

A Realist Evaluation of the State of the

Rochdale Voluntary, Community and Social Enterprise Sector 2021





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Foreword

For over a decade, Action Together have joined other community and voluntary infrastructure organisations across Greater Manchester to conduct the State of the Sector research. Over that time, we've seen big changes to the sector, but never more so than in the last year. COVID-19 has changed all aspects of our lives, and with it the way the voluntary, community and social enterprise (VCSE) sector works, during a time when charities and volunteers were essential in the response to the pandemic. The overall size of the sector hasn't dramatically changed, but it is fragile and still struggles with short-term funding, high competition for grants, and securing the resources it needs to grow.

The sector is resilient and, by its nature, diverse, doing incredible and essential things that help to tackle inequality, reduce hardship and enrich people's lives. In this report, you'll learn about the important work that the sector does and the support it needs to continue benefiting our communities.

The report emphasises the importance of micro and small organisations embedded across neighbourhoods in Rochdale, with 77% of organisations in the borough receiving an annual income of less than £10,000. Many VCSE groups are local anchor organisations, with a focus on place and strong roots and ties to the community. These links and knowledge were invaluable in communicating with and supporting local communities throughout the pandemic, though these groups are also the most fragile, often relying on individuals or a small number of supporters to stay afloat.

Even before the pandemic, we continued to see a large number of groups across Rochdale focused around health, wellbeing and community development. The survey tells us 27% of groups identified Wellbeing, Health and Social Care as one of their main areas of work, and a further 59% focused on Physical Activity. Forty-one per cent of groups delivered some form of Community Development work. Alongside these findings, it's instructive that 53% of groups surveyed were formed in the last decade. This demonstrates how smaller groups are setting up to fill gaps in community support.

The network of groups we work with was vital throughout the pandemic, from the early days of the first lockdown through Test and Trace and into the vaccination programme. VCSE groups showed their flexibility and openness to change by staying open during the pandemic, being quick to adapt to new services and ways of working, and few used the option to furlough, so they could continue to meet the needs of local people.

The sector also demonstrated its ability to lead during a crisis, particularly in the community work that it is best placed to deliver. Local networked approaches like that of the Economic Support Network and Food Solutions Network worked to prevent an even worse scenario. Investment and support in these networks and organisations is shown to pay off in the knowledge and trust they share with the communities they work in.

Alongside changing ways of working, organisations had more pressure on their services. This came from increased demand and different asks as new service users came into contact with the sector. While the survey shows the sector in Rochdale was responsive and adaptable, often out of necessity, it's unsustainable for the sector to continue to adapt without further support and investment.

It's also important to recognise the incredible voluntary response to the pandemic. At Action Together, we've registered a record number of volunteers in the last year, while also seeing a new profile of volunteer coming forward, often as a result of the furlough scheme. Action Together has also given extensive support to the new mutual aid groups that sprang up across the borough. This points to a public eagerness to be involved in community action, and we adapted our volunteer process and roles to make it easier and quicker for people to get involved in the emergency response.

The pandemic exacerbated a number of long-standing challenges for the sector, with funding continuing to be the main area where support is most needed. In the report, you'll see 32% of local organisations accessed reserves in the last year; this is due to a number of groups not having reserves to call on. Forty-three per cent of groups reported decreased earnings last year, and we know the groups Action Together work with have had to stop their usual fundraising activities or close venues, hitting their ability to raise money. Action Together's funding support is consistently the most requested from local groups, and while we've helped more groups access funding than ever before, it's still a fraction of what is needed.

Community insight, traumatic experiences of inequality shared by citizens and the Public Health England disparities report all communicated how existing issues of inequality had been exacerbated, in terms of both serious illness from COVID-19 transmission and later vaccine take-up. Building on existing work within communities, equalities structures have emerged from the voluntary sector: Action Together led Equalities Assemblies, which provide space for challenge and conversation between decision-

makers, the VCSE sector, volunteers and public sector staff; and an Inclusive Messaging Group has been embedded as part of Cooperative Engagement, shared by NAVCA in [this](#) article.

Cooperative Engagement is Rochdale Borough's approach to engaging with communities around change, utilising existing networks and relationships embedded in communities. Action Together's [Thematic Networks](#) and Grassroots Gatherings, alongside VCSEVCSE sector-led forums such as Disability Network and Faith and Communities Together, shape an ecosystem of partnership spaces where the sector can share, ask and offer support and co-produce solutions with public sector partners and citizens.

Partnership working has been essential in helping the sector respond to recent challenges. There are some great recent examples, including the Digital Tech Library partnership, Rochdale Community Warehouse, redistributing food and supplies to VCSE organisations, the Social Prescribing Network and associated projects, and the Respond, Repair, Recover programme.

There are green shoots of recovery as we aim to build back better. Partnership working continues to develop, with key connections being made through the pandemic. The report includes some interesting findings about Community Partnership models. Groups have learnt new skills in digital working, and at Action Together we've been able to reach more people through an enhanced digital offer. Mutual Aid points to a new profile of group and way of working. We need to harness and build on the work of social enterprises and cooperatives that contribute to community wealth, provide pathways to work for the most excluded, and provide a means for local people to access and share buildings and other assets. And the significance of the paid and unpaid workforce of the VCSE sector should not be overlooked; we need to drive forward large-scale organisational development to ensure the sector can transform and adapt its offer for the benefit of a changing country.

Thank you to all the charities, voluntary groups, organisations and staff who helped produce this report. At Action Together, we're passionate about people power and amplifying the voices of people that often go unheard; this will be essential if collectively we are to realise the recommendations of the recent GM Equalities Commission report and work together to help our communities build back better.

Liz Windsor-Welsh

Chief Executive at Action Together CIO



Executive Summary

The State of the VCSE Sector 2021 Survey included eight key sections, which encouraged respondents in each of the 10 Greater Manchester localities to describe their organisations, workforce, volunteers and impact, the work that the VCSE sector undertook in each of those localities and the impact of the global COVID-19 pandemic on their work and communities. In total, the survey comprised 104 questions designed to capture accurate and representative data about the state of the VCSE sector. We sought to establish essential findings for each locality and also for Greater Manchester as a whole.



Headlines for Rochdale



1,239

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



annual income
<10K

77%

are micro organisations



14%

of the sector identify as being a social enterprise

£



£85.2 million

total income of the sector (2019/2020)



72%

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



32%

of the organisations have used their reserves in the past 12 months (68% due to COVID)



42,626

volunteers (including committee/board members), giving 158,251 hours each week valued at £78 million per annum (based on Living Wage £9.50 per hour)



86%

have had some direct dealings with other VCSE organisations, 60% with Tameside Council and 54% with private organisations

Realist Evaluation Approach

The web-based survey was distributed across Rochdale and a total of 116 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, Community and Social Enterprise Sector 2017' 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 8.7 percentage points of the true values.

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

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

- ▶ Stage one: calculate the Greater Manchester averages for each of the four size bands of organisations, namely, 'micro', 'small', 'medium' 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 Rochdale. 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 Rochdale. Using the distribution of organisation size from Sheffield's research enables a better comparison across time.

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



Section 1: Context

Definitions

This report is about the state of the voluntary and community sector in Rochdale. This sector is also often referred to as the 'third sector', whilst the current Government often refers to 'civil society'. In this report, we have used the same definition used in the previous State of the Sector report (Damm et al. 2017). In this report we refer to and use the term 'voluntary, community and social enterprise (VCSE) sector', which embraces 'voluntary organisations, charities, community groups, the community work of faith groups, and those social enterprises and community interest companies 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 in the UK. During this time, it has recorded an overall growth in the size of the sector. Following a significant contraction after the financial crash in 2008, the Almanac shows that the VCSE sector had begun to recover and recorded the largest ever workforce (909,088 employees) 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' declarations that austerity was over in 2019, the amount of money being provided to local authorities and other major public services has continued to decline, with a drop of nearly £16 billion over the period between 2010 and 2020. As a result, the Local Government Association reported that local authority 'support for the voluntary sector has been reduced'. (2) The Almanac noted that even though the vast majority [81%] of organisations continued to be micro and small, the proportion of larger VCSE organisations [with an income of over £1 million per annum] continued to grow.

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

Sources and Further Reading

1. National Council of Voluntary Organisations (2020) The UK's Civil Society Almanac 2020. Data. Trends. Insights.
2. Local Government Association (2018) Local government funding: Moving the conversation on.
3. Maitland et al., The UK Civil Society Almanac 2020. What can the latest data tell us about charities' challenges now and the future? Presentation, 9 June 2020.

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

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

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

VCSE Ecosystem Model paralleling the 'Unified Public Services' approach outlined in the Greater Manchester Model White Paper, which promoted integrated neighbourhood-based services.

This was accompanied by the 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 VCSE Accord, a trilateral arrangement agreed in 2017 by the VCSE sector, the Mayor of Greater Manchester and the Greater Manchester Combined Authority.

Sources and References

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

Retrospective: Rochdale 2017–19

Rochdale was estimated to be home to 1,180 VCSE organisations in the 2017 State of the Sector report [7.4% of the Greater Manchester total]. Of those, 1,061 were categorised as 'micro' or 'small' organisations [an income of less than £100,000 per annum], equating to 90% of all VCSE organisations in Rochdale. The report estimated that there were 2,100 FTE paid staff working in the Borough.

Health and Wellbeing represented the core purpose of over half of all organisations in the Borough, with a third of the remainder focused on Community Development and Sport and Leisure and around 20% on Education, Training and Research (including information, advice and guidance). Although a third served a general client base, data indicated that older people, as well as children and young adults, were key target groups. If mental health issues and learning disabilities are subsumed within the broader category of disability, then over 40% of the clients, users or beneficiary groups of VCSE organisations based in Rochdale were delivering support in this area.

Rochdale was ranked the 15th most deprived English local authority on the 2019 Indices of Deprivation, but overall a third of its Lower Super Output Areas (LSOAs) were among the 10% most deprived, indicating deprivation was not just restricted to small pockets of the Borough, as in Trafford. On the main IMD domains, it performed best on Barriers to Housing and Services (228th) and Living Environment Deprivation (149th), but worst on Crime (2nd) and Employment (15th). Just under a quarter [23.5%] of children were living in income deprived families (IDACI). (1)

Further analysis by the LGA comparing Rochdale with its geographical neighbours indicated that the Borough performed unfavourably when it came to the percentage of the working age population qualified to NVQ Level 2 and above. (2) The NOMIS Labour Market Profile also indicated that a much lower proportion of the Borough's working age population possessed qualifications at each NVQ equivalent level than the figures for either the North West or England overall, but also highlighted higher proportions with no qualifications at all. This profile was similar to that observed in Oldham. Lower hourly and weekly wages reflected the greater percentages in elementary occupations. (3)

The LGA profile also indicated Rochdale was underperforming on the rate of looked-after children per 100,000 and the percentage of people among those offered an NHS Health Check who received one. However, the Borough performed better than its neighbours on measures such as satisfaction rates of people using care and support services and much shorter delay times for those accessing Adult Services. (2)

Rochdale's JSNA for 2017/18 reported that circulatory and respiratory diseases accounted for a large proportion of the preventable early deaths seen in the Borough, although these were concentrated in the poorest neighbourhoods, where men live for around 11, and women seven, fewer years than those in the most affluent areas. (3) Other issues included higher prevalence of diabetes in adults, alcohol-specific mortality rates and hospital admissions due to substance misuse among young adults than the averages in England as a whole. (4) However, Public Health England's most recent 'Fingertips' profile indicated that these were not all significantly worse than the averages for the North West or England overall and in some cases were actually better. Their data suggested Rochdale deviated from both when it came to under-75 mortality from all cardiovascular diseases (and the under-75 mortality rate from all causes), where levels were noticeably higher.

Sources and References

1. Local Government Association, Indices of Deprivation 2019: Rochdale.
2. Local Government Association, LGA Research Report. Headline Report for Rochdale Metropolitan Borough Council.
3. NOMIS Labour Market Profile for Rochdale <https://www.nomisweb.co.uk/reports/lmp/la/1946157085/report.aspx?town=rochdale>
4. Joint Strategic Needs Assessment (JSNA) for Rochdale 2017/18. Available online at: <http://www.rochdale.gov.uk/joint-strategic-needs-assessment/borough-profile-jsna/Pages/borough-profile-summary-jsna.aspx>
5. Public Health England (2019) Rochdale Local Authority Health Profile 2019.

Rochdale: 2020

Wellbeing of Communities and Influence of the VCSE Sector

In 2010, the Marmot report argued that the ability of the third sector to reach out and work collaboratively across communities provides a unique opportunity to support networks, partnerships and the community infrastructure needed to support resilience. The work through the community infrastructure, predominantly based on unpaid and voluntary endeavour, highlights the major role that the third sector has in supporting communities. 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 Rochdale suggest that, apart from suicide rates, all outcomes for 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 Rochdale Locality Plan (2020), which states:



'We have a strong Voluntary, Community, Faith and Social Enterprise sector (VCSEVCSE) in our borough and have committed to putting communities and citizens at the heart of what we do. We have been developing a person and community centred (PCCA) ethos as core to our work and a programme of work that is focussed on local public sector reform.'

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

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

Current Context: COVID-19

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

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

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

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

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

Headlines from the September COVID-19 Charity Tracker Survey (3) included:

- ▶ Nearly half of the participating charities indicated their financial prospects were worse than they had previously forecast. This disproportionately affected smaller charities, nearly two thirds of which revised their forecasts downwards, whereas only two fifths of larger organisations did.
- ▶ 25% of respondents had already made staff redundant, with more expecting to do so. Redundancies were concentrated in larger organisations. Overall, 43% of respondents were reducing posts.
- ▶ In the final quarter of the year, should the pandemic increase again and more restrictions be implemented, over half of organisations expected they would not be able to meet demand, due to either mounting calls on the service or their own reduced capacity. A greater proportion of small charities expected to be in this position.
- ▶ A third of all organisations surveyed had only 1-3 months of reserves. According to NCVO 9% of organisations either have no cash reserves or not enough to last them a month (NCVO Barometer Data 2020).

A report by The Small Charities Coalition (4) suggested a third of respondents had funding for no more than 12 months, and that while only one in 10 expected to make redundancies, a quarter planned to reduce staff hours in the near future. Only 37% were already set up for remote working, and many did not have the IT capabilities or resources to do so. The report also noted concerns that digital-only services could potentially exclude a range of clients for a variety of reasons including digital poverty and exclusion.

Current Context: Brexit

It is acknowledged that Brexit has created huge challenges with regards to immigration, workforce and volunteers. The State of the VCSE Sector 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. Coupled with the global pandemic, the pressure on VCSE organisations and as a sector on the whole to continue supporting communities is heightened. This survey takes account of the political and economic climate and reports, where possible, on the impact on VCSE organisations within each locality.

Current Context: Black Lives Matter

A significant number of VCSE organisations are delivered within and by people from communities experiencing racial inequalities. In June 2020 the death of George Floyd at the hands of police in Minneapolis led to prominent global campaigns and protest and the resurgence of the Black Lives Matter movement. At the same time, many BME communities were struggling to cope with the impact of the first wave of COVID-19. In recognising the impact and severity of both COVID-19 and inequalities experienced by communities experiencing racial inequalities 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 the these communities to discuss the work of the VCSE sector. This next section provides insight into the impact of COVID-19 and Black Lives Matter on the communities experiencing racial inequalities 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 38.3% of the respondents indicated that they had fully repurposed their services. A larger percentage (45.7%) indicated that they had not repurposed their services. Combined with the qualitative data, the responses of VCSE organisations in Rochdale to COVID-19 were split, and whilst many organisations had repurposed, the qualitative data indicates that this was predominantly due to the loss of contracts and funding and increased demand. The triangulated findings suggest that the VCSE sector in Rochdale was responsive to the crisis and was able to adapt (where needed) to ensure that communities and individuals were supported.

We also asked the participants in the qualitative focus groups to describe how their organisations had been impacted by COVID-19. One participant described how they had repurposed to ensure that individuals with any exacerbated vulnerability were supported, as the following extract illustrates:



'I think the biggest challenge for us is not being able to bring people into that space to see them face to face. We're dealing with some very emotive situations here. I think we've adapted well, but our communication with our clients is very important, based on the nature of domestic violence being on the increase, because you've got that contact. So, without that contact there is no one checking in on that welfare, so it's a very, very key thing, really. I think we've adapted really well, considering the situation.'

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

Out of 102 organisations who responded:

- ▶ 81% reported that they did not have to furlough any employees.
- ▶ A smaller percentage (14%) of organisations reported that they had furloughed up to 30% of employees.
- ▶ A total of 1% of the organisations had furloughed between 31% and 50% of employees.
- ▶ Only 1% of organisations had furloughed between 51% and 99% of employees.
- ▶ A total of 2% 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 Rochdale was 116. This response rate allows for an 8.7% margin of error based on a 95% confidence interval. This limits comparability with the previous State of the Sector report, and caution needs to be applied with the findings as, if the survey were repeated, it may yield different results.

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

In estimating the total number of organisations in Rochdale, we used the national Register of Charities in England and Wales. To estimate the total population of Rochdale, 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 Rochdale is 214,208.
- ▶ According to the UK Register of Charities in England and Wales (in 2020), there are 238 registered charities in Rochdale.
- ▶ 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 814 BTR organisations in Rochdale. This represents an increase of 30 BTR organisations in Rochdale since 2017. It is possible that these organisations are not represented in the total number of survey responses.
- ▶ According to the Greater Manchester Social Enterprise Survey (2020), there are 202 social enterprises operating in Rochdale.

A total of 116 organisations responded to the survey question about organisational size (see Figure 1). A total of 36.2% of the organisations who responded to the survey in Rochdale considered themselves to be a social enterprise. It is estimated that 14% of organisations across the VCSE sector in Rochdale are social enterprises. Social enterprise has grown, both in charities and voluntary organisations undertaking trading activity (including public service delivery) and distinct social enterprise organisations.

In their survey of 2019, Social Enterprise UK estimated that 42% of social enterprises were less than five years old, with the vast majority growing their income or covering costs. This creates a very dynamic environment and makes comparisons with previous years more challenging as the sector changes.

Combining the number of registered charities in Rochdale (238) with the estimated number of BTR organisations (814) and the total number of social enterprises (202), it is estimated that there are 1,254 organisations operating in Rochdale.

This figure is higher than that in the 2017 report, which estimated that there were 1,180 organisations operating in the VCSE sector in Rochdale, but the 2020 figure does not include non-charitable organisations, which may explain why the increase was comparatively small.

Size, Number and Types of VCSE Organisations in Rochdale

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 960 organisations were classified as micro. This represents the majority of organisations and reflects the trend in the 2017/18 NCVO Almanac. A total of 154 organisations were classified as small, a further 96 organisations were classified as medium, and 29 were classed as large.

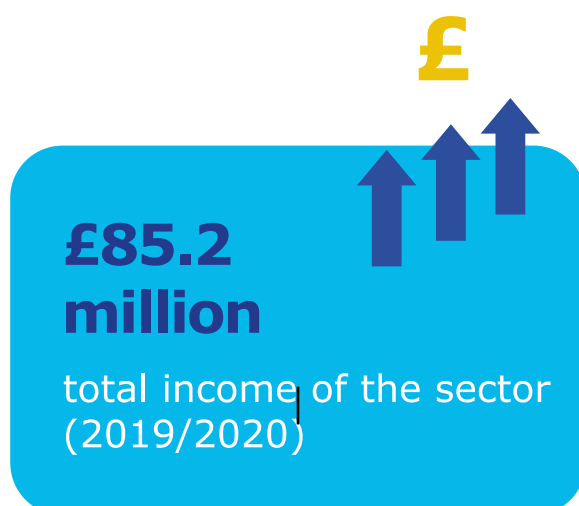
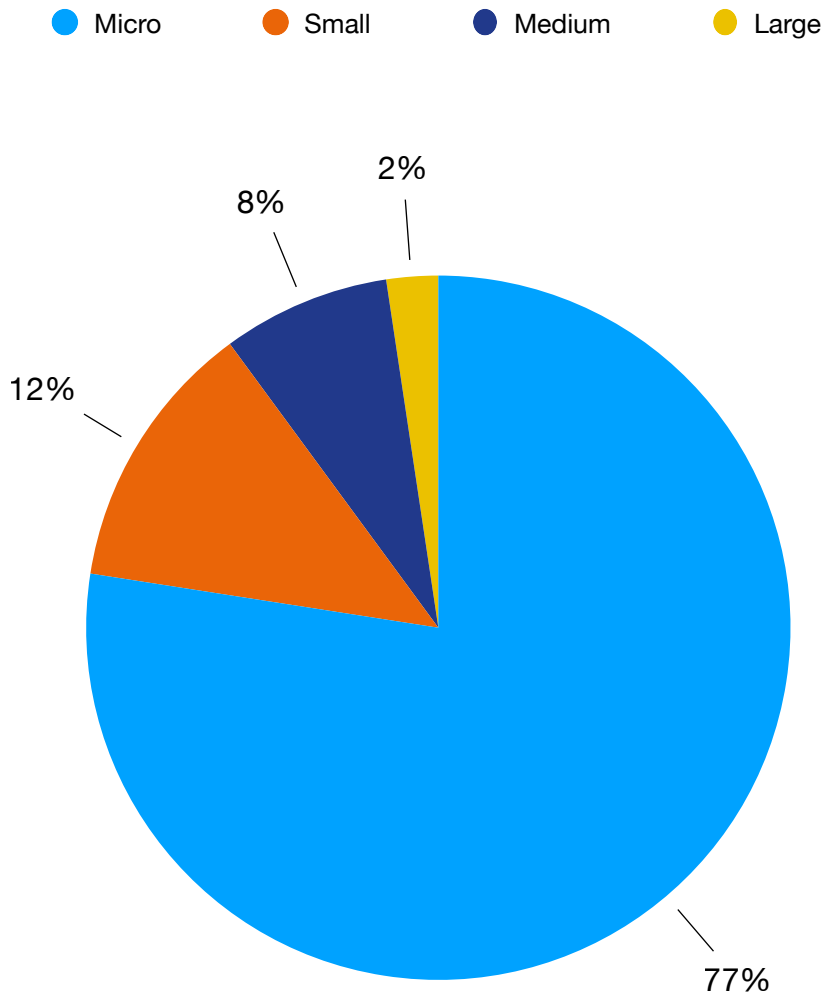


Figure 1: Size of Organisations in Rochdale



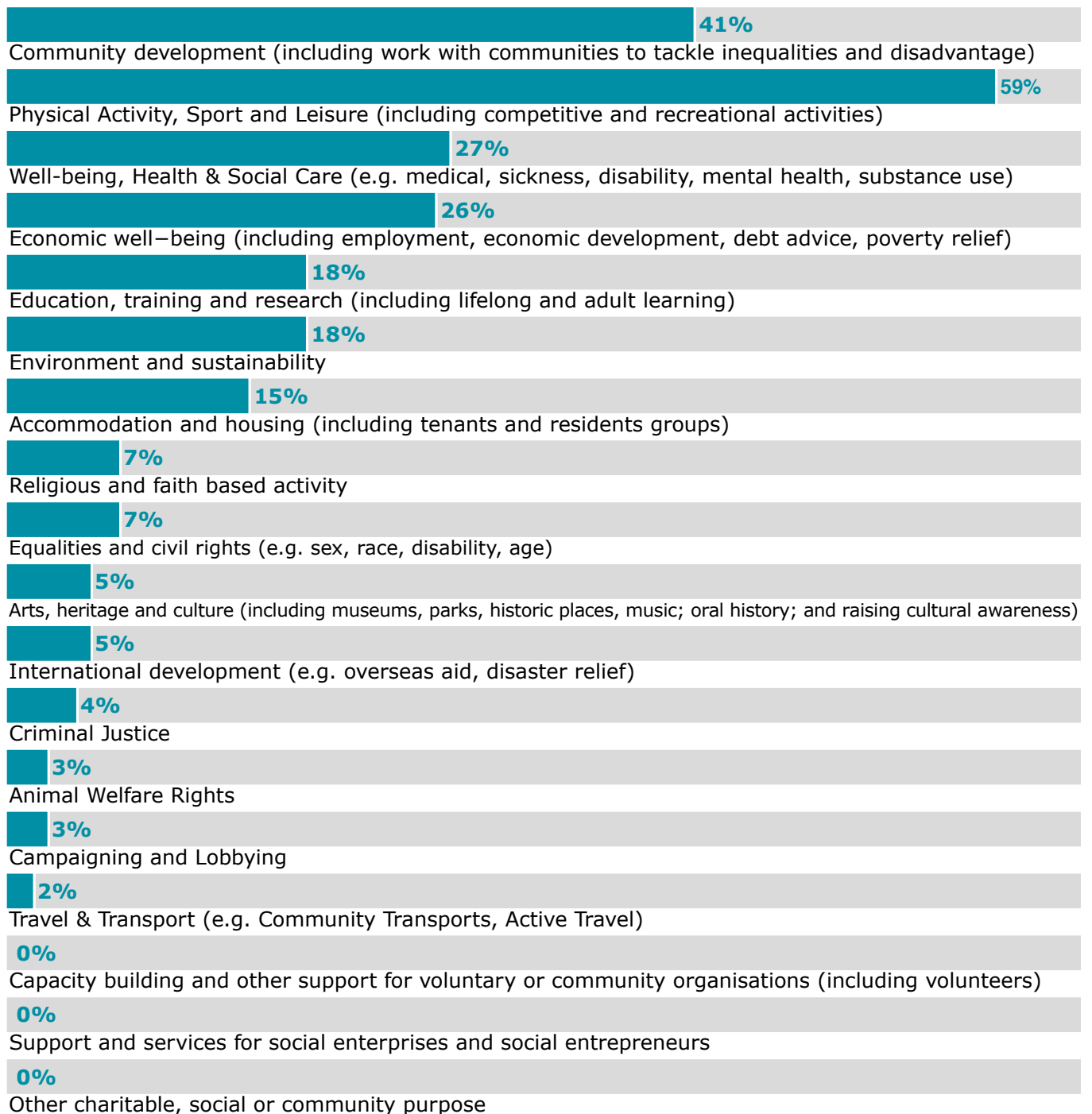
How the VCSE Sector Makes a Difference to People

The VCSE sector in Rochdale 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.

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 Rochdale were:

- ▶ Physical Activity, Sport and Leisure (59%)
- ▶ Community Development (41%)
- ▶ Wellbeing, Health and Social Care (27%)

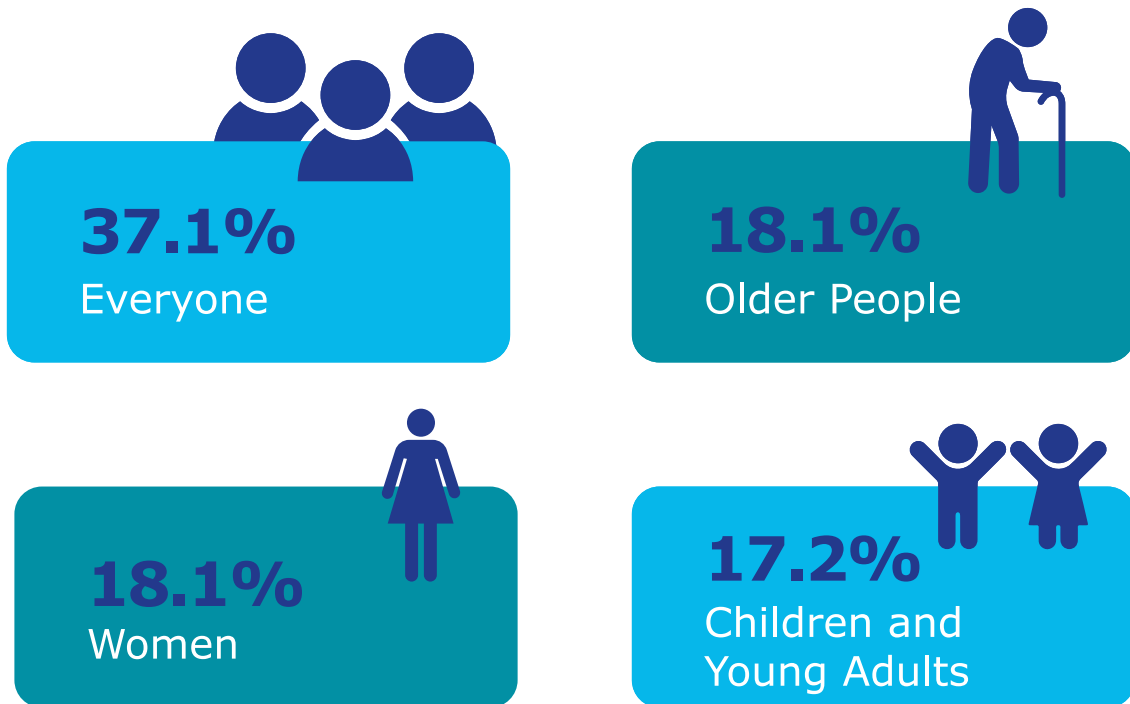
Whilst these findings are similar to those reported in 2017, the margin of error limits their comparability. The previous top four areas were Health and Wellbeing (56%), Community Development (32%), Sport and Leisure (31%) and Education, Training and Research (21%). Figure 2 illustrates the main areas of work.

Figure 2: Main Areas of Work in the VCSE Sector

Main Clients/Users/Beneficiaries of VCSE Organisations in Rochdale

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

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



These figures are similar to those reported in 2017, which indicated that the four main client groups were everyone (36%), children and young adults (18%), older people (20%) and people with mental health problems (18%). 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 Rochdale

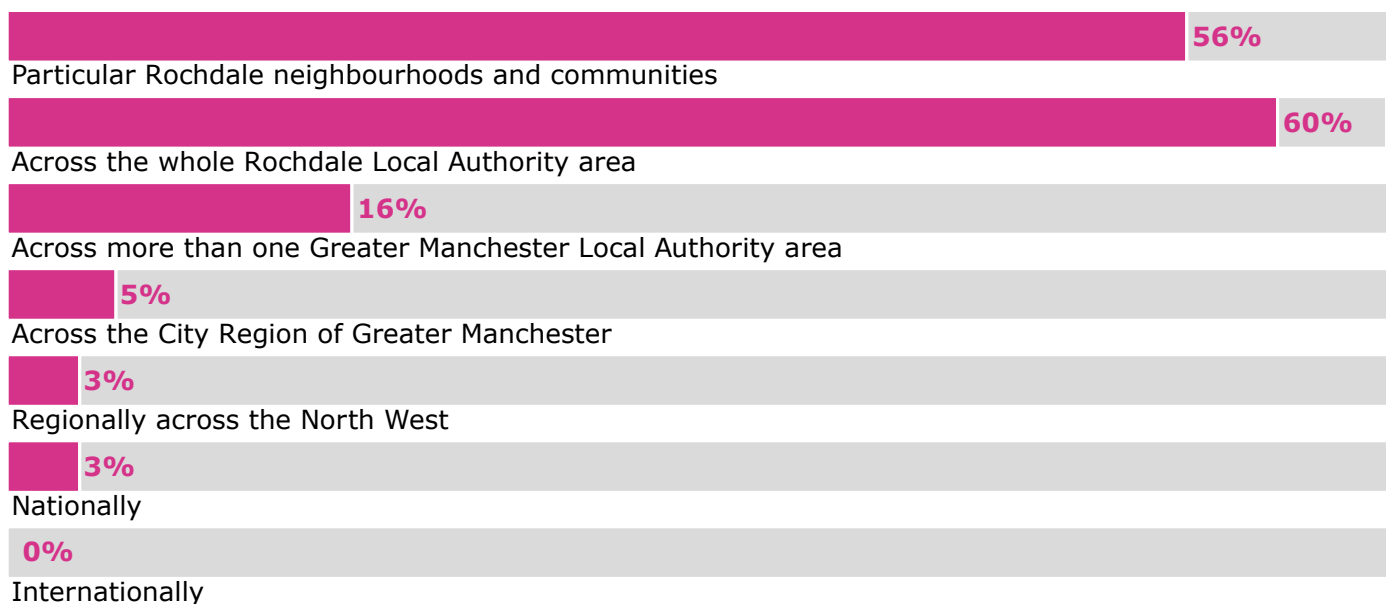
Survey respondents were asked to indicate the main geographical areas in which they operate. The response options provided included particular neighbourhoods, local authority, across more than one GM local area, regionally, nationally and internationally. We asked respondents to select up to three main areas.

More than half (60%) of the respondents reported that they worked across the whole of the Rochdale local authority area, which indicates that the local area is the main focus for the majority of organisations.

A total of 56% of respondents indicated that they worked across particular Rochdale neighbourhoods and communities.

See Figure 4 for a full breakdown.

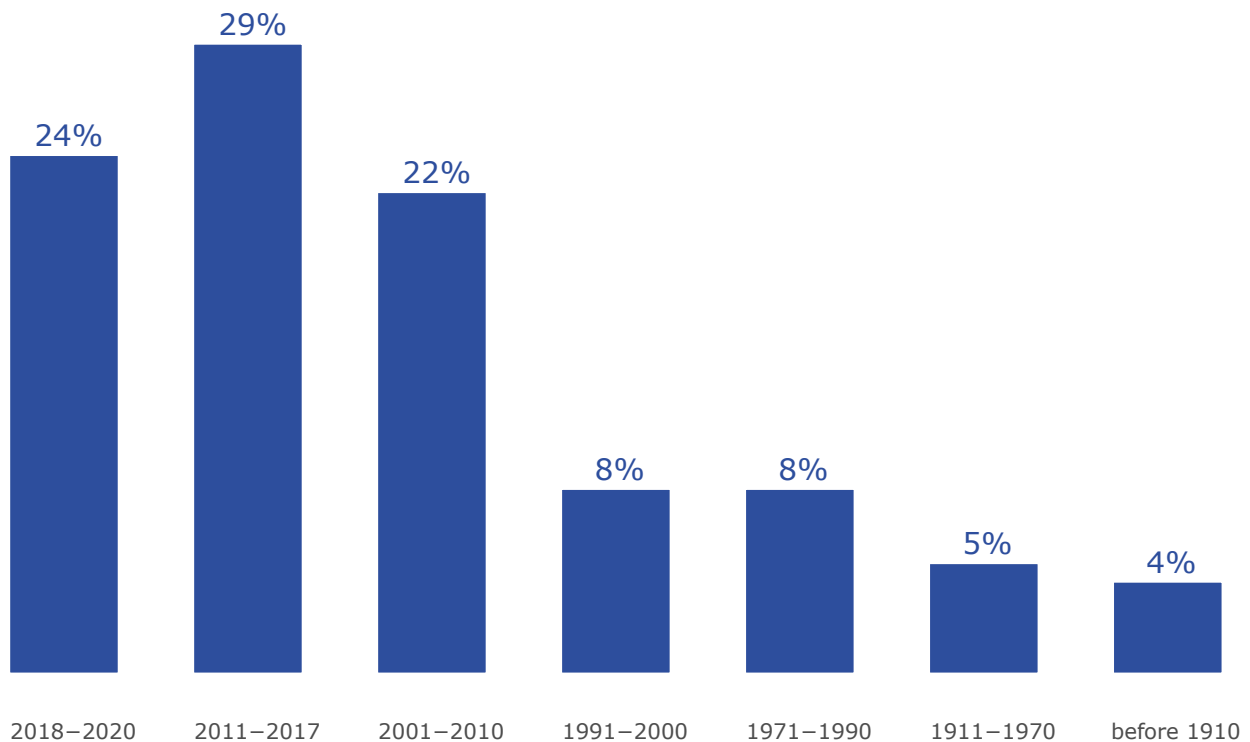
Figure 4: Main Geographical Areas of Work



Organisational Maturity

We asked respondents to indicate in which year their organisation was formed. This was to ascertain the level of organisational maturity as an indication of how established the VCSE sector is in Rochdale (see Figure 5). A large number of organisations (53%) in Rochdale were formed post 2011, whereas 22% formed prior to 2000; so, 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 Borough. As a result, it does not monitor sector churn, e.g., those organisations that have closed or withdrawn from the Borough or may have merged with other organisations.

Figure 5: Organisational Maturity



Income and Expenditure

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

It is estimated that the total income of the Rochdale VCSE sector in 2019/20 was £85.2 million.

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

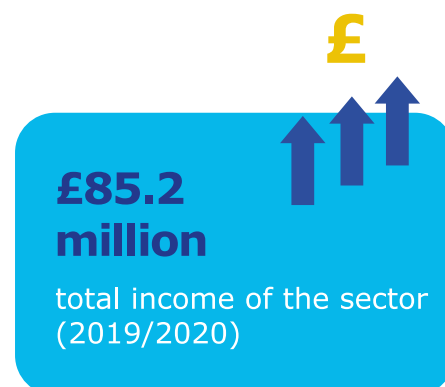
So, to demonstrate the estimated trajectory of income over the past eight years, we have included the estimated totals from 2012/13 and 2013/14 and included income by organisational size for 2016 onwards (see table 3).

The previous 2017 report showed some fluctuations in income between 2012 and 2015 and a small increase in income in 2014/15. However, there was a significant decrease in income between 2014/15 and 2016/17 of £21 million. There was some recovery from 2017/18 to 2018/19 of £14 million, but a decrease in income totalling £6 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

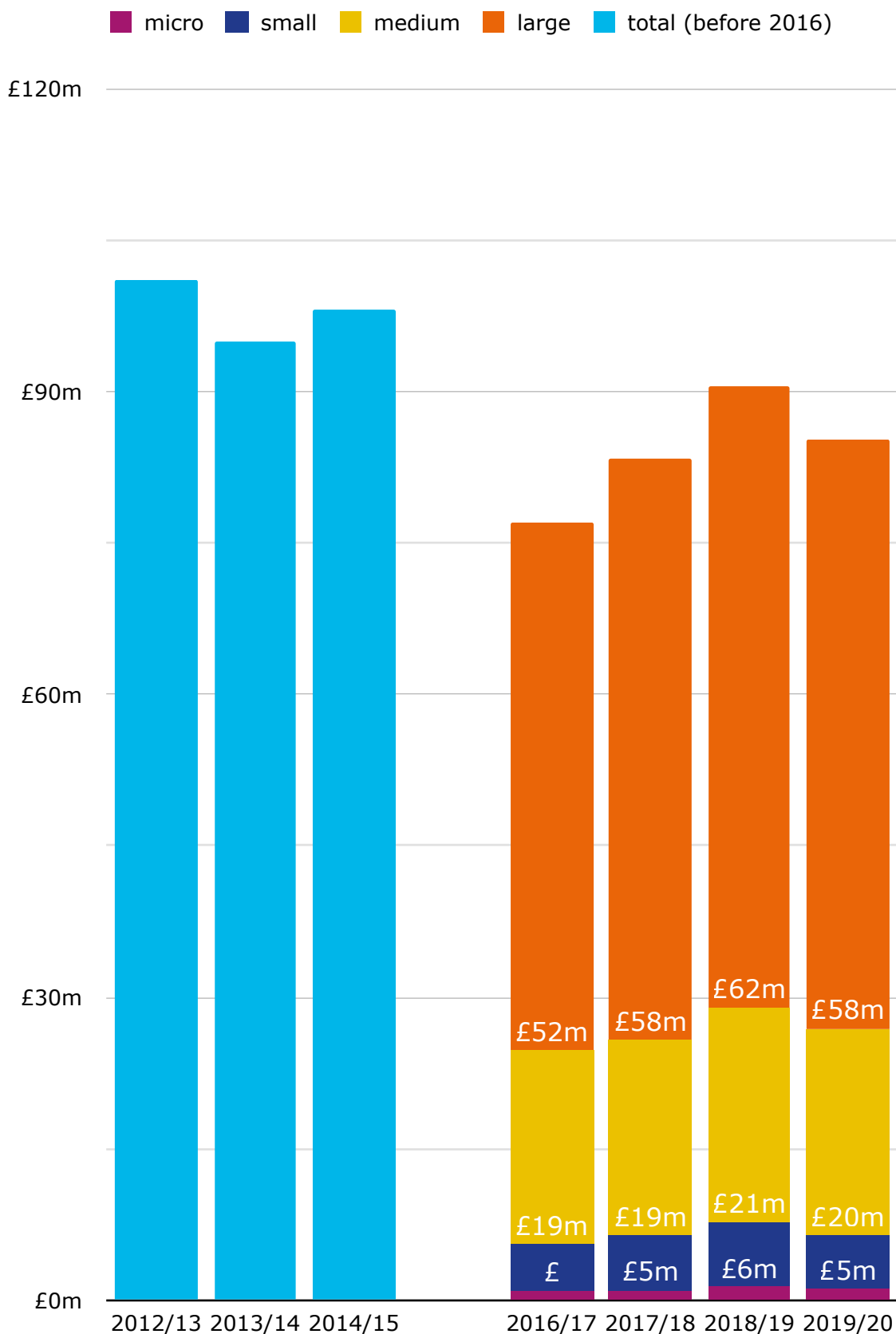
Rochdale Income by Organisation Size

	2016/17	% change	2017/18	% change	2018/19	% change	2019/20
Micro	£0.9m	11%	£1m	26%	£1.3m	-13%	£1.1m
Small	£4.6m	15%	£5.3m	21%	£6.5m	-18%	£5.3m
Medium	£19.2m	1%	£19.4m	10%	£21.3m	-4%	£20.5m
Large	£52.4m	10%	£57.7m	7%	£61.5m	-5%	£58.3m
Total	£77.1m	8%	£83.4m	8%	£90.5m	-6%	£85.2m



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 reflects some aspects of national research such as the NCVO Almanac (Hornung et al 2020), in that, whilst larger organisations are smaller in number (3% of the sector) and micro organisations represent the majority of the sector in GM (71%), the latter have the least income. The larger charities continue to have a significant amount of the income. A potential reason for this may be changes in commission models, an example of which is payment by results (PbR) schemes. These schemes seek to transfer risk from public sector commissioners to the provider market with the expectation that this will drive innovation and efficiency. The ability to engage in such approaches requires an ability to manage risk and cover potential losses. Larger organisations can spread risk across a larger area so that natural variations in demand do not result in significant changes in costs. Smaller organisations are at a greater risk of seeing more significant cost variations if they work with small groups of people with varying demands. As a result, the delivery of public services is becoming increasingly dominated by larger providers.

Estimated Sources of Public Sector Income

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

We asked the respondents to estimate what proportion of their organisation's/group's total income each source represented. A significant percentage of the income of VCSE organisations in Rochdale originated from funding from Rochdale Borough Council. Our findings also indicate that Action Together and Heywood, Middleton and Rochdale (HMR) CCG also account for a moderate proportion of the funding:

- ▶ Rochdale Borough Council was the most frequently identified source of funding (68.1%).
- ▶ The second most common source of funding was Action Together (55.2%).
- ▶ A smaller number of respondents (46.6%) indicated that HMR CCG were the third most common source of funding.

The estimated findings from the 2020 survey are similar to that reported in 2017. The top funders reported in 2017 were Rochdale Council and HMR CCG. From the 2020 findings, the top three funders were the Council, HMR CCG and Action Together.

- ▶ 27.6% of organisations reported funding from the Council was less than 10% of their total income.

- 10.3% of organisations reported funding from the Council was at least 10% but less than 20% of their income.
- 9.5% of organisations reported funding from the Council was at least 20% but less than 50% of their income, and 6.9% reported that funding from the Council was at least 50% but less than 75% of their income.
- Rochdale Council provided 100% of the total income of 5.2% of the organisations who responded.

Estimated Other Sources of Income in Most Recent Financial Year

Our findings suggest that, although a large number of organisations received significant funding from the public sector, at least 72% of organisations were bringing in funding from another source, providing added value to the Borough and residents. We asked survey respondents to estimate what proportion of their organisation's/group's total income each source represented for each of the sources of other income their organisation/group received in the most recent financial year (i.e., 2018/19 or 2019/20). Our findings suggest that:

- Fundraising (e.g., crowdfunding events, donations):** 18.1% of respondents received income through this type of funding, 19% indicated that they received less than 10% of their income in this way, and 7.8% received at least 20% but less than 50%. Only 0.9% indicated that they received 100% of their annual income through fundraising.
- Membership fees:** 11.2% of respondents received income through this type of funding, 10% indicated that they received less than 10% of their income in this way, and 4.3% received at least 20% but less than 50%. Only 1.7% indicated that they received 100% of their annual income through membership fees.
- Grants from charitable trusts and foundations:** 14.7% of respondents indicated that they received this type of funding, 19.8% indicated that they received less than 10% of their income in this way, and 2.6% indicated that they received at least 20% but less than 50%. Only 0.9% indicated that they received 100% of their annual income through grants from charitable trusts and foundations.
- Charging for goods and services:** 19.8% of respondents indicated that they received this type of funding, 14.7% indicated that they received less than 10% of their income in this way, and 3.4% received at least 50% but less than 75%. Only 0.9% indicated that they received 100% of their annual income through charging for goods and services.
- Grants from National Lottery distributors (e.g., BIG):** 15.5% of respondents indicated that they received this type of funding, 13.8% indicated that they received less than 10% of their income in this way, and 6% received at least 20% but less than 50%.

- Business donations or sponsorships:** 11.2% of respondents indicated that they received this type of funding, 18.1% 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):** 9.5% of respondents indicated that they received this type of funding, and 14.7% 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

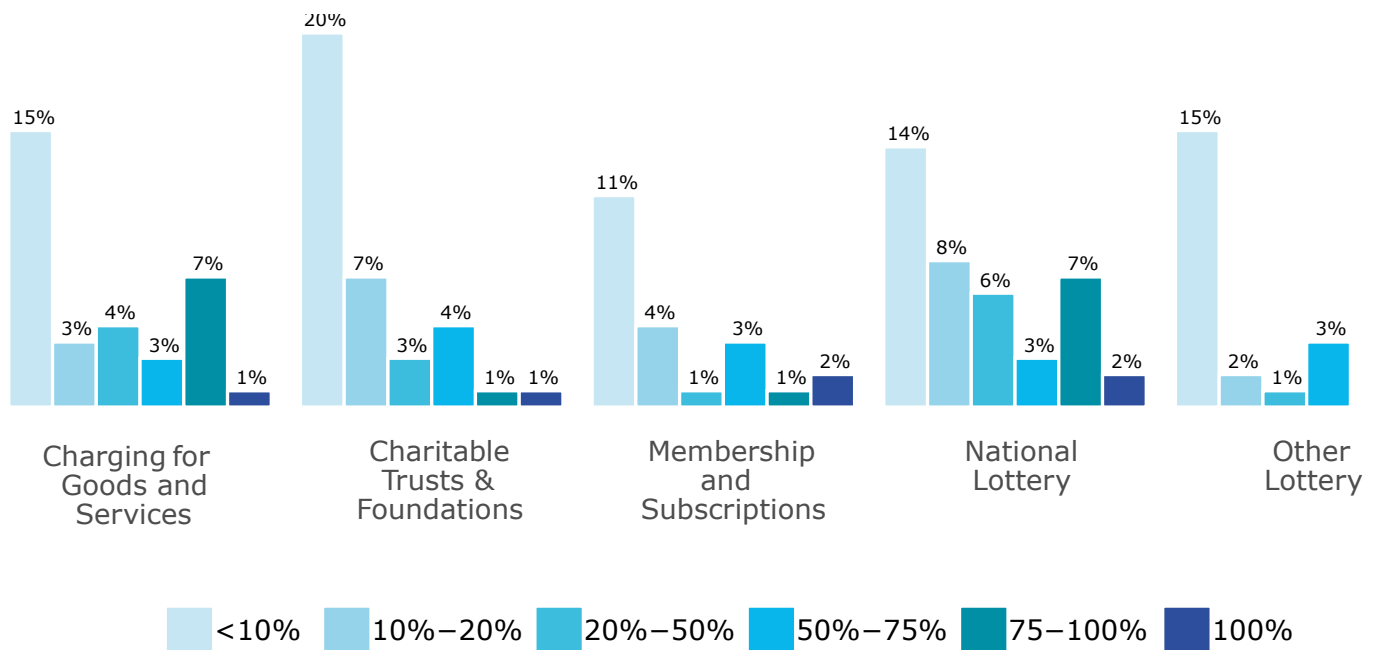
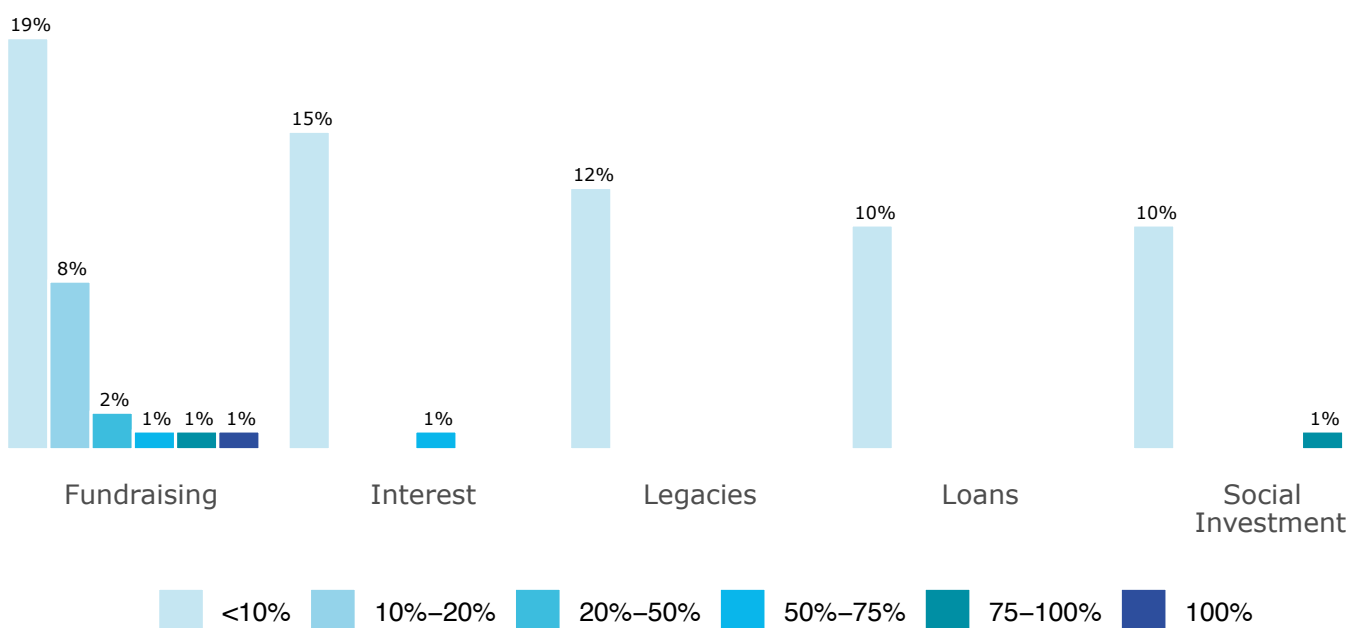


Figure 7: Other Sources of Funding



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 respondents to indicate if they received European funding. Only 17 organisations responded; of these, the majority (94%) received less than 10% of their funds from European sources. Approximately 6% received between 20% and 50% of their funding in this way.

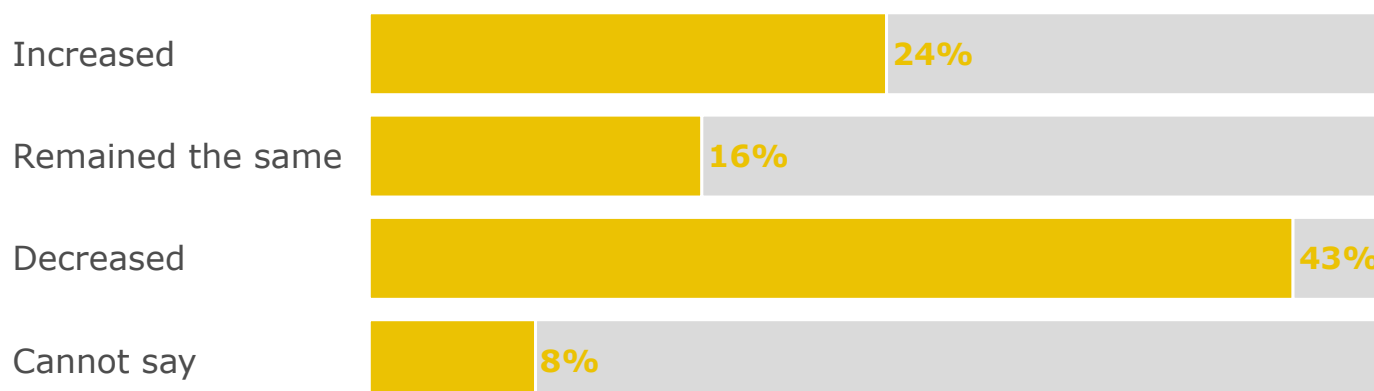
Financial Sustainability

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 total annual, use of reserves, expenditure and total annual income (reported separately below) to provide a picture of financial sustainability.

Total Annual Income

The respondents were asked about changes in their annual income. A total of 24% of organisations reported an increase in their annual turnover, whilst a further 16% reported no change in their income. The percentage of organisations stating that their income had decreased was 43%, and a small percentage (8%) of organisations were unsure (see Figure 8).

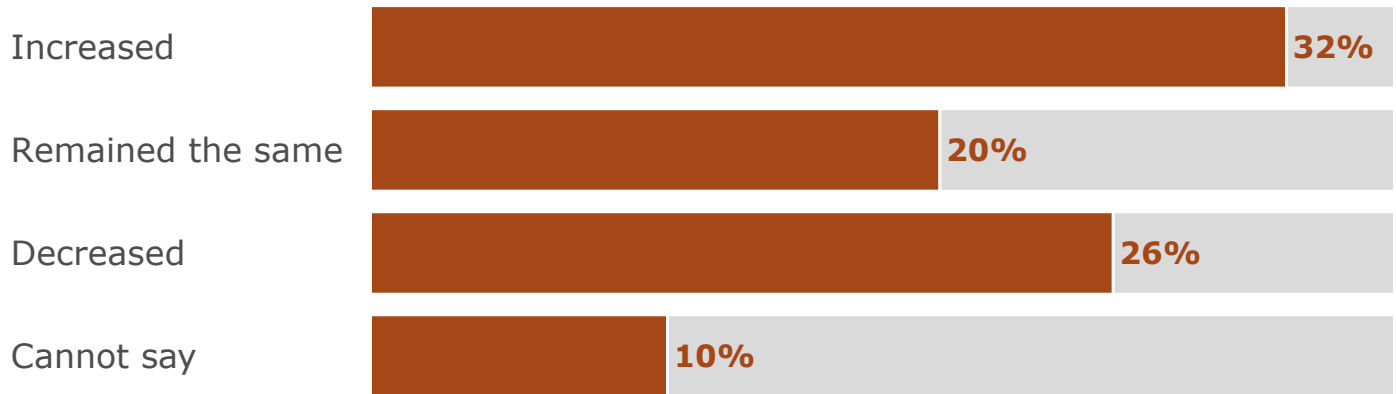
Figure 8: Changes in Total Annual Income



Changes in Total Annual Expenditure

We asked the respondents about changes in their annual expenditure, and just under a third of the organisations (32%) reported an increase in their expenditure, whilst 20% reported no change in their expenditure. A total of 26% of organisations reported that their expenditure had decreased, and 10% were unsure (see Figure 9).

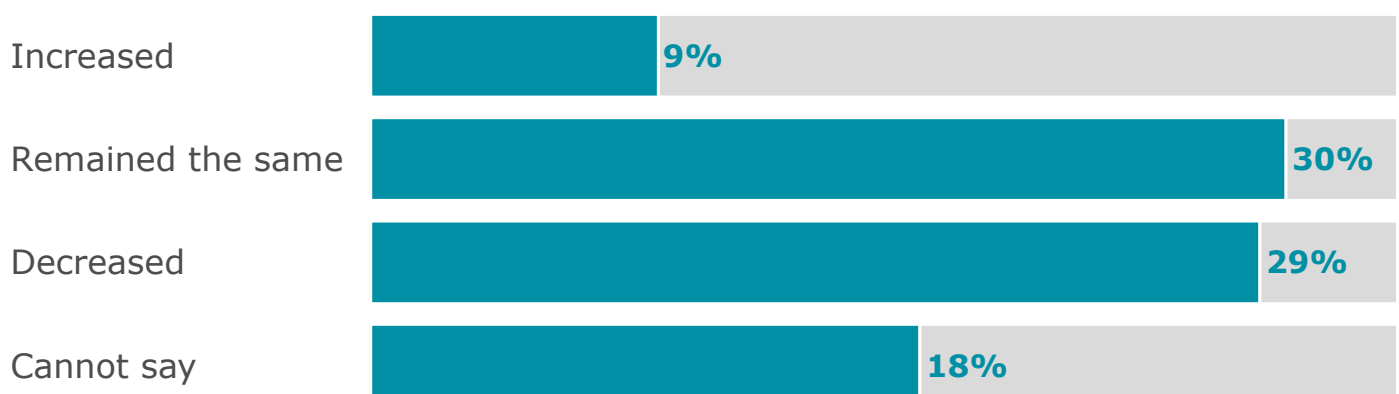
Figure 9: Changes in Total Annual Expenditure



Reserves

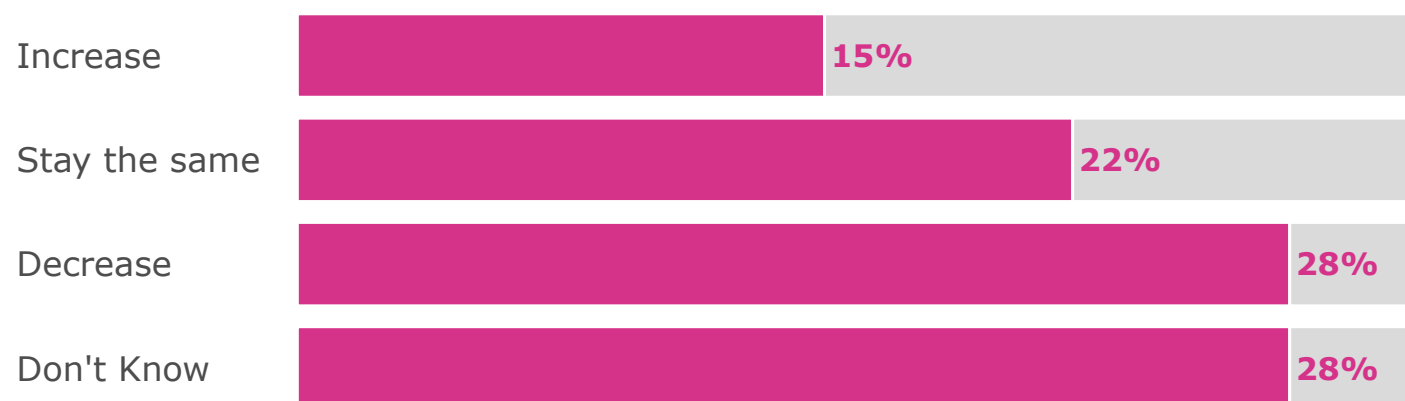
The data later reports on the use of reserves in the past year and changes noted in overall income across all groups. The majority (63%) of respondents had not used their reserves in the past 12 months; however, 37% reported that they had used reserves. Of those who had used reserves, 23% used reserves to cover a gap in funding, and 4% used reserves to cater for an increased demand. Others reported that the use of reserves was to cover unplanned costs (6%) and change the way that they work (4%). Out of the 34 respondents who had used reserves, the majority (23) responded that this was as a result of COVID-19. A total of 29% of respondents indicated that their reserves had decreased. A smaller percentage (9%) reported an increase in the level of reserves, and 30% 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).

Figure 10: Changes in Level of Free Reserves



The respondents were asked about their expectations regarding income for the next 12 months. The highest proportion of organisations (28%) estimated that their income would be reduced, 15% of organisations anticipated an increase in turnover, whilst 22% predicted that it would remain the same. A comparatively high number (28%) of organisations didn't know if their financial situation would improve or not (Figure 11).

Figure 11: Financial Turnover



Our findings suggest that overall income was thought to have been reduced for 43% of the survey respondents, compared with an increase in income for 24%. Similarly, 32% of the respondents indicated an increase in expenditure, and 26% reported that their expenditure had decreased. A total of 29% of the survey respondents indicated that they had a drop in reserves; however, a similar percentage (30%) reported that their reserves had remained unchanged. A total of 28% of the respondents predicted their level of sustainability would decrease in the next 12 months, compared with 22% reporting that their sustainability would remain unchanged. These findings raise some concerns about financial sustainability in the next 12 months. Moreover, our findings do not report on 2020/21 data, which is likely to have significant reductions forecast as a result of the ongoing global pandemic and its negative impact on the wider UK economy.

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



Section 3: Sector Outcomes

This section describes the partnership working that operates in the VCSE sector, which has enabled the provision of a complex range of interventions. The work of paid employees and the number of volunteers is described to provide a picture of the partnerships needed to support the workforce, and the overall estimated size of the VCSE sector workforce.

Partnership Working

The Marmot report (2010: 161) reported that 'Partnership working has played a key role in policymaking to address health inequalities'. Partnership working is 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 organisations in Rochdale has worked with VCSE organisations in Rochdale and across GM and the influence on organisational success.

Working Relationships with Rochdale Borough Council

It is understood that local authorities support the VCSE sector through flexible and responsive grants that can help empower resilient and thriving communities. The relationship between the VCSE sector and the respective local authority is significant and plays a vital role within the health and social care context. During 2020, this relationship became even more important as our financial data suggests that many organisations struggled due to the constraints created by the global pandemic. Rochdale Borough 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 Rochdale Borough Council decisions that are relevant to their organisation/group. The responses indicate a mixed experience of working with the Council.

- ▶ 11.1% of respondents were very satisfied, and 29.3% were fairly satisfied; however, 20.7% were neither satisfied nor dissatisfied.
- ▶ 9.5% were fairly dissatisfied, and 12.1% were very dissatisfied.

Success of Bidding or Applying for Funding from Rochdale Borough Council

The current uncertain economic climate caused by the global pandemic has had far-reaching negative impacts on the VCSE sector. On the basis of emerging evidence from research that has surveyed the impact of COVID-19, there is a need to ensure that VCSE organisations are supported to bid for funds and that investment should be easy to access, creating a level playing field with other sectors. Respondents were asked to indicate the estimated level of success with applications for funding from Rochdale Borough Council. The findings suggest that organisations had been fairly successful, with 23.3% indicating that they had been very successful and 28.4% indicating that they had been fairly successful. A total of 18.1% 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 two most prominent organisations were:

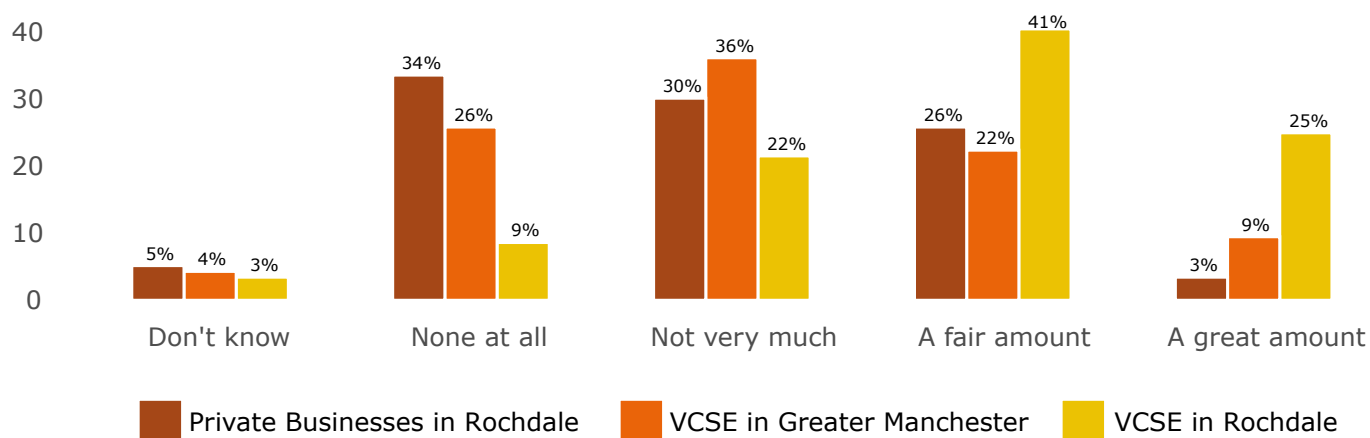
- ▶ **Rochdale Borough Council:** 15.5% of respondents had had a great amount of dealings with the Council, and 39.7% had had a fair amount of dealings.
- ▶ **HMR CCG:** 5.2% of respondents had had a great amount of dealings, and 17.4% had had a fair amount of dealings.

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 Rochdale. We also asked the respondents to identify the organisations that they worked with. Our findings suggest that organisations were diverse and the Rochdale VCSE sector collaborated across GM well (Figure 12).

- ▶ **GM Working:** 9% of respondents worked with other GM VCSE organisations a great amount, and 22% estimated that they worked across GM a fair amount.
- ▶ **Rochdale VCSE Working:** 25% of respondents worked with Rochdale VCSE organisations a great amount, and 41% estimated that they worked across Rochdale VCSE organisations a fair amount.

Figure 12: Direct Dealings with Private and VCSE Sector Organisations

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

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. The ONS data suggests that there are 3,504 paid employees in the Rochdale VCSE sector, of which 2,137 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 contribution of the paid staff in the VCSE sector equates to £39 million per annum.

The percentage of paid staff per organisation size was also estimated. Whilst the number of large organisations (n=29) was small in the locality, they employed a significant percentage of the total number of staff, equating to over half (61%) of the total number of staff employed in the sector. There were 96 medium organisations in the sector, employing 25% of the total number of staff. Collectively, our findings indicate that, despite only representing 10% of the total number of organisations in the sector, medium and large organisations accounted for 86% of the total number of staff employed, but the smallest percentage of volunteers (30%).

We asked survey respondents to indicate whether their organisation paid all staff at least the Living Wage (as per the Living Wage Foundation). A total of 37.9% of respondents indicated that they paid the Living Wage, 40.5% indicated that this question was not applicable, and a small percentage (16.4%) indicated that they did not pay the Living Wage. Although this is not a representative sample, it reflects the commitment from Rochdale VCSE organisations to be good employers and to ensure a quality of living for their employees.

Volunteers

We asked respondents to indicate how many volunteers provided time for their organisation. Our findings suggest that there are a total of 42,626 volunteers supporting the VCSE sector in Rochdale. We also asked survey respondents to estimate the total number of volunteer hours per week. Our findings suggest that volunteers in Rochdale provide over 158,251 hours per week. The total numbers of hours provided by volunteers per organisation size each week are estimated below.



42,626

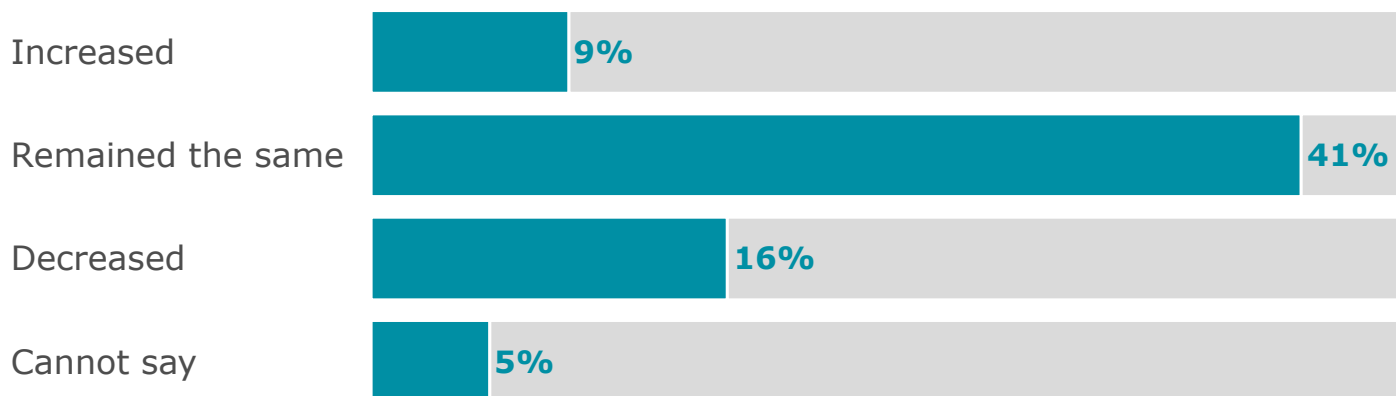
volunteers (including committee/board members), giving 158,251 hours each week valued at £78 million per annum (based on Living Wage £9.50 per hour)

- ▶ 24,661 volunteers in micro organisations provide 125,672 hours per week, representing 79% of the total hours of volunteers in the VCSE sector.
- ▶ 4,878 volunteers in small organisations provide 17,028 hours per week, representing 10% of the total hours of volunteers in the VCSE sector.
- ▶ 5,164 volunteers in medium organisations provide 10,258 hours per week, representing 6% of the total hours of volunteers in the VCSE sector.
- ▶ 7,922 volunteers in large organisations provide 5,294 hours per week, representing 3% 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 £78 million.

Changes in Total Number of Employees

The largest number (41%) of respondents indicated that the workforce had remained the same. A total of 16% of respondents indicated that the workforce had decreased. A slightly smaller percentage (9%) reported that the workforce had increased. It was reported that the impact of COVID-19 on the workforce was not applicable by 31% of the respondents. Only a small percentage (13.8%) indicated that COVID-19 had had an impact, and the same percentage (13.8%) indicated that the change in the workforce was not due to COVID-19 (see Figure 13).

Figure 13: Changes in Total Number of Employees



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

Changes in Total Number of Volunteers

The largest number (41.1%) of respondents indicated that the volunteer workforce had remained the same. A total of 23.3% of respondents indicated that the volunteer workforce had increased, 1.7% could not say, and 27.6% of respondents reported a decrease in the number of volunteers. It was reported that the impact of COVID-19 on the volunteer workforce was not applicable by 11.2% of the respondents. A total of 13.8% of the respondents reported that COVID-19 had not had an impact on volunteer numbers; however, the largest number (30.2%) reported that the change in the number of volunteers was as a result of COVID-19.

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

Impact of COVID-19

Primary Impact of COVID-19 on the VCSE Sector in Rochdale

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.

Primary Impact of COVID-19 on VCSE Organisations in Rochdale

We asked what the primary impact of COVID-19 on organisations in Rochdale had been. Three key themes emerged: 'Closure', 'Loss of income' and 'Increased demand'. For many, COVID-19 led to a suspension of face-to-face delivery, leading to the need to adapt service provision and delivery. Whilst many organisations had had to close, 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 and physical activity and increased social isolation (see Illustration 1).

Illustration 1: Primary Impact of COVID-19 on VCSE Organisations



Similar themes arose in the focus group. The suspension of face-to-face delivery has led to digital advancements for both organisations and beneficiaries. One participant mentioned:



'We're dealing with some very emotive situations here, which I don't think Zoom and Team does it justice, in a way. You really do need to see people face to face. Despite this, some of the most vulnerable clients, who need that face-to-face contact, have lost out.'

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



'digital inclusion has been a significant issue; just don't have the means to afford things like laptops. There are libraries where people can hire these things out, so there has been some response to that issue, but what I'm getting from feedback from colleagues and people at the front, members of the community, they can't afford things like that, IT equipment, so it is very difficult. I think we've adapted well'

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

The survey also asked respondents to describe the primary response of their organisation to COVID-19. Three key themes emerged from the qualitative responses, namely, 'Loss of income', 'Closure' and 'Increased demand'. These findings are similar to qualitative data from other localities. Many organisations were faced with needing to adapt their service provision through implementing remote working and repurposing funds to enable a reimagined organisational focus. Organisations were able to respond quickly and adapt to the pandemic, providing food banks, telephone services and delivery of care packages.

Organisations described how digital technology facilitated innovative developments, resulting in classes and activities being held online via Zoom, which enabled organisations and individuals to keep in contact. Whilst organisations 'closed', their work was ongoing, and many used the 'downtime' to develop new strategies for supporting the most vulnerable in their communities. Keeping in touch was integral to ensuring that those who were shielding and others who were at risk of becoming socially isolated and lonely were supported. Organisations described how they set up telephone services and peer support and introduced individuals to digital services to enable them to remain connected.

The word cloud below illustrates the most frequent qualitative responses for Rochdale.

Illustration 2: Primary Response to the Impact of COVID-19 on VCSE Organisations



We also asked participants in the focus groups to describe how they had responded to the COVID-19 crisis. Some key challenges were highlighted, alongside how these were then managed. One participant described how they had had to 'micromanage' the situation to ensure that people continued to receive support:



'Our services have become very micromanaged. It's very ad hoc. We had limited times where we'd have a social night or we'd have a talking circle, we have a building, we have all that, and now it's very ad hoc. Now, one of the key things is via the lack of trust of sharing that information with the authorities, rebuilding that trust and having the added pressure of people's expectations. They come to you, they expect solutions and answers, and saying no at this time isn't the right answer, so we have to find an alternative way.'

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

One of the last survey questions asked respondents to describe the impact that COVID-19 had had on individuals. Two key themes emerged from the qualitative thematic analysis, namely, 'Digital' and 'Physical Support'. For many, the main impact of COVID-19 was on income generation. Many faced redundancy, whilst others were furloughed. Food poverty became an issue through a lack of employment, which resulted in a significant rise in food banks and delivery of food parcels by the VCSE sector. The health and wellbeing of individuals and staff were negatively affected, resulting in fatigue, increased stress, higher levels of depression and reductions in physical activity. The increase in mental health issues led to an increased service demand as many people experienced fear, anxiety and increased vulnerability. Loss of connections with others exacerbated levels of loneliness and increased feelings of social isolation. Individuals were no longer able to meet up in groups, which impacted on general mental and physical wellbeing. The response of the VCSE sector may even have prevented a worst-case scenario through the quick and responsive ways in which organisations adapted to change to ensure that communities and individuals were supported. The word cloud below illustrates the most frequent qualitative responses for Rochdale.

Illustration 3: Primary Impact of COVID-19 on the People that VCSE Organisations Serve



We asked participants in the focus groups to describe the impact that COVID-19 had had on communities. One participant highlighted the increased vulnerability of those who already suffered from domestic violence, as well as the impact of being isolated:



'the biggest challenge for us is we're an organisation that works around domestic violence. There's been a very significant increase in domestic violence over the recent months. This means that there's an increased demand for support.'

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

There were a total of 125 survey responses that described the impact of COVID-19 on VCSE organisations in Rochdale. Key quotes have been included to reflect the three core themes that emerged from the qualitative data set.

Loss of funding

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

- ▶ Reduced service level during lockdown. Reduced income and levels of service charge payment. Increase in demand for day centre support with benefits and food advice. Unable to deliver group activities and education to service users.
- ▶ COVID-19 has had a negative financial impact on our organisation. Our own income generation through face-to-face services to the community stopped due to the lockdown. Upon reopening, expenditure has increased due to strict safety measures. Footfall has fallen due to increased risks of a second wave still persisting. Most staff have had to be furloughed.

The Move to Digital Support

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

- ▶ We have adapted quickly to change the way we deliver our services. Staff have been creative and proactive. We are planning to continue to deliver some of our services digitally.
- ▶ We have been hugely productive in the pandemic, designing and distributing 6,000 family art boxes, contributing to the GMCA packs for YP and older people and distributing the 1,700 YP packs in Rochdale, setting up a new website, producing 27 how-to creative videos, an online doorstep photography exhibition and two billboards. We have been closely involved in the Mutual Aid movement in Rochdale.
- ▶ Ensuring information is available in other ways and not just online, providing up-to-date, accurate information, providing equipment to reduce isolation, ensuring that we amplify the voice of disabled people wherever possible, providing lived experience of services.

Increased Demand

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

- ▶ Increased demand on food parcels and hot food. More home deliveries. Clothes, items of furniture.
- ▶ Reduction in volunteers, increased demand for information, move to online service, but issues with accessibility of this.
- ▶ Increase in demand for day centre support with benefits and food advice. Unable to deliver group activities and education to service users.
- ▶ Immediate response to need required us to use reserves. Demand for services has increased significantly (domestic abuse and counselling).



Section 4: The Future

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

Estimated Factors Influencing Future VCSE Work

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

Workforce

To understand how the workforce may be affected in the future, we asked survey respondents to estimate the factors affecting or constraining the VCSE workforce. In particular, we asked the survey respondents to estimate the extent to which recruitment and retention of both voluntary and paid staff would constrain or assist the VCSE sector. The greatest number of respondents (36.2%) reported that the recruitment of staff was not applicable to their organisation, and 11.1% reported that the recruitment of volunteers would 'constrain' their organisation.

- ▶ **Ability to retain staff/staff turnover:** 10.3% of organisations responded that the ability to retain staff would greatly assist their organisation.
- ▶ **Ability to retain volunteers/volunteer turnover:** 14.7% of organisations responded that the ability to retain volunteers would constrain their organisation.

The percentage of responses across the survey data was small; however, the workforce was also discussed in the qualitative focus groups. Participants discussed how the ability to support the workforce would enable a more sustainable VCSE sector that could meet future demand. The VCSE sector was perceived to be a strong ally and in time of need had demonstrated how the workforce had supported the most vulnerable. The ability to support the workforce to enable a more sustainable VCSE sector that could meet future demand was highlighted in the focus groups, particularly in relation to how the landscape has changed and the need to adapt the workforce:



'Since COVID has hit all around the world, the pandemic, it's turned the whole horizon and the landscape totally and all the work in ways, but people that have that capacity, that work in different ways, yet there's a big digital divide from people that can access services'

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 Rochdale. 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:** 21.6% of organisations responded that this would assist their organisation, and a further 23.3% indicated that this would 'greatly assist' their organisation.
- ▶ **Engagement with other public organisations:** 12.9% of organisations responded that this would assist their organisation, and a further 29.3% indicated that this would 'greatly assist' their organisation.
- ▶ **Engagement with other private organisations:** 6.9% of organisations responded that this would assist their organisation, and a further 14.7% indicated that this would 'greatly assist' their organisation.

To explicate partnerships further, we asked participants in the focus groups to discuss the future. The discussion centred on the need for greater equitable partnerships that engaged networks and provided a voice for all.



'It's how you get the voluntary influence in those big decisions... get the voluntary sector influence in those decisions and how the infrastructure organisation can help facilitate that, whether that's a member of the voluntary sector or whether it's * being at those meetings to make sure the voice is heard'***

Equally, reaching out to other groups was described as a way to help improve collaboration and reduce silos, as the following extracts illustrate:



'Our organisations as well is trying to encourage the sports clubs, in particular, to engage in the voluntary sector network, because they are predominantly very insular... I think that maybe something that we need to look at is how do we, as a community in Rochdale Borough in particular, how do we reach out and get those clubs that aren't?'



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

The challenges of everyone having 'the same goal' were highlighted by the participants:



'In theory, it all seems like we're working together, but in practicality we have all these conversations; it's very difficult. You feel as though you're stepping on each other's toes. So, moving forward, we are in a dire state if you don't get the appropriate funds to sustain what we're doing and also build. There's an opportunity to kind of collaborate with larger organisations, which, actually, together they're doing very well.'

As in the case of other VCSE organisations, a 'community partnership' model was described:



'I would suggest that we have a community-based model, which is like a community council where leaders in the community who are appointed by the community to then go and share their ask, "This is the issue, this is what we want", and that person and that institution or the organisation can be the body and hold the authorities to accountability; transparency, accountability and a community-based model and buildings, use the buildings and services that are out there. Join the dots up. Help us to join the dots, please!'

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 have resulted in anxiety about the funding and operation of many VCSE organisations. We asked the survey respondents to estimate to what extent funding from grants, the local economy and other sources would either assist or constrain funding and, in particular, the ability to secure contracts and the impact of the wider economy.

- ▶ **Ability to secure contracts from public sector bodies:** 17.2% of respondents indicated that this would assist their organisation, with 19.8% responding that this would 'greatly assist' their organisation.
- ▶ **Impact of the local economy:** 17.2% of respondents anticipated that this factor would seriously constrain their organisation over the next year.

The percentage of responses was small, suggesting that grant capture from these sources was not viewed as a significant enabler. However, the qualitative focus groups explored how the local infrastructure could be supported, and partnership was highlighted as opposed to securing contracts. The need to recognise the contribution of the VCSE sector through greater financial support was highlighted by the participants, as the following extract illustrates:



'I think the public sector have seen how quickly the voluntary sector responded in this crisis. Just the admiration and respect of the voluntary sector I think has increased. I hope that that's backed up with some additional funding and not just, oh, it's voluntary, it's charity, it's free. Well, actually, no, it's not free, there is value to that, and there is a cost to that. The money needs to come with it as well.'

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.

- ▶ 2% of respondents anticipated that Brexit would greatly assist their organisation.
- ▶ 30% of respondents indicated that the influence of Brexit was not applicable to their organisation.
- ▶ 2% of respondents anticipated that Brexit would seriously constrain their organisation.

To explicate a more in-depth understanding of the impact of Brexit, we encouraged discussion in the qualitative focus groups. Our findings were similar to the survey quantitative data, which indicated that Brexit was not a key concern:



'I'm not as concerned, and seeing the impact of Brexit, because that's still not measurable yet, the impact... it is pure speculation for me, the impact on it, even though there's a lot of evidence to say that things could get really bad. Just touching slightly on Brexit, it's very difficult for us to comment on that at this stage, simply because we don't know what it's going to mean.'

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



Section 5: Conclusion, Afterword and Recommendations

Conclusion

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

In Rochdale, local VCSE organisations across Greater Manchester generate over £85.2 million of income, creating a range of services and activities as diverse as our communities. In doing so, VCSE organisations employ 3,504 people and mobilise 42,626 volunteers. The vast majority of VCSE organisations are neighbourhood based, rooted in local communities and addressing significant inequalities in the day-to-day of what they do. The strong return on investment provided by the VCSE sector is also well evidenced, with preventative and early intervention work reducing the strain on the public purse in the longer term.

In recent years the VCSE sector has become even more enterprising. While more traditional VCSE organisations have generated new trading approaches and are diversifying their income streams to support their long term sustainability, over 14% now define themselves as social enterprises, reinvesting or donating their profits to create positive social change. This is a sector which is evolving and finding new ways to create change and bring additional resources and value into Rochdale. As a sector we continue to have strong relationships with our public sector colleagues including the Local Authority but also have a growing connection with businesses (59%). These partnerships are driving wider conversations about what an inclusive economy that works in our communities' interest could look like.

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

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

respond to demand and adapt to further change. As has been seen across the country, fundraising has been significantly disrupted and many charitable funders have invested in responses to the pandemic with longer term project funding deprioritised. There are significant opportunities and benefits in supporting a thriving local VCSE sector and equally significant risks of losing much valued and needed activity if no action is taken. The past year has prompted great reflection on the nature of our society and what we can do collectively to improve health and wellbeing, reduce entrenched inequalities, and create a fairer world. This is why we have created a set of recommendations below which lay out our vision for how we make this happen.

Afterword and Recommendations

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

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

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

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

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

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

Within the focus on economic recovery, there should a **greater focus on community-led enterprise (including social enterprises**, co-operatives and mutuals) as an enabler of economic inclusion. The entrepreneurial capacity in the VCSE sector is clearly shown in this report through the diversification of income approaches which the sector has developed during challenging times. A programme to build on this, equipping more individuals with skills and knowledge around enterprise and a strategic approach to fostering purpose-led enterprises can create new markets, new employment and greater economic inclusion for the city's diverse communities.

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

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

We believe there is a unique opportunity to build on the massive appetite shown by the public to engage as active citizens through volunteering and social action: we are committed to continuing to work with those who have developed new community-led approaches to support in neighbourhoods. Our sector, however, while primarily voluntary, is also an employer and must be able to support, develop and nurture its workforce. We urge funders to recognise the value of being able to pay staff a real Living Wage, and to be able to invest in proper training and support for staff and volunteers who dedicate their time to improve people's lives (which in turn delivers additional benefits for wellbeing and personal development). Through our local VCSE infrastructure bodies we also recommend investing in significant organisational development programmes where they don't currently exist, so that the sector can continue to innovate and adapt to emerging community need.

Underpinning all of these recommendations is the principle of collaboration.

Shared effort, shared investment, and insight enable greater collective impact: the response to the pandemic was at its best when it leveraged a wide variety of resources from across sectors to create the support services, the communications networks, the practical organising and the access to care that communities have needed. It has created space for innovations which will change the way all sectors work and collaborate: lowering the cost of starting businesses by supporting innovations like shared workspaces, shared commercial kitchens, community-financed start-ups, and community-owned spaces. There is scope for social and economic innovation to create a more inclusive approach at the heart of which we will need a thriving and sustainable VCSE sector.

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



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