

VSNW

**VOLUNTARY SECTOR
NORTH WEST**

The Contribution of the Voluntary and Community Sector To the Economy of the North West

December 2007



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Executive Summary

This document sets out the evidence base for the voluntary and community sector to rise to the challenge of the government's changing agenda towards it.

The government has ambitious plans for the voluntary and community sector, not least in taking a greater role in the delivery of front line services.

The Regional Economic Strategy (RES) aims to develop a dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all in the North West. Voluntary activity generally has a positive impact on the individuals involved and on society as a whole. Providing services for particular groups is often directly relevant to economic activity levels. Similarly, community organisations that initially appear removed from the local economy may provide learning and skills enhancement opportunities for individuals who would otherwise remain socially excluded and economically inactive. This mapping exercise is therefore a first step towards a deeper and more comprehensive analysis of the sector's overall contribution.

We were able to identify 14,300 VCS organisations in the North West, with email addresses, which we believe to be around 46% of all organisations within the North West so this would bring the total to around 31,400. This breaks down to 6,300 organisations in Cheshire, 2,500 in Cumbria, 11,000 in Greater Manchester, 6,000 in Lancashire and 5,600 in Merseyside.

Some organisations (19.5%) do not employ anybody at all and 63.1% have five or fewer employees. These smaller organisations tend to be in leisure and recreation, arts and culture and education, research and training. In contrast, only 1.0% of organisations have over 500 employees. These larger organisations are concentrated within education, research and training, but there are also some in housing and homelessness and welfare and social care.

Guidestar UK (a free website that collects data on the voluntary and community sector) shows that in 2005, the total income of North West charities amounted to £3,214m of which 53.6% was from sales, 27.7% from voluntary income, 2.8% from investment income and 16.0% from

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other income. Our own survey data suggests the figure to be slightly lower at £2,978m. Although this includes many more organisations than the charities identified by Guidestar UK, we believe that the Guidestar UK estimates include some income accruing in the North West to national charities. It shows an annual income of £846m for faith organisations, £203m for those engaged in education, training and research and £189m for those focusing on housing and the homeless. By sub-region the total income in Cheshire is £678m, £307m in Cumbria, £1,117m for Greater Manchester, £374m for Lancashire and £450m in Merseyside.

A regional multiplier is a measure that is used to calculate the total effect of monetary injections and withdrawals into a region's economy. It is called a multiplier because it calculates how the value of money spent is multiplied through secondary impacts. For example a tourist spends £1.00 on museum entry; this £1.00 will help keep the museum open and people in employment. These people when employed will contribute salaries to the economy and purchase other goods. Therefore every £1.00 spent by the tourist could add £4.00 to the region's economy producing a multiplier of 4.0.

Our survey based data suggests that the sector employs some 160,000 full time employees and when part-time (64,000) are added at full time equivalence (FTE) this brings the total to 192,000 employees in the region. The sector also provides employment for some 672,000 volunteers, working on average 10.1 hours per week and 137,000 trustees, thus representing a significant resource to the sector. Adding the full time equivalence of trustees to employees and volunteers this brings the total workforce to 362,000 within the North West, or around the size of the manufacturing sector. In terms of total wages and salaries we estimate a total bill of £890m per annum, representing a significant injection into the regional economy. However, we need to aggregate the value of volunteers and trustees to get a true picture of the value of labour within the VCS. Adding the value of volunteers and trustees to the wages bill the total becomes £3,240m.

Applying the regional multiplier to all income and volunteer labour this suggests that the contribution to the North West economy is around £9.5bn, or 9% of Gross Value Added (GVA). GVA is the measure of the economic contribution of a sector to an area's economy.

Given that this is greater than the contribution of banking and finance to the regional economy, it highlights the degree to which the voluntary and community sector underpin the economic prosperity of the North West. Indeed, at 9% of the region's GVA the VCS can truly claim to be a third sector.

We concluded that the VCS does make an important contribution towards active citizenship and social capital; in fact, this is probably its most important contribution to the North West economy. Equally, it is also clear that much more could be done to develop this contribution. Overall the influence of the VCS over the public sector and public policy making is very low (although it is developing in parts). Unfortunately developing the contribution to social capital does not automatically follow the government's agenda in placing the VCS as a front line service deliverer and could do much to harm the relationship between the sector, its clients and communities. Nevertheless the sector is characterised by its resilience and diversity and has weathered frequent changes in government policy.

Background

The government has ambitious plans for the voluntary and community sector. A sound evidence base is central to the sector's ability to adapt and rise to the challenge. This project is at the heart of this agenda in providing the infrastructure for the sector to meet this challenge.

“The Government needs a voluntary and community sector that is strong, independent and has the capacity, where it wishes, to be a partner in delivering world-class public services. To help achieve this, the Government will increase funding to build capacity in the sector and increase community participation. It will work to get the funding relationship right. Fully implementing the Compact and its Codes will be a key step towards more effective partnership. In addition, the Government will set up an investment fund worth £125 million over three years to help voluntary and community organisations in their public service work.” HM Treasury

In order to realise this vision the government funded a programme called ChangeUp; this is the capacity building and infrastructure framework for the voluntary and community sector, published by the Home Office's Active Community Unit in June 2004. In 2006, Capacitybuilders, a non-departmental government body was set up to take over the management of the ChangeUp programme and to work with other funders. It has a £70.8m budget to fund ChangeUp for 2006/07 and 2007/08.

ChangeUp aims to stimulate action to ensure that voluntary and community sector organisations in England have the capacity, skills and infrastructure to fulfil their potential role in delivering public services and building strong and active communities. ChangeUp's aim is that by 2014 the needs of front line voluntary and community organisations in England will be met by support which is:

- available nationwide;
- structured for maximum efficiency;
- offering excellent provision;
- accessible to all;
- truly reflecting and promoting diversity;

- sustainably funded.

Many of the current activities funded are aimed more at generating public, rather than economic activity. This is because the voluntary and community sector's contribution to the North West economy is arguably more important through its contribution towards social cohesion, than the net effect of the employment and volunteering within the sector (research in appendix A). Its contribution is in providing a socially equitable environment and in creating the right conditions for the North West to compete within the global economy.

At the level of the city region, this social cohesion and civic trust are absolutely central to the Ideopolis concept.

The Ideopolis concept is a concept that describes the culture of a city which attracts residents. The Ideopolis is a city of ideas, where knowledge, creativity, enterprise, connectivity and the quality of life combine to create a dynamic local economy. In effect, Ideopolis is a city in which those who can choose where to work and live, choose to work and live.

Increasingly, the public sector is withdrawing from the civic arena and the voluntary and community sector is once again seen as the vanguard of civic society. Unlike traditional economic measures associated with production, there is no agreed methodology for capturing this contribution. This report is a first step in stimulating this debate and in developing a common language to understand and capture this important contribution.

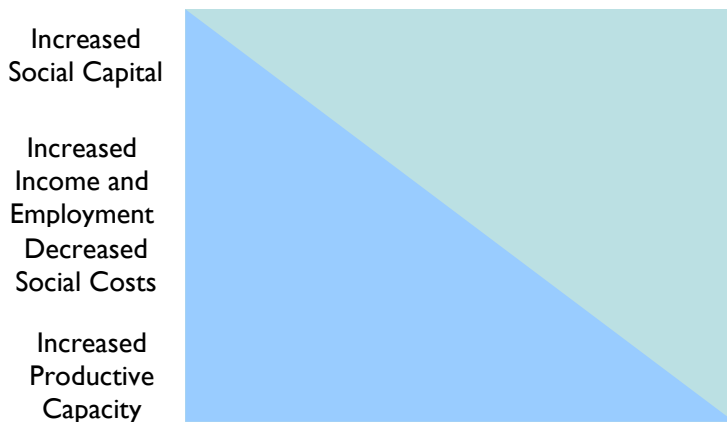
Understanding Economic Impact

The principal framework for ensuring economic prosperity and social inclusion in the region is the Regional Economic Strategy (RES), which aims to develop a dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all who live and work in the North West. It is important to recognise that the sector's contribution cannot be measured in crude economic terms alone. Voluntary activity generally has a positive impact on the individuals involved and on society as a whole. Providing services for particular groups is often directly relevant to economic activity levels. Similarly, community organisations that initially appear removed from the local economy may provide learning and skills enhancement opportunities for individuals who would otherwise remain socially excluded and economically inactive. Any mapping exercise is therefore but a first step towards a deeper and more comprehensive analysis of the sector's overall contribution.

The voluntary sector increasingly plays a complex role in local economies and localities, as:

- A significant and growing employment sector in its own right;
- An advocate for communities, communities of interest and disadvantaged groups;
- A route into employment offering greater diversity of employment than other sectors, the opportunity to change careers and develop new skills;
- A major contributor to active citizenship and social inclusion;
- A key member of local, regional and interest based partnerships;
- A route into learning, or back into learning for non-traditional learners;
- A contractor for service delivery for the public and statutory sector;
- A major player in the local supply chain, for example as both a supplier and purchaser of training.

Impact Measurement



This means that impact can be measured in a wide variety of ways; however, it is important to ensure that when using a variety of methods (as we have done in this report) that consideration is given to potential double counting, especially when looking at the sum of different impacts. A way of considering if double counting is occurring is to see the measures as a continuum of

impacts, many of which overlap, at least to some degree. The most simple impacts are measured by the increased productive capacity of an economy, whilst the more subtle impacts are on social capital formation. By and large there is little overlap between the impact which increases productive capacity and that which leads to social capital formation. However, between these are decreased social costs and increased income and employment which have significant overlap with the other impacts. When developing a model of impact some adjustments have to be made to take account of this overlap.

The Size and Profile of the Sector in the North West

The Diversity of the Sector’s Activity

Many commentators argue that the sector’s diversity is a major problem when trying to assess its impact.

“The heterogeneity of the voluntary sector poses a number of problems for impact measurement. No single methodology is applicable to all voluntary organisations. Clearly there is the need for a wide range of methodologies tailored to the requirements of different types of organisation, depending on their type, size, activities, objectives, the aspects of their impact that they want to measure and their reasons for measuring their impact. Furthermore, the diversity of the sector means that developing a method of measuring the impact of the sector as a whole is likely to be impossible.” Wainwright (c2002)

“The diversity of the sector means that there can be no 'one size fits all' approach for measuring impact. And, although a range of tools is available for organisations who want to measure some aspect of their impact, many of these are resource intensive and difficult to implement.” Wainwright (c2002)

Impact Measures by Sector



The issue appears to be magnified by the sector’s ability to minutely subdivide its activity, so that even sub-sectors appear to have little in common

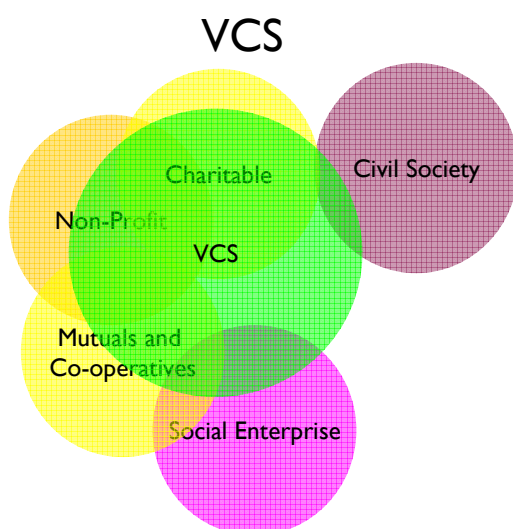
It is clear that the voluntary and community sector is operating along a continuum of public goods with external merit to private benefits with limited external merit and it is this very

diversity which makes a holistic methodology for capturing all impacts problematic (see appendix B).

Nevertheless, such problems are more symptomatic of a poorly defined policy agenda than the

inherent difficulties in capturing the value of the sector. Whilst individual VCOs may wish to establish their impact using measures that are specific to their sectors, or even organisations, it is the aim of this research to provide a common language when evaluating the economic impact. Indeed individual VCOs are coming under increasing pressure to define their impact in a variety of ways, often related to the specific policy measures they are funded to address. This does not in any sense demean the value of more specific measures, but simply tries to put the sector on a similar footing to the private and public sectors, through use of a common language. For example, whilst a public school can measure and compare itself with other schools by its contribution to educational attainment, it may well also choose to measure its success through a financial measure like turnover and profits, which are appropriate to all private sector organisations.

Indeed, it may be appropriate for each of the three sectors of the economy to look at their main impacts and how this translates in terms of their investment. So for the private sector its impact is measured in terms of its ability to accumulate further capital through profits. This is achieved through investing in physical and human assets, although increasingly, as access to finance becomes less important, the emphasis is on human capital. For the public sector the aim is to achieve a more active civic society through the investment in public assets and social cohesion. For the VCS we could argue that the aim is greater social equity through the investment in social capital and assets.



Defining the Sector

“Definitions of ‘voluntary organisations’ and ‘community organisations’ are notoriously fluid.” Godall (2000)

Due to the uncertainty over definitions of the VCS we have utilised the Home Office’s definition of the sector in assessing its size and profile within the

North West. This recognises the significant overlap with other areas, such as social enterprises

The Contribution of the VCS to the Economy of the North West

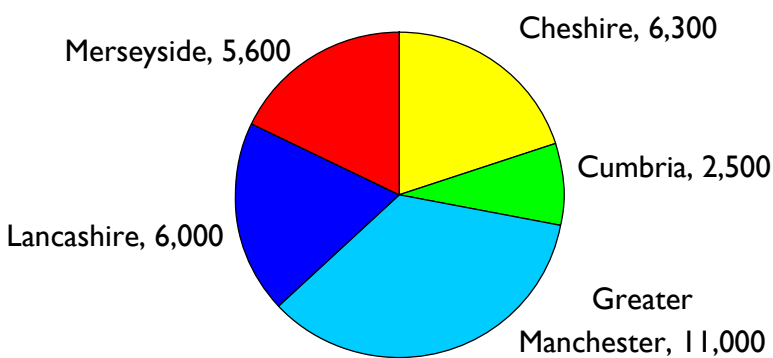
and civil society, but is sophisticated enough to provide a mechanism for excluding those organisations whose aims are not for the benefit of the public or community. Nevertheless, in mapping the sector in the North West it is inevitable that some subjectivity has been applied in determining which side of the definition an organisation falls into and we apologise for any erroneous assumptions.

The Size of the VCS in the North West

Despite there being a large body of literature on the contribution of the sector there is only limited consensus on the size of this contribution. This is largely explained by different definitions applied to the sector. For example, the NCVO studies only consider charities and conclude that the bulk of their economic impact is restricted to London. If we were to take this narrow view, then extrapolating using population by region is clearly unsatisfactory, yet is exactly how most regional estimates have been produced.

Extrapolating is the estimation of a value from data that we know by assuming that the estimated value follows logically from the known data.

VCS by Sub-region



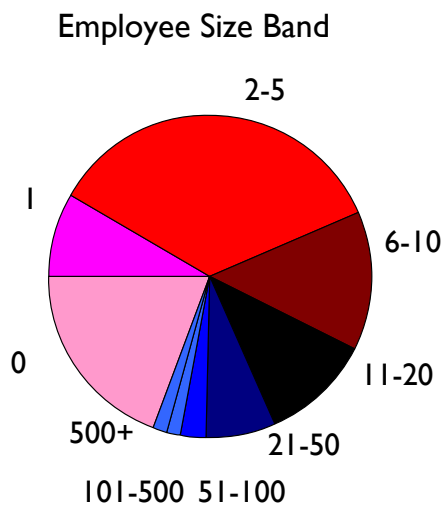
Most commentators agree that the number of VCS organisations is growing. Although with the loss of SRB and European funding sources many believe that the number of organisations will start to decline.

Based on our web scraping technique (using software to gather data from

the internet) we were able to identify 14,300 VCS organisations within in the North West, with email addresses. We believe that we have been able to identify around 50% of all organisations within Cheshire, Cumbria, Greater Manchester and Lancashire and 25% of those in Merseyside so this would bring the total to around 31,400. This breaks down to 6,300 organisations in Cheshire, 2,500 in Cumbria, 11,000 in Greater Manchester, 6,000 in Lancashire and 5,600 in

Merseyside. We also believe that we have identified around 80% of the largest 46% of organisations, so in terms of economic impact we have been able to identify the major contributors.

One of the reasons for the large number of organisations located in Greater Manchester is that it is home to a number of large national and regional organisations. In addition, the density of population creates a critical mass to support more specialist organisations (including communities of interest). This means that for some sub-sectors there is not a direct presence within the sub-regions. However, other sub-sectors such as supporting and working with community groups are much more uniformly dispersed across the region.



Although there really isn't sufficient data to perform a robust correlation between deprivation and the numbers of organisations a quick Pearson's Coefficient (a type of statistical calculation that shows relationships between two variables) indicates that VCO activity is negatively correlated to deprivation. This means that the more deprived an area is the fewer VCOs it

has. However, it is positively correlated to low income and poor employment opportunities. This suggests that community organisations have been stimulated by programmes to alleviate unemployment through publicly funded programmes.

Even though we have identified a large number of organisations within the North West, it is be apparent that the vast majority of these are small organisations. In fact, some 19.5% do not employ anybody and 63.1% employ 5 employees or fewer. These smaller organisations tend to be in leisure and recreation, arts and culture and education, research and training. In contrast only 1.0% of organisations have over 500 employees. These larger organisations are concentrated within education, research and training, but there are also some in supporting and working with community groups and welfare and social care.

Incoming Resources

One of the problems in developing an income model for the VCS is to adequately capture all incoming resources. In our survey, we used the following model to collect and collate information on income, which also takes into account internally generated funds and return on investment.

VCS Income Definitions			
	Transaction Type		
Source of Income	Earned Income	Voluntary Income	Return on Investment
General Public	Fees for goods and services (e.g. book sales, residential home fees, concert tickets). Membership subscriptions (with significant benefits).	Street and door-to-door collections. Covenants and gift aid payments. Legacies. Membership subscriptions (no significant benefits).	
Government	Local authority community care contracts.	Grants for core funding and project activities from central government and also the European Union.	
Voluntary Organisations	Services provided under contract.	Grants from charitable trusts.	
Business	Sponsorship. Research services. Patent royalties.	Grants from businesses.	
Internally Generated		Covenanted profits from trading subsidiaries.	Equities. Government securities. Common investment funds, realised grants.

Guidestar UK shows that in 2005, the total income of North West charities amounted to £3,214m of which 53.6% was from sales, 27.7% from voluntary income, 2.8% from investment income and 16.0% other income. Our own survey data suggests that the figure is £2,978m (we believe that the Guidestar UK figure includes North West income accruing to national charities). Our data also shows an annual income of £846m for faith organisations, £203m for those engaged in education, training and research and £189m for those focusing on housing and the

homeless. By sub-region the total income in Cheshire is £678m, £307m in Cumbria, £1,117m for Greater Manchester, £374m for Lancashire and £450m in Merseyside.

Although income accruing in a sub-region is not the same as spending within it, the disparity in income does suggest that the sector tends to replicate existing sub-regional inequalities, rather than alleviate them. This is consistent with our finding that VCOs are not as strongly represented in deprived areas. Although of course at the local level much of the activity may be aimed at reducing inequality.

Despite a degree of pessimism which exists within the sector about future funding, especially in relation to the loss of European funding, the sector actually appears to be reasonably buoyant, with 47.1% of organisations claiming that their income is increasing and 19.4% that it is declining. However, for those organisations devoted to health issues only 22.2% claim that their income is rising and 27.8% that it is declining. This could represent an absolute decline in income, or a concentration of income towards larger organisations, or indeed both.

This pessimism is more apparent when respondents were asked to project next year's income with 41.0% expecting it to rise next year and 18.9% expecting it to decline. Overall there is a negative balance for organisations engaged in the environment and health. However, respondents were much more optimistic when projecting five years ahead, with 46.8% expecting their income to rise and only 18.0% for it to fall. Over this period negative balances were recorded for environment and health.

Possibly one of the reasons for this optimism is the diversity of income sources that many organisations enjoy. Although the highest proportion comes from government (£1,610m), only £795m is directly from grants, with a further £707m coming from earned income including service contracts. The general public contribute £716m, including £466m in donations each year. Income from other voluntary organisations and charities accounts for £340m and a further £131m from businesses. Finally some £189m is internally generated, including some £95m from investments. Taking all sources into account earned income is the most significant at £1,151m per annum closely followed by grants at £1,143m.

The Contribution of the VCS to the Economy of the North West

Sub-sectors that are heavily dependent on government grants are probably the most vulnerable and include Economic and Community Development, Service Providers and Welfare and Social Care. By contrast those with high levels of earned income from the general public are probably the least vulnerable and include Faith and Environmental. Social Enterprises and Housing and the Homeless organisations also have a degree of protection from the income they earn from businesses, although the level of government grants does suggest that many activities are heavily subsidised.

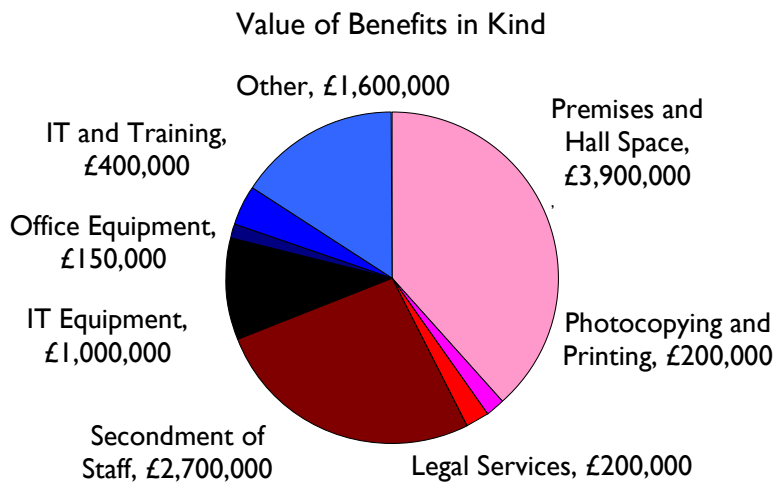
Sources of Income £m (NOTE due to rounding totals will not always equal the sum of individual cells)	Earned Income (fees, trading and competitively tendered contracts, sales)	Grants (including those with service level agreements)	Donations	Returns on Investment (dividends and interest)	Total
General Public (e.g. donations)	151	95	467		713
Government (including Local Government and Primary Care Trusts)	707	795	109		1,610
Voluntary Organisations/ Charitable Trusts	84	239	17		340
Business	115	14	2		131
Internally Generated (e.g. from investments)	94			95	189
Total	1,151	1,143	605	95	2,978

The most significant source of government income is from Local Authorities, most of which is still made up of earned income. Following this category Government Departments are the most significant, with the bulk of this coming in the form of earned income. Other significant sources include Health Authorities and the LSC. Other government sources include the Arts Council, Higher Education Institutions and Volunteering England.

Sources of Income £m (NOTE due to rounding totals will not always equal the sum of individual cells)	Earned Income (fees, trading and competitively tendered contracts, sales)	Grants (including those with service level agreements)	Donations	Returns on Investment (dividends and interest)	Total
Government Departments	252	183	56		491
Charities/Trusts	8	6	9	1	24
EC (Not OBJ 1, 2 or 3)	0	1	-	-	1
Health Authorities	16	68	-		84
Housing Corporations/English Partnerships	-	2	-		2
Transport Authorities	-	1	-		1
Local Government	413	302	0		715
National Lotteries Board	6	19	2		27
LSC	171	10	-		181
Job Centre+	11	4	-		15
RDA	-	9	-		9
GONW	1	51	-		52
Cross District Regeneration Partnerships	-	1	-		1
Other Government Agencies	13	7	-		20
Other	21	4	18	2	45
Total	707	790	105	3	1,602

The Contribution of the VCS to the Economy of the North West

In total we estimate that VCOs across the North West receive some £114m in value from benefits in kind. The most significant of these being for premises and hall space (£34m, followed by secondment of staff £21m). Some 51.4% of organisations benefit from premises or hall space. The North West Development Agency (NWDA) (2003:2) estimates an average of £9.30 per hour income from the rental of rooms within the faith community. In addition, some 26.0% of organisations are provided with photocopying and printing, 20.8% IT equipment and 15.7% office equipment. A further 16.0% of organisations are provided with legal services, 13.1% secondment of staff, 12.3% IT and training and a quarter other services. These other services include marketing, accountancy, conservation, electricity, telephone calls and relief from Uniform Business Rates.



Applying the regional multiplier to all income, benefits and volunteer labour this suggests that the contribution to the North West economy is around £9.5bn, or 9% of GVA. This is greater than the contribution of banking and finance to the regional economy, meaning that the VCS can truly claim to be a third sector.

Expenditure

One of the problems with capturing the impact of the VCS from official statistics is that the VCS is not defined as an industry via the SIC (Standard Industry Classification) system and therefore its industrial output is not captured directly (see appendix C).

Guidestar UK shows that in 2005, total expenditure of North West charities was £2,417m or 75.2% of their revenue; we estimate it to be £2,604m or 87.4% of revenue. It is evident from the responses to the survey that the region's VCOs are extremely efficient, spending the largest proportion of their expenditure on charitable activities and under 15% of their expenditure on management and administration. Using the Alcock, Mason and Wilding method of calculating contribution to regional GVA this would indicate a contribution of around £2,468m (or around 2.3% of GVA). This is significantly less than we believe the contribution to be and have therefore focused on income based models in determining the contribution. Nevertheless this is greater than the contribution of energy and utilities to the North West economy and highlights the importance of the sector to the continued regeneration and development of the regional economy.

Total Expenditure by the VCS in the North West £m	
Charitable Activities	1,976
Management and Administration	374
Cost of Generating Funds	34
Grantmaking	136
Other	84
Total	2,604

Assets and Physical Infrastructure

The VCS holds a tremendous asset base within the North West, which we calculate to be valued at £2,162m. By sub-region this equates to a high £860m in Cheshire, £60m in Cumbria, £680m in Greater Manchester, £377m in Lancashire and £185m in Merseyside. This includes £603m held by faith groups and some £497m by those engaged in leisure and recreation. In the NWDA report (2003:1) we are reminded of the important contribution of faith communities to the region's heritage and visitor economy, not least through the use and upkeep of many of our most important listed buildings.

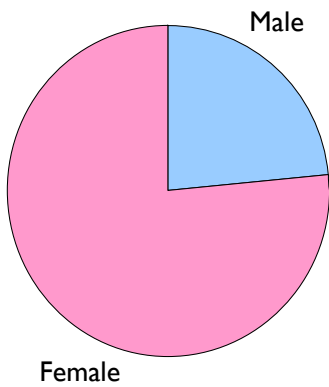
Although less significant within the VCS as a whole, this is nevertheless an important and often neglected contribution. Certainly the sector does own and maintain a large number of community assets, which can provide a focus for areas that can have limited alternative signs of community. For example, village halls across the North West provide a sense of purpose in communities that have long lost their economic imperatives for existence. Furthermore the sector can sometimes be responsible for the preservation of community amenities; this can be particularly important for rural communities where there are fewer and more dispersed community resources than in more populated areas. An example of this contribution of voluntary organisations is in Cumbria, where the Lowick Church of England School was in danger of being closed following a decision by the Cumbria School Committee, requiring students in the area to go to another school. Opposed to the idea the residents of Lowick and Blawith established the Lowick and Blawith Educational Trust Limited which gave them legal status and enabled them to run Lowick and Blawith Community School as an Industrial and Provident Society for the Benefit of the Community to ensure that the school remained open.

In addition to these assets, the VCS also holds £1,441m in cash and reserves, which again helps to explain the apparent lack of concern regarding the loss of income from Europe. Although faith groups hold a high £119m in reserves, this is overshadowed by the £392m held by those supporting and working with community groups and the £188m by service providers.

Nevertheless with so many public sector contracts now paying in arrears, service providers require a significant level of working capital simply to deliver their contracts.

Workforce and Workforce Development

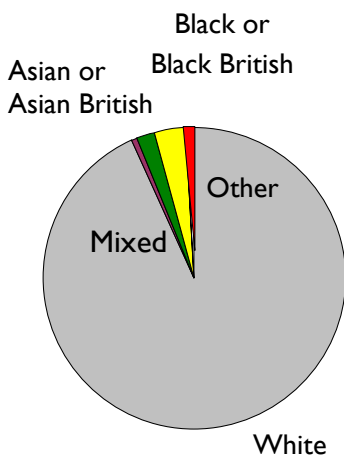
VCS Employees in the North West



Guidestar UK shows that in 2005, North West charities employed 54,165 staff, making an average of 3.4 employees per charity; in addition, they had 78,614 trustees. Kendall and Knapp (1995) show that the sector in the UK is of a comparable size to that in our European neighbours, but smaller than it is in the USA.

“In relation to employment, the UK voluntary sector is comparable in size to the sector in France and Germany. The US sector is somewhat larger, while in Hungary, Italy and Japan it is rather smaller.”

VCS Employees in the UK



The Active Citizenship Survey 2005 (Home Office 2006) shows that half of adults volunteered within the last month and 76% within the last year, of which 44% were engaged in formal volunteering. These figures are significantly higher than any study of volunteering has identified within the VCS. Whilst it is clear that many people are engaged in voluntary activity that is outside the sector, it is also likely that previous studies have under-estimated the extent of volunteering, by only focusing on regular volunteers to the sector, ignoring more ad-hoc volunteering, for example irregular fund raising activities.

Our survey based data suggests that the sector employs some 159,000 full time employees and when part-time (53,000) are added at full time equivalence this brings the total to 185,000 employees in the region.

According to the Labour Force Survey (March 2005) over three-quarters of employees of the sector in the North West are female. Figures on ethnicity are unreliable for the region, but for the UK suggest that 92.6% of employees are white; this is below the proportion of white people of working age in the UK, suggesting some under-representation of BMEs within the VCS’s employment practices.

Within the North West the sector also provides employment for some 672,000 volunteers, working on average 10.1 hours per week and thus representing a significant resource to the sector.

Dowson, Burden, Hamm and Petrie (2000) highlight the importance of the VCS in providing a safe experience prior to volunteers re-entering the labour market (Intermediate Labour Markets).

“The profile of volunteers is very varied; they may have very different needs as people, and this can make them difficult to manage and satisfy. Some are using volunteering as a way back into work, and may need additional support because of this... Although many voluntary organisations do feel that one of the values of volunteering is to help people return to work, when volunteers do find jobs, they can be difficult to replace, and are sadly missed.”

Indeed, the contribution of the sector in terms of providing somewhat sheltered employment to those not currently economically active may be one of the greatest contributions of the sector.

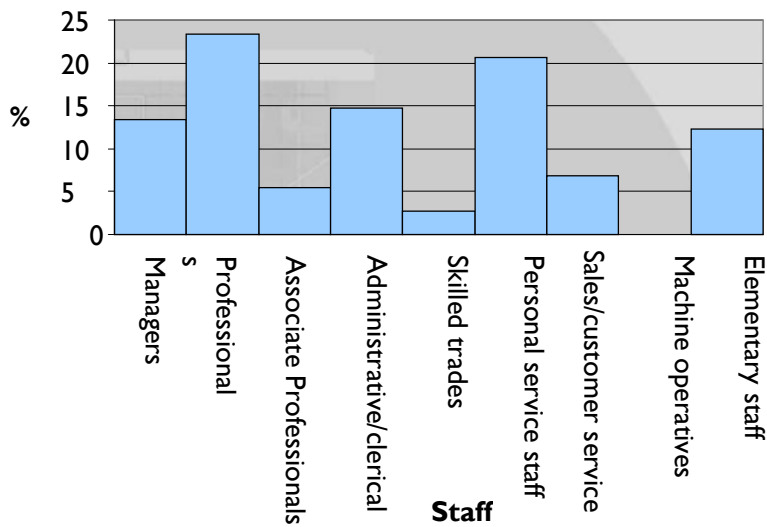
Dowson, Burden, Hamm and Petrie (2000) show that most VCS organisations provide training for their employees and volunteers, but fewer do so for their trustees.

Granville (2000) in a study of intergenerational volunteering found that volunteers reported significant health benefits; this is a factor that has received considerable attention in Canada.

“The older people felt it had benefited their health through being involved in intergenerational volunteering, which they linked particularly to improvements in their mental health... Some of the volunteers had been told by family and friends that they looked better, but overall the improvement in their feelings of well-being came from having a sense of purpose and direction in their maturing years. This subjective view links to other evidence that appears to support the benefit to holistic health of being engaged in meaningful activities.”

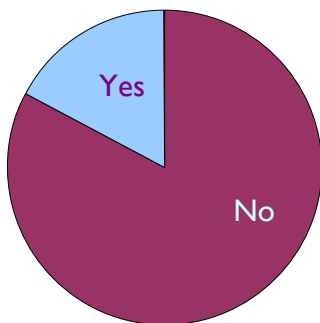
The Contribution of the VCS to the Economy of the North West

Number of employees by occupation (Employee base)



These findings are also consistent with the findings of many of the recent investigations into happiness (for example Clarke and Oswald 2002) which have found a strong relationship between unemployment and unhappiness. The VCS therefore, provides an important host for intermediate labour market activities, giving its volunteers a stepping stone to full labour market activity.

Are there any vacancies?



In addition, to employees and volunteers the sector also uses the services of 137,000 trustees, providing an average of 12.2 hours support per week. Adding the full time equivalence of trustees to employees and volunteers this brings the total workforce to 355,000 within the North West. This means that the VCS is now as large as the manufacturing sector in the North West.

The National Employer Skills Survey (LSC 2004) only looked at paid employees, but found that in the voluntary sector the highest proportion were either professionals (including accountants) or personal service staff (including carers). Around 17.3% of the VCS in the North West had current vacancies.

Our own survey has shown that the main activity in terms of time spent is in giving others practical advice and organising or helping to run an event.

The Contribution of the VCS to the Economy of the North West

Activity	North West Total Hours Per Week
Raising or Handling Money	549,000
Organising or Helping Run an Event	1,485,000
Giving Others Practical Help	1,245,000
Leading a Group/Being a Member of a Committee	640,000
Giving Advice	460,000
Providing Transport	96,000
Visiting/Befriending People	221,000
Secretarial/Administrative/Clerical Work	435,000
Representation	93,000
Campaigning	55,000
Other	176,000

In terms of occupations the highest proportion of employees works in semi-professionals occupations, such as youth workers. When the activities of volunteers and trustees are added in, administrators and semi-professionals (such as youth workers) gain significantly in terms of importance.

The Contribution of the VCS to the Economy of the North West

Employees by Occupation (Total Workforce FTE)	Cheshire	Cumbria	Greater Manchester	Lancashire	Merseyside	North West
Managers and Senior Administrators	760 (1,120)	480 (750)	7,850 (8,500)	960 (1,380)	18,420 (21,320)	28,460 (33,080)
Professionals (e.g. Accountants)	3,290 (3,780)	560 (700)	8,900 (11,830)	860 (1,780)	23,560 (27,570)	37,200 (45,670)
Semi-Professionals (e.g. Youth Workers)	2,190 (3,340)	840 (1,130)	17,450 (44,510)	1,910 (5,430)	27,440 (59,850)	49,840 (114,270)
Administrative (e.g. Clerical Assistants)	1,665 (4,290)	700 (1,020)	7,340 (14,210)	1,630 (3,940)	16,230 (28,410)	27,570 (51,870)
Sales (e.g. Fundraisers)	380 (3,820)	60 (360)	380 (11,710)	230 (1,850)	3,620 (9,440)	4,670 (27,180)
Skilled Trades (e.g. Car Mechanics)	360 (840)	120 (540)	180 (250)	130 (300)	2,210 (5,200)	2,300 (7,120)
Personal Services (e.g. Care Assistants)	6,377 (6,650)	3,630 (4,100)	14,780 (24,000)	850 (2,420)	4,780 (25,610)	30,400 (55,890)
Semi-Skilled (e.g. Drivers)	90 (1,480)	40 (630)	450 (1,590)	70 (480)	2,300 (3,360)	2,960 (7,540)
Elementary Occupations (e.g. Cleaners)	2,630 (4,910)	260 (480)	1,710 (4,480)	540 (2,080)	3,580 (8,100)	8,720 (20,250)
Total (NOTE: rounding errors occur in estimates by occupation)	17,740 (30,230)	6,690 (9,710)	59,000 (121,290)	7,190 (19,650)	102,140 (181,970)	192,120 (362,870)

In terms of total wages and salaries we estimate a total bill of £870m per annum for the North West, representing a significant injection into the regional economy; as this would indicate very low basic salary, we believe that our methodology has underestimated this figure. For Cheshire the annual salary bill is £180m per annum, £83m in Cumbria, £374m in Greater Manchester, £99m in Lancashire and £137m in Merseyside. This includes over £159m in the Education, Research and Training sub-sector and £180m in Welfare and Social Care.

However, we need to aggregate the value of volunteers and trustees to get a true picture of the value of labour within the VCS. Using the low earnings estimates from NWDA for this suggests that the value of unpaid labour is around £2,588m per annum. Although if we use the higher

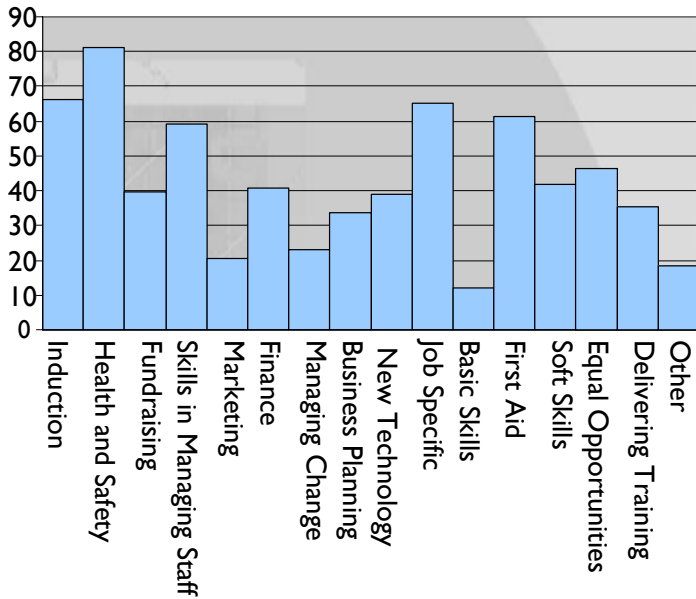
The Contribution of the VCS to the Economy of the North West

NCVO estimates the total is £3,239m, based on a conservation assumption (an assumption where we use the lowest wage value opposed to highest) that the overall roles are equal to admin staff. Adding the value of volunteers and trustees to the wage bill the total becomes £3,240m.

Total Days Training per Annum (including volunteers and trustees)	Cheshire	Cumbria	Greater Manchester	Lancashire	Merseyside	North West
Managers and Senior Administrators	19,300	15,000	40,700	32,700	25,100	132,900
Professionals (e.g. Accountants)	27,700	3,800	39,900	43,700	69,000	184,500
Semi-Professionals (e.g. Youth Workers)	53,200	10,100	98,700	25,600	128,300	316,000
Administrative (e.g. Clerical Assistants)	87,100	9,400	36,600	35,500	57,000	225,500
Sales (e.g. Fundraisers)	13,000	800	10,200	17,800	8,200	50,000
Skilled Trades (e.g. Car Mechanics)	2,200	1,900	1,800	400	4,600	10,900
Personal Services (e.g. Care Assistants)	18,900	4,800	39,300	15,900	12,200	91,000
Semi-Skilled (e.g. Drivers)	2,200	18,500	10,100	2,800	100	33,700
Elementary Occupations (e.g. Cleaners)	7,570	9,800	8,300	23,400	2,800	51,800
Total	231,170	74,100	285,600	197,800	307,300	1,096,300

The Contribution of the VCS to the Economy of the North West

% of Organisation Offering Training and Development

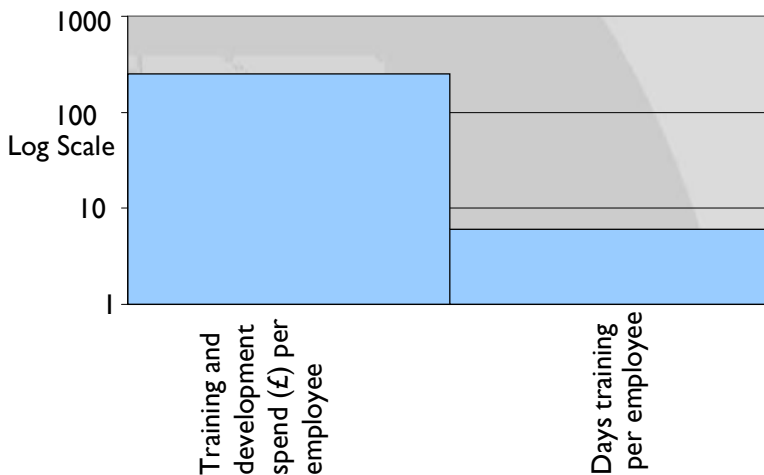


Our survey evidence suggests that 74.8% of organisations provide training and development for their staff, including all those engaged in Animal Welfare, Community Safety and Social Justice and Infrastructure Organisations. Some 83.9% of Cumbrian organisations provide training and development for their staff; by contrast only 61.3% of those in Lancashire do so. Overall semi-professionals and technicians receive the greatest number of days training

(13.5), followed by operatives (13.2).

In total the training expenditure across the North West is around £97m per annum, with the most significant investments coming from welfare and social care (£9m) and health (£6m). By sub-region the total expenditure is £19m in Cheshire, £8m in Cumbria, £45m in Greater Manchester, £11m in Lancashire and £14m in Merseyside.

Employer engagement: Investment per employee (Multiple Response)



If the voluntary and community sector does become increasingly drawn into the delivery of front line public services, there will undoubtedly be a need for retraining of existing employees and training of new employees. Certainly, this will provide communities with skills that they may not have developed without these contracts. However, the real advantage of possessing such skills will be more apparent when the public

sector is expanding and may be of limited transferable value to the private sector.

Active Citizenship

The VCS's contribution cannot be measured in crude economic terms alone. To a large extent Britain (unlike other European countries) developed a centralised public sector without a strong civic society and which was largely remote from the administration of state policy. Now there appears to be a recognition that VCOs are central to civic society and citizenship.

"... voluntary organisations... are at the heart of Britain's civic renewal and represent the better Britain we want to build in the twenty first century." Rt Hon Gordon Brown, NCVO Annual Conference 2000

Granville (2000) in a study of intergenerational volunteering found that volunteering brought groups together and increased social cohesion.

"... they demonstrated how citizenship can help social inclusion through taking responsibility and developing networks with other groups in the community..."

"Empowering communities to help themselves is also a key role for the sector." VOLNE (2000)

A number of commentators have highlighted the importance of the third sector as an alternative to the public and private sector models of service delivery.

"Disillusionment with public sector services, government and business-dominated markets has encouraged the general public, the media and opinion-formers from across the political spectrum to examine how the voluntary sector can contribute to the meeting of social and cultural needs, and general enhancement of pluralism, participation and 'community'."

Others go further and see the sector as being fundamental to our democracy.

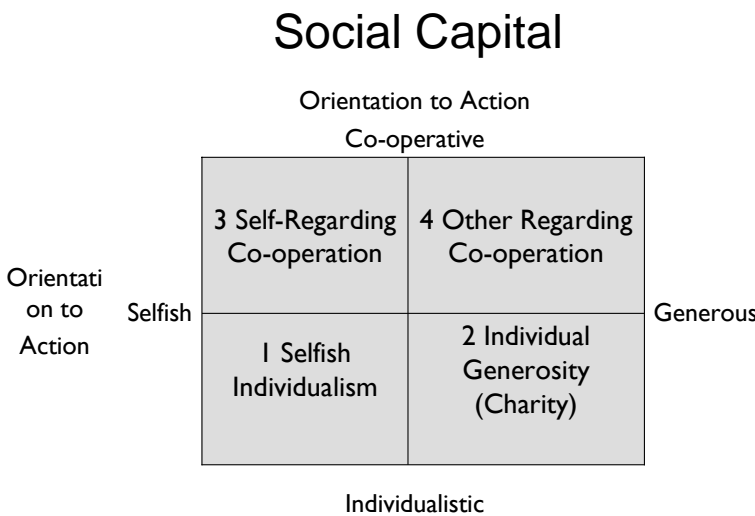
"Voluntary and community organisations are a fundamental component of a democratic society and are an increasingly important provider of public services." South West Infrastructure and Development Partnership (2006)

NCVO (c2002) show that in extreme circumstances the VCS can provide a structure and focus when formal government structures have lost their mandate.

“During the years of civil unrest in Northern Ireland, the voluntary and community sector filled the democratic deficit and played a significant role in embedding the peace process.”

Although these examples may come from the extremes of social circumstances, they nevertheless locate the VCS as a true third sector, with its own distinctive contribution. Indeed one of the most important features of the third sector should be that it is a third sector, providing an alternative to bipolar policies and delivery methods.

Social Capital



Social Capital is a valuable contribution of the VCS. Robert Putnam, one of the gurus of this subject, explains the concept of Social Capital (appendix D)

“By ‘social capital’ I mean features of social life – networks, norms and trust – that enable participants to act together more effectively to pursue shared objectives.”

In addition to networks, norms and trust, reciprocity is considered a part of the

features of social life. In practice, all four elements both rely on, and nurture, the other three. For example if people make connections with individuals and groups it makes them willing to do favours for other people. If this is reciprocated, it leads to trust.

In developing this behaviour within young people it provides a sound foundation for civil society and therefore VCS organisations that are able to do this make a particularly important contribution.

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“A lot of our work includes Young People – the very fact that they are involved is very valuable, it takes effort. Our work results in people feeling like they belong to a community, and develops their life-skills and gives a sense of self-worth and achievement – very hard to measure as a lot of the benefit shows in the future rather than just at the time of taking part in projects.”

Maybe the most important contribution of the VCS is that it provides a social safety net for those issues that the market and the legislative framework fail to pick up. In many respects the VCS, along with faith communities, is able to reach out to people that formal structures are unable to. This was identified by NWDA (2003:1) in their assessment of the contribution of faith communities:

“Faith communities reach the parts of society that others can’t. Faith communities contribute towards community cohesion in the widest sense. The survey findings underline the social and economic role played by faith communities and appear to reinforce the claim that the faith communities are closer to groups that other agencies find ‘hard to reach’.”

In terms of impact many of the organisations responding to the survey identified their impact in terms of social capital or an element of social capital.

“Improved social cohesion...” Arts Organisation

“... social integration...” Community Safety and Social Justice Organisation

“Improved employability and Self-Esteem.” Economic and Community Development Organisation

“... this helps increase the capacity of the beneficiaries within the group.” Economic and Community Development

“Improved community responsibility.” Housing and Homelessness Organisation

“Improving community, social capital.” Sports Organisation

“Building social capital.” Organisation Supporting Community Groups

Respondents to the survey were asked to rate their level of influence on a scale of 1 to 5 with 1 being little or no influence and 5 being a strong influence. In terms of their influence over beneficiaries and their communities’ level of trust the mean was 3.65, rising to 4.43 for those engaged in community safety and social justice. In terms of influence over standards of

The Contribution of the VCS to the Economy of the North West

behaviour the mean is 3.42, but rising to 4.33 for those engaged in community safety and social justice. This suggests that an important contribution of the community safety and social justice sub-sector is in improving the quality of life of communities by addressing anti-social and criminal behaviour. Indeed with modern policing so strongly emphasising detection, the rehabilitation and prevention aspects of the criminal justice system are areas where the VCS has an increasingly important role to play.

The influence on clients and communities in terms of reciprocity is rated at 3.45, rising to 3.92 for those engaged in welfare and social care. For impacting on networking and connections the mean is 3.51, rising to a high 4.45 for those engaged in economic and community development. The impact on the diversity of networks and connections is lower at 3.21, indicating that the social cohesion impact of the sector is currently under-developed. Finally in terms of community involvement with the organisation itself the mean was a high 3.65, rising to a very high 4.67 for those engaged in community safety and social justice.

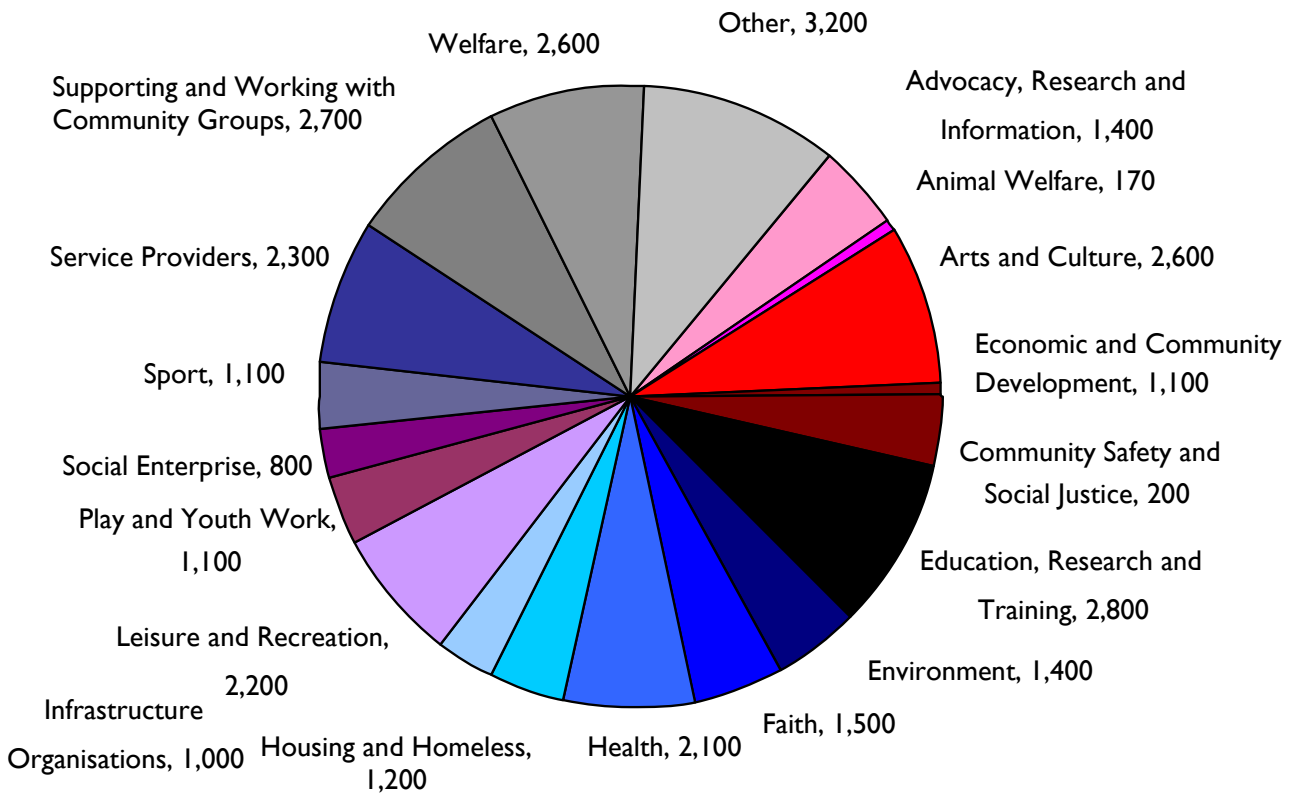
Interestingly the size of the organisation does not appear to determine the level of influence an organisation has over its clients and communities. In fact, some of the smallest organisations appear to have the greatest influence. If we accept that social capital is the greatest impact of the sector, then the current pressures to rationalise and become more 'professional' appear to be poorly conceived. Indeed a number of smaller organisations seek to operate without intervention and raise their own funds, much like Cheshire Pride, in order to own control of their activities and to not have to invest volunteer time in policy orientated activities.

Therefore, we can conclude that the VCS does make an important contribution towards active citizenship and social capital; in fact, this is probably its most important contribution to the North West economy. Equally, however, it is also clear that much more could be done to develop this contribution. Unfortunately developing the contribution to social capital does not automatically follow the government's agenda in placing the VCS as a front line service deliverer and could do much to harm the relationship between the sector, its clients and communities.

Diversity in the Sector

The VCS is an extremely diverse sector in terms of areas of work, activities undertaken and types of beneficiaries. Across the North West the largest number of organisations are engaged in welfare and social care (7,100), followed by education, research and training (6,900), then supporting and working with community groups (6,700) and health (5,200). Turning to the organisations’ main activities, education, research and training remains the most important (2,800), followed by welfare and social care (2,600), supporting and working with community groups (2,700) and service providers (2,300). Such figures, however, mask the incredible diversity of organisations within the North West ranging from Warrington Male Voice Choir to an organisation providing respite visits for children affected by Chernobyl.

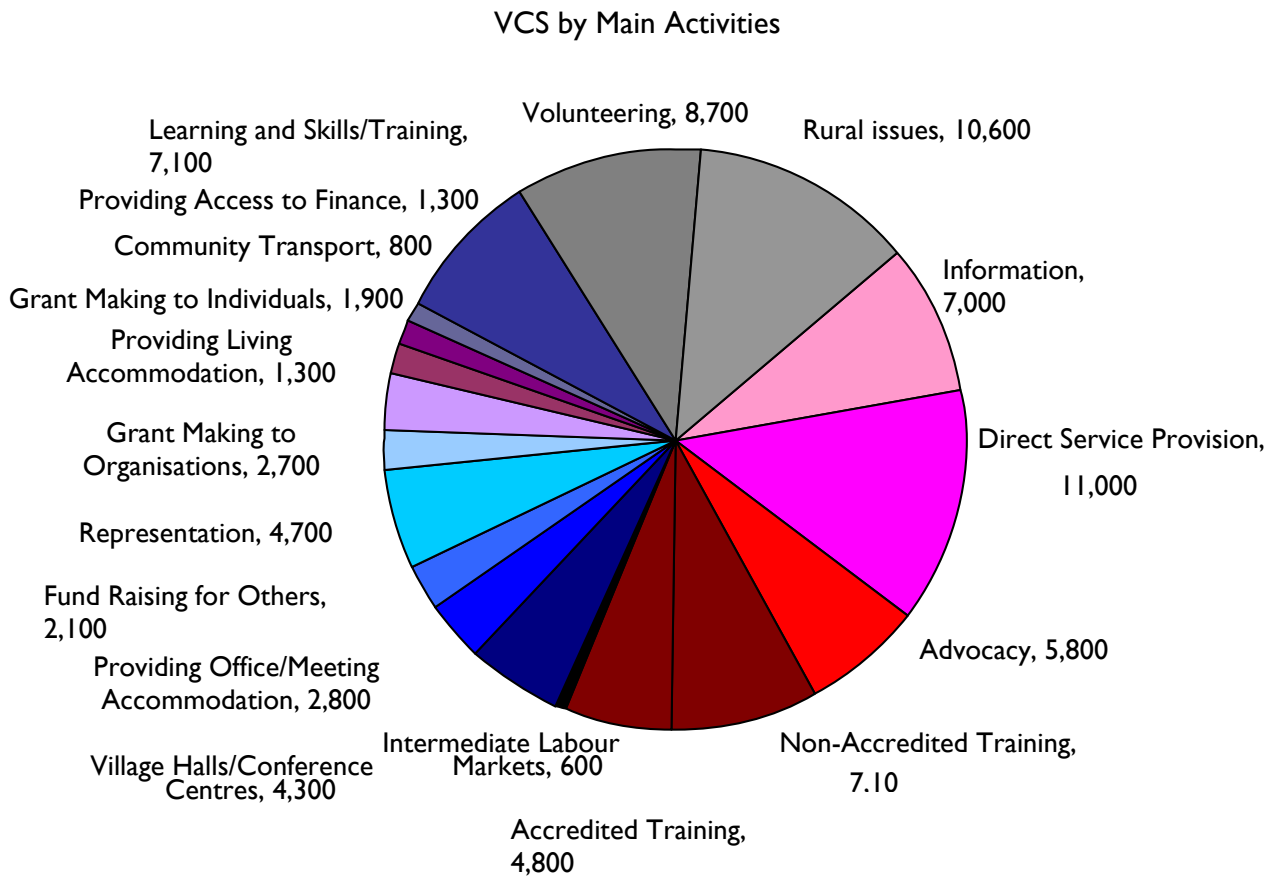
VCS by Main Areas of Work



The Contribution of the VCS to the Economy of the North West

In terms of main activities, 11,000 organisations are engaged in direct service delivery, 7,100 in education and skills training, with a further 7,100 in non-accredited training and 4,800 in accredited training and 7,000 in providing information. As previously, such statistics fail to capture the array of activities undertaken within the VCS including:

- Supporting Mental Health Review Tribunals;
- Organising a 10 Day Arts Festival;
- Renovating a Local Woodland;
- Spiritual Welfare;
- Guarantor to Private Landlords;
- Providing Entertainment at the Start of the Christmas Season;
- Broadcasting Music in Hospitals.



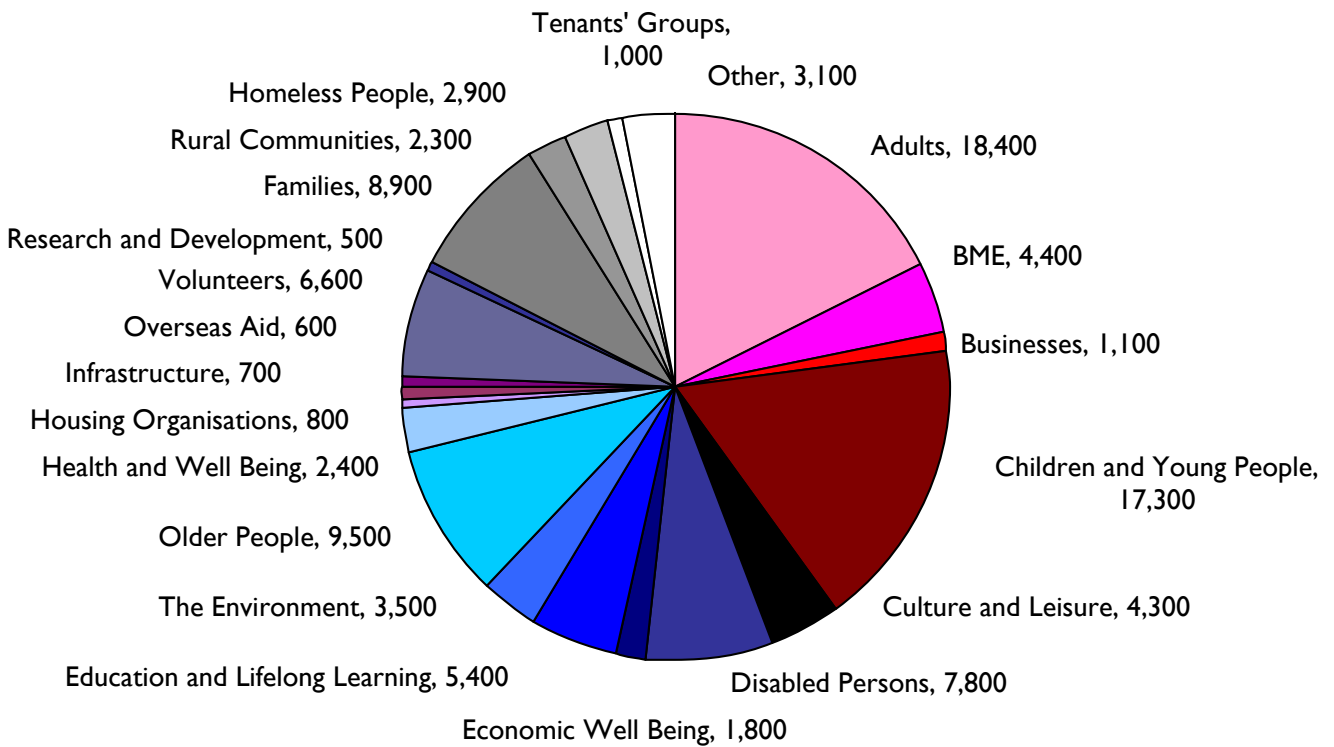
The Contribution of the VCS to the Economy of the North West

In terms of those contributions specifically identified within the regional Economic Strategy the highest number of organisations are involved in developing community assets (12,200).

However, looking at future intentions (over the next 3 years) it is clear that many organisations are considering developing social enterprises (presumably to offset some of the uncertainty from governmental funding sources).

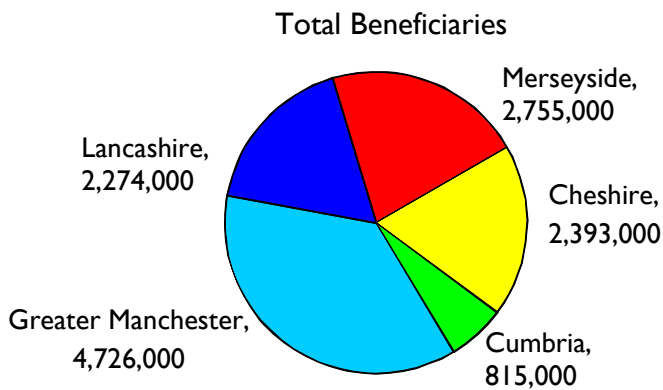
Activity (Planned Activity)	Cheshire	Cumbria	Greater Manchester	Lancashire	Merseyside	North West
Credit Unions	740 (500)	0 (0)	980 (430)	440 (510)	1,070 (930)	3,230 (2,370)
Developing Community Assets	2,040 (1,660)	1,110 (680)	4,630 (3,440)	1,780 (2,400)	2,660 (2,980)	12,210 (11,150)
Development of Sports and Cultural Facilities to Motivate those who are out of Work	1,670 (2,490)	480 (680)	2,920 (3,010)	1,110 (2,060)	1,860 (1,120)	8,040 (9,350)
Developing Social Enterprises	1,300 (2,490)	950 (1,350)	3,900 (5,800)	1,550 (2,740)	530 (1,680)	8,230 (14,060)
Supporting Social Enterprises	1,850 (1,990)	1,110 (840)	2,920 (3,220)	2,000 (1,710)	1,600 (1,490)	9,480 (9,260)
Intermediate Labour Markets	370 (500)	320 (510)	980 (1,510)	220 (340)	270 (750)	2,150 (3,600)
Providing the Disadvantaged with Access to Finance	1,300 (1,330)	0 (170)	1,710 (1,510)	1,330 (1,030)	1,070 (1,680)	5,400 (5,710)

VCS by Main Beneficiaries



The diversity across the sector is reflected in the diversity of beneficiaries. Eighteen thousand four hundred organisations have adults as their main beneficiaries, 17,300 children and young people, 9,500 older people and 8,900 families. Again this masks the substantial diversity within the sector, which includes organisations offering prayers for all people to support for Psoriasis sufferers. Looking at the total number of beneficiaries we estimate that for North West organisations there are some 13m per annum, of which some 19.3% are within the neighbourhood, 38.5% the district, 15.0% the sub-region and 15.7% the region. This leaves 5.8% operating at a national level, 0.4% overseas and 3.7% both in the UK and overseas. Predictably the smaller organisations are more likely to have a neighbourhood focus; however, the larger organisations are more likely to be regional, rather than national or international.

The Contribution of the VCS to the Economy of the North West



As the total number of beneficiaries is greater than the population of the North West, we conclude that some multiple interventions have been counted separately and that individuals benefit from more than one organisation.

Nevertheless this indicates the enormous scale of the sector and its impact on the residents of the North West. This is

especially true for Greater Manchester, which not only has more organisations, but significantly more beneficiaries. Cheshire also appears to be well represented. Again this suggests that the voluntary and community sector replicates sub-regional inequalities, even though as previously identified many organisations may aim to decrease inequality at the local and community level.

Such diversity means that the organisations themselves see their impact in a wide variety of ways, which, although many are quantifiable as previously indicated, cannot be readily amalgamated to form a coherent model of impact. Indeed such difficulty is revealed in the mechanisms through which the organisations themselves measure their own impact, with great diversity even within the same sub-sector. Nevertheless this simply replicates the diversity and difficulty in developing comprehensive service measures in the public and private sectors.

Furthermore many organisations point to impacts and measures that are in existence across the public and private sectors.

Looking at those working with BME communities, there is some evidence that BME organisations are not only distant from the mainstream VCS, but in some cases are also remote from the communities they serve.

“Interviews with people from black and minority ethnic communities suggest that there is a low level of awareness of the work being carried out by minority-led organisations” McLeod, Owen and Khamis (2001)

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Nevertheless, BME organisations can have the greatest impact when they move into contact with more mainstream agencies.

Relations with Government

To a certain degree current government policy directed at empowering local communities and contracting with the VCS to deliver front line services mirrors the investment in nationalised industries under Keynesian demand management.

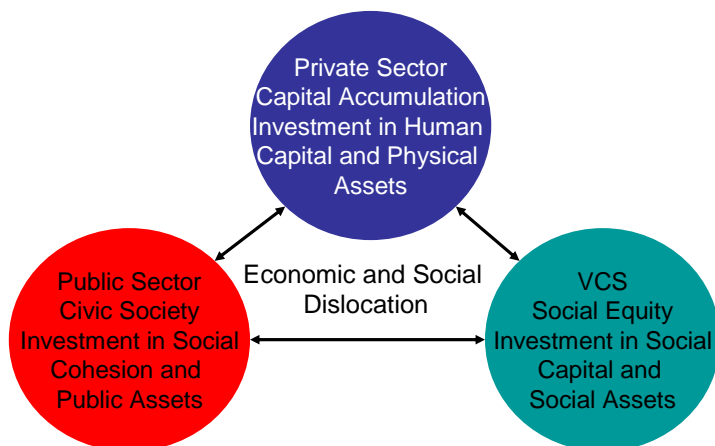
Keynesian demand management means adjusting the level of demand to try to ensure that the economy arrives at full employment equilibrium

It provides necessary functions (jobs, basic training, sense of usefulness), but is less significant in improving economic performance as the intention is to keep the public money local. Although this will increase the local multiplier, the level of connectiveness with the global economy is low, thereby restricting the potential economic impact.

Furthermore, the contribution of the voluntary community sector to public policy will decrease the further those organisations are removed (geographically, culturally, methodologically) from policy makers. This means that for the relationship to be symbiotic it must be more than a simple contract for services.

Central to understanding is that the contribution of the sector is a debate around whether decentralised delivery of public goods increases efficiency (Robison Ed 2006).

The Impact of Low Co-ordination in Society



“Whilst decentralisation probably increases accountability and participation at the local level, for poor people the real test lies in whether it improves services and material well being.”

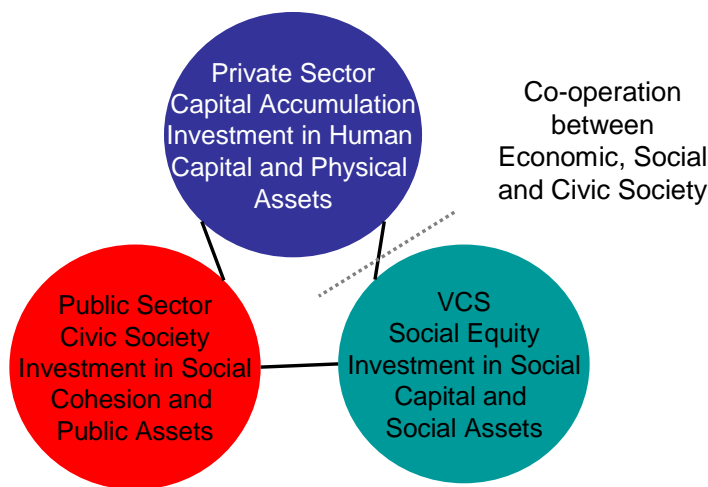
The key to ensuring greater efficiency appears to be a sustained approach to capacity building; this links our arguments about social capital and our

conclusions that assets once built can be depleted. Therefore, more front line delivery by the

sector only produces lasting benefits if it is a part of a strategic commitment. Such a commitment and investment in developing capacity is, however, incongruous with the short-term relationships necessitated through current public procurement policies and competitive tendering. Furthermore, the bureaucracy required to administer these policies severely impacts on any efficiency gained through the decentralisation of delivery. Also the additional resources required to participate in competitive tendering and the consequent casualties within the sector have to be considered alongside any resultant productivity gains.

Using our model of the impacts and investment from each sector, it is possible to look at the degree of co-ordination between the sectors to understand how this affects society. Therefore, when social bonds are weak and there is a level of disintegration between the public, private and VCS the result is economic and social dislocation (as would be characteristic of some of the newer market economies). Just taking the dislocation between the public sector and the VCS,

The Impact of High Co-ordination in Society

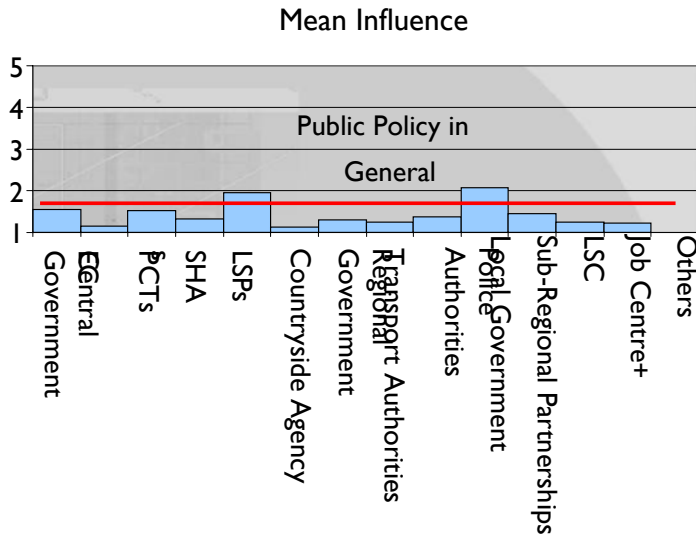


simply getting the VCS to deliver front line services through competitive tendering may support the public sector’s desire to increase efficiency and even support civic society, but would do little to support the aims of the VCS overall. Indeed it is likely that competitive tendering will result in casualties for the sector and thereby reduce its very diversity.

The alternative would be a society with a high level of co-ordination, trust and co-operation between the sectors (as has traditionally been found in the Nordic countries). Here with the sectors being much closer there is a much higher level of co-operation between the economic, social and civil. Taking our example of front line services, although these might still be delivered by the VCS it would involve long term contracting and a commitment to capacity building. In fact, civic society would be rooted in community cohesion and community activity. Such a view is consistent with the work of Florida and Tingali, making the sector an essential element in social cohesion and competitiveness. It is therefore important to recognise the sector’s unique

The Contribution of the VCS to the Economy of the North West

contributions towards competitiveness and at the same time suggest that greater affluence leads to more voluntary activity (rather than the reverse).



We specifically looked at the influence the sector had on public policy and public policy makers. Respondents to the survey were asked to rate their level of influence on a scale of 1 to 5 with 1 being little or no influence and 5 being a strong influence. The mean level of influence over central government was felt to be a low 1.54; however, for those engaged in animal welfare this rises to

3.00. The level of influence over the European Commission is even lower at 1.15, although once again those engaged in animal welfare rated this at 3.00. Influence over Primary Care Trusts is on average 1.53, rising to 1.92 for those engaged in health and welfare and social care. Influence over Strategic Health Authorities is even lower at 1.32 and was only rated at 1.45 by those in health and 1.64 by those in welfare and social care. Influence over Local Strategic Partnerships rises to 1.95, including a 3.67 for community safety and social justice organisations. Influence over the Countryside Agency was a low 1.12 and for Transport Authorities just 1.24. Influence over regional Government (including GONW and NWDA) is rated at a low 1.31, only rising to 1.70 for economic and community development organisations, whilst for Sub-regional Partnerships it remains a lowly 1.44. Influence over the Police Authority is just 1.38, the LSC 1.26 and Job Centre+ 1.23. Slightly more positive is the 2.07 for local government.

Predictably smaller organisations believe that they have less impact than larger ones. However, the largest organisations do not necessarily believe that they have the greatest impact, with the degree of influence increasing for organisations with over 20 employees. Even so the level of influence is limited, so the restraint on influence is something other than the resources the VCS has at its disposal. More surprisingly are the sub-regional variations in terms of influence, with

those in Cumbria believing that they have the greatest influence (1.96) and those in neighbouring Lancashire the least (1.39).

Overall the influence over the public sector in general is only rated at 1.69, although this does rise to 2.67 for those engaged in community safety and social justice. We would be the first to recognise that our survey based methodology takes the average response by organisation and has, therefore, potentially missed significant contributions from a limited number of larger organisations. This is probably very true in the areas of social care and health. Nevertheless on average we can say that the impact is limited.

In the main our results are indicative of the dislocated society we described earlier. Certainly it shows that public institutions have developed (and are continuing to develop) with only limited stakeholder consultation. In many respects this lack of true engagement could be partially responsible for the decline in civic society, with the VCS becoming marginalised as a last resort service provider and not that of an equal partner. Notwithstanding this, in some critical areas influence (albeit uneven) is developing and growing. This observation has led us to hypothesise that a further mechanism for classifying the sector could be of value in the future. This would distinguish between those organisations that are already influencing public policy and/or are heavily engaged in the delivery of services; those that are moving towards being a social enterprise in reaction to ChangeUp; and those that are happy to remain active in their communities and do not seek to engage with Government.

Conclusion

The voluntary and community sector is a major employer and contributor to the North West's economy. The income and expenditure levels of the sector are in the thousands of millions and the level of employees in the thousands. The number of beneficiaries of voluntary sector organisations is in the millions and the extent of the benefits received is diverse in its nature.

We believe that there are 31,400 VCS organisations in the North West, with an estimated total income of £2,978m and a substantial assets base valued at £1,912m. The level of expenditure of the voluntary sector in the North West stands at an estimated £2,604m.

The sector is a major employer for the region, in combining full time and part time employees as a full time equivalent we believe that there are 185,000 full time equivalent employees in the region, of which, our survey indicates that three quarters (74.8%) of organisations in the sector will provide training and development for. The total value of this labour (including the value of volunteers and trustees time) is a high £3,240m.

The beneficiaries of voluntary work is an estimated 13m individuals in the North West, some residents are clearly benefiting from a number of activities. The diversity of those who benefit is extensive, and is often under appreciated or unknown. This is due to the lack of knowledge of smaller organisations that provide specialised services. The extent that the benefit to individuals extends can also be overlooked, this is due to the difficulty in measuring and calculating the social and personal benefits derived from voluntary sector work. However, it is important that these derived benefits of the voluntary sector are recognised and measured or recorded where possible as one of the sectors most important contributions is through active citizenship and social capital. By social capital we are referring to the networks, norms, trust and level of reciprocity that exist to enable individuals to participate in society and share each others values. Throughout the study examples and research illustrating how the voluntary sector develops social capital were in abundance. It became clear that the voluntary sector impacted upon individuals in a number of ways, and

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that one benefit derived often translated into a number of benefits, such as the development of skills and knowledge, increased confidence, development of social networks and improved physical and mental health. The voluntary sector acted as an agent of change for those it benefits, enabling them to make positive lifestyle decisions and open up opportunities for them. In addition, volunteers who are key to the sector also benefit from volunteering. Indeed volunteering can be a stepping stone into employment for those who may have difficulty in entering the labour market whether it is due to a lack of confidence, a lack of skills or a lack of experience.

The contribution to communities is vast. The extensiveness of the impact of a VCS upon a community is because most work carried out by a VCS has a positive effect upon a community. It can engender participation, the development of social groups, it can improve the living environment, promote active citizenship and develop community cohesion.

Appendices

Appendix A: Importance of Social Cohesion

We have to turn to the work of Florida and Tingali (2005) to unpack the complex relationships. In identifying tolerance as a pillar of creative competitiveness they question whether we should reverse cause and effect: dynamic knowledge-economies do not lead to social cohesion; rather certain kinds of social cohesion can encourage dynamic knowledge-economies. The Nordic countries exemplify this combination of an intense, open and innovative enterprise culture with some of the most egalitarian social and civic cultures in the world. Therefore, they highlight the crucial role of public infrastructure and leadership in underpinning the creative economy and to the kinds of adaptive strategy and smart governance that policy makers elsewhere should learn from.

The hierarchical authority of public institutions and the solidarity of traditional communities are unlikely to withstand the pressures on trust already being caused by the shock of the new. A growing literature on social capital and civic participation suggests that norms of trust and cooperation are highly influential in determining our opportunities and wellbeing. Its strength is that trust is embedded in social relationships, but this is also the critical challenge for policy makers and communities alike, because for many, familiarity based on continuity is no longer an option. The challenge is to learn how new forms of active trust can be best generated and shared between different people.

Appendix B: Capturing the Impacts of the VCS

In a study of the impact of women's services Matrix (2006) utilised an opportunity cost model. However, even within this sub-sector the data on opportunity costs were disparate and could not be utilised to provide a universal measurement tool. This

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dilemma was captured by Morris, Hawkins and Sumsion (2000) when estimating the economic value of public libraries, which they saw as operating on a continuum of public goods with external merit (e.g. educational and cultural books) to private benefits with limited external merit (e.g. Audio CDs). It is clear that the voluntary and community sector are operating along this continuum and it is this very diversity which makes a holistic methodology for capturing all impacts problematic.

Appendix C: Calculating Economic Contribution

One of the problems with capturing the impact of the VCS from official statistics is that the VCS is not defined as an industry via the SIC (Standard Industry Classification) system and therefore its industrial output is not captured directly. Using a market definition the National Accounts use the following formula to calculate the contribution of the VCS to the economy.

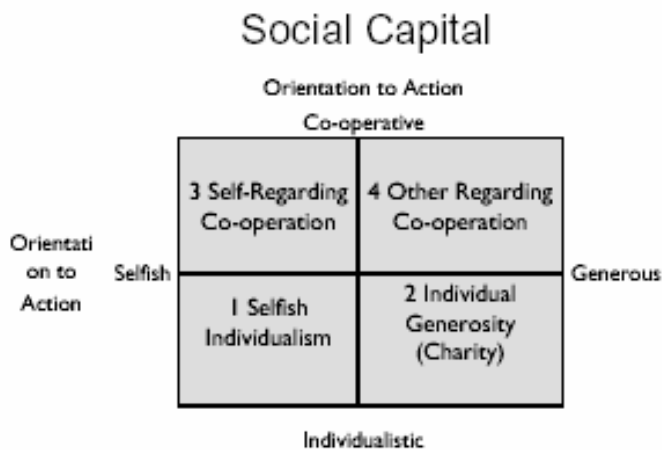
$$\begin{aligned} \text{Final Current Expenditure} &= \\ &\text{Staff Costs} + \\ &\text{Expenditure on Goods and} \\ &\text{Services} - \\ &\text{Income from Sales of Goods} \\ &\text{and Services} \end{aligned}$$

From the sector's perspective this understates the contribution, partially as it fails to take into account the contribution of volunteers and more importantly, it actually decreases the contribution of the more front line public services that the sector delivers. For this reason Alcock, Mason and Wilding (2003) proposed an alternative based on the expenditure of the sector. Although much more appropriate this also fails to capture a significant voluntary contribution to the sector.

$$\begin{aligned} \text{Estimated GDP} &= \\ &\text{Total Current Expenditure} - \\ &\text{Expenditure on Goods and} \\ &\text{Services} - \\ &\text{Expenditure on Grants and} \\ &\text{Donations} \end{aligned}$$

Appendix D: Social Capital

Below, these features are defined. The features of social life normally include reciprocity, so that is also covered.



Networks and Connections

Networks are groups of people linked either by strong ties (as between friends) or by weak ties (as between acquaintances).

Trust

Trust is the expectation that other members of a community will be honest and cooperative.

Norms

Norms cover standards of behaviour, sanctions for breaking those standards and shared aims and objectives. Norms create expectations that others will be trustworthy and will take part in activities that benefit the group.

Reciprocity

Reciprocity here means that someone is prepared to help an individual when they need it because they know that someone else will help them in their hour of need.