



# Counting the Cost Measuring the Value

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Updated State of the Sector Report  
Executive Summary

## **October 2012**



## Forward

As the public sector looks for future cost savings and tries to balance a shrinking budget, it's important to acknowledge the value of services that the voluntary and community sector (VCS) provides, and to recognize the strength and resilience of the sector in Northamptonshire.

With the new statutory duty imposed on public sector commissioners by the Public Services (Social Value) Act 2012, which states that from next year they must take into account the social impact of services, it seemed the right time to demonstrate how that social impact can be measured and given monetary value. This report shows that investment in the VCS does provide value for money and in many cases will provide useful solutions to problems in Health and Social care.

Although many of the figures refer to 2010-11 (because they have been the accounts available for us to work with), they demonstrate something of the resilience of the voluntary sector. However we are aware that some granting arrangements have ended, and that the level of uncertainty about future funding has grown with the prospects of even deeper cuts to local government spending than anticipated when this report was first drafted.

The VCS in Northamptonshire, already shows signs of working in an enterprising way, uses both traditional fundraising methods and attracts contracts from outside the area as well as finding new ways of earning its own income.

This report also demonstrates something of the need for collaborative working across sectors, using our links with Northampton University to help deliver some of the research highlighted here.

The VCS continues to marry up values found in the public and private sector, of public service and enterprising spirit for social return. As the Chief Executive of Northampton Volunteering Centre I commend this report to you.

Dominic McClean  
Chief Executive  
Northampton Volunteering Centre  
NVC Northants

## Executive Summary

This report presents a tripartite picture of the state of the voluntary and community sector in Northamptonshire for the year 2010 /11.

The first section looks in detail at the principle of added social value: what it is, how to measure it, what evidence there is for added social value in five areas of VCS activity in the county and how we can begin to calculate it.

The second section gives an update of last year's report of statistics for the sector. Here we present an overview of the VCS from a local infrastructure perspective, as well as an assessment of the value added by local infrastructure.

The third section reports the findings from an original piece of research commissioned by NVC Northants to look in particular detail at a random group of charities in the county, investigating their annual returns from the Charity Commission's website. This gives a snapshot of the current financial state of the sector in the county.

Taken together, a picture begins to emerge of a robust, dynamic and flexible voluntary and community sector that delivers extraordinary added social value in the middle of the deepest financial crisis in living memory.

## Introduction

The economic recession that began in 2008 has had a marked impact on the voluntary and community sector. NCVO's 2010 report "Counting the Cuts" highlighted the impact public sector cuts have had and will continue to have for the next few years. Key findings include that the VCS will lose around £911 million in public funding by 2015-16 and that cumulatively the sector stands to lose £2.8 billion over the spending review period (2011-2016). It found that there is also significant variance in the way different parts of government and local authorities are implementing cuts.

Alongside this are the findings of the key government-commissioned review chaired by Sir Michael Marmot which was asked to propose the most effective evidence-based strategies for reducing health inequalities in England. The detailed Marmot Review report contains many important findings, including that health inequalities arise from a complex interaction of many factors - housing, income, education, social isolation, disability - all of which are strongly affected by one's economic and social status and that these health inequalities are largely preventable.

The report makes the case that not only is there a strong social justice case for addressing health inequalities, there is also a pressing economic case. The review estimates that the annual cost of health inequalities is between £36 billion to £40 billion through lost taxes, welfare payments and costs to the NHS.

The severity of the current economic crisis and the conclusions of the Marmot review, particularly the massive losses to the Exchequer and spiralling NHS costs mean that increasingly VCS organisations need to be able to demonstrate their social value.

Social value implies that an organisation needs to look at the full extent of its social, environmental and economic impacts (intended and unintended, positive or negative). It is becoming clear that the

VCS needs to be able to prove its worth economically across the spectrum of health and social determinants.

## **Section 1: Social Value and the Voluntary and Community Sector**

The first part of this report provides a start to that process locally. Hard evidence of demonstrable social value is currently scarce in the county but by looking at five categories of VCS activity and researching evidence both nationally and locally we have come to some conclusions about the potential added social value service providers in each category might make.

The five categories we considered are:

- Vulnerable Children and Families
- Older People
- Mental Health
- Carers
- Community Transport

### **Measuring social value**

Measuring social value is, in theory, an attempt to measure what is 'valued' by different stakeholders and monetising that value.

The range of tools and approaches developed to demonstrate social value is daunting. In 2005 Nef (New Economics Foundation) conducted a study and concluded that there were 22 separate models for measuring social value being developed or in use. The most well-known approach is "Social Return on Investment" (SROI). SROI can be used both for evaluating what has been done and for estimating or forecasting potential value created. However this form of measurement has several different versions and is a complex and resource-intensive process.

A full SROI analysis involves stakeholders in understanding how change happens and what is to be 'valued'; it also incorporates outcome measurement and strongly supports external verification of results. This model also includes an 'SROI ratio'. What this means is that monetary values are assigned to as many outcomes as possible (including public money saved where appropriate). These monetary values are then summed and divided by the amount of the resources used or initial investment.

There is only one example in this report of a complete SROI analysis completed locally: Northamptonshire's Family Intervention Project. The social value for the other service areas are estimates only, based on national and local evidence. In the case of community transport, evidence was taken from an SROI analysis completed on similar services in Derbyshire.

## **Vulnerable Children and Families**

The countywide Family Intervention Project works with some of the county's most vulnerable families all of whom have multiple issues: drug and alcohol abuse, anti-social behaviour, domestic violence, being at risk of homelessness and children at risk of being taken into care. The FIP team provides intensive, targeted support to the whole family with the aim of treating both causes and effects.

The project carried out an extensive SROI (Social Return on Investment) assessment and published its findings in September 2010.

The activities they evaluated occurred between September 2009 and August 2010. The investment in the FIP over the period of the activities considered by this analysis was £304,108 (based on figures from 2009/10 and 2010/11 budgets).

This analysis estimated that for every £1 invested in Northamptonshire FIP activities, the likely social value created is about £4.

On the basis that the financial investment in the service during the period of analysis was £304,108 a £1:£4 social benefit would return a value of £1,216,432.

## **Older People and Vulnerable Adults**

The Partnership for Older People Projects (POPP), funded by the Department of Health from May 2006 through to March 2009, was a national pilot project designed to develop services for older people aimed at promoting their health, well-being and independence and preventing or delaying their need for higher intensity or institutional care. The projects were fully evaluated and a final report published in 2009.

A key finding was that the reduction in hospital emergency bed days resulted in considerable savings, to the extent that for every extra £1 spent on the POPP services, there has been approximately a £1.20 additional benefit in savings on emergency bed days.

Northamptonshire was not included in the original POPP pilot, however there are numerous schemes in existence across the county that are similar to the POPP schemes. These include "community facing" schemes such as luncheon clubs run by faith groups and small village organisations that operate "beneath the radar" as well as "hospital facing" schemes designed specifically to challenge social exclusion and either improve their discharge from hospital or prevent older people from entering hospital in the first place.

One scheme that has been evaluated to assess its additional benefit is the hospital discharge and aftercare service provided by Serve in Rushden.

By facilitating hospital discharge through a specifically created rapid response team and providing advice and advocacy for self-funding patients, Serve doubled its outcomes during 2010 and saved the NHS £900,000 through the number of bed days saved.

A project from the other side of the spectrum as well as the other side of county is the Brushes and Spades project, a five year Big Lottery funded project run by Daventry Volunteer Centre. Here the emphasis is not just on older people but includes improving the lives of other potentially vulnerable

adults. Volunteers work together as a team to provide a gardening, decorating and small DIY service to elderly or disabled people who have no other help for these tasks. On the basis of the POPP findings this project could be saving the NHS on average £112,294 on emergency bed days for each year of its five-year lifespan.

Similarly the Age Span project run by Northampton Volunteering Centre has volunteers with a variety of extra support needs working alongside volunteers from the wider community to undertake gardening work for older and disabled service users.

The total income for the year 2010 /11 for Age Span amounted to £53,515. Using the POPP findings the additional savings benefit would come to approximately £64,218 for the year.

Together these three relatively low-tech projects save the NHS £1,076,512 per annum in bed days.

## **Mental Health**

In their report “No Health without Public Mental Health”<sup>1</sup> the Royal College of Psychiatrists states that without doubt mental health is a major yet seriously overlooked public health issue. They report that mental illness is the largest single source of burden of disease in the UK.

The same report goes on to say that mental health problems have not only a human and social cost, but also an economic one, with wider costs in England amounting to £105.2 billion a year.

Mental illness is the single largest cost to the National Health Service. In 2007, service costs in England, which include the NHS, social and informal care, amounted to £22.5 billion and these costs are projected to increase by 45%, to £32.6 billion by 2026<sup>2</sup>.

Mental health underpins our overall health. Rates of depression are double in those with diabetes, hypertension, coronary artery disease and heart failure, and triple in end-stage renal failure, chronic obstructive pulmonary disease and cerebrovascular disease. The prevalence of depression among those with two or more chronic physical conditions is almost 7 times higher compared with healthy controls. Physical illness can have profound social and emotional consequences and can result in mental health problems which impede recovery from the physical illness and increase mortality rates<sup>3</sup>.

Public sector services, including the NHS, are facing severe contractions in their finances with an estimated £15–20 billion of real-term cuts likely in the 3 years from 2011. At the same time costs of mental illness will double in real terms over the next 20 years and it is also expected that demand for health and mental health services will increase as a result of unemployment, personal debt, home repossession, offending and other forms of ‘economic fallout’.

The Royal College of Psychiatrists’ report concludes that mental health promotion and mental disorder prevention can be effective strategies to reduce the burden of mental disorders, and can bring about health, as well as social and economic development. Economic savings can result across a wide range of areas in both the short and longer term. They report on a growing evidence base

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<sup>1</sup> “No Health without Public Mental Health” Royal College of Psychiatrists Position Statement 2010

<sup>2</sup> Ibid pg 19

<sup>3</sup> Ibid pg 21

that demonstrates the cost-effectiveness of investing in mental health promotion, prevention and early intervention strategies.

All the examples of social value contained within this report either show specific benefits for mental health (eg. emotional support for carers, the work of the Family Intervention Project) or have the potential to demonstrate improved mental health outcomes from the services they provide. One of the most focussed ways to demonstrate improved mental health outcomes is through counselling.

A third sector partnership of counselling services in Hertfordshire undertook an action research project to investigate the economic value of early and preventative mental health interventions using a new evaluation tool, the SESI (Socio-Economic Spreadsheet Instrument). The aim was to discover the economic value of counselling both in terms of benefits to the client, and in terms of the benefits to society as a whole, which result in savings made to the public purse. These benefits were calculated as the value of the counselling over a period of 12 months.

What they discovered was that programmes of counselling had a value over 12 months of at least £4,800 per client.

The latest version of the JSNA tells us that in 2010/11 there were 76,467 patients aged 18+ registered with their GP for depression in Northamptonshire, which equates to approximately 1 in 9 adults. With such a significant number of people seeking medical help for mental health issues, the cost to both the NHS and wider society in the county will be considerable.

The Manna House Counselling Service, based in Northampton town centre offer a generalist counselling service across all ages.

In 2010 / 11 the service took 240 referrals, an increase of 20% on the previous year. They undertook a total of 2,800 counselling sessions, which equates to 11.75 sessions per client. Based on the findings from Hertfordshire (ie. that counselling has a value of at least £4,800 per client over a 12 month period) the value of this service alone which saw just 240 last year could be around £1,152,000. The total investment into the project for the year from local council grants, donations and legacies and a grant from the Dept of Health was £103,405.

## Carers

Carers UK together with the University of Leeds have produced an updated report on the value of caring in the UK<sup>4</sup>. The report states that there are over six million carers, family, friends and neighbours who provide unpaid care to someone who is ill, frail or disabled in the UK.

Northamptonshire Carers who provide support services for carers across the county estimates that the county has approximately 60,000 adult carers and 5 - 6,000 young carers aged 5-18 who provide unpaid care for one or more people with mental or physical ill health. In line with an ageing population, that number is forecast to grow. Evidence suggests that in the last ten years the county has seen a 16% increase in the number of carers against the national average of 10%.<sup>5</sup>

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<sup>4</sup> Report "Valuing Carers 2011: Calculating the value of carers' support"

<sup>5</sup> 2008 based sub national population estimates, ONS

The Carers UK report estimates that the economic value of the contribution made by carers in the UK is a remarkable £119 billion per year, considerably more than the annual cost of all aspects of the NHS - £98.8 billion – in the year 2009-2010. This is equivalent to £18,473 for every carer in the UK<sup>6</sup>.

Based on unit cost replacement taken as £18 per hour (official estimate of providing care home support to an adult) the economic value of the contribution made by carers in Northamptonshire has been calculated as £1,150 million<sup>7</sup>.

National research has found that carers who do not feel prepared or sufficiently supported are one of the causes of delayed discharge. There were 13,981 days of delayed transfer of care in Northamptonshire (2010/11) attributable to the NHS and the national tariff cost of the average excess bed day is £231, giving an approximate additional cost of £3,229,611.

## Community Transport

CT is an interesting case as regards social value as it demonstrates clear benefits to users yet it throws up particular difficulties in assessing the value it creates in monetary terms. However evaluation studies have been done on CT schemes in Scotland and Derbyshire that provide substantial evidence for considerable social return on investment for community transport.

In 2010 Links CVS (the Council for Voluntary Service for Chesterfield and North East Derbyshire) were commissioned by CT4TC (Community Transport for Town and Country) and Bakewell and Eyam Community Transport (BECT) to undertake a Social Return on Investment analysis. The aim of the study was to identify and evidence the social value community transport services bring to the areas of benefit. The report concludes that “on the basis of a limited range of stakeholders, over the year 2010 we more than tripled investment .....for every £1 invested in our Community Transport services we created another £3.20 social value”<sup>8</sup>.

No such evaluation of CT schemes has been undertaken in this county. However, the picture in this county is similar to the example cited above.

Northamptonshire ACRE has a record of 22 community transport schemes and ‘door to door’ organisations who transport elderly and vulnerable residents of the county to both medical and social appointments across the county. Northamptonshire CT schemes together make over 270,000 trips each year. In 2010 Northampton Volunteer Car Scheme alone carried out over 13,500 journeys covering nearly 121,500 miles, all with volunteer drivers.

If we take Northampton Volunteer Car Scheme as a representative example of a scheme, their total combined income for 2011 /12 was £44,498. Using the Derbyshire finding that for every £1 invested they created another £3.20 in social value, the scheme’s social value contribution would amount to £142,393.60pa.

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<sup>6</sup> Report “Valuing Carers 2011:Calculating the value of carers’ support” pg 2

<sup>7</sup> Ibid pg 9

<sup>8</sup> Community Transport for Town and County and Bakewell & Eyam Community Transport Report “Measuring the Difference we make to communities in Derbyshire” produced by Links CVS 2011



By employing the same ratio across the county, we could say that the £159,000 pa currently invested by Northamptonshire County Council in CT schemes countywide nets a further £508,800 pa in social value.

## Local Findings

- For a combined investment of £452,011, the three service providers mentioned here for children and young people, mental health and community transport together could produce added social value worth £2,510,825 pa.
- The £159,000 pa currently invested by Northamptonshire County Council in CT schemes countywide could be netting a further £508,800 pa in social value.
- One local “hospital facing” POPP scheme has saved the NHS £900,000 through the number of bed days saved.
- The two local “community facing” POPP schemes mentioned here whose combined income amounts to £147,093 pa could together be saving the NHS an additional £176,512 pa on emergency bed days. There are numerous such schemes in and around the county.
- The economic value of the contribution made by carers alone in Northamptonshire has been calculated as £1,150 million pa.
- Using local monitoring data, Northamptonshire Carers reported that 44% of carers with significant need said they were less likely to use nursing or residential care at £27k p.a. This equates to a potential cost avoidance for commissioners of £5.8m.

## Section 2: Profile of Northamptonshire Voluntary and Community Sector

Local Infrastructure Organisation	Number of groups		Estimated percentage of groups registered as small unincorporated associations		Number of BME groups
	2010/11	2011/12	2010/11	2011/12	2011/12
Corby VCS	450	318	85	60	9
Nene Valley Community Action	360	496	50	50	26
Kettering Voluntary Network	340	270	50	50	12
Northampton Volunteering Centre	600	750	65	65	93
South Northants Volunteer Bureau	420	669	90	90	2
Daventry Volunteer Centre	200	200	75	75	9

Table 1: description of voluntary and community sector groups in Northamptonshire

Table 1 gives a description of the numbers of groups that Local Infrastructure Organisations (LIOs) have recorded on their databases in 2010/11 and 2011/12. Many of these groups will have an interest in more than one district so will be registered with more than one LIO, resulting in considerable overlap between the databases. Simply adding together the number of database

entries for each LIO would not, therefore, give a reliable figure for the number of VCS groups in the county, but it was estimated last year that there are around 2500 groups in existence in the county.

When making a comparison between the figures for 2010/11 and 2011/12, it should be borne in mind that the LIOs have installed a new database system in the last year which could have had variable effects on the numbers of registered groups. However it can be stated with confidence that the total number of registrations on Northamptonshire LIO databases increased by 14% from 2010/11 to 2011/12.

## **BME activity**

The number of black and minority ethnic (BME) groups has been recorded for the first time in 2011/12. The new database allows for a flag to be set to identify BME groups so it will be possible to report these figures with increasing confidence as the databases become established.

There is very little further that we can say with any accuracy about BAME activity in the voluntary sector at this time. In July 2011 Northamptonshire County Council commissioned Seascope Consultancy to complete a needs assessment and engage in development work regarding the specialist needs of Black and Minority Ethnic (BME) and New and Emerging Communities in Northamptonshire. Their report is due in December 2012 and from that we hope to gain a greater understanding of BME activity in the sector.

However, their initial findings around partnership working between BAME groups and local infrastructure organisations are encouraging. The following are quotes gathered by Seascope from BAME groups asked about their engagement with LIOs:

- *'Generally work well with our partners and there is a desire to engage from all parties'*
- *'Partnership working is very good'*
- *'We have very good partnerships and looking to build these further'*
- *'It's a good two way process'*

## **Social Enterprise in Northamptonshire<sup>9</sup>**

Social enterprises are businesses that trade for a social and/or environmental purpose with the profits being reinvested to further the aims rather than being distributed to shareholders (other than at levels limited to secure investment).

There is no definitive figure for the total numbers of social enterprises in Northamptonshire. One of the difficulties of mapping the sector is the fact that social enterprises adopt a variety of legal forms and may well not call themselves social enterprises.

Table 2 below gives an indication of social enterprise activity across the districts as recorded by Enterprise Solutions Northamptonshire.

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<sup>9</sup> Information provided by Enterprise Solutions Northamptonshire September 2012

District	Nos. of Social Enterprises
	2012
Corby	48
Daventry	22
East Northants	16
Kettering	46
Northampton	163
South Northants	10
Wellingborough	41
<b>Total</b>	<b>346</b>

Table2: Social enterprise activity in Northamptonshire

Capacity to support social enterprise in Northamptonshire is limited but the county has a dedicated co-operative and social enterprise development agency that trades as Enterprise Solutions Northamptonshire. The University of Northampton has a growing national and international reputation as an expert in social enterprise with the first undergraduate degree in the country as well as a post graduate degree in social enterprise and a commitment to social enterprise research and development. There are also national and regional players including Pro Help (pro bono professional advice from Business in the Community) Co-operatives UK, The Co-operative Enterprise Hub and Locality. These are strong bases to build upon to assist in the further development of social enterprise in the county.

### Local Authority expenditure on the Voluntary and Community Sector

NVC Northants undertook an exercise to ascertain the amount of expenditure the seven local boroughs and districts and the county council had committed to the voluntary and community sector during the last three years. The results presented to us are set out in Tables 3a and 3b.

Council	Financial year		
	2009/10	2010/11	2011/12
Corby	£267,076.00	£254,600.00	£242,131.00
Daventry	£235,598.42	£225,212.42	£224,814.42
East Northants	£293,564.00	£320,393.00	£93,267.00
Kettering	£268,341.00	£262,985.00	£262,985.00
Northampton	£600,000.00	£600,000.00	£577,500.00
South Northants	£274,889.50	£265,783.28	£47,325.00
Wellingborough	£300,146.50	£266,245.00	£271,795.00
<b>Total</b>	<b>£2,239,615.42</b>	<b>£2,195,218.70</b>	<b>£1,719,817.42</b>

Table 3a: District and Borough Council expenditure on the VCS in Northants

Table 3a shows that all seven district and borough councils spent less on the VCS in 2011/12 than they did in 2009/10, with the total amount having decreased by 23% during that time. However, these figures should be treated with a degree of caution as there is evidence that the councils used different criteria for responding to our enquiries which would make it unwise to make direct comparisons between councils. There were also apparent variations in accounting or reporting

procedures within councils from year to year; for example a large drop in 2011/12 in the total for East Northamptonshire Council is accounted for partly by re-allocation of funds, although fund closure also had a major influence. There was also a steep drop in 2011/12 in the amount reported by South Northants Council, but it is possible that this is due to incomplete reporting for 2011/12.

Perhaps the most surprising discontinuity in the data can be seen in the Northamptonshire County Council figures in table 3b, below where the amount spent on the VCS jumped from £1.91 million in 2009/10 to £31.2 million in 2010/11, before sliding back to £25.6 million in 2011/12. A more detailed analysis reveals increased spending from 09/10 to 10/11 on various children's and youth services, prevention commissioning, HASS, supporting people, skills and employability, community partnerships and cultural services which would go some way to explain the stark difference in spending between 09/10 and 10/11. However it would seem that there was a very significant change in reporting procedures after the end of the 2009/10 financial year that would account for the disparity in figures. It is only possible to attempt a comparison between 10/11 and 11/12 and there was a drop of 18% in that time.

Council	Financial year		
	2009/10	2010/11	2011/12
Northamptonshire CC	£1,907,722.00	£31,226,113.00	£25,599,913.00

Table 3b: Northamptonshire County Council expenditure on the VCS

## Local Infrastructure support to the VCS

A small part of local authority funding is allocated to infrastructure support for the VCS. A paper submitted to Cabinet in May 2011 quoted the figure at £410,000 per year<sup>10</sup>, which is allocated to four local infrastructure contracts covering six LIOs across the county plus the countywide infrastructure contract, currently held by NVC Northants.

Local Infrastructure Organisations (LIOs) provide services to support the VCS at district and borough level in terms of:

- VCS development support– assisting local voluntary organisations and community groups to function more effectively and deliver quality services through improved governance, funding advice and planning support
- Representation - enabling the diverse views of the sector to be represented and supporting structures which promote effective cross-sector partnership working.
- Strategic partnership work – helping to ensure the sector is an integral part of local planning and policy making.
- Volunteering - ensuring the sector has access to volunteers to support their work, advice on how to manage volunteers effectively, as well as engaging the wider community in volunteering work
- Liaison – facilitating effective communication, networking and collaboration amongst local voluntary organisations and community groups.
- Wider community development– supporting the identification of needs in the local community and facilitating improvements in service provision to meet those needs.

<sup>10</sup> NCC Cabinet Paper Item 11 appendix 6: "Prevention services to be commissioned on a countywide basis"

In addition, Northamptonshire has the Countywide Infrastructure Organisation (CIO) which provides strategic support to the four LIO contracts across the county. It provides leadership to the sector as a whole and promotes the value and work of the VCS at the local, regional and national levels.

The CIO provides communications channels between the voluntary and public sectors in Northamptonshire, holding knowledge and data held by the sector to support policy and decision making across all sectors, including health through its work with Nene Commissioning.

As a result of this work, VCS organisations in Northamptonshire are better able to shape and influence the policy and planning processes of NCC and its partners. Sector representatives are identified and supported to become effective and influential representatives of the sector on the boards and related groups of public sector partnerships. The CIO informs sector organisations of changes to legislation, local, regional and national policy and of the changing priorities and requirements of funding partners. Finally, it supports the development of the VCS Countywide Forum, now becoming a key 'mouthpiece' for the sector.

### **Assessing the value of infrastructure support**

Assessing the value of local infrastructure support and the added value it brings to the sector has always been a difficult subject to tackle. One LIO in the North West, Halton & St Helens VCA, has tackled this issue head on and come up with some interesting conclusions. They undertook a three year research project to test the following hypothesis: " We feel that groups who use our support services and take a systematic approach to their development progress further than both groups who do not use us, and further than groups who are not systematic in their approach to development".

The headline findings from the study reported in 2011<sup>11</sup> are striking:

- The organisations in the study developed confidence, self-esteem and skills over time through the strong support of St Helens CVS.
- There was a marked increase in confidence in working with others and creating partnerships with other organisations. Any knowledge gaps were filled with advice and support from the CVS.
- There was an increase in networking with other organisations which St Helens CVS helped to facilitate.
- The importance of training all levels of workers in the organisation was seen as essential – consistently, the role played by the CVS was seen as crucial to facilitating this.
- Year on year the key issue was that the CVS was consistently making a difference to the infrastructural sustainability of the organisations.

So in summary groups grew in the confidence required to become more involved with forms of support from sources other than the CVS; namely networks, partnerships and other training providers – they showed a move from less dependence towards more independence.

This is an important finding as it is vital that groups "outgrow" intensive support. As groups become more confident and effective at self-managed development they free up LIO capacity to nurture the foundation of new groups and to focus upon established groups undergoing a major change or facing crisis.

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<sup>11</sup> "Inside the Black Box: Discovering what really works" Halton & St Helens Voluntary and Community Action

All the local infrastructure organisations in Northamptonshire provide exactly the same kind of services to frontline organisations as Halton Voluntary Action , therefore it is reasonable to suggest that the same conclusions can be made for the value of infrastructure here.

Furthermore, evidence gathered from the LIOs for this report shows how that added value can be measured financially. Table 4 below shows the levels of funding local groups and organisations in Northamptonshire have been able to attract through the support of their local infrastructure organisations.

LIO	Funds raised by groups with support of LIO (2010/11)
Corby VCS	£161,280.00
Nene Valley Community Action	£300,000.00
Kettering Voluntary Network	£210,000.00
Northampton Volunteering Centre	£211,706.00
South Northants Volunteer Bureau and Daventry Volunteer Centre	£1,087,000.00
<b>Total</b>	<b>£1,969,986.00</b>

Table 4: funds raised by groups with the support of their LIOs in 2010/11

From these figures it can be argued that the county council’s investment of £410,000 has made a return of £1,969,986 during the year; a return of £4.80 on every £1 invested.

### **The Economic Value of Volunteering**

The social value of volunteering is widely recognised and promoted, but its economic value is often overlooked. The same paper submitted to Cabinet last May<sup>12</sup> suggested that the county council’s current investment could make returns over £3m of work.

Table 5 below gives details of the volunteering enquiries the LIOs dealt with during the year:

<sup>12</sup> Ibid

	Volunteering enquiries	
	2010/11	2011/12
Corby VCS	202	158
Nene Valley Community Action	567	676
Kettering Voluntary Network	790	811
Northampton Volunteering Centre	1655	1914
South Northants Volunteer Bureau	540	697
Daventry Volunteer Bureau	587	673
<b>Total</b>	<b>4341</b>	<b>4929</b>

Table 5: volunteering enquiries received by LIOs

It shows that the LIOs have continued to receive many enquiries from potential volunteers. Five of the six LIOs saw a clear increase in enquiries from 2010/11 to 2011/12, with the total number of enquiries across the county increasing by 13.5% during this period.

## Charity Registrations

	No. of Registered Charities in Northants	Total Income	Total Expenditure
2009/10 <sup>13</sup>	1415	£144,680,000	£146,906,000
2010/11	1453	£146,729,554	£139,720,819

Table 6: number of registered charities in Northamptonshire and their total income and expenditure in financial years 2009/10 and 2010/11. Source: Charity Financials

Table 6 shows that there was a slight increase in the total income for Northamptonshire registered charities from 2009/10 to 2010/11 and the number of registered charities in the county also increased by 38 during this time. In contrast, total Northamptonshire charity expenditure fell by over £7 million during the same period. Analysis of the 2009/10 figures shows that there was an

<sup>13</sup> The figures for total income and expenditure for 2009/10 given here differ marginally from the figures quoted for the same period in last year's 'Across the county, across the sector' report due to the inadvertent duplication of a small number of entries in the spreadsheet used for last year's analysis. This resulted in the publication of income and expenditure figures that were inflated by a little over 1%. This did not affect the conclusions drawn in last year's report and the data were corrected before this year's analysis.

excess of expenditure over income of over £2.2 million, but by 2010/11 income exceeded expenditure by over £7 million.

However, these figures must be treated with caution. 60% of charities registered in the county have an income of over £500,000. What follows in the third part of this report is an examination of the finances of a sample of small to medium sized charities, which make up the other 40%; these are the charities that meet the needs of communities at the most local level and are most at risk during this economic downturn.

### **Section 3: Researching the financial stability of the charitable sector within the county**

NVC Northants commissioned a PhD student from the University of Northampton to interrogate the published accounts of a random sample of 60 charities derived from a population of small and medium sized charities across the seven districts in Northamptonshire. The annual reports that these charities submitted to the Charity Commission were analysed with regard to a number of questions:

- Who are the main providers of grant income in the county?
- What proportion of income is grant funded and what proportion comes from other sources e.g. trading, memberships, donations, income in kind etc.?
- What level of reserves do organisations operate at?
- What assets do charities have and how do they use them?
- How many staff / volunteers do they work with?
- If possible, how many people benefited from the service in the year
- What evidence is there of strategic thinking for the longer term, particularly in light of economic circumstances?
- What else of interest is there that would help to build a picture of how charities were operating in the year 2010 /11?

### **Research Findings**

The results show that overall in the last four years income has increased 13.03% for the sample; year on year the largest increase was between 2009/10 and a small decrease was seen in 2008/09 (0.03%). This suggests that there was slight effect of the economic downturn in 2009, but that in the following year charities had accommodated and adapted to the financial and economic situation that they found themselves in and revenue was increased.

Expenditure has shown year on year increases; overall expenditure has increased more than income in the four years covered (21.15%).

Grant funding provided the highest percentage of the overall income. Forty-five organisations provided grants to charities in the sample; the Big Lottery fund provided the largest amount of grant income to four charities (£361,029.00) and Northamptonshire County Council provided grants to 13 charities but these were for smaller amounts.



20 charities in the sample were small enough not to be required to submit accounts to the Charity Commission and were therefore not available; any subsequent analysis or breakdowns was based on just 40 accounts. Of the 40 charities whose accounts were available, the majority were shown to have established a reserve policy, a useful indication of strategic planning. Staffing levels were also shown in a number of charity accounts. In general staffing levels for those who reported staff were between 4 and 12 employees (none receiving more than £60,000 per annum in salary). Additionally few charities reported the number of volunteers or service users although counselling and psychological health charities did include numbers of users.

Attempting to assess the charities' strategic thinking was difficult. Many accounts did not give great detail beyond an idea of future plans to develop and extend fundraising and income generating activities. From this we can see that the drive to ensure that current levels of income and revenue are maintained in future years are central to the charities' aims and plans. One charity even employed a specific fundraising officer.

## **Conclusions: Counting the Cost and Measuring the Value**

This report has presented evidence from three different perspectives in an attempt to begin to build a more robust picture of the VCS in Northamptonshire than has previously been available.

The first perspective looked in detail at the principle of added social value: what it is, how to measure it, what evidence there is for added social value in five areas of VCS activity in the county and how we have begun to calculate it.

The evidence beginning to emerge is both illuminating and startling. By examining only a very small number of organisations across five areas of work in the county, we can see just how enormous the added value they bring to their communities is in terms of improving a range of health inequalities including mental health, social exclusion and disability as referenced in the Marmot Review. These are organisations that speak to the very core of the health and wellbeing agenda currently being addressed by the new countywide Health and Wellbeing Board, formed under the aegis of the Health and Social Care Act.

But measuring added value now means much more than measuring outcomes and longer term impacts. In theory, it is an attempt to measure what is 'valued' and therefore, prioritised by different stakeholders. Social value implies that an organisation needs to look at the full extent of its social, environmental and economic impacts (intended and unintended, positive or negative). This includes monetising those impacts and for the five areas referred to in the report the initial findings are stark:

- For a combined investment of £452,011, the three service providers mentioned here for children and young people, mental health and community transport together could produce added social value worth £2,510,825 pa.
- The £159,000 pa currently invested by Northamptonshire County Council in CT schemes countywide could be netting a further £508,800 pa in social value.
- One local "hospital facing" POPP scheme has saved the NHS £900,000 through the number of bed days saved.

- The two local “community facing” POPP schemes mentioned here whose combined income amounts to £147,093 pa could together be saving the NHS an additional £176,512 pa on emergency bed days. There are numerous such schemes in and around the county.
- The economic value of the contribution made by carers alone in Northamptonshire has been calculated as £1,150 million pa.
- Using local monitoring data, Northamptonshire Carers reported that 44% of carers with significant need said they were less likely to use nursing or residential care at £27k p.a. This equates to a potential cost avoidance for commissioners of £5.8m.

Of course, these are preliminary findings only, with only one service provider (Northamptonshire Family Intervention Project) having done a full, systematic analysis. What this points to however, is the need for more organisations to grasp the nettle and begin their own robust analysis of their social worth.

The second perspective gives an overview of the VCS from a local infrastructure perspective, as well as an assessment of the value added by local infrastructure.

Information gleaned from the LIOs in the county about the numbers of groups registered still has inaccuracies to be ironed out due to “teething troubles” with the installation of new database systems. These should ease over time but one LIO (Northampton) has shown an increase in group registration of 25% over the last 12 months. Evidence from Enterprise Solutions Northamptonshire indicates that social enterprise activity is thriving and charity registrations in the county have increased slightly over the year.

This is against a background of a year-on-year decrease in expenditure for the VCS from local and county councils.

The third section reports the findings from an original piece of research commissioned by NVC Northants to look in particular detail at a random group of 60 small to medium-sized charities in the county, investigating their annual returns from the Charity Commission’s website. This gives a snapshot of the current financial state of the most vulnerable 40% of charities in the county; those who are likely to be less resilient in hard economic times than the much larger charities.

The results show that overall in the last four years income has increased 13.03% for the sample which suggests that charities have accommodated and adapted to the financial and economic situation that they have found themselves in. However, expenditure has increased at a faster rate for this group of charities, a sign that money is being spent more quickly than it can be replenished; not a situation that can continue indefinitely.

Taken together a picture starts to emerge of a sector that is still delivering, despite a significantly impoverished environment and the prospect of further and deeper cuts to take place. Part of the reason for that continued delivery can be laid at the door of the county’s local infrastructure services which have made a return of £1,969,986 during the year on the county council’s investment of £410,000; a return of £4.80 on every £1 invested.

We have in this county a robust, dynamic and flexible voluntary and community sector that delivers extraordinary added social value in the middle of the deepest financial crisis in living memory.

However, there are challenges that need to be faced, given that services will be squeezed a good deal harder in the foreseeable future:

- Voluntary sector organisations, whatever their size, need to begin in earnest to calculate the added value they bring to their communities. Any possibility of future commissioning depends on it.
- Organisations must be able to present their case to a wide variety of commissioning bodies. The health economy is now looking towards the VCS to help deliver its health and wellbeing agenda and the soon-to-be appointed Police and Crime Commissioner will have the power to commission any service that helps deliver the police agenda.
- Further and stronger collaboration between VCS organisations is and will remain critical to future survival.

These are of course, opportunities as well as challenges, but only if they can be faced head on.

***“Fortune favours the brave” Virgil***