Analysis of Skills Issues for the Voluntary Sector

Labour Market Intelligence report three

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UK workforce hub

Contents

1. Introduction

The UK Workforce Hub has been commissioned by the UK Commission for Employment and Skills (UKCES) to start the work to develop a Sector Qualification Strategy for the UK third sector. The project has three parts

- The development of three Labour Market Intelligence (LMI) reports
- The development of the Sector Qualification Strategy (SQS)
- The development of an action plan to implement the SQS

At this stage funding has been agreed for part 1 with funding for parts 2 and 3 reliant on successful completion of this part. Part 1 will involve the production of three reports looking at skills issues within the sector:

1. A report that sets out the skills gaps and needs across the sector. This will also include a breakdown of the policy issues relating to learning and skills and their possible impact on the sector.
2. A report that identifies the provision of learning opportunities across the UK concentrating on the accredited learning but capturing a flavour of other learning that is accessed. Employers attitudes to learning will also be explored.
3. A report that looks at the gaps between supply and demand and that starts to make recommendations for the future that will enable the sector to better improve the skills of its workforce, both paid and unpaid. It will look at stakeholders and drivers that impact on the skills of the sector and start to generate parameters for scenario development.

Due to the time constraints of the project and also the complexity of the many roles workers and volunteers in the sector have we have decided to concentrate on seven different roles.

1. Fundraising
2. The Management of Volunteers
3. Trustees and Governance
4. Campaigning
5. Development work (from a perspective of those workers supporting organisations in the sector)
6. Management, leadership and planning
7. The strategic use of IT

These occupations represent those sector specific roles where we have, or are developing, National Occupational Standards (roles 1-5), as well as two cross sector issues that feature highly in our skills survey. We realise that there are many other skills areas that affect the sector. For example, our research shows that youth work, social care and health care functions were all identified by third sector employers as having hard to fill vacancies within their organisation. These function and skill areas are however covered by other sector skills councils and are included in their Qualification Strategies. It is our intention that in the future we will be able to integrate this work into our own strategy and to carry out work to ensure that the other sectors are meeting the needs of the Third Sector organisations in their footprint

This report is the third of the three and begins to analyse some of the gaps in the demand and supply of skills. It also looks at some of the environmental factors that affect the sector with regard to skills and starts to extrapolate some of the priorities for the SQS. Due to the time constraints only preliminary work on the future scenarios has been included as it is important that these are part of a sector wide consultation process, this will be carried out as part of the development of the Sector Qualification Society.

The report draws on two National Council for Voluntary Organisations (NCVO) projects:

1. The Third Sector Foresight (3S4) project (see www.3S4.org.uk) for the information on drivers
2. The Charity Forecast Project (see www.ncvo-vol.org.uk/research) for the information on confidence.

Both these projects make extensive use of a variety of consultation methods to ensure that those issues that really affect the sector are highlighted.

2. Key findings from report on demand (stage 1)

The key findings from report 1 (Skills Demand for the Voluntary Sector) fall under three key areas

1. The size of the sector and how it is changing
2. The sector's workforce and
3. Skills issues including skills shortages and skills gaps.

The size of the sector...

Number of general charities by income band, 2005/06

	Under £10k	£10k – £100k	£100k – £1m	£1m – £10m	Over £10m	Total
England	74,337	41,177	16,011	2,987	320	134,832
Wales	4,956	2,018	788	119	10	7,891
Scotland	9,368	3,416	3,824	273	23	16,903
Northern Ireland	1,950	1,652	747	221	-	4,569
UK	90,611	48,262	21,370	3,599	353	164,195

Source: NCVO, GuideStar UK, SCVO, NICVA (UK Civil Society Almanac 2008)

...and at how the sector is changing

- The long-term trend of general charities' expansion continues.
- Income volatility remains a problem for many organisations.
- Individual organisations' fortunes are mixed: many are doing well but many others are struggling.
- Income growth was spread evenly across most regions and nations with general charity density highest in affluent areas.
- For the first time more than half of general charities income is earned with most charities receiving no money from the State.
- Local government provides the most statutory income to general charities but grant income from government has been flat for five years.

- Returns on general charities' investment assets continue to fall, as does giving by individuals, which has also fallen.
- Formal volunteering is increasing but less people are willing to take positions of responsibility.

The sectors workforce

		2005
Total UK voluntary sector paid workforce	Headcount	611,000
	Full-time equivalent	486,000
Employment status	Full-time	375,000 (61%)
	Part-time	236,000 (39%)
	Permanent	541,000 (91%)
	Temporary	52,000 (9%)
Gender	Female	424,000 (69%)
	Male	187,000 (31%)
Occupation	Associate professional/technical	143,000 (23%)
	Personal service	118,000 (19%)
	Managerial/senior official	117,000 (19%)
Industry	Social work activities	332,000 (54%)
	Development/selling real estate (housing)	54,000 (9%)
	Education	45,000(7%)
Workplace size	Less than 10 employees	189,000 (32%)
	Less than 25 employees	321,000 (54%)
	Less than 50 employees	417,000 (70%)
Qualifications	Degree or higher	188,000 (33%)
	A Levels or higher	377,000 (67%)
	No qualification	27,000 (5%)

Source: The UK Voluntary Sector Workforce Almanac 2007

Skills issues

Recruitment problems are evident across the sector …
One-quarter of employers reported hard to fill vacancies within their organisation. For most functions, vacancies were more likely to be identified as hard to fill. Whilst micro and small organisations were less likely than large organisations to have vacancies within their organisation, they were more likely to report those they did have as hard to fill.

…particularly within specialist activity functions
Employers most frequently identified hard to fill vacancies within youth work, social care and health care. As these functions are not sector specific, it may be that there is a lack of understanding of the sector among potential applicants or that there are issues regarding job security, such as short-term contracts, and the terms and conditions of the post.

Skills shortages lie at the heart of hard to fill vacancies
Over one-third of employers with hard to fill vacancies reported skills shortage vacancies. In particular, nearly a quarter of employers cited a lack of specialist skills and/or experience in applicants. The sector workforce, however, is well qualified with only 13% of employers reporting a lack of qualifications as a problem.

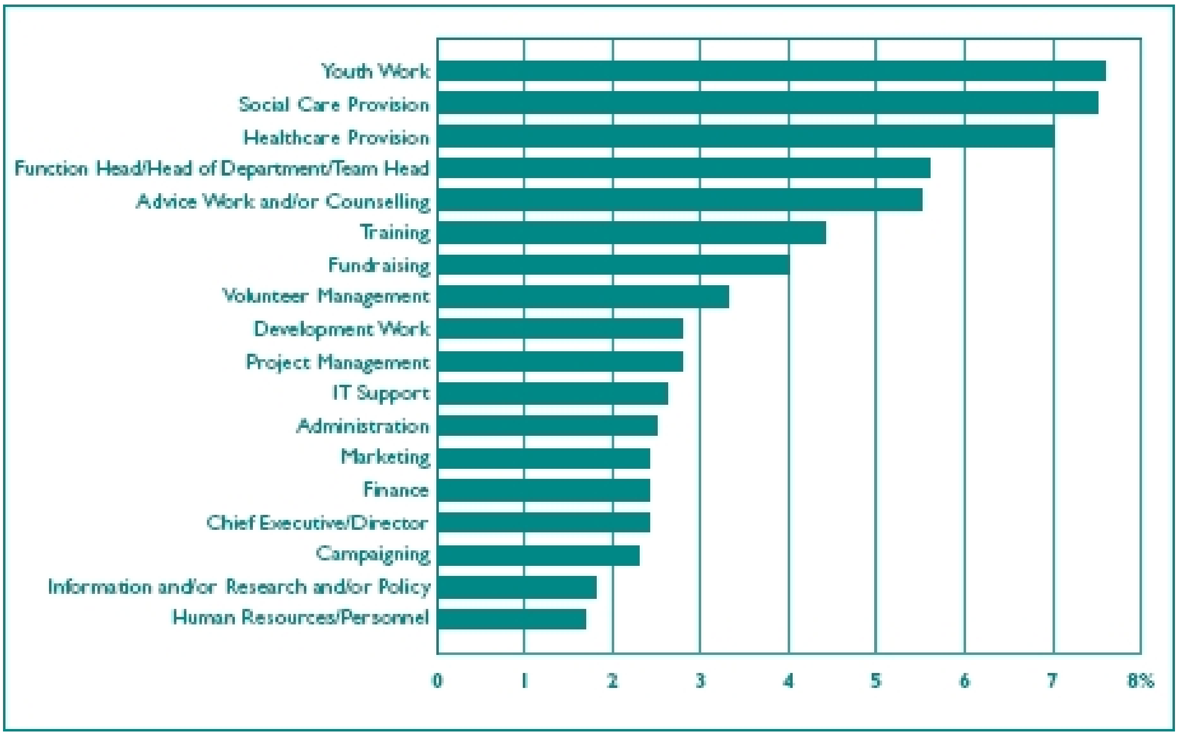
Skills gaps are apparent across the sector…
Around three in ten employers report under-skilled staff within their organisation. Small organisations are more likely to report skills gaps within their employees. This is likely to be due to the staff having to be multi-skilled to perform a variety of functions.

…particularly within specialist skills…
Employers were most likely to identify under-skilled staff within the functions of marketing and fundraising. Over one-quarter of employers reported skills gaps within strategic use of IT, legal knowledge and fundraising. Within medium sized organisations, gaps in leadership skills were an issue.

…with a detrimental impact on the organisation
An increase in the workload of other employees was the greatest impact of having under skilled staff for organisations of all sizes and across all sector skills council areas. Furthermore, one-quarter of employers, particularly small employers, resort to using volunteers to cover the work.

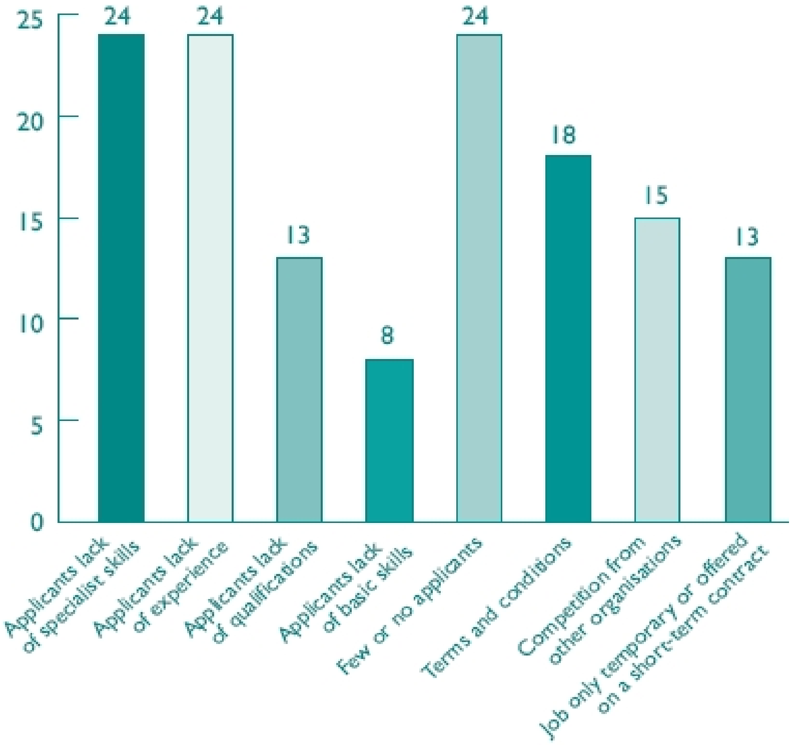
Employers anticipate future skills shortages and skills gaps
Two-fifths of employers anticipate recruitment of at least one occupation to get more difficult over the next three years. Nearly one-fifth expect recruitment of fundraisers to become more difficult. Nearly half of employers identified a skills need within their organisation that whilst not apparent now, is likely to be apparent within the next three years. Most frequently these were specialist skills, particularly strategic use of IT, fundraising and legal knowledge.

Hard to fill vacancies...



Source: Voluntary Sector Skills Survey 2007 Base: All employers reporting each function (varies).

...And the reasons for these



Source: Voluntary Sector Skills Survey 2007 Base: All employers with hard to fill vacancies (weighted=4,077; unweighted=452).

Skills gaps

- Around three in ten employers (29%) reported that they employed staff who they considered were under-skilled.
- Overall, employers were most likely to identify under-skilled staff within the functions of marketing (16%), fundraising (15%), human resources/ personnel (14%) and IT support (14%). Employers of all sizes mentioned these functions most frequently.
- As with HR, employers were much more likely to identify skills gaps within campaigning (13%) rather than skills shortages (3%).
- Micro-enterprises are more likely to identify that their employees are under-skilled in certain functions

Skills gaps by size of organisation (%)

	Micro	Sml	Med/ Lge	All
Strategic use of IT	26	30	23	27
Legal knowledge	26	28	22	26
Fundraising	26	26	19	25
Strategic planning and forward thinking	23	24	25	23
Health and safety	21	23	21	22
Marketing	22	22	18	22
Communication	19	22	26	21
Leadership	18	22	27	20
Monitoring and evaluation	17	23	20	19
Team working	17	22	19	19
Negotiating and influencing	17	21	20	19
Basic computer literacy/IT	15	21	24	19
Finance	20	18	13	18
HR/Personnel	15	19	17	16
Management of paid staff	14	16	19	16
Project management	14	17	17	15
Working in partnership with other organisations	14	16	14	15
Management of volunteers	15	13	10	14
Campaigning	14	14	9	13
Procurement/contract management	11	14	11	12

Source: Voluntary Sector Skills Survey 2007

Base: All employers (weighted=17,336; unweighted=1,922).

Employers views of skills gaps

Hard skills vs soft skills
Participants highlighted a range of hard and soft skills gaps within their organisations. Whilst some participants focussed essentially on 'hard' or technical skills such as fundraising or marketing, others referred more to competencies or 'soft' skills, such as the ability to prioritise or to work in a team. Many of the soft skills mentioned by participants are behavioural or attitudinal competencies. Clearly for some organisations competencies were thought to be more of an issue than technical or hard skills and that this would increasingly be the case in the future.

A mix of generic, specialist and specific skills
Participants highlighted a mixture of generic, specialist and specific third sector skills gaps. Some of the specialist skills were very specialised almost 'niche' skills (particularly in the field of health care), which made the gaps experienced by organisations harder to address. In most cases the generic and specialist skills listed by participants were not specific to the third sector.

Skills gaps in management have the greatest impact
Participants identified that this was because they affected the whole organisation and its different stakeholders. Strategic management and people management were the two areas where management skills gaps were considered the greatest. Both confirmed managers and newly appointed managers experienced skills gaps. It was felt that a progression path within organisations was often lacking, so managers were insufficiently prepared for their new role and responsibilities.

Organisational size impacts on skills gaps
Unsurprisingly, there were differences between small and larger organisations in terms of skills gaps. One of these differences related to the importance of trustees in smaller organisations and the impact of their skills gaps on the organisation. More generally the need to multi-task in smaller organisations impacted negatively on the level of skills available, whereas larger organisations had the resources to recruit dedicated staff. It was felt that the lack of specialist skills meant that existing resources were often used ineffectively.

Report Conclusions

The report drew the following conclusions

- The sector is undergoing both growth and change at the same time. This places additional pressure on employers and changes the type and level of skills employees need.
- The sector employs a significant number of people as well as working with large numbers of volunteers.
- The sector is working in a complex policy area and it needs to be able to keep abreast of changes and new initiatives.
- Obtaining data on the sector is not easy; there has been a need for primary research as much of the information gathered by national surveys has not identified the sector and its needs in a way that meets requirements.

- Skills will continue to be an issue in the future for all organisations, as will gaps and shortages.
- Skills gaps and shortages have real impacts on organisations and the employees within them.
- Skills gaps and shortages affect all sizes of organisation.
- The sector is affected by skills gaps and shortages in generic skills, sector specific skills and specialist skills. This adds additional complexity to how issues are overcome and demands collaboration across a number of sector skills councils and standard setting bodies.
- Soft skills are an issue and are likely to become of greater importance as organisations change and adapt their services and ways of working to meet future needs.
- Leadership and management skills are seen as having significant impact on performance and gaps and shortages in these have been identified and need to be addressed.

3. Key findings from report on supply (stage 2)

This section reproduces the executive summary from the supply side report (Skills Supply for the Voluntary Sector). It involved a number of individual but interconnected processes:

- review of available data sets and information
- learner data analysis
- employer, provider and stakeholder research
- synthesis of the data and information

It draws heavily on research carried out by the UK Workforce Hub and the National Council for Voluntary Organisations (NCVO) especially the:

- Voluntary Sector Skills Survey 2007
- Third Sector Skills Research 2008: Further evidence and recommendations on skills gaps

It has also taken information on the characteristics of learners from the 2007 National Employer Skills Survey (NESS), this contained information on take-up of training; accredited training and NVQ's; number of employers aware of and engaged in Train to Gain.

Finally desk research was carried out to identify the courses available to the sector. Due to the time constraints of the project and also the complexity of the many roles workers and volunteers in the sector have we have decided to concentrate on seven different roles.

1. Fundraising
2. The Management of Volunteers
3. Trustees and Governance
4. Campaigning
5. Development work (from a perspective of those workers supporting organisations in the sector)
6. Management, leadership and planning
7. The strategic use of IT

The report is split into a number of key areas.

1. Key occupations and functions
2. Future workforce skills
3. Workforce development opportunities
4. Take up and delivery
5. Employer attitudes towards training and skills

Key occupations and functions

In 2005, more than half of the voluntary sector workforce (54%) was employed in social work activities. Of this, 45% was employed in social work activities without accommodation. Due to the industrial classification system used it is not possible to explore this in more detail. It is also possible that this definition encompasses a wide range of public service industries which do not fit easily into any other category.

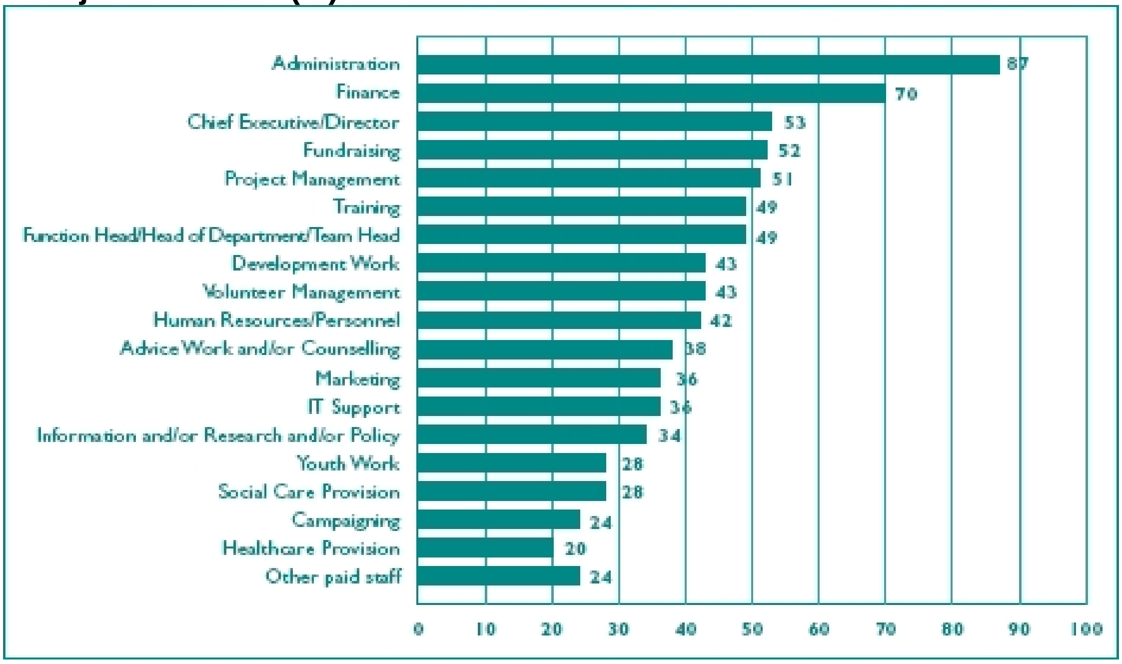
Top ten voluntary sector industries, 1996–2005 (headcount, thousands)

	1996	1999	2002	2005
Social work activities without accommodation	149	202	236	277
Social work activities with accommodation	53	55	54	54
Development/sale of real estate (housing)	25	31	28	34
Religious organisations	38	38	33	32
Hospital activities	36	32	25	26
General secondary education, private, non-maintained	32	34	24	17
Other membership organisations	23	15	16	16
Museum activities	8	14	11	15
Primary education, private, non-maintained	17	14	12	13
Adult, other education	8	9	12	10
Total	**483**	**544**	**567**	**611**

Source: Labour Force Survey; UK Voluntary Sector Almanac 2007

Base: All people aged 16 and over

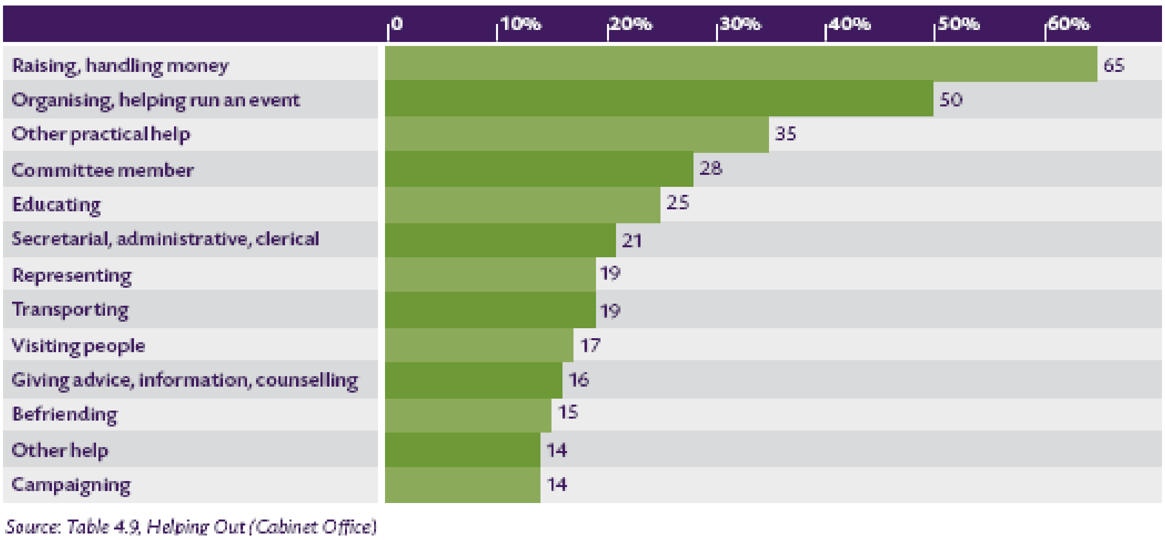
Paid job functions (%)



Source: Voluntary Sector Skills 2007 Base: All employers (weighted=17,336; unweighted=1,922).

Volunteer activity breaks down as follows

Types of volunteering activity (Current Volunteers, %)



Source: Civil Society Almanac 2008

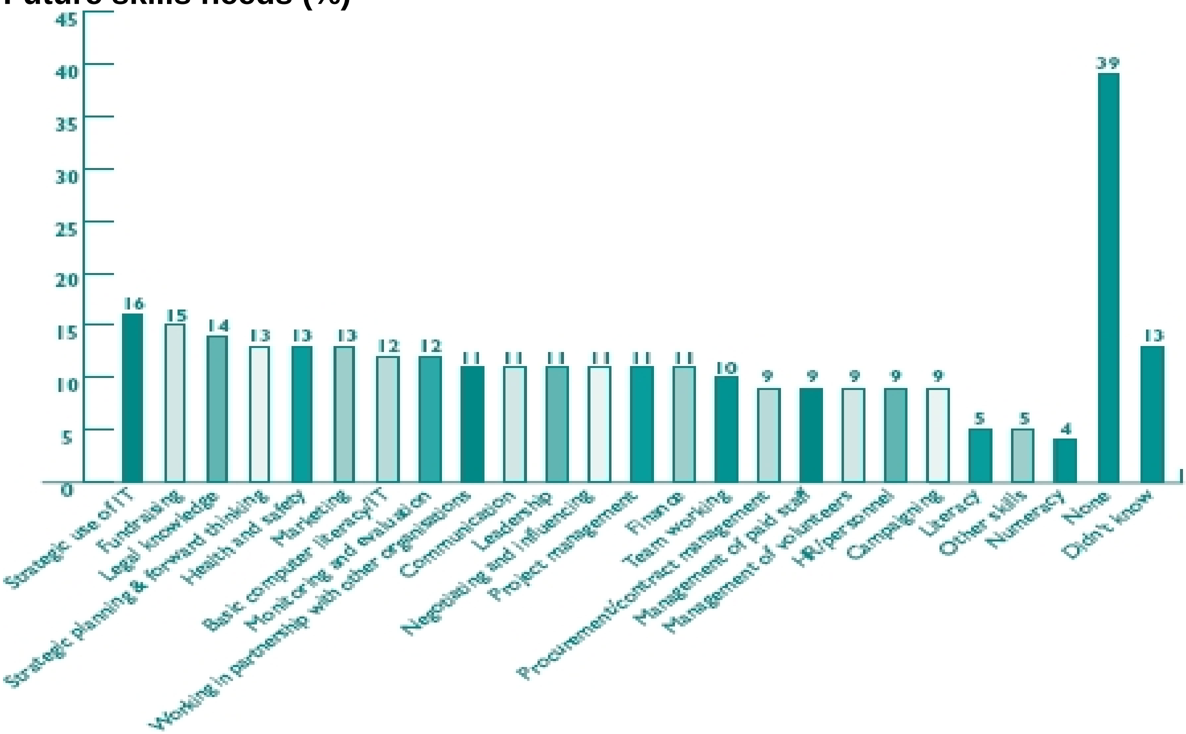
Future workforce skills

- Two out of three voluntary sector employees (67%) have an 'A' level qualification or higher[1]
- One-third of voluntary sector employees (33%) have a degree-level qualification. This equates to 188,000 employees.

[1] Between 1996 and 2005 the types of qualification which are grouped under each heading have changed, as new qualifications have been added and the question wording altered. Therefore caution should be taken when comparing the broad qualification headings for each year.

- The voluntary sector employee profile of qualifications is very similar to that of the public sector. In the private sector half the employees (50%) have an ‘A’ level qualification or higher and around one in six (16%) have a degree or equivalent qualification
- Between 1996 and 2005, the voluntary sector has had a higher percentage of employees with degrees than both the public and the private sectors.
- In the voluntary sector between 1996 and 2005, the number of employees with a degree rose from 132,000 to 188,000, an increase of 43%.
- Two-fifths of employers (40%) reported that they anticipate recruitment of at least one occupation to get more difficult over the next three years.
- Over one-fifth of employers expect recruitment of fundraisers to become more difficult (21%).
- Nearly half of employers identified a skills need within their organisation which, whilst not apparent now, the organisation is likely to experience within the next three years (48%).
- The most frequently cited future skills needs were specialist skills.
- Approximately one in seven employers reported future skills needs within strategic use of IT, fundraising, legal knowledge, and strategic planning and forward thinking (16%, 15%, 14% and 13% respectively).

Future skills needs (%)



- Fundraising was a key issue for micro, small and medium-sized organisations, with more than 15% of employers of each size reporting gaps in this skill among their employees (16%, 15% and 15% respectively).
- For large organisations, basic computer literacy was the most prominent future skills need (15%).

Workforce development opportunities

A significant piece of desk research into the courses available was undertaken; this looked at the accredited training available to the sector and took a sample of the unaccredited training that is on offer. This concluded:

- Apart from in management and leadership there are very few accredited courses in the other six identified skill areas.
- The number of vocational qualifications registered on the National Database is small.
- Those that are registered are not widely available.
- There is a wide choice of unaccredited courses available many of which are delivered by sector organisations.
- Most of the unaccredited courses are short, taking approximately one day to complete.
- A small number of universities have specialist departments that offer more than one course to the sector.
- Further Education providers are not a significant provider of sector specific training.

Take up and delivery

- Of the 925,000 VCS employees that had received training in the previous 12 months, 208,000 (22 per cent of all trainees) had been trained towards a nationally recognised qualification; and of these employees, over half (57%) had been trained towards an NVQ – a total of 118,000 employees.
- In overall workforce terms, this means that 15 per cent of the workforce had been trained towards a nationally recognised qualification and 9 per cent had been trained towards an NVQ.
- A little over one in four employers (27 per cent) were training at least one member of staff towards an NVQ or had done so in the previous 12 months. These employers were typically providing training towards NVQ Level 2 and NVQ Level 3 qualifications.
- Employers were asked to distinguish between on-the-job and off-the-job training. This showed that 83.5% carried out some sort of training.

Number of VCS staff trained over past 12 months

	Yes	No	Don't know
Whether establishment has funded or arranged any off-the-job training for staff over past 12 months	69.4%	28.9%	1.7%
Whether establishment has funded or arranged any on-the-job training for staff over past 12 months	65.8%	31.9%	2.3%
Whether establishment has funded or arranged either on-the-job or off-the-job over the past 12 months	83.5%	16.5%	
Whether establishment has funded or arranged both on-the-job and off-the-job training over the past 12 months	51.6%	48.4%	

Source: NESS 2007

- The number of apprenticeships offered by the sector is very low, with less than 5% of employers having apprentices in the last 12 months
- The most common reason for employers not offering apprenticeships relate to them not being perceived as relevant (20.1%).
- The main reasons why those employers who provided apprenticeships were that they helped train their future workforce (29.2%) and that they were a way to train people in their own way of doing things (28.5%).
- Of the organisations that provided training in the past 12 months 38.2% have used FE colleges to provide teaching or training.

Employer attitudes towards training and skills

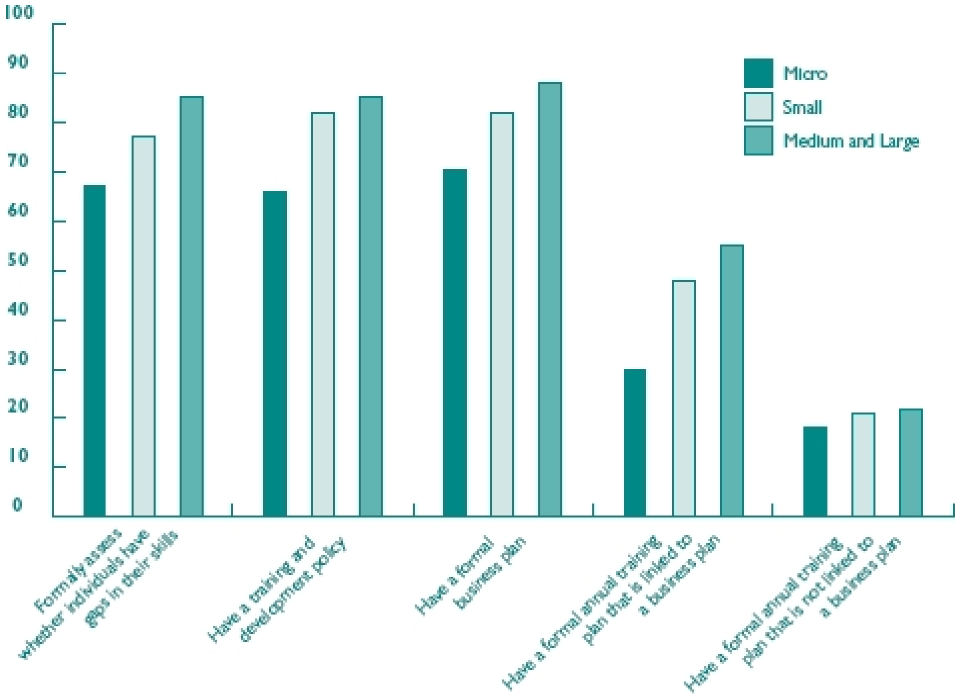
A lack of time and funding for training and development are evident

Half of employers identified that the skills gaps within their organisation were caused by a lack of time and/or funding for training within their organisation. Micro and small organisations were more likely to report these causes.

However, employers acknowledge the importance of training

Overall, just under three-quarters of employers formally assess whether individuals have gaps in their skills and/or hold a training and development policy. Half of organisations hold a formal annual training plan. Due to the lack of time and funding for training these strategic intentions cannot be fully realised.

Training and development, by size of organisation (%)



Base: All employers (weighted=17,336; unweighted=1,922).

Many organisations display a strong commitment to training and development as shown by the number of organisations who formally assess employees' skills gaps, and have a training and development policy.

This research shows that, due to a lack of time and funding for training, the good intentions that VS organisations have got cannot be realised.

This situation is compounded by the skills shortages in the wider labour market mentioned earlier. These prevent organisations from attracting fully skilled proficient staff at the recruitment stage. Due to the lack of time and funding, employers and training providers need to identify successful ways of providing training within these constraints.

This may involve bite-sized training that is cost-effective and flexible to employees' requirements.

Conclusions

Some of the key issues raised in the report:

- Occupations and roles in the sector are very broad, there are some specific sector roles but most of those who work in the sector are doing roles similar to colleagues in other sectors.
- The sector does not fit into the current SSC model. The majority of VCS organisations (78%) work across more than one SSC. With the exception of Skills for Care and Development, where VCS employers make up 58.8% of organisations in their footprint and where VCS employees make up 23% of the workforce, the sector makes up a very small percentage (6% or less) of any SSC footprint.
- The sector has a highly qualified workforce. This has implications for the type of future training that employers need as well as how this might be funded.
- As the sector and the environment it works in continues to change there will be issues with recruitment of suitably skilled staff, this will be most noticeable in leadership and specialist roles.
- The accredited training for the sector in the specialist areas examined is minimal and there is no co-ordination of delivery. The availability of vocational training is especially poor and there is little history of apprenticeships and only a small number of NVQs.
- A good deal of the training available to the sector is short and unaccredited; again this is uncoordinated and has patchy availability.
- The most significant barriers to training are time and money. Half of all employers that train would do more if they could, this implies that there is potential increases in demand if appropriate methods can be found to overcome barriers.
- The majority of employers see the benefit of training their staff with three-quarters having a training and development policy and two-thirds having an annual training and development budget
- Skills gaps are generally identified by informal processes but employers do have processes for induction, supervision and appraisal. It may well be that these are not used as well as they could be to inform skills issues and are used as a more operational tool.
- The amount of training per person is not high, this may be linked to the barriers identified, and the fact that the majority of unaccredited training is short courses.

4. Stakeholder analysis

This chapter looks at some of the key stakeholders that affect, and can influence, skills issues in the sector. It uses a variation of the influence – interest grid developed by Imperial College (see Annex 1 for guidelines on its use).

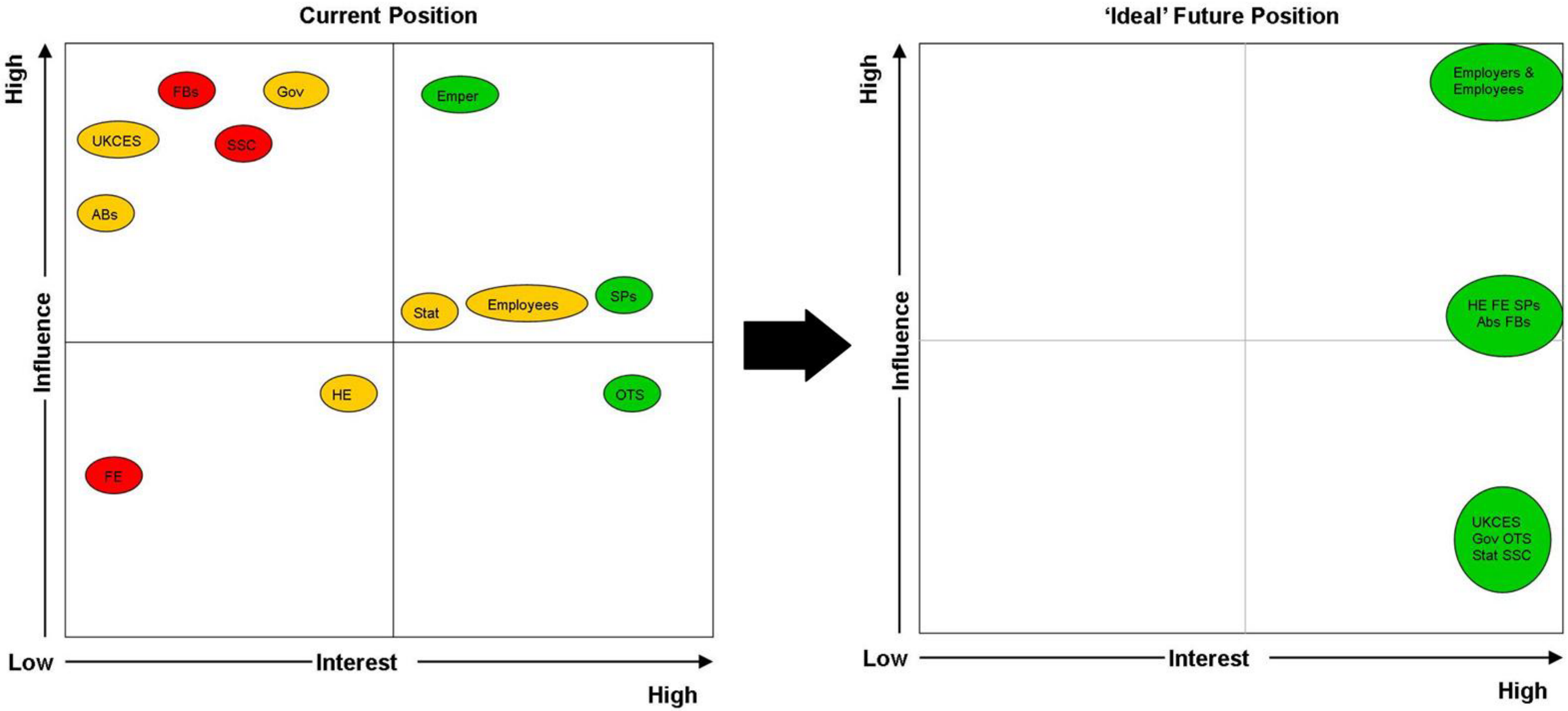
The chapter examines the current position of stakeholders as well as giving an indication of where they will ideally be in the future. Each stakeholder is plotted with regard to three areas:

1. **Their interest in the skills of the sector and in helping to improve them**.
   This represents the view that the stakeholder has of the sector and specifically in improving the skills of the workforce (both paid and unpaid). This is plotted on the horizontal axis of the grid.
2. **Their ability to influence skills issues and improvements in the sectors' workforce both paid and unpaid**.
   This represents the amount of influence that the stakeholder has in skills policy and practice that affects the sector as well as the influence that they have on how skills can be improved in the sector. This is plotted on the vertical axis of the grid.
3. **How supportive of skills development in the sector they are**.
   This represents how supportive the stakeholders actions and attitude to skills issues in the sector are, and how supportive they are of improving the skills of the workforce. This is represented by the colour of the stakeholder on the grid.

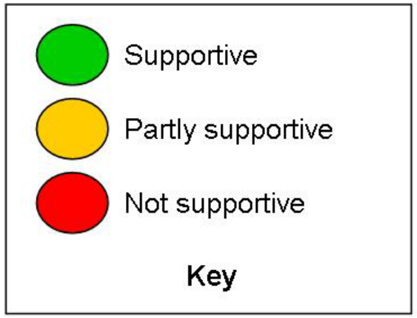
The positions are based on a combination of the stakeholders perceived attitudes as well as indications of any specific actions that have been taken. This is subjective and is based on the work and experience of the Hub staff.

In the following diagram two grids have been developed based on the interpretation of the current climate and future ambition. The first plots where stakeholders are currently, and the second where they need to be moved to in order that the optimum impact on skills issues and demand in the sector can be made. The idea is not to spend too long looking at the current position but to concentrate on where they need to be moved to, and then the actions needed to move them to this position.

This form of stakeholder analysis is far more relevant to the SQS process which is very much about developing a set of actions that will lead to changes in the way that the sector develops its staff, trustees and volunteers.



UKCES	UK Commission for Employment and Skills
SSC	Sector Skills Councils
Stat	Statutory funding agencies in each country
Gov	Government skills departments in each country
OTS	Office of the Third Sector
FBs	Funding bodies
Abs	Awarding bodies
FE	Providers FE
HE	Provider HE
SPs	Providers sector
Employees	Employees
Emper	Employers



Stakeholder Map

Showing current position and 'ideal' future position

4.1. Stakeholder 'ideal' positions

Some explanation of the final positions of the stakeholders and the reason for positioning them as they are is needed.

The first thing to note is that all stakeholders have been moved to being supportive of skills issues in the sector (green). The aim here is to ensure that all stakeholders are aware of the sector and its skills needs and what it is doing to improve them. It is also important that all stakeholders are doing what is necessary to move towards a skills system that best enables the sector to improve its skills, and that leads to increased demand for training.

All stakeholders have been moved to the high end of the interest continuum, this represents the fact that they are all not only supportive but that they are interested in what the sector is doing and how it works, and especially how this may make it different to the other sectors.

This combination of high interest and support is about stakeholders understanding the sector, what makes it different, what it is trying to achieve, how it works, and how all this might affect the skills agenda.

The different stakeholders have been grouped into different positions with regard to the influence continuum.

This is about positioning them in order to develop a skills system that is truly demand led and that allows individuals and organisations in the sector to get the training that best suits them and meets the wider needs of the employer and the employee.

- Those with most influence are the employers and employees. They must have the greatest say in what the skills system is, what is on offer, and how it is delivered. Only by placing them here can the system ensure that there is the greatest positive impact and that it is truly demand led.
- The government departments, funding bodies and quangos are at the low end of the influence continuum. This does not mean that they do not influence the skills system but rather that they should have in place the policies and processes that allow the other stakeholders to work with them rather than against them to ensure the most positive outcomes. This comes about due to the increased interest and support these organisations have for the sector, thus allowing them to tailor their position to recognise the particular needs of the sector.
- The providers, awarding bodies and funders are grouped together at the midpoint of the influence continuum. These stakeholders need to work within the systems and policies that have been set down by the government bodies and be reactive to the demand from employers and employees. They will have some influence as they will decide what to fund and what courses will be developed and delivered. This will inevitably affect the skills landscape in which the employers/employees are working within but will also reflect their needs.

5. Drivers

This chapter looks at the main drivers for change that affect the sector. It draws on the work of the NCVO Third Sector Foresight Project.

Introduction to the NCVO Third Sector Foresight Project

We aim to help voluntary and community organisations plan effectively for the future, with a particular emphasis on providing information about drivers affecting the voluntary and community sector.

What you can find here

- a searchable database of the drivers shaping the future of the voluntary and community sector
- a guide to strategic analysis to help you transform understanding about the environment into concrete plans and action
- a community of people involved in planning, strategy or thinking about the future of their organisation
- regularly updated news about drivers, relevant research or reports and events

Our audience

Our resources are aimed at everyone who wants to build their knowledge of the external environment and how it affects the UK voluntary and community sector.

- Staff member, trustee, volunteer...
- Consultants, commissioners, funders, policy makers...

From www.3s4.org.uk

The Third Sector Foresight website defines drivers as:

> "major forces or trends that could positively or negatively shape or influence the future of the VCS. Drivers have a complex relationship with each other; some drivers are an outcome of other drivers. Some are reasonably predictable, others are uncertain."

The foresight team have developed and continually update a comprehensive list of drivers based on their work and the input of their members. These drivers are classified using an expansion of the classic PEST model as being political, economic, society, environmental or management related. For this project we added a number of specific drivers that relate to the skills agenda and current policy directions.

This list of drivers was sent to the project reference group who were asked to score them on their importance (see annex 2 for copy of drivers and instructions sent to members). From this we have extracted the top 20 key drivers based on their overall scores for some further analysis.

The table below lists the drivers by their score as well indicating the frequency that driver was mentioned by individuals. The different colours represent the category of driver

Key to driver colours
Economics
Society
Environment
Management and administration
Skills
Politics

Driver	score	Frequency %
Increase in role of VCS in public services	30	92
Level and sources of VCS income	30	92
Priorities for public spending	29	92
Increase in role of VCS in public services	29	83
Efficiency and value for money	27	83
Priorities for public spending	26	83
Procurement practice	26	83
Partnership working and governance	25	83
Personalisation of services	25	83
Change in skills funding regime	25	83
Expectations of evidence	24	75
Link between skills and employment	24	83
Collaborative working	23	75
Numbers of volunteers	23	83
Partnership working and governance	23	75
Rise of vocational qualifications	23	83
Bringing markets into public services	22	75
Ageing population	22	75
Expectations of evidence	21	75
Change in accreditation regulations (UK Vocational reform programme)	21	75

It can be seen that those drivers that scored highly were also mentioned frequently by respondents. This implies that those drivers highlighted are the more important ones as it is inevitable that people may weight things differently but if the frequency is also high it implies that they were seen as being of significance.

Participants in the qualitative skills research[2] also mentioned drivers.

> "When asked to discuss future skills gaps, the comments from the focus groups related to the drivers of change they felt would impact the most on their organisation in the future. The vast majority of the drivers mentioned were external ones and had implications that related mostly to management. These included changes in regulation, the increasing need to monitor and evaluate, the growing complexity of funding arrangements, the increasing influence of government policies, and the development of partnerships and collaborative working."

Third Sector Skills Research 2008: Further evidence and recommendations on skills gaps

The drivers will be important in the development of the future scenarios that will form part of the development of the Sector Qualification Strategy. They will also influence the actions needed to improve the skills arena for the sector.

6. Sector confidence

This section examines the confidence that sector chief executives have in the future; the information is taken from the NCVO Charity Forecast project.

What is a Confidence/Trends Survey?

A confidence/trends survey questions sector leaders on current trends and future expectations. Survey results are used to make predictions about changes within the sector ranging from economic issues to changes in staffing or volunteering levels.

NCVO's **Charity Forecast Survey** canvasses sector leaders quarterly to determine how optimistic they feel about the sector and what development plans they have for the coming quarter.

Confidence Index
Over time we will build up an index of the level of confidence within the charity sector and track fluctuations in confidence against external indicators such as policy changes and Gross Domestic Product.

[2] Third Sector Skills Research 2008: Further evidence and recommendations on skills gaps

Charity Forecast Report
In addition to the confidence index, the *Charity Forecast* uses questions from the survey on development plans to provide sector leaders with up-to-date information on what their colleagues are planning in terms of expenditure, staffing and service development.

The survey data also shows trends in collaboration and competition and how charity leaders feel about their funding situations and the economy.

From www.ncvo-vol.org.uk

This is a relatively new project and takes the figures from the second quarterly report giving feedback from the second quarter of 2008. Full details are available from www.ncvo-vol.org.uk. Research is based on a snapshot survey undertaken in May 2008. It is not a random probability sample; as such it is indicative of the sector's confidence. The profile of respondents is reflective of medium and large charities. Only those questions that are most relevant have been reproduced.

Summary

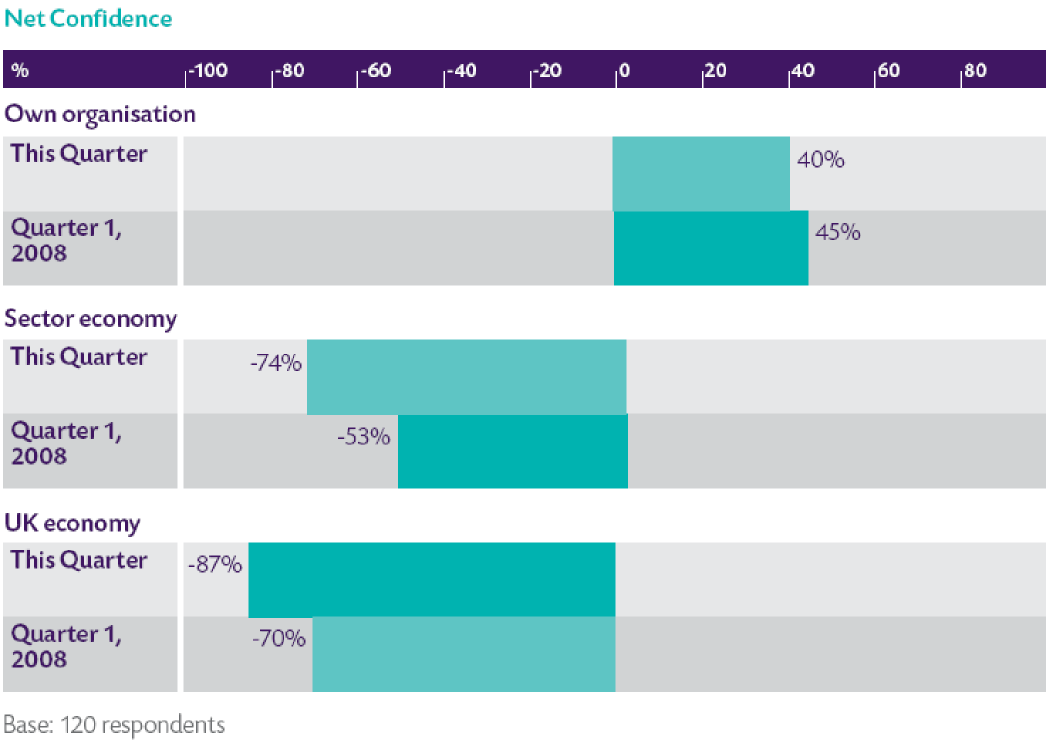
Charity leaders…

- are less confident in their organisations' overall situation than they were three months ago.
- believe that the economic climate in the UK and in the voluntary sector will get worse over the next 12 months.
- are more confident about the prospects of their own organisations than those of the rest of the sector.
- are less confident in the government's ability to improve the sector's operating environment.

Economic confidence

- Leaders are still generally confident in the future of their own organisations, although net confidence has fallen by 5% since the first survey in March 2008.
- This small drop in confidence could reflect the worsening economic situation in the UK. Leaders are expecting that this will have an impact on their funding.
- Survey comments show that a number of other factors are weighing on their minds, especially government policies at a national and local level.
- With worsening economic headlines throughout the press, charity leaders are clear that their expectations for the UK economy are overwhelmingly negative, and have dropped 16% since March 2008.
- This expectation of a worsening economy presents risks to voluntary donations, government spending and grants from private companies.
- Leaders clearly feel that the current problems in the UK economy will be passed on to the voluntary sector economy.

- Net confidence in the voluntary sector economy dropped 21% since March 2008, and is now below the level of confidence in the UK economy three months ago.
- Charity leaders will need to explore how these changes will affect their plans for the future, and perhaps account for the expectation of both increasing competition and collaboration.

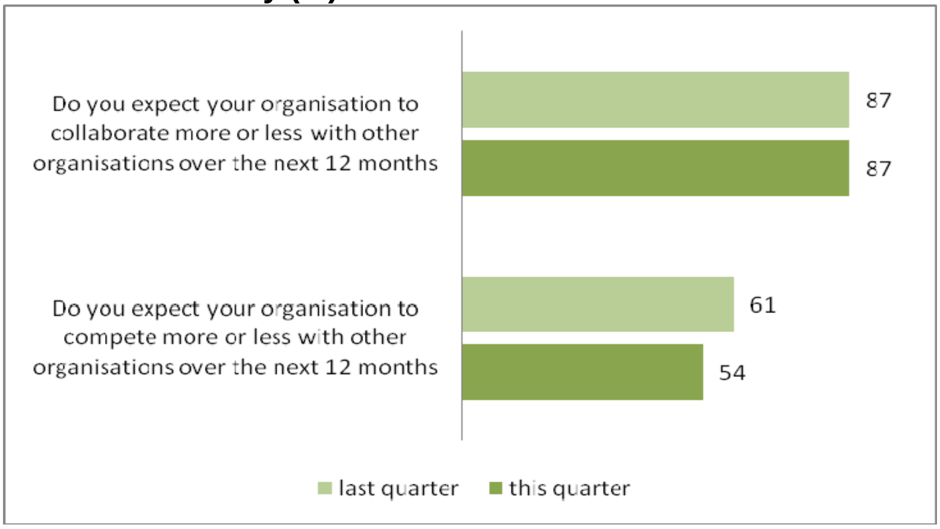


Source: Charity Forecast - A quarterly survey of sector leaders Quarter 2, 2008

Collaboration and competition

- There is still a strong desire to collaborate more in the future, with almost 9 in 10 organisations planning to do more over the coming year.
- The number of charity leaders expecting more competition over the coming year has fallen slightly, although overall it remains high.
- Combined with increasing expectations of collaboration, this suggests a much more complex operating environment for charities over the coming year.

Net increases in activity (%)



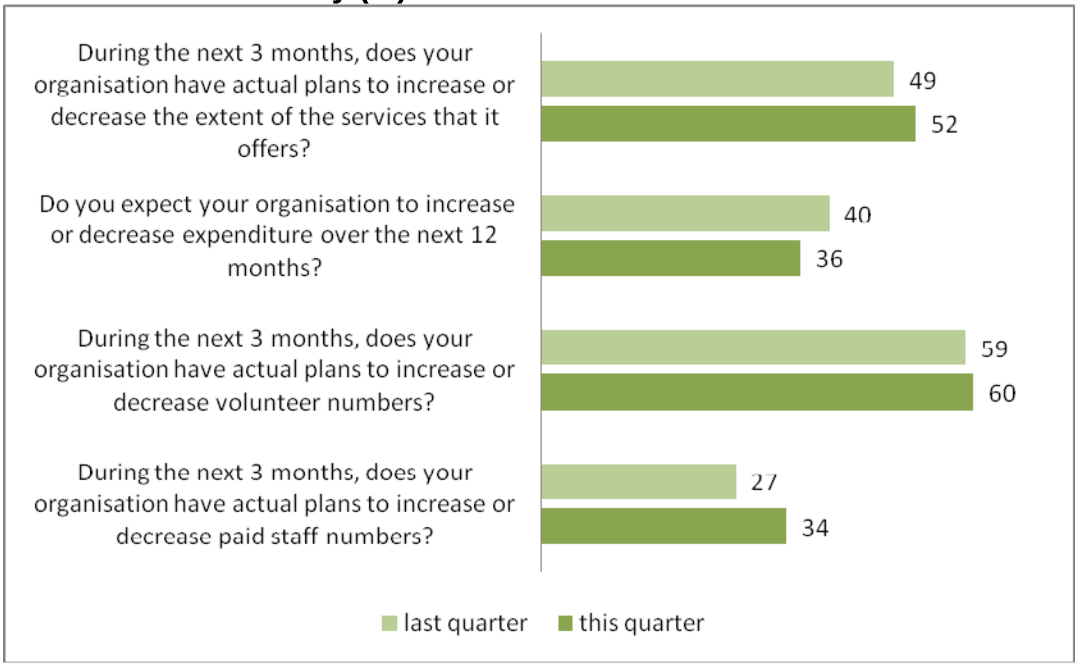
Source: Charity Forecast - A quarterly survey of sector leaders Quarter 2, 2008

Operation and workforce

- Despite falling overall confidence, there is an increase in plans to recruit more staff.
- Looking at the figures in more detail shows that this growth in confidence is due to fewer organisations planning to decrease staff numbers. The proportion of respondents planning to increase staff numbers has stayed roughly the same. This could be due to timing. With a new financial year funding streams may be now have been agreed with consequent recruitment taking place.
- Volunteers continue to play an important part in the work of many organisations, with plans to increase volunteer numbers remaining strong.
- In a worsening economic climate, volunteer time could become more important to organisations who find their funding for paid staff reduced, but it also means more competition to attract those willing to volunteer.
- However some activities are more suitable for paid employees rather than volunteers and organisations must ensure that they balance the mix appropriately.
- Managing volunteers takes time, effort and skill. Ensuring that staff have the right training and time to cater for an increase in volunteer numbers will be key to retaining their help over the long term.
- Despite a drop in confidence in the economic climate, charity leaders still expect to increase their expenditure over the coming year, with only a small drop since March.
- This is in line with the confidence leaders have in their individual charities. However it is contrasted with a much lower confidence in financial expectations, suggesting leaders are prepared to increase expenditure despite financial uncertainty.
- Like last quarter, there are still a large number of charities planning to increase service delivery in spite of, or perhaps because of, the worsening economic conditions.

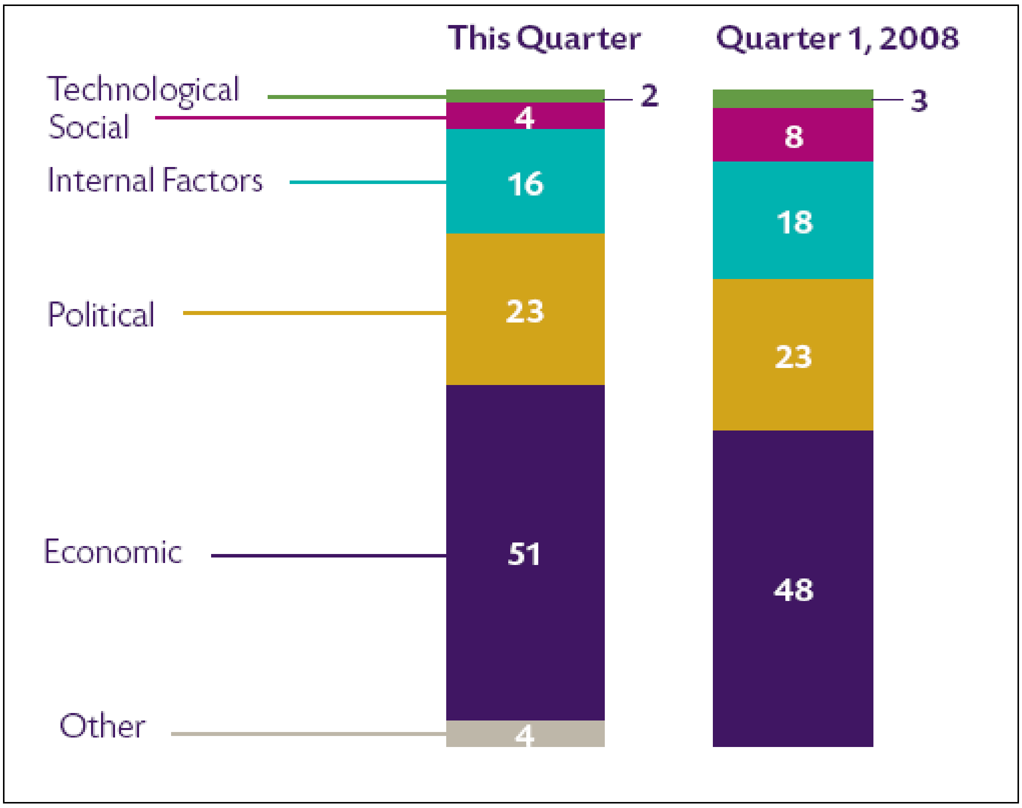
- Conversely few charities are planning to reduce their service delivery, which is good news for beneficiaries reliant on their services.

Net increases in activity (%)



Source: Charity Forecast - A quarterly survey of sector leaders Quarter 2, 2008

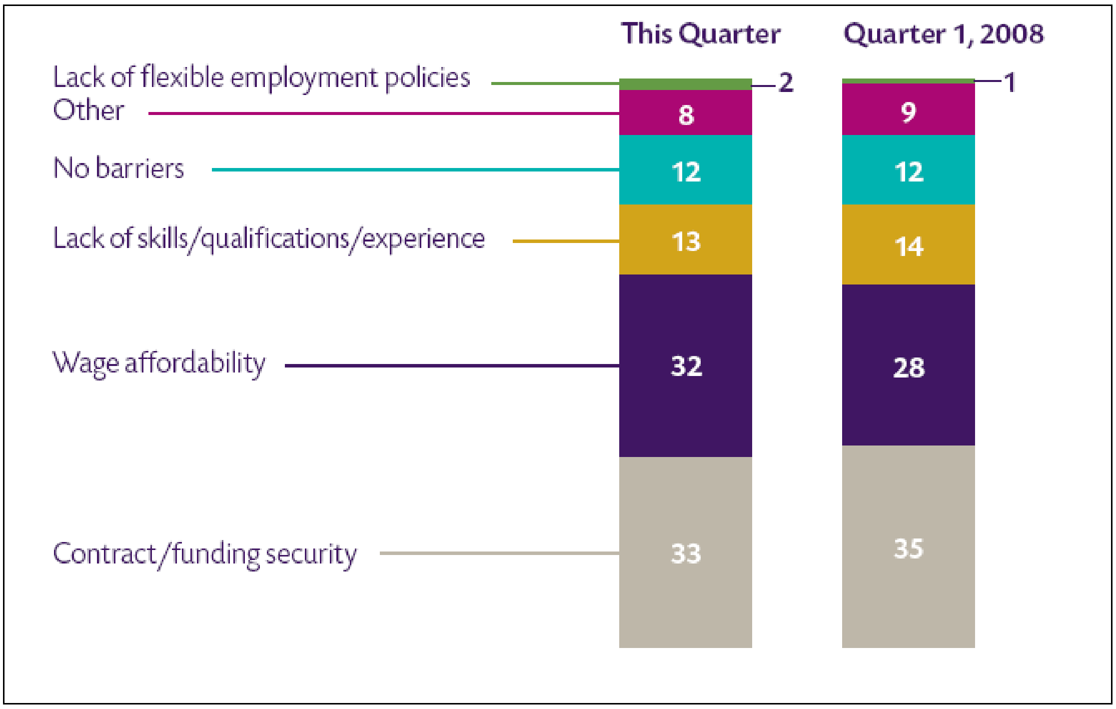
What type of driver is behind the greatest barrier to your organisation's success over the next 12 months?



Source: Charity Forecast - A quarterly survey of sector leaders Quarter 2, 2008

- Almost one in four cite political barriers are their main difficulty, suggesting government at all levels still has a long way to go to provide an enabling environment.

What do you feel is the greatest barrier to your organisation attracting appropriate staff over the next 12 months?



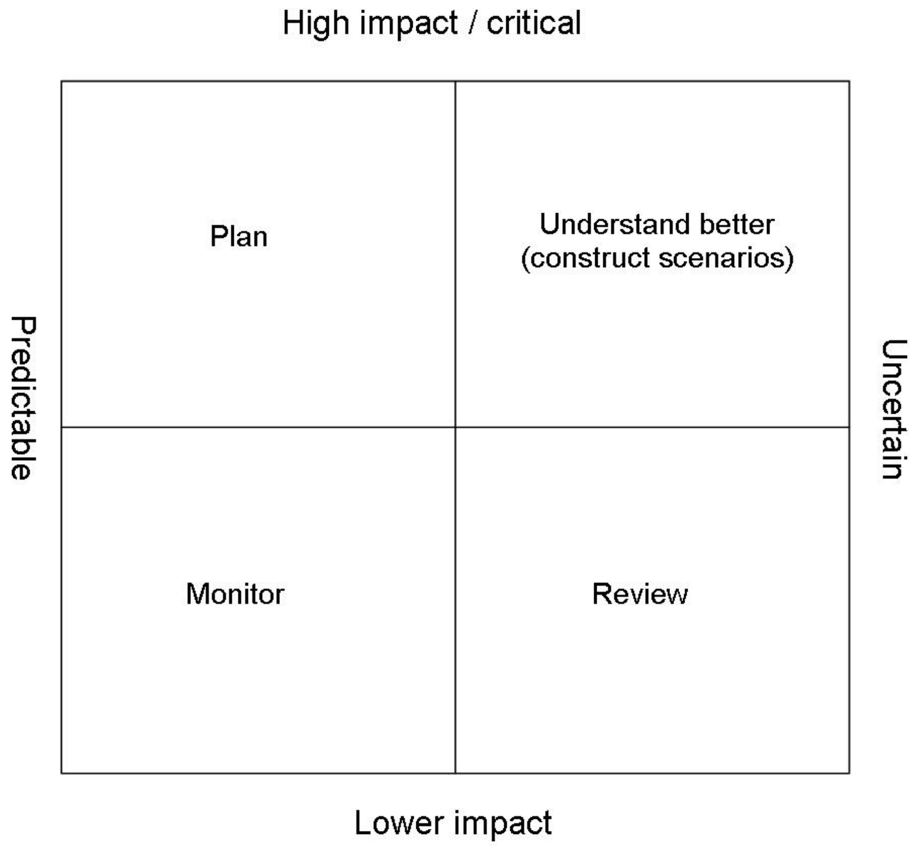
Source: Charity Forecast - A quarterly survey of sector leaders Quarter 2, 2008

The issues raised in this section will impact on the work that needs to be undertaken in order to improve the skills arena for the sector. They will also affect the scenario development and the wider debate on the final Sector Qualifications Strategy.

7. Scenarios

Future scenarios will be developed from the drivers identified earlier. At this stage there has been insufficient time to fully develop the scenarios; however this activity will form part of the process to fully develop the SQS.

The initial work would be to place the drivers identified into the following grid that has been taken from *Picture This* (NCVO 2006)



The idea behind the planning matrix is that if a driver is both critical and *certain,* you need to plan for it – so it just gets included as normal in your planning activities. If it's low impact – you just need to keep your eye on it in case the impact changes. If it's potentially critical, but uncertain (could go one way or the other), then it can become the subject of scenario planning.

From Picture This

As the drivers highlighted in this report represent the most critical of a much longer list (see annex 2) it must be assumed that all would feature in the top half of the grid. They can be used to start to develop criteria on which scenarios can be based.

Many of the changes that could happen will impact on the skills needed by workers and volunteers, and this will impact on the training they need and the way that they access learning.

The key areas on which future scenarios need to be built will be:

The 'funding world' changes:
There are increases in the sectors delivery of public service contracts and a resultant increase of procurement and contract funding.
The amount of traditional funding goes down and competition increases as the sector continues to grow.
The sector develops more sustainable funding.
There is significant change in the way skills development is funded at a national level.

The ‘policy world’ changes:
There are significant changes in priorities for public spending
The policy landscape, including the skills agenda, that organisations work under changes.
The link between employment and skills increases.
The role of the individual in purchasing services increases.
The way that the procurement of services changes linked to changes in contract sizes and the need to achieve best value.

The ‘skills world’ changes:
The skills needed by employee’s changes as roles change and technology use grows increasing the demand for higher skilled workers.
Changes in the way qualifications are developed and delivered occur as a result of the UK vocational qualification reform programme.
Changes in the funding available from Government happen.
Demand for skills increases as employers and employees respond to advertising.

The ‘Charity world’ changes:
There are changes to the way in which charities work in partnership and to the governance structure of organisations due to increases in mergers etc.
The are increases in the way organisations are expected to provide evidence of the impact of their work and in how transparent they are
The level of trust that the public have in ‘charities’ changes.
Changes in the number of volunteers and the types of role and time they have to spend happen.

8. Priorities for change

The following priorities can be identified. These needed to be tested with employers and other stakeholders as part of the SQS process however they are derived from the information in the first two reports as well as from the environmental issues highlighted in this report. Each priority is accompanied by a justification and a set of possible actions.

Priority 1: There is a need for appropriate qualifications and training

It can be seen that there are very few accredited qualifications in the skill areas that were examined in report 2, also the sector is not making significant use of many of the existing models including NVQs and Apprenticeships. It is clear that the sector has many roles that cross SSC footprints and that in smaller organisations many staff have roles that are multifunctional. The sector currently makes use of short unaccredited training as this seems best able to overcome the key barriers of lack of time and money for training.

Action 1. Develop suitable qualifications at all levels in the areas highlighted. These should be based on NOS and should be available in small ‘bite size’ units as part of the new QCF.

Action 2. Develop rules of combination in the above that allow the flexibility to grow qualifications that meet the workforce needs and that are accessible and affordable. An example of this would be like the OU.

Action 3. Develop alternative methods for teaching using new technology that are linked to the above.

Action 4. Develop non accredited training and learning opportunities and promote alternative ways of learning that meet the needs of workers and especially volunteers and trustees.

Action 5. Develop some form of Continued Professional Development (CPD) system that will allow individuals to continue to update their skills and recognise learning that will build into higher qualifications.

Action 6. Work with sector providers, awarding bodies and others to develop, promote and deliver sector specific apprenticeships.

Action 7. Develop a framework of management and leadership training and development for the sector linked to the work of the Third Sector Leadership Centre that will help to train and develop future leaders.

Action 8. Develop an Integrated Qualification Strategy that will ensure that other SSCs are providing the specialist training that the sector needs in their area, and that this links to sector specific training and qualifications that are developed.

Priority 2: There is a need to increase employer and employee engagement

Although the majority of the sector understands the benefit of training and have budgets to train both staff and volunteers, there is still a significant percentage of organisations who do not offer training. Also half of organisations who do train would do more. What is more, employers recognise the fact that skills gaps exist and the impact these have on their organisation and their staff. The barriers to training are clear and relate to the cost in both money and time. These are compounded by the lack of accredited courses and the patchy availability of what training is on offer. Despite employers recognising the importance of training, very few have formal processes by which they can identify and record these.

Action 1. Conduct research into the benefits of learning and training and promote with employers and employees.

Action 2. Develop and build on a range of work to promote CPD and the importance of training employees from all levels within an organisation

Action 3. Adapt and promote tools that allow employers to asses and record skills needs and then develop plans to address these.

Action 4. Develop a campaign that promotes the importance of learning and training to trustees.

Action 5. Promote tools and processes that help employers improve their human resource functions to assist in recruitment and retention of staff and volunteers.

Priority 3: There is a need to raise the profile of the sector and the way it works

The work that the sector does crosses the boundaries of many of the Sector Skills Council footprints and encompasses many roles. At the same time sector organisations are varied in their size, the way they are funded and how they are governed. Recruitment of certain roles is likely to become an issue in the future and the role that volunteering plays in society will impact on the work of many organisations.

Action 1. Develop recruitment programmes that target school leavers, graduates and those wishing to change jobs in order to inform them of the opportunities and benefits of working in the sector.

Action 2. Develop a Skills Body that will represent the sector within the Skills for Business network to raise the profile of the sector with all SSCs and help to ensure that they are catering to the needs of sector organisations in their footprint.

Action 3. Do more to promote the sector and the work it does with the media and the general public.

Action 4. Develop a programme of work and processes that enable the sector to proactively work with government skills bodies to ensure that all policies take in to account the sector and its specific needs.

Action 5. Develop a campaign with funders to promote the importance of funding skills development and training.

Action 6. Develop a campaign to increase the understanding of the sector and its training needs with suppliers, especially Higher and Further Education, to ensure even coverage of training across the four nations.

Action 7. Work with employers and other SSCs on sector contribution to 14-19 Diplomas and other future developments for 14-19 education to help raise the profile of the work of the sector and the roles available in sector organisations.

Action 8. Work with sector training providers and the new Third Sector National Learning Alliance to promote their work and to ensure their involvement in policy discussions.

Action 9.Work with all stakeholders to develop Third Sector workforce development awards to highlight and celebrate good practice.

Annex 1 – Guidelines on Interest – Influence Grid

The following is taken from the Imperial College website (www3.imperial.ac.uk/portal/pls/portallive/docs/1/7339774.DOC). It represents the guidelines for use of this tool with respect to stakeholder analysis in the University.

Brainstorm to identify stakeholders, the intention is to use the most powerful stakeholders to shape your project in the early stages. Not only does this make it more likely that they will support you in the future but their input can aid the quality of your project. Using these powerful stakeholders can assist with gaining the correct level of resources for your project. Using your influence/interest grid to drive your communications strategy ensures that stakeholders receive the correct level of information at the right time, the earlier you start communicating with your stakeholders the better their understanding of the project and its benefits.

Plot stakeholder's position on the grid above using the following guidelines:

- **High influence, interested people:** these are the people you must fully engage and make the greatest efforts with e.g. A head of department, who represents the users/customers
- **High influence, less interested people:** provide sufficient information to these people to ensure that they are up to date but not overwhelmed with data e.g. the Accountable Body (Management Board or Operations Committee)
- **Low influence, interested people:** keep these people adequately informed, talk to them to ensure that no major issues arise. These people can help with the detail of the project e.g. End Users, other Project Managers, Business Community
- **Low influence, less interested people:** provide these people with minimal communication to prevent boredom e.g. other departmental members, teams unaffected by the change.

When plotting stakeholders position on your grid it is worthwhile establishing who will be advocates/supporters of your project and who will be blockers/critics of your project. Use colour coding to identify which of these two groups the stakeholder belongs – e.g. green for advocates/supporters and red for dis-interested/unsupportive. The following questions help you to understand their needs/drivers and grouping and assist in establishing the best way to engage them in your project:

- What financial or emotional interest do they have in the outcome of your work – is it positive or negative?
- What motivates them most of all?
- What support do you want from them?
- What information do they want from you?
- How do they want to receive information from you – what is the best way of communicating your message to them? (This will input into your communications plan)
- What is their current opinion of your work and is it based on good information?

- Who influences their opinions generally and who influences their opinion of you?
- Do some of these influencers therefore become important stakeholders in their own right?
- If they are not likely to be positive what will win them round to give their support?
- If you are unlikely to win around, then how will you manage their opposition?
- Who else might be influenced by their opinions and decide if they need to become stakeholders in their own right?

Remember that projects become more important the nearer they get to implementation and will therefore affect more people. Keep abreast of your stakeholder analysis and change your communications techniques as necessary to ensure that your stakeholders are kept informed to the right level.

Annex 2 – E mail and list of drivers sent to reference group

Dear All

I have my first request for help with the SQS work.

As part of the report we need to look at developing some scenarios about the future and how trends and forces may impact the skills issues within the sector. This process will be taken forward in more detail in the second stage of the SQS, but for now we need to highlight some of the issues and drivers that may affect the future of the third sector with regard to skills.

In order to start this process off I have cheated and used a list of drivers that has been developed by the Foresight team here at NCVO, and slightly adapted this (see www.3s4.org.uk for their new look site and to find out more details)

What I would like you to do.

1. Look at the list of drivers I have sent you (these will link to the foresight website if you control and click on them)
2. Score each one as per the instructions i.e. leave blank for those not relevant/important, 1 for low impact 2 for medium impact and 3 for high impact
3. Add any drivers we have missed and score these
4. Return your sheets to me by Wednesday 27th August (sorry about the short timescale but this may give you something to do on the bank holiday if it rains!)

Apologies for the long list, feel free to leave as many blank as you like and only highlight those you think are relevant.

Once I have received the feedback I will compile a list of the significant drivers and this will help us to start to develop the scenarios. (Another plug here, to find out more about the ideas behind, and how to do, scenario planning see the NCVO publication "Picture This" that can be bought/downloaded from (www.ncvo-vol.org.uk/publications/publication.asp?id=3534)

Many thanks for your help in this task, and I look forward to receiving your replies.

Mark

Mark Freeman
Learning and Skills Manager
UK Workforce Hub - developing people in third sector organisations

DRIVERS	Scores
Politics	
Bringing markets into public services	
Changing nature of community leadership	
Democratisation of media	
Efficiency and value for money	
Engagement in formal politics	
Focus on well-being	
Human rights agenda	
Increase in role of VCS in public services.	
International campaigns and movements	
Localism agenda	
Partnership working and governance	
Personalisation of services	
Policies on active citizenship and voice	
Policies on multiculturalism and society	
Power of media in influencing policy	
Priorities for public spending	
Public participation in decision-making	
Rationalisation of funding streams	
Regionalisation	
Regulation of civil life	
Rise in radicalism	
Rise of single-issues	
Economics	
Blurring boundaries between sectors	
Bringing markets into public services	
Consumer spending and confidence	
Consumption culture & personal debt	
Corporate giving	
Corporate responsibility	
Direct payments and individual accounts	
Efficiency and value for money	
Expectations of evidence	
Globalisation of markets	
Green taxation	
Hybridisation of charities	
Increase in role of VCS in public services	

Inequality between local areas	
Internationalisation of public services	
Labour market	
Level and sources of VCS income	
Loan finance	
New philanthropists	
Number of general charities	
Planned individual giving	
Polarisation of the VCS	
Poverty and inequality	
Priorities for public spending	
Procurement practice	
Rationalisation of funding streams	
Social enterprise	
Social investment	
Society	
Ageing population	
Attitudes towards community responsibility	
Attitudes towards ethnicity	
Attitudes towards immigrants	
Attitudes towards risk	
Attitudes towards the welfare state	
Consumption culture & personal debt	
Corporate responsibility	
Digital exclusion	
Empowered consumers/information society	
Ethical living and consumerism	
Ethnic, cultural and religious diversity	
Family networks	
Focus on well-being	
Global population movement	
Growth of online communities	
Human rights agenda	
Identity politics	
Importance of organisational values	
Importance of work/life balance	
Inequality between local areas	
International campaigns and movements	
New philanthropists	
Personal mobility	
Personalisation of services	
Poverty and inequality	
Power of media in influencing policy	
Public attitudes to data use	
Public expectations and assertiveness	
Public participation in decision-making	
Public spaces	

Regulation of civil life	
Rise in radicalism	
Satisfaction with public services	
Single person households	
Time and energy deficit	
Technology	
'Always on' society	
Access to the internet	
Aggregation and storage of data	
Democratisation of media	
Digital exclusion	
Empowered consumers/information society	
Growth of online communities	
Information on the VCS	
Interactive websites	
Lowering costs of ICT	
Mobile technology and technology convergence	
New ways of organising online information.	
Public attitudes to data use	
Environment	
Climate change	
Corporate responsibility	
Ethical living and consumerism	
Global resource constraints	
Green taxation	
Management and administration	
Collaborative working	
Expectations of evidence	
Importance of organisational values	
Importance of work/life balance	
Information on the VCS	
Numbers of volunteers	
Partnership working and governance	
Trust in institutions (charities and ...	
Skills	
Link between skills and employment	
Change in accreditation regulations (UK Vocational reform programme)	
Change in funding regime	
Rise of vocational qualifications	
Full cost recovery	

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NCVO (2006), Picture This – a guide to scenario planning for voluntary organisations, NCVO, London

Reichardt, O., Kane, D., Pratten, B. and Wilding, K (2008) *The UK Civil Society Almanac*, NCVO, London

Website links

- Third Sector Foresight www.3s4.org.uk
- Workforce Hub www.ukworkforcehub.org.uk
- Workforce Hub SQS site www.ukworkforcehub.org.uk/SQS
- NCVO www.ncvo-vol.org.uk
- NICVA www.nicva.org
- SCVO www.scvo.org.uk
- WCVA www.wcva.org.uk