

The voice of the Voluntary Arts

Accounting for Worth

by Jen Clark

Jen Clark led a series of hugely successful planning seminars which she devised for Voluntary Arts Scotland. Through this process she brought to the sector her vast knowledge and experience of working in the arts, health and education in both paid and unpaid capacities. Although this was only one part of what we covered, and the energy of the seminars can't be recreated in print, I asked her to write this briefing so more people across the voluntary cultural community could benefit from the insights she has gained and approaches she has created, particularly in relation to valuing our work in economic terms. I also asked Jen to use a style that captures the impact of this part of the seminars.

Fiona Campbell, Executive Officer, Voluntary Arts Scotland

account *n.* report, description; importance, value; statement of money received, paid or owed.

worth [wɜːθ] *a.* having or deserving to have value specified; meriting.

n. excellence; merit; value; usefulness; price; quantity to be had for a given sum.

Collins English Dictionary

When we choose to give our time and experience as a volunteer, we still need to be able to attribute a realistic value to that if we want to claim the true social and economic impact of the voluntary arts.

This briefing is designed to help everyone in this diverse sector acknowledge our worth, both to ourselves and to others. Whether you are a volunteer, organisation, community group, freelance worker or policy maker it provides a context and a rationale for claiming the true economic value of the voluntary arts. It also provides a model for organisations and individuals who want to measure their resource needs in a way that accurately reflects the nature of the work involved, and it gives a worked example of how to do that. Learning to account effectively for the cost of activities will help groups who want to achieve 'full cost recovery', and help make the case for what we already know, but find hard to illustrate.

I. Broad context

In a climate of soaring health care costs, concerns about anti-social behaviour, environmental degradation and more, there is a growing interest in what the arts can offer. Creative activity is a fantastic mechanism for

restoring healthy communities, creating mental wellness, and building 'social capital'. Those of us in the voluntary cultural sector know about passion and commitment – the transformative, motivating and healing power of belonging and bringing something to life. It could be claimed that our sector is the natural home of 'social capital' – and that the health system and others are just beginning to catch up with our level of awareness. What we do is important. If only that power could be harnessed. If only it was properly valued.

The current environment offers real opportunities for the voluntary arts sector to be involved in addressing and turning around some of our most pressing social challenges. Are we entering the process of intersectoral work with partners in health and education as equals, or as the poor cousin? Are we using the opportunity to take our sector forward to gain the recognition it deserves? Or are we failing to be creative in accounting for our worth?



Values and decision making

I popped into a corner shop the other evening to buy a newspaper. The shopkeeper was ringing up purchases for two young people. It was interesting to overhear them discuss their priorities when they realised they didn't have enough cash to pay for everything in the two bulging carrier bags. In the end they left a huge bunch of grapes. They kept the potatoes. But if they'd been able to balance first level need with second level desire, perhaps they could have taken a few less 'tatties' and had at least a small bunch of grapes. At a primary level they might decide in the future that they are better off going to a cheaper outlet – even if it is a longer walk. We all make budgetary decisions all the time according to our own values. Being conscious of the values that inform our decision making processes is an important first step in taking control of defining our own worth.

When people put together budgets it's common that they do what the person before them did, but with slightly different numbers. Training in financial management tends to be of the logistical kind. This is a projected income, this is an expenditure – do the two columns add up?

The voluntary arts sector presents unique demands in terms of applying conventional business and accounting practices. People, time, effort, in-kind donations and highly concessionary fees make up much of the currency we work with. Yet it's unusual for any of this to make it into a financial statement. We are often so busy with projects and survival issues that we tend not to think in a strategic way about the bigger picture issues – like what gets valued in economic terms and what doesn't.

Perhaps this isn't surprising. We've survived for so long on so little that we are used to being undervalued. In fact we can even perpetuate that undervaluing by doing it ourselves. The grumble dynamic is quite therapeutic in the pub after a committee meeting, but it doesn't do much to offer short or long term solutions.

What's the problem?

I've had the privilege of travelling extensively doing planning and organisational development work with just about every sort of voluntary cultural group under the sun. From group to group the major issues remain the same:

- lack of status for the arts;
- insufficient funding;

- under recognition of volunteer input and volunteer burnout;
- lack of development and training;
- low pay levels and lack of parity with other sectors;
- inadequate recognition of the value of voluntary/ community arts in building social capital and social health.

Knowing what we would like to be different is only one part of the equation though. Deciding what to change, and how to do that, is much harder.

Opening up this issue for debate in workshops is intriguing. Many people light up like fireworks, exploding with stories and enthusiasm as we work through the method I have developed for attributing genuine value to things that usually get left out. Others are uncomfortable even discussing the voluntary arts sector in terms of money. They seem to think if we put a value on a volunteer's time, no-one will volunteer. As it says on the cover of *The Hitchhiker's Guide to the Galaxy*, 'Don't Panic'. It's not about ceasing to volunteer or withdrawing in-kind support or even getting more funding. It's about documenting a 'worth' for these things. It's about demonstrating, for ourselves and others, the value of what we do.

I've done a huge amount of voluntary work and reduced rate training in my time, and I know I feel valued if a group or organisation finds a way to illustrate that my contribution is just as important as the cash component that comes from somewhere else. A thank you at the end of an annual report isn't going to do that.

2. What counts?

I became interested in applied economics many years ago when I realised that the GNP (Gross National Product) left most of the things that are important to me out of the equation. In the developed world – like it or not – financial statements are the universal measuring stick and money is the unit of measure. This system of measurement works for tangible units of exchange (e.g. oil, cars, food) and where profits are a goal. It's problematic where the activity focuses on human or environmental well-being – a bit like having to wear clothes that don't fit.

Consider for example: when the oil tanker Exxon Valdez broke up in the sea some years ago, it polluted a vast area of coastline, killed wildlife, wiped out local beauty and made a lot of people unhappy – yet it showed up as a good thing in the archaic system used to measure worth because a lot of expensive



machinery and people were bought in to ‘clean up’. Unpolluted land, healthy people and a huge component of the value of voluntary arts projects don’t show up in the way we traditionally measure things. Lots of things aren’t measured simply because they don’t have a monetary value on the open market. These include volunteer input and in-kind support.

The problem is, the systems that are normally used don’t really fit us – and do we want to define ourselves like that anyway? Think about that moment in a project when a light comes on for someone and we know they will never be the same again. How do we attribute a value to that? What we tend to do is use qualitative evaluation to illustrate social value. The trouble is, even though this is a more balanced way of measuring things, it’s considered to be a ‘soft’ analysis. If everyone else uses annual financial statements to illustrate the ‘bottom line’ value of their activities, the voluntary arts sector is contributing to its own marginalisation by not using the same tool. The challenge is to make the tool work for us.

Common ground

No matter where a project or organisation sits on the voluntary arts continuum we are all part of one sector. At one end lie the innumerable projects run entirely by voluntary effort. At the other lie large organisations that employ staff and receive core funding. The middle ground is a very large and diverse area. All along the continuum people are periodically employed as administrators, organisers, arts/project workers, trainers etc. It’s not unusual in the voluntary arts sector for someone to be a ‘volunteer’ in one project, a sessional ‘self employed’ worker in another, and a part time ‘PAYE’ contract worker somewhere else – all at the same time! Sometimes a person even wears different hats within the same project. For example, being a volunteer member of a committee or board as well as a paid tutor.

The thing is to be clear about what effort and skill is involved in all of these activities, and document that. Whenever people choose to give time and experience as a volunteer, their input has a value. Why is a donation of time worth less than a donation of money? We need to be able to include all our resources if we are to demonstrate the true social and economic impact of the voluntary arts. We also need to bring this clarity to our role when, as a voluntary group, we employ an administrator, organiser or project worker, especially where this is done on a sessional basis.

Small change – big difference

Any project or organisation that applies for a grant will probably have drawn up a budget showing amounts for in-kind support. All we need to do is use this same technique in operational budgets – perhaps with a bit more detail. The main challenge of this shift is to think of these more detailed budgets as the ‘real’ ones. That means if a volunteer does five hours’ administrative work every week, we should record this as both a donation and a cost. The same principle applies where a project rents subsidised premises. How many times does a great project get into deep trouble because they lose the cheap venue that a council or friend has hired them? Suddenly there is a big jump in operational costs and funders – if you have them – understandably don’t like that.

Imagine if the current market value rent had been shown in the accounts and the subsidy recorded as a donation. The advantages of doing this are twofold. One is that the genuine value of the organisation is documented. The other is that if you lose the support of your friendly landlord, your next grant application won’t contain what looks like a huge increase in your running costs. It’s hard to look like you know what you’re doing and get emergency funds when you have egg on your face. If you’ve been recording the donation you’re in a much stronger position to get support to make up the shortfall.

Knowing the real value of things helps with the daily ups and downs of running a project or group. Many voluntary projects receive support from friendly organisations in the form of meeting rooms, use of photocopier, phones etc. Rarely do they document any of this. When the leading lady breaks up with her boyfriend whose plumbing skills have kept your community theatre pipework going, you’ll be more likely to get a budgetary variation from your funders, or fundraising support from your members, if you had documented the true cost in the first place.

In accounting terms, the fundamental effect of this approach is to increase annual turnover. So it’s important to remember that turnover determines liability to pay VAT. In the UK, registered charities are exempt from paying VAT so using this method to document organisational value shouldn’t be a problem. If you’re not a charity, or you are in the Republic of Ireland, it could take you over the VAT threshold. This could be avoided by preparing different financial statements for different purposes. Your accountant is the best person to advise you about this.



Gaining perspective

Overheads such as rent, photocopiers, stationery and phones are easy to quantify in the way I’ve described. Human costs can be a bit more complicated. Regardless of whether a person is doing a job as a volunteer, as a part-time paid worker or as a sessional paid worker, it is possible to put a real value on their work. This involves a move beyond the ‘x pounds per hour’ thinking which can often lead to unintentional but chronic undervaluing of human input.

Whether a volunteer is filling a role, or someone is employed for a fee, it is possible to work out the value of their contribution using the model I’m about to describe. In addition to showing the real value of volunteering, this approach will help community groups and organisations become more responsible employers.

As an example I’ve chosen a typical situation where a voluntary project contracts someone to design and deliver a program of 30 two-hour workshops over the period of a year – either on a voluntary basis or as a paid sessional worker. The important thing here is how we work out a fair and reasonable value for that work by looking at the full context. The principle is the same for any role.

Many projects use the notion of an ‘hourly rate’ (I’m using sterling for my example). If I’m going to spend two hours cleaning for you at an hourly rate of, let’s say £10, I’ll probably be happy with what I earn. There’s no preparation, you’re supplying the cleaning materials and the task is pretty much the same every week. So what’s different about an arts worker running a two-hour session?

Imagine our sessional worker is valued or actually paid at a rate of £40 for each two-hour session. Many people would think of this as £20 an hour, which sounds okay. But a lot of face-to-face contact work requires – at the very least – the same amount of preparation time as it does running a session. When we include prep in the equation, the hourly rate drops to £10 because we’re recognising that four hours’ work is involved, not two. But this is still far short of the true picture. The true picture needs to include all the benefits that employees take for granted and receive in addition to their salary. These consist of ‘on-costs’ like annual leave, public holidays, sick leave, national insurance and pension contributions, furniture and equipment, travel and so on. If these on-costs are not taken into account, the valuing, or fee offered, could easily inadvertently ‘employ’ the £40 a session worker for around the minimum wage or even less.

3. Getting down to specifics

So let’s assume you want to work out what your activities are really worth. We’ve been talking about this in broad terms up to now. This section gives an example of how to work out the true cost of somebody doing a job. It includes everything involved – not just the person’s contact time. This method applies to any sort of work, whether it’s done by a volunteer or by somebody who’s being paid.

Start by identifying a person in a comparable full time job who has a similar level of skills, and estimate their pre-tax annual earnings. Make sure you’re being realistic about the amount of skill and experience that is needed. Think carefully about what you’re asking this person to do. For example:

- will they need to have tools, materials or other equipment?
- will they be working alone?
- how many people will they be working with (for example, different sorts of groups need different levels of skill and effort depending on the size of the group, what sort of people are in it etc.)?
- how much preparation or research will they need to do?
- will they be required to attend meetings, planning sessions or performances?
- do they need to be available outside ‘contact’ hours?
- how do you propose to brief and liaise with them?
- do you expect them to provide a report at the end?
- what training, experience or qualifications might they need to have?

Example – these are the steps I’ve followed opposite.

- Choose an appropriate annual salary for someone doing the job full-time. I’ve put in a very modest salary of £22,000. This is a full time equivalent (FTE) benchmark.
- Add all the additional costs involved (£6,980) – the ones I’ve used are very average and deliberately incomplete.
- Add together all the days of paid leave an employee normally receives (remember there are five working days in a week so 44 days represent almost nine weeks’ paid leave).
- Add the annual salary and additional costs together.
- Subtract 44 from 260 – the number of days you would expect an employee to work each year is around 216.
- Divide the combined figure for salary and costs (£28,980) by 216 working days to arrive, in this example, at a daily income target of £134.



Example – Calculating the true value of human resources

1. **Identify an annual salary full time equivalent (FTE) benchmark**
(think of a person in a comparable full time job who has a similar level of skills and estimate their pre-tax earnings)

A = £22,000

2. **Additional costs** (estimate an annual cost for each item)

	£ per year
Office costs:	2,700
• rent	300
• heating and lighting	60
• furniture	100
• stationery	100
• printer cartridges	120
• postage	300
• telephone / internet access	100
• photocopying	200
• insurance	900
Other workspace hire (e.g. studio, rehearsal space)	500
Equipment and other tools of trade	300
Promotional costs (website, leaflets, advertising)	1,000
Travel	300
Training / professional development	
Any other costs?	
Add all these costs together	B = £6,980

3. **How much paid time off do full time employees get?**
(work out how many days a year they get paid but don't actually work)

	Number of days
• annual leave (usually 4-5 weeks)	25
• public holidays (up to 13 days per year)	13
• sick leave (up to 10 days per year)	5
• other leave (compassionate, maternity/paternity, study, family illness)	1
Add up total number of days	C = 44 days

4. **Now calculate how much needs to be earned every working day**

Step 1 Add the amounts at A and B together to work out how much money needs to be taken in **D = £28,980**

Step 2 Subtract the number of days at C from 260 (this is the number of working days in a year, i.e. 52 weeks multiplied by 5 days per week) **E = 216 days**

Step 3 Divide D by E (this is the amount that needs to be taken in each day to earn an income equivalent to the annual salary at the start)

Daily Income Target = £134



The whole picture

Let's get back to the person who is filling the role of a sessional worker with a two-hour contact workshop, two-hours' prep and on-costs. As a standard working day is around 7.5 hours, a four-hour time commitment equates to more than half the daily target of £134.

To work out the cost or fee for a session:

- divide Daily Income Target by 7.5 hours (a standard working day) – this gives an hourly rate (in this example £17.86);
- multiply the hourly rate by number of hours to be worked to arrive at a minimum value or cost (in our four-hour example £71.44).

Where travel beyond the local area is involved, that needs to be included too, not just the mileage cost or the train/airfare. I periodically do training where one day's contact work involves two to three days away.

For the sake of clarity and brevity I haven't included all sorts of other issues such as cancellation fees, factoring in 'down time' like administrative work and meetings, or the fact that sessional workers usually cost more than permanent staff because of the lack of job security or because someone has advanced levels of skill and experience – but these are vitally important so keep them in mind.

It's ironic that as voluntary organisations committed to preserving and developing the arts in communities, we can at times inadvertently create structures that may be exploitative, inhibit sustainable growth and undervalue the contribution of volunteers and others. When asking for comments on this paper I received this remark:

“As a former contractor in the voluntary sector, I know how often I've had raised eyebrows at what I've needed to charge, and have succumbed to absorbing my own travel and overheads ...”

4. Where to from here?

In voluntary arts the human investment is both the most complex and the most important. Having listened to people all over the country, it seems that we're ready to take some steps in developing our identity and processes. Major challenges for the future include thinking seriously about the way we support and train our volunteers and staff – especially as the voluntary

sector is now recognised as being a major employer. As we move into partnership work we need to really consider whether we want to bring consistency and professionalism to the work we do. This could involve many things – a range of skill based and professional qualifications, a code of ethics, publishing and profiling good practice and research, engaging in sector-wide healthy debate, and acknowledging the work of others who have inspired us – especially where we've built on and developed that work. And if we don't want to miss the boat we need to have a role in steering growing areas like arts and health (or more appropriately, arts and well-being). We also need to have a serious say in partnership development and social policy.

Those of us who are involved in the voluntary arts sector know what we do is of immense value, but it doesn't currently have much status and isn't widely recognised in society. In recent years much work has been done in developing viable models of qualitative evaluation which have influenced traditional quantitative thinking. Indicators such as people's own stories and experiences are increasingly used to demonstrate the value of areas like community development. Similar work is being done on developing measurement tools like the GPI (Genuine Progress Indicators). This one is of particular interest to the voluntary sector because it includes 'the household and volunteer economy' – something which is completely ignored by the GNP.

New ways of measuring progress are overdue. When outcomes are looked at in relation to funding, the voluntary cultural arts sector is one of the most effective and valuable areas in terms of its positive effect on the wellbeing of those involved. We have a role to play and a voice that needs to be heard. Developing our processes can only support us to find that voice and claim our achievements. Full and detailed financial recording is one way of accounting for our worth and illustrating that to others.

To close I'd like to share something that reminds us that change is more possible than we sometimes think.

“For Ptolemy, the great Egyptian astronomer, the earth was the centre of the universe. But Copernicus created a paradigm shift, and a great deal of resistance and persecution as well, by placing the sun at the centre. Suddenly everything took on a different interpretation.”

Steven R Covey

Further reading

In order of direct relevance:

- **Centre for Education and Documentation**
www.doccentre.org
- **The social and economic impact of the arts in the Western Isles**
Bryan Beattie and others
www.cnesiar.gov.uk/arts/research.htm
- **Counting for Nothing**
Marilyn Waring
ISBN 0802082602
- **Arts on Prescription**
Kenneth Calman
- **The Art of Health**
Jenny Clark
ISBN 0730856321
- **The Seven Habits of Highly Effective People**
Stephen R Covey
ISBN 0684858398
- **Sitting in the Fire**
Arnold Mindell
ISBN 1887078002

- **Emotional Intelligence**
Daniel Goleman
ISBN 0747528306
- **Creating**
Robert Fritz
ISBN 0750621079
- **A Path with Heart**
Jack Kornfield
ISBN 0712657800
- **Kitchen Table Wisdom**
Rachel Naomi Remen
ISBN 1594482098

Acknowledgements

For generous giving of time, skill and experience in providing comments on this article at draft stage, and for much appreciated encouragement, thanks to: Barb Kempnich, Di Gammage, Fiona Campbell, Fiona Pilgrim, Kelly Donaldson, and Nirved Wilson. Thanks also to Gica Loening for discussions all those years ago that helped me develop my thinking around voluntary arts and worth.

Jen Clark can be contacted via: www.jenclark.net or Voluntary Arts Scotland at www.vascotland.org.uk

“What we do is important. If only that power could be harnessed. If only it was properly valued”

“Knowing the real value of things helps with the daily ups and downs of running a group”

Information contained here may go out of date and you are therefore advised to check its currency.
Updated information may be available on the VAN website: www.voluntaryarts.org

Disclaimer: Reasonable precautions have been taken to ensure the information in this document is accurate. However, it is not intended to be legally comprehensive; it is designed to provide guidance in good faith at the stated date but without accepting liability. We therefore recommend you take appropriate professional advice before taking action on any of the matters covered herein.

Do you need this publication in an alternative format? Contact T: 029 20 395 395 E: info@voluntaryarts.org

VOLUNTARY ARTS NETWORK



The Voluntary Arts Network, PO Box 200, Cardiff CF5 1YH

T: 029 20 395 395 F: 029 20 397 397 E: info@voluntaryarts.org W: www.voluntaryarts.org

The Voluntary Arts Network is registered in Scotland as Company No. 139147 and Charity No. SC 020345.
VAN acknowledges funding from the Arts Councils of England, Northern Ireland, Scotland and Wales.