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Building capabilities in the voluntary sector: A review of the market

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Abstract

This report forms part of the Building Capabilities scoping study undertaken for the Big Lottery Fund. The study reviewed existing evidence to address what works in building FLOs' and partnerships' capabilities and what the requirements are for a marketised approach to capability-building. The report provides analysis of the supply and demand sides of the market for capacity building support and explores how it is resourced. It draws on two key data sources: the 2010 National Survey of Charities and Social Enterprises (NSCSE) and an online survey of capacity building providers. The report concludes by considering the implications the findings have for the prospects for a marketised approach.

Keywords

Voluntary sector; Building Capabilities; Big Lottery Fund; Capacity building; Infrastructure; Markets.

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Summary

This report forms part of a wider scoping study commissioned by the Big Lottery Fund to inform their Building Capabilities for Impact and Legacy (Building Capabilities) initiative. Building Capabilities has been exploring how frontline organisations and partnerships in the voluntary sector (FLOs) can best be encouraged and empowered to build their skills, knowledge and confidence (capabilities) as they seek to achieve outcomes for their beneficiaries more effectively and sustainably into the future. The study reviewed a range of existing evidence to address what works in building FLOs' and partnerships' capabilities and what the requirements are for a marketised approach for capability-building.

The report draws on two key data sources - the 2010 National Survey of Charities and Social Enterprises (NSCSE) and an online survey of capacity building providers - to examine the *demand for* and *supply of* the support that is available and explore how this support is *resourced*. A summary of the key findings is provided below.

The supply of FLO support

- Large numbers of providers are involved in supporting FLOs but the majority of support is provided by those for whom this market is a key focus.
- Support is provided by a variety of different entities, including non profit (charities, social enterprises etc) and for profit (sole traders/self-employed, and larger businesses) organisational forms.
- Non profit providers tend to provide mass or open access support alongside some more intensive one-to-one consultancy style provision. By contrast, the focus for profit providers tends to be on one-to-one support or direct service provision, with little in the way mass forms of support.
- As a result of this distinction in the way support is delivered and the type and focus of mass forms of support such as networking, non profit providers support far more FLOs that for profit providers.

FLO's demand for support

- FLOs access support on a large scale. The NSCSE shows that more than 30,000 FLOs access support from non profit support providers on an annual basis and the online survey revealed more than 100,000 instances of support from just 188 support providers.

- High levels of support are accessed in the areas of networking, access to funding, working in partnership and volunteering whereas support in the more 'technical' areas of finance and law is less commonly accessed.

- Organisations for which the local statutory sector is a key funder are more likely to access support than FLOs not reliant on statutory funding. Similarly recipients of Lottery funding are high users of support.

- Demand for support is reported to have increased in recent years and support providers expect it to increase more in the future. Income generation and partnership working are the two areas of support in which an increase in demand is most commonly expected.

The resourcing of support

- The market for FLO support is in a state of flux and demand-led models of support are becoming increasingly important. In the online survey charging for support was the most commonly identified main income source and the income source respondents said was most likely to increase in the future.

- Despite these perceptions both the NCSE and online survey highlight the importance of statutory support for the supply side of the market, particularly for non profit providers. However, there does appear to be a consensus that the levels of statutory funding available for support provision are likely to reduce over the next few years.

- Based on this analysis, it seems that a shift towards a fully demand-led model is unlikely, and certainly a long way off. What is more likely and what does appear to be taking place, is a subtle re-balancing of the market, as reductions in statutory funding necessitate that providers generate additional income from charged for support services.

1. Introduction

This report forms part of a wider scoping study commissioned by the Big Lottery Fund to inform their Building Capabilities for Impact and Legacy (Building Capabilities) initiative. Building Capabilities has been exploring how frontline organisations and partnerships in the voluntary sector (FLOs) can best be encouraged and empowered to build their skills, knowledge and confidence (capabilities) as they seek to achieve outcomes for their beneficiaries more effectively and sustainably into the future. The study reviewed a range of existing evidence to address what works in building FLOs' and partnerships' capabilities and what the requirements are for a marketised approach for capability-building.

The report provides a detailed review of the market for capacity and capability building services for frontline voluntary, community, and social enterprise organisations, examining the *demand for* and *supply of* the support that is available from non profit and for profit providers, through a series of key questions:

- ***Supply (chapter 2):***
    - Who provides capacity and capability building services for FLOs?
    - How much support is provided (and who provides most support)?
    - What types of support are provided?
    - How is support provided?
    - How do FLOs find out about what support is available?
    - At what scale is support provided?

- ***Demand (chapter 3):***
    - Which FLOs access capacity and capability building services?
    - What types of support do FLOs access?
    - How might the demand for support change in the future?

- ***Resources (chapter 4):***
    - How is capacity and capability building support currently funded?
    - What evidence is there that FLOs are paying for services?
    - How has the way in which support is funded changed in recent years?

Methodology

Two quantitative data sources provide the basis for the market review, overviews of which are provided below:

1. The 2010 National Survey of Charities and Social Enterprises (NSCSE)

2. An online survey of support providers undertaken by the research team.

NSCSE

The NSCSE was undertaken by Ipsos MORI on behalf of the Cabinet Office in 2010. It followed the 2008 National Survey of Third Sector Organisations (NSTSO). The survey provides a large national dataset that is statistically representative at local authority level and is one of the only available sources of key statistics on the voluntary sector (and sub-sectors within it) in England that can be analysed by researchers.

The NSCSE survey questionnaire included a number of questions that can be used to identify supply side and demand side FLOs within the market for support services but it is important to note a number of limitations:

- It only provides data on registered charities, companies limited by guarantee, community interest companies and industrial and provident societies. As such a significant proportion of the market is 'missing' from the data: on the demand side, it does not include 'below the radar' organisations, the informal and unincorporated groups and associations that make-up a large proportion of the UK voluntary sector and which also access support; on the supply side, it does not include for profit providers that are known to provide FLOs with support such as consultancies, financial services such as accountants, or self-employed/sole traders.

- The NSCSE survey was cross-sectional so it can only provide a snapshot of a point in time (Autumn 2010) and does not provide evidence of how the sector, and the supply of and demand for external support, has changed over time.

- Although the NSCSE questionnaire includes a number of questions that can be used to identify supply side and demand side organisations within the market for support services, it was not designed for this purpose. As such, there is potential for the analysis to present an over-simplified picture of the overall state of supply and demand within the marketplace, which is likely to be both complex and fluid.

- It uses the generic language of ‘capacity building’, rather than the terminology of ‘building capabilities’ which is the Big Lottery Fund’s more specific interest for this study (with its focus in particular on the building of knowledge, skills and confidence).

Online survey of support providers

The online survey carried out by CRESR for this study was designed to address some of the limitations of the NSCSE data. It included a range of specific questions about support provision, including: key characteristics of providers (e.g. sector, size, organisational form), the nature and scale of support provided, and the perceived current and future demand for support.

Given the lack of availability of a single comprehensive sampling frame, a core sampling frame for the survey was developed from a number of sources:

- NCVO's Directory of Approved Consultants (n=183)
- The approved providers list for the Worcestershire Changing Futures Fund (n=45)
- The accredited providers list for the Sheffield FUSE partnership (n=8)

Overall 236 participants were sent a direct email invitation to participate in the survey. In addition to the core sample a number of 'snowballing' strategies were also employed to broaden the reach of the questionnaire:

- The Big Lottery Fund sent an email to all of its mailing list recipients, inviting them to participate in the survey (if appropriate) and to forward the survey to any support providers they were aware of
- An invitation and link to the survey were included in NAVCA's regular member's email bulletin, and the research team wrote a blog about the survey for the NAVCA website
- Big Assist sent an invitation and link to the survey to all of their approved providers
- A 'Shout Out' about the survey was sent using Skills Effect's Skills Platform online community

The strategy was devised with the overall aim of obtaining responses from the broadest possible pool of support providers from the non profit and for profit sectors. In particular it sought to reach sole traders/self-employed people and small organisations providing support at a local level as it was felt that this group of providers represented a part of the supply side of the market which to date has been relatively opaque, and not covered by surveys such as NSCSE. However, it should be noted that the survey cannot be considered 'representative' of the market of support providers. This is primarily because we do not actually know what the true market of support providers actually looks like: how many providers there are, what types of services they provide, their size and scope, or how they are resourced. As such, the findings from the survey should be considered illustrative or indicative of the market of support providers, and interpreted as such.

Overall, 212 responses to the survey were received. Of these 24 said they did not provide direct support to FLOs so the base for the survey is 188. Table 1and

1b provides an overview of respondents according to organisation size and type.

Table 1a: Overview of online survey respondents by size and type

	All		For profit		Non Profit	
	Count	*Per cent*	*Count*	*Per cent*	*Count*	*Per cent*
Organisation size (by annual income):						
Less than £10,000	13	7	5	7	8	7
£10,000 - £24,999	25	14	16	21	9	8
£25,000-£49,999	37	20	27	36	10	9
£50,000-£99,999	21	11	15	20	6	6
£100,000-£249,999	27	15	7	9	20	19
£250,000-£499,999	20	11	4	5	16	15
£500,000-£999,999	15	8	1	1	14	13
£1 million or greater	25	14	0	0	25	23
Total	183	100	75	100	108	100

Table 1b Overview of online survey respondents by specific type

	Count	Per cent
For profit providers:		
Sole trader/self employed	42	54
Limited Company	29	37
Business partnership	4	5
Co-operative	2	3
Associate	1	1
Total	78	100
Non profit providers:		
Registered charity (inc charities registered as limited companies)	77	79
Community Interest Company (CIC)	12	12
Unincorporated association	3	3
Support provided as a volunteer	3	3
Co-operative	2	2
Industrial and provident society (IPS)	1	1
Total	98	100

2. The supply side of the market

The chapter provides analysis of the supply side of the market. It addresses six questions in turn:

- Who provides capacity and capability building services for FLOs?
- How much support is provided (and who provides most support)?
- What types of support are provided?
- How is support provided?
- How do FLOs find out about what support is available?
- At what scale is support provided?

Who provides capacity and capability building services for FLOs?

NSCSE contains six questions that could be used to identify FLO organisations engaged in providing support. These questions encompass two question types, an overview of which is provided in table 2.

Table 2: Overview of NSCSE supply side capacity building questions

Unlimited responses per question allowed		
Question no.	*Question text*	*Response option*
1	Which of the groups listed below are clients/users/beneficiaries of your organisation?	Other charities, social enterprises and/or voluntary organisations
3	In which of the areas listed below does your organisation work?	Capacity-building and other support for charities, social enterprises and/or voluntary organisations
5	Which of the roles listed below does your organisation undertake?	Capacity building and other support to charities, social enterprises and/or voluntary organisations (e.g. acts as a coordinating or resource body)
Response limited to three main categories		
Question no.	*Question text*	*Response option*
2	Which are the main clients/users/ beneficiaries of your organisation?	Other charities, social enterprises and/or voluntary organisations
4	Which are the main areas in which your organisation works	Capacity-building and other support for charities, social enterprises and/or voluntary organisations
6	What are the main roles your organisation undertakes?	Capacity building and other support to charities, social enterprises and/or voluntary organisations (e.g. acts as a coordinating or resource body)

Table 3 provides an overview of the numbers and percentages responding to each question. The data suggests that the 'true' (or truest possible estimate) number of NSCSE respondents involved in providing capacity building support activity is likely to lie somewhere between 2,220 and 11,058.

Table 3: Overview of NSCSE supply side capacity building responses

Question no.	Question Text	Option Text	Response	
			Count	*Per cent*
1	Which of the groups listed below are clients/users/ beneficiaries of your organisation?	Other charities, social enterprises and/or voluntary organisations	11,058	25
2	Which are the main clients/users/ beneficiaries of your organisation?		3,614	8
3	In which of the areas listed below does your organisation work?	Capacity-building and other support for charities, social enterprises and/or voluntary organisations	6,496	15
4	Which are the main areas in which your organisation works?		2,344	5
5	Which of the roles listed below does your organisation undertake?	Capacity building and other support to charities, social enterprises and/or voluntary organisations	5,407	12
6	What are the main roles your organisation undertakes?		2,220	5

Base: 44,109
Source: National Survey of Charities and Social Enterprises, Ipsos MORI, Cabinet Office

However, the relatively high numbers of respondents answering positively in the unlimited response option questions (Q1, Q3 and Q5) suggests that these are not particularly reliable indicators of involvement in capacity building. Furthermore, Q1 and Q2 do not specifically relate to capacity building, and further analysis indicated that respondents involved in a wide range of service provision responded positively. Therefore, detailed analysis focussed on respondents who indicated that capacity building was part of their **main** activity: they said it was a main area of work and/or a main role. An overview of responses is provided in table 4. The unweighted data provides the actual survey response; the weighted figures provide an estimate for the total population of charities and social enterprises.

The data demonstrates that overall, 8 per cent of NSCSE respondents were involved in capacity building: 6 per cent provided *some* capacity building and for 2 per cent capacity building was a *key function*. Furthermore, it indicates that in 2010, across the population of charities and social enterprises there were more than 12,000 organisations providing some level of capacity building support.

Table 4: Overview of supply side organisations

Involvement in capacity building	Unweighted		Weighted	
	Count	*Per cent*	*Count*	*Per cent*
Group 1: No capacity building undertaken *Capacity building **not** a main area of work or a main role*	40,593	92	142,399	92
Group 2: Some capacity building undertaken *Capacity building **either** a main area of work **or** a main role*	2,468	6	8,708	6
Group 3: Capacity building a key function *Capacity building a main area of work **and** a main role*	1,048	2	3,744	2

Base: 44,109
Source: National Survey of Charities and Social Enterprises, Ipsos MORI, Cabinet Office

The picture of the supply of capacity and capability building support provided through the NSCSE analysis can be developed through analysis of the CRESR online survey of support providers. The survey received a relatively even response for for profit (41 per cent) and non profit (59 per cent) providers: of the for profit providers a majority (54 per cent) were self-employed or sole traders; of the non profit providers a majority (79 per cent) were registered charities. Overall, 72 per cent of respondents said supporting frontline FLOs was their main focus: this was slightly higher for non profit (75 per cent) than for profit (69 per cent) providers.

How much support is provided (and who provides most support)?

Together the online survey and NSCSE analysis highlight an important characteristic of the supply side of the capacity building 'market': it includes providers who do **some** capacity building as part of a wider portfolio of provision as well as those for whom it is a **main** activity. This raises an important question about the nature of the market: is the majority of capacity building activity provided by those who only do some, or by those who do lot? Responses to the online survey provide some insights into this. Table 5 provides an overview of the numbers of frontline FLOs supported by survey respondents according to whether FLO support provision was their main focus and broken down by a variety of FLO types. A total and percentage figure for each row is provided (note that figures sum horizontally across the row).

It shows that, overall, the 176 survey respondents who provided a response supported a total of 33,702 FLOs between them (an average of 193). But those who said that FLO support provision was a main focus of their work supported 93 per cent of those organisations and on average supported a greater number of FLOs than respondents for who support was not a main focus. The pattern was consistent according to FLO size and type, although providers for whom FLO support was not a main focus were more likely to support larger FLOs than smaller ones. It is therefore clear from the survey responses that the **majority of capacity building activity is provided by those who do lot** rather than those who only do some.

Table 5: Overview of number of organisations supported

	FLO support a main focus?				All respondents
	Yes		No		
	Sum	*Per cent*	*Sum*	*Per cent*	*Sum*
All FLOs supported	31,386	93	2,316	7	33,702
FLO Size:					
Small *(income less than £100,000)*	14,684	92	1,322	8	16,006
Medium sized *(income £100,000-£1m)*	7,599	94	448	6	8,047
Large *(income more than £1m)*	1,881	83	374	17	2,255
FLO focus:					
BME-led	2,699	95	145	5	2,844
Neighbourhood or community	9,840	94	632	6	10,472
Local authority area or district	9,071	88	1,193	12	10,264
Regional	3,208	95	168	5	3,376
National	2,236	98	45	2	2,281

Base: 176
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

A question that follows from this analysis is how capacity and capability building activity (by volume) is distributed according to organisation type? Tables 6a and 6b provide an overview of the numbers of frontline FLOs supported by survey respondents according to whether they were a non or for profit provider: within for profit providers, numbers for sole traders/self-employed and larger businesses are also provided (table 6b). As with table 5 a total and percentage figure is provided for each row.

The data presented demonstrates that although there was a relatively even distribution of responses between for and non profit providers, an overwhelming majority (95 per cent) of the volume of support (according to the number of organisations supported) was provided by non profit providers. To some extent this is likely to reflect the fact that non profit providers, such as CVS', were more likely than for profit providers to engage with FLOs on a 'mass' basis through networks and partnerships (see page 22 for more detailed discussion). Within for profit providers the volume of support provided was broadly equivalent between sole traders/self-employed and other larger organisational forms.

Table 6a: Number of organisations supported by organisation type

	Organisation Type				All respondents
	For Profit		Non Profit		
	Sum	*Per cent*	*Sum*	*Per cent*	*Sum*
All FLOs supported	1,543	5	32,173	95	33,716
FLO Size:					
Small *(income less than £100,000)*	693	4	15,313	96	16,006
Medium sized *(income £100,000-£1m)*	718	9	7,341	91	8,059
Large *(income more than £1m)*	239	11	2,018	89	2,257
FLO focus:					
BME-led	142	5	2,703	95	2,845
Neighbourhood or community	575	5	9,898	95	10,473
Local authority area or district	502	5	9,764	95	10,266
Regional	311	9	3,068	91	3,379
National	276	12	2,013	88	2,289

Note: Sum data varies from figure 4 due to non response
Base: 176
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

Table 6b: Number of organisations supported by for profit organisations

	For Profit Type				All for profit respondents
	Sole Trader/Self-employed		Other for profit		
	Sum	*Per cent*	*Sum*	*Per cent*	*Sum*
All FLOs supported	719	2	824	2	1,543
FLO Size:					
Small *(income less than £100,000)*	314	2	379	2	693
Medium sized *(income £100,000-£1m)*	348	4	370	5	718
Large *(income more than £1m)*	84	4	155	7	239
FLO focus:					
BME-led	49	2	93	3	142
Neighbourhood or community	224	2	351	3	575
Local authority area or district	190	2	312	3	502
Regional	169	5	142	4	311
National	130	6	146	6	276

Note: Figures provided as a proportion of all survey respondents
Base: 176
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

A final question flowing from this analysis is how capacity and capability building activity (by volume) is distributed according to organisation size? Table 7 provides an overview of the numbers of frontline FLOs supported by survey respondents according to organisation size.

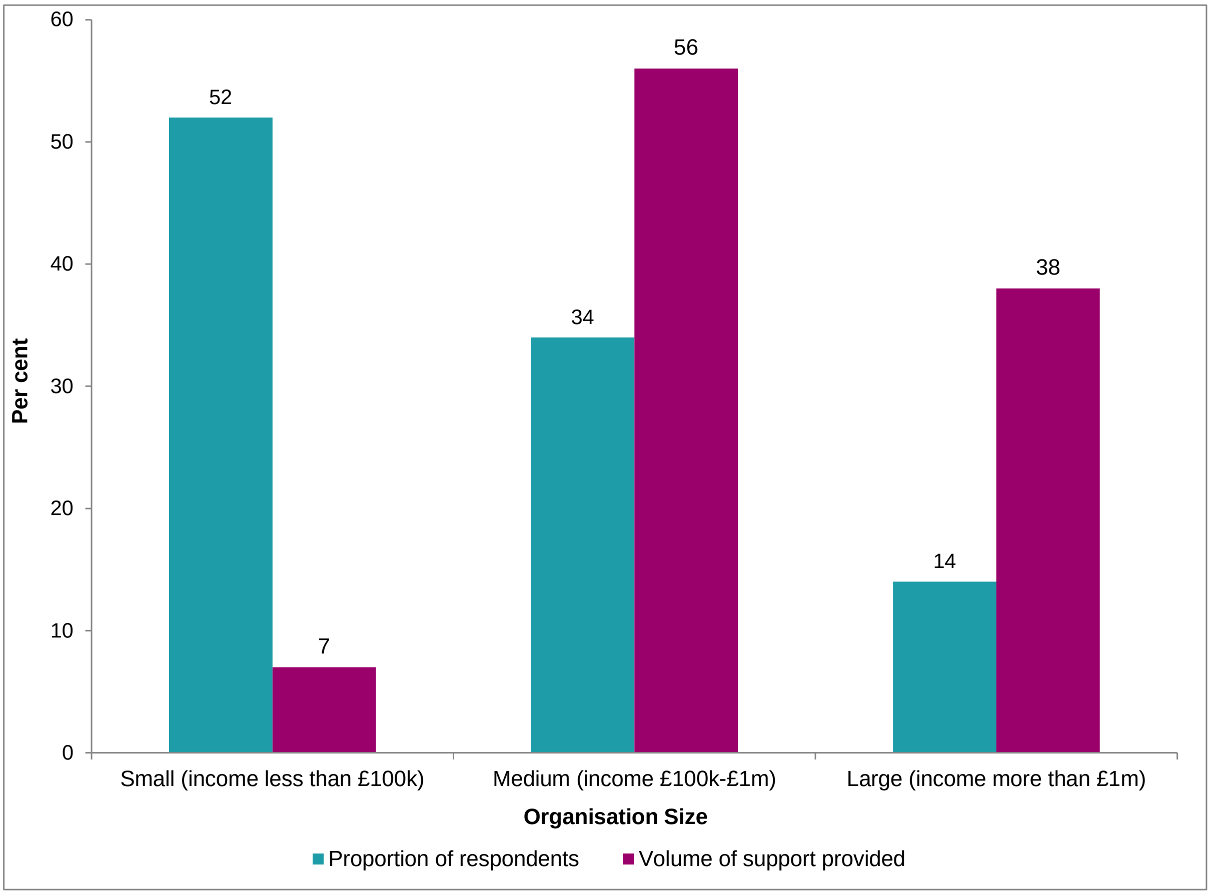
Table 7: Number of organisations supported by organisation size

	Provider Size						All respondents
	Small (income less than £100k)		Medium (income £100k-£1m)		Large (income more than £1m)		
	Sum	*Per cent*	*Sum*	*Per cent*	*Sum*	*Per cent*	*Sum*
All FLOs supported	2,263	7	18,670	56	12,617	38	33,550
FLO Size:							
Small	1,425	9	9,532	60	4,924	31	15,881
Medium	625	8	5,696	71	1,709	21	8,030
Large	160	7	1,337	59	753	33	2,250
FLO focus:							
BME-led	200	7	1,220	43	1,393	50	2,813
Neighbourhood or community	1,166	11	6,031	58	3,141	30	10,338
Local authority area or district	692	7	6,056	59	3,455	34	10,203
Regional	334	10	2,526	75	512	15	3,372
National	186	8	1,814	79	286	13	2,286

Note: Sum data varies from figure 4 due to non response
Base: 171
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

The data demonstrates that even though a majority (53 per cent) of support providers who responded to the survey were small in size they only provided a small proportion of the total volume of support. By contrast medium sized organisations accounted for 34 per cent of respondents and 56 per cent of the volume of support and large organisations 14 per cent of respondents and 38 per cent of the volume of support. This is represented graphically in Figure 1.

Figure 1: Overview of support provided by organisation size



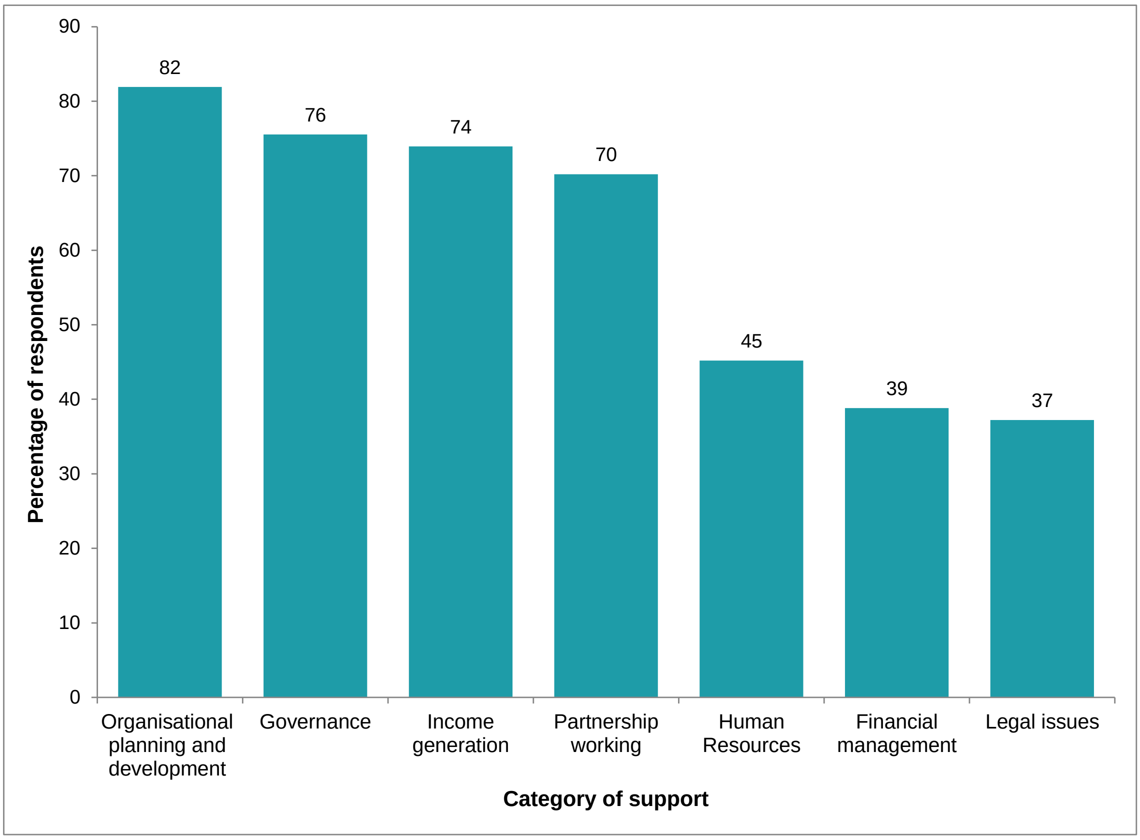
Base: 188
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

What types of support are provided?

Respondents to the online survey of support providers were asked to identify the types of support they provided to FLOs from a list of seven overarching categories. An overview of responses is provided in Figure 2 which shows that the four most frequently provided areas of support were organisational planning and development (82 per cent of respondents provided this); governance (76 per cent); income generation (74 per cent) and partnership working (70 per cent). Comparatively fewer respondents provided support in the areas of human resources (45 per cent), financial management (39 per cent) and legal issues (37 per cent).

When non profit and for profit providers were compared some differences in types of support were apparent. In particular non profit providers were much more likely to provide support in the areas of financial management, human resources, legal issues and partnership working whilst for profit providers were more likely to provide support in the area of organisational development.

Figure 2: Overview of types of support provided



Base: 188
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

Under each category a range of more specific types of support provision were also identified. Of these the most frequent types of support were under o*rganisational planning and development* - strategic planning (72 per cent), business planning (71 per cent), and research and evaluation (63 per cent); *income generation* - identifying funding sources and applying for grants (both 69 per cent); *governance* - board and trustee development (68 per cent); and *partnership working* - networking with other FLOs (62 per cent) and delivering services in partnership (60 per cent).

Just under half of survey respondents (48 per cent) said they provide a diagnostic tool/service. Respondents providing support through an organisation were more likely to provide a diagnostic tool than sole traders/self-employed respondents, as were larger providers compared to smaller ones. Only 20 per cent of respondents said they charged for their diagnostic service and this was more prevalent amongst for profit providers. The median cost of diagnostic tools or services was £500.

How is support provided?

Responses to the CRESR online survey showed that in each support category one-to-one (consultancy style) support was the most common method of support, with training and direct provision of services (such as payroll, financial audit or research/evaluation) the next most common methods. Summing across support types and categories there was some variation in support method according to organisation type and size:

- **Health checks:** there were no significant variations by organisation type, but small (20 per cent) and medium sized (28 per cent) providers were more likely to provide health checks than large ones (15 per cent).
- **Training:** non profit providers (50 per cent) were more likely to provide training than for profits (37 per cent), as were medium (50 per cent) and large (49 per cent) providers compared to smaller ones (40 per cent).
- **One to one support:** there were no significant variations by organisation type, but small providers (79 per cent) were more likely to provide one to one support than medium and large ones (both 70 per cent).
- **Toolkits or guidance:** non profit providers (39 per cent) were more likely than for profit providers (27 per cent) to provide toolkits or guidance, as were medium (44 per cent) and large (40 per cent) providers compared to smaller ones (25 per cent).
- **Direct provision:** for profit providers (66 per cent) were more likely than non profit providers (43 per cent) to provide services directly, as were small providers (63 per cent) compared to medium (38 per cent) and large ones (48 per cent).

This indicates that, to some extent, for profit providers are more likely to be involved in intensive forms of support provided through consultancy based approaches, whereas non profit providers are more likely to provide mass support through training and the provision of advice and guidance material. Similarly, small providers (a category which includes all of the sole traders/self-employed providers) were more likely than medium and large providers to provide consultancy style support.

How do FLOs find out about what support is available?

Respondents to the online survey were asked how frontline FLOs found out about the types of support that they provided. The most frequently identified source of information was word of mouth or recommendation (98 per cent) followed by providers' own websites (77 per cent) and other websites (44 per cent). Fewer respondents identified directories (33 per cent), direct marketing (30 per cent) and pools of approved providers (24 per cent). This pattern was relatively consistent by organisation type and size and highlights the structured or embedded nature of the supply side of this market.

At what scale is support provided?

Analysis of the NSCSE revealed that about half of non profit organisations that provided capacity building support mainly operated at a neighbourhood or local authority level and about half mainly operated at a regional level or higher. Fewer respondents to the CRESR online survey - around a quarter - mainly operated at a neighbourhood or local authority level with about three-quarters saying they worked at regional level or higher. However, there was a clear distinction between the level of operation of non profit and for profit providers in the CRESR survey. Mirroring the NSCSE findings, about half of non profit providers mainly operated at a neighbourhood or local authority level compared to fewer than one in twenty for profit providers (including sole traders/self-employed), the large majority of whose work was provided at a regional or national level.

3. The demand side of the market

The chapter provides analysis of the demand side of the market. It addresses three questions in turn:

- Which FLOs access capacity and capability building services?
- What types of support do FLOs access?
- How might the demand for support change in the future?

Which FLOs access capacity and capability building services?

Compared to the complexity involved in identifying supply side capacity building providers NSCSE provides only a simplistic way of identifying demand side organisations (in receipt of capacity building interventions). Only one survey question is directly relevant, as outlined in table 8.

Table 8: Overview of NSCSE demand side capacity building questions

Question no.	Question text	Response option
19	Do you currently get any support from other charities, social enterprises and/or voluntary organisations in your local area (e.g. Council for Voluntary Service, Local Social Enterprise Network, Co-operative Development Agency, or other capacity building bodies) or not?	Yes

Table 9 provides an overview of the responses to this question. The unweighted data provides the actual survey response; the weighted figures provide an estimate for the total population of charities and social enterprises.

Table 9: Overview of demand side organisations

Support received	Unweighted		Weighted	
	Count	*Per cent*	*Count*	*Per cent*
Yes	10,122	23	34,151	22.1
Other	33,987	77	120,700	77.9

Base: 44,109
Source: National Survey of Charities and Social Enterprises, Ipsos MORI, Cabinet Office

This shows that 23 per cent of NCSE survey respondents had accessed capacity building support. Furthermore, it indicates that across the population of charities and social enterprises as a whole there were more than 34,000 registered FLOs in receipt of capacity building support in 2010.

Analysis of NSCE capacity building recipients also revealed that particular types of frontline FLO were more likely to access support compared to the wider population of charities and social enterprises:

- **Areas of work:** Organisations that had been in receipt of support were more likely to work in certain areas of frontline activity. In particular, they were more likely to be engaged in the areas of health and well-being and community development and mutual aid as one of their main activities. For example, overall 17 per cent of NSCSE respondents worked in the area of health and well-being compared to 27 per cent of respondents in receipt of capacity building support. Furthermore, 17 per cent of all respondents worked in the area of community development and mutual aid, compared to 22 per cent of respondents in receipt of support.

- **Geographic focus**: Organisations that had been in receipt of support were more likely to work at local authority level than those not receiving support. Overall 35 per cent of NSCSE respondents mainly worked at a local authority level compared to 49 per cent of respondents in receipt of capacity building support.

- **Financial health:** Organisations that had received support tended to be less positive about their financial health than the wider population of charities and social enterprises. Overall 36 per cent of NSCSE respondents said over the past 12 months they had insufficient income to meet their main objectives compared to 46 per cent of respondents in receipt of capacity building activity. Similarly 30 per cent of all respondents said they had insufficient financial reserves compared to 41 per cent of respondents in receipt of support.

- **Relationship with the statutory sector**: Organisations that received capacity building support were far more likely to have a relationship with local and national statutory bodies than the wider population. Overall 33 per cent of NSCSE respondents had received some local statutory funding in the current financial year compared to 60 per cent of respondents in receipt of support. Similarly, 20 per cent of all NSCSE respondents had received some national statutory funding[1] in the current financial year compared to 35 per cent of respondents in receipt of support. Overall 27 per cent of all respondents said they had a great or fair amount of dealings with local statutory bodies compared to 51 per cent of respondents for who had received capacity building support.

[1] Note that once again the questionnaire classified National Lottery Distributors as national statutory bodies.

- **Sources of income:** Organisations that received capacity building support had very different income and funding profiles when compared to the wider population of charities and social enterprises. They were more likely to have grants, funding through the National Lottery distributors and earned income (from contracts and trading), and less likely to rely on donations and fundraising activities.

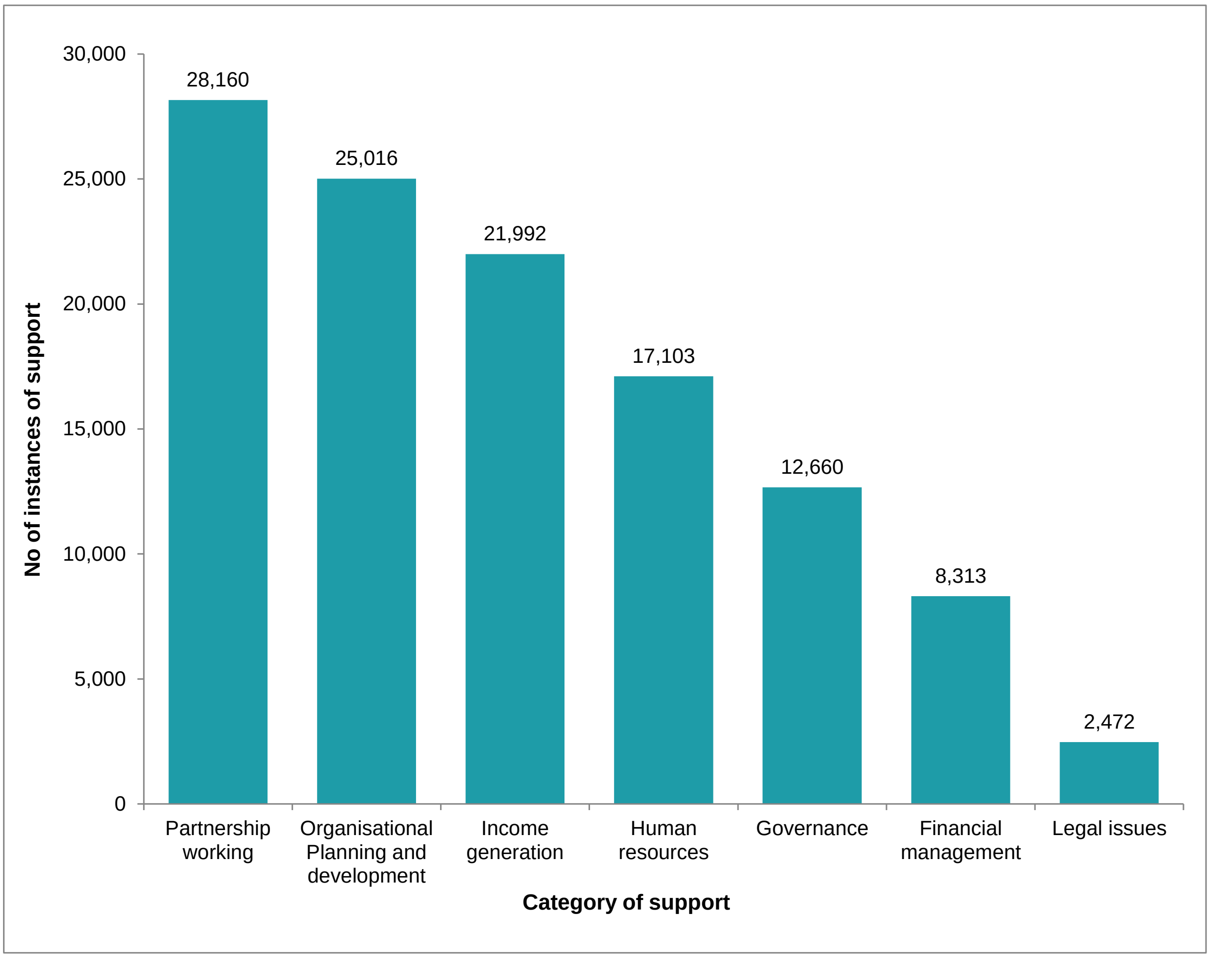
  It is also possible to drill down into this data to develop an understanding of the extent to which organisations in receipt of National Lottery funding (all distributors) were accessing capacity support: of the 4,274 (10 per cent) of NSCSE respondents in receipt of Lottery funding, half (50 per cent) received capacity building support; of the 779 (2 per cent) of respondents who identified Lottery funding as their most important source of income, more than half (55 per cent) had received capacity building support. This is higher than for any other source of income and suggests that for BIG's funding recipients capacity building support is particularly important.

- **Organisation size**: Organisations that accessed capacity building support tended to be very different in size when compared to the wider population of charities and social enterprises. In particular they were more likely to be medium sized in terms of income and have paid staff than other types of organisations. Overall 18 per cent of NSCSE respondents were medium sized (by income) compared to 27 per cent of respondents in receipt of capacity building support. Similarly 46 per cent of all respondents had paid staff compared to 61 per cent of support recipients.

What types of support do FLOs access?

The online survey asked support providers to estimate the numbers of frontline FLOs that had accessed each specific type of support in the past 12 months. Summing the total number of organisations supported under each main category provides an indication of the total number of instances of support provided and the overall demand for different categories of support. An overview of responses is provided in Figure 3.

Figure 3: Overview of the number of instances of support provided



Base: 188
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

This shows that the most commonly accessed (by volume) categories of support were partnership working, organisational development and income generation, all of which had been accessed from survey respondents more than 20,000 times. There were some marked contrasts with the types of support survey respondents provided (figure 1). For example, partnership working was the most commonly accessed category of support but only the fourth most frequently provided category of support; whilst governance was the second most commonly provided category of support but only the fifth most commonly accessed category of support.

It is worth noting that the some of the most commonly accessed categories of support are also the least intensive and most likely to be provided on a mass basis. For example, it is possible for tens even hundreds of frontline FLOs to attend a partnership networking event, or be involved in consortia related to areas of service delivery. By contrast governance support is likely to be provided on a much more intensive and provided over a longer term on a one-to-one basis. As such, there are more (and possibly more frequent) opportunities for frontline FLOs to access partnership support than governance support, so it is perhaps not surprising that the number of instances of support reported by survey respondents is so markedly different when the two categories are compared.

It is possible to analyse the survey data in more detail to identify the most commonly accessed types of specific support. An overview of the ten most commonly accessed specific types of support is provided in table 10.

Table 10: The ten most commonly accessed types of specific support

	Total No. of FLOs supported	No. of orgs. proving support	Mean No. of FLOs supported	Median No. of FLOs supported
Networking with other voluntary and community organisations	11,354	102	111	20
Identifying appropriate sources of funding	10,258	111	92	15
Working in partnership to influence policy	7,151	73	98	15
Volunteer Recruitment	5,685	39	146	60
Applying for grants	5,133	108	48	15
Board/trustee development	4,163	108	39	9
Volunteer Management	3,389	46	74	30
Research, monitoring and evaluation	3,230	96	34	10
Volunteer Development	3,144	40	79	27
Business planning	3,081	117	26	6

Base: 188
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

This shows that the most commonly accessed type of specific support was networking with other FLOs, followed by support to identify funding sources and partnership working to influence policy. Support for volunteer recruitment, management and development was also commonly accessed despite the fact that comparably few support providers actually provided this services.

How might the demand for support change in the future?

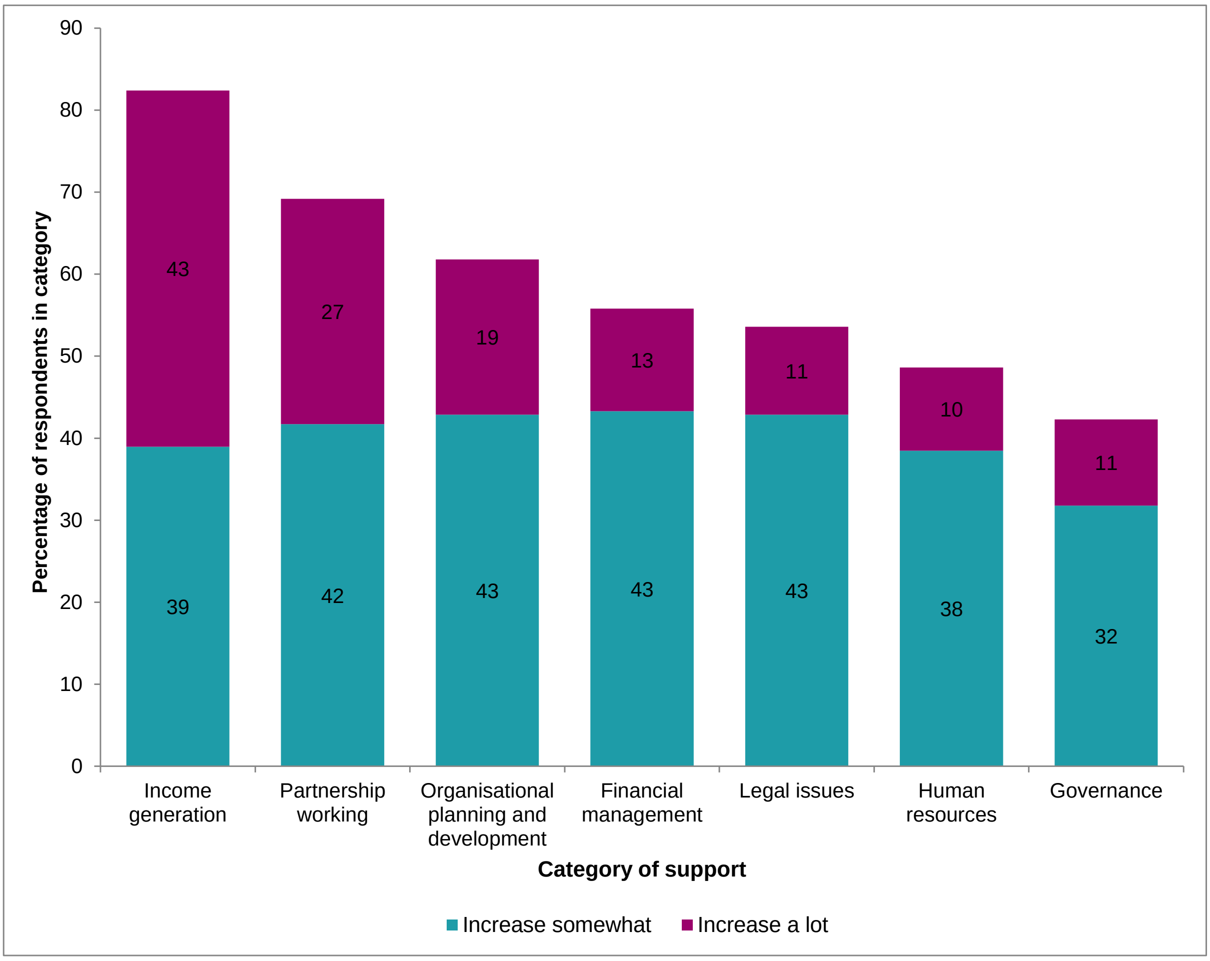
Respondents to the online survey were asked a number of questions about the demand for their services, how it had changed in the past two years and how they expected it to change in the future. Overall, 70 per cent of respondents reported an increase in the demand for services to frontline FLOs in the past two years, including 33 per cent who said it had increased a lot. By contrast only 11 per cent of respondents said the demand for their services and support had reduced. Similarly, 67 per cent described the current demand for their support services as high, including 25 per cent who said it was very high. By contrast only 6 per cent of respondents described current demand as low.

There was also some evidence of 'unmet' demand, for although 61 per cent of respondents reported that they were able to meet the demand for their services 39 per cent said they were not. Exploring 'unmet' demand in more detail reveals that:

- non profit providers were more than three times more likely to say that they were unable to meet the demand for their support services (56 per cent) than for profit providers (17 per cent).
- more medium (53 per cent) and large (52 per cent) providers said they were unable to meet the demand for their services compared to just over a quarter (27 per cent) of small providers.
- ability to meet demand did not vary much by support category, with the exception of legal issues (covering merger, redundancy etc) within which more than half (55 per cent) were unable to meet demand.

Survey respondents were asked how they expected the demand for their support services to change over the next two years, and to provide a response for each category of support they provided. An overview of responses is provided in figure 4 which shows that the most commonly identified support category in which demand was expected to increase was income generation, followed by partnership working and organisational development: these were also the three most commonly accessed categories of support (figure 2) and suggests that these are the areas in which the need for support amongst frontline FLOs is greatest.

Figure 4: Expected change in demand for support over the next two years



Base: 188
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

4. The resourcing of the market

This chapter provides analysis of how the market for capacity and capability building of FLO is resourced. It addresses three questions in turn:

- How is capacity and capability building support currently funded?
- What evidence is there that FLOs are paying for services?
- How has the way in which support is funded changed in recent years?

How is capacity and capability building support currently funded?

Through analysis of the NSCSE it is possible to explore differences in the ways in which capacity building providers are funded compared to the wider population of charities and social enterprises. A number of significant differences are apparent:

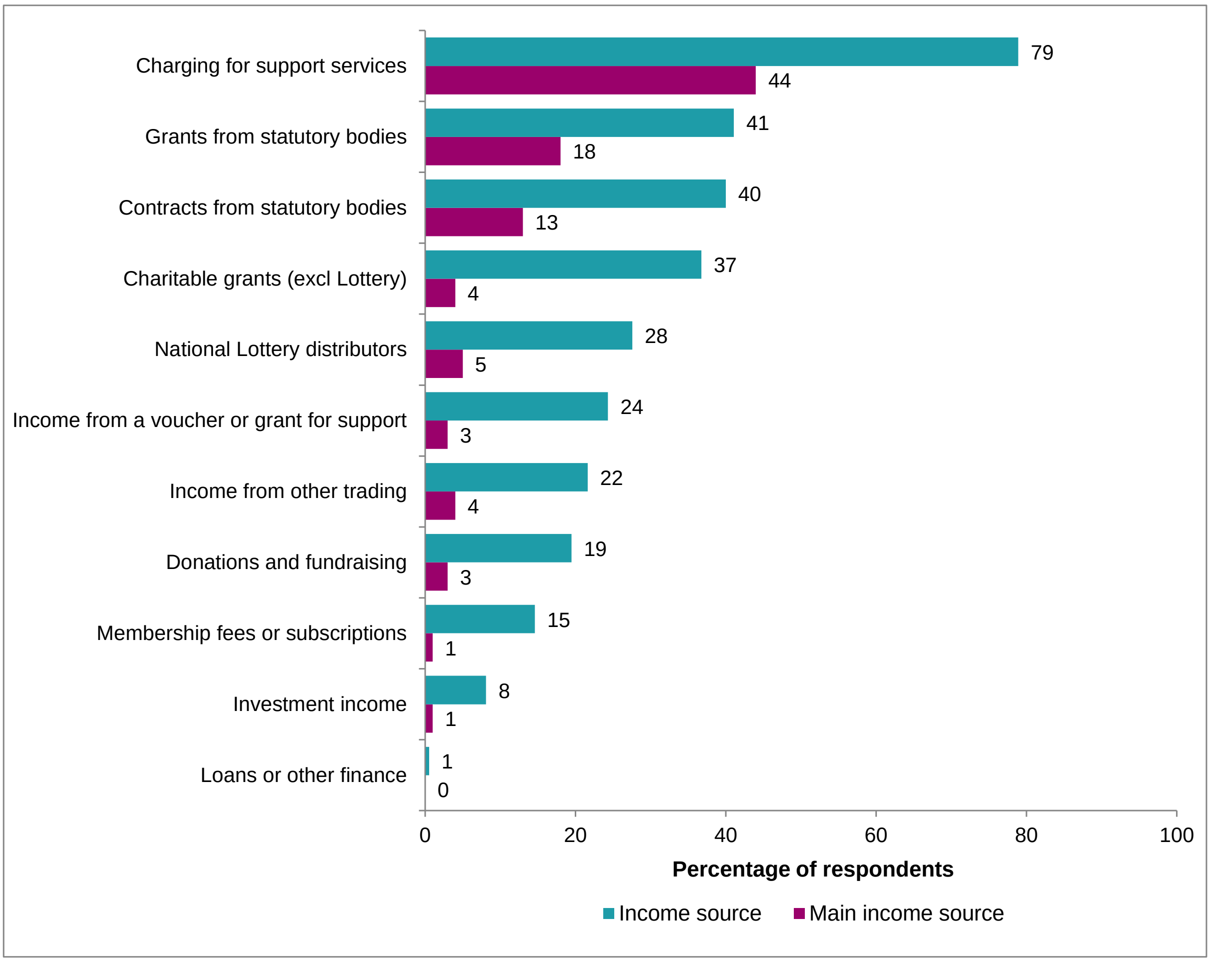
- **Statutory funding:** Organisations that provided capacity building support were far more likely to have a relationship with local and national statutory bodies than the wider population. Overall 33 per cent of NSCSE respondents had received some local statutory funding in the current financial year compared to 50 per cent of respondents for whom capacity building was a key function and 32 per cent of respondents involved in some capacity building activity. Similarly, 20 per cent of all NSCSE respondents had received some national statutory funding in the current financial year compared to 42 per cent of respondents for whom capacity building was a key function and 22 per cent of respondents involved in some capacity building activity.

- **Sources of income**: Organisations that provided capacity building support had very different income and funding profiles when compared to the wider population of charities and social enterprises. They were more likely to have grants, funding through the National Lottery distributors and earned income (from contracts and trading), and less likely to rely on donations and fundraising activities. The differences were particularly marked for the most important source of income, particularly within the group of organisations for whom capacity building was a key function: they were much more likely to identify statutory grants and core funding and income from contracts as their most important source of income, and much less likely to identify donations and fundraising and membership fees and subscriptions as their most important source.

- **Importance of income from trading:** Only eight per cent of respondents for whom capacity building was a key function and nine per cent of respondents involved in some capacity building activity identified income from trading as a their most important source of funding: this is about the same as for the wider population of charities and social enterprises. This raises some questions about the extent to which the organisations on the supply side of the market have business models that are equipped to adapt to a demand-led model (particularly if this means existing sources of funding such as grants and contracts are less readily available).

A further insight into how capacity building activities are funded can be gained through analysis of data from the online survey of support providers. In contrast to the NSCSE data, earned income from charging fees for support services was the most frequently identified source of income and the most frequently identified most important source of income; grants and then contracts from statutory bodies were the next most important income sources. An overview of responses is provided in Figure 5.

Figure 5: Sources of income for capacity building



Base: 185
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

More detailed analysis of these responses reveals some considerable variations according to organisation type and size. An overview of this analysis is provided in Tables 11a and 11b. This shows that, in particular, a majority of for profit providers (77 per cent) relied on charging for support services as their most important income source whilst for non profit providers statutory grants (30 per cent) and contracts (17 per cent) were most likely to be most important. Similarly, a majority of small providers (63 per cent) relied on charging for support services as their most important income source whilst for medium providers statutory grants (37 per cent) were most important and for large providers contracts (33 per cent) were most likely to be important.

Overall, and importantly in the context of this study, the analysis indicates that for profit and small providers rely heavily on income from charged for consultancy type provision, whilst non profit, medium and large providers tend to have much wider income portfolios, of which charged for consultancy type provision plays a much less important role.

Table 11a: Sources of income for capacity building by organisation type

	For profit		Non profit	
	Income source	*Main income source*	*Income source*	*Main income source*
Charging for support services	91	77	71	19
Grants from statutory bodies	17	1	58	30
Contracts from statutory bodies	21	8	53	17
Charitable grants (excl Lottery)	12	1	54	6
National Lottery distributors	28	3	11	7
Income from a voucher or grant for support	29	4	21	3
Income from other trading	8	1	31	7
Donations and fundraising	4	0	30	6
Membership fees or subscriptions	1	0	24	2
Investment income	0	1	14	0
Loans or other finance	1	0	0	0

Base: 185
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

Table 11b: Sources of income for capacity building by income size

	Small (Under £100K)		Medium (£100K-£1m)		Large (Over £1m)	
	Income source	*Main income source*	*Income source*	*Main income source*	*Income source*	*Main income source*
Charging for support services	82	63	79	18	75	21
Grants from statutory bodies	22	4	61	37	67	25
Contracts from statutory bodies	21	9	55	13	79	33
Charitable grants (excl Lottery)	21	3	53	7	63	0
National Lottery distributors	20	5	37	8	38	0
Income from a voucher or grant for support	26	4	24	3	25	0
Income from other trading	13	3	31	7	38	4
Donations and fundraising	15	4	24	3	29	0
Membership fees or subscriptions	4	0	27	2	25	4
Investment income	0	0	10	0	38	8
Loans or other finance	1	0	0	0	0	0

Base: 185
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

The online survey also asked respondents to provide an estimated figure for the total amount of income received from each source in the past 12 months. Analysis of these responses provides an alternative perspective on the ways in which capacity building support is funded. An overview is provided in table 12 and then discussed below.

Table 12: Value of income by income source

	Total income received	Percentage total income received	Average (mean) income received
Grants from statutory bodies	£10,570,005	30	£188,750
Charging for support services	£6,870,281	20	£64,208
Contracts from statutory bodies	£6,844,495	20	£131,625
National Lottery distributors	£3,355,887	10	£90,700
Charitable grants (excl Lottery)	£3,220,924	9	£73,203
Income from other trading	£2,360,630	7	£76,149
Donations and fundraising*	£531,391	2	£2,611
Membership fees or subscriptions	£452,467	1	£20,567
Income from a voucher or grant for support	£210,665	1	£9,159
Investment income*	£60,166	0	£7,500
Loans or other finance	£40,000	0	£40,000
Other income sources	£399,011	1	£28,501

*Note the income figures for donations and fundraising were heavily skewed by one respondent who report receiving income of £4 million for each sources. As such this data has been excluded from the analysis
Base: 185
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

In contrast to the earlier analysis, this shows that grants from statutory bodies provided the most amount of income for capacity building providers (£10.6 million; 30 per cent) and that the total value of income from charged for support services was considerably lower (£6.9 million; 20 per cent) even though it was identified as an income source by almost twice as many providers. Furthermore, when the total income from statutory grants is combined with contracts the value is £17.4m - 50 per cent of all income reported.

What evidence is there that FLOs are paying for services?

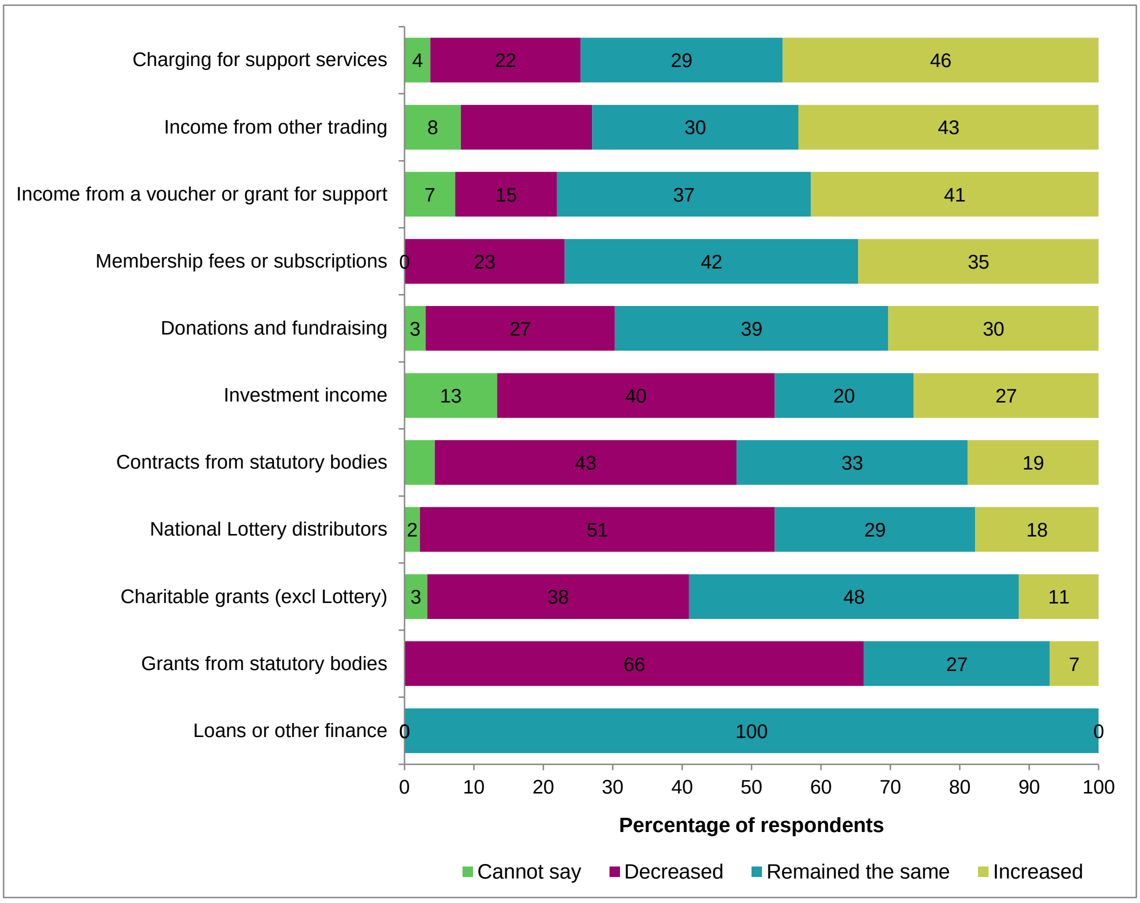
The online survey asked respondents whether each aspect of their support was free at the point of provision, charged for, or a mixture of both. Across the support categories free provision (36 per cent) and, provision that was a mix of free and charged (35 per cent) was slightly more common than charged provision (30 per cent). Free provision was more common in the areas of human resources, legal issues and partnership working and charged for provision more common in the areas of organisational planning and development and income generation. Across the support categories more than two-thirds (67 per cent) of for profit provision was charged for, with only a small amount completely free (4 per cent). By contrast more than half (51 per cent) of non profit provision was free and only 12 per cent was charged for. Similarly, small providers support (whether from non or for profit providers) was most likely to be charged for (48 per cent) whilst medium (55 per cent) and large (50 per cent) providers' support was most likely to be free.

The costs of charged for support varied: the average day rate was £370, ranging from a minimum of £75 to a maximum of £850. This price range was broadly consistent across organisation type and size.

How has funding for support changed in recent years?

Online survey respondents were asked how the amount of income they received from each source had changed in the past 12 months. An overview of responses is provided in Figure 6.

Figure 6: Changes in levels of funding by source over the past 12 months



Base: 185
Source: Online survey of support providers, CRESR/TSRC/Big Lottery Fund

Earned income from charging for support services was the most likely source of income to have increased in the past 12 months (46 per cent said it had) whilst income from Lottery distributors (51 per cent), statutory grants and contacts (66 per cent and 43 per cent respectively) were most likely to have decreased.

5. Conclusion

This report has provided detailed analysis of the market for support services for FLO organisations, drawing on national survey data (NSCSE) and new primary data collected as part of the Building Capabilities Scoping Study for the Big Lottery Fund. From the analysis presented it is possible to draw a number of conclusions about the supply of and demand for support, how it is resourced, and the prospects for the 'demand-led' model that the Fund is seeking to test through the Building Capabilities initiative.

The supply of FLO support

- Large numbers of providers are involved in supporting FLOs but the majority of support is provided by those for whom this market is a key focus.
- Support is provided by a variety of different entities, including non profit (charities, social enterprises etc) and for profit (sole traders/self-employed, and larger businesses) organisational forms.
- Non profit providers tend to provide mass or open access support alongside some more intensive one-to-one consultancy style provision. By contrast, the focus for profit providers tends to be on one-to-one support or direct service provision, with little in the way mass forms of support.
- As a result of this distinction in the way support is delivered and the type and focus of mass forms of support such as networking, non profit providers support far more FLOs that for profit providers.

FLO's demand for support

- FLOs access support on a large scale. The NSCSE shows that more than 30,000 FLOs access support from non profit support providers on an annual basis and the online survey revealed more than 100,000 instances of support from just 188 support providers.
- High levels of support are accessed in the areas of networking, access to funding, working in partnership and volunteering whereas support in the more 'technical' areas of finance and law is less commonly accessed.
- Organisations for which the local statutory sector is a key funder are more likely to access support than FLOs not reliant on statutory funding. Similarly recipients of Lottery funding are high users of support.

- Demand for support is reported to have increased in recent years and support providers expect it to increase more in the future. Income generation and partnership working are the two areas of support in which an increase in demand is most commonly expected.

The resourcing of support

- The market for FLO support is in a state of flux and that demand-led models of support are becoming increasingly important. In the online survey charging for support was the most commonly identified main income source and the income source respondents said was most likely to increase in the future.

- Despite these perceptions both the NCSE and online survey highlight the importance of statutory support for the supply side of the market, particularly for non profit providers. However, there does appear to be a consensus that the levels of statutory funding available for support provision are likely to reduce over the next few years.

- Based on this analysis, it seems that a shift towards a fully demand-led model is unlikely, and certainly a long way off. What is more likely and what does appear to be taking place, is a subtle re-balancing of the market, as reductions in statutory funding necessitate that providers generate additional income from charged for support services.

About the Third Sector Research Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre (TSRC) at the University of Birmingham exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

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As a leading UK policy research centre, the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University seeks to understand the impact of social and economic disadvantage on places and people, and assess critically the policies and interventions targeted at these issues. Clients include government departments and agencies, local authorities, charities and foundations, international organisations, and the private sector. We offer research expertise covering a wide range of qualitative and quantitative methods, evaluation, policy advice and guidance, and consultancy.

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A full research report (and briefing paper) is available and can be accessed from TSRC's website: www.tsrc.ac.uk Reference details are: Macmillan, R. and Ellis Paine, A. (2014) *Building capabilities in the voluntary sector: What the evidence tells us,* TSRC Research Report 125, TSRC: Birmingham.