

State of the VCSE Sector 2021



GREATER MANCHESTER STATE OF THE VCSE SECTOR

Briefing note



University of
Salford
MANCHESTER

GMCVO

INTRODUCTION

This briefing has been put together using the findings of a more detailed report, ***A Realist Evaluation of the State of the Greater Manchester Voluntary, Community and Social Enterprise Sector 2021***. This research has been supported by GMCVO within Greater Manchester. It was commissioned by Salford CVS on behalf of the 10GM partnership (Action Together in Oldham, Rochdale and Tameside; Bolton CVS; Macc in Manchester; and Salford CVS); GMCVO; Bury VCFA; Sector 3 (Stockport); Trafford Council and Wigan Council; and undertaken by the Centre for Social and Health Research at the University of Salford. This report forms part of a wider collection of reports which may be downloaded from **www.10gm.org.uk**

To describe growth patterns, trends and draw some comparisons, this survey is based on previous State of the Sector questions originally developed by Sheffield Hallam University (2013 and 2017). The Greater Manchester State of the Sector survey and focus groups were conducted in the autumn of 2020, in the midst of the Covid pandemic.



OVERVIEW

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.

The VCSE sector adds substantial value and is an important part of our local

economy. A large number of small community groups rooted in their local communities make up the majority of the sector (71%). Charities are well placed to respond to social and health inequalities and build social capital at a community level. More organisations with a range of legal forms are also defining themselves as social enterprises and doing business in a way which benefits their local communities.

Our sector is changing and since 2017 there has been a level of sector churn, with 19% of organisations formed since 2018. The VCSE sector is a key partner of the public and private sectors. Its reach, scale and spread across Greater Manchester and its ingenuity and entrepreneurial spirit mean it is well placed to inform and influence what an inclusive economy looks like, and it is already working in this way in practice. As employers rooted in place, staff tend to be locally employed; and volunteering time adds a significant

economic contribution - thereby redirecting wealth back into the local economy and promoting community wealth building.

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 practice developed over the last year and channel this 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, VCSE sector income 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 the contracts and grants that enable them to do their vital work. Over time, this will inevitably reduce their ability to bear risk, to respond to demand and to 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 a set of recommendations below which lay out our vision for how we make this happen.

**John Hannen,
Chief Executive,
GMCVO**

KEY FINDINGS

Our findings are a realist evaluation in the context of a range of external factors:

Context: COVID-19

We asked what the primary impact of COVID-19 was on VCSE organisations in Greater Manchester. The three key themes that emerged were **'closure of services, reduced funding and resources & loss of contact with staff and clients'**. When asked about their organisation's response to the pandemic, the three key themes were **'Keeping in touch, maintaining support and the move to digital support.'** As well as there being an unequal impact of COVID-19 on local communities, there has also been an unequal impact of COVID-19 on the VCSE sector, with some groups and organisations finding it easier to adapt to change than others.

Context: Brexit

The State of the VCSE Sector 2020 survey was undertaken whilst Brexit negotiations were still underway, resulting in much social and economic uncertainty. 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 European Union, partnerships and resources may be negatively impacted for those charities who receive EU funding, resulting in a shortfall of funding.

Context: Racial inequalities and discrimination

COVID-19 has brought the existing needs of communities experiencing racial inequalities to the forefront. Issues such as mental health, domestic violence / abuse and food poverty have been exacerbated in communities that were already experiencing deprivation. Our focus groups revealed funding insecurity to be a significant issue for groups and organisations led by people experiencing racial inequalities, as well as highlighting an increase in hate crime.

OUR SECTOR AND WHAT WE DO

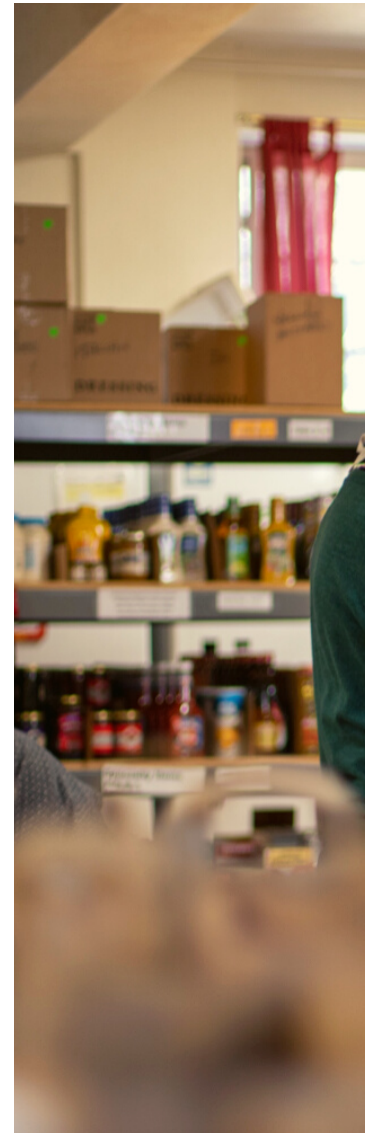
17,494 voluntary organisations, community groups and social enterprises making a difference in Greater Manchester

71% are micro organisations, with an annual income under £10,000

19% of the sector identify as being a social enterprise

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

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



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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

Focus group participant

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INCOME, FUNDING & ECONOMY

The total income of the sector in 2019/2020 was calculated at **£1.2 billion**

75% of organisations have at least one source of non-public sector funds, bringing significant value to the city-region's economy

32% of organisations have used their reserves in the past 12 months



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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, foot fall has fallen due to increased risks of another wave still persisting. Most staff have had to be furloughed.

Focus group participant

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WORKFORCE, PEOPLE & RELATIONSHIPS

496,609 volunteers (including committee / board members), giving **1.4 million** hours each week - a **7% increase** from 2017. This bounce is largely attributable to COVID-19 response work and we would expect this to slowly drop away in the future.

Volunteer time in Greater Manchester is conservatively valued at **£692 million** per annum (based on the real Living Wage of £9.50 per hour) - but in reality is likely to be much higher.

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 volunteering across the Greater Manchester VCSE sector.

74% of organisations who employ staff indicated that they paid the real Living Wage to their employees (*the rate set by The Living Wage Foundation*).

85% of VCSE organisations have had some direct dealings with other VCSE organisations across Greater Manchester. This includes **70%** with local VCSE organisations, **51%** with local councils, and **63%** with private businesses.

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”

Focus group participant

THE FUTURE & RECOMMENDATIONS

Our sector has long recognised the importance and value of prevention, population health work, and the economic requirements to reduce poverty levels. It has strived to reduce the structural inequalities experienced by marginalised communities. As we enter into the recovery phase of the Covid-19 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.

Our recommendations set out our vision for how we can do this.

- 1** The VCSE sector should be embedded as a strategic partner as part of all local recovery plans and future emergency planning
- 2** Recognise the VCSE sector as a critical part of local economies. Our sector is an income generator in its own right, a significant employer, and a demonstrated leader in responding to crises and challenges
- 3** Review commissioning approaches to enable VCSE organisations – which are led by local communities – to not just continue to run local services but to grow and innovate as part of an inclusive economy
- 4** In line with the recommendations of the Greater Manchester Independent Inequalities Commission, put into place meaningful mechanisms to make co-design of local services the norm
- 5** Fulfil the potential for building productive relationships between private business and VCSE organisations to address inequalities
- 6** A new approach to supporting and retaining the paid and voluntary VCSE workforce including payment of the real Living Wage to staff and investment in training and support for volunteers

THE FUTURE & RECOMMENDATIONS

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, the communications networks, the practical organising and the access to care that communities have needed. It has created space for innovations which will change the way all sectors work and collaborate: lowering the cost of starting businesses by supporting innovations like 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.



UNDERPINNING ALL OF THESE RECOMMENDATIONS IS THE PRINCIPLE OF COLLABORATION.

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