

Local health and social wellbeing

The contribution of the voluntary,
community and social enterprise sector in
Yorkshire and Humber

Summary report



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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/>

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Summary of key findings

Sector size and resources

There is a large voluntary, community and social enterprise (VCSE) sector in Yorkshire and Humber, which is comprised of 14,600 registered organisations. The sector employs 68,000 staff and has the commitment of 320,000 volunteers who produce 22 million hours of work which is valued at between £220m (at National Living Wage) and £311 million (at 80% average regional wage). The sector's income totals £2.7 billion. There are 2.6 VCSE organisations per 1,000 members of the resident population.

- In Humber and North Yorkshire there are 6,000 organisations, with 21,000 employees and 122,000 regular volunteers who collectively produce 8.7 million hours of work valued at between £86m and £122m. There are 3.4 VCSE organisations per 1,000 resident population. It is estimated that there are about 7,800 unregistered informal groups.
- In West Yorkshire there are 5,700 organisations, 31,000 employees and 126,000 regular volunteers collectively produce 9 million hours of work valued at between £89m and £126m. There are 2.4 VCSE organisations per 1,000 resident population. It is estimated that there are about 7,400 unregistered informal groups.
- In South Yorkshire there are 2,900 organisations, 16,000 employees and 63,000 regular volunteers who collectively produce 4.5 million hours of work valued at between £45m and £63m. There are 2.1 VCSE organisations per 1,000 resident population. It is estimated that there are about 3,700 unregistered informal groups.

The sector is formed mainly of registered charities (72%), Charitable Incorporated Organisations (11%), Community Interest Companies (11%), Registered Societies, Cooperatives and Community Benefit Societies (6%) and Community Amateur Sport Clubs (4%). It is possible to make rough estimates of the number of unregistered or 'under the radar' groups: in Humber and North Yorkshire: 7,800, South Yorkshire, 3,700, and in West Yorkshire 7,400.

The VCSE sector has a strong local orientation. About a third of organisations confine their activity to local neighbourhoods or villages and about 70 per cent limit the range of their work to the local authority where they are based.

Labour market dynamics

The VCSE sector is currently facing significant labour-force challenges. Many VCSE organisations report difficulties with staff retention which is related to higher demand for employees in the private sector, post-pandemic withdrawal from the labour market or growing preference for part-time or fractional contracts.

About a fifth of VCSE employer organisations state that it has become quite a lot harder to hold on to existing staff. In Yorkshire and Humber, staff retention problems are more severe in West Yorkshire (24%) than in South Yorkshire (17%) and Humber and North Yorkshire (14%). Recruitment problems are also widespread – especially in West Yorkshire (48%), but also in Humber and North Yorkshire (42%) and South Yorkshire (38%).

Reliance on regular volunteers is high in all areas. Many VCSE organisations state that they could not keep going without volunteers, especially in Humber and North Yorkshire (86%) where there are more smaller VCSE organisations, but also in West Yorkshire (80%) and South Yorkshire (77%).

Volunteers produce around a fifth of sector energy, so it is a matter of concern that half of VCSE organisations in Yorkshire and Humber report that it has been harder to hold onto their older volunteers (who constitute a majority of volunteers in many organisations).

To compensate for this, during the pandemic, interest in volunteering surged due to increased time availability of younger volunteers created by lockdowns and furlough schemes. But the indications are that many of these more recently recruited volunteers have since left: organisations reporting the loss of recent volunteers is highest in West Yorkshire (37%), but also severe in Humber and North Yorkshire (27%) and South Yorkshire (24%).

The energy that VCSE sector organisations can employ to achieve their objectives is dependent upon the enthusiasm, skill and commitment of volunteers and employees. But the indications are that investment in training and staff development is patchy. Fewer organisations have training budgets in Humber and North Yorkshire (50%) than in West Yorkshire (54%) and South Yorkshire (54%).

Investment in staff and volunteer personal development is generally quite high (66% in West Yorkshire and 63% in South Yorkshire)– but is lower in Humber and North Yorkshire where there are fewer large organisations (57%).

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Sector impact

The VCSE sector in Yorkshire and Humber marshals a great deal of energy amounting to £3.1 billion in 2022. This is distributed as follows: Humber and North Yorkshire £977 million, West Yorkshire £1.4 billion and South Yorkshire £698 million. This energy is converted into economic and social value as shown in Figure A.

Figure A Estimated 'tangible' and 'intangible' added value produced by the VCSE sector				
	Humber and North Yorkshire (£millions)	West Yorkshire (£millions)	South Yorkshire (£millions)	Yorkshire and Humber (£millions)
Total financial value of sector energy expended by the VCSE sector in each area	976.6	1,403.0	698.0	3,077.6
<i>Economic tangible added value</i>	634.8	912.0	453.7	2000.4
<i>Fiscal tangible added value</i>	537.1	771.7	383.9	1692.7
<i>Tangible use value</i>	341.8	491.1	244.3	1077.2
Total contribution of tangible value	1,513.7	2,174.7	1,081.9	4,770.3
Estimated social, community and existence intangible added value	976.6	1,403.0	698.0	3,077.6
Total value of sector	3,466.9	4,980.7	2,477.9	10,925.5
Value per 1,000 resident population (£ millions)	1.98	1.96	2.12	1.75

Understanding how energy is deployed to produce social value is challenging at national, regional and local level because it will never be possible to 'nail down' who does what, where and how precisely. Instead, it must be accepted that attribution of impact will always be shared.

No single organisations can achieve everything on its own and rarely do VCSE organisations claim to commit to achieving impact in just one way or by working exclusively for a distinct group of beneficiaries. More often than not – VCSE organisations achieve more by working alongside other organisations in the VCSE sector, public sector and private sector in complementary ways,

By clustering aspects of social impact into four broad categories, a clear picture can be produced on where energy is deployed in Yorkshire and Humber as shown in Figure B

Figure B Distribution of sector energy by purpose in Yorkshire and Humber by area affluence (£millions of invested energy)

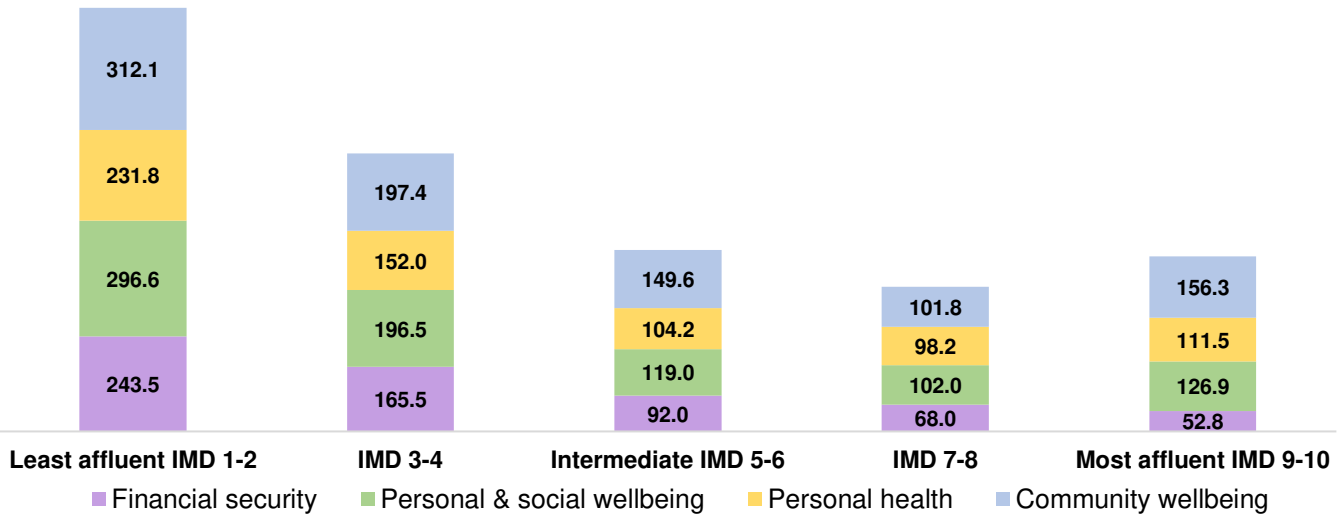
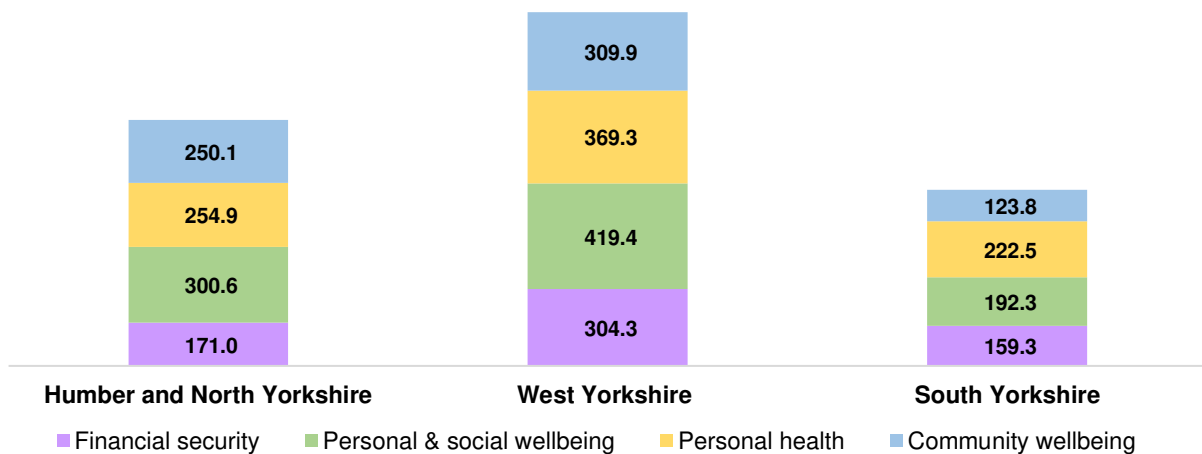


Figure C illustrates how sector energy is distributed in sub-regions. In the generally more affluent area of Humber and North Yorkshire, only 18 per cent of sector energy is devoted to financial security compared with West Yorkshire and South Yorkshire (22% and 23% respectively).

Enhancing personal and social wellbeing is the most intensively supported area of sector activity in Yorkshire and Humber and the energy expended is broadly consistent across areas (ranging from 28-31%).

A higher level of commitment to personal health is made in South Yorkshire (32%) than in West Yorkshire (26%) and Humber and North Yorkshire (26%). Community wellbeing is best catered for in Humber and North Yorkshire (26%) compared with West Yorkshire (22%) and South Yorkshire (18%).

Figure C Distribution of energy by area of social purpose and impact in Yorkshire and Humber sub regions (£millions of invested energy)



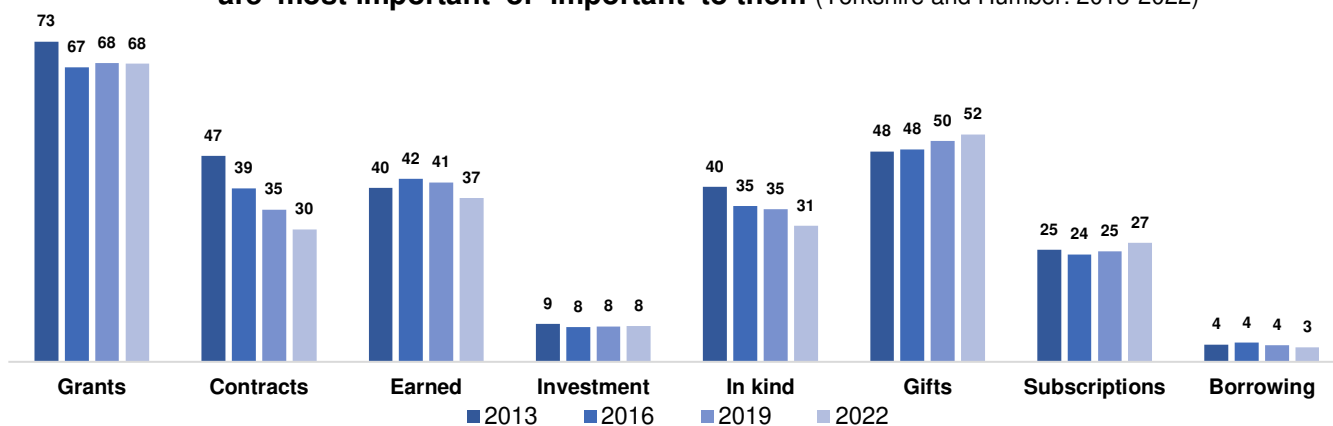
VCSE sector finances

VCSE organisations are prudent with finances. NCVO UK Civil Society Almanac data show that over the last 20 years, the VCSE sector has never spent more than it earned.

Using Third Sector Trends data collected over the last 10 years in Yorkshire and Humber shows how VCSE organisations' perceptions on the relative value of income sources has changed. As shown in Figure D, grant income has remained a core element of funding to most organisations in Yorkshire and Humber since 2013.

Funding from contracts to deliver public services has declined substantially as has in-kind support and to a lesser extent – earned income. Income from subscriptions and gifts have become more highly valued – while reliance on investment income and borrowing has remained low.

Figure D Percentages of VCSE organisations stating that sources of income are 'most important' or 'important' to them (Yorkshire and Humber: 2013-2022)



Earned income, contracts and grant funding

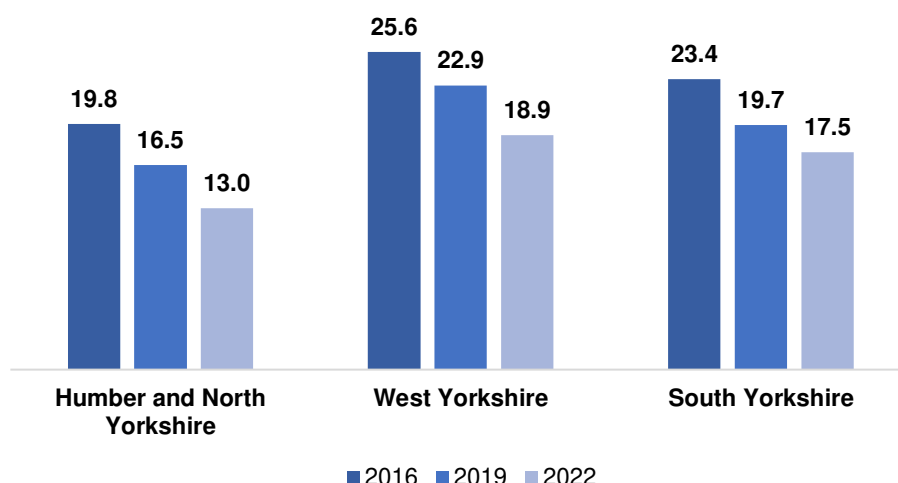
National-level Third Sector Trends analysis shows that about 60 per cent of organisations in the VCSE sector earn a proportion of their income by delivering contracts or from self-generated trading of goods or services.

In Yorkshire and Humber there are variations across sub-regions. VCSE organisations are slightly less likely to earn a proportion of income in Humber and North Yorkshire (65%) than in West Yorkshire (67%). Organisations in South Yorkshire are considerably more likely to engage in trading to earn income (72%).

But there has been a shift in direction away from earning income in Yorkshire and Humber in the last decade. In 2013, 22 per cent of VCSE organisations earned over 80 per cent of their income, but only 14 per cent do so now. Similarly, in 2013 only 26 per cent of VCSE organisations earned no income, but now it is 33 per cent.

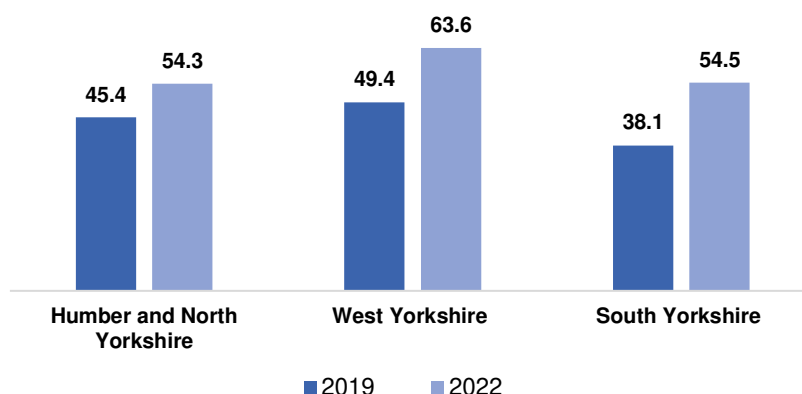
The observed decline in commitment to the delivery of public services under contract in Yorkshire and Humber may be a matter of concern to local authorities and health authorities. Figure E reveals that in all sub-regional areas of Yorkshire and Humber, the percentage of organisations bidding for or delivering contracts has declined. This is likely to be related to a mix of factors including continued fiscal pressures on the value of contracts and, more recently, costs associated with rising employee wages, recruitment costs amongst other things.

Figure E **Percentage of VCSE organisations bidding for or delivering public sector service contracts 2016-2022**



Grant funding is a mainstay of funding for many VCSE organisations of all sizes. Access to unrestricted funding increased since 2019 in all areas of Yorkshire and Humber, which has been welcomed by the VCSE sector (Figure F). It is not known if relatively free-flowing grant funding, as experienced during the pandemic, will continue. The report concludes that the likelihood is that constraints surrounding the purpose of grant funding will tighten in future.

Figure F **Percentage of VCSE organisations receiving unrestricted grant funding in Yorkshire and Humber 2019-2022**



Income resilience and financial outlook

Much of the VCSE sector has fared well financially over the last two years: a majority of organisations have enjoyed rising income or income stability: (79% in Humber and North Yorkshire, 79% in West Yorkshire, 76% in South Yorkshire).

A second measure of financial resilience is the ownership and use of reserves. Only 14 per cent of VCSE organisations in Yorkshire and Humber had no reserves in 2022 compared with 26 per cent in 2013. In 2022, 47 per cent of VCSE organisations held reserves compared with 29 per cent in 2013. The proportion of organisations using reserves for critical needs has remained fairly similar from 2013 to 2022. There is strong evidence to show that VCSE organisations are currently being cautious about the use of reserves to invest in new developments (9% in 2022 compared with 16% in 2019).

Third Sector Trends captures the mood of the VCSE sector by asking respondents what they feel may happen next. This does not mean this 'will happen'. Often the study finds that expectations do not match reality: especially during the pandemic, when many organisations, understandably, became pessimistic about the future.

- **Income:** about a third of the sector in Yorkshire and Humber is optimistic about income increasing in the next two years. VCSE organisations are more optimistic in Humber and North Yorkshire (36%) than in West or South Yorkshire (31-32%).
- **Private sector support:** VCSE organisations in West Yorkshire are most optimistic that income will increase (29%) compared with the fewest in South Yorkshire (22%).
- **Grants from trusts and foundations:** optimism is high that grant income will increase: especially in South Yorkshire (41%) but also in West Yorkshire (36%) and Humber and North Yorkshire (33%).
- **Support from volunteers:** expectations that support from volunteers will increase are high in Yorkshire and Humber: the most optimistic area is West Yorkshire (42%), while Humber and North Yorkshire is the least (33%).
- **Statutory funding:** perhaps surprisingly, given current fiscal pressures, over a quarter of VCSE organisations in Yorkshire and Humber expect income from the public purse to increase: especially in South Yorkshire (29%) but also in West Yorkshire and Humber and North Yorkshire (25%).

Relationships and influencing

Emerging social and public policy at the national and local level puts considerable emphasis on successful partnership working between the public, private and the VCSE sector. VCSE organisations tend to be involved in a range of partnerships at any one time - but the nature of these working arrangements will vary. One organisation may find itself in some partnerships where they are dominant over others; while in others, they may play only a small part and be happy to accept a subordinate role.

While inequalities are built into most partnership arrangements, VCSE organisations often feel uncomfortable about this – even if they signed up to them knowing that resources and power may not be shared equally.

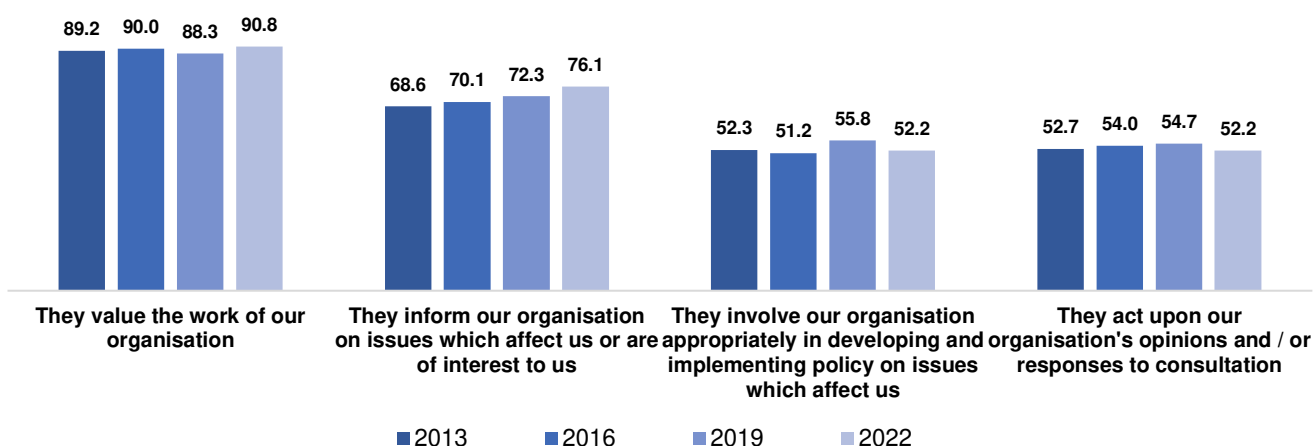
Within the VCSE sector in Yorkshire and Humber, most organisations have useful informal relationships (~83%) or work closely but still informally with other VCSE organisations (~76%). Fewer organisations opt for formal partnership arrangements (~40%) but the percentage rises substantially for the biggest VCSE organisations.

Relationships with business have held up well in Yorkshire and Humber since before the pandemic in financial terms, but many VCSE organisations report that they were getting less in-kind support, help from employee volunteers or receipt of pro bono professional or technical advice during and in the aftermath of the pandemic than in 2019.

Years of government austerity policies have decimated many local authority budgets. Similarly, pressure on NHS budgets in the face of an ageing population, diminished public health, rising costs and unmet patient demand has been relentless. In these circumstances, it might be expected that relationships with the VCSE sector would have suffered. But that is not the case. Since 2013, the vast majority of VCSE sector organisations in Yorkshire and Humber have felt that their work is valued by local public sector organisations (Figure G).

Figure G Relationships with local public sector organisations in Yorkshire and Humber 2010-2022

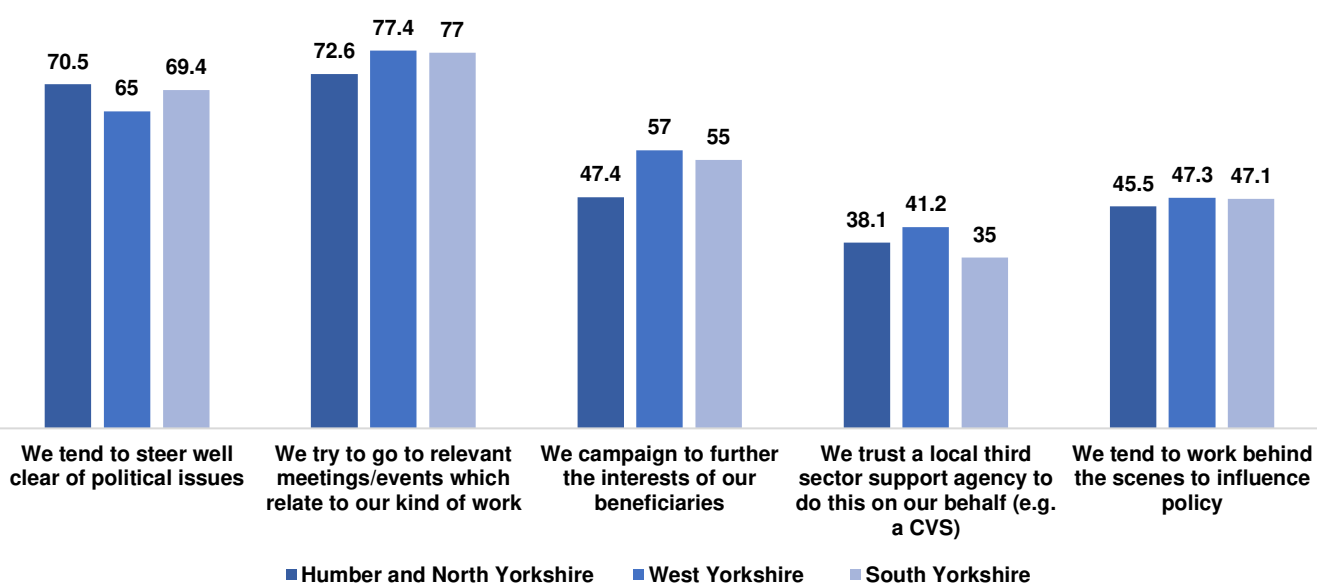
(Percentage of TSOs which 'agree' or 'strongly agree' - only includes organisations which have a relationship with the public sector)



In government White Papers and major opposition parties' policy statements on social wellbeing, it has long-since been recognised that the local VCSE sector makes a valuable contribution to local social wellbeing. Involvement of the VCSE sector in policy agendas and how to deliver public services effectively, especially at the local level, is generally considered to be a high priority.

Participation in the policy making process in Yorkshire and Humber is shown in Figure H. A majority of VCSE organisations in Yorkshire and Humber steer clear of 'political' issues (~70%), but many try to participate in formal meetings and events that address issues associated with local social and public policy which is of relevance to them: (~75%). Relatively few organisations are comfortable about 'delegating responsibility' to local VCSE infrastructure organisations to engage in the policy process on their behalf (~38%). About half of VCSE organisations (~52%) agree that they 'campaign' to influence local policy and many 'work behind the scenes' (~46%).

Figure H Percentage of VCSE organisations involved in social and public policy processes



8 Policy and practice Implications

Local context shapes sector size and structure

The voluntary, community and social enterprise sector (VCSE) is large, productive and makes a substantial contribution to local health and social wellbeing. To understand the specifics of sector dynamics, strengths, purpose and impact, the report has looked in detail at the local context within which the sector operates.

Yorkshire and Humber is a large and enormously varied region, geographically, spatially and socially. This makes it difficult to make generalisations about economic, social and health related issues. There are metropolitan and major urban areas which encompass a mix of wealthy suburbs and districts suffering deep social deprivation. Many of Yorkshire's cities have ethnically diverse populations producing vibrant local cultures and entrepreneurial drive – but there are severe challenges associated with social and economic inclusion for many communities too, including some predominantly white working-class areas which also feel neglected by policy makers.

There are also extensive town and country areas – some are highly affluent rural areas, especially so in parts of North Yorkshire; some are relatively remote upland areas in the Pennines. In South Yorkshire there are many former pit-towns and villages which struggle to recover economically from industrial dereliction whilst in some coastal towns there are pockets of deep social deprivation – a situation which is often compounded by the prevalence of low pay and seasonal work in the local visitor economy.

These local factors shape the way that the local VCSE sector is structured, what its objectives and priorities are and how it practices.

Comparing like with like

Even with a good grasp of local social economic conditions in Yorkshire and Humber, it is not possible fully to understand the contribution of the VCSE sector by focusing on the region in isolation. Without comparative analysis with similar types of metropolitan, major urban or town and country areas, it would not be possible to get insights into aspects of the *distinctiveness* of the situation in localities. It is also vital to recognise similarities in the way that the VCSE sector works irrespective of their local area characteristics.

This report has drawn upon comparative evidence from 'statistical neighbours' and 'statistical strangers' – but that has been a complex task given the divergent characteristics of the region. West Yorkshire and South Yorkshire have been compared with other combined authorities in England – most, but not all of which, are similar in social and economic structure.

Humber and North Yorkshire is a divergent area within its own boundaries – most of North Yorkshire, parts of East Riding and North Lincolnshire and North East Lincolnshire are town and country areas – many of which are quite affluent. While Kingston upon Hull is a major urban area where there are swathes of deep social deprivation. This means that parts of Humber and North Yorkshire can be compared effectively with town and country statistical neighbours (including Northumberland, Shropshire, Suffolk, Dorset, Devon and Cornwall) while others are more similar to the urban areas of West Yorkshire and South Yorkshire.

Serving less affluent communities

Deep social disadvantage is most focused in metropolitan and former industrial areas. That does not mean that deprivation or social exclusion is absent in rural areas or in more affluent zones where housing availability is low and costs are high due to the popularity of the area as tourist, second home or commuter destinations.

What is clear from this report, is that the structure of the VCSE sector varies, depending on local social, spatial and economic circumstances. In more affluent communities, there tends to be a much higher concentration of small groups and organisations which serve local social interests. These organisations, often by default rather than purpose, maintain social and personal wellbeing by keeping people socially connected, mentally acute, physically active and provide a purposeful and positive focus for personal development and self actualisation.

Larger organisations, which tackle pernicious or acute aspects of social need, are more likely to concentrate their work in less advantaged urban areas. These organisations command the lion's share of sector finances, but often they are not free to allocate resources as they choose. Instead, much of their income comes from public sector service contracts from, for example, the local authority, NHS or government departments to tackle specific aspects of social need that are determined elsewhere – and often in Whitehall.

In rural areas, service delivery organisations often face additional challenges. Spatial inaccessibility and lower concentrations of population deprivation mean that the expenses associated with delivering services can be higher in town and country areas. Furthermore, experiences of poverty or ill health can be exacerbated in spatially remote areas because problems associated with access to services and social isolation are pervasive.

Enclaves of social deprivation or exclusion can be small in remote areas, sometimes rendering them as statistically invisible. Disadvantage can take many forms – depending upon the situation of individuals. For example, the ethnic minority population is comparatively small and spatially dispersed in North Yorkshire compared with West Yorkshire's major urban areas – restricting access to specialist support.

Sector challenges: similarities and differences

At root, the research shows that spatial factors can affect the local working conditions of the VCSE sector. This does not necessarily mean that VCSE organisations' experiences always vary. As the VCSE sector has emerged from the Coronavirus pandemic, the sector as a whole 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, irrespective of the types of areas within which they operate, 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.¹ 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 – especially amongst those organisations which employ staff. As the cost-of-living

¹ NCVO UK civil society almanac 2022 provides data tracked from 2022/01 on sector income and spending: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2022/financials/#/>

crisis deepened in 2022, employees' demands for higher wages affected all employment sectors and has resulted in strikes, even, in some national charities. Employee retention problems have hit many VCSE organisations hard. Changing attitudes toward work also affect recruitment and retention - many employees enjoyed a higher degree of flexibility and autonomy during the pandemic and have decided to reduce hours or remove themselves from the paid labour force.

Problems with recruitment and retention are widespread in all areas of England and Wales – in Yorkshire and Humber, the extent of difficulties is virtually identical to national averages. But within the region, there are variations. Retaining employees has been much more difficult, for example, in West Yorkshire (24%) than in Humber and North Yorkshire (14%); recruitment problems have been challenging in South Yorkshire (38%), but less so than in West Yorkshire (48%). Part of the reason for this is that recruitment and retention problems are most acute in organisations which deliver public services under contract – most of these organisations are based in the big cities.

Similarly, support from regular volunteers has been in decline since the pandemic, and while this may recover, that is in doubt due to other pressures on potential volunteers to sustain their finances, meet family responsibilities or just to do other things that they find more appealing.²

The evidence indicates that too few organisations are investing in their staff and volunteers through training and professional development. And it is a worry that some or perhaps most organisations prioritise financial prudence over increasing pay levels. If this is so, it could have far-reaching consequences for sector capacity in future.

With all of these worries in mind, it may be expected that leaders of VCSE organisations would be pessimistic about the future. But the opposite is the case – more sector leaders are in positive or buoyant mood now than in 2019 about their future prospects of sustaining or increasing income from statutory sources, trusts and foundations and from business. It is a good thing that sector leaders are positive about the future – as optimism is a driver of ambition to achieve more. But it also risks setting up the sector for disappointment if ambitions cannot be realised.

The difference the VCSE sector makes

The VCSE sector is keen to make a strong contribution to health, personal, social and community wellbeing in Yorkshire and Humber – and in many respects, it is already doing so. The social impact measures used in this study indicate that from the energy it invests in activities, the VCSE sector in the region produced over £10bn in social impact in 2022. It should come as no surprise, therefore, that many organisations are keen to take up opportunities to engage with local social and public policy. They do so in the firm belief that they are already valued by local public sector organisations.

VCSE organisations in Yorkshire and Humber tend to be more heavily engaged in local social and public policy processes (79%) than on average in England and Wales (71%). About 53 per cent of VCSE organisations in Yorkshire and Humber campaign to influence local policy compared with 47 per cent nationally. Working behind the scenes to influence policy is an option many VCSE organisations choose to take (47% of VCSEs in Yorkshire and Humber take this option compared with 43% nationally).

Within Yorkshire and Humber there are variations, as this report shows, and patterns of engagement are shaped by the particularities of the way the local VCSE sector works. In the least affluent areas, the local VCSE sector, taken as a whole, tends to

² Recent research from NCVO indicate substantive decline in the willingness of people to devote time to regular volunteering for VCSE organisations: NCVO (2022) Key findings from *Time Well Spent 2023*.
<https://www.ncvo.org.uk/news-and-insights/news-index/key-findings-from-time-well-spent-2023/#/>

be much more engaged with local public and social policy than is the case in the most affluent areas.

Complementary working

The VCSE sector in Yorkshire and Humber is more likely than all other English regions to work well together: 84 per cent of organisations have useful informal relationships with other organisations or groups (compared with a national average of 73%). Slightly fewer work quite closely but informally with other organisations (76%), but this is much higher than the national average (65%). Formal partnership working is much less common (42%) but higher than all regions apart from the North West of England (43%) – the national average is 34 per cent.

When health, public and social policy strategic initiatives are devised, emphasis is often stressed on the importance of including the VCSE sector in the definition and delivery of objectives. Some go further and aim to integrate VCSE organisations in collaborative governance initiatives.

This report shows that care needs to be taken when plans are drawn up to involve charities and social enterprises in formal partnership arrangements or to align with strategic public and social policy objectives. And certainly, it is unwise to raise expectations that sector opinion can be expressed as ‘one voice’ and sector interaction accessed through ‘one door’.

The VCSE sector, taken as a whole, cannot and should not be expected to agree shared priorities. Civil society is not driven by principles surrounding fair distribution of services for all, as is the case in a welfare state. Instead, most organisations focus on particulars, not universals and defend their areas of interest vigorously. And while there will be alliances on specific issues from time to time, there can never be a fully shared set of values (beyond the legal right for such organisations to exist) on issues surrounding purpose, practice, need or social benefit. In a sector that is enormously ambitious to make a difference, this means that there is rivalry to highlight the importance of causes and competition to access finite resources of money, employees and volunteers.

The VCSE sector, ultimately, exists to respond to or elicit change. But that does not mean that organisations share the same values: some want to protect privilege, some want to challenge it – consequently, disagreement can often be close to the surface when expectations are raised about alignment with policy initiatives.

The workings of the VCSE sector might not be *neat*, but its members know what they are good at. And as champions of causes in need of financial support they welcome a pluralistic funding environment so they can avoid keeping all their eggs in one basket. This diminishes the risk of dependence on just one funding body and also strengthens their autonomy.

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

policies³ lack coherence – involving a mish-mash of strategies and funding streams that are focused on the laudable objective of rebalancing inequitable conditions across localities and regions. This makes it hard for VCSE organisations and their representative bodies to know how to engage with or respond to initiatives.

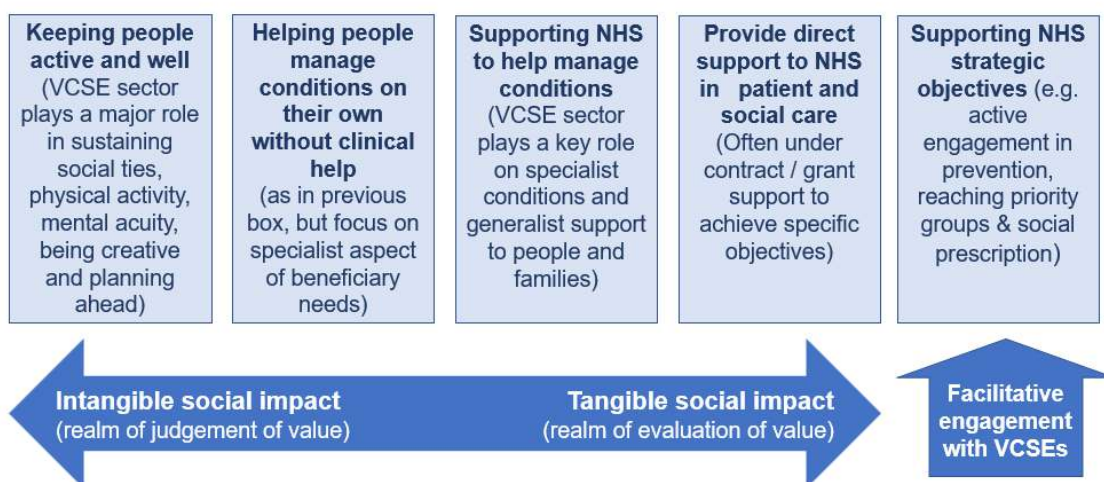
The NHS's Integrated Care Systems (ICSs) policy framework⁴ is much more coherent, but this carries the risk of raising expectations of involvement of the VCSE sector in planning and aligning the sector to specific aspects of delivery. The reality is that much of the activity of the VCSE sector addresses 'intangible' aspects of social value which is nevertheless of great importance to public health – and particularly so in the realm of prevention or in complementary but autonomous aspects of activity which contribute to the alleviation of health conditions.

This can be a good thing. Because it means that the VCSE sector is already finding the resources to create the energy to tackle issues on its own terms which contribute to the greater public good (see Figure 8.1). Consequently, the NHS and local authorities can learn how to value that contribution and factor it into thinking about the purpose of ICSs – but without feeling the need to take responsibility for it, or to attempt to control it.

But there is a downside to this. The VCSE does not operate with the same levels of energy in poorer areas as it does in the richest. There are about two and a half as many small organisations and groups in richer areas, by resident population numbers, as there are in the poorest areas. And, of course, more affluent areas do not have more healthy, socially engaged and confident residents *because* they have a lot of charities – they have more charities because they are healthier, wealthier, socially confident and engaged.

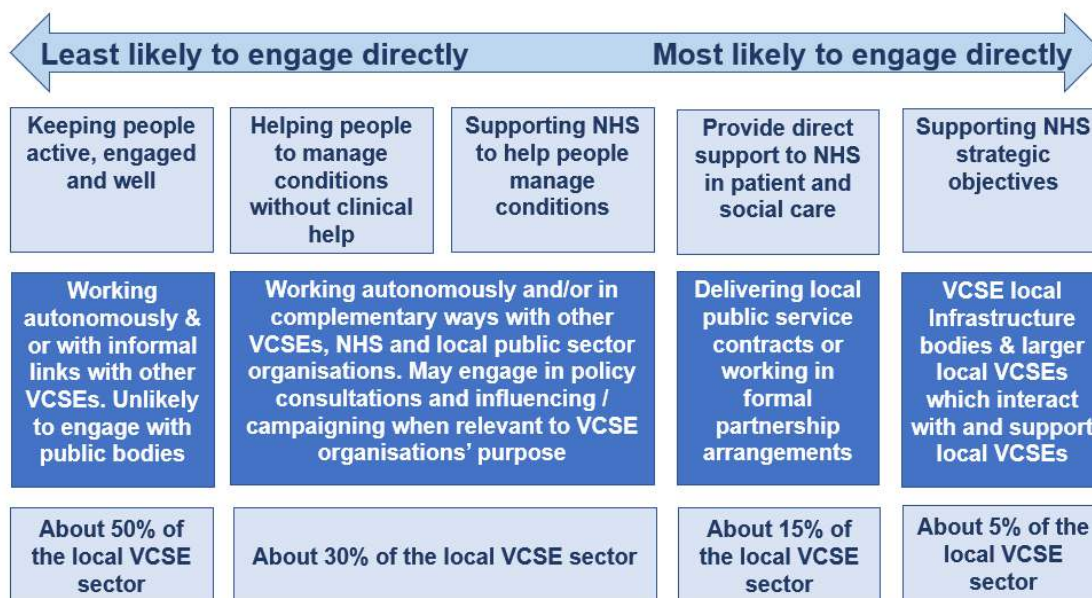
The idea of 'unleashing' the hidden potential of poorer areas and 'harnessing' that energy (as some think tanks argue, somewhat perversely) to improve social wellbeing is therefore deeply flawed. People shape their priorities differently when in poverty and living in marginalised communities that have poorer facilities and where opportunities are limited.

Figure 8.1 **The VCSE sector's contribution to Integrated Care Systems**



³ Department for Levelling Up, Housing and Communities (2022) *Levelling Up in the United Kingdom*, London: OGL, <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

⁴ ICS strategy and implementation documentation can be found here: <https://www.england.nhs.uk/integratedcare/>



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 Marmot⁵, 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 Review⁶ to shift resources 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.

⁵ 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&gclid=Cj0KCQjwr82iBhCuARIsAO0EAZwSgDf6T2TZPnb8NZx3gzniFTM1VhUHsJtsc_vlzHwuqnmwJcJI4bEaAq6aEALw_wcB

⁶ (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>

Figure 8.2 The strategic orientation of VCSEs



*Local infrastructure organisations / CVSs

Looking forward

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.⁷

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.

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.

⁷ 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.



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Health and Care Partnership



South Yorkshire
Integrated Care Board



NHS West Yorkshire
Integrated Care Board (ICB)



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