

Policy Bulletin #5 *The Third Sector as Employers*

The Issue at European Union Level

The European Social Fund is the longest established Structural Fund, set up in 1957 by the Treaty of Rome to promote employment and increase geographical and occupational mobility of workers. In this labour market context, the third sector has become more important in the European Union with the increased demand for social services, with the changing role of the state and with shifting demographic factors.

The third sector has also featured prominently in the promotion of activities targeted on those furthest from the labour market. Thus, volunteering has become increasingly associated with economic growth and has been recognised by many member states as a positive outcome, especially for disadvantaged groups, under ESF.

Additionally, ESF Programmes have explored the capacity for the third sector to develop and sustain job opportunities through the promotion of "social capital" initiatives, which have underpinned subsequent small-grants programmes and social enterprise schemes. Here, ESF often works very closely with the business support activities of the related Structural Fund, the European Regional Development Fund. In the future, social policies at the EU level, and in member states, are likely to change further due to trends such as increased demand, "marketisation" as well as free flow of goods and services.

The Issue at UK Level

Over recent years, there has been a dramatic increase in the size of the workforce in the voluntary sector, as reported in the UK Voluntary Sector Workforce Almanac 2007 (Jenny Clark, Workforce Hub & NCVO) which takes a snapshot of 2005:

- 611,000 people employed in the UK voluntary sector
- 1 in 50 of the total UK workforce is employed in the voluntary sector
- the voluntary sector employs an estimated 486,000 full-time equivalent paid staff
- 39% of the voluntary sector workforce is employed part-time
- from 1996-2005 the voluntary sector workforce increased by 26%+ (128,000)
- since 2000 the voluntary sector workforce has increased by 16,000 each year (3% pa)

Research commissioned by LVSTC in 2006 ("Employers of the Economically Excluded", Elizabeth Balgobin, see LVSTC website) identified a number of specific features of the voluntary and community sector in London:

- London is home to over 23,000 registered charities
- employed 5% capital's paid workforce contributing £3+ billion to London GDP (LDA 2002)
- volunteers remain at the core of the services delivered by the voluntary and community sector, representing twice the number of full-time equivalent paid posts in the sector
- funding for the sector is diverse: 35% from individual donors; 38% from the public sector; 1% from the private sector; 10% from the voluntary sector; 15% internally
- larger organisations are increasing their share of the total funding in the voluntary and community sector – over 65% of income is generated by around 2% organisations
- the sector in London is a large employer, managing to generate high levels of finance and to engage with cross-sector agendas to meet the needs of Londoners.

The 47 respondent organisations reflected the diversity of the sector both in terms of legal form and beneficiary group. On the basis of this London pilot survey, several recruitment issues emerged suggesting lines of possible future enquiry:

- 43% respondents employed paid staff from their beneficiary groups
- 55% respondents engaged volunteers from their beneficiary groups
- 43% respondents employed paid staff who were beneficiaries of other programmes, such as ESF funded training courses, Springboard and the Medical Foundation
- 40% respondents engaged volunteers who were beneficiaries of other programmes, such as RWA Mentoring Schemes, Richmond Fellowship and BESIDES
- 62% respondents employed people from work placement schemes.

Most recently, in December 2009, the Cabinet Office has urged: "Enterprises owned by staff and communities should deliver more public services". Here, the argument is that people are now looking for different types of organisation that give them a greater sense of ownership and control. On launching an independent Commission on Ownership, the Government's contention is that we're entering a "mutual moment", where a new sense of community ownership is created through making greater use of mutual organisations in the provision of public services building on what the Innovation Unit calls an "ethic of engagement".

Next Steps for "Unlocking ESF Potential" Participants

LVSTC is currently working with GLE on the *Unlocking ESF Potential* Project to assist third sector organisations in using ESF. Our aim is to help London-based organisations currently or previously funded by ESF or keen to attract ESF, to strengthen services around employment and training.

One important Project initiative that may help those concerned to develop the employment capacity of the third sector is the development of the Employers' Directory on the website. The present economic downturn challenges us all! There's no question that the Third Sector will have an important role to play in creating future employment. Yet, our role as employers is too easily overlooked. Out of our experience in ESF, we need to do more to promote ourselves as employers from large institutions as well as from community organisations.

This Directory provides a showcase for Third Sector employers, who are running ESF projects in London or who have an interest in Europe, and will offer:

- details of services provided
- contact information
- website link
- job openings page link
- how the employers' advertise job openings
- staff, volunteer and work placement positions in the organisation
- details of current ESF projects
- links to external sources of job openings in the Third Sector

In this way, we hope to create a greater sense of the Third Sector not just as providers of services but as employers involved in the market place of European programmes.

If you would like more information, please contact Ray Phillips rayp@lvstc.org.uk at LVSTC by email or telephone 0845 262 2006 / 020 7538 4309.

December 2009