

A Realist Evaluation of the State of the

Greater Manchester Voluntary, Community and Social Enterprise Sector 2021



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The research team would like to thank the State of the Sector steering group for their support in developing the survey and tireless efforts to ensure that this survey reflected the work of the VCSE sector. We would also like to thank all of the VCSE organisations who participated in this survey and the focus groups.

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Foreword

The data and evidence in this report are clear: the VCSE sector makes a significant contribution to our city-region, preventing need, reducing hardship, supporting those in crisis and driving social value.

Local VCSE organisations across Greater Manchester generate over £1.2 billion of income, creating a range of services and activities as diverse as our communities. In doing so, VCSE organisations create over 75,000 jobs and mobilise nearly 500,000 volunteers. The vast majority of VCSE organisations are neighbourhood-based, rooted in local communities and addressing significant inequalities in the day-to-day of what they do. The strong return on investment provided by the VCSE sector is also well evidenced, with preventative and early intervention work reducing the strain on the public purse in the longer term.

In recent years, the VCSE sector has become even more enterprising. While more traditional VCSE organisations have generated new trading approaches and are diversifying their income streams to support their long-term sustainability, over 19% now define themselves as social enterprises, reinvesting or donating their profits to create positive social change. This is a sector that is evolving and finding new ways to create change and bring additional resources and value into the places where it operates. In fact, this research shows more organisations have partnerships with businesses (63%) than with the public sector (51%). These partnerships are driving wider conversations about what an inclusive economy that works in our communities' interest could look like.

This places the VCSE sector as a key player in revitalising and rekindling social and economic activity following the Covid-19 pandemic. Many organisations have adapted to new forms of work, mobilised increasing numbers of volunteers and developed creative solutions to the challenges of the pandemic. There is a significant opportunity to build on the learning and innovative practices developed over the last year and channel these into the creation of a better, fairer and greener economy in which citizens are empowered and there is greater social ownership of wealth, land and assets by communities.

However, this report shows that, despite this increased entrepreneurialism, the income of the VCSE sector is in decline, and many organisations have needed to use their reserves in order to respond to the Covid-19 pandemic, whilst simultaneously weathering uncertainty about the long-term future of contracts and grants, which enable them to do their vital work. Over time, this will inevitably

reduce their ability to bear risk, respond to demand and adapt to further change. As has been seen across the country, fundraising has been significantly disrupted, and many charitable funders have invested in responses to the pandemic, with longer-term project funding deprioritised. There are significant opportunities and benefits in supporting a thriving local VCSE sector and equally significant risks of losing much valued and needed activity if no action is taken.

The past year has prompted great reflection on the nature of our society and what we can do collectively to improve health and wellbeing, reduce entrenched inequalities and create a fairer world. This is why we have created the set of recommendations below, which lay out our vision for how we make this happen.

John Hannen

CEO GMCVO



Headlines for

Greater Manchester

**17,494**

voluntary organisations, community groups and social enterprises making a difference in GM



annual income
<10K

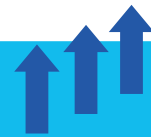
71%

are micro organisations

**19%**

of the sector identify as being a social enterprise

£

**£1.2 billion**

total income of the sector (2019/2020)

**75%**

of organisations have at least one source of non-public sector funds, bringing significant value

**32%**

of the organisations have used their reserves in the past 12 months



Volunteer time in Greater Manchester is valued at £692 million per annum (based on the real living wage, £9.50 per hour)

**85%**

of organisations have had some direct dealings with other VCSE organisations across GM, 70% with local VCSE organisations, 51% with local councils and 63% with private businesses

Headlines for

Greater Manchester



The top four areas of work across Greater Manchester were Wellbeing, Health and Social Care, Community Development, Physical Activity and Sport, and Economic Wellbeing



The majority of organisations (57%) indicated that they worked across specific neighbourhoods and communities across Greater Manchester



496,609 volunteers (including committee/board members) giving 1.4 million hours each week



263,356 volunteers in micro organisations working at a community level provide 1,342,033 hours per week, representing 74% of the total hours of volunteers across the GM VCSE sector



74%

of organisations who employ staff indicated that they paid the real living wage to their employees

Realist Evaluation Approach

The web-based survey was distributed across 10 localities in Greater Manchester, and a total of 1,577 were returned during July- October 2020 which includes partial completions. The questionnaire was based upon that developed by Sheffield Hallam University for the 'Greater Manchester State of the Voluntary Sector' research undertaken in 2017 (Damm et al. 2017). The University of Salford's approach has been to build upon this work done by Sheffield, thereby enabling a comparison over time, but by employing a more realist methodology Salford has emphasised a qualitative analysis to describe the particular context within which agencies are working and, in doing so, help illuminate any prescriptive policy intervention.

The survey used an overarching realist evaluation methodology to understand the sector in three dimensions: Context, Mechanisms and Outcomes. This has facilitated rich descriptions of all aspects of the VCSE sector, including what activities take place (Mechanisms), what impacts these have on relationships, funding, communities and individuals (Outcomes) and the contextual factors, including scale and scope, that underpin these mechanisms and outcomes (Context). We have triangulated data from focus groups across 15 organisations to ensure that the changing social, political and economic environment is presented. To capture the impact of COVID-19, we included specific questions in both the survey and the focus groups to fully understand the implications of the global health crisis for local organisations. This survey was undertaken during the COVID-19 global pandemic, which led to unprecedented changes in society, employment, education and healthcare systems. It is likely that many organisations who would typically respond to such surveys may not have been able to complete this due to adverse circumstances.

When reading this report, it is important to acknowledge two key points. First, the results reported are based on the survey responses received. Accordingly, it is possible that if a different sample of organisations had participated in the survey different results might have been obtained. It is estimated that the results reported within this report are within 6.9 percentage points of the true values.

Secondly, on a number of occasions the analysis in this report has followed the methodology provided by Sheffield Hallam in their previous research. As such, certain statistics presented here have been extrapolated from the survey responses to provide estimates of totals for all organisations. These include: total income; the number of organisations with at least one source of private sector income; the number of volunteers/committee and board members; the number of hours they contribute; the number of employees and full time equivalents; and the numbers of clients, users and beneficiaries of the sector.

In each case, a four-stage method was applied to calculate the overall totals:

- ▶ Stage one: calculate the Greater Manchester averages for each of the four size bands of organisations, namely, 'micro', 'small', 'macro' and 'large' (column A in Table 1 below)

- ▶ Stage two: estimate the number of organisations in each borough using the distribution provided by Sheffield Hallam (column B)
- ▶ Stage three: multiply the estimated number within each size band by the average income to give the total income for each size band (column C)
- ▶ Stage four: sum the income for each size band to give a sector-wide total (total in column C)

Table 1: Worked Example of Extrapolation (Total Income)

	Average income by size (A)	Estimated no. of organisations (B)	Total income (C)
Micro	£1,199.96	1,444	£1,733,087.70
Small	£35,588.15	341	£12,123,819.46
Medium	£221,123.89	192	£42,391,192.08
Large	£2,269,172.54	45	£102,875,939.08
Total			£159,124,038.31

As well as enabling comparisons, this method also helped quieten the statistical 'noise' caused by a number of large organisations that would, if this method had not been applied, have produced upwardly biased estimates. In other words, a small number of large organisations produce a high mean value, which is not representative of the sector, which is estimated to overwhelmingly consist of 'micro' organisations. So, not taking account of differences by size of organisation would have produced higher estimates for the sector. It has been assumed that estimated averages for Greater Manchester organisations are representative of all organisations. In the table above, for example, it is assumed that the average income for a small Greater Manchester organisation is representative of all small organisations. Using the distribution of organisation size from Sheffield's research enables a better comparison across time.

The report is divided into five key sections, which describe the context, mechanisms and outcomes. Section 1 describes the context, which includes the definition of the VCSE sector, the context for the research, detailing the impact of COVID-19, and a focus on the VCSE sector's contribution to wellbeing. Section 2 describes the work of the VCSE sector, including the number of organisations, geography, organisational maturity, numbers of clients, interventions and income. Section 3 describes the partnership working, workforces, response to COVID-19, communities experience racial inequalities and the future. Section 4 describes the future of the VCSE sector in terms of the funding, partnerships and workforce developments needed to sustain the sector. Section 5 provides a call to action based on the report findings.



Section 1: Context

Definitions

This report is about the state of the voluntary, community and social enterprise sector in Greater Manchester. At various times, the voluntary sector has been known as the 'voluntary and community sector' or the 'third sector', whilst the current Government talks a lot about 'civil society'. In this report, when we talk about the voluntary sector in Greater Manchester, we mean voluntary organisations, community groups, the community work of faith groups, and those social enterprises where there is wider accountability to the public via a board of trustees or a membership and all profits will be reinvested in their social purpose.

Context for the Research

For over 20 years, the NCVO's Civil Society Almanac has monitored the overall health and shape of the VCSE sector. Over the past decade, it has recorded a consistent growth in the size of the UK's VCSE sector. By 2017/18, the sector had begun to recover from a significant contraction following the financial crash in 2008, with the largest ever workforce (909,088 employees) recorded in the 2020 report. (1)

The 2020 Almanac indicated that, despite a slight drop in the number of organisations, the sector's overall income had increased to its highest ever levels; however, the proportion of that made up by government funding [£15.7 billion in 2017/18] had decreased to its lowest share. Despite ministers declaring austerity over in 2019, the amount of money being provided to local authorities and other major public services has continued to decline, with a drop of nearly £16 billion over the period between 2010 and 2020. As a result, the Local Government Association reported that local authority 'support for the voluntary sector has been reduced'. (2) The Almanac noted that even though the vast majority [81%] of organisations continued to be micro and small, the proportion of larger VCSE organisations [with an income of over £1 million per annum] continued to grow.

It estimated that the VCSE sector as a whole contributed £18.2 billion to the UK economy, with Children and Young People 'the most common beneficiary group'. (3)

Sources and Further Reading

1. National Council of Voluntary Organisations (2020) The UK's Civil Society Almanac 2020. Data. Trends. Insights.
2. Local Government Association (2018) Local government funding: Moving the conversation on.

3. Maitland et al., The UK Civil Society Almanac 2020. What can the latest data tell us about charities' challenges now and the future? Presentation, 9 June 2020.

At the Greater Manchester city-region level, this picture was reflected in two important documents published by the Greater Manchester VCSE Leadership Group in January 2020. The Leadership Group was set up as a coalition of the willing, seeking to promote the role and involvement of the VCSE sector and communities in Greater Manchester devolution. Members of the Leadership Group act as 'catalysts and connectors' on behalf of the sector and advocate at a strategic level for the role of the VCSE sector in all 10 localities and across the city-region. A Greater Manchester VCSE Policy Position Paper (1) and the Greater Manchester Voluntary, Community and Social Enterprise (VCSE) Commissioning Framework and Delivery Plan (2) were written and published in January 2020 following significant engagement with the breadth of the VCSE sector in Greater Manchester.

The Position Paper noted the impact of the national political context at the city-region level: that the VCSE sector was under growing pressure due to cuts in public funding since 2010. This was driven by both reduced investment and increasing demand from communities, leading to many VCSE organisations finding themselves in a cycle of responding to crises while struggling to survive. In 2019, it was estimated that local government spending in Greater Manchester had fallen by £582 million. While the majority of this reduction was not spending allocated to VCSE organisations, it has limited the capacity of councils to maintain existing funding and develop new areas of activity. It has also meant that the range of local government services has been under severe restrictions, and so individuals and communities have been required to self-fund activities and services previously delivered directly by local authorities or simply do without services that they would normally have accessed. In some cases, this has undermined attempts to implement early intervention and preventative approaches in order to reduce the costs of more acute services. These pressures, alongside the introduction of greater constraints on welfare benefits, have meant that existing VCSE organisations have had to significantly adapt their operating models, and new organisations have formed in order to address an increasing range of unmet needs.

The Position Paper recognised this challenge as one that was shared across the ecosystem of 'services for the public' (i.e., not only the 'public sector'). The Paper set out a roadmap for how the VCSE sector would become more recognised and engaged as a partner in the delivery of services for the public, embedded within public service governance, consultation and commissioning, as well as delivery. It envisioned an approach to the development of the VCSE sector that aligned with key strategic documents such as the Greater Manchester Strategy. The Position Paper sought to describe a VCSE Ecosystem Model paralleling the 'Unified Public Services' approach outlined in the Greater Manchester Model White Paper, which promoted integrated neighbourhood-based services.

The Policy Position Paper was accompanied by the GM VCSE Commissioning Framework and Delivery Plan, which set out a series of recommendations with the aim of placing the VCSE sector 'as essential partners and providers within the commissioning process' [p. 6], alongside the Greater Manchester Combined Authority (GMCA) and the Greater

Manchester Health and Social Care Partnership (GMHSCP), which manages the devolved health and social care budget for the city-region.

These papers built upon other strategies whose scope stretches across all 10 localities of Greater Manchester and that have significant impacts on VCSE organisations. These include the Greater Manchester VCSE Accord, a trilateral arrangement agreed in 2017 by the VCSE sector, the Mayor of Greater Manchester and the Greater Manchester Combined Authority.

Sources and References

1. Greater Manchester VCSE Leadership Group (2020) Voluntary organisations, Community groups and Social Enterprises (VCSE) in Greater Manchester – the next 10 years. A Greater Manchester VCSE Policy Position Paper, published January 2020.
2. Greater Manchester VCSE Leadership Group (2020) Greater Manchester Voluntary, Community and Social Enterprise (VCSE) Commissioning Framework and Delivery Plan, published January 2020.

Retrospective: Greater Manchester 2017–19

The 2017 State of the Sector report estimated that a total of 15,890 VCSE organisations were based in the Greater Manchester subregion. A fifth of these were based in Manchester, with the rest fairly evenly distributed across the other nine boroughs. The proportion categorised as 'micro' or 'small' [an income of <£100,000 per annum] was 89%, and a third of all organisations were focused on a specific neighbourhood within their borough

The sector collectively employed 28,600 FTE paid staff. Many organisations had a focus on Health and Wellbeing, followed by Community Development [39%], with a quarter involved in Education, Training and Research (including information, advice and guidance) and Sport and Leisure.

'Improving people's mental wellbeing' and 'Addressing the needs of disadvantaged members of the community' ranked as the top two 'ways in which organisations make a difference' in Greater Manchester.

Across the sector, expenditure had increased for over half of all organisations, but only 40% had seen their income increase over the previous 12 months. Over two thirds of organisations received some funding from the public sector, with 40% of these obtaining it from a local authority, followed by grant-giving infrastructure bodies and local public sector health organisations. A range of data sets provide a comparative function across GM boroughs. For example, the GM Poverty Monitor 2020 highlighted the variances in life expectancy across the subregion.

Across the region, the past decade has seen major reductions in the spending power of local authorities and other large public sector organisations such as the NHS, police

and educational institutions. This shrinkage is visible in their financial statements. For example, Manchester City Council (over 20% of all VCSE organisations were based in Manchester in 2017) reported a cumulative budget reduction of £379 million between 2010 and 2020. Similarly, in 2020 Salford City Council reported that the local government grant continued to fall, dropping from £103 million in 2017/18 to £98 million in 2018/19 and reaching £92 million in 2020. (5) These reductions have had a significant knock-on effect on the subregion's VCSE organisations. The 2017 GM State of the VCSE Sector report noted that 68% of these had at least one source of public sector funding but concluded that: 'There is heavy pressure on around 500 organisations that have grown strong on public commissioning, and are now very squeezed by both high cuts and high demand'.

Even though local authorities now make up some of the shortfall through retention of business rates, this has not fully offset the losses: Salford City Council forecast that savings of approximately £3.5 million would be needed for 2021.

The shape of the subregion has also changed during the last five years. At the time of the last GM State of the VCSE Sector report in 2017, the first 'metro' Mayor had only just come into office and the Greater Manchester Strategy 'Our People, Our Place' was being launched. (6) In late 2017, the VCSE Accord was signed, a trilateral arrangement agreed by the VCSE sector, the Mayor of Greater Manchester and the GMCA that offered 'new, improved' ways of working with the sector, including longer-term investment approaches, prioritisation of GM-based organisations and greater involvement in the governance and design of the GM strategy. (7) The Mayor has since introduced large-scale schemes in areas such as transport [bikes, proposed franchising scheme for buses], as well as housing, where devolved powers have provided scope for autonomous action.

In 2019, the 'Greater Manchester Model' was launched as part of the process of devolution by coordinating a new integrated way of delivering public services. The VCSE sector was seen as a core part of the initial plans for joint solutions, which argued 'We need to explore opportunities in the following areas:

- ▶ devolution of relevant budgets, or release of funds, to Greater Manchester as part of a programme to provide appropriate and sustainable core funding to the VCSE sector in the city-region
- ▶ the investment of transformation funding to create an effective and sustainable system for social prescribing in Greater Manchester
- ▶ policies that enable community-led and community-owned housing and land ownership
- ▶ financial incentives for social enterprise and cooperative solutions
- ▶ development of the Public Service (Social Value) Act 2013.' (8)

Wellbeing of Communities and Influence of the VCSE Sector

In 2010, the Marmot report (Marmot 2010) argued that the ability of the third sector to reach out and work collaboratively across communities provides a unique opportunity to support networks, partnerships and the community infrastructure needed to support resilience. The work through the community infrastructure, predominantly based on unpaid and voluntary endeavour, highlights the major role that the third sector has in supporting communities. Moreover, in the later 2020 Marmot report (Marmot 2020), Greater Manchester was recognised as a city-region with one of the lowest life expectancies in England. However, the development of the Greater Manchester Health and Social Care Partnership in 2016 has led the strategic direction of the region. In doing so, the GMCA works with a devolved health and care system, using a place-based system to help tackle social determinants of health and reduce inequalities. According to NHS England, the Voluntary, Community and Social Enterprise (VCSE) sector 'is an important partner for statutory health and social care agencies and plays a key role in improving health, well-being and care outcomes'. The Department of Health and Social Care have embedded the importance of the VCSE sector in a range of strategy documents to ensure that the work of the sector in improving health and wellbeing and reducing inequalities is promoted. During 2020, the work of the VCSE sector in promoting health and wellbeing was key in supporting communities and individuals. The North West of England has been particularly hard hit by COVID-19. GM boroughs saw some of the most severe figures, which were among the highest in the whole country.

The unforeseen impact of the coronavirus pandemic has meant that the predictions around growth, employment and unemployment and other measures of progress are unlikely to be realised.

It is also clear that COVID-19 is already having a huge impact on many areas that the VCSE sector works in or has to respond to. The pandemic has introduced a series of new pressures, which were not envisaged by services and commissioners only a couple of years ago. During 2020, a package of measures was introduced at the GM level, offering support to the VCSE sector, and the 'Living with Covid Resilience Plan', managed by the GMCA, will see re-evaluations of spending priorities and where support is targeted. (12)

This is likely to affect the funding that VCSE organisations receive for years to come. In November 2020, a Manchester City Council report noted that responding to COVID-19 'has resulted in major spending pressures, particularly in social care'. Cuts of £20 million to the GM pooled health and social care budget and £3.6 million to homelessness services were proposed, which, it was suggested, could be achieved through 'collaborating with voluntary and community sector and registered housing provider partners to reduce costs'. (13) This was despite an acknowledgement that Manchester had seen a surge in homelessness presentations in 2019/20, leading to an increase of 21% for the year on the 2018/19 figures. (14) Despite central government grants to support the Council's response to COVID-19, by January 2020, the Council still envisaged that savings of £50 million would be needed during 2021/22 and that future years would continue to be challenging. (15)

This is just one example from one local authority of where greater demand and pressure are likely to fall on the VCSE sector in Greater Manchester. However, the sector is also facing significant internal burdens at the same time. The direct impact of the pandemic on the sector has been highlighted by a number of local studies. In June 2020, the Trafford Health and Wellbeing Collective Working Group published the findings of its survey on the impact of COVID-19 on the VCSE sector in the Borough. Just under half of respondents had seen increased demand since the crisis began, even though key income streams had been lost and capacity was reduced because of furlough and self-isolation. To adapt to the circumstances and future-proof themselves, the main organisational development needs were support with digitalisation/IT and accessing volunteers, as well as assistance with health and safety guidelines. (15) In parallel, Healthwatch Trafford's research into residents' experiences of health and care during the crisis concluded that tackling mental ill health would require that 'local health services should take into account the work that local charities and other groups, as well as professionals, are doing'. (16)



In mid-2020, the Bury Voluntary, Community and Faith Alliance (VCFA) published the results of a survey into the impact of COVID-19 on the VCSE sector in the Borough (17). This indicated that over half of local community groups faced the prospect of closing by the end of the year.

A number of surveys have been undertaken since March 2020, which provide a range of headline data against which the VCSE sector in GM can be measured. An early report in March 2020 by the Institute of Fundraising and others (1), assessing the initial impact on the charity sector, estimated that charities would see their annual income fall by a third, even though demand was predicted to rise. Revised estimates from the survey in April and May (2) suggested total income would fall by a quarter (or £12.4 billion for the sector as a whole). Headlines from the September Covid Charity Tracker Survey (3) included:

- ▶ Nearly half of the participating charities indicated their financial prospects were worse than they had previously forecast. This disproportionately affected smaller charities, nearly two thirds of which revised their forecasts downwards, whereas only two fifths of larger organisations did.
- ▶ 25% of respondents had already made staff redundant, with more expecting to do so. Redundancies were concentrated in larger organisations. Overall, 43% of respondents were reducing posts.
- ▶ In the final quarter of 2020, should the pandemic worsen again and more restrictions be implemented, over half of organisations expected they would not be able to meet demand, due to either mounting calls on the service or their own reduced capacity. A greater proportion of small charities expected to be in this position.
- ▶ A third of all organisations surveyed had only 1–3 months of reserves. According to the NCVO, 9% of organisations have either no cash reserves or not enough to last them a month.
- ▶ A report by The Small Charities Coalition (4) suggested a third of respondents had funding for no more than 12 months and that, while one in 10 expected to make redundancies, a quarter planned to reduce staff hours in the near future. Only 37% were already set up for remote working, and many did not have the IT capabilities or resources to do so. The report also noted concerns that digital-only services could potentially exclude a range of clients for a variety of reasons, including digital poverty and exclusion.

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Current Context: Brexit

It is acknowledged that Brexit has created huge challenges with regard to immigration, workforce and volunteers. The State of the VCSE Sector 2020 Survey was undertaken whilst Brexit negotiations were still under way, resulting in much economic uncertainty. In addition, the majority of VCSE organisations did not have access to free or affordable legal advice to help them plan for the impact of Brexit. Though we are yet to understand the full impact of our withdrawal from the EU, partnerships and resources may be negatively impacted for those charities who receive EU funding, resulting in a shortfall in funding. Coupled with the global pandemic, the pressure on VCSE organisations and the sector as a whole to continue supporting communities is heightened. This survey takes account of the political and economic climate and reports, where possible, on the impact on VCSE organisations within each locality.

Current Context: Black Lives Matter

A significant number of VCSE organisation services are delivered within, and by people from, communities experiencing racial inequalities. In June 2020, the death of George Floyd at the hands of police in Minneapolis led to prominent global campaigns and protest and the resurgence of the Black Lives Matter movement. At the same time, many communities experiencing racial inequalities were struggling to cope with the impact of the first wave of COVID-19. In recognising the impact and severity of both COVID-19 and inequalities experienced by these communities in GM, the Greater Manchester VCSE Leadership Group published the following statement in June 2020:

'All Black, Asian and minority ethnic (BAME) communities, and BAME-led organisations, are an integral part of the fabric that makes up Greater Manchester (GM)... The GM VCSE Leadership Group welcomes the GMCA proposal to establish a Race Equality Panel (3 June 2020). We also support a GM-specific review of the impact of COVID-19 on BAME communities. We pledge to play our part in ensuring this agenda moves from words to actions.' GM-VCSE-Leadership-Group-BAME-Statement.pdf
vcseleadershipgm.org.uk

The GM VCSE Leadership Group established a VCSE sector equalities alliance in 2016, which became GM=EqAI in 2020.

In January 2021, GM=EqAI released a language guidance toolkit, which recommended the disuse of BAME as a term. The language now used in the report includes 'Communities Experiencing Racial Inequalities' rather than 'BAME'. This change in language has been supported by the partners who commissioned this research. However, the survey was undertaken prior to the change in language, which has resulted in the inclusion of BAME as a term in relation to the raw data originating from the survey and the focus groups. Where possible, the language has been corrected in core statements in the reports, but direct quotes and raw data have retained the term 'BAME'.

https://www.gmcvo.org.uk/system/files/GM%3DEqAI%20Inclusive%20Language%20Summary%20Slide%201_0.pdf

To capture the impact of COVID-19, we included specific questions in both the survey and the focus groups to fully understand the implications of the global health crisis for local organisations. To capture the impact that this has had on the VCSE sector, we triangulated qualitative responses from the survey with data from the focus groups. We also held a Greater Manchester focus group specifically for people from communities experiencing racial inequalities to discuss the work of the VCSE sector. The next section provides insight into the impact of COVID-19 and Black Lives Matter within the VCSE sector.

Findings: Impact of COVID-19, Brexit and Black Lives Matter

Our findings suggest that COVID-19 has brought existing needs of communities experiencing racial inequalities to the forefront. For example, challenges such as mental health problems, domestic violence and food poverty have been exacerbated in areas that were already experiencing deprivation and poverty. Moreover, it became clear from the focus groups that the rates of COVID-19 infections were higher in people from communities experiencing racial inequalities due to various reasons, including health inequalities and socioeconomic factors.

We explored the impact of Black Lives Matter within the focus groups across the localities. In one of the focus groups, one of the participants stated that:



'local authority organisations, public organisations want to talk, and they want to get in the room'

However, it was stressed that it is important that problems are not only talked about, but also addressed. Participants in the focus groups agreed that more work needs to be done, but that it is work in progress. One participant stated:



'a focus group is positive in terms of measuring and recording what's happening. But then it's also important to follow up and actually take some sort of action with those in power so that there can be a long-lasting change and move towards transformative social change within society.'

Another issue highlighted in the focus groups was the increase in hate crime that was observed. For example, in the Chinese community hate crime has increased since COVID-19 emerged. Similarly, the Hate Crime Awareness programme has identified that a lot of hate crime incidents are not reported, because many of the victims do not know how to report them. In our focus groups, one participant added that in her locality race crime has increased too. However, she also stated that when victims report it, there is no feedback to the victim; the victim does not feel valued.

There were significant issues relating to funding, particularly in communities experiencing racial inequalities. Much of the discussion focused on funding security and being able to continue delivering vital services to the community. Issues relating to funding insecurity from within the focus groups highlighted a number of examples, as follows:



'My biggest shout across to commissioners is: whilst there's all of this going on, actually in your contracting, in your grant programmes, how many BAME communities are in there? Actually what does the next six months, approach the end of this financial year and beyond mean?'



'Look funders, look central government, look local authorities, we are providing vital services to your constituents and to your residents and to your voters and to your taxpayers. What are we getting in return? Please, please don't forget us in your policies.'



'When you look at the organisation in itself – like * mentioned – it's a massive struggle. Who supports us? But we're supporting hundreds and hundreds of people behind us, with little or no resources.'***



'But there needs to be more of a coordinated effort in terms of health, smaller, medium enterprises and smaller voluntary and not-for-profit organisations – and also other ones as well – come together and be able to bid for and tender for contracts from the Government. It seems like a lot of Black minority groups are often the ones who are not in those kind of streams because they may not have the financial background, or they may not have the contract readiness ability or the staffing resources, so they can't actually apply for these type of contracts.'

Around the time of the focus groups, significant national discussion was taking place regarding funding for communities experiencing inequalities. In April 2020, the campaign group Charity So White called on funders to centre communities experiencing racial inequalities in their COVID responses and commit to ring-fencing 20% of their funds towards VCSE organisations working with these communities. Following this, organisations such as Comic Relief, Lloyds Bank Foundation and the National Survivor User Network adjusted their funding portfolios to ring-fence allocations.

There were also suggestions from within the focus groups that VCSE infrastructure organisations within Greater Manchester could provide more support and assistance around contract readiness, providing training so that organisations can apply for contracts and tenders. However, this comment may actually be symptomatic of bigger challenges faced by the sector, including an increasingly competitive environment linked to changes in public sector spending and commissioning approaches.

Brexit was also discussed, although at the time of the focus groups there was still significant uncertainty regarding the Brexit deal and the practical implications for individuals and communities. This, combined with the impacts of COVID-19, resulted in limited insight on the topic beyond the concerns surrounding refugees, migrants and asylum seekers from an Eastern European background post Brexit.

These findings suggest that there is a recognition that partnership working is integral to VCSE organisations to enable the sector to function effectively and maximise its impact. There is a need, therefore, to ensure that commissioners offer flexible approaches that can support collaboration among VCSE organisations to ensure a sustainable, impactful VCSE sector.

Interestingly, these observations very much dovetail with the work of the GM VCSE Leadership Group and the recommendations of their VCSE Commissioning Framework and Delivery Plan, published in January 2020 (VCSE Commissioning Framework and Delivery Plan | www.gmcvo.org.uk)

Repurposing of Organisations in Response to COVID-19

We asked the survey respondents to indicate if they had repurposed their services in response to COVID-19. A total of 1,538 organisations responded to this question across the 10 localities. Of these, 39% of the respondents indicated that they had fully repurposed their services. A slightly higher percentage (42%) indicated that they had not repurposed their services. A total of 15% of respondents indicated that they had partially repurposed their services. Combined with the qualitative data, the responses of VCSE organisations in Greater Manchester to COVID-19 were split, and whilst many organisations had repurposed, the qualitative data indicates that this was predominantly due to the loss of contracts and funding and increased demand. The triangulated findings suggest that the VCSE sector in Greater Manchester was responsive to the crisis and was able to adapt (where needed) to ensure that communities and individuals were supported.

As a result of COVID-19, the UK Government implemented the Coronavirus Job Retention Scheme, which enabled all employers who had employees on PAYE to furlough some workers. The Government provided financial support of up to 80% of an employee's salary to help reduce redundancies. The scheme was introduced in March 2020 and is due to complete at the end of March 2021, and it may have impacted on paid staff within the VCSE sector. We therefore included a survey question that asked respondents in each locality to indicate the maximum percentage of employees furloughed at any one time.

Of those organisations who responded:

- ▶ the vast majority (76%) reported that they did not have to furlough any employees.
- ▶ A smaller percentage (13%) of organisations reported that they had furloughed up to 30% of employees.
- ▶ A total of 4% of the organisations had furloughed between 31% and 50% of employees.
- ▶ Only 4% of organisations had furloughed between 51% and 99% of employees.
- ▶ A total of 3% of organisations had furloughed 100% of employees at any one time.



17,494

voluntary organisations,
community groups and
social enterprises making
a difference in GM



Section 2: Mechanisms and Processes

This section discusses the mechanisms and processes used to support the VCSE sector. The section will describe the work of the VCSE sector, the number and size of the organisations, the geography in which organisations operate, the number of clients and beneficiaries and the types and numbers of interventions provided. The final part of this section will provide a descriptive analysis of the sector's income and expenditure.

'The Work of the VCSE Sector across Greater Manchester'

In estimating the total number of organisations in Greater Manchester, we used the national Register of Charities in England and Wales. To estimate the total population of Greater Manchester, we utilised the ONS estimates of population in England, Wales, Scotland and Northern Ireland (2019) data sets. To estimate the number of social enterprises, we used the Greater Manchester Social Enterprise Survey (2020).

- ▶ The estimated population of Greater Manchester is 2,835,686.
- ▶ According to the UK Register of Charities in England and Wales, there are 3,635 registered charities in Greater Manchester.
- ▶ It is estimated that there are 3.66 below-the-radar (BTR) organisations per 1,000 population (Mohan et al. 2010), which indicates that there are approximately 10,400 BTR organisations in Greater Manchester.
- ▶ The Greater Manchester Social Enterprise Survey (2020) estimated that there were 3,459 social enterprises operating across Greater Manchester (this figure excludes registered charities).

We calculated the sizes of organisations (i.e., micro, small etc.) across Greater Manchester using the total income reported by each organisation for 2019/20. A total of 42% of the organisations who responded to the survey (1,577) across the localities considered themselves to be a social enterprise.

Combining the number of registered charities in Greater Manchester (3,635) with the estimated number of BTR organisations (10,400) and the total number of social enterprises (3,459), it is estimated that there are 17,494 organisations operating in Greater Manchester. This figure is higher than that recorded in the 2017 report, which estimated that there were 15,890 organisations operating in the VCSE sector in Greater Manchester.

The percentage of organisations that identified themselves as social enterprises equated to 19.5%. This represents a significant increase since the 2017 survey, which reported that the total proportion of social enterprises was 8%. Social enterprise has

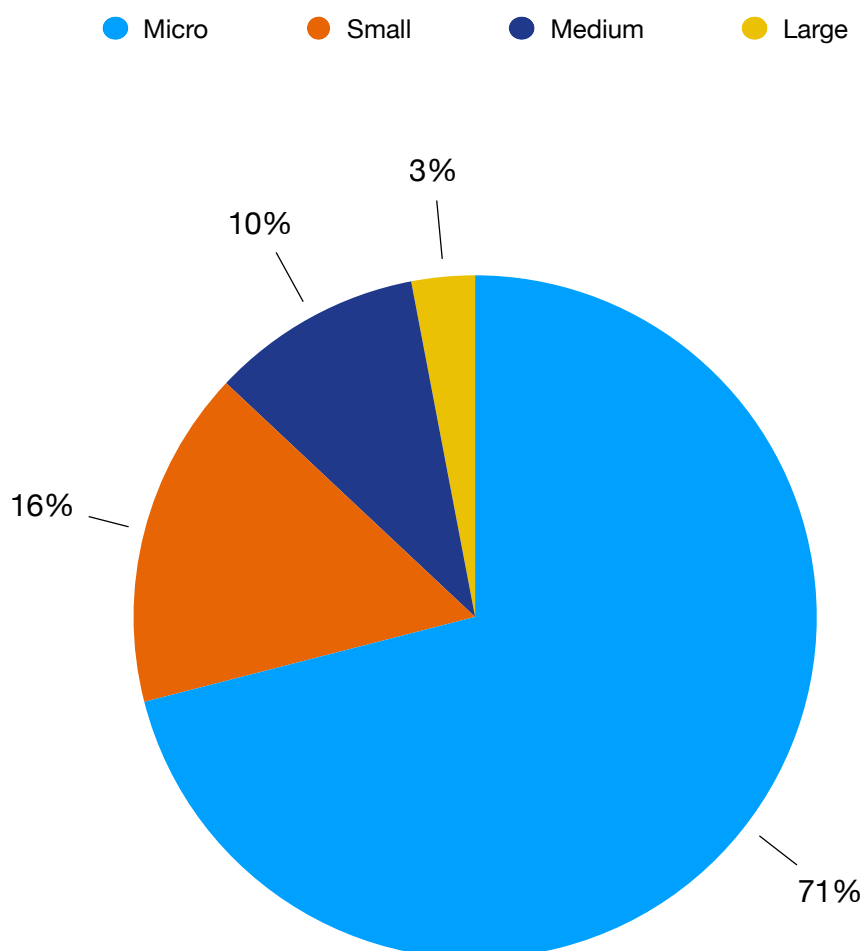
grown, both in charities and voluntary organisations undertaking trading activity (including public service delivery) and distinct social enterprise organisations. In their survey of 2019, Social Enterprise UK estimated that 42% of social enterprises were less than five years old, with the vast majority growing their income or covering costs. This creates a very dynamic environment and makes comparisons with previous years more challenging as the sector changes.

We used the NCVO Almanac (2020) categories to calculate the sizes of the organisations. Classifications were based on the following criteria:

- ▶ Micro – less than £10,000 per annum
- ▶ Small – less than £100,000 per annum
- ▶ Medium – less than £1 million per annum
- ▶ Large – over £1 million but less than £10 million per annum

Our analysis indicates that 71% of organisations were classified as micro. This represents the majority of organisations in Greater Manchester and reflects the trend in the 2017/18 NCVO Almanac. A total of 16% of organisations were classified as medium, and a further 10% of organisations were classified as small (the 2017 report indicated that 8% were medium organisations). Only 3% of organisations were classified as large (see Figure 1).

Figure 1: Sizes of Organisations as a Percentage of All Organisations

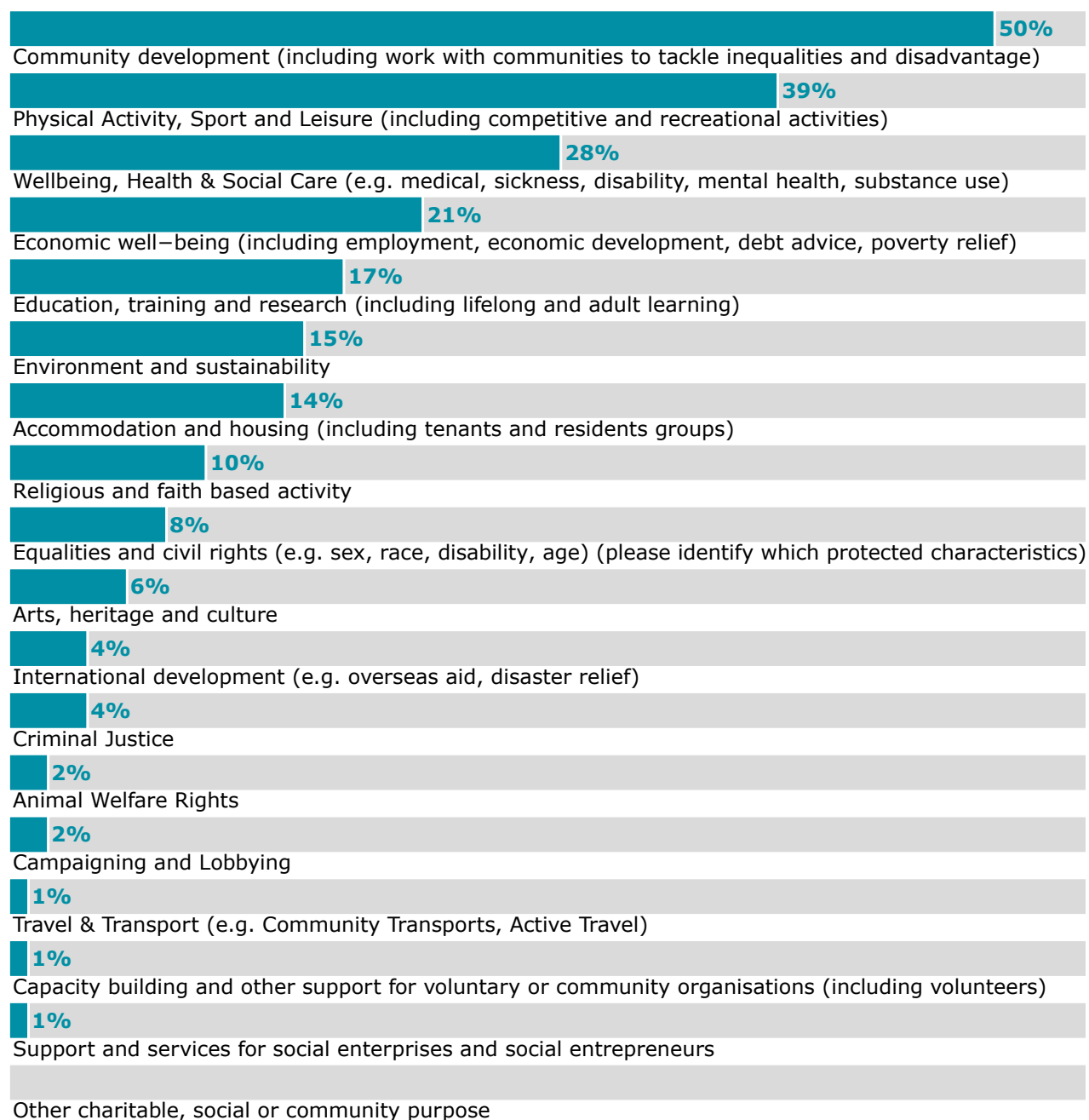


How the VCSE Sector Makes a Difference to People

The VCSE sector in Greater Manchester makes a difference to people's lives by helping to improve wellbeing; working with communities to develop resilience; supporting and encouraging physical activity; empowering individuals through education and training; supporting the wider environment; enabling people to access the arts; and facilitating economic sustainability through supporting employment opportunities and key skills development. Respondents were asked to select which were the main areas in which their organisation/group worked. They were advised to select no more than three categories (see Figure 2). The top four areas of work across Greater Manchester were:

- ▶ Wellbeing, Health and Social Care (e.g., medical, sickness, disability, mental health, substance use) (28%)
- ▶ Community Development (including work with communities to tackle inequalities and disadvantage) (50%)
- ▶ Physical Activity, Sport and Leisure (including competitive and recreational activities) (39%)
- ▶ Economic wellbeing (including employment, debt advice and poverty relief work) (21%)

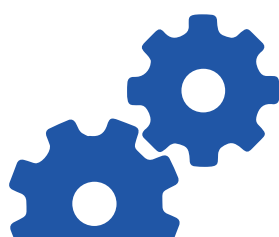


Figure 2: 'Main Areas of Work of the VCSE Sector'

Geographical Area within which the VCSE Sector Operates across Greater Manchester Survey respondents were asked to indicate the main geographical areas in which they operated. The response options provided included particular neighbourhoods, local authority, across more than one GM local area, regionally, nationally and internationally. We asked respondents to select up to three main areas.

- ▶ The majority of respondents (57%) indicated that they worked across particular Greater Manchester neighbourhoods and communities. The same percentage was reported in 2017.
- ▶ Less than half (44%) of the respondents reported that they worked across the whole of the Greater Manchester local authority areas, which indicates that the local area is the main focus for the majority of organisations. A similar percentage was reported in the 2017 State of the Sector report, which found that 36% of respondents operated across the whole of Greater Manchester.
- ▶ Regional activity remains the same as that reported in 2017 (3%), with 3.1% of those who responded reporting that they worked across the region.
- ▶ A total of 1.7% of respondents indicated that they worked internationally. This represents an increase of 70% in the number of respondents working internationally in comparison with the total of 1% from 2017.

This analysis suggests that the main geographical area for Greater Manchester organisations was across particular Greater Manchester neighbourhoods and communities, which equated to 57% of the responses. These findings reflect similar figures reported in the 2017 survey.

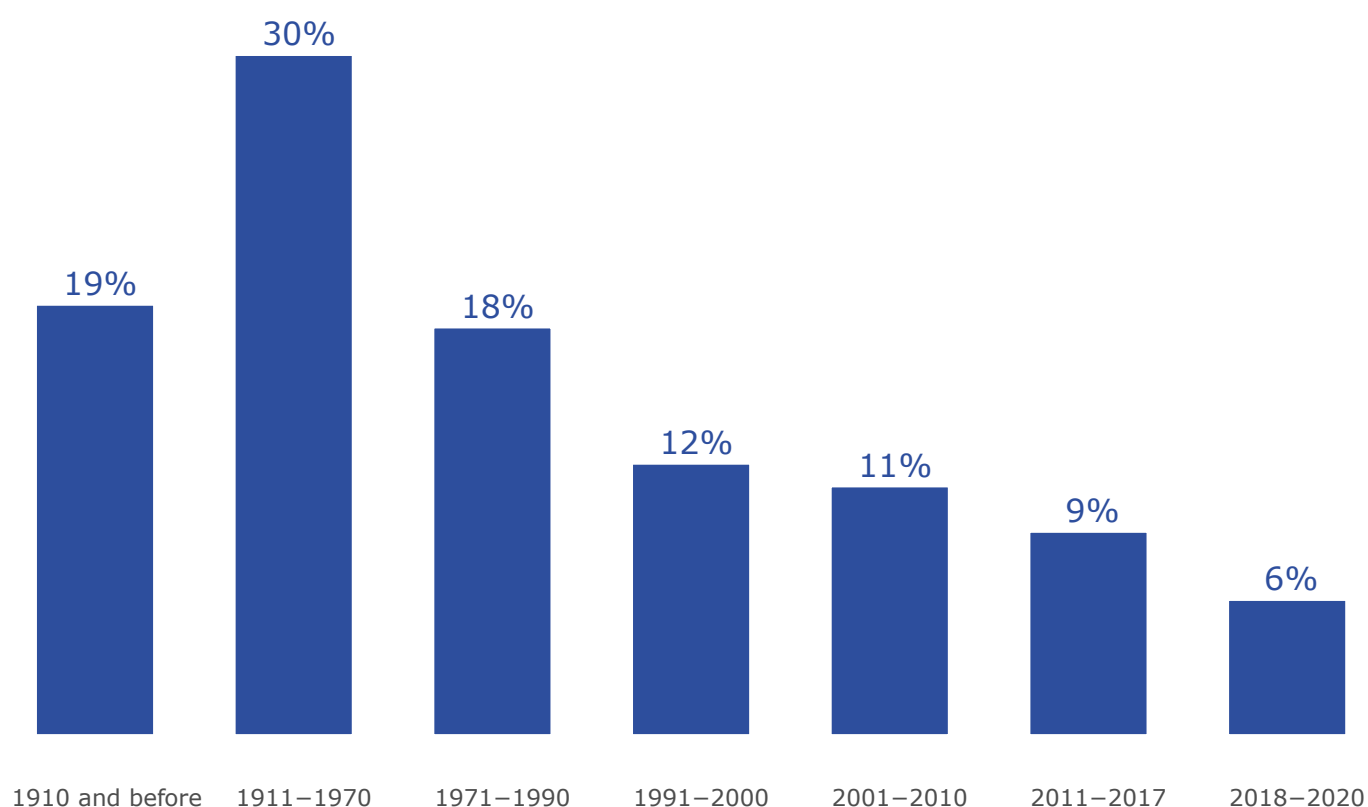


The top four areas of work across Greater Manchester were Wellbeing, Health and Social Care, Community Development, Physical Activity and Sport, and Economic Wellbeing

Organisational Maturity in Greater Manchester

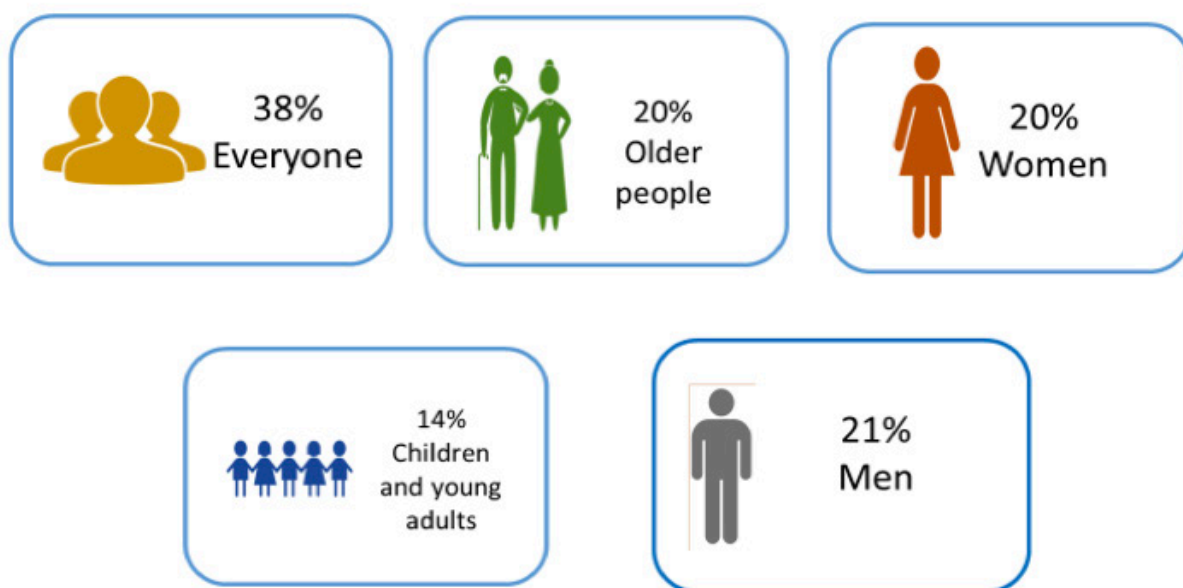
We asked respondents to indicate in which year their organisation was formed. This was to ascertain the level of organisational maturity as an indication of how established the VCSE sector is in Greater Manchester (see Figure 3). The findings for Greater Manchester indicate that the greatest number (30%) of organisations were formed between 2011 and 2017. A total of 19% were formed between 2018 and 2020, and 6% were formed before 1910. This suggests a continued growth in the number of organisations since 1910, with a sustained growth between 2011 and 2020. The findings suggest that there was limited growth between 1911 and 1990, with some growth noted between 1991 and 2000. Caution should be taken with the interpretation of the estimates, as the total number of organisations may not reflect the number of small or micro organisations that may have closed down and the rate of closure is unknown.

Figure 3: Organisational Maturity in Greater Manchester



Main Clients/Users/Beneficiaries of VCSE Organisations across Greater Manchester
 Respondents were asked to select the three main beneficiaries/clients that they worked with. The figures for Greater Manchester (Figure 4) reflect the corresponding findings reported in the localities. A total of 38% of the respondents indicated that they worked with 'Everyone', 14% worked with children and young adults, and equal percentages (20%) worked with older people and with women. The data suggests that organisations work with a diverse population, often with mixed groups providing flexible support for a range of people.

Figure 4: Main Clients/Users/Beneficiaries of VCSE Organisations across Greater Manchester



Income and Expenditure

As in the case of the 2017 report, this section describes organisations' reported income, expenditure and sustainability. However, since the last report in 2017 there have been a number of factors that have affected the level of funding VCSE organisations receive. This is not just in terms of growth or decline but in markets and funders shifting a focus for funding. The interaction between these factors creates a complex and dynamic environment, which creates challenges for the comparison of individual snapshots over time. We based our estimations on the average (mean) income of respondents to the survey across Greater Manchester and used the same assumptions that were used in the previous 2017 report to estimate the total number of organisations in each locality. We used these figures to estimate the total income of the VCSE sector across GM.

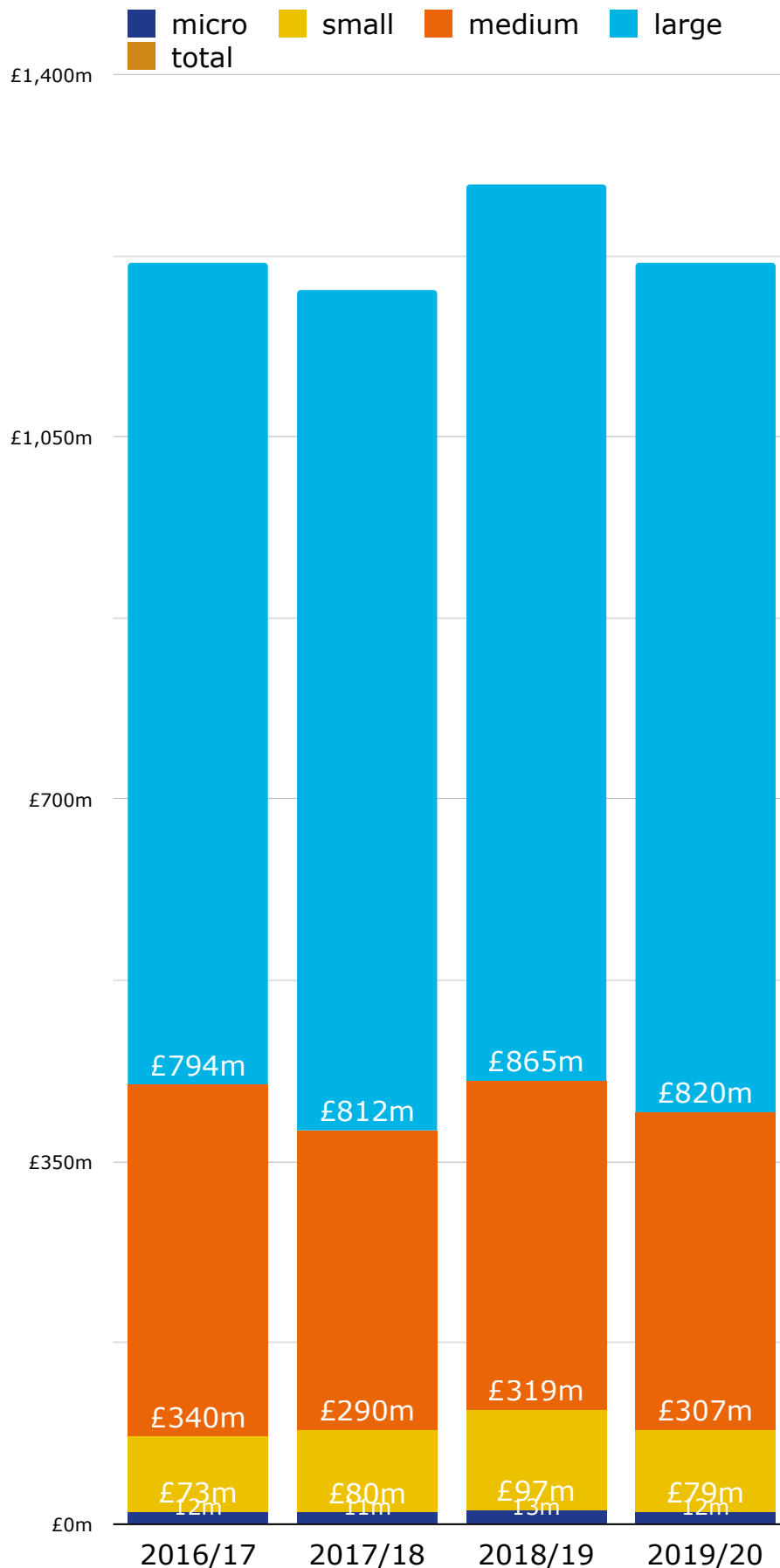
We estimated that the total income of the Greater Manchester VCSE sector in 2019/20 was £1.2 billion.

The latest income figures (2016–20) have been estimated on the basis of the distribution by size of organisation. We have included income by organisational size from 2016 onwards for all localities and used this to estimate the income trends for Greater Manchester.

The previous 2017 State of the Sector Survey for GM reported a total income for GM of £1.3 billion. In 2016/17 there was a small decrease in income of £89,000 from 2015/16, followed by a slightly larger increase in income of £101,000 between 2017/18 and 2018/19. There was a decrease in income of £76,000 between 2018/19 and 2019/20. These fluctuations represent a similar trend to that reported in 2017. Overall, income remained stable from 2015 to 2020; however, the margin of error limits comparability. The figures in Table 2 present an analysis of income data from survey respondents across Greater Manchester. This also shows variations by organisation size

and demonstrates a year-on-year reduction in income from 2016 to 2020. The data demonstrates yearly changes and an estimated percentage reduction in income across the different sized organisations. The downward variation represents a trend across the organisations and sizes.

Table 2: Income 2016–20



The current financial picture reflects some aspects of national research such as the NCVO Almanac in that, whilst larger organisations are smaller in number (3% of the sector) and micro organisations represent the majority of the sector in GM (71%), the latter have the least income.

Estimated Sources of Public Sector Income

We asked the respondents in each locality to estimate what proportion of their organisation's/group's total income each source represented. A significant percentage of the income of VCSE organisations in Greater Manchester originated from grants administered by Greater Manchester local authorities. Our findings indicate that Greater Manchester NHS CCGs and Direct Payments also accounted for a moderate proportion of the funding:

- ▶ Greater Manchester local authorities were the most frequently identified sources of funding (65%).
- ▶ The second most common source of funding was through Direct Payments (42.5%).
- ▶ A slightly smaller percentage of respondents (41.7%) indicated that Greater Manchester CCGs and national government departments were the third most common sources of funding.

These findings are similar to those in the 2017 report and indicate that Greater Manchester local authorities provided 15% more organisations with less than 10% of their total income. Similar figures were reported for those organisations who received at least 20% but less than 50% of their total income in this way, with a small reduction of 2% since 2017. The number of organisations who received 100% of their total income from these sources has halved since 2017, with only 5% (in comparison with 12% in 2017) reporting that they received this proportion of their funding from a local authority. Overall, organisations received less than 10% of their income in this way, as in 2017, but more significant contributions to the overall proportion of funding have decreased.

Estimated Other Sources of Income in Most Recent Financial Year

We asked survey respondents to estimate what proportion of their organisation's/group's total income each source represented for each of the sources of other income their organisation/group received in the most recent financial year (i.e., 2018/19 or 2019/20). Our findings suggest that:

- ▶ 16% of organisations across GM indicated that they received funding from grants from National Lottery distributors (e.g., the National Lottery Community Fund).
- ▶ 7% of organisations across GM indicated that they received funding from grants from other Lottery distributors (e.g., People's Health Lottery, People's Postcode Lottery).

- ▶ 23% of organisations across GM indicated that they received funding from grants from charitable trusts and foundations.
- ▶ 18% of organisations across GM indicated that they received funding from membership fees/subscriptions.
- ▶ 18% of organisations across GM indicated that they received funding from charging for goods and services.
- ▶ 15% of organisations across GM indicated that they received funding from business donations or sponsorship.
- ▶ 23% of organisations across GM indicated that they received funding from fundraising (e.g., crowdfunding, events, donations etc.).
- ▶ 12% of organisations across GM indicated that they received funding from interest (e.g., bank, endowments, investments).
- ▶ 5% of organisations across GM indicated that they received funding from loans, mortgages or other finance.
- ▶ 10% of organisations across GM indicated that they received funding from legacies or bequests.
- ▶ 6% of organisations across GM indicated that they received funding from social investment.
- ▶ 7% of organisations across GM indicated that they received funding from European funding.



75%

of organisations have at least one source of non-public sector funds, bringing significant value

European Funding

We asked respondents to indicate if they received European funding. Only 146 organisations responded to this question across all 10 localities. Of those organisations who responded, the majority (80%) received less than 10% of their funds from European sources. Approximately 7% received between 20% and 50% of their funding in this way, and a larger percentage of respondents (11%) received at least 10% but less than 20% of their funding from European sources. Only one organisation indicated that they received 100% of their funding from EU funds.

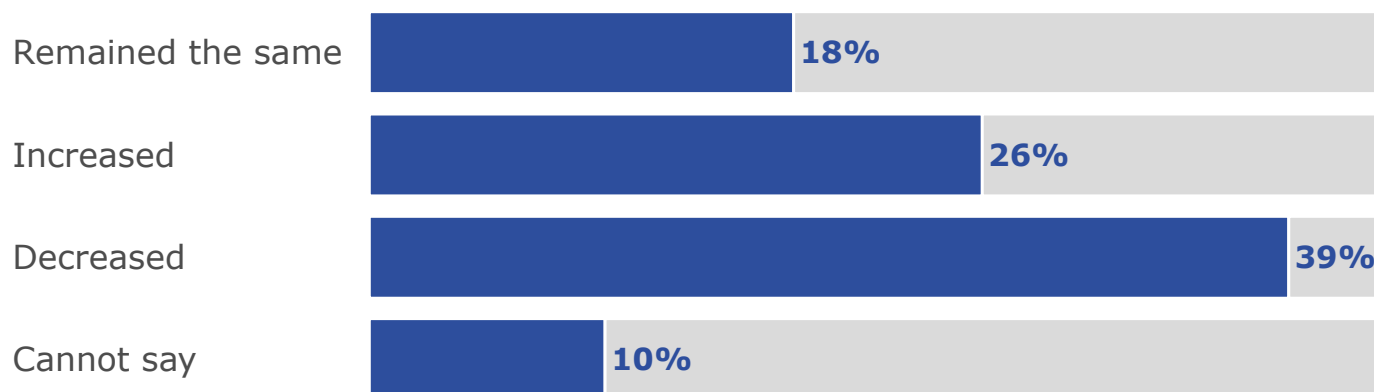
Financial Sustainability

The survey asked respondents about how their organisation's financial situation had changed in the past 12 months (i.e., during the current financial year). The results use the use of reserves, total annual expenditure and total annual income (reported separately below) to provide a picture of financial sustainability.

Total Annual Income

The respondents were asked about changes in their annual income. A total of 26% of respondents in all 10 localities reported an increase in their annual turnover, whilst a further 10% reported that they were unsure about their income (Figure 7). A large percentage (39%) of organisations estimated that their income had decreased.

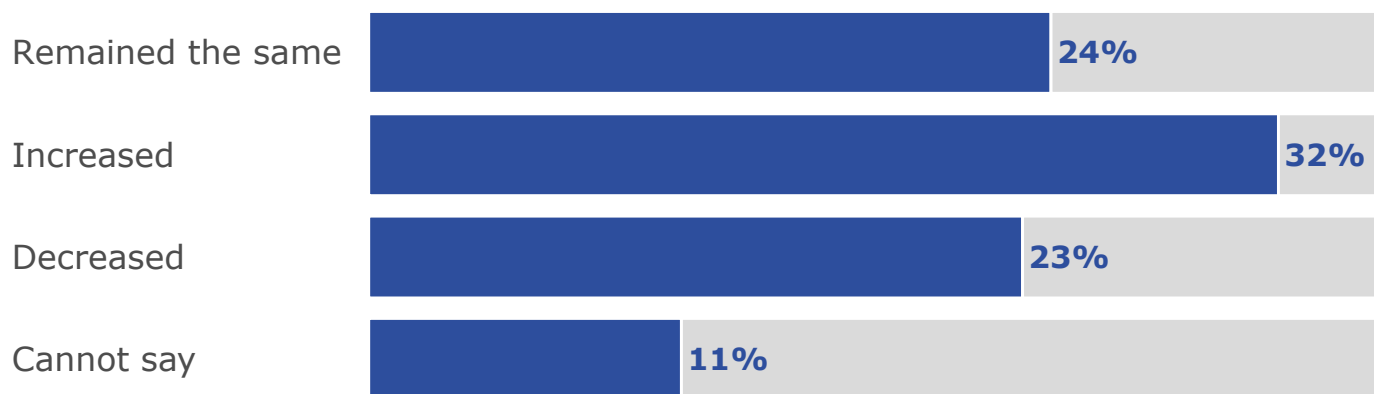
Figure 5: Changes in Annual Income



These findings raise some concerns about financial sustainability in the next 12 months. Moreover, our findings do not report on 2020/21 data, which is likely to have significant reductions forecast as a result of the ongoing global pandemic and its negative impact on the wider UK economy.

Changes in Annual Expenditure

We asked the respondents about any changes in their annual expenditure, and 32% the organisations across GM reported an increase in their expenditure, whilst a 23% reported a decrease in their expenditure (Figure 6). A total of 24% of organisations reported that their expenditure remained the same.

Figure 6: Changes in Annual Expenditure**Reserves**

We asked the respondents in each locality to indicate whether they had used their reserves. A total of 483 organisations (32%) across the localities reported that they had used their reserves. Of those who had used reserves, 21% used reserves to cover a gap in funding, and 4% used reserves to cater for an increased demand. A total of 6% of organisations across the localities reported that the use of reserves was to cover unplanned costs, and 5% used reserves to change the way that they work. Of those who responded across the localities, 21% of the respondents who had used reserves indicated that this was as a result of COVID-19. It should be noted that an organisation not using their reserves is not necessarily an indicator of financial stability. Smaller and newer organisations may not yet have established reserves due to their limited maturity, whilst similarly some larger organisations may not have been able to utilise their reserves due to the requirement of their reserves policy to maintain certain levels to remain solvent

The findings suggest that overall income was thought to have been reduced by 39% of the survey respondents, compared with an increase in income for 26%. Similarly, 48% of the respondents indicated an increase in expenditure, and only 35% reported that expenditure had decreased. A total of 32% of survey respondents indicated that they had had a drop in reserves. The largest proportion (35%) of respondents predicted their level of sustainability would decrease in the next 12 months.



Section 3: Sector Outcomes

This section describes the partnership working that operates in the VCSE sector, which has enabled the provision of a complex range of interventions. The work of paid employees and the number of volunteers is described. Finally, the response of the VCSE sector to COVID-19 and the inclusion and development of groups supporting communities experiencing racial inequalities are included.

Relationships with Local Public Sector

We asked respondents to describe their direct dealings with local public sector bodies. Our findings suggest that 85% of organisations have had some direct dealings with other VCSE organisations across GM, 70% with local VCSE organisations, 51% with local councils and 63% with private businesses.

The three most prominent organisations were:

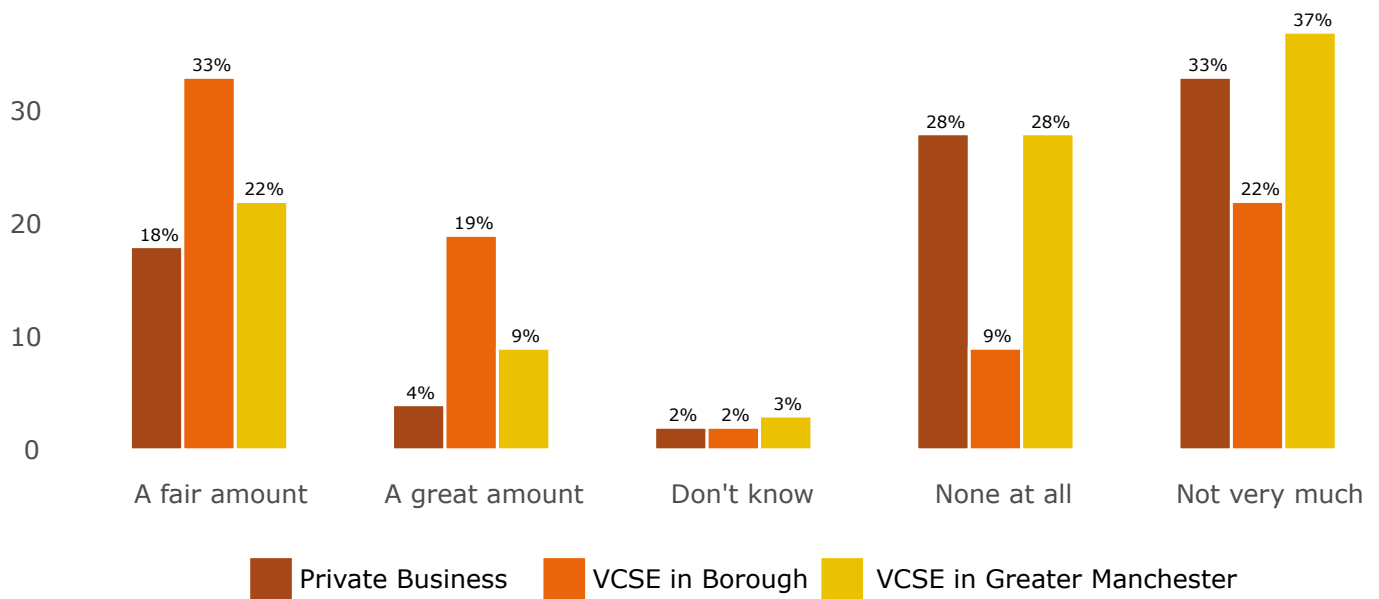
- Greater Manchester Combined Authority (including the Office of the Police and Crime Commissioner/GM Waste): 3% of respondents had had a great amount of dealings, and 10% had had a fair amount of dealings, with the GMCA.
- Greater Manchester Health and Social Care Partnership: 4% of respondents had had a great amount of dealings, and 13% had had a fair amount of dealings, with the GMHSC.
- Greater Manchester Police: 12% of respondents had had a fair amount of direct dealings, and 3% indicated a great amount of dealings, with GM Police.

Partnerships with Other VCSE, Private and Other Organisations across Greater Manchester

We asked respondents to estimate their relationships with other VCSE organisations in Greater Manchester (see Figure 11). We also asked the respondents to identify the organisations that they worked with. Our findings suggest that organisations were diverse and the VCSE sector collaborated across GM well.

- GM Working with Private Organisations: 63% of organisations across the 10 localities indicated that they worked with the private sector.
- Greater Manchester VCSE Partnership Working: 72% of organisations across the 10 localities indicated that they had worked with other VCSE organisations in Greater Manchester.

Figure 7: Direct Dealings with Other VCSE Organisations across GM



The VCSE Sector Workforce in Greater Manchester

This section describes the workforce of the VCSE sector. We have calculated the number of paid employees and FTE. The VCSE workforce is also made up of a large number of volunteers. We have estimated the size of the volunteer workforce based on the survey responses and calculated the estimated economic burden based on the current UK living wage.

Paid Employees

We asked respondents to indicate how many FTE paid employees were employed in their organisation. We used the ONS data to estimate the number of paid employees. The ONS data suggests that there are a total of 75,610 paid employees in the sector (46,122 FTEs) providing 1.45 million hours valued at £843 million (based on the living wage, £9.50 per hour).

The percentage of paid staff per organisation size was also estimated. Whilst the number of large organisations across Greater Manchester was small (521), they employed a significant percentage of the total number of staff, equating to over half (62%) of the total number of staff employed in the sector. There were 2,713 medium organisations in the sector, which employed 27% of the total number of staff. Collectively, our findings indicate that, despite only representing 19% of the total number of organisations in the sector, medium and large organisations accounted for 89% of the total number of staff employed, but the smallest percentage of volunteers (36%).

We asked survey respondents to indicate whether their organisation paid all staff at least the living wage (as per the Living Wage Foundation | For the real cost of living). A total of 1,540 organisations responded to this question, of which 733 indicated that this

question was not applicable. Of the remaining respondents (807), 74% (595) indicated that they paid the living wage. The data indicated that there is a commitment from Greater Manchester VCSE organisations to be good employers and to ensure a quality of living for their employees.

Number of Volunteers

This section describes the number and work of the volunteers in the VCSE sector in the 10 localities across Greater Manchester. We include the total number of volunteers working in the organisations that responded to the survey and volunteers who sit on committees or boards.

We asked respondents to indicate how many volunteers provided time for their organisation. Our findings suggest that there are a total of 496,609 volunteers supporting the VCSE sector across Greater Manchester giving 1.4 million hours each week valued at £692 million per annum (based on the living wage, £9.50 per hour). The total numbers of hours provided by volunteers per organisation size each week are estimated below.

- ▶ 263,356 volunteers in micro organisations provide 1,342,033 hours per week, representing 74% of the total hours of volunteers across the GM VCSE sector.
- ▶ 72,901 volunteers in small organisations provide 254,452 hours per week, representing 14% of the total hours of volunteers in the VCSE sector.
- ▶ 77,372 volunteers in medium organisations provide 153,969 hours per week, representing 8% of the total hours of volunteers in the VCSE sector.
- ▶ 111,386 volunteers in large organisations provide 74,433 hours per week, representing 4% of the total hours of volunteers in the VCSE sector.

Changes in the VCSE Sector during the Last 12 Months

Respondents were asked to indicate how the VCSE sector had changed in the past 12 months.

Changes in Total Number of Employees

We asked respondents in each locality to indicate whether they had experienced a change in the total number of employees. A total of 1,030 organisations responded.

- ▶ The largest proportion (35%) of the respondents indicated that the workforce had remained the same.
- ▶ A total of 10.5% of respondents indicated that the workforce had decreased. A similar percentage (13.6%) reported that the workforce had increased.

- ▶ We also asked whether the change in the workforce was as a result of COVID-19. A total of 1,001 organisations responded.
- ▶ Of these, 59% (588) reported that the impact of COVID-19 on the workforce was not applicable.
- ▶ Only a small percentage (8%) indicated that COVID-19 had had an impact.
- ▶ 14.7% of respondents indicated that the change in the workforce was not due to COVID-19.

Changes in Total Number of Volunteers

We asked respondents in each locality to indicate whether they had experienced a change in the total number of volunteers. A total of 1,473 organisations responded.

- ▶ The largest proportion (39%) of the respondents indicated that the volunteer workforce had remained the same.
- ▶ A total of 25% of respondents indicated that the volunteer workforce had increased.
- ▶ 3% could not say, and 25% of respondents reported a decrease in the number of volunteers.



Volunteer time in Greater Manchester is valued at £692 million per annum (based on the real living wage, £9.50 per hour)

- ▶ We also asked whether the change in the volunteer workforce was as a result of COVID-19. A total of 695 organisations responded.
- ▶ The impact of COVID-19 on the volunteer workforce was not applicable for 13% of respondents.
- ▶ 15% of respondents reported that COVID-19 had not had an impact on volunteer numbers.
- ▶ The largest proportion (24%) of respondents reported that the change in the number of volunteers was as a result of COVID-19.

Interestingly, the majority of organisations (70) reported that the volunteer workforce had remained the same. Given the current global COVID-19 epidemic and other VCSE sector reports, the change doesn't seem to reflect other VCSE sector research. These findings are also echoed in the qualitative responses, which suggests that, whilst organisations adapted to change, the actual volunteer workforce remained the same. The qualitative data also highlights the increase in demand as a result of COVID-19.

Primary Impact of COVID-19 on VCSE Organisations in Greater Manchester

We asked what the primary impact of COVID-19 on VCSE organisations in Greater Manchester had been. Three key themes emerged across all the localities, which provided insight into the main impact. These were the **closure of services, reduced funding** and resources and **loss of contact with staff and clients**. Similar impacts have been reported by other VCSE organisations outside GM, and, for many organisations, COVID-19 led to a suspension of face-to-face delivery, leading to the need to adapt service provision and delivery. Whilst many organisations had had to close, other services had been limited through the reduction in funding, the lack of opportunity to fundraise and the inability to generate income. A significant number continued to operate, but using adapted methods, and this was despite an increase in demand caused by the impact of lockdown on mental wellbeing and physical activity and increased social isolation.

Similar themes arose in the focus group. The suspension of face-to-face delivery had led to digital advancements, both for organisations and beneficiaries.

- ▶ The community centre has been closed for all users during lockdown. We have lost income since March, and some of our regular users have ceased trading and will not be rejoining us. We have adapted and put some sessions online, and we have been successful in securing funding that has allowed us to continue paying staff and renovating the building ready to reopen.
- ▶ The shop closure impacted on our income, although we have received a grant to help with the cash flow and were able to furlough staff to help this as well. Services have all been impacted, and we are slowly (and safely) trying to reinstate them where feasible.
- ▶ Throughout the pandemic, staff have continued to keep in touch with young people and families through phone calls and social media platforms. In addition, our staff have volunteered with **** Council's COVID-19 emergency helpline. They have been providing essential support and assistance to the most vulnerable and shielding residents. **** Foodbank – assisting with organising and delivery of emergency food parcels for families.
- ▶ COVID-19 has had a negative financial impact on our organisation. Our own income generation through face-to-face services to the community stopped due to the lockdown. Upon reopening, expenditure has increased due to strict safety measures; footfall has fallen due to increased risks of a second wave still persisting. Most staff have had to be furloughed.



496,609 volunteers
(including committee/board
members) giving 1.4
million hours each week

Impact of COVID-19

Primary Response to the Impact of COVID-19 on VCSE Organisations in Greater Manchester

The survey also asked respondents to describe the primary response of their organisation to COVID-19. Three themes emerged from the qualitative responses across the 10 localities, namely, **keeping in touch, maintaining support** and the **move to digital support**. Many organisations were faced with needing to adapt their service provision through implementing remote working and repurposing funds to enable a reimagined organisational focus.

Organisations were able to respond quickly and adapt to the pandemic, providing food banks, telephone services and delivery of care packages. Keeping in touch through online methods was a common approach used, and a variety of innovative ways were used to continue support through welfare calls, food deliveries, support parcels and in-home virtual support. Organisations described how digital technology facilitated innovative developments, resulting in classes and activities being held online via Zoom, which enabled organisations and individuals to keep in contact.

Whilst organisations 'closed', their work was ongoing, and many used the 'downtime' to develop new strategies for supporting the most vulnerable in their communities. Keeping in touch was integral to ensuring that those who were shielding and others who were at risk of becoming socially isolated and lonely were supported. For some, there was an additional challenge identified through 'digital exclusion'.

Organisations observed that some families and individuals were unable to utilise digital support due to a lack of access, data, resources and skills. Many organisations described how they set up telephone services and peer support and introduced individuals to digital services to enable them to remain connected.

- ▶ We have adapted and put some sessions online, and we have been successful in securing funding that has allowed us to continue paying staff and renovating the building ready to reopen.
- ▶ We've tried to continue online using Zoom groups, but people aren't confident using them. Regular updates and postings on FB page of evidence-based support ideas.
- ▶ Ensuring information is available in other ways and not just online, providing up-to-date, accurate information, providing equipment to reduce isolation, ensuring that we amplify the voice of disabled people wherever possible, providing lived experience of services.

- We used our Facebook page quite a lot. We were very, very fortunate that small businesses in the local community generally, communities, neighbourhoods, jumped on board... which was absolutely overwhelming. As we built on that support, we were able to branch out and reach more and more people. At the height of COVID, we were supporting about 200 people a week, and again, as the shielding started, as the whole thing started and we ended up in lockdown, our numbers started coming down, so overnight we became a food provider.

Some organisations described the challenges associated with setting up virtual support – for example, influencing people online – and the inability to work online due to other home circumstances:

- We have had to do everything online rather than holding face-to-face events. It's more difficult to influence officials when meetings are online.
- We had to suspend our face-to-face operation in March and retrain volunteers to work with service users remotely (i.e., using telephones and online counselling [by Zoom]). Some of our volunteers have been unable to help due to their home/work situation.

Primary Impact of COVID-19 on the People that VCSE Organisations across Greater Manchester Serve

One of the last survey questions asked respondents to describe the impact that COVID-19 had had on individuals. Three key themes emerged from the qualitative thematic analysis, namely, **Social Isolation**, **Financial Challenges** and **Mental Health**.

For many, the main impact of COVID-19 was on income generation, and, whilst some were made redundant, others were furloughed. Food poverty became an issue through a lack of employment, which resulted in a significant rise in food banks and delivery of food parcels by the VCSE sector.

The increase in mental health issues led to an increased service demand as many people experienced fear, anxiety and increased vulnerability. Loss of connections with others exacerbated levels of loneliness and increased feelings of social isolation. Individuals were no longer able to meet up in groups, which impacted on general mental and physical wellbeing.

VCSE staff were also affected as health and wellbeing were negatively affected, resulting in fatigue, increased stress, higher levels of depression and reductions in physical activity. Despite this, the response of the VCSE sector may even have prevented a worst-case scenario through the quick and responsive ways in which organisations adapted to change to ensure that communities and individuals were supported. This was reflected in the qualitative survey responses:

- ▶ Huge increase on workload of staff not on furlough. New working culture with working from home. Volunteers were unable to attend centre as deemed vulnerable. There was a loss in income for those furloughed, and the mental wellbeing of staff operating in uncertain times.
- ▶ Increase in demand for our services, especially support around holiday hunger, food delivery for shielding people, homelessness, funding searches and bid writing support for many community groups.
- ▶ Demand for service – mental health and domestic violence... Increased demand for activities.
- ▶ Many of those are over 50, and, when the lockdown hit, they automatically went into shielding. Our first challenge there was we've got people with no support network, they're not online, the phones they have are not smartphones, they're pay-as-you-go phones, and they have no access to the internet, so can't do the supermarket shopping or don't have bank accounts to pay for the shopping. They were all the things that we discovered very, very quickly as a result of COVID.
- ▶ We had to pick up quickly on where there would be gaps for people within our community and run with it. The food bank we assist with was run mainly by people that had to shield, so we stepped up to assist to stock, source, pack and deliver. We found people with multiple problems who would have slipped through the net: vulnerable, mental health, isolated, debt, living in unsuitable properties.

The qualitative survey responses highlighted the methods used by VCSE organisations across Greater Manchester in supporting communities and individuals. The initial closure of services due to lockdown led to increased pressure on services as mental ill health caused by a loss of income and security and isolation began to impact on communities. The response of the VCSE sector was remarkable, and the qualitative responses highlighted the many ways in which the VCSE sector mobilised its efforts to provide alternative and often innovative ways to support the community. In doing so, our data indicates that there was greater working across the VCSE sector as organisations collaborated to provide the support needed in a crisis.



Section 4: The Future

In this section we have drawn on the qualitative responses from the focus groups across all of the localities and triangulated these with responses from the survey questions that asked what factors will assist or constrain future delivery.

Estimated Factors Influencing Future Work of VCSE Organisations across Greater Manchester

We asked organisations in each locality to estimate the extent to which funding, staff and partnership working will either assist or constrain the future work of their organisation. The findings are reported separately below.

Workforce

To understand how the workforce may be affected in the future, we asked survey respondents in each locality to estimate the factors affecting or constraining the VCSE workforce. In particular, we asked the survey respondents to estimate the extent to which recruitment and retention of both voluntary and paid staff would constrain or assist the VCSE sector. The largest proportion of respondents (41%) across the 10 localities reported that the recruitment of staff was not applicable to their organisation, and 17% reported that the recruitment of volunteers would 'greatly assist' their organisation.

Ability to retain staff/staff turnover: Only 6% of organisations responded that the ability to retain staff would greatly assist their organisation. A further 9% indicated that this would assist their organisation, and a larger percentage (19%) were neutral.

Ability to retain volunteers/volunteer turnover: 16% of organisations responded that the ability to retain volunteers would assist their organisation, and a smaller percentage (9%) felt that the retention of volunteers would greatly assist their organisation. The percentage of responses across the survey data for the 10 localities was small; however, the workforce was also discussed in the qualitative focus groups. Participants in the theme groups and across the localities discussed how the ability to support the workforce would enable a more sustainable VCSE sector that could meet future demand. Specifically, the focus groups highlighted the need for the value of volunteers to be recognised and the need for equal partnerships to help sustain the work.



'We need to look for value, what we do value and how we value these things. The voluntary sector is often looked down as second class... Yes, the value of volunteers is sometimes missed off the bottom of the balance sheet.'



'The voluntary sector contributes millions of pounds per year to the economy of the UK. During pandemics such as this, if it wasn't for the voluntary sector, we'd have collapsed. The food distribution and various other things, they've relied solely on the voluntary sector and the volunteers, not just the statutory bodies like ours, but people getting off their backsides and doing something. Don't we deserve a seat at the table to help discuss how we can improve services, how we can work collectively together and defeat situations like this?'

The VCSE sector was perceived to be a strong ally and in time of need had demonstrated how the workforce had supported the most vulnerable. Hence, we asked the participants in the qualitative focus groups to describe how the workforce had assisted the VCSE sector in the past 12 months. Participants described the different ways in which they had supported individuals and families, particularly with IT issues, as the following extracts illustrate:



'the need to embrace things like digitalisation, but again realising that there are sections of the community who aren't able to access digital'



'Certain issues caused by COVID have been brought to the forefront. So, mental health, domestic violence, food poverty, digital poverty – that's been brought to the forefront. But the overlying issue for a lot of voluntary and community organisations is sustainability and security of being able to continue delivering the services.'

Participants in the focus groups across the localities also described how staff had gone above and beyond to support people, as well as the developments needed to ensure that the most vulnerable continued to be supported.



'My staff, my volunteers are suffering as well, because, as was pointed out earlier, that mental health, because of the struggle that we're having to be able to deliver our services and the desire to get back to delivering services, it creates a frustration for them.'



'we've got more equipment in to be able to work more digitally ourselves, and all of our staff have got up to speed. A couple of trustees were very non-digital-savvy, and we've realised what the barriers might be, really, and we've got to a different place. When people are saying, "I can't Zoom", the conversations have opened up to us being able to respond to that by realising, "Well, you've been on Facebook, so you can, really", but there's a lot of fear, reluctance... we've propelled a lot of people forward in a digital way they would never have got anywhere near if it wasn't for this crisis... we've helped some of our older and more isolated people to get iPads and things. They're having a blast. There has been positive improvements that have come to light through this crisis, really.'

Partnerships

The unpredictable political, economic and societal environment means that partnerships across a range of sectors will play a key role in the success of the VCSE sector in future. To understand how relationships may be affected in the future, we asked survey respondents across the 10 localities to estimate the factors affecting or constraining the VCSE workforce. In particular, we asked the survey respondents to estimate the extent to which relationships with other VCSE, public and private sector organisations would assist or constrain the VCSE sector.

Engagement with other VCSE organisations: 25% of organisations responded that this would assist their organisation, and a further 13% indicated that this would 'greatly assist' their organisation.

Engagement with other public organisations: 23% of organisations responded that this would assist their organisation, and a further 10% indicated that this would 'greatly assist' their organisation.

Engagement with other private organisations: 12% of organisations responded that this would assist their organisation, and a further 5% indicated that this would 'greatly assist' their organisation.

The qualitative focus groups across the localities highlighted the need for equal partnerships between organisations, particularly with private organisations and applications for funding, which was also highlighted in focus groups in other localities, which suggests that this is a common area of concern.



'I do think there is still a disconnect between our sector and the private sector, and I do believe that that needs to get stronger in the years to come in order to create sustainability.'



'the links with the private sector is something I've really been thinking about lately. It's not really knowing where to start, looking at the very big, wealthy employers, their involvement. I know some of them do have good corporate and social responsibility endeavours, but they do need to step up more. We know this, and maybe we need to find a way of facilitating how we can get them to fulfil their obligations, getting their hands in their pockets. Maybe there's a role where the CVS could work on that with us.'



'funding is very, very important, and I get that, and it's not just about funding: it's what else businesses can do just to support local voluntary and community sector organisations.'

Similarly, the impact of COVID-19 on communities experiencing racial inequalities was used to illustrate how the VCSE sector had reached out to communities experiencing racial inequalities and the challenges that this had highlighted.



'working with South Asian communities and other smaller marginalised communities, this became extremely difficult because we were getting loads of mixed messages, and, luckily, because we are small, we were able to do reactive work to reduce some of the impact, but local in ** played a very crucial role in bringing in the grassroots organisations together in order to have a single platform in order to deliver and make an impact.'***

Funding

Economic uncertainty caused through Brexit and restrictions imposed as a result of COVID-19 have resulted in anxiety about the funding and operation of many VCSE organisations. We asked the survey respondents across the 10 localities to estimate to what extent funding from tenders, the local economy and other sources would either assist or constrain funding and, in particular, the ability to secure contracts and the impact of the wider economy.

Ability to secure contracts from public sector bodies: 13% of respondents indicated that this would assist their organisation, with 8% responding that this would 'greatly assist' their organisation, whereas 16% indicated that the ability to secure funding could constrain their organisation.

Impact of the local economy: The responses to this question were split across the 10 localities.

- ▶ 4% of respondents indicated that the local economy would greatly assist their organisation.
- ▶ 7% indicated that the local economy would assist their organisation.
- ▶ 16% felt that the local economy would constrain their organisation.
- ▶ 14% indicated that the local economy would seriously constrain their organisation.

The percentage of responses was small, suggesting that tender capture from these sources was not viewed as a significant enabler. The local economy was also experiencing unprecedented changes as a result of COVID, and, whilst this survey asked respondents to consider the past four years, the impact of COVID-19 may have had a significant influence on the responses.

The impact of the local economy was also highlighted in the qualitative focus groups, in which participants described the funding vulnerability of the sector caused by overspends in other areas, which mirrors other insight recently produced by the charity Pro-Bono describing five separate – though deeply interconnected – fronts through which challenges in income and demand are likely to be driven. The following extracts illustrate this point:



'The potential funding vulnerability of the voluntary sector caused by the very large overspends in local authorities all across the country, but particularly in *** and in Greater Manchester more generally as a response to the measures around COVID and the COVID pandemic.'



'We're always looking at funding, what's coming from government, and there is still, in my humble opinion, a lot of money wasted when the community do a lot more responsive, quicker and meaningful job at a fraction of the cost.'

The triangulated data across the 10 localities suggests that partnerships were key to creating equal funding opportunities, which also involved raising the profile of the work of the VCSE sector. In the focus groups, one of the main points raised about the future of the VCSE sector was funding vulnerability, particularly as a result of the large overspends of local authorities as a response to the measures around COVID-19. That, on top of the loss of revenue, may lead to uncertainty about funding for the VCSE sector, as highlighted in the focus groups:



'not able to spend as much in the community will mean that our clients will be disadvantaged and will require us, as service providers, more than they have in the past.'

We also asked the survey respondents to estimate to what extent Brexit would assist or constrain funding. The findings below suggest a mixed perspective of the impact of Brexit; most organisations suggested that this wasn't applicable. This also corresponds with earlier survey data that highlighted the small percentage of organisations in receipt of European funding.

- ▶ 1.3% of respondents anticipated that Brexit would greatly assist their organisation.
- ▶ 28% of respondents indicated that the influence of Brexit was not applicable to their organisation.
- ▶ 21% of respondents anticipated that Brexit would seriously constrain their organisation.

Uncertainty is the main theme when discussing the potential impacts of Brexit on the VCSE sector. Employment laws and tendering processes will change, but the uncertainty about what will change and how makes it difficult to plan for the future. One of the participants mentioned:



'The procurement law would have continued through international obligation, but, because the Government is tearing up international obligations [laughs slightly] and not doing a terribly good job of the negotiation itself, there's a real possibility that on the 1st January there will be no EU procurement framework in place for the UK, which means that everybody's local authority and CCG, their entire rule book would have been torn up. They won't know what to do, and there won't be UK law to deal with procurement either. That will be quite a big issue!'

Another participant, who did receive European funding, highlighted the need for a more strategic approach to support organisations who had previously relied on EU funding:



'Yes, we use quite a lot of European funding to run our projects; the emergency fund that I mentioned earlier for COVID is ESF funding. Yes, my job gets a little bit sketchy from around April to be fair; the funding runs out, and then I'm not sure where my job will be because we rely heavily on the ESF funding. ESF don't give this money easily; you have to jump through hoops to get it and prove there's a need, and there is a need. There's a great need for young people and older people that are at either end of the market, that have lost their jobs through COVID and really need that intensive support to get back in again. It would be an awful shame if this funding isn't replaced with something from Westminster, really.'

Whilst the majority of the survey questions related to the workforce, partnerships and funding, the findings indicate that these three key areas were interlinked. When triangulated, the responses from the survey and qualitative focus groups highlighted the need to ensure that partnerships between the VCSE sector and private sector be strengthened to enable future sustainability. Stronger partnerships across the localities and sector could provide a platform for reaching out to groups that have been worst hit by the pandemic. Economic uncertainty was a concern repeatedly raised, and the need to build on the learning from the past four years and the response to COVID-19 was advocated as essential to avoid the pitfalls of overspending in some areas.



Section 5: Reflections, Recommendations and a Call to Action

As with previous State of the Sector reports, this report once again demonstrates the vital and central role that the VCSE sector occupies across Greater Manchester, not only in the last year through the Covid-19 pandemic, but in the years preceding it. Our sector has long recognised the importance and value of prevention, population health work and the economic requirements for reducing poverty levels. It has striven to reduce the structural inequalities experienced by marginalised communities. As we slowly enter the recovery phase of the pandemic, it is essential that we transform learning into action: providing urgent support and intervention where needed, while developing longer-term sustainable solutions to social and economic inequities. There is now a time-critical opportunity to support the work of the VCSE sector as a means of increasing that impact within and across communities.

Partnerships

Firstly, it is now clearer than ever that **the VCSE sector should be embedded as a strategic partner as part of all local recovery plans and future emergency planning**. As this report shows, partnership working is a strength of the sector, and this was never more evident than during the pandemic, with strong examples across Greater Manchester. We need to build on this as we enter recovery. This should include all areas of recovery from mental health and domestic abuse support to economy and skills and interruptions in care. Local decision- and policy-makers have widely recognised the VCSE sector's response to the Covid-19 pandemic and ability to develop innovative solutions at speed. Now is the time to draw on the knowledge and expertise of our sector to address the other great issues of our time: the climate crisis, poverty and structural inequalities. This may involve places on formal public sector boards and strategic groups, but it is much more about building strategic relationships between sectors. Our sector has repeatedly shown its ability to create broad coalitions from across the public, private and VCSE sectors and its commitment to genuine partnership working where we can redress power imbalances, respectfully challenge each other when needed, and come together to achieve our shared ambitions, with the VCSE sector leading on behalf of the system when it is best placed to do this.

Economic Development

Alongside this, **the VCSE sector is a critical part of local economies and should be recognised as such**. As highlighted by this report, our sector is an income generator in its own right, a significant employer and a demonstrated leader in responding to crises and challenges. While discussions about economic recovery often place emphasis on 'anchor institutions', as organisations rooted in place (literally written into their constitutions), the role of VCSE organisations as employers, enterprises and enhancers of the economic potential of places is frequently overlooked.

The cultural and play spaces and leisure, learning and community activities run by VCSE organisations are contributors to the attractiveness of Greater Manchester as a place to live, grow and invest. As part of the ecosystem of place, the VCSE sector must therefore be supported, along with other aspects of local economies, to recover financially from the Covid-19 pandemic. This means bringing together the VCSE, public and private sectors to facilitate connections, partnerships and innovations. These partnerships should focus on collaborative efforts to address the economic and social challenges during the recovery period while also enabling VCSE organisations to rebuild their reserves, diversify their income streams and increase their fundraising capacity.

Agile Commissioning

Thirdly, the report shows that sustainable funding is a concern, and, as we move beyond Covid-19, **there is a need to review commissioning approaches** to enable VCSE organisations – which are led by local communities – not just to continue to run local services but to grow and innovate as part of an inclusive economy. The Greater Manchester VCSE Commissioning Framework, published in 2020, offers a vision for a fundamental shift in culture, investment and process for the benefit of communities. Last year we saw the benefits of a flexible and agile approach to commissioning, as many funders removed restrictions on spending, allowing funding to be channelled to where it was needed. This meant that the VCSE sector could target resources appropriately, mobilise thousands of volunteers and respond to rapidly changing needs within communities through the different cycles of the pandemic. Going forward, we recommend that commissioners use the Framework to embed these approaches as a strategy, incorporating social value and co-design principles. Longer-term contracts would also support improved long-term planning and address the current funding uncertainties. This would create further opportunities for collaboration, not competition, amongst VCSE organisations and maximise the sector's ability to invest time, effort and resources in increasing its impact.

Place and Voice

Furthermore, in line with the recommendations of the Greater Manchester Independent Inequalities Commission, there must be **meaningful mechanisms put in place to make co-design of local services the norm**. As this report highlights, our sector is rooted in place and in the communities it supports. The VCSE sector has a unique ability to gather intelligence at a neighbourhood level and across communities of place, interest and identity. We are powered by passionate local people who are committed to amplifying the voices of the most marginalised. By ensuring people with lived experience have a seat at the table and can meaningfully influence the decisions that affect them, we can begin to address structural inequalities and build services that meet the needs of those they serve. This must be done in a way that recognises inherent power imbalances and uses tested co-production principles to design and review public services.

Within the focus on economic recovery, there should be a **greater focus on community-led enterprise** (including social enterprises, co-operatives and mutuals) as an enabler of economic inclusion. The entrepreneurial capacity in the VCSE sector is

clearly shown in this report through the diversification of income approaches that the sector has developed during challenging times. A programme to build on this, equipping more individuals with skills and knowledge around enterprise and a strategic approach to fostering purpose-led enterprises can create new markets, new employment and greater economic inclusion for the city-region's diverse communities.

Our Potential

There is great potential for **building productive relationships between private businesses and VCSE organisations** to address inequalities. Businesses in all sectors need to live and breathe as part of the community they inhabit. While good corporate social responsibility policies are welcome, we believe that there is a need to invest in brokerage programmes for businesses and VCSE organisations to explore joint action and increase adoption of social value approaches, with our GM Social Value Network well positioned to lead on this. There is also an opportunity to focus on **public engagement with the local social economy** as never before: encouraging local people to donate time and donate financially (not just to VCSE organisations but also to community-led funds to support others facing hardship). This would involve collaborative work within the VCSE sector on local fundraising strategies and a 'Be Local, Be Social' programme around buying from local purpose-led enterprises.

Future Direction: Forging New Paths

Finally, we recommend a new approach to supporting and retaining the paid and voluntary VCSE workforce. VCSE sector staff and volunteers have worked tirelessly to respond to a soaring demand for services, often against a backdrop of uncertain funding. Workforce wellbeing and sustainability were highlighted through the focus groups as growing concerns. There is a need to support citizen and system leadership to harness the full potential of this substantial workforce.

We believe there is a unique moment to build on the massive appetite shown by the public to engage as active citizens through volunteering and social action: we are committed to continuing to work with those who have developed new community-led approaches to support in neighbourhoods. Our sector, however, while primarily voluntary, is also an employer and must be able to support, develop and nurture its workforce. We urge funders to recognise the value of being able to pay staff a Real Living Wage and to be able to invest in proper training and support for staff and volunteers who dedicate their time to improving people's lives (which in turn delivers additional benefits for wellbeing and personal development). Through our local VCSE infrastructure bodies, we also recommend investing in significant organisational development programmes where they don't currently exist, so that the **underpinning all of these recommendations is the principle of collaboration.** Shared effort, shared investment and insight enable greater collective impact: the response to the pandemic was at its best when it leveraged a wide variety of resources from across sectors to create the support services, communications networks, practical organising and access to care that communities have needed. It has created space for innovations that will change the way all sectors work and collaborate, lowering the cost of starting businesses by supporting innovations such as shared workspaces, shared commercial kitchens, community-financed start-ups and community-owned spaces. There is scope

for social and economic innovation to create a more inclusive approach, at the heart of which we will need a thriving and sustainable VCSE sector.

We firmly believe that enacting each of the recommendations above will support this aim. We offer our support in enabling you to implement these recommendations: our flexibility and our ability to adapt to reach, as well as our experience in reaching, parts of our local communities that are often untouched and unheard by decision-makers. By working in partnership, we can increase our communities' resilience, begin to deconstruct structural inequalities, reduce demand on public services, increase employment and engagement and build healthier, safer and more equal communities for all.

John Hannen
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