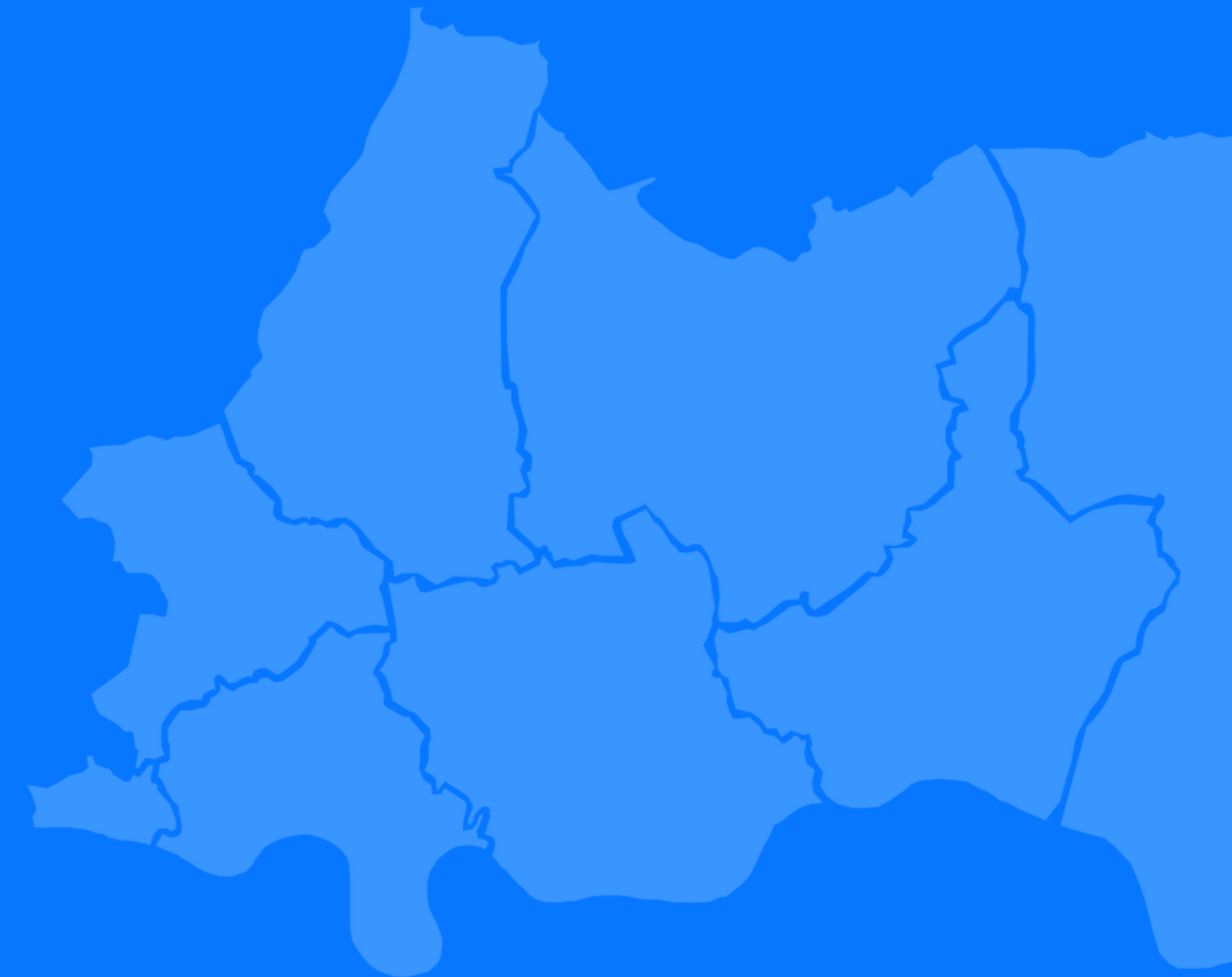


State of the Sector Report 2025

NEL VCFSE Collaborative

August 2025



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Executive summary

Background

The North East London (NEL) Voluntary, Community, Faith and Social Enterprise (VCFSE) sector plays a vital role in supporting one of the most diverse and deprived regions in the country. The aim of the report is to inform strategic action by highlighting challenges, gaps, and opportunities, especially as the sector faces rising demand, funding pressures and significant changes to ICB operating models. With over 2 million residents and a projected increase of 400,000 by 2041, NEL is marked by severe health inequalities and deprivation—notably in Barking and Dagenham, City and Hackney, Newham and Tower Hamlets. These pressures intensify the critical support role played by VCFSE organisations.

Methodology

- Analysis of Charity Commission and 360 Giving data across North East London.
- Survey of VCFSE groups (158 responses, Feb–April 2025).
- Supplementary data from a regional dashboard identifying borough-level trends and service gaps.

Key findings:

- 5,534 VCFSE organisations operate locally and regionally across North East London, employing 22,626 people and engaging 98,247 volunteers (as well as 14,992 trustees).
- 61% of organisations have annual incomes under £100,000, including 30% with an annual income of under £10,000, indicating a predominantly small-scale, grassroots sector.
- Only 20% of organisations report secure funding, with 37% having no secured funding for the next 12 months.
- Global Majority-led organisations face disproportionate financial challenges, with 61% reporting deteriorating financial situations.
- Limited integration with NHS systems, with only 13% receiving health-related funding despite 43% receiving NHS referrals.

Recommendations and next steps

There are clear actions to progress with in the coming months which include improving supporting smaller organisations, especially those that are Global Majority-led.

The report shows that while the North East London VCFSE sector is substantial, it faces serious financial and operational challenges. Action on diversity, funding, partnerships and infrastructure is essential to safeguard the sector's resilience and to maintain its vital role in tackling health inequalities and supporting North East London's diverse communities.

In the light of policy context, with care moving closer to home and the shift from treatment to prevention, the role of VCFSE in addressing health inequalities is vital, as they hold the trust and expertise and access to the communities they work with.

Background & context

1

Background

The North East London (NEL) Voluntary, Community, Faith and Social Enterprise (VCFSE) Collaborative, hosted by Tower Hamlets CVS, acts as a strategic link between the region's VCFSE sector and NHS North East London. It ensures two-way communication and integrates community voices into strategic health and care decisions. The Collaborative provides advice and guidance to the NEL Integrated Care Board (ICB).

What is the VCFSE Collaborative

Established following NHS England guidance in 2022,¹ the North East London VCFSE Collaborative serves as a formal bridge between the VCFSE sector and NHS North East London. The structure of the Collaborative includes seven borough representatives (City and Hackney, Barking and Dagenham, Havering, Redbridge, Newham, Tower Hamlets, Waltham Forest) as well as five thematic representatives: Workforce and Volunteers, Long Term Conditions, Mental Health, Learning Disabilities/Autism, Babies, Children & Young People, and Faith communities. This structure reflects both geographical diversity and the breadth of expertise within the sector.

Earlier this year the VCFSE Collaborative made a conscious and unified decision to include faith when describing the sector, hence changing the acronym to VCFSE. The faith and belief sector is an important part of the VCFSE that encompasses a diversity of people and organisations, from hyper-local worshipping communities and regional or borough-wide groupings and denominations to faith-based organisations and inter-faith networks.

Purpose of the State of the Sector report

In October 2025 the VCFSE Collaborative initiated this report to assess the current landscape of the VCFSE sector in North East London whilst also aiming to understand challenges, gaps, and opportunities. The report aims to guide the NEL VCFSE Collaborative actions, highlighting the fragility of the sector amid increased demand, funding pressures, and changes to ICB operating models. Whilst the current climate of the VCFSE has been tested considerably across the country, NEL is one of the most diverse and deprived areas within the country² and the VCFSE sector is further challenged by recent cuts of ICB running costs and other funding mechanisms.

North East London context

North East London encompasses some of the most diverse and densely populated areas in the country, with a population of over 2 million residents, and an additional 400,000 residents expected by 2041.

NEL faces some of the most severe health inequalities in England, with four of our boroughs (Barking and Dagenham, City and Hackney, Newham, and Tower Hamlets) ranking among London's most deprived areas. Life expectancy gaps of up to 10.5 years between the most and least deprived areas within NEL, and our communities bearing disproportionate burdens of chronic conditions including diabetes, heart disease and mental health challenges (NEL Joint Forward Plan 2024).³ This context demonstrates that the VCFSE sector is uniquely positioned to address these challenges through community connection and the fundamental trust they hold in communities. However, it also indicates the intensified pressures on VCFSE organisations, which often serve as the primary support mechanism for vulnerable communities.

Research methods

2

Research methods

This report focuses on the VCFSE sector in the North East London boroughs of Barking and Dagenham, City and Hackney, Havering, Newham, Waltham Forest and Tower Hamlets.

Survey

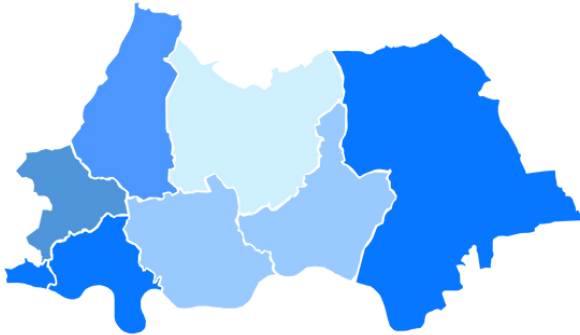
We conducted a survey of VCFSE groups across North East London. This was circulated widely through our Collaborative representatives between 14 February – 23 April 2025. In total 158 VCFSEs responded. This is a small sample size in comparison to the size of the sector overall and does not represent the full scope of provision. It also means we are unable to analyse and compare responses by borough or type of organisations (such as faith based or Black led organisations). However, it still provides helpful insights into the sector across North East London and provides a good representation of the VCFSE sector overall.

Regional VCSE dashboard

Our findings are supplemented by data from the Charity Commission, Companies House and 360 Giving, using the Superhighways VCSE dashboard.⁴ This interactive tool collates data about London's VCFSE sector in one accessible place. With the support of Superhighways (as part of their [Datawise London programme](#)),⁵ we focused on the North East London footprint.

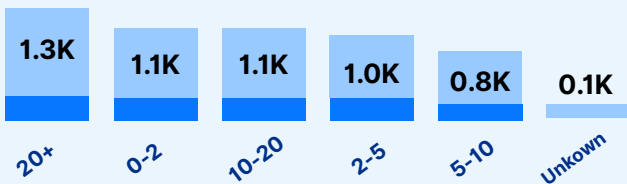
Figure 1: North East London Sector Data from VCSE Dashboard

Data reproduced from the Superhighways [VCSE dashboard](#) (10th July 2025). This shows there are 5,334 local and regional VCFSEs in North East London (excluding Parent Teacher Associations and independent schools).



Charities by Longevity (years)

NEL (dark) vs London total (light). Date of registration is unknown for CASCs



Total income

£1.74 bn

Total expenditure

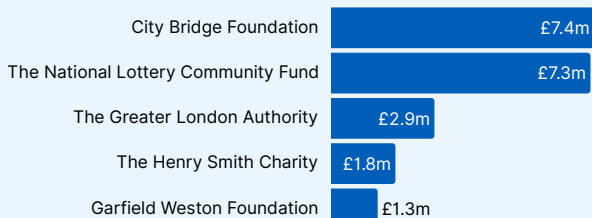
£1.75 bn

Total awarded grants April 2023 - March 2024

£37 M

Five Largest Grant Funders

Total grants awarded by the top five funders from April 2023 to March 2024



Scale of Operations

NEL (dark) vs London total (light). Scale unknown for CICs, CASCs & Mutuals classified as Local



Charity employees

22,626

in a charity with an income above £0.5m



Charity volunteers

98,247

in a charity with an income above £10k



14,992

charity trustees

Total charities and social enterprises located here

5,334

Charities located here

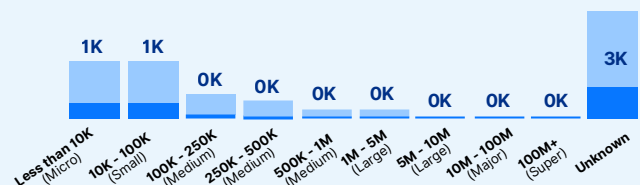
2,862

Charities active in this area but based elsewhere

5,756

Charities by Income Band

NEL (dark) vs London total (light). Income unknown for CICs, CASCs & Mutuals



For the purposes of this report, we focused on local and regional VCFSEs which are based or working in North East London. We used the following filters and criteria with the dashboard:

- Provision = NHS ICS (selected and drilled through to North East London).
- Scale of operations = selected local and regional.
- Exclusion filters = selected Parent Teacher Associations (PTAs) and independent schools.

At the time of writing this report, the data has some limitations:

- **Income:** This is only available for registered charities, based on their latest submission to the Charity Commission. It is not possible to report on income for Community Interest Companies (CICs).
- **Location:** This is based on charities with a registered address in a London borough and CICs. We selected local and regional scales of operation to capture those working in North East London. However, Companies House does have gaps in postcode data available and does not provide scale of operations data. (This doesn't include CICs working in North East London but have a registered address elsewhere e.g. if they are based in other boroughs or Home Counties outside London).
- **Date range:** It is not possible to filter by date at present. The data was captured in July 2025. Note that the dashboard is updated regularly, which means that the dashboard figures will change in future.

Scale and scope of sector

3

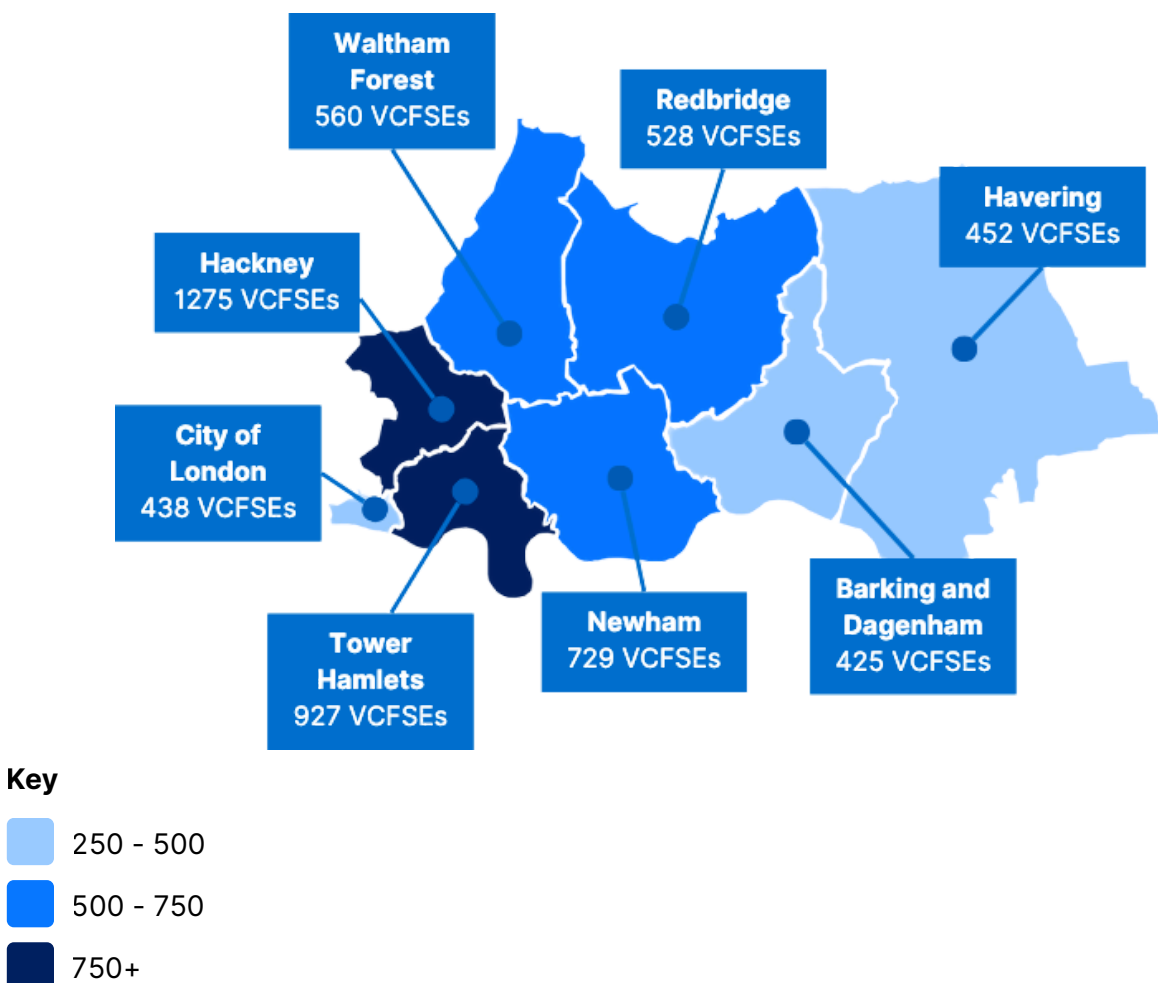
Scale and scope of VCFSE in North East London

The scale and scope of the North East London (NEL) VCFSE sector is substantial, reflecting its critical role in addressing health inequalities. The VCSE dashboard shows 9,997 VCFSE organisations operating in North East London, including 4,457 national and international charities (as well as 206 with unknown scale of operations).

There are 5,534 local and regional VCFSEs (figure 2). In this report we are using these filters and excluding the national and international organisations as they do not work specifically in North East London.

Figure 2: Local and regional VCFSEs across North East London

Map shows distribution of 5,534 local and regional VCSFEs based in North East London in July 2025.



Looking at local and regional VCFSEs specifically, the sector's workforce is significant. There are 22,626 charity employees, 98,247 volunteers, and 14,992 trustees (Figure 1). The sector contributes to a collective annual income of £1.74 billion, securing grants funding of £37 million from April 2023 to March 2024. This demonstrates that the VCFSE should be a key partner in delivering the recent 10 Year Health Plan's vision of care closer to home and community-based prevention.

Just under a third of VCFSEs (30%) have an income of under £10,000 (Figure 3). Small organisations (income of £100,00 and less) account for 61% of the entire VCFSE sector in North East London (Figure 4). Despite most of the sector being represented by small grassroots organisations, these groups receive the least funding overall.

Figure 3: Size of local and regional VCFSEs in North East London

Based on 2,728 local and regional VCFSEs in North East London where the annual income of the organisation is published (2,606 of the 5,534 are not known).

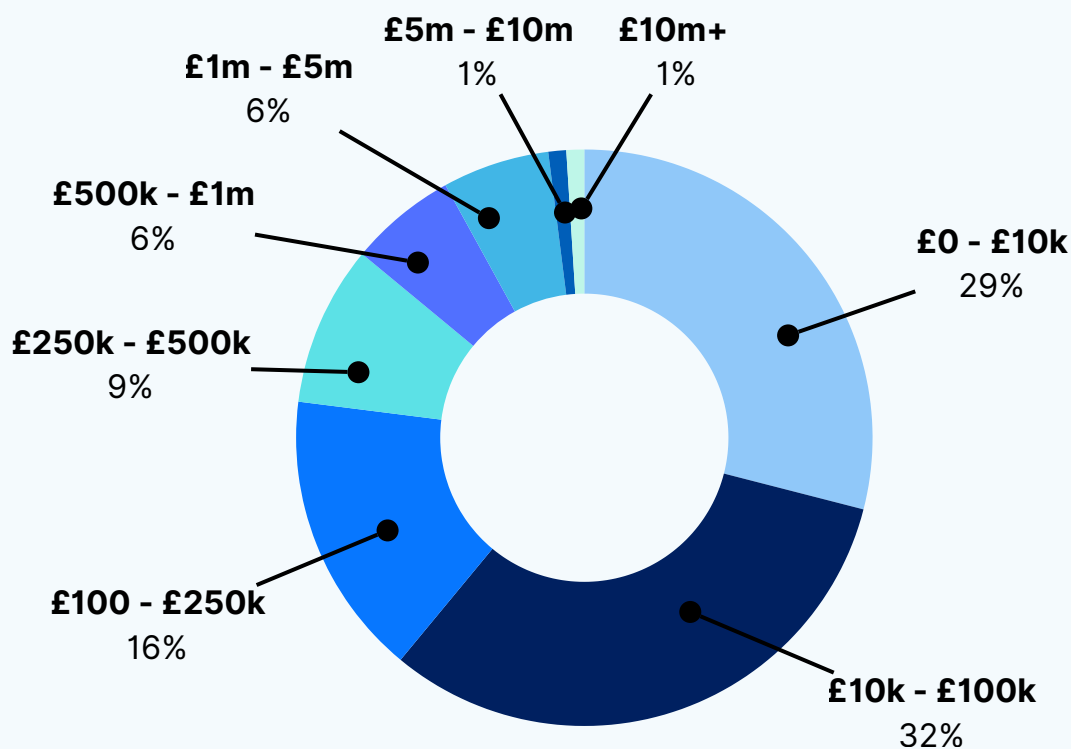
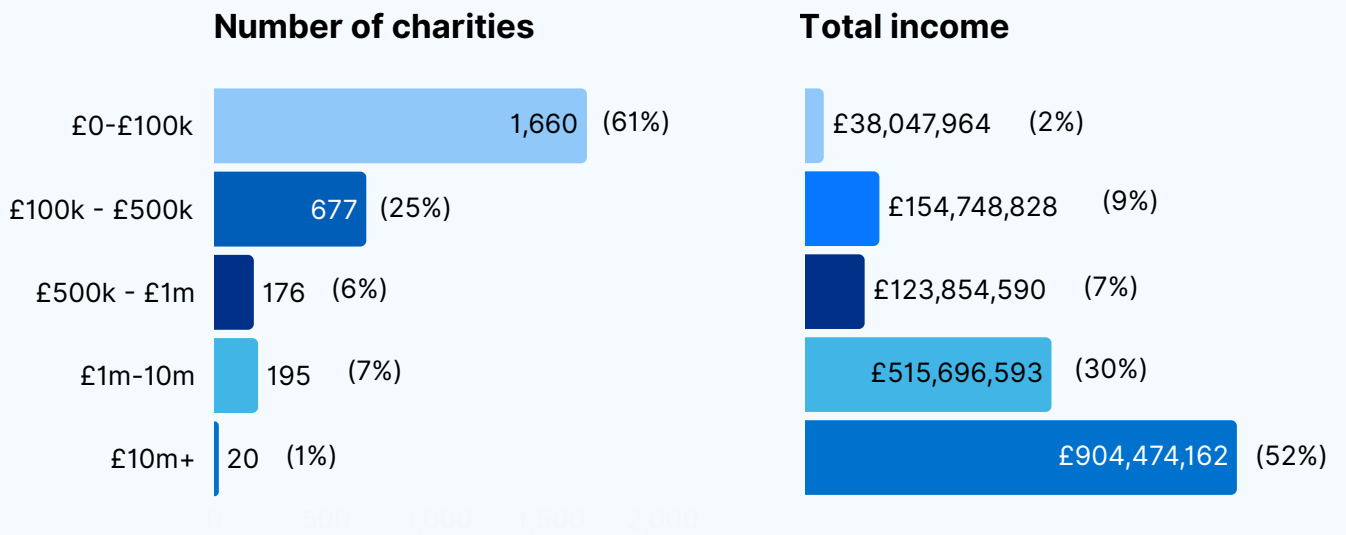


Figure 4: Comparing the number, size and income of VCFSEs in North East London

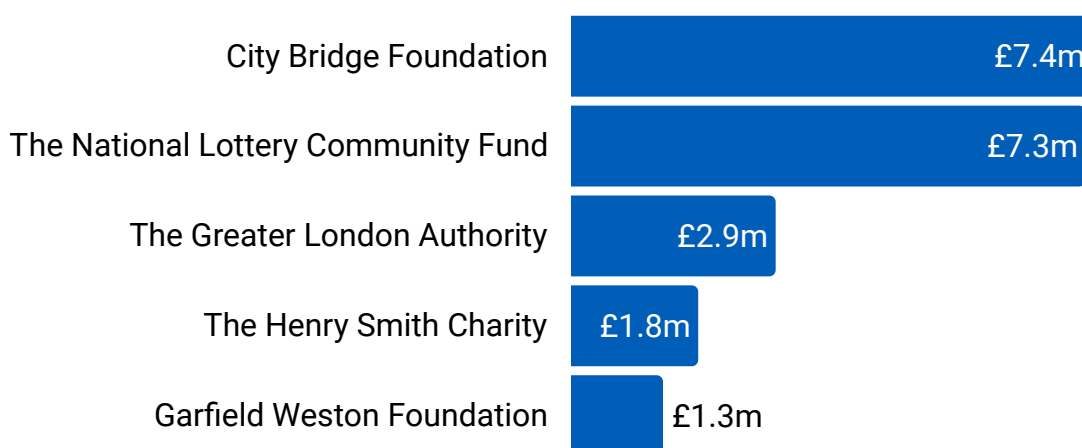
Based on 2,728 local and regional VCFSEs based in North East London, where the annual income of the organisation is published (2,606 of the 5,534 are not known).



Funders in North East London

We analysed 360 Giving data (also included in the dashboard) to tell us the funding overview across North East London. The chart below highlights that the City Bridge Foundation and National Lottery Community Fund are the largest funders for local and regional charities. It should be noted that the City Bridge Foundation closed to new applications in October 2024 and will not open again until Autumn 2025.

Figure 5: The five largest grant funders of local and regional VCFSEs in North East London



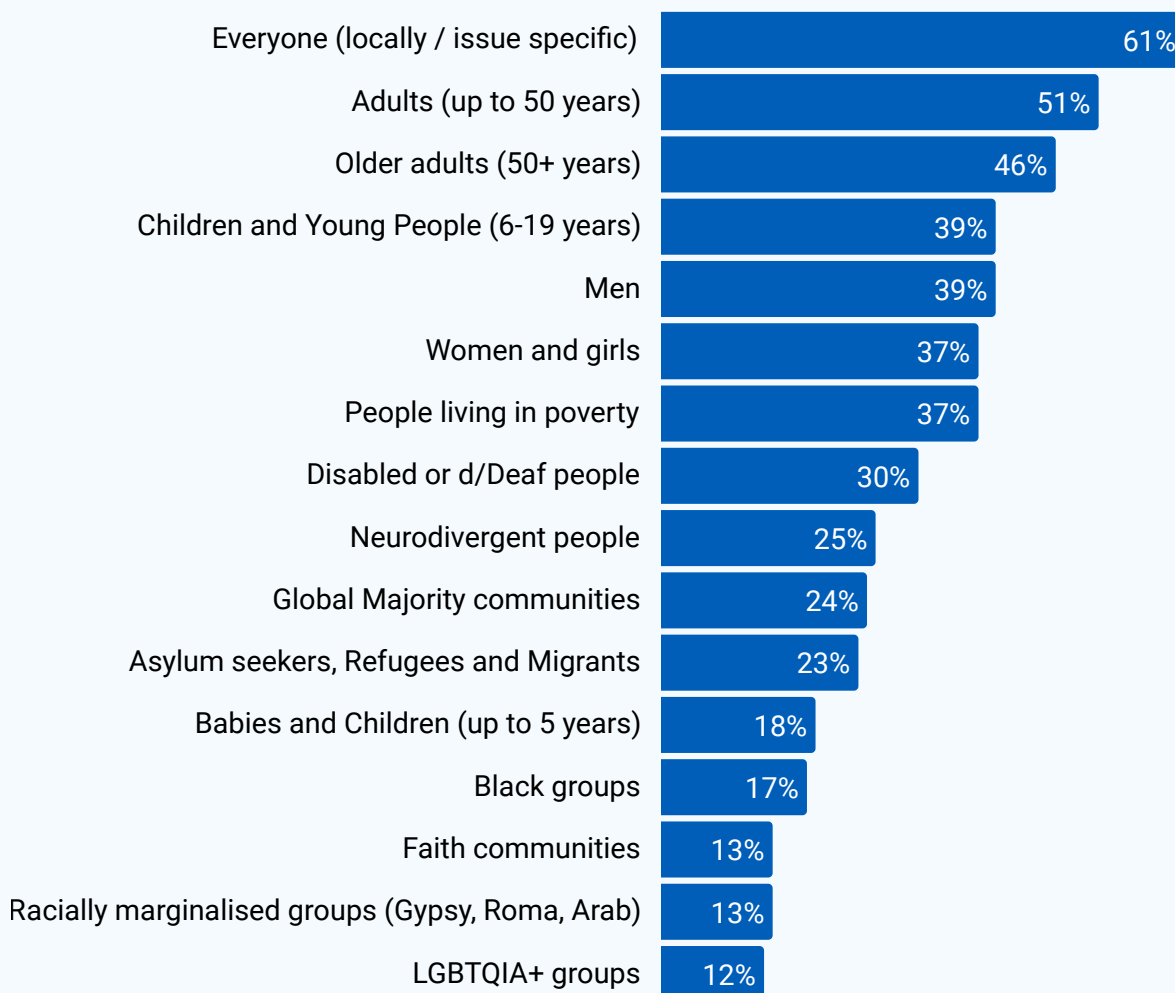
Survey findings

4

Themes and communities supported

We wanted to understand the communities supported and themed support provided by respondents. The survey results show the breadth of support and activity provided, with organisations primarily delivering frontline services to everyone in their local community or facing a specific issue (61%) and are led by people with lived experience of issues they address (67%).

Figure 6: Population groups and communities supported in North East London by VCFSEs



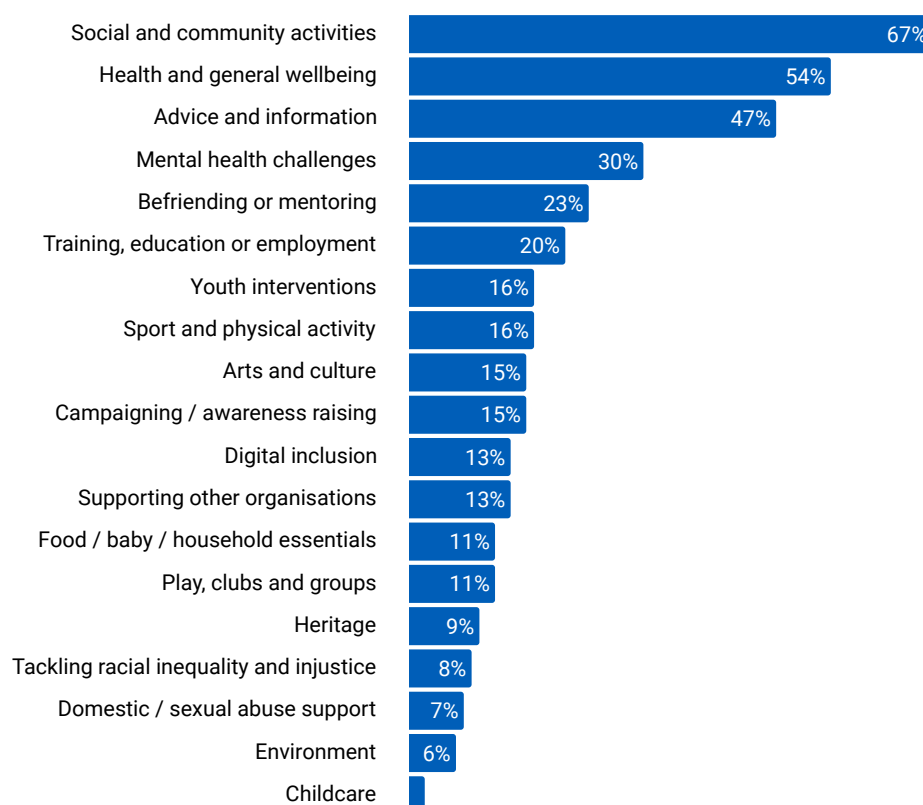
A wide range of target population groups are served by VCFSEs. However the survey also identified notable gaps in provision for specific communities. These findings could be an issue with the small number of survey respondents, and we will consider further research:

- Faith communities with only 13% representation (1 Jewish, 1 Muslim, 1 Buddhist organisation).
- Black communities with limited representation across Black African, Caribbean, British and Mixed heritage groups.
- Racially marginalised groups (Gypsy, Roma, Traveller, Arab and Jewish communities).
- LGBTQIA+ groups significantly under-represented.

A good range of service areas provided, where the top 5 themes of work delivered include:

- Social and community activities: 106 organisations (67%).
- Health and general wellbeing: 85 organisations (54%).
- Advice and information: 75 organisations (47%).
- Mental health challenges: 48 organisations (30%).
- Befriending or mentoring: 36 organisations (23%).

Figure 7: Themes of work delivered by North East London VCFSEs

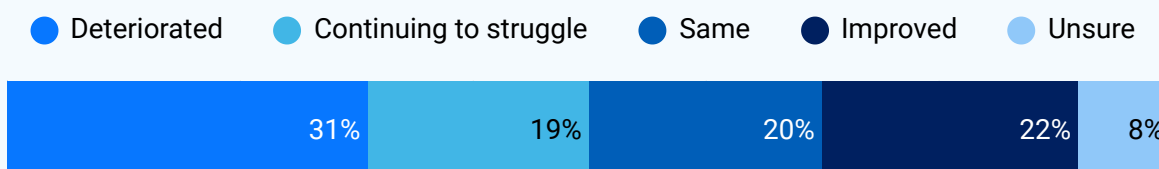


Financial situation

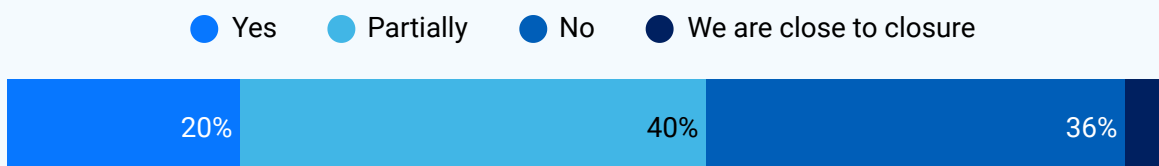
The survey responses present a concerning financial situation which highlights the instability and vulnerability of the sector. 50% report that their financial situation is difficult or has worsened over the past year and only 20% report stable finances. Looking ahead 48% expect their finances to stay the same, whilst 31% anticipate their finances will deteriorate further.

Figure 8: The changing financial situation for VCFSEs

Has your financial situation changed in the last 12 months?



Is your organisation's funding secure for the next 12 months?



Do you expect your overall financial position to change in the next 12 months?

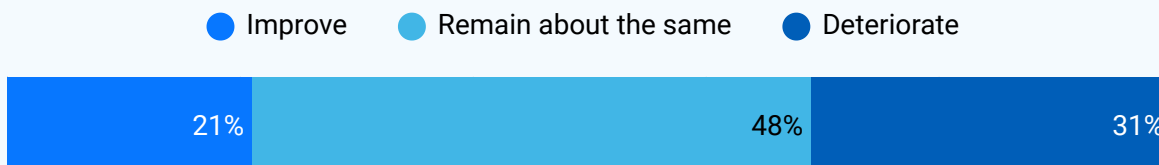


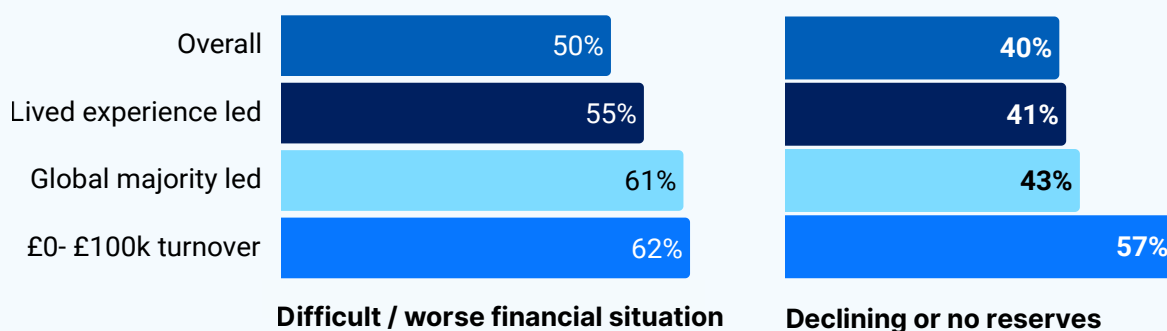
Figure 8 also shows:

- **40% have partially secure funding.**
- **36% have no secured funding** for the next 12 months.
- **4% are close to closure.**

When asked about use of reserves 23% report decreased reserves, 16% have no reserves and 34% have drawn on reserves to cover essential costs (salaries, rent) in the last 12 months.

Only 20% have funding secured for the next 12 months, while 40% say their funding is only partially secure. It is concerning that 36% have no funding secured for the coming year, and 4% report being close to closure.

Figure 9: The changing financial situation for specific groups of VCFSEs in North East London



When we analysed the responses further to compare financial situation of different types of organisations, we found 61% of Global Majority-led VCSFES report that their financial situation has deteriorated or remains challenging after the last 12 months, compared to 46% of other organisations. However Global Majority-led VCSFES appear more optimistic and anticipate an improving financial situation in the year ahead (35%), compared to 15% other VCFSEs.

The National Insurance increases, workforce retention and the challenging funding landscape reflect the financial difficulties the sector is facing currently. This appears to be more severe for Global Majority-led organisations.

Challenges for financial sustainability

Figure 10: Biggest challenges for financial sustainability

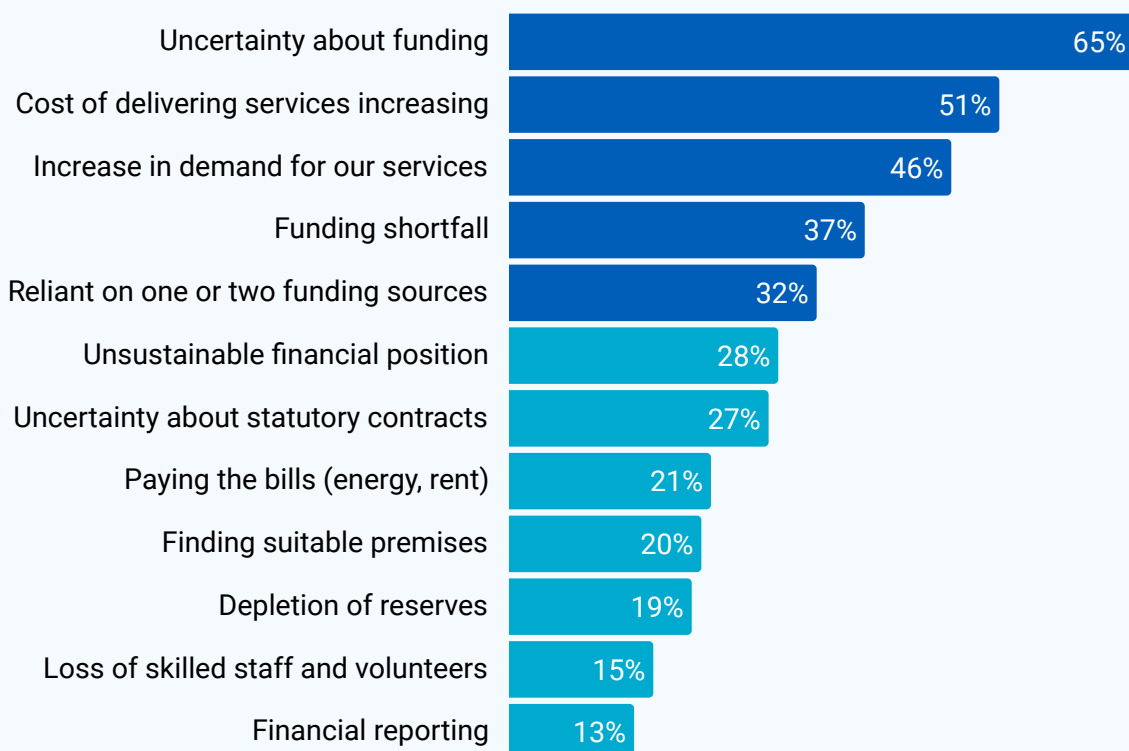


Figure 10 shows the top five challenges in ensuring financial sustainability reported in the survey with uncertainty about funding at 65%.

Interestingly the survey shows that organisations with an income of £100,000 to £500,000 look to be struggling financially slightly more than other income groups (even in comparison with smaller organisations):

- **33%** have seen reserves decrease (versus **22%** of all VCSFEs).
- **46%** have used reserves for essentials, compared to **32%** (<£100k) and **31%** (>£500k).
- **38%** expect their finances to deteriorate, compared to **28%** (<£100k) and **25%** (>£500k).
- **69%** cite uncertainty about funding as their key issue.
- **64%** highlight increased demand for their services
- **82%** most need funding to cover core costs (heat, CEO, admin).
- **83%** say diversifying income is their most significant organisational challenge.

We asked an open question “Would you like to tell us more about the financial challenges you face or what is helping your financial sustainability?” We identified the following key themes across the 102 responses:



Funding is short-term, unpredictable, and insecure.

Many say they are over-reliant on short-term grants and contracts, often lasting only 12 months or less, making long-term planning and staff retention difficult. The end of existing funding without clear replacement options is a major source of concern. Some groups are heavily reliant on one major contract or funder, such as a local authority or NHS. These sources are shrinking or changing, which in turn is threatening service continuity and sustainability.



Rising costs strain budgets.

Rising costs for wages (London Living Wage, National Insurance), rent, utilities and supplies are significantly impacting budgets. Some organisations are struggling to maintain salary differentials or attract and retain staff due to low pay. Some are struggling to secure long-term leases for their premises. Many are seeing rising demand and needs in their communities due to the cost of living crisis, but funding has not kept pace.



Competition for funding is increasing, while funder priorities are shifting.

There is growing competition for a shrinking pool of grants, especially as the typical funders and major programmes pause or change focus. Organisations report being excluded due to not aligning with shifting priorities like homelessness, food insecurity or refugee support.



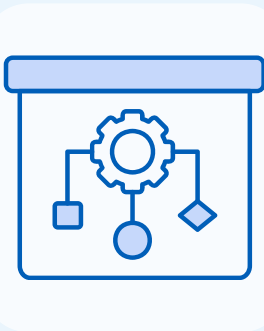
Challenges in securing funding for operational costs.

Lack of funding for core costs and infrastructure funding for staffing, premises, IT and volunteer coordination is consistently difficult to secure. VCSFEs are struggling because funding often covers direct delivery costs only.



Limited capacity to pursue funding opportunities.

The administrative burden of repeated applications and reporting is a barrier, particularly when grants are small and short-term. Smaller or volunteer-led groups say they lack the time, skills or staff to research, apply for and manage funding.



Sustainability is stronger where there is strategic planning and support.

Some VCSFEs explained how they were navigating financial challenges and appear better positioned for sustainability. These included having strong governance, robust financial planning, diverse income streams, access to fundraising expertise or external support (e.g. from infrastructure support). Organisations with rental income, trading activities or legacy donations report greater resilience. Others have adopted fundraising strategies, including hiring or working with freelance fundraisers, to broaden their income base.

Funding

Funding accessed

In this section we seek to understand the types of funding accessed and success rates.

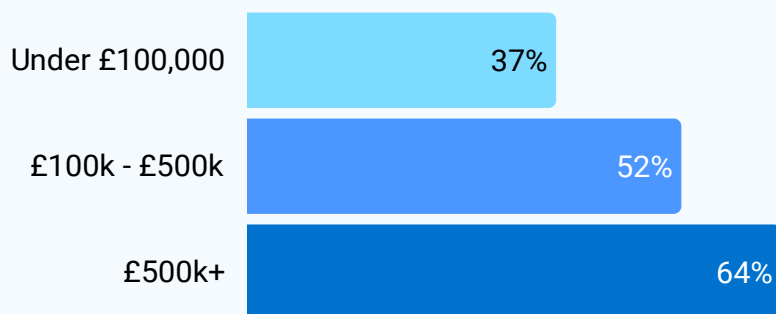
78% of VCFSEs have applied for funding in the last 12 months, with 48% being successful.

Primary funding sources:

- Grant funding from trusts/foundations (69%).
- Local authority grants or contracts (47%).
- Small donations from individuals (29%).
- Trading income (18%).

Unsurprisingly 64% of large VCSFEs (with an annual income greater than £500,000) have accessed grant funding from grant-making trusts / foundations, compared to 37% of those with an income less £100,000 (Figure 11).

Figure 11: Grant funding accessed by VCSFEs of different sizes



Health related funding

Here we describe health funding. Survey responses show that a total of 20% report being funded by NHS/ICB but when analysed by income bracket:

- 2% of organisations under £100k receive NHS funding.
- 24% of organisations (£100k-£500k) receive NHS funding.
- 42% of organisations over £500k receive NHS funding.

We discuss NHS relationships further down in report.

Challenges seeking funding

Figure 12: Biggest challenges when seeking funding from trusts and foundations in the past 12 months



Capacity via staff time for application process was noted as biggest challenge (40%) when seeking funding (Figure 12). When analysed further by organisation size we discovered that each group faces distinct challenges:

Small organisations (under £100k):

- Primary challenge: Lack of capacity to write bids (40%).
- Secondary challenge: Ineligibility due to organisation type/size (35%).

Medium organisations (£100k-£500k):

- Primary challenge: Time-intensive application processes (57%).
- Secondary challenge: Multiple funding rejections (37%).

Large organisations (over £500k):

- Primary challenge: Typical funders closed for applications (57%).

This shows we need to consider adapting the type of support offered by the size of organisation.

Changes funders could make to help VCSFEs

We asked an open question “What are the key changes funders could make to help organisations like yours?” Key themes in the responses included:

Process improvements:

- Ease administrative burden by simplifying and streamlining application forms.
- Reduce restrictive word limits.
- Provide clearer eligibility guidelines.
- Offer alternative submission methods for accessibility.

Reduce eligibility restrictions:

- Remove charitable status requirements.
- Reduce minimum operating period restrictions.
- Allow community groups without formal registration to apply.

Funding structure changes:

- Provide longer-term funding.
- Include core costs in funding eligibility.
- Offer unrestricted funding for operational flexibility.
- Fund existing effective programs rather than requiring new project development.

“Many organisations like ours face challenges due to short-term funding cycles or limited access to capacity-building opportunities.

Focusing on sustainability would allow us to expand our impact and continue serving those who need us most.”

“Allow those without 'charity status' to apply as a community group.”

“Stay open!”

“Short-term funding creates uncertainty and makes it difficult for charities to plan strategically or retain staff. Providing **long term grants** (5 to 10 years) would **enable small charities to focus on delivering impactful services** rather than constantly seeking new funding sources.”

“Many grants exclude core costs such as salaries for C.E.O or admin staff, utilities, and rent, which are essential for a charity's operations. **Expanding eligibility** to include these expenses **would strengthen the financial stability of small organisations.**”

“We are **struggling to find funders as many previous funders have changed their criteria** and we no longer meet them. They seem to focus on cost of living, homelessness, refugees, and food banks. Also, less funders are available, they only have so much funding and can't fund us all. It also doesn't help when the ICB keeps moving the goalposts and delaying decisions about funding.”

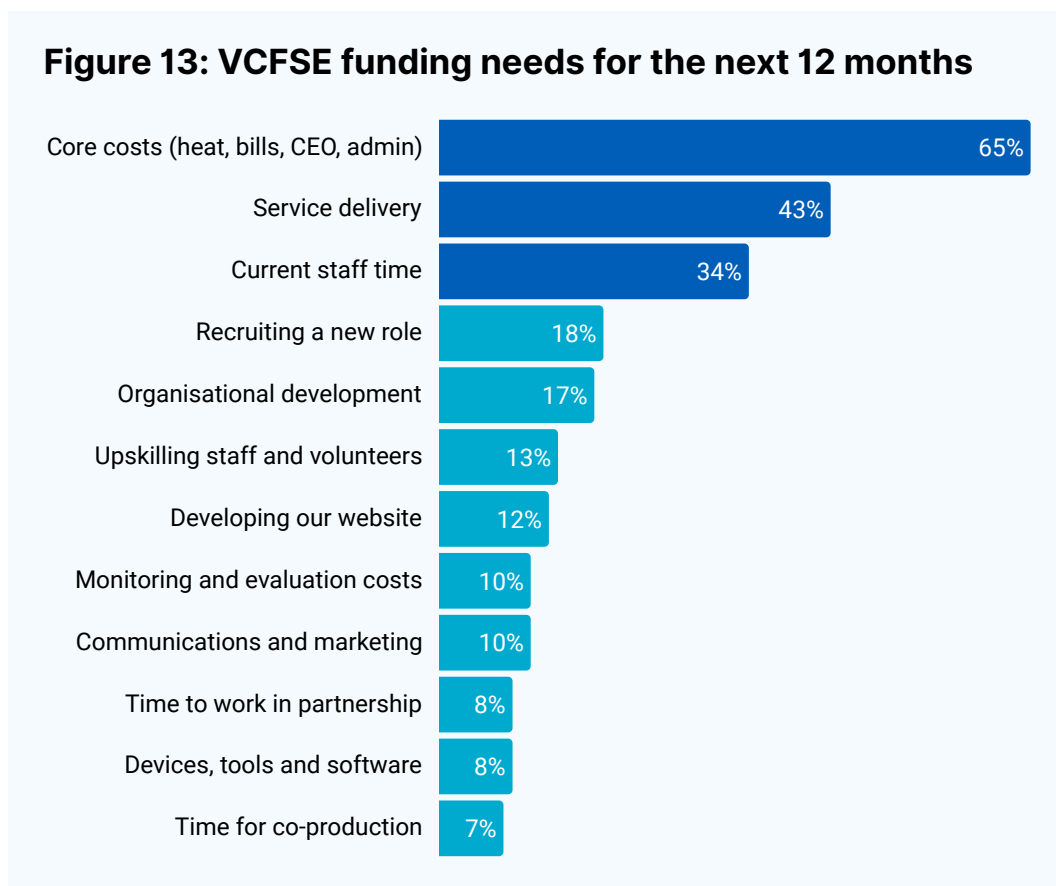
“Very lengthy application forms at the initial stages, restrictive word limits in response to detailed questions, **vague guidelines about eligibility or priorities**, sticking to timelines when responding to applications, improved communication when there are going to be delays.”

“Many small charities struggle with grants that are tied to specific projects, leaving **core operational costs unmet.** Offering unrestricted funding would allow charities to allocate resources flexibly, addressing both immediate needs and long-term sustainability.”

“Longer term funding for several years, that addresses ways we already work, rather than forcing us to change what we do to chase funding. **Less duplication of reporting. Less need to chase several small pots** with onerous reporting/hoops to jump through to make ends meet.”

Funding needs this year

A need to cover core costs was identified as the most pressing funding need at 65% (Figure 13).



When we analysed this further by organisation size we discovered that each group faces distinct challenges:

- **Small VCSFES** (annual income under £100k) most need funding for
 - Core costs (heat, bills, CEO, administrative costs) - 51%.
 - Service delivery - 40%.
 - Upskilling staff and volunteers - 21%.
- **Medium VCSFES** (annual income of £100k to £500k) most need funding for
 - Core costs (heat, bills, CEO, administrative costs) - 82%.
 - Current staff time - 51%.
 - Service delivery - 44%.
- **Large VCSFES** (annual income greater than £500k) most need funding for
 - Core costs (heat, bills, CEO, administrative costs) - 72%.
 - Current staff time - 50%.
 - Service delivery - 47%.

Support and operational needs

The previous section discusses funding challenges, and we also asked questions on operational challenges in day to day working, which showed:

Figure 14: Most significant challenges for VCFSEs



Other challenges were significant to just under a third of VCFSEs, including upskilling staff and volunteers (30%), IT and technology (27%), staff recruitment (23%), adapting to a digital world (22%), bookkeeping, financial management and reporting (18%), governance/ relationship with board members (15%).

When we analysed the operational challenges according to income size of organisation we found varying priorities, which is helpful as this supports us taking a tailored approach when supporting smaller organisations.

For VCSFEs with an income of less than 100k, top challenges are:

- Finding and applying for funding from trusts and foundations (72%).
- We need to raise funds from new sources to diversify our income (68%).
- Volunteers (e.g. attracting and retaining suitable individuals) (65%).

For VCSFEs with an income of £100k to £500k, top challenges are:

- We need to raise funds from new sources to diversify our income (83%).
- Finding and applying for funding from trusts and foundations (67%).
- Premises (e.g. cost, size, accessibility, suitable tables and chairs) (54%).
- Volunteers (e.g. attracting and retaining suitable individuals) (50%).

For VCSFEs with an income greater than £500k, top challenges are:

- We need to raise funds from new sources to diversify our income (64%)
- Mental health and staff wellbeing relating to our work (e.g. burnout, stress) (53%)
- Premises (e.g. cost, size, accessibility, suitable tables and chairs) (42%)
- Volunteers (e.g. attracting and retaining suitable individuals) (42%)

Premises

The challenge of premises is significant across North East London. On average just half of VCSFEs agree that their premises is suitable (58%), affordable (46%), in good condition (53%) and that they can find good spaces for events and activities (66%). However for 38% of VCSFEs premises pose a significant challenge to their organisation (e.g. cost, size, accessibility, suitable tables and chairs). This rises to 54% of VCFSEs with an income between £100k and £500k.

Priorities for external support and training

As noted above, there are a number of challenges and we therefore asked about the top priorities for external support or training, which showed:

Fundraising, crowdfunding and income generation is the biggest priority VCFSEs have for support this year (59%). This rises to 80% of Global Majority-led organisations, 70% of lived experience led organisations and 77% of those with an income of less than £100k.

For VCSFEs with an income of less than 100k, top priorities for support are:

- Fundraising, crowdfunding and income generation (77%).
- Recruiting, developing, and managing volunteers (63%).
- Fundraising, crowdfunding and income generation (37%).

For VCSFEs with an income of £100k to £500k, top priorities for support are:

- Fundraising, crowdfunding and income generation (59%).
- Bid writing for trusts and foundations (50%).
- Attracting and retaining paid staff (43%).

For VCSFEs with an income greater than £500k, top priorities for support are:

- Attracting and retaining paid staff (58%).
- Recruiting, developing, and managing volunteers (55%).
- Monitoring, evaluation and impact measurement (48%).

NHS relationships, engagement and integration

This part of the survey analysed relationships and engagement with the NHS. It found that whilst 43% of organisations received referrals from the NHS only 20% were funded through the system (Figure 16).

Figure 16: VCFSE relationships with the NHS

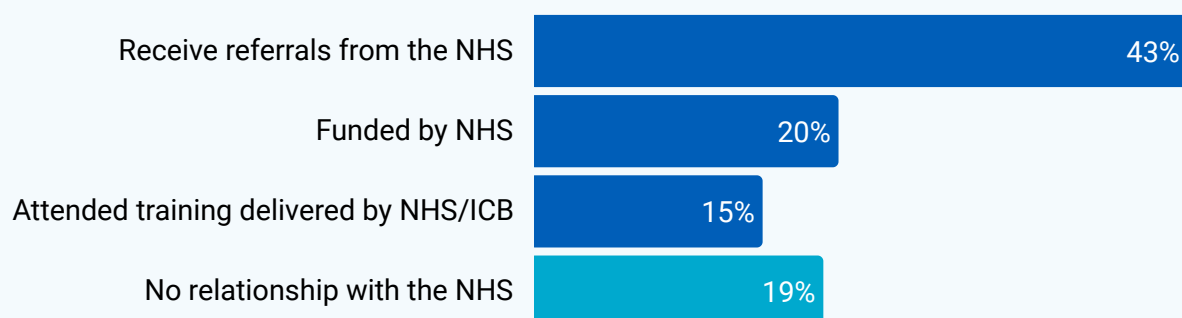


Figure 17: Sources of NHS referrals received by VCFSEs

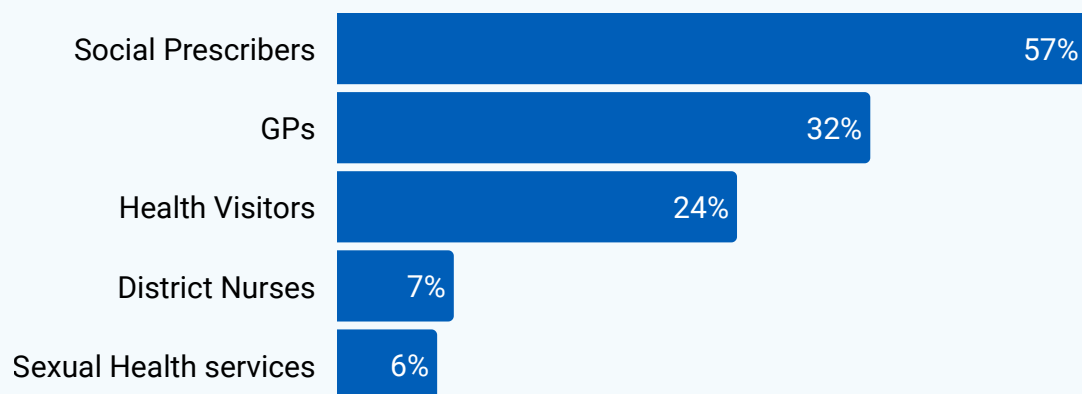
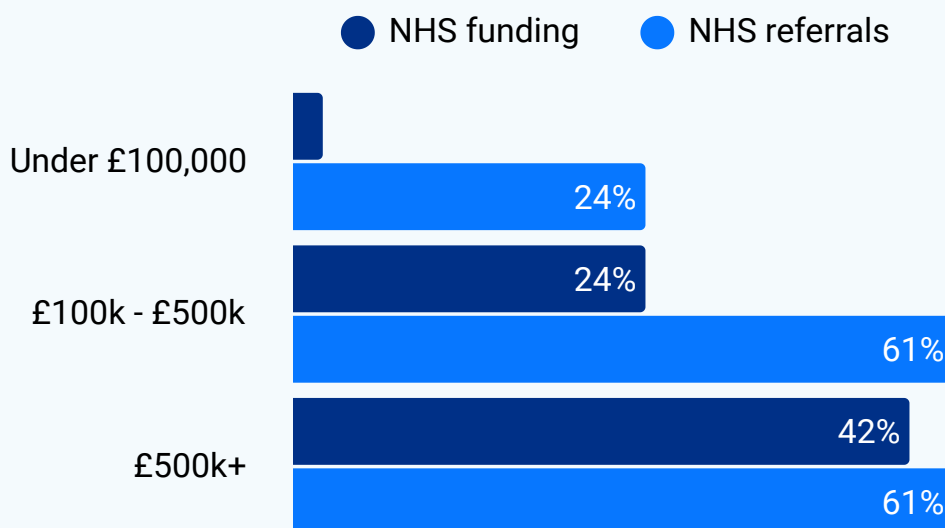


Figure 17 shows referral breakdown by roles in NHS into VCFSE, with the majority of referrals received by social prescribers (also known as link workers). Social prescribing link workers are usually funded by a GP contract that draws down funding via the Additional Roles Reimbursement Scheme (ARRS).⁶ Whilst this is positive, there is a growing need to tackle how the 'prescriptions' and offers supported through social prescribing are funded.

When we analysed this further by organisation size we discovered that small organisations are much less likely to receive funding than larger organisations:

Figure 18: Relationships with the NHS for different size VCFSEs



Understanding of NHS systems

Of all organisations surveyed:

- **50% feel they have good NHS relationships.**
- **32% understand ICB systems.**
- **25% understand place-based NHS systems.**
- **47% understand primary care networks**
- **27% understand NHS commissioning**

This shows a need to increase understanding of NHS systems among VCFSE organisations.

What changes could help VCSFEs better integrate their work with the health system?

Here we asked an open question, “What changes could help to better integrate your work with the health system? There were 105 responses. Respondents highlighted a range of changes that could better integrate VCSFEs with the health system.

Addressing barriers to health system integration

Key Barriers

- **Limited understanding** of NHS structures and processes.
- **Lack of genuine partnership** recognition.
- **Insufficient compensation** for referral services.
- **Complex** bureaucratic processes.
- **Size-based access barriers.**

Recommended improvements

- **Stronger collaboration:** Equal partnerships in health boards and strategy development.
- **Clearer communication:** Simplified information about NHS structures and opportunities.
- **Sustainable funding:** Longer-term, accessible funding covering core costs.
- **Capacity building:** Training for both sectors on collaboration and commissioning.
- **Improved systems:** Efficient referral mechanisms and feedback loops.
- **Recognition:** Valuing community expertise and lived experience.
- **Reduced bureaucracy:** Simplified engagement processes and entry points.

*“The NHS feels distant and impossible to connect to or relate to for us as a small charity. I recently received training via the Kings Fund on ICS / ICB systems, and this was super useful. However the **opportunities to engage are not appropriate for a charity of our size**; it would take too much time and we don't have the capacity. So instead **we receive plenty of referrals from the NHS, but zero £**, which feels rather unfair. The exception is that we do partner with a GP surgery who hosts and refers to one of our projects. This is a good relationship, but it doesn't move us closer to understanding for example commissioning processes.”*

Global Majority-led organisations

Here we look specifically at Global Majority-led organisations. We asked VCFSE organisations responding to the survey to specify if they are led by and for communities experiencing racial inequality.

We felt this was important to recognise, both to monitor representation in our survey and to identify any distinct funding and support needs. This group has long been underfunded because of entrenched racial disparities in systems and communities. Our data about the situation and experiences of Global Majority-led VCFSEs should support funders working to address racial inequality in funding (see the Funders Racial Equality Alliance).⁷

Global Majority-led VCFSEs in North East London encounter barriers to accessing funding and developing their organisation to a greater extent than other VCFSEs. By 'other VCFSEs' we mean VCFSEs which are not led by and for Global Majority communities.

It is also important to note that Global Majority-led VCFSEs are predominantly small, with 62% having an income of less than £100,000, compared to 25% of other VCFSEs. This in turn will affect their support needs for organisational development and funding.

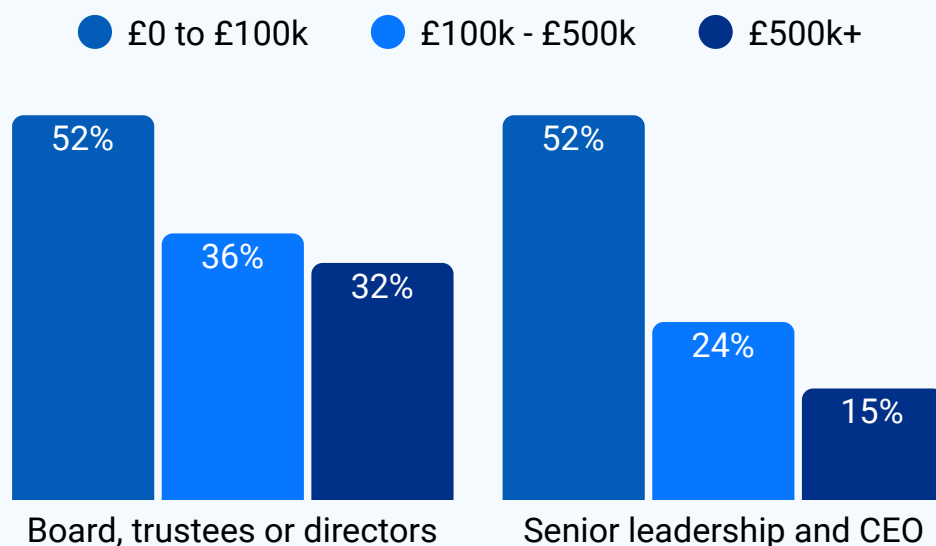
Equality, diversity and inclusion, focusing on Global Majority backgrounds in VCSFEs

We asked questions on Equality, Diversity and Inclusion (EDI) which showed that a quarter (25%) of VCSFEs are led by Global Majority communities. The responses also showed that:

- 24% of VCSFEs are providing frontline services to Global Majority communities.
- 42% say that all or most of their board, trustees or directors are from global majority backgrounds.

There is a relationship between size of organisation and the majority of trustees or board members representing Global Majority backgrounds (Figure 19), which shows smaller VCSFEs have higher Global Majority backgrounds across all types of roles.

Figure 19: Global majority backgrounds represented in leadership positions for different sizes of VCSFEs



Financial situation of Global Majority-led organisations

- 61% say their financial situation is slightly worse, significantly worse or they are continuing to struggle financially in the last 12 months. This compares to 46% of other VCFSEs.
- However Global Majority-led VCSFEs appear more optimistic and 35% anticipate improving financial situation in the year ahead, compared to 15% other VCFSEs. Whilst 43% expect their financial situation to remain the same (compared to 50% of other VCFSEs), 20% think it will deteriorate, lower than 35% of other VCFSEs.
- 25% do not have any reserves, compared to 13% of other VCFSEs. This is consistent with their typical size / annual income.
- 50% of Global Majority-led VCSFEs have not secured any funding for the next 12 months, compared to 32% of other VCFSEs. It is promising that 41% of Global Majority-led VCFSEs have secured some of their funding, as have 41% of other VCFSEs.

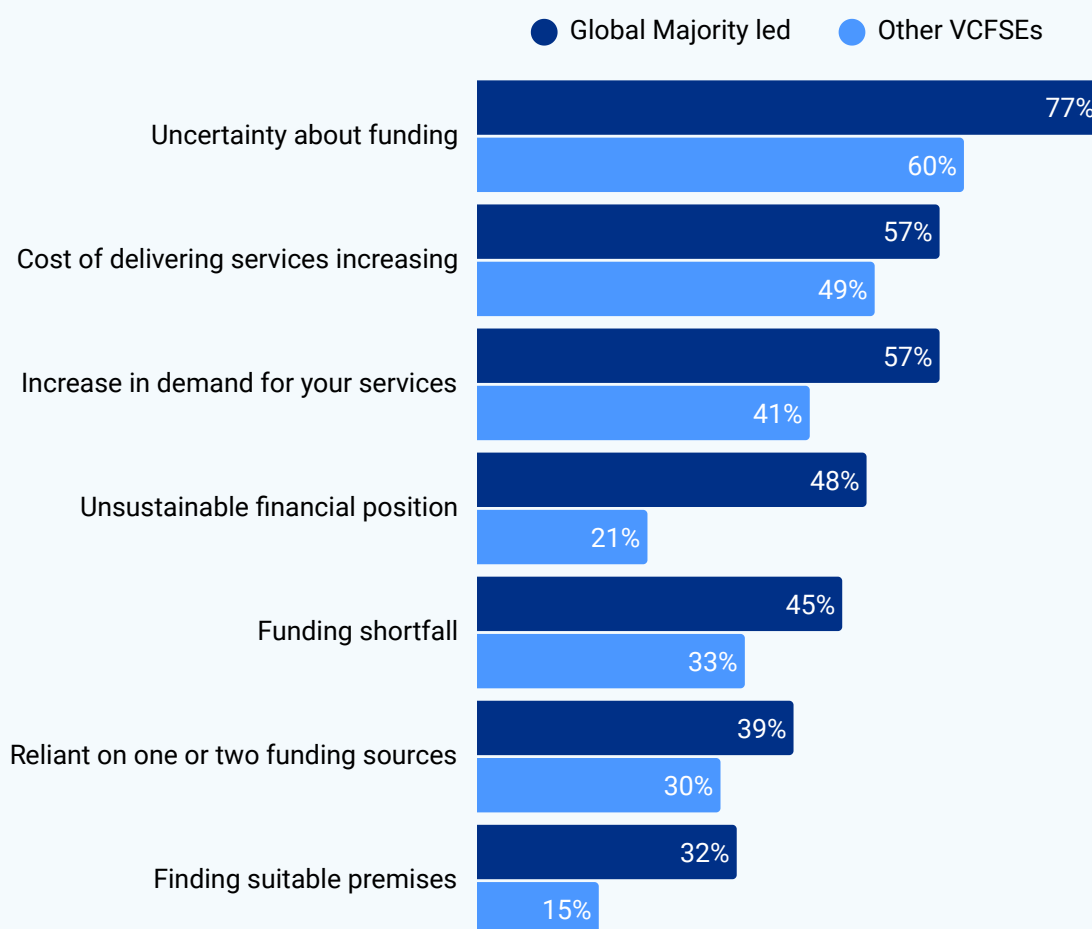
The biggest challenges for financial sustainability are:

- Uncertainty about funding (77%, compared to 60% of other VCFSEs).
- The cost of delivering services increasing (57%, compared to 49% of other VCFSEs).
- The increase in the demand for their services (57%, compared to 41% of other VCSFEs).
- 48% find themselves in an unsustainable financial position, compared to 21% of other VCSFEs.

Financial challenges and funding needs

Global Majority-led organisations have more uncertainty about funding and generally have an unstable financial position, and require suitable premises compared to other VCFSE organisations.

Figure 19: Biggest financial challenges for Global Majority led VCFSEs

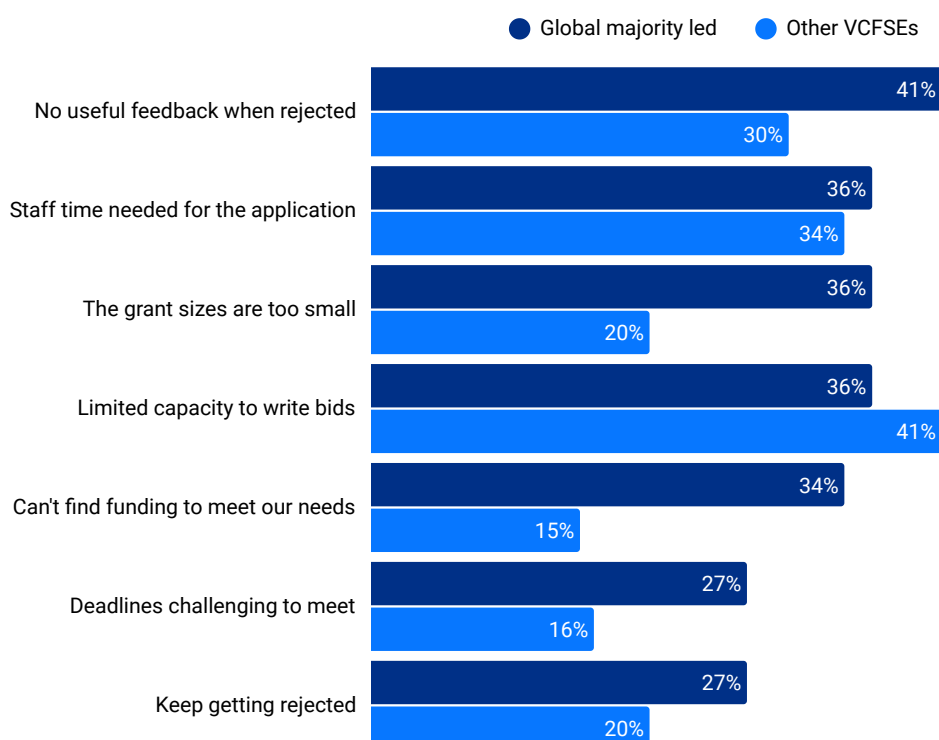


Funding of Global Majority-led organisations

For Global Majority-led VCFSEs, funding application success rates are low and the funding available is not meeting their needs. Whilst survey responses were low, this nonetheless reflects anecdotal feedback.

- 39% applied but were unsuccessful (higher than 27% of other VCFSEs).
- However, a third (34%) say they cannot find funding that meets their needs (e.g. their costs are ineligible), compared to 15% of other VCFSEs (and 21% overall).
- The biggest funding challenges for Global Majority-led organisations are not receiving useful feedback on unsuccessful applications (41%, compared to 30% of other VCFSEs), the grant sizes are too small (36%, compared to 34% of other VCFSEs), a lack of capacity to write bids (36%, compared to 20% of other VCFSEs) and the application process takes a significant amount of staff time (36%, compared to 41% of other VCFSEs).
- Only 16% are funded by the NHS (compared to 22% of other VCFSEs) and 36% receive referrals from the NHS, with 57% receiving referrals from social prescribing link workers.

Figure 20: Funding challenges for Global Majority led VCFSEs



Recommendations and next steps

The Charity Commission and 360 Giving data combined with our survey responses provides a comprehensive view of the fragility of the VCFSE across North East London. With 61% of VCFSEs having a turnover of less than £100,000 and survey data showing the disproportionate impact of cost-of-living and funding pressures on Global Majority-led organisations, this indicates a clear rationale to support smaller groups and Global Majority-led organisations. We will feed these insights into recommendations for a new VCFSE Strategy for North East London, and consider how we can ensure that the VCFSE is an equal partner, and how we support in light of the changes in the health and care system.

Conclusion

The North East London VCFSE sector demonstrates remarkable resilience and community impact despite facing unprecedented challenges. This report reveals a sector that is fundamental to the region's social fabric, employing over 22,000 people and engaging nearly 100,000 volunteers in vital community services. However the findings also show vulnerabilities that threaten the sector's sustainability. With only 20% of organisations reporting secure funding and 37% having no secured funding for the next 12 months, urgent action is required to prevent service disruption and organisational closure. There are opportunities here to work more closely with health and care partners as we try to achieve the 10 year health plan.

The survey data shows disproportionate impact on Global Majority-led organisations, and limited integration between the VCFSE sector and NHS systems represents a significant missed opportunity. Ultimately the strength of North East London's VCFSE sector lies in its diversity, community connections and lived experience leadership. Supporting and sustaining this sector is not just an investment in individual organisations, but in the social infrastructure that makes communities resilient, healthy and thriving. We therefore welcome all partners and wider VCFSE to join us in working more strategically to improve the health and wellbeing of our residents.

Acronyms

A list of acronyms used throughout this report is indicated below for reference.

CIC	Community Interest Company
ICB	Integrated Care Board
ICS	Integrated Care System
NEL	North East London
NHS	National Health Service
VCFSE	Voluntary, Community, Faith and Social Enterprise

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About NEL VCFSE Collaborative

The North East London (NEL) Voluntary, Community, Faith and Social Enterprise (VCFSE) Collaborative, hosted by Tower Hamlets CVS, acts as a strategic link between the region's VCFSE sector and NHS North East London. It ensures two-way communication and integrates community voices into strategic health and care decisions. The Collaborative provides advice and guidance to the NEL Integrated Care Board (ICB).

It focuses on improving health and social care by integrating services and fostering partnerships. The initiative encourages shared resources, knowledge, and best practices to address local health challenges effectively.

By engaging diverse stakeholders, the Collaborative seeks to empower communities, promote health equity, and ensure that services are responsive to the needs of residents. Ultimately, it strives to create a sustainable and inclusive health care environment for all.

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