

Voluntary, community, faith and social enterprise (VCFSE) sector delivery of EU funding in Liverpool City Region

European Funding is a cornerstone of our sector's business planning, providing substantial investment into services for some of our City Region's most vulnerable people.

Summary: Potential impact of Brexit

Following the implementation of Brexit, what is the likely impact of lost investment and delivery, and how can the case be made for future investment in driving inclusive growth?

Sector expertise lies in connecting mainstream delivery to those furthest from mainstream support and furthest from employment. It also lies in providing tailored, person-centric approaches to tackling multiple barriers and building confidence. We calculate that if investment in inclusive growth and VCFSE involvement in delivery ended in the City Region...

- **Over 13,400 of the hardest to reach people across the City Region will lose out on life-changing support.** This will cost the City Region at least **£56.3m per year in lost GVA.**
- This includes additional welfare costs of at **least £12m per year.**
- We would lose a return on investment in VCFSE delivery in our City Region of **£8 for every pound invested.**
- **Direct job losses in VCFSE organisations in the City Region would exceed 245.¹**
- The City Region would **lose out on significant additional inward investment** in our most economically disadvantaged communities.
- In the light of extensive public sector cuts, it would become increasingly challenging for local organisations to remain financially viable. **Additional indirect job losses would exceed 145.**

The removal of funding for key VCFSE organisations delivering social and economic inclusion activity, in particular those with specialist support services targeted at marginalized cohorts, would have a larger impact on the sector's beneficiaries beyond employment support. Without this investment, it is extremely likely that there will be additional knock on effects to welfare costs, local economy and public services (including crime and anti-social behaviour, custodial sentences, mental health and substance misuse services). We have not attempted to measure the impact of this on the City Region economy in this briefing.

¹The employment figures are collated from a survey of the VCFSE organisations delivering 2015-18 ESF programme projects. Survey conducted October 2016; 100% response rate from members of the VCSE ESF Providers' Forum.

About the sector in Liverpool City Region²

The VCFSE sector is made up of voluntary (charities, many also businesses limited by guarantee, community interest companies, community interest organisations), community (small, local), faith (large, local), and social enterprise (SMEs) organisations.

Across Liverpool City Region...

- There are over 8,600 voluntary, community, faith and social enterprise (VCFSE) groups. 5,500 of these are community organisations.
- The sector employs 24,000 FTE people and generates £918m GVA a year.
- This includes over £305m in inward investment from external trusts, funders and other sources (from outside the City Region).
- There is over £300m a year given in kind through local voluntary action.
- There are 180,000 volunteers contributing over 500,000 hours of voluntary action per week.

VCFSE delivery in the last European Structural Funds programme (2007/13)

- VCFSE delivery of European Social Funds (ESF) alone was used to support over 27,000 people across the City Region.³ This was targeted support for the furthest from employment and furthest from mainstream support.
- This represented £41.4m (30%) of the City Region's total ESF delivery, £134m. Additionally, the sector delivered £12.8m (6%) ERDF.⁴
- Mean intervention costs per person – there is variance across projects - was £1,530.
- Target cohorts included people with disabilities and health conditions, single parents, people over 50, unemployed BME people, people without (good) qualifications, and young people not in education, employment or training.

Current delivery (2014/20)

In the 2015/18 ESF programme call, the VCFSE sector in Liverpool City Region is leading on six of the ten projects, at a total ESF value of £13.4m. This again constitutes just over 30% of the total £43.7m ESF funding currently allocated.⁵ The six VCFSE-led projects are primarily focused on Priority Axis 1 (Inclusive Labour Markets):

1. *Access to Work*: Works with disadvantaged NEET LCR residents aged 16 – 29, placing them into workplaces.
2. *Career Connect - Pathways to Success*: Supporting young people through key transition points, including those at risk of being NEET.
3. *Princes Trust - Pathway to Success*: Targets 597 young people aged 18 – 24, particularly those *most disengaged* from the labour market.
4. *Single Parent Employment Pathway*: Focus on single parents, aiming to support 40% of participants to be employed or self-employed upon leaving.
5. *Talent Match Plus*: Aims to effectively re-engage young people aged 15 – 29, including hidden NEETs who are detached from other services.

² *Measuring the size and scope of the VCS in Liverpool City Region*, Jones, G. & Meegan, R. (European Institute for Urban Affairs, Liverpool John Moores University: 2015): www.lcvs.org.uk/res/media/pdf/SizeandShapeofVCSFINAL.pdf

³ This figure is based on cautious estimates following an analysis of a sample of VCSE-led ESF-funded projects e.g. Greenbank & VOLA's Ambition Project, and WEA's community grants.

⁴ ESF figure obtained from Network for Europe analysis.

⁵ This figure includes YEI funding, which is often awarded as part of ESF projects

6. *Working Futures*: Offers a personalized support package to 16-29 year old NEET LCR residents, particularly targeting those who are LDD, BME and single parents with dependent children.

Currently agreed delivery will support a total of 6,997 people towards employment. Of these, the target is for 4,283 people to move into either employment, education or training, with 1,674 people moving into employment.⁶ This equates to 61.2% into employment or training, and 24% into employment. Including volunteering, the positive outcome rate is likely to be over 71.8%.⁷

For this programme, the sector has attracted £8.4m inward investment from the Big Lottery alone, not including matched ESF Funds. There are three main delivery projects using ESF and Lottery match being delivered through specialist networks agencies with the right connections into target communities:

- Financial inclusion: A diverse VCFSE sector-led partnership is due to start later in 2016, aiming to develop the financial capability and inclusion of LCR residents aged 18+, supporting people back into the labour market and helping those furthest away from the labour market to become more job-ready.
- Digital inclusion. A partnership of 35 agencies, mostly VCFSE and Social Housing providers, will begin, from March 2017, delivering much needed (identified by Lloyds Foundation research in 2015) work on digital inclusion. Target groups are digitally excluded residents who are at risk of social exclusion; particularly social housing tenants, those aged 50+, and those with learning difficulties or disabilities. The work will target 750 learners, 428 of whom will achieve a qualification and 180 will progress into education, training or employment. A further 101 people who were economically inactive when joining the project will move into active job search on leaving.
- Talent Match Plus: A partnership of five agencies are targeting young people aged 15 – 29 with complex issues including mental health, substance misuse, offending histories, and low educational attainment. The aim is to build confidence, and put young people on a path to work. The programme is targeting 2,237 young people; and over its three-year duration aims to support 560 into employment.⁸

“The innovative approach to youth mental health at Talent Match Liverpool is everything that Talent Match is about: it addresses a clear and distinct gap; it responds directly to the needs of young people; it is dependent on partnership working and the VCS; it's strategic; it is innovative; and it has the potential to influence approaches to youth mental health far beyond Liverpool.”

Sheffield Hallam University
National Evaluation,
November 2015

Forecast delivery for this programme (2014/20)

As further funding comes on stream, we expect the ratio of VCFSE delivery to remain at a similar level. We would therefore expect VCFSE delivery during this programme - given cuts to ESF funding

⁶ Figure obtained from analysis of the six funded VCFSE projects in the 2015 – 18 programme call

⁷ This success rate is drawn from an average of the two largest ESF funded programmes at present with comparable figures from past projects: VOLA's Ambition, which was ESF funded over 2007-13, and MYA's Talent Match, which was Lottery Funded but is now matched with ESF funds

⁸ Talent Match Case Study Theme Report: Mental Health and Wellbeing, Powell, R, et al (Centre for Regional Economic and Social Research, SHU: Nov 2015), p.38 <http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/tm-mental-health-wellbeing-2015.pdf>

- to be targeted at c.18,900 people⁹, with over 71% moving into employment, apprenticeships, training, education and/or volunteering. Based on current delivery, this would include a 24% employment rate¹⁰; in other words, over 4,500 jobs and 13,400 people with improved life chances.

Based purely on these 4,500 jobs, the economic impact of this work adds up to welfare savings of £12m per year, and is worth £37.4m per year in GVA.

Total GVA (see calculation table below) from VCFSE ESF delivery for the 2014-20 programme call will accrue at £9.38m a year to the City Region. This means that by 2020, the programme will contribute £56.3m GVA to the City Region per year. Given the mean investment in sector delivery of £7m pa, this therefore represents a minimum return on investment of over £8 per pound invested, even without including the additional impact of ERDF funding.

Outcome	Calculation (all per person per annum)	Estimated Value
Employment	24% of 18,900 at £8,240 ^{7,11}	£37.4m*
Education: 16-17 yr old	Minimum 7% of 18,900 at £500 ¹²	£0.6m*
Education: 18-24 yr old	Minimum 8% of 18,900 at £4,500 ¹³	£6.8m*
Apprenticeships	Minimum 6% of 18,900 at £1,850 ¹⁴	£2.1m*
Training/basic skills	Minimum 14% of 18,900 at £1,195 ¹⁵	£3.2m
Regular volunteering	Minimum 12% of 18,900 at £2,740 ¹⁶	£6.2m
Total		£56.3m

*includes welfare savings

Briefing authors/contacts

This briefing has been compiled using evidence supplied by VS6 partners and collated by VSNW, which provides secretariat support to VS6. For clarification, please contact Sam Popper, Policy & Development Officer (sam.popper@vsnw.org.uk or 07597 586 003) or Warren Escadale, Chief Executive (warren.escadale@vsnw.org.uk).

⁹ This is premised on the sector in Liverpool City Region gaining 70% of the levels of previous programme's ESF funding, from a mix of ESF and YEI. 2014-2020 figures are obtained from LCR LEP research, and are based on an the past three years' average exchange rate <https://www.liverpoollep.org/wp-content/uploads/2015/04/Final-ESIF-Strategy-4-February-2016-to-DCLG.pdf>

¹⁰ Consistent with current and previous VCFSE programme delivery rates.

¹¹ This is based on the SROI Network's work for the Scottish Government on the value of Employment to individuals. Source: <http://www.globalvaluexchange.org/valuations/8279e41d9e5e0bd8499f2d79>

¹² Indicative education figures taken from Workers Education Association and Talent Match rates

¹³ Based on Troubled Families metric. <http://www.globalvaluexchange.org/valuations/search?q=education&page=5>

¹⁴ Based on an approved Global Value Exchange measure calculated by HACT.

<http://www.globalvaluexchange.org/valuations/5773dc1a15fbb00d60910e5a>

¹⁵ Approved Global Value Exchange values for improved confidence has a wide spread: £450pp, £510pp, £1,560 pp, £950pppa, £9,280pppa, to £14,200pppa. The best evidenced estimate is the £950pppa figure.

¹⁶ This is the lowest value of approved HACT calculations for volunteering. Source:

<http://www.globalvaluexchange.org/valuations/5773dc1d15fbb00d60910e73>