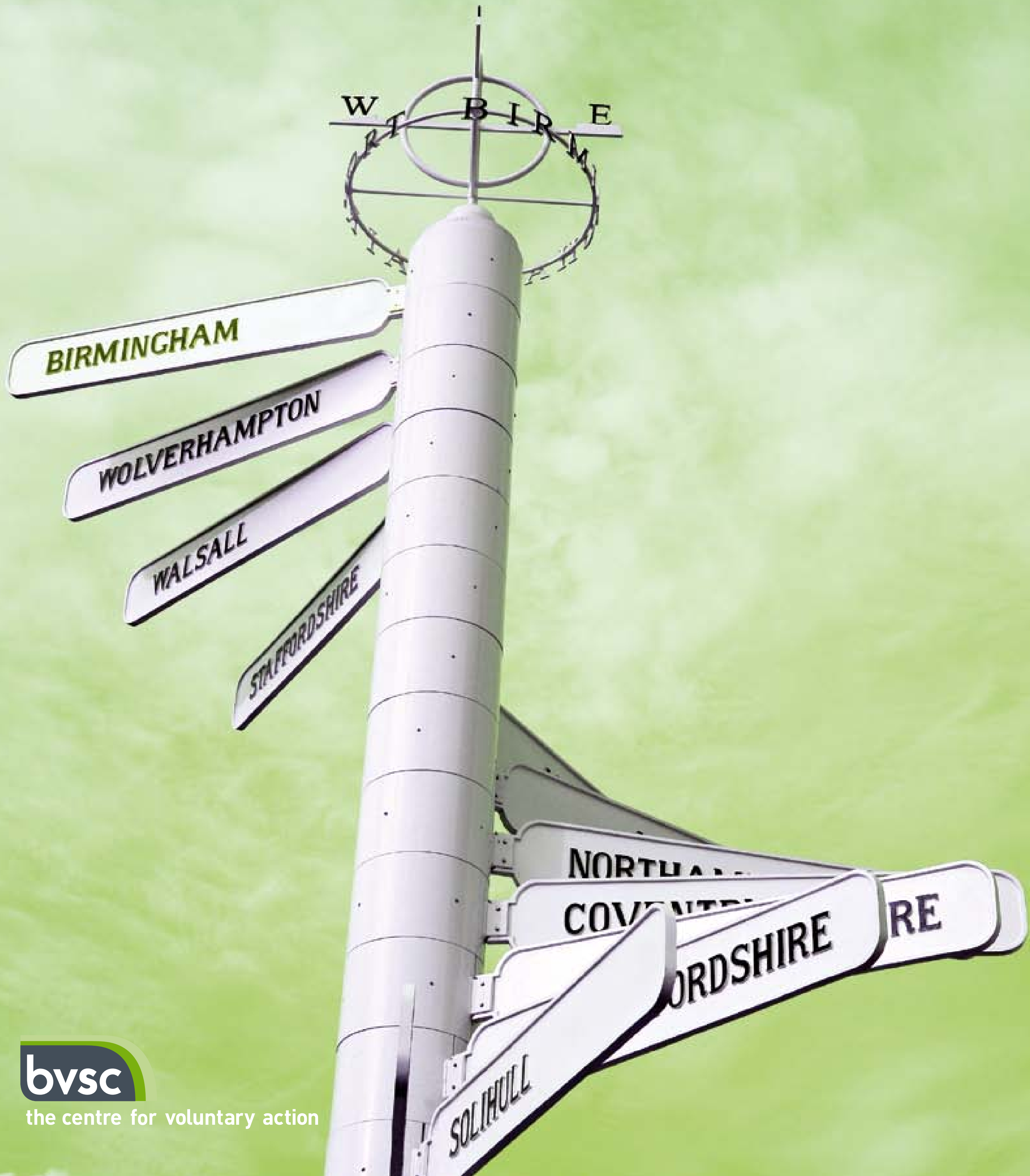
State of the Third Sector
Birmingham

:report

December 2008



bvsc
the centre for voluntary action

1. Introduction

Over the past three years, BVSC has surveyed a sample of third sector organisations in order to establish the size, shape and support needs of the sector. This report analyses the data from 2008, identifying changes from the previous years, in order to produce a snapshot of third sector organisations in the city.

The mapping work was funded by the ChangeUp Consortium in 2006 and 2007. The 2008 sample has been funded by Birmingham & Solihull Learning & Skills Council, Birmingham City Council and the Big Lottery Fund.

The mapping survey asks organisations to supply information in response to questions in the following areas:

- Staff, volunteers, trustees and members;
- Quality standards and systems;
- Impact assessment and monitoring;
- Policies and procedures;
- Public service delivery;
- Financial information;
- Infrastructure support and other support needs

In 2006, ChangeUp consortium members shared their databases and a total of 269 organisations were mapped. In 2007, both the geographical scope and 'community' representation of the sample was increased[1]. An additional 549 organisations were mapped, making a total sample of 818 organisations. In 2008, Research by Design Ltd[2] was commissioned to re-contact all organisations that were mapped in 2006/2007 and to update their details through mixed research methodologies - an online survey and telephone interviews.

A total of 511 organisations updated their mapping forms in 2008. Additionally, 29 organisations were identified as having closed, 33 refused to participate (including 7 that requested to be removed from BVSC's databases) and a further 50 could not be contacted due to their telephone numbers being unobtainable (suggesting that they may too have closed, or possibly moved). Despite repeated attempts, the remaining organisations could not be reached or engaged to undertake the task[3].

A comparison of those organisations for which updated mapping details were obtained with those unsuccessfully re-engaged in the exercise indicates that a greater proportion of the former are formal VCSs. Those organisations not re-engaged during 2008 tend to be informal VCSs, employ less than 10 paid staff, have less than 10 volunteers and have not achieved any quality standards or systems.

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[1] The sample was required to include 33% non-registered charities. Additionally, 50% was required to fall into one of the following categories: BME groups; Women's groups; Children and young people's groups; Older people's groups; Faith groups; Groups supporting people with physical or mental disabilities; Groups supporting homeless people or people in poverty.

[2] Research by Design Ltd is an independent market research company.

[3] Those not engaged were called an average of six times per organisation.

Using the mapping data collected, this report compares the profile of the 511 organisations for which BVSC holds current and historic data and identifies the changes that have occurred over the three years.

2. Survey findings

The survey findings have been summarised into the following themes:

- The growing ‘professionalisation’ of third sector organisations
- Changing infrastructure support needs
- Changes in funding profile and shifts in funding sources
- Involvement in the delivery of public services

2.1 The growing ‘professionalisation’ of third sector organisations

There is an increase in ‘professionalisation’ amongst organisations, evidenced by the increase in quality standards, most notably Investors in People, with its focus on staff development, and with the increase in policies and procedures. It is also apparent that funders are requiring organisations to operate more professionally by monitoring their services.

Of those organisations without quality standards, more of them are working towards achieving one this year. There were fewer requests for information on quality standards, which shows the extent to which quality is being adopted as a mainstream practice within the sector. These results are borne out by the increase in organisations holding formal contracts with public sector funders (see section 2.4). Quality standards and monitoring arrangements are common contractual requirements.

- 70% of the mapped organisations employ staff; there has been no significant change in the number of organisations with and without employed staff over the survey period.

- There is a 12% increase in organisations having achieved a quality standard; 44% now hold at least one standard. Investors in People is the most widely held quality standard, 18% of organisations hold this, 9% hold PQASSO and OFSTED, and 6% Matrix.

- The largest increases in holdings of quality standards are in OFSTED (3% to 9%) and Two Ticks Disability Kite Mark (1% to 4%).

- 66% of third sector organisations formally funded by Birmingham City Council have achieved at least one quality system or standard, compared to 51% in 2006/2007.

- 7% more organisations are working towards quality standards in 2008 compared with the past two years; 24% of organisations in 2008. PQASSO is the most popular, with 10% striving for this standard, followed by Investors in People at 6%.

- In 2008, 88% of organisations monitored their work and services, a 6% rise from 2006/2007.

- Reflecting the increased number of organisations monitoring their work, more funders require this: 60% in 2008 compared with 52% in the last period.

- A higher proportion of organisations collect impact assessment information (i.e. information informing them of changes brought about through their work) this period compared to the last two years (51% to 62%). However, this figure rises still further to 71% amongst formal VSCs. In 2008 fewer organisations reported that impact assessment did not apply to them.

- Overall, organisations have a greater number of policies and procedures than previously. There is now much greater incidence of Complaints Procedures and Grievance and Disciplinary Procedures (held by almost two-thirds of organisations); Governance Policies; Staff Supervision Policies; and Staff Development Policies (held by almost a half) and Family and Flexible Working Policies (almost a third). There is little change in the number of organisations with Equal Opportunities and Discriminatory Policies, just over 70%.

- In 2008, 63% of organisations are providing advice, support and information services, just under half (48%) provide services for children and young people and 46% provide community services. Arts, entertainment and leisure services and education, work or training are offered by 31%, with services for older people provided by 27%. Health and social care is provided by 23%, 18% provide services linked to faith and 14% housing services.

2.2 Changing infrastructure support needs

Organisations have increased support needs in all areas. Given the overall drop in income coming into the sector, it is logical that organisations need help with generating income. Help with the recruitment and retention of volunteers is also much needed, as is assistance with their training and development. However, many organisations are unlikely to be able to pay for this support.

2.2.1 Organisational development

- In 2008, 90% of organisations reported the need for external help and support, 4% more than in 2006/2007.

- Compared to 2006/2007, the proportion of organisations that would benefit from help has risen significantly. The areas of need, in descending priority order, are: finance and funding; improving performance & quality of services; recruiting and developing volunteers; developing trustees or management committee; and recruiting and developing the workforce.

- In relation to performance and quality of services, help with forward planning is ranked as a top priority, closely followed by performance management, monitoring and evaluation and then quality standards. Although help with quality standards is reported as a need, this statistic should be considered alongside the number of organisations that have achieved some standards.

2.2.2 Support with volunteers

- In 2008, 76% report having volunteers, 6% fewer than in 2006/2007. At the same time 62% state they require help with volunteers; of these, specific help was requested with:
  - Recruitment and retention (71%).
  - Training and development (61%).
  - Volunteer management, policies and procedures (53%).
  - Volunteer policies and procedures (49%).

- More organisations would be willing to pay for support with volunteers, 26% in 2008 compared with 17% in 2006/2007. 30% are unsure.

2.2.3 Workforce development

- 48% of organisations requested help in respect of workforce development. These organisations ranked their greatest needs as: identifying and responding to staff training and development needs, and management and leadership skills. The demand for these has increased slightly from 2006/2007 (64% to 66% and 58% to 61% respectively).

- In terms of organisations' willingness to pay for these support services, in general they are slightly more inclined than previously (30% compared to 23% in 2006/2007). 33% are unsure.

2.2.4 Partnership development

- 51% of all organisations surveyed require help with working in partnership with public sector organisations. 49% would also benefit from help with working with other voluntary organisations.

- In 2008, 48% require help with ensuring the views and experiences of their organisation inform local policies.

2.2.5 Trustee development

- In 2008, 91% report having trustees, board members or a management committee, similar to 2006/2007.

- 55% of organisations requested help with the development of trustees, a rise of 21% since 2006/2007. Specific help was requested with:
  - Ensuring their organisation adheres to relevant legislation and regulations (66%).
  - Recruitment and retention (63%).
  - Ensuring productive staff-trustee relations (45%).

- 29% would be willing to pay for support with trustees, 31% are unsure.

2.2.6 Finance and funding support

- In 2008, 81% have funding support needs, rising to 93% amongst registered charities.

- Most commonly, organisations want help with accessing long-term funding (83% in 2006/2007 to 86% in 2008), keeping up to date with current funding opportunities (73% to 78%), developing grant applications (73% to 71%), creating/increasing self-generated income (61% to 71%), increasing donations (52% to 60%), tendering for contract from the public sector (46% to 50%), budgeting (33% to 38%) and financial management (34% to 37%).

- 26% would be willing to pay for this support, 30% are unsure.

2.2.7 Information and communications technology

- In 2008, 53% of all organisations surveyed require help with information and communications technology, 8% more than in 2006/07. This figure rises to 63% amongst those registered as both a charity and a company limited by guarantee.

- Specific help was requested with:
  - Accessing ICT training (69%).
  - Accessing technical support; maintenance & repair facilities (62%).
  - Purchasing software (50%).
  - Purchasing ICT equipment (48%).

- 31% would be willing to pay for ICT support, 33% are unsure.

2.3 Changes in funding profile and shifts in funding sources

There is less money coming into the sector than in previous years. More of it is coming from statutory funders and more of it is ring-fenced project funding. This is evidence of the shift from grant aid arrangements to commissioning whereby money is restricted to specific projects.

Income generating activities have increased in 2008 and effectiveness of fundraising and donations is demonstrated by it being the highest category of self-earned income.

The National Lottery is becoming a notable funder of the sector but it still ranks lower than other charitable trusts.

- The average total income reported has reduced by 5% from 2006/2007; correspondingly, there had been an 8% reduction in expenditure.

- There has been an overall increase in organisations receiving statutory funding. A greater proportion in 2008 has received Local Authority funding (39% to 50%), Central Government funding (16% to 20%) and National Health Service funding (13% to 16%).

- The biggest sources of independent funding have also increased in this period, namely: charitable trusts and foundations (30% to 35%) and National Lottery – Big Lottery Fund and Heritage Lottery Fund (13% to 18%).

- The proportion of organisations reporting their income as entirely unrestricted (i.e. not ring-fenced by funders) has fallen (38% to 32%).

- Organisations report most self-earned income to be generated from fundraising and donations (65% to 68%) and income generation activities (36% to 49%).

2.4 Involvement in the delivery of public services

There is a significant increase in formal contracts and Service Level Agreements with statutory bodies. Correspondingly, there is a smaller pool of organisations that are not contracting with the public sector, and this is borne out by the changes in funding profile discussed in section 2.3 above.

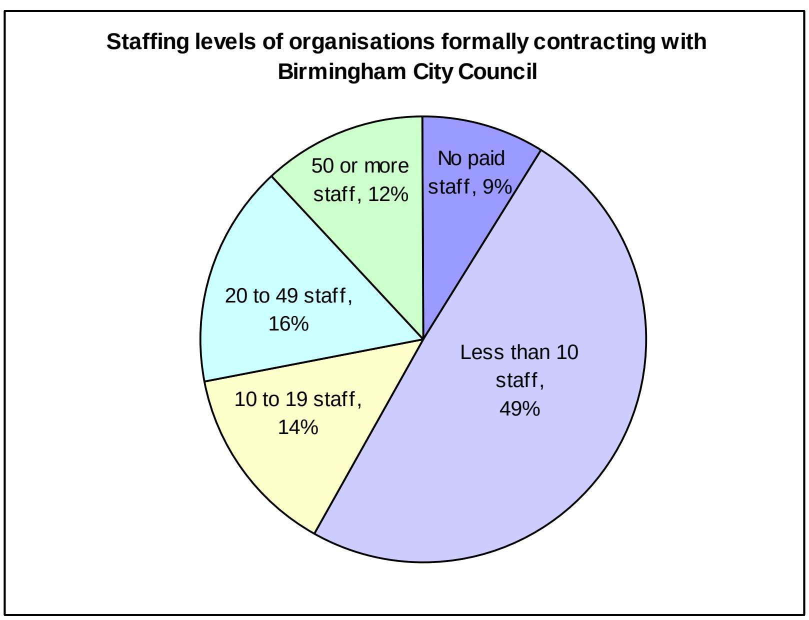
- 50% of organisations have a formal contract or SLA, an increase from 31% in the last period. 42% have a formal contract with a Local Authority, almost twice as many as in 2006/2007.

- The majority (41%) of organisations have a formal contract or SLA with Birmingham City Council. Again, almost twice as many as the last period (22%).

- 16% of organisations have a formal contract or SLA with a PCT, 11% within Birmingham and Solihull.

- 49% of organisations holding a formal contract or service level agreement with Birmingham City Council have less than ten paid staff in their organisation. A fairly even split occurs between the remaining staff size bandings (see Figures B).

Figure B



- A greater proportion of organisations holding a formal contract or service level agreement with other local authorities have fifty or more paid staff compared to those with Birmingham (see Figure C).

Figure C

	No paid staff	Less than 10 staff	10-19 staff	20-49 staff	50+ staff
Birmingham City Council	9%	49%	14%	16%	12%
Other Local Authority	5%	29%	18%	18%	30%
Birmingham & Solihull PCT	2%	43%	15%	19%	21%
Other PCT	3%	38%	15%	23%	21%

- Looking at the results in a slightly different way and focusing solely on formal contracts and SLAs held with Birmingham City Council, just 12% of organisations without paid staff have contracts compared to 54% of those with paid staff.

- 63% of ‘formal’ VCS organisations, that is registered charities and those limited by guarantee, have a formal contract or SLA. 51% have one with Birmingham City Council. Just 33% of ‘informal’ organisations (informal user groups and voluntary and community organisations with a constitution) have one; 26% with Birmingham City Council.

Figure D

	2008 Informal VCS	2008 Formal VCS
SLA with Local Authority	27%	**53%**
Birmingham City Council	26%	**51%**
Other Local Authority	2%	**13%**
SLA with PCT	7%	**22%**
Birmingham & Solihull PCT	4%	**15%**

3. Conclusion

The findings of the survey provide evidence in Birmingham of the changes affecting the sector nationally. The third sector is delivering more services for statutory partners, in Birmingham the largest purchaser of services is Birmingham City Council. The relationship with public sector funders has become more formalised with a sharp rise in Service Level Agreements and formal contracts.

This closer more formalised relationship with statutory agencies has resulted in an increase in professionalisation within the sector, notably in the adoption of quality standards. Though the most widely held quality standards are the organisational excellence types (Investors in People; PQASSO), the increase in the number of organisations with an OFSTED quality standard shows the growing need to have ‘service specific’ quality standards.

Whilst the sector is more dependent on the state for funding than before, more of unrestricted income is coming from income generation activity than in previous years. The growing importance of income generation to maintain core funding is demonstrated by the growth in requests for help in this area.

Changes in support needs tell us much about how third sector organisations are adapting to current changes. Partnership working is a feature of the new territory organisations find themselves in. More organisations are recognising the need to learn this skill both with the public sector and with other third sector organisations. Consortium working has become essential in the sector in relation to larger public sector contracts notably in the area of learning and training. There is also a willingness to engage in local decision-making with a large number of organisations wanting support in ensuring their views do inform policies locally.

Whilst the closer relationship with the public sector has its benefits, there is a worrying drop in organisations that do not rely on public sector funding. These are the organisations engaged in building civil society beyond the service delivery agenda – engaged in activities such as campaigning, advocacy and alternative views – that are much lauded by politicians. They may not be delivering public services as such but it is important that grant aid is still available to fund their vital work2. The whole spectrum of organisations must be supported in order for the third sector to thrive and continue improving life for the people of the Birmingham.

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