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HEREFORDSHIRE STATE OF THE SECTOR SUMMARY 2024



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FOREWORD

This 'State of the Sector 2024' celebrates the incredible contribution made by over 2,000 different types of active Voluntary, Community and Social Enterprises (VCSE's) across Herefordshire.

Herefordshire Council, in partnership with hvoss (Herefordshire Voluntary Organisations Support Service) commissioned this research in order to revisit and update the previous State of the Sector 2022 report.

The Herefordshire VCSE sector makes an annual social and economic contribution to the county of £276 million, bringing with it enormous value in terms of those who directly benefit from its activities and services, volunteers, employees, donors, the wider community, and society as a whole.

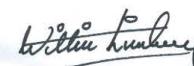
Small, volunteer led groups and charities, continue to make up the majority of the sector in Herefordshire. All local VCSE organisations of all sizes further activities for 'public benefit'. They play vital roles in responding to local needs, building social capital, promoting social inclusion, addressing inequalities and community needs. They drive positive change, and make a vital contribution to prevention and early intervention, ensuring well-being and resilience across the community, and support some of the most vulnerable people in society.

The sector also provides employment and training opportunities,

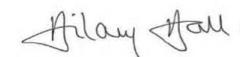
delivers essential services (such as transport and housing) and brings people together to participate in benefit from any enjoy a range of social, cultural and recreational activities. The sector's contribution continues to be significant in ensuring local communities are healthy, safe, cohesive and resilient.

The size, breadth and diversity of the local sector is immense. That said, this study indicates the sector is currently in decline, and under increasing capacity, resourcing and funding pressures. This report also highlights a range of needs and challenges that the sector now faces, as well as recommendations and proposed actions for the future. All partners will need to work on these together to deliver good outcomes for our county, and ensure the local VCSE sector can maximise its value and contribution, whilst safeguarding the unique characteristics that set it apart from other sectors.

We would like to acknowledge everyone who has contributed to the research, and in particular local VCSE organisations for their insight and continued contribution to thriving communities across Herefordshire.



Will Lindesay, Chief Executive, hvoss



Hilary Hall, Corporate Director of Community Wellbeing, Herefordshire Council

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1. KEY FACTS FROM THE RESEARCH

PROFILE OF VOLUNTARY, COMMUNITY & SOCIAL ENTERPRISE IN HEREFORDSHIRE



1,117

REGISTERED WITH CHARITY COMMISSION

43,400 PEOPLE
REGULARLY VOLUNTEER IN THE VCSE

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4%

OPERATING FOR LESS THAN 1 YEAR



68%

OPERATING FOR 11+ YEARS

OPERATIONAL AREAS

19%

OPERATE BOTH WITHIN THE COUNTY AS WELL AS REGIONALLY, NATIONALLY AND INTERNATIONALLY

11%
OPERATE ONLY OUTSIDE THE COUNTY

70%

OPERATE IN HEREFORDSHIRE ONLY

2,010



VCSE ORGANISATIONS BASED OR OPERATING IN HEREFORDSHIRE

4,100



PEOPLE ARE EMPLOYED IN THE VCSE



1. 78% ARE MICRO OR SMALL ORGANISATIONS



2. 534 BELOW THE RADAR GROUPS

THE THREE LARGEST GROUPS OF VCSE IN HEREFORDSHIRE PROVIDE CULTURE AND RECREATION E.G. ARTS, SPORTS, HOBBY CLUBS, HEALTH, SOCIAL CARE AND WELLBEING AND ADVICE, INFORMATION AND ADVOCACY.

1. Micro = income less than £10k | Small = income between £10k and £100k

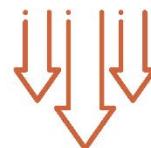
2. NCVO research conducted by Southampton University indicates that there will be around 3.66 BTR organisations per 1000 people (Mohan et al. 2010)

2.1 Below the radar groups measure informal community groups that operate without a constitution or any formal registering process. This means that they do not have to register with the Charities Commission or Companies House and are therefore operating below the radar.

HOW IS THE VCSE SECTOR CHANGING

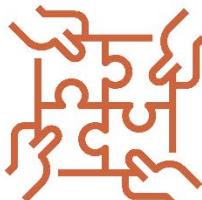
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MORE GROUPS REPORTING A HEAVIER RELIANCE ON FUNDRAISING AND GRANT INCOME



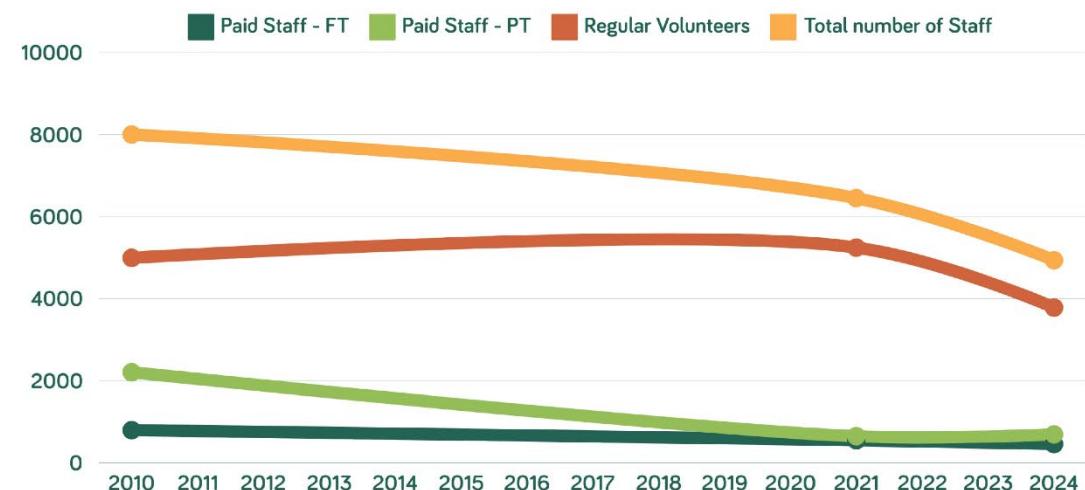
A DECLINE IN EARNED INCOME

DECLINE IN THE NUMBER OF VCSE GROUPS OPERATING IN THE COUNTRY



LARGE REDUCTION IN GROUPS FREQUENTLY WORKING IN PARTNERSHIP WITH OTHER VCSE ORGANISATION.

DOWNWARD TREND IN NUMBERS WHO WORK AND VOLUNTEER IN THE SECTOR



40% OF GROUPS HAD ZERO INCOME FROM EARNINGS

NEEDS AND CHALLENGES FACING THE SECTOR

63% FEEL THEIR FINANCIAL POSITION WILL STAY THE SAME OR WORSEN.

DEMAND FOR SERVICES IS INCREASING

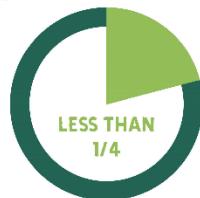
DEBT AND FINANCIAL MANAGEMENT SERVICES REPORTING A 100% INCREASE IN DEMAND FOR SERVICES.

60% OF GROUPS REPORT A RISK TO THEIR GROUPS NOT CONTINUING IN THE NEAR FUTURE

INCREASED RUNNING COSTS

VCSE SECTOR MOST FREQUENTLY GET HELP/ SUPPORT ONLINE FOLLOWED BY OTHER CHARITIES/ COMMUNITY GROUPS AND HEREFORDSHIRE COUNCIL.

LESS THAN A QUARTER OF VCSE GROUPS COULD SUSTAIN THE OPERATING EXPENDITURE FOR 12 MONTHS OR MORE FROM RESERVES.



UNMET NEEDS

- OPPORTUNITIES TO SOCIALISE AND SERVICES TO COMBAT LONELINESS AND ISOLATION.
- ORGANISATIONS BEING ABLE TO EXPAND AND OFFER 'MORE OF THE SAME'
- TRANSPORT – PUBLIC TRANSPORT TO ACCESS SERVICES AND TRANSPORTING CLIENTS TO AND FROM SERVICES.
- DIFFICULTIES IN ACCESSING STATUTORY HEALTH SERVICES E.G. GPS AND MENTAL HEALTH SERVICES LEADS TO ADDITIONAL PRESSURE ON VCSE SERVICES.
- SUPPORTING VULNERABLE GROUPS SPECIFICALLY PEOPLE WITH NEURODIVERSITY OR LONG TERM HEALTH CONDITIONS.
- SUPPORT TO HELP PEOPLE WITH THE COST OF LIVING CRISIS
- SERVICES WHICH TAKE A 'WHOLE PERSON' APPROACH PARTICULARLY THOSE WITH MULTIPLE COMPLEX NEEDS

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MOST COMMON SUPPORT NEEDS ARE

-  MARKETING AND COMMUNICATIONS
-  POLICIES AND PROCEDURES
-  INSURANCE AND RISK ASSESSMENTS



TIME IS THE BIGGEST BARRIER TO ACCESSING SUPPORT.

KEY GAPS IN SUPPORT ARE:

- FUNDING SUPPORT
- HR AND LEGAL SUPPORT
- GENERAL BUSINESS DEVELOPMENT SUPPORT
- HELP TO RECRUIT VOLUNTEERS



BIGGEST RISKS TO SUSTAINABILITY / GROWTH ARE OBTAINING GRANT FUNDING, CHALLENGES OF RECRUITING VOLUNTEERS, RISING COST OF UTILITIES AND PRESSURES ON TIME.

IMPACT OF THE SECTOR

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2.3 MILLION INTERACTIONS
WITH VCSE IN
HEREFORDSHIRE ANNUALLY

355,000
TOTAL VOLUNTEER
HOURS PER ANNUM



383 HOURS

HEREFORDSHIRE RESIDENTS
BENEFIT FROM AT LEAST 383
HOURS OF INTERACTION WITH
THE VCSE WEEKLY.



30% OF VCSE GROUPS DID NOT
REPORT USING ANY VOLUNTEERS.

1. £64 MILLION
PER ANNUM CONTRIBUTION
OF PAID STAFF

3. £276 MILLION P.A.
TOTAL ECONOMIC CONTRIBUTION FROM VCSE'S

£24 MILLION

PER ANNUM VOLUNTEERING
CONTRIBUTION

£252 MILLION

INCOME PER ANNUM OF THE VCSE
SECTOR*

1. National Living Wage has increased from £9.50 in 2021 to £11.44 in 2024

2. This figure includes the £64 million required for paid staff

3. Sources and detailed calculations can be found in the full report

National and local comparators

It is often difficult to compare against other areas and to look at trends as national and comparator data is often delayed and out of date. However, national and comparator data and the trends are shown below for contextual information.

Nationally in 2020/21, the voluntary sector contributed about £17.8bn to the UK's economy¹. In Herefordshire this figure was £276million².

In Herefordshire the income generated by charities in 2020/21, was equivalent to £0.6 million per 1,000 population, compared to the UK total which was £0.85 million per 1,000 population³. These both increased from 2018/19 when it was £0.5 million in Herefordshire and £0.84 million for the UK.

The number of charities per head of population has increased since 2018/19, with Herefordshire also having more charities per head than the national average. In 2020/21 Herefordshire had 4.39 charities per 1,000 population in Herefordshire, compared to 4.32 charities per head in 2018/19.

In the UK there were 2.45 charities per 1,000 head of population in 2020/21, compared to 2.43 in 2018/19.

Herefordshire also had more charities per head compared to its English neighbours⁴, 3.38 in Shropshire, 2.27 in Worcester, 2.27 in South Gloucestershire and 1.73 per 1,000 population in Gloucester; Powys had more charities per head in comparison with 5.32 charities per 1,000 population.

However, other areas had a higher income from charities per head, South Gloucestershire had £0.83 million per 1,000 population, Worcestershire had £0.81, whereas Herefordshire had £0.6 million per 1,000 population. Powys, Shropshire and Gloucestershire all had lower charity income per 1,000 population, £0.42m, £0.32m and £0.31m respectively.

In 2020/21, Herefordshire had the second highest number of charities compared to the comparator neighbours and had the third highest income per 1,000 population. **This suggests that Herefordshire has a comparatively large charity base, but lower income generation compared to**

¹ ¹ 2020/21 figure from The UK Civil Society Almanac 2023, NCVO

² Herefordshire figure calculated from multiple sources to give an estimate of the economic contribution in the county. For more information see Appendix 1.

³ 2020/21 figure from The UK Civil Society Almanac 2023, NCVO, Charity Commission data.

⁴ 2020/21 figure from The UK Civil Society Almanac 2023, NCVO, Charity Commission data and population data from 2021 Census, ONS Crown Copyright, Number of Usual residents, TS001.

neighbouring unitary and district authorities, but this is in a better position than it was in 2018/19. It would be worth bearing in mind the caveat that this data is from 2020/21, with current data suggesting income levels have fallen since then.

National trends⁵

Nationally there was a fall in income for charities of all sizes. There was a faster rate of decline for micro, small and medium-sized organisations. Over 90 per cent of Herefordshire's VCSE are in this category.

Nationally, the economic impact on smaller charities is greater with more facing closure and becoming increasingly dependent on public funding.

Nationally, numbers of people volunteering regularly (at least once a month) has fallen.

The ongoing decline nationally since the covid-19 pandemic of formal volunteering (through groups, clubs and organisations) has implications for the sector when looking at recruitment and retention. This is, of course, likely to have been further impacted by the cost of living crisis since late 2021.

Nationally, the voluntary sector workforce has grown by more almost a quarter since 2011, but with a slight decline (4%) from 2022 to 2023. This does not reflect the same direction of travel as Herefordshire, where it has stayed the same or has decreased.

⁵ The UK Civil Society Almanac 2023, NCVO.

2. KEY FINDINGS

- It is evident across all parts of the VCSE that it continues to play a critical role in delivering essential services meeting the needs of the most vulnerable people in Herefordshire.
- The sector makes a significant economic contribution within the county providing both paid employment and an extensive range of volunteering opportunities.
- There are signs that the Herefordshire VCSE sector is in decline – there are less organisations or groups than there were 3 years ago and fewer staff and volunteer working within the sector.
- The sector continues to report difficulties in recruiting volunteers. This point is further supported by the fact that although the total number of volunteers is declining the average number of hours given to organisations has increased. This indicates a greater reliance on fewer volunteers.
- The financial resilience of the sector has deteriorated since 2021, with more organisations predicting that their financial situation will worsen or stay the same.
- Organisations report a heavier reliance on grant funding with fewer organisations being able to generate funds from 'earned income' such as public sector contracts and service-user fees.
- The estimated economic contribution of the sector has decreased from £278 million in 2021 to £188 million in 2024, further evidence of a sector in decline.
- Demand for services is increasing across the majority of activities. Notably 100% of organisations delivering debt and financial management services report a rise in demand for their services, which is likely to be linked to the cost of living crisis.
- VCSEs report significant 'unmet need' amongst Herefordshire communities, most notably in relation to combating social isolation and loneliness. Unmet needs should be considered against the backdrop of a reduction in public sector funding, a more fragile VCSE sector and increased day to day challenges experienced by people as a result of the ongoing impacts of COVID-19 and the cost of living crisis.
- At a time when collaboration amongst VCSE organisation is more needed than ever there appears to be a trend of organisations increasingly working in isolation from each other, with a decline in partnership working and collaboration. This is likely to be due to a lack of time and capacity to prioritise collaborative working.
- There is a lack of support for the VCSE sector to engage with commissioning processes and limited VCSE sector infrastructure. In addition, there is limited capacity to engage in tendering – particularly when tendering processes are disproportionate to the scale and funding available.
- Despite the challenges it faces the sector continues to demonstrate its agility and fortitude and its ability to adapt and respond to community needs.

2. INTRODUCTION

This report is the follow-up study from the original research undertaken in 2021 to assess the ‘State of the Sector’. Both phases of the research were commissioned by Herefordshire Council, in partnership with hvoss. This report monitors and tracks the changes and trends in the data.

The purpose of the research is to:

- Provide insight into the size and diversity of the voluntary and community sector in Herefordshire and how it compares nationally and with neighbouring counties.
- Demonstrate the contribution the sector makes socially and economically.
- Highlight how the sector is supported and works with others.
- Identify the key issues facing the sector locally.
- Provide recommendations to strengthen the sector.

RATIONALE

The State of the Sector research was commissioned to highlight what the VCSE (Voluntary, Community and Social Enterprise) sector in Herefordshire does and to demonstrate the value and diversity of the work it undertakes. The aim is to demonstrate to all stakeholders how the sector plays an essential role in providing services that support many of the most vulnerable in our communities, how it contributes to the economy of the county and is an essential part of the fabric of society.

This report is intended to support VCSEs to demonstrate their impact and to be read by those outside of the sector to increase their understanding and awareness of the breadth and depth of the sector and the vital contribution that VCSE organisations make to all areas of life in Herefordshire.

SCOPE OF THE RESEARCH AND HOW DATA WAS GATHERED

The scope of the research was to undertake a comprehensive assessment of the VCSE sector across Herefordshire. This was to include all voluntary organisations (registered charities), community groups (un-constituted), the community work of faith groups, and social enterprises. A key focus of the research was to try to reach the smallest, volunteer-led, un-constituted organisations working at a neighbourhood level that may operate ‘below the radar’ and have limited engagement with the wider sector.

A mixture of both qualitative and quantitative methods of data collection were used:

- VCSE Sector Database: A database of all VCSE organisations located or delivering services in Herefordshire was created using information publicly available through the Charities Commission website, Companies House, Registered Societies and Herefordshire Council’s Contracts Register.
- On-line survey: An on-line survey was created and disseminated via infrastructure organisations and thematic sector networks. The survey (see Appendix A) consisted of 34 questions and was designed to collect detailed information from medium to large organisations, (including financial information), and higher level information from micro and small organisations to encourage completion. The SoS survey was designed by Impact Consultancy and Research, Herefordshire

Council and hvoss in collaboration with a Steering Group made up of voluntary sector representatives. The majority of questions mirrored those used in the 2021 survey to allow for comparisons and trends in the data to be drawn out. Questions relating to the pandemic were removed and some additional questions relating to the cost of living crisis and the sustainability of organisations were added.

- Interviews: Interviews were undertaken with the Chief Officers from Local Infrastructure Organisations (LIOs) that provide a range of services and development support to the VCSE sector locally and three stakeholders involved in commissioning services in the county.
- Focus groups: Three focus groups were held with VCSE organisations to explore the findings of the survey in more depth.

Triangulation of qualitative and quantitative data was undertaken to assess the 'State of the Sector' in Herefordshire in 2024.

Please note that graphs and tables are presented within the main report to support the findings but further graphs and tables are also included in Appendix 1.

3. CONTEXT AND BACKGROUND

The estimated population of Herefordshire is 188,700⁶. Herefordshire is a rural county with the fourth lowest population density in England (89 people per square kilometre). It has pockets of deprivation, some of which score highly on the Indices of Multiple Deprivation (IMD), and is ranked 97th most deprived out of 151 county or shire council authorities⁷. It is more deprived than the neighbouring counties of Shropshire, Worcestershire and Gloucestershire. The rural nature of the county masks the deprivation that many people experience in Herefordshire. Alongside this the rurality of the county presents challenges in terms of service delivery i.e. the cost of service delivery is higher as a result of a dispersed population, residents have to travel further to access services and it is more difficult to achieve economies of scale. With regard to the geographical barriers to services sub-domain of the IMD, almost two thirds of all Herefordshire Lower Super Output Areas (LSOAs), 72 of the 116, are among the 25 per cent most deprived in England in respect to geographical barriers to services with 53 being in the most deprived 10 per cent across England.

The contribution of the VCSE sector in Herefordshire is significant in many areas of civil society and in both urban and rural communities. The sector is often operating in areas of market failure, such as closure of local services due to low density population, which creates unviable models of service delivery. The sector is incredibly diverse as the findings of the profiling data demonstrates.

When reading this report, it is important to consider the landscape in which the sector is working and the legacy of austerity measures, the pandemic and the on-going cost of living crisis. All these factors compounded have had, and continue to have, a significant impact on organisations. Rising inflation and energy costs are consuming already stretched sector resources and negatively impacting public giving. Set against the ever-increasing demand for services and the on-going decline in formal volunteering numbers the sector is facing an almost impossible balancing act.

⁶ 2022 MYE Herefordshire, ONS, Crown Copyright.

⁷ 2019 English Indices of Deprivation, DfCLG, Understanding Herefordshire.

Despite, these pressures the sector continues to shoulder the responsibility for many essential public services and for caring for society's most vulnerable.

Use of data & caveats around data

A key part of the analysis of the 2024 survey data set was ensuring that it was representative of the survey questions and responses in 2021. Key points to note are:

- There were 224 unique responses to the 2024 survey compared to 281 in 2021.
- There were similar proportions who responded to last time:
 - *Size of the organisation*
 - *Who responded from the different PCN areas*
 - *Types of organisation e.g. charity, social enterprise/CIC, community group, sports clubs*
 - *Age of the organisations*
- There was a slight reduction in responses from those who identified as:
 - *culture and recreation groups*
 - *health and social care groups*
 - *groups that support people with mental health illnesses*

Based on the similarities of the profile of responses from 2021 and 2024, and against the secondary data we have for the county, we are able to draw out good comparisons between the data sets with confidence.

Analysis of the State of the Sector (SoS) survey and existing databases was undertaken to create a single Herefordshire VCSE register. The data sources used to create the register were:

- Charities Commission
- Companies House
- Registered Societies
- Herefordshire Council's Contracts register
- State of the Sector Survey (SoS) 2021

Caveats around the data

The VCSE register is a combination of data from various sources, with the majority of the data originating from the Charity Commission register. This shows charities that are based in Herefordshire, regardless of where they operate, and charities that operate in the county but are not based in the county. The Charities Commission data is the primary source of financial data, particularly income, however despite this being the most comprehensive single source, of the 1,117 records for Herefordshire approximately 13 per cent have no income data.

The Charity Commission data also provide for each charity in the county options to select 'Who', 'What' and 'How', which enables comparisons with other areas in a consistent manner. However, these are not mandatory fields so are subject to a lot of missing data. Analysis of this data shows that 31 per cent of Herefordshire's non-mandatory fields are incomplete.

Estimated Strength of the Survey

The total number of individual survey responses for Herefordshire was 224. Based on there being an estimated 2010 VCSEs in the county this represents a response rate of 11 per cent. This response rate allows for a 6.2 per cent margin of error based on a 95 per cent confidence interval.

4. THE PROFILE OF THE VCSE SECTOR IN HEREFORDSHIRE

This section explores:

- The size of the sector, types of organisations and its main activities.
- Who the sector supports where and whether demand is being met.
- Who works in the sector (staff & volunteers).
- Income and expenditure.
- Gaps in service delivery

4.1 THE SIZE OF THE SECTOR, TYPES OF ORGANISATIONS AND ITS MAIN ACTIVITIES

Table 1. Sources and numbers of VCSE groups and organisations who work in, or operate out of, Herefordshire

Type of VCSE	Herefordshire 2024		Herefordshire 2021	
	Number	Percent	Number	Percent
Community Amateur Sports Clubs (CASC)	28	1%	38	2%
Charity Commission (Operate in Herefordshire)	1,117	56%	1,325	58%
Companies House (Companies categorised as VCSE)	116	6%	169	7%
HC Contracts Register	23	1%	17	1%
Registered Societies	35	2%	47	2%
SoS Survey (organisations that did not appear in any other database)	157	8%	129	6%
BTR (Below the radar groups) NCVO	534	27%	553*	24%
Total	2,010		2,278	

Source: SoS Survey, Herefordshire Council, 2021 & 2024

BELOW THE RADAR (BTR) GROUPS

Identifying the total number of VCSEs in an area is a significant challenge due to the fact that many informal community groups operate without a constitution or any formal registering process. This means that they do not have to register with the Charities Commission or Companies House and are therefore operating below the radar (BTR). NCVO research conducted by Southampton University indicates that there will be around 3.66 BTR organisations per 1,000 people. Based on the most recent population estimate for Herefordshire, 188,700 in 2022, there is an estimated 682 of these micro-organisations in the county. Assuming we reached 157 of

these via the survey (i.e. not registered on any other public database) we estimate that there may be an additional 534 BTR organisations in the county.

*Note: There is a change to 2021 BTR groups based on a decreased population estimate for 2019, closest population estimate to the 2021 survey. The population for Herefordshire in 2019, was 186,400 (ONS population estimate. Crown Copyright). Previously 193,600 was used for this calculation.

Points to note:

- Nationally there are 170,360 registered charities in the UK and of these 0.6 per cent are based in Herefordshire. In the UK there were 2.45 charities per 1,000 head of population compared to 4.39 charities per 1,000 head of population in Herefordshire.
- At the time of the research it was estimated that there were approximately 2,010 VCSEs in Herefordshire.
- In 2021 this figure was 2,278 this is an indication that the sector is in decline.
- According to the UK Register of Charities in England and Wales (in 2024), there are 1,117 registered charities in Herefordshire. There are 208 less registered charities than there were in 2021.
- The SoS survey identified 157 VCSEs that were not previously recorded on any other database. This shows that the research has reached a significant number of organisations that may be under the radar.
- It is estimated that there may be 534 below the radar (BTR) organisations in the county.

Table 2. Proportion of VCSE groups and organisations by size (annual turnover) in Herefordshire and the UK

Name	Size by annual turnover	Herefordshire per cent (2024)	Herefordshire per cent (2021)	UK per cent (2021/22)
Micro	Less than £10,000	40	41	47
Small	£10,000 to £100,000	38	38	33
Medium	£100,000 to £1m	15	12	16
Large	£1m to £10m	5	6	4
Major	£10m to £100m	1	1	0
Super-major	More than £100m	0	0	0

Source: Source: SoS Survey, Herefordshire Council, 2021 & 2024, The UK Civil Society Almanac 2023, NCVO.

Points to note:

- The majority (78 per cent) of Herefordshire's VCSEs are micro and small (less than £100k turnover) - 40 per cent micro (less than £10k) and 38 per cent small (between £10-£100k).
- This is similar to the national proportions, with the majority also identifying as micro and small.
- Micro groups were most likely to provide cultural and recreational activities followed by advice, information and advocacy.
- Small groups were most likely to provide cultural and recreational activities and health, social care and well-being.

- Medium groups were most likely to provide health, social care and well-being activities, advice, information and advocacy, culture and recreational and family support activities.
- Large and major groups are most likely to provide health, social care and well-being activities and, advice, information and advocacy, followed by family support and housing.
- This profile has not changed significantly since 2021.

Table 3. Breakdown of sector in Herefordshire by type (based on survey responses)

	2024	2021
Registered Charity (registered with Charity Commission)	57%	55%
Social Enterprise/community business (e.g. CIC's)	11%	10%
Community Group (not registered with Charity Commission)	10%	11%
Voluntary Organisation	7%	5%
Community Amateur Sports Club (CASC)	3%	2%
Social/hobby group	2%	3%

Source: SoS Survey, Herefordshire Council, 2021 & 2024

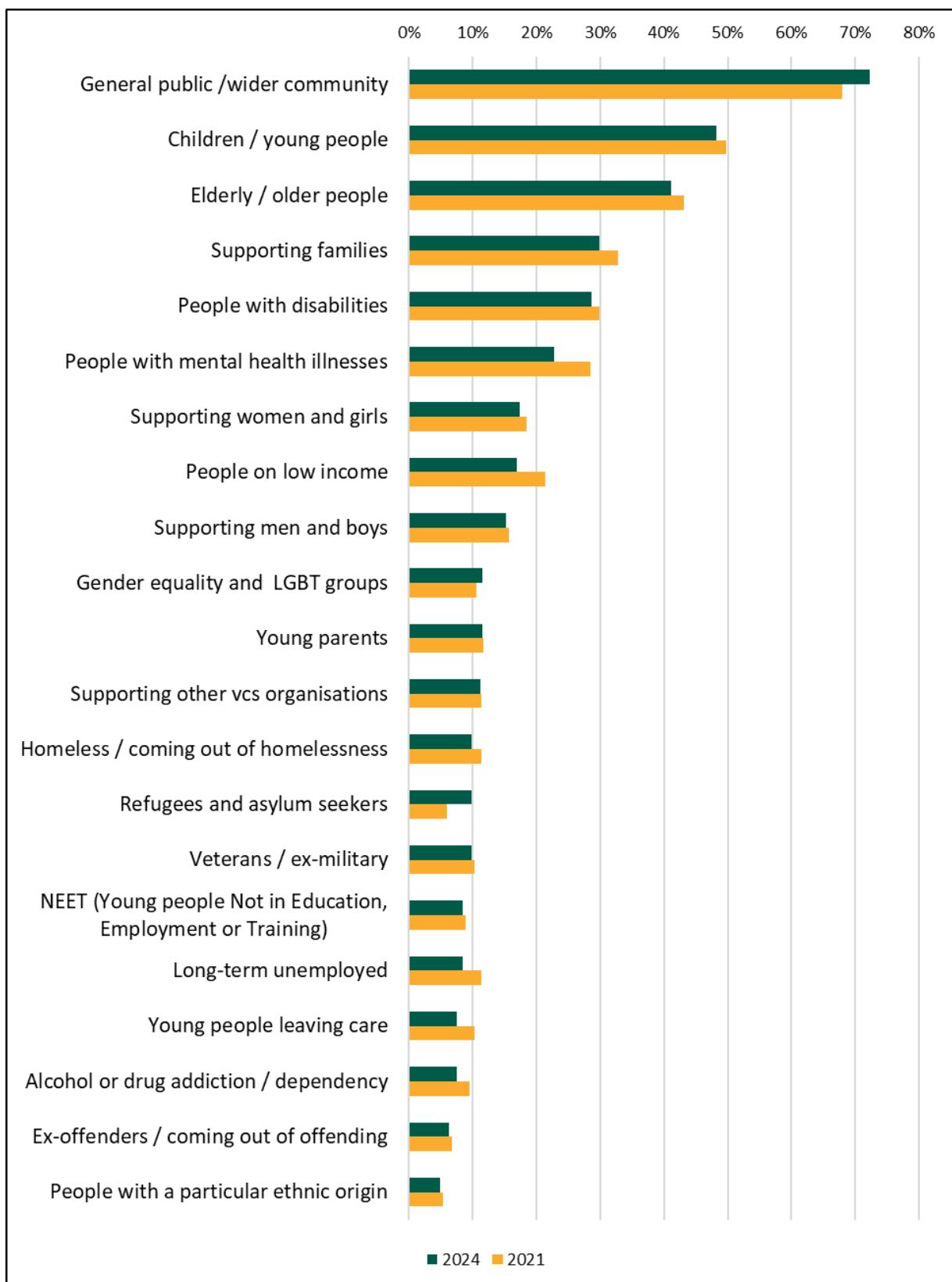
Points to note:

- The majority of VCSE who responded to the SoS Survey 2024, identified as a Charity (57 per cent).
- 21 per cent of respondents were unregistered groups / organisations which means they are likely to be small volunteer led groups.
- The profile of respondents is very similar to those that responded to the 2021 survey and to the combined data set profile. Which means the survey findings provide a good representative sample from which conclusions can be drawn.

4.2 WHO ARE THE VCSE SUPPORTING; WHERE, HOW MANY AND IS THE DEMAND BEING MET?

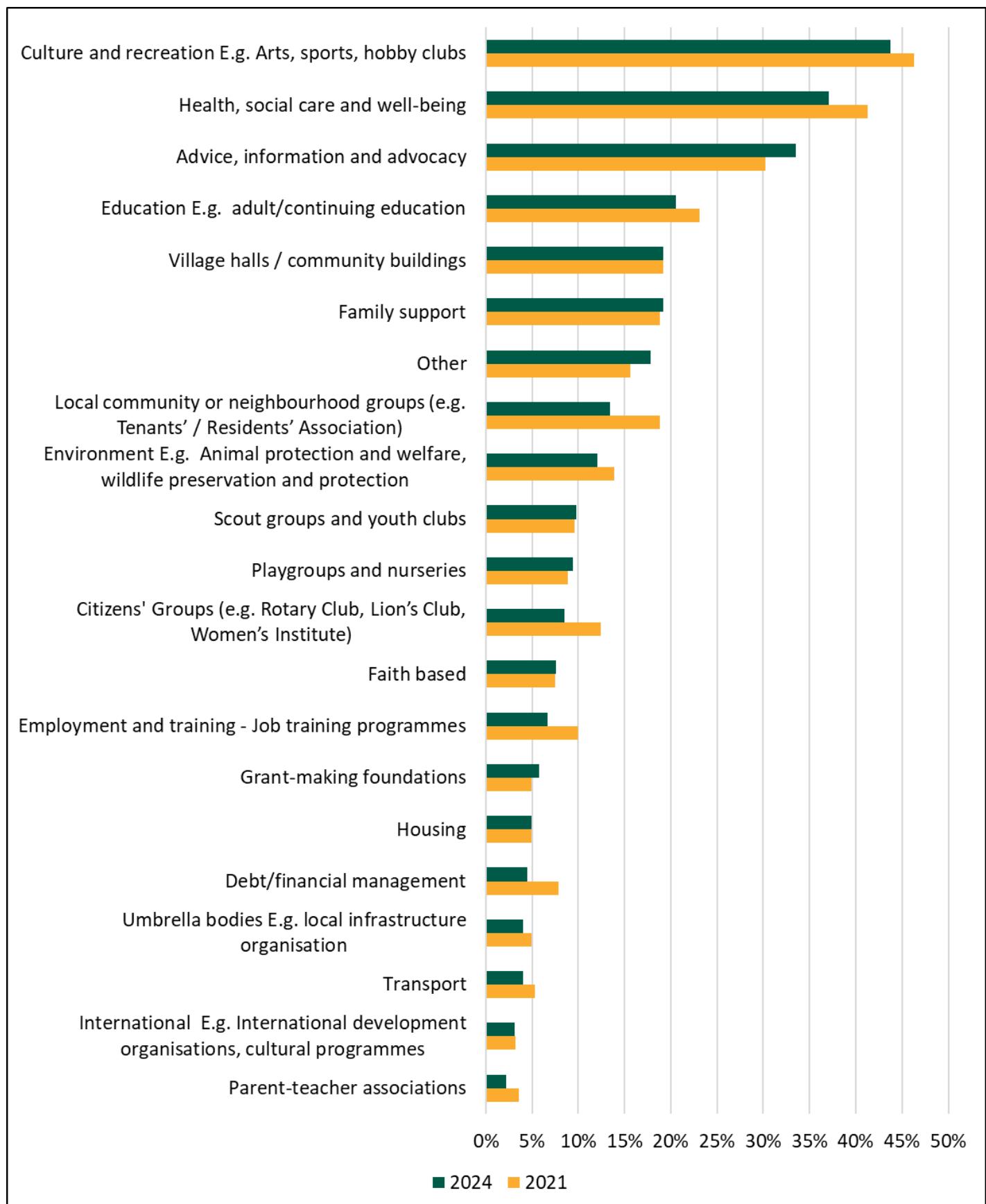
4.2A Categories of people supported

Graph 1. Proportion of VCSEs by who they offer their service to, Herefordshire 2021 and 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Graph 2. Proportion of VCSEs by type of service they offer (main and other area of activity), Herefordshire 2021 and 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Points to note:

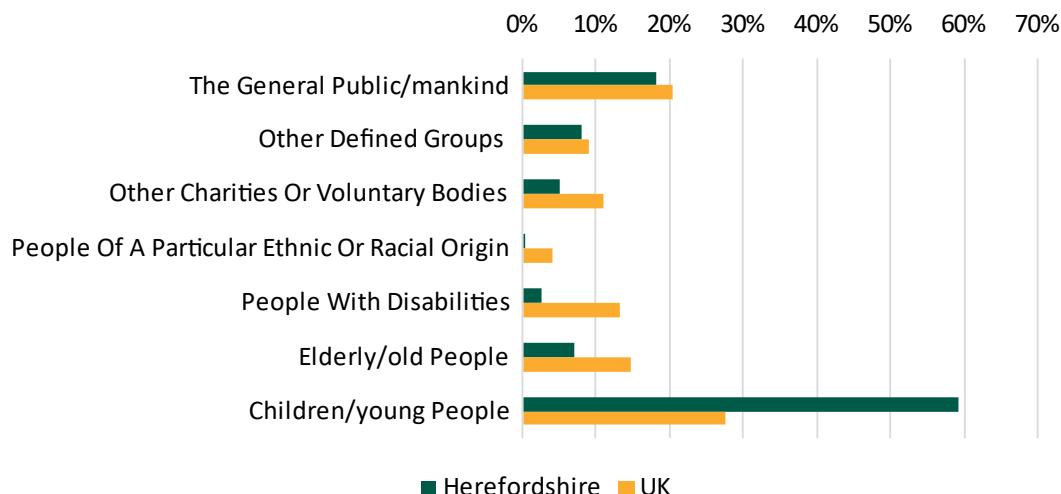
- The majority of VCSE groups and organisations provide services for the general public/wider community, followed by children/young people and the elderly/older people.
- The profile has not changed significantly from 2021.
- There was a reduction in the proportion of groups that support people with mental health illnesses that responded to the survey. However, this may reflect that the 2021 survey was undertaken post-pandemic and many organisations had expanded their services to include mental health support services.
- There was a marginal reduction in proportion of culture and recreation and health and social care groups and organisations, and an increase in those who provide advice, information and advocacy services.
- There was also a reduction seen in citizens groups and local community groups. However, this may reflect the 'come down' following the uprising of volunteer help groups that increased during the Covid-19 pandemic at a local neighbourhood level.

Information based on Charities Commission data compares the national and local picture (Graph 5), shows that Herefordshire has a much higher proportion of charities supporting children and young people than the UK as a whole.

In addition, this data for Herefordshire suggests that there are lower proportions of charities supporting:

- People of a particular ethnic or racial origin (*Given the relative lack of ethnic diversity in the county this is not unexpected*).
- People with disabilities
- Older people – (*This is surprising given that Herefordshire has an ageing population. It is also at variance with data from the SoS survey that shows 41 per cent of organisations providing support for older people.*)
- Other charities or voluntary bodies. (*This may suggest that there is a lack of infrastructure support in the county*)

Graph 3: Proportion of VCSEs by beneficiary group (charities only), UK 2024 & Herefordshire, 2024

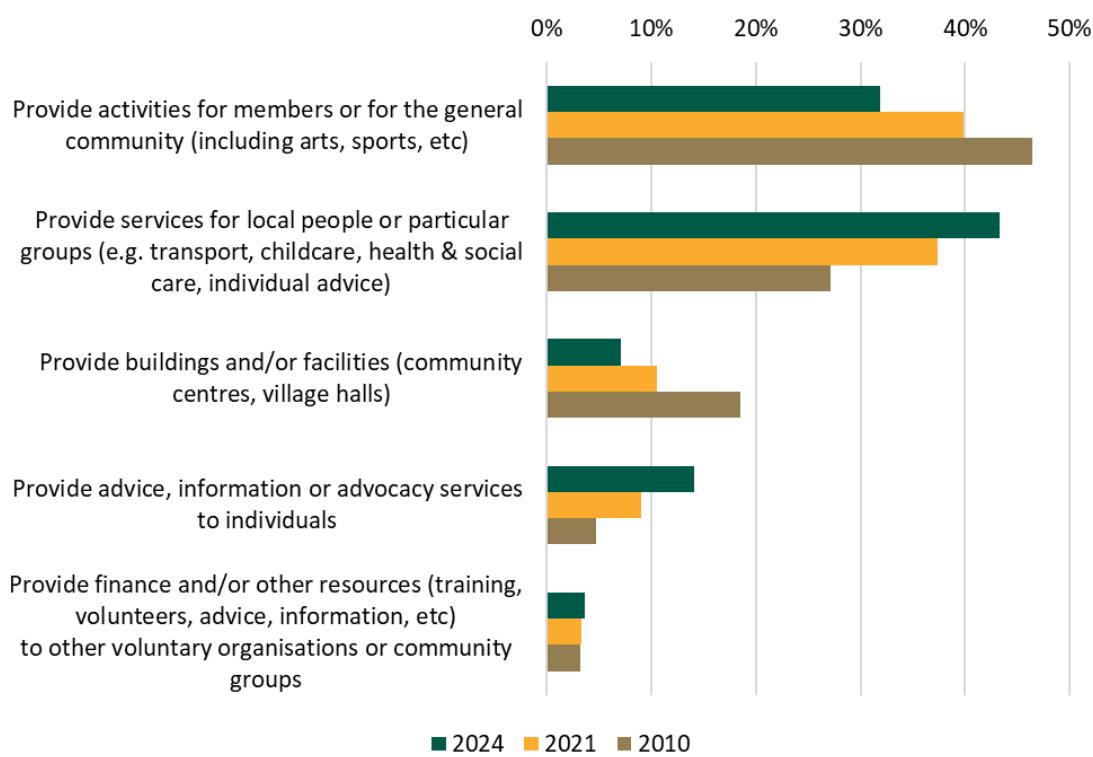


Source: Charity Commission, 2024

Comparison with the 2010 survey data shows there has been an increase in the proportion of VCSEs providing:

- Services for local people or particular groups
- Advice, information and advocacy services to individuals

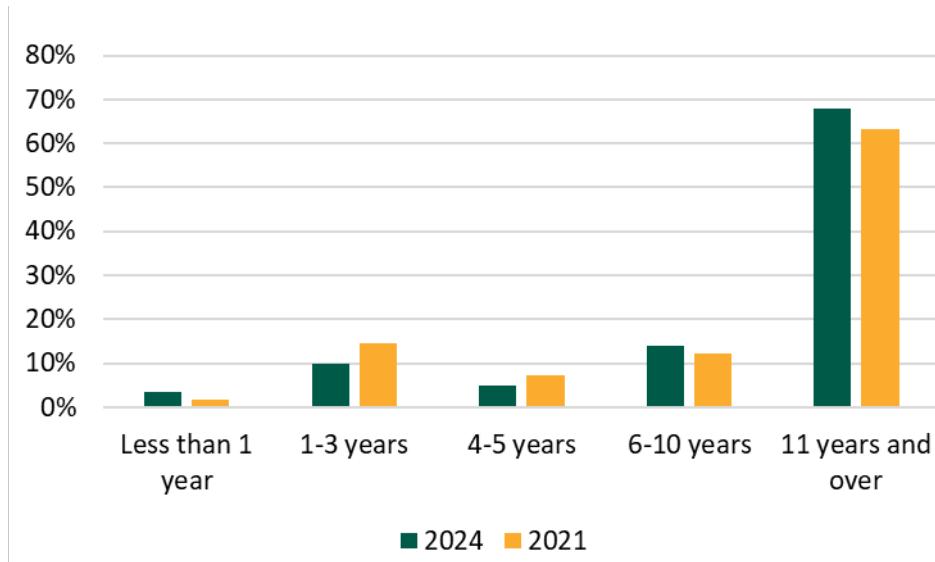
Graph 4: Proportion of VCSEs by what they do, Herefordshire, 2010, 2021 & 2024



Source: Third Sector Support Services Needs Survey, Herefordshire Council, 2010 & SoS Survey, Herefordshire Council, 2021 & 2024

How established is the sector?

Graph 5: Proportion of VCSEs by age, Herefordshire, 2021 & 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Points to note:

- The sector is fairly established, with two thirds (68 per cent) of VCSE groups and organisations operating for 11 years and over.
- New VCSE groups and organisations are still starting up. 2024 saw 4 per cent of groups who had been operating for less than a year.
- Across all categories the profile was similar to that in 2021.

By comparing the age of the organisation with the type of organisation it is possible to identify that newer VCSEs tend to be providing services/activities around:

- Advice, information and advocacy
- Culture and recreation

This suggests that there may be increasing demand for service provision in these areas.

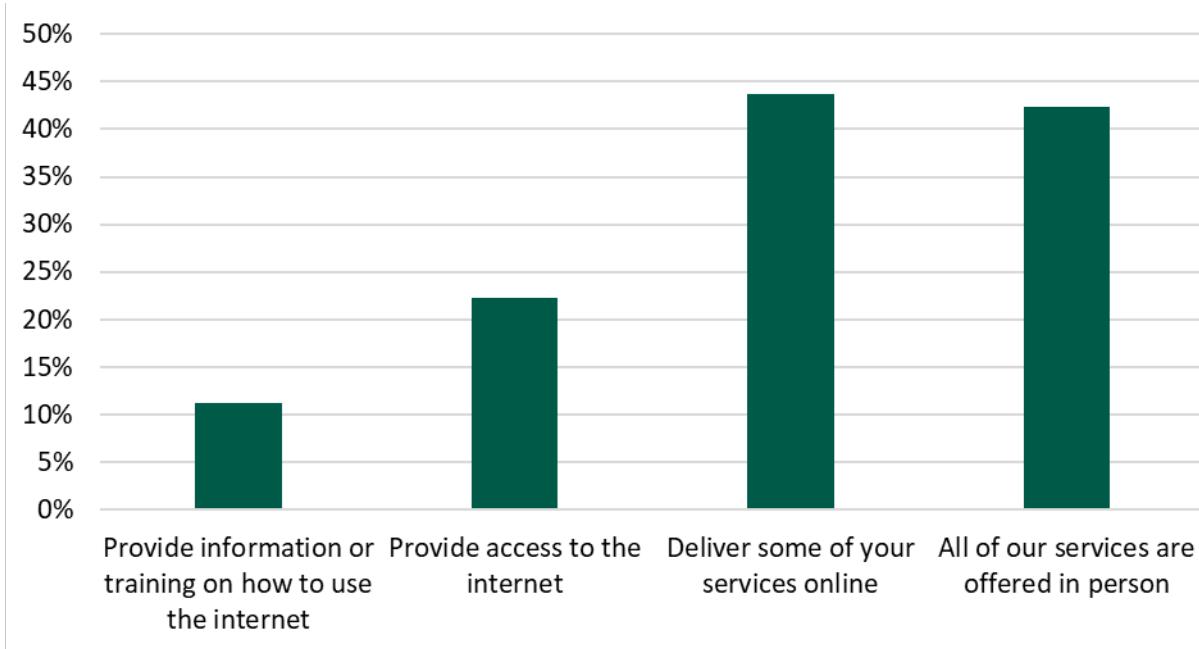
The long-established groups are most likely to be providing services/activities around:

- Culture and recreation
- Health, social care and well-being
- Advice, information and advocacy

Online provision or in-person service?

With the ever-increasing reliance on the internet for services and connecting people, this year the survey included a digital engagement question.

Graph 6: Does your group or organisation...? Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2024

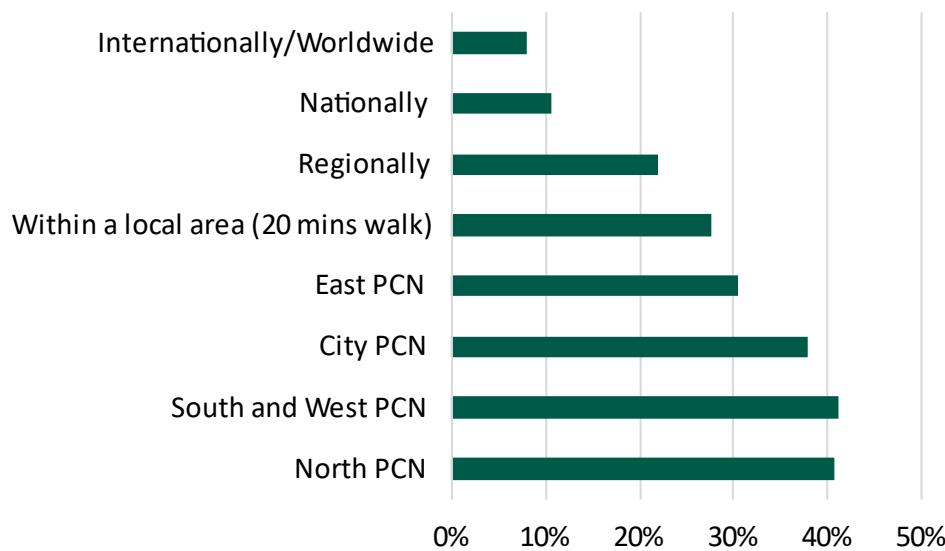
Points to note:

- This question was not asked in 2021 therefore no comparative data is available.
- 44 per cent of VCSE groups deliver some of their services online.
- 42 per cent offer all of their service in person, showing there is still a need for face-to-face services.
- 11 per cent provide information or training on how to use the internet.

Where do they operate?

Question three of the survey asked VSCE's to select from a list of where they operate, with respondents able to select more than one answer choice. Four of the options were PCN areas – these are Primary Care Network (PCN) areas based around a group of General Practices (GPs) which support populations of between 30,000 to 50,000 people. The four PCN areas are North PCN covering the north west of the county covering Mortimer, Leominster, Weobley and Kington areas. South and West PCN cover the Golden Valley and Ross-on-Wye areas. City PCN covers Hereford City and South Wye areas. East PCN covers Ledbury and Bromyard areas.

Graph 7: Proportion of VCSEs by where they operate, Herefordshire, 2024



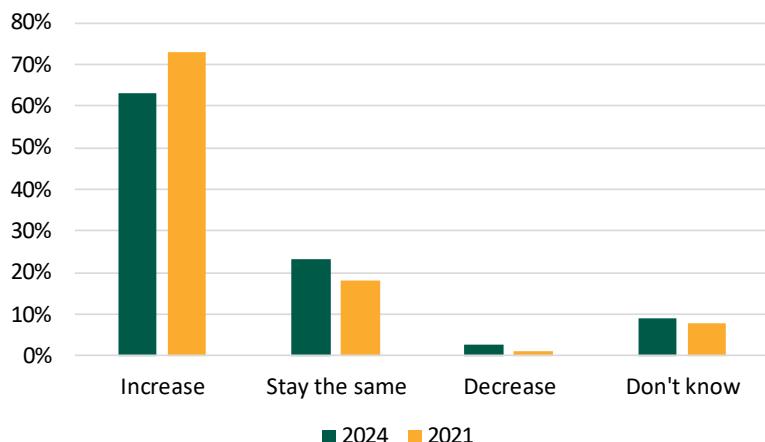
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- **71 per cent of all VCSEs operate only within the county of Herefordshire only.** (SoS Survey, Herefordshire Council, 2024)
- **58 per cent operate in just one locality (PCN area or below),** and approximately 28 per cent of these operate within a local area (defined as within a 20 minute walk). A further 22 per cent operate regionally. 19 per cent of organisations operated nationally, internationally and worldwide, an increase from 15 per cent in 2021.
- **A significant majority of VCSEs in the county are rooted in their locality, which means they are likely to have good levels of local intelligence about the communities they serve.**

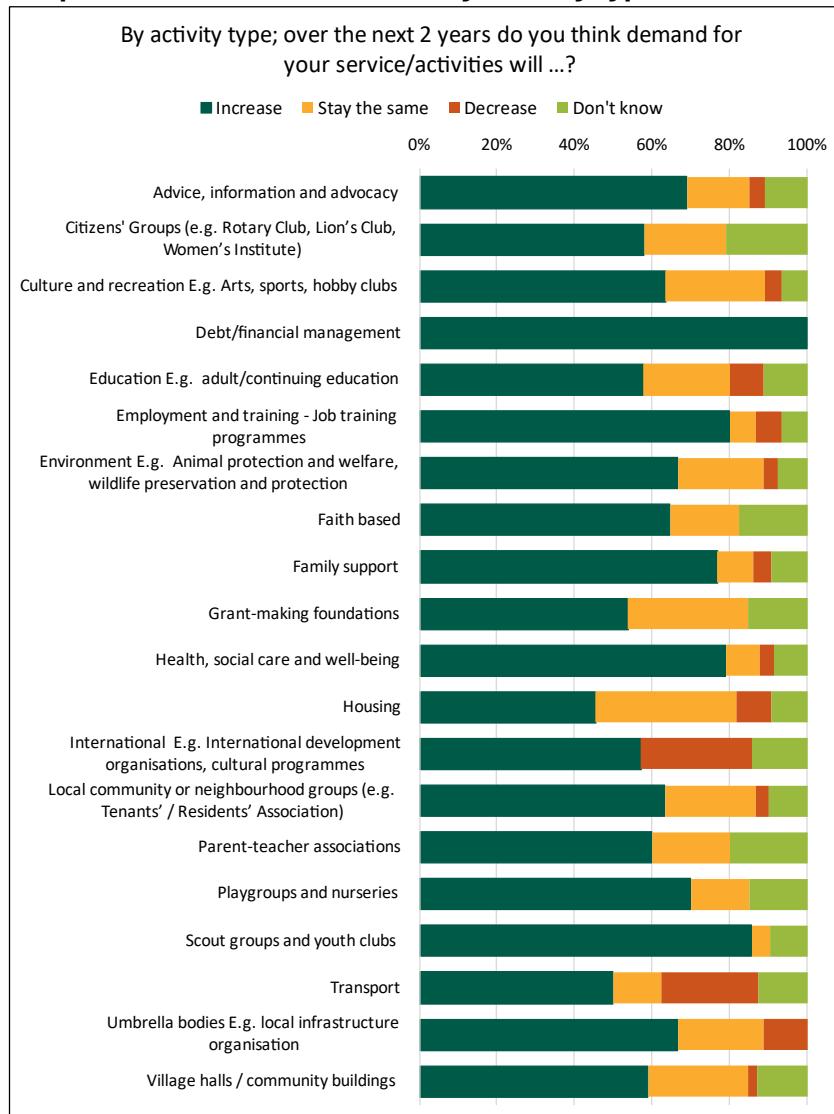
Demand for services

Graph 8. Demand for services in 2024 and 2021 – Over the next 2 years do you think demand for your service/activities will...?



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Graph 9. Demand for services by activity type 2024



Source: SoS Survey, Herefordshire Council, 2024

Points to note

- There was a larger proportion of respondents who felt that there would be an increase in demand for their services/activities in 2021.
- Across all activity types groups felt it was most likely there would be an **increase** in demand for their services.
- 100% of organisations providing debt/financial management services felt the demand would increase.
- Larger proportions who felt demand would **decrease** in VCSEs who deliver International programmes and transport services.
- There were larger proportions who felt demand would **stay the same** in VCSE's who deliver housing services or grant making foundations.

Numbers engaged with services

In total, approximately 2,300,000 people engaged with the VCSE groups and organisations and their services in during 2023. People engaged in the following ways:

- Approximately 84,300 people attended one off events such as an event, or accessed information/advice.
- 74,500 are engaged routinely such as clubs and drops ins.
- For routine engagement 45 per cent of support is offered weekly, 33 per cent monthly and 22 per cent routinely throughout the year.
- 383 hours of engagement happen with the VCSE sector a week.

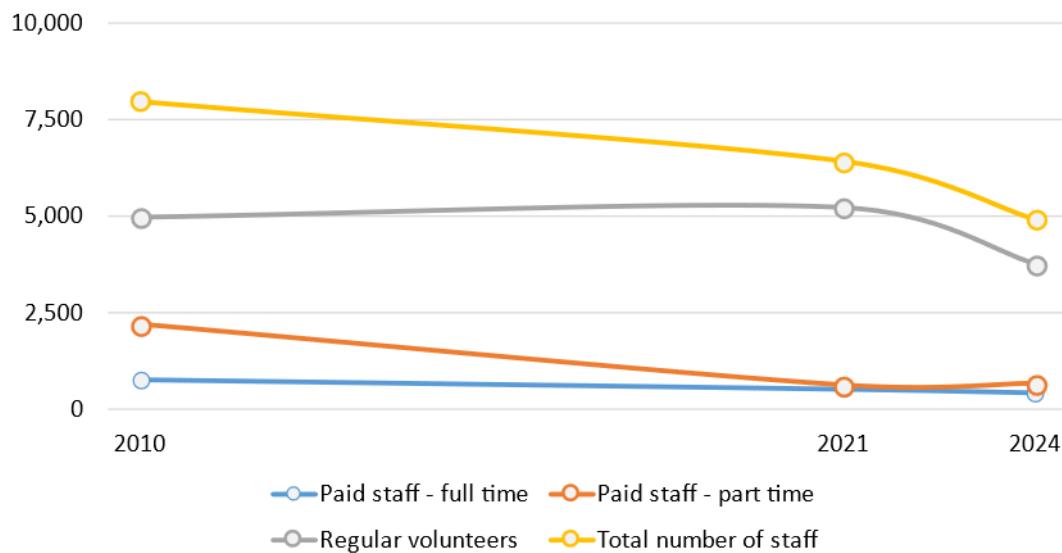
Unmet need

Survey respondents were asked “What needs do the people that attend your group/organisation have that are not currently being met?”. Based on the 146 responses the following needs were commonly highlighted:

1. Opportunities to socialise and services to combat loneliness and isolation. Elderly people were most commonly identified.
2. Organisations being able to expand and offer ‘more of the same’
3. Transport - public transport to access services and transporting clients to and from services.
4. Difficulties in accessing statutory health services e.g. GPs and mental health services. This unmet need was felt to put additional pressure on VCSE services.
5. Supporting vulnerable groups e.g. people with neurodiversity or long term health conditions
6. Support to help people with the cost-of-living crisis.
7. Services which take a ‘whole person’ approach particularly those with multiple complex needs

4.3 WHO WORKS IN THE VCSE SECTOR? (STAFF & VOLUNTEERS)

Graph 10. Number of staff (full-and part-time) and regular volunteers in Herefordshire, 2024



Source: Third Sector Support Services Needs Survey, Herefordshire Council, 2010 & SoS Survey, Herefordshire Council, 2021 & 2024

Points to note:

- There is a downward trend in the numbers of people who work and volunteer in the VCSE. Nationally employees and volunteers had been increasing but trends also show numbers to be decreasing in recent years.
- There has been a reduction of full-time paid staff, and regular volunteers in 2024 compared to 2021.
- The increase in paid staff may reflect that full-time posts have become part-time due to financial constraints.
- Staff and volunteer numbers have significantly decreased since the research study undertaken in 2010⁸.
- The main challenges around volunteers are: Recruitment in general (36%), Recruitment for specific roles such as trustees, treasurer etc. (29%), Lack of diversity of volunteers (including age) (23%).
- Word of mouth and those with a personal connection to the group/organisation were the two most common ways for groups and organisations to recruit volunteers.

⁸ Source: Third Sector Support Services Needs Survey, Herefordshire Council, 2010

Spend on volunteers.

The survey asked how much their organisation spends on volunteers, including anything spent on recruiting, supporting or training.

There were 155 responses to the survey, of which 66 said zero/nothing, either as a result of volunteers giving their time freely and covering their own costs, and training being provided free of charge or covered by a parent association, such as The Scout Association or Girlguiding Herefordshire.

The lowest actual amount of money spent was £20 and £50, with comments being made around token gifts for volunteers and incidental expenses.

The largest amounts spent was £10,000, £5,000, £4,000 and £2,000, costs here were largely around training including first aid and safeguarding, specific costs such as DBS checks, insurance costs, hours paid to volunteers and uniforms provided.

Volunteer hours.

The survey asked for estimates of how many volunteers each organisation had and the average hours they worked.

Points to note:

- Volunteers in Herefordshire provide over 6,824 hours per week which is 50% less than was recorded in 2021.
- However, given there were less volunteers in total the meant that the average volunteer hours per week went to 48 average hours per week in 2024 from 36 hours per week in 2021.
- 79% of volunteers are working with micro or small organisations and contribute 61% of the total volunteer hours.

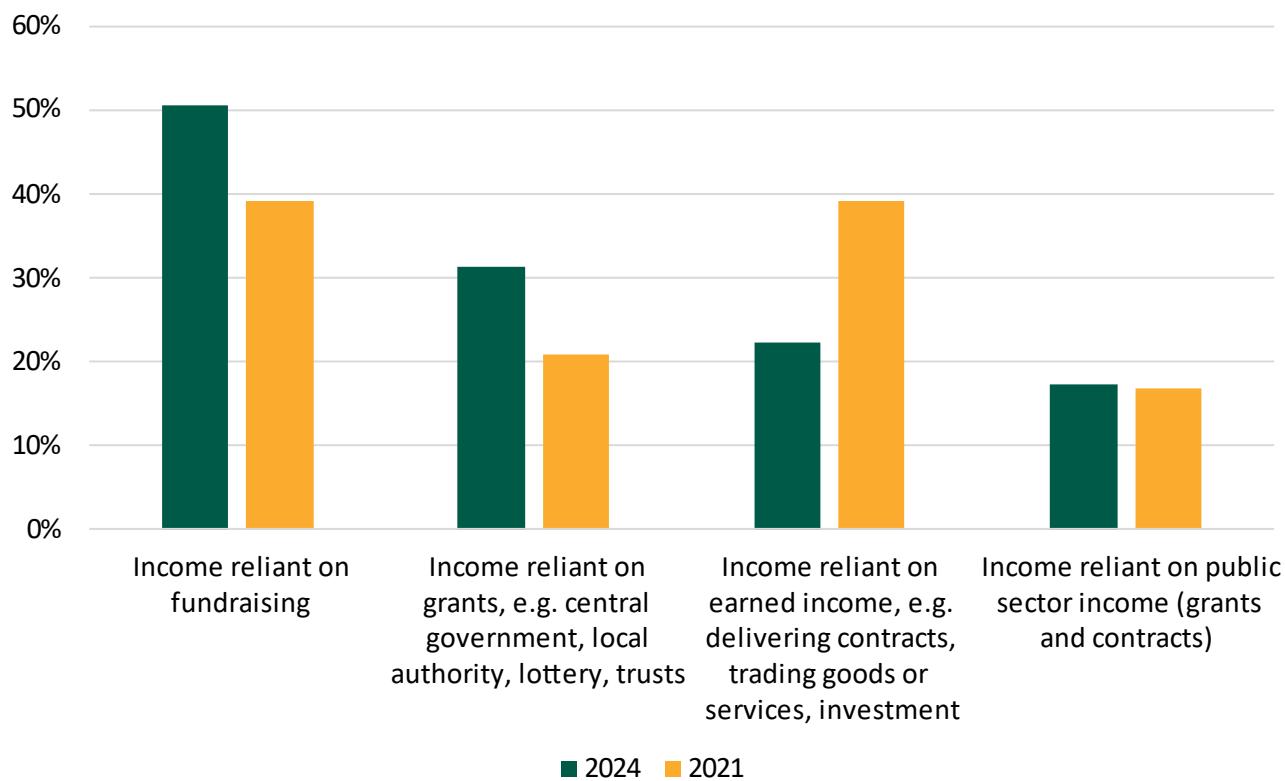
The total numbers of hours provided each week by volunteers based on the size of organisation are estimated below:

- 3,299 volunteers in micro-organisations provide 1,157 hours per week, representing 17 per cent of the total hours of volunteers in the VCSE sector.
- 2,088 volunteers in small organisations provide 3,019 hours per week, representing 44 per cent of the total hours of volunteers in the VCSE sector.
- 1,624 volunteers in medium organisations provide 2,434 hours per week, representing 36 per cent of the total hours of volunteers in the VCSE sector.
- 435 volunteers in large and major organisations provide 214 hours per week, representing three per cent of the total hours of volunteers in the VCSE sector.

4.4 INCOME AND EXPENDITURE (EXCLUDING MICRO-ORGANISATIONS)

Income

Graph 11. Proportion of VCSE groups and organisations who have over half their income reliant from each source in Herefordshire, 2021 & 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

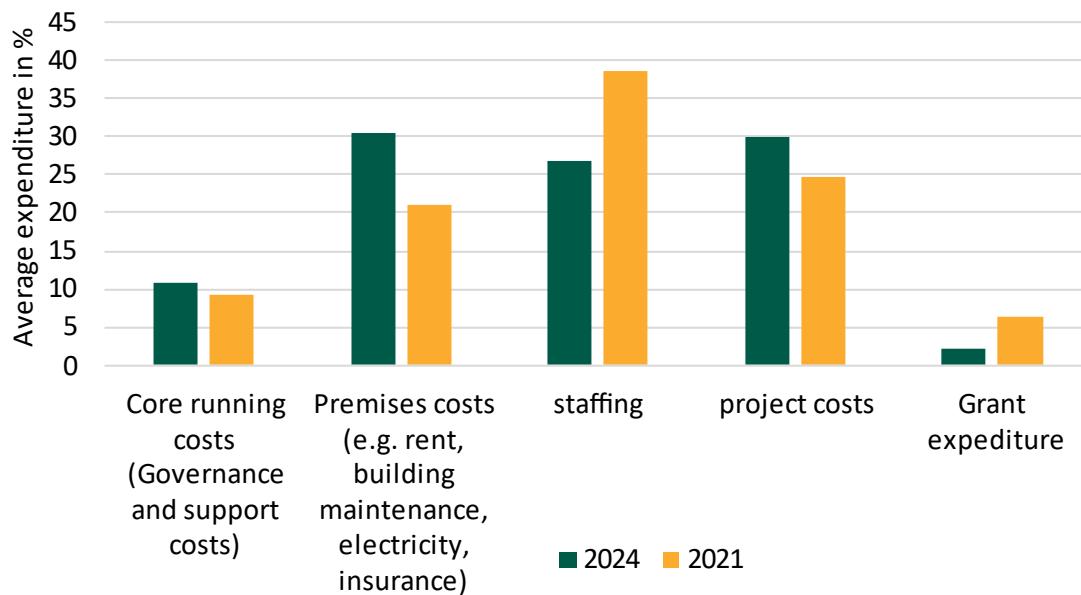
Points to note:

- VCS groups and organisations in 2024 have become much more reliant on fundraising.
 - In 2024, 14 per cent of groups relied on fundraising for All of their income, an increase from 5 per cent in 2021.
- There has been a similar increase in those who rely on grants for their income.
 - In 2024, 13 per cent of groups relied on grants, e.g. central government, local authority, lottery, trusts, an increase from 5 per cent in 2021.
- There has been a shift away from being as reliant on earned income, e.g. delivering contracts, trading goods or services, investment.
 - In 2024, 40 per cent of groups had zero income from earnings, an increase from 16 per cent in 2021.
- Very little change in the proportion of VCS groups who receive income from public sector sources such as contracts and grants; a slight increase in those that receive zero income as from public sector sources.
- The graph above shows this shift in those that receive at least half their income from that one source.

- Nationally the sector has seen a decline in earned income, particular decline in income generated from the public (including donations, legacies, fees for services and fundraising).
- Over half of VCSE groups (51 per cent) generate more than half their income from fundraising. This was an increase on 39 per cent in 2021.
- Across all sized organisations 31 per cent of them earn more than half their income from grants, down from 40 per cent in 2021.
- There is a higher proportion of large and major⁹ VCSE groups that rely on more than half of their income from public sector income (grants and contracts).
- Large and major VCSE groups are also less likely to be reliant on fundraising, only 13 per cent rely on fundraising for more than half their income, compared to 35 per cent of small¹⁰ VCSE groups.

Expenditure

Graph 12. Average proportion of expenditure by cost category in Herefordshire, 2021 & 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

For example: the average across all VCSE groups and organisations in Herefordshire spent on core running costs was 11 per cent of their expenditure.

Points to note:

- General costs of running a group/organisation have increased, particularly premises costs including utility bills, which is in line with what is expected given the increases in energy prices seen in general.

⁹ Large - £1m-£10m & Major - £10m - £100m

¹⁰ Small - £10k -£100k

- There has been a large reduction on the average expenditure on staffing since 2021, which is expected given the decrease seen in staffing levels.
- The increase in project costs is likely to be as a result of inflationary increases.
- 30 per cent of VCSEs spend at least half their expenditure on staffing costs (e.g. salaries, NI, Pensions). N.B. Non-project staffing (e.g. CEO, Finance Officer, Administrator) costs would usually be rolled into core costs. This is a decrease from 40 per cent in 2021.
- Small¹¹ VCSE groups are more likely to spend more than half of their expenditure on premises costs (33 per cent), compared to medium and large and major VCSE groups (14 per cent of medium and 13 per cent of large and major).
- Small VCSE groups are also more likely to spend less than half their expenditure on staffing costs (77 per cent) compared to medium and large and major (52 per cent of medium and 50 per cent of large and major).
- It is important to review these statistics in light of the challenge of securing funding for core costs that many VCSEs reported.

¹¹ Small - £10k -£100k, Medium - £100k - £1m and Large - £1m-£10m & Major - £10m - £100m (large and major combined)

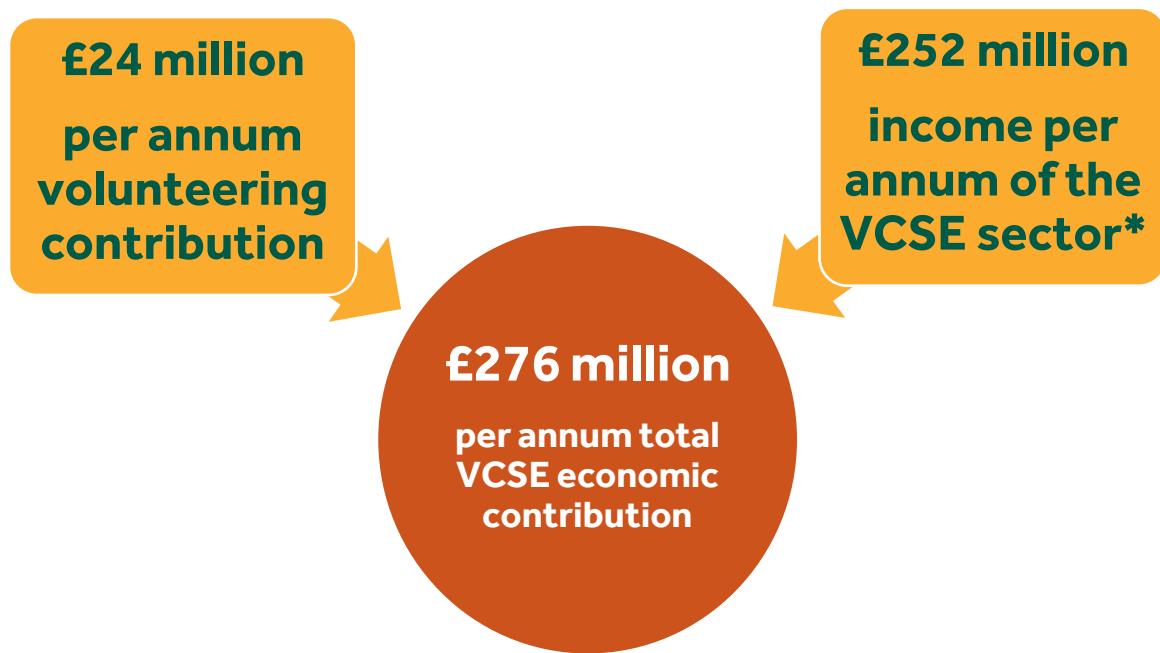
5. VALUE AND IMPACT OF THE VCSE SECTOR IN HEREFORDSHIRE

5.1 CONTRIBUTION OF VCSE INCOME TO HEREFORDSHIRE ECONOMY

Through applying the average income figures from the Charity Commission and the related proportions of size recorded in the county, we can get an estimated value of the VCSE sector for Herefordshire¹². The following assumptions underpin the estimated value of the VCSE in Herefordshire:

- The proportions of the VCSE sector are representative of charities registered in Herefordshire.
- The income reported by Charities according to size can be generalised to VCSEs that are not charities i.e. CASCs, CICs, and community groups.

In summary the economic value of the VCSE sector in Herefordshire is:



* This figure includes the £64 million required for paid staff.

The calculations for this value are shown in Appendix 1.

Points to note:

- In Herefordshire the income generated by charities in 2020/21 was equivalent to £0.6 million per 1,000 population, compared to the UK total which was £0.85 million per 1,000 population¹³.

¹² Only charity figures from those who are based in Herefordshire have been included.

¹³ Source: Almanac, NCVO, 2023; 2020 MYE, ONS.

5.2 ECONOMIC CONTRIBUTION OF THE VCSE SECTOR WORKFORCE (PAID AND UNPAID)

An economic contribution of the sectors workforce (both paid and unpaid) can be estimated based on the current UK Living Wage.

Paid employees: In the SoS survey, respondents were asked to indicate how many paid employees, both full time and part time, were employed in their organisation. This has allowed us to calculate FTE (full time equivalent) proportions to apply to ONS data to estimate the number of paid employees (Employment in public, private and non-profit sectors - Office for National Statistics [ons.gov.uk](https://www.ons.gov.uk)).

The ONS data suggests that there are 4,097 paid employees in the Herefordshire VCSE sector equating to 2,709 FTE employees. Based on an average 40 hour week and the living wage of £11.44 per hour, this means that the contribution of paid staff in the VCSE is a minimum of £64 million per annum.

Voluntary workforce (unpaid): The proportion of the adult population of Herefordshire who volunteer for any group, club or organisation was obtained from the Community Wellbeing Survey 2021, which when applied to the 2022 population estimates suggested that 43,405 adults in Herefordshire volunteer. The average volunteer hours reported in the SoS was approximately 48 hours per year, so extrapolating that 43,405 volunteers worked an average of 48 hours per year at the national living wage (£11.44 per hour), the volunteer contribution to the economy would be £23.8 million per annum.

Taking account of both staff and volunteers the economic contribution of the sectors workforce in Herefordshire is £77 million. It is the view of the report authors that this is a very conservative figure, and that the actual figure is likely to be far higher.

6. LOCAL INFRASTRUCTURE SUPPORT FOR THE VCSE SECTOR IN HEREFORDSHIRE

6.1 OVERVIEW OF LOCAL INFRASTRUCTURE ORGANISATIONS (LIOs) IN HEREFORDSHIRE

LIOs play an essential role in supporting locally based frontline VCSEs of all sizes to:

- attract funding and generate income
- operate good governance
- recruit and manage volunteers
- influence public service commissioning
- network with relevant statutory bodies and each other

The national picture shows that many infrastructure organisations have been especially vulnerable to reduced funding over the last decade, with funding focussed on delivery of services and community activities and less on building the infrastructure capacity of VCSEs to support local social action.

Herefordshire has a number of countywide infrastructure organisations; **hvooss** provide information, guidance and support to volunteers, charities and voluntary and community groups in Herefordshire. This includes representation and engagement in county strategic developments, volunteering and activity supporting the Talk Community approach, part funded by Herefordshire Council.

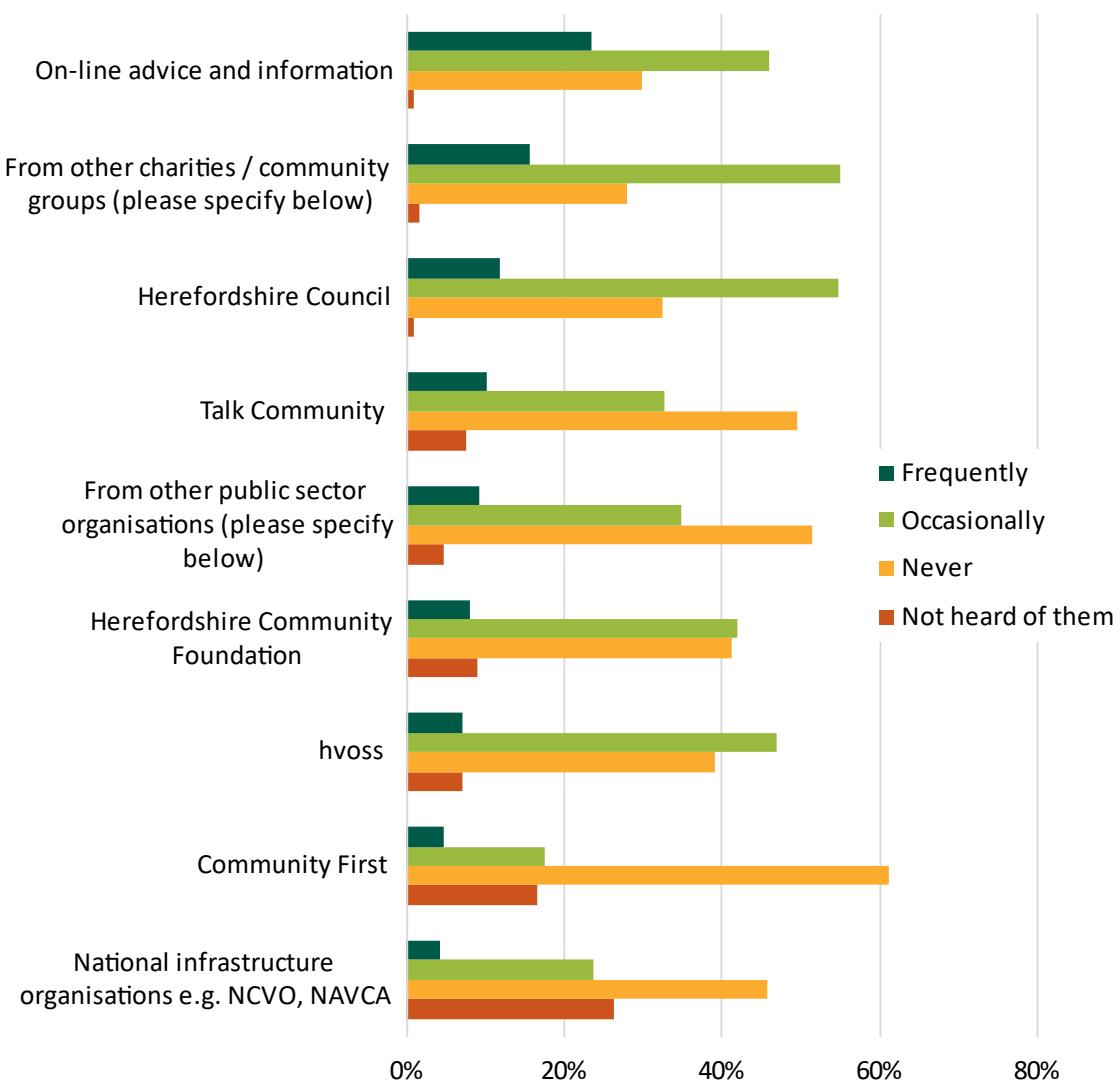
Community First operate across Herefordshire and Worcestershire and in Herefordshire primarily provide support to the village halls' network and grants administration, including on behalf of Herefordshire Council. **Herefordshire Community Foundation** generates and distributes funds to support individual and groups' needs and community development across the county and administer grants locally on behalf of Herefordshire Council.

Herefordshire Council also provides infrastructure support to the sector, through Talk Community, grants administration and specialist support for specific interest areas. There are also a number of other organisations that provide countywide support to thematic VCSE groups. These include Herefordshire Green Network and Active Herefordshire and Worcestershire. In addition, there are local infrastructure organisations that operate at a market town level, for example Ross-on-Wye Community Development Trust which amongst other activities promotes local volunteering opportunities.

As part of this research interviews were undertaken with each of the countywide infrastructure organisations to understand the support they provide and their perspectives on the sector locally; its strengths, challenges, potential and how it might be best supported. A focus group was also held with those organisations that identified themselves primarily as an infrastructure organisation when they completed the survey to discuss how they might best address the findings highlighted through the SoS research.

6.2 WHERE DO VCSES ACCESS SUPPORT FROM?

Graph 13. Proportion of VCSEs by where they seek help / support from? Herefordshire, 2024



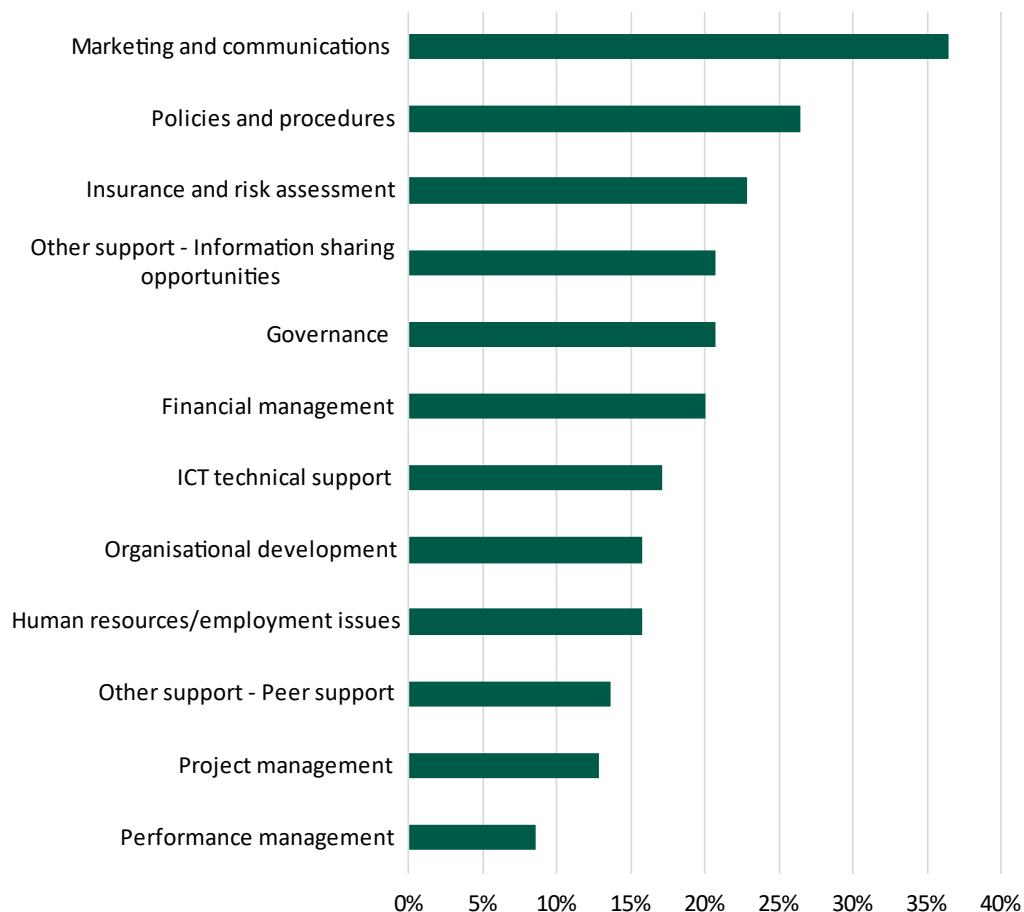
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- The VSCE sector most frequently get help/support from online sources followed by other charities/community groups and Herefordshire Council.
- These are the same most common sources of support as identified in 2021.
- Despite online advice and information being one of the most common sources where VCSEs seek support, there has been a decrease in the overall proportion using this method (69 per cent used this frequently and occasionally in 2024, compared to 80 per cent in 2021).
- There has also been an increase in the proportion of VCSEs who never seek help/support from Herefordshire Council, from 20 per cent who never sought help in 2021 to 33 per cent in 2024.
- There has been a decrease in seeking support frequently from other charities or community points, from 28 per cent in 2021 to 16 per cent in 2024.

6.3 GAPS IN SUPPORT AVAILABLE TO THE SECTOR IN HEREFORDSHIRE

Graph 14. Proportion of VCSEs who if they need support, which of the following would be useful, Herefordshire, 2024



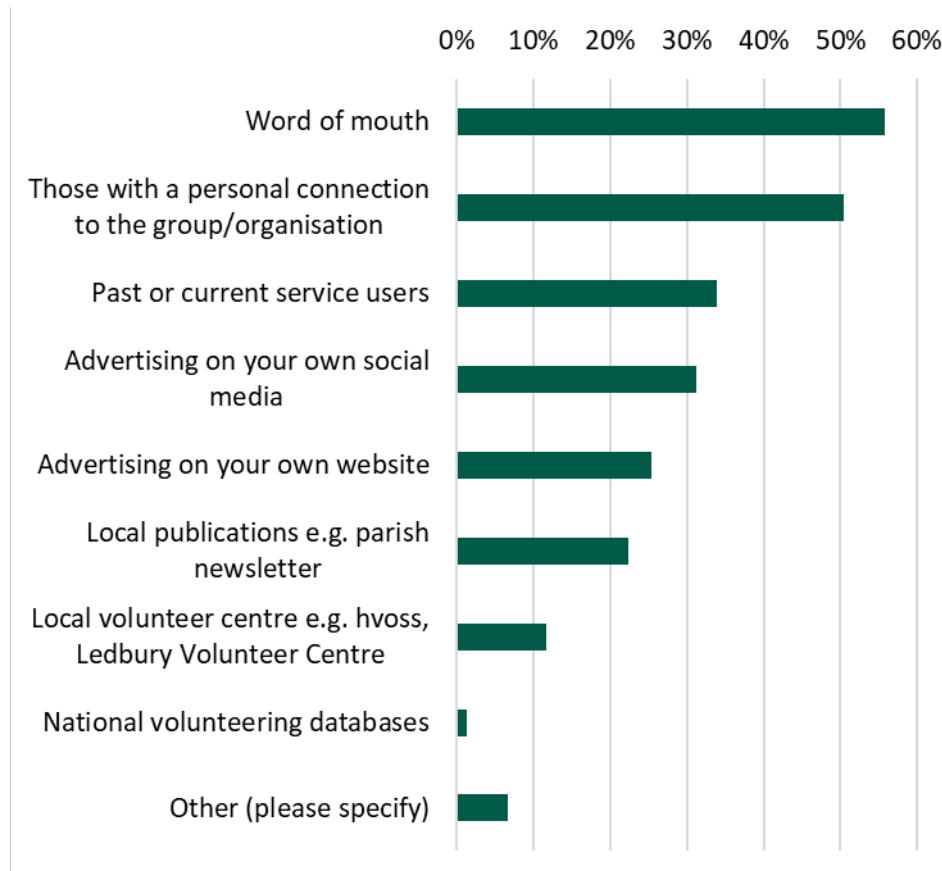
Source: SoS Survey, Herefordshire Council, 2024

Points to note;

- Marketing and communications support is the most commonly reported need which mirrors the findings of the 2021 research.
- The need for support in relation to information sharing opportunities has decreased since the last survey. This may be a function of the development of the Community Partnership.
- VCSE were also given a comments box to identify any other gaps in support for the VCSE sector. The key gaps identified were:
 - Funding support – funding in general, and specifically help with grant/funding applications.
 - HR and legal support – particularly highlighted by smaller organisations. An opportunity to outsource this affordably was suggested.
 - General business development support – support from start-up and to facilitate ongoing development.

- Help to recruit volunteers.
- Specific challenges relating to recruiting volunteers included; recruitment in general, followed by recruitment for specific roles such as trustees, treasurer etc. and lack of diversity of volunteers (including age).

Graph 15. Proportion of VCSEs by how they find their volunteers, Herefordshire, 2024



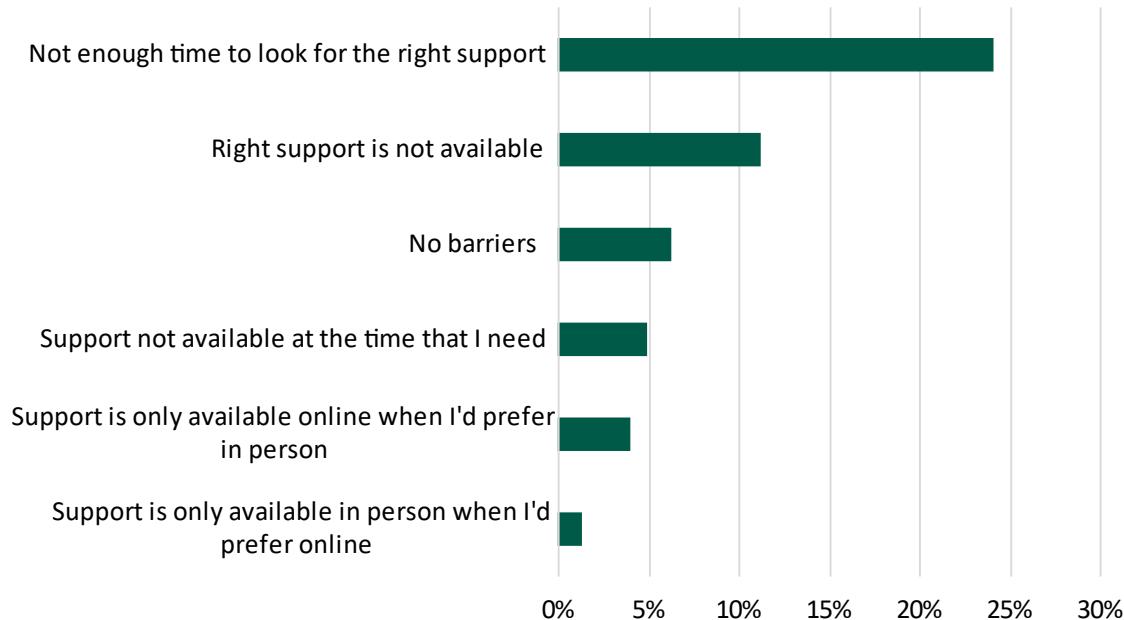
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Volunteers are most often recruited by word of mouth and from those having a personal connection to the group/organisation.

Barriers to support.

Graph 16. Proportion of VCSEs who they identified any barriers in accessing support, Herefordshire, 2024

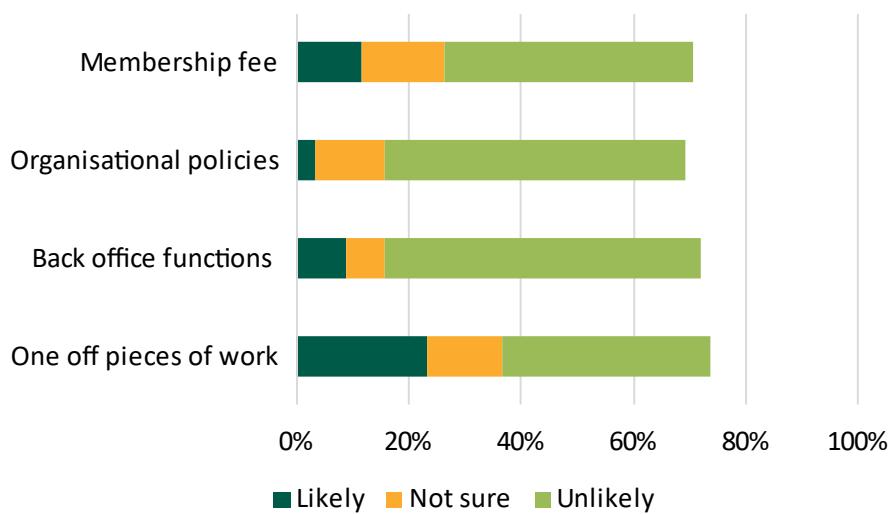


Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Time is the key barrier in accessing support. This point was reaffirmed through the focus group discussions with many organisations stating that they did not have the capacity to do anything outside of core day-to-day functions of their organisation.

Graph 17. Proportion of VCSEs by how likely they were to pay for support services, Herefordshire, 2024



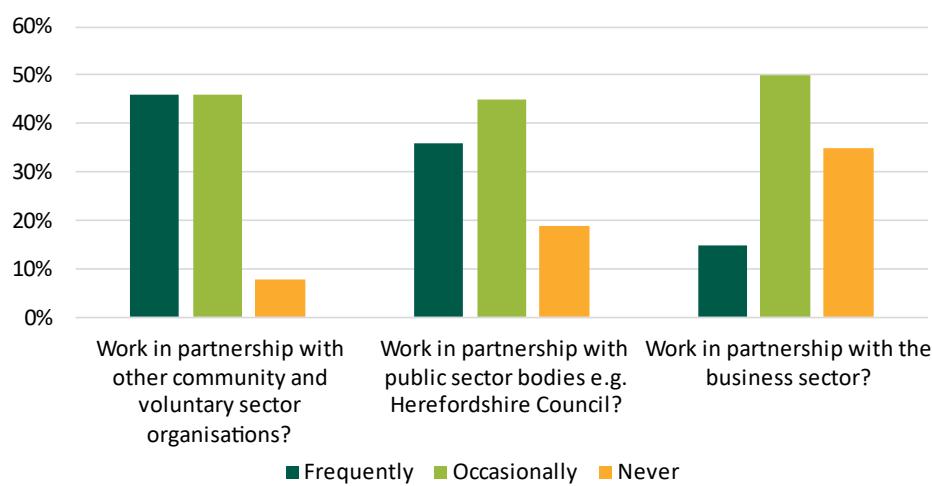
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Most survey respondents said they were unlikely to pay for support services.
- One-off pieces of work was what most VCSEs were more likely to pay for, however this was still quite low with only 23 per cent who answered likely.
- Whilst most organisations stated they were unlikely to pay for services, there were still a number who said they were likely:
 - membership fees – 12 per cent or 26 VCSEs
 - back office functions – 9 per cent or 20 VCSEs
 - one off pieces of work – 23 per cent or 52 VCSEs

7. ENGAGEMENT AND PARTNERSHIP WORKING

Graph 18. Proportion of VCSEs by how often they work with others, Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- There has been a large reduction in 2024 in the number of groups/organisations who are frequently working in partnership with other VCSE groups/organisations. This has declined from 62 per cent in 2021 to 46 per cent in 2024.
- Partnership working with the business sector remains underdeveloped with only 15 per cent stating they work with them frequently and 35 per cent stating they never work with businesses. There has been a slight shift from 2021, where those who have been working in partnership with businesses have been doing so more frequently.

8. PERCEIVED CHALLENGES AND OPPORTUNITIES FOR THE VCSE

Key challenges and opportunities facing the sector were discussed in the interviews with LIOs and focus group participants. Discussions mainly focused on commissioning and partnership working with interviewees seeing challenges and opportunities relating to both of these areas.

Commissioning

Generally organisations within the sector still see commissioning as presenting more challenges than opportunities. Although there are pockets of good examples, particularly working with Public Health, the commissioning framework and general approach prohibits constructive outcomes for many VCSE organisations. Some organisations gave examples of lengthy involvement in a commissioning process, only to be told that there was no longer money available to deliver the service being commissioned. Organisations also spoke about the lack of a 'level playing field', disproportionate bureaucracy and the need for unrealistic upfront investment (mainly of time) as being reasons why commissioning is difficult for the sector.

These views were also reflected by a commissioning representative in Herefordshire Council who also recognised that the processes needed to ensure accountability for the use of public money and legalities around commissioning services at times present insurmountable challenges for many parts of the sector, particularly smaller organisations. In addition she felt there was a need for better understanding from both sides of the table to ensure expectations were managed.

Whilst there have been attempts at co-production in some service areas these have not been successfully rolled out due to some of the issues highlighted above and a perception that the sector is not 'commissioning ready'. Currently partnership structures are not in place to provide opportunities across the sector i.e. the establishment of consortia which opens up possibilities for smaller organisations. Alongside this the VCSE feel that their voice isn't always heard and the lack of a formal advocacy route is recognised by both public sector and the VCSE.

Partnership Working

The data from the survey suggests that partnership working within the VCSE has decreased over the past 3 years. This view was supported by discussions in the in-depth interviews and the focus groups. The reasons for this were primarily the financial challenges faced by many organisations, together with less staff and less volunteers, mean that developing partnerships and collaborating with others becomes difficult due to competing demands on time. Despite this there still appears to be a willingness to work in partnership and recognition of the benefits of doing so.

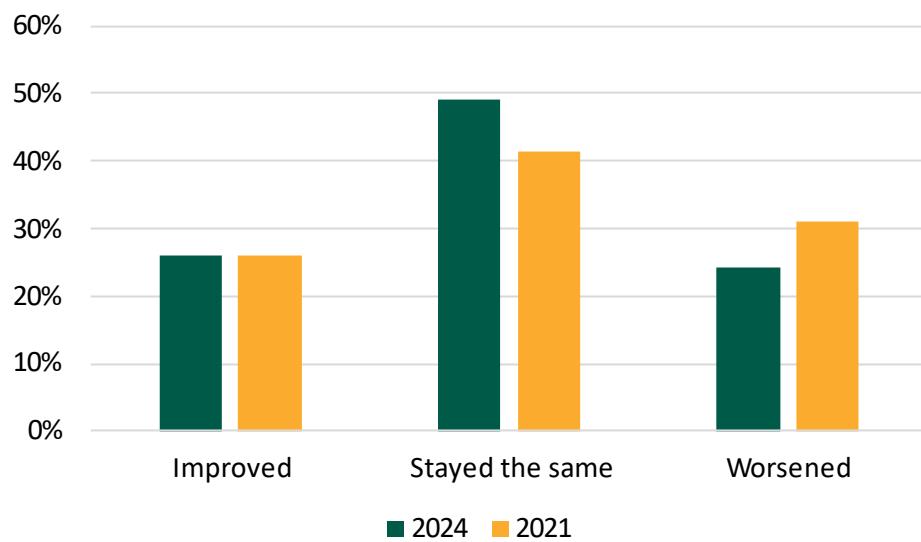
It was also suggested that the sector could benefit from a broader approach to collaborative working. Although people support and value the Community Partnership, its focus on health means that many VCSE organisations do not always see its direct relevance to their purpose and aims. Generally it was felt that more strategic input in terms of advocacy, voice and facilitating joint working on a more thematic basis would be beneficial to the sector and would help them to realise the potential of opportunities presented by co-production and the Community Paradigm. However there was also recognition that this type of input required investment and that lessons should be learnt from the Community Partnership model before new structures were developed.

It is worth mentioning here that the issues discussed above were also highlighted and discussed by the sector in 2021. These are not new issues but they are perhaps becoming more significant due to a more pressurised operating environment.

9. THE SUSTAINABILITY AND RESILIENCE OF THE SECTOR AND ITS ORGANISATIONS

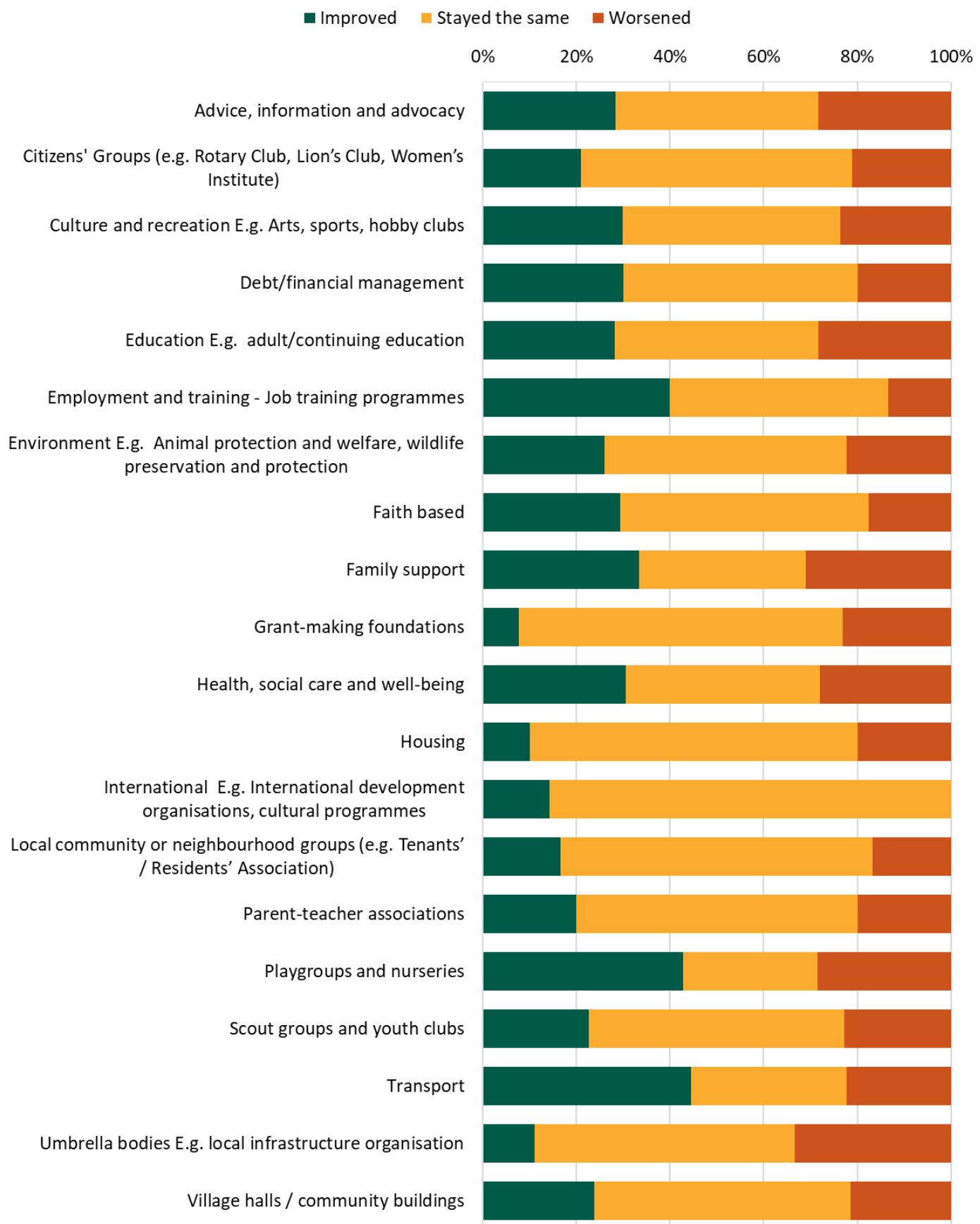
9.1 FINANCIAL POSITION CURRENTLY

Graph 19. Proportion of VCSEs by how their financial position has changed over the last 12 months, Herefordshire, 2021 & 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Graph 20. Proportion of VCSEs by how their financial position has changed over the last 12 months by activity type, Herefordshire, 2024



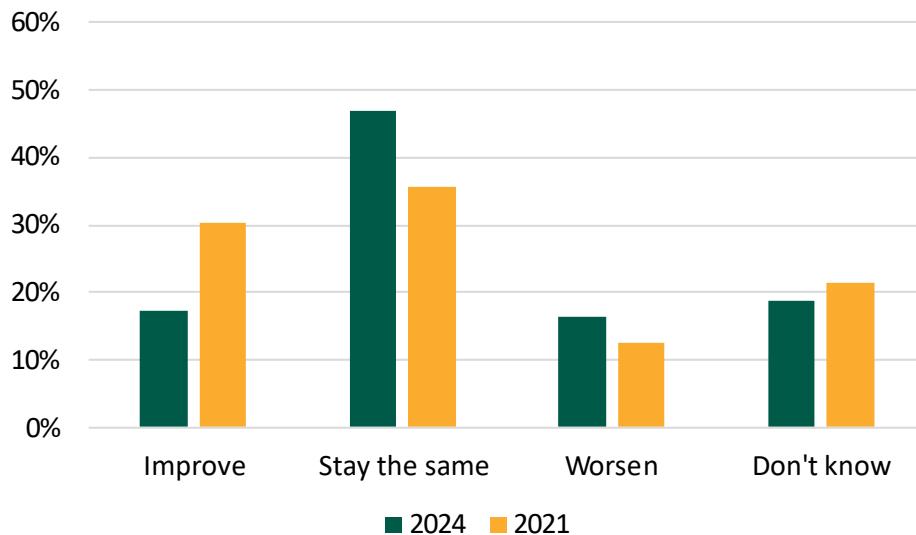
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Less organisations/groups reported their financial position as having worsened in the previous 12 months in 2024.
- The majority of groups reported that their position had stayed the same.
- There were a few types of activity who had a higher proportion of groups reporting that their financial position had improved over the past 12 months:
 - transport and playgroups and nurseries.
- The VCSE groups most likely to report that their financial position had worsened over past 12 months were:
 - Umbrella bodies e.g. local infrastructure organisations, Family support groups, Playgroups and nurseries, Health, social care and wellbeing groups, Education providers and groups providing advice, information and advocacy
- Playgroups and nurseries saw both an increase in proportions reporting their financial position had improved and an increase in the proportion of those reporting that it had worsened. The squeeze was seen in those that reported their financial position had remained the same.
- Taking account of the 2021 survey findings the trend suggests that groups are in an repeatedly worsening financial position i.e. more who are expecting their position to worsen in both 2021 and 2024 are those who provide:
 - advice, information and advocacy, health, social care and well-being groups and education providers. These are some of the biggest sectors that make up the VCSE in Herefordshire.

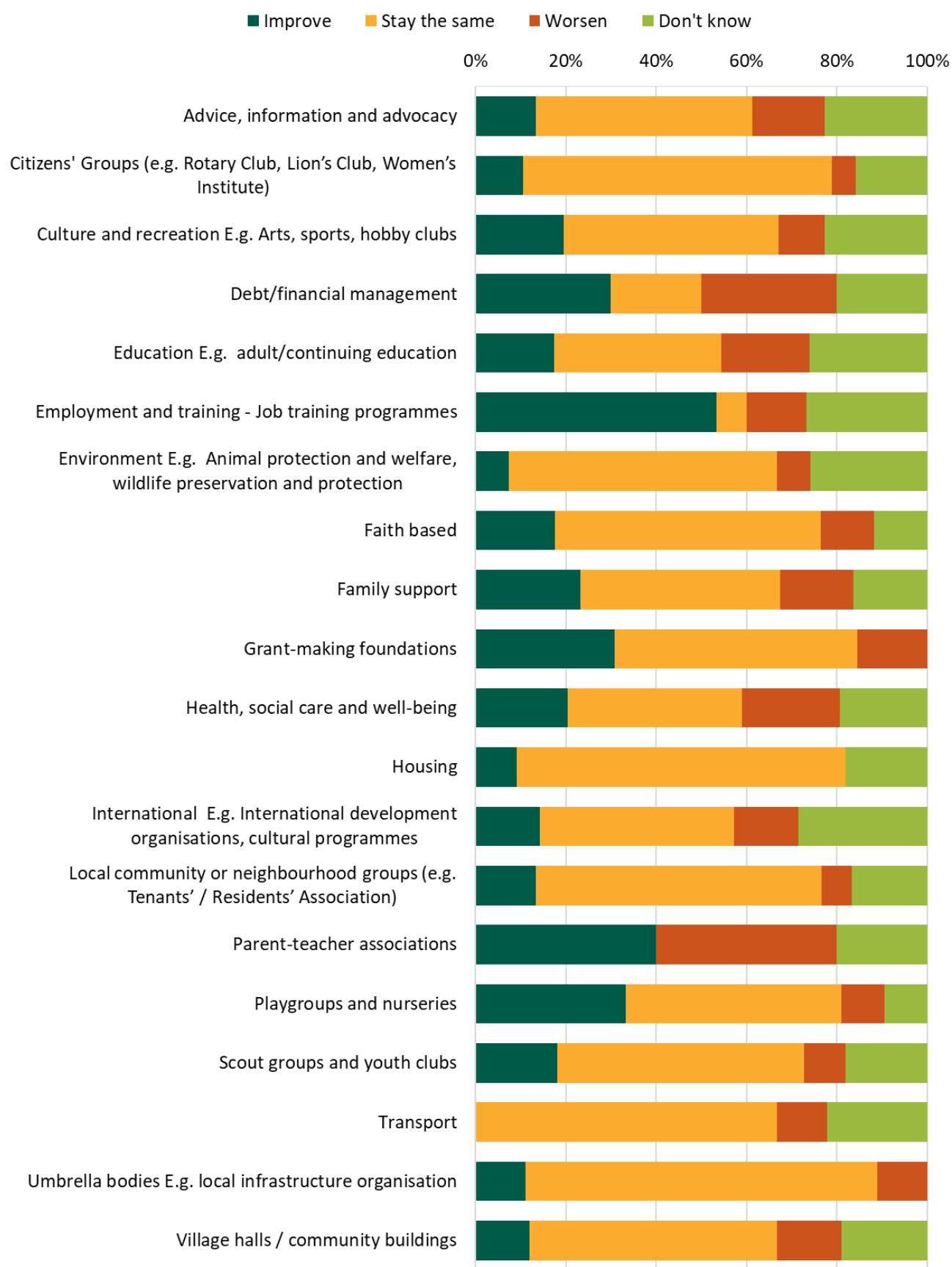
9.2 FINANCIAL POSITION LOOKING FORWARD

Graph 21. Proportion of VCSEs by how their financial position might change over the next 12 months, Herefordshire, 2021 & 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Graph 22. Proportion of VCSEs by how their financial position might change over the next 12 months by activity type, Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Respondents in 2024 have a less positive view on their financial position moving forward, with less respondents feeling their financial position will improve and more feel it will worsen or stay the same.
- The exceptions to this are;
 - ✓ Debt/financial management - there were similar proportions who felt their position would both improve and worsen, much less who felt it would stay the same.
 - ✓ Employment and training – there was a much higher proportion who felt their financial position would improve.
 - ✓ Environment – there was a much lower proportion who felt their position would improve.
 - ✓ Parent-teacher associations – there were equal proportions who felt their position would both improve and worsen.
 - ✓ Transport – there were no VCSE groups or organisations that provide transport services that felt their financial position would improve.
 - ✓ Umbrella bodies – there was a much higher proportion who felt that their financial position would stay the same.

Table 4. Proportion of VCSE organisations by size according to how they reported their financial position changing over the past 12 months, Herefordshire 2024

	Improved Per cent	Stayed the same Per cent	Worsened Per cent
Micro – less than £10,000	16	60	24
Small - £10k -£100k	34	49	17
Medium, large and Major (£100k -£10m)	32	30	38

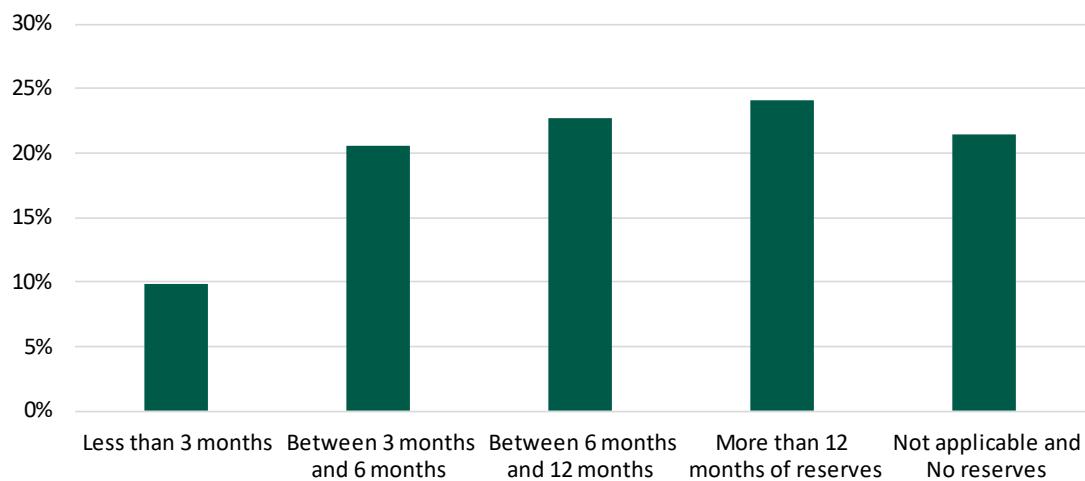
Source: SoS Survey, 2024. Herefordshire Council.

Points to note:

- Micro VCSE groups were more likely to report that their financial position stayed the same over the past 12 months.
- Medium, large and major VCSE groups were slightly more likely to report that their financial position worsened over the past 12 months.

To measure the resilience of the sector groups were asked how many months of operating expenditure they have in reserves. This was a new question for 2024.

Graph 23. Proportion of VCSEs by how long they could sustain organisational monthly operating expenditure from their reserves, Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2024

Graph 24. Proportion of VCSEs by size according to how long they could sustain organisational monthly operating expenditure from their reserves, Herefordshire, 2024



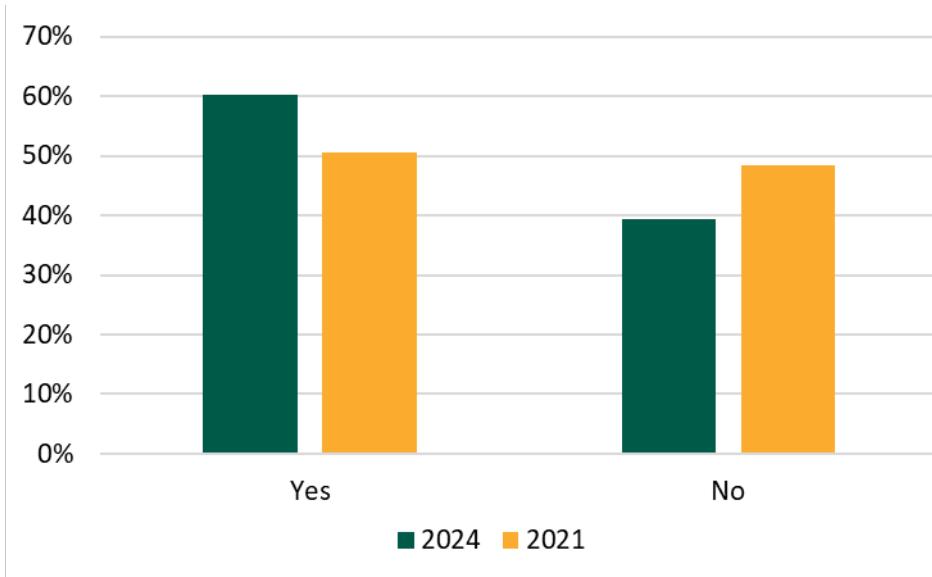
Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- Less than a quarter of VCSE groups could sustain the operating expenditure for 12 months or more from reserves.
- 75 per cent of VCSE groups have under 12 months of reserves or no reserves.
- If you assume not applicable means no reserves – this would equate to 21 per cent not having any reserves.

- Over a third of micro¹⁴ VCSE groups answered this question as not applicable or that they had no reserves. More than small VCSE groups and medium, large and major (combined).
- Nearly two thirds (62 per cent) of small VCSE groups had at least 6 months of reserves, compared to 39 per cent of micro groups.
- Medium, large and major VCSE groups mostly had between 3 months and 6 months of reserves.

Graph 25. Proportion of VCSEs by if there is anything that risks to their group or organisation not continuing in the near future, Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2021 & 2024

Point to note:

- 60 per cent of survey respondents said there were risks that could result in their organisation not continuing in the near future. This figure has grown from 50 per cent in 2021.
- Over a third who identified a risk were worried about continued funding either through grants, fundraising or contracts not coming to fruition, or there were potentially changes in legislation risk available grants.
- Availability of volunteers was another critical risk factor identified by a third of the comments received; attracting volunteers, recruiting volunteers for leadership roles, and the ageing nature of the volunteer base were the primary issues identified.
- Lack of qualified staff available locally was also mentioned in terms of continuing to run, including fear of losing current staff and being able to fill vacancies, and attract them to the area/field of work.
- Increasing costs, particularly rental rates, insurance costs and energy rates were seen as a risk to some groups not continuing. Lack of suitable venues, or venues requiring expensive repair or risk of flooding to the venue were also identified as risk factors.

¹⁴ Analysis was grouped into three categories due to low numbers in some size groups. Micro – less than £10,000; Small - £10k -£100k; and Medium - £100k - £1m, Large - £1m-£10m and Major - £10m - £100m

- A general reduction in participation was also seen as a risk, such as sports teams, tea clubs etc.
- VCSE groups who provided debt and financial management, internationally focused organisations and faith-based groups were more likely to say there were not any risks to not continuing in the near future.
- Groups and organisations who were more likely to identify there was a risk to them not continuing in the near future were: Parent teacher associations, employment and training focused organisations and village halls.

9.3 OTHER CHALLENGES IDENTIFIED BY THE SECTOR

What are the most significant challenges to your group or organisation's sustainability and/or growth currently?

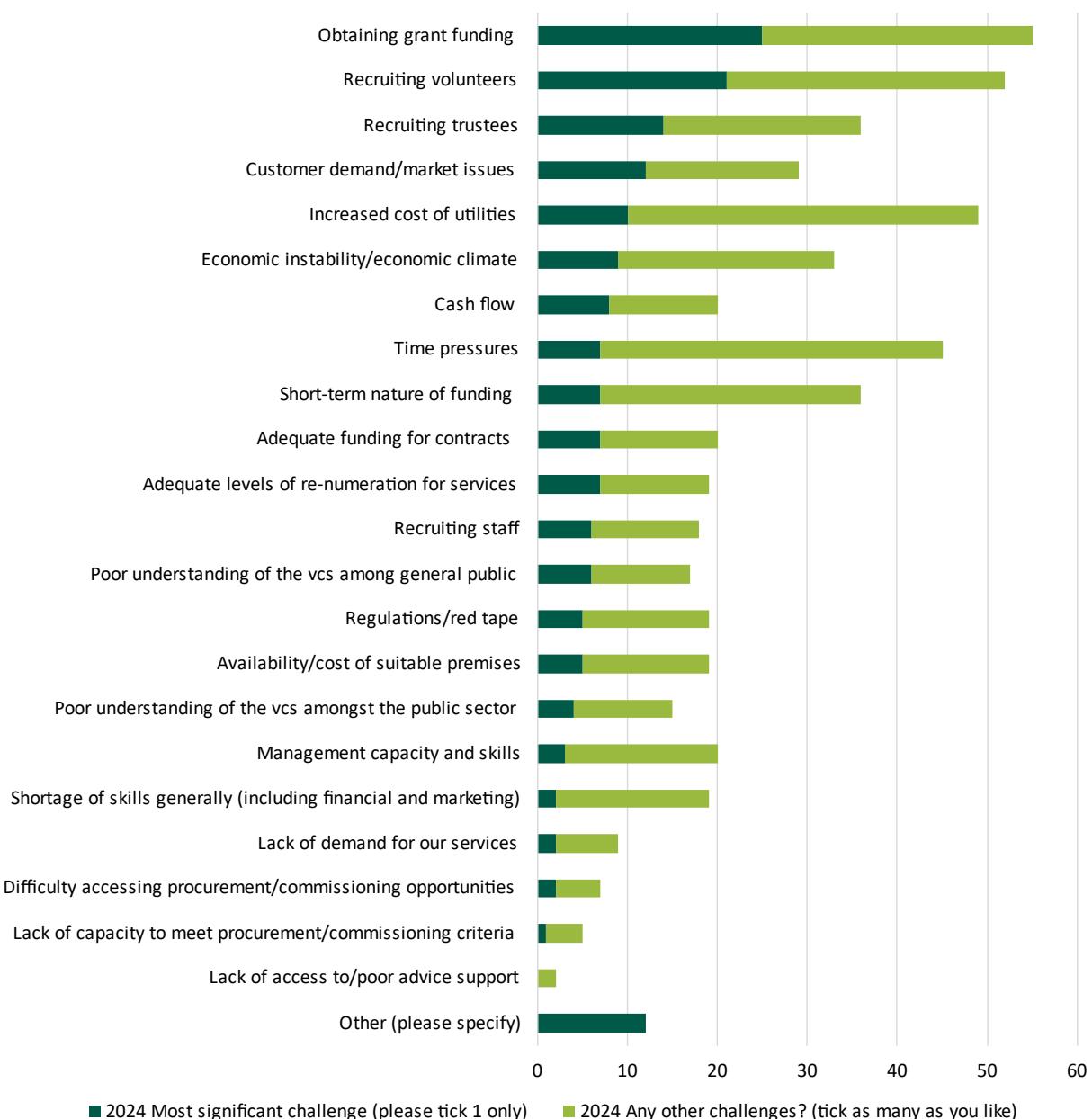
2024

Obtaining grant funding
 Recruiting volunteers
 Recruiting trustees
 Customer demand/market issues
 Increased cost of utilities
 Economic instability/economic climate
 Cash flow
 Time pressures
 Short-term nature of funding

2021

Obtaining grant funding
 Recruiting volunteers
 Short-term nature of funding
 Adequate levels of re-numeration for services
 Recruiting trustees
 Cash flow
 Adequate funding for contracts
 Regulations/red tape
 Time pressures

Graph 26. Proportion of VCSEs by the challenges to their group's sustainability and/or growth Herefordshire, 2024



Source: SoS Survey, Herefordshire Council, 2024

Points to note:

- The most significant challenges (primary and secondary) to the VCSE groups and organisations were identified as obtaining grant funding and recruiting volunteers. This is unchanged since 2021.
- Increased cost of utilities and time pressures were the next most common challenges across the board.
- Customer demand/market issues, increased cost of utilities, economic instability/economic climate are significant challenges that did not feature on the 2021 list.

10. CONCLUSION

While it is evident that the VCSE sector in Herefordshire makes a significant social and economic contribution to the county, the findings of this research paint a picture of a sector that is simultaneously more needed and yet more depleted than ever. Set against the backdrop of years of austerity measures, post-pandemic recovery, and the cost of living crisis, the sector continues to face ongoing challenges such as declining volunteer numbers, reduced capacity, and rising core costs. Many VCSEs report a growing reliance on grants and fundraising, reductions in capacity, and rising costs, leading to a surge in organisations forecasting financial uncertainty.

Despite these challenges, the sector continues to fulfil an essential role in responding to the evolving and increasing demands of the communities it serves and filling the gaps left by shrinking public services. It also displays resilience, agility, and a capacity for innovation and resourcefulness in providing support and services for many of the county's most vulnerable people.

To reverse the trends highlighted in this research, the sector may need to rethink how it organises itself, adopts more collaborative and cohesive approaches, and develops stronger leadership. Fundamental to achieving this is investment in local infrastructure organisations to provide comprehensive support and advocacy services for the sector.

Moreover, if the sector is to be regarded as a valued and essential partner, there needs to be a meaningful shift in relationships and power dynamics, along with a more inclusive approach to VCSEs. This will require investment in building understanding, networks, and connections on both sides. If these approaches can be adopted and sustained, there will undoubtedly be significant benefits and opportunities for the sector and ultimately for those who live in the county.

11. AREAS TO CONSIDER FOR THE DEVELOPMENT PLAN

The report in 2021 resulted in 15 recommendations, the intention for this report is for recommendations to be collaboratively developed. To assist this process we suggest three key areas as a focus for recommendations and any subsequent delivery plan:

- Investment - the sector in Herefordshire has experienced under-investment for years. This is apparent in many areas; infrastructure, supporting volunteers, advocacy, partnerships and collaboration. If the sector is to reverse the trend of being 'in decline' investment is urgently needed.
- Commissioning – the public sector cannot meet the needs of an increasingly complex society on its own. The VCSE are skilled at working with those most vulnerable and filling the gaps left by diminishing public services. Enabling the sector to deliver essential services with public money is key to both the sectors growth and the general wellbeing of society.
- Advocacy and leadership – the Community Paradigm offers an opportunity for the VCSE in Herefordshire to become equal partners in decisions about how to support Herefordshire residents (and particularly the most vulnerable). However resources, commitment and 'buy-in' at all levels of decision making is essential if the power relationship is to be re-balanced.

END OF REPORT

APPENDIX 1. CALCULATION EVIDENCE AND DATA SOURCES FOR KEY FINDINGS

This appendix details how the figures that feature in the key findings were calculated and where the figures were sourced from.

2,010 VCSEs are based or operating in the county, of which 1,117 are registered with the Charity Commission.

Source: Combined data sets, Charities Commission, Companies House, Registered Societies, Herefordshire Council's Contracts register, State of the Sector (SoS) Survey 2024 and an estimate of Below the radar (BTR) groups from National Council for Voluntary Organisations (NCVO).

Calculation: All VCSEs that operate or are based in the county, nationally public data, locally collected data from the SoS Survey and calculations of those BTR groups who are not on any of the public or local databases.

VCSEs contribute £276 million per annum to Herefordshire's economy.

Source: Combination of the three sources below (2020 Office for National Statistics (ONS), 2024 SoS Survey, Community Wellbeing Survey 2021 and Charity Commission data 2024)

Calculation: This is the total of the following three figures :

£188 million income reported from VCSE sector + £64 million additional income used to pay staff in the VCSE sector + £24 million value of volunteer hours given.

£64 million is spent on staffing in the VCSE sector per annum.

Source: 2022 Office for National Statistics (ONS) data on numbers of VCSE sector employees, 2024 SoS Survey data to estimate the full time equivalent (FTE) figure for the ONS workers number, National living wage in 2024.

Calculation: 2,709 FTE employees x an average 40 hours a week x hourly pay of £11.44 x 52 weeks of a year to give an annualised figure = $2,709 \times 40 \times £11.44 \times 52 = £64,452,540$ or £64 million.

If volunteer hours had to be paid for this would equate to £24 million per annum.

Source: Community Wellbeing Survey 2021 proportion of the 2022 population estimates who volunteer regularly, 2024 SoS Survey data to obtain average hours worked by volunteers per year, National living wage in 2024.

Calculation: 23 per cent of 18+ adult population (188,700) = $43,405 \times £11.44 \times 48$ average annual hours from 2024 SoS Survey = £23,834,757 or £24 million.

The Herefordshire VCSE sector has a combined income of £252 million.

Source: Charity Commission data 2021, 2024 SoS Survey data

Table A1: Details of modelling and calculations to obtain a value of the VCSE sector in Herefordshire 2024.

% by size	Number by size	Size	Average income by size	Est income for size	Combined income
53%	1065	Micro – less than £10,000	£2,202	£2,345,755	
38%	764	Small - £10k -£100k	£34,120	£26,060,740	
6%	121	Medium - £100k - £1m	£296,934	£35,810,194	
3%	60	Large - £1m-£10m	£2,694,522	£162,479,673	
0%	1	Major - £10m - £100m	£25,314,195	£25,314,195	
A	B	C	D	E	F
					£252,010,557

A: Proportion of charities from the Charity Commission 2021 data according to the size of the organisation, to be consistent with the data source.

B: Estimated number of VCSE groups and organisations according to size based on the proportions of the Charity Commission data and the total estimated VCSE groups and organisations in the county (all sources of data).

C: Size of organisation based on their annual turnover from the latest year.

D: Average income for charities based on their size (source Charity Commission Database 2020/21).

E: Estimated income in Herefordshire by size of organisation (BxD).

F: Sum of E

The following assumptions underpin the estimated value of the VCSE in Herefordshire:

- The proportions of the VCSE sector are representative of charities registered in Herefordshire.
- The income reported by registered charities according to size can be generalised to those VCSEs that are not registered charities i.e. CASCs, CICs, and unconstituted community groups.

It should also be noted that, only charity figures from those who are based in Herefordshire have been included.

4,097 paid employees, 5 per cent of employees work in the VCSE sector. Comparatively, the ONS data shows that the public sector employs 10,277 people and the private sector employs 62,470 people.

Source: The data contained in this analysis are produced from a snapshot of the Inter Departmental Business Register (IDBR) taken on March 2022. ONS, Crown Copyright. 4,097 is a mix of full time and part time - if you summed all the hours together you would get 2,709 full time staff only.