

Report to ICT4Communities on the value of *pro bono* ICT advice, consultancy and support

Paul Ticher: January 2006

Background

This report is intended to give IT4Communities (IT4C) a sound and realistic basis on which to allocate an approximate cash value to the *pro bono* work it brokers between IT specialists and voluntary organisations.

The underlying issues & methodology

One approach would be to look at the value of the work from the perspective of the donors. In most cases it would be relatively simple to record the amount of time worked and then to calculate the remuneration that person would normally receive for that time. However, it was felt that for this exercise a more useful measure would be the value of the work as perceived by the recipients rather than the donors: if the recipient organisation had to pay for the work, how much would they expect to pay?

This immediately raises a number of questions.

Should we take account of the potential difference in quality of the work?

Typical IT4C volunteers are senior and experienced professionals. A small voluntary organisation setting out to buy in support would be unlikely to have sufficient funds even to think of approaching that type of person. That does not in any way mean that the alternative sources of support are necessarily less qualified, less experienced or less suitable; they may have specific skills that make them particularly appropriate for working with voluntary organisations, for example. However, it does mean that we cannot be sure that we are comparing like with like. In a small exercise such as this, the question is probably insoluble. It has therefore been assumed that all providers of support, whether from IT4C or paid-for alternatives are equally suitable and capable.

Are we looking at what voluntary organisations *actually* pay, or what it would be *reasonable* for them to pay?

There are three basic approaches to charging. These are, broadly:

- 1) Market rates. This is the price that a commercial company would charge — although some do offer a discount for charities. Given that IT4Communities volunteers work mainly for commercial companies, this would be the cost of paying someone like them to do the work.
- 2) A living wage. This is the approach taken by most of those who work on a commercial basis but target the voluntary sector in particular. It typically leads to rates which are lower than fully-commercial and are more affordable by medium-sized voluntary organisations, but are still out of the reach of many small ones.¹

¹ In the voluntary sector “small” is generally taken to be organisations with an annual budget of under £100,000, while over half of all charities are “very small”, with annual income of less than £10,000.

- 3) As little as possible. Services aimed at smaller voluntary organisations, in particular, often subsidise their support or provide it free, on the basis that the target organisations wouldn't prioritise spending money on it, and probably couldn't afford it if they did.

The result of this is that voluntary organisations can end up paying very different amounts for very similar services, depending on which sources of support they have access to, and the charging philosophy of the provider. IT4C itself adopts the third approach, in effect offering a 100% subsidy.

The third approach does not appear relevant to this exercise. When an organisation charges a nominal amount or significantly less than the full cost, the level of charge is essentially arbitrary and bears no relation to the market value of the work.

Ignoring subsidised services is also consistent with the growing movement towards the “full cost recovery” model of budgeting and paying for ICT in voluntary organisations. This encourages voluntary organisations to be realistic about the actual cost of providing their ICT facilities and then to look to funders to meet the cost of ICT support for the outcomes they are funding. If the organisation is also able to raise a contribution in kind by attracting support from volunteers or accessing a subsidised service, so be it, but this subsidy should be acknowledged, not ignored.

This report therefore looks at two models for putting a value on the services provided: market rates and living wage.

The larger voluntary organisations — or possibly smaller ones that have received particularly generous funding for a specific project — may find that they are able to afford fully commercial rates. For highly specialised expertise they may have little option. This report therefore looks first at what commercial organisations are likely to charge when working in the voluntary sector.

The report then considers the second approach — a “living wage”. This is what most voluntary organisations are most likely to pay for their ICT support. It represents a realistic price for both the supplier and the customer without any overt subsidy (ignoring the element of hidden subsidy when people work for less money than they could earn, because the work satisfies them in other ways).

Should we treat IT4C volunteers as sole traders or part of an organisation?

Many ICT consultants in the voluntary sector operate as sole traders or loose coalitions of individuals. They typically have much lower overheads than people employed by organisations which have to fund premises and other costs. As will be seen, this can lead to large variations in fee levels. Using an organisation has advantages, however, including greater reliability and the benefits of the support which the organisation is able to give its staff.

Although IT4C volunteers operate as individuals when they are working with a voluntary organisation, they do generally have some benefit from organisational support. The range of figures is given below, so that IT4C can adopt whichever benchmark it feels most appropriate.

Commercial rates

For the first of these, information has been obtained about the rates charged by a range of commercial organisations working in the voluntary sector. However, very few rates are published, being commercially sensitive and subject to individual negotiation. It is not possible, therefore, to quote the sources of all this information.

Hard figures which have been obtained — for example for database configuration, training and data transfer — suggest daily rates of between £500 and £800 are typical, with the higher end of the scale tending to be for on-site work and training.

Rates for senior consultants certainly can go higher than this, ranging up into the thousands. Although no evidence was found of voluntary organisations being charged more than £1,000 a day, this must be a possibility.

More typically, commercial organisations appear to be quoting up to £750 – £800 a day for consultancy and project management, and a similar rate, £600 – £750, for web development.

Voluntary sector rates

In order to work out what voluntary organisations might expect to pay for their ICT support on the living-wage basis, this report sets out to establish *a priori* what might be a reasonable level to charge for ICT support to voluntary organisations, then to validate this by looking at what a range of providers actually charge.

A normal working year can be calculated by taking the 260 weekdays and deducting, say, five weeks (25 days) for paid holiday, eight days for public holidays and, say, seven days for absence. (The national figure varies between about six and nine days, depending on the sector and type of job².) That gives a total of 220 working days.

A fully employed sole trader working in ICT consultancy or support needs to spend as much as half of their time on work that does not directly earn a fee — marketing, administration, personal development and the like — say 100 days a year. This leaves a total of 120 fee-earning working days per year. The average fee element of their charges, for a daily rate, should therefore be their target pre-tax income divided by 120. In order to give scope for discounts and for taking on work at lower rates quoted rates will generally be slightly higher than this average. A good rule of thumb, therefore, is to divide the target income by 100 in setting the nominal daily rate.

A “living wage” means different things to different people, of course, at different times in their careers and in different family situations. Each individual will therefore set their target income differently, but one way to assess what a realistic income might look like is to consider what might be earned in employment for similar tasks. The following section reports on recent job vacancies for posts related to ICT in the voluntary sector.

² Current *Gee's Personnel Managers' Factbook*, quoting CIPD and other surveys.

Circuit rider & other support posts

There has recently been a large number of new ICT support posts, thanks to funding from ChangeUp for circuit riders and similar initiatives. Many of these are hybrid posts, involving some hands-on technical support and problem-fixing, alongside advice on strategy, help with procurement, signposting to other sources of support, etc. From time to time posts come along which are aimed at providing a web site development service, or help with web site development, but no highly technical posts such as network installation and maintenance were found in this survey.

Posts have been grouped together roughly by type of work, although it is not always possible to be sure of the balance envisaged between immediate technical and more strategic activities.

Post title (short)	Role	Hrs	Salary	Location
<i>Management & coordination</i>				
Director of Strategy & Partnership	Direct work on digital inclusion, including lobbying	n/s	£30,000– £35,000	Wiltshire
Project director	Coordinate training workshop	35	£23,351	Manchester
Coordinator	Oversee ICT programme	15	£21,000 pro rata	Wiltshire
Hub Manager	Develop partnerships and oversee training material development	n/s	£30,000– £35,000	National
General Manager	Social enterprise company	35	£26,157	Notts.
Project Managers	Database development/Website	f/t	£23,625	Herefords.
Project Manager	Manage circuit rider project	f/t	£24,763	Cambs.
<i>Consultancy & advice roles</i>				
Adviser	Help voluntary organisations identify ICT needs and make plans	37	£22,512– £24,000	Unspecified
ICT Development Worker	Help voluntary organisations identify ICT needs and make plans	f/t	£20,295– £22,512	Derbys.
<i>Development roles with little technical content</i>				
Project Officer	Promote community ICT use	n/s	£19,640	Dorset
ICT Development Worker	Identify voluntary sector ICT support needs & develop services	35	£26,000– £28,000	London
ICT Development Worker	Identify voluntary sector ICT support needs & develop services	n/s	£27,502	London
ICT Development Worker	Develop ICT awareness and support structure	f/t	£19,053	Worcs.
ICT Support Officer	Develop network of ICT support organisations	n/s	£24,717– £28,061	Sheffield
<i>Support roles with significant technical content</i>				
IT support worker	Roving IT support service	35	£27,039	London
ICT officer	Support community ICT	15	£21,000 pro rata	Wiltshire
ICT Officer	Day to day running of ICT dept.	n/s	c£30,000	National
Support Engineer	Mobile support & call centre	35	£19,656	Notts.
Circuit Rider Devel. Worker	Mobile ICT support	21	£27,039 pro rata	London

Post title (short)	Role	Hrs	Salary	Location
IT and Information Support Worker	Deliver info and IT support service to voluntary & comm. groups	25	£22,512 pro rata	Glos.
<i>Training roles</i>				
Info. & Training Coordinator	<i>No information</i>	f/t	£19,053	Herefords. & Worcs.
Hub Training Manager	Develop training materials and deliver training	n/s	£21,000–£24,000	National
<i>Web site development roles</i>				
Web Development Officer	Support groups in adopting e-mail and setting up web sites	n/s	£23,265	Herefords.

This gives averages and ranges as follows:

	Average	Range
Management & coordination	£25,940	£21,000 – £35,000
Consultancy & advice roles	£22,330	£20,295 – £24,000
Development roles with little technical content	£23,917	£19,053 – £28,061
Support roles with significant technical content	£24,541	£19,656 – £30,000
Training roles	£20,777	£19,053 – £24,000
Web site development roles	£23,265	£23,265
Overall	£24,326	£19,640 – £35,000

Using the formula of “daily rate = salary/100” the overall figures translate into nominal daily rates of about £250 on average, ranging from £200 to £350. The detailed breakdown is discussed further in the conclusions. Note that all figures for fees take no account of VAT, and nor is any account taken of London weighting. (Only four of the jobs in the list above are definitely London-based.)

For comparison, the Charity Rewards Survey in 2002 reported that its category of Finance, Computing and Legal is the highest paid part of the voluntary sector. Typical job descriptions in its Rank 3 are IT Manager or Operations Manager, and the median basic salary is £26,781, while the upper quartile is around £30,500. At the same ranking, computing specialists have a median of £29,684, with an upper quartile around £30,500. (All salaries are quoted inclusive of London weighting)

In Rank 2 (Senior Manager, reporting to a Head of Function or Director) typical job descriptions are Head of IT, Head of Information Systems or Technical Services Manager. The median basic salary here is £34,000, with an upper quartile of about £39,200.

Given that the above figures include London weighting, even though they are several years out of date they give a very similar picture of ICT-related salaries being around £25,000, with only technical specialists and senior managers getting appreciably more.

Comparisons with industry and commerce show salaries generally in the voluntary sector to be consistently lower by £2,000 to £5,000 for equivalent jobs.

What other people pay/charge

Although a wide variety of voluntary organisations were canvassed, along with providers of ICT support to the sector, responses were only obtained from providers. Additional material was obtained from a report by Simon Davey³. Results from individuals and from organisations are tabulated separately.

Individuals

Type of work	Per day	Per hour	Other
Circuit rider	£350	£50	
Circuit rider	£350	£50	
Circuit rider	£280	£44	
Circuit rider	£265	£40	£55 first hour, then £35/hour
Consultant	£400	£60	+ VAT
Consultant	£450	£65	
Consultant	£200	£25	
Consultant	£400	£60	
Consultant			“one third of commercial rate”
Consultant	£625 – £700	£90 – £100	+ VAT
Consultant	£400 – £1000	£60 – £140	+ VAT
Database development	£300	£45	
Web development	£250 – £450	£35 – £65	Variety of sub-contractors
General ICT support			“about the same as a plumber”
Training	£140	£20	Aimed at individuals, not organisations

Figures in italics are notional rates calculated from the information given, based on a seven hour day and rounded up from days to hours, down from hours to days.

Typical consultancy rates charged by individuals (excluding the outlier at £200 and the probably optimistic top level of £1,000) therefore appear to range from £400 to £700 or so, which is higher than the figure suggested by looking at salaries. (One respondent commented that the salaries they were able to offer were unrealistically low, held down by funding constraints.)

Rates charged by individuals for technical support are lower, typically £250 – £350.

For web sites the information received suggests an initial charge of £1,000 to £2,000 to set up a relatively simple site, then maintenance charged by the hour as necessary. Entry-level web site design jobs are advertised at around £18,000 – £22,000 (i.e. £200 a day on our rule of thumb), compared with the £250 – £450 reported above.

Organisations

Again, figures in italics are notional rates calculated from the information given, based on a seven hour day and rounded up from days to hours, down from hours to days.

Type of work	Per day	Per hour	Other
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³ Report and Feasibility Study for an IT Support Service in North Yorkshire, 2004

Consultancy	£500	£75	+ VAT
Consultancy, development	£500	£75	Same rate paid to sub-contractors
Database development	£500 – £700	£75 – £100	
Specific jobs	up to £600	£90	
Troubleshooting	£350	£50	
Training (on-site)	£250 – £450		Depending on number of trainees
Technical services	£500	£75	Based on £250/half day
Technical support	£250 – £500	£40 – 75	Mostly at the lower end
Technical support	£500	£75	
Technical support	£175	£25	£50/hour outside normal hours
General ICT support	£280	£40	£22.50/hour long-term support
Call centre support			£1.50/minute
Pre-paid ad hoc support	£195	£30	£55 for two hours
Support contract	£190	£30	£648 p.a for up to 20 PCs, assuming two hours/month
Support contract			Annual £525 server, £65.63 per machine (11–20 machines)
Support contract			£300 p.a. for up to five PCs
Support contract			Annual £65 per PC (11–20 machines), server £500
Support contract			£62.45 p.a. 20 PCs (PC World)
Support contract			£300 p.a. up to five PCs

The following are probably atypical and it is suggested that they be excluded from the analysis:

Voluntary sector	£150	£25	(Voluntary organisation charging out staff time)
Statutory sector	£300	£45	
Technical support	£200	£30	(Academic institution)

These figures support the conclusion from analysis of salaries, that daily rates for services which have a technical emphasis tend to cluster at the lower end of the scale, typically between £250 and £350, rising to £500, while consultancy and support that requires advanced technical skills are generally around £500, rising to £700 in a few cases.

One London-based organisation said that they were not aware of any voluntary-sector-oriented organisations in London or the south-east charging less than £500 a day for consultancy and development work.

Recommendations

Because terminology does not always mean the same thing to different people, it is difficult to give precise recommendations for a wide range of categories of work. The headings provided by IT4Communities have therefore been grouped together as follows:

- Consultancy, advice, strategy, audit and trustee work (which, of course, charities are rarely allowed to pay for at all, and should therefore have a notional value of zero). These all involve expertise and experience but do not require hands-on skills, and it can be hard to distinguish them: a single piece of advice based on 20 years' experience may be worth as much as a consultancy report based on days of work in an unfamiliar area.
- Database development and network advice, installation or support. These require advanced technical skills if they are done properly.
- General technical support.
- Training.
- Website development.

While there are certainly differences between the different categories of work, it will be seen that the differences between different charging philosophies are much greater. IT4Communities will therefore need to take a decision on which comparator it wants to employ, before being able to place a value on the work it brokers. It may even make more sense — and be administratively simpler — to arrive at a single daily rate for all the work offered through IT4 Communities.

Consultancy, etc.

One of the most striking findings here is that consultancy provided by organisations (whether fully commercial or not) or by self-employed individuals tends to be charged at rates which are at the higher end of the scale, whereas voluntary sector posts which offer advice and consultancy are paid remarkably little. Some individual consultants pitch their fees not that much higher than the salary-based level, but most, and most commercial organisations — even those with a voluntary sector focus — charge a lot more.

The range of typical daily rates for consultancy therefore appears something like this:

Market rate	£750
Top-end voluntary sector individuals	£650
Voluntary sector organisations	£500
Typical voluntary sector individuals	£450
Salary-based advice and information	£225

Database development and advanced networking

This is one of the areas where the initial assumption that skill levels are immaterial may be open to challenge. Anecdotally there is a considerable difference between a well-designed, documented and supported database and one put together more or less as a learning exercise, using tools such as Access. Equally a properly structured and set up client-server network is quite different from a peer-to-peer network built on the fly. This might explain some of the discrepancy in the rates reported.

The range of typical daily rates for work involving advanced technical skills therefore appears something like this:

Market rate	£650
Top-end voluntary sector individuals	£650
Voluntary sector organisations	£600
Typical voluntary sector individuals	£400

Salary-based £250

General technical support

Technical support is one of the hardest areas in which to give recommendations on a daily rate, since many organisations source their support via annual contracts. Typical rates for this are around £60 per workstation per year and £500 a year for a server.

Technical support is rarely offered by individuals, so the rates below are based on very few responses. Where daily rates are given, they are generally at the low end of the scale, bringing salary-based rates much closer to the others.

Market rate	No data
Top-end voluntary sector individuals	£350
Voluntary sector organisations	£300
Typical voluntary sector individuals	£300
Salary-based	£250

Training

Where one-to-one on-site coaching is provided, this is probably better categorised as support rather than training. On-site training in standard office packages is not very common. The nearest equivalent is the service documented above, where a day's on-site training for a voluntary organisation costs £250 for a single participant, up to £450 for six. Rates for public sector and commercial organisations are much higher.

Training is more commonly provided as a commercial service in conjunction with bespoke or heavily customised software, such as a database system. The market rate costs given below are based on this.

Market rate	£700
Top-end voluntary sector individuals	No data
Voluntary sector organisations	£450
Typical voluntary sector individuals	No data
Salary-based	£200

Website development

Costs for a typical web site were easier to obtain than daily rates. However, the data that was obtained gives the following results:

Market rate	£650
Top-end voluntary sector individuals	£450
Voluntary sector organisations	No data
Typical voluntary sector individuals	£300
Salary-based	£250