



Executive summary

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Empowering East London has identified a large and diverse Voluntary and Community Sector in the three boroughs of Hackney, Newham and Tower Hamlets. A strong focus on delivering and improving quality of life for all of East London's communities highlights the real and potential role for organisations in East London.

But problems persist. Despite the overall scale and scope of the sector, resource levels are a challenge for many. Voluntary and Community Organisations (VCOs) working with Black and Minority Ethnic communities are particularly constrained by access to a range of resources, not just funding. The cost of resource inputs such as premises and staff are increasing, but the identification and funding of core costs is implemented unevenly. Perhaps most importantly, resource constraints are set against a background of increasing expectations, whether it be the delivery of services, the demonstration of outcomes or the involvement in local partnerships.

Based upon a large scale survey of statutory reports and accounts, interviews and questionnaires, the report examines the state of the mainstream and BME Voluntary and Community Sector in East London. It aims to empower Voluntary and Community Organisations by identifying both problems and strengths. The latter are many, and building on these will help the sector face the challenges of the future.

The Voluntary and Community Sector is a key economic player

VCOs in East London draw significant resources into the area. In 2001/02 the sector's income was £585 million, an increase of £20 million in 12 months. Over £551 million was spent on running costs – employing staff, buying goods and services – whilst a further £44 million was invested in the capital infrastructure every year. The sector annually contributes £306 million to GDP.

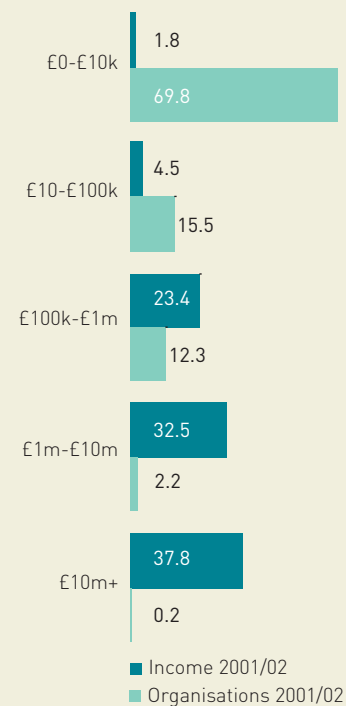
The Voluntary and Community Sector is large and diverse

Around 3,500 organisations, including registered charities and community groups are based in East London. These range from large, household name charities through to small, volunteer-led community groups. BME organisations are an integral part of the sector.

Government is a key player in the funding mix

Almost half the sector's income (48.6%) is derived from statutory sources: grants and contracts from local, regional and central government. A further third is generated from the general public. Two thirds of income is voluntary (grants and donations), whilst almost a third is earned from selling goods or services under contract. Despite the close funding relationship with government, relations are not always good – BME organisations in particular are frustrated at the level and quality of their involvement in local partnerships with the statutory sector.

Figure 1: Percentage of organisations and share of income, by income band, 2001/02 (%)



Resources are not evenly distributed

Whilst the VCS in East London is undoubtedly large, many organisations are surviving on a mix of short term grants, donations and volunteer time. Fewer than 100 organisations share 70% of the sector's income. Conversely, 70% have an income of less than £10,000 a year. National trends suggest this imbalance is becoming more pronounced. BME organisations exemplify the problems of generating resources, with problems of short-term, project-based funding. For many, complex application processes are worsened by a deficit in fundraising skills.

The sector is a pathway for active citizens

VCOs promote and depend upon the active citizens of East London. An estimated 27% of the population volunteer at least once a month, the equivalent of 173,500 people in East London. BME organisations on average benefit from the work of 6 volunteers, each working 11 hours, per week. Replacing this effort would cost £277 million, so barriers to further participation (retaining young volunteers, paying expenses) should be addressed.

The physical infrastructure is a basis for voluntary action

The sector controls assets worth £728 million, though much of this is tied-up as restricted funds or investments. Evidence suggests that the physical infrastructure – premises, equipment – needs further investment, with the smallest organisations struggling to build an asset base. Almost two-thirds of BME organisations need affordable premises to deliver essential services, yet the loss of community buildings is in evidence.

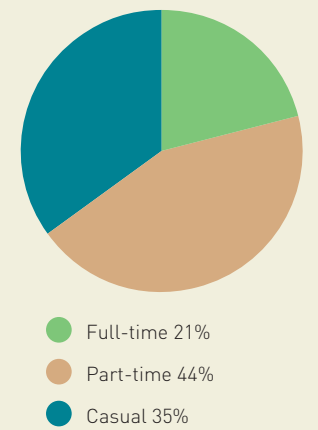
Voluntary and Community Organisations in East London are employers

VCOs based in east London employ 14,350 paid, full-time equivalent staff. This is increasing. Around 15% of VCOs are employers, though evidence from BME organisations suggests more would like to employ paid staff. Many staff in BME organisations are casual or part time. Increasing staff costs are apparent, despite the fact that salaries in the sector are comparatively low. Salaries are now almost 50% of expenditure. Workforce development costs are a real problem for many organisations, with BME organisations reporting skills gaps in fundraising, financial management and general management.

Looking to the future

Increasing expectations regarding the role and remit of voluntary organisations reflect the need to increase choice and diversity in the delivery of services, and accountability and responsiveness to user needs in their governance. Empowering VCOs, whether BME or mainstream, to fulfil their potential is a key challenge for the sector's infrastructure and its partners. Empowering East London highlights areas for action and capacity development, but most importantly it recognises the contribution already being made by the sector. This can only be built upon.

Figure 2: BME workforce by employment status



“We have spent a lot of time increasing our service provision across the borough particularly by doing more outreach work within the community.”



Empowering East London is the first in depth analysis of the voluntary sector across Hackney, Tower Hamlets and Newham. It provides a detailed description of the socio-economic landscape of the sector in terms of the revenue it generates and the services it provides. It also sets the record straight in terms of the barriers that some of the most disadvantaged community organisations face in delivering local solutions to community regeneration. Without more training & support, without vital resources and asset bases, without capital investment and buildings from which to operate, the sector is effectively being starved of its true potential.

Empowering East London is the work of East London Voluntary Sector Alliance, a partnership between Hackney Council for Voluntary Service, Community Organisations Forum (Tower Hamlets) and Aston Mansfield (Newham). The research has been funded by London East LSC and the Association of London Government.

East London Voluntary Sector Alliance

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