

**North East Covid-19**

Economic Response Group

# **Voluntary, Community and Social Enterprise (VCSE) Sector: Summary Report**

---

July 2020

---

## Introduction

---

**The North East COVID-19 Economic Response Group is made up of the North East Local Enterprise Partnership (LEP), North East and North of Tyne Combined Authorities, the CBI on behalf of business organisations, North East Joint Transport Committee and regional universities.**

The collaboration provides a platform for regional leaders to work together, ensure we have a shared understanding and respond together to the economic impact of COVID-19 on the North East economy.

The Group works alongside other partners in the region responsible for public health, regional resilience, transport and community safety through the COVID-19 regional recovery arrangements. The North East LEP Board considered a detailed report on the work to date at its meeting in May 2020 and a short summary of that report is available [here](#). A full economic recovery plan will follow in due course.

This report is a complementary summary report that focusses on the data and intelligence gathering on the VCSE sector as part of the wider evidence base. This is part of a suite of sector specific summary reports that will be published over the coming months.

## Why is the VCSE sector important to our economy

**There are approximately 7,000 VCSE organisations in the region and the sector is major employer, accounting for approximately 3-4% of regional employment.**

According to the 'Third Sector Trends in the North East England 2020' Report, available [here](#), produced by the Community Foundation Tyne and Wear and Northumberland, key sector trends can be seen to the right.

Sector feedback has been co-ordinated by Voluntary Organisations' Network North East (VONNE), in collaboration with VCSE Local Infrastructure Organisations and members of the North East and Cumbria Funders Network.

VONNE published a COVID-19 impact survey on 22nd April which was widely promoted to sector organisations across the region. The survey was active for 12 days and received 404 responses from VCSE organisations. The full impact survey report can be accessed [here](#). The key findings from the survey data and feedback from organisations in the sector is summarised in the below sections.



**7,200**

third sector organisations in the North East



**154,000**

volunteers work **11m hours** worth **£910-148m**



**38,250**

Full-time equivalent employees – 3% of the total NE workforce

**29%**

rely on public sector finance

**52%**

rely on trusts and foundations (especially micro and small organisations)

**2/3**

earn a proportion of income

**22%**

don't have any reserves

**12.1%**

saaw income drop significantly. (largely medium sized organisations in poorer areas)

**31%**

work solely at the neighbourhood or village level

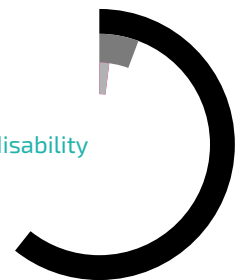
### Chairs

- 58% Retired
- 46% Women
- 9% Registered disability
- 4% BAME



### Chief officers

- 61% Women
- 6% Registered disability
- 4% BAME



## The economic impact on the VCSE sector so far (of those surveyed)

### Funding



**56%**

have applied for COVID-19 specific funding and of these 2/3 were successful.



Reasons why organisations didn't apply include: COVID-19 funding didn't match their requirements; they didn't require financial support; lack of awareness or reduced staff capacity.



**65%**

Response of funders has been positive – 65% rate the response and flexibility shown by funders to be good or very good.

### People

**≈400,000**

individuals are no longer receiving or are receiving a significantly reduced service from the 269 VCSE organisations that support them

The groups with the highest levels of currently unmet need, due to limited access to online or telephone services, are:



Children and young people



Older people



People with disabilities, including learning disabilities

The most cited unmet needs included: • Social contact, interaction and support • Mental health support.

### Income



**1/3**

of VCSE organisations expect to lose more than 50% of their income in Q2 (April to June 2020), with smaller organisations (turnover less than £500k) expecting the biggest income reductions.



**£75-£223m loss**

At a North East level, the sector could lose between £75m and £223m of income in Q2 2020



**40%**

of organisations are at risk in the shorter-term, as they hold no reserves or only enough to cover three months' core costs.



**only 13%**

Positively, only 13% of respondents consider it likely or very likely that their organisation will close as a result of COVID-19.



Earned income, through charity shops and selling of services and products, has been squeezed by social distancing measures; reduced demand and an inability to fundraise through face-to-face activities.

## Staff



**53%**

of the workforce is not operational



**75%**

of volunteers are unable to support organisations



**only 19%**

of organisations have successfully recruited new volunteers within this period



**30%**

decrease in staffing is expected by organisations



**41%**

of the combined workforce is currently furloughed

**2,392 employees** across **112 organisations**

**57%**

of 194 respondents have furloughed staff

### Reasons for furloughing staff include:

- Inability to deliver services due to lockdown restrictions.
- Need to reduce core expenditure.
- Staff requests due to personal reasons.

## Operations

Many individuals and companies have supported COVID-19-related campaigns and initiatives, in response to the pandemic emergency.

A high level of collaboration and partnership working with local authorities and other organisations was cited, both to deliver services and to address demand for support related to COVID-19. A number of organisations among the 73% identified some positive impacts and spoke of a desire to continue to collaborate and work in partnership over the longer term.

## The longer-term impacts for the sector

---

The sector is likely to feel the effects of the COVID-19 pandemic, and the associated impact of lockdown and social distancing measures, for a long time. This is not only due to the reduction in organisational capacity and income across the sector, but also the increased demand for services created both directly and indirectly due to the societal impact on health and wellbeing, poverty and debt, and levels of unemployment.

Funders will need to continue to streamline and simplify application processes, and be flexible, responsive and long term in their thinking to continue to support and enable the sector to respond to need.

As well as a multitude of challenges, many opportunities have emerged from the COVID-19 crisis, including more innovative and digital ways of working, new collaborations and partnerships, and

an openness and willingness to respond effectively.

Some organisations have been able to swiftly reconfigure services and increase the use of digital technology. However, not all organisations, VCSE staff and volunteer teams have had the capacity, confidence or access to kit or software to be able to respond in this way.

Many organisations have identified the need to tackle digital exclusion among beneficiaries, stating it is often the individuals most likely to be at high risk of COVID-19, or that are furthest from accessing services, impacted most by this.

Supporting the health, wellbeing, and morale of volunteers and staff will be a priority for VCSE organisations over the longer-term. Some organisations reported that they will redesign the delivery of their services to make greater use of digital technology.

## What do we need to recover?

---

There is a clear need for unrestricted core funding alongside COVID-19 related and other project funding, to support the sector's recovery and longer-term sustainability.

Long-term thinking is required both in planning and responding with support for the sector. Uncertainty and rapid change are likely to continue for the foreseeable future. Organisations must ensure they are geared up to respond and flex to emerging needs. Funders, commissioners and support agencies must match this flexibility in terms of the support they can offer.

It is important that organisations in the sector are encouraged and supported to build upon innovative and digital working practices, and new collaborations and partnerships that have emerged during the crisis.

Tackling digital exclusion must become a priority or the digital and inequality divides will widen. VCSE organisations will require support with this as they may lack access to technology themselves or staff capability. Access to IT, digital and communications tools for beneficiaries and staff, and appropriate training and support, are seen as priorities over the next two months.

As with previous emergency situations and economic downturns, the impact of COVID-19 will be felt hardest by the most vulnerable and disadvantaged groups in society. Amplifying the voices of beneficiaries around the injustices they face must be at the heart of the sector's role moving forward. The sector must influence wider systemic changes, and challenge the inadequate policies and practices upon which a light has been shone by COVID-19, and strive together to 'Build Back Better'. This is a once-in-a-generation crisis, but also a once-in-a-generation opportunity to rebuild.

Statutory agencies including the integrated care system, local authorities, combined authorities and Local Enterprise Partnerships must ensure the VCSE sector has a 'seat at the table' to engage with and input into restart and recovery plans. The sector's needs must be considered, and sector organisations must be given the chance to share knowledge on emerging needs in communities. The sector has a key role to play, in partnership with statutory agencies, to develop collaborative solutions within recovery plans.

## Contact details

---



**Richard Baker**

Strategy and Policy Director, North East LEP

07900226078

[Richard.baker@nelep.co.uk](mailto:Richard.baker@nelep.co.uk)



**Carol Botten**

Chief Executive, VONNE

[carol.botten@vonne.org.uk](mailto:carol.botten@vonne.org.uk)