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**Report to:** Inclusive Growth and Public Policy Panel

**Date:** 4 December 2020

**Subject:** **Support for the Third Sector**

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## **1. Purpose**

- 1.1 To consider the progress made in articulating the role and potential support for the region's third sector in delivering an inclusive economic recovery.

## **2. Information**

- 2.1 At its September meeting, the Panel considered the nature and role of the third sector (or voluntary, community and social enterprise sector) across the region in the immediate response to the pandemic.
- 2.2 The significance of the third sector was acknowledged and welcomed in supporting and protecting the most disadvantaged communities during the pandemic, and it was proposed that the Sector itself should be supported to play a central role in delivering the ambition contained in the Economic Recovery Plan of an inclusive economic recovery.
- 2.3 The Panel agreed to the establishment of a task and finish group to collect further evidence to better understand the composition and scale of the third sector, its contributions and challenges, and identify what regional support could be provided to fulfil that ambition. The initial views of the group, which were informed by wider discussions with a number of advocates of the region's third sector, including from the voluntary and community, social enterprise, voluntary sports and faith sectors, are set out below.

## **Better understanding the nature of the sector**

- 2.4 A better understanding the sector's contribution to the regional economy is important to:
- Improve external understanding of the contribution the sector makes to the economy; and
  - To help make the case for investment in - and funding of - the sector.
- 2.5 There are data gaps and there is an opportunity for the more co-ordinated gathering of high-level data, including about:
- the sector's overall contribution to the regional economy, eg annual turnover, number of organisations, and valuation of volunteer time;
  - how different parts of the sector are performing/underperforming, eg it would be useful to better understand where some parts of the sector are currently struggling disproportionately – eg because of reduced capacity in the BAME S sector; and
  - wider sector impacts in terms of supply chain multipliers, and prevention/cost savings delivered eg to the benefits system and NHS.
- 2.6 There is some analysis on the overall financial health of the region's sector, eg Third Sector Trends in Yorkshire and Humber 2020, although the data is pre-pandemic, so adverse impacts on sector have not been captured and will not be known through this work until it is repeated in 2022.
- 2.7 In conclusion, because the sector is inherently diverse and complex, the task of measurement is a challenging one. In addition, there is already some data in existence that could be readily pulled together, extrapolated, and built upon, before commissioning of any additional research. A future report will explore the opportunities and approaches for filling key data gaps.

## **Identifying challenges and pressures currently facing the sector**

- 2.8 Voluntary and community sector organisations that deliver vital services through grants and commissions are at risk through cuts to public spending, including by Local Authorities, and are concerned that significant levels of funding will disappear by March next year. Social enterprises, including voluntary sports clubs, that generate their own income, like many private businesses, have found their income falling during the lockdown periods and many of these are at risk in the short term.
- 2.9 The sector had adapted rapidly and professionally to the pandemic which has therefore demonstrated both the sector's inherent agility, but also fragility. Ongoing resilience and survival in many cases third organisations, of all sizes, will require support to re-write business plans to pivot to current challenges, such as addressing the 'how' of delivering a green and inclusive economic recovery.

## **Possible ways to promote and support the sector going forward**

- 2.10 Consideration about the third sector's economic importance, and its strengths, opportunities, and challenges, has led to some early conclusions about the types of regional level support to the sector which could add economic and social value going forward (noting the importance of subsidiarity in everything proposed, ie delivering at the lowest practical and effective spatial level)
- A strong regional voice for the sector, on the following basis:
    - should not simply re-invent what went before (eg the Y&H Regional Forum and latterly Involve);
    - should not attempt to represent the sector, but rather become its advocate; and
    - model needs to be flexible (more like 'scaffolding' for the sector rather than an edifice), so is lean and sustainable.
  - Bespoke regional support for the sector:
    - Business support and advice eg to enable:
      - the re-writing of business plans ('pivoting') across the sector to deliver inclusive growth (eg via creation of viable BAME social enterprises); and
      - succession planning as key sector players start to retire, to enable recruiting 'new blood' into the sector.
    - Skills support, eg digital skills needed for sector staff and volunteers.
    - Self-help through 1:1 mentoring (recognising it is time resource intensive to run and sustain, and it should be both within the sector and two-way with other sectors, eg the third sector can enable the private sector to deliver social value). Should be complemented with network events and cohort action learning/support.
    - Regional financial support which is responsive to the needs of the sector and promotes the innovation needed for an inclusive economic recovery, eg capital investment in community hubs and equipment for social enterprises. Blended packages should be fully explored, eg grants, soft loans and community share equity.
  - Further consideration of the opportunities for greater integration and involvement of third sector providers in the design, commissioning, and delivery of public services provision to enable greater local outcomes, including more inclusive economic recovery and sustainability.
- 2.11 The above views on possible areas of sector support have also been reflected in the indicative pipeline of inclusive growth interventions, considered elsewhere on the agenda.

### **3. Clean Growth Implications**

- 3.1 There are no clean growth implications directly arising as a result of this report.

### **4. Inclusive Growth Implications**

- 4.1 The report identifies the opportunity to better understand and support the third sector in the region, which will have a clear focus on delivering more inclusive growth.

### **5. Financial Implications**

- 5.1 Any costs arising out of progressing the work of the task and finish group, such as commissioning research, will be contained within existing budgets.

### **6. Legal Implications**

- 6.1 There are no legal implications arising as a direct result of this report.

### **7. Staffing Implications**

- 7.1 There are no additional staffing requirements arising as a direct result of this report.

### **8. External Consultees**

- 8.1 This report has been informed by discussions with advocates of the region's third sector, including from the voluntary and community, social enterprise, voluntary sports and faith sectors.

### **9. Recommendations**

- 9.1 The Panel is requested to note and discuss the initial findings of the task and finish group in articulating the role and potential support for the region's third sector in delivering an inclusive economic recovery.

### **10. Background Documents**

- 10.1 There are no background documents referenced in this report.

### **11. Appendices**

- 11.1 None.