

## Appendix A

### **Proposed scope for a time-bound task and finish group to consider the role of the 3<sup>rd</sup> Sector in delivering an inclusive economic recovery**

Subject to Panel agreement, it is proposed that a task and finish group is formed to undertake the following:

Collect evidence and data to better understand the role, composition and scale of the third sector across West Yorkshire, and its interdependency with the public and private sectors:

Undertake a call for evidence, including from the third sector. The aim is to develop a better understanding of the strengths, weaknesses, opportunities and threats facing the sector as well as a better understanding of its scale, composition and economic contribution to the region eg:

- The third sector's contribution to the WY economy in social and economic added value terms;
- The number of organisations and social enterprises, and their activities, comprising the sector;
- The size of the sector in terms of turnover, employees, trustees, and volunteers;
- The range of governance/delivery models in operation, eg charitable bodies, social enterprises, Community Interest Companies, Mutuals/Industrial and Provident Societies and other co-operative models; and
- The range of income streams and related levels of dependency eg grants, commissioned services, commercial/trading income, donations, etc.

Better understand the social and economic contribution made by the sector, and the specific challenges it is currently facing

The sector is frequently reliant on short-term funding, often competing for small and short-term investments. It is also sometimes limited in enterprise and strategic skills and is lacking a recognised, co-ordinated regional voice. Addressing these and other issues would enable the VCSE sector to fully capitalise on its strengths and opportunities and address various threats and weaknesses such as:

- 59% of Locality members are reporting that over a quarter of their income is at risk due to coronavirus.
- For organisations who earn more than 50% of their income through trading, this increases to 75% reporting at least a quarter of income at risk.
- Revenue funding streams are therefore needed for service delivery instead of eg being diverted to maintaining and protecting community assets and drawing on reserves.
- There are also ongoing trust issues in terms of external perceptions of the sector, including related to capacity and governance, eg following high profile failures such as Kids Company. Closer examination of grass roots charities,

the ones referred to in this paper, recognises that such failures of governance are rare and primarily a result of underinvestment rather than the spectacular growth and lack of due diligence of Kids Company.

- A survey by Skills Platform in 2017 found that, while almost three-quarters of charities recognised the potential for digital transformation, only a third believed they had the capacity to deliver it. Without this capability the sector will be unable to access new opportunities (e.g. online service delivery and volunteering)

The task and finish group would be commissioned to better understand:

- The specific impact of COVID-19 on income, employment and service delivery across the sector;
- The current issues that the sector is facing, including in terms of its viability and resilience, and the support that is available both locally and regionally;
- Where there are good practice examples of the sector diversifying and/or developing its resilience with the potential for wider application; The need/requirement for capacity building/infrastructure support; and
- The case for establishing a regional voice for the sector - following the closure of the Yorkshire and Humber Regional Forum, Involve Yorkshire and Humber, and the BME Regional Network, for a number of years there has been no strong, unified regional voice/representation or structured sharing of learning for the diverse range of third sector organisations operating in West Yorkshire.

Identify how the sector could be further supported at regional level to help deliver an inclusive economic recovery

A number of options to address these challenges could be considered, including for example:

- A regional programme for two-way mentoring between VCSE organisations and corporates / public sector anchor organisations (eg corporate and public sector could provide VCSE organisations with commercial, technical and management/ leadership skills/expertise and VCSE organisations could advise on social mobility and diversity policy;
- Improving access to financial support – raising awareness of and brokering access to both the larger regional funds (eg Key Fund) and smaller grant-making trusts and corporate social responsibility opportunities and developing the capacity/investment readiness of the sector;
- Bespoke support package, including programmes for those running and governing Social Enterprises focussed on financial and risk management, and implementing digital projects; and
- The case for strategic investment in community hubs, for example those that actively involve communities and empower third sector organisations serving them to develop innovative services and support inclusive growth eg through the provision of training and workspaces, wifi, cafes, crèche facilities etc.