

A Realist Evaluation of the State of the **Salford Voluntary, Community and Social Enterprise Sector 2021**



University of
Salford
MANCHESTER



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 SALFORD: 2017–19	16
Wellbeing of Communities and Influence of the VCSE Sector	18
Current Context: COVID-19	20
Current Context: Brexit	21
Current Context: Black Lives Matter	22
Findings: Impact of COVID-19, Brexit and Black Lives Matter	23
Repurposing of Organisations in Response to COVID-19	25
Section 2: Mechanisms and Processes	27
Estimated Strength of the Survey	27
What the Voluntary, Community and Social Enterprise Sector in Salford Does	27
Size, Number and Types of VCSE Organisations in Salford	28
How the VCSE Sector Makes a Difference to People	29
Main Clients/Users/Beneficiaries of VCSE Organisations in Salford	31
Geographical Area within which the VCSE Sector Operates in Salford	32
Organisational Maturity	33
Income and Expenditure	34
Section 3: Sector Outcomes	42
Partnership Working	42
The VCSE Workforce in Salford	44
Impact of COVID-19	47
Section 4: The Future	56
Workforce	56
Partnerships	57
Funding	58
Section 5: Conclusion, Recommendations and Next Steps	60
Report References	65

Figures

Table 1: Worked Example of Extrapolation (Total Income)	11
Figure 1: Size of VCSE organisations in Salford	29
Figure 2: Main Areas of Work in the VCSE Sector	30
Figure 3: The main clients / users / beneficiaries of the VCSE sector in Salford	31
Figure 4: Main Geographical Areas of Focus	32
Figure 5 Organisational Maturity.	33
Table 2: Income Representation in Percentages.	34
Table 3: Income 2012–20	35
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	40
Figure 10: Changes in Level of Free Reserves.	40
Figure 11 Financial Turnover.	41
Figure 12: Direct Dealings with Private and VCSE Sectors	44
Figure 13 Change in Total Number of Employees	46
Illustration 1: Primary Impact of COVID-19 on Organisations	48
Illustration 2: Primary Response to the Impact of the COVID-19 Crisis on VCSE Organisations	50
Illustration 3: Primary Impact of COVID-19 on the People that Organisations Serve	52

Acknowledgements

This research has been commissioned by Salford CVS on behalf of the 10GM partnership (Action Together in Oldham, Rochdale and Tameside; Bolton CVS; Macc in Manchester; and Salford CVS); GMCVO; Bury VCFA; Sector3 (Stockport), Trafford Council and Wigan Council; and undertaken by the Centre for Social and Health Research at the University of Salford. This report forms part of a wider collection of reports which may be downloaded from www.10gm.org.uk. To describe growth patterns, trends and draw some comparisons, this survey is based on previous State of the Sector questions originally developed by Sheffield Hallam University (2013 and 2017).

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

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 Salford CVS

-  Marie Wilson
-  Address:
The Old Town Hall,
5 Irwell Place,
Salford,
M30 0FN
-  Tel: 0161 787 7795
Email: marie.wilson@salfordcvs.co.uk

Foreword

Salford Community and Voluntary Services (Salford CVS) is proud to present this Salford State of the VCSE Sector 2020 report. Following on from similar reports in 2010, 2013 and 2017 the narrative highlights the social and economic impact of voluntary organisations, charities, community groups and social enterprises in the City of Salford.

I am really pleased that once again we have been able to lead a collaborative approach to this work with partners from other infrastructure support organisations from across Greater Manchester.

I'd like to take this opportunity to thank all of the voluntary organisations, community groups, charities and social enterprises who took the time to complete the survey and also those who contributed their thoughts via the focus groups we ran.

That we have been able to produce this report – working with colleagues from the University of Salford – represents a real achievement, particularly during these unprecedented times, where we're living through a pandemic that has impacted on all of us.

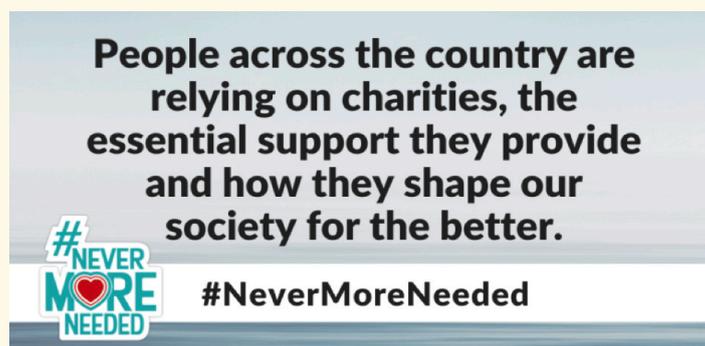
Covid-19 has on the one hand been a great leveller and reminded us all that we're part of a bigger ecosystem – and one that needs looking after! The positive – if fleeting – impact on the environment during the first lockdown was a moment of joy in a pretty bleak year. As well as the horror of the loss of life and long-term health impacts of Covid-19, we now know that the pandemic has exacerbated the endemic poverty and inequalities that exist within some of our communities – in terms of both geography and identity.

In June 2020 the Black Lives Matter movement crystallised around the murder of George Floyd – and it's shameful that his murder was one of many. Evidence of structural racism has been highlighted in all corners of public life in the UK, including in the VCSE sector. There is much to do for all of us in ensuring we focus our practical energies on being truly anti-racist in our practice and we must use our resources wisely to challenge and tackle poverty and inequalities and promote equity. It's truly shocking to note that nearly six out of every 10 people who died with coronavirus in England last year were disabled people and that there has been significant disproportionate impact too amongst Black, Asian and minority ethnic communities.

Throughout the pandemic, I have been prouder than ever to work in the VCSE sector. I have witnessed how responsive our groups and organisations, whether tiny or large, have been to the Covid-19 crisis.

Our sector is made up of tens of thousands of local volunteers, alongside a few thousand paid staff – we are the people and communities we seek to represent and support. 68% of the sector in Salford is made up of micro community groups, who have a turnover of less than £10,000 per annum. It is interesting that we have seen a significant increase not only in the number of people volunteering in Salford but also a big increase in the number of hours being volunteered (2020 data compared to 2017 report data). Local people’s willingness to volunteer their time when the going gets tough is truly something to behold. It will be interesting to see if volunteering levels remain as high post-pandemic as we move more into recovery.

The starkest finding in this Salford State of the VCSE Sector 2020 report is the VCSE sector’s fall in income. From a figure of £165m in 2014/5 (State of the Sector 2017 report) to a figure of £149m in 2019/20 – that’s a shocking decrease for our Salford VCSE sector at the very time it is doing more than ever before to support Salford communities. The national #NeverMoreNeeded campaign, launched in 2020 as a response to central government’s lack of investment into the sector during the pandemic, was spot on when it highlighted:



To conclude, I hope that readers find this full report useful (there will also be an accompanying summary report and slide deck produced) and that it can be used to influence politicians, supporters, partners, funders and commissioners in Salford. Our sector contributes much to our city; its social and added value is immense; and the return on investment it provides is well evidenced. More than that, the thousands of volunteers and staff that make-up such a vibrant sector truly demonstrate the Spirit of Salford.

As one of the custodians of Salford CVS – an anchor organisation in Salford with a 102 year old history – I am glad we could play a role in highlighting the State of the VCSE Sector in Salford in 2020.

Alison Page
Chief Executive, Salford CVS



Executive Summary

The survey included eight key sections, which encouraged respondents in each of the 10 GM localities to describe their organisations, workforce and volunteers, social enterprise and impact, the work that the VCSE sector undertook in each locality and the impact of the global COVID-19 pandemic.

In total, the survey included 104 questions to capture accurate and representative data about the state of the sector.



Headlines for Salford



1,665

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



annual income
<10K

68%

are micro organisations



17%

of the sector identify as being a social enterprise

£



£149.2 million

total income of the sector (2019/2020)



84%

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



53%

of the organisations have used their reserves in the past 12 months (41% due to COVID)



61,828

volunteers (including committee/board members), giving 210,299 hours each week valued at £104 million per annum (based in living wage £9.50 per hour)



87%

have had some direct dealings with other VCSE organisation, 87% with Salford City Council and 68% with private businesses

Realist Evaluation Approach

The web-based survey was distributed across Salford, and a total of 175 responses 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 across 15 organisations to ensure that the changing social, political and economic environment is presented. To capture the impact of COVID-19, we included specific questions in both the survey and the focus groups to fully understand the implications of the global health crisis for local organisations. This survey was undertaken during the COVID-19 global pandemic, which led to unprecedented changes in society, employment, education and healthcare systems. It is likely that many organisations who would typically respond to such surveys may not have been able to complete this due to adverse circumstances.

When reading this report, it is important to acknowledge two key points. First, the results reported are based on the survey responses received. Accordingly, it is possible that if a different sample of organisations had participated in the survey different results might have been obtained. It is estimated that the results reported within this report are within 7.5 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 non-public sector income; the number of volunteers/committee and board members; the number of hours they contribute; the number of employees and full time equivalents.

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 Salford. 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 Salford. 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 inequality 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 conclusion and a set of recommendations for public sector partners based on the report findings.





Section 1: Context

Definitions

This report is about the state of the voluntary, community and social enterprise sector in Salford. 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 Salford, 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 SALFORD: 2017–19

The 2017 State of the VCSE Sector report described over 1,500 active VCSE organisations in the city, which put it on a par with the estimates for Bolton and Wigan. Of these, 87% could be categorised as 'micro' or 'small' [an income of <£100,000 per annum]. A recent audit revealed that there are over 7,000 community assets within the city, most of which are local groups and services run by local people for local people. (Salford City Council 2015)

Half of all VCSE organisations in Salford had Health and Wellbeing at the core of their activity, closely followed by the proportion focused on Community and Development work. The 2017 report also noted more than 46,000 volunteers supporting this work. Only 11% of VCSE organisations in the borough expected their income situation to improve in the next 12 months.

The latest Index of Multiple Deprivation (IMD), published in 2019, ranked Salford as the 18th most deprived local authority in England (out of 317), a change from the previous 2015 index, which assessed the city as the 22nd most deprived. The city was ranked 12th on the IMD Health Deprivation and Disability Index, although this was an improvement of five places from 2015. Equally, progress was made in Employment: up four places to 30th. The Council's full report on the IMD noted that:

'In terms of individual domains, Salford is relatively most deprived with regard to Health, Crime, and Income.' (2)

Just under a quarter of children were estimated to be living in families that were income deprived (IDACI), placing Salford second among its geographical neighbours. This was little changed from earlier estimates. (3)

Salford City Council's IMD Intelligence Briefing also revealed that the most deprived areas of the city lay in the east and north west of the city, particularly the Langworthy, Little Hulton and Broughton wards. It also noted that while the city's performance had declined in several domains, this mirrored the picture in many comparator local authorities. (4)

The profile of Salford by the Local Government Association showed that Salford lagged behind its geographical neighbours in several areas: GCSE and equivalent attainment at 16; the proportion of the working age population qualified to at least Level 2 in England; the prevalence of smoking in adults (18+); the under-16 and under-18 conception rates; and NHS hospital admissions for alcohol-related conditions, as well as higher rates of looked-after children. However, it outperformed them in regard to: care leavers between 19 and 21 in suitable accommodation, education and employment; child protection cases reviewed on time; additional new affordable homes; and the setup of new enterprises. (5)

Drawing on some of the same data sources, Public Health England's 'Fingertips' Local Authority Health Profile 2019 highlighted many of the same issues. Other areas where the data showed Salford performing less well against regional and national measures were: under-75 mortality rates from cardiovascular diseases and cancer; and hospital admission rates for self-harm and hip fractures, as well as the relatively high statutory homelessness rate and the rate of new STI diagnoses. It noted that Salford performed well on road safety (compared to the England average) and that the percentage of children in low-income families had improved [albeit using 2016 data]. (6)

Public Health England's Child Health Profile for Salford stated that the health and wellbeing of children in Salford was worse than the England average in areas such as teenage pregnancy, the percentage of women smoking while pregnant, dental health, levels of child obesity and the rate of child inpatient admissions for self-harm. However, the data showed that Salford was broadly comparable to its nearest neighbours. (7)

Sources and References

- ▶ Local Government Association, Indices of Deprivation 2019.
- ▶ Salford City Council, Indices of Deprivation 2019 – the City of Salford's position <https://www.salford.gov.uk/people-communities-and-local-information/joint-strategic-needs-assessment/jsna-topic-areas/>
- ▶ Salford City Council, State of the City 2016. Compendium Report.
- ▶ Salford City Council, Intelligence Briefing: Indices of Deprivation 2019.
- ▶ Local Government Association, LGA Research Report. Headline Report for Salford City Council.
- ▶ Public Health England (2020) Salford Local Authority Health Profile 2019.
- ▶ Public Health England (2020) Child Health Profile March 2019 – Salford.



Salford: 2020

Wellbeing of Communities and Influence of the VCSE Sector

In 2010, the Marmot report (Marmot 2020) argued that the ability of the third sector to reach out and work collaboratively across communities provides a unique opportunity to support networks, partnerships and the community infrastructure needed to support resilience. The work through the community infrastructure, predominantly based on unpaid and voluntary endeavour, highlights the major role that the third sector has in supporting communities. Moreover, in the later Marmot (2020) report, 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 Salford suggest that outcomes for all other key indicators such as heart disease and life expectancy are worse than the average in England.

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 Salford Locality Plan (2020), which reports that:

'Harnessing community strengths takes many forms and is supported by many groups and organisations. Salford Together is a consortium covering social care, primary care, community services, mental health services and VCSE services. Notable among the contributors are Salford CVS, the broader VCSE sector, the Health Improvement Service (largely commissioned and provided in-house by Salford City Council), and Salford Community Leisure.'

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 VCSE Sector.

The impact of the pandemic will have long-term effects on the sector. The supposed boost to funding in key areas for the VCSE 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 2020 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.

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 these communities in GM, the Greater Manchester VCSE Leadership Group published the following statement in June 2020:

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

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

In January 2021, GM=EqAI released a language guidance toolkit which recommended the disuse of BAME as a term. The language now used in the report includes 'Communities Experiencing Racial Inequalities' rather than 'BAME'. This change in language has been supported by the partners who commissioned this research. However, the survey was undertaken prior to the change in language, which has resulted in the inclusion of BAME as a 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 communities experiencing racial inequality 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 inequalities to the forefront; for example, challenges – such as mental health problems, domestic violence and food poverty – have been exacerbated in areas that were already experiencing deprivation and poverty. Moreover, it became clear from the focus groups that the rates of COVID-19 infections were higher in people from communities experiencing racial inequalities due to various reasons, including health inequalities and socioeconomic factors.

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



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

However, it was stressed that it is important that 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 41.1% of the respondents indicated that they had fully repurposed their services. A slightly smaller percentage (39.4%) indicated that they had not repurposed their services. Combined with the qualitative data, the responses of VCSE organisations in Salford to COVID-19 were split, and whilst many organisations had repurposed, the qualitative data indicates that this was predominantly due to the loss of contact and funding and increased demand. The triangulated findings suggest that the VCSE sector in Salford was responsive to the crisis and was able to adapt (where needed) to ensure that communities and individuals were supported.

We asked participants in the qualitative focus groups about the challenges and how they had adapted their services. Participants described how they had initially developed digital methods to support people, but later also recognised that for many of the most vulnerable digital support was either not enough or was inaccessible, as the following extracts illustrate:



'Six months ago, I would have been sceptical that we could organise a board meeting, or a training session, or a team meeting through Zoom. Now we are doing it as second nature. It forced us to make some real rapid learning, and that's been quite helpful for the organisation, and much of that we want to retain. We've gone through the pain, and we can see the gain, so we want to keep it where we can.'

We feel our most vulnerable clients have lost out. There are lots of very vulnerable clients who need assistance to come forward, who need people to prompt them about their problems, who need to be reminded about what the advice was when they get home, who have confidence issues, have low-grade mental health issues that don't feel they can communicate to everyone. All of those clients have lost out by not being able to get face-to-face work, so we were really pleased that over the last month or two we've reintroduced face-to-face work in a limited fashion, in a COVID-secure fashion, but it's still people are back, so that's quite positive.'

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 September 2021, 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 163 organisations who responded, 78% reported that they did not have to furlough any employees. A smaller percentage (10%) of organisations reported that they had furloughed up to 30% of employees. A total of 4% of the organisations had furloughed between 31% and 50% of employees. Only 2% of organisations had furloughed between 51% and 99% of employees. A total of 6% 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 Salford was 175. On the basis of previous State of the Sector population figures, the response allows for a 7.5% margin of error based on a 95% confidence interval.

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

In estimating the total number of organisations in Salford, we used the national Register of Charities in England and Wales. To estimate the total population of Salford, 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 Salford is 258,834.
- ▶ According to the UK Register of Charities in England and Wales (in 2020), there are 409 registered charities in Salford.
- ▶ 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 947 BTR organisations in Salford. This represents a small increase of 31 BTR organisations operating in Salford since the last State of the Sector Survey in 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 309 social enterprises operating in Salford.

A total of 175 organisations responded to the survey question about organisational size (see Figure 1). It is estimated that social enterprise organisations represent 17% of the VCSE sector. 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 Salford (409) with the estimated number of BTR organisations (947) and the total number of social enterprises (309), it is estimated that there are 1,666 organisations operating in Salford. This figure is higher than that recorded in the 2017 report, which estimated that there were 1,513 organisations operating in the VCSE sector in Salford.

Size, Number and Types of VCSE Organisations in Salford

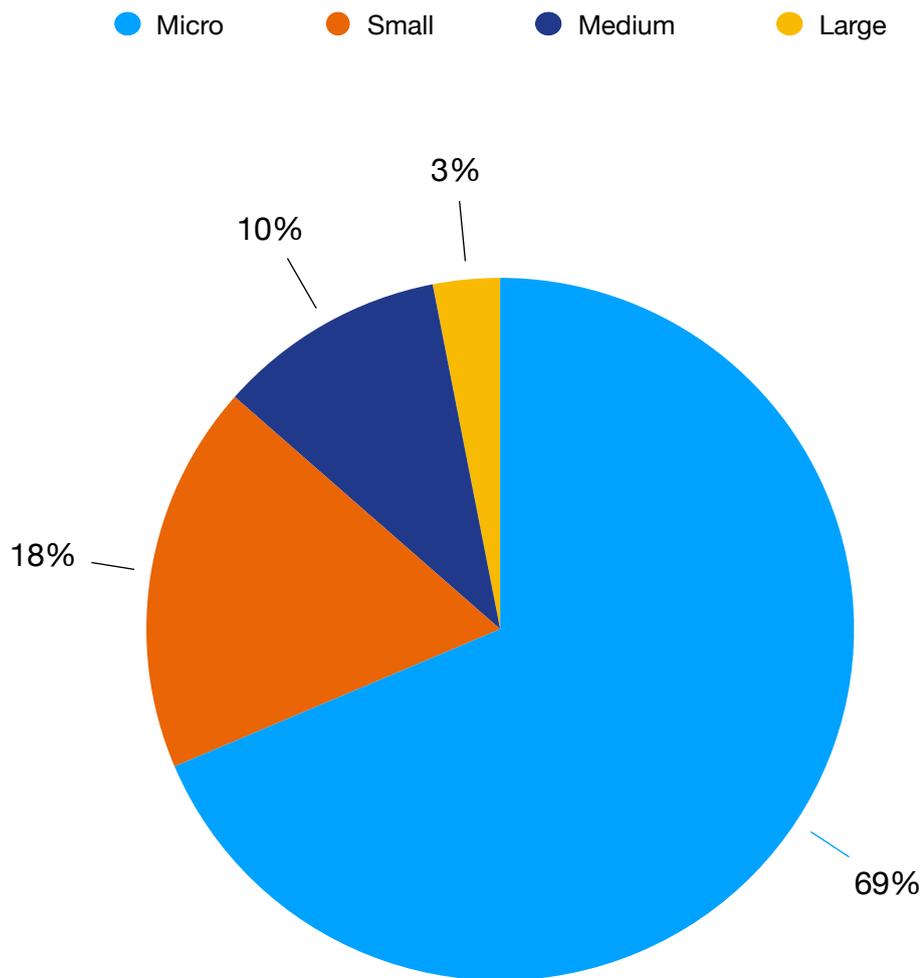
We used the NCVO Almanac (2020) categories to calculate the size of the organisations. Classifications were based on the following criteria:

- ▶ 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 1,143 organisations were classified as micro. This represents the majority of organisations and reflects the trend in the 2017/18 NCVO Almanac. A total of 298 organisations were classified as small, a further 174 organisations were classified as medium, and 51 were classified as large.



Figure 1: Size of VCSE organisations in Salford

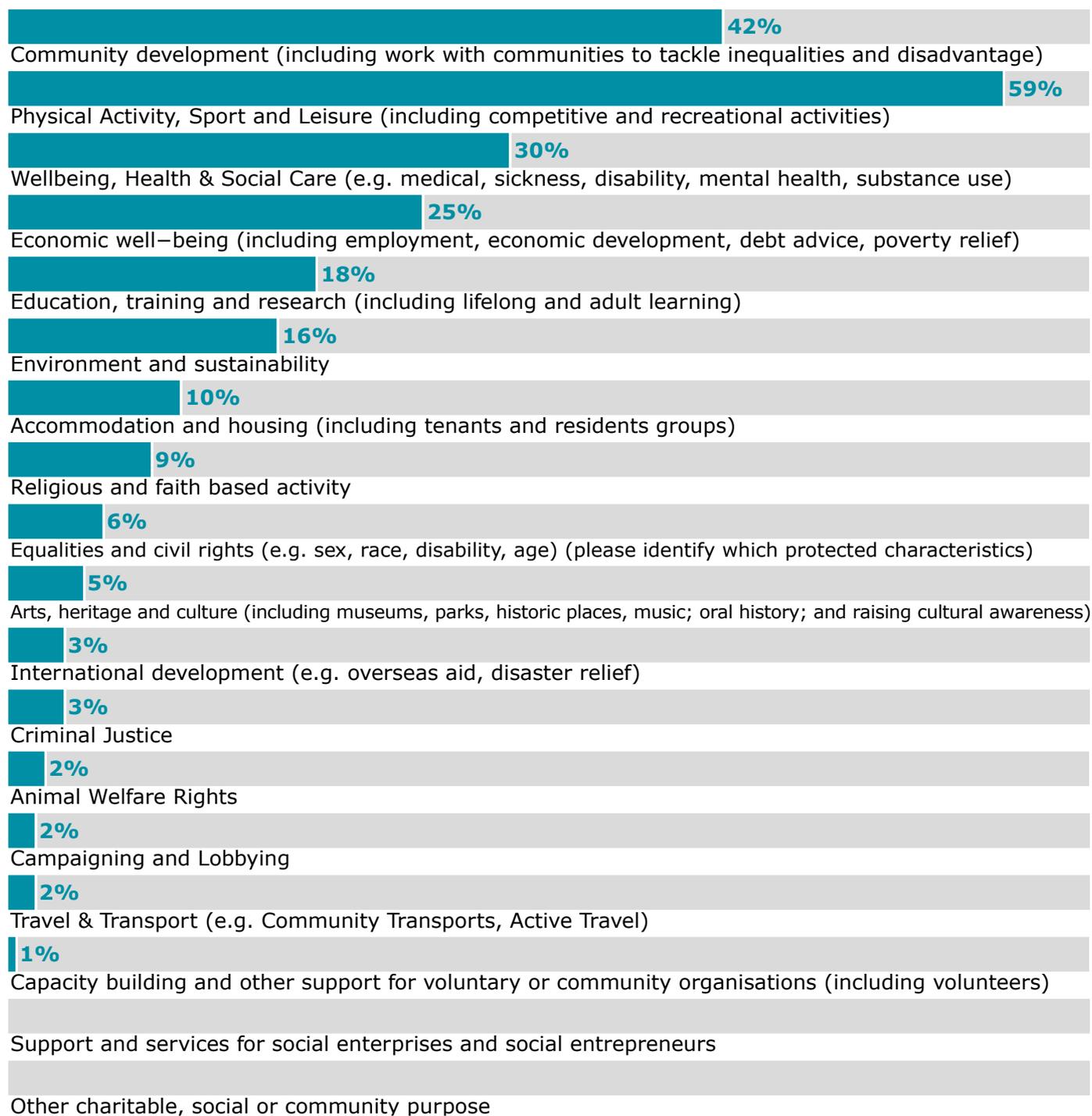


How the VCSE Sector Makes a Difference to People

The VCSE sector in Salford 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 (see Figure 2).

Through the survey, organisations were asked to identify their three main areas of work. The top three main areas of work identified by survey respondents in Salford were:

- ▶ Wellbeing, Health and Social Care (30%)
- ▶ Community Development (including work with communities to tackle inequalities and disadvantage) (42%)
- ▶ Physical Activity, Sport and Leisure (including competitive and recreational activities) (59%)

Figure 2: Main Areas of Work in the VCSE Sector

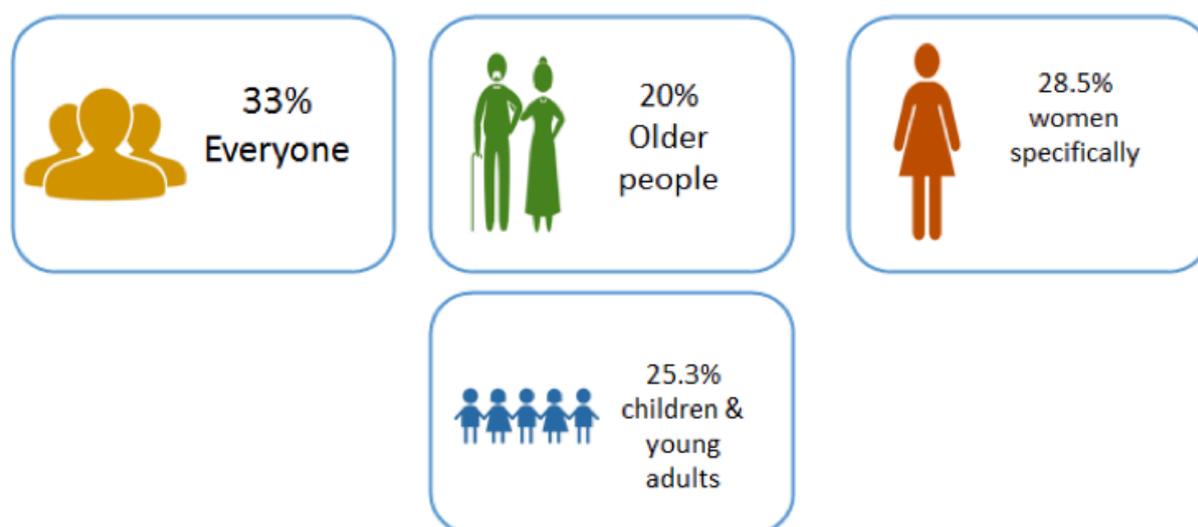
Whilst these findings are similar to those reported in 2017, the margin of error limits their comparability. Salford CVS compared them with our membership data from the time of the survey. A total of 93% of groups had indicated their main area of work, and similar results were found, the key differences being Health, Wellbeing and Social Care featuring more strongly (44%) and Education and Training replacing Physical Activity in the top four areas.

This finding also reflects the public health locality data and resonates with the 2020 Salford Locality Plan's key priorities.

Main Clients/Users/Beneficiaries of VCSE Organisations in Salford

We asked respondents to indicate who their main clients/beneficiaries were from a dropdown list of options (see Figure 3). Out of those who responded, the four most common client groups were: 'Everyone', 'Older People', 'Women Specifically' and 'Children & Young Adults'.

Figure 3: The main clients / users / beneficiaries of the VCSE sector in Salford



These figures are very similar to those reported in 2017, which indicated that the four main client groups were everyone (27%), older people (24%), women (23%) and children and young adults (22%). Whilst these findings are similar to 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.

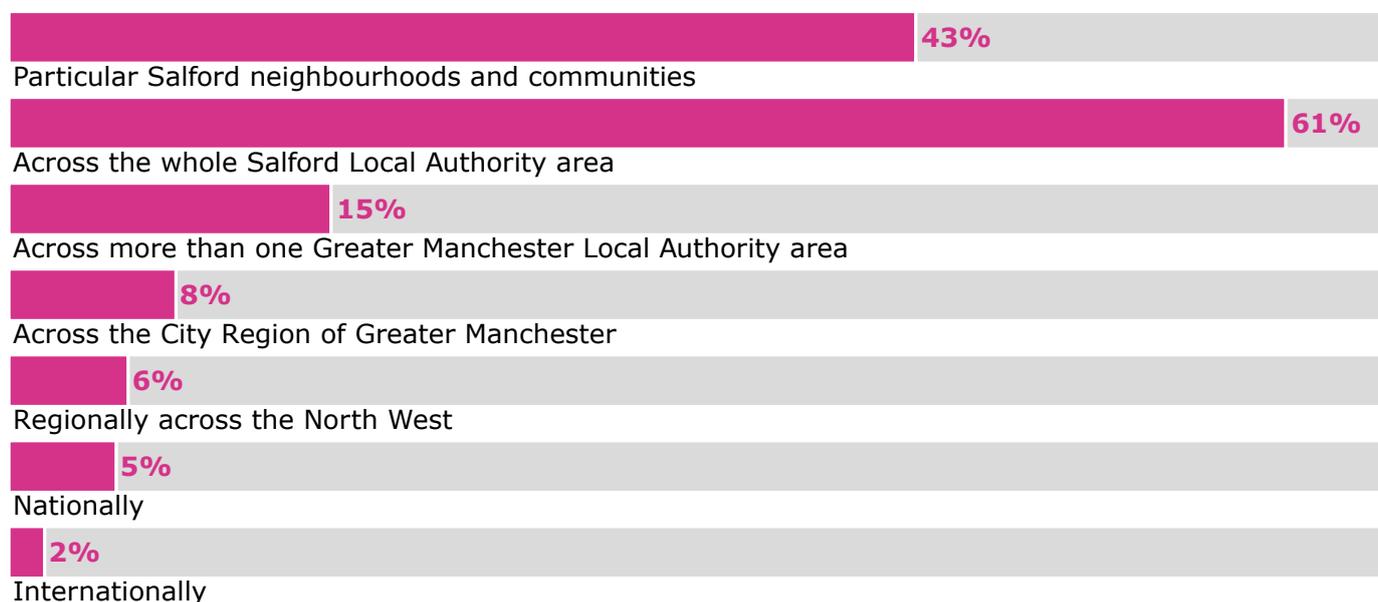
Geographical Area within which the VCSE Sector Operates in Salford

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', and 'regionally, nationally and internationally'.

- ▶ Just less than half of the respondents (43%) identified particular Salford neighbourhoods and communities.
- ▶ A total of 61% of respondents indicated that they worked across the whole of the Salford local authority area. This indicates that the local area is the main focus for the majority of organisations.

See Figure 4 for a full breakdown.

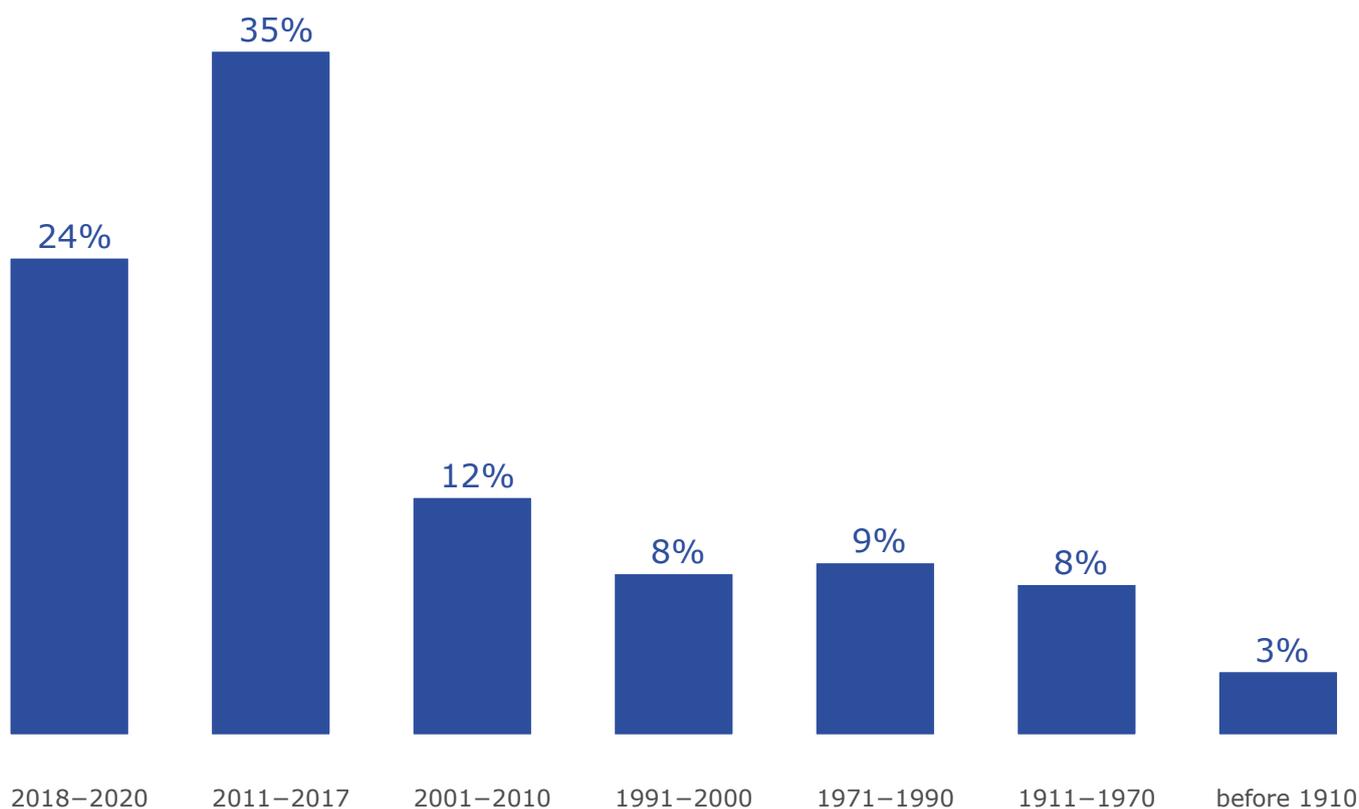
Figure 4: Main Geographical Areas of Focus



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 Salford. A large number of organisations (59%) were formed in Salford post 2011 (see Figure 5). A total of 21% were formed prior to 2000. During the past 20 years, 83% of organisations were established. 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 city. As a result, it does not monitor sector churn, e.g., those organisations that have closed or withdrawn from the city or may have merged with other organisations.

Figure 5 Organisational Maturity

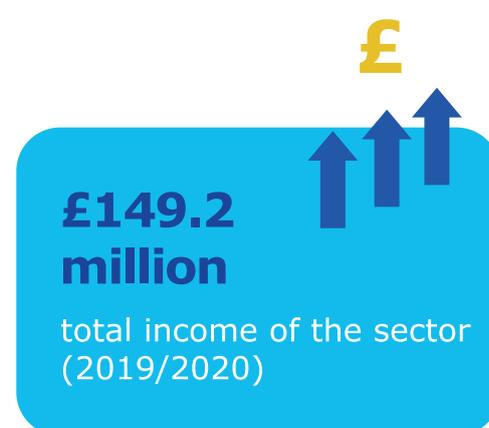


Income and Expenditure

Similarly to the 2017 report, this section describes how 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 Salford.

We estimated the total income for the Salford VCSE sector in 2019/20 to be £149.2 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 reports 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 steady increase in income in 2014/15. However, there was a significant decrease in income between 2014/15 and 2016/17 of £30 million. There was some recovery from 2017/18 to 2018/19 of £24 million, but a significant decrease in income totalling £10 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.

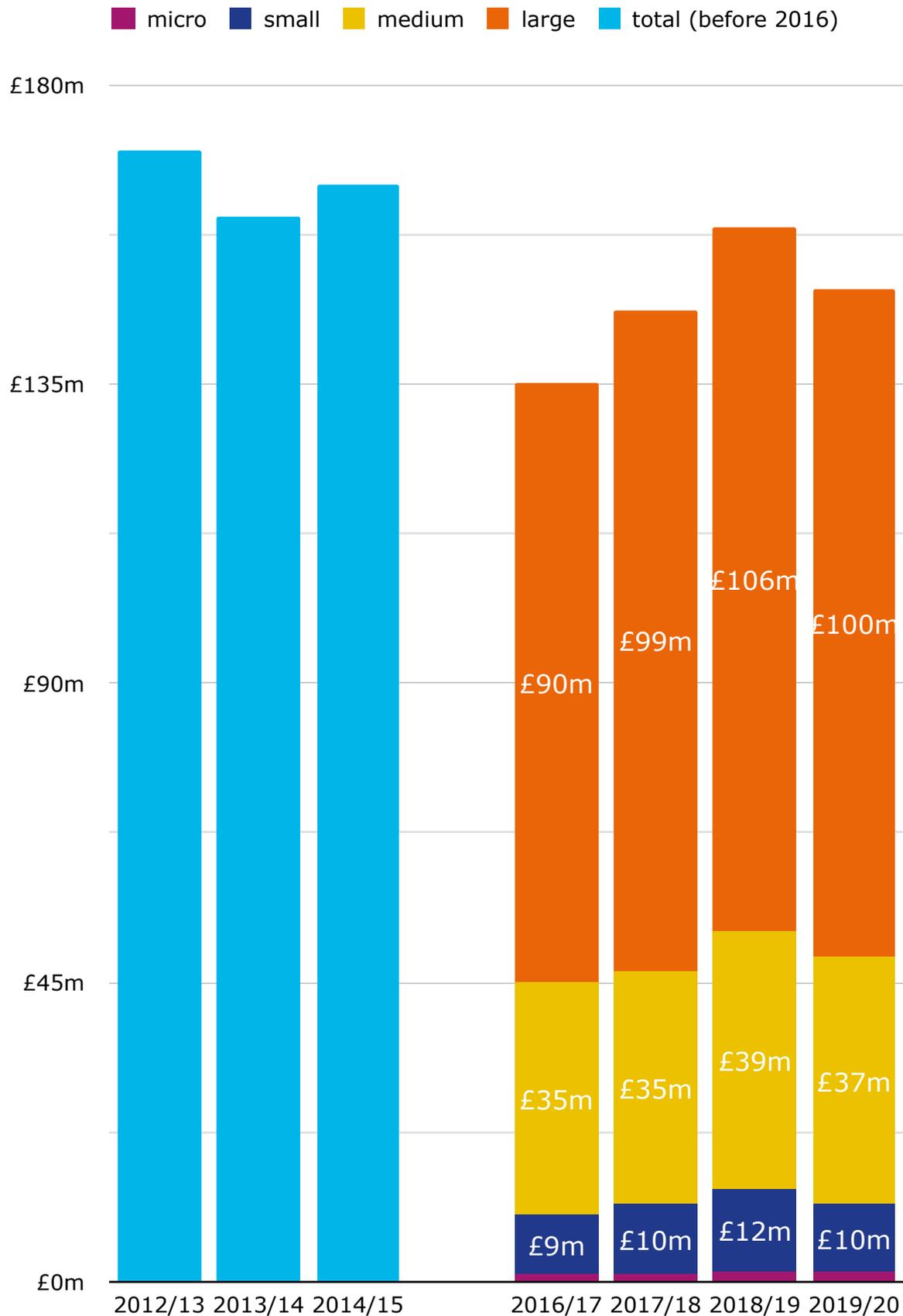
Table 2: Income Representation in Percentages

Salford income by org size

	2016/17	% change	2017/18	% change	2018/19	% change	2019/20
Micro	£1m	11%	£1.2m	26%	£1.5m	-13%	£1.3m
Small	£9m	15%	£10.3m	21%	£12.5m	-18%	£10.3m
Medium	£35m	1%	£35.2m	10%	£38.7m	-4%	£37.3m
Large	£90m	10%	£99.4m	7%	£106m	-5%	£100.4m
Total	£135m	8%	£146m	9%	£159m	-6%	£149m

The figures in Table 3 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 also mirrors national research such as the NCVO Almanac (Hornung et al 2020), in that, whilst smaller in number (3% of the sector), the larger charities in Salford continue to hold the majority of the income (67%).

Sources of public sector income

In 2019 it was estimated that local government spending in Greater Manchester had fallen by £582m. The vast majority of this was not spending allocated to VCSE organisations but it has nevertheless limited the capacity of councils to maintain existing funding for VCSE organisations or to develop new areas of funded activity.

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 income in Salford originated from grants administered by Salford CVS. Our findings also indicate that Salford NHS CCG and Salford City Council also account for a moderate proportion of the funding:

- ▶ Funding received by the CVS was the most frequently identified source of funding (71.4%).
- ▶ The second most common source of funding was through Salford Council (62.3%).
- ▶ A smaller percentage of respondents indicated that Salford CCG provided the third most common source of funding (52%).

Estimated Other Sources of Income in Most Recent Financial Year

Survey respondents indicated the sources of their organisation's income. Our findings suggest that, although a large number of organisations received significant funding from the public sector, at least 84% of organisations were bringing in funding from another source, providing added value to the city and residents.

These sources of non-public sector funding are:

- ▶ Fundraising (e.g., crowdfunding events, donations): 23% of respondents received income through this type of funding, 23.4% indicated that they received less than 10% of their income in this way, and 5.1% received at least 20% but less than 50%. Only 0.6% indicated that they received 100% of their annual income through fundraising.
- ▶ Membership fees: 18.9% of respondents received income through this type of funding, 13.7% indicated that they received less than 10% of their income in this way, and 2.3% received at least 20% but less than 50%. Only 7.4% indicated that they received 100% of their annual income through membership fees.

- Grants from charitable trusts and foundations: 22.9% of respondents indicated that they received this type of funding, 22.3% indicated that they received less than 10% of their income in this way, and 9.7% indicated that they received at least 20% but less than 50%. Only 1.7% indicated that they received 100% of their annual income through grants from charitable trusts and foundations.
- Charging for goods and services: 16.6% of respondents indicated that they received this type of funding, and 16% indicated that they received less than 10% of their income in this way. Only 1.1% indicated that they received 100% of their annual income through charging for goods and services.
- Grants from National Lottery distributors (e.g., 'the Big Lottery Fund'): 7.4% of respondents indicated that they received this type of funding, 14.3% indicated that they received less than 10% of their income in this way, and 2.9% received at least 20% but less than 50%.
- Business donations or sponsorships: 16% of respondents indicated that they received this type of funding, 18.3% indicated that they received less than 10% of their income in this way, and 1.7% received at least 20% but less than 50%.
- Interest (e.g., bank endowments, investments): 12% of respondents indicated that they received this type of funding, and 13.7% indicated that they received less than 10% of their income in this way.

Please refer to Figures 6 and 7 for a full breakdown of the responses.

Figure 6: Other Sources of Funding

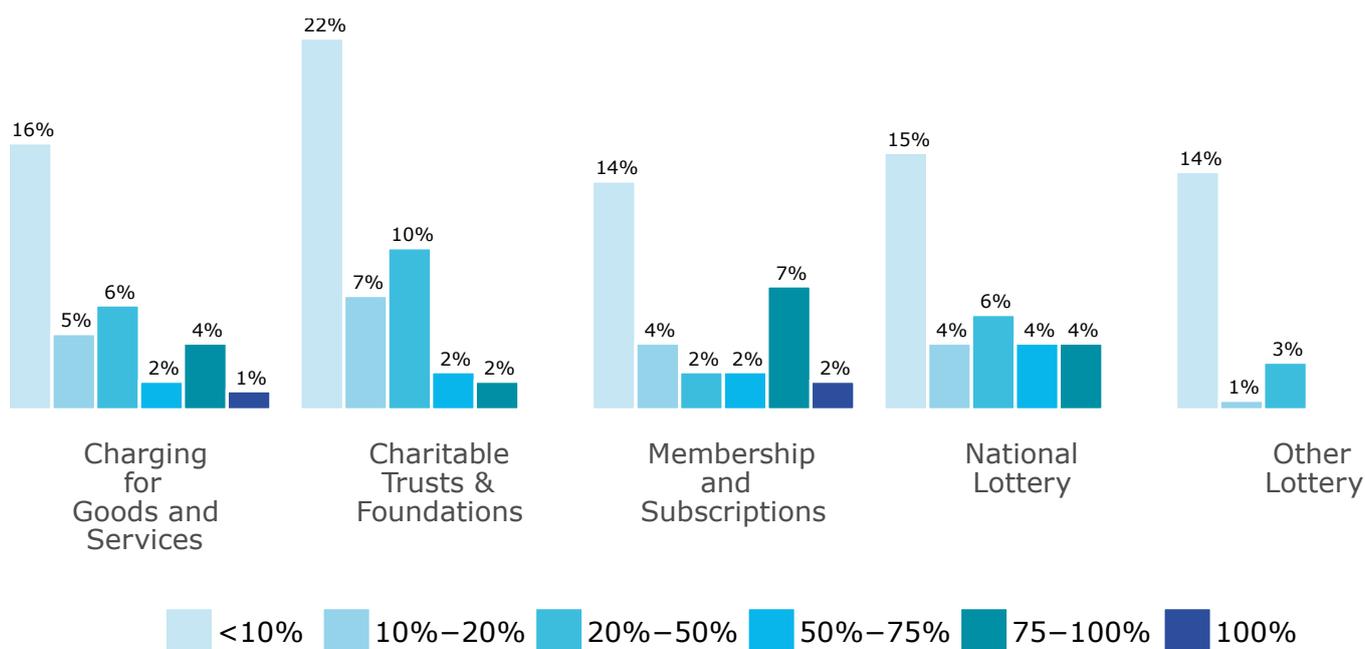
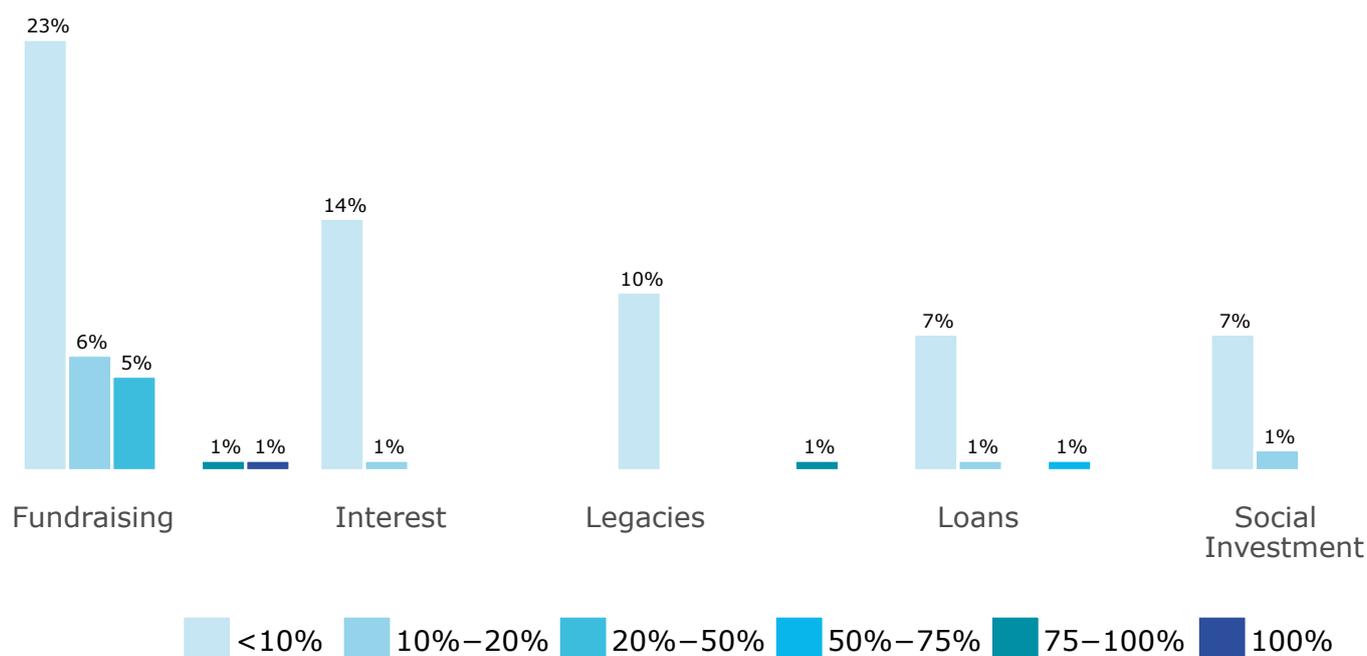


Figure 7: Other Sources of Funding

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 survey respondents to indicate if they received European funding. Only 13 organisations responded; of these, the majority (97%) received less than 10% of their funds from European sources. Approximately 6% received between 20% and 50% of their funding in this way, and a similar percentage of respondents received at least 10% but less than 20% of their funding from European sources.

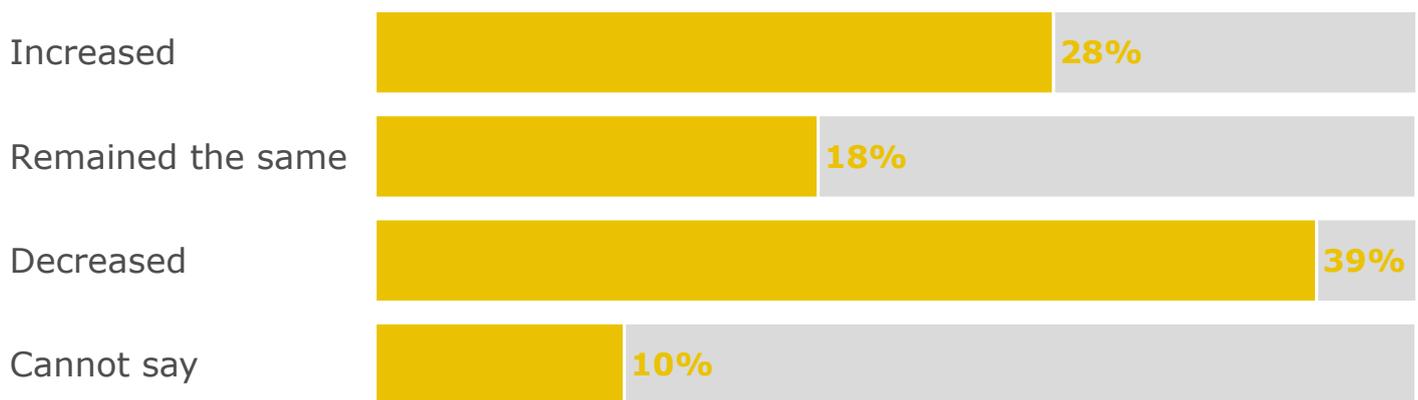
Financial Sustainability

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 use 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 28% of organisations reported an increase in their annual turnover, whilst a further 18% reported no change in their income. The percentage of organisations stating that their income had decreased was 39%, and 10% 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 over a third of the organisations (32%) reported an increase in their expenditure, whilst a further 29% reported no change in their expenditure. Just under a quarter (23%) reported that their expenditure had decreased, and 10% of organisations were unsure (see Figure 9).

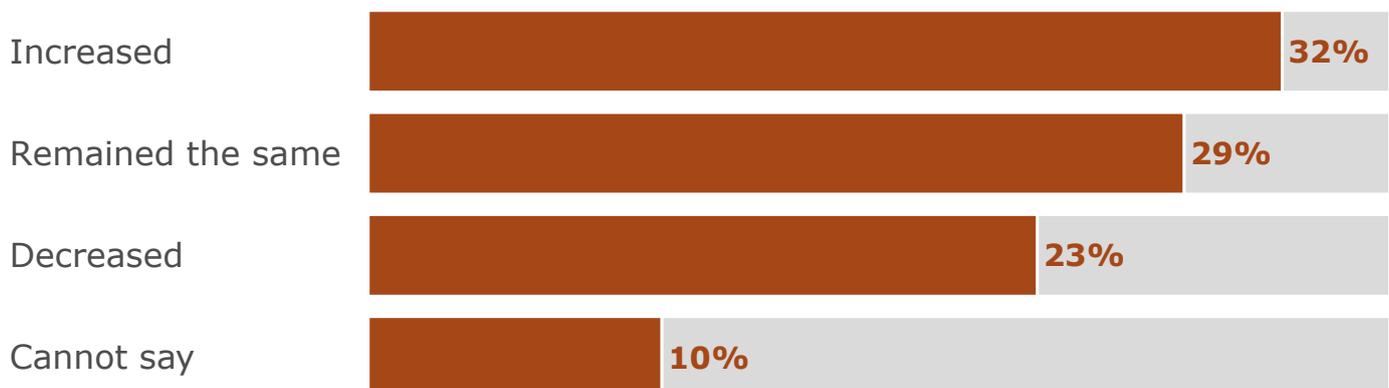


Figure 9: Changes in Total Annual Expenditure

Reserves

The data later reports on the use of reserves in the past year and changes noted in overall income across all groups. The majority (54%) of respondents had not used their reserves in the past 12 months; however, 46% reported that they had used reserves. For those who had used reserves, 28% used reserves to cover a gap in funding, and 8% used reserves to cater for an increased demand. Others reported that the use of reserves was to cover unplanned costs (5%) and change the way that they work (5%). Out of the 60 respondents who had used reserves, the majority (60%) of respondents indicated that this was as a result of COVID-19. A total of 32% of respondents indicated that their reserves had decreased. A smaller percentage (14%) reported an increase in the level of reserves, and 28% reported that their reserves had remained the same.

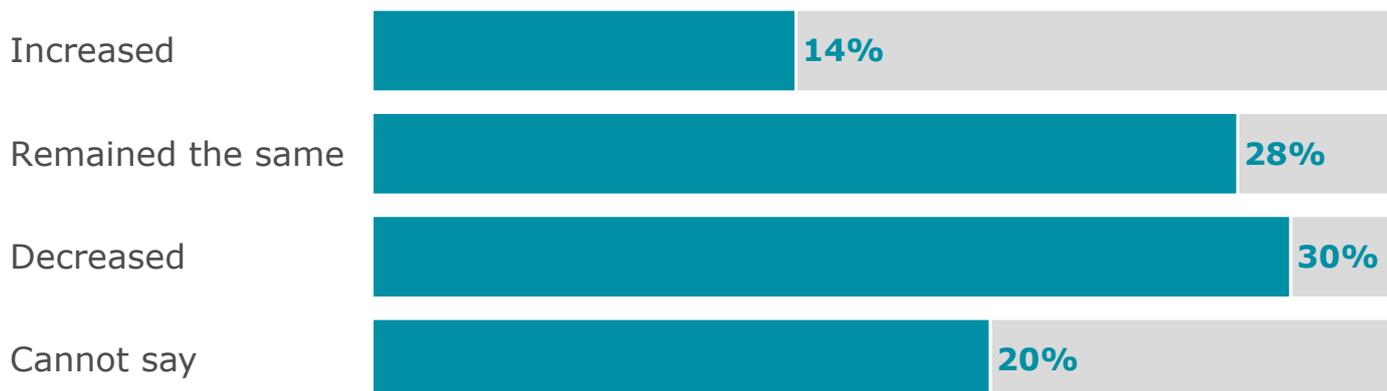
It should be noted that an organisation not using their reserves is not necessarily an indicator of financial stability. Smaller and newer organisations may not yet have established reserves due to their limited maturity, whilst similarly some larger organisations may not have been able to utilise their reserves due to the requirement of their reserves policy to maintain certain levels to remain solvent (see Figure 10).



53%

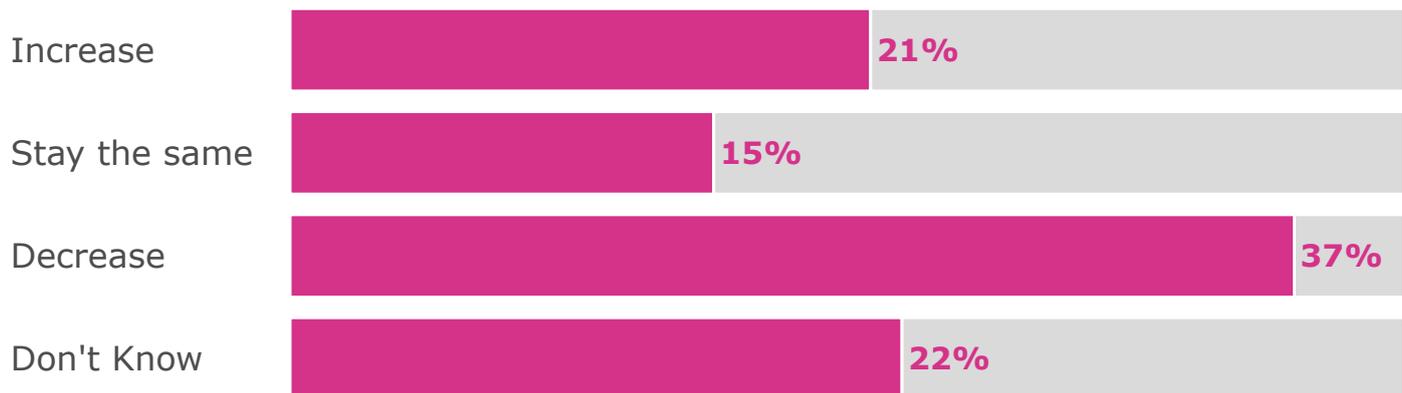
of the organisations have used their reserves in the past 12 months (41% due to COVID)

Figure 10: Changes in Level of Free Reserves



We also asked respondents about their expectations regarding income for the next 12 months. The highest proportion of organisations (37%) estimated that their income would be reduced, 21% of organisations anticipated an increase in turnover, whilst 15% predicted that it would remain the same. A comparatively high percentage (22%) 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 39% of respondents thought that overall income had reduced compared with 28% who indicated that there was an increase in income. Similarly, 32% of respondents indicated an increase in expenditure and only 23% reported that expenditure would decrease. A total of 30% of survey respondents predicted that their level of sustainability would decrease in the next 12 months. The highest proportion of respondents (37%) predicted that their level of turnover would decrease in the next 12 months. These findings raise some concerns about the financial sustainability of the VCSE sector in the next 12 months. Moreover, our findings do not report on 2020/21 data, which is likely to have significantly reduced forecast as a result of the ongoing global pandemic and negative impact on the wider UK economy.

How VCSE 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) 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 Salford City Council has worked with VCSE organisations in Salford and across GM and the influence on organisational success.

Working Relationships with Salford City 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. Salford City Council are a key commissioner/funder of the VCSE sector. We asked the survey respondents to estimate, overall, how satisfied or dissatisfied they were with their ability to influence Salford City Council decisions that are relevant to their organisation/group. The responses indicate a mixed experience of working with the Council. The findings indicate that 30.3% of respondents were very satisfied or fairly satisfied.

Success of Bidding or Applying for Funding from Salford City 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 Salford City Council. The findings suggest that organisations had been fairly successful, with 31.2% indicating that they had been very successful and 14.5% indicating that they had been successful. A total of 18.5% 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 four most prominent organisations were:

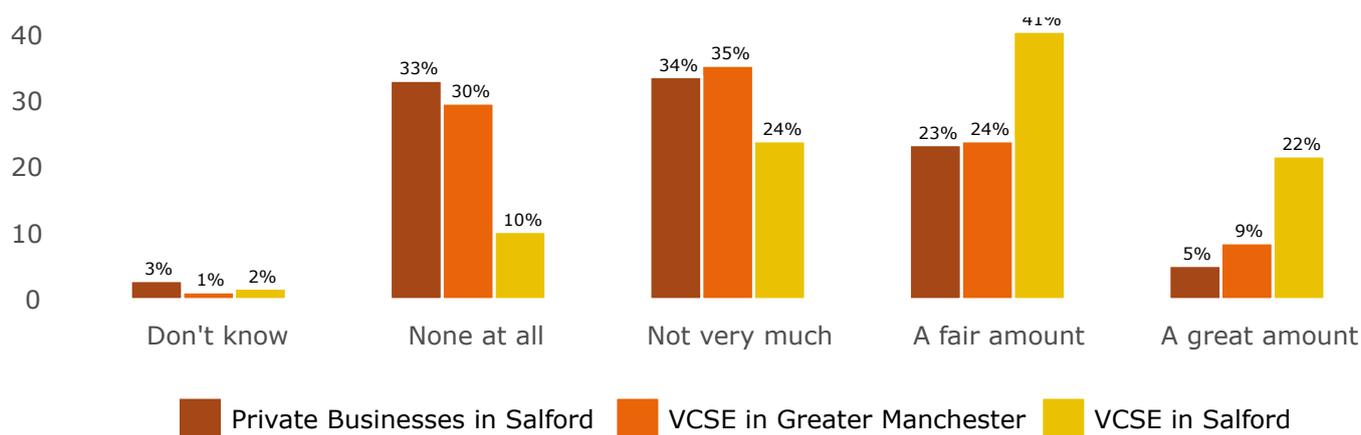
- ▶ Salford CCG: 10.3% of respondents had had a great amount of dealings with Salford CCG, and 19.4% had had a fair amount of dealings.
- ▶ GM Mental Health NHS Trust: 3.4% of respondents had had a great amount of dealings, and 10.3% had had a fair amount of dealings.
- ▶ Salford Royal NHS Trust: 3.4% of respondents had had a great amount of dealings, and 9.1% had had a fair amount of dealings.
- ▶ University of Salford: 4.0% of respondents had had a great amount of dealings, and 17.7% 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 Salford. We also asked the respondents to identify the organisations that they worked with. Our findings suggest that organisations were diverse and the Salford VCSE sector collaborated across GM well (see Figure 12).

- ▶ Salford VCSE Working: 22% of respondents worked with Salford VCSE organisations a great amount, and 41% estimated that they worked across Salford VCSE organisations a fair amount.
- ▶ GM Working: 9% of respondents worked with other GM VCSE organisations a great amount, and 24% estimated that they worked across GM a fair amount.

Figure 12: Direct Dealings with Private and VCSE Sectors

Our findings highlighted a relatively small percentage of relationships with private organisations. This is also highlighted in the qualitative focus group findings in Salford 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 Salford

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 6,832 paid employees working in the Salford VCSE sector, of which 4,168 are FTE. We estimated the economic contribution of the workforce by establishing the number of hours worked and calculating the cost using the 'real' Living Wage, as calculated by the Living Wage Foundation (outside London rate of £9.50 per hour) as the baseline. Using this calculation, we estimated that the value to the economy of the paid staff working in the VCSE sector in Salford equated to £76 million per annum.

The percentage of paid staff per organisational size was also estimated. Whilst the number of large organisations was small in the locality (number of organisations who responded =51), they employed a significant percentage of the total number of staff, equating to over half (62%) of the total number of staff employed in the sector. There were 173 medium organisations in the sector, employing 27% of the total number of staff. Collectively, our findings indicate that despite only representing 13% of the total number of organisations in the sector, medium and large organisations accounted for 89% of the total staff employed, but the smallest percentage of volunteers (37%).

We asked survey respondents to indicate whether their organisation paid all staff at least the living wage (as per the Living Wage Foundation | For the real cost of living). This question was not relevant for 48.6% of respondents, but of those for whom it was relevant the vast majority (40%) indicated that they paid the real living wage and a small percentage (6.3%) indicated that they did not pay the living wage. The data indicated that there is commitment from the Salford VCSE sector to be a good employer and to ensure a quality of living for its employees.

Volunteers

This section describes the number and work of the volunteers within the VCSE sector in Salford. We include the total number of volunteers working in the VCSE organisations that responded to the survey, including volunteers who play a role on committees or boards of trustees.



"Volunteering is defined as an activity that involves spending time, unpaid, doing something that aims to benefit the environment or individuals or groups other than (or in addition to) close relatives. NB It should be seen as distinct from mandated /required or contractual activity."

We asked respondents to indicate how many volunteers provided time for their organisation. Our findings suggest that there are a total of 61,828 volunteers supporting the VCSE sector in Salford. We also asked survey respondents to estimate the total number of volunteer hours per week. Our findings suggest that volunteers in Salford provide over 210,299 hours per week. The total number of hours provided by volunteers per organisation size each week are estimated below.

- ▶ 29,358 volunteers in micro organisations provide 149,607 hours per week, representing 71% of the total hours of volunteers in the VCSE sector.
- ▶ 9,427 volunteers in small organisations provide 32,905 hours per week, representing 15% of the total hours of volunteers in the VCSE sector.
- ▶ 9,399 volunteers in medium organisations provide 18,670 hours per week, representing 8% of the total hours of volunteers in the VCSE sector.
- ▶ 13,643 volunteers in large organisations provide 9,117 hours per week, representing 4% of the total hours of volunteers in the VCSE sector.

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 £104 million.

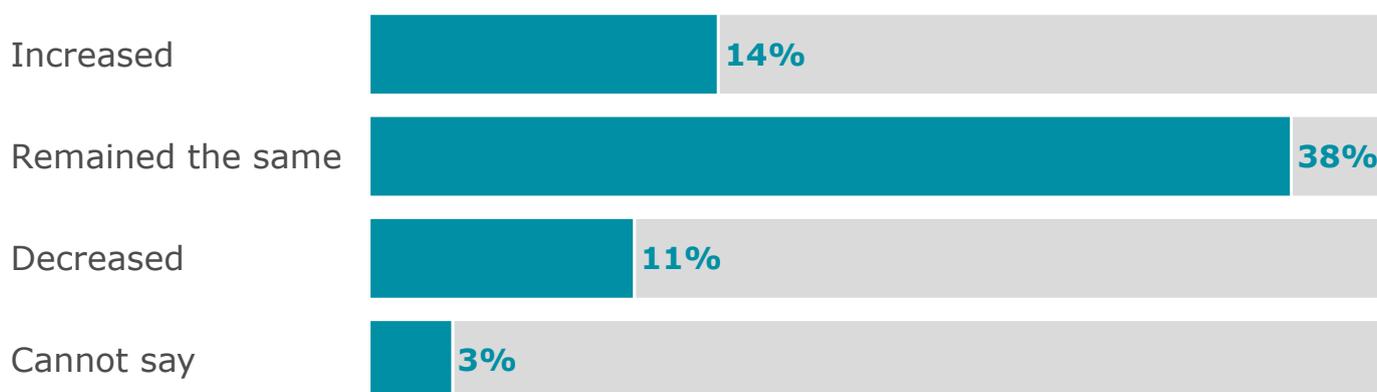
Changes in the VCSE Sector during the Last 12 Months

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

Change in Total Number of Employees

The respondent figures for employees in Salford indicated that in the highest number (38%) of organisations the workforce had remained the same. A total of 11% of respondents indicated that the workforce had decreased. A slightly larger percentage (14%) reported that the workforce had increased. It was reported that the impact of COVID-19 on the workforce was not applicable by 38.3% of the respondents. Only a small percentage (7.4%) indicated that COVID-19 had had an impact, and 15.4% indicated that the change in workforce was not due to COVID-19 (see Figure 13).

Figure 13 Change in Total Number of Employees



The potential lack of impact of the Covid-19 pandemic relating to the paid workforce is covered further in some of the qualitative insight. During the time of the survey a full Job Retention Scheme ('furlough') was in place. However, as the research indicated this was not utilised by large numbers of the sector. This was in part due to the fact not all staff were actually eligible due to the eligibility criteria of the Job Retention Scheme. In addition, many VCSE organisations were determined to stay open and play a full role in the emergency response to the pandemic, seeking to support their communities / beneficiaries.

This was also made possible by the main commissioners of VCSE organisations in Salford issuing a letter for support for local VCSE organisations, confirming that they could use commissioned funds to adapt to what was needed during the pandemic (GMCA statement to the VCSE sector. | Salford CVS)

Change in Total Number of Volunteers

The respondent figures for volunteers in Salford indicated that in the highest number (48%) of organisations the volunteer workforce had also remained the same. A total of 24.6% of respondents indicated that the volunteer workforce had increased, 3.4% could not say, and 20% 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 13.7% of the respondents. However, unlike the figures reported for employees, whilst 16.6% of respondents reported COVID-19 as not having an impact on volunteer numbers, the highest number (25.1%) reported that the change in the number of volunteers was as a result of COVID-19.



61,828

volunteers (including committee/board members), giving 210,299 hours each week valued at £104 million per annum (based in living wage £9.50 per hour)

Impact of COVID-19

Primary Impact of COVID-19 on Organisations in Salford

We asked survey respondents to describe the primary impact that COVID-19 had had and also the impact on organisations and individuals. A thematic analysis of the raw qualitative data was undertaken to identify common themes. This section reports the qualitative data obtained. Word clouds have been used to highlight the most frequently reported feedback. We have also triangulated qualitative data from the focus groups to illustrate how COVID-19 has impacted on organisations and individuals and the response of the VCSE sector.

We asked what the primary impact of COVID-19 had been. Four key themes emerged: 'Suspension of face-to-face delivery', 'Reduced funding', 'Increased service demand' and 'Change of practice'. For many, COVID-19 led to a suspension of face-to-face delivery, leading to the need to adapt service provision and delivery. For some, this was exacerbated through digital exclusion, and, whilst many organisations had to close, a significant number continued to operate, but using adapted methods. Services were limited through the reduction in funding, the lack of opportunity to fundraise and the inability to generate income. This was despite an increase in demand caused by the impact of lockdown on mental wellbeing, physical activity and increased social isolation. The word cloud below (Illustration 1) illustrates some of the common qualitative responses.

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



'Not all our staff have spare bedrooms where they can just loiter on the settee. It's difficult for people, and we as organisations, as managers, have to be mindful of the fact that people will be struggling at home. The winter will be coming in. They'll be more worried about their jobs. They'll be more worried about their partners, their lives, their children and everything, and it's going to be hard to manage people in the next phase because we've had a ride of goodwill – a wave of goodwill – that's helped buoy that process up. We can't bank on that going forward, I think, so it's going to be quite challenging.'

enquiries and advice needs due to the pandemic; there was a drop in debt enquiries but an increase in employment enquiries due to the furlough scheme, as well as a significant increase in the number of people making Universal Credit claims. For advice providers, the main challenge was keeping up with changing employment laws and understanding what these meant for beneficiaries. For example, one participant mentioned:



'The nature of the fact that the funding is from the local authority meant that the majority of people weren't eligible for furlough. The word furlough was chucked around in the press, and everybody picked up on this new word, and everybody suddenly thinks it's relevant to them, but it actually wasn't for some jobs.'

Findings from this survey work demonstrate that Salford CVS has been extremely supportive to VCSE organisations throughout the pandemic; words to describe them include 'strong', 'approachable', 'supportive', 'partnership'.

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

The survey also asked respondents to describe the primary response of their organisation to COVID-19. Four themes emerged from the qualitative responses, namely, 'Adaptation', 'Digital', 'Closure but open' and 'Keeping in touch'. 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, basic welfare provisions, telephone services and delivery of care packages.

'Digital exclusion' was highlighted as one of the key challenges that organisations faced when supporting people through the COVID-19 era, as the following participant observed:



'it's the digital exclusion that we've seen as a challenge... it's just been brought to the forefront... it's just the age group that we tend to work with are more elderly, where there's a vulnerability and a confidence, and it's just such an alien way of working, but the ones who will need most are the ones we probably, if I'm honest, we can't connect with as easily.'

Participants suggested that long-term funding was needed to ensure that people from vulnerable groups were not digitally excluded in the future:



'a lot of funding has been renegotiated for COVID response, which is good, but that needs to be more long-term than that. My concern is beyond maybe this next year or so, when things have to be looked at in a bit more of a longer-term view, and what funding we would then attract to continue with the increasing demands of carers.'

Primary Impacts of the COVID-19 Crisis on the People that the VCSE Organisations Serve in Salford

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, 'Income reduction', 'Health and wellbeing' and 'Connections'. 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 lack of employment, which resulted in a significant rise in food banks and delivery of food parcels by the VCSE sector.

Some of the qualitative responses highlighted the impact on staff wellbeing due to fatigue and increased stress. Similarly, respondents indicated that beneficiaries had experienced an increase in mental health issues that 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 though 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.

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...'

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

There were a total of 188 unique responses to the section of the survey that described the impact of COVID-19 on VCSE organisations in Salford. Key quotes have been included to reflect the three core themes that emerged from Salford's qualitative data set within the survey.

Loss of Funding

Similarly to 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.

- ▶ 'We usually run two large events on the park each year for local families to attend for free (with low-cost rides, petting zoo, etc.). This also helps us raise funds for future events. COVID-19 has meant we can't run the events this year, so we have turned our focus to grant funding for improvements to the park playing area.'
- ▶ 'We have not been able to get anywhere as much funding as we would normally, so this has had a big impact on how much we can do in the community.'
- ▶ 'Loss of income from cancelled courses and lost usage/membership. We shut down for three months and have still only partially reopened. We anticipate a longer-term fall-off of all aspects of your business but are working on other income streams and funding to keep ourselves solvent and, moving forwards, a strong independent organisation/business.'
- ▶ 'Our 2020 theatre tour was cancelled and Arts Council funding not accepted. We've had to restructure the business and offer new services.'

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 through replacing face-to-face contact with virtual meetings, activities and support. A similar impact was reported across the 10 GM localities.

- ▶ 'I teach English language to break the language barriers, so offer the adult to take classes on Zoom.'
- ▶ 'We have moved from face-to-face meetings to online meetings via Zoom. We have substantially reduced the subscriptions the girls normally pay, as many of our outgoings have altered. Not all girls engage with Zoom or the other activities we have provided.'
- ▶ 'The charity had to move all of its operations online. Intense pressure on our volunteers, who have kindly been reaching all our vulnerable members since the start of the pandemic till now.'
- ▶ 'Emergency response such as food parcels, counselling, weekly Zoom meetings on different topics to reduce stress and limit isolation and depression.'
- ▶ 'Not met physically, met "virtually" online via Zoom.'

Increased Demand

As highlighted in other VCSE sector reports (BSNW, 2020, Haniff 2020), lockdown the closure of community centres, and meeting places and the inability to meet face to face, exacerbated citizens' feelings of isolation, anxiety and depression. This was also prevalent in some citizens' loss of income and 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 support services, and implementing innovative ways in which to engage with and support communities in need.

- ▶ 'Some staff have been moved to other roles within the organisation, for example, our supported living service, on a temporary basis. All of our community services are now being delivered remotely using the telephone or online.'
- ▶ 'Volunteers have been or are in the process of being trained to carry out volunteering tasks remotely. Some volunteers have been loaned equipment to enable them to work from home.'

- ▶ 'We have initiated work to complement our face-to-face deliveries with services over the phone/online and train/retrain the service users and the staff. We are looking into system updates. We have also hired a female casual staff to reorganise the Women's Group with social media, online focus.'
- ▶ 'Using the format of deliveries (seeds/compost) and using WhatsApp more to keep people engaged and feeling connected.'
- ▶ 'Our educational activities are now being delivered virtually. We did a lot of food deliveries during the lockdown.'





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 majority of respondents reported that the recruitment of staff was not applicable to their organisation, and 19.4% reported that the recruitment of volunteers would 'greatly assist' their organisation.

- ▶ Ability to retain staff/staff turnover: 9.1% of organisations responded that the ability to retain staff would greatly assist their organisation.
- ▶ Ability to retain volunteers/volunteer turnover: 12% 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. Hence, we asked the participants in the qualitative focus groups to describe how the workforce had enabled the VCSE sector in the past 12 months. Participants described the different ways in which they had supported individuals and families, particularly with IT issues, as the following extract illustrates:



'The technology hasn't challenged us as much as we thought it would do. A nice aspect as well is that we've been supporting people. I know the team have been telling me that they're actually being given a little bit of unofficial IT support. So, if we've been sending our forms

electronically for people to complete, the team have been talking through them, "Right, this is how you complete a Microsoft Word form" or "This is a PDF". They've been giving a little bit of unofficial IT support to people, and they've said that's been quite nice because it's helped the person, and they've got a little bit of something extra from doing it. We sort of have gone above and beyond a little bit in that respect as well so that we could still get the end result that we need for everybody.'

Participants in the focus groups also described how the staff had gone above and beyond to support people but that this needs to be recognised, as in its current format this level of support was not sustainable. The following extract highlights this point:

There is an observation just before we're finished on that point which is that the first three months was the emergency, and everyone's staff were really fantastic. Everyone worked positively together. I think it's going to be quite hard as we move forward, especially as we move into the second period of the pandemic, and the winter comes in.

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 Salford. 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: 24.6% of organisations responded that this would assist their organisation, and a further 17.7% indicated that this would 'greatly assist' their organisation.
- ▶ Engagement with other public organisations: 21.1% of organisations responded that this would assist their organisation, and a further 14.3% indicated that this would 'greatly assist' their organisation.
- ▶ Engagement with other private organisations: 12% of organisations responded that this would assist their organisation, and a further 8% indicated that this would 'greatly assist' their organisation.

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

Funding

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

- ▶ Ability to secure contracts from public sector bodies: 10.3% of organisations indicated that this would assist their organisation, with 13.1% responding that this would 'greatly assist' their organisation.
- ▶ Impact of the local economy: 22.9% of organisations anticipated that this would constrain their organisation over the next year.

The percentage of responses was small, suggesting that tender capture from these public sector 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 impact of the local economy was also highlighted in the qualitative focus groups, in which participants described the funding vulnerability of the sector caused by overspends in other areas, which mirrors other insight recently produced by the charity Pro-Bono Charity describing five separate – though deeply interconnected – fronts through which challenges in income and demand are likely being driven. The following extract illustrates this point:



'The potential funding vulnerability of the voluntary sector caused by the very large overspends in local authorities all across the country, but particularly in Salford and in Greater Manchester more generally as a response to the measures around COVID and the COVID pandemic. If you look at Salford, it's talking about a £40 million overspend in terms of its budget position from this year to next year. All of those are caused by the need for extra expenditure to deal with the crisis and the loss of revenue on the other hand at the same time, so it's a perfect storm for local authority funding, which is bound to have an impact on the voluntary sector and community sector going forward. By way of our revenue support, where we get money from those local councils and in terms of where they are able to spend less, not able to spend as much in the community, will mean that our clients will be disadvantaged and will require us, as service providers, more than they have in the past.'

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.

- ▶ 4% of respondents anticipating that Brexit would greatly assist or assist
- ▶ 24% respondents indicated that the influence of Brexit did not seem applicable to their organisation
- ▶ 26% of respondents anticipated that Brexit would seriously constrain or constrain their organisation
- ▶ 21% indicated a neutral response.
- ▶ 20% indicated that they didn't know if Brexit would influence their organisation over the next 12 months

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



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

Moreover, one of the participants, who is responsible for delivering the EU Citizens Settlement Scheme, mentioned that, although the take-up has been good, there is still some unawareness in 'outlying' communities of the need to sign up to the scheme. He also stated, 'we are not entirely sure how the Government will honour its commitments around that scheme going forward'.

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 localities within GM.



Section 5: Conclusion, Recommendations and Next Steps

Conclusion

The data, insight and concluding evidence in this report are clear: the VCSE sector makes a significant contribution within localities and to our city-region – addressing need, reducing hardship, supporting those in crisis, promoting aspiration and driving social value.

In Salford, local VCSE organisations generated £149.2 million worth of income in 2019/20, delivering a range of services, interventions and activities as diverse as our communities. In doing so, VCSE organisations in Salford employed c. 6,832 people and mobilised c. 61,828 volunteers. All this despite seeing a significant decrease in income since the last State of the VCSE Sector survey in 2017 (compared to an income of £165m in the financial year 2015/16).

Whilst we have seen the sector's income decrease we have seen a significant increase in the number of volunteers in the city and the hours they contribute – this shows voluntary action is certainly thriving in Salford, albeit this might be a temporary increase due to enhanced citizen engagement at the height of the Covid-19 pandemic.

The vast majority of VCSE organisations in Salford are neighbourhood-based, rooted in local communities and focused on 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 medium and longer-term.

In recent years the VCSE sector has become even more enterprising. We've had to be, as our income from the public purse has declined – due to austerity / political decision-making. Some of the more traditional VCSE organisations (such as registered charities) have generated new 'trading' approaches where they can; and many more are working to diversifying their income streams to support their longer-term sustainability. Today, 17% of VCSE sector organisations in Salford define themselves as 'social enterprises'.

Our key relationships remain with each other, as part of a broad, vibrant VCSE ecosystem across the city, anchored in our place and our communities. It's also important to note though that as a sector we continue to have strong relationships with our public sector colleagues such as Salford City Council and NHS Salford CCG; whilst also developing a growing connection with private sector businesses (68%). These partnerships are driving wider conversations about what an inclusive economy that works in all of our communities' interest could look like.

All of this places the VCSE sector as a key player in revitalising and rekindling social and economic activity following the Covid-19 pandemic. Many of our groups and 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 now a significant opportunity to build on the learning and innovative practice developed over the last year and channel this into the creation of a healthier, fairer, and greener Salford in which citizens are empowered and where there is greater social ownership of wealth, land and assets by communities.

However, this report also demonstrates that despite all of this vital work and the heightened awareness of the value of the sector's contributions, VCSE sector income is in decline in Salford and many organisations have needed to use their reserves in order to respond to the Covid-19 pandemic, whilst simultaneously weathering uncertainty about the long-term future of the contracts and grants 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. It is also important to note that fundraising has been significantly disrupted and many charitable funders have invested in short-term emergency responses to the pandemic with longer-term project funding deprioritised.

It is clear that there are significant opportunities and benefits in supporting a robust 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 might make this happen.

Recommendations for public sector partners

As with previous Salford State of the VCSE Sector reports in 2010, 2013 and 2017, this 2021 report once again demonstrates the vital and central role that the VCSE sector occupies within Salford, 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, of population health work, and of the economic conditions needed to reduce poverty levels. It has also strived to reduce the structural inequalities experienced by marginalised communities, whilst knowing it still needs to do much more.

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 whilst also 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 this report demonstrates, partnership working is a strength of the sector and this was never more evident than during the pandemic, with strong examples across the city. We now need to build on this as we enter recovery. This should include all recovery areas, from mental health and domestic abuse support, to employability and interruptions to care. Local policy and decision-makers have started to more widely recognise the VCSE sector's response to the Covid-19 pandemic and our ability to develop innovative solutions at speed. So now is the time to draw on the knowledge and expertise of our sector to address the other great issues of our time, including the climate crisis, entrenched poverty and structural inequalities. This may involve VCSE reps places on formal public sector boards and strategic partnerships, but it is much more about continuing to build mature strategic relationships between and across sectors. Our sector has repeatedly shown its ability to create broad coalitions from across the public, private and VCSE sectors and a 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.

Alongside this, **the VCSE sector is a critical part of local economies and should be recognised as such.** As highlighted in the report, our sector is an income generator in its own right, adds value, is 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 large organisations rooted in place (literally written into their constitution), the role of VCSE 'anchors' 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 our city as a place to live, grow and invest. As part of the ecosystem of place, therefore, the VCSE sector must be supported 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, social and environmental 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 lack of sustainable funding is a massive concern for our sector and as we move beyond Covid-19 **there is a need to review commissioning approaches** to enable VCSE organisations – which are in the vast majority of cases 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. This aligns to the investment ambitions articulated in the Salford VCSE Strategy 2018-2023 (written and signed up to by Salford CVS, Vocal VCSE Leaders Forum, Salford City Council and NHS Salford CCG). In 2020, during the height of the pandemic, 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, including incorporating grants, social value and co-design principles. Longer-term contracts would also support improved long-term planning and address the current funding uncertainties. This could create further opportunities for collaboration, not competition, amongst VCSE organisations, and maximise the sector's ability to invest time, effort and resources into increasing its 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. We are powered by passionate local people who are committed to amplifying the voices of the most marginalised, in communities of identity, interest and place. 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 that meet the needs of those they serve. This must be done in a way that recognises inherent power imbalances and uses tested co-production principles to design and review public services.

Within the focus on economic recovery, there should be a **greater focus on community-led enterprise** (including social enterprises, co-operatives and mutuals) as an enabler of economic inclusion. The entrepreneurial capacity that exists within the VCSE sector is clearly demonstrated 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 could create new markets, new employment and greater economic inclusion for the city's diverse communities.

There is also 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. Whilst 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 Salford Social Value Alliance, alongside the 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 and also, where possible, 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 'Local, Social, Ethical' programme looking at our collective supply chain and would include buying from local, purpose-led enterprises.

Finally, we recommend a new approach to supporting and retaining the paid and voluntary VCSE sector 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 State of the VCSE Sector focus groups as a growing concern.

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, whilst 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 (as per the Living Wage Foundation's rates), and to be able to invest in proper training and support for staff and volunteers who dedicate their time to improving local 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 shared insight all 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 offers, the communications networks, the practical organising and the access to care that communities have needed. There is scope for using social and economic innovation to create a more inclusive approach, at the heart of which we will need a thriving and sustainable VCSE sector.

Next Steps

We offer our public sector partners our full support in enabling you to implement these recommendations – including our flexibility, our ability to adapt, 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 help build a healthier, fairer and greener Salford for the benefit of all of our citizens.

We look forward to the conversation and then to taking practical action...

Alison Page
Chief Executive
Salford CVS

4th June 2021



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.