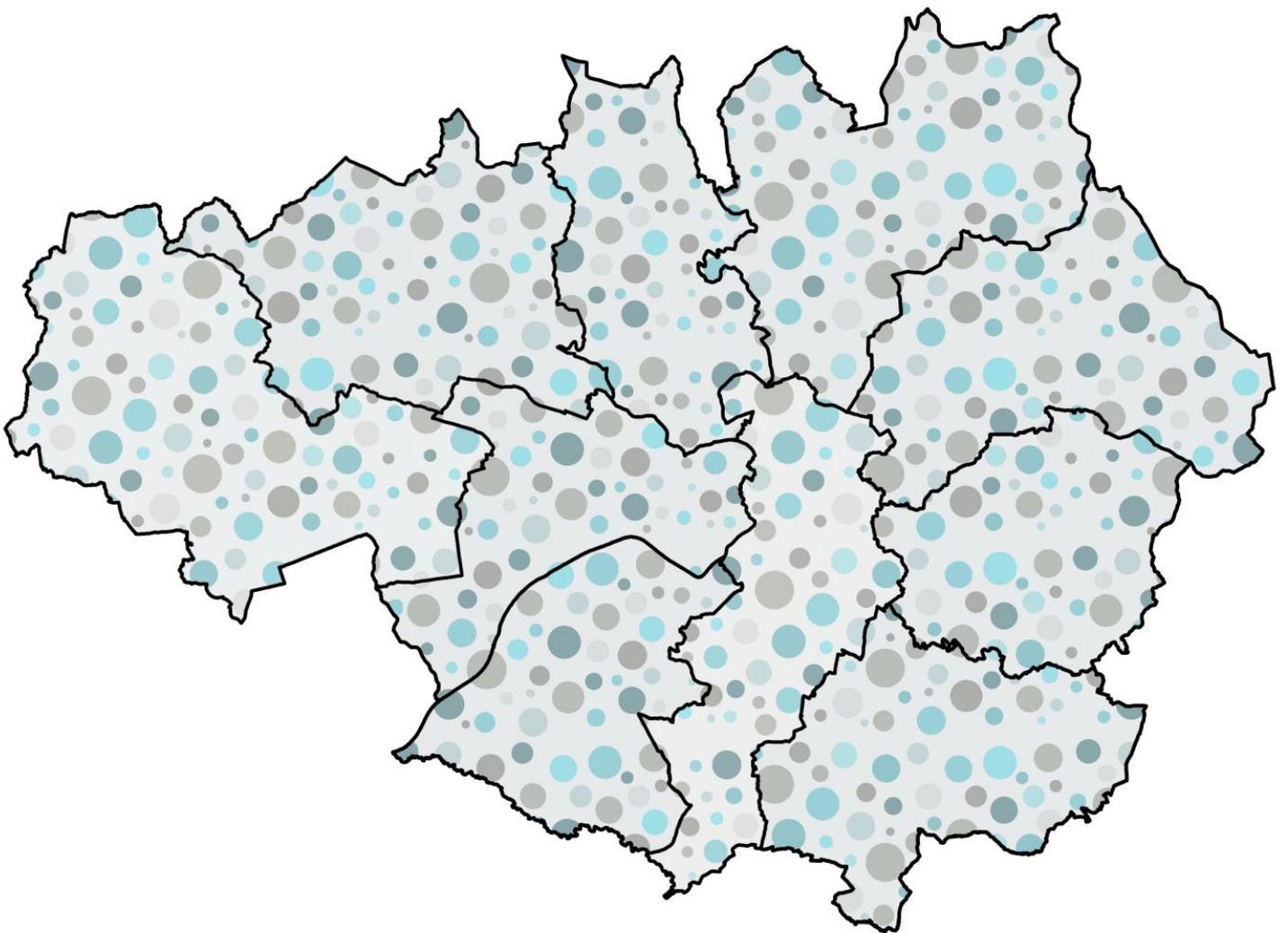


Greater Manchester State of the Voluntary Sector 2013

*A report on social and economic
impact*



Greater Manchester State of the Voluntary Sector 2013

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Acknowledgements

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In completing the report we are particularly grateful to members of the Research Steering Group² and the staff teams at each project partner for their support in developing and administering the survey and for their input into earlier drafts of the report. We are also grateful to the many employees and volunteers from across the sector who took the time to complete a questionnaire.

Definitions

This report is about the 'state of the voluntary sector in Greater Manchester'. At various times the sector has been known as the 'voluntary and community sector' or the 'third sector' whilst the current government talks a lot about 'civil society'. In this report, when we talk about the voluntary sector in Greater Manchester, we mean **voluntary organisations**, **community groups**, the **community work of faith groups**, and **those social enterprises and community interest companies** where there is a wider accountability to the public via a board of trustees or a membership and all profits will be reinvested in their social purpose.

¹ The areas are: Bolton, city of Manchester, Oldham, Salford, Tameside, Trafford and Wigan.

² The following organisations were represented on the Research Steering Group: CRESR, Salford CVS (lead partner), Greater Manchester Centre for Voluntary Organisation (GMCVO), Bolton CVS, Manchester Community Central, Voluntary Action Oldham, Community and Voluntary Action Tameside, Voluntary and Community Action Trafford, and Wigan and Leigh CVS.

Foreword

This is the largest and most comprehensive survey yet undertaken of the Greater Manchester voluntary sector. The impression that leaps out is of a strong grass-roots movement which makes an impressive contribution to Greater Manchester both socially and economically, and is proving resilient and responsive in the face of current difficulties. We must not assume however that it is indestructible – the report also touches on the rapidly changing relationship with public funding, and the fragility of some of the services relied on by our most vulnerable residents.

The study follows previous ones undertaken in 2005³, 2007⁴ and 2010⁵, and a number of studies undertaken in individual Greater Manchester districts, notably that carried out in Salford in 2010 using a similar methodology. This study offers a snapshot of the voluntary sector in 2013, as it enters a period of increasing turbulence.

The Greater Manchester context in 2013 includes public spending cuts, public service reform and an ambitious City Deal on the one hand; and the findings of the GM Poverty Commission⁶ on the other. Whilst the new City Deal offers greater autonomy for Greater Manchester based on our ability to drive local economic growth whilst reducing dependency on public services, we are also caught in a downward spiral of unemployment; youth unemployment; rising poverty and inequality; and increasing need for support and advice which cannot be met. In these circumstances, the role of the voluntary sector assumes the highest possible significance.

Greater Manchester is very fortunate in hosting such a large, diverse and active voluntary sector. Anecdotally, we observe that the voluntary sector is already changing quite rapidly to respond to the changing environment and the changing needs of Greater Manchester people. And despite the pressures of growing demand and shrinking resources for which we must compete, we remain a well-connected sector with a strong ethos of collaboration. This is a voluntary sector of which we can all be proud.

Alex Whinnom, Chief Executive, GMCVO

³ *Spinning the Spider's Web* (2005), GMCVO for Greater Manchester Infrastructure (ChangeUp) Consortium (GM Voluntary Sector Support)

⁴ *The Contribution of the Voluntary and Community Sector To the Economy of the North West* (2007), Hoshin for Voluntary Sector NW

⁵ a data summary undertaken by GMCVO for Voluntary Sector Support (2010)

⁶ *Greater Manchester Poverty Commission, Research Report* (2012), Centre for Local Economic Studies for GM Poverty Commission

Executive Summary

The state of the voluntary sector in Greater Manchester: 10 key questions answered

This report provides the main findings of quantitative research aimed at improving understanding of the social and economic impact of the work undertaken by voluntary organisations, community groups, social enterprises and faith groups in Greater Manchester. The research was undertaken through a comprehensive survey of organisations that featured on the contact databases of local support and development organisations from across Greater Manchester: these included registered charities and social enterprises, but also community centres, village halls and many informal and unincorporated groups that do not always feature in sector wide statistics⁷. The data therefore provides a comprehensive overview of the sector in Greater Manchester at the start of 2013.

The study had three main objectives:

- to produce reliable, statistically significant and current data on the sector in Greater Manchester
- to provide intelligent information on the key issues affecting the sector in Greater Manchester
- to identify variations in the sector across Greater Manchester, particularly in terms of beneficiaries, income, staffing, volunteers, and relationships with the public and private sectors.

In this executive summary we answer **ten key questions** about the sector and its role across the city region.

Q1. How many organisations are there?

There are an estimated **14,592 organisations** operating in the voluntary sector in Greater Manchester. This estimate includes formally registered organisations, such as charities, social enterprises and co-operatives, but it also includes a large number of 'below the radar' organisations that are not formally registered or incorporated. It is estimated that more than three thousand organisations are based in the city of Manchester but there are also more than a thousand organisations in each of the other nine boroughs of Greater Manchester. Four-fifths of organisations are micro (annual income under £10,000) in size, eleven per cent are small (annual income between £10,000 and £100,000), seven per cent are medium sized (annual income between £100,000 and £1 million), and only two per cent are large (annual income greater than £1 million).

⁷ For example, many survey respondents would not have been included in the National Surveys of Third Sector Organisations/Charities and Social Enterprises in 2008 and 2010, nor in statistics collated through annual returns to the Charity Commission.

Q2. Who benefits from their work?

It is estimated that the voluntary sector in Greater Manchester made **21.2 million interventions with clients, users or beneficiaries** in the previous year.

'Everyone' was listed as a main client group for 31 per cent of organisations. The following were also listed as a main client, user or beneficiary group for at least one in five organisations:

- women (26 per cent)
- young people aged 13 to 25 years (24 per cent)
- children aged under 13 years (24 per cent)
- men (23 per cent)
- older people (23 per cent).

Disabled people (14 per cent) were also listed as a main client, user or beneficiary group for sizable proportion of organisations. Black and Minority Ethnic communities were a main client, user or beneficiary group for 11 per cent of organisations.

The majority of organisations had a local focus: 41 per cent identified particular Greater Manchester neighbourhoods or communities as their highest main geographic focus and a further 28 per cent stated particular local authorities were their highest main geographic focus.

Q3. What does the voluntary sector in Greater Manchester do?

The voluntary sector in Greater Manchester works across **a diverse range of thematic service areas**. However, the proportion of responding organisations working in each area varied. This most likely reflects local needs and funding opportunities.

More than a quarter of organisations worked in each of the following four areas:

- health and well-being (37 per cent)
- community development (37 per cent)
- education, training and research (28 per cent)
- and sport and leisure (27 per cent).

Q4. How much is the voluntary sector in Greater Manchester worth?

The total income of the sector in the city region was estimated to be **£1 billion⁸ in 2011/12 but year-on-year reductions in income have been identified**. It represents a reduction of two per cent compared to 2010/11 and follows a larger reduction between 2009/10 and 2010/11 when the total income of the sector reduced by an estimated five per cent.

The majority of income was concentrated in large and medium sized organisations even though the majority of organisations were micro or small. Micro and small organisations accounted for nine out of ten organisations in the sector but less than ten per cent of total income. By contrast medium and large organisations accounted for less than a tenth of the sector's organisations but received more than 90 per cent of its income. Income was concentrated particularly heavily in the largest organisations, with nearly two-thirds of all income (62 per cent) into the sector received by only two per cent of organisations.

⁸ In 2010 data obtained by GMCVO from the Charity Commission indicated that the total income of registered charities in Greater Manchester was £1.2 billion.

A significant proportion of the sector's income was from non-public sector sources. More than three quarters of survey respondents received non-public sector income, of which **charging for goods and services was most prominent**, contributing 28 per cent of non-public sector income. Fundraising (21 per cent of non-public sector funding), lottery grants (18 per cent of non-public sector funding) and grants from Trusts and Foundations (15 per cent of non-public sector funding) were also important.

Different assumptions and methodologies can be used to estimate the contribution of the voluntary sector to the Greater Manchester economy. This study has estimated the equivalent value of 'Gross Value Added' (GVA) to the economy by multiplying the estimated number of full time equivalent (FTE) paid staff and volunteers by the estimated GVA per FTE employee⁹. This approach estimates paid staff and volunteers working within the sector in Greater Manchester contribute equivalent to **£1.7 billion worth of GVA to the economy**; this is comparable to 3.5 per cent of value of Greater Manchester's GVA¹⁰.

Valuing the GVA of volunteers in this way assumes that paid staff would not have been used in the absence of volunteers and therefore the value of GVA for volunteers is the value of the labour input plus the value of the capital input. If this is assumed not to be the case then the value of GVA produced by volunteers is just the value of the labour input. Using median wages to value the input of volunteers, it is estimated paid staff and volunteers working within the sector in Greater Manchester contribute equivalent to £1.4 billion worth of GVA to the economy; this is comparable to 2.9 per cent of the value of Greater Manchester's GVA.

This latter calculation is more consistent with the approach suggested by New Economy,¹¹ an economic development body whose purpose is to create economic growth and prosperity for Greater Manchester.

However a difference remains with the approach suggested by New Economy. Whereas the current study has used average GVA per FTE employee to value the GVA of paid staff the New Economy approach uses staff costs and multiplies this by the ratio of 'compensation of employees' to GVA: a multiplying factor of 1.5. However, staff cost data was not collected as part of this study so the New Economy method could not be fully adopted.

Q5. How sustainable is the voluntary sector in Greater Manchester?

The decline in sector's income over the last three years represents **the first long term economic contraction in the sector in at least 10 years**. This is likely to be an indication of the effect of the economic downturn of the past few years, and reductions in income from government and the wider public sector, independent funders and charitable donations. This trend seems likely to continue, as further large reductions in public sector spending are expected over the next few years and the economy continues to falter. In this context the financial sustainability of the sector's organisations and services is an important and current issue and **the survey highlighted some areas for concern**. For the 12 month period prior to the survey:

- 47 per cent of respondents reported increasing their expenditure but only 34 per cent had experienced an increase in income
- 39 per cent of respondents reported a decrease in income but only 25 per cent reduced their expenditure
- 33 per cent reported a reduction in their financial reserves compared to only 22 per cent reporting an increase.

⁹ This study used North West GVA per employee averaged across the following three sectors: public administration and defence, education and health and social work ONS

¹⁰ Please note the Gross Value Added of volunteers is not currently included with official reporting, therefore the value of Greater Manchester's GVA does not include that of volunteers.

¹¹ http://neweconomymanchester.com/stories/818-manchesters_commission_for_the_new_economy

This means that a significant number of organisations spent more money than they received in the past 12 months: 34 per cent of respondents provided an expenditure figure for 2011/12 that was greater than their income. This is likely to be in response to rising demand: many organisations will have drawn down financial reserves to maintain or increase levels of service provision rather than reduce their expenditure to match a decline in income.

These findings are very similar across Greater Manchester, and could be indicative of a longer term trend in response to the economic downturn and subsequent reductions in the sector's income. In light of this trend it seems likely that the sustainability of a significant number of organisations could be under threat.

The precarious financial situation of some organisations was further emphasised by the state of their reserves:

- 15 per cent had reserve levels of less than one month's expenditure
- 41 per cent had reserve levels of less than three month's expenditure.

This suggests that a number of organisations that have been dependent on external funding, particularly medium and large organisations that need high levels of income to carry out their work, could be particularly vulnerable should their funds be severely reduced or withdrawn.

Q6. Who works in the voluntary sector and what do they do?

Paid Staff

The voluntary sector in Greater Manchester employed an estimated **23,600 full-time equivalent (FTE)¹² paid staff in 2012/13¹³**. Just over half were in city of Manchester based organisations.

It is estimated that paid employees of Greater Manchester organisations contribute equivalent to £738.7 million worth of GVA to the economy per annum; this represents 1.5 per cent of Greater Manchester's GVA.

Sixty two per cent of FTE paid staff were employed in large organisations with an income of at least one million pounds. In comparison the 13,408 micro and small organisations combined were estimated to have employed just eight per cent of FTE paid staff.

Volunteers

In 2012/13, an estimated **334,200 volunteers** were part of the voluntary sector workforce in Greater Manchester, contributing an estimated **1.1 million hours** of their own time per week.

Assuming paid staff would not be used in the absence of volunteers it is estimated that volunteers in Greater Manchester organisations contribute equivalent to £947.1 million worth of GVA to the economy per annum.¹⁴ If this is assumed not to be the case then the value of GVA produced by volunteers is just the value of the labour input. It is therefore estimated volunteers in Greater Manchester organisations contribute equivalent to £656.3 million worth of GVA to the economy per annum. This latter calculation is more consistent with the approach suggested by New Economy.

¹² FTEs are calculated on the basis that one worker in one paid full time job for a year would be one FTE and if that person worked half time they would be 0.5 FTE.

¹³ In 2010 data obtained by GMCVO from the Charity Commission indicated that the total number of people employed by registered charities in Greater Manchester was 20,825.

¹⁴ Please note the Gross Value Added of volunteers is not currently included with official reporting.

Assessment of volunteers by job role reveals:

- 25 per cent of volunteers were in management roles, including committee/board members
- 11 per cent of volunteers were in administrative roles
- 62 per cent of volunteers were in roles delivering services.

Work placements

An estimated **1,990 FTE work placements** contributed to the voluntary sector's workforce in 2012/13.

Q7. How good are relationships with public sector bodies?

Survey respondents had dealings with a range of local public sector bodies, with **local authorities the most frequently identified**:

- 72 per cent of respondents had some dealings with at least one local authority: 11 per cent had a great amount of dealings and 29 per cent had a fair amount of dealings
- local NHS bodies (such as Primary Care and Foundation Trusts), the police and Further/Higher Education Institutions were also identified as important public sector contacts.

More than **half of respondents (53 per cent) received funding from public sector bodies**. Of these:

- 71 per cent received funding from local authorities
- 15 per cent received funding from local NHS bodies
- 9 per cent received funding from national Government Departments.

Income from National Government Departments accounted more than half of all public sector funds received. Local authorities provided around a third of funds, and NHS bodies and other public sector less than an tenth each. This is affected by a number of large national public sector contacts: across Greater Manchester the average value of income from national Government sources was £586,000, including three organisations in receipt of more than £1 million from national Government departments. By contrast the average value of local authority income was only £76,000 for local authority income and for health bodies was £134,000.

This highlights the importance of relationships with the public sector, particularly local authorities to the sector's work. To this end survey respondents were asked about the quality and effectiveness of their relationships with key public sector bodies. Responses to these questions showed that the sector's experiences of working with the public sector varied. Overall, 39 per cent of respondents felt that local authorities were a positive influence on their success and 37 per cent felt their most frequent other public sector contact (i.e. non local authority) was a positive influence on their success.

Q8. How well does the voluntary sector work with commercial businesses?

The relationship between the sector and commercial businesses is likely to increase in importance over the next few years as funding from public, charitable and philanthropic sources becomes less readily available. However, the survey evidence suggests there is some way to go: just under one in six survey respondents had a 'great' or 'fair' amount of dealings with local commercial businesses and very few were positive about their relationship with the commercial sector. Overall, only 19 per cent of respondents felt that the commercial business community in Greater Manchester was a positive influence on their organisation's success - **this is less than for local authorities and other public sector bodies**.

Q9. How well does the voluntary sector work together?

Respondents were more positive about their relationships with other voluntary and community sector organisations than about those with the public and commercial sectors. Sixty per cent had a 'great' or 'fair' amount of contact with other organisations in the sector. Around half of respondents were positive about these relationships: 48 per cent were satisfied with opportunities to work together to influence decisions and 46 per cent were satisfied with opportunities to work together to deliver services.

Q.10. What are the key challenges facing the voluntary sector in Greater Manchester?

Reduced access to funding and rising costs has left much of the sector facing an uncertain future. This was particularly the case for those reliant on public sector funding, and many respondents expressed concerns about the future sustainability of their organisations. Securing and generating sustainable funding was the key challenge facing many organisations in the immediate and longer-term.

Alongside reducing resources, the sector faces **increasing demand for its services, and is identifying new needs, which in many cases it is unable to meet.** Respondents were fearful for the future, especially about the impact on Greater Manchester of the government's programme of welfare reform.

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