

Isle of Wight Infrastructure Group

Report on the MERLIN and Skills Build 2 Projects



March 2006

Comments and queries on this report should be sent to:

Dave Chapman
Ryde Development Trust
Old Post Office Yard
Union Road
Ryde
Isle of Wight
PO33 2ER

Tel: 01983 616362

Email: dave@rydedevelopmenttrust.org

Contents

	Page
Executive Summary	5
1. Introduction	6
2. Strategic Context	7
2.1 The Cross Cutting Review	7
2.2 The ChangeUp Framework	7
2.3 ChangeUp on the ground	9
2.4 ChangeUp on the Isle of Wight	10
3. Background	11
3.1 The State of the Voluntary and Community Sector	11
3.2 The State of the Isle of Wight's VCS	12
3.3 The Skills Build Project	12
4. Rationale for MERLIN and Skills Build 2	16
5. Methodology	19
5.1 Defining the evidence base required	19
5.2 MERLIN	19
5.3 Skills Build 2	21
6. MERLIN Results	22
6.1 MERLIN Responses	22
6.2 Employment within the VCS	22
6.3 Volunteers	24
6.4 Finance	24
6.5 Areas of Work and Services Delivered	25
6.6 Where VCOs work from	26
6.7 Training	27
6.8 Further Support	28

7.	Skills Build 2 Results	29
7.1	Skills Build 2 Responses	29
7.2	Geographical Coverage	29
7.3	Staff and Employment Issues	29
7.4	Trustees and Volunteers	30
7.5	Infrastructure Activities	31
7.6	Finance Issues	31
7.7	Policy Frameworks	33
7.8	Skills	34
7.9	Training Needs	34
8.	Discussion	37
8.1	The Number of Organisations	37
8.2	Employment within the Sector	37
8.3	Volunteering	38
8.4	Income and Expenditure	40
8.5	Workforce Development	42
8.6	The Sector's role in Public Service Delivery	44
8.7	Infrastructure Support	45
8.8	The Perceptions of the Statutory Sector	45
9.	Conclusions	47
9.1	General Conclusions	47
9.2	Workforce Development	47
9.3	Responding to our Statutory Partners concerns	48
9.4	Funding and Public Service Delivery	49

Executive Summary

The establishment of the MERLIN database and the subsequent Skills Build 2 research provides the evidence base for the state of the Isle of Wight's voluntary and community sector. This evidence is being used to support the Isle of Wight Infrastructure Group Infrastructure Development Plan as part of the ChangeUp programme.

Evidence from MERLIN and Skills Build 2 indicates that the Voluntary and Community Sector (VCO) on the Isle of Wight is in good health. The numbers of paid employees within the sector has risen by 10% over the past six years and the average age of organisations is increasing. Whilst funding remains an issue for the sector the annual income shows a marked rise since 1999 with the estimated value of the sector to the Isle of Wight Economy in excess of £13 million.

Volunteering still marks the sector apart from any other. On the Isle of Wight the estimated value to the local economy of the volunteering that takes place is in the region of £747,000 per annum. There are known to be over 2300 active volunteers with the estimated number being in excess 5000.

The research reveals that there are a number of workforce development needs to be met at this stage. IT, fundraising, business management, social enterprise support, volunteer recruitment and management, marketing and governance are all areas where employing VCOs would welcome additional skills. It is proposed that a consortium approach is developed to meet these needs and to consider the on-going future needs of the sector.

It is clear that there are a significant number of VCOs with the capacity to deliver public services, should the opportunities become available to the sector. Fears that there are too many VCOs and there may be duplication of work areas appear unfounded. To be able to move the issue of VCOs delivering public services forward, and in so-doing meet the long-term Government agenda of greater service delivery through the sector, what is now needed is constructive dialogue between the sector and its public sector partners.

1. Introduction

- 1.1 The aim of this report is to set out the work that the Island Infrastructure Group (IIG) has completed in establishing the MERLIN database and completing the Skills Build 2 project.
- 1.2 Both MERLIN and Skills Build 2 form part of the work programme completed by the Island Infrastructure Group in developing the Isle of Wight Local Infrastructure Development Plan.
- 1.3 The Isle of Wight Local Infrastructure Development Plan has been developed as part of the commitment of the voluntary and community sector on the Isle of Wight to setting out how the aims of the ChangeUp framework will be met.
- 1.4 The report details the strategic context to the ChangeUp framework, prior to considering how the IIG have sought to collect a research evidence base about the voluntary and community sector, in order to better inform targeted support to the sector.
- 1.5 This report from an Annex to the Isle of Wight Infrastructure Group (IIG) Infrastructure Development Plan and should therefore be read in conjunction with it.

2. Strategic Context

2.1 The Cross Cutting Review

2.1.1 2002 HM Treasury Cross Cutting Review of the Role of the Voluntary and Community Sector in Service Delivery recognised that the sector and Government have a mutual interest in building the capacity of voluntary and community organisations (VCOs).

2.1.2 The review recognised that despite a revolution in the contribution of the voluntary and community sector to service delivery, many frontline organisations – especially the small and medium-sized – are still unable to access the support they need. It recommended that the voluntary and community sector and central and local Government develop a shared strategy to underpin the capacity of the sector¹.

2.1.3 The report of the review goes on to make 42 recommendations focusing on the aim of strengthening the support and assistance available to voluntary and community organisations.

2.2 The ChangeUp Framework

2.2.1 In response, the Home Office published ChangeUp, the cross-Government framework on capacity building and infrastructure in the voluntary and community sector, developed in partnership with the sector.

2.2.2 The Framework provides an architecture of how support should develop in the next ten years and highlights key strategic actions which will build that support. It should be used as a planning tool for Government, funders and voluntary and community sector partners at all levels and in different sub-sectors enabling them to develop action plans and providing a point of reference for future thinking

2.2.3 ChangeUp's aim is that by 2014 the needs of frontline voluntary and community organisations in England will be met by support which is:

- available nationwide
- structured for maximum efficiency
- offering excellent provision

¹ Recommendations 7 & 10, *The Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review*, HM Treasury, 2002 (CCR)

- accessible to all
- truly reflecting and promoting diversity
- sustainably funded

2.2.4 ChangeUp recognises that different organisations have specific needs which will vary with each stage of their development. There can be no ‘one size fits all’ approach, but this document sets out a strategic approach to addressing the key support needs shared by most organisations and highlights the actions which will make the biggest impact.

2.2.5 ChangeUp recognises that support is required in six key areas:

i. Performance improvement

Frontline organisations should be better able to improve the performance of their organisation, make choices about which tools are right for them, and easily access support and advice. New performance improvement advisers, housed in regional or sub-regional organisations, should be trained for outreach work and infrastructure organisations should act as clearing houses for skills sharing, mentoring and *pro bono* opportunities.

ii. Workforce development and leadership

There should be a greater range of accessible professional development opportunities with increased take-up of learning opportunities and qualifications by voluntary and community sector workers. Employers should have improved access to support and advice on HR issues. Local workforce development strategies should reflect the needs of the sector.

iii. ICT

Frontline organisations and funders should share a common awareness of the costs and benefits of ICT enabling them to make informed choices about its use. There should be affordable and reliable support models in place with user-friendly and relevant ICT advice available – including volunteer and *pro bono* support.

iv. Governance

Board members should be aware of their responsibilities and good practice and have direct access to accurate and helpful information and

development. Being a board member should be more attractive and boards themselves should be more diverse, better reflecting the communities they serve.

v. Recruiting and developing volunteers

There should be a leaner, effectively marketed and high quality volunteering infrastructure reaching, recruiting and placing a greater diversity of individuals coupled with improved volunteer management.

vi. Funding voluntary and community sector activity

Frontline organisations should be able to take advantage of opportunities to diversify their income sources and should demonstrate increased skill in contract negotiation and better standards in more effective fundraising. Action at national level will raise awareness of the benefits of increasing asset ownership by voluntary and community organisations.

2.3 ChangeUp on the ground

2.3.1 The ChangeUp framework suggests that locally, sub-regionally and regionally stakeholders should come together to agree the shape and structure of provision which best suits the needs of frontline organisations and how it should be funded. Locally these plans (infrastructure development plans) should take account of community planning processes and detail how the needs of diverse organisations and communities should be met in a given area. Plans should be completed by the end of March 2006 so that good quality infrastructure provision is in place in all areas of England by 2009.

2.3.2 It is envisaged that at regional, sub-regional and local levels infrastructure should gradually coalesce into geographic hubs of activity with services sharing premises, back office facilities or merging depending on needs.

2.3.3 To support the ChangeUp framework six national hubs have been established:

- Financing the VCS
- Governance
- ICT
- Performance
- Volunteering

- Workforce Development

2.4 ChangeUp on the Isle of Wight

- 2.4.1 The IIG is the ChangeUp Consortium on the Isle of Wight and its members have been meeting since 2003. Previous to this, infrastructure support for the VCS was not well co-ordinated. Those bodies delivering infrastructure support did not liaise with each other in a systematic way and did not share information or resources. One of the first things that the group did was to map the services and geographic areas covered by each of the members to ensure that there was a consistency and that there was no duplication.
- 2.4.2 Since 2003 the group have developed a number of joint projects which have sought to develop further collaborative working – considering issues such as the structure of the sector on the Island, the establishment of representational groupings, skills needs and gaps within and across the infrastructure bodies, joint training and mechanisms by which to reduce core costs and work collaboratively to support back office functions. Over the last year the group has worked to establish the Isle of Wight Infrastructure Group Infrastructure Development Plan.

3. Background

3.1 The State of the Voluntary and Community Sector

3.1.1 Nationally the UK Voluntary Sector Almanac 2006: The State of the Sector (NCVO, 2006), reports a continued growth across the sector. The key highlights of the research, which focuses on general charities and excludes housing associations and independent schools, are as follows:

- Since 1991 there has been a 72% increase in the number of charities.
What this increase does not show is the number or growth of smaller voluntary or community organisations that do not fall within the regulatory frameworks.
- Although there has been an increase in the total income over two-thirds of the total income (£26.3 billion in 2003/2004) was generated by just 2% of the sector.
It is noted that individual organisations are generally doing less well as average incomes for all organisations were falling or static, suggesting the organisations have struggled to increase revenues beyond the rate of inflation.
The growth in total income is also related to the emergence of a small group of 14 charities with very high annual incomes of over £100 million.
- In 2003/2004 47% of the sector's income was earned:
This denotes a rise in social enterprise activity from 1994/1995 when only 33% of the sectors income was earned.
- The sector is a major employer. 2.2% (608,000) of the overall workforce is employed within the sector. Whilst 38% of employees work part-time, the average number of hours worked is increasing.
- Volunteering is increasing although there are more informal than formal volunteers. It is interesting to note that 1.1 million workers would be required to replace all the formal volunteers.

3.1.2 Regionally the South East England Development Agency (SEEDA) estimates that the Sector contributes over £15million to the Island's economy annually².

3.1.3 Furthermore, extrapolating from Hidden Asset³, research commissioned last year by Regional Action In the South-East (RAISE), the regional VCS infrastructure body, there are approximately 15,000 people, paid and unpaid, who work in the sector.

3.2 The State of the Isle of Wight's VCS

3.2.1 In 2000 Island Volunteers completed The Third Sector Baseline Study. The aim of this work was to establish the nature and extent of the voluntary and community sector on the Isle of Wight.

3.2.2 The Third Sector Baseline Study also reports that 1573 groups were identified and goes on to estimate that there may have been as many as 1750 voluntary and community groups active on the Isle of Wight – 1 per 75 people on the Island.

3.2.3 62% (975) of these groups were registered charities.

3.2.4 The report notes that 17% (267) of the groups reported that they provided some form of 'umbrella role' defined as those groups providing services for other groups.

3.2.5 According to the report the annual income across the sector in 1999/2000 financial year was £5 million; with 80% of the income accounted for by 7% of the sector.

3.2.6 It was reported that over 394 people were employed within the sector. Of these, twice as many were part time staff as full time.

3.2.7 The report also notes that in 1999 there were over 4193 active volunteers working on the Isle of Wight.

3.3 The Skills Build Project⁴

3.3.1 The Island Infrastructure Group recognised in early 2003, that a key element in ensuring a consistent approach to service delivery in the local community

² Regional Economic Strategy for South East England, 2002-2012.

³ Hidden Asset A report to demonstrate the value of the Voluntary/Community sector in the South East, RAISE, 2005.

⁴ A full copy of the report is available from Dave Chapman, Ryde Development Trust; e: dave@rydedevelopmenttrust.org

is having the right skills mix in those delivering the service and for them to have access to training to support their work⁵.

3.3.2 The Skills Build project was the first joint project involving all members of the IIG. It recognised that a first step towards ensuring that a quality consistent approach to community development work is maintained was determination of training needs. In particular, if the IIG organisations were to work together, there was a need to consider how a methodology for training needs assessment could be standardised across the IIG.

3.3.3 Seven key tasks were completed to meet the aims of the Skills Build Project:

- i. Background research to define Voluntary and Community Infrastructure activities.
- ii. Analysis of the skills set required by those delivering Voluntary and Community Infrastructure activities.
- iii. Research to identify if the IIG organisations were carrying out Voluntary and Community Infrastructure activities.
- iv. Research to identify the skills mix of those delivering Voluntary and Community Infrastructure activities within the IIG organisations.
- v. Analysis of perceptions of the key external stakeholders of the IIG organisations.
- vi. Identification of the training needs required by those delivering Voluntary and Community Infrastructure activities within the IIG organisations.
- vii. Liaison with Training providers (including the IIG organisations) to establish training to meet the identified training needs.

3.3.4 Through the Skills Build Project staff, chair of trustees and chief executive officers of the infrastructure organisations identified their own skills needs. The skills gaps identified by all three groups was collated into similar groupings and compared to the national skills gaps for the VCS as identified through Futureskills 2003⁶.

⁵ A view supported through the VSNT0 Skills Strategy for the Voluntary and Community Sector in England.

⁶ Futureskills 2003 A skills foresight research report on the voluntary sector paid workforce. Commissioned by the Voluntary Sector National Training Organisation.

CEOs	Chairpersons	Staff	National Skill Gaps (Futureskills 2003)
Communication skills (listening/language use)		Oral communication	9 th most commonly identified skills gap
IT needs			Strategic use of IT 4 th skills gap Basic use of IT 8 th skills gap
Conflict resolution			
Organisational development – • Business planning • Fundraising/financial management • Marketing	Governance issues – employment and financial management issues		Strategic and business planning 7 th highest skills gap Leadership 10 th skills gap
Understanding infrastructure role	Understanding infrastructure activity		
	Team working	Team working	3 rd most commonly identified skills gap
	Campaigning and lobbying		
		Customer handling	11 th most commonly identified skills gap

3.3.5 The above table indicates that the skills gaps in the IIG organisations were those experienced nationally.

3.3.6 In broad terms the skills gaps could be considered in two main areas:

- i. For the CEOs and the Chairpersons it is unsurprising that organisational development, management and governance were key issues.
- ii. In respect to operational issues communication, team working and IT use were identified.

3.3.7 As part of Skills Build, training was identified and mechanisms put in place to address some of the skills needs. This work is on-going.

3.4 National, regional and historic local evidence indicates that the sector on the Isle of Wight is diverse in nature and brings sustainable economic benefits to the area both in terms of income and number of people employed (both as paid employees and volunteers). However, it is also clear that locally the

skills needs across the main infrastructure organisations are similar to those identified across all VCOs nationally.

4. Rationale for MERLIN and Skills Build 2

- 4.1 ChangeUp provides a framework for the development of the VCS over the next ten years. As a framework it contextualises the relationship between the VCS and the public sector suggesting greater public service delivery by the VCS.
- 4.2 In seeking to develop the work of the ChangeUp framework on the Isle of Wight, the IIG have been advised by statutory partners that they would like a “brokerage” model for contracting through a single VCO agency. However, they do have concerns about the number of VCOs on the Island and the possibility of duplication of work areas, and are concerned about the “capacity” within VCOs and how this might prevent contracting with VCOs.
- 4.3 At the current time the Island’s VCS has no central bank of data. There are very few hard statistics and any that are referred to are either ‘guess-timates’ or gathered from applying formulae used by regional or sub-regional data gathering initiatives and localising these for Island use.
- 4.4 Although the 2000 Third Sector Baseline Study provided information about the state of the voluntary and community sector on the Isle of Wight, the view of the IIG was that this was a snapshot. In any event, the survey is six years old and the sector needs more substantial statistics to be added. IIG members recognised that if the needs of the sector are to be met on an on-going basis then an on-going method of review was needed. Furthermore, it was felt that understanding the position of the sector of the Isle of Wight in relation to the regional and national positions is critical.
- 4.5 An extensive array of information which will help to assist liaison between groups and provide reports and statistics to help with external funding applications is needed. The sector also needs to prove that it is a major employer and therefore has training needs which should be taken seriously.

- 4.6 Last year the IIG received some funding from the Government to evaluate the skills and training requirements of the staff and trustees within the original members of the IIG (Skills Build).
- 4.7 It has always been the plan to extend this 'Skills Build' research into the wider sector, so that appropriate new services can be delivered to the VCS in order to support them effectively.
- 4.8 In considering the needs of the VCS it has been recognised that for those organisations that employ staff there are a number of common 'back office' functions – including HR, payroll, health and safety etc. This creates an opportunity to use shared resources where gaps are identified.
- 4.9 The skills gaps identified in Skills Build have also helped form a key proposition for a social enterprise that would offer Professional Skills and interim staff to the sector. This social enterprise is intended to reduce costs for the sector and generate sufficient surplus to fund the continuation of the consortium. However, research evidence is required before any development can take place.
- 4.10 Whilst the central aim in developing MERLIN and completing Skills Build 2 is to ensure that the Isle of Wight Infrastructure Group Infrastructure Development Plan meets the needs of the Isle of Wight's frontline voluntary and community sector organisations (VCOs) the IIG have sought to establish a methodology which would allow the following to be achieved:
- i. Provision for the on-going review of the sector. Both elements of the project needed to be developed with a methodology which can and will be repeated.
 - ii. Gathering of information to position the VCS on the Isle of Wight in relation to the region and nationally.
 - iii. Review of issues such as contract management, capacity within and across the sector and duplication of service provided.
- 4.11 In considering how to collect and collate data on an on-going basis, it was recognised by the IIG that development of a database which supported the

work of the Isle of Wight's Council for Voluntary Services (CVS) would be most appropriate. The database could support generic information about individual organisations which would provide an up-to-date picture of the state of the sector.

- 4.12 Whilst the database development would provide generic information about the state of the sector, it was felt that there was a specific need to consider the workforce development issues of those VCOs who employed staff. It was recognised that this would provide answers to some of the issues raised by statutory partners.

5. Methodology

5.1 Defining the evidence base required

5.1.1 There is a need for data to inform national, regional and local consultations. It will then be possible to place the local picture into the regional and national context.

5.1.2 Statistical analysis will be used to provide evidence in bids for funding. The sort of information which will become clear will enable the sector to make a case for training and capacity building to facilitate public service delivery. Cases can be made and arguments supported based on fact rather than surmise.

5.1.2 From the above it is clear that as a minimum the following evidence base needs to be established:

- i. General demographics about the sector
- ii. Consideration of the skills within organisations
- iii. Consideration of the 'back office' functions of employing organisations

5.2 MERLIN

5.2.1 Prior to making the choice to establish a database, members of the IIG reviewed similar work which collects and collates data about the VCS from different locations across the country.

5.2.2 Following review, the Isle of Wight Rural Community Council purchased a new database (MERLIN) which has been developed specifically for Council for Voluntary Services (CVS). This business management system is the tool for recording, storing and analysing incoming data.

5.2.3 To collect data, a questionnaire was designed in booklet format. A comprehensive questionnaire in pull-out form was enclosed in glossy cover which explained the purpose of the initiative with information about ChangeUp and the IIG.

5.2.4 The questionnaire requested the following information:

- i. Section 1: Contact Details
Including name, address, telephone, fax, e-mail, web site.

- ii. Section 2: Property
Including Ownership/management relationship of properties, Location of properties, Types of properties, facilities and access.
- iii. Section 3: Governance
Including type of organisation, start date, name of chair, secretary, and treasurer, whether an annual report is produced, membership (either member organisation and/or membership of others), policies in place, insurance in place
- iv. Section 4: Work Activities
Including work area classification, nature of client group, geographical coverage, premises (including ownership)
- v. Section 5: Workers
Including paid staff, trustees, volunteers (number and type breakdown hours, male/female), general training information
- vi. Section 6: Finances
Including annual income, contracts, grants, earned income – services sold etc, sponsorship, if accounts are audited, financial year end date
- vii. Section 7: Further Help and Back Office Functions
Reviewing who undertakes or provides these functions and costs associated with 'back office' functions

- 5.2.5 In distributing the questionnaire all known contacts were sent a copy.
- 5.2.6 To promote the questionnaire an advertorial was placed within the Isle of Wight County Press and a radio feature was aired.
- 5.2.7 To ensure a good response rate respondents were given a pre-paid envelope in which to return the form and an offer of assistance to complete the form

was made. Lastly, as an incentive to complete and return, all respondents were entered into a £100 prize draw.

5.3 Skills Build 2

5.3.1 Whilst MERLIN seeks to establish a database of information about VCS on the Isle of Wight which will give an on-going picture as to the state of the sector on the Island, what it does not establish are the workforce and organisational development issues facing the sector on the Isle of Wight.

5.3.2 In developing the methodology to be used to identify these issues the following key tasks were required to be completed to meet the aims of the research:

- i. Identification of organisational skills sets
- ii. Identification of both organisational and individual worker training needs
- iii. Analysis of organisational training needs
- iv. Development of training programmes to meet both organisational and worker needs.

5.3.3 To meet the aims the following methodology was used:

- i. TNA development:
To establish a standardised training needs assessment tool that can be used across the sector to identify organisational training needs.
- ii. Skills Questionnaire development:
To be used to identify the skills sets of individuals within VCOs at an organisational level.
- iii. TNA to as many VCS orgs as possible:
Through contact with the Chief Executive Officer or main contact, complete organisational TNA and in so-doing identify organisational skills issues.
- iv. Identification of similar training needs
Through analysis of the results it should be possible to identify common workforce development issues across the whole of the sector of the Isle of Wight.

5.3.5 In considering the VCS on the Isle of Wight it was felt that as many of those organisations who employ should be surveyed. The list of these organisations was derived from the MERLIN database.

6. MERLIN Results

6.1 MERLIN Responses

6.1.1 To date 111 questionnaires have been returned and input onto the MERLIN database. This equates to a 37% response rate from the initial distribution of 300 questionnaires.

6.2 Employment within the VCS

6.2.1 Of the 111 respondents 44 are employing organisations. This represents 39% of the respondents.

6.2.2 The total number of people employed by these 44 organisations is recorded as 437. 210 (48%) are full-time employees working more that 36.5 hours per week; 227 (52%) are part-time.

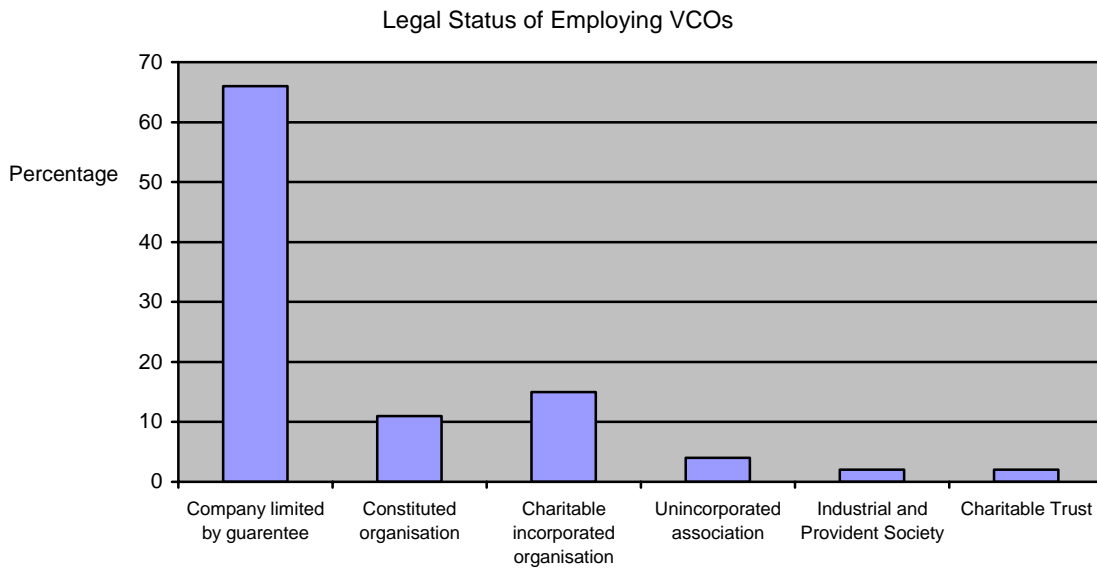
6.2.3 Of these employing organisations, 26% employ no full-time staff, 20% employ only one full-time staff member, while 11% employ more that 10 staff members. The chart below shows how many full-time employees are within the 44 employing organisations.



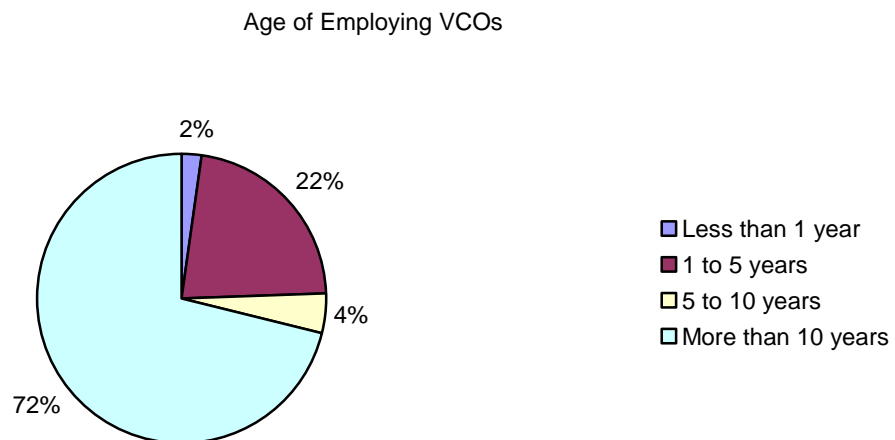
6.2.4 In reviewing employment within the sector further it is noted that 50% of all those employed are employed by 6 (13%) organisations. Further, the two largest employing organisations employ a total of 60 staff; 85 full-time and 35 part-time.

6.2.5 In reporting the status of the organisation 84% recorded that they were registered charities. 1 social firm was recorded, 2 development trusts and 2 employee-owned businesses.

6.2.5.1 In considering further the legal status of the organisations the following were recorded:



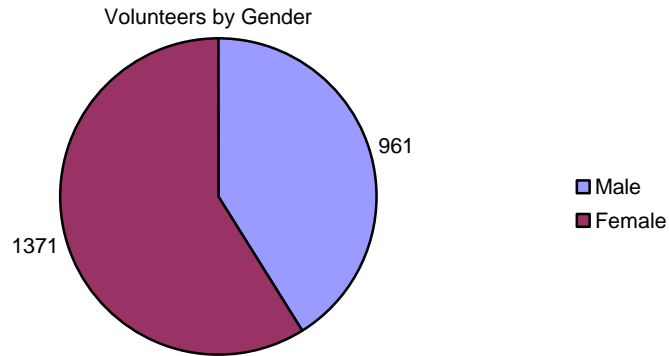
6.2.6 In reporting the age of the organisation the age range of employing VCOs were recorded as follows:



6.3 Volunteers

6.3.1 79 organisations reported working with volunteers. The total number of reported volunteers is 2332, giving a total of 33,110 hours annually.

6.3.2 Respondents reported that the split between male and female volunteers is as shown below:



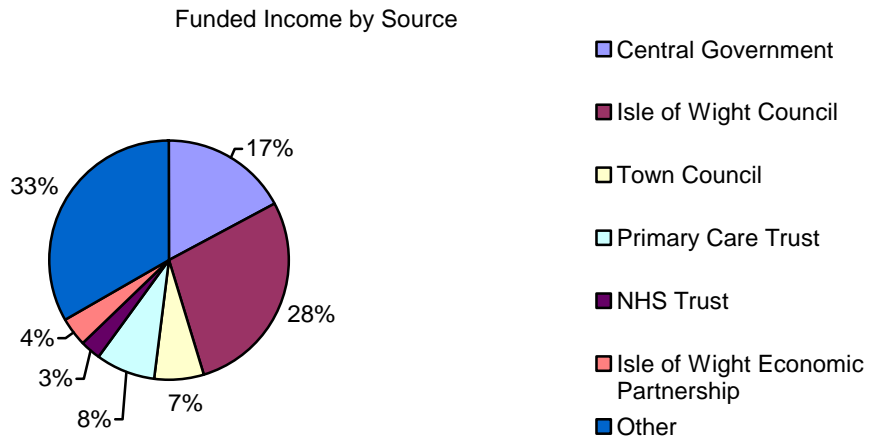
6.3.3 It was also reported that 127 volunteers moved into paid employment in the last year (2005).

6.4 Finance

6.4.1 Of those respondents (63) who completed this section of the questionnaire the total annual income was £7,238,557 and the total annual expenditure was £6,541,576.

6.4.2 In considering the income 26% was reported as funded and 74% (£5,339,152) reported as self generated.

6.4.3 In reporting the sources of funded income the following were recorded:



6.5 Areas of Work and Services Delivered

6.5.1 In respect to the recognised Government key public services areas respondents were asked to record which areas they delivered services in. The following are noted:

Government Public Service Area	% of VCOs delivering work in these areas	
	All VCOs	Employing VCOs
Health and social care	60	60
Crime and cohesion	21	14
Education and learning	66	63
Support for Children and Young People	54	40

6.5.2 The results also show that the 6 largest employers within the sector all deliver within the Health and Social Care service area.

6.5.3 In respect to the beneficiaries served by VCOs respondents were asked to use the Home Office classifications (22 categories). The following were recorded:

Home Office Number	Beneficiary Type	% of VCOs working with these beneficiaries
1	All sections of the community	60
2	All the people in a specific neighbourhood	21
3	Alcohol/substance misusers	11
4	Black & minority ethnic people	10
5	Carers	26
6	Children	46
7	Community & voluntary organisations	42
8	Families & parents	42
9	Lesbian, gay, bisexual & transgender people	8
10	Homeless people	4
11	People with a learning difficulty	23
12	Men	23
13	People with mental health problems	19
14	Offenders & ex-offenders	10
15	Older people	36
16	People with physical & sensory disabilities	32
17	Refugees & asylum seekers	2
18	The unemployed	17
19	Travellers & migrants	2
20	Victims of crime/abuse	3
21	Women	26
22	Young people	38

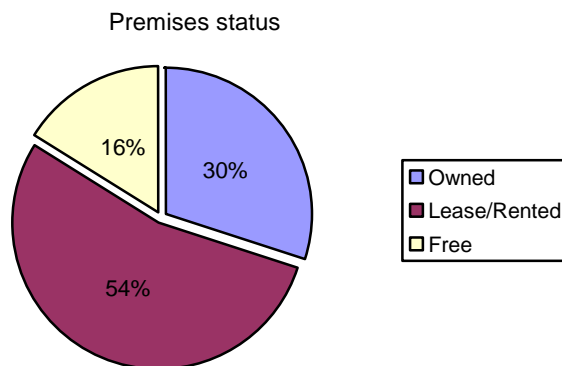
6.5.4 In respect to classification numbers 4, 17, 19 and 7, these are of particularly interest given the relationship with the ChangeUp framework. Classification 7 may have some relationship to VCO infrastructure organisations, while classifications 4, 17 and 19 relate to VCOs working with Black and Minority Ethnic people, refugees and asylum seekers, and traveller and migrants and therefore have a relationship with the Additional Support Programme⁷.

6.5.4.1 Further analysis of respondents recording classification number 7 indicates the possibility of 11 (10%) generic and specialist infrastructure VCOs delivering services on the Isle of Wight (it is noted that at this stage the IIG comprises 8). The other 32% comprises VCOs that work in partnership with other VCOs but do not strictly provide infrastructure support.

6.5.4.2 In considering the VCOs that work to support Black and Minority Ethnic people, refugees and asylum seekers, and traveller and migrants it is noted that only 11% (12) organisations responded positively. This is not to suggest that the others are discriminatory as 60% of organisations reported working with all sections of the community.

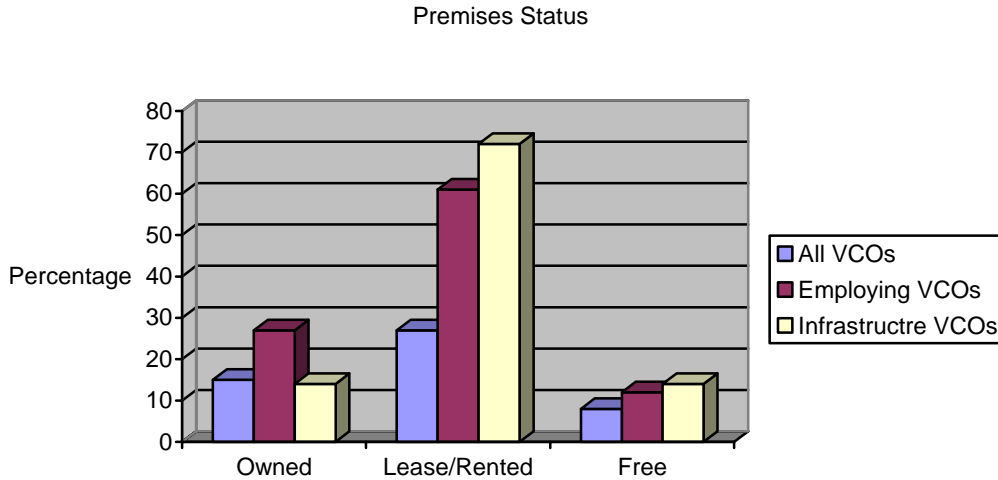
6.6 Where VCOs work from

6.6.1 All the VCOs were asked to report where they worked from and the status of these premises. The chart below shows the results.



⁷ The Additional Support Programme is a specific programme under the ChangeUp programme which has paid particular attention to the capacity building and infrastructure needs of Black and Minority Ethnic (BME) communities, Faith communities – and in particular minority faiths, Refugees and Asylum Seekers, Gypsies and Travellers.

6.6.2 In considering the differences between all VCOs, employing VCOs and identified Infrastructure VCOs the following were recorded.



6.6.3 In respect to accessibility of their premises, respondents were asked to report if premises were fully accessible. 67% of all VCOs reported their premises to be fully accessible to all users.

6.6.3.1 In considering specific elements related to accessibility 33% of organisations have disabled parking, 72% have fully accessible toilet facilities, 22% have induction loops and 9% have Mincom.

6.7 Training

6.7.1 76% of all respondent organisations reported giving, or paying for, staff training. This rises to 88% for the organisations who employ.

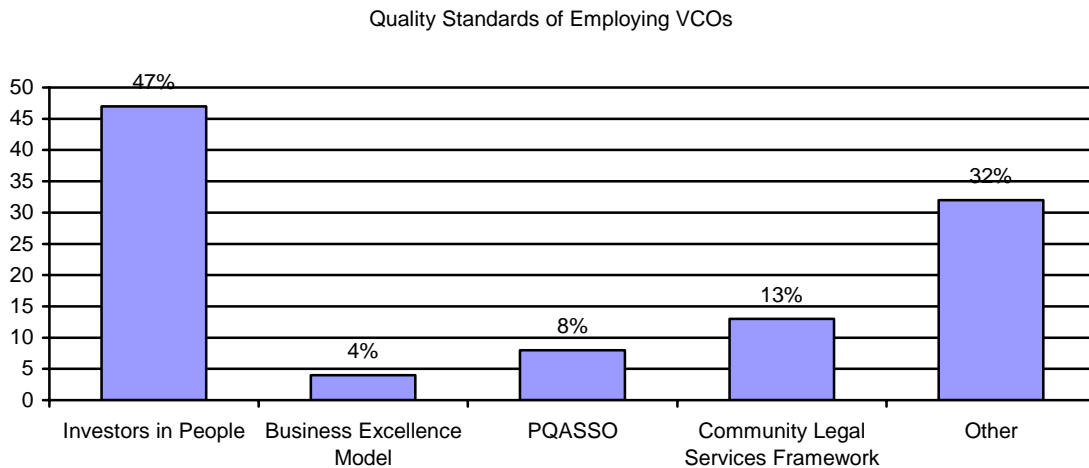
6.7.2 In reporting on volunteer training 92% of respondents reported providing training for their volunteers.

6.7.3 In respect to the types of training provided (for both staff and volunteers) the following were reported:

Training Area	% of all VCOs undertaking training
Health and safety	86
Manual handling	57
Equal opportunities	71
Disability awareness	74

6.7.4 In reporting upon training needed those areas most commonly identified were, IT, fundraising, business management, social enterprise support, volunteer recruitment, customer care, communication and governance.

6.7.5 In reporting upon quality assurance and quality marks 54% of the employing organisations reported have a standard of some form. Further analysis reveals the following; noting that a number of organisation have more than one standard.



6.8 Further Support

6.8.1 The last section of the questionnaire considered management and back office functions. Respondents were asked to report which tasks they undertook and how many hours per month they spent on such tasks. In reviewing this information the ten top tasks undertaken by senior officers of employing VCOs are reported as follows:

- i. Issuing invoices and paying bills
- ii. Book keeping management accounts
- iii. Budgeting
- iv. Providing financial information for funding reports
- v. Financial forecasting
- vi. Monitoring attendance of staff
- vii. Drawing up employment contracts
- viii. Contract payment and monitoring
- ix. Submitting returns to companies house

- x. Keeping up to date with employment legislation

7. Skills Build 2 Results

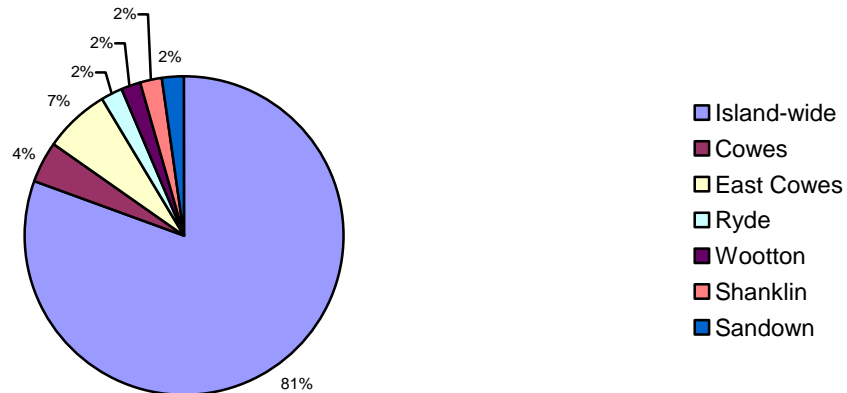
7.1 Skills Build 2 Responses

7.1.1 Following the MERLIN questionnaire, employing VCOs were contacted to be given the opportunity to take part in the Skills Build 2 project work. 30 (68%) of the employing VCOs identified through MERLIN were interviewed.

7.2 Geographical Coverage

7.2.1 In considering the geographical coverage of the employing VCOs the following were reported:

Geographical Coverage of Employing VCOs



7.3 Staff and Employment Issues

7.3.1 The results show that the skills base of the 437 people employed within the sector is diverse. The sector employs solicitors, counsellors, teachers, health care specialists and a range of other professionals.

7.3.2 As part of the interview with chief executive officers issues about recruitment and retention of employees were raised. It was generally noted that recruitment and retention of staff was not an issue.

7.3.3 In reviewing the role of the senior officer the following comments were recorded:

“You have to be able to do everything.”

“If you’re not a jack of all trades – then you’re not a chief executive of a voluntary organisation.”

“The breadth of my work is phenomenal – from repairing toilets to managing staff and developing complex projects. You just have to be able to do it all.”

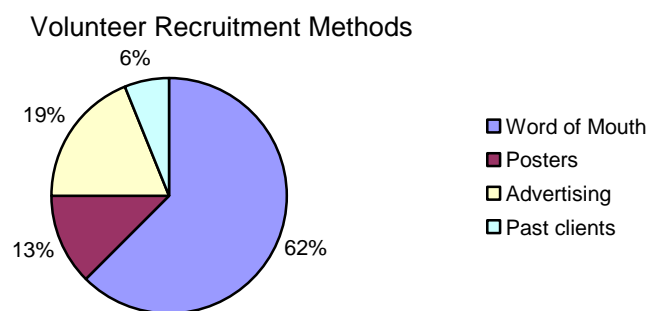
7.4 Trustees and Volunteers

7.4.1 The employing VCOs work with over 1200 volunteers including Trustees.

7.4.2 The average number of Trustees per organisation is 4. This is lower than anticipated as a number of organisations are branches of larger mainland based VCOs. This means that they operate with management committees under an ‘umbrella’ framework.

7.4.3 In discussing the work of Trustees, governance and involvement in management decisions, was raised. Whilst some Trustees were extremely supportive and recognised as very knowledgeable, all too often senior officers felt that they were *“left alone to run a small business.”*

7.4.4 In considering recruitment and retention of volunteers, organisations report that recruitment of volunteer is problematic. The most commonly reported method was word of mouth. The chart below shows the other reported methods;



7.4.5 It was commonly reported that recruitment through the volunteering bureau did not take place. Moreover, it was also reported that where volunteers had been placed through the volunteer bureau they were often not appropriately placed and were ill equipped for the tasks for which they were recruited.

7.4.6 In considering volunteering it was felt by many that the age of volunteers needed to be considered. Commonly, volunteers were reported as being older; this raised concerns about the future of volunteering.

7.5 Infrastructure Activities

7.5.1 All organisations were asked to report if they carried out the following infrastructure support activities. Whilst many organisations provided space, 6 organisations were identified that carried out a range of the activities, 2 of whom are not current members of the IIG.

7.5.2 In considering how support was offered, there was a consensus that there was a need for a strong independent council for voluntary services (CVS) and a more active volunteering bureau.

“There is a need for a strong CVS, with volunteering support that gives good advice.”

“The Island needs the CVS and volunteer centre to work together – better still they should be one organisation.”

7.5.3 A common theme identified by many was the connection they had with other VCOs; it appears that either directly or indirectly there is a great deal of partnership working taking place.

7.5.4 Two key issues for many respondents which were not picked up elsewhere are:

- i. The independence of the sector. This was a factor that was felt was too important to compromise. What sets VCOs apart is their connection with the community; *“they help to glue the fabric of society together”*.
- ii. The common perception that those not working within the sector did not fully understand its worth. *“There is an issue of understanding from others about the worth of the sector.”*

7.6 Finance Issues

7.6.1 Funding was a key issues for all the organisations. Lack of funding, concerns about future funding sources and sustainability and contract management issues were reported.

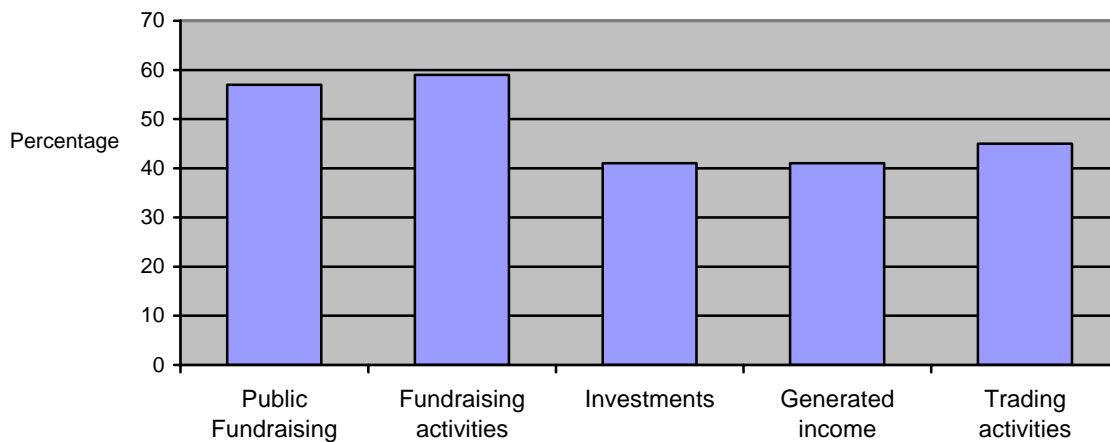
7.6.2 Whilst there were many concerns about the current lack of grant funding, contract management was also raised as an issue. For those organisations with contracts with statutory agencies the following were commonly noted:

- Proper negotiation did not really occur – commonly organisations did not know if contracts were to be renewed.
- Contracts did not generally provide for inflationary rises and were not developed to support full cost recovery.

7.6.2.1 Poor contract management led a number of organisations to comment that good business planning was difficult, if not impossible, and that organisational stability was threatened. A number of organisations noted that staff redundancies could not be ruled out.

7.6.3 To address the funding issues employing VCOs use a variety of methods to generate income. In considering how self-generated funds were derived employing VCOs reported the following;

Self Generated Funds of Employing VCOs

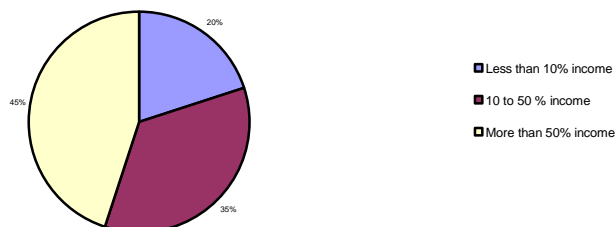


7.6.3 The results also show that 45% of employing VCOs reported undertaking some form of social enterprise activity.

7.6.4 43% of the organisations reported that they wished to learn more and were willing to undertake training in this area to be able to develop more social enterprise activity.

7.6.5 In reviewing only those who trade, the following percentages of total income gained through trading activities were reported:

Income Derived from Trading Activities of the Employing VCOs who undertake Trading



7.6.6 In considering the financial management of the employing VCOs 48% of them reported that a full externally verified audit is completed on an annual basis.

7.6.7 Many senior officers reported that they would like assistance in funding raising activities and support for the financial management aspects of business planning. A common theme was the view that business planning and organisations development were key issues particularly if social enterprise activity was to be developed. Many senior officers suggested that one to one business advisors were needed. Whilst training was important, it was felt that development over a period of time was required and that this was best supported by one to one advice and mentoring over a longer period of time.

7.6.8 Some senior officers commented that there may be advantages to be gained from a consortium approach. Whilst brokerage of services was rarely mentioned (only by one organisation) a joint approach to 'back office' functions was seen to have merits.

7.6.9 In considering service delivery, and more specifically delivery of services under contract from statutory agencies, it was generally felt that this was only appropriate for some organisations within the sector.

7.7 Policy Frameworks

7.7.1 In reporting on the policies that they have in place, 88% of employing VCOs report an equal opportunities policy, 50% report a child protection policy, 43% report an adult protection policy and 23% report a reserves policy.

7.8 Skills

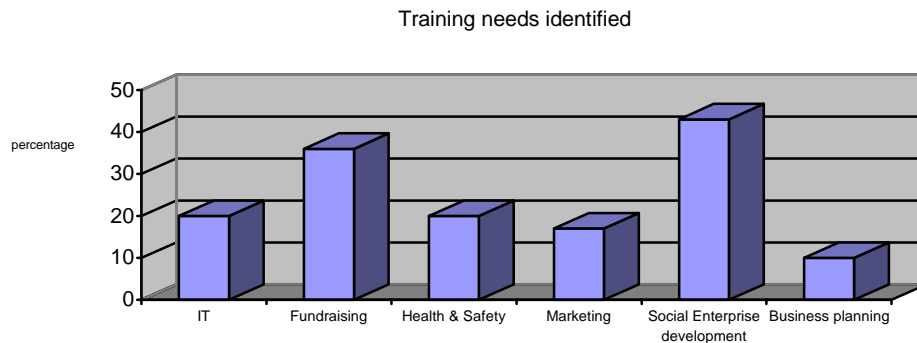
7.8.1 In completing the Training Needs Assessment respondents were asked to review the skills base within their organisation. Of the list of skills presented that organisations would like to acquire or improve the following were identified:

Skills	% organisations who want to acquire/improve skill base
Problem solving	4
Customer handling skills	7
Financial management	18
Basic computer literacy/using IT	22
Campaigning/lobbying skills	18
Language skills (non-English speakers)	11
Negotiation/conflict resolution	11
Marketing	29
Leadership/managerial skills	4
Project Management	11
Fundraising/bidding	48
Business Planning	33
Teaching/training others	4
Health and Safety	26
Volunteer Management	29

7.9 Training Needs

7.9.1 Health and safety training was identified as a common generic training need for volunteers. Other volunteer training needs were dependent upon the specific tasks they were asked to carry out.

7.9.2 In establishing the training needs of employees, respondents were given free choice to report as many needs as they could identify. The following were reported:



- 7.9.3 It was generally felt that training provision for the sector was poor and worked on an 'ad hoc' basis. Whilst it was felt that the skills base within the sector was high there is no proper long term professional development.
- 7.9.4 In commenting about training delivery there was no single theme that could be identified. Training delivery was sourced from a variety of providers, including: conferences, provision through umbrella bodies, the Isle of Wight College, Learning Links, Community Solutions, and free opportunities offered through the Isle of Wight Council.
- 7.9.5 Whilst not formally part of the research, more than one respondent noted that lack of finance was a barrier to training.
- 7.9.6 *The only training need to be identified for trustees was that of good governance; 30% of organisations reported this as a need, as one respondent noted "There is a need for all trustees to understand fully their roles and responsibilities."*
- 7.9.7 In establishing the top priority training needs, respondents were asked to prioritise their top two needs. The following were reported:



- 7.9.5 In considering training needs it was commonly felt that there was a need to bring some form of continual professional development to the sector. All too often, training was not obtainable for a variety of reasons, including cost, but one common theme was the fact that to train meant that *"time was spent away from the job which had an impact on the job."*

- 7.9.6 For many of the larger 'branch' organisations a key issue was not the provision of training but more its accessibility. Commonly off-Island training was viewed as relevant but unobtainable through either cost of travel or time away from work. This issue is even more significant in respect to the training of volunteers.

8. Discussion

8.1 The Number of Organisations

8.1.1 Between 1999 and 2006 there has been a reduction in the number of registered charities on the Isle of Wight from 975 to 827; this represents a 15% decrease. This is interesting given that the national trend is an increase in the number of charities by 72% in the period 1991 to 2006.

8.1.2 Against the reduction of registered charities it is to be noted that the full extent of the sector of the Island (the exact number of all organisations within the sector) is yet to be revealed. To date MERLIN has only captured 111 organisations. To reveal the true number will require an on-going development of the MERLIN database; this is an aim for the IIG. It is also highly likely that, despite significant effort, it will be impossible to capture the full extent of the sector; whilst charities are easy to find as they have a regulatory framework, small self-help groups are more difficult to locate.

8.1.3 At this stage it is very difficult to estimate the total number of VCO's operating on the Island. The best guesstimate would be to use the 1999 Third Sector Baseline Study figure of 1750 groups and apply the same reduction of 15%; this would lead to the estimated number of groups being 1487. It seems appropriate to apply the same reduction, particularly given the decrease in available funding; this is almost certainly likely to hit smaller groups harder than larger organisations.

8.1.4 As the full impact of ChangeUp, and its associated funding streams, work through to the roots of the sector via infrastructure support it will be interesting to track the number of organisations year on year. It is anticipated that through consortium working, as developed by the IIG, it is likely that there will be a slight reduction in the total number of organisations.

8.1.5 In respect to what number of VCOs there should be on the Island it is felt that this is an issue for market forces and should not be manipulated externally. This issue is addressed more fully later.

8.2 Employment within the Sector

8.2.1 In respect to employment within the sector there has been a rise of 10% over the six years from 1999. If this growth is related to the age of employing

VCOs (72% are over 10 years old) it can be suggested that there is a growing maturity which has led to greater stability of the employing organisations.

8.2.2 The growth in the numbers employed within the sector is interesting when viewed against a background of reduction in the grant funding available. Over the last three to four years there has been a significant decrease in the grant funding available. With the cessation of major regeneration grant funding programmes, such as Single Regeneration Budget, Rural Development Programme and Healthy Living Centres, the amount of funding support for VCOs has reduced. Coupled with the new focus, on Area Investment Framework and a narrower strategic focus it would be expected that some VCOs would have struggled. This is a point made in the IIG first joint paper in August 2004⁸. What is apparent is that the stability and strength within the sector has meant that it has weathered this immediate funding crisis. What remains to be seen is whether this continues.

8.2.3 Another change over the last six years has been the shift in balance between part-time and full-time employment. In 1999 there were twice as many part-time employees as full-time; in 2006 there is approximately the same number of full-time (48%) employees as part-time (52%). Again this indicates a growing stability to the sector.

8.2.4 In reviewing employment within the sector on the Isle of Wight, mention must be made of the professional nature of those employed. Whilst there are without doubt a significant number of project based workers the sector offers a number of specialist employment opportunities. Solicitors, teachers, counsellors, nurse specialists, musicians and health workers are all employed within the sector on the Island. The breadth of employment opportunity offered within the sector indicates that the sector is supporting or undertaking service delivery in a number of areas and is perceived as a real career option.

8.3 Volunteering

8.3.1 Volunteers are what sets the sector apart from the other sectors. Governance of the sector rests with volunteers, and on the Island over 2300 volunteers support the work of the sector.

⁸ Transition to Single Pot Funding, August 2004

- 8.3.2 At this stage in the development of MERLIN, organisations have reported a total of 2332 volunteers working 33,100 hours per years. Given that other VCOs, including the remaining charities, will also have volunteers working with them this figure is likely to be an underestimate. Given that the average number of Trustees per organisations is 4, if every registered charity on the Island has 4 volunteers then the total number of volunteers on the Island would be 5196. This guesstimate is comparable with the 1999 figures and so is probably still an under estimate given the number of as yet unidentified smaller community based groups.
- 8.3.3 In 2000 The British Chamber of Commerce New Earnings Survey established the average UK wage as £10.28 per hour. Using this figure, the annual monetary value of volunteering on the Isle of Wight could be in excess of £747,808, if the number of volunteers is around 5000.
- 8.3.4 In reviewing the nature of volunteering on the Island it is noted that for every man who volunteers there are 1.4 women. This tends to counter the perceived view that significantly more women than men volunteer.
- 8.3.5 Whilst governance is a key area of volunteering, the Island based VCOs offer a range of other volunteering opportunities from practical conservation work to volunteer drivers; this diversity of opportunity is another factor that sets the sector apart from others.
- 8.3.6 A common theme reported by senior officers was that volunteering across the sector is not effectively supported by the infrastructure bodies. It is felt that the Island volunteering bureau is not meeting the needs of the sector. As a result, volunteering opportunities are not co-ordinated and recruitment of volunteers is ad hoc and haphazard. Further, there is some evidence to suggest that the recruitment of young volunteers is not taking place.
- 8.3.6.1 To support the view that there is a lack of VCO infrastructure support for volunteering, responses to the question "*how do you recruit volunteers*" noted that word of mouth, advertising, poster campaigns and past clients were the best methods. Such recruitment methods indicate that the volunteer bureau is not providing volunteers to the sector in the way that the sector would like. This is an issue that has been developed within the IIG Infrastructure Development Plan and will need to be addressed.
- 8.3.7 Whilst considering volunteers, it is also noted that there is no formal opportunity for public sector volunteering opportunities. Whilst some VCOs

had offered and supported secondments from the public sector such opportunities were felt to be limited and the issue of public servants formally volunteering was recognised as a step that might help to alleviate the concerns of the statutory agencies. In addition such opportunities would help to develop greater understanding between the sectors and assist in establishing partnerships which would help to support the delivery of common work programmes such as the Local Area Agreement (LAA).

8.3.8 A further significant issue that will need to be addressed in respect to volunteers is that of governance. It was commonly felt that Trustees needed to be supported to discharge their responsibilities more effectively. A second theme that was identified by some was the possible conflict of interests with those Trustees who are Trustees of more than one organisation. What is apparent here is that there is a need for a greater pool of those willing to become Trustees.

8.3.8.1 The recently completed Trustee Good Governance training seminar hosted by the Isle of Wight Rural Community Council and support by the Charity Commission was seen as a good step and a welcome opportunity to raise the issue of governance.

8.4 Income and Expenditure

8.4.1 Whilst not all organisations were willing to divulge financial information, the results show that the annual income, for at least part of the sector, in the last financial year (2004/2005) was £7,238,557. In reality the income will be significantly higher than this given those who did not divulge information and the other as yet unidentified organisations.

8.4.2 What the income figures show is that since 1999 there has been a growth from £5 million to £7.2 million, in effect a £2.2 million or 44% growth.

8.4.2.1 Taking into account inflationary rises year on year the income for 2004/2005 should be £5,470,661 based on the 1999/2000 starting figure of £5million. If the difference between the inflationary adjusted figure and the actual figure is taken into account the growth in income between 1999 and 2005 is £1,857,895.

8.4.2.2 If this growth is considered in respect of new employment within the sector then each new job (43 between 1999 and 2005) has created wealth of £43,206 in the last financial year. Whilst this is an academic statistical

exercise, as the income to the sector is generated by all organisations and not just employing ones, it shows a growth beyond that which would be anticipated and the potential multiplier effect of new jobs within the sector – in effect the sector is good at taking a small amount of funding and turning it into substantially more.

8.4.3 In reviewing the financial information provided, it was reported that of the total income only 26% was funded income. 74% (£5,339,152) is reported as self generated.

8.4.3.1 The analysis of funded income by source indicates that statutory agencies, the Isle of Wight Council, the Isle of Wight Primary Care Trust and the Isle of Wight NHS Trust provide 39% of the funded income; this is just 9.88% of the total income. Moreover in considering the total funding provided by the statutory agencies (as above), central government and the Isle of Wight Economic Partnership totals 15.34%. These figures tend to indicate that the sector on the Island is not delivering a significant proportion of either public services or regeneration activity.

8.4.3.2 It is hoped that through mechanisms such as the LAA the sector will achieve a more significant role in public service and regeneration delivery.

8.4.4 In reviewing the self generated funding it is clear that the sector is capable to lever in substantial sums of funding. One of the benefits of working with sector is its ability to lever additional and further funding from a very small initial sum.

8.4.5 In considering the employing VCOs, one of the interesting areas is that of trading activity. Nearly half of the employing VCOs undertake some form of social enterprise activity or trading to generate surpluses that are then returned to support the work of the organisation. In analysing the results it is apparent that of those who undertake trading activities 45% derive more than half of their self generated income through trading.

8.4.5.1 Given the interest in the development of social enterprise as a method of working, it is clear that on the Island there is a good level of understanding and many organisations are already seeing the benefits of working this way. What is also clear is that many of these success stories remain hidden. It is suggested that drawing this group of social enterprises together and celebrating their success and learning from them would be a good next step.

- 8.4.6 The annual expenditure of the sector last year was £6,541,576 or 90% of income.
- 8.4.6.1 In supporting the local economy of the Island it is felt that it is reasonable to suggest that this expenditure will circulate at least once. If this is the case then the support to the local economy is around £13 million. This is close to the figure of £15 million estimated by the South East England Development Agency.
- 8.4.6.2 In reality it is highly probable that the sector's expenditure circulates more than once in the local economy so the impact will be far in excess of the original £6.5 million. This impact is one of the key drivers that should be noted when statutory partners consider letting services under contract to the sector.
- 8.4.6.3 Local labour, local employment and local spending, as well as locally rooted service delivery, are all very good reasons for statutory partners to work with the sector.

8.5 Workforce Development

- 8.5.1 In reviewing the skills development and training needs of all organisations IT, fundraising, business management, social enterprise support, volunteer recruitment, customer care, communication and governance were identified.
- 8.5.1.1 Most organisations reported that whilst they felt they had skills in the above areas they would like to acquire more. It is interest to note that this list is not dissimilar to that identified through the Skills Build 1 research.
- 8.5.2 In considering the employing organisations, it is evident that business and organisational development is a key skills need. Many organisations appear to recognise that to make the most of any opportunities, which may arise through the out-sourcing of public services to the sector for delivery, more robust business planning, which needs to be supported by skills acquisition, may be required.
- 8.5.2.1 Overall whilst the senior officers interviewed generally felt that across their organisations the skills base was good, they also recognised the need to improve this base in certain key areas. The top priorities were fundraising, business planning, marketing, social enterprise development, use of IT and diversity; again this list is not dissimilar to that identified through Skills Build 1.

- 8.5.3 A further issue that often arose in discussion with senior officers of the employing VCOs was that of facilities management. There are only a limited number of VCOs with dedicated facilities management. The lack of support and the ad hoc nature of dealing with the range of issues, from changing a light bulb to replacing toilet seats and drawing up licences and leases, means that facilities management training and possibly a consortia approach to delivering it across the sector should be considered.
- 8.5.4 In addition to the skills needs identified, VCOs also identified a number of monthly management tasks. Whilst this list does not necessarily suggest a skills gap or training need, there is some argument for considering all elements of this list in delivering any training around business development.
- 8.5.6 Senior officers also commented on the need for business development support that was on-going. It is all well and good undertaking training and acquiring skills, but what would be extremely valuable is the development of a long term relationship with business advisors/mentors over a period of time as the organisation develops and grows.
- 8.5.6.1 In this respect it is apparent that dialogue with Business Link and SEEDA needs to take place. It is argued that there has to be recognition of the role of employing VCOs as small or medium sized enterprises. In business planning and business development terms this is precisely what they are.
- 8.5.7 In considering how to meet the training needs of the sector, dialogue has commenced with a number of training providers. At this stage it is felt that a consortia approach to training delivery may be the most appropriate route to follow.
- 8.5.7.1 Discussion is taking place with a number of VCO training providers as well as the Isle of Wight College. This links this element of work back to the Voluntary Sectors Learning and Skills Network. At this stage, the aim is to develop a training programme that meets the needs identified through this research that can be delivered over the next year.
- 8.5.7.2 In order to ensure that the on-going workforce development needs of the sector are met there will be a need to collect information on a regular basis (at least annually) to inform the development of a training programme for the sector. It is felt that data collection through MERLIN will enable the development of this process. Annually all MERLIN entries need to be updated so that data about training needs will be captured annually.

8.5.7.3 The only outstanding issue in respect to capturing information about the sector is the on-going management and maintenance of MERLIN. It is critical that the database is properly maintained and further developed. To ensure that this takes place it will be necessary to consider and review the on-going resource implications.

8.6 The Sector's role in Public Service Delivery

8.6.1 It is apparent from the results that the sector is well paced to deliver services. In reviewing the areas of work and beneficiaries, VCOs work across the four key public service areas and work with all beneficiaries including the 'hard to reach'.

8.6.2 A significant factor in using VCOs to deliver public services must be the added value derived from how they come about; a local response to a local need.

8.6.3 It is clear that one of the significant issues that statutory partners, and indeed all funders, need to consider is the cost of working with the sector. Letting contracts to VCO's may in the short term cost more. Full cost recovery may mean that the cost of contracts with the sector is higher than those that could be let to the private sector. The benefits are however significant; local employment, local 'rooted in the community' delivery, and money expended by the sector circulating within the local economy more frequently than that expended by the private sector.

8.6.4 A significant issue that the sector will need to work to address with its statutory partners is the need for contracts that are fully costed. Acknowledgement that contracts would be let with recognition of the full costs of delivery is critical. There is a need for budgets for training and professional development and market costs for accommodation as well as true staff costs. To get to this point will require quality negotiation between all partners. A significant fear across the sector is that statutory agencies are looking to use the sector to deliver services as it is the cheap option.

8.6.5 Another issue raised across the sector is the need to ensure that all parties maintain good contract management. The Compact's funding and Procurement Code sets out the basis from which to operate. However, a common theme identified by those already delivering under contracts or

service level agreements was that current contract management arrangements were poor. Issues that were noted included:

- Lack of proper time for budget consultations
- Not knowing funding allocations before the beginning of the financial year
- Having to add to outputs and outcomes during delivery
- The need for standard contracts.

8.6.5.1 If VCOs are to deliver public services under contract than there is a need for a consistent approach to good quality contract management. It is suggested that under the terms of the Compact this is an issue that could be considered at this stage.

8.6.5.2 Where contracts are let there is a good argument for suggesting that they should carry training and skills based key performance indicators. This will help to alleviate the concerns that statutory agencies have in respect to capacity issues with the sector that may prevent delivery, whilst at the same time support the sector to up-skill its employees by meeting training needs and enabling on-going professional development.

8.7 Infrastructure Support

8.7.1 It is clear that frontline organisations spend a considerable amount of time each month on a variety of ‘back office’ functions, which if not completed would mean the end of the organisation.

8.7.2 Through the course of this research respondents have been asked if there is merit in considering a consortia approach to delivering these functions. Of those considered payroll, joint purchasing of resources, IT support and HR support are viewed as areas where such an approach could be of benefit.

8.7.2.1 At this stage there is a need to consider how best to work this issue through to a conclusion. There is merit in considering a number of options from a joint social enterprise to individual VCO’s supporting others in a particular area of expertise.

8.8 The Perceptions of the Statutory Sector

8.8.1 An issue for statutory partners are the number of organisations within the sector; there is a view that there are too many and that some form of rationalisation needs to take place. Whilst neither MERLIN nor Skills Build 2 addresses this issue directly, it is clear that some comment can be made.

- i. The majority of community and voluntary sector groups come about as a result of self help. They are derived and rooted within the communities they serve. They tend to come about in response to local need. To rationalise would mean that such need is neglected.
- ii. There is no indication that there is significant duplication of work being delivered. There are without doubts overlaps between organisations and it is also true that within individual communities across the Isle of Wight there are groups that are delivering the same work (for example the community associations and village halls).
- iii. In respect to service delivery it is clear that not every organisation is able or wants to deliver public services under contract. What is clear is that there are number of organisations who are capable and do want to, and that these organisations are well equipped to work with and support those who do not want to.

In short the sector provides better value for money as well as delivering a range of strategic added value aims.

9. Conclusions

9.1 General Conclusions

9.1.1 It is clear that the Isle of Wight's voluntary and community sector, in so far as it is revealed by this study, is in good health. Since the last review of the sector in 1999:

- i. The income to the sector has risen despite a general decrease in the amount of grant funding available.
- ii. The number of people employed within the sector has increased with a growing number of full-time employees.
- iii. The number of employing VCOs who have been working from more than 10 years has increased; suggesting a maturity and stability to the sector on the Island.
- iv. The amount of social enterprise activity has grown and looks set to continue to grow.

9.1.2 Whilst the sector is in good health there are a number of issues facing it at this time:

- i. Sustainable finance remains an issue. The decrease in grant funding remains a threat to the sector. However, to counter this threat, public service delivery under contract clearly presents an opportunity.
- ii. Whilst in general terms there is a strong skills base across the sector, there are a number of skills deficits and training needs that need to be met to both allow continued growth and support organisations to deliver public services under contract.
- iii. The relationship with statutory partners does not appear to be as constructive as would be hoped for, although it is clear that significant opportunities for partnership work exist.

9.2 Workforce Development

9.2.1 The research has identified a number of skills gaps and training needs that need to be met. Moreover, through the on-going development of the MERLIN database there is an opportunity to continue to understand the workforce development needs of the sector on the Island.

9.2.2 It is clear that there are two issues that arise from the identification of the current workforce development needs and those that will be identified in the future:

- i. The immediate training needs must be met. Work has already commenced on further consortium based working to meet these needs. At this stage initial discussions have taken place with a number of sector based providers including Learning Links (Southern) and the Riverside Centre and the Isle of Wight College (it is to be noted that Island Volunteers have been asked to comment but as yet have not done so). The aim is to bring these, and if necessary other, organisations together to collectively meet the training needs of the sector. It is felt that where possible it would be preferable to use the skills within the sector but it is recognised that some of the training needs identified, particularly in the case of back office management functions, may require the input of a mainstream training provider.
- ii. If the workforce development needs of the sector are to be identified year on year than it is critical that the MERLIN database is maintained and developed. An aim for the IIG over the next year will be to capture evidence from all of the registered charities on the Island and analyse this through MERLIN. Longer term the aim must be to capture evidence from as many of the VCOs on the Island as exist. To undertake such data collection and to annually update the data already collected has resource implications that will need to be met.

9.3 Responding to our Statutory Partners concerns

9.3.1 In seeking to develop the work of the ChangeUp framework across statutory partners, the IIG have been advised by statutory partners that they would like a “brokerage” model for contracting through a single VCO agency. However, they do have concerns about the number of VCOs on the Island and the possibility of duplication of work areas, and are concerned about the “capacity” within VCOs and how this might prevent contracting with VCOs.

9.3.2 The evidence gathered through this research suggests that the sector is in good health.

- i. Among the employing VCOs there is a maturity and stability which is allowing a slight organisational growth. In respect to capacity there are

some workforce development needs within these organisations that need to be met but there do not appear to be significant capacity issues that would prevent many of these organisations delivering work under contract.

- ii. That so many organisations exist (and as yet the true number remains to be identified) is testimony to the fact that they are needed. VCO's come about as a result of local people seeking ways to meet their needs. Organisations and groups will therefore come and go as local needs change. This suggests that the numbers of VCOs on the Isle of Wight should not give cause for concern.
- iii. The research shows no evidence of duplication of work areas. There are similarities but most organisations appear to be working to meet different needs or meet needs differently; this is probably without doubt the reason for the diversity within the sector.

9.4 Funding and Public Service Delivery

9.4.1 It is clear that funding, and the general reduction of grant funding, is a key concern for the sector. Whilst the social enterprise movement and possibilities offered by delivering public services are exciting, the sector is concerned about how such possibilities will become realities.

9.4.2 It is clear that there will only be a limited number of services that public sector partners will be able to let under contract to the sector. Given the concerns raised by statutory partners, it is clear that they are worried that they are being asked to fund the whole of the sector; central government is urging more public service delivery though the sector whilst at the same time the amount of grant funding is diminishing. Given this apparent dilemma it obvious why public sector partners are asking if there are too many VCOs on the Island and if there is considerable duplication. What is actually needed here is the development of a sustainable 'funding' model which supports the sector.

9.4.3 In considering how such a model might look the following should be noted:

- i. Not every VCO is seeking to deliver services under contract. A significant number do not want to do this and do not have the capacity.

- ii. There are a number of organisations who are capable, with infrastructure support, of generating funds through trading activities, thereby effectively removing them from the need for statutory sector support.
- iii. There is growing recognition of the value of consortia working. VCOs are beginning to support one another's back office functions thereby reducing their own core costs and effectively making themselves more sustainable.
- iv. There are a number of organisations who are capable and have the capacity to deliver services under contract and who recognise the need to support and nurture other VCOs. These VCOs use their premises to support other VCOs at no cost, helping with organisational and business development and generally supporting their work. They are not true infrastructure VCOs, but rather 'community anchor points' where collections of smaller VCOs can work within a 'safe harbour'; the Island has a number of examples. This way of working appears to be one that other VCOs would like to adopt.

9.4.4. In considering the value of using the sector to deliver public services it is clear that two factors should be considered:

- i. Letting contracts to VCO's may in the short term cost more. Full cost recovery may mean that the cost of contracts with the sector is higher than those that could be let to the private sector.
- ii. The benefits are however significant; local employment, local 'rooted in the community' delivery, and money expended by the sector circulating within the local economy more frequently than that expended by the private sector.

9.4.5 Lastly, it is noted that the issue of capacity is difficult to define. It can encompass concrete concerns, such as whether VCOs have training and monitoring systems; but it can also explain a reluctance on the part of public sector partners to do things differently from how they have done them in the past. Now is the time for both sectors to put fear and the past to one side and to really work together for the collective good of the Island community.