

# Share, Celebrate, Grow

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VCSE STATE OF THE SECTOR REPORT 2016



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## Executive Summary

**This report is the first in-depth review of the state of the VCSE sector. It is an opportunity to celebrate the great work being undertaken by so many organisations from large to 'micro' across the County but also to explore the key issues facing these organisations.** What we have found is a sector under pressure caught between reducing resources and growing needs for their services. Two thirds of the respondents were 'micro' or small organisations but pressures were described by organisations of every size and capacity.

Key findings include the fact that many organisations have no full-time staff, often with only part-time staff and many others relying entirely on volunteers. Many organisations described a picture of reduced funding over a number of years and a situation of chronic financial insecurity caused by a combination of 'contract culture', the difficulty of obtaining funding for core costs and the interminable quest for project funding and grants. The constant necessity to raise pockets of project funding reduces the time spent on the core aims of many organisations. The time and resources needed to write funding bids and report to funders is often disproportionate and detrimental to the overall service and makes real strategic planning for many organisations impossible. Several organisations mentioned having to use reserves to plug gaps in funding.

Key areas for which organisations are finding it difficult to raise funds are: staff salaries, core costs and replacing IT and essential equipment. Organisations highlighted a number of challenges they were likely to face in the next four years, the top ones being: organisational development/managing their organisation, demonstrating impact, recruiting volunteers and influencing public policy. A majority of organisations are reporting increased demand for their services year on year at the same time as a significant increase in the complexity of issues faced by clients. Organisations mentioned a need for more support for young people, people experiencing mental health issues and autism, people who are economically disadvantaged and people experiencing social isolation and loneliness.

There is, however, also what might be described as 'optimistic determination' with many organisations planning to deliver more services next year, many already working in partnerships and more planning to explore this option. A few organisations have reviewed and changed their organisational form and are exploring social enterprise models of delivery and new forms of fundraising.

In the conclusion we list a number of issues for all sectors to consider. For the VCSE sector there is an opportunity to build on the partnerships and collaboration already taking place and to learn from those organisations leading the way. There is also a sector-wide need for support with fundraising capacity and skills, volunteer recruitment and workforce development, marketing and communication. New collaborations with business and the developing social enterprise market offer opportunities to access skills, support and potentially new sources of unrestricted funds. For funders there is a need to look critically at the issues of core funding and the continual pressure for small groups to continually innovate at the expense of building on existing solid work already recognised as making a difference. For local commissioners and funders there is a need to review the role of grant-making alongside commissioned work and to consider the proportionate monitoring and evaluation requirements. There is also the need to evaluate the impact on the public sector locally if the VCSE is unable to provide complementary services as they have done in the past.

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*Acknowledgements: Liz Simmons (VCSE Strategic Advisor), Community Council for Somerset, Engage, Spark, Somerset Community Foundation and Somerset County Council*

## Why a Somerset State of the Sector Survey?

In 2016 there were 2803 charities registered with the Charity Commission as active in Somerset. Whilst a majority are Somerset-based and focused there are others that have a much broader sphere of activity spreading beyond the county boundary. Many charities have more than one legal status (such as Registered Charity as well as Company Limited by Guarantee). There is also an unknown – possibly unknowable - number of informal, unregistered, active voluntary groups across the county that perform an essential role in strengthening their communities and enriching individual lives.

This survey is a response to cross-sector interest in having this kind of work undertaken on a county-wide scale. It is intended to:

- Develop a better understanding of the VCSE sector which can be refreshed over time
- Provide accurate intelligence to partner organisations and commissioners
- Gain a better understanding of how best to support existing organisations and new groups
- Inform the development of targeted services, for example assisting small community groups with funding applications, and larger groups requiring help with commissioning and procurement
- Support the “Tackling Loneliness in Somerset” and “Stronger Communities” initiatives

Early desk research showed that similar work is undertaken in a number of other parts of the country on a more or less regular basis, with a great deal of consistency in the data collected. The Somerset survey benefited from a review of some of this work, incorporating questions that were considered relevant to Somerset. Amendments were made as a result of consultations and a limited piloting exercise.

Other, relevant research carried out during 2016 includes that undertaken by the NCVO for its 2016 Almanac, and in Somerset the ‘Vital Signs’ research and subsequent report by the Somerset Community Foundation. These are briefly summarised below. A report of an England-wide survey published in late 2016 by the organisation ‘Localgiving’ summarised results from a survey to which 598 VCSE groups and organisations had contributed. There was a remarkable consistency between the Somerset survey and results and this national survey.<sup>1</sup>

This report is the outcome of 130 survey responses. In the main, the survey used multiple-choice questions, inviting respondents to add comments if they wished to expand on their answers, or describe alternatives that did not fit the options provided. A number of questions asked respondents to ‘tick all that apply’ where multiple answers were anticipated. The diverse nature of participating organisations resulted in variations in the numbers of organisations responding to each questions. In some cases the information was not available to them and in others it was not relevant.

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<sup>1</sup> Local Charity and Community Group Sustainability Report, 2016, Localgiving.

[https://localgiving.org/reports/Local\\_Charity\\_Community\\_Group\\_Sustainability\\_Report\\_2016.pdf](https://localgiving.org/reports/Local_Charity_Community_Group_Sustainability_Report_2016.pdf)

## Summary of other relevant research

### The NCVO Almanac 2016

NCVO Almanac 2016 Executive Summary concluded that during 2015-16:

*“Smaller charities did not fare as well as large. The three smaller income bands experienced decreases in overall income and were less financially secure... This year’s data shows that around one-third of charities with an annual income of less than £1m report having no reserves at all, making them especially vulnerable to external shocks.”*

The summary also highlights that charities are spending more money on generating funds.

*They found that in 2013/14 “85% of the voluntary sector’s total spending went towards achieving its charitable aims... In order to maximise the amount of money available for their charitable activities, charities need to spend money in order to generate further funds. Voluntary organisations spent £5.4bn on generating funds in 2013/14 and for every £1 spent, £4.20 was generated in return.”*

Our survey found that all but one of the participating organisations came within the three smaller income bands.

### Somerset Community Foundation ‘Vital Signs Survey’ 2016

This Somerset report used a grading scheme to assess Somerset’s situation in relation to key aspects of community life. The report indicates how urgently the Foundation thinks action needs to be taken, and summarises the findings, using an A – E rating scale, as shown below. In order to calculate each grade SCF took into account three factors: how well Somerset is doing in this area compared to similar areas; their local research and knowledge of particular issues affecting Somerset; and the views of stakeholders, including partner organisations, grantees, and local communities.

Area of community life	Grade	Indicates
Arts, Culture, Heritage and the Environment	B	Things are going well but we can make them better
Stronger Communities	B	
Education and Learning	C	The situation is OK, but could be improved
Tackling Disadvantage and Exclusion	C	
Health	C	
Work and the Local Economy	C	
Rural Living	D	Things aren’t going well. We should take action as soon as possible
Transport	D	

## State of the Sector Survey 2016: Summary of key findings

### A diverse sector – with gaps

Districts were fairly evenly represented in the survey, but with **6.5%** of Somerset's population, West Somerset showed the highest 'per head' level of voluntary activity and Sedgemoor had the lowest

**130** organisations, with a diverse range of charitable purposes, contributed to the survey

**68%** of these are 'micro' and 'small' organisations

**47%** of respondents (the largest category) provide social, recreation and leisure services; by contrast **0.9%** and **1.8%** respectively provide immigration and child care services

**75%** are wholly Somerset focused; **25%** have a wider geographical reach

**Gaps:** Young people, people with mental health problems, and those on low incomes were identified as groups for whom services are currently inadequate

### Rich in optimism and in commitment to meeting needs...

**19%** expected the current year's income to exceed that of the previous year, **46%** expected it to be about the same

**48%** plan to maintain their level of services in the coming year while **35%** plan to increase their level of services

**61%** are currently working in partnership with other organisations, and more plan to do so. Key reasons - alongside improving services - include cost savings, efficiencies and increasing funding opportunities

### ...but many on a 'sustainability knife-edge'

**59%** said the **volume** of demand for their services has increased,

**42%** said the **complexity** of issues faced by clients has increased and **39%** said it had stayed the same

**76%** expect their income to remain 'about the same' or to decrease during 2016-17

**43%** expect to break even financially during the current year, **25%** expect their outgoings to exceed their income

**52%** said the availability of funding has decreased over the past three years,

**65%** said that 'funding and sustainability' are priority areas for training and support

Parish and town councils are key to the sustainability of many local community groups and charities

### Funders' priorities are proving counter-productive

Core running costs are the most difficult to raise - severely limiting fund-raising capacity. **61%** put salaries at the top of the list of funding-raising challenges

**78%** put funding and sustainability at the top of 4 main challenges facing them in the next 2 years;

**65%** (84) of organisations have no paid full-time workers, 24 of these have 1 or 2 part-time workers

**32%** of all respondents are operating with no paid staff at all

## Somerset State of the VCSE Sector 2016

**2803**

charities registered in Somerset, with 100s more community groups

**68%** 

are 'micro' or 'small' organisations

**78%**

said 'funding and sustainability' is the main challenge



**65%**

saying they need more training and support for this



**56%**

had no full time workers

**61%**



are currently working in partnership with other organisations to save money

**59%**

said the volume of demand for their services has increased



**42%**

said the complexity of issues faced by clients has increased

**75%**



said that the availability of funding has decreased or stayed the same

despite reduced funding

**83%**

plan to maintain or increase the level of services in 2017



**70%**

need more help to promote volunteering opportunities



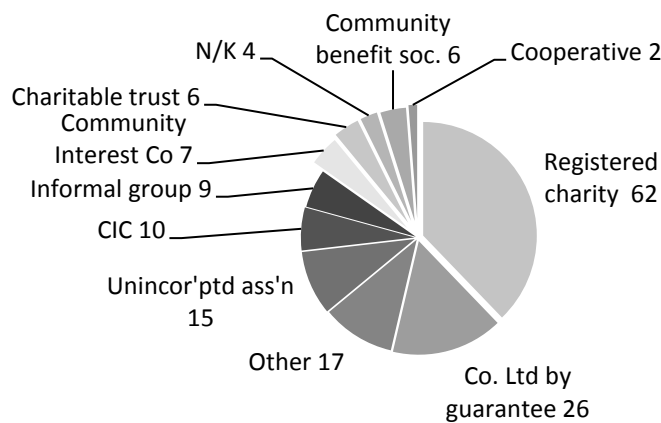


# Somerset State of the Sector 2016 Survey Results

## Organisation structures and reach

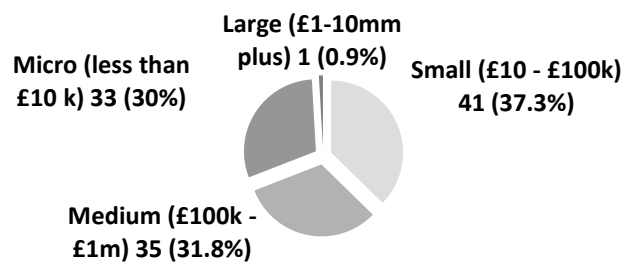
All participating organisations responded to this question and all but 4 were able to supply details of the legal status of their organisation. They were asked to tick as many options as applied, and to describe their status if none of the options were appropriate.

Seventeen organisations provided 'other' information. Some were uncertain how to describe their status and one was Parish Council. With the exception of three that were in the process of registering their organisations, two as Community Interest Organisations and one not yet determined, most comments expanded on the answers already given.



## Size of organisation

VCSE organisations are categorised according to their annual income, which is perhaps a reasonable indicator of financial resilience. The five categories are: micro; small; medium; large; and major. The survey asked "What was your organisation's total income / category for the financial year 2015-16?" Responses showed that over two thirds of respondents were 'small' or 'micro' organisations.



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## Geographical coverage

Charities listed by the Charity Commission as operating in Somerset vary widely in terms of their scale and reach, ranging from national and regional to neighbourhood and sub-district geographical areas. The survey aimed to profile respondents' geographical reach, and findings showed that 96 (75%) of those that responded to this question were wholly Somerset-focused while 32 (25%) were part of a regionally- or nationally-based organisation.

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## Local reach

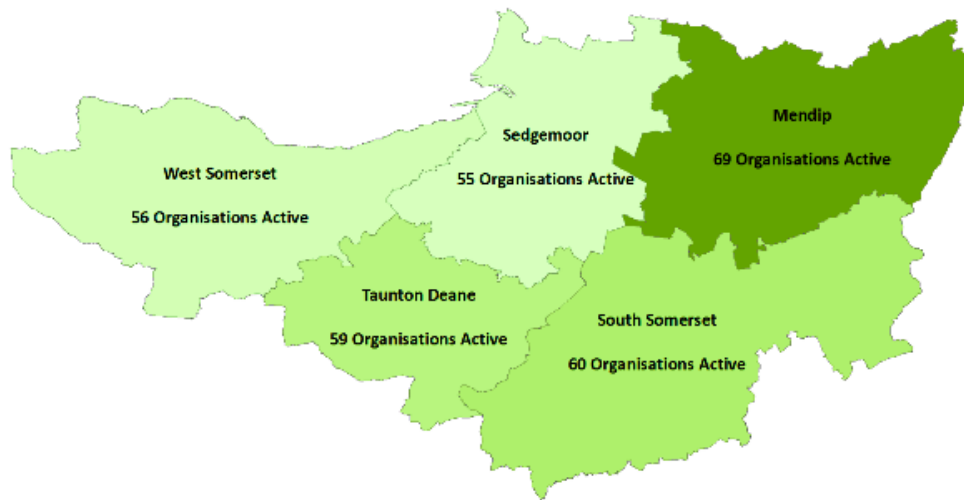
The survey asked in which district council area/s responding organisations were operating as an indicator of any significant disparities in terms of VCSE activity. For reference the table beneath shows Somerset's population distribution by District Council area and by age groups. (Source Somerset Intelligence Website: 2011 Census).

<b>District</b>	<b>0-15 yrs</b>	<b>16-64 yrs</b>	<b>65+ yrs</b>	<b>Pop. Total</b>	<b>% of pop total</b>
S Somerset	28618	99834	34825	163277	<b>30.4%</b>
Sedgemoor	20666	71973	23465	116104	<b>21.6%</b>
Taunton Deane	20078	69677	22012	111767	<b>20.8%</b>
Mendip	20397	69185	21278	110860	<b>20.6%</b>
West Somerset	4831	20130	10080	35041	<b>6.5%</b>
Age group totals	94590	330799	111660	537049	<b>99.9%</b>

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## Distribution of responding organisations by district



Respondents were also asked whether their organisation's activities were focused on geographical communities **within** specific sub-district areas or neighbourhoods in their District Council area. The figures indicate the number of organisation covering the sub-area named. A number of these 'sub-areas' (mostly small towns) have multiple organisations operating within them.

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West Somerset	13
Taunton Deane	10
Mendip	7
South Somerset	7
Sedgemoor	3

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## Workforce: 2014-15 and 2015-16

The survey sought to compare the size and make-up of the respondents' Somerset-based workforce over a 2-year period. The figures for 2014-15 represent 4 fewer responses (125) than for 2015/16 (129), which makes direct comparison difficult. Significant numbers of responding organisations had part-time but no full-time staff, and others were operating with volunteers and no paid staff at all. A small number did not have volunteers, and some had neither paid staff nor any form of management body.

Workforce totals	2014/15	2015/16
Number of responses	125	129
Total full time	273	346
Total part time	583	619
Total Trustees/Management Committee	698	737
Volunteers	5,578	5701

### Full time workers:

- In **2015/16** 84 (65%) of organisations have no full time workers. The remaining 45 have at least one. 31 (24%) have 5 or fewer full-time workers.
- In **2014/15** 81 (65%) had no full time workers. 33 (26%) had 5 or fewer.

### Part-time workers:

- In **2015/16** 43 (33%) organisations had no part-time workers and 18 (14%) had just 1. 38 (29%) organisations had 5 or fewer.
- In **2014/15** 45 (36%) organisations had no part-time workers and 22 (18%) organisations had 1. 38 (30%) organisations have 5 or fewer.

### Volunteers:

- In **2015/16** 19 (15%) organisations had no volunteers. 38 (29%) had 10 or fewer; 40 (31%) had between 11 and 30. At the high end 7 (5%) had more than 100 volunteers.
- In **2014/15** 21 (17%) organisations had no volunteers and 31 (25%) had 10 or fewer. 42 (34%) had between 11 and 30. 7 (6%) had more than 100.

### Trustees/Management Committee members:

- In **2015/16** 25 (19%) organisations had no Trustees or management committee members. 35 (27%) had 5 or fewer; 57 (44%) had between 6 and 10; 12 (9%) had between 11 and 21.
- In **2014/15** 28 (22%) organisations had no Trustees or management committees. 29 (23%) had 5 or fewer; 55 (44%) had between 6 and 10; 13 (10%) had between 11 and 21

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## Estimated hours worked by volunteers in an average week

Of the 99 responses to this question 81 provided the calculated weekly number of volunteer hours, which totalled **5739 hours** per week. This averages out at 58 hours per week per organisation. Clearly this average spans wide variations in the numbers of voluntary hours worked within each organisation. One example estimated voluntary input in term of its financial value: “We currently capture around 50-60% of volunteer hours. Each month the 50-60% equates to approximately £28,000 at minimum wage.”

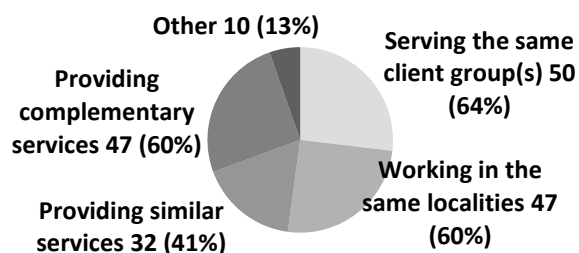
## Partnership working

Respondents were asked “**Do you currently deliver services in partnership with other organisations?**” The 127 responses showed that 78 organisations (61%) are currently working in partnership while 50 (39%) are not. Supplementary questions explored the nature of and reasons for partnership working, as well as future plans in this regard.

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### The nature of partnerships

Multiple options allowed. The 78 who said they are working with partner organisations were asked to describe the nature of their partnerships. They were able to tick as many options as applied.



### Summary of comments

The additional comments indicated that some organisations with similar or complementary aims and purposes work together informally as well as formally, sharing resources. Examples include organisations cooperating to promote and support community and environmental enhancements.

*“AONB, Transition groups, Alcombe Food Cupboard, Somerset Beekeepers, Friends of the Quantocks, Forum 21”*

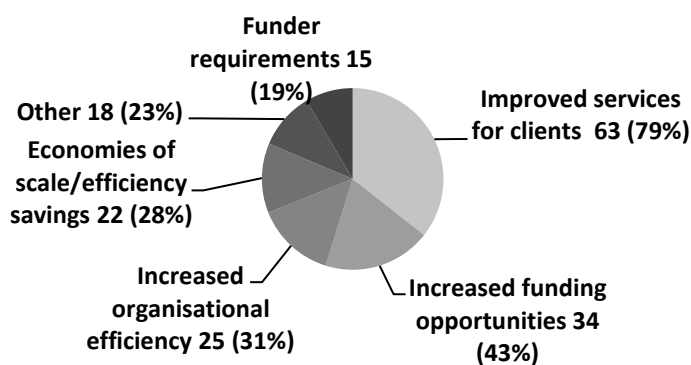
*“We offer our venue to local charities and educational organisations to present their own events, eg. school plays, speech days.”*

One organisation has a transnational partnership with an organisation that provides education to 360,000 child beneficiaries. Another works on a sub-contracted basis supplying expertise that the partner needs in order to deliver specific elements of a contract. Others work with statutory bodies and businesses.

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## Reasons for working with partners

Multiple options were allowed.



## Summary of comments

The most common reasons for working in partnership was to enhance organisations’ capacity to deliver or extend their provision, and/or progress their charitable aims, by working with others who either provide, or need their particular expertise or resources. Some respondents also work with informal and community-based groups as their means of ‘reach’ into target communities.

*“it provides opportunities to those furthest from the employment market (i.e. clients with learning difficulties)”*

Some respondents referred to financial support they receive from local councils as a form of partnership.

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## Potential for future partnerships

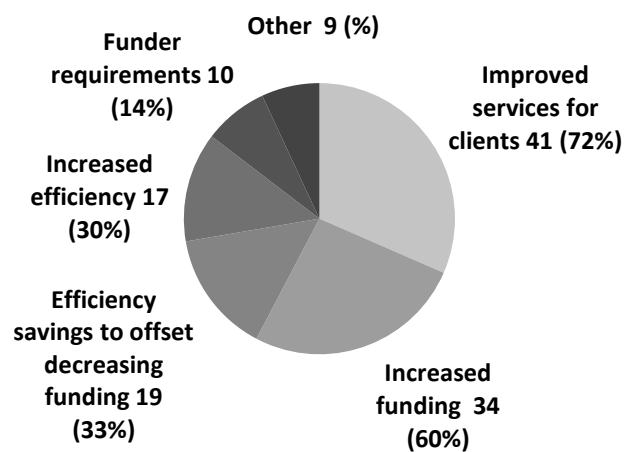
Those who do not currently work with partners were asked about any future plans to do so. Of 58 responses, 17 (29%) said they do have plans, 15 (26%) do not, and the 26 (45%) were unsure.

Most who expanded on their answers were open to the possibility of partnership working in the future if the opportunity should arise, and they were compatible, for example, in terms of ethos. Some said that the nature of their organisation did not lend itself to formal partnerships, although informal collaboration was already happening in some cases.

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## Reasons for considering partnership working in future

Multiple responses were allowed for this question. The reasons given in 57 responses broadly echoed those highlighted by organisations already working with others, for example, access to a wider pool of human resources, skills, and premises which would help towards achieving shared objectives.



## Services provided

Multiple responses were allowed for this question. Respondents were asked to indicate the range of services they provide and to add others that had not appeared in the list of options. 114 respondents completed this question.

Services	%	Count
Social activities / recreation / leisure	46.5%	53
Volunteering	45.6%	52
Information / signposting	39.5%	45
Community development	38.6%	44
Health	31.6%	36
Employment / skills / training	30.7%	35
Adult learning / education / careers	26.3%	30
Community use building / venue	20.2%	23
Campaigning (public education / policy lobbying / influence)	18.4%	21
Youth work	18.4%	21
Arts / culture	15.8%	18
Environment / conservation / sustainability / energy / recycling	15.8%	18
Advocacy / social justice	14.9%	17
Advice (legal / welfare / civil rights)	14.0%	16
Sport	14.0%	16
Economic development / regeneration	13.2%	15
Supporting other VCSE organisations	13.2%	15
Counselling	12.3%	14
Food	12.3%	14
Heritage	12.3%	14
Care (adult social care)	9.6%	11
Equalities / human rights / civil rights	7.0%	8
Community transport	5.3%	6



Accommodation / housing / homelessness	4.4%	5
Addiction / substance use / recovery	4.4%	5
Animal welfare / wildlife	4.4%	5
Community safety / criminal justice	4.4%	5
Child care	1.8%	2
Immigration	0.9%	1

## Summary of comments

Financial advice and services were mentioned by three respondents. Also among the additional services were forms of ‘wellbeing’ support, including that provided to people experiencing loneliness and isolation, as well as “acute distress”.

Organisations that are responsible for community use buildings are providing invaluable ‘hubs’, with facilities that play an important part in enhancing health and wellbeing, and tackling social isolation, particularly in rural communities. Similarly, those providing transport are performing a crucial service to those able to use it.

*“the amelioration of loneliness and isolation; welfare and wellbeing of isolated rural senior villagers”*

A community theatre provides opportunities for young people to enhance their career prospects, and older people to volunteer and socialise:

*“Many young people come into the theatre to perform, but others also come to learn about the technical side. Many of these have used this experience when seeking a career. Our theatre also offers valuable networks for retired people to meet and work together as well as enjoying themselves.”*

## Who uses the services?

Multiple options were allowed. Respondents were asked to identify their client groups from a list of possible beneficiaries, and to add any others not included. Based on the 105 responses a large proportion of organisations provide services to a varied cross-section of their local communities.

<b>Options</b>	<b>Response</b>
People with mental health conditions	72
Young people	69
Physically disabled people	67
People with learning disabilities/difficulties	66
Families / parents	65
Socially excluded / vulnerable people	63
Carers	59
Unemployed people	52
Deaf and hearing impaired people	49
People with Autism	49
Black, Asian & Minority Ethnic groups, including gypsy, traveller, Roma/Irish	43
Visually impaired people	39
LGBT people	36
Prisoners / ex-offenders / people at risk of offending / criminal justice issues	31
Substance users	29
Victims of crime / anti-social behaviour	29
Faith or belief communities	28
Homeless people	27
Refugees /asylum seekers	17
Older people	17
Animals/wildlife	9

## Summary of comments

A number of respondents commented to the effect that they are “inclusive” or “do not discriminate” against anyone. Whilst this is an important commitment, it cannot be taken as an indication that all such organisations are able to meet all specific needs.

Other user groups for whom respondents provide services are:

- People with acquired brain injury
- Adults who are lonely and/or isolated
- People who are housebound or their carers
- Bereaved parents
- Children under 5 and their families
- People with Motor Neurone Disease
- People needing transport for medical, social, education, family, shopping etc reasons
- Children with Special Educational Needs

Among the responding organisations were voluntary sector infrastructure organisations, parish councils, and organisations that do not provide directly.

## Who is missing out?

Multiple options were allowed. Contributors were asked “which, if any, groups of people you believe to be inadequately supported in Somerset”. There were 66 responses, some naming more than one group or area of need. These were categorised for presentation in table form.

<b>Group/issue identified</b>	<b>Frequency</b>
Young people	17
People with mental health issues and autism	16
Economically disadvantaged people	9
People suffering social isolation and loneliness	7
LGBT people	4
Carers/young carers	3
People with learning disabilities/difficulties	3
Elderly and vulnerable/infirm	3
BME people	2
People without their own transport	2
Specialist support for families of children under 5	1
Bereaved parents	1
People with complex multiple needs	1
Private tenants	1
Those living in a rural environment	1

## Summary of comments

A number of respondents identified specific needs associated with the groups represented. Some are quoted below and **Appendix A** provides an expanded record of these responses.

The comments here and in the Appendix support the view that in spite of the range of VCSE services that exist across Somerset as a whole that are operating on an inclusive basis, there exist gaps in services for some vulnerable groups with particular needs.

*“Cuts in public spending have impacted on the community support for people living with mental health issues.”*

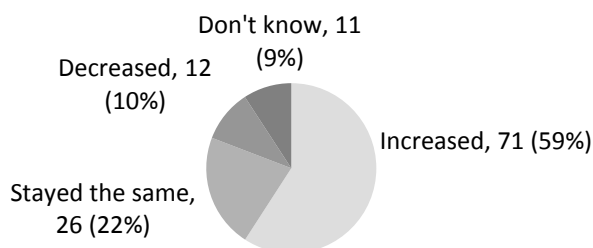
*“Rural low income under-employed”*

*“Socially isolated men, especially older generation”*

***“Young people who do not meet statutory service thresholds experiencing issues such as poor mental health, substance misuse difficulties etc...”***

## Has the volume of demand for services changed?

There were 120 responses to the question **“Compared to last year, has the number of people using your services...”** (increased, decreased or stayed the same). The results show a significant majority of respondents experiencing an increase in the number of people using their service in the previous year. A relatively small proportion experienced a decrease, and some of these were attributed to various disruptions within the organisation.



## Summary of comments

(See Appendix B for fuller summary of comments)

Responses suggest that the increase in demand across a range of VCSE services has often not been matched by an increase in resources to meet it. In a number of cases these are services provided to client groups who are facing deprivation and hardship.

For example, demand for Somerset’s independent, free-access advice has risen:

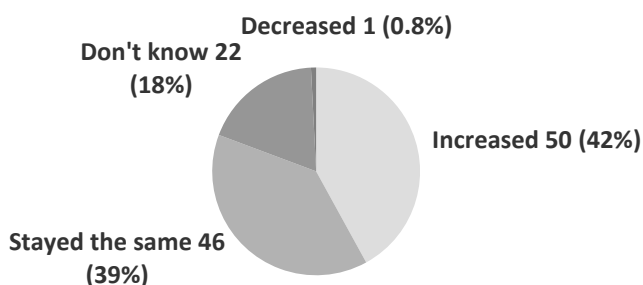
*“Social welfare reform has had a great impact on disabled and long term sick - move from DLA to PIP, pace of change in society is too much for many of our residents”*

An organisation that contacts lonely and isolated people to help them reconnect with their community is experiencing:

*“a fairly constant steady increase, requiring more paid coordinator resources, more activities, and therefore more funding”.*

## Has the complexity of issues changed?

There were 119 responses to the question **“Compared with last year, has the complexity of issues faced by your clients changed?”** Again, the most frequent response was **“Increased”**.



## Summary of comments

The additional comments paint a compelling picture of organisations and groups under pressure, sandwiched between reducing resources and growing needs. (See Appendix C for fuller summary of comments). This pressure cascades downwards from statutory agencies through established charities to local groups seeking to alleviate a range of needs in their communities.

*“Groups are facing more challenges in terms of funding, demand on their services with limited resources, legislative challenges, lack of volunteers and trustees.”*

*“Social welfare reform has had a great impact on disabled and long term sick - move from DLA to PIP, pace of change in society is too much for many of our residents”*

*“Drug and alcohol issues have increased, plus debt worries”*

Some point out that this has been a progressive process over a number of years:

***“With increasing thresholds and waiting list for e.g. CAHMS and Talking Therapies, we are now working with people with far more complex, sometimes severe and enduring support needs.”***

*“Actually complexity of clients has been increasing year on year for a while now”*

Volunteers working to support older, isolated people in their communities are faced with increasing number of mentally frail individuals and the complexities that this entails.

Also identified were knock-on effects within the sector from VCSE organisations struggling to maintain their level of service or closing down entirely:

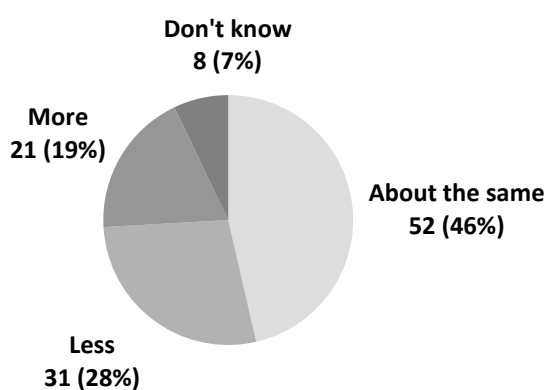
*“Fewer community support organisations (which have closed or reduced their contact time) means more pressure on remaining organisations. Frequent requests for help from outside our client group.”*

## Resources and Sustainability

The final group of questions looked at Somerset VCSE sector's income and sustainability as reflected in this sample of organisations. As we saw earlier, based on income, over two thirds of the respondents were categorised as 'small' or 'micro' organisations, 31% were medium-sized and one was large.

### Expected income for 2016-17 as compared to the previous year

Respondents were asked about their expectations regarding income up to the 2017 financial year as compared with 2015-16. There were 112 responses.



### Summary of comments

For many who are familiar with the voluntary and community sector, the picture painted through the comments that followed this question - of a range of organisations on knife-edge - will come as no great surprise. It is painted against a background in which local government, and other statutory bodies concerned with social welfare, have endured an unprecedented financial squeeze for a prolonged period. There is some evidence that Town and Parish councils are stepping up to support local groups in these difficult times, and perhaps for some of the rural charities there will be cause for optimism if this should become a trend.

*"Youth Group is entirely grant funded, including generous grants from the two Parish Councils"*

It can be argued, however, that many of the pressures which undermine VCSE organisations' capacity to respond to increasingly complex needs, and deliver more and better services, arise for the chronic financial insecurity imposed by the 'contract culture', the withdrawal of core funding and the interminable quest for project funding and grants.

The constant necessity to raise pockets of project funding and eke out enough to cover core functions often results in a patchwork of activity related to, but not always directly delivering on the central aims of the organisation. In addition the time and resources needed to provide reports to funders is often hugely disproportionate, detrimental to the overall service by making strategic planning near to impossible.

*"Using all our reserves to continue this year as we have lost our major funder."*



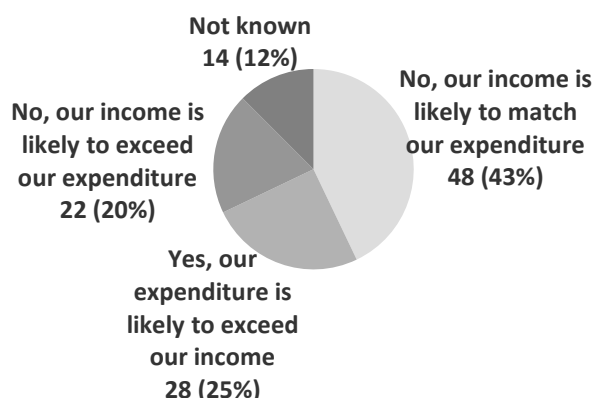
The last of these quotes comes from an organisation operating in Somerset's most remote rural areas where children and families can often experience acute problems in accessing services.

*"It is harder to secure small grants as there are so many applicants, funders' demands for reporting on outcomes and impact is not proportionate to grant..."*

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## In the current financial year is expenditure likely to exceed income?

There were 112 responses to this question.



## Summary of comments

The comments indicate fairly high levels of uncertainty regarding future cost increases – against a background of reduced income - and in respect of organisations' ability to meet these whilst maintaining current levels of service. Some are clearly in difficulties with reserves diminishing or used up.

*"We have used our reserves to develop new services in order to meet demand and to promote relationships with the Health service and CCG"*

A number of organisations were clear that they would not allow their expenditure to exceed their income and are budgeting accordingly. However this does have a limiting impact on the ability to forward plan for the less affluent.

*"Only exceed by a very small margin!!"*

*"We try to raise enough money to cover expenditure - not guaranteed"*

Some organisations are working to secure specific capital projects for the public benefit. Others expect spending to exceed income for various reasons, and with a range of potential consequences.

*“Currently we have an overspend and will be considering redundancies to balance the books by March if we cannot secure an additional £9K before December.”*

*“the provision will not be funded due to council cuts”*

*“Cost of transport will increase”*

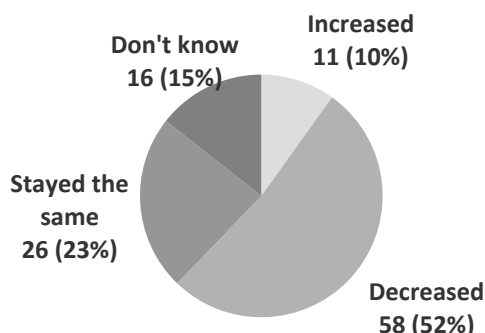
*“We are all volunteers. Our expenses are kept to the minimum, but it is the utilities that put us under pressure with high prices in comparison to other countries.”*

*“No free reserves left so we have to stick totally to agreed budget.”*

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## Has availability of funding for organisations changed in the past three years?

There were 111 responses to this question, with over half identifying a decrease.



## Summary of comments

The comments describe a situation in which the amounts and sources of funding for a wide and important range of voluntary services are diminishing as government spending cuts cascade down to the agencies that have supplemented and supported the work of statutory services. At a time of increasing levels of social and financial deprivation this is clearly not a happy picture.

Decisions made by and structural changes to local statutory authorities are also having an impact, in some cases hindering progress towards social, health and well-being goals.

*“Cuts to Service Level Agreements have affected our income, plus less donations, perhaps due to continuing recessionary times.”*

*“Local Sustainable Transport Fund cuts by the Govt has reduced our chances of central funding ...”*

*“Tendering of advocacy services has squeezed out local and specialist advocacy providers”*

*“Our major grant which covered staffing from the NHS has been withdrawn and also additional funding from County”*

Long- established independent advice agencies are experiencing increasing year-on-year uncertainty, with some major funders indicating that they do not see advice services as a priority.

*“Next year we are facing a crisis in funding and Trustees fear that the service may not survive without drastic action.”*

A number of comments point to an acute capacity issue arising from a widespread, chronic state of financial insecurity, necessitating time- and labour-intensive project funding bids.

***“(Funding) has fluctuated hugely from year to year depending on projects. Core funding has decreased steadily.”***

*“It is our capacity to fundraise that fluctuates”*

Others referred to a diminishing funding ‘pot’ for which there is increasing competition

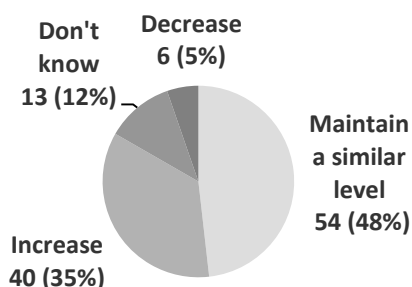
*“Everyone is after the same money and funders seem to be cutting down”*

Some had more positive experiences, and their income had increased for reasons that included fund-raising initiatives for specific goals, and increased use of amenities. One had benefited from changing its status from a charity to a CIC which “opened more avenues.”

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Are there are plans to increase or reduce the number / level of services provided in the coming year?

There were 113 responses to this question.



## Summary of comments

In spite of widespread uncertainties around future funding and capacity, these comments convey an overall impression of optimistic determination to maintain, and in many cases a desire to increase services in order to meet needs.

*“To cover more areas with drop-in centres”*

*“To increase reach to those parents and families who need our support”*

*“Possibly increase to increase our income; but we are just about working at capacity”*

*“We have identified a need for better support to people at the start of their recovery”*

Some qualify their responses in view of the uncertainties regarding future funding. A number of the most established organisations are struggling to meet growing demands with year-on-year reductions in funding.

*“This will depend on funding streams”*

*“If more people need our help, and we have the resources, funds and volunteers to do so then we will...”*

*“We are in the extraordinary position of being able to bid for growth services without the reassurance that the core services will continue to be funded...”*

*“(Decrease) Unless funding can be found”*

***“We want to reach more young people facing difficulties that prevent them from accessing education and employment.”***

Sadly, a number of respondents are facing closure as a result of financial pressures.

*“Charity likely to close”*

*“We will be discussing whether to close in January.”*

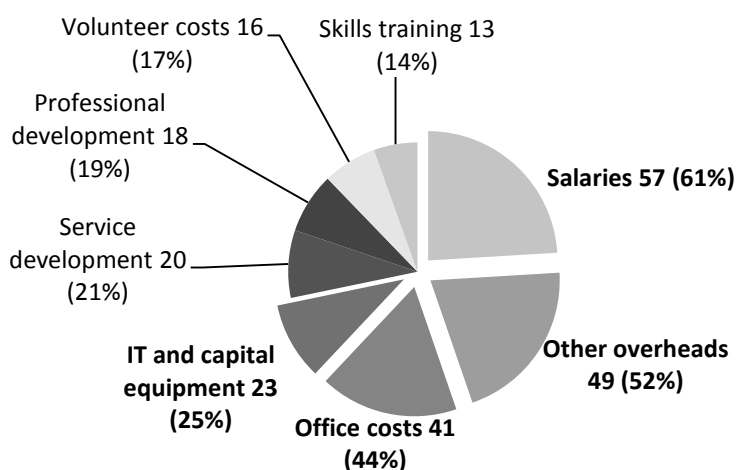
*“Requests for our support have quadrupled ... although funding ends in March...”*

*“Withdrawal of funding will lead to closure in a few months.”*

Some organisations are self-financing, either because their services generate sufficient income to meet costs or they are able to draw on legacy funds. Some that have been able to attract sufficient individual donations, and others have all outgoings met by their volunteers.

## What are the three areas that organisations find it hardest to raise funds for?

There were 94 responses to the question **“Considering all areas of your organisation's work, what three areas do you find it hardest to raise funds for?”** Some organisations apply small charges to those who use them and have no overheads that are not covered by these.



## Summary of comments

By far the outstanding issue for the many who commented on this question highlighted the problems they face as a result of a project- and innovation-focused culture among the most important and affluent funding bodies.

***“No one wants to fund rent, heat and light, supervision and management - but everyone wants project workers to achieve amazing things - from the middle of a field maybe?”***

*“Continuation of services - each funder seems to want a new and unique programme whereas we have a set of services which work and are still needed.”*

*“Core costs ... as well as funding of successful on-going projects”.*

*“Funders like Projects not everyday expenditure.”*

The widespread resistance on the part of funders to support essential but hidden overheads - such as insurance and the costs of running a crisis phone line - in favour of often short-term ‘innovative’ project funding is progressively undermining the sustainability of key voluntary sector activity. Many comments make the point both poignantly and eloquently.

Some of the charities that have been successful in attracting sufficient individual donations are also concerned about the potential impact of stagnant pay levels on many donors' incomes. Others, such as local community groups, have not engaged, or do not need to engage in fund-raising at the present time.

In a predominantly rural county, with an ageing population and dwindling bus services, mobile services and voluntary transport are increasingly important. An organisation that provides tutors for housebound people to learn how to use communications technology, and others that provide mobile services to support isolated families or transport to hospital and other essential services, will all be affected by any increases in invisible costs such as insurance and fuel.

*“We have struggled to raise funds for a new vehicle which is required by the charity”*

Capital costs are also a problem, particularly for organisations that have responsibility for maintaining buildings. These range from local heritage organisations and purpose-built youth facilities to village halls and other multi-purpose community facilities.

*“Maintenance in perpetuity of a 1990s hall of no architectural merit is not sexy but it is an enabler of other organisations provisions”*

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## What 4 main challenges are respondents likely to face in the next 2 years?

There were 110 responses, shown the in order of frequency.

Funding and sustainability	<b>87</b>	<b>80%</b>
Recruiting board/management committee with necessary skills	<b>45</b>	<b>41%</b>
Recruiting volunteers to provide frontline services	<b>40</b>	<b>36%</b>
Time constraints	<b>38</b>	<b>35%</b>
Organisational development / managing your organisation	33	30%
Demonstrating your impact	30	27%
Recruiting volunteers to provide back office support	22	20%
Influencing public policy	19	17%
Leadership	15	14%
Financial management	14	13%
Managing people / HR (including skills / professional development	11	10%
Business planning	9	8%
Social enterprise / trading	8	7%

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Partnership working	8	7%
Environment impact/footprint	4	4%
Equality and diversity within your organisation	2	2%

## Summary of comments

The comments can be summarised under three headings: people; skills and knowledge; and meeting specific needs.

Attracting enough **people** to sustain the viability of voluntary and community activities and organisations is a widespread concern.

*“Our Committee, in common with other organisations, are all retired so aging and grandparent duties will have a major impact on the Branch”*

Among the **skills gaps** are technical, marketing and business skills and know-how, including that necessary to provide good governance.

*“Considerable technical ability plus resilience needed”*

*“Marketing and Promotion in order to reach out to our families and their children in*

**‘Specific needs’** include funding for counselling young people and for assisting people with serious mental health problems

*“... we have the necessary expertise but these are groups who can't pay for the service.”*

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## For which 4 areas are respondents most likely to want training or support?

There were 93 responses. Again the table beneath shows the results in order of frequency.

Funding and sustainability	<b>66</b>	<b>71%</b>
Volunteers/volunteering	<b>37</b>	<b>40%</b>
Demonstrating your impact	<b>34</b>	<b>37%</b>
Strengthening your board	<b>33</b>	<b>35%</b>
Organisational development / management	30	32%
Social media / marketing	29	31%
Business planning	17	18%
Partnership working / collaboration /merger	17	18%
Influencing public policy	16	17%
Managing people / HR	14	15%
Coaching and mentoring	11	12%
Financial management	11	12%
Social enterprise / trading	9	10%
Environmental impact	5	5%
Equality and diversity best practice	2	2%

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Additional needs were:

Developing, diversifying and building on current services we deliver

Help with setting up a separate business structure (outside the limited company) for work with other groups

Governance and Trustee responsibility

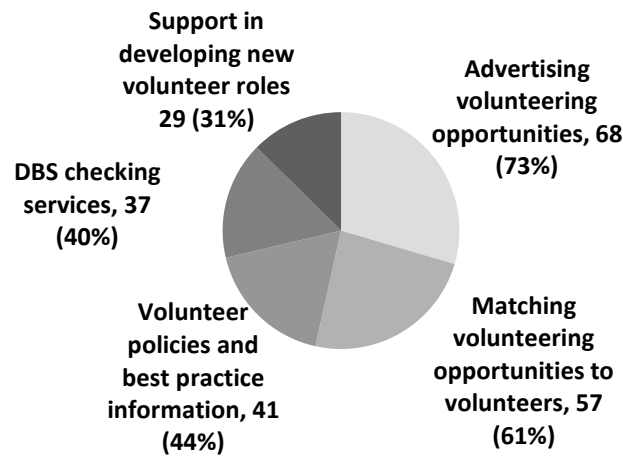
Showing our value to members as a key part of the VCS support available



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## What areas of support do respondents need in order to develop work with volunteers?

Multiple options were allowed. There were 93 responses to this question.



Other areas (not listed) in which respondents would like support included several responses that were consistent with options provided and these have been added to the totals for the relevant areas. Additional areas were:

- Training
- (Gaining) Recognition by non-voluntary organisations of the professional services volunteers provide
- Funding and bid applications
- Developing volunteer opportunities which attract funding.

## Conclusions

There are a number of important messages in this report – none, however, that will be any surprise.

First it is important to recognise that although the voluntary, community and social enterprise sector has long been an important component of public life in Somerset the sector is increasingly central to communities and individuals including the delivery of core services

A significant conclusion of the report is the impact on the VCSE of the gradually diminishing grants from the public sector, the increased competition for external grant funding and the time and specialist knowledge required to embark on either bidding for locally commissioned work or large scale funding applications. Micro organisations with no paid staff may find this environment easier to survive in as they may be able to exist on small amounts of local fundraising and volunteer goodwill. Large organisations can afford to employ specialist teams of bid writers and fundraisers. Some analysis of the responses to the report suggests that it is the middle layer of organisations with the £50,000+ annual turnover where the most pain is currently being felt.

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### Considerations for Local Strategic decision makers and funders

- To be clear about what they want from commissioned work, allowing enough time for organisations to work together and collaborate
- Use grants to support good learning organisations as well as commissioning work
- Re-consider the apparent emphasis on innovation rather than funding solid proven work in areas of need
- All but the smallest organisations require some core costs to fund e.g. insurance, safeguarding training, volunteer expenses, office space, etc
- Monitoring and evaluation requirements are important but need to be proportionate
- Some investment required to support the wider sector to address development needs crucial to support thriving organisations e.g. communication, marketing, volunteer recruitment, fundraising, bid writing.
- Continue to engage with the sector at an early stage to help shape services and proposals – opportunities within the new STP, etc
- Invest for the wider sector to address the increasing demand for volunteers, to attract, recruit and retain a larger pool of volunteers.
- Allow sector to play to its strengths
- Celebrate what is already happening

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### Considerations for the VCSE sector

- Should celebrate the work it is already doing both long-standing and new
- As traditional types of funding continue to diminish organisations need to explore the options of different organisational forms and new ways of raising funds including social capital trading, crowdfunding, etc
- Many organisations are already collaborating but there may be more opportunities to work in partnership, share resources and skills and explore new ways of working for the benefit of the people of Somerset.
- Further develop skills in monitoring delivery and evaluating outcomes

## Appendix A: Gaps in services. Summary of comments

### Young people

*“Young people who do not meet statutory service thresholds experiencing issues such as poor mental health, substance misuse difficulties etc”*

*“Young people with ADHD”*

*“Young people with social, emotional and behavioural difficulties*

*“Young people: Mental health for young people”*

*“Young people who are LGBT+”*

*“Children and young people requiring specialist support”*

*“Unemployed youth training and development”*

### People with mental health problems

*“People with mental health vulnerabilities”*

*“People with varying degrees of mental health support needs”*

*“Cuts in public spending have impacted on the community support for people living with mental health issues.”*

*“All those affected by autism whether or not they have a diagnosis”*

### Economically disadvantaged people

*“Disadvantaged families (housing/benefits/employment/ Low income/border of poverty)”*

*“Quite a lot of underprivileged and marginal groups of people are not well supported, especially as funding has diminished in recent years”*

*“Rural low income under employed”*

*“Unemployed”*

*“Homeless”*

### People suffering social isolation and loneliness

*“Socially isolated men, especially older generation”*

*“Isolated vulnerable people particularly mental health”*

*“People suffering social isolation and loneliness”*

## Other groups

*“People who want the health benefits and to help the environment by travelling by active and sustainable means , i.e. walking and cycling*

*“Town & Parish Councillors - they receive legal & process training but not much on the new powers of Localism Act or their expanded role given cuts to services.”*

## Appendix B: Has the volume of demand changed? Summary of comments

Responses suggest that the increase in demand across a range of VCSE services has often not been matched by an increase in resources to meet it. In a number of cases these are services provided to client groups who are facing deprivation and hardship.

For example, demand for Somerset's independent, free-access advice has risen:

*"There has been a 5% increase in (advice service) enquiries, up to 6,070 this year"*

*"Social welfare reform has had a great impact on disabled and long term sick - move from DLA to PIP, pace of change in society is too much for many of our residents"*

Another organisation providing counselling for people with life-threatening conditions has increased by over 50% and young people seeking help from a counselling and psychotherapy organisation are on a waiting list.

A community interest company that organises free or very low cost activities for children, young people and families which focuses on social inclusion and integration, is unable to meet the increased demand because of funding. Similarly, reduced funding has caused an organisation providing family support and early years' education opportunities to cut its sessions.

An organisation that contacts lonely and isolated people to help them reconnect with their community is experiencing

*"a fairly constant steady increase, requiring more paid coordinator resources, more activities, and therefore more funding".*

By contrast, demand fluctuates unpredictably for specialist organisations such as one working with people with a Motor Neurone Disease diagnosis.

A village-base 'Friendship Club' set up to combat loneliness and isolation that started in 2012 has seen an almost 9-fold increase in the number of members.

There have been increases in the use of rural arts, leisure and heritage facilities. These include rural community halls and leisure centres providing youth services, local museums and a community theatre providing film and performing arts

*"We are proactively promoting the use of our hall. The youth club has expanded."*

*"Last year approximately 17,000 people came to the theatre, all serviced by our 200 volunteers"*

*"We are seeing a decline in older groups such as Ladies circle, line dancers, bowlers but more physical fitness and entertainment users"*

An organisation that co-ordinates farmers markets reported that

*“Fewer people starting up food businesses and fewer people able to afford prices of food at Farmers' Markets.”*

Apart from those who indicated that funding issues had had an effect, several respondents provided information about other significant changes to their organisations which had resulted in reduced user numbers. Three of these were newly-formed, one was closing down and two others were moving premises and undergoing building work that had disrupted normal service.

## Appendix C: Has the complexity of issues changed? Summary of comments

The additional comments paint a compelling picture of organisations and groups under pressure, sandwiched between reducing resources and growing needs. This pressure cascades downwards from statutory agencies through established charities to local groups seeking, through voluntary effort, to alleviate a range of needs in their communities.

*“Groups are facing more challenges in terms of funding, demand on their services with limited resources, legislative challenges, lack of volunteers and trustees.”* (A Somerset infrastructure organisation)

*“With Parish Council financial precepts dwindling by the day, it remains to be seen how long our organisation can financially/physically support the services we offer. Currently our Parish Council are very supportive of our efforts, but this is obviously tempered by their available financial support as to how far we can go, our whole existence is the process of raising funds for the upkeep of our facility and all provided by volunteer force - somewhere the final straw has to break.”* (A village hall committee)

*“The landscape of regeneration is constantly changing; but complexity for town & parish councillors is increasing year on year. Also funding streams seem to be getting more complicated, with more loans and support on offer than grants.”* (A Somerset infrastructure organisation)

A variety of organisations identified a range of similar, and related explanations for the growing complexity of clients' problems.

*“Ever-increasing DWP pressures on (and lack of support for) long-term unemployable”* (Community and economic development group)

*“Changes to the benefits system”* (A Credit Union)

*“Social welfare reform has had a great impact on disabled and long term sick - move from DLA to PIP, pace of change in society is too much for many of our residents”* (Advice Agency)

*“Additional pressures brought on by benefits cuts, increased cost of living”* (Domestic Violence charity)

*“Changes in allowances and services”* (Carers organisation)

*“Drug and alcohol issues have increased, plus debt worries”* (A family support charity)

*“More debt, more isolation, more anxieties of joining projects for fear of change”* (A community group combating isolation)

Some point out that this has been a progressive process over a number of years:

*“Actually complexity of clients has been increasing year on year for a while now”* (Psychological therapy and counselling)

*“The complexity of referrals we receive have been growing steadily for many years”* (Children’s charity)

*“With increasing thresholds and waiting list for e.g. CAHMS and Talking Therapies, we are now working with people with far more complex, sometimes severe and enduring support needs.”* (Local charity to reduce health and social inequalities)

Volunteers working to support older, isolated people in their communities are faced with increasing number of mentally frail individuals and the complexities that this entails

Also identified was the knock-on effects within the sector from VCSE organisations struggling to maintain their level of service or closing down entirely:

*“Fewer community support organisations (which have closed or reduced their contact time) means more pressure on remaining organisations. Frequent requests for help from outside our client group.”*  
(Learning Disabilities Advocacy)