



About the authors

Tony Chapman is Director of Policy&Practice, St Chad's College and Honorary Professor in Social Policy, Department of Sociology, Durham University.

Jonathan Wistow is Associate Professor in Social Policy, Department of Sociology, Durham University and Co-Director of the Wolfson Research Institute for Health and Wellbeing.

The contents of the report express the views of the authors and do not necessarily reflect the views or policies of the commissioning partners.

Third Sector Trends Study

Data in this report are drawn from the Third Sector Trends study which was conceived and originally commissioned by Northern Rock Foundation with research conducted by the universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-founder of the research and is now responsible for its legacy.

The Community Foundation and St Chad's College are currently collaborating with partners including: Power to Change, Barrow Cadbury Trust and Millfield House Foundation to undertake the Third Sector Trends Study survey and analysis in 2022-23

All publications from the Third Sector Trends study are available free to download at this address:

<https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

Commissioning partners

Front and rear cover design

Tower Design Workshop

Published by

Purpose of the report

The local voluntary, community and social enterprise sector (VCSE) is a 'home grown' resource, formed of many organisations and groups which were set up to tackle a wide range of local social, environmental and economic issues.

As independent minded and autonomous entities, VCSE organisations decide what their objectives should be, garner the resources to get things done, develop and use working practices that suit them best and develop relationships with other organisations as and when this helps them to achieve their aims.

Collectively, the local VCSE sector achieves a great deal for its beneficiaries by strengthening people's resolve to tackle difficult problems or supporting them to achieve their ambitions. And when working in complementary ways with other organisations and agencies, it can help improve the social fabric of neighbourhoods and communities.

So it is not surprising that the VCSE's contribution to local wellbeing is much appreciated by local public bodies, such as the police and fire services, local authorities, the National Health Service and combined authorities.

Valuing the work of the local VCSE sector is one thing, but understanding how that value is produced and for what purpose is another. So this research report was commissioned to find out more about sector structure, purpose, energy and impact at

neighbourhood or village (40%) than in the least affluent areas (25%). This is because there is a larger concentration of micro and small organisations in wealthier areas.

A useful indicator of social and economic vitality in localities is the density of VCSE organisations and private businesses. In Cumbria, business density is relatively high at 54.8 per 1,000 residents and VCSE organisational density is 4.9 per 1,000 residents. The ratio of businesses to VCSE organisations is 12:1.

VCSE Sector workforce

It is estimated that there are 4,800 full-time equivalent VCSE sector employees in Cumberland Council and 5,500 in Westmorland and Furness Council: about 4 per cent of all employment in the area.

Levels of employment have fallen slightly since 2019 in Cumbria from 10,470 to 10,350. It is unlikely that decline in employment is primarily due to financial problems in the sector, but instead is caused by difficulties associated with employee retention and recruitment.

Employee retention problems are more severe in Cumbria than in most comparable

Cumberland Council area is £242 million and Westmorland and Furness Council area £315 million.

The employment of this energy produces £858 million of value in Cumberland Council area and £1,117 million in Westmorland and Furness Council area: a ratio of

- The ownership of reserves is widespread – but organisations are holding on to their reserves rather than investing in new initiatives (47%). Caution is

Sector challenges: similarities and differences

At root, the research shows that spatial factors can affect the local working conditions of the VCSE sector. But this does not necessarily mean that some experience of VCSE organisations is consistent across all types of areas. As the VCSE sector has emerged from the Coronavirus pandemic, it has done so in much better financial shape than was expected in the depths of the Covid-19 crisis. Many more organisations have reserves than was the case in 2019 and the indications are that they are holding onto these reserves rather than investing in new initiatives.

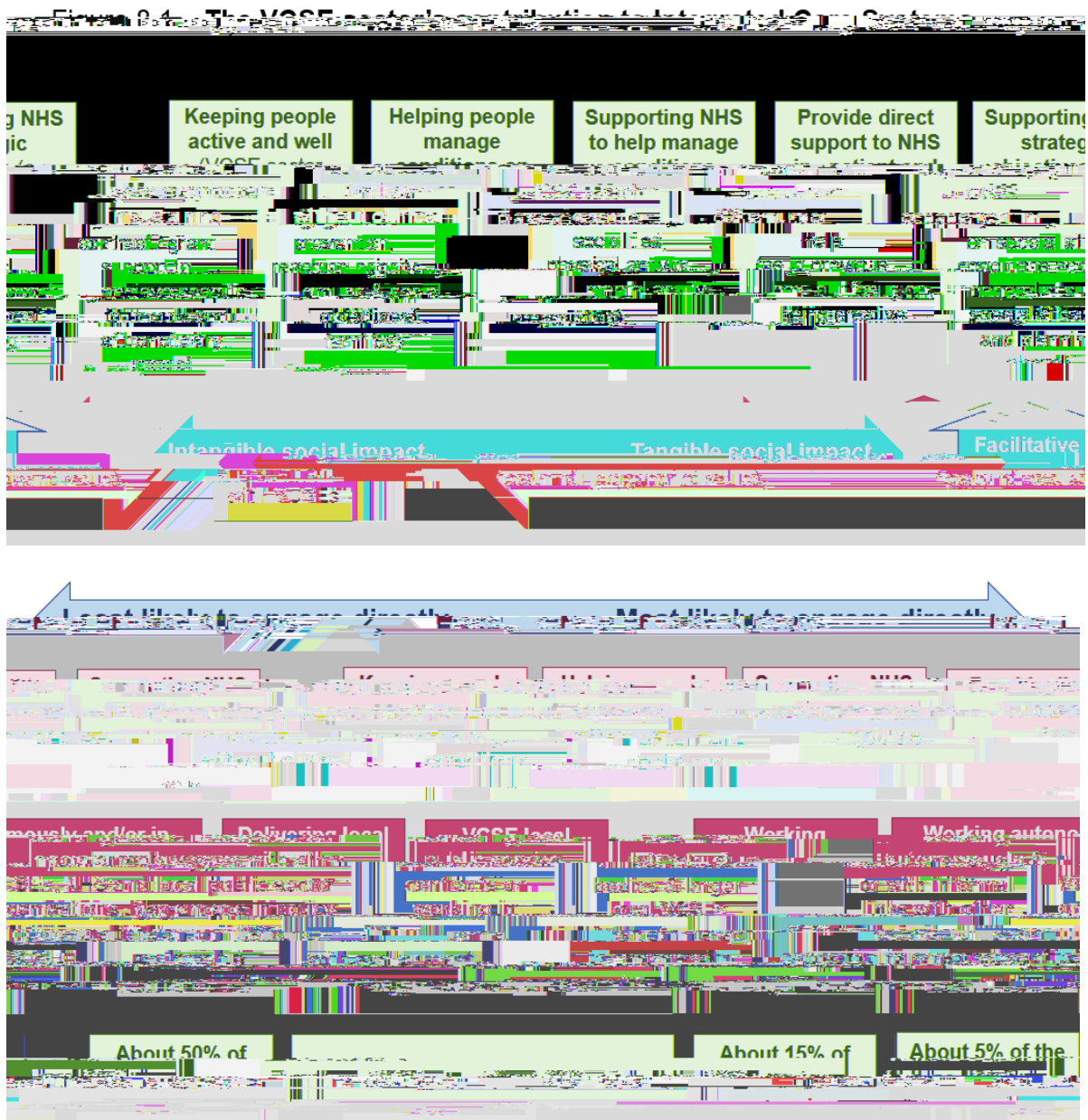
Across the VCSE sector in England and Wales, VCSE organisations are characterised by their financial prudence. As NCVO shows, never in the last twenty years has the sector spent more money than it received.³ This is usually possible as VCSE organisations rarely borrow money because, unlike private businesses, they rarely need to buy stock and they can access funds from a wide variety of sources ranging from gifts, legacies, subscriptions, grants, self-generated earned income, in-kind support and contracts.

Nevertheless, some difficulties now face the VCSE sector across England and Wales

As shown in this report, it is not possible to disentangle who does what in the VCSE sector. This is because approaches to practice are sometimes shared, definitions of purpose are varied and constituencies of beneficiaries are complex. At best, it is only possible to define general areas of activity.

VCSE sector activity in policy contexts

Currently, two major policy initiatives driven by government focus on engagement with the VCSE sector to contribute to strategic objectives for localities. Levelling Up policies⁵ lack coherence – involving a mish-mash of strategies and funding streams that are focused on the laudable objective of rebalancing inequitable conditions



When people feel undervalued, it can undermine their sense of trust in those who want to help them. Engagement can be difficult and slow, often resulting in backward steps when things go wrong. And it means that assessments of progress have to be devised differently from better-off communities where some achievements are regarded as ‘normal’ but should be recognised as a ‘triumph’ in the poorest communities. As argued by Marmot⁸, this means that purposeful and inequitable investment in the VCSE sector by public or health authorities needs to be carefully thought through and targeted to achieve objectives that are meaningful to the people they aim to serve.

This is a complex environment to understand, navigate and negotiate. But if the objective to improve prevention of health conditions is to move closer to centre stage, as indicated in ICS strategies and in the recent Hewitt Review⁹ to shift resources

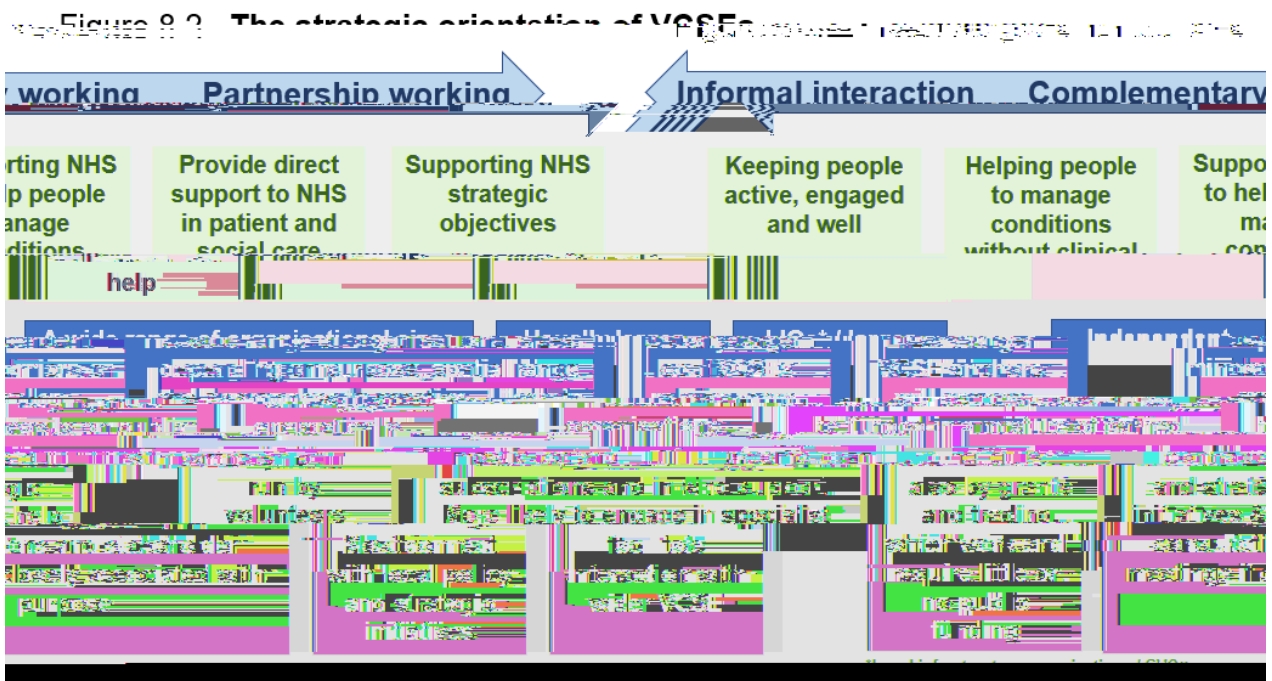
⁸ Marmot, M., Allen, J., Boyce, T., Goldblatt, P. and Morrison, J. (Health Foundation (2020) *Health Equity in England: the Marmot Review 10 years on*, London: Institute of Health Equity: https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on?psafe_param=1&qclid=Cj0KCQjwr82iBhCuARIsAO0EAZwSgDf6T2TZPnb8NZx3gzniFTM1VhUHsJtsc_vlzHwugnMWJCI4bEaAq6aEALw_wcB

⁹ (2023) *Hewitt Review: an independent review of integrated care systems*, London: OGL, <https://www.gov.uk/government/publications/the-hewitt-review-an-independent-review-of-integrated-care-systems>

from 'illness' to 'health', then recognising and valuing what is happening on the ground now in the VCSE sector is vital.

As Figure 8.2 indicates, about half of VCSE sector organisations are very unlikely to engage directly with ICS policies at a strategic level. Indeed, many may not recognise, nor be interested in articulating how their work adds value to public health. That may not matter to them, but it does not mean that their contribution should not be valued in holistic terms. And in some cases, they may have a more direct role to play, if they are enticed to do so, by – for example an effective link worker with their ear to the ground on new avenues for social prescription.

At the other end of the spectrum – those organisations which are given major grants, or are contracted to deliver services – engagement, in principle, should be much easier. Although current problems with employee retention and recruitment may worsen the scope for interaction if unit costs for service delivery remain too low and organisations continue to withdraw from this marketplace.



Government strategies undoubtedly shape the local policy landscape. But locally driven policy initiatives can also make a real difference. In recent years, in the North of England, there has been a stronger emphasis, for example, on understanding the value of the 'foundation economy' in localities. This is often connected to 'community wealth building' strategies which focus upon strengthening local business, third sector and public sector interactions.¹⁰

The VCSE sector continues to work well together, usually in informal or complementary ways and is also eager to connect with and help to shape health, economic and social policy initiatives which have the potential to bring wider benefit to the area. The VCSE sector makes a substantive contribution through policy engagement, commitment to community development and its contribution to local employment and economic activity.

¹⁰ See, for example, Guinan, J. and O'Neill, M. (2020) *The case for community wealth building*, Cambridge: Polity Press, and Foundational Economy Collective (2022) *Foundational Economy: the infrastructure of everyday life*, Manchester: Manchester University Press.

This does not mean that everything is easy. The VCSE sector also faces significant challenges as it emerges from the extraordinary circumstances it faced during the Coronavirus pandemic – especially so in relation to recruitment and retention of employees and volunteers. It is important, though, not to overstate the significance of these problems. The sector is in better shape now financially than when in the depths of austerity a few years back and the VCSE sector has also emerged from the pandemic with optimism.

