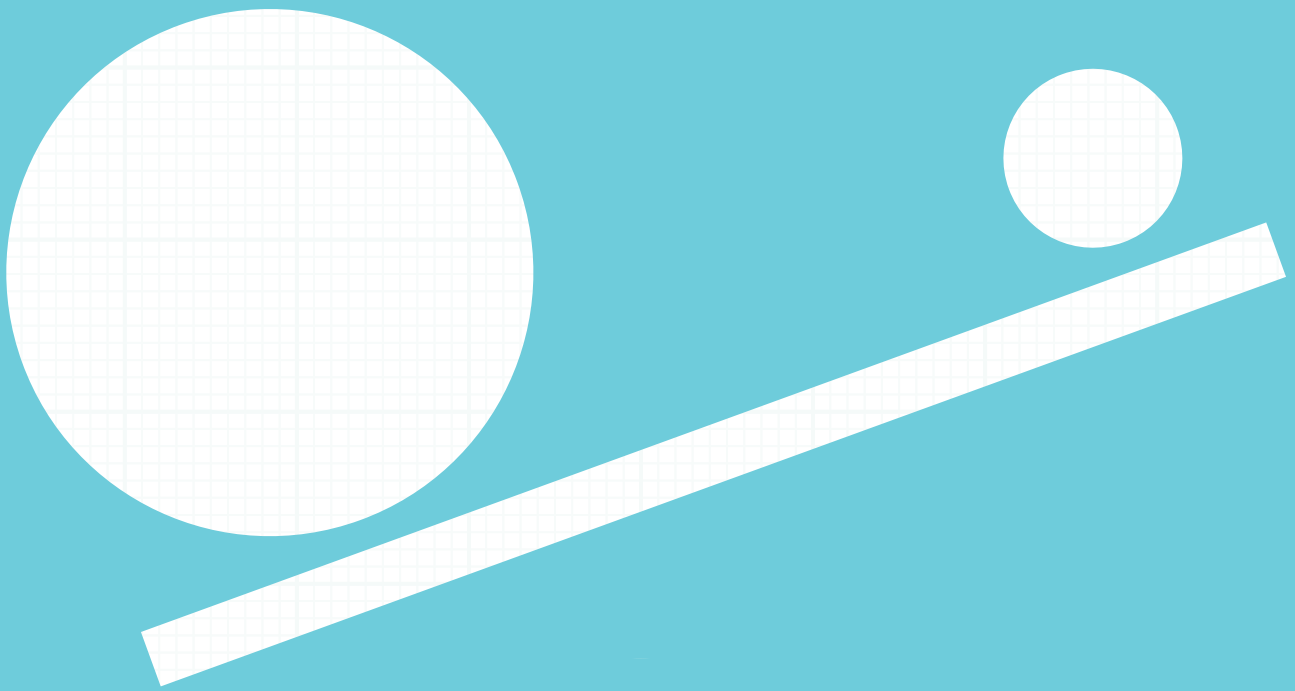




power to  
**change**

business in  
community  
hands

# Assessing the value of volunteers in community businesses



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A report prepared for Power to Change

Nicol Economics

June 2020



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## About this paper

Power to Change commissioned this research in January 2020. The report applies an approach developed at a national level for Nesta to assess the value of volunteering to the community business sector. It reviews the existing evidence on the importance of volunteering to community businesses and derives estimates of the overall economic value of volunteering to community businesses.

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## About the author



NICOL  
ECONOMICS

Stephen Nicol is a director and the founder of Nicol Economics. He has worked in the field of economic development and economic and social impact measurement for over 35 years. Stephen started his career as a government economist and then worked in senior positions in research based economic development consultancies. He authored a report for Nesta in 2019 on the economic and social impact of “people power” that covered the impact of volunteering. He is also the chair of a local community based business in Cumbria.



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## Executive summary

### Introduction

This research was commissioned by Power to Change in February 2020. It applies a methodology developed for national work carried out for Nesta to the community business sector, to establish initial estimates of the economic value of volunteers to the sector.

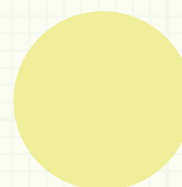
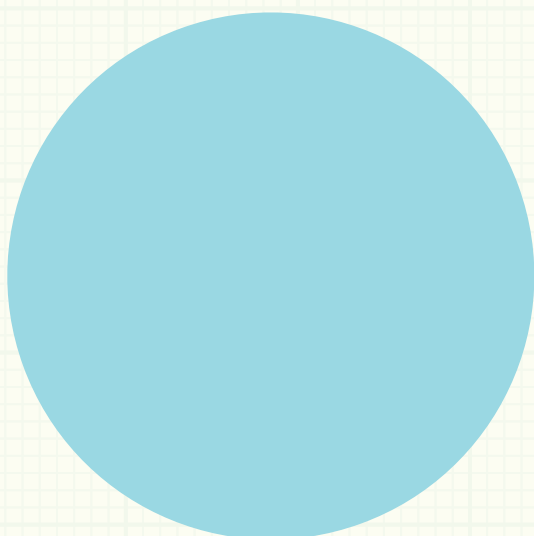
### Importance of volunteers in community businesses

A group of engaged and committed volunteers is instrumental in setting up community businesses, providing enthusiasm, drive and at times specific professional support.

Many community businesses remain very reliant on a group of committed volunteers to manage the business and there can be succession issues if they no longer engage. Volunteers fulfil a wide range of roles in community businesses and the roles vary across types of community business.

The ability to recruit and retain volunteers stands out as a critical success factor across all community businesses (as does managing the volunteers in many community businesses).

Across community business there are, on average, far more volunteers engaged than paid staff (a ratio of six to one).



## Approach

The approach to value the contribution of volunteers is to assess the value of their time based on the hours spent volunteering and the relevant market wage rate for the activities carried out. This is the methodology used by the Office for National Statistics (ONS) when assessing the value of unpaid activities in the UK (ONS, 2018).

The research has used a wide range of available data from national work (Nicol Economics, 2019) and from specific research for the community business sector to assess the total volunteering hours by each sub-sector of community businesses. The research used the best available data but there is some uncertainty about the number of volunteers, and most importantly, the total hours they devote to community businesses. The results are, therefore, presented as a range.

In addition to the benefits to community businesses, volunteering also provides private benefits to those who volunteer in terms of personal development and confidence, better networks and reduced social isolation, wellbeing, health and, in some cases, specific skills and employability. The research applies national research on the subjective wellbeing value from regular volunteering to the number of volunteers, to assess the overall value of these private benefits from volunteering.

## Key findings

**In 2019 there were an estimated 208,000 volunteers across 9,000 community businesses. These volunteers provide between an estimated 15.5 and 18.0 million hours of volunteering time each year.** The lower of the figures is based on applying a bespoke sector by sector estimate of average hours for volunteers, the higher figure relies on the application of national estimates to the community business sector.

Volunteers provide a wide variety of support to community businesses. This ranges from their role as trustees and managers of many businesses, through clerical and administrative roles to directly providing services to customers (e.g. driving community buses, working in shops and helping in libraries). In 2019 the estimated average equivalent market hourly wage rate across this range of activities was around £13.70. This is slightly above the UK median hourly earnings rate for all occupations of £13.20 (by 3.5 per cent).

As well as working in community businesses, many volunteers also volunteer for other organisations. Based on results from a national survey of all volunteers (NCVO, 2019), the typical community business volunteer will, on average, volunteer in one other organisation. The hours spent volunteering in the community business will account for around two-thirds of all hours spent volunteering for organisations.

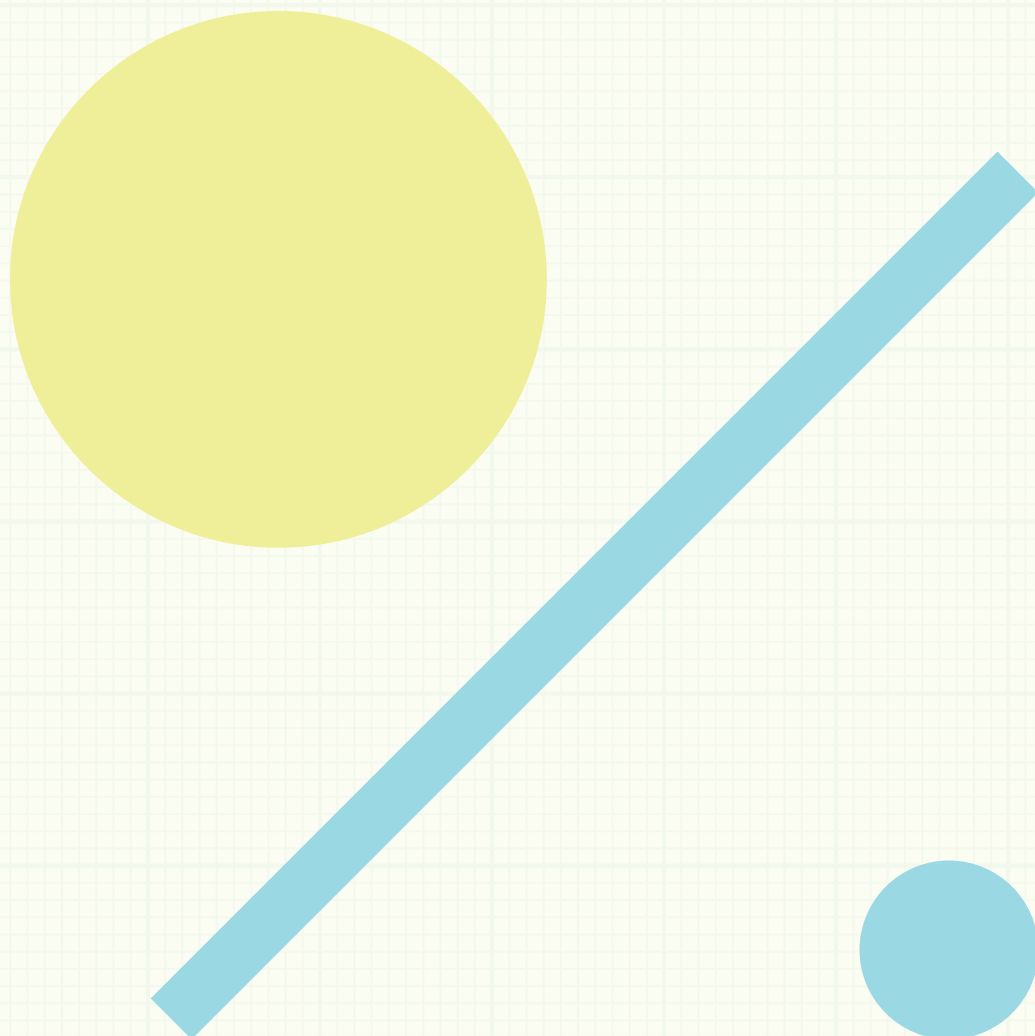
Applying the assumed hourly wage rate to the number of hours, produces the following estimates of the value of volunteering time in community businesses in 2019:

- **The total value of this time is likely to range between £212 million and £246 million (£210 million to £250 million in rounded terms).**
- **The average value of time per community business is £24,000 to £27,000 (although this varies widely by sector).**
- **The typical value of time per volunteer ranges from £1,000 to £1,500 a year (but is much higher in some instances for those who contribute large amounts of time).**
- **The average hours per year per volunteer varies widely, and the estimates for different sub-sectors vary from 34 hours in the case of village halls, to 85 hours for community shops, up to 110 hours for many of sectors.**

**To put these values of time into context, they represent 13–15 per cent of the average (median) operating costs of community businesses.** Volunteers therefore represent an important practical resource that enables community businesses to operate sustainably.

The following table sets out the results sector by sector. Village halls and community hubs account for a large proportion of estimated volunteers and the value of volunteer time across the community business sector. Sub-sector estimates need to be treated cautiously as they will generally be less reliable than the aggregate estimates for the sector as a whole.

Volunteering in community businesses also improves personal wellbeing. Using national values of improved wellbeing from volunteering, these benefits would be around £230 million per annum for the volunteers. As this figure is based on a different economic concept from the value of time they should not simply be combined.



### Estimates of the value of volunteering in community businesses in 2019 by sector

Community business sector	Total volunteers	Total hours (millions)		Total value £m p.a.		Value per business £000s p.a.	
		Higher	Lower	Higher	Lower	Higher	Lower
Village halls	66,300	2.3	2.3	£31.1	£31.1	£15	£15
Community hubs	39,500	4.4	4.4	£60.0	£60.0	£30	£30
Libraries	17,600	2.0	1.2	£26.7	£17.0	£67	£42
Arts centre/facility	11,900	1.3	0.8	£18.1	£11.5	£45	£29
Employment; IAG; training and education; business support etc.	11,600	1.3	1.3	£17.6	£17.6	£20	£20
Shops (and cafés)	10,500	1.2	0.9	£16.0	£12.2	£40	£30
Food, catering and production	9,600	1.1	0.7	£14.6	£9.3	£73	£46
Sports and leisure	9,400	1.0	0.8	£14.3	£10.9	£36	£27
Environment/nature and conservation	8,700	1.0	0.6	£13.2	£8.4	£44	£28
Health, social care and wellbeing	8,200	0.9	0.9	£12.5	£12.5	£31	£31
Other	5,200	0.6	0.6	£7.9	£7.9	£26	£26
Housing	4,200	0.5	0.5	£6.4	£6.4	£21	£21
Energy	1,900	0.2	0.2	£2.9	£2.9	£14	£14
Digital services, consultancy or products	1,500	0.2	0.2	£2.3	£2.3	£23	£23
Pubs	1,300	0.1	0.1	£2.0	£1.5	£20	£15
Craft, industry and production	300	0.0	0.0	£0.5	£0.5	£5	£5
<b>Total</b>	<b>207,700</b>	<b>18.0</b>	<b>15.5</b>	<b>£246</b>	<b>£212</b>	<b>£27</b>	<b>£24</b>
All excluding village halls	141,400	15.7	13.2	£215	£181		
All excluding community hubs	168,200	13.6	11.1	£186	£152		
All excluding village halls and hubs	101,900	11.3	8.8	£155	£121		

Source: Nicol Economics analysis. Notes: (1) estimates of number of volunteers from the Community Business Market 2019 report (Higton et al., 2019); (2) the lower range is based on a bespoke assessment of average hours per volunteers for each sub-sector, the higher range applies national data on average hours of formal volunteering adjusted for the propensity of volunteers to volunteer in more than one organisation



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# 01. Introduction

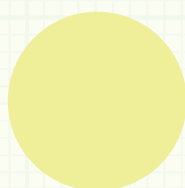
Power to Change regularly assesses the size of the community business sector through its Community Business Market reports. These produce estimates of the total number of volunteers working in community businesses. Research carried out for Power to Change and others has highlighted the critical importance of volunteers to community businesses, which has since been reinforced by the community-level response to the Covid-19 pandemic that has occurred since this research was commissioned.

In 2019, Nicol Economics carried out research for Nesta to produce estimates of the value, at a UK level, of 'people power' (Nicol Economics, 2019). This is a broad concept covering a wide range of ways in which people provide their time and other resources to support activity and organisations on an unpaid basis. Part of this work covered an assessment of the value of formal volunteering activities. These estimates built on earlier work for Nesta (Tooley Street Research, 2014) that utilised and adapted a methodology developed by the Office for National Statistics (ONS, 2013) to provide 'household satellite accounts' which place a value on unpaid activity by people such as childcare and caring for relatives.

The study objective for this research is to apply the methodology developed for Nesta to the community business sector to develop initial estimates of the value of volunteering in community businesses.

The report is structured as follows:

- This chapter sets the context for the study, describes the overall method employed and defines the key concepts and definitions guiding the research.
- Chapter 2 reviews the available evidence on the importance of volunteers to community businesses.
- Chapter 3 expands on the methodology used.
- Chapter 4 describes how the methodology has been applied to available data on volunteering in community businesses.
- Chapter 5 explores the benefits to volunteers from volunteering.
- Chapter 6 summarises the results and key conclusions.



## Methodology

The overall conceptual framework assesses the input value of the time of those involved in volunteering. This is the concept used by the ONS in its household satellite accounts. Put simply, if a volunteer works in a community café serving customers, the value of an hour of their time is valued at what it would cost to employ a worker to do the same job, or if a volunteer helps prepare the accounts and acts as a bookkeeper for a community business, their time should be valued at the hourly rate of employing a bookkeeper.

As well as the value to the relevant community business, we also assess the value of the benefit of volunteering to the volunteers themselves. There is a considerable body of evidence that, on average, volunteering produces benefits to the volunteer. These can take many forms but in this research – as in the work for Nesta – they are valued using a subjective wellbeing approach (self-reported wellbeing) (Nicol Economics, 2019).

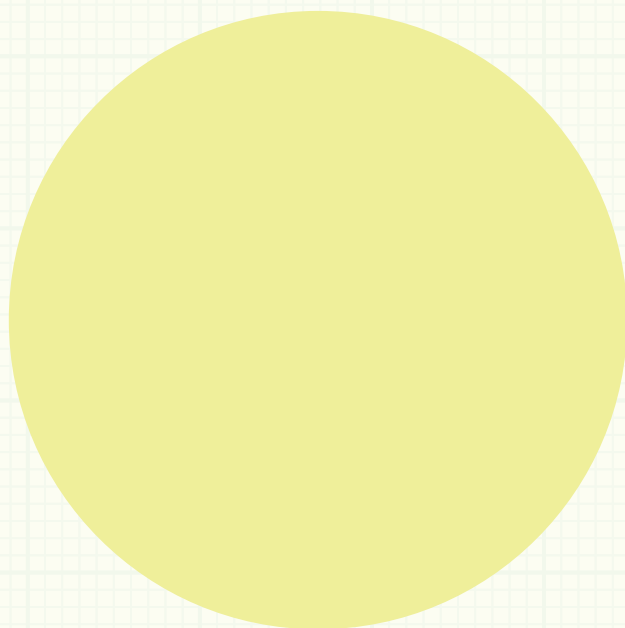
Chapters 3 and 5 set out the detailed approach to measuring these values.

## Defining key concepts

There are important concepts used in the measurement of the benefits of volunteering:

- Power to Change is interested in the role of volunteering in community businesses as these are its focus. The data used to define community businesses is as set out in Higton et al. (2019) and this uses a definition of community businesses developed by Power to Change, which is that they are:
  - Locally rooted in a particular geographical place and respond to its needs.
  - Trading for the benefit of the local community by producing income from selling goods and services.
  - Accountable to the local community.
  - Delivering broad community impact for their local community as a whole.

- The international definition of volunteering is ‘unpaid, non-compulsory work; that is, time individuals give without pay to activities performed either through an organisation or directly for others outside their own household’ (International Labour Office (ILO), 2013). The key point is any work is unpaid and not-compulsory and that it is provided to others outside the individual’s household. On that basis, someone helping a relative outside their household would be volunteering. However, the definition used in the UK is that volunteering covers help given ‘to someone who is not a relative’ (Department for Digital, Culture, Media and Sport (DCMS), 2018).
- An important distinction is drawn between formal and informal volunteering in the UK. Formal volunteering is volunteering provided to or through a formal organisation (e.g. a charity, society or club) and informal volunteering activity covers acts of neighbourliness or kindness direct to people not via a formal organisation. The volunteering considered in this report is formal volunteering provided to and through community businesses.
- The literature and many surveys distinguish between regular and other volunteering. There is not complete consistency in the definition of what is meant by ‘regular’, but it is generally taken to mean at least monthly.<sup>1</sup> The national data on volunteering and on the value of volunteering prepared by ONS for household satellite accounts only takes account of regular formal volunteering.



<sup>1</sup> This is the definition used in the annual Community Life Survey carried out for DCMS

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## 02. The importance of volunteers in community businesses

This section explores and summarises some of the available research on the importance of volunteers to community businesses. It draws on research already carried out for Power to Change (Higton et al., 2019, Higton and Archer, 2019, Heap et al., 2019), Archer et al., 2019a, Archer et al., 2019b) and a national survey of volunteering carried out in 2019 for the National Council for Voluntary Organisations (NCVO) (NCVO, 2019) as well as the review of the benefits of volunteering in the research carried out for Nesta (Nicol Economics, 2019).

Volunteers play a variety of different roles in community businesses. However, a constant feature of all community businesses is that their senior management involves volunteers as trustees and committee members. In many community businesses volunteers make up a significant proportion of the workforce that delivers their activities.

### Volunteers are key in the setting up of community businesses

Work on the sustainability of assets in community ownership identified the key role of volunteers in setting up and creating community-owned assets in community businesses, and then subsequently in management (Archer et al., 2019a). The research was based on a large scale survey and case studies.

Acquiring an asset often demands intensive investment of time by volunteers and an impressive array of skills were held and developed by case study volunteers. Many were repurposing their previous commercial experience, including construction, project management, bookkeeping and administrative support.

However, although critical in setting up new community business, Archer et al. (2019a) also identified the challenge of needing a succession strategy and ways of reducing dependence on a small number of core volunteers.

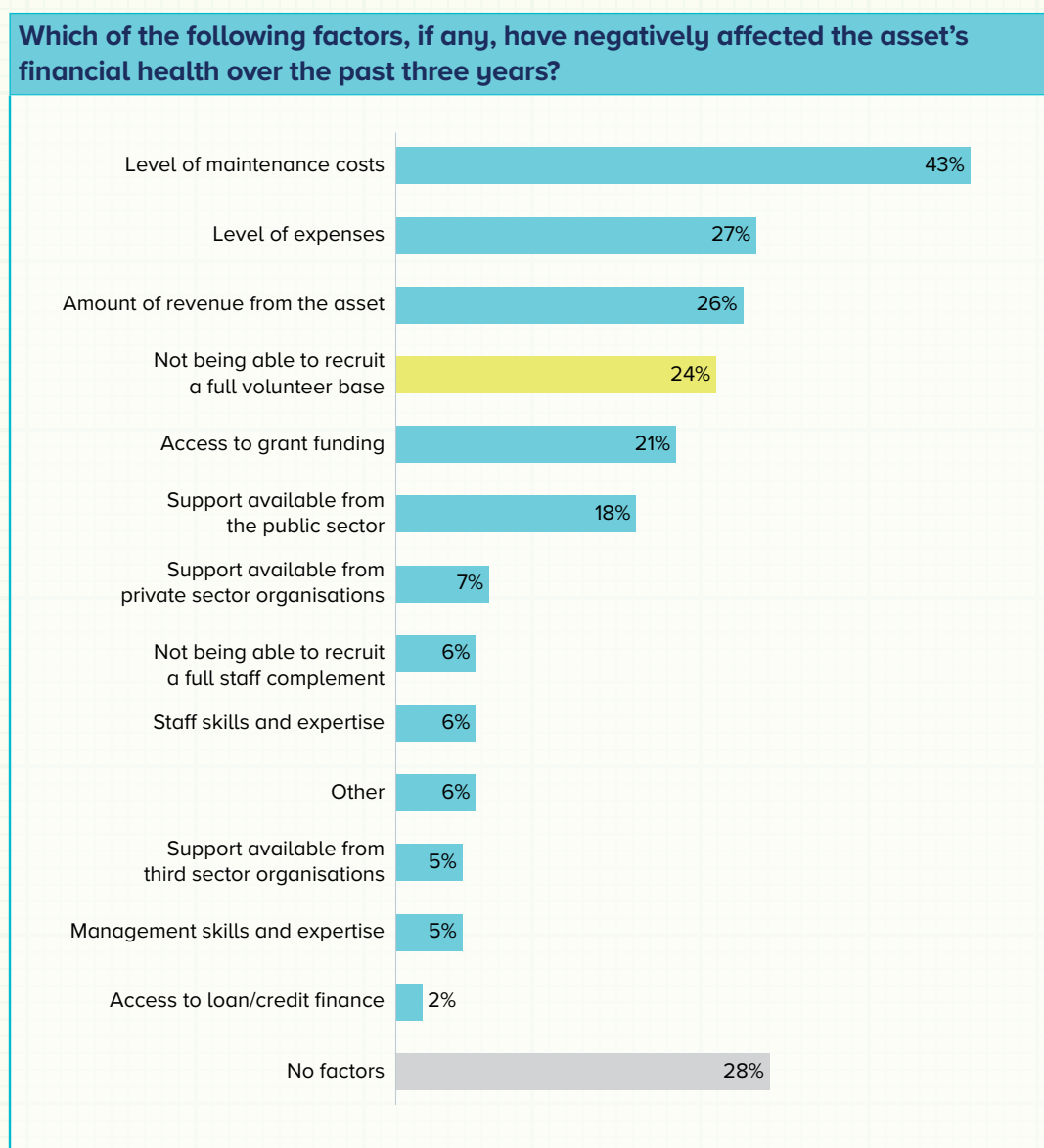
### Volunteers are then key in the successful running of community businesses

A strong theme from the research reviewed for this report is the ongoing importance of volunteers in the continuing successful operation of businesses.

Archer et al. (2019a) surveyed 350 community businesses and identified the most important factors that had negatively impacted on the financial health of community businesses. Not being able to recruit a full volunteer base was the fourth most important factor, identified by 24 per cent of the community business responding (see Figure 2.1).

Having the right internal skills and capabilities is one of the seven factors associated with positive financial health identified in the 27 case studies that featured in the research, and the very capacity, capabilities and skills of key volunteers also creates dependency on these key individuals (Archer et al., 2019a).

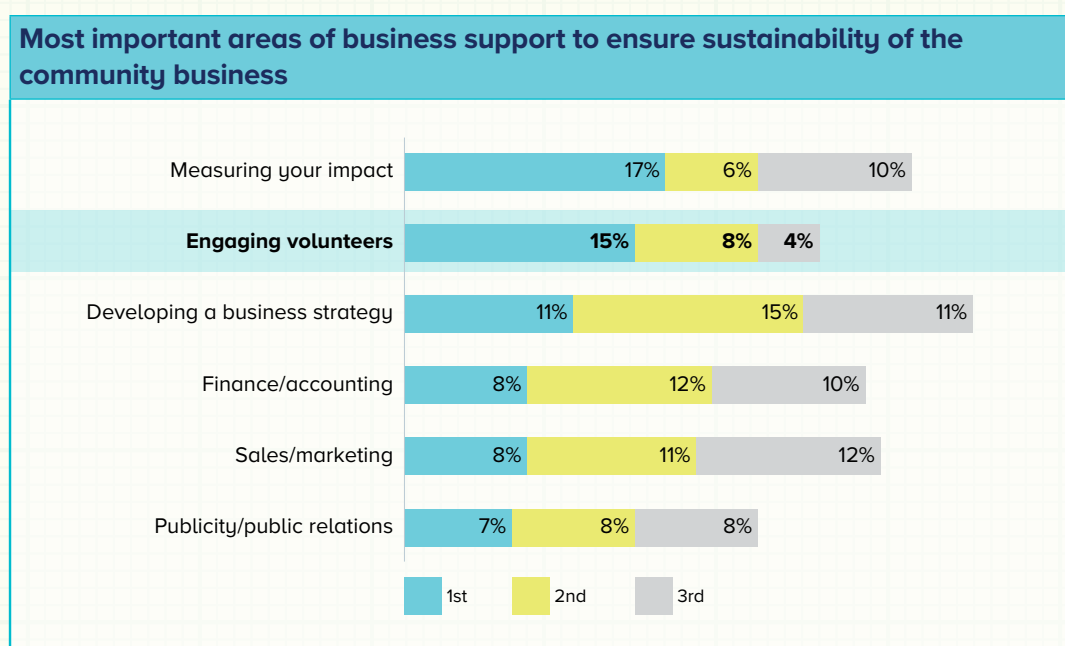
**Figure 2.1: Factors negatively impacting on financial health of community businesses**



Source: Archer et al. (2019a), n=350

After measuring impact, engaging volunteers is considered the second single most important area of business support needed by community business to ensure the sustainability of the business (see Figure 2.2).

**Figure 2.2: Key areas of business support needed to ensure the sustainability of community businesses, 2019**



Source: Archer et al. (2019a), n=312

The importance of volunteers to the community business market was emphasised by The Heseltine Institute's study of community businesses in the Liverpool City Region (Heap et al., 2019), where 66 per cent of community businesses see volunteers as 'very important' and a further 20 per cent as 'important'.

The importance of attracting and sustaining a bank of volunteers is also very important for village halls. The 2009 survey of village halls identified that recruiting trustees was a major problem regularly affecting 39 per cent of those responding, impacting on another 34 per cent less frequently (ACRE 2009a).

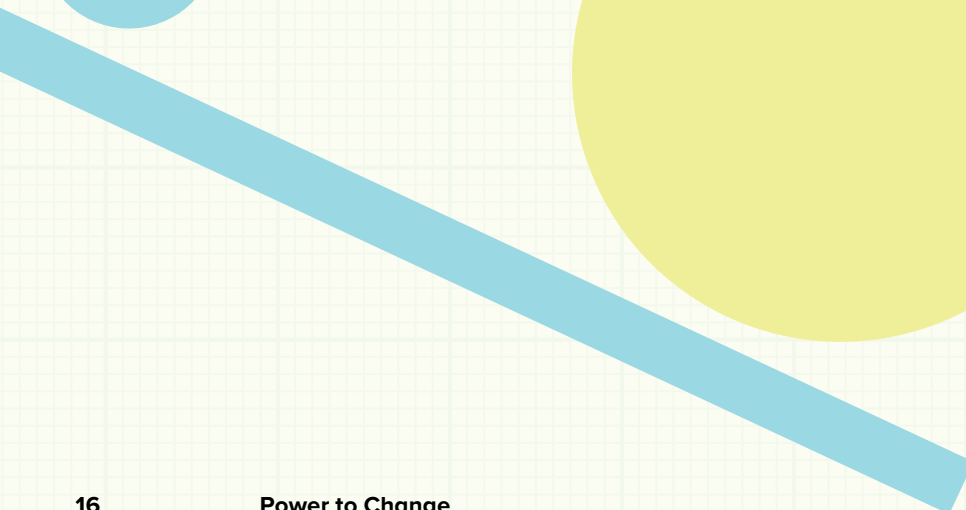
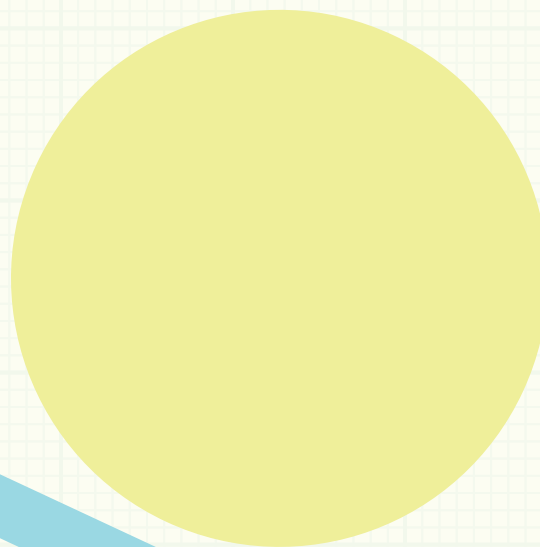
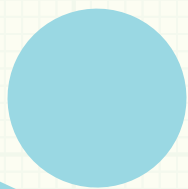
The reliance on key volunteers can have profound effects, particularly for village halls and community buildings, where sustainability often requires the continued hard work of one or two volunteers (Archer et al., 2019a).

The importance of volunteers was highlighted in all of Power to Change's 'what works' publications looking at specific sectors of community businesses.

- For community pubs reliance on volunteers to support the set-up and then the running of the pub distinguished those that were successful. In setting up a new community pub, a core group of committed, hard-working volunteers with the right skills was needed to drive the project forward (Davies et al., 2017a).
- For community transport organisations (CTOs) volunteers operate at the board level and often as bus drivers. Recruiting volunteers was one of the key challenges. The business model of CTOs means that, to some extent, their services rely heavily on volunteers to fulfil critical roles and services (e.g. driving larger transport vehicles). Using volunteers enabled CTOs to operate routes that would be commercially unprofitable, as using volunteer capacity significantly reduced labour costs and overheads (Kotecha et al., 2017).
- For community hubs, as with community pubs, volunteers play a vital role, particularly when the business starts up. The research identified the need to co-ordinate volunteers to get the best out of them (echoing the point made in Chapter 1 that volunteers need managing). As businesses grow, they attract increasing numbers of volunteers which requires a significant commitment from those businesses in terms of time and resources. Volunteer input is not free as it requires supervision and training for volunteers to remain motivated – a volunteer coordinator is a key position identified by businesses across the sector (Richards et al., 2018a).
- For community health and wellbeing businesses, employing staff and engaging volunteers with the appropriate skill sets is a key enabling factor for success – this includes needing staff and volunteers with specialist skills who can deal with sensitive issues like sexual and mental health. It is important to engage suitable volunteers for appropriate roles – businesses working with children or vulnerable adults, for example, require specialist skills and strict safeguarding procedures. In consequence, recruiting and training volunteers is a costly exercise for this group of community businesses (Richards et al., 2018b).
- Similar themes emerge for community sports and leisure businesses. Businesses depend on volunteer support at all stages of development, but this needs to change as businesses ‘mature’. For businesses to be sustainable, at some stage, some key functions like financial and legal procedures need to be removed from volunteers. Providing training, mentoring and additional incentives for volunteers, ensuring they remain engaged for as long as possible, are key enabling factors for success (Richards et al., 2018c).

The important themes from the ‘what works’ reviews and the 2019 research into the sustainability of community assets are that:

- having a core group of volunteers who take a lead role in the management and development of the business is critical
- this key group needs to be replenished periodically, and there needs to be a succession strategy to achieve this
- a wider bank of volunteers is often needed, and in some cases is essential, for the delivery of the services and activities of the community business – the financial model of many community businesses depends on their volunteers
- attracting and retaining this group of ‘delivery’ volunteers is just as critical as those at management and trustee level
- if volunteers are to work efficiently and effectively, and especially if there are large numbers of them, businesses need expertise in recruiting, training and managing them, as it does for any paid staff.

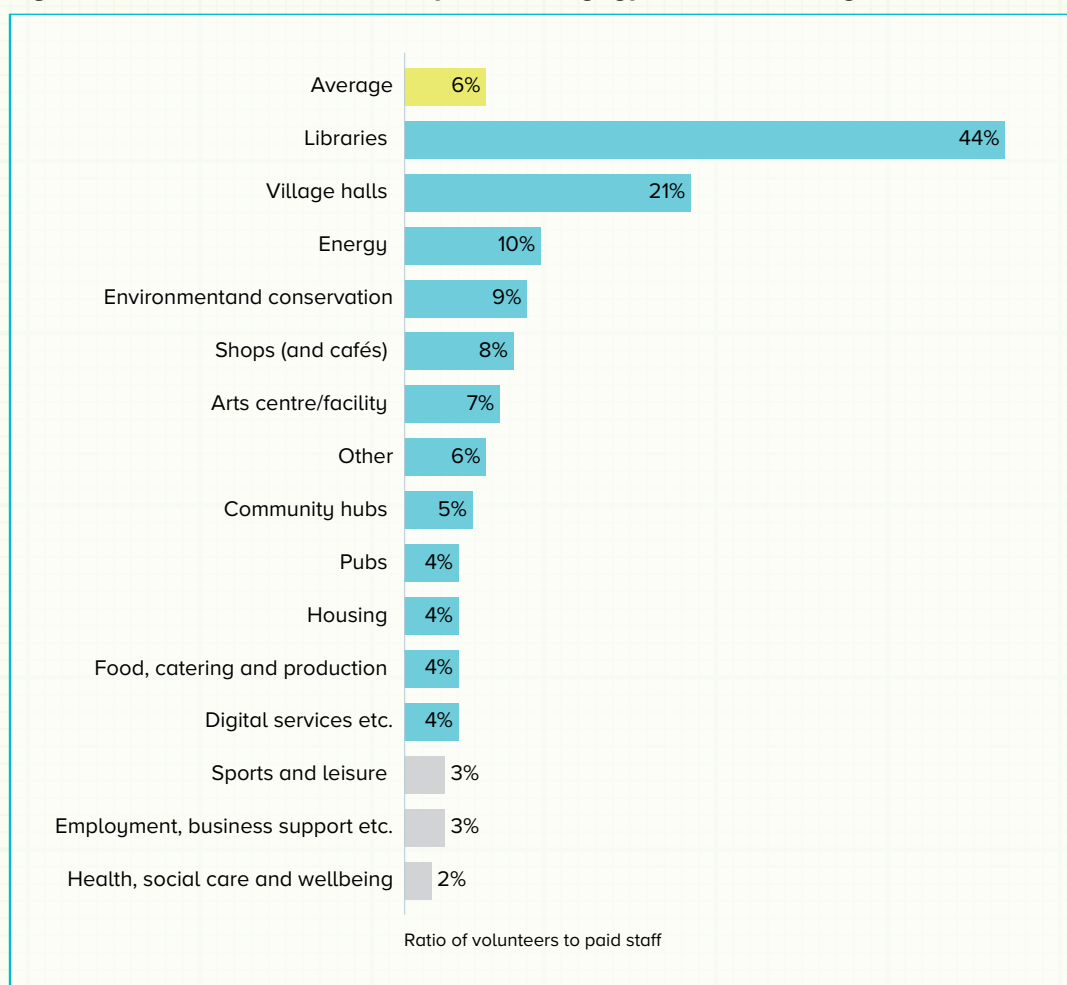




### Volunteers outnumber paid staff in most community businesses

According to the latest data for the community business sector, there are on average around six volunteers for every paid member of staff in community business (Archer et al., 2019). The annual Community Business Market (CBM) reports assess the total number of volunteers and paid staff by different types of community businesses, and reveal how this varies widely across the sector as shown in Figure 2.3.

**Figure 2.3: Ratio of volunteers to paid staff by types of community business, 2019**

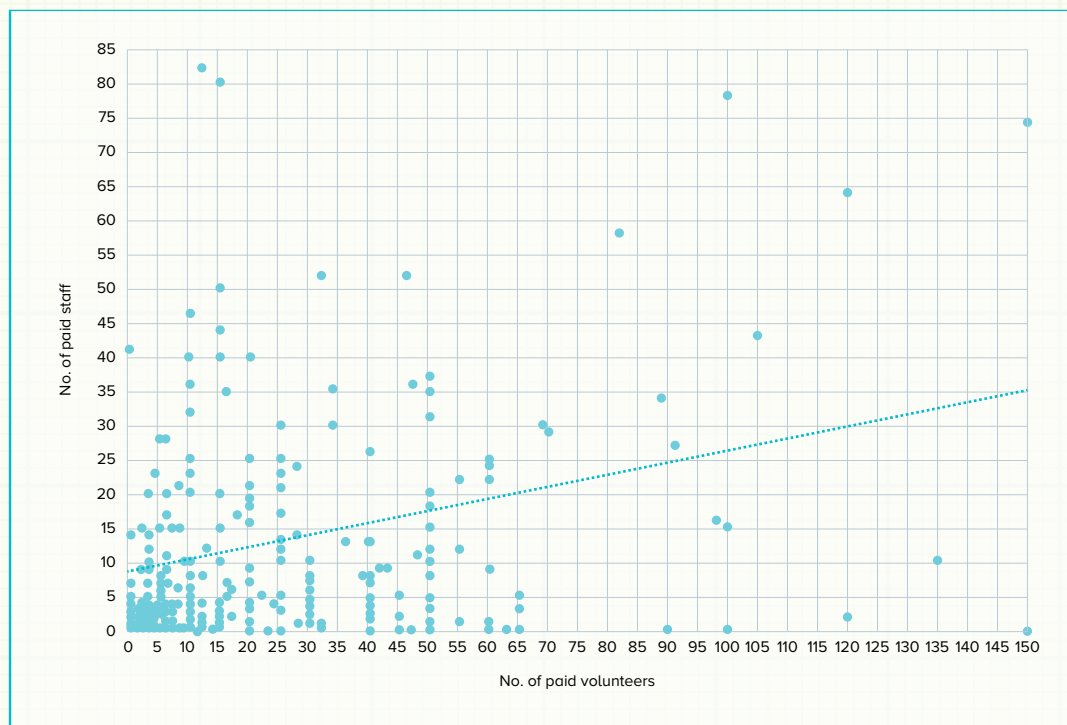


Source: Nicol Economics analysis of data in Archer et al. (2019)

Community businesses come in a wide variety of sizes and operate widely differing business models. Although the analysis above suggests that *on average* each community business has around six volunteers for every paid staff member, the actual numbers vary greatly across the sector. The 2019 Community Business Survey provides data on volunteer and staff numbers and shows only a weak relationship between the two (see Figure 2.4) – the number of volunteers does not necessarily increase as the number of staff rises, or vice versa, and nor is there a clearer negative relationship between them (CBS 2019).

The graph excludes several outliers – there are seven community businesses who report using more than 150 volunteers (up to 360 in one instance) with an average of 260 across the seven businesses. There were also five businesses employing more than 100 staff, with an average of 290. Of the seven community business with more than 150 volunteers, four are community hubs, two are arts centres and one is a health and social care provider. Although using an average of 260 volunteers, the average number of paid employees across these seven businesses is just seven (a ratio of 37 volunteers to each member of paid staff).

**Figure 2.4: Relationship between of volunteers and paid staff in community business, 2019**



Source: Nicol Economics analysis of 2019 Community Business Survey, n=312

## Conclusions

The key findings from the review of information on volunteers and community businesses are that:

- a group of engaged and committed volunteers is instrumental in setting up community businesses, providing enthusiasm, drive and at times specific professional support
- many community businesses remain very reliant on a group of committed volunteers to manage the business, and there can be serious succession issues if they no longer engage
- volunteers fulfil a wide range of roles in community businesses, and the roles vary across the different types of business
- the ability to recruit and retain volunteers stands out as a critical success factor across all community businesses – as does managing the volunteers in many of them
- across community business there are, on average, far more volunteers engaged than paid staff.

## 03. Methodology

This work builds on previous work for Nesta that values the overall benefits of volunteering, including formal volunteering, as part of a wider assessment of the value of ‘people power’ (Nicol Economics, 2019) (see Chapter 1). The work for Nesta looked at volunteering across all sectors of the economy in the UK and produced results for 2017. In this research we need to adapt the methodology just for volunteers in the community business sector and to update the results to 2019.

### The national results for all sectors

At the time of preparing this report the most recent ONS Household Satellite Accounts (Gross Value Added of Unpaid Household Service Production) relate to 2016. The ONS only estimate the value of time for formal volunteering at a UK level. Its most recent estimate for this type of volunteering is £24 billion (for 2016) which amounted to just under two per cent of all the £1,243 billion estimated value of all unpaid household services (ONS 2018).

In the 2019 Nesta work, this estimate was updated both to take account of the more recent 2017/18 Community Life Survey and also for changes in the value of hourly wages and also extended to cover other forms of volunteering. The results from this analysis are shown below in Table 3.1. The analysis suggested that across the UK there were around 12 million people who regularly volunteered in a formal setting, spending around two billion hours a year volunteering which was valued at around £26 billion for the economy.

**Table 3.1: Estimated total population in the UK who regularly volunteer and hours, 2017/18**

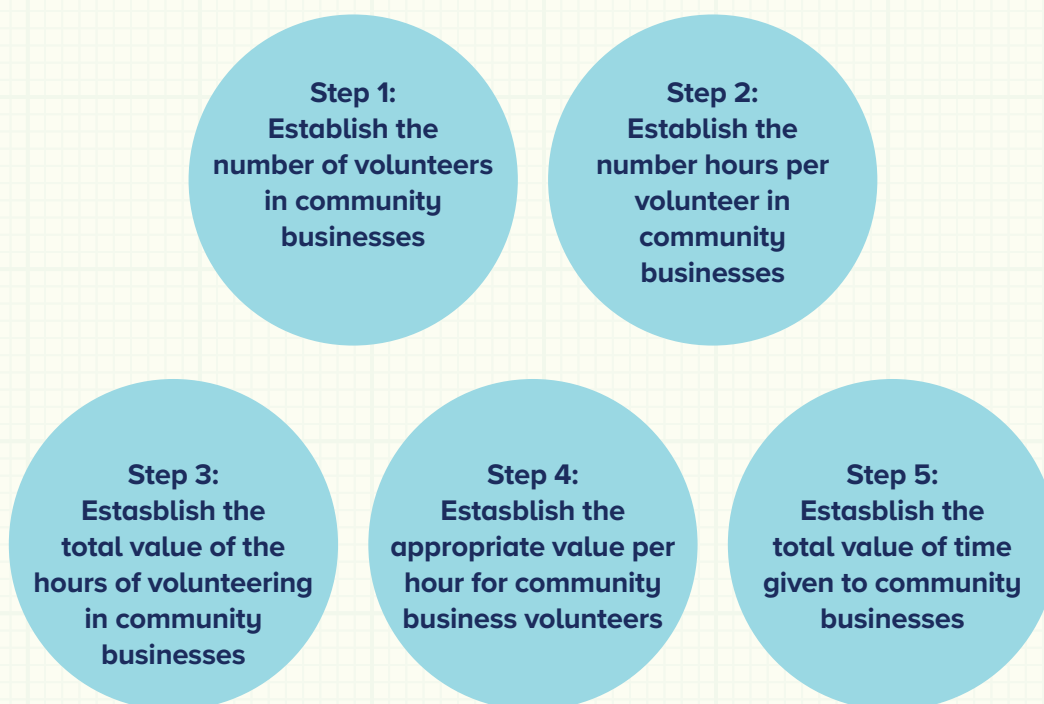
Type of volunteering	Proportion over 16 who regularly volunteer	Total population aged 16 plus (millions)	Estimated number of volunteers (millions)	Average hours per week per regular volunteer	Estimated number of hours (billions)	Estimated total value of volunteering time £bn
Formal	22%	53.5	11.9	3.2	2.00	£25.8
Informal	27%	53.5	14.2	2.1	1.54	£15.5
Informal or Formal	38%	53.5	20.5		3.54	£41.3

Source: Nicol Economics (2019)

### Key steps and key methodological assumptions

The following steps were taken to arrive at these results and apply them to community businesses:

**Figure 3.1: Steps required to establish the value of volunteering in community businesses**



Source: Nicol Economics

### Step 1: Estimating the number of volunteers in community businesses

The first step establishes the reported number of volunteers supporting community businesses. For most community businesses this is necessary to identifying the number of hours spent volunteering. At the time of preparing this report, the most recent estimates of the number of volunteers were those in the Community Business Market (CBM) report for 2019 (Higton et al., 2019). The estimated number of volunteers in community businesses has changed over time with each community business market report (the first one was produced for 2015). However following discussions with Power to Change and the authors of the 2019 report, the figures in the 2019 report were used as the starting point for the analysis for several reasons:

- Generally each successive business market report has incorporated methodological improvements that means they represent a more robust set of data. The changes measured over time are as a result of new data and better data, rather than necessarily actual fluctuations in the number and scale of community businesses.
- The 2019 report has a new assessment of the number of village halls which are community businesses (which makes an important impact on the numbers).
- The 2019 report used a combined data set from the 2019 and the 2018 Community Business Survey and from Power to Change grantee data. In the case of the former this was a combined data set of 491 community business records surveyed in 2019 and 2018.
- It is important to note that the overall sub-sector estimates for the number of volunteers (and staff) are based on the median figures for that sector from the data sources used, and designed to correct for the impact of outliers on average.

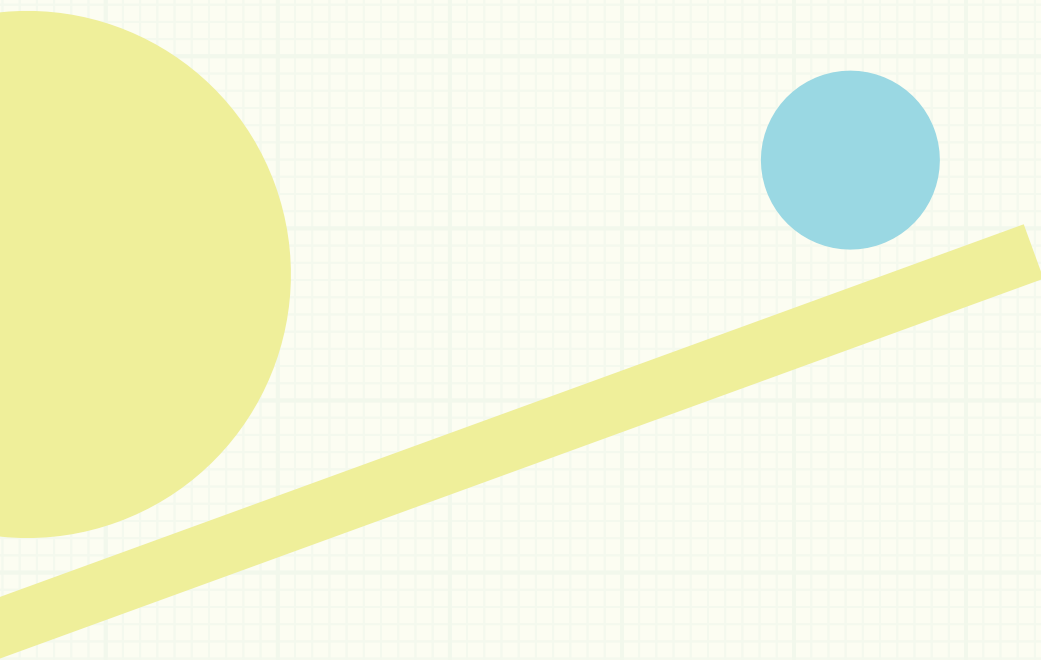
The key points from the results of the 2019 CBM research set out in Table 3.2:

- Overall there are around just over 200,000 volunteers working in the estimated 9,000 community businesses – an average of 23 volunteers per business.
- Village hall and community hubs account for over half of the total estimated volunteers (32 per cent and 19 per cent respectively).
- There are wide variations in estimated numbers of volunteers per community business by sector – from 48 for food/catering businesses and 44 for libraries down to between 10 and 15 for employment support, housing, energy and pub businesses.
- Excluding village halls, the average number of volunteers per business is 20.

A separate analysis of the 2019 Community Business Survey (CBS 2019) data shows that, of the 302 business surveyed who recorded numbers of volunteers, there were a total 10,010 volunteers recorded. This represents a mean of 32 and a median of 18 volunteers per organisation surveyed.

The estimates of the number of volunteers come from different sources that were triangulated in the 2019 CBM report. The data on some sub-sectors, such as community pubs and shops, is more robust and based on a larger sample of businesses than others. In other sub-sectors there are fewer data points to derive estimates. The aggregated figures across the whole community business sectors are therefore generally more robust than sub-sector estimates.

The 2019 CBM market estimates are the starting point for the analysis. However, as different data and assumptions result in significant year on year changes, it is important to stress that there is an inevitably significant margin of error around these overall and sub-sector estimates.



**Table 3.2: Estimates of number of community business and volunteers by sector, 2019**

Sector	No. of businesses	Staff	Volunteers	Volunteers per		Proportion of all volunteers
				staff member	business	
Village halls	2,100	3,200	66,300	21	32	32%
Community hubs	2,000	7,900	39,500	5	20	19%
Libraries	400	400	17,600	44	44	9%
Arts centre/facility	400	1,800	11,900	7	30	6%
Employment; IAG; training and education; business support etc.	900	4,600	11,600	3	13	6%
Shops (and cafés)	400	1,300	10,500	8	26	5%
Food, catering and production	200	2,400	9,600	4	48	5%
Sports and leisure	400	3,700	9,400	3	24	5%
Environment/nature and conservation	300	1,000	8,700	9	29	4%
Health, social care and wellbeing	400	4,900	8,200	2	21	4%
Other	300	900	5,200	6	17	3%
Housing	300	1,000	4,200	4	14	2%
Energy	200	200	1,900	10	10	1%
Digital services, consultancy or products	100	400	1,500	4	15	1%
Pubs	100	300	1,300	4	13	1%
Childcare	100	-	-			
Finance		-	-			
Transport	300	-	-			
Craft, industry and production	100	300	300	1	3	0%
<b>Total</b>	<b>9,000</b>	<b>33,900</b>	<b>205,600</b>	<b>6.1</b>	<b>22.8</b>	<b>100%</b>
All excluding village halls	6,900	30,700	139,300	4.5	20.2	68%
All excluding community hubs	7,000	26,000	166,100	6.4	23.7	81%
All excluding village halls and hubs	4,900	22,800	99,800	4.4	20.4	49%

Source: Nicol Economics analysis of data from Higton et al. (2019)



## Step 2: Estimating the number hours per volunteer in community businesses

Estimating hours per volunteer is critical. For each sub-sector there needs to be an estimate of hours per volunteer applied to the estimated number of volunteers to derive the total number of hours.<sup>2</sup> The value of volunteering does not relate directly to the number of volunteers working in community business but the number of hours they spend on average per week and per year in supporting their community businesses.

The number of hours spent volunteering varies widely from volunteer to volunteer and from business to business. In any community business there will be volunteers who spend many hours a year and those that spend far fewer.

Research into volunteering has developed the idea of a ‘civic core’ – a group of people who are particularly critical to civic society as they provide considerable time in support of community and charity groups. A previous analysis of the Community Life Survey<sup>3</sup> data for 2012/13 suggests that around a third (34 per cent) of all of those who regularly act as a formal volunteer give more than two hours per week, and these are likely to account for around 80 per cent of all the hours provided by regular formal volunteers (Nicol Economics, 2019).

Work for the Third Sector Research Centre<sup>4</sup> also indicates that a relatively small subset of the population is responsible for most of the volunteering, charitable giving and civic participation that takes place (Mohan and Bulloch, 2012). Just over a third (36 per cent) of the adult population provide nearly nine-tenths (87 per cent) of volunteer hours, just over four-fifths (81 per cent) of the amount given to charity, and just over three-quarters (77 per cent) of participation in different civic associations. The contribution of the civic core to volunteering is particularly striking with 9 per cent of the adult population accounting for 51 per cent of all volunteer hours, highlighting the significant level of involvement of a committed few.

2 There are however some sectors (e.g. village halls) where the number of volunteer hours is recorded for the sector and can be estimated directly.

3 The Community Life Survey (CLS) is a survey of adults (16+) in England. It tracks trends across areas in a range of variables related to community activity and engagement. It is a nationally representative survey, providing data on behaviours and attitudes to inform policy and action in these areas.

The current CLS started in 2012/13 and was originally commissioned by the Cabinet Office, replacing the previous Citizenship Survey (run by the then Department for Communities and Local Government).

4 The Third Sector Research Centre is currently led by Professor Alcock (University of Birmingham) and is based upon a joint programme of research and knowledge transfer shared between Birmingham and the University of Southampton.

These issues present challenges when trying to assess the total number of volunteering hours using estimates of the number of volunteers. To address these the approach draws on various sources and applies them in different ways to the different sub-sectors. The approach involves:

1. using bespoke sector data where this is available (for village halls and community shops)
2. analysing anonymised Twine data provided by Power to Change that collects personal data from some volunteers on the hours spent<sup>5</sup>
3. using data derived from national research on all formal volunteering.

### Village halls

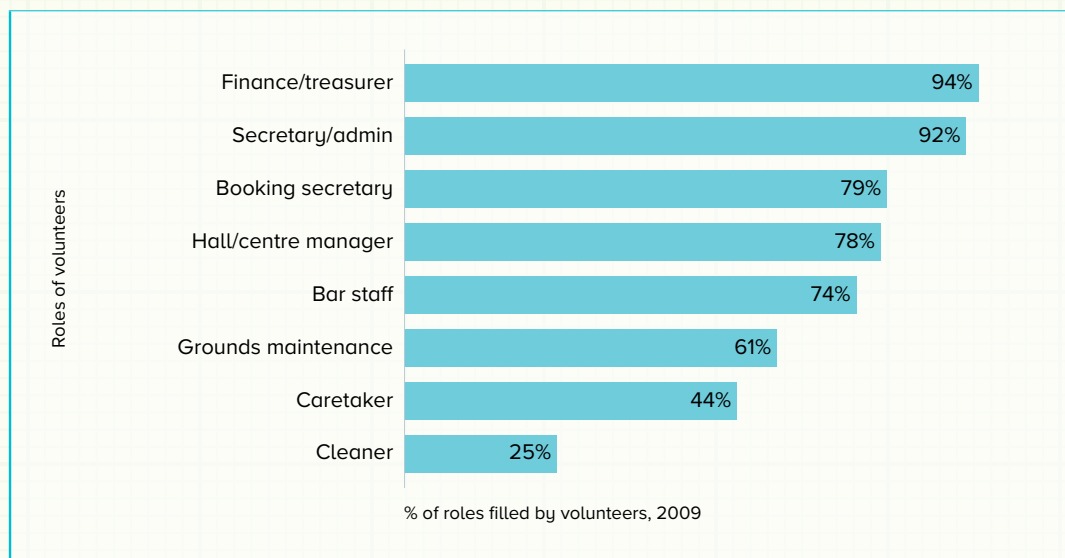
There are no separate surveys of village hall volunteers, rather there are estimates of the number of volunteer hours per village hall – meaning the likely average number of hours per volunteer needs to be inferred (at Step 3). Currently, the best available data is from the national survey of village halls carried out by ACRE<sup>6</sup> in 2009 and reproduced in a series of reports (ACRE, 2009a and ACRE, 2009b). ACRE kindly provided the 2009 survey questionnaire and some of the data tables.

This survey was sent to 9,828 community buildings in rural communities (in other words ‘village halls’) and 2,355 completed survey forms were received (a 24 per cent response rate). The key relevant finding for our research was that 88 per cent have volunteer management committees and that each hall benefitted from, on average, 18.5 hours per week of volunteer time (or around 960 hours in total every year). The report notes that 93 per cent had no paid management staff at all, although the majority have one or two part-time staff such as a cleaner, booking secretary or contractors to cut grass. Only two per cent of halls employed a full-time member of staff to manage the hall. Figure 3.2 shows the roles most likely to be filled by volunteers.

<sup>5</sup> Twine is a bespoke tool that gathers, tracks and analyses data – including volunteer and visitor information – for community businesses <https://www.twine-together.com/about-us>.

<sup>6</sup> ACRE (Action with Communities in Rural England) is the national umbrella body of the Rural Community Action Network (RCAN), which operates at national, regional and local level in support of rural communities across the country.

**Figure 3.2: Roles filled by volunteers in village halls, 2009**



Source: Nicol Economics analysis of data for the ACRE 2009 survey provided by ACRE

The survey form explicitly states that deriving estimates of volunteer time ‘exclude committee meetings’. These meetings take up volunteer time, are part of the process of managing any not-for-profit organisation and it is proper to include some allowance for these. Based on personal experience of the author of this report the analysis has assumed that a typical village hall committee is around eight people and meets 10 times a year and lasts 1.5 hours or around 120 hours per year; added to the 960 volunteer hours this is a total of around 1,080 hours, or on average 34 hours per volunteer. This estimate is indicative only as it:

- is based on 2009 data for all village halls who responded to the survey
- assumes this can be applied to the 2,100 village halls assumed to be community businesses
- has a broad-brush estimate of the time spent in committee meetings.

ACRE is currently carrying out its decennial survey, supported by Power to Change. When data from this survey is available later in 2020 it can be used to provide more robust and up to date estimates of hours and number of volunteers.<sup>7</sup>

<sup>7</sup> It is also likely to lead to change in the estimate of how many of the c.10,000 village halls operate as de facto community businesses.

### Community shops

The CBM 2019 report draws on a survey of community shops and community pubs by the Plunkett Foundation for the data on these two sub-sectors and this has been provided by Power to Change as part of this research. There is only data on volunteer hours for community shops. From the 363 community shops around 260 responded to the questions on number of volunteers as well as hours – on average each community shop volunteer contributes around 85 hours a year (in comparison to the 34 hours a year for volunteers in village halls).

**Table 3.3: Data on volunteering in community shops, 2019**

	No. of shops	No. of paid staff	Volunteers				
			Total	Total hours worked/ week	No. per shop	Average hours per week per volunteer	Average hours per year per volunteer
<b>All</b>	363	898	7,865	13,169	21.7	1.67	87
<b>All recording volunteers</b>	258	730	7,865	12,835	30.5	1.63	<b>85</b>

Source: Nicol Economics analysis of community shop data prepared by the Plunkett Foundation and used in the 2019 CBM report

### Twine data

Twine is a business intelligence platform developed by the Power to Change Research Institute. It helps community businesses to collect financial, community, visitor and volunteering data. Power to Change provided the anonymised data on time spent by volunteers from Twine as part of this research project. This covers the period from January 2017 (when it was introduced) to January 2020.

There were 448 volunteers who used Twine across 63 different community businesses over the two-year period February 2018 to January 2020. An earlier period was analysed but excluded as the number of users was lower in the start-up phase.

The data, albeit incomplete, suggests that over the course of the most recent 12 month period on average those volunteers using Twine recorded around 70 hours of time volunteering. Twine allows the allocation of time by 10 different types of activity. The largest category of time spent is ‘outdoors and practical work’, accounting for 45 per cent of time, and then office support for 12 per cent.

Twine data has been generated by just over 60 businesses, eight of these are outdoors focussed (farms, sports and a heritage trust) that account for around 40 per cent of instances of time recorded, half of which are for ‘outdoors and practical work’.<sup>8</sup> This suggests that organisations using Twine, and their volunteers, are not a representative cross-section of community businesses. Furthermore, the data has insufficient coverage (63 organisations) for a meaningful analysis by sector – although it does have good representation in the environmental business sector.

**Table 3.4: Analysis of Twine data on volunteering**

	People recording	Separate instance of time	Total hours recorded	Hours per occurrence	Occurrences per person	Hours per person
<b>Whole period</b>	448	6,099	30,919	5.1	13.6	69.0
<b>Feb 2019–Jan 2020</b>	244	3,358	17,204	5.1	13.8	70.5
<b>Feb 2018–Jan 2019</b>	245	2,461	12,482	5.1	10.0	50.9

Source: Nicol Economics analysis of Twine data provided by Power to Change

### Use of national data

The final, default, approach applies national data to community businesses. Unlike the Nesta national work, for community businesses volunteers are just a sub-set of those who regularly volunteer and there’s a need to determine whether the community business is the only organisation in which they volunteer formally. As there is no direct survey work carried out by or for Power to Change on community business volunteers alone, it is not clear to what extent these volunteers only volunteer in that specific community business or also volunteer elsewhere (in another third sector organisation or community business).

However, the NCVO national survey of formal volunteering does indicate how likely regular volunteers are to volunteer in more than one organisation (NCVO, 2019). From this it is possible to deduce that on average roughly half of all community business volunteers are likely to volunteer elsewhere (on average every 100 volunteer in 207 organisations) and that the hours spent by the volunteer in the community business could, on average, account for around two-thirds of that volunteer’s formal volunteering (see Table 3.5).

<sup>8</sup> Overall 19 community businesses are the most frequent users of Twine and account for 93 per cent of all recorded instances of time.

These figures assume that on average those who state they volunteer in three or more organisations (26 per cent of all who volunteer) volunteer in four organisations. There is no robust data to check this but it errs on the side of caution and the results are not particularly sensitive to this assumption.<sup>9</sup>

**Table 3.5: Estimates of multiple volunteering (formal and recent volunteers – in last 12 months)**

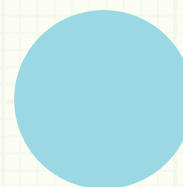
Number of organisations volunteered in		Assumed number of organisations	Grossed up	Assumed share of all volunteer hours in the community businesses	Share of hours in the community business
<b>one only</b>	45%	1	45%	100%	45%
<b>two only</b>	29%	2	58%	50%	15%
<b>three or more</b>	26%	4	104%	25%	7%
<b>Total</b>	100%		207%	Assumed share of typical community business in all volunteer hours =	66%

Source: Nicol Economics analysis of NCVO (2019)

This approach can be used to apportion a share of the average formal volunteering hours per volunteer to the community business in which they volunteer. The overall national data suggests those who regularly volunteer (formal volunteers) do so on average 3.24 hours per week (or 168.4 hours per year across all types of volunteering (see Table 3.1). Applied to community business this would be  $3.24 \times 66\%^* = 2.14$  hours per week or, on average, 111 hours per year spent volunteering in the community business.

This does not explicitly take account of the precise roles volunteers play in community businesses, or the extent to which community businesses may differ from other organisations in which volunteers work. In the absence of any direct survey work, this figure is the best estimate available from national data.

<sup>9</sup> If a figure of three organisations had been used rather than four, then the effective numbers of hours of the community business in all volunteering time would rise to 68 per cent rather than 66 per cent.



## Overview

There is a potential range of values to use on the number of hours per volunteer. The highest would be that derived from national data – 111 hours per year per volunteer per community business. More specific bottom up figures would be 34 hours per volunteer for village halls and 85 hours per year (for community shops). The analysis of Twine data indicates a figure of 70 hours per year for that particular sample of businesses and volunteers overall, but it varied very widely – in one community business the average hours per volunteer per year were over 400, or an average of eight hours per week.

Step 3 uses different mixes of assumed hours per volunteer to provide a range of estimated number of volunteer hours.

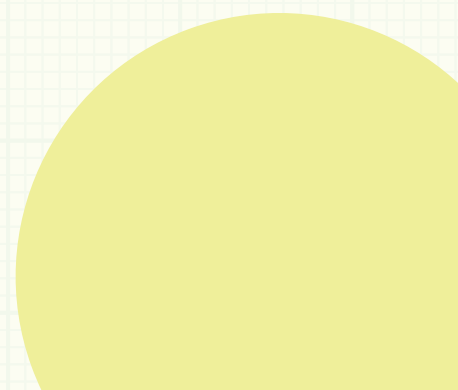
### Step 3: Estimating the total value of the hours of volunteers in community businesses

Applying different assumed average hours per volunteer provides a wide range in the total number of hours (see Table 3.6). The number could range from around 15 million up to, potentially, 23 million hours per year.

**Table 3.6: Estimates of total hours spent by volunteers in community businesses in 2019 using approaches**

Assessed total regular volunteer hours based on:	Hours (millions)	Proportion of national estimate-based	Implied average hours per year per volunteer
Applying national derived figure	23.1	100%	111.1
Applying community shop figure	17.6	76%	85
Applying Twine generated figure	14.6	63%	71
Average of Twine and community shop-based	16.1	70%	78

Source: Nicol Economics estimates



Two approaches are used to produce a range:

- Approach 1: this uses the national derived figures unadjusted apart from village halls, where the figure derived from the 2009 survey is used. The reason for this is village halls account for 32 per cent of all volunteers in community businesses and it would be misleading to use a national average figure per volunteer when there is a separate reasonably robust figure for the number hours per village hall.
- Approach 2: this is a bespoke approach that attempts to use the best data sector by sector and makes judgements about the most applicable figures as follows:
  - Applies the community shops figure to shops, pubs and sport leisure facilities (all customer/sales-facing)
  - Use the specific village hall generated figure based on ACRE research
  - Apply the lower Twine-based figure to those sectors where the average number of volunteers per community is above the average for the sector (on the assumption that as the number of volunteers rises the average hours per volunteer will fall)
  - Leave the rest based on the national based figure.

The key sector by sector results (set out in Table 3.7):

- The estimated overall number of hours spent volunteering ranges from 15.5 to 18 million per year.
- Under the bespoke Approach 2, community hubs account for 28 per cent of all hours because the estimate of hours per volunteer is not adjusted down from the higher nationally-derived figure.<sup>10</sup>

<sup>10</sup> Although other research has been explored and discussed with Power to Change, to see if there is any way of getting better data on volunteering in community hubs, there appears to be no basis for deriving another figure. The Twine data for the small number of community hubs there indicate that average volunteer hours per year may be well above 100, but in the absence of any alternative sources the nationally-derived figure or an average of 2.1 hours per week spent volunteering in the community hub has been used.



**Table 3.7: Estimates of hours spent volunteering by community business sector, 2019**

Sector	Total volunteers	Hours per volunteer per annum		Total hours (millions)		
		unadjusted	adjusted	Approach 1	Approach 2	Share of total
Village halls	66,300	34	34	2.27	2.27	15%
Community hubs	39,500	111	111	4.39	4.39	28%
Libraries	17,600	111	71	1.96	1.24	8%
Arts centre/facility	11,900	111	71	1.32	0.84	5%
Employment; IAG; training and education; business support etc.	11,600	111	111	1.29	1.29	8%
Shops (and cafés)	10,500	111	85	1.17	0.89	6%
Food, catering and production	9,600	111	71	1.07	0.68	4%
Sports and leisure	9,400	111	85	1.04	0.80	5%
Environment/nature and conservation	8,700	111	71	0.97	0.61	4%
Health, social care and wellbeing	8,200	111	111	0.91	0.91	6%
Other	5,200	111	111	0.58	0.58	4%
Housing	4,200	111	111	0.47	0.47	3%
Energy	1,900	111	111	0.21	0.21	1%
Digital services, consultancy or products	1,500	111	111	0.17	0.17	1%
Pubs	1,300	111	85	0.14	0.11	1%
Craft, industry and production	300	111	111	0.03	0.03	0%
<b>Total</b>	<b>207,700</b>			<b>18.0</b>	<b>15.5</b>	<b>100%</b>
All excluding village hall	141,400			15.7	13.2	85%
All excluding community hubs	168,200			13.6	11.1	72%
All excluding village halls and hubs	101,900			11.3	8.8	57%

Source: Nicol Economics estimates

#### Step 4: Establishing an appropriate value of time for volunteers in community businesses

There are several ways the value of time could, in principle, be measured. ONS uses the replacement cost approach, where each individual hour spent volunteering is valued at the market wage rate which reflects the cost of paying somebody to do the same job.<sup>11</sup>

The ONS notes that ‘this wage rate could either be the minimum wage, the mean wage, the median wage or a market wage for the voluntary work. This method assumes that the quality of voluntary work is the same as the quality of paid work and that the volunteers would be replaced with paid workers’ (ONS, 2013).

Clearly such an approach uses explicit simplifications and assumptions, not least that volunteering is a free resource. When the replacement value is placed on time inputs, no account is taken of the resources that community businesses may need to invest to train and manage volunteers. In other words, volunteers are not a costless resource to a community business and require training and managing like any other people resources.

The final step is therefore to apply a suitable wage rate or wages rates as proxy values of time for volunteering. The work for Nesta updated previous research in 2014 (based on 2012 wages rates), and took into account changes in wages over the period 2012 to 2017 and the evidence that, at a national level, there had been a modest shift in volunteering to slightly higher paid activities. The adjusted wage used was £12.90 per hour in 2017.

<sup>11</sup> The other two methods considered by the ONS were: (1) the ‘opportunity cost’ approach which values the hours volunteered at the volunteer’s normal wage rate. The value of the time the person is willing to give up in order to volunteer, or in other words the wage that they could be getting from a job they could be doing (2) the ‘wellbeing’ approach which assesses the positive change in a volunteer’s personal wellbeing associated with frequent voluntary activity.

**Table 3.8: Change in the value of time, £/hour, 2012 to 2017**

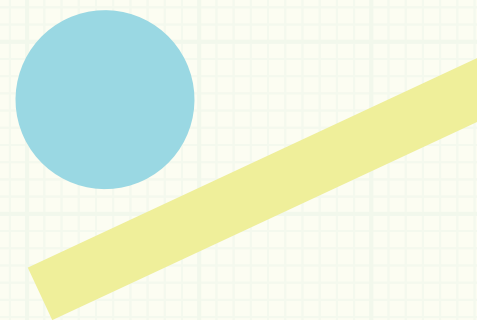
Type of work	Occupation category	2012	2017	Change
		Median	Median	
All occupations		£11.2	£12.4	10.6%
Personal	SOC 6.1	£8.3	£9.1	9.5%
Clerical	SOC 4	£10.0	£10.7	7.6%
Professional	SOC 2	£19.0	£20.0	5.2%
Average for formal volunteering time		£11.5	£12.3	7.1%
adjusted for compositional effect		<b>£11.5</b>	<b>£12.9</b>	<b>12.1%</b>
Average for informal volunteering time		<b>£9.4</b>	<b>£10.1</b>	<b>7.1%</b>

Source: Nicol Economics (2019)

A review of the work carried out in 2019 assessed the need to update the wage rates and to see if there is any evidence on compositional effects (i.e. that volunteering in community businesses follows a markedly different pattern than all volunteering).

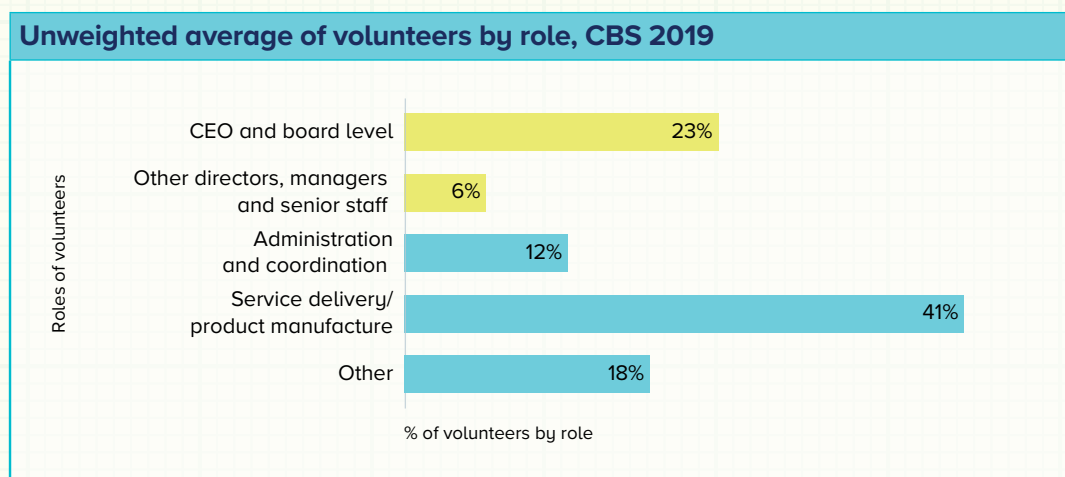
Data from the Annual Survey of Hours and Earnings indicates that on average across the UK median hourly earnings (excluding overtime) have increased by 6.4 per cent between 2017 and 2019 – the national all-occupations hourly wage increase is from £12.42 per hour to £13.21 per hour. Applying this uplift to the assumed relevant wage rate for formal volunteering in 2017 (a wage rate £12.86 per hour) produces an estimated ‘volunteering wage rate’ of £13.68 in 2019 (which is just above the all-occupations rate).

There is some information on the type of volunteering activities carried out in community businesses. The Community Business Survey 2019 asked questions about the type of roles fulfilled by volunteers for each community business (in four broad categories and ‘other’). There were 262 records where this was completed (and the percentages summed to 100 per cent or at least less than 120 per cent). According to this unweighted data around 30 per cent of volunteers were operating in relatively senior roles (see Figure 3.3). However, this is indicative and does not provide the hours spent in these roles. The average hourly rate of formal volunteering used in the Nesta work was based broadly on 18 per cent of volunteer hours on ‘professional’, 35 per cent on ‘clerical’ and so 45 per cent on personal activities.



The data from community businesses therefore suggest that the average type of time spent in most community businesses is, if anything, likely to be more ‘valuable’ than for all formal volunteering across all organisations. This is reasonable when you consider that most community business are relatively small, so on average volunteers spend more time as trustees and managers than those volunteering for large national charities. If anything the wage rate assumed might understate the actual average that is applicable to community businesses<sup>12</sup>.

**Figure 3.3: Types of volunteering activity in community businesses in 2019**



Source: Nicol Economic analysis of 2019 Community Business Survey, n=262

<sup>12</sup> Applying the CBS 2019 shares of volunteers roles suggests a possible nine per cent uplift in the applicable average wage. However, the source of this information was considered insufficiently robust to make this adjustment.

## 04. Estimates of the value of volunteers to community businesses

The key results from the analysis:

- Overall, the estimates suggest that the annual value of time provided across all 9,000 community businesses by over 200,000 volunteers ranges between around £210 million and £250 million.
- Taking account of the increase in average earnings since 2017, the community business volunteering contribution represents 0.8–0.9 per cent of the previous 2017 estimate for the UK total value of all regular formal volunteering.
- The resulting sector estimates (Table 4.1) are generally less robust than those for community businesses as a whole.

**Table 4.1: Overall estimates of the value of time spent volunteering in community businesses, 2019**

Sector	Total value £m p.a.	
	Approach 1 – national	Approach 2 – bespoke
Village halls	£60.0	£60.0
Community hubs	£31.1	£31.1
Libraries	£17.6	£17.6
Arts centre/facility	£26.7	£17.0
Employment; IAG; training and education; business support etc.	£12.5	£12.5
Shops (and cafés)	£16.0	£12.2
Food, catering and production	£18.1	£11.5
Sports and leisure	£14.3	£10.9
Environment/nature and conservation	£14.6	£9.3
Health, social care and wellbeing	£13.2	£8.4
Other	£7.9	£7.9
Housing	£6.4	£6.4
Energy	£2.9	£2.9
Digital services, consultancy or products	£2.3	£2.3
Pubs	£2.0	£1.5
Craft, industry and production	£0.5	£0.5
<b>Total</b>	<b>£246</b>	<b>£212</b>
All excluding village hall	£215	£181
All excluding community hubs	£186	£152
All excluding village halls and hubs	£155	£121

Source: Nicol Economics estimates

Note: ranked by estimate value for each sector under Approach 2

### Estimates in context

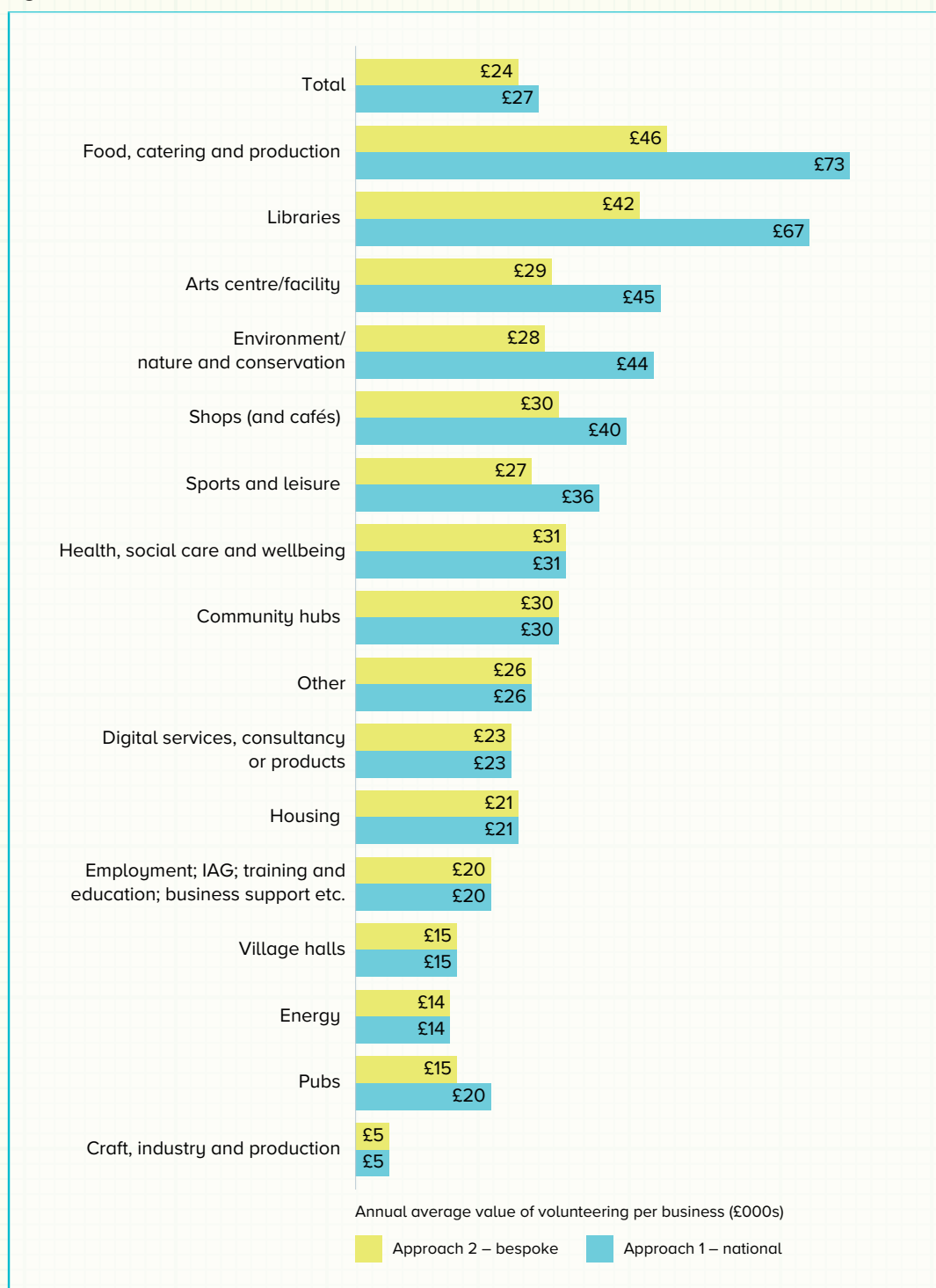
The results are presented differently in Figure 4.1 which show the average value of volunteer time per community business by sector. The analysis suggests that overall the average value per business is between £24,000 to £27,000 depending on the approach used (or £26,000 to £31,000 excluding village halls).

Another way of considering these estimates is per volunteer. The research suggests that estimated average value of time given per volunteer is between £1,000 to £1,500 per annum (however for village halls it is rather lower at £500 per year). It is important to stress that these are averages across a wide range of volunteers who spend different amounts of time on different tasks.

Finally, it is possible to compare the value of volunteer time to financial metrics for community businesses:

- The estimated total value of income for the sector in 2019 was £890 million (Higton et al., 2019). On this basis on average value of volunteer time represented between 24 and 28 per cent of income.
- Power to Change also provided an analysis of the community business sector based on reported accounts (for 2017). This data showed total income of all sources of £470 million for the 594 community business covered, with an average (mean) income of £790,000 and a median income of £190,000. Based on the median income the average value of volunteer time would represent 12 to 14 per cent of all income.
- The median total revenue operating costs cost per business in 2017 was £180,000 so the value of volunteer time would represent 13 to 15 per cent of these costs.

**Figure 4.1: Estimates of average annual value of volunteering time per business by sector, 2019**



Source: Nicol Economics estimates

Notes: (1) the estimates assume the same average wage per hour across the whole sector;  
 (2) ranked by estimate value for each sector under Approach 2

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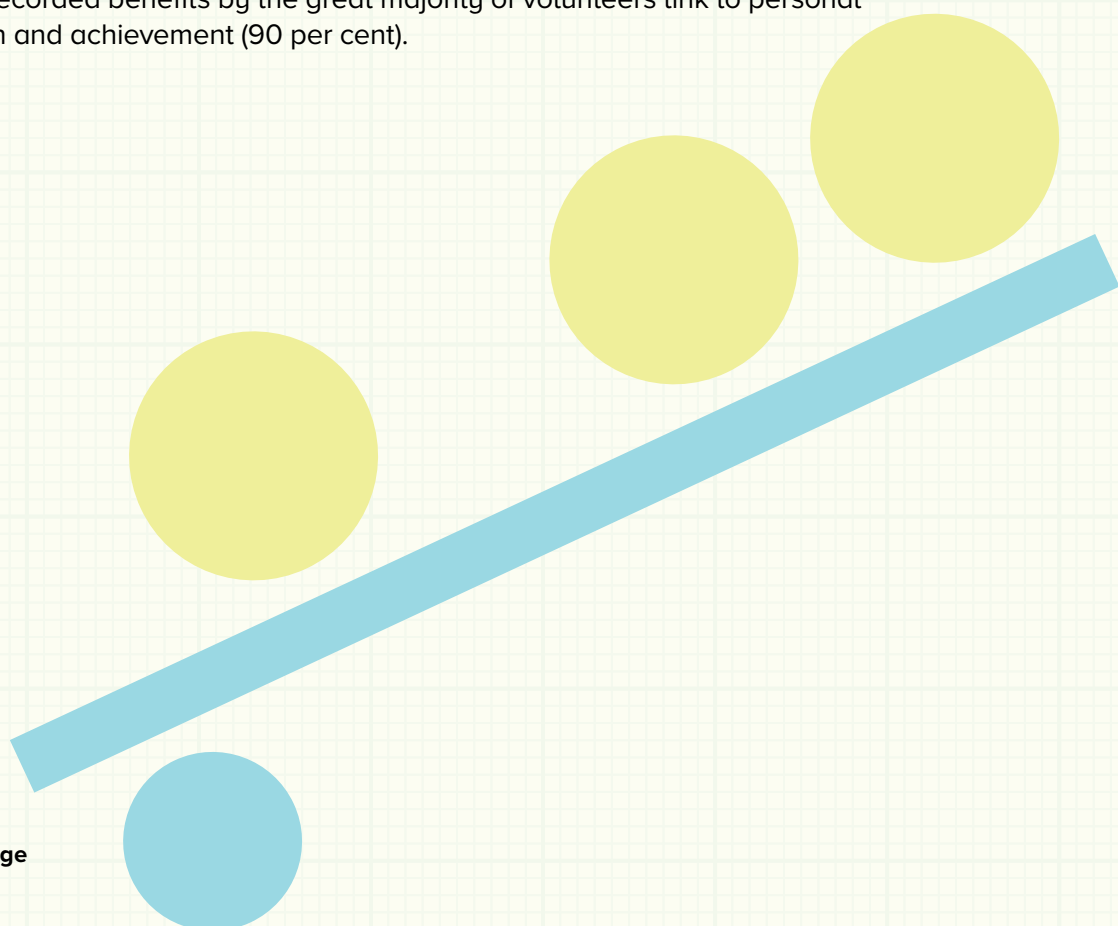
## 05. Estimates of the total welfare value to volunteers in community businesses

The final piece of analysis is the development of an estimate of the private value to volunteers in community businesses that they receive from their volunteering. There is a strong body of research on the benefits from volunteering (see Nicol Economics (2019) and NCVO (2018)). These benefits include:

- personal development and confidence
- better networks and reduced social isolation
- wellbeing
- health
- specific skills and employability benefits.

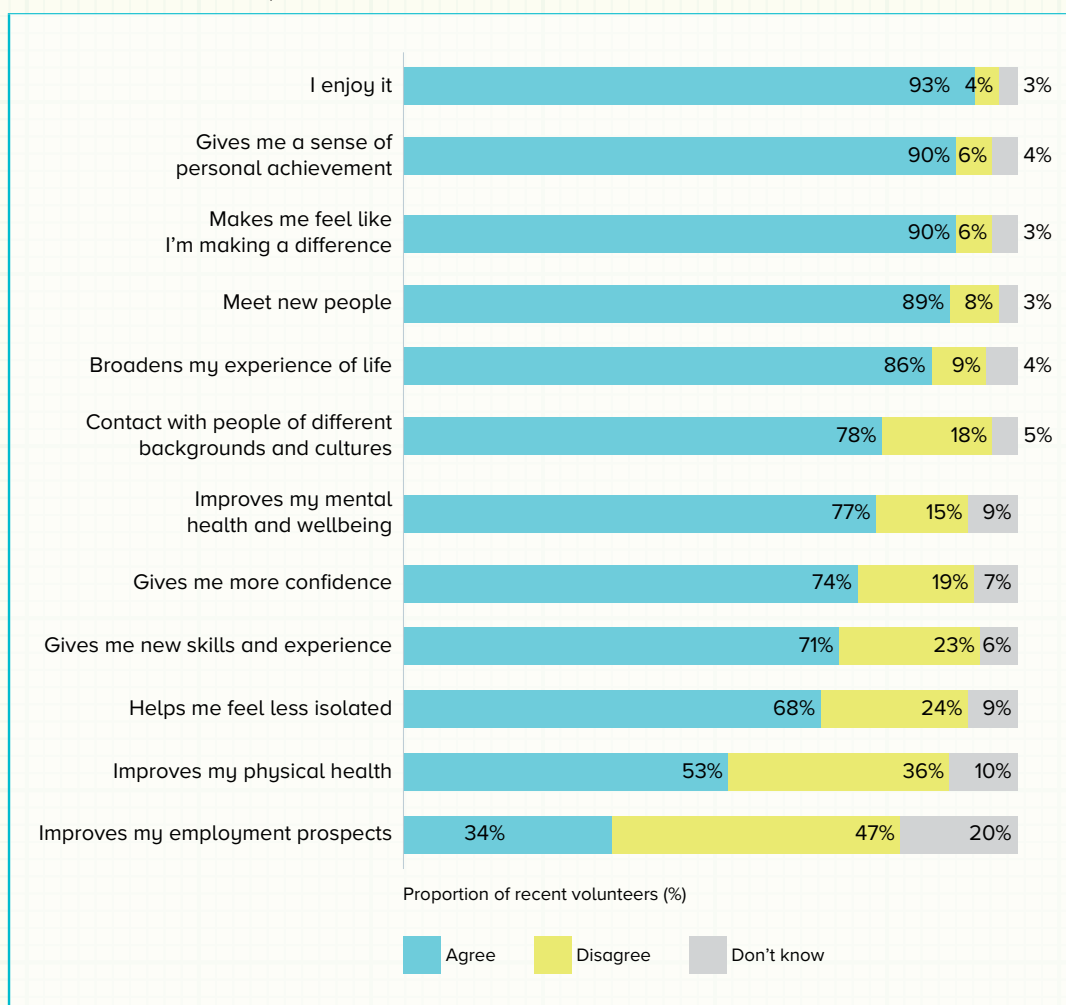
The benefits are well captured in the 2019 NCVO survey (see Figures 5.1 and 5.2):

- About a third (34 per cent) of regular volunteers identified that volunteering improved their employment prospects.
- Half (53 per cent) identified that volunteering improved their physical health.
- The role of volunteering in providing social contact and reducing isolation is important – around 70 per cent say it reduces isolation and 90 per cent that it provides an opportunity to meet new people.
- The most recorded benefits by the great majority of volunteers link to personal satisfaction and achievement (90 per cent).



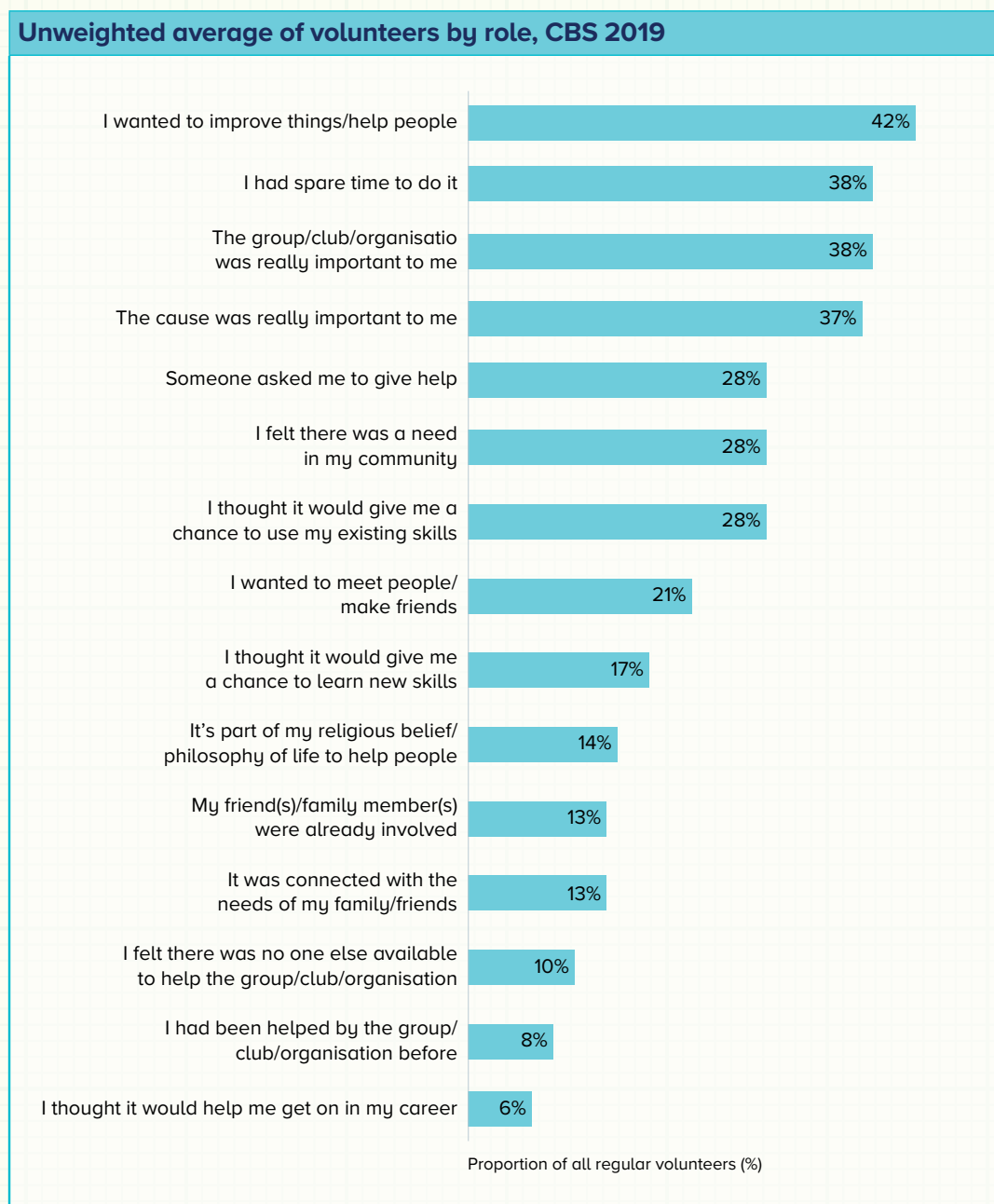


**Figure 5.1: Perceived benefits from being involved in volunteering (proportion of recent volunteers)**



Source: NCVO (2019)

**Figure 5.2: Reasons for volunteering (proportion of all regular volunteers, 2019)**



Source: NCVO (2019)

## Valuing the benefits to volunteers

The approach to valuing the benefits of volunteering is based on estimates of 'subjective wellbeing'. The subjective wellbeing recorded in different life surveys can be compared to objective factors about people, such as their household incomes and employment status. The valuation approach involves estimating the increase in wellbeing associated with a particular good, service or activity and calculating the equivalent amount of annual income necessary to give the same boost to wellbeing (in order to keep wellbeing constant).

The wellbeing valuation method for HACT<sup>13</sup>, for use in the assessment of social value, draws on a bank of values for a wide range of activities and outcomes. The latest HACT Social Values Bank<sup>14</sup> has a specific value of £3,249 per annum for 'regular volunteering' (HACT, 2018) – when a person 'volunteers at least once per month for at least two months'.

Not all volunteering experiences are the same, and the 2019 research by NCVO identifies a number of factors that can contribute to a poor quality volunteer experience (which tends to be associated with low rates of volunteer satisfaction and retention). However, it is reasonable to assume that those who do volunteer regularly in community businesses must be reasonably satisfied with their volunteer experience.

There are two main steps involved in applying this value to community business volunteers:

- Taking into account that the benefit from volunteering comes from all forms of regular volunteering. If someone volunteers in a community business and elsewhere, the full HACT wellbeing value for the volunteering in the community businesses cannot be applied to them. On average half of community business volunteers are likely to volunteer elsewhere, while community business volunteering may account for 66 per cent of their volunteer hours.
- Taking a cautious approach to estimating. Although there's a need to be sure of the extent to which the community businesses volunteers are 'regular volunteers', there is no definition used for regular volunteering in the data for community businesses, unlike the Community Life Survey. It is possible that some of the volunteers recorded are not actually 'regular volunteers'.<sup>15</sup>

13 The Housing Associations' Charitable Trust <https://www.hact.org.uk/about-us>.

14 <https://www.hact.org.uk/value-calculator>.

15 CBS 2019 asks community businesses to record the number of volunteers who are 'regularly supporting the activities of your community business', but does not define 'regularly'.

Given these considerations, the 50 per cent figure is used to adjust for potentially double counting the wellbeing benefits for those volunteers who volunteer in a community business and elsewhere. (In effect attributing 50 per cent of their overall wellbeing from volunteering to their activity in the community business sector). This produces an estimate of around £230 million per annum of social wellbeing value for all those who volunteer in community businesses. This is the same order of magnitude as the value of time but a different economic concept.

**Table 5.1: Valuation of private wellbeing benefits for community business volunteers £ms, 2019**

	Total no. of volunteers	Value of volunteering (£m)*	Adjusted for double counting (£m)	
			66%	50%
	207,700	£675	£445	£337
<b>All excluding village hall</b>	141,400	£459	£303	<b>£230</b>
<b>All excluding community hubs</b>	168,200	£546	£361	£273
<b>All excluding village halls and hubs</b>	101,900	£331	£218	£166

Note: \* based on applying HACT Social Value bank value of £3,249 for 2018.

Source: Nicol Economics estimates based on HACT value.

Note: Community investment values from the Social Value Bank. Authors: HACT and Daniel Fujiwara ([www.hact.org.uk](http://www.hact.org.uk)/[www.simetrica.co.uk](http://www.simetrica.co.uk)).

Source: [www.socialvaluebank.org](http://www.socialvaluebank.org).

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## 06. Conclusions

### Importance of volunteering

Previous research has identified the key importance of volunteers to the setting up and running of community businesses. The key role of volunteers, often small in number, in setting up community business has been identified by the 'what works' research for Power to Change and in work on the sustainability of assets in community ownership (Archer et al., 2019a).

Volunteers are engaged at all levels across community businesses. Most community businesses are run by volunteers acting as trustees or sitting on management committees who take important management decisions and often provide specific managerial roles (as treasurers etc). Furthermore, volunteers often act as the key doers in community businesses: whether helping maintain facilities, driving buses, serving in shops or helping provide advice and support to members of the community.

The ability to recruit, retain and manage a strong bank of volunteers is a key factor in the ongoing success and financial health of community businesses.

### Key findings

The key findings for the sector as a whole for 2019 are:

1. The estimated 208,000 volunteers in 9,000 community business provide between 15.5 and 18.0 million hours of volunteering time.
2. The estimated total value of this time is between £212 million and £246 million (£210 million to £250 million in rounded terms).
3. The average value of time per business is £24,000 to £27,000 (although this varies widely by sector).
4. The typical value of time per volunteer ranges from £1,000 to £1,500 a year but is much higher in some instance for those who put in large amounts of time. The average hours per year per volunteer varies widely, and the estimates for different sub-sectors vary from 34 in the case of village halls, to 85 hours for community shops up to 110 hours for many sectors where the figure is derived from the national average.
5. To put the values of time into context they represent 13 to 15 per cent of the average (median) operating costs of community businesses.

Volunteers working in community businesses enjoy benefits to their wellbeing. Based on the application of the subjective wellbeing approach and using national values of improved wellbeing from volunteering, these benefits would be around £230 million per annum for the volunteers. As that figure is based on a different economic concept and is a very different measure from the value of time, the two should not simply be added together.

### Overview of approach and limitations of the method

This report values the contribution of volunteers by estimating the hours they provide free of charge to community business, and applies a wage rate to reflect the replacement cost of the time. In other words, how much might community businesses have to spend to replace the volunteers if they were to pay people for the tasks at the going wage for the work.

This requires a series of steps to assess the number of volunteers, the average hours per volunteer, total hours per business and then the value of these hours. The approach is based on national work (Nicol Economics, 2019) that uses the approach adopted by ONS in preparing household satellite accounts (ONS, 2018). The analysis has been carried out sector by sector and, where possible, has used the best available information for that sector. Estimates have been produced bottom up with overall totals for the whole sector.

There are several caveats to this work and areas where the data is not always robust:

- The basic information on the number of volunteers is based on broad estimates and is very sensitive to the assumed median number of volunteers for each type of community business in the 2019 CBM report (Higton et al., 2019). In particular, data on village halls and community hubs would ideally be based on more detailed work in these sectors. (This will be possible for village halls later in 2020).
- The step estimating the number of hours spent by volunteers is handicapped by the lack of direct survey data on volunteers in community businesses. This research has drawn on best estimates from the national research and other sources. However, this involves assuming that the broad pattern of volunteering in community businesses is the same as across the whole volunteering world, which may not be the case.
- Finally, applying a suitable wage rate to volunteering activities is hampered by a lack of robust evidence on the actual time spent on different types of activity (each of which would have a different value).

However, when viewed as initial estimates, the results provide a good indication of the overall value of volunteering to the sector.

### Future work and refining the estimates

In future, estimates could be improved by:

1. a better understating of volunteering in village halls (which will happen during 2020) and in community hubs
2. an improved understanding of the type of activities undertaken by volunteers in community businesses, the number of hours spent per year and the extent to which they volunteer elsewhere – Power to Change has built up a good picture of community businesses, but not yet the volunteers who are so critical to them
3. the further roll out of Twine to more users, coupled with a system that re-weights or analyses the data on time spent.

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