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Waverley

# **Beyond Tomorrow:**

## **State of the sector survey report 2016**

Exploring the role of the Voluntary, Community, Faith and Social Enterprise Sector in supporting the people and communities of Surrey now and into the future



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Chief Executive  
Surrey Community Action  
September 2016

## Acknowledgements

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Quotes from individual respondents are shared anonymously as requested, but their honesty and candour are much appreciated.

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## Foreword

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The research reported in this document is based on an earlier piece of research “The Changing Face of Communities in Surrey” first published by Surrey Community Action in 2013. It used 2011 census data to look at the changing demographics of Surrey and explored how the Voluntary, Community and Faith Sector (VCFS) was evolving to meet the needs of Surrey’s residents as they changed.

The original research has now been updated, refocused and expanded upon with the help of over 375 community organisations and stakeholders across Surrey. The Board of Surrey Community Action and I would like to thank all those who gave their valuable time to assist us in understanding where the voluntary sector is now and where it needs to be in the future.

We hope that this research and associated events will support all those operating within Surrey’s VCFS, and its public and private sector partners, to create processes that will enable even better, more efficient and more effective service delivery for the people they serve.

The research gives us an insight into the projected needs of the community in the future, recognising that we need to challenge past and present assumptions, develop innovative solutions and, above all, keep a real focus on the changing needs of the communities in Surrey.

In this report, you will see that the environment in which we operate is getting more harsh and less predictable. A strong VCFS is now needed more than ever. We therefore hope you find the research contained in this report useful, and that it assists your organisation evolve, so that you continue to deliver your vital services effectively.



**Michael Cannon**  
Chairman, Surrey Community Action

## Executive Summary

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Surrey Community Action is a countywide independent charity, providing services to help voluntary and community groups to help others. This includes working to create a healthy mutual understanding between the voluntary sector and social enterprise organisations, and local government, funding bodies, businesses, health and well-being providers.

This report documents research undertaken in 2016 in which the current and future state of Surrey's Voluntary Community and Faith Sector (VCFS), including social enterprise, was evaluated, and future opportunities and threats identified. 377 organisations contributed to the research via online questionnaire and face-to-face meetings. It refers back to similar research undertaken in 2013 to show changes in the last three years.

The wealth of existing demographic information for Surrey shows an affluent county whose residents experience good health and good prospects, but there are still many people whose experience is very different, and who need the support of the VCFS and others.

Surrey's VCFS is under the same pressures as the rest of the UK, from financial challenges to a slew of negative publicity. A reduction in public trust reflects increased scrutiny of charities in particular.

For every registered charity or social enterprise in Surrey (2,400), there may be up to four "under the radar" groups, operating in the county. 5,900 has been used in the past and remains a reasonable, if conservative, estimate of the size of Surrey's VCFS.

Surrey's VCFS remains dominated by registered charities and local voluntary organisations, but is seeing an increase in the number of social enterprises. It remains very diverse in terms of charitable and social purposes, with providing "information, advice and guidance" as the most popular activity, along with providing emotional or physical support. Older people, children aged 0-12 and people with disabilities are the most supported groups, but compared to 2013 there are now three times as many organisations that offer support to the community as a whole rather than to specific segments.

Surrey's VCFS is mature, with most organisations being older than 25 years. Only 2.3% were created between the 2013 and 2016 surveys.

Surrey reflects the national picture, in which 3% of organisations account for 80% of income, while 50% of organisations account for just 0.5% of income, emphasising the massive gulf between smaller and larger organisations. Grants from County, District, Borough and other sources are important to Surrey, but are less important to organisations than direct public fundraising and donations.

There are an average of nine trustees to each organisation, reflecting the number needed to ensure effective governance with all areas of expertise covered. Trustee board composition may have to change given the recent focus on good governance and the responsibility of trustees.

Many VCFS organisations struggle to find the right staff, due to salary costs, specialisms and possibly proximity to London, but staff retention is good. Anecdotally, although the number of VCFS employees remains the same, more posts are part time than in previous years.

Trustee recruitment is also difficult, but most organisations report that they receive high quality support from trustees. Given the importance placed on trustees and good governance, organisations who can't recruit enough trustees may be vulnerable. More than

half of organisations can recruit good volunteers, but many acknowledge the increasing difficulty in finding them and managing the expectations placed upon them.

The VCFS continues to work alongside Surrey County Council, the Districts and Boroughs and various health bodies. Most feel valued, but only half feel understood and less than that feel that they are treated as an equal partner. Organisations feel that health bodies now understand and value them less, and are less likely to treat them as equal partners, reflecting the new and complex health environment, and an equally complex VCFS.

While the majority of organisations have a website, only half make good use of social media. However, for many small and youth focused organisations, social media is the main communication tool, and they are very skilled in its use.

VCFS organisations identify ageing population, mental health, housing, physical health and poverty as the top five future needs of Surrey, largely unchanged since 2013 and fully in line with Surrey's Joint Strategic Needs Assessment. Most VCFS organisations are confident that they will continue to offer their services, but 7% think closure is likely in the next three years. Closure may be positive if due to "finishing" its work, or if merging with another organisation. It is likely that new organisations will outnumber closures.

The VCFS expects that expenditure will increase as beneficiary needs increase, but that income may not increase in tandem. Most organisations expect a further decline in funding from statutory sources, and recognise the need to adapt working practices and work together more.

Half of respondents recognise that there are opportunities to expand their existing services as demand increases, by working with new beneficiary groups or entering new markets, such as other counties. Others expect to be able to create services for new audiences using their existing skills and expertise. These may lead to more competition between VCFS organisations. Financial challenges are recognised by most as being the biggest threat, along with finding the right volunteers. Many organisations reflect that they need to actively diversify their funding streams to reduce reliance on individual funders. Many are worried by the amount of time needed to develop good bids and tenders, with no guarantee of success.

Despite the challenges, most organisations not currently sharing services are not interested in doing so, despite the economies of scale that could be achieved, possible reductions in core costs and an increased focus on delivery. More would, however, be interested in sharing external fundraising support. Many more organisations are willing to contribute to forums based on work area, location or specific job roles.

The sector identifies a range of training needs, but fundraising and bidding for funds is the most common, along with managing change. Many identify governance training for their trustees as being highly important. Online training is increasingly popular, but hands-on workshops are still preferred.

Overall, Surrey's VCFS is healthy, despite its challenges, and organisations remain able to provide excellent services at reduced cost. Opportunities for further streamlining exist, for working better together and for improving relationships with health and other statutory bodies. There may be governance challenges as the role of trustees is strengthened and under renewed scrutiny, but this will benefit the sector in the long run.

## Introduction

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This report is the result of research undertaken by Surrey Community Action to identify the size and shape of Surrey's voluntary sector. By voluntary sector, it means any of a range of organisations running not-for-profit business models and providing a social or charitable benefit to clients, beneficiaries and service users. Collectively, this embraces diverse structures such as companies limited by guarantee, registered charities, charitable incorporated organisations, and volunteer led community groups. There are many acronyms used to group this diverse range of organisations, but across Surrey historic use has been made of Voluntary, Community and Faith Sector, or VCFS, and this is the term that will be used throughout.

The research underlying this report includes a refresh of work undertaken by Surrey Community Action and RAISE in 2013, in which analysis of the 2011 census data painted a picture of the changing needs of Surrey's residents, and challenged the VCFS to respond to these changes. Three years later, this research looks at the size and shape of the VCFS today, how it is changing and what its future looks like. The challenge this time is to make sure that the VCFS remains effective and fit-for-purpose. It goes beyond the original research by also looking at the opportunities offered to the VCFS today, and the threats that might slow things down.

Two of Surrey Community Action's strategic objectives are to:

*“advocate on behalf of the VCFS in Surrey, ensuring that statutory bodies, private sector organisations and other stakeholders understand the value of the VCFS and how it can support partners to meet their objectives”*

and to be a

*“focal point for knowledge and understanding of the VCFS in Surrey, being able to collate, analyse, personalise and disseminate the information necessary for VCFS organisations to thrive in a challenging environment”*

To meet these objectives, this research aims to paint a clear picture of Surrey's VCFS today and into the future, to help guide funders, commissioners, support organisations and other stakeholders towards the best possible outcomes for the people of Surrey.



## Methodology, Sample Sizes and Confidence

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The primary elements of the methodology were:

- Desktop research on the demographics of Surrey.
- An online survey of not-for-profit organisations across Surrey.
- Desktop review of national and local literature to identify comparator data.
- Face to face and telephone interviews conducted with VCFS organisations, as well as partners and stakeholders, across a range of sizes, locations and purposes.

The 2016 primary research, conducted via a Survey Monkey online survey, was distributed via Surrey Community Action and partner networks, so the total number of recipients is unknown but is estimated to be at least 1,200 out of the estimated 5,900 voluntary sector organisations active across Surrey. 377 responses were received. Individual questions were optional, and so responses per questions ranged from 377 to 162. A sample size of 377 against a population of 5,900 gives confidence of 95% ± 5% whereas a sample size of 162 gives a confidence of 95% ± 8%.

Although the sample size is statistically valid, there may be inherent bias towards organisations with which Surrey Community Action and peers have the most pre-existing contact. This explains a slightly disproportionate response level from Community Buildings and Good Neighbour Schemes (with which Surrey Community Action has particularly strong current relationships). Conversely, smaller groups who do not currently engage with infrastructure organisations such as Surrey Community Action are likely to be under-represented statistically.

## The Changing Demographics of Surrey

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This report is not intended as an analysis of the demographics of Surrey. Such information is excellently captured elsewhere, in resources such as:

- “The Changing Face of Communities in Surrey”, Surrey Community Action and RAISE<sup>1</sup>
- “Surrey Uncovered”, Community Foundation for Surrey<sup>2</sup>
- Surrey-i, Surrey County Council<sup>3</sup>
- Surrey Joint Strategic Needs Assessment<sup>4</sup>

This report will, however, share some key trends that illustrate the needs and opportunities highlighted by the VCFS elsewhere within it.

As of 2015, there were an estimated 1.17 million people living in Surrey, a figure estimated to rise by over 200,000 by 2039. The proportion of older people in Surrey is expected to rise from 18.5% in 2015 to 25% in 2039, with knock-on effects on health and social care provision<sup>5</sup>, for example the fact that the average stay in hospital for a person over 65 is 4.1 days versus 1.6 days for someone under 65<sup>6</sup>.

Almost three-quarters of Surrey is designated green belt and a quarter is an area of outstanding natural beauty (Surrey Hills) and there are competing demands to maintain that green space, versus enabling development of housing and business, and there are challenges in supporting a mix of urban and rural communities.

Surrey is, overall, a very wealthy county, with an economy worth £37.5 billion in 2014, and boasting a gross disposable household income of £24,630 in 2013, second only to Inner London West<sup>7</sup>.

Despite its affluence, Surrey contains pockets of significant deprivation and poor life chances, for example, 9.9% of Surrey’s 0-19 year olds are living in poverty<sup>8</sup>. Deprivation can also seem more extreme in Surrey as it often sits side by side to affluence. An extreme example can be seen in a comparison using the Index of Multiple Deprivation (IMD) score, in which 1 is the most affluent: St Pauls Ward in Surrey Heath is 37 while neighbouring Old Dean Ward is 4,383 (significantly deprived)<sup>9</sup>. A low overall IMD score might limit the availability of grants and other funding that cannot see the latent need beneath a headline IMD score.

Access to appropriate housing will be discussed later as a challenge facing Surrey. As of 2011, Surrey had a higher than the England average percentage of owner occupied dwellings at 73%, with 11% socially rented and 13% privately rented<sup>10</sup>. Given that the median price of a house in Surrey was 10 times the median salary, purchasing a house remains difficult for many. Also, since 2010, the number of households living in temporary local authority accommodation has risen threefold<sup>11</sup>.

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<sup>1</sup> “The Changing Face of Communities in Surrey”, <http://www.surreyca.org.uk/resource-library/>

<sup>2</sup> <http://cfsurrey.org.uk/publication/surrey-uncovered/>

<sup>3</sup> <https://www.surreyi.gov.uk/MainMenu.aspx>

<sup>4</sup> <https://www.surreyi.gov.uk/grouppage.aspx?groupid=36>

<sup>5</sup> <http://www.surreyi.gov.uk/Viewpage.aspx?C=basket&BasketID=222>

<sup>6</sup> <http://www.surreyi.gov.uk/Viewpage.aspx?C=basket&BasketID=277>

<sup>7</sup> <http://www.surreyi.gov.uk/Viewpage.aspx?C=basket&BasketID=251>

<sup>8</sup> <http://www.surreyi.gov.uk/ViewPage1.aspx?C=resource&ResourceID=656>

<sup>9</sup> <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2015>

<sup>10</sup> <http://www.surreyi.gov.uk/Viewpage.aspx?C=basket&BasketID=258>

<sup>11</sup> <http://www.surreyi.gov.uk/Viewpage.aspx?C=basket&BasketID=262>

By many measures, Surrey is a healthy county, but still saw a doubling of alcohol-related hospital admissions between 2001 and 2012, and 27% of alcohol drinkers are described as increasing or higher risk. Levels of obesity amongst adults and children are, while lower than the England average, still high and rising.

Together, the wealth of demographic information (much more than presented here) paints a compelling picture: Surrey is, on average, an affluent county whose residents are safe, experience good health and have good prospects. However, there are too many people facing a very different experience and who have needs that can be addressed, at least in part, by Surrey's VCFS.

## The National Picture

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There are an estimated 160,000 VCFS organisations nationally, offering a Gross Added Value of over £12 billion in 2013/14 and employing 827,000 people. During 2014/2015, over 14 million adults volunteered at least once per month, and donations from individuals to the voluntary sector represents £19 billion of the £48 billion voluntary sector income in that year. During the same time period, income from statutory bodies increased slightly, bucking an overall downward trend since 2008/09.<sup>12</sup>

The VCFS in general, and charities in particular, have come under close scrutiny in recent years, with a perfect storm of stories about inappropriate fundraising, corporate partnerships and poor governance coming one after the other, and requiring an immediate and robust response from the VCFS and government alike

In May 2015, the poppy seller Olive Cooke took her own life after, according to the Daily Mail, she reportedly felt "tormented" by cold-callers from charities; in June the Daily Mail led on a story about how some charities were "hounding" vulnerable people with calls. Despite Mrs Cooke's family's assertions that charities played no role in her death, charity fundraising came under intense scrutiny, particularly around opt-out communications and "chugging": potentially aggressive, commission based street fundraising.

In 2015, NCVO's chief executive Sir Stuart Etherington led a review into the self-regulation of charity fundraising, taking evidence from stakeholders in order to identify what changes were required to rebuild public trust in fundraising by charities. The review concluded that a new system of regulation was required<sup>13</sup> and the Fundraising Regulator was introduced in July 2016.

The remit of the Fundraising Regulator is to investigate poor fundraising practice and assume the role of setting standards (the "Code of Fundraising Practice"<sup>14</sup>), working alongside the Charity Commission, and Information Commissioner's Office in order to ensure that charities followed its rules. As part of this, a new Fundraising Preference Service ("FPS") is being created (at the time of writing) that will enable the public to opt out of fundraising communications<sup>15</sup>.

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<sup>12</sup> "The UK Civil Society Almanac 2016 Member's Edition", NCVO

<sup>13</sup> <https://www.ncvo.org.uk/fundraisingreview>

<sup>14</sup> <http://www.institute-of-fundraising.org.uk/code-of-fundraising-practice/>

<sup>15</sup> <https://www.fundraisingregulator.org.uk/>

In August 2015, the charity Kids Company closed amid a storm of accusations and investigations surrounding its finances, relationship with governments, allegations of sexual abuse and serious mismanagement by trustees. Primary responsibility for Kids Company's collapse was laid on the charity's trustees, but the Charity Commission, the charity's auditors and the UK Government were also strongly criticised by the House of Commons Public Administration and Constitutional Affairs Committee<sup>16</sup>. The increased focus on the role of a charity's governance will improve standards, but some are concerned that it will discourage new trustees from entering the VCFS.

In February 2016, Age UK was accused of profiting from an endorsement of E.ON's energy tariffs despite them not being the best deals offered by the supplier. Many charities operate a trading company that makes similar agreements with relevant third parties, and in which service may be more important than cost, but charities are warned that these arrangements need to be transparent and fair.

Together, these and similar stories coming in quick succession, might have had a significant impact on charities in particular and the VCFS in general. According to YouGov's Charity Index, which measures the public's perception of charities, some measures of charity perception have been hit: in 2013, 56% of those surveyed believed the sector had "high ethical and moral standards", dropping down to 45% in 2016, with an even bigger slump in measures of trustworthiness<sup>17</sup>.

The research underlying this report was undertaken a few weeks before the UK Referendum on whether to leave the EU, which therefore did not feature in the base survey undertaken. However, the impact of "Brexit" on the VCFS is not yet known and will not be known for many months or years. Many papers have been written on the impact of leaving the EU on the VCFS, but most agree that the likely impacts will include<sup>18</sup>:

- Uncertainty at UK government level leading to a paralysis in decision making.
- Partners may hold off from making investment decisions, or committing to Corporate Social Responsibility programmes.
- Falls in the value of the pound and other investment pressures may affect the investment income enjoyed by some charities (£3 billion in 2013/14) as well as decreasing the amounts offered by some Grant Making Trusts and Foundations.
- EU funding programmes will end and there is no guarantee from UK government that they will be replaced.
- There may be increased tensions between different sections of society, requiring VCFS intervention.
- Migration and employment changes may cause workforce disruption.
- There may be further cuts in public services.

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<sup>16</sup> <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmpublicadm/433/433.pdf>

<sup>17</sup> <https://yougov.co.uk/news/2016/03/22/past-few-years-impact-charitable-sector/>

<sup>18</sup> [https://www.ncvo.org.uk/images/documents/about\\_us/media-centre/implications-of-brexit-for-voluntary-sector-28-june-2016.pdf](https://www.ncvo.org.uk/images/documents/about_us/media-centre/implications-of-brexit-for-voluntary-sector-28-june-2016.pdf)

Concerns expressed by VCFS organisations interviewed after the research survey closed, and who were explicitly asked about “Brexit” included:

“We are concerned for staff who may be affected by changes”

“If it affects free movement, then it will be disastrous for the sector”

“There is concern that we will not be able to export aid as easily”

“Hard to say; [things will] probably be worse”

“No-one seems to have a plan, do they?”

“If it goes through, and positive changes can be made to red tape and excessive rules, then it could be good”

## The Not-For-Profit Sector in Surrey Today

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This section of the report looks at the size and shape of the VCFS in Surrey today. It will refer back to previous work to attempt to show change where it is evident, and will provide comparison where possible.

### Number of Organisations

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It is important to try and quantify the number of VCFS organisations operating in Surrey, but that is not a straightforward task. It is relatively easy to quantify the number of formally constituted charities, social enterprises and others that are registered with the Charities Commission and other bodies, but it is far harder to quantify those that are not.

Surrey Community Action with the support of the *pro bono* consultancy Skylark<sup>19</sup> undertook a comprehensive analysis of the Charities Commission database<sup>20</sup>. This showed that, excluding private schools and charities with a Surrey address but not active in Surrey, there were 2,411 registered charities active in Surrey.

Estimates of the total number of VCFS organisations in Surrey range from 4,500 to 6,000. Surrey Community Action has, in previous publications, used 5,900 as a working estimate. Estimates vary widely due to the difficulty finding and quantifying “under-the-radar” groups, and even in defining the scope of the VCFS.

The term ‘under-the-radar’ is increasingly used to describe smaller groups that do not have a recognised legal status and do not, therefore, appear on the Charity Commission or other regulatory registers, or those that have low incomes or turnovers. Examples may include a small locally based support group, or a transient group addressing an immediate local issue, and then disbanding soon afterwards.

A literature review undertaken by The Third Sector Research Centre led to a working calculation that there are likely to be around three under-the-radar groups per registered group<sup>21</sup>. Starting with a known 2,411 registered charities, adding social enterprises, and factoring in the under-the-radar multiplier, there may therefore be up to 10,000 VCFS organisations active in Surrey at any one time.

However, this 10,000 estimate will vary extensively according to the definition of under-the-radar groups, the types of organisations that are included within it, and even the definition of the term “social benefit” used to define VCFS organisations. This problem is not unique to the UK, and is worthy of additional research.

Given that there is no accurate measure of the size of Surrey’s VCFS, this report will continue to use the estimate of 5,900 for consistency and in the absence of a more accurate figure.

### Types of Organisations

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The overall makeup of Surrey’s VCFS is shown in figure 1. Respondents were able to identify as more than one organisation type, such as registered charity and company limited by guarantee.

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<sup>19</sup> <http://www.skylarknetwork.org.uk/>

<sup>20</sup> Available on request from Surrey Community Action

<sup>21</sup> <http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/working-paper-29.pdf>

It is worth noting that in 2013, only 5% of respondents identified themselves as a social enterprise, rising to 17% in 2016. Social Enterprise includes Community Interest Companies (CICs) and the more recently created Charitable Incorporated Organisations. The number of CICs nationally has risen faster than expected since inception in 2005, mainly through smaller, locally based enterprises and spin-outs from the NHS and Local Authorities<sup>22</sup>.

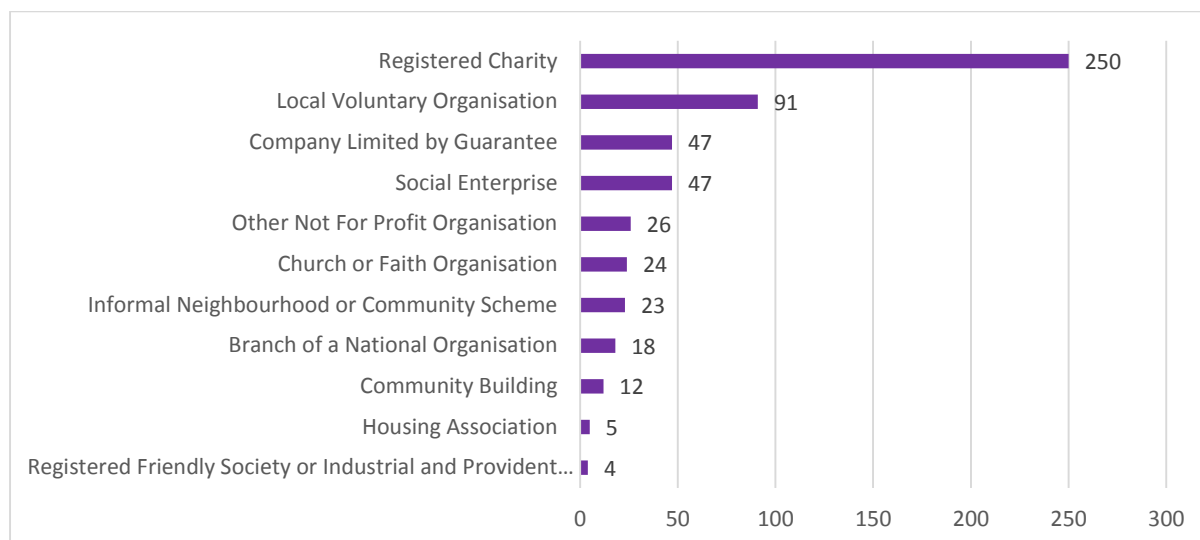


Figure 1 - Types of VCFS organisations

## Social and Charitable Purposes

The charitable and social purposes expressed by respondents are shown in table 1.

Purpose	Number of Respondents
Other	152
Sports, Recreation and Social	103
Economic, Social and Community Development	102
Physical Health	74
Education	64
Culture and Arts	53
Social Care	51
Mental Health	40
Environment	25
Faith and Religion	25
Housing	24
Infrastructure Support	17

Table 1 - Social and charitable purposes

<sup>22</sup> <http://www.thirdsector.co.uk/analysis-rise-rise-community-interest-companies/governance/article/1348096>

Note that respondents were able to make multiple up to five selections based on workload. What is apparent is that the VCFS remains a very diverse community. Respondents identified over 116 different purposes over and above those in the pre-set list, and the table shows an attempt to aggregate them into groups.

Despite this aggregation, there are more “other” purposes than any other group, reflecting the fact that the VCFS is made up of a lot of organisations who are very passionate about what they do, and pride themselves on their uniqueness, and believe strongly in how they meet specific needs in the way they feel is best.

## Activities Undertaken

Table 2 shows the range of activities undertaken by Surrey’s VCFS. As was the case in 2013, over half of the 330 respondents engage in providing information, advice and guidance to their service users, and nearly half provide emotional or physical support.

Activities	%
Information, Advice and Guidance	51%
Emotional or Physical Support	45%
Education, Research or Training	20%
Good Neighbour Scheme	15%
Community Buildings	12%
Providing Accommodation	11%
Advocacy	11%
Other Activity	8%
Campaigning	8%
Grant Making	7%
Fund Raising for Other Organisations	5%
Providing or Managing Office Space	4%

*Table 2 - VCFS activities undertaken*

## Beneficiaries

The list of beneficiaries of Surrey’s VCFS are listed in table 3. Respondents were able to select from a predefined list, but also to add their own beneficiary group, as such, the list will show specific services provided by a VCFS organisation as part of a wider remit. It is also worth noting that there may be a difference between the constitutional beneficiaries of a VCFS organisation and the practical beneficiaries, for example a Good Neighbour Scheme might be open to all local people, but in reality almost 100% of their beneficiaries might be older people.



Beneficiary Groups	%
All people, no specific groups	49%
Older People	34%
Children 0 - 12	34%
People with Disabilities or Special Needs	30%
Women	26%
Men	25%
Young People 13 - 24	24%
Families	21%
People with Mental Health Challenges	19%
People with Learning Difficulties	17%
People on Low Income or in Financial Need	16%
Unemployed People	14%
Black and Minority Ethnic People (including GRT)	13%
Carers	12%
Offenders, Ex-Offenders and Victims of Crime	11%
People with Addiction or Substance Abuse Problems	9%
Survivors of Abuse	8%
People of Faith	7%
Lesbian, Gay, Bisexual or Transgender People	6%
Homeless People	6%
Tenants and Residents	6%
Migrants	4%
Local Communities	3%
Other Beneficiaries	3%
Asylum Seekers	2%

*Table 3 - Beneficiaries of VCFS services*

In 2013, only 16% of respondents said that they worked with no specific groups, and this has now risen to 49%. This rise continues a trend identified between RAISE's 2009 "Hidden Asset" report<sup>23</sup> and Surrey Community Action's 2013 research. Reasons for this may include a broadening of VCFS provision to meet a broader range of community need, combined with a greater understanding of needs within communities, together leading to a greater awareness that existing services might benefit more people.

Another factor could be that VCFS organisations may be chasing rapidly diminishing funding and creating services accordingly. When asked in follow up interviews whether organisations had ever applied for funding not fully aligned with their core purpose, because it was available, an equal number replied yes as no.

<sup>23</sup> <http://www.raise-networks.org.uk/wp-content/uploads/Hidden-Asset-Full.pdf>

## Areas of Operation

Figure 2 seeks to illustrate the geographical distribution of Surrey's VCFS, and includes those respondents who work in adjacent counties, national or internationally. There has been only a small shift in the distribution of VCFS organisations across Surrey since the 2013 research, falling with the variance expected given the respective sample sizes.

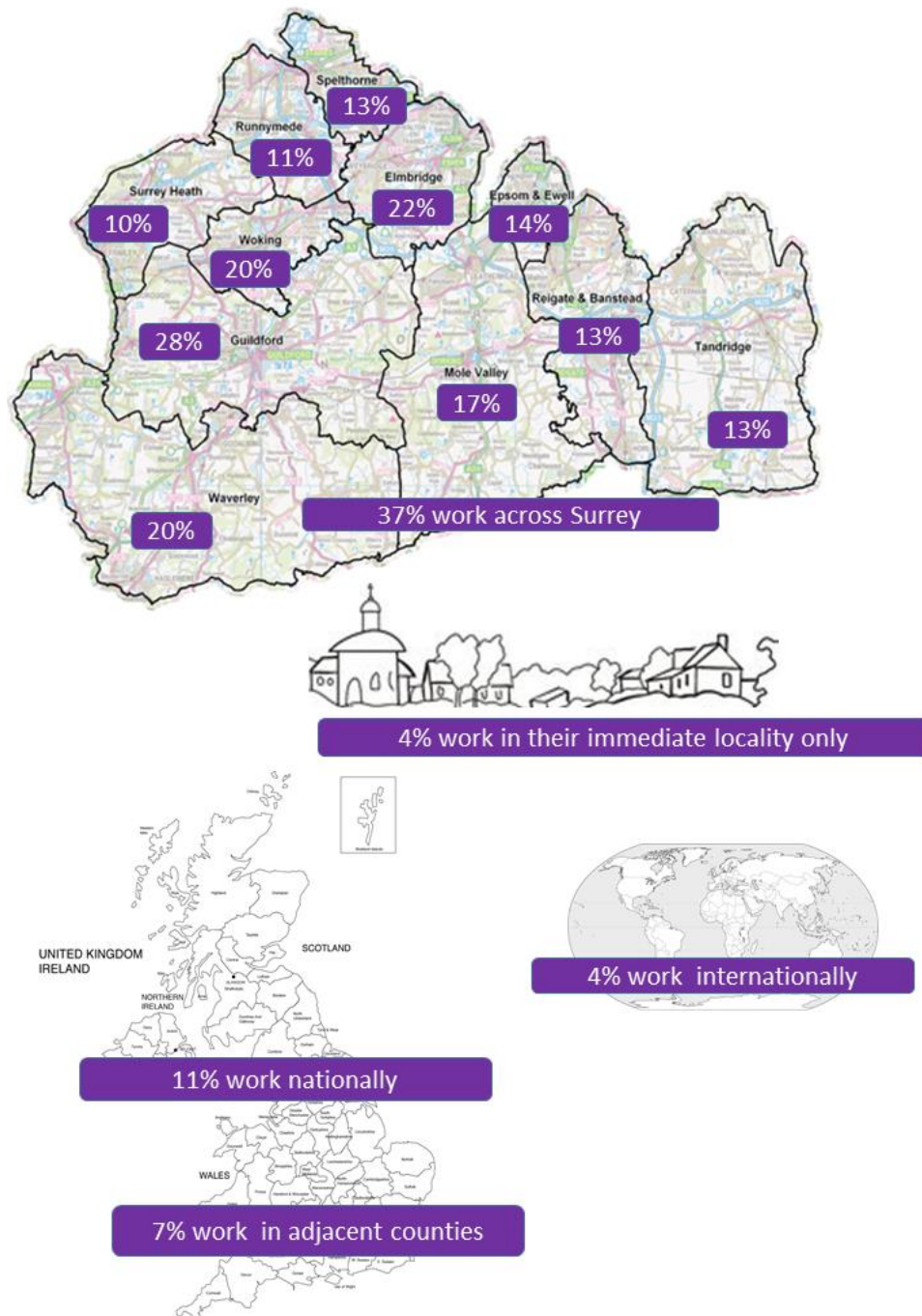


Figure 2 - VCFS breakdown by geography of operation

Note that in other sections of this report, VCFS organisations who do not work predominantly in Surrey are deliberately excluded from the analysis to keep the results Surrey focused.

## Organisation Age Profile

Figure 3 shows how mature Surrey's VCFS is, with 95% of organisations being over six years old, and 60% being over 25.

At the opposite end of the age spectrum, only 0.3% of respondents were in their first year of operation compared to 3% in 2013 and 1% in 2009. The reason for the 2013 peak may have been the emergence of new organisations in response to demand created during the initial years of the UK Government's austerity plan, such as the creation of food banks in response to the needs of those with sanctions placed on their jobseeker's allowance<sup>24</sup>.

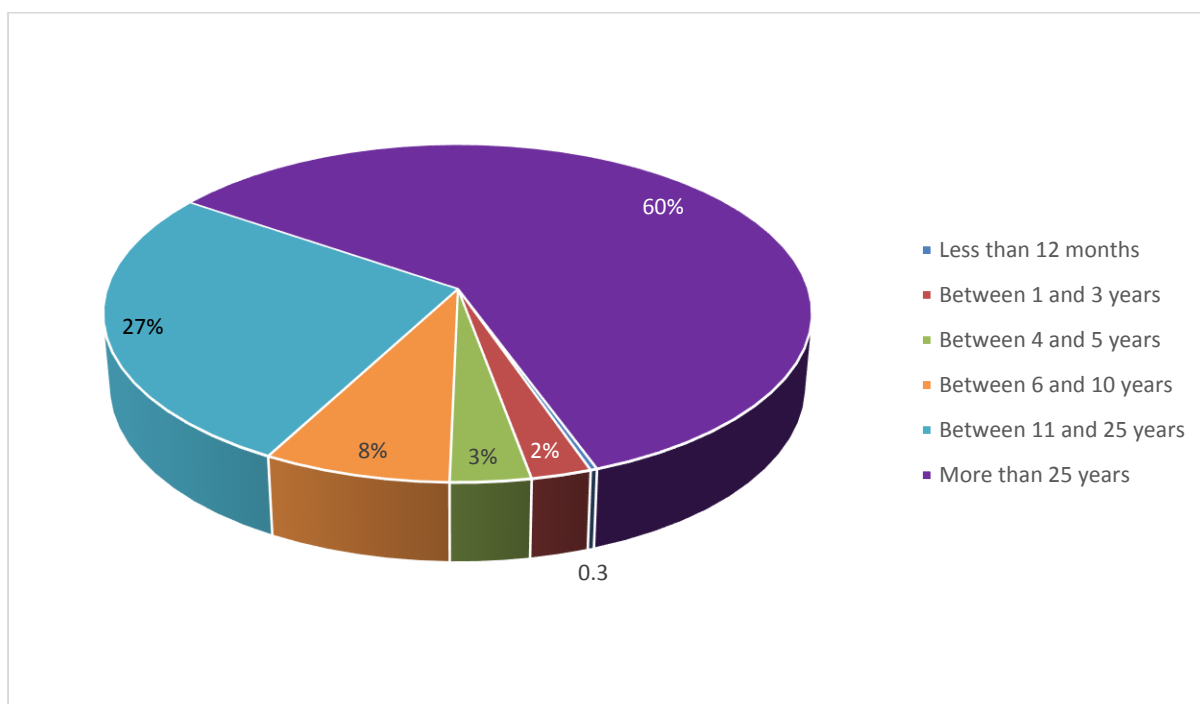


Figure 3 - Age profile of VCFS organisations

## Income Amounts and Sources

Figure 4 shows how Surrey's VCFS is broken down by income. Different analyses of the national VCFS tend to use different income bands, but they all show an expected trend: there are fewer organisations with larger income than there are smaller organisations.

Nationally, the sector is dominated by larger VCFS organisations, for example larger charities (individual income of over £1m per year) make up just over 3% of the number of organisations nationally, but account for just under 80% of income. Conversely, 0.5% of VCFS income is accounted for by just under 50% of organisations<sup>25</sup>. Using NVCO income bands for comparison, Surrey fits neatly within the national picture, but with a slightly higher number of charities in the £5-10k band.

<sup>24</sup> <http://www.bmj.com/content/350/bmj.h1775>

<sup>25</sup> <https://data.ncvo.org.uk/a/almanac16/size-and-scope/>



Figure 4 - VCFS organisations by income bracket

Figure 5 shows where this income comes from across the sector. Respondents were asked to indicate their top three income sources.

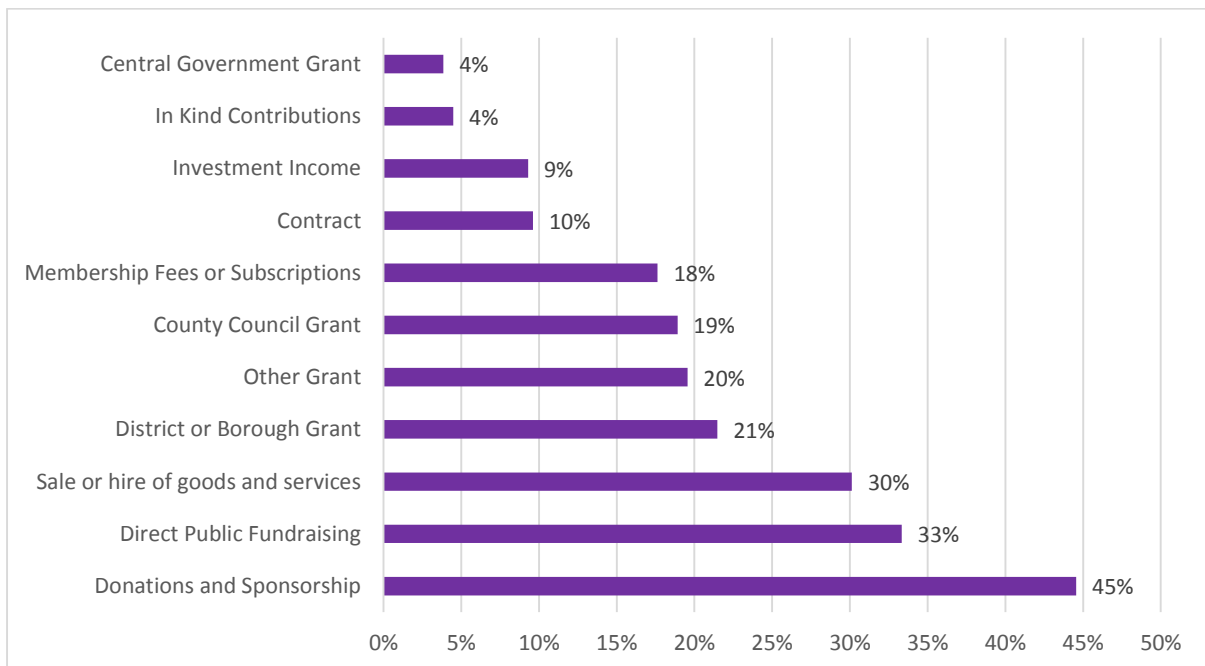


Figure 5 - Income sources into VCFS organisations

19% of organisations list Surrey County Council as one of their top three funders, and 21% list District and Borough grants. These figures seem largely unchanged since 2013, but there is anecdotal evidence that the size of these grants is going down.

Surprisingly, the proportion of organisations listing contracts as a major funding source has dropped significantly, from 30% in 2013 to 10% in 2016, although this is probably due to a greater number of smaller organisations responding who are less likely to be able to access contracts on their own.

It is worth noting that, despite the high profile of grants and contracts, it is still the case that the biggest sources of income into Surrey’s VCFS remain direct public fundraising (for 33% of organisations) and donations and sponsorship (45%).

The VCFS’s expectations of how this will change over the next three years is covered later in this report.

## Staff, Volunteers and Trustees

The following charts, covering staff, trustee and volunteer numbers deliberately exclude VCFS organisations who work mainly outside Surrey. This is an attempt to focus on Surrey workforce and volunteer pool only.

Figure 6 shows the average number of staff, full time equivalent (FTE), employed by VCFS organisations grouped by their income bracket. As would be expected, larger organisations tend to have more staff. Of the organisations with income of less than £5,000, five of them claim to have one FTE employee. This may be a failure to record FTE correctly, or in some cases it may be a nominal allocation staff from a parent or partner organisation without the equivalent allocation of income. Either way, the true number of employees is likely to be lower than the reported 0.2 FTE average.

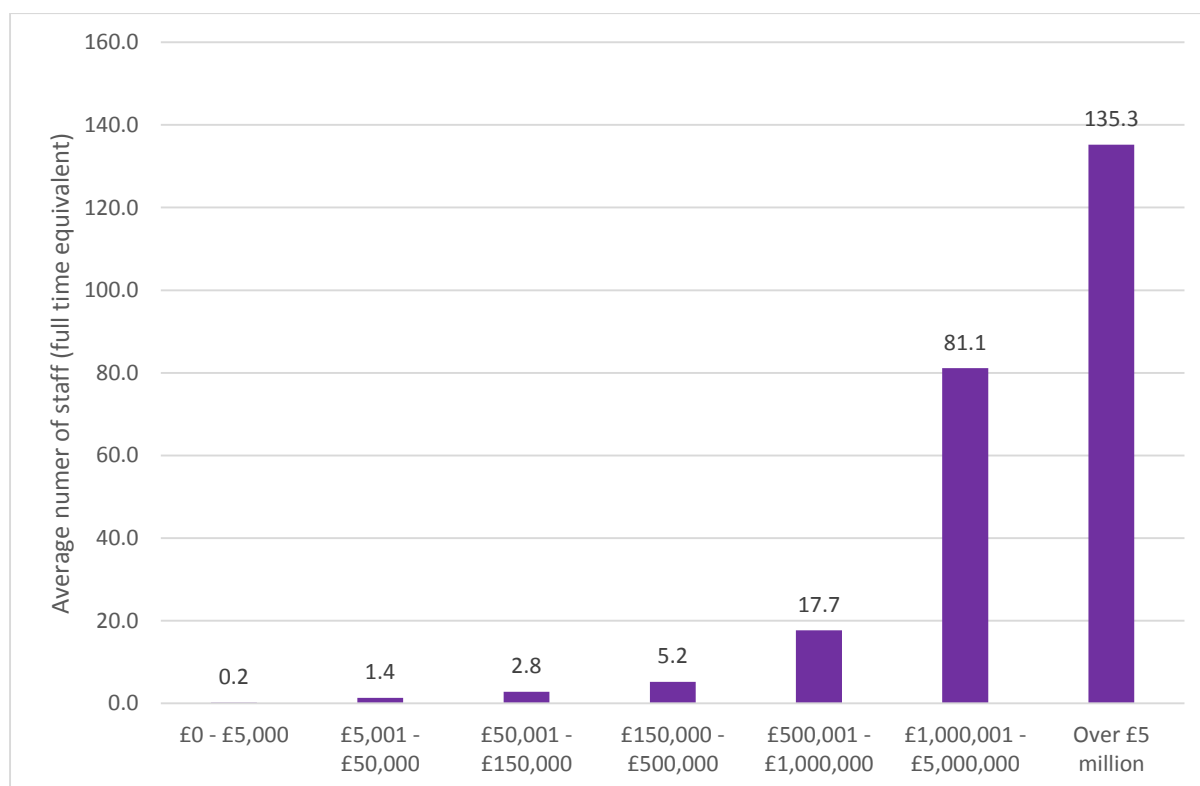


Figure 6 - Full time equivalent staffing levels by income bracket

Figure 7 shows the average number of volunteers and trustees supporting Surrey's VCFS organisations, again broken down by income band<sup>26</sup>. While trustees are indeed volunteers, it is worth separating out for the specific roles they fulfil and responsibilities they carry.

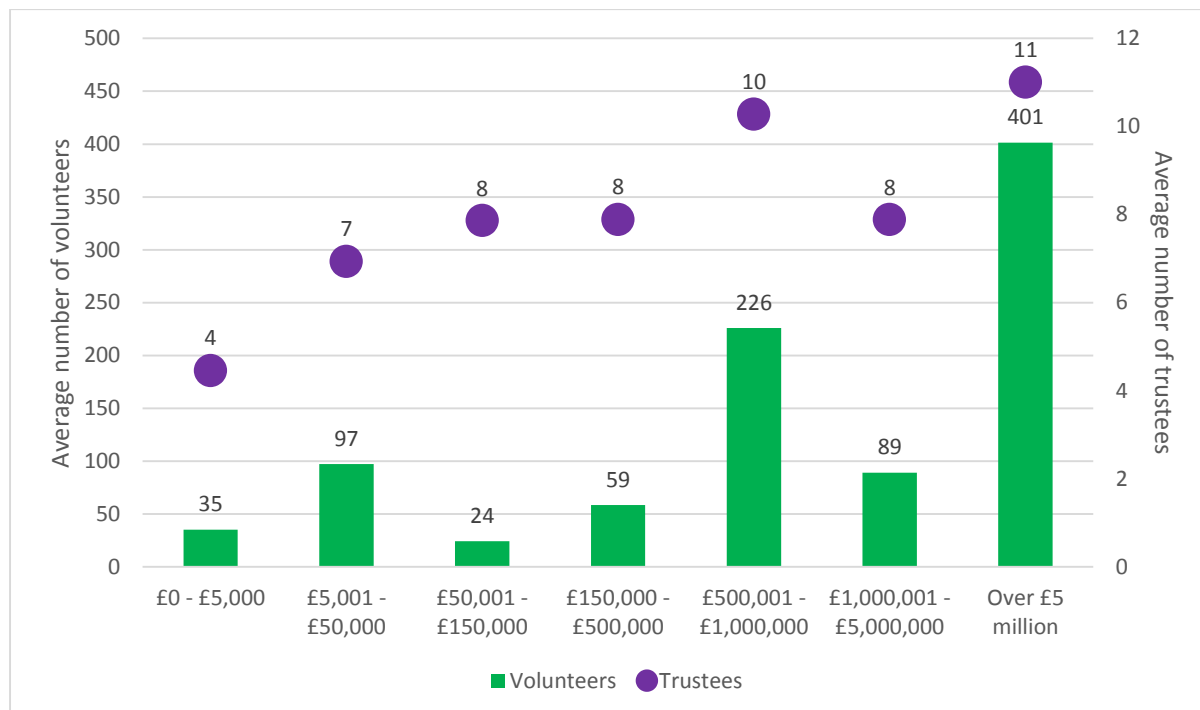


Figure 7 - Volunteers and trustees by income bracket

The graph shows expected trends in that average Trustee numbers are fairly consistent once organisations reach a certain size. This levelling off is to be expected as, once the right mix of skills are represented on the Board, additional members may not be required.

It is worth noting that the publicity surrounding the collapse of Kids Company threw a spotlight on the importance of good governance and the role of the trustee, so it will be worth evaluating whether the size and make-up of trustee Boards increases over time.

Volunteer numbers were expressed as number of individuals rather than a FTE, in recognition that a volunteer offering one day per month can be just as valuable as one offering 5 days per week.

Having removed the £0 to £5,000 income bracket due to data limitations, figure 8 shows how volunteers play a proportionately larger role in smaller VCFS organisations, especially those in the £5,000 to £50,000 income bracket. As is shown, the larger the organisation and the more staff it employs, the smaller the ratio of volunteers to staff.

Follow up research would be advised to calculate the role volunteers play relative to the income of the organisation.

<sup>26</sup> One organisation was deliberately removed from the data underlying this table, due to listing 3,500 registered volunteers on its books, but with only a small percentage actually volunteering. To include the data would unfairly skew the resulting chart.

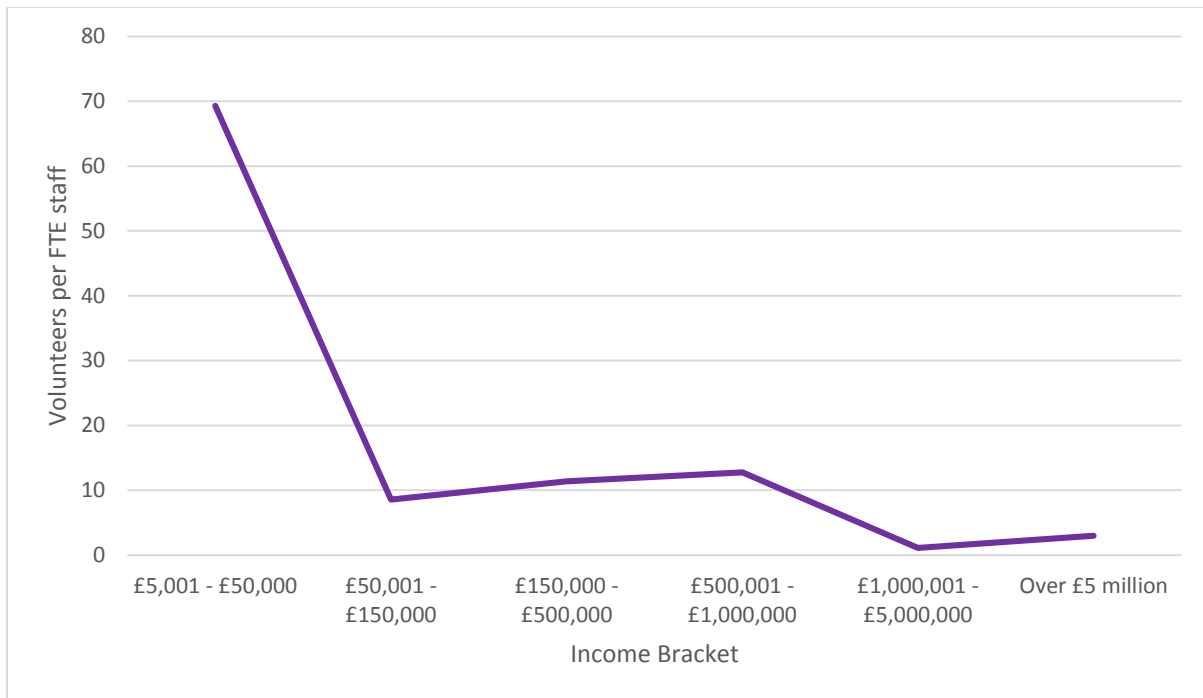


Figure 8 - Ratio of volunteers to staff

## Recruitment and Retention

The research asked VCFS organisations about their experience recruiting, retaining and supporting their staff (where present), trustees and volunteers. The answers are summarised in figures 9, 10 and 11.

For staff (figure 9), a small majority of organisations are able recruit enough skilled staff, but 43% say they can't. Reasons for this vary but include: Being unable to afford the right staff, a shortage of staff with the right skills, the specialist nature of some posts, and the proximity to London absorbing potential candidates.

However, once staff are recruited, retention rates seem more positive with 92% reporting that they can retain good staff. This is slightly at odds with research undertaken in 2014 showing that VCFS staff turnover was at around 22% following a dip during the last recession<sup>27</sup>. Current economic uncertainty, including Brexit, may be causing less people to move on, but this is offset by the relatively high number of VCFS jobs advertised in London and the South East.

Anecdotal evidence suggests that while the absolute number of employees in Surrey's VCFS organisations remains at around 40,000 people (not FTE), there is a shift towards more part time posts as a reflection of the reduced income to VCFS organisations and the consolidation of services between them.

It is also well known that many people work in the voluntary sector because it is in line with their personal values. In such cases, staff are more likely to remain even if their employee experience is not as good as they would like.

<sup>27</sup> <http://www.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2014/10/22/hr-s-influence-in-the-third-sector-increases.aspx>

Since a vast majority of employers have enough management and leadership staff, it is reasonable to assume that the challenge of recruiting specialist delivery staff is the big challenge.

Several respondents report that the costs of advertising paid posts are prohibitive, and so word of mouth advertising and staff referrals are still very powerful. The care sector seems to suffer recruitment challenges more than most, with several respondents commenting on a crisis in recruitment with high living costs coupled with competition for good staff and fundraising reducing the amount of money available for staff.

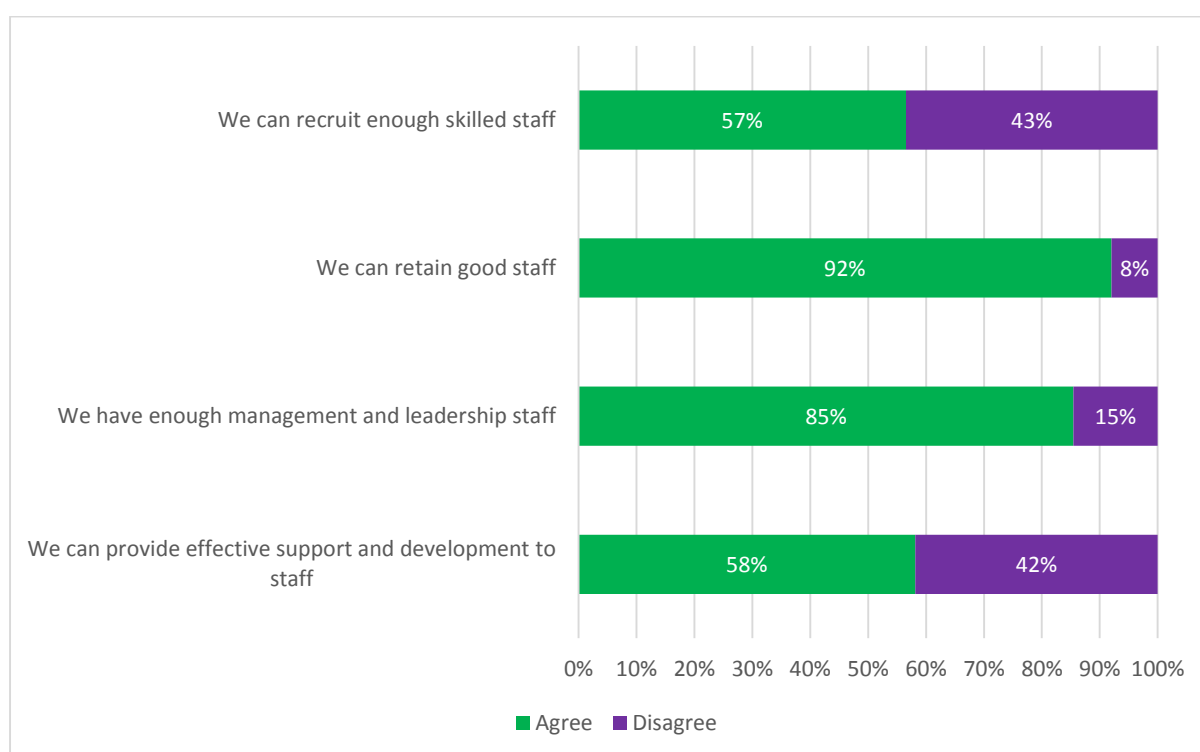


Figure 9 - Recruitment, retention and development of staff

The picture for trustee recruitment (figure 10) is split the same as for staff, with slightly more VCFS organisations saying that they can recruit good trustees than can't. However, given the critical nature of governance and the increased focus on it, the 48% who find it hard to find skilled trustees may be more vulnerable to future problems.

This almost 50:50 split is reflected in follow up interviews in which comments on trustee recruitment including:

- “Trustees are really hard to find!”
- “Recruiting capable trustees can be hard”
- “We are not struggling [to recruit trustees] as we build relationships with members who then become trustees”
- “Very successful trustee recruitment of late with three very good appointments”

On a positive note, 88% of respondents believe that their trustees provide effective support.



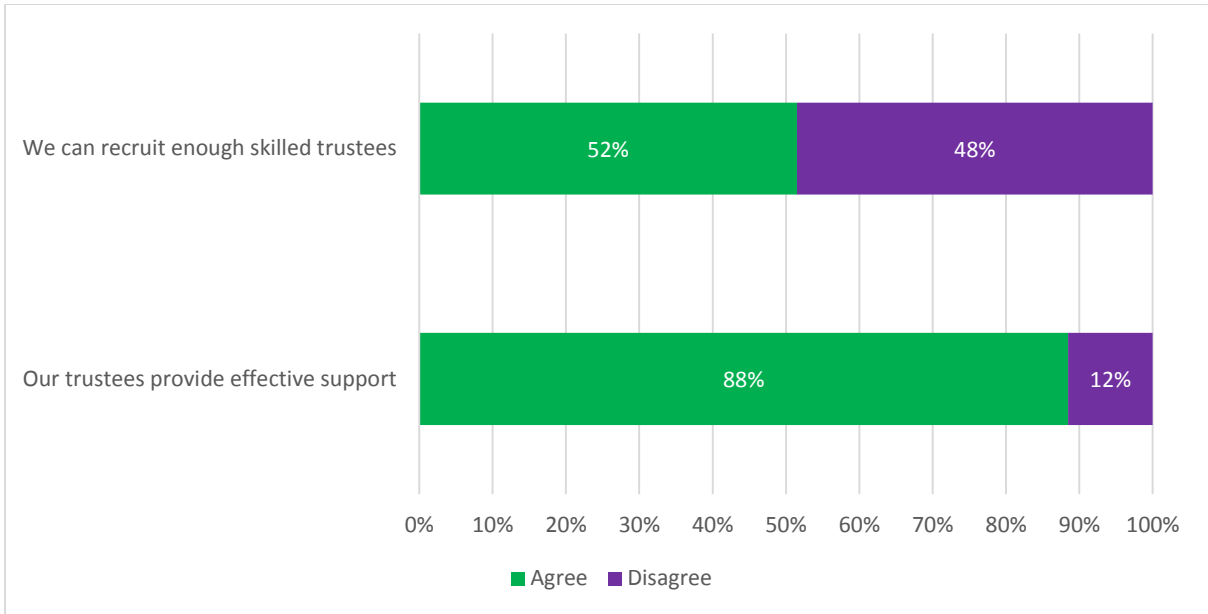


Figure 10 - Recruitment of, and support from, trustees

The picture for volunteer recruitment (figure 11) is similarly mixed, with almost half of VCFS organisations struggling to recruit good volunteers (although most are able to keep them once recruited) and provide effective support to them. Reasons for the difficulty in recruiting volunteers could be that older volunteers may be becoming fewer in number as more have to work longer or take on care responsibilities that prevent them from volunteering. For Surrey’s voluntary car schemes, the average age of driver is going up faster than the average age of passenger.

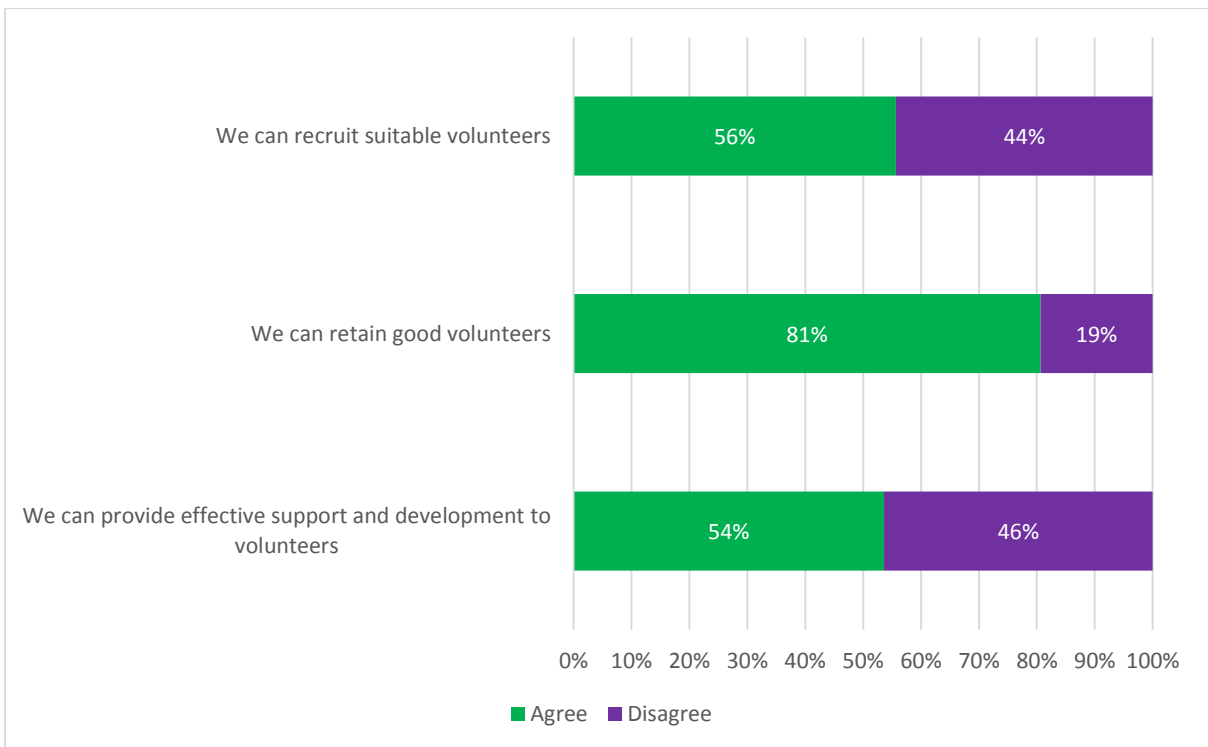


Figure 11 - Recruitment, development and retention of volunteers

However, in contrast to this, the proportion of younger people (16-25) volunteering has seen a steady increase since 2010, up to 47% in 2014/15, possibly due to a higher profile for volunteering, especially as a way to build a CV for employment or education<sup>28</sup>.

Those respondents who feel they can recruit and retain good volunteers comment on the amount of time and effort required to build the relationship with the volunteer, for example:

“You’re like a mentor to some of them”

“We provide ongoing training, support and recognition: We invest in the person”

“We encourage young people to volunteer – it is part of the ethos”

Some respondents are worried that they have to rely on volunteers too much, and that brings risks and challenges:

“How can you maintain standards if you rely on [volunteers] too much?”

“There are huge expectations on volunteers now, but they don’t have the skills or the training or the desire to do a lot of what is expected of them”

Some respondents clearly differentiate between the role of staff and the role of volunteers:

“It’s a different service provided by volunteers; they bring something unique”

“It’s not a cheaper service – it’s a different service”

This research does not capture the amount of time given by volunteers across Surrey, but nationally, in 2014/15, just under half of people (47%) participated in formal and/or informal volunteering at least once a month in 2014/15<sup>29</sup>.

## Physical Resources

While staff, volunteers, trustees and income are vital to VCFS organisations, other factors are important such as appropriate office space, access to technology, transport, etc. This research asked respondents a simple question: Do they have the right physical resources for their needs? As shown in figure 12, almost three in four said that they do. Of the other quarter, many cited access to suitable (physically and financially) office accommodation as being a major concern, as well as things like up-to-date PCs and software.

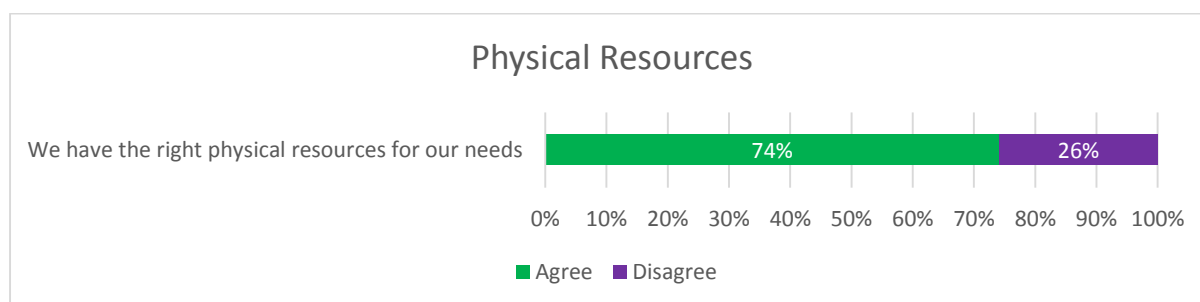


Figure 12 - Availability of physical resources

<sup>28</sup> <http://blogs.ncvo.org.uk/2016/04/11/sharp-increase-in-young-peoples-volunteering/>

<sup>29</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/447010/Community\\_Life\\_Survey\\_2014-15\\_Bulletin.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447010/Community_Life_Survey_2014-15_Bulletin.pdf)

## Relationships Outside the Sector

The relationship between Surrey's VCFS and local authorities is complex and variable, ranging from no contact at all, through to managing complex contracts across multiple bodies. On average though, three in four VCFS organisations says they work with one or more of the following organisations:

- Surrey County Council
- District or Borough Council
- Parish Council
- Health Body (including Clinical Commissioning Groups, individual GPs and Hospitals, Pharmacies, NHS structures etc)

Note that there may be overlap between Surrey County Council and Health Bodies due to the Adult Social Care and Public Health remit of Surrey County Council.

Figure 12 shows which bodies VCFS organisations work with most. District and Borough Councils are engaged with most frequently (by 61% of respondents), followed by Surrey County Council (38%).

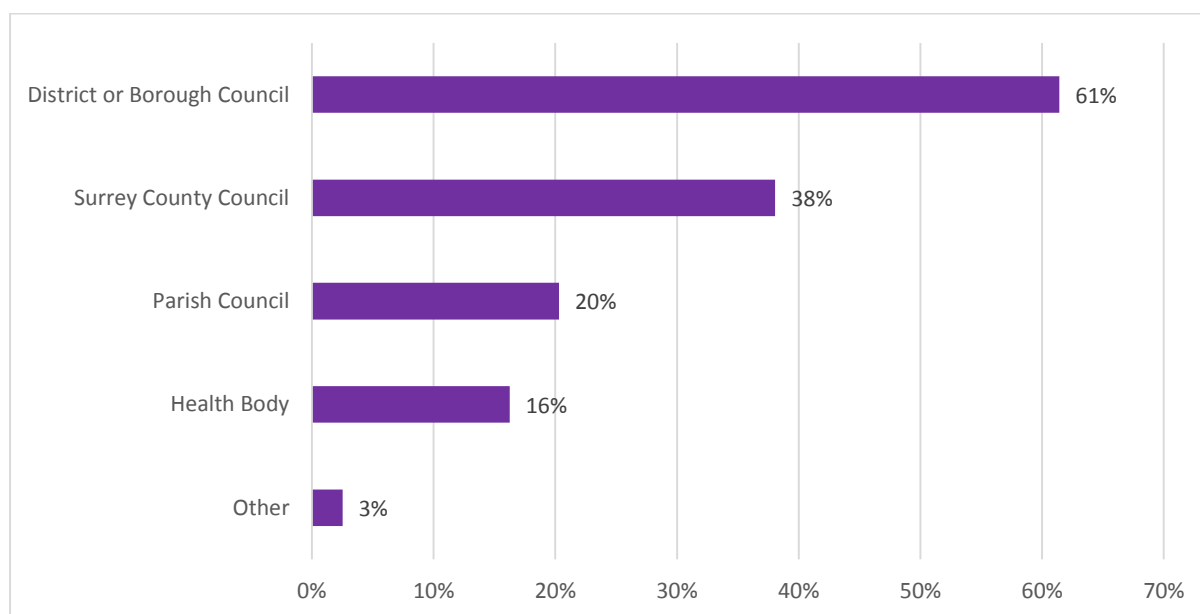


Figure 13 - Public bodies worked with most

Respondents were asked a series of questions about their relationship with statutory bodies. The survey was aimed at VCFS organisations and so the results are only from one side of the relationships.

Figure 14 shows the responses to a series of questions, in which respondents summarise their relationships with their statutory partners.

An interesting result is that while most respondents believe that their statutory partners value the VCFS (70%), only 50% say that they are understood and only 39% say they are treated as an equal partner.

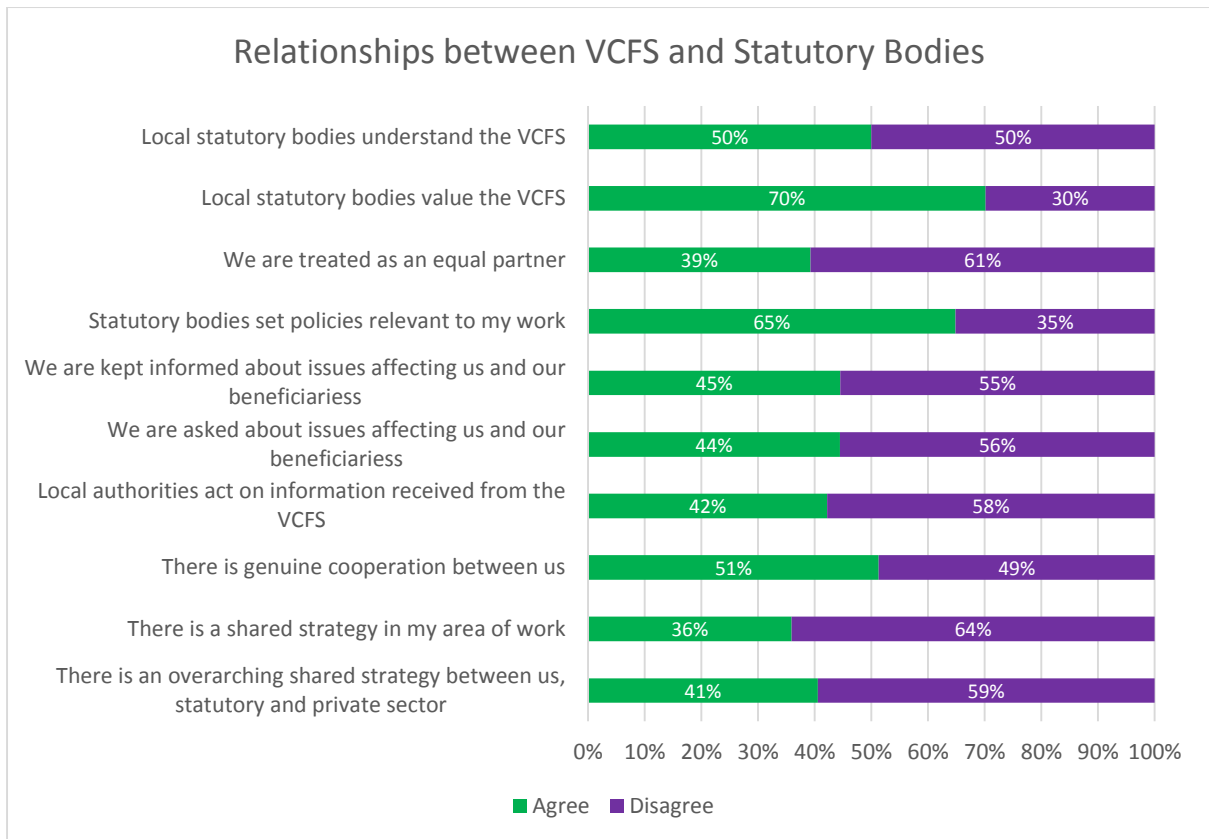


Figure 14 - Summary of relationships with public bodies

Focusing on respondents working with a single body, this research examined the relationships between the VCFS and different layers of councils, as in figures 15-17.

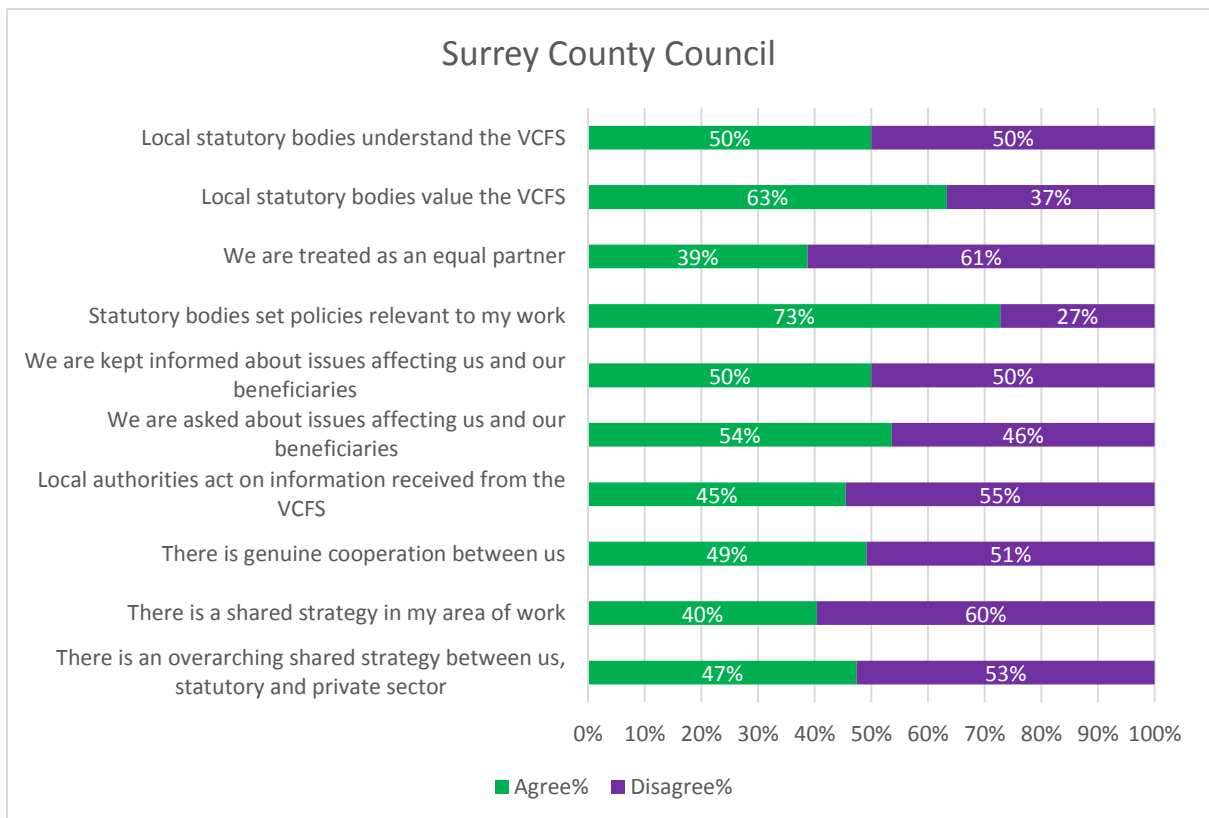


Figure 15 - Summary of relationships with Surrey County Council

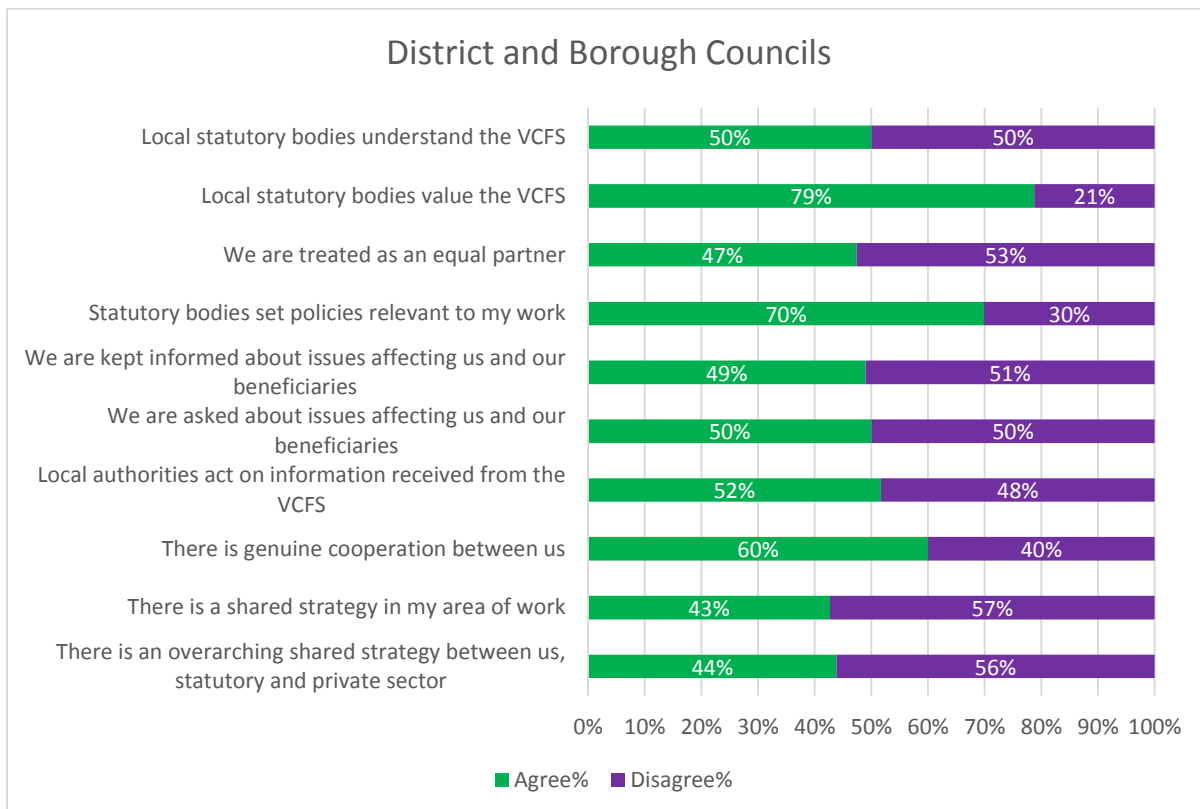


Figure 16 - Summary of relationships with District and Borough Councils

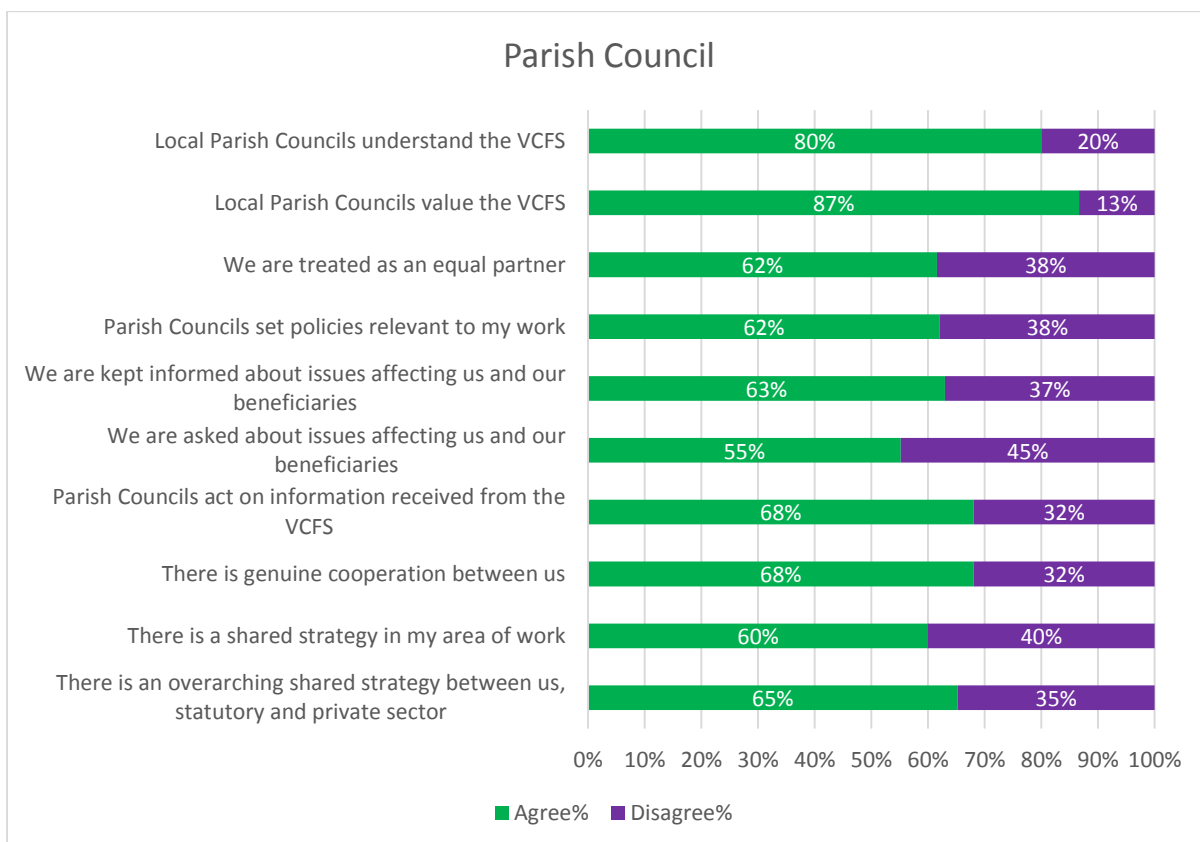


Figure 17 - Summary of relationships with Parish Councils

It is widely accepted that the more local and specific a statutory body is, the more connected individuals and VCFS organisations feel. This is borne out by this research, as shown in figure 18: Moving from County, to District or Borough, to Parish Council, measures of the relationship with the VCFS tend to improve. This is to be expected given that smaller, local VCFS organisations are most likely to have closer day-to-day contact with their immediate local authority, and are more likely to be working with named individuals rather than “faceless” departments.

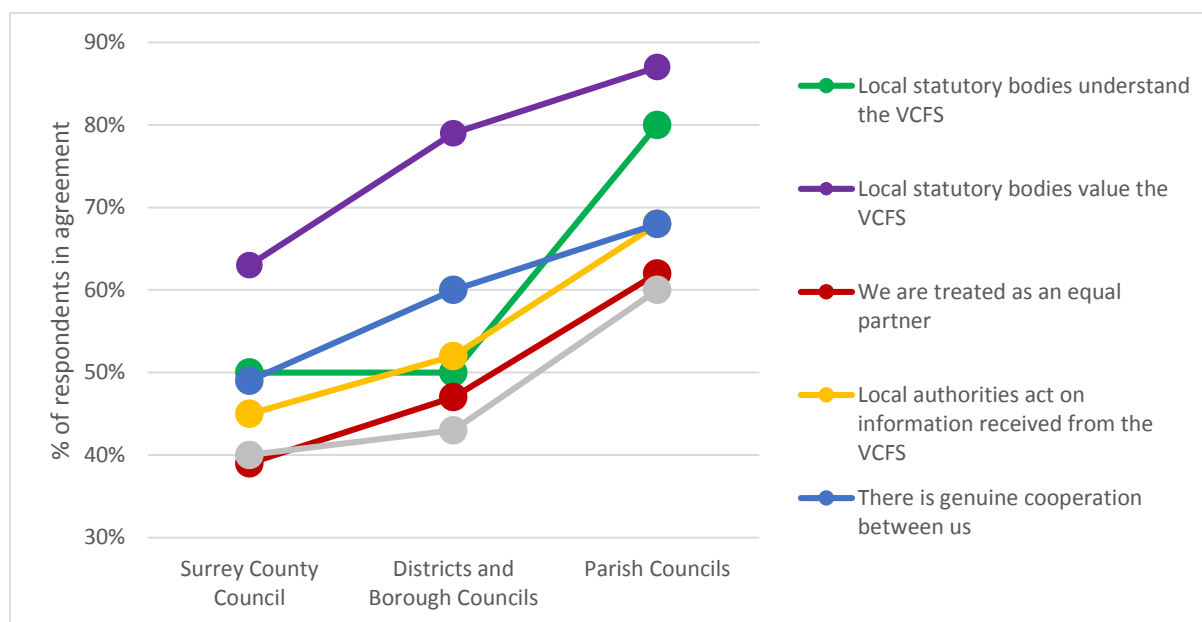


Figure 18 - VCFS relationships with different Council layers

Despite the relatively positive outlook, some organisations have expressed concern over their relationship with the statutory sector:

- “Charities are usually supplicants, aren't they? So how can there be an equal relationship?”
- “[Local authority] is centralised and isolated”
- “We value our independence. We don't want local authority involvement”
- “There has been so much money wasted on bureaucracy and so many officers coming to meetings”
- “Due to reduced budgets we are expected to deliver the same services at lower cost”
- “The voluntary sector is being used to cover inadequacies in the public sector.”

In parallel, statutory bodies have commented on the breadth and diversity of charities, asking whether there is too much overlap and therefore potentially wasted resources, and how they can realistically know about and engage with all VCFS organisations in their area.

Whilst the relationships between the VCFS and the Councils can be thought of as largely positive, the picture with health bodies is much less so, as shown in figure 19.

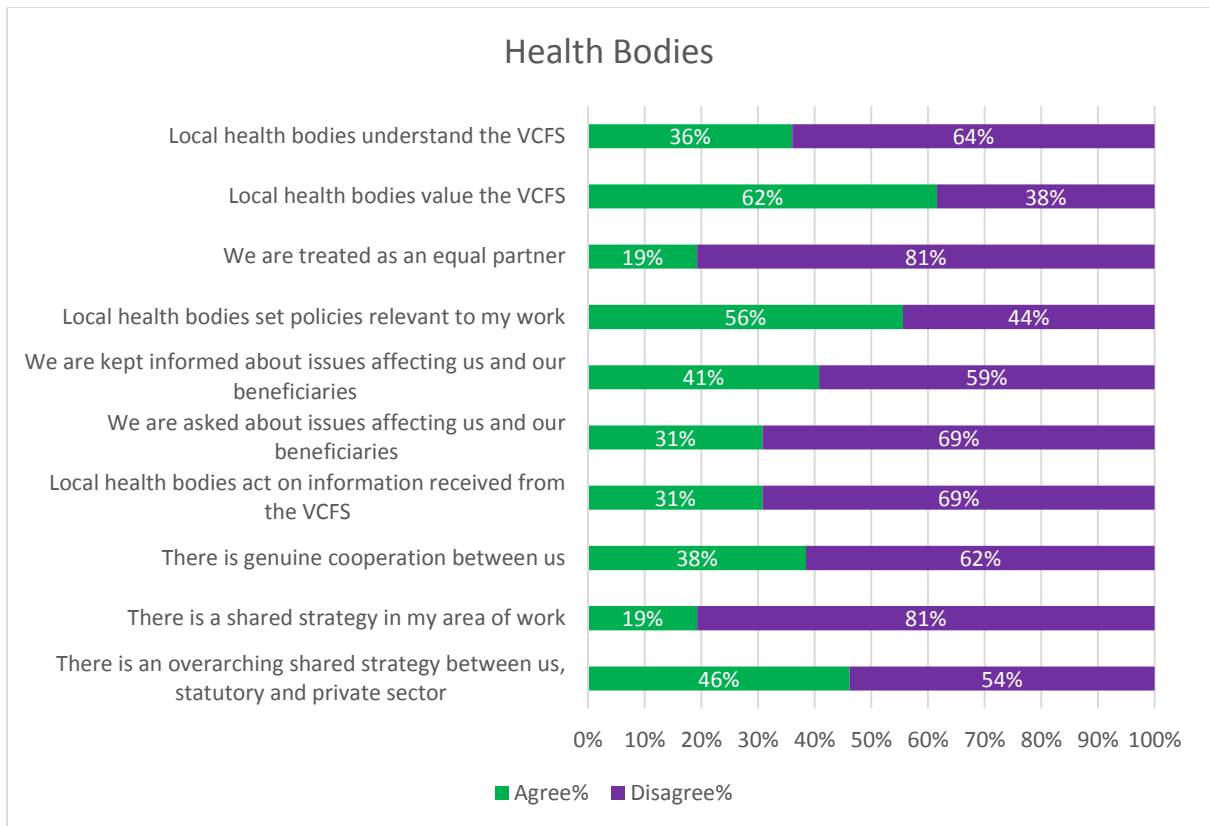


Figure 19 - VCFS relationship with health bodies

In this case, it is abundantly clear that the level of understanding, partnership, and most other measures are way below those of the Councils.

The reasons for this might include that health is a rapidly changing and heterogeneous environment. Clinical Commissioning Groups (CCGs) are fairly new, as is the role of local authorities around public health and social care. As such, there may be a bedding in period as organisations learn about each other and how they work together.

Regional Voices observes that, as far as Clinical Commissioning Groups are concerned, the VCFS needs to find ways to engage with CCGs so that they understand what the VCFS can offer. They may also need to work together to offer co-ordinated engagement with CCGs who are unlikely to be able to engage with dozens of local VCFS organisations<sup>30</sup>.

Comments from respondents include:

“The NHS is difficult and SCC has seen so many changes”

“The NHS and social care are at breaking point”

“They [health bodies] just refer people to us but we don’t get any funding for it”

“Where is the voluntary sector representation on health and wellbeing boards?”

“There’s no silver bullet – it is more intractable than that”

<sup>30</sup> <http://www.regionalvoices.org/ccgs>

## Information, Communication and Technology

There is no doubt that recent years have seen both a meteoric rise in the use of IT and social media, and an equally massive expansion in the number of social media channels, and these platforms require access to skilled staff to develop, maintain and from which to maximise the benefits. Figure 20 shows a snapshot of VCFS web presence and social media use.

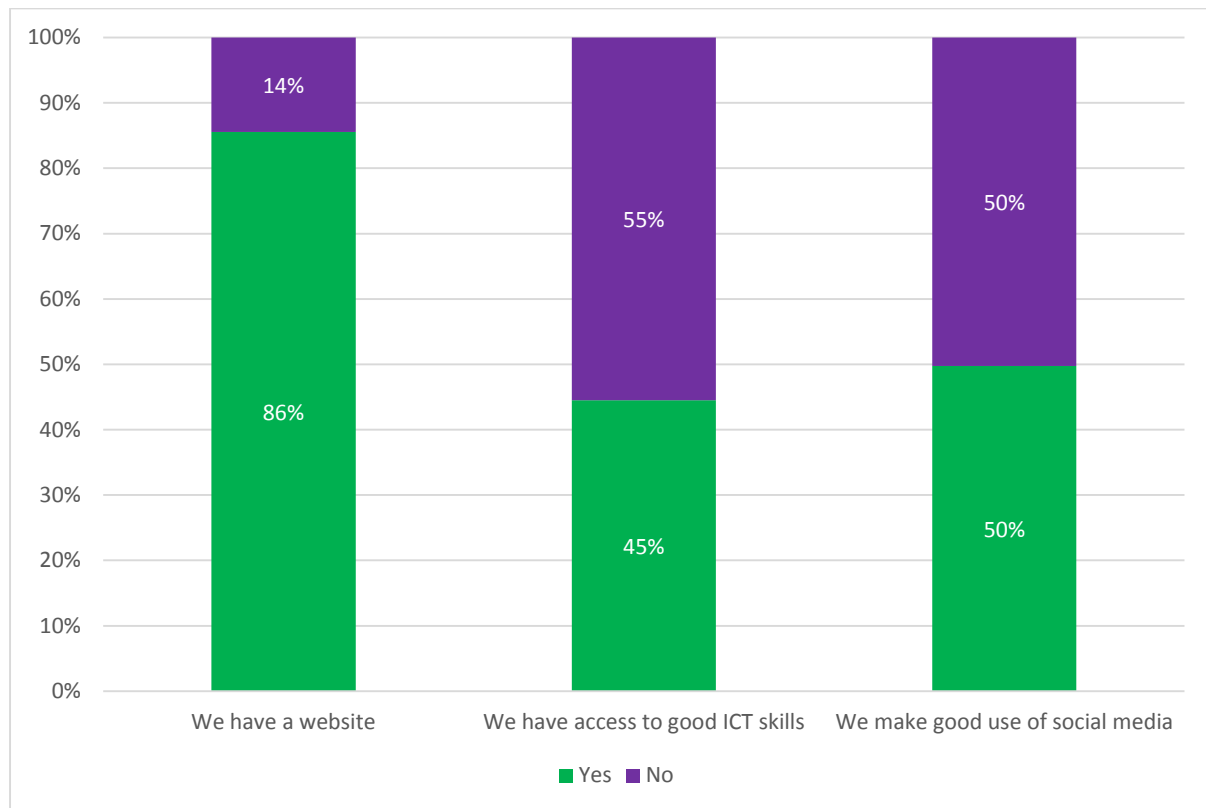


Figure 20 - Online presence and ICT skills

The main shopfront for many VCFS organisations remains their website, with 86% of VCFS organisations having and using a website. Not surprisingly, this varies depending on the size of organisation, with only 59% of VCFS organisations with under £5,000 income having a website, to 100% of those with income of greater than £150,000.

It is clear that despite having a website, around half of VCFS organisations feel they do not have the right ICT (Information and Communications Technology) skills within their organisation and so will either “muddle through” or rely on external support for their ICT needs

Around half of all VCFS organisations feel that they make good use of social media. As with websites, this varies depending on the size of organisation from 38% in the under £5,000 income bracket to 74% in the over £150,000. Reasons for not making good use of social media range from not having the need, through to not having access to the right skills, through to being overwhelmed by the number of social media channels and the speed of change.



It is worth noting that while some small VCFS organisations feel that a website is unnecessary (16%), and nor is social media, for others it is their main communication tool. As a result, they are extremely web and social media literate. Youth organisations also tend to be more IT literate, reflecting the way their service users are likely to access services.

The survey also asked VCFS organisations about how well they can access relevant news and information. As shown in figure 21 below, an overwhelming number of them think that they can. However, it is worth reflecting that they may not actually be accessing all the relevant information they need as they may not be fully aware of what is available.

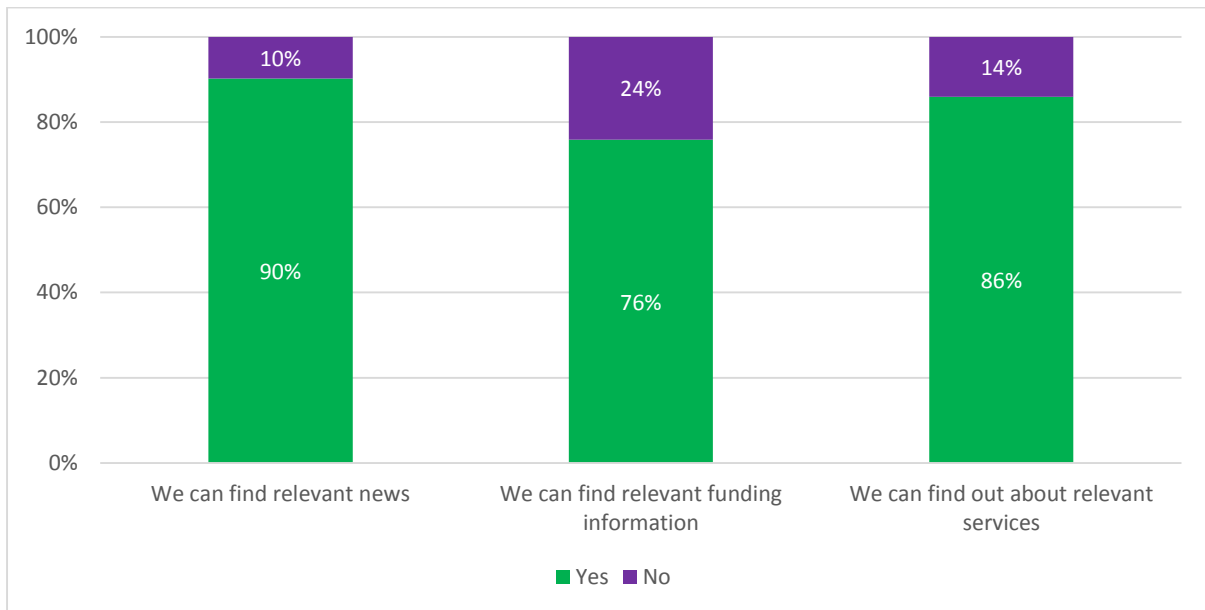


Figure 21 - Access to information

This concludes the overview of where the VCFS feels it is now. The following section focuses on expectations of changes in coming years, and how the VCFS is geared up to meet those changes.

## The Not-For-Profit Sector of Tomorrow

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This section of the report focuses on the VCFS perception of the needs of Surrey, and how the VCFS is positioned to meet that challenge by looking at, amongst other things, how funding may change, how demand may change, how the sector works together and what opportunities and threats are on the horizon.

### The Needs of Surrey

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One definition of the VCFS encompasses the idea that it exists to fill in the gaps left by the statutory and private sectors: that it evolves to meet needs that aren't addressed in other ways and where people are at a disadvantage as a result. With that in mind, the research asked VCFS organisations what they saw as the most pressing needs in Surrey in coming years. Table 4 shows the top issues identified by respondents. The work in 2013 identified the greatest needs as older people, poverty, health and young people, and these broad needs have not changed. These needs tie in neatly with Surrey County Council's Joint Strategic Needs Assessment,<sup>31</sup> as would be expected.

Rank	Surrey's Top 10 Needs
1	Ageing Population and Care in the Home
2	Mental Health
3	Inappropriate Housing
4	Inadequate Health Provision
5	Benefit Cuts and Poverty
6	Community Breakdown
7	Family Breakdown
8	Social Isolation
9	Cultural Integration
10	Other Needs

Table 4 - Future needs of Surrey from VCFS perspective

Assuming that these needs remain, and that VCFS intervention remains critical, the following sections examine whether the VCFS will be fit for purpose into the future.

### Expectations of Change

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One of the most important questions asked in the survey was about VCFS organisations confidence of survival. When asked if they felt they would have to close in the next three years, as in figure 22, 93% thought it unlikely or very unlikely. Conversely, 9% thought it likely or very likely. In previous research, organisations have been unwilling to reveal that they are considering closure, as this may have a negative impact on their external relationships and may facilitate their decline, so in an attempt to overcome this and encourage greater openness, this research allowed respondents to respond anonymously. Despite this anonymity, it is likely that more than 9% of organisations are concerned for their longevity.

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<sup>31</sup> <http://www.surreyi.gov.uk/GroupPage.aspx?GroupID=36>

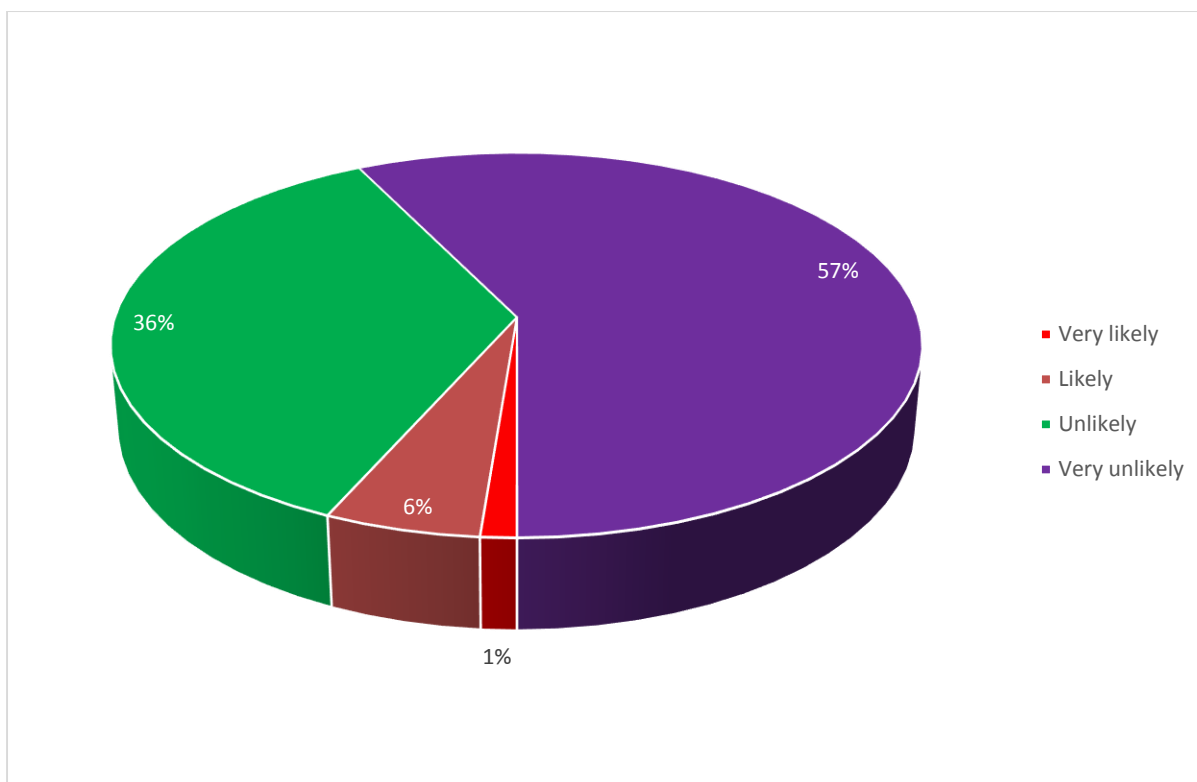


Figure 22 - VCFS organisations likely to close in next three years

Extrapolating the figure of 7% likely to close in the next three years, that works out at 400 organisations, with 59 being very likely to close.

It is worth pointing out that not all closures are unexpected or unwelcome: some could be the result of a change of structure, mergers or planned closure following completion of a specific, time-limited set of activities (often campaigning groups).

While the survey does not directly capture the number of new organisations, we do know from the age profiles in figure 3 that around 2.3% of VCFS organisation are less than three years old, extrapolating to just over 130 new organisations based on a 5,900 population estimate.

The national picture is that, looking at registered charities, there tend to be more registrations than closures<sup>32</sup>, but the situation for under-the-radar groups may or may not be the same.

The 2013 research measured confidence in a slightly different way, and that recorded that 17% of charities expected to last less than five years. This may have reflected a period of relative pessimism as public sector cuts began to bite and as many as one in six charities may have expected to face closure<sup>33</sup>.

Two quotes from respondents worth sharing are that “community needs to serve community, for as long as the need is there”, and “that’s why charities exist – to pick up the pieces”, both of which accurately capture the motivation of many VCFS organisations to continue despite the challenges they face.

<sup>32</sup> <http://blogs.ncvo.org.uk/2015/08/19/are-more-charities-closing/>

<sup>33</sup> <https://www.theguardian.com/society/2012/dec/09/one-in-six-charities-close>

## Funding Expectations and Confidence

Figure 23 shows the responses to a number of questions about expected changes over the next three years, mainly around funding. Nearly two thirds of VCFS organisations expect that their expenditure will need to increase, even given very low levels of current inflation. 8% expect to see a decrease, usually due to having to scale back service and delivery under income pressures.

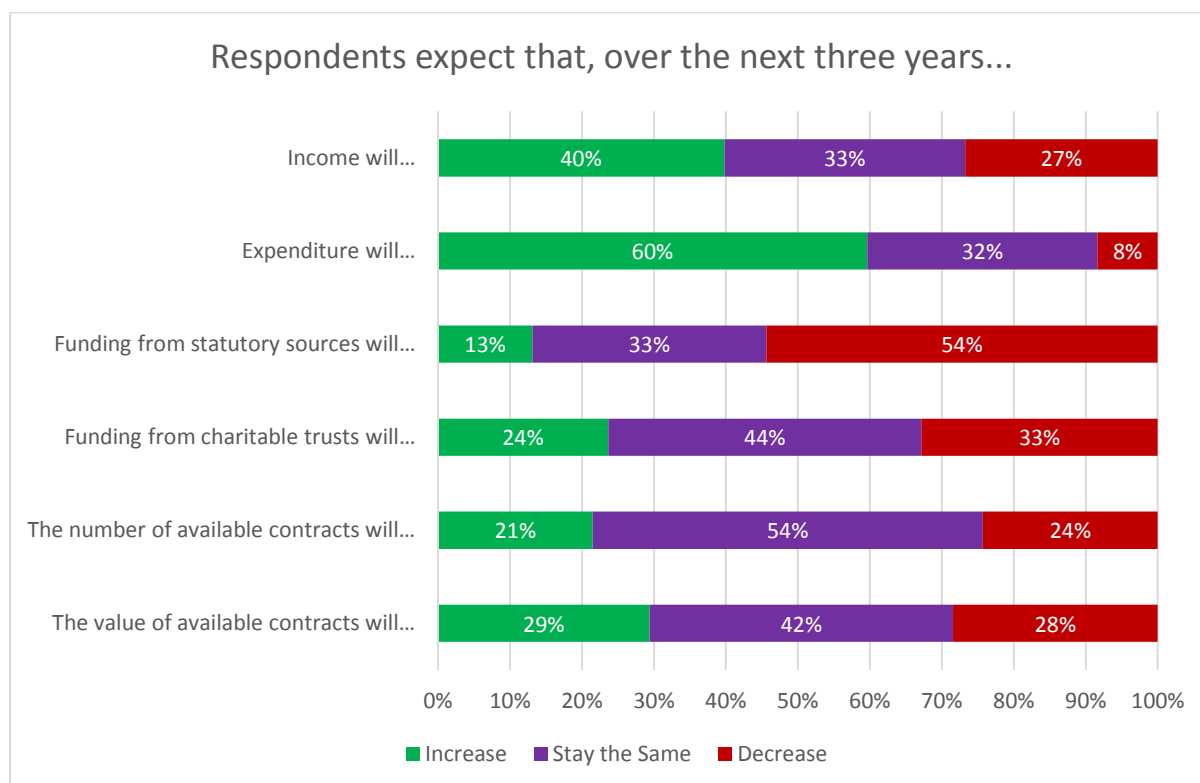


Figure 23 - Funding expectations for the next three years

While 60% expect to see an increase in expenditure, only 40% expect their income to increase, which poses several questions: Is the shortfall going to be met by expenditure of reserves, or will further rationalisation need to occur, from reduction in services to further collaboration and merger? Several organisations report that they feel they are getting better at fundraising, especially from donations and individual giving, as they improve their marketing and promotion of what they do and why.

Currently, 24% of respondents expect income from grants will increase, although given that many grant making trusts rely on investment income to endow their grants programmes, such optimism might be misplaced as the impact of Brexit is felt.

VCFS organisations are pessimistic about whether funding from statutory sources will increase. Of those expecting an increase (21 organisations) at least four of them are known to have recently secured significant contracts from a statutory body which would explain their optimism, although they may still recognise that the overall amount across the VCFS will decrease.

Figure 24 shows VCFS expectations about the way their organisation may have to change over the next three years as their operating environment changes. Very few (1%) expect the needs of their beneficiaries to decrease compared to 68% expecting to see an increase, reconfirming the continued need for the VCFS.

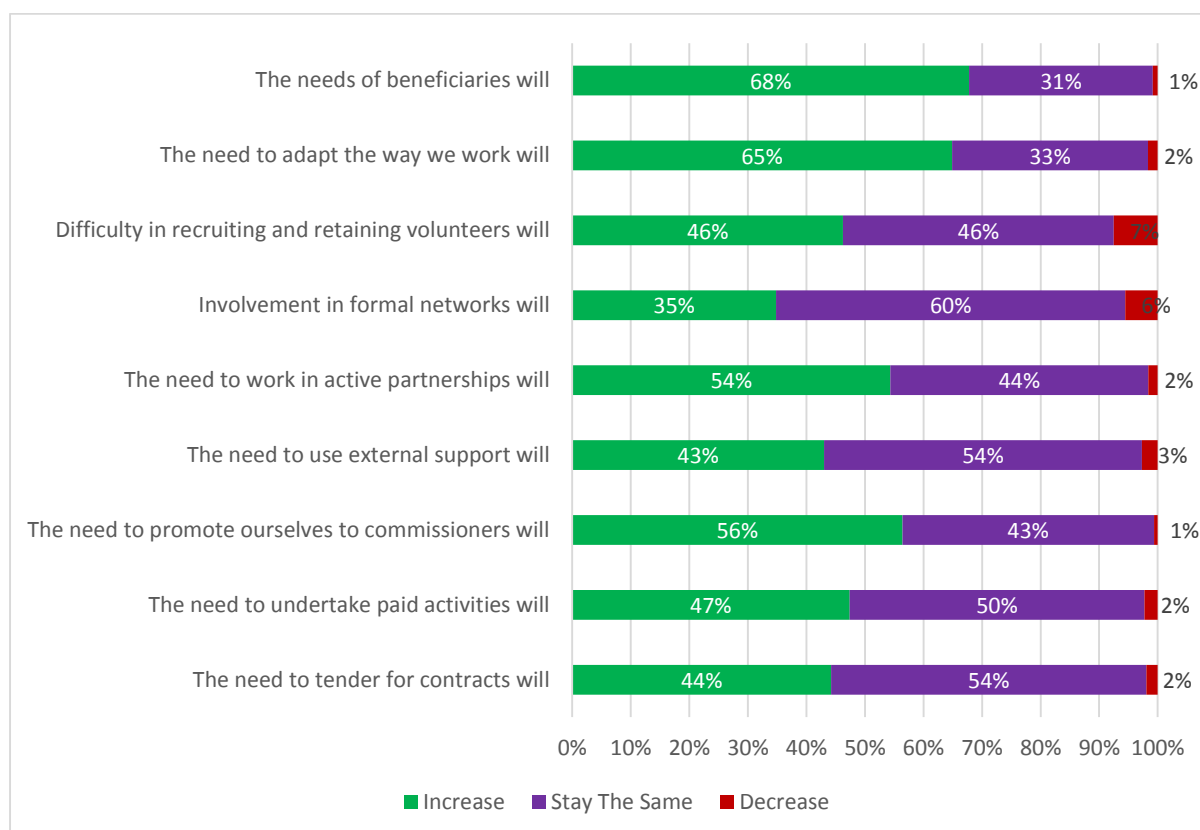


Figure 24 - Business needs expectations over the next three years

VCFS organisations also expect to have to adapt the way they work, including adding new services, removing “failing” services and changing the way services currently operate. Many are expecting to have to introduce charges for services that were previously delivered free of charge. Registered charities in particular can charge to make money to help their charity’s aims and objectives, (primary purpose trading), there will be some who need to consider whether a trading company is necessary<sup>34</sup>.

Many VCFS organisations expect the need to work with others to increase, either in formal networks (35%), in partnerships (54%) or by using external support (43%) for activities such as fundraising and back office services (See “Working Together” below).

More than half of respondents expect to have to promote themselves to commissioners more, reflecting that 44% expect to have to tender for more contracts.

<sup>34</sup> <https://www.gov.uk/guidance/charities-and-trading>

## Opportunities Available

This section focuses on the opportunities VCFS organisations have identified for themselves and their peers. The responses reflect an awareness that the role of the VCFS is changing, and that they themselves need to reflect those changes. There were dozens of suggested opportunities identified by respondents, but many of them could be grouped as shown in Table 5.

Types of Opportunities Available	Percent Identifying Similar Opportunities
Increase existing services	55%
Increase range of services	33%
Joint working	28%
Alternate funding	21%
More volunteers	15%
Better facilities	15%
Capability improvement	14%
Community Involvement	10%
Publicity	9%
Other opportunities	17%

*Table 5 - Opportunities available to VCFS*

Over half of respondents recognise that there are opportunities to expand their existing services as demand increases. Some are looking at increasing delivery hours (for example creating a seven-day service to reflect a seven-day NHS), whilst others are looking to expand geographically into new communities including outside Surrey. Some also talk about actively seeking to increase their market share (which may be at the expense of other VCFS organisations). There will be challenges with some of these opportunities, as more VCFS organisations vie for a larger slice of a smaller cake. Many respondents reflect positively that increasing their service will allow them to benefit more people and better meet their clients' needs.

Many respondents (33%) see opportunities to expand the range of services offered. Some see this as offering proven services to new groups, others see it as using their core skills to create new services, and some see it as moving services online. Many reflect that their range of services need to increase as the needs of their clients change.

Opportunities around joint working are identified by 28% of respondents ranging from collaboration with peers, to forging relationship with corporate partners, to sharing some resources. There could be a conflict between some of these joint working opportunities and some of the service increase ideas above.

The language used by respondents when discussing the need to collaborate is illustrative of some of the challenges with working together:

- “Sometimes we have to bid with charities that might, in other circumstances, be considered competitors”
- “There is a sense that we are in competition with each other. It’s not a very charitable view!”
- “We have over 70 informal plus 18 formal partnerships. That’s a lot of meetings”
- “Although it’s hard to say, sometimes a cull of uncompetitive organisations could be better”
- “Our charity doesn’t seem to fit with others – we offer quite a unique service”
- “Collaboration is difficult because each organisation thinks they know best”
- “[Working together] offers shared experience and expertise”
- “Two heads are better than one”

One fifth of respondents reflect on the opportunities to be grasped by looking at new ways of funding. Several endorse seeking social investment (seeking funding from investors, often to bankroll service changes, the ongoing cost savings of which are then shared with investors<sup>35</sup>), an approach that has worked well elsewhere in the UK<sup>36</sup>, but is not often seen in Surrey. Several respondents recognised the importance of funding from business, either directly or via Local Enterprise Partnerships, and this is a focus for the procurement team in Surrey County Council seeking to incorporate social value into the evaluation of all contracts.

More than one organisation reflects on the need to “reclaim [their] own destiny by moving away from contracts and investing in community and corporate fundraising”.

Some more examples of each opportunity type are included in table 8 within Appendix 1.

## Threats Faced

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This section focuses on the threats VCFS organisations feel they face in the future. Many of the responses reflect ongoing challenges that may be worsening as economic confidence fluctuates and the future of the UK is less certain than previously. As with the opportunities above, dozens of suggested threats were identified by respondents, and many of them can be grouped as shown in Table 6.

Of those respondents who gave their opinion, 2% said that they did not know what threats they might face, which could be worrying, and a further 1% felt that they did not face any threats at all, although these were all smaller organisations meeting a specific local need.

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<sup>35</sup> <https://www.bigsocietycapital.com/>

<sup>36</sup> <https://www.theguardian.com/voluntary-sector-network/2015/dec/10/do-social-impact-bonds-really-work-for-charities>

Types of Threats Faced	Percentage Identifying Similar Threats
Financial challenges	66%
Volunteer challenges	54%
Changing business environment	24%
Staffing challenges	17%
Changing demands	15%
Governance challenges	13%
Lack of opportunities	11%
Decreasing membership	8%
Service obsolescence	8%
Other challenges	15%

Table 6 - Threats facing the VCFS

Not surprisingly, two thirds of respondents recognise that money, or lack thereof, is a big threat. Some reflect on the increasing cost of staying in business, and others reflect how much harder it is becoming to cover core costs. Many funders will only allow a certain proportion of their funding to be spent on administration, overheads and other core costs. This reflects an interesting problem in that, despite efforts to make charities more transparent, the public still thinks that charities spend around 37% on administration, versus a publically acceptable 15%<sup>37</sup>. According to NCVO, the actual figure in the UK for 2013/14 was indeed 15%<sup>38</sup>. Many funders will cap their overheads contribution at as low as 10%. The challenge for VCFS organisations is ensure that their cost recovery model is robust, and that all activities across the organisation are categorised correctly and form part of activity delivery not administration or core.

Several respondents commented on the money that needs to be spent to prepare bids with no guarantee of success, and that the overheads of commissioning in particular are prohibitive to many.

Other respondents are threatened by the short term grant cycle, with longer grants (3 years or more) getting harder to find.

Over half of respondents see access to volunteers as being a threat (slightly more pessimistic than the responses shown in figure 11 in which 56% said they can recruit suitable volunteers). Concerns include an ageing volunteer population, exhaustion of existing volunteers, and an over-reliance on a small group of volunteers. The threat of an ageing volunteer population is in contrast to data from NCVO that shows the number of young people who volunteer is rising steadily. The question is therefore whether VCFS organisations are able to attract and recruit younger volunteers, and whether available roles are suitable for younger people.

Some more examples of each threat type are included in table 9 within Appendix 1.

<sup>37</sup> <http://nfpsynergy.net/press-release/public-thinks-charity-spending-admin-more-double-their-acceptable-level>

<sup>38</sup> <https://data.ncvo.org.uk/a/almanac16/fast-facts-5/>



## Working Together

Figure 25 shows the responses to whether VCFS organisations would be interested in a range of shared activities. These are typical activities that can be used to consolidate existing functions, measure impact and secure more income. Figure 25 excludes organisations who are already doing the activity, for example 6% of respondents are already sharing one or more services. Between 3% and 7% are already carrying out the other listed activities.

Of those not currently doing it, almost half would be interested in using external fundraising support, including hiring a professional fundraiser to write a specific bid and using third party face to face and door-to-door fundraisers. There are risks associated with using third parties to solicit donations, as evidenced by the recent negative publicity about aggressive “chugging” (approaching passers-by in the street to ask for subscriptions or donations to a particular charity) across the news media. There are also risks associated with asking a third party to write bids on behalf of a VCFS organisation. However, despite these risks, they can be rewarding if done properly.

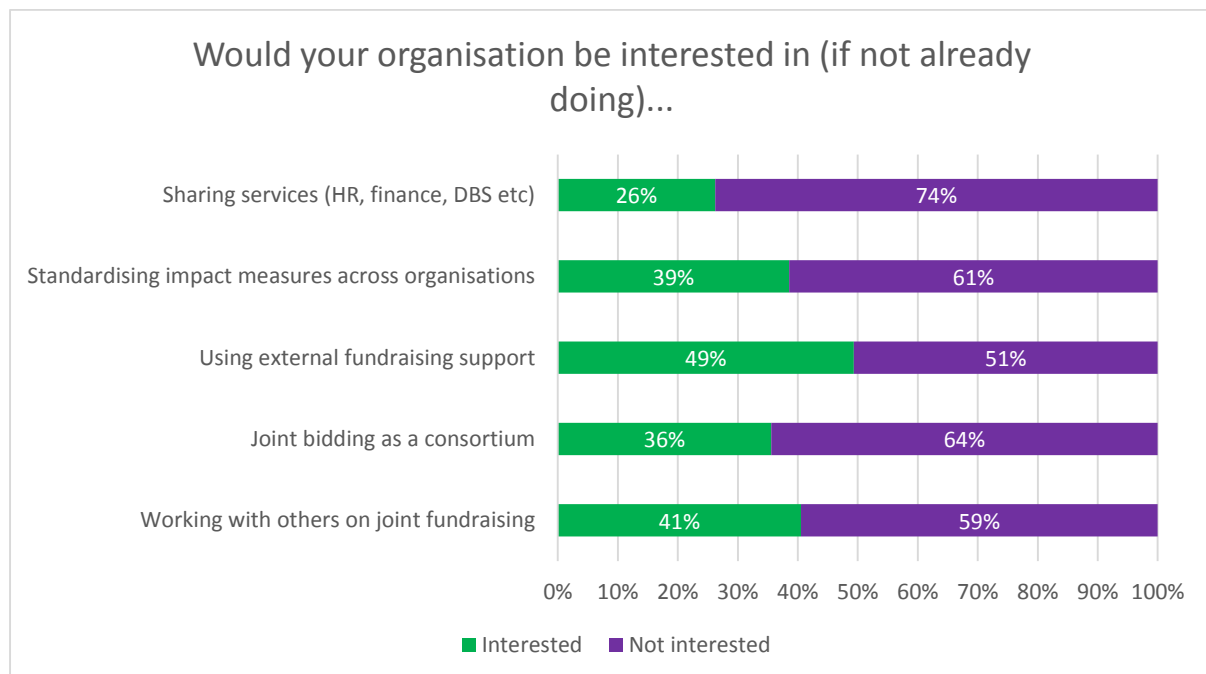


Figure 25 - VCFS interest in shared services

Of the VCFS organisations not currently sharing services, such as HR and back office support, only 26% are interested in doing so. Many, especially smaller, organisations see no need to share such services, as they have little need for them, but reasons given by other organisations include wanting to keep expertise and responsibility in house and wanting to maintain their own staff team.

Communicating the difference that a VCFS organisation makes to its beneficiaries is a vital tool to support fundraising activities and raise profile, but 61% of organisations are not interested in standardisation of impact measurement across the VCFS, despite the availability of tools to help, such as the Surrey Impact Framework<sup>39</sup>. Reasons why not include a belief that the activities of an individual VCFS organisations are too specialist to lend themselves to a common impact measurement method and tools, and concerns about the time taken to implement and manage.

Overall, fewer VCFS organisations are interested in the joint working opportunities presented in figure 25, but the figure 26 shows that the picture is very different depending on whether the forum is based on:

- Organisation’s work – eg Mental Health
- Job role – eg all finance officers
- Location – eg all Tandridge organisations

In all three types, one third of respondents are already involved in forums, and of the other two thirds of organisations, more than two-thirds of them would be interested in getting involved.

The challenge becomes one of organising and advertising appropriate forums, and ensuring that people are able to commit time to attending.

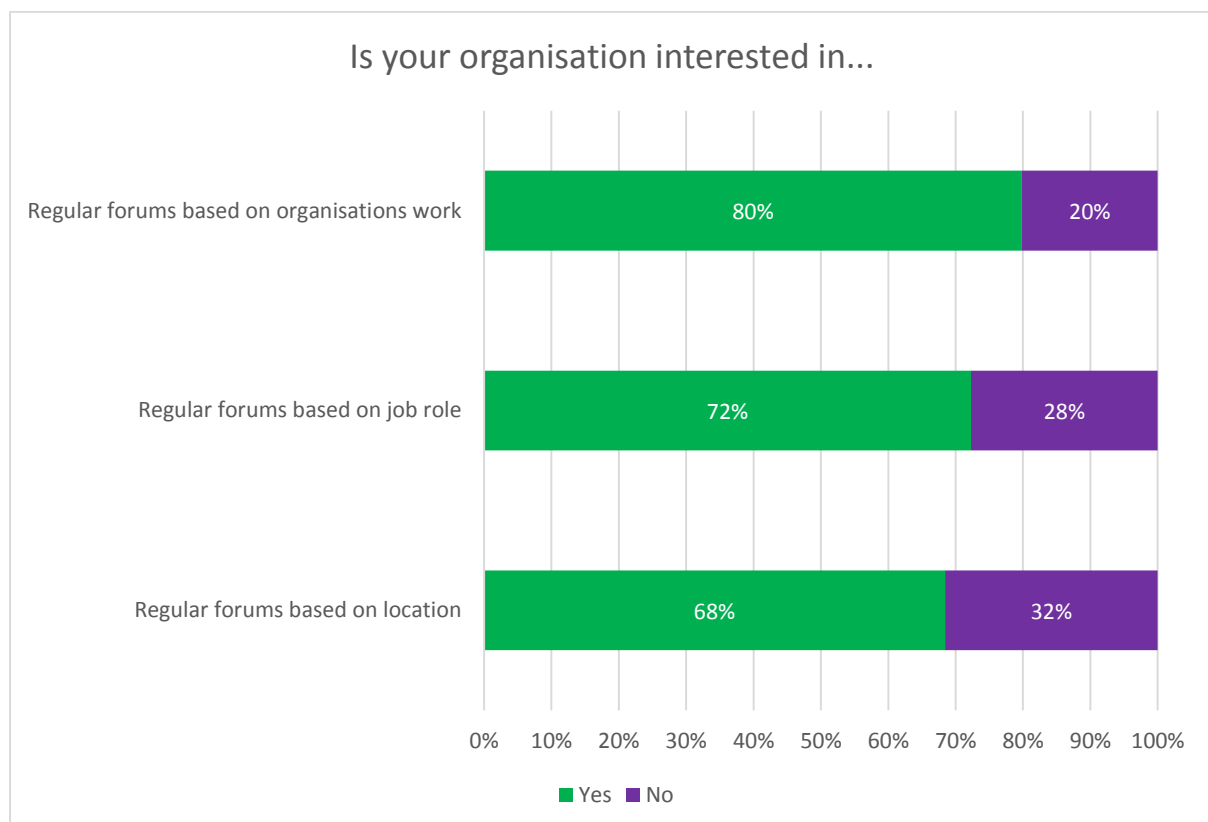


Figure 26 - Interest in forums

<sup>39</sup> <http://www.surreyca.org.uk/services/surrey-impact-framework/>

Figure 27 shows that there is also an interest in face-to-face and virtual events that serve to bring organisations together to share experience, best practice and network with peers.

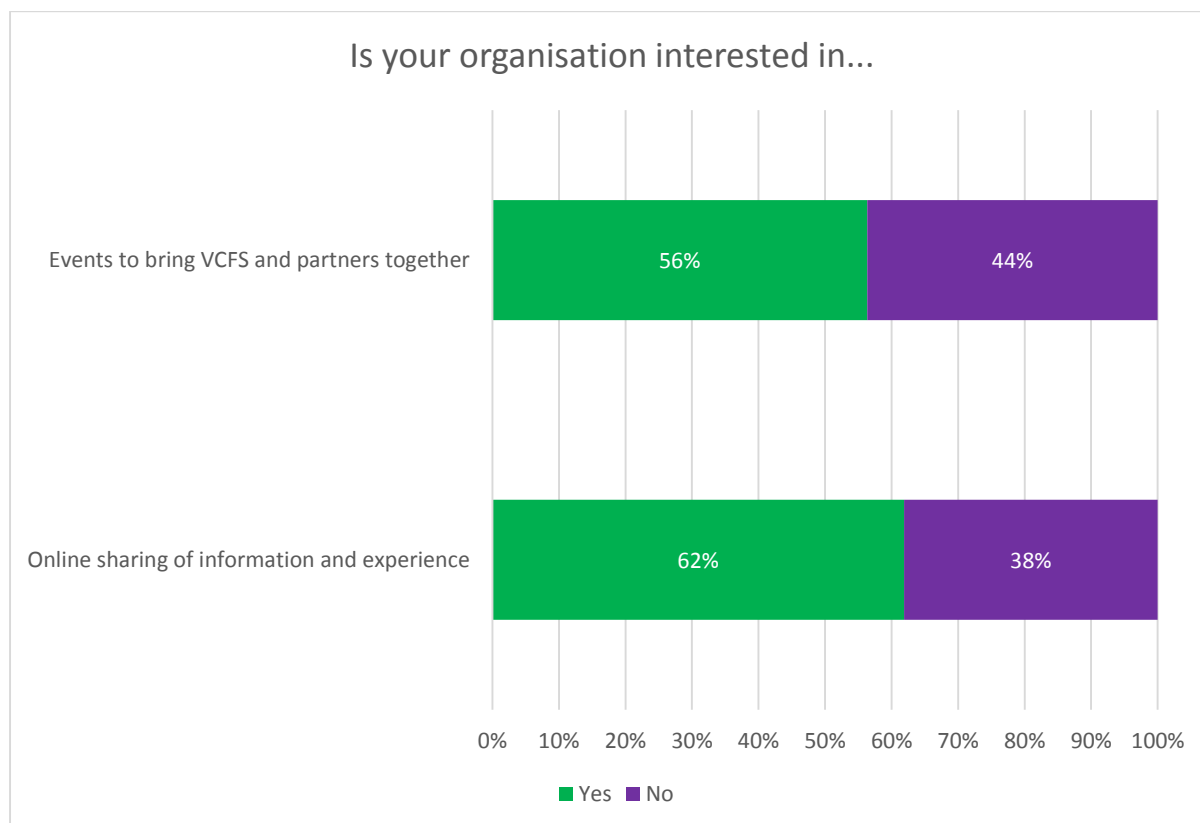


Figure 27 - Interest in face to face and online networking

## Training Needs and Preferences

The research also aimed to find out more about the future training needs of Surrey's VCFS organisations. Training is often highlighted as a significant need for the sector, but anecdotally at least, it has proven difficult to set up and maintain a viable training company in Surrey. Table 7 shows the main training needs identified by Surrey's VCFS for staff, trustees and volunteers. It does not include the specialised training required for individual roles. It is notable that fundraising and bidding for funds is a prominent theme for staff, trustees and other volunteers.

In the 2013 survey, governance training was not recognised as a need. This change in 2016 may be a reflection of the greater emphasis placed on trustees as the group of people ultimately responsible for the good governance of the organisation, and the group who are held liable in the event of problems.

Managing change is also common across staff, trustees and volunteers, reflecting an awareness of the volatile not-for-profit operating environment and the need to react quickly to opportunities and threats.

Top five development needs for...		
Staff	Trustees	Volunteers
Fundraising and Bidding for Funds	Governance	First Aid and Health and Safety
First Aid and Health and Safety	Fundraising and Bidding for Funds	Fundraising and Bidding for Funds
Marketing	Managing Change	Managing Change
Managing Change	Business Planning	Managing Staff and Volunteers
Managing Staff and Volunteers	Strategic Management	Equality and Diversity

Table 7 - Training and development needs for VCFS organisations

Previous research looking at training focused on barriers to access, and included:

- Lack of local availability
- Too costly
- Inconvenient schedules
- Not specific enough

Figure 28 shows that the most popular training delivery methods are private (bespoke) workshops and public workshops, demonstrating a preference for hands-on learning with a very practical focus. Online courses are more preferred now than in the past, and will address many of the barriers listed above. Online courses are still much preferred over webinars.

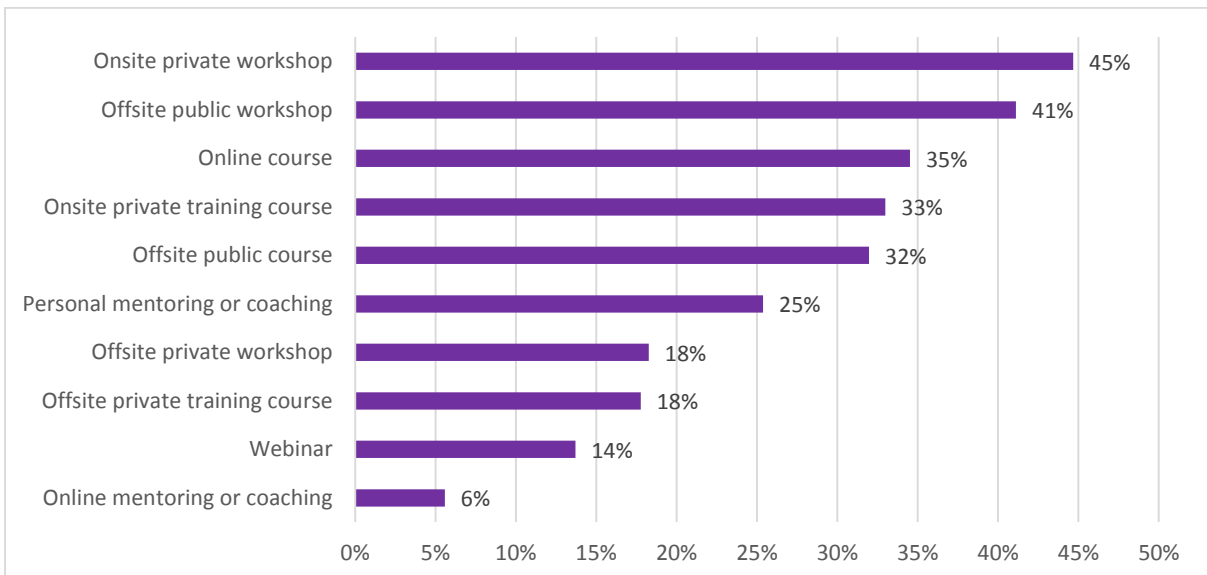


Figure 28 - VCFS preferred training and development routes

There is no coordinated training plan for Surrey’s VCFS, so training is organised on an organisation by organisation basis. There are some training opportunities made available to the VCFS by Surrey County Council’s Surrey Skills Academy<sup>40</sup>, although the focus is on skills required for social care. Other organisations including local Centres for Voluntary Service (CVSs) offer training on a demand-led basis.

## Support Needs

There are a number of organisations across Surrey that offer advice, support, advocacy and representation on behalf of the VCFS, often referred to as “infrastructure” organisations. These organisations exist to help VCFS organisations in their mission to help others. This survey asked VCFS groups what support they value from such organisations. Figure 29 shows the responses. The most important services for infrastructure organisations to provide are supporting access to information, advocate and lobbying on behalf of the VCFS and consulting to obtain and represent VCFS views with statutory and other partners. In common with the other important infrastructure services, they are all about providing services that some organisations, especially smaller ones, would be unable to fulfil themselves. The responses to this question can be used by infrastructure organisations to guide their work.

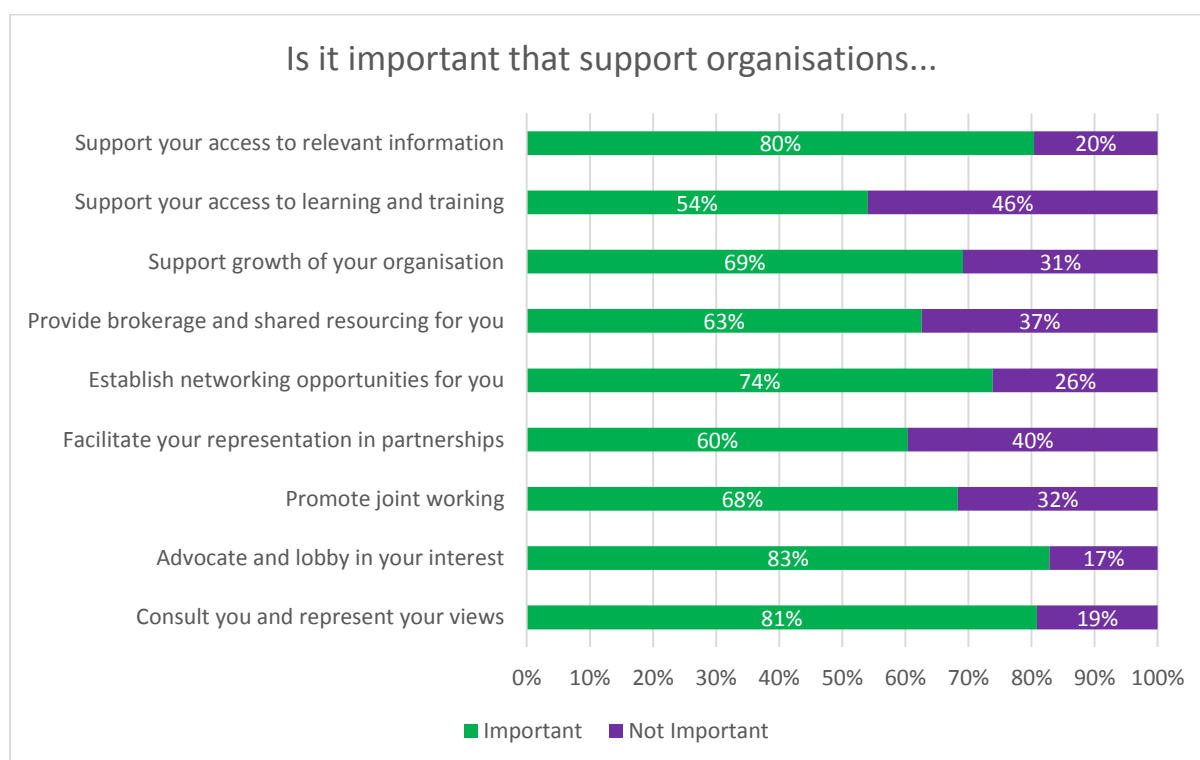


Figure 29 - Future support needs of the VCFS

<sup>40</sup> <http://surreyskillsacademy.learningpool.com/>

## Conclusions

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Surrey's VCFS is still healthy despite the many challenges it has faced in recent years and will continue to face: economic uncertainty, microscopic scrutiny, political upheaval, shrinking of the public purse, rising need and more. In the face of such challenges, the VCFS has roughly the same number of organisations helping more people with less resources. Many talk about needing to deliver the same service for less money, and somehow managing to "maintain Rolls Royce standards on Vauxhall Astra budgets", but further cuts will require hard choices about what is delivered to whom.

The VCFS is needed more than ever, with existing needs being exacerbated by funding cuts and economic uncertainty. The importance of the VCFS is recognised by funders, statutory partners and others, but they too are facing significant challenges. The opportunities are there to work together even more, with relationships built on shared goals and mutual understanding.

The opportunities to improve how we work together are especially evident in the complex and changeable world of public health. It is incumbent on support organisations to help health bodies understand the VCFS and provide an easy route for effective two-way communication.

The funding situation is unlikely to improve for many VCFS organisations, although individual giving remains healthy. VCFS organisations can help themselves by ensuring that they have a robust cost recovery model – making sure that they understand the full costs of maintaining their services, and knowing how to achieve this without over-reliance on a small number of funding streams.

The vast majority of VCFS organisations recognise that funding from Surrey County Council and the Districts and Boroughs is likely to decrease, and that the challenge is to diversify income streams while simultaneously making sure that commissioners understand what the VCFS organisation brings to the table and also the direct and hidden costs the commissioner would incur if the VCFS organisation was not there.

There are some very positive signs coming from commissioners (at Surrey County Council in particular), with a programme being put in place to build social value into all tenders as a scoring element alongside quality and cost. In other words, organisations tendering for contracts with Surrey County Council will be expected to show how they are supporting the communities of Surrey (for example through giving time or resources to local voluntary groups) and will be monitored on this in the same way that they are monitored on all other aspects of delivery.

There have been opportunities for VCFS organisations to get involved in some service design work (eg Child and Adolescent Mental Health Services) which has resulted in VCFS organisations becoming an integral part of service delivery alongside lead contractors (and compensated accordingly). This is very positive, but not without problems: it takes a lot of time to set up and maintain relationships with multiple potential lead contractors with no guarantee of success.

The costs of securing funding are also high. It takes time, money and expertise to bid for funds from any source, but especially contracts. VCFS organisations may need to learn these skills to get ahead, and may need to share those skills with others to bring partners on board.

The research has also shown that social enterprise delivery models are becoming more prevalent, and may indeed be a better structure for some VCFS organisations. Again, it is beholden on support organisations to help VCFS understand the right structure for their needs.

Joint working remains a challenge. Many recognise that collaboration is necessary, but there is also a reluctance to engage. Fear of competition and concerns about dilution of identity may be compelling arguments, but the fact remains that organisations need to understand the benefits, risks and misconceptions about collaboration (for example that very few collaborations involve any kind of merger or takeover) to see whether working together is right for them and their service users.

Governance of VCFS organisations has been under the spotlight in recent years. VCFS organisations have highlighted the difficulties in recruiting and retaining trustees, and yet have been able to comment positively on the quality of support they have received from them. The true strength of a board of trustees may lie in how it responds to a crisis – or prevents the crisis from arising in the first place. One of the recommendations following the collapse of Kids Company was that boards are fully cognisant of the risks facing their organisation and take active steps to mitigate those risks, as they will be liable if things go horribly wrong.

Surrey has a strong support infrastructure, but these VCFS organisations (including Surrey Community Action) need to evolve as fast as their constituents to ensure that their services continue to meet needs and provide support to all organisations wrestling with any of the challenges outlined in this section.

The figure of 5,900 is still used as the number of VCFS organisations active in Surrey, but no-one knows how accurate this estimate is. More research on new and “under-the-radar” groups would help to refine this figure and ensure that these groups are offered the right support at the right time to help them survive and thrive.

Assuming this research is repeated in another three years, we look forward to reporting again on developments in a strong, vibrant VCFS community, which we are confident will continue to make life better for the people of Surrey.

## Appendix 1 – Opportunities and Threats

Opportunity Type	Examples
Increase existing services	Increase "customer" base
	Helping people in our area
	"Increasing income from our services = can offer more services"
	Reach out to more people in rural areas
	Ensure service is high quality and value for money
	Expansion of services and activities offered to better meet the needs of clients
	Development - more houses = more people = more income
	"To become a 7-day organisation to meet the new 7-day NHS"
	Build client base using marketing/social media
	Expand geographically - even outside Surrey
	Secure greater "market share"
Increase range of services	Introduce additional service streams to increase revenue
	Diversification - new services using our key skills
	Exploring online opportunities
	Taking on new projects
	Expansion of services to specific groups eg ex-military, ethnic
	Keeping up with clients changing expectations
Joint working	Collaborating with other similar organisations
	More joint working with corporates
	More partnership working
	Merging of organisations
	Collaboration with other voluntary sector organisations
	Closer working with statutory sector
	Cooperation with other charities
	To form stronger links with complementary organisations
	Capitalise on recent successful schools work to build better relationships with schools
	Sharing resources with other organisations
Alternate funding	Identify new, innovative, fundraising ideas
	Explore joint funding bids for partnership work
	Secure Social Investment
	"Reclaim destiny by moving away from contracts and investing in community and corporate fundraising."
	"Starting to secure useful contracts with LEPs - hope to see more of these come along"
	Major donors
	Funding through health services
	Fundraising with local businesses
	"Now able to apply for bigger grants"
	Increasing income from investments



Opportunity Type	Examples
More volunteers	Engaging more volunteers in all aspects of running the charity
	Attracting new volunteers
	Development of volunteering strategy
	Increase of students through appropriate advertising
	Harness professional skills of volunteers
	Focus on skilled retirees
Better facilities	Securing "better" premises
	"We have the possibility of providing better community facilities"
	Exploring sharing space with peers and partners
	"Integrating aspects of different sensory impairment services"
Capability improvement	"Fantastic staff being ultra-flexible - home working, part-time, term-time only, etc"
	Upgrading finance and IT systems
	Improve relations with existing client base
	Exploring new ways of delivering services
	Introducing online and email support
	Simplification
Community Involvement	Encourage increased community involvement
	Better connections with community partners
	Greater awareness of charity within community
	Moving out into the community
	Provide a hub for local organisations to meet
Publicity	Promote our USP
	Celebrity endorsement
	Improved publicity, website
	Becoming better known and attracting more members and audiences
	Marketing through existing customers
Other opportunities	Seek greater recognition of VCFS sector as important contributors in social care
	Take devolved power from Government
	Keep it local - local people with skills
	New trustees = new skills/ideas
	"Get paid staff!"
	Change to business model and charge for services
	Streamline back-office
	Share back office functions

Table 8 - Examples of opportunities available to VCFS organisations

Threat Type	Examples
Financial challenges	Becoming increasingly hard to cover core costs
	All costs are increasing dramatically
	"Runnings costs now exceeding ability to earn income"
	Maintaining the income/outcome balance
	Commissioning overheads driving up core costs
	Decrease in donations
	"How do we fill gaps left by reduction in statutory sector funding?"
	Increased centralisation of funding to prime contractors
	Lack of longer term grants to sustain service
	Downturn in economy causing income from investments to fall
	Recession and austerity
	Reduction in funding from statutory funders
	"Competition with other voluntary groups who are bigger than us"
	Hostility, perceived or real, from statutory organisations
	Competition from private sector
Competition within the VCFS	
competition from non-local, bigger charities	
Volunteer challenges	Age profile of volunteers
	Lack of volunteers with the required skills
	Volunteers moving away
	Retirement age reducing number of volunteers
	Falling number of volunteers
	Exhaustion of committed volunteers
	Difficulty in finding with volunteers with certain skills
	Higher employment means less volunteers
	"Student volunteers struggle balancing time between academic work, paid work and other demands on their time"
	Volunteer availability doesn't match service user needs
	Loss of existing volunteers and difficulty in recruiting new volunteers
	Losing existing volunteers many of whom have been doing the job for years
	Access to volunteers
Changing business environment	Too much bureaucracy
	"Too much work, not enough time!"
	Increase in demand
	Increase in needs of current participants following benefits changes
	Lack of capacity to help increasing numbers of "difficult" clients
	Inappropriate referrals from stretched statutory agencies
	Working to accommodate changes within the NHS
	Increased demand as statutory services close
	"Restructuring of NHS patient transport services forcing more problem clients on to the voluntary sector"

Threat Type	Examples
	Decline in support from failing national organisation
	Partner organisations in folding
	A Government increasingly hostile to charities
Staffing challenges	Inability to recruit qualified and skilled staff
	Recruiting skilled staff in context of public sector competition
	Recruiting and maintaining part-time staff
	Recruitment of staff in area of high cost of living
	Paying high enough salaries to keep good staff
	Recruiting key skills (accountancy/planning etc)
	"Increased risk of safeguarding incidents as contracted staffing resource reduces"
	Retaining staff
Changing demands	"External pressures to deliver specific models of working"
	Onerous requirements imposed by regulators
	Changes to benefit system increasing demand
	Local Authority attitude can be a problem
	Fear of litigation
	Changes to large funders' criteria
	Difficult to attract Treasurer because of all legislation
	Managing an increasing waiting list
	Changing Government Legislation & Restriction
	Not being able to share concerns with medical personal because of the privacy concerns
	Excessive and burdensome regulation and compliance - it wears people down
	Hard to navigate through multitude of different overlapping initiatives
Governance challenges	Potentially too complex and time intensive
	"Governance seems hard, not helped by negative media portrayal"
	Can't find successors for trustees and management committee
	Average age of trustees is rising
	Inability to recruit suitable volunteer trustees
	"Do trustees really know their liabilities?"
	The need to replace long serving trustees
Lack of opportunities	Inadequate marketing
	Not being taken seriously
	Apathy
	Drying up of ideas
	Students decrease in disposable income
	Medical services becoming more centralised
	NIMBYism
	Contracts taking the best opportunities
	Not able to keep up with new developments, so can't respond
	Not enough knowledge of social media to be able to respond

Threat Type	Examples
Decreasing membership	Not attracting enough new members
	"If we're not able to offer a varied and interesting programme then membership will drop off"
	Declining number of active members
	Reduced income from subscribers
Service obsolescence	Failure to attract new clients to replace losses from ill-health and death
	Lack of interest by young adults
	High profile media cases that reduce public confidence in CJS
	Lack of use of services by users
	Maintaining local interest
	inertia
	Fewer participants in activities provided
	Client organisations closing down
Other challenges	Government Interference
	"Trend in business away from hands-on CSR (and funds) towards high profile marketing opportunities"
	Commissioning in VCFS organisations reshaping the sector
	Threat to free office space
	Losing our premises
	Lack of infrastructure for succession planning (office space, IT systems, staff appraisals etc)
	Inadequate (physical) infrastructure
	Rapidly changing technological environment

Table 9 - Examples of threats facing Surrey's VCFS





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