, horticulture and collection of items to recycle. Some come with personal budgets to contribute towards the costs of these day opportunities, but the company considers that it is essential to trade and keep a balance between day opportunities, training for a trade/work and production and sales.

*Spokes CIC trainee refurbishing a bike*

The company is gearing up to expand further as they feel they are only operating at 50% capacity and recognise that they need to 'sweat their assets'. They find it hard to expand because they are so small, but building on a successful business model, they intend to expand to neighbouring areas with 3 new operations by 2019. This will take aspects of their core operation, perhaps the bicycle operation, or the recycling project, and provide services for people with Learning Disability and difficulty to come to work with meaningful and engaging activities. Through this they intend to offer new jobs for people with learning disabilities and have already identified three for October 2017, building to a further four in 2018. They hope eventually to become an 'incubator site', offering new staff with learning disabilities a 12-month contract, then supporting and encouraging the take-up of work with external local employers. To this end, they are looking for greater contact with other businesses in the area.

### Know How

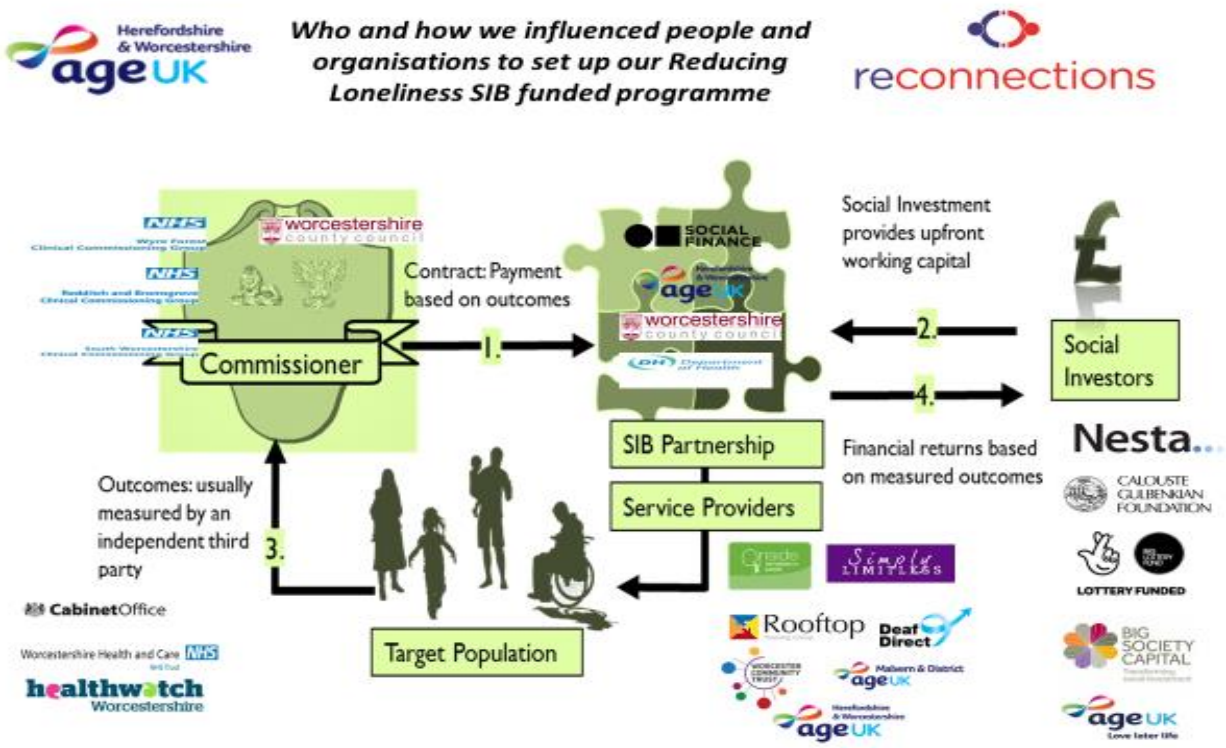
*Ruth Krivosic, Spokes CEO said "My advice to others is to truly understand your business model. Remind yourself of the core business. In our case it is learning disability. Of course, we want to help others, perhaps with mental health problems, and we don't turn them away, but we never forget that there are other organisations that might be more appropriate for some. We refer them on when it is right to do so."*

# Case Study: Age UK Herefordshire & Worcestershire

## Unique Application of a Social Impact Bond

**Age UK Herefordshire and Worcestershire** (AUKHW) provides services and support to the over 50s and was incorporated as a Company Limited by Guarantee with charitable status in 2000. It currently has an annual turnover of £1.68m, 90 employees and 150 volunteers.

In 2012 unique talks began with potential investors exploring the use of a Social Impact Bond (SIB) for a health and social care purpose. SIBs can be designed to achieve savings for public service commissioners in addition to improving outcomes for individuals. The process of designing and developing a project with Social Investors is illustrated below:




*Process of setting up a SIB*

With an ageing demographic and economic challenges in health and social care, there is an aspirational shift toward supporting people to stay well for longer. Loneliness has been identified as a key factor for an individual's well-being.

Research suggests that compared to well-connected individuals, older people who are lonely are on average:

- 1.9 times more likely to visit the GP
- 1.6 times more likely to visit A&E
- 1.3 times more likely to have an emergency admission, and

# Case Study: Age UK Herefordshire & Worcestershire

- 3.5 times more likely to enter local authority-funded residential care
- Additionally, lonely older people are more likely have depression, dementia and be inactive.

Based on national and local data, up to 35,000 older people in Worcestershire may experience loneliness, and 11,500 of those are chronically lonely. AUKHW, in their best judgement, estimate the cost of existing service usage to be £12,000 per lonely individual over their lifetime. In addition, there is a number of additional associated costs including associated increased demands on services (e.g. GP time) and a reduction in social value contributions that make the cost potentially significantly higher.

In May 2015 Worcestershire County Council (WCC) and CCG commissioned an £850,000 four-year service funded by a partnership of Social Investors. A specific-purpose vehicle was established called Reconnections Ltd to contract with WCC. AUKHW are the lead delivery body working with multiple delivery partners within the voluntary and community sector. 12 jobs have been created.

'Reconnections' seeks to engage with potential beneficiaries via outreach and referrals from other services and external partners including GP surgeries. An initial assessment is undertaken and the individual's initial loneliness score identified using a standard measurement scale from 1 – 12. The assessment then seeks to support individuals to either engage in local activities or identifies a volunteer to support them in reconnecting with their community and working toward regaining their independence.

By June 2017, 1271 referrals have been made and 711 people are participating. Those not joining the project are signposted to other services such as benefit assessments. This results in more people receiving benefits they are entitled to which in turn benefits the local economy. On average, participants loneliness score has reduced by 1.2. For some, the reduction in loneliness is significant, resulting in their reintegration to the community, participation in activities and increased spend in the local economy.

The unique use of an SIB in this way is generating external interest, resulting in 100 people travelling to Worcestershire for a knowledge sharing event.

The SIB funding model operates on a 'payment by results' basis against evidential outcomes and has stimulated change management for AUKHW and other delivery partners. Management information systems and reporting have improved to ensure appropriate data collection to enable reporting against a range of outcomes. Project staff have benefitted from skill development which has generated a wider impact of raising skill levels across the organisation. Consequently, the SIB model has raised the bar for the organisation who now recognise they have the capacity and capability to deliver sophisticated evidenced-based projects.

**Know How**

*Philip Talbot, CEO of AUKHW, advises organisations who may be considering SIB funding to be prepared for significant change in running a charity, if based on a service delivery model. He reports overcoming this with good change management and ensuring staff skill sets are appropriate.*

Although the increased referrals to other services have posed challenges to resource and capacity, to date, the Reconnections project has generated a 4% growth for the organisation and is sustainable based on results and further funding.

# Case Study: Newstarts

## Growth spurred via a Social Investment Loan

**Newstarts** is a community re-use social enterprise, based in Bromsgrove, north Worcestershire. Their passion is to help people overcome the challenges and disadvantages that shape their lives. They are a Christian-based charity whose core activity is providing free furniture, emergency food and household supplies to families and individuals in over 1000 households. Debt advice, basic computer training, individual coaching, work placements and volunteering are also on offer. Free services are provided to those who are in greatest need, either on low incomes, fleeing from domestic violence or in financial crisis. They also reduce domestic landfill by 170 tonnes per year, and take commercial waste including computers, desks, hotel furniture etc.

*Newstarts employees celebrate their building purchase*

Key to their sustainability is income generation. This comes from a wide range of sources:

- Grant funding e.g. they have had Big Lottery funding, and currently have Lloyd's Foundation and a variety of other small grants;
- Money from the 'gift' economy (gift aid);
- The structured market - service contracts with local authorities for collecting and refurbishing computers and providing free furniture to the neediest families;
- The open consumer market - sales to consumers who buy low cost furniture and social investment.

*Receiving another delivery of furniture*

People come from across Worcestershire, Birmingham and further afield buy the furniture, and even once from as far away as Cornwall. The organisation draws volunteers from Birmingham and employs nine people. About 25% of their volunteers go on into employment. Recently one of the volunteers who has Asperger's and has been unemployed long term was successful in securing employment in an IT firm in Malvern.

# Case Study: Newstarts

In 2015, Newstarts took the bold step of taking out a loan to purchase their building. They decided to go for a social investment loan from Charity Bank and Big Issue Invest. These loans are provided to small and medium sized charities and social enterprises, providing access to capital on flexible terms from organisations that place a value on their social purpose.

Social Investment Tax Relief allows individuals to support charities and social enterprises by helping them access new sources of repayable finance. Individuals receive a 30% tax break when investing into an eligible organisation.

Although Newstarts' social investment loans cost more than those of high street banks, the support and advice available is much higher. They will pay off their £400,000 loan over 25 years, and fully expect to be able to continue their mortgage repayments which are lower than the rent they used to pay for the same building. In addition to the help and support available through these social investors, Newstarts Chief Officer has been supported by 3 days every two months over a five-month period programme of learning and peer support provided by the School for Social Entrepreneurs in partnership with The Lloyds Foundation.

### Know How

*"Don't dismiss any idea immediately even if you can't do it at that point – park it. Take advantage of people's knowledge and enthusiasm, do your research, find facts, ask questions, read reports, test ideas out with others.*
*Then, when you are ready to launch your new products or services, get the right high-profile person to help you convince the business community or whoever else might be relevant to buy your services or products."*

*Marion Kenyon, CEO, Newstarts*

Marion Kenyon, Chief Officer for Newstarts, says "Taking out the loan, and accessing the support available has been a real turning point for us at Newstarts. We are confident we can expand to neighbouring areas and replicate our model of furniture reuse alongside other services which meet local expertise, enthusiasm and need. We plan to be turning over £5 million in five years, growing from our current turnover of £250,000. "

Newstarts has plans to offer support for local SME's in IT support and training, and in placing job-ready volunteers into vacancies.

# Case Study: Corran Dean

## Rural day-care grows jobs and much needed services

Corran Dean CIC was set up by Catherine Brockie just over 2 years ago on a 50-acre farm in rural Wychavon. Catherine is using the land to work with adults and children with autistic spectrum conditions and other significant learning disabilities. Tailored support is offered to individuals, some of whom have very challenging behaviour and complex needs. Catherine's deep understanding of people with special educational needs has led her to set up her own services to deliver the tailored support that she believes is needed in order to make a big difference to individuals and their families. She takes calculated risks with clients who might display very difficult behaviours, and who are often the most difficult to find places for, taking the longer perspective about where she sees the client will be in 6 months' time and building on her experience of how clients respond to her package of care. This approach helps to keep people out of institutions which are hugely costly on a psychological level and to the tax payer.

*Managing the pigs!*

Providing fulfilling day opportunities and a respite facility for occasional breaks and holidays, Corran Dean gives families a break from caring which avoids family breakdown and enables them to continue their caring roles. Outdoor activities including simple general maintenance tasks, animal care, growing vegetables, sports activities, gardening and barbecuing enable clients to be part of a community, feel safe and secure, enjoy stimulation, achieve and even go for a meal or to the pub like others do.

Turning this small farm into an enterprising business has led to the creation of 10 skilled jobs. Services are purchased from the local rural community and a number of small grants, local and national have helped them to raise additional funds to extend the care and activities. Clients attending the facility improve very quickly which then reduces the pressure and need for local authority and health services for costly and detailed behavioural assessments, crisis intervention and family and placement breakdown.
£235,000 worth of investment from Catherine's sister business in Wales has enabled the facility to start and grow quickly. Corran Vale in Carmarthenshire has developed a very similar service to that proposed for Worcestershire.

*Break time for clients*

# Case Study: Corran Dean

Corran Vale already provides full time residential services for adults, alongside day opportunities and short breaks or respite for adults and children with autistic spectrum conditions and other significant learning disabilities. Work experience placements and additional learning opportunities for college learners are also available.

*Tidying the veg patch*

Now Catherine has identified that there is a huge gap of residential/supported housing for this group, and is planning a 6-bed unit to permanently house clients with the most complex needs at Corran Dean in Worcestershire.

This will have the potential to bring in clients from out of county, but more importantly, Worcestershire clients will not need to be sent out of county, away from their families, health, social care and support services.

This will reduce the cost to the public purse as well as for the individual families who would otherwise have to travel, sometimes many miles to see their loved ones. The new unit has been estimated to need an investment around £1 million, which will be repaid over 5 - 8 years. It will create an additional 30 jobs.

Staff will be recruited and trained to at least level 3, and managers to level 5, creating a highly skilled workforce who are mentored and trained on an ongoing basis to become the best they can be.

Investment is currently being sought, supported by a Big Potential grant to help with investment readiness. Planning permission is already in place, and Catherine has agreed to release the land for the build Catherine sees that following the completion of the capital build project, there will be further potential spin offs within the facility, which will support the sustainability of the CIC, give more back to the local community and provide further opportunities for those with learning disabilities in the area.

### Know How

*When asked about the advice and learning from developing and operating such a facility, Catherine Brockie, Manager of Corran Dean said:*

*"Be brave, do it, but be realistic. Understand and know the market. Just like responsible adult risk taking, don't be too risk averse and 'jump off the cliff'! Also, know the limit of your capability and knowledge and know when to seek support. You might need to buy in advice, but this will pay off later - speculate to accumulate."*

# Case Study: Regattas and Festivals

In recent years, festivals, carnivals and shows have become an increasingly popular way for towns to draw in visitors. For those that are well-established, this can be major boost to local tourism, particularly where they take place within a town, rather than at a separate location that people can drive to and from.

The Upton Blues Festival (UBF) aims to support both blues music in Upton, and the local community. Formed in 2001, UBF is constituted as a Company Limited by Guarantee and registered charity. It is free to attend and attracts thousands of visitors over the 3-day event.

The Festival has grown and evolved from a small annual Blues Parade to the major event it is today where all performers are paid. This has been achieved without public funding or major sponsorship.

In 2015 Malvern Hills District Council commissioned the Research Solution to undertake an evaluation of the festival. The report estimates the total visitor spend generated by the festival to be £545,032 of which £113,971 was on accommodation and £431,061 on all other items. Survey responses indicated that 99% of spend was in Upton itself with 1% elsewhere in Worcestershire.

Major events like the Three Counties Show and the Spring Gardening Show take place at the Three Counties Showground near Malvern, itself a not-for-profit organisation. More local but very popular events are now well established in Worcestershire, often with a volunteer organising committee, that may also be a registered charity or a not-for-profit business. Examples include Worcester Victorian Christmas Fayre and Pershore Plum Festival. The British Asparagus Festival in the Vale of Evesham is now in its 10th year, the Bromsgrove Arts Festival is in its 57th year. Whilst some events may just encourage visitor spending on the day, others that promote local products, such as Broadway Food Festival, may also have a longer-term beneficial impact on the sales of local producers.

Upton-upon-Severn has established itself as a family-friendly location for music festivals of all kinds, with festivals for folk, jazz, blues and, now, popular music (the 'Sunshine' Festival) taking place during each summer.

The county also plays host to many sporting events organised by local clubs. It would be easy to under-estimate the value of these events in economic terms. Moreover, the clubs themselves – whether dedicated to tennis, squash, cricket, rugby, boxing, swimming, sailing or any other sport are often unincorporated membership associations, so do not appear on databases of charities or social enterprises. All are strongly rooted in their local communities often with a very long and proud history and the examples considered for this study are owned completely by their membership. Although their turnover may not be massive, many own substantial physical assets in the shape of their clubhouse, sports facilities, playing pitches and equipment.

For this case study, we have chosen two from the five that operate in the county – Worcester, Evesham, Upton-upon, Severn, Bewdley and Stourport. All the clubs operate substantial training programmes and like all other sports clubs, play a major role in improving the physical and mental health of their members. The latter two both organise annual regattas and other competitive events that attract a substantial number of competitors and visitors from across the country to the riverside in their two respective host towns.

# Case Study: Regattas and Festivals

## Bewdley Rowing Club

The club was established in 1877 and is an Unincorporated Association located in the small picturesque Georgian town of Bewdley on the banks of the River Severn in Worcestershire. It occupies a prime location in the town and has a net worth of £278,696. It owns its own club and boat house along with adjacent field used for car parking. Club members regularly work within the community and local schools to promote rowing, offering coaching and outings to newcomers wanting to try the sport.

*Bewdley Regatta*

Throughout the year members compete in local and national events including the club's own two-day annual regatta in July. Each year, the regatta has an average of 35 clubs attending with 1000 rowers over the weekend. Regattas are family-friendly and many travel to support the competitors and either camp at the club or use local campsites and B&B venues. Sponsorship for the regatta totals c£5,000 and a sponsor's enclosure provides sponsors with a fine view of the races. In addition, the event draws visitors to Bewdley. In recent years the Mug House pub has sponsored a specific series of races on Saturday afternoon known as the 'Sprint Eights' which are short, spectacular sprints on the stretch of river where the public stand. Each year the event draws larger crowds who enjoy the visual spectacle of racing starts and powerful crews demonstrating their skill.

The club holds an annual fun 'Pub and Club' event for non-rowers each May. Local people enter in teams of 4 and are taught the basics of rowing for six weeks culminating in a fun race day. This event is hugely popular and attracted 36 crews this year, who all bring friends and family with them to watch and support. Entrants are drawn from around the region and even had participants from Reading this year.

Local businesses benefit from the increased visitors to the town who also enjoy other local attractions such as the Severn Valley Railway whilst they are staying.

## Stourport Boat Club

The story at Stourport is similar, which has been in existence since 1876 and owns its club and grounds. Approx. 35 clubs send 15 – 20 rowers per club from all over the country to its annual regatta, in total approx. 600 rowers participating in 200 races per day. Some are local but a high proportion camp or stay overnight, so spending money in local food shops, pubs, take-aways and restaurants. Although the regatta is the major event of their calendar, it is not the only event. They also organise a further one-day regatta and two or three so-called 'heads' (endurance races rather than sprints), attracting competitors from different regions and bringing valuable trade to local businesses.

*Stourport Regatta 2017 Poster*

# Appendix One – VCS Research Method Statement

| | Stage and tasks | Purpose and deliverables |
|---|---|---|
| 1 | **Inception and project management**<br>Inception meeting in March 2017. | • Introduce your Project Manager to our Team<br>• Finalise work programme and methodology<br>• Finalise time plan including any key dates<br>• Receive contact details as appropriate<br>• Arrange for receipt of any further relevant research documents and data<br>• Agree housekeeping arrangements for project<br>• Agree contracting and payment arrangements |
| | **Project management** will be ongoing and will include scheduled e-mail progress reports, ad hoc telephone calls to discuss any issues arising and meetings to review draft reports. | Ongoing project management will keep information flowing throughout the work programme to provide you with a dialogue on the progress of the work, to ensure no surprises at any point and to address issues as they arise. |
| 2 | **Review of data and development of a definition for and breakdown of the sector in Worcestershire**<br>Desk research to:<br>a. Review data supplied by yourselves, including other LEP studies that may contain pointers and comparators for our research;<br>b. Review other national and local data sources;<br>c. Produce a definition for the sector and to identify sub-sectors.<br>National data sources to be used will include:<br>• Relevant information held by NOMIS,<br>• ONS,<br>• Data on the Companies House database and other sources about Community Interest Companies (CICs)/social enterprises registered in Worcestershire, including numbers, sectors and turnover where possible,<br>• The UK Business Counts data for 2014 to 2016, including by legal status (with a particular interest in the non-profit body or mutual association segment, where there are 1,910 local units out of 55,550 overall), sector, and size. We will compare this with the open access elements of the Business Register and Employment Survey (BRES) for 2014 and 2015. | The purpose of this work is to validate the information you have compiled and to update and supplement it with additional credible resources, so we understand the size and scope of the sector at county level, as well as any published indicators about its activities and performance.<br>We will then be able to produce a recommended definition of the sector and suggested segmentation. This will allow us to agree with you what will be included in and excluded from the scope of the later research stages. This activity will also help to define how we present information about the structure and segments of the sector.<br>In undertaking this research, we will need to take some important decisions regarding particular categories of organisations present in the LEP area, including private schools (often charitable organisations), housing associations (often not-for-profit organisations) and trading arms of charities (shops being a particular example).<br>We also need to agree with you a stance on national charities who may have a presence here but whose headquarters are based elsewhere, which determines their location for government reporting purposes.<br>The sector profile we produce will:<br>• Provide a more detailed and insightful analysis of the sector within the county.<br>• Inform our decision about the range of case studies that should be sought |

| | Stage and tasks | Purpose and deliverables |
|---|---|---|
| | We are not convinced that it will be necessary to purchase access to the BRES for more detailed data as it is likely the sample of VCS organisations at the Worcestershire level will not be robust enough to provide more intelligence than can be gained from the UK Business Counts data. These data sets will be accessed through the NOMIS system.<br>We will investigate the data held by the Charity Commission in as much detail as possible to gain an overview of the sector and to understand who is registered in Worcestershire.<br>We will explore what other data is available about social enterprises in the county.<br>We will also consider research published by National Council for Voluntary Organisations (NCVO), Association of Chief Executives of Voluntary Organisations (ACEVO) and Volunteering UK plus anything that is newly available locally.<br>We will use the available data sources, supplemented by information from a representative sample of published Annual Reports and Accounts to produce a more detailed profile of the sector, based on types of organisations and broad themes of public benefit.<br>At this level, we will look for any signs of vulnerability in the sector as well as indicators of good practice.<br>This review will be supplemented with our knowledge of local VCS organisations to identify potential candidates for detailed case studies.<br>We will explore NCVO data/research to contribute to our development of a segmentation and taxonomy of VCS organisations, where possible ensuring national descriptors and definitions are used to allow our definition and segmentation to be replicated in future. | • Help us identify suitable candidates for case studies.<br><br>**Deliverables:**<br>• Compilation of a range of data sources that paint an overview of the VCS sector in Worcestershire that are likely to be available in future for comparison purposes and that give balance and credibility to the research.<br>• Clear and consistent definitions and segmentation of the sector agreed between us for research purposes and that will allow you to articulate a more informed profile of the sector. |
| **3** | **<u>Calculation of GVA attributed to the VCS in Worcestershire</u>**<br>Using the agreed sector definition (Stage 2 above) and formula, we will use the assembled information sources to | The purpose of this exercise is to meet the objectives of the research assignment, to provide you with a realistic estimate, calculated to point one (0.1) of a decimal point via a methodology |

| | Stage and tasks | Purpose and deliverables |
|---|---|---|
| | provide an estimate of the county's VCS GVA at a particular point in time<br>It will be important to work with the latest estimates of GVA for Worcestershire: the 2014 estimate for the LEP area is available, with the figure for 2015 expected during February 2017 from the Office for National Statistics. In addition. the GVA per head figures for the LEP area are available for 2015. Both figures are calculated on the 'income' basis, and we do not feel it would be productive to look at the alternative 'production' approach as this is still being tested nationally. | that can be repeated in future to update the findings.<br>Our methodologies are always designed to be thorough and well-founded and will meet your requirement for a robust figure that can be used in funding bids and for presentation purposes.<br>We will ensure that our formula aligns with that recommended in Government guidance so that the figure can be aggregated with other GVA results.<br><br>**Deliverable**: GVA figure for the sector |
| **4** | **<u>Identify subjects, set up and develop case studies</u>**<br>We will draw on the information gathered in Stage 2 and, where necessary, consult with sector representatives, to identify a list of organisations that can demonstrate good practice relevant to your different priorities that may be suitable for case study material. We expect Annual Accounts and Reports, plus our own knowledge and contacts in the sector to provide leads for this purpose.<br>We will contact the organisations to establish who is prepared to contribute to a case study. We may still be able to include those not chosen for a case study as vignettes within our final report to illustrate their good practice.<br>We will design and agree with you a standard template to be used by our team for collecting the information from each subject to ensure consistency of approach, while still giving enough flexibility to tell the story in an engaging way. We will include questions about what barriers they face and what support could be given that would help their contribution to WLEP priorities. | The purpose of this activity is to provide a range of case studies with different themes, from different sizes and types of organisation to demonstrate examples of how VCS organisations are already contributing to LEP priorities (employment, housing and GVA increase), to show how there might be potential to support their activities to strengthen their contribution and to develop good practice that could be used by others in the sector.<br><br>**Deliverables**:<br>• A long list of potential candidates and subject matter for short-listing with yourselves.<br>• An agreed template for interviewing and consultation purposes that will feed into the broader conclusions of our report on actions WLEP might take as well as producing insightful case study material that informs WLEP's knowledge and thinking.<br>• A minimum of 10 case studies. We are not yet sure how many segments will result from our analysis of VCS organisations but will ensure the case studies provide a representative cross-section. |
| **5** | **<u>Final Report and VCS Sector Engagement</u>**<br>We will produce a final report that will detail the quantitative data and qualitative information collated, together with our findings and analysis. | The report will meet your requirement for an indication of direct economic value of the sector in Worcestershire and an explanation of the methodology used to the calculation exercise can be repeated in future years. |

| | Stage and tasks | Purpose and deliverables |
|---|---|---|
| | The report format will be agreed with you and will employ graphic, tabular and narrative elements to illustrate and describe the sector.<br>The set of case studies will be included in a separate section of the report.<br>As you require, the report will explain the methodology used for the GVA calculation and the data sources. | It will add value by exceeding the original brief to give you relevant examples of relevant good practice and suggestions about strengthening the sector's contribution to WLEP priorities.<br>Our full reports are always accompanied by an Executive Summary. We try to keep our language straightforward and to minimise jargon.<br>We are used to senior business audiences, so the findings will be presented in an unambiguous manner to describe the sector and explain its direct contribution to the local economy.<br>We produce our reports in draft form and then discuss with the client to ensure they meet your requirements and hold no surprises.<br>**Deliverable:**<br>• Draft final, then Final Report |

# Appendix Two - Assumptions for calculating Gross Value Added

Charities House data:

- For charities with an income of £10 million or more, we removed those with no perceptible presence. For those with a partial presence, allocate employees on the basis of % activity in the county. Schools included and an average of 5 volunteers allocated. Overall this gives 3,450 employees and 54 FTE volunteers, giving a ratio to apply to employee estimates on NOMIS data of 54/3450, on the band 250+ employees.
- For charities with an income between £1 million and £10 million, we excluded those with no perceptible presence. For those with a partial presence, we allocated employees on the basis of % activity in the county or % population (for those based across Herefordshire and Worcestershire). Charity Commission data gave the number of volunteers and we applied the 3-hour per week FTE calculation to this total figure to give the volunteer FTE figure. This gave a ratio of 290/2,721 which was applied to the number of organisations in the 50 – 249 employee range.
- For charities with an income between £500k and £1 million, we excluded those with no perceptible presence. For those with a partial presence we allocated employees on the basis of % activity or % population depending on the area covered. Charity Commission data gave the number of volunteers per organisation, and these were converted to FTE using the 3 hours per week ratio. This gave 49.2 volunteer FTE and 517 employees.
- For charities with an income between £100k and £500k, we excluded those with no perceptible presence. For those with a partial presence, we checked if their registered address was in Worcestershire, and kept those where that was the case and excluded the others. We obtained employment and volunteer numbers (where available) from their accounts or website. This gave 845 employees. In addition to the small numbers on volunteers that could be found through official sources, we applied an estimate of 10 volunteers per organisation to allow for trustees, and then applied the 3 hours per week ratio to the total number to give 142 FTE – this is likely to be an underestimate of the volunteer workforce for this group of charities.
- For the group of charities with income between £100k and £1 million, we added the volunteer FTE numbers together and the employee numbers together to give a ratio of 634/1,362 and applied that to the 10 to 49 employee band of NOMIS data.
- For charities in the band £25k to £100k, we reviewed the names and a sample of Charity Commission data and reduced the number of in scope organisations to 274. We estimated that each of those had 2.5 full time equivalent (FTE) employees, based on reviewing the accounts of a small sample of the organisations listed. In addition, we assumed that each Worcestershire organisation had 12 volunteers, having reviewed the number of trustees for those organisations we had looked at for employees. This gave 266.5 FTE volunteers and 685 employees.
- For the 1,259 charities with an annual income of less than £25k, we applied the two thirds estimate to give a view on the number based in Worcestershire. As these were smaller organisations, we estimated 9 trustees per organisation, and converted that to give an estimate of 606 FTE volunteers across the small charity band.
- To calculate the ratio for the NOMIS band 0 – 9 employees, we added the 606 FTE volunteers for the very small charities to the 266.5 for those in the band £25k to £100k, to give 872.5 volunteers and thus a ratio of 872.5/685 for the band 0 – 9 employees.

**Methodology for NOMIS GVA calculation**

For the NOMIS data of Enterprises in the not for profit and mutual ownership sector, for 2016, by size band and by big SIC industry group, employment is calculated by multiplying the number of enterprises by the midpoint of the band, so 4.5, 19.5, 99.5 and 300 for the final band (which doesn't have an upper limit). This gives an estimate of total employment in the sector of 9,520.

To get the estimate of volunteers for the sector, the ratios calculated above were used to derive an estimate of volunteers by size band (7.01, 9.08, 10.6 and 4.7). When applied to the number of enterprises, the total FTE volunteer force for the sector is 4,295.4.

The numbers of employees and volunteers are added together and then the annual earnings estimate is applied to arrive at the estimate of GVA. Note that no uplift factor has been applied, so no account has been taken of the benefits to the area of wage spend, in part due to a third of the workforce being unpaid.

**Methodology for Charity Commission data GVA calculation**

For charities with an income greater than £100,000, we noted the most recent figures for income, employment and where available, volunteers. For each of the four income bands where this was simple to extract, we then added up the number of employees and volunteers, and we applied the FTE ratio to the volunteer data of 3/37, i.e. 3 hours volunteering per week.

For charities in the band £25k to £100k, we reviewed the names and a sample of Charity Commission data and reduced the number of in scope organisations to 274, and each of those having 2.5 fte employees, based on reviewing the accounts of a small sample of the organisations listed. In addition, we assumed that each Worcestershire organisation had 12 volunteers, having reviewed the number of trustees for those organisations we had looked at for employees. This gave 266.5 FTE volunteers and 685 employees.

For the 1,259 charities with an annual income of less than £25k, we applied the two thirds estimate to give a view on the number based in Worcestershire. As these were smaller organisations, we estimated 9 trustees per organisation, and converted that to give an estimate of 606 FTE volunteers across the small charity band.

We added up the employees and volunteer FTEs (8218 + 1,407.7) to give a total workforce of 9,625.7 and then multiplied that by the same annual median earnings figure to give the estimate of GVA.

**Estimating sector income**

For charities with an income greater than £100,000, we have noted the most recent figures for income and added those up. For the two remaining bands (£25k to £100k and £1 to £25k) we have taken the midpoint of the range, so £62,000 and £12,500 and multiplied those by the number of organisations in the band. These are likely to result in a slight over estimation of the income for those bands, but as the two bands together, grossed up, amount to £27 million out of a total of £374 million, the error is unlikely to be greater than 5%.