



Authors

Michelle Howarth

Philip Martin

Graeme Sherriff

Paul Hepburn

Roze Witkam

Contents

| | |
|--|-----------|
| Acknowledgements | 5 |
| Contact Information | 5 |
| Foreword | 6 |
| Executive Summary | 8 |
| Realist Evaluation Approach | 10 |
| Section 1: Context | 13 |
| Definitions | 13 |
| Context for the Research | 13 |
| Retrospective: Stockport 2017–19 | 15 |
| Wellbeing of Communities and Influence of the VCSE Sector | 17 |
| Current Context: COVID-19 | 19 |
| Current Context: Brexit | 20 |
| Current Context: Black Lives Matter | 21 |
| Findings: Impact of COVID-19, Brexit and Black Lives Matter | 22 |
| Repurposing of Organisations in Response to COVID-19 | 24 |
| Section 2: Mechanisms and Processes | 26 |
| Estimated Strength of the Survey | 26 |
| What the Voluntary, Community and Social Enterprise Sector in Stockport Does | 26 |
| Size, Number and Types of VCSE Organisations in Stockport | 27 |
| How the VCSE Sector Makes a Difference to People | 28 |
| Main Clients/Users/Beneficiaries of VCSE Organisations in Stockport | 30 |
| Geographical Area within which the VCSE Sector Operates in Stockport | 31 |
| Organisational Maturity | 32 |
| Income and Expenditure | 32 |
| Section 3: Sector Outcomes | 42 |
| Partnership Working | 42 |
| The VCSE Workforce in Stockport | 44 |
| Impact of COVID-19 | 47 |
| Section 4: The Future | 54 |
| Workforce | 54 |
| Partnerships | 55 |
| Funding | 56 |
| Section 5: Conclusion, Afterword and Recommendations | 58 |
| Report References | 63 |

Figures

| | |
|---|-----------|
| Table 1: Worked Example of Extrapolation (Total Income) | 11 |
| Figure 1: Size of Organisations in Stockport. | 28 |
| Figure 2: Main Areas of Work in the VCSE Sector | 29 |
| Figure 3: Main Clients/Users/Beneficiaries of the VCSE Sector | 30 |
| Figure 4: Main Geographical Areas of Work | 31 |
| Figure 5: Organisational Maturity | 32 |
| Table 2: Income Representation in Percentages. | 33 |
| Table 3: Income 2012–20 | 34 |
| Figure 6: Other Sources of Funding | 37 |
| Figure 7: Other Sources of Funding | 38 |
| Figure 8: Changes in Total Annual Income | 39 |
| Figure 9: Changes in Total Annual Expenditure | 39 |
| Figure 10: Changes in Level of Free Reserves | 40 |
| Figure 11: Financial Turnover | 41 |
| Figure 12: Direct Dealings with Private and VCSE Organisations | 44 |
| Figure 13: Changes in Total Number of Employees | 46 |
| Illustration 1: Primary Impact of COVID-19 on VCSE Organisations | 47 |
| Illustration 2: Primary Response to the Impact of COVID-19 on VCSE Organisations | 49 |
| Illustration 3: Primary Impact of COVID-19 on the People that VCSE Organisations Serve | 51 |

Acknowledgements

This research has been jointly commissioned by Stockport Metropolitan Borough Council working alongside Sector3. The project was led by Salford CVS as part of the 10GM partnership (Action Together in Oldham, Rochdale and Tameside, Bolton CVS, Macc in Manchester and Salford CVS), other local infrastructure organisations and local authorities in GM, and GMCVO 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 and 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 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 the VCSE organisations who participated in this survey and the focus groups.


Our thanks are also extended to Dr Andrea Gibbons, who designed the survey in collaboration with the VCSE State of the Sector steering group, and Martyn Willcock, who facilitated the focus groups.

Contact Information

For Centre for Social and Health Research


 Dr Michelle Howarth

 Address:
University of Salford,
Mary Seacole Building,
Frederick Rd Campus,
Salford,
Manchester
M6 6PU

 Tel: 0161 295 2873
Email: m.l.howarth2@salford.ac.uk

For Sector3

 Jo McGrath

 Address:
56 Wellington Street,
Stockport
SK1 3AQ

 Email: info@sector3sk.org

Foreword

Sector3, Stockport's voluntary, community, faith and social enterprise (VCFSE) sector infrastructure support organisation, is proud to introduce the findings of the State of the Stockport VCFSE Sector 2020 report.

I'd like to thank all the voluntary and faith-led organisations, community groups, charities and social enterprises that took the time to take part in the research for this report.

During a year of loss, isolation and fear, the VCFSE sector has stood at society's side. Organisations joined forces, mutual aid groups formed and first-time volunteers mobilised to support their communities. From helping with shopping and directing traffic at testing sites to surprise superhero performances, the VCFSE sector in Stockport has been critical in providing a frontline response to the pandemic.

In this time of political, systemic and cultural change, it is vital that we understand the health of the sector and the opportunities and threats that lie before us. This report captures the impact of the pandemic on the local sector.

As well as being a public health crisis, the COVID-19 pandemic has had a devastating impact on poverty levels and inequality. Women, alongside older and disabled people and our ethnically diverse communities, have borne the brunt of the fallout of the pandemic. Sector3 is committed to supporting the VCFSE sector, which provide a diverse ecosystem of support to a diverse range of Stockport residents. We'll be constantly listening and learning from our network and evolving services to support those most in need.

Reading the report, it is evident there is much to be proud of our sector for: its flexibility, strength and agility in responding to crisis. There are many examples across Stockport where third sector leaders stepped up without hesitation to respond to need, working collaboratively and effectively with statutory services. We have seen organisations forced to adapt, become digitally savvy overnight and respond to changing demand by moving support services online and keeping connected to vulnerable individuals through thousands of telephone calls, for example. Moving forward, we need to find ways to build on these strengths and plug the gaps so we can capitalise on future opportunities.

There are some tough challenges ahead; a lack of cash reserves and the sector's reliance on fundraising events and physical spaces to deliver activities leaves the sector vulnerable and exposed. The

evidence in the report shows that in the long term, faced with financial uncertainty and rising demand, we will need to work in radically diverse ways to support the sector and our communities.

Within the challenges lie many opportunities for the VCFSE sector and community leaders to help shape the recovery landscape, to start different conversations and to build new and stronger cross-sector relationships. The VCFSE sector, with its expertise, reach into communities and dedicated volunteering community, must be part of the recovery plans; it is the only way we can build back in an authentic, sustainable and inclusive way.

We hope the findings contained within this report give a picture of the significant value the VCFSE sector brings to our borough and highlight the reality that the sector is #NeverMoreNeeded.

Formed at the beginning of the pandemic, Sector3's role has been to invest in, grow and deliver a network to support organisations. The network will continue to be led by the sector for the sector, working collaboratively to ensure VCFSE organisations and communities not only survive but also thrive in the years to come.

Jo McGrath
CEO
Sector3 Stockport



Executive Summary

The State of the VCSE Sector 2021 Survey included eight key sections, which encouraged respondents in each of the 10 Greater Manchester localities to describe their organisations, workforce, volunteers and impact, the work that the VCSE sector undertook in each of those localities and the impact of the global COVID-19 pandemic on their work and communities.

In total, the survey comprised 104 questions designed to capture accurate and representative data about the state of the VCSE sector. We sought to establish essential findings for each locality and also for Greater Manchester as a whole.



Headlines for

Stockport

**1,672**

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



annual income
<10K

77%

are micro organisations

**11%**

of the sector identify as being a social enterprise

£

**£114.7 million**

total income of the sector (2019/2020)

**63%**

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

**47%**

of the organisations have used their reserves in the past 12 months (53% due to COVID)

**57,488**

volunteers (including committee/board members), giving 213,536 hours each week valued at £105 million per annum (based in living wage £9.50 per hour)

**83%**

have had some direct dealings with other VCSE organisation, 89% with Stockport Council and 61% with private businesses

Realist Evaluation Approach

The web-based survey was distributed across Stockport and a total of 120 were returned during July- October 2020, which includes partial completions.

The survey was undertaken as part of the wider survey across all 10 localities in Greater Manchester and forms part of the data set for the Greater Manchester State of the Sector report. 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 with 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 that 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 8.96 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 organisations within Stockport. In the table above, for example, it is assumed that the average income for a small Greater Manchester organisation is representative of a small organisation in Stockport. 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 experiencing 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 Stockport. 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 Stockport, 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. [1] 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 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 ten 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 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 £582m. While the majority of this 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 the 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 which 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.

This 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 & references

- ▶ 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
- ▶ Greater Manchester VCSE Leadership Group (2020) - Greater Manchester Voluntary, Community and Social Enterprise (VCSE) Commissioning Framework and Delivery Plan, published January 2020.

Retrospective: Stockport 2017–19

The 2017 State of the Sector report estimated 1,689 VCSE sector organisations were based in Stockport. Equating to 10.6% of the GM total (15,890), this was the second highest number in the sub-region after Manchester. However, 84% of the total [1,420] were categorised as ‘micro’ or ‘small’ organisations [an income of <£100,000 per annum].

The total of 3,000 FTE paid staff employed in Stockport. Almost half of all the VCSE organisations in the Borough had a core focus on Health and Wellbeing, with a quarter concentrating on Community Development and Sport and Leisure.

With a rank of 130th on the 2019 Index of Multiple Deprivation, Stockport was the second least deprived borough in Greater Manchester, behind Trafford, with less than 10% of its LSOAs among the most deprived in England. The Borough ranked well on all the main IMD domains in comparison with the other Greater Manchester boroughs, with its 64th place for Crime being the lowest position of any borough. (1)

As with all 10 local authorities, this masks internal diversity, with areas such as Brinnington seeing much higher levels of deprivation than others such as Bramhall. It was in the deprived areas that issues such as alcohol-related hospital admissions and rates of smoking were highest and where mental wellbeing and life expectancy were lowest.

According to the Stockport Joint Health and Wellbeing Strategy 2017–20, the Borough has the oldest age profile in Greater Manchester and thus has an 'ageing population with increasingly complex care need(s)'. (3) It identified alcohol misuse as a prime concern, and Public Health England data showed high admission rates for alcohol-specific and -related conditions in comparison with national figures, although they were similar to the regional performance. The latter highlighted that rates of statutory homelessness were the only area where the Borough was notably worse than regional or national comparators.

Nonetheless, most available data sources suggest that in most core areas Stockport matches or outperforms local, regional and national attainments.

Sources and References

1. Local Government Association, LGA Indices of Deprivation 2019. LG Inform results for Stockport (accessed October 2020).
2. LGA Research Report. Headline Report for Stockport Metropolitan Borough Council. LG Inform results for Stockport (accessed October 2020).
3. Stockport Health and Wellbeing Board, Healthy Stockport: Stockport Joint Health and Wellbeing Strategy 2017-2020: Three Year Strategy & Actions for 2017.
4. Public Health England (2020) Stockport Local Authority Health Profile 2019.

Further information can be found at:

<http://www.mystockport.org.uk/>

Stockport JSNA: <http://www.stockportjsna.org.uk/>

Stockport: 2020

The Metropolitan Borough of Stockport has a growing population of over 290,000, which is increasingly older than average, and includes a relatively small but rapidly growing proportion of residents from ethnically diverse backgrounds. Stockport has strong local communities, economy and VCFSE, benefiting from good transport links, a unique location between the City of Manchester and the countryside of Cheshire and the Peak District, and plentiful attractive greenspaces as well as good schools and colleges. This makes it popular place to live, and with its attractive housing, demand for homes in Stockport exceeds supply.

As highlighted above, while relatively affluent overall, Stockport is also one of the most socio-economically polarised boroughs in England and this is reflected in large inequalities in health and wellbeing, including a ten-year gap in life expectancy between the most and least affluent neighbourhoods.

There is a strong history of partnership across all sectors in Stockport, with established networks and structures to facilitate collaboration between public services and the VCFSE. These have been reinforced as partners have worked closely together to respond to the Covid-19 pandemic, with wide engagement in a regular Cross-sector Forum, Sector Connector events, while at local neighbourhood level, we have eight 'Teams around the Place'. These bring together communities with commissioned and other VCFSE partners to respond to the needs and wishes of our local communities, building networks of positive relationships and mutual support. The Council has established a Communities Programme to build on this work and ensure that community-centred approaches and collaborative ways of working are built into the fabric of public services.

Wellbeing of Communities and Influence of the VCSE Sector

In 2010, the Marmot report 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. The '10 years on' Marmot 2020 report found that health inequalities had increased since 2010, with life expectancy falling among women in our most deprived communities, and 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 ill-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. COVID-19 highlighted how the VCSE sector has been impacted and, significantly, the health and wellbeing impact on communities. In the North West, this is particularly relevant as mortality rates are higher than the national average, as are suicide rates. The Local Authority Health Profiles for Stockport suggest that outcomes for other key indicators such as heart disease and life expectancy are worse than the national average.

Since the last State of the Sector Survey (2017), the VCSE Health and Wellbeing programme has been launched (April 2017). This involves a partnership with the Department of Health and Social Care, NHS England and Public Health England to enable a collaborative approach to improving wellbeing and reduce inequalities through a programme of transformation, which influences local-level arrangements. Thus, the VCSE sector has an important role to play in the wider Stockport Together partnership (2020) in

'working alongside GPs and voluntary organisations to develop an integrated system that meets growing needs and creates sustainable health and social care system for the future'

The VCSE sector has worked as part of the Greater Manchester Population Health Plan to support a person and community-centred approach (PCCA), which was designed to provide support for individuals to develop resilience, knowledge and confidence to manage their own wellbeing. The PCCA enabled people to become more active in their wellbeing and engaged with the VCSE sector to produce social added value to deliver wider benefits to the community. Social prescribing is a key component of GM person and community-centred approaches, and the VCSE sector has had a huge part to play in embedding effective social prescribing arrangements into the GM health and social care system. Since 2015, the PCCA Team has been supporting the 10 localities of Greater Manchester to utilise community assets to 'take on, sustain and go further in adopting the core characteristics of person and community centred approaches'. Social prescribing link workers often support beneficiaries by connecting them into local activity and provision tailored to them. This is also an approach that embeds capacity-building elements to support the VCSE ecosystem through volunteering and voluntary action.

It is recognised that during 2020 COVID-19 had a significant, often negative, impact on the VCSE sector in terms of income generation, loss of staff through furlough and reduced functionality as a result of social distancing measures. The impact on the wellbeing of communities and individuals was significant, which has subsequently influenced the State of the Sector Survey. Findings from this 2020 survey have therefore taken into consideration this impact and qualitatively described the effect and the VCSE sector's response to the crisis.

Current Context: COVID-19

Coming in the existing context of increased pressures on services and activities, the COVID-19 pandemic emerged as the biggest threat to the VCSE sector across the UK. Much government and charitable funding has been directed towards priorities related to COVID-19 and away from other activities. The lockdowns and restrictions enacted to tackle the spread of the virus has not only meant many VCSE organisations have not been able to deliver services in the same way, but the wider economic stress has significantly reduced the charitable donations and investments flowing to it. At the same time, there was a need for the VCSE sector to make rapid transformations and respond at local level in order to support communities during the pandemic. Over the last thirteen months the sector has responded not only to health issues arising as a result of the pandemic, but to the new economic and social pressures arising from lockdown, such as an increase in domestic abuse and mental health conditions such as anxiety and depression. (It should be noted here that, unlike other parts of the country, Greater Manchester has been under the most restrictive measures almost constantly since the first lockdown started in March 2020.)

The surge in unemployment since the pandemic began may be one indication that the demand placed on the VCSE sector will rise even after the current roadmap to the lifting of restrictions ends. Between March and October 2020, the UK saw a rise of 1.4 million (112%) in the number of people claiming unemployment-related benefits. (4)

An increased demand for support around health and wellbeing issues - particularly anxiety related problems, but also the long-term physical effects of the pandemic and the legacy of interrupted care and treatment is evidenced by a number of early studies, (5 & 6), including one based on data from Salford. This is likely to mean that many more people will seek help from the VSCE.

The impact of the pandemic will have long-term effects on the sector. The supposed boost to funding in key areas for the VSCE sector, such as adult social care, identified in the 2019 Spending Review, may be short lived due to the huge financial pressures on government budgets. This is all the more important given that nationally over one third of the VCSE workforce are focused in the social work arena. (7)

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-19 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 the year, should the pandemic increase 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 NCVO 9% of organisations either have no cash reserves or not enough to last them a month (NCVO Barometer Data 2020).

A report by The Small Charities Coalition (4) suggested a third of respondents had funding for no more than 12 months, and that while only 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.

Current Context: Brexit

It is acknowledged that Brexit has created huge challenges with regards to immigration, workforce and volunteers. The State of the VCSE Sector 2021 survey was undertaken whilst Brexit negotiations were still underway, 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 maybe negatively impacted for those charities who receive EU funding, resulting in a shortfall of funding. Coupled with the global pandemic, the pressure on VCSE organisations and as a sector on the 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 organisations 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 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 COVID19-19 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 terminology 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 the communities experiencing racial inequalities to discuss the work of the VCSE sector. This 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 the communities experiencing racial inequality 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 the problems are not only talked about, but also addressed. Participants in the focus groups agreed that more works need to be done; but that it is a 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 observed in hate crime; 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, there was significant national discussion 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 response and commit to ring-fencing 20% of funds towards VCSE organisations working with these communities. Following this, organisations such as Comic Relief, Lloyds Bank Foundation and National Survivor User Network adjusted their funding portfolios to ring-fence allocations.

There were also suggestions from with the focus groups that the 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. Although this comment may actually be symptomatic of bigger challenges faced by the sector including an increasing 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 on 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 within 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, and 40% of the respondents indicated that they had fully repurposed their services. A slightly smaller percentage (39.2%) indicated that they had not repurposed their services. Combined with the qualitative data, the responses of VCSE organisations in Stockport 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 Stockport was responsive to the crisis and was able to adapt (where needed) to ensure that communities and individuals were supported. The qualitative focus groups also enabled discussion about the repurposing of services as a result of COVID-19. Participants described how they had tried to find alternative and innovative ways to support people in the community:

‘In terms of the community provision, we adapted, when we were closed, to develop an online offer... and tried to find other ways of engaging people but maintaining a relationship. So, the messages from central Government was about the benefits of being active during lockdown, and the number of people with disability, they already held a high regard for physical activity linking to health, particularly if they’ve got one or more impairment, but I think, looking ahead next year, people see the benefits of social interaction and sport, physical activity. I think there’s a higher value placed on that because it’s been lost from our everyday life because of the pandemic’

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 (at the time of writing), and it may have impacted on paid staff within the VCSE sector. We therefore included a survey question that asked respondents to indicate the maximum percentage of employees furloughed at any one time.

Out of 112 organisations who responded, 81% reported that they did not have to furlough any employees. A smaller percentage (8%) of organisations reported that they had furloughed up to 30% of employees. A total of 2% of the organisations had furloughed between 31% and 50% of employees. Only 5% of organisations had furloughed between 51% and 99% of employees. A total of 4% of organisations had furloughed 100% of employees at any one time.



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.

Estimated Strength of the Survey

The total number of survey responses for Stockport was 120. This response rate allows for an 8.96% margin of error based on a 95% confidence interval. This limits comparability with previous State of the Sector reports, and caution needs to be applied with the findings as, if the survey were repeated, it may yield different results.

What the Voluntary, Community and Social Enterprise Sector in Stockport Does

In estimating the total number of organisations in Stockport, we used the national Register of Charities in England and Wales. To estimate the total population of Stockport, 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 Stockport is 293,423.
- ▶ According to the UK Register of Charities in England and Wales (in 2020), there are 396 registered charities in Stockport.
- ▶ 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 1,074 BTR organisations in Stockport. This represents an increase of 17 BTR organisations in Stockport since 2017. It is possible that these organisations are not represented in the total number of survey responses.
- ▶ According to the Greater Manchester Social Enterprise Survey (2020), there are 202 social enterprises operating in Stockport.

A total of 120 organisations responded to the survey question about organisational size (see Figure 1). An estimated 11% of organisations operating in Stockport are social enterprises. 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.

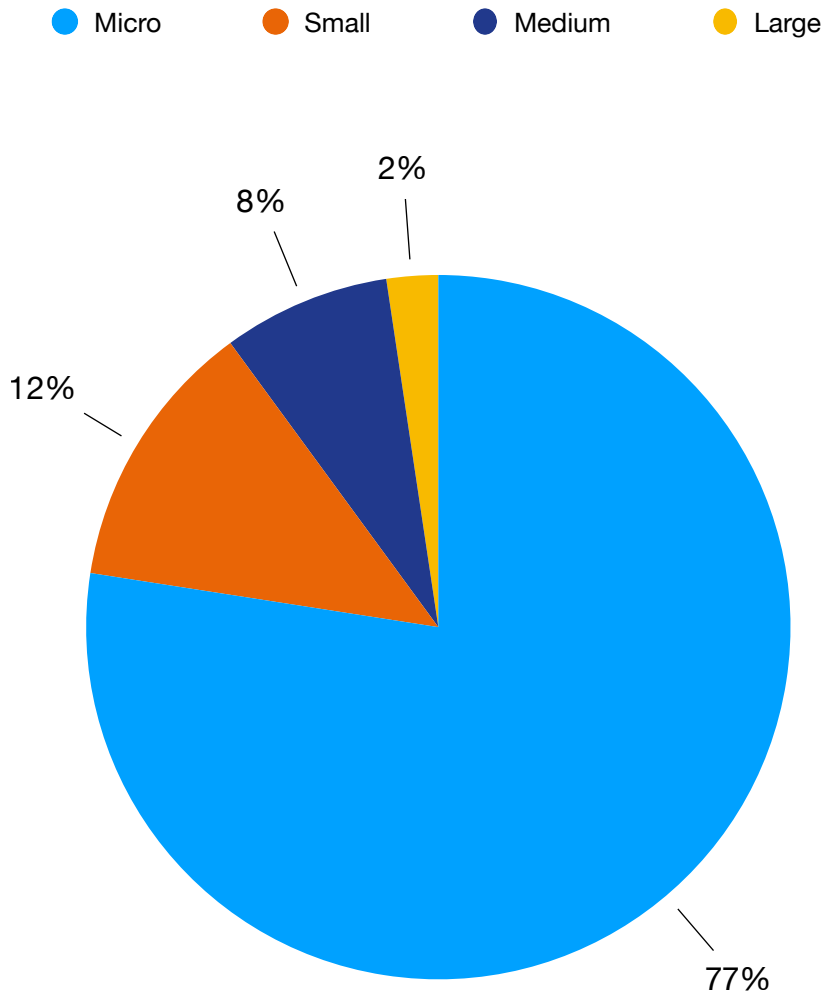
Combining the number of registered charities in Stockport (396) with the estimated number of BTR organisations (1,074) and the total number of social enterprises (202), it is estimated that there are 1,672 organisations operating in Stockport. This figure is slightly lower than that in the 2017 report, which estimated that there were 1,689 organisations operating in the VCSE sector in Stockport.

Size, Number and Types of VCSE Organisations in Stockport

We used the NCVO Almanac (2020) categories to calculate the size 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 a total of 1,295 organisations were classified as micro. This represents the majority of organisations and reflects the trend in the 2017/18 NCVO Almanac. A total of 209 organisations were classified as small, a further 129 organisations were classified as medium, and 40 were classed as large.

Figure 1: Size of Organisations in Stockport

How the VCSE Sector Makes a Difference to People

The VCSE sector in Stockport 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; and supporting sustainability through supporting employment opportunities and key skills development.

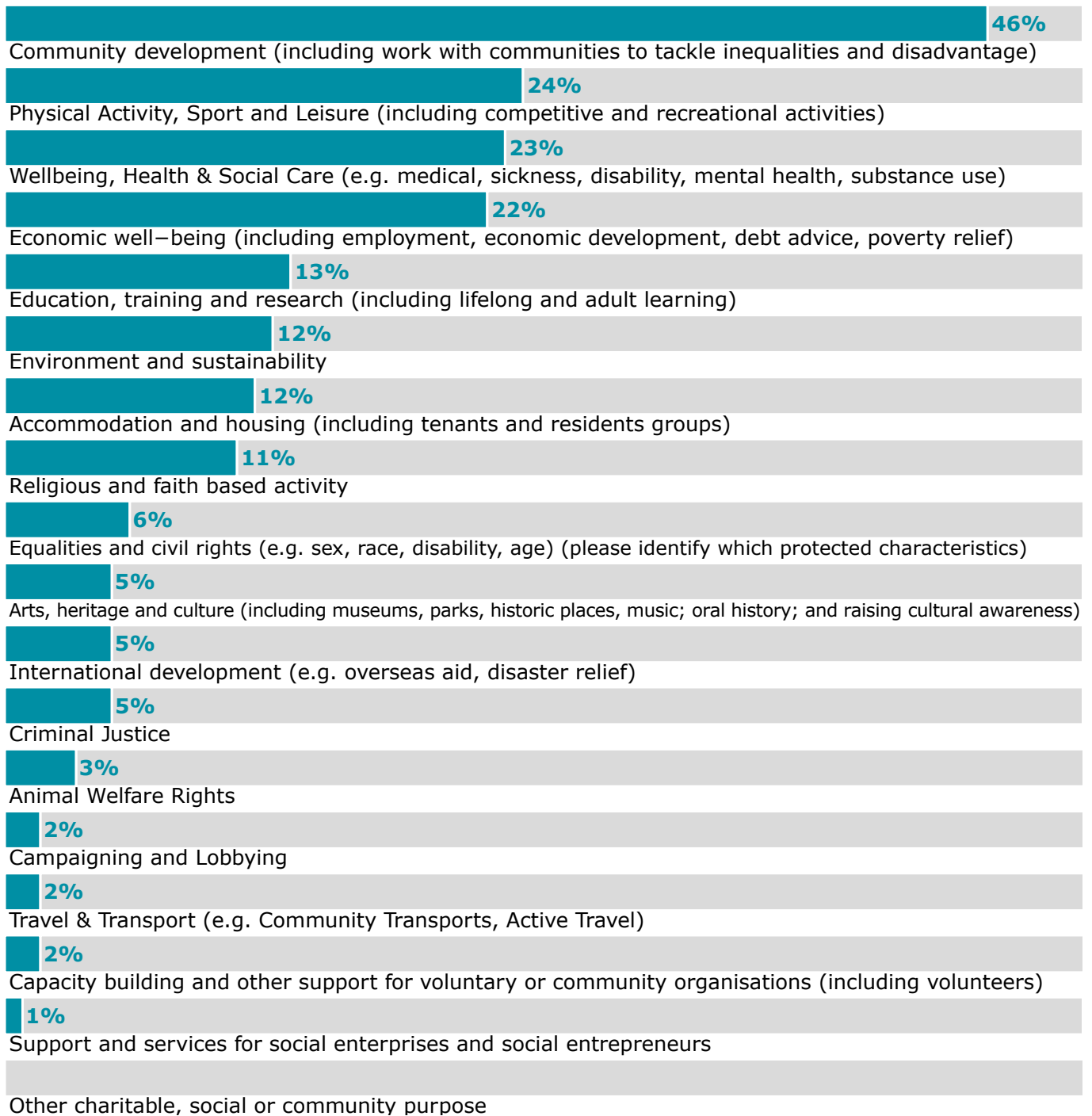
A total of 233 responses were received.

The top four main areas of work identified by respondents in Stockport were:

- ▶ Wellbeing, Health and Social Care (23%)
- ▶ Economic Wellbeing (22%)
- ▶ Physical Activity, Sport and Leisure (24%)
- ▶ Community Development (46%)

Whilst these findings are similar to those reported in 2017, the margin of error limits their comparability. The previous top four areas were Health and Wellbeing (47%), Community Development (26%), Sport and Leisure (24%) and Social Care (18%). Figure 2 illustrates the main areas of work:

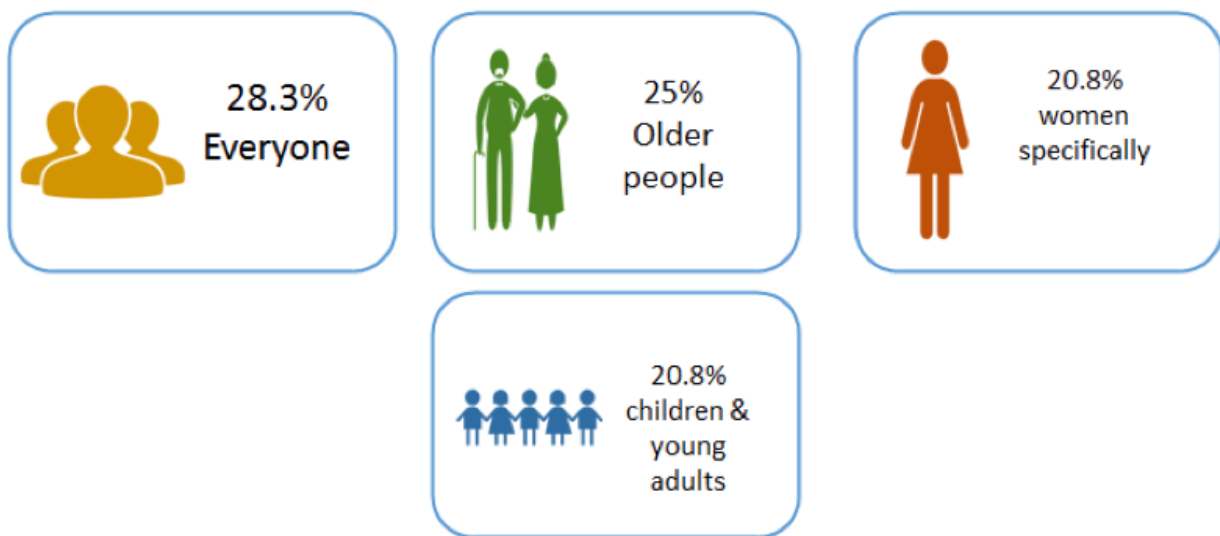
Figure 2: Main Areas of Work in the VCSE Sector



Main Clients/Users/Beneficiaries of VCSE Organisations in Stockport

Respondents were asked to select up to three main beneficiaries/clients that they worked with (see Figure 3). For those who responded, the four most common client groups were: 'Everyone', 'Older People', 'Women Specifically', 'Children and Young Adults'.

Figure 3: Main Clients/Users/Beneficiaries of the VCSE Sector



These figures are different from those reported in 2017, which indicated that the four main client groups were everyone (41%), disabled people (16%), older people (25%) and women specifically (15%). Whilst these findings are different from those reported in 2017, the margin of error limits their comparability. The data suggests that organisations work with a diverse population, often with mixed groups providing flexible support for a range of people.

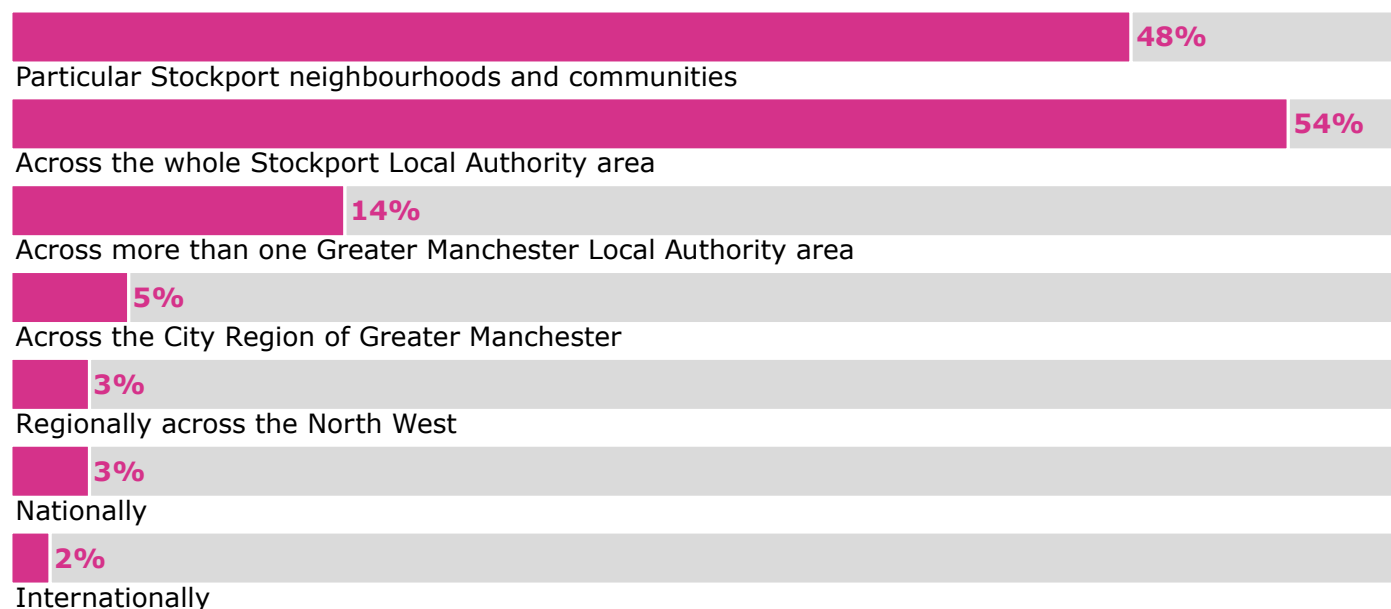
Geographical Area within which the VCSE Sector Operates in Stockport

Survey respondents were asked to indicate the main geographical areas in which they operate. 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.

- ▶ More than half (54%) of the respondents reported that they worked across the whole of the Stockport local authority area, which indicates that the local area is the main focus for the majority of organisations.
- ▶ 48% indicated that they worked across particular Stockport neighbourhoods and communities.
- ▶ 3% reported working at a regional level.
- ▶ A total of 1.7% of respondents indicated that they worked internationally.

See Figure 4 for a full breakdown of the responses.

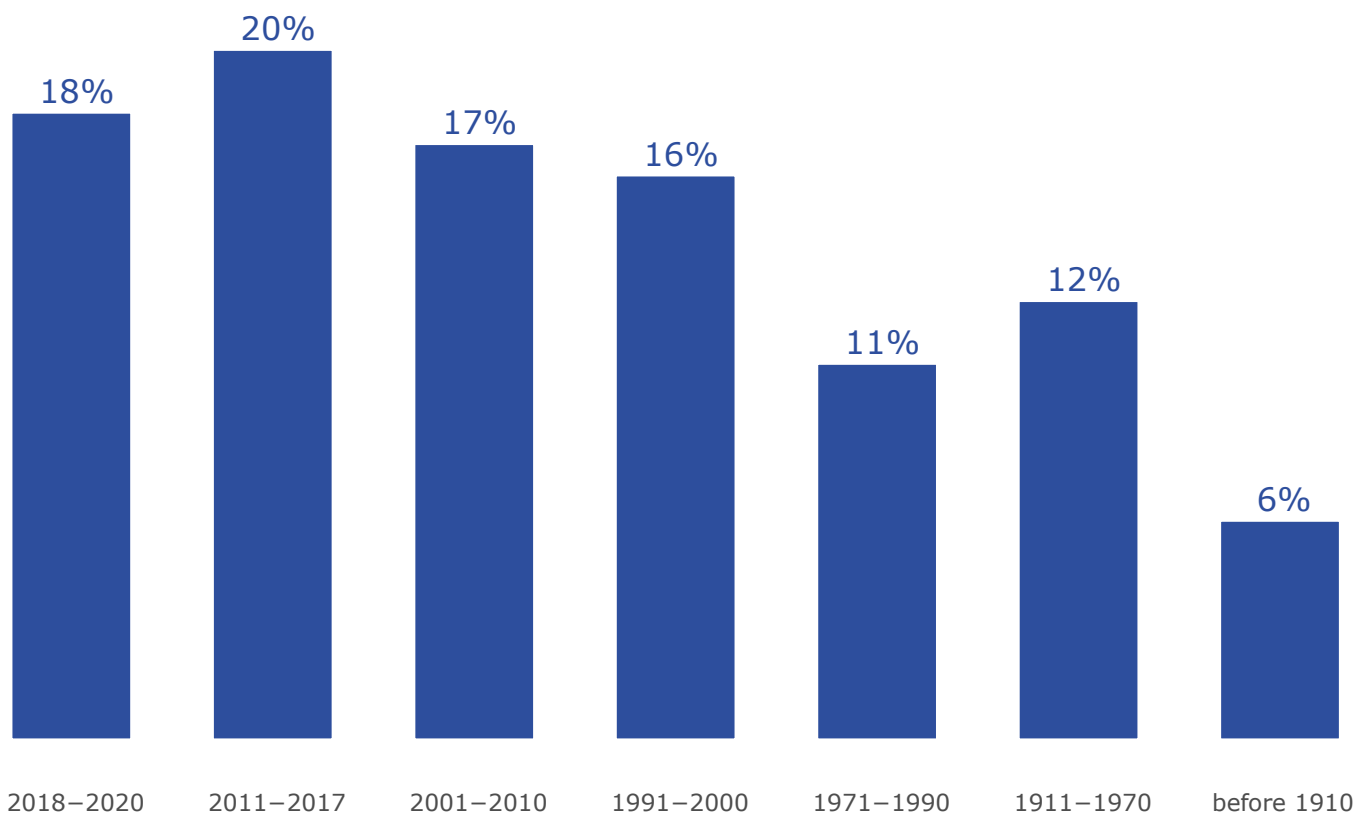
Figure 4: Main Geographical Areas of Work



Organisational Maturity

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 Stockport. A large number of organisations (38%) in Stockport were formed post 2011, whereas 45% were formed prior to 2000;. Similar developments were reflected in the 2017 survey, and caution should be taken with the interpretation of the estimates, as the survey by its nature only tracks the organisations that are currently operating in the Borough. As a result, it does not monitor sector churn, e.g., those organisations that have closed or withdrawn from the Borough or may have merged with other organisations (Figure 5).

Figure 5: Organisational Maturity

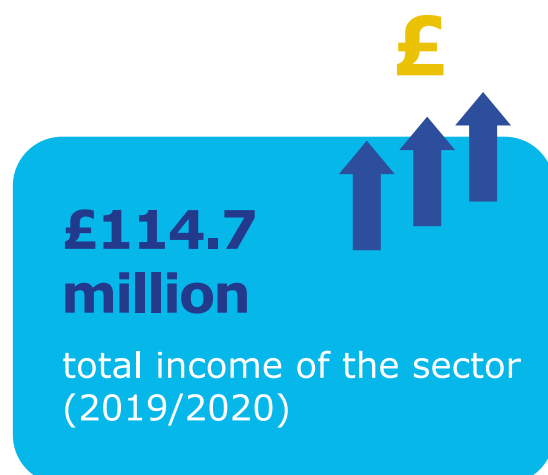


Income and Expenditure

Similarly to 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 Stockport.

The total income for the Stockport VCSE sector in 2019/20 was estimated to be £114.2 million.

The latest income figures (2016–20) have been estimated on the basis of the distribution by size of organisation and provide a robust estimate, as we were able to draw on the previous report from 2016/17. The breakdown of income by organisational size was not available for 2012/13, 2013/14 and 2014/15, and we are not able to show the estimated figures for 2015/16. So, to demonstrate the estimated trajectory of income over the past eight years, we have included the estimated totals from 2012/13 and 2013/14 and included income by organisational size for 2016 onwards (see Table 3).



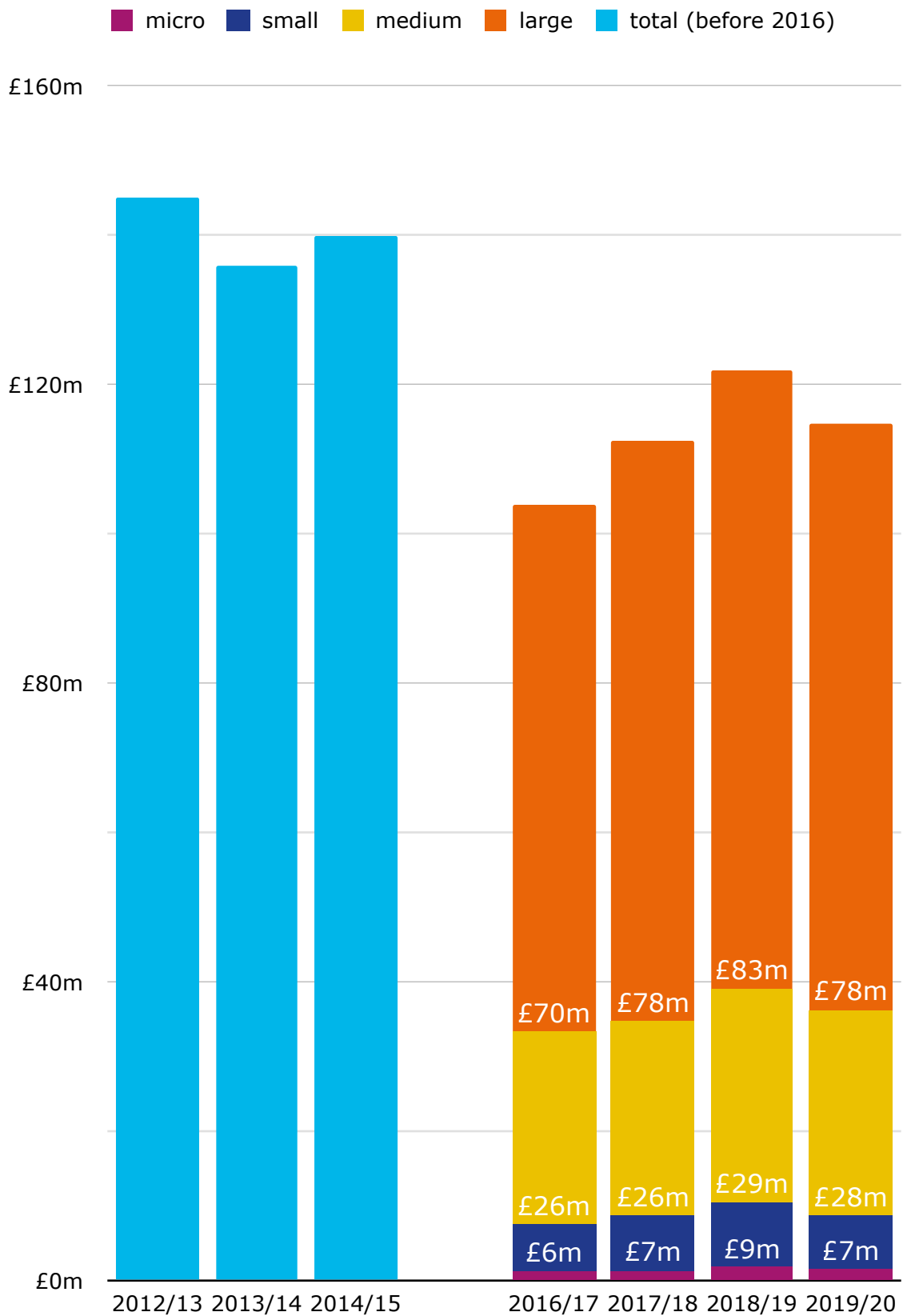
The previous 2017 report showed some fluctuations in income between 2012 and 2015 and a small increase in income in 2014/15. However, there was a significant decrease in income between 2014/15 and 2016/17 of £36 million. There was some recovery from 2017/18 to 2018/19 of £18 million, but a decrease in income totalling £7 million has been reported for the 2019/20 financial year; however, the margin of error limits comparability. Please refer to table 2 for income representation in percentages.

Table 2: Income Representation in Percentages

Stockport income by org size

| | 2016/17 | % change | 2017/18 | % change | 2018/19 | % change | 2019/20 |
|---------------|---------|----------|---------|----------|---------|----------|---------|
| Micro | £1.2m | 11% | £1.3m | 26% | £1.7m | -13% | £1.5m |
| Small | £6.3m | 15% | £7.2m | 21% | £8.7m | -18% | £7.2m |
| Medium | £25.8m | 1% | £26.1m | 10% | £28.6m | -4% | £27.6m |
| Large | £70.5m | 10% | £77.7m | 7% | £82.8m | -5% | £78.5m |
| Total | £103.8m | 8% | £112.3m | 8% | £121.9m | -6% | £114.7m |

The figures in Table 2 present an analysis of income data from survey respondents across Greater Manchester, and variations were also observed by organisation size. 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 3: Income 2012–20

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. The larger charities continue to have a significant amount of the income. A potential reason for this may be changes in commission models, an example of which is payment by results (PbR) schemes. These schemes seek to transfer risk from public sector commissioners to the provider market with the expectation that this will drive innovation and efficiency. The ability to engage in such approaches requires an ability to manage risk and cover potential losses. Larger organisations can spread risk across a larger area so that natural variations in demand do not result in significant changes in costs. Smaller organisations are at a greater risk of seeing more significant cost variations if they work with small groups of people with varying demands. As a result, the delivery of public services is becoming increasingly dominated by larger providers.

Estimated Sources of Public Sector Income

In 2019 it was estimated that local government spending in Greater Manchester had fallen by £582 million. The majority of this reduction was not spending allocated to VCSE organisations, but it has limited the capacity of councils to maintain existing funding and develop new areas of activity. In addition, with the range of local government services restricted, this has required individuals and communities to self-fund activities and services previously delivered directly by local authorities. Existing organisations have had to change to adapt, and new organisations have developed in order to address unmet needs.

We asked the respondents to estimate what proportion of their organisation's/group's total income each source represented. A significant percentage of the VCSE sector's income in Stockport originated from grants administered by Stockport Metropolitan Borough Council. Our findings also indicate that Stockport NHS CCG and Direct Payments also account for a moderate proportion of the funding:

- ▶ Stockport Metropolitan Borough Council was the most frequently identified source 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 Stockport CCG and national Government departments provided the third most common source of funding.

Of those receiving funding, it is estimated that:

- ▶ Stockport CCG provided 41.7% of the organisations who responded with 10% or less of their proportion of funding.
- ▶ 33.3% of organisations reported funding from the Council was less than 10% of their total income.
- ▶ 7.5% of organisations reported funding from the Council was at least 10% but less than 20% of their income.
- ▶ 10% of organisations reported funding from the Council was at least 20% but less than 50% of their income.
- ▶ 7.5% of organisations reported that funding from the Council was at least 50% but less than 75% of their income.
- ▶ Stockport Council provided 100% of the total income of 1.7% of the organisations who responded.

Estimated Other Sources of Income in Most Recent Financial Year

Survey respondents indicated the sources of their organisations income. Our findings suggest that, although a large number of organisations received significant funding from the public sector, at least 63% of organisations were bringing in funding from another source, providing added value to the Borough and residents (see Figures 6 and 7).

- ▶ Fundraising (e.g., crowdfunding events, donations): 20% of respondents received income through this type of funding, 21.7% indicated that they received less than 10% of their income in this way, and 8.3% received at least 20% but less than 50%. Only 3.3% indicated that they received 100% of their annual income through fundraising.
- ▶ Membership fees: 15% of respondents received income through this type of funding, 9.2% indicated that they received less than 10% of their income in this way, and 2.5% received at least 20% but less than 50%. Only 1.7% indicated that they received 100% of their annual income through membership fees.
- ▶ Grants from charitable trusts and foundations: 13.3% of respondents indicated that they received this type of funding, 13% indicated that they received less than 10% of their income in this way, and 6.7% indicated that they received at least 20% but less than 50%.

- Charging for goods and services: 21.7% of respondents indicated that they received this type of funding, and 13.3% indicated that they received less than 10% of their income in this way. Only 1.7% indicated that they received 100% of their annual income through charging for goods and services.
- Grants from National Lottery distributors (e.g., BIG): 8.3% of respondents indicated that they received this type of funding, 10% indicated that they received less than 10% of their income in this way, and 5.8% received at least 20% but less than 50%.
- Business donations or sponsorships: 14.2% of respondents indicated that they received this type of funding, 15.8% indicated that they received less than 10% of their income in this way, and 0.8% received at least 20% but less than 50%.
- Interest (e.g., bank endowments, investments): 11.7% of respondents indicated that they received this type of funding, and 17.5% indicated that they received less than 10% of their income in this way.

Figure 6: Other Sources of Funding

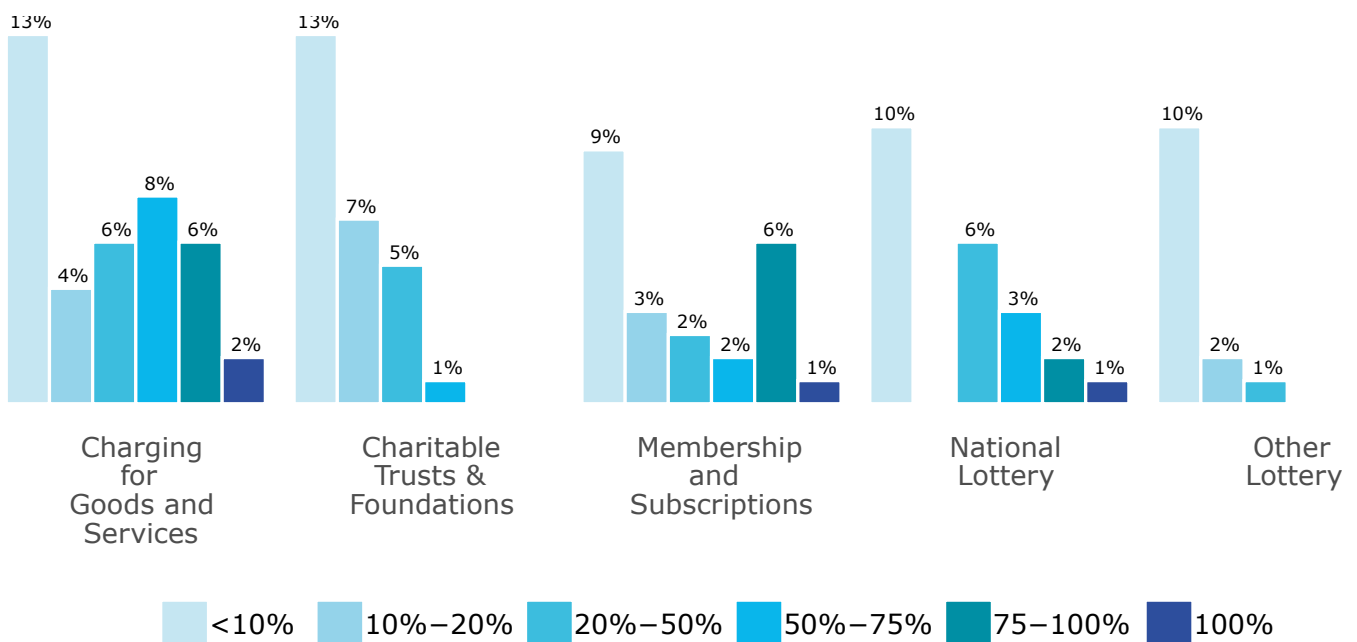
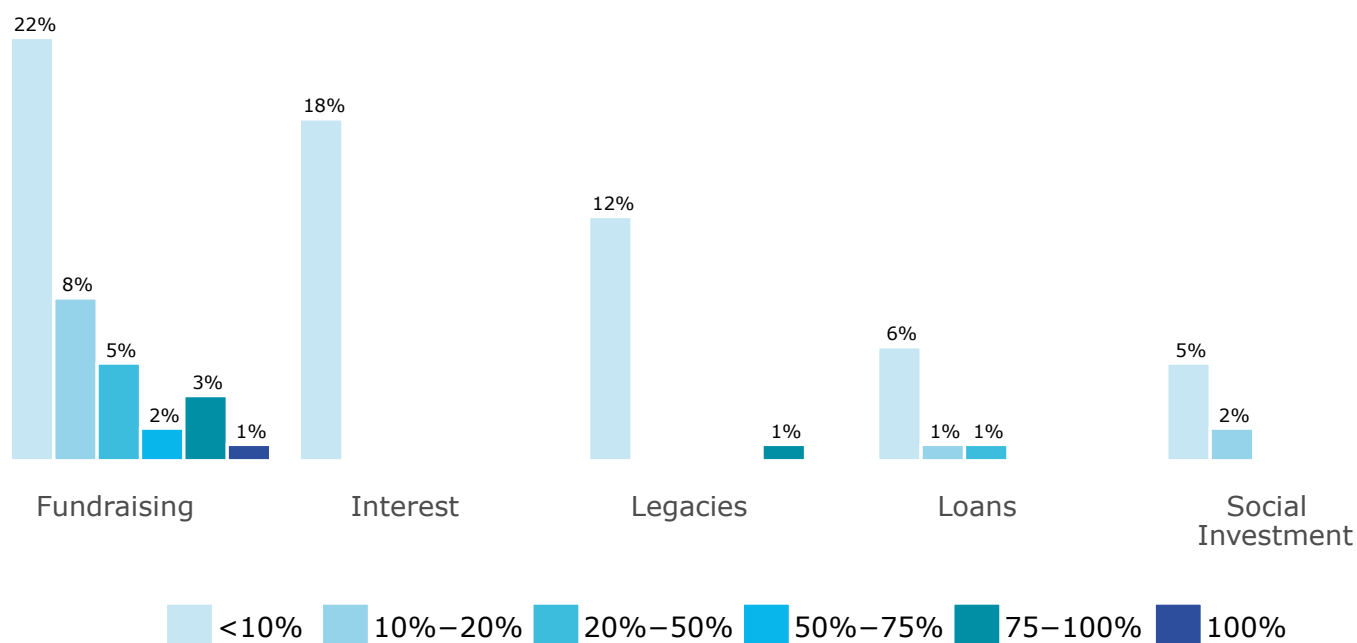


Figure 7: Other Sources of Funding

In recent years, there has been considerable interest in the role that community activity can play in reducing demand on public services. This has seen a shift in some funding from treatment services to more preventative social action. This can be seen in the inclusion of a significant programme of social prescribing in the NHS Long Term Plan of 2019. This has seen much more funding for community-level activity but also investment in public sector activity, such as social prescribing link workers in NHS Primary Care Networks.

European Funding

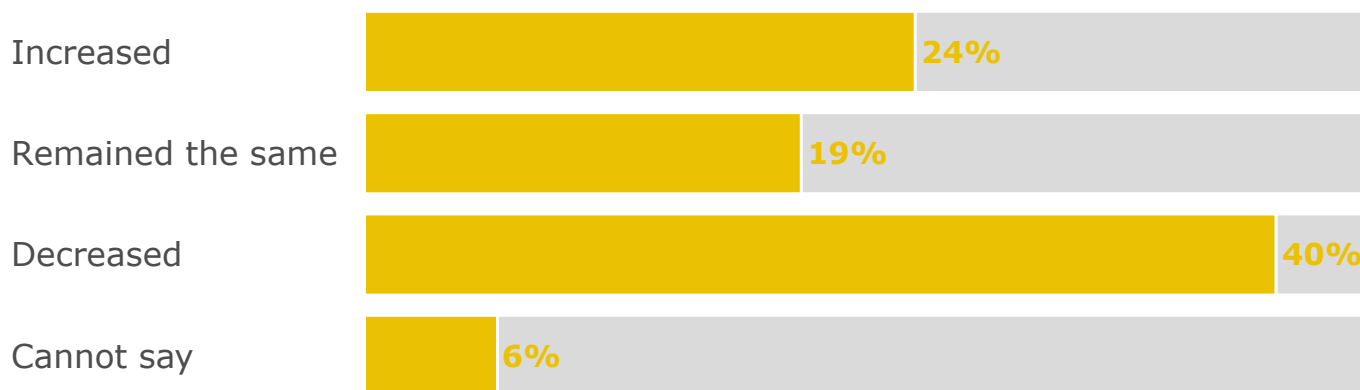
We asked respondents to indicate if they received European funding. Only 13 organisations responded; of these, the majority (80%) received less than 10% of their funds from European sources. Approximately 10% received between 20% and 50% of their funding in this way, and the same percentage of respondents (10%) received at least 10% but less than 20% of their funding from European sources.

Financial Sustainability

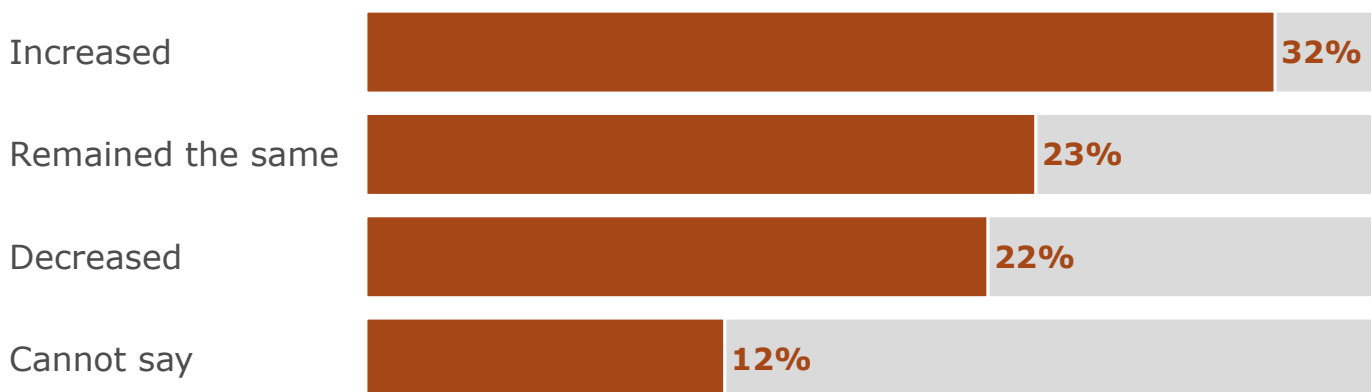
The survey asked respondents about how their organisation's financial situation had changed in the past 12 months (i.e., during the current financial year). The results use the level of reserves, total annual expenditure and total annual income (reported separately below) to provide a picture of financial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

Changes in Total Annual income

The respondents were asked about changes in their annual income. A total of 24% of organisations reported an increase in their annual turnover, whilst a further 19% reported no change in their income. The percentage of organisations stating that their income had decreased was 40%, and 6% of organisations were unsure (see Figure 8).

Figure 8: Changes in Total Annual Income**Changes in Total Annual Expenditure**

We asked the respondents about changes in their annual expenditure, and just under a third of the organisations (32%) reported an increase in their expenditure, whilst 23% reported no change in their expenditure. Just under a quarter (22%) reported that their expenditure had decreased, and 12% of organisations were unsure (see Figure 9).

Figure 9: Changes in Total Annual Expenditure

Reserves

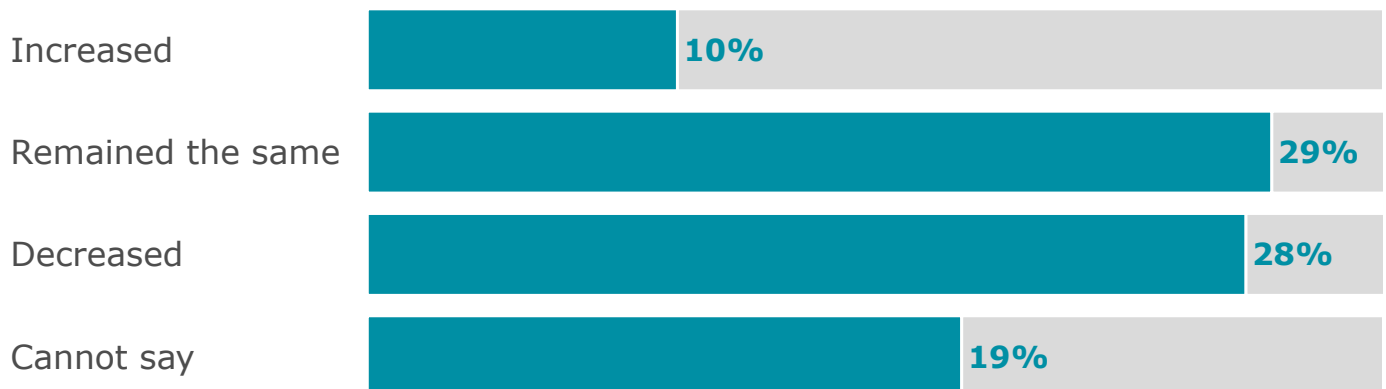
The data later reports on the use of reserves in the past year and changes noted in overall income across all groups. A total of 53% of respondents had used their reserves in the past 12 months; however, 47% reported that they had not used reserves. Of those who had used reserves, 31% used reserves to cover a gap in funding, and 3% used reserves to cater for an increased demand. Others reported that the use of reserves was to cover unplanned costs (8%) and change the way that they work (11%). Of the 50 respondents who had used reserves, the majority (28) indicated that this was as a result of COVID-19. A total of 28% of respondents indicated that their reserves had decreased. A smaller percentage (10%) reported an increase in the level of reserves, and 29% reported that their reserves had remained the same. 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 (see Figure 10).



47%

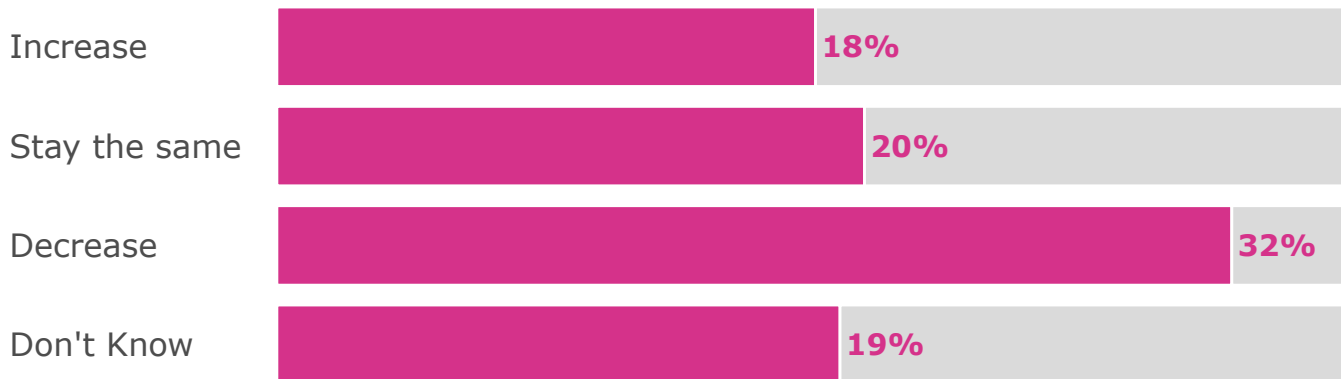
of the organisations have used their reserves in the past 12 months (53% due to COVID)

Figure 10: Changes in Level of Free Reserves



The respondents were asked about their expectations regarding income for the next 12 months. The highest proportion of organisations (32%) estimated that their income would be reduced, 18% of organisations anticipated an increase in turnover, whilst 20% predicted that it would remain the same. A comparatively high number (19%) of organisations didn't know if their financial situation would improve or not (see Figure 11).

Figure 11: Financial Turnover



Summary of Financial Situation

Our findings suggest that overall income was thought to have been reduced for 40% of the survey respondents, compared with an increase in income for 24%. Similarly, 32% of the respondents indicated an increase in expenditure, and only 22% reported that their expenditure had decreased. A total of 28% of survey respondents indicated that they had had a drop in reserves. The largest percentage (32%) of respondents predicted their level of sustainability would decrease in the next 12 months. These findings raise some concerns about financial sustainability over 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.

How organisations have responded to the ongoing pandemic is still somewhat of an unknown and is partly what this research seeks to uncover. Many organisations have seen reductions in funding, especially those unable to trade due to lockdowns. When responding to the crisis, some have taken advantage of support through government loans and furlough schemes to weather the crisis, whilst others have used funding from reserves in order to meet new demands. In addition, public and independent funders have launched a number of funding approaches to support responses and community activity, each with different targets. This has created a set of differential impacts on resource levels, which are not easily understood at this time.



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 to provide a picture of the partnerships needed to support the workforce, and the overall estimated size of the VCSE sector workforce.

Partnership Working

The Marmot report (2010: 161) reported that 'Partnership working has played a key role in policymaking to address health inequalities'. Partnership working is also crucial to help manage increasing demand for services when challenged by limited resources. Successful partnerships lead to improved outcomes from the same resources that can support communities. The VCSE sector operates in diverse communities and contexts and as such relies on successful partnerships to underpin high-quality activity. Hence, VCSE organisations work in partnership with a range of organisations, including private, public and others in the VCSE sector. This section reports on the extent of partnership working with the private and public sectors. We also consider the way in which organisation in Stockport has worked with VCSE organisations in Stockport and across GM and the influence on organisational success.

Working Relationships with Stockport Metropolitan Borough Council

It is understood that local authorities support the VCSE sector through flexible and responsive grants that can help empower resilient and thriving communities. The relationship between the VCSE sector and the respective local authority is significant and plays a vital role within the health and social care context. During 2020, this relationship became even more important as our financial data suggests that many organisations struggled due to the constraints created by the global pandemic. Stockport Metropolitan Borough Council are key commissioners/funders of the VCSE sector. We asked the survey respondents to estimate, overall, how satisfied or dissatisfied they were with their ability to influence Stockport Metropolitan Borough Council decisions that are relevant to their organisation/group. The responses indicate a mixed experience of working with the Council.

- ▶ 10.8% of respondents were very satisfied, and 21.7% were fairly satisfied; however, 26.7% were neither satisfied nor dissatisfied.
- ▶ 14.2% were fairly dissatisfied, and 8.3% were very dissatisfied.

Success of Bidding or Applying for Funding from Stockport Metropolitan Borough Council

The current uncertain economic climate caused by the global pandemic has had far-reaching negative impacts on the VCSE sector. On the basis of emerging evidence from research that has surveyed the impact of COVID-19, there is a need to ensure that VCSE organisations are supported to bid for funds and that investment should be easy to access, creating a level playing field with other sectors. Respondents were asked to indicate the estimated level of success with applications for funding from Stockport Metropolitan Borough Council. The findings suggest that organisations had been fairly successful, with 28.3% indicating that they had been very successful and 15.8% indicating that they had been fairly successful. A total of 25% of organisations estimated that they had been either not very successful or not at all successful. This data suggests that the majority of applications from the VCSE sector to the Council had been successful.

Relationships with Local Public Sector

We asked respondents to describe their direct dealings with local public sector bodies. The three most prominent organisations were:

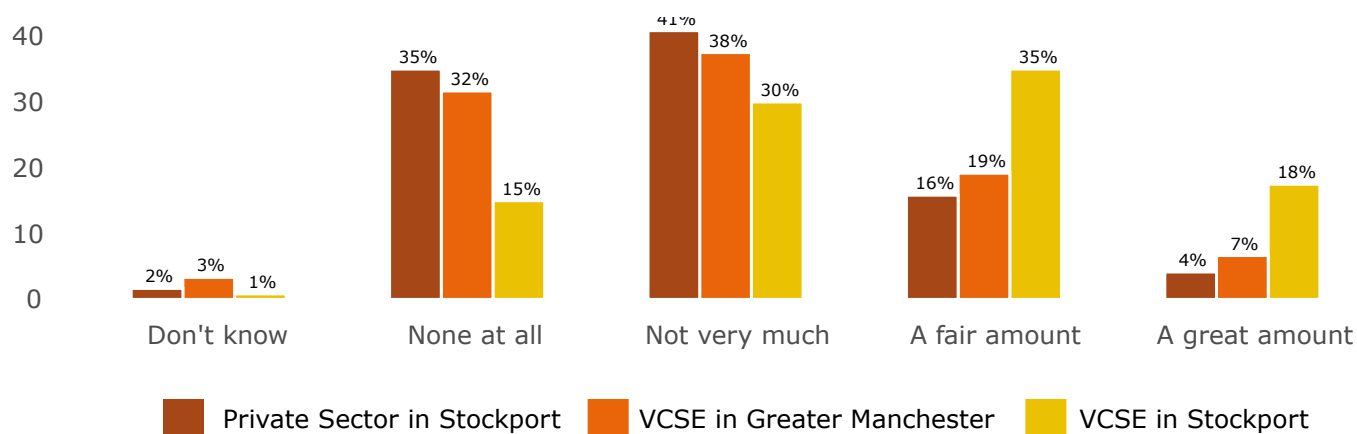
- ▶ Stockport CCG: 5% of respondents had had a great amount of dealings with Stockport CCG, and 14% had had a fair amount of dealings.
- ▶ Stockport Council: 42% of respondents had had a great amount of dealings, and 20% had had a fair amount of dealings.
- ▶ Stepping Hill Hospital: 5.8% of respondents had had a great amount of dealings, and 12% had had a fair amount of dealings.

These findings indicate that the survey respondents had had dealings with a range of organisations.

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

We asked respondents to estimate their relationships with other VCSE organisations in Stockport. We also asked the respondents to identify the organisations that they worked with. Our findings suggest that organisations were diverse and the Stockport VCSE sector collaborated across GM well (see Figure 12).

- ▶ GM Working: 6.7% of respondents worked with other GM VCSE organisations a great amount, and 19% estimated that they worked across GM a fair amount.
- ▶ Stockport VCSE Working: 18% of respondents worked with Stockport VCSE organisations a great amount, and 35% estimated that they worked across Stockport a fair amount.

Figure 12: Direct Dealings with Private and VCSE Organisations

Our findings highlighted a relatively small percentage of relationships with private organisations. This is also highlighted in the qualitative focus group findings in Stockport and across the other localities, which have highlighted some inequity in partnership working with the private sector, particularly in relation to funding opportunities.

The VCSE Workforce in Stockport

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 used the ONS data to estimate the number of paid employees (Employment in public, private and non-profit sectors - Office for National Statistics ons.gov.uk). The ONS data suggests that there are 10,932 paid employees in the Stockport VCSE sector, of which 6,669 are FTE. We estimated the economic contribution of the workforce by establishing the number of hours worked and calculating the cost using the UK national living wage (£9.50 per hour) as the baseline. Using this calculation, we estimated that the contribution of the paid staff in the VCSE sector equates to £121 million per annum.

The percentage of paid staff per organisation size was also estimated. Whilst the number of large organisations (n=40) was small in the locality, they employed a significant percentage of the total number of staff, equating to over half (61%) of the total number of staff employed in the sector. There were 129 medium organisations in the sector, employing 25% of the total number of staff. Collectively, our findings indicate that, despite only representing 10% of the total number of organisations in the sector, medium and large organisations accounted for 86% of the total number of staff employed, but the smallest percentage of volunteers (30%).

We asked survey respondents to indicate whether their organisation paid all staff at least the living wage (as per the Living Wage Foundation). A total of 30% of respondents indicated that they paid the living wage, 55% indicated that this question was not applicable, and a small percentage (12%) indicated that they did not pay the living wage. Although this is not a representative sample, it reflects the commitment from Stockport VCSE organisations to be good employers and to ensure a quality of living for their employees.

Volunteers

We asked respondents to indicate how many volunteers provided time for their organisation. Our findings suggest that there are a total of 57,488 volunteers supporting the VCSE sector in Stockport. We also asked survey respondents to estimate the total number of volunteer hours per week. Our findings suggest that volunteers in Stockport provide over 213,536 hours per week. The total numbers of hours provided by volunteers per organisation size each week are estimated below.

- ▶ 33,277 volunteers in micro organisations provide 169,576 hours per week, representing 79% of the total hours of volunteers in the VCSE sector.
- ▶ 6,597 volunteers in small organisations provide 23,028 hours per week, representing 10% of the total hours of volunteers in the VCSE sector.
- ▶ 6,950 volunteers in medium organisations provide 13,807 hours per week, representing 6% of the total hours of volunteers in the VCSE sector.
- ▶ 10,663 volunteers in large organisations provide 7,126 hours per week, representing 3% of the total hours of volunteers in the VCSE sector.



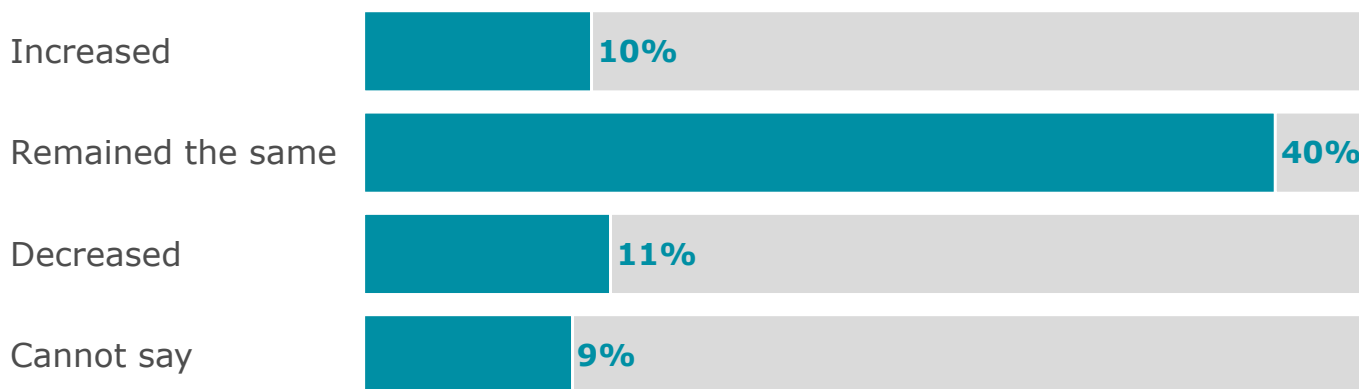
57,488

volunteers (including committee/board members), giving 213,536 hours each week valued at £105 million per annum (based in living wage £9.50 per hour)

When calculating the estimated economic contribution based on the total number of hours per week and using the national living wage (£9.50 per hour), we determined that the estimated economic burden for volunteer hours and for volunteers working in committees and boards per annum is £105 million.

Changes in Total Number of Employees

The largest number (40%) of respondents indicated that the workforce had remained the same. A total of 11% of respondents indicated that the workforce had decreased. A similar percentage (10%) reported that the workforce had increased. It was reported that the impact of COVID-19 on the workforce was not applicable by 37.5% of the respondents. Only a small percentage (10%) indicated that COVID-19 had had an impact, and 15.7% indicated that the change in the workforce was not due to COVID-19 (see Figure 13).

Figure 13: Changes in Total Number of Employees

The potential lack of impact of COVID-19 relating to the paid workforce is covered further in some of the qualitative insight in response to COVID-19. During the time of the survey, full job retention (furlough scheme) was in place. However, as the research indicated, this was not utilised by a large number of organisations, partly due to the fact that not all staff were actually eligible due to the criteria behind the scheme but also because ultimately it gave organisations a tough choice between financial income and mothball provisions, which was explained to the charities via an open letter from several national leaders within the sector.

Changes in Total Number of Volunteers

The largest number (35.8%) of respondents indicated that the volunteer workforce had remained the same. A total of 23.3% of respondents indicated that the volunteer workforce had increased, 7.6% could not say, and 29.2% of respondents reported a decrease in the number of volunteers. It was reported that the impact of COVID-19 on the volunteer workforce was not applicable by 11.7% of the respondents. A total of 17.5% of respondents reported that COVID-19 had not had an impact on volunteer numbers; however, the largest number (21.7%) reported that the change in the number of volunteers was as a result of COVID-19.

Interestingly, the majority of organisations (n=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.

Some of the most vulnerable clients, who needed face-to-face contact, might have lost out had it not been for the tenacity of organisations supporting older people. For example, one participant said:



'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 have been positive improvements that have come to light through this crisis, really.'

Another point that was mentioned was about the challenges going forward, as one of the participants stated:



'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...'

Similar themes arose in the focus group. The increased demand on services was discussed; in particular, the need to support mental health.



'we've got busier because there are more carers following COVID-19, said Julia from Signpost. So, there's been more carers and an increase in the demands placed upon carers. So, it's been massive, and we've had to really change how we deliver our services. Our counselling service has really seen a massive increase in referrals.'

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

The survey also asked respondents to describe the primary response of their organisation to COVID-19. Two key themes emerged from the qualitative responses, namely, 'Keeping in touch' and 'Maintaining support'. These findings are similar to qualitative data from other localities. 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

For others, the impact of COVID-19 had been positive in some respects because it encouraged reaching out to others, as the following extract illustrates:



'I think it's made people talk to each other and figure out, I've got this person who I can only do this one thing with; who else is out there and how can I get some support? I think it's made us reach out and have more conversations. I feel really positive about what we're building in Stockport and the connections that we're making, and I just hope that we can continue that momentum and see more of it.'

Primary Impact of COVID-19 on the People that VCSE Organisations 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. Many faced redundancy, whilst 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 health and wellbeing of individuals and staff were negatively affected, resulting in fatigue, increased stress, higher levels of depression and reductions in physical activity. 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. 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. The word cloud below illustrates the most frequent qualitative responses for Stockport.

The impact on people described in the focus groups highlighted similar responses to those in the survey. Much of the feedback was related to an increased burden on individuals, both financially and mentally, which also impacted on carers and the wider community.



'Many of them have, for example, cancelled their care package that they may have got for the cared-for person because they don't want other people coming in and out, and then that increases the burden on them. Then they're ringing us, or we're ringing them to check how they're doing and finding out about that increased financial implication, emotional support, physical situations where they're caring for someone with dementia, for example, if they don't understand why they can't go to the train station that they have been doing every day for the last three years.'

Qualitative Survey Responses Regarding the Impact of COVID-19 on VCSE Organisations

There were a total of 119 unique responses that described the impact of COVID-19 on VCSE organisations in Stockport. Key quotes have been included to reflect the three core themes that emerged from the qualitative data set.

Loss of Funding

As was the case in other localities, the impact of COVID-19 had led to a significant reduction in funding across a range of sources. This was in part influenced by forced closure of services, buildings and activities. The loss of income from membership fees and 'subs' was highlighted in the qualitative data, coupled with loss of income from service charges and inability to trade.

- ▶ Extra funding but all short term, mostly finishing in December 2020. No furloughed staff, so no drain on public resources.
- ▶ 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.

The Move to Digital Support

The enforced social distancing measures, coupled with 'lockdowns', resulted in reduced connectivity with clients/beneficiaries. This had significant implications for some of the most vulnerable. Many organisations responded by replacing face-to-face contact with virtual meetings, activities and support. A similar impact was reported across the 10 GM localities.

- ▶ We haven't been able to meet with children to carry out our usual activities. All groups have met 'virtually' on Zoom instead.
- ▶ Inability to deliver our programmes physically. New remote/virtual methods had to be developed, with impact on staff team.
- ▶ 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.

Increased Demand

As highlighted in other VCSE sector reports, lockdown, the closure of community centres and meeting places and the inability to meet face to face exacerbated feelings of isolation, anxiety and depression. This was also prevalent in the loss of income and the increasing need for people to access food banks and other sources of support. This resulted in an increased demand on VCSE organisations, many of which responded through supporting food bank services, setting up support shops and implementing innovative ways in which to engage with and support communities in need.

- ▶ 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.
- ▶ Increase in demand. Change to service delivery. Reduction in income from room hire. Increase in grant funding.



Section 4: The Future

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

Estimated Factors Influencing Future VCSE Work

We asked organisations 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 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 greatest number of respondents (43.3%) reported that the recruitment of staff was not applicable to their organisation, and 20.8% reported that the recruitment of volunteers would 'constrain' their organisation.

- ▶ Ability to retain staff/staff turnover: 6.7% of organisations responded that the ability to retain staff would greatly assist their organisation.
- ▶ Ability to retain volunteers/volunteer turnover: 7.5% of organisations responded that the ability to retain volunteers would greatly assist their organisation.

The percentage of responses across the survey data was small; however, the workforce was also discussed in the qualitative focus groups. Participants discussed how the ability to support the workforce would enable a more sustainable VCSE sector that could meet future demand. 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. The qualitative focus groups highlighted the capacity of the VCSE sector to pick up additional responsibilities due to increased demand and the increase in the VCSE sector more broadly, highlighting the need for careful future workforce planning.



'There's a need for workforce development, and obviously that's some of the work that Sector are doing, but certainly on community levels my concern moving forward is what's the expectation from the local authority to the voluntary sector. Then what can the voluntary sector pick up ethically and work within capacity when you see needs all around us that you want to meet because it's real people.'

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. To understand how relationships may be affected in the future, we asked survey respondents 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: 17.5% of organisations responded that this would assist their organisation, and a further 13.3% indicated that this would 'greatly assist' their organisation.
- ▶ Engagement with other public organisations: 15.8% of organisations responded that this would assist their organisation, and a further 10.8% indicated that this would 'greatly assist' their organisation.
- ▶ Engagement with other private organisations: 6.7% of organisations responded that this would assist their organisation, and a further 5.8% indicated that this would 'greatly assist' their organisation.

In addition to the survey responses, we also explored the future needs of the VCSE sector through the qualitative focus groups. The qualitative focus groups highlighted some disparity between funding opportunities for different organisations. Participants described the need to ensure equitable access to funding to support ongoing developments and smaller, micro organisations and the need for strong partnership approaches to facilitate equality:



'in terms of commissioning services, referring to smaller grassroots organisations but not sharing the financial side of things! There's a lot of larger groups who are commissioned to do services, who signpost to the smaller groups operating but don't share the budget. So, I think that's a big challenge of how we look at the share.'



'there's a lot of redevelopment happening and a lot of investment into developing the town centre, and a challenge is making sure that's inclusive. Because there's still areas of deprivation within that area, and just making sure that these new investments into leisure, green spaces, housing really does add to the area and not cause any more division.'

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 to estimate to what extent funding from grants, 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: 14.2% of respondents indicated that this would assist their organisations, with 7.5% responding that this would 'greatly assist' their organisations.
- ▶ Impact of the local economy: 16.7% of respondents anticipated that this factor would seriously constrain their organisation over the next year.

The percentage of responses was small, suggesting that grant capture from these sources was not viewed as a significant enabler. However, the qualitative focus groups explored how the local infrastructure could be supported, and partnership was highlighted as opposed to securing contracts. The qualitative focus groups highlighted the key challenges facing organisations in the future. These were related to the ability to attract more funding, the limited budgets of local authorities and the future impact of COVID-19.



'thinking about our funding streams and restricted donations and our ability to generate income from our social enterprise are, when we look at the economic impact on the people that we're working with and wider community in Stockport, I think it's going to be really difficult for us to attract the core funding that we need.'



'Local authority is perceived to be shrinking in terms of its actual delivery on the ground. How then do we, as a voluntary sector organisation, resource and invest in community groups to deliver some of the work that's needed or that we're seeing that's needed socially?'



'I don't think COVID's going to go away anytime soon, so I think there's going to be greater need on the sector, and that doesn't seem at the moment like that's going to be reflected in any more pots of funding appearing. So, it's like how do we cope with greater need but with either the same or less money coming in?'



'Trying to learn how to write a funding bid. So, we all separately know the thing that we're passionate about, we know the people we want to deliver to or that we want to help, that we want to support, and we know exactly what we need to do to do that, but to get the money to do the things that we know how to do, that we know is needed, that's the bit. It's then, right, now I've got to teach myself funding bids. It's like an entire skill set, but if you're a bigger organisation that would be someone's job.'

The triangulated data suggests that partnerships were key to creating equal funding opportunities, which also involved raising the profile of the work of the VCSE sector.

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% of respondents anticipated that Brexit would greatly assist their organisation.
- ▶ 37% of respondents indicated that the influence of Brexit was not applicable to their organisation.
- ▶ 13% of respondents anticipated that Brexit would seriously constrain their organisation.

These findings suggest that VCSE sector organisations who participated in the survey and qualitative focus groups appeared generally unconcerned about Brexit; however, common concerns about equal partnership working and the impact on funding opportunities were identified. Similar findings are reflected across all 10 GM localities.



Section 5: Conclusion, Afterword and Recommendations

Conclusion

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, driving social change and enabling recovery.

In Stockport, local VCSE organisations across Greater Manchester generate over £114.7 million of income, creating a range of services and activities as diverse as our communities. In doing so, VCSE organisations employ 10,932 people and mobilise 57,488 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 11% now define themselves as social enterprises, reinvesting or donating their profits to create positive social change. This is a sector which is evolving and finding new ways to create change and bring additional resources and value into Stockport. As a sector we continue to have strong relationships with our public sector colleagues including the local authority but also have a growing connection with businesses (61%). 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 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 contracts and grants which enable them to do their vital work. Over time, this will inevitably reduce their ability to bear risk, to

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 a set of recommendations below which lay out our vision for how we make this happen.

Afterword and recommendations

As with previous State of the Sector reports, this report once again demonstrates the vital and central role that the VCSE sector occupies within Stockport, 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 to reduce poverty levels. It has strived to reduce the structural inequalities experienced by marginalised communities. As we slowly enter into 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.

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 the 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 recovery areas, from mental health and domestic abuse support, to economy and skills, and interruptions to care. Local decision and policymakers 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 the strategic relationships between sectors. Our sector has repeatedly shown its ability to create broad coalitions from across the public, private and VCSE sectors and 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.

Alongside this, **the VCSE sector is a critical part of local economies and should be recognised as such**. As highlighted by the 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 constitution), the role of VCSE sectors as employers, enterprises and

enhancers of the economic potential of places is frequently overlooked, the cultural and play spaces, the 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, therefore, the VCSE sector must 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.

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 - to not just 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 resource 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 their impact.

Furthermore, in line with the recommendations of the Greater Manchester Independent Inequalities Commission, there must be **meaningful mechanisms put into place to make co-design of local services the norm**. As the 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 which affect them, we can begin to address structural inequalities and build services which 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 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 which 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's diverse communities.

There is great potential for **building productive relationships between private business 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 business 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 in donating time, donating 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.

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 a growing concern. 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 improve 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 sector can continue to innovate and adapt to emerging community need.

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. We offer our support in enabling you to implement these recommendations - our flexibility, our ability to adapt to reach, and our experience in reaching parts of our local communities who 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.





Report References

Damm C., Prinos I., & Sanderson E. (2017) State of the Voluntary, Community and Social Enterprise Sector 2017. Centre for Regional Economic and Social Research, Sheffield Hallam University.

Hanif, D. (2020) COVID-19 and the VCSE Mental Health Sector Briefing Paper.

Marmot M. (2010) Fair Society, Healthy Lives: strategic Review of health Inequalities in England Post 2010. London: Marmot Review

Marmot M., Allen J., Boyce T., Goldblatt P., & Morrison J. (2020) Health Equity in England: The Marmot Review 10 Years On. London: The Health Foundation.

Mohan J., Kane D., Wilding K., Branson J., & Owles F. (2010) Beyond 'flat-earth' maps of the third sector: Enhancing our understanding of the contribution of 'below-the-radar' organisations. Northern Rock Foundation Briefing Paper.

Hornung L., Chan O., Jochum, V., Lawson, M., McGarvey, A., Rooney, K. (2020) NCVO UK Civil Society Almanac; Data. Trends. Insights. NCVO: London

Pawson, R. & Tilley, N. (1997). Realistic Evaluation. London: Sage.

The UK Civil Society Almanac (2020) Data. Trends. Insights. NCVO, Sarasin & Partners.