

STAKEHOLDER ENGAGEMENT SUMMARY

North East Economic Inactivity Trailblazer:
VCSE Sector System Reform



Phase two: Stakeholder Engagement Summary

Executive Summary

The North East Combined Authority (North East CA) commissioned VONNE to lead the VCSE sector system reform strand of the North East CA Economic Inactivity Trailblazer, laying strong foundations for reform and testing ambitious ways of working that maximise the skills, capacity, and resources of the VCSE sector. This *Stakeholder Engagement Summary* is the second phase deliverable in that strand and provides a record of engagement to date. It offers insight into the roles and responsibilities of the VCSE sector in relation to health, skills and work pathways; what is working well within VCSE-led employment support; the systemic and operational barriers limiting impact; and the opportunities and priorities for system reform.

Key findings highlight the VCSE sector's unique strengths including community embeddedness, holistic and person-centred delivery, lived experience integration, and agility in responding to emerging needs. These qualities position the sector as a critical partner in addressing economic inactivity and supporting inclusive employment pathways.

However, systemic challenges persist. Funding instability, complex commissioning processes, fragmented systems, geographic inequities, and eligibility criteria undermine impact and sustainability. Power imbalances and compliance-heavy performance management further constrain collaboration and innovation.

Stakeholders identified clear opportunities for reform, including inclusive commissioning models, multi-year flexible funding, integrated “no wrong door” pathways, impact-focused evaluation, stronger employer engagement, and capacity-building initiatives. The Trailblazer was viewed as offering a unique opportunity to pilot such approaches and scale proven solutions.

The next phase of this work will produce a *Challenge Analysis and Emerging Themes paper* to deepen insight and propose guiding principles for commissioners, policy makers, and the VCSE sector, supporting evidence-led system reform across the region.

Background

North East CA commissioned VONNE to lead the VCSE sector system reform strand of the North East CA Economic Inactivity Trailblazer, helping to lay strong foundations for system reform and ambitious new ways of working that maximise the skills, capacity and resources of the VCSE sector. The second phase of this work centred around the creation of this *Stakeholder Engagement Summary* which captures the breadth and depth of the consultation undertaken so far, providing insight into:

- The roles and responsibilities of the VCSE sector in relation to health, skills and work pathways.
- What is working well within VCSE-led employment support.
- Systematic and operational barriers that are limiting the impact of this support.
- Opportunities and priorities for system reform.

As part of the initial phase of the North East CA Economic Inactivity Trailblazer, VONNE produced a mapping report for North East CA that analysed VCSE provision relating to skills, training, and employment support

across the region. This work combined analysis of existing data sources with engagement from local Employment Leads and identified around 120 organisations delivering support at different stages of the employment journey: from outreach and pre-employability to skills development, job brokerage, and in-work retention.

The findings confirmed the VCSE sector as a significant contributor to employment support across all local authority areas, with provision strongest for young people aged 18–24 and more limited for groups such as older workers and those facing complex barriers. Most activity sits within intermediary stages of the journey, while outreach and in-work support are less developed.

The mapping also highlighted system pressures, including reliance on short-term funding and uncertainty beyond March 2026 when UK Shared Prosperity Fund ends, raising concerns about continuity and capacity. As noted in the previous report, this work represented a point-in-time snapshot and will require iterative updates as provision evolves.

The next phase of work will result in the creation of a *Challenge Analysis and Emerging Theme paper* which will provide deeper insight into the emerging themes discussed in this paper as well as beginning to explore guiding principles for commissioners, policy makers and the VCSE sector.

Methodology

This phase of work used a mixed-method approach to ensure a comprehensive understanding of the VCSE sector's role in employment and skills pathways. Methods included discussions through the Skills, Inclusion & Employment Network, targeted one-to-one meetings with key stakeholders, thematic workshops, and an online survey. Together, these activities provide a robust evidence base for this Stakeholder Engagement Summary and will inform the next phase of work, the *Challenge Analysis and Emerging Themes paper*.

Skills, Inclusion and Employment Network

The Skills, Inclusion & Employment (SIE) Network, hosted by VONNE, brings together VCSE providers across the North East to act as a collective voice on issues of skills, inclusion and employment, influencing public sector partners at local, regional and national levels. As the network already serves as a conduit between VCSE organisations and North East CA, it provided the right forum to explore early thinking around the VCSE sector reform.

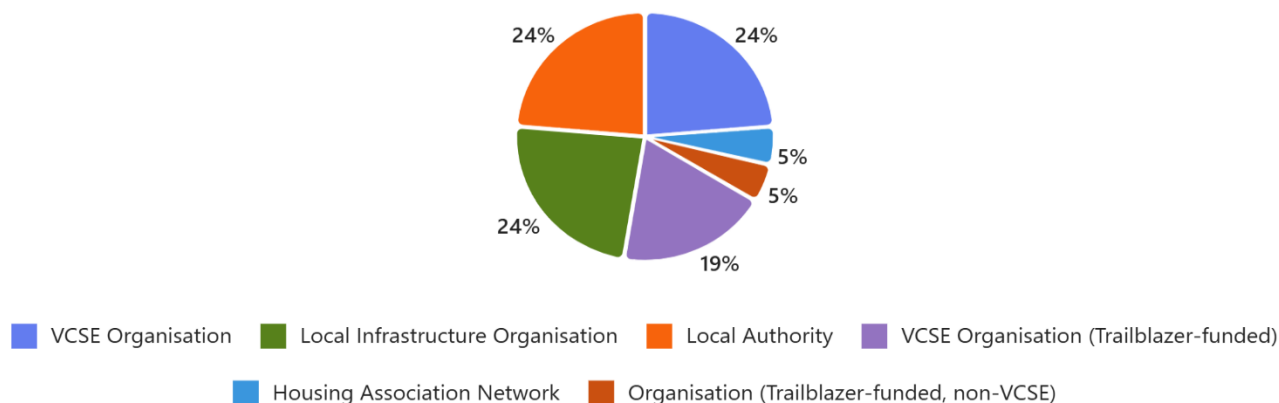
In July 2025, before the Trailblazer formally commenced, the network's agenda included a workshop discussion on the role and value of the VCSE sector across the employment, skills and health system, the opportunities available to influence change, and the barriers to realising these opportunities. These questions link directly to what North East CA is seeking to learn through this piece of research, and the insights gathered helped shape its initial design and focus. A further meeting in October 2025, after the Trailblazer work had begun, provided additional feedback and perspectives that informed ongoing development. Specifically, a workshop discussion that focused on how the North East CA, and other commissioners, might better design and administer their investments in a way that recognises and responds to the needs of specific people and places as well as removing barriers to participation for VCSE sector organisations. The minutes from these meetings have been utilised and included in the findings of this paper and will also be vital to the development of the *Challenge Analysis and Emerging Themes paper*.

Targeted meetings

To complement the broader engagement activities, a series of targeted one-to-one meetings were conducted with key stakeholders to gather deeper insights. These meetings were held with:

- Local Infrastructure Organisation (LIO) leaders.
- Employment Leads within Local Authorities.
- Senior leaders from VCSE organisations delivering employment support.
- VCSE organisations funded through the Economic Inactivity Trailblazer.

At this point in time, 21 targeted meetings have taken place, with more scheduled in the coming months to continue informing this research. The below chart illustrates the balance of engagement across stakeholder types, showing strong representation from VCSE organisations, local authorities, and infrastructure bodies, alongside targeted input from Trailblazer-funded organisations. Whilst Local Infrastructure Organisations (LIOs) are part of the VCSE sector they are shown separately here to reflect their unique role in supporting and coordinating VCSE provision.



Conversations were semi-structured and guided by the same question framework used in the engagement workshops (discussed below). This ensured consistency across all engagement activities whilst allowing flexibility to explore local context and organisational priorities. Topics included the role and value of the VCSE sector in employment and skills pathways, barriers to impact, opportunities for system reform, and examples of good practice.

Targeted meetings are ongoing and will continue to inform the *Challenge Analysis and Emerging Themes paper*, ensuring that local intelligence and organisational experience shape recommendations for system reform.

Delivery of Engagement Workshops

A series of roundtable discussions designed to strengthen the collective voice of the sector and identify shared themes and priorities were held to gather more in-depth insights into the roles and responsibilities of the VCSE sector in economic inactivity and employment support.

Three online workshops took place, each focused on a key geographic community within the North East CA area, namely coastal, rural, and urban. These themes were chosen based on a previously commissioned VONNE project for the North East CA, where they proved useful for gathering and interpreting relevant

information. Workshops were open to VCSE organisations identified as providing frontline delivery related to economic inactivity and employment support. Participation was not targeted; instead, the opportunity was shared across the VCSE sector through VONNE's existing networks.

Attendance was limited to one representative per organisation to ensure that perspectives from as many organisations and communities as possible were captured. The workshops were held online for the same capacity reasons, as well as to support accessibility, meet tight timescales, and enable engagement from across such a large geographic region.

In total, we engaged with 24 organisations (named in Appendix A) involved in employment support. These represented a broad geographic spread, ranging from rural Northumberland to South Durham, and supported a variety of thematic communities, including people interested in self-employment, volunteering, young people, and migrant communities.

Across the workshops, participants explored three main themes; roles, responsibilities, and strengths; challenges and barriers; and opportunities for system reform. Participants were invited to share their views using a range of communication methods, including adding their thoughts to a shared Google Document. Each workshop worked independently, and the combined contributions were later analysed to identify key themes and recurring insights across the sector.

These workshops also provided us with an opportunity to build our case study portfolio to support challenge analysis and identify examples of good practice between the sector and statutory partners. As a result of the workshops, we received case studies from 3 organisations.

We are aware that, due to the tight timescales and limited capacity, not all organisations that wished to attend the workshops were able to do so. The workshops were intended to supplement the mapping, targeted 1:1 meetings, as well as external networking opportunities such as the North East Skills, Inclusion, and Employment Network.

Online Survey

To broaden participation and capture perspectives from organisations unable to attend workshops or meetings, an online survey was launched. The survey was designed around the same core themes as the workshops - roles and responsibilities, barriers and challenges, and opportunities for system reform - but questions were adapted to be shorter and more accessible for self-completion.

The survey was distributed via VONNE's networks and remains live at the time of writing. Responses will be analysed alongside workshop and meeting data and will directly inform the *Challenge Analysis and Emerging Themes paper*. The full set of survey questions is included in Appendix B.

Findings

The findings presented in this section summarise the key insights gathered through the engagement activities previously detailed, with the exception of the online survey, which was launched to broaden participation, as it remains live at the time of writing and will be analysed during the next phase of work.

These findings represent headline messages rather than a comprehensive evaluation and are grouped under three core themes:

- Roles, Responsibilities and Strengths.
- Challenges and Barriers.
- Opportunities for System Reform.

Roles, Responsibilities and Strengths

Community embeddedness and trust

VCSE organisations are rooted in the communities they serve, building long-standing, trust-based relationships that enable engagement with people who are often overlooked or underserved by statutory systems. Their local presence and cultural competence help reduce barriers to initial engagement, sustain participation, and support successful transitions.

Holistic, person-centred delivery

Support routinely extends beyond employability into the social determinants of work such as housing stability, food security, health and wellbeing, debt and financial resilience, and digital inclusion. This wraparound approach enables individuals to progress at a realistic pace and prevents drop-off when life circumstances change.

Lived experience and specialist expertise

Many VCSE providers embed lived experience in service design and delivery, improving relevance, trust and outcomes. Specialist organisations bring targeted expertise for priority groups (e.g., disabled people, carers, migrants and refugees, older workers, young adults facing multiple barriers) and for alternative progression pathways such as self-employment and volunteering.

Connector and convenor role

The sector acts as a bridge between communities, employers, and statutory partners signposting across services, coordinating wraparound pathways, and brokering relationships that make support more accessible. Local Infrastructure Organisations (LIOs) are pivotal in amplifying community voice, convening partnerships, and building capacity across smaller VCSE providers.

Responsiveness and innovation

VCSE organisations adapt quickly to emerging needs, pilot new approaches, and share practice through local networks. Even where funding is narrow, many providers continue informal support beyond contracted activity because of their commitment to beneficiaries and place.

Challenges and Barriers

Funding instability and timescales

Short-term contracts (often 6–12 months) and rapid mobilisation requirements undermine organisational stability, recruitment and retention, and the ability to test and refine models. Uncertainty post-March 2026 (e.g., UKSPF end date) is already impacting workforce planning and continuity for many organisations who fed into this work.

Commissioning complexity and disproportionate compliance

Procurement processes favour larger primes and create high administrative burdens, especially for smaller

organisations, this can be through jargon, complex application processes, high personal-data capture requirements, and intensive evidence demands. Minimum grant thresholds and cash-flow delays further deter participation and shift risk onto providers.

Fragmented system and unclear navigation

Misalignment between funding streams (e.g., DWP/DoE), duplicated provision, and variable referral routes contribute to confusion for providers and beneficiaries. Entry-level provision is uneven and can delay progression for those furthest from the labour market.

Geographic and thematic inequity

A “postcode lottery” is perceived to persist with rural and coastal communities face thinner infrastructure and transport barriers; some specialist groups (e.g., single asylum seekers, people with fluctuating health conditions) encounter limited tailored support; hidden costs (childcare, equipment, travel) impede sustained engagement.

Eligibility and definitions

Narrow or rigid definitions of economic inactivity (EI) and eligibility criteria exclude individuals who would benefit from early intervention, create perverse incentives, and suppress innovation that responds to real-world complexity.

Capacity and collaboration barriers

Smaller VCSE organisations lack resources to engage in complex partnership bids or absorb compliance overheads. In some places, competition cultures persist and partnership commitments made by primes are not consistently honoured in practice.

Power imbalance and punitive performance management

Contract management can feel compliance-led rather than improvement-oriented, discouraging learning and candour. Limited transparency on funding decisions and performance data diminishes trust across the system.

Place-specific barriers

Whilst many themes were consistent across the region, engagement also revealed place-specific factors that shape how barriers and opportunities manifest in different communities. For instance, engagement highlighted distinct challenges in coastal and rural communities that require tailored responses.

Coastal areas face a pronounced postcode lottery in service access, with hidden costs such as transport and childcare creating persistent barriers to participation. Employer engagement is limited, and duplication of generic provision remains a concern.

In rural communities, geographic isolation and acute digital exclusion amplify inequity, while specialist provision for groups such as disabled people is scarce. These factors underscore the need for commissioning models and investment strategies that reflect local context rather than applying uniform solutions.

Opportunities for System Reform

Stakeholders identified opportunities spanning both immediate Trailblazer pilots and longer-term system reform, with a strong emphasis on learning and scalability.

Inclusive commissioning and proportional monitoring

Suggestions included adopting simpler, fairer models that reduce barriers for smaller providers, such as light-touch applications for trusted organisations, proportional evidence requirements, and accessible pre-application support. Where primes are used, stakeholders emphasised the importance of clear minimum delivery shares, fair pricing and meaningful partnership delivery.

Multi-year, flexible funding

A shift from annual cycles to multi-year contracts with flexibility to tailor locally was seen as an aspirational goal, enabling stability, workforce retention, and test-and-learn iteration. There was also a desire to include budget lines for hidden costs (transport, childcare, specialist equipment) and for partnership convening.

Integrated, “no wrong door” pathways

There was a call to design joined-up routes across employment, skills, health and housing with shared records (data-sharing agreements), warm referrals, and cross-sector training. This could be supported by the use of LIOs and existing networks to coordinate local ecosystems and avoid duplication.

Impact-focused evaluation and shared learning

Participants shared a desire to move beyond output counting to measure meaningful change (e.g. confidence, progression, retention, earnings stability). They also called for independent or academic partnerships to support robust evaluation and for lessons learned, especially from approaches that did not work, to be published and to inform future commissioning.

Employer engagement and demand-side levers

Participants emphasised the need to strengthen employer partnerships by co-designing inclusive recruitment practices, job carving, and progression pathways. They also called for incentives to support retention and workplace adjustments, alongside recognition of overseas qualifications and non-linear career histories. Building stronger brokerage between VCSE providers and employers in growth sectors was seen as critical.

Capacity building and technical support

Stakeholders highlighted the importance of targeted support on subsidy control, procurement, and monitoring requirements. They recommended the creation of convening spaces and “marketplaces” to foster VCSE collaboration, enabling bid-readiness for smaller organisations, and strengthening data capability without compromising trust with beneficiaries.

Use Trailblazer to pilot and scale

Participants viewed the Trailblazer as an opportunity to act as a sandbox for innovation, to test flexible models, compare commissioning approaches (e.g., micro-grants versus prime-led delivery), and scale proven community-led solutions rather than continually reinventing schemes.

Conclusion

Engagement undertaken so far confirms the VCSE sector's pivotal role in tackling economic inactivity across the North East, underpinned by its deep community roots and holistic approach. Yet, without systemic reform, these strengths risk being eroded by structural barriers and short-termism. Stakeholders consistently call for commissioning and funding models that prioritise stability, equity, and collaboration, alongside mechanisms for shared learning and robust evaluation.

The depth, consistency, and geographic spread of engagement provide a strong foundation for the next phase of analytical and design work. The forthcoming *Challenge Analysis and Emerging Themes paper* will build on these insights to propose guiding principles for commissioners, policy makers, and the VCSE sector. By leveraging the Trailblazer as a testbed for innovation, there is the opportunity for the region to move towards a more integrated, resilient, and inclusive employment support ecosystem that reflects local needs and maximises the VCSE sector's unique value.

Appendix A: VCSE Engagement Workshop Attendance List

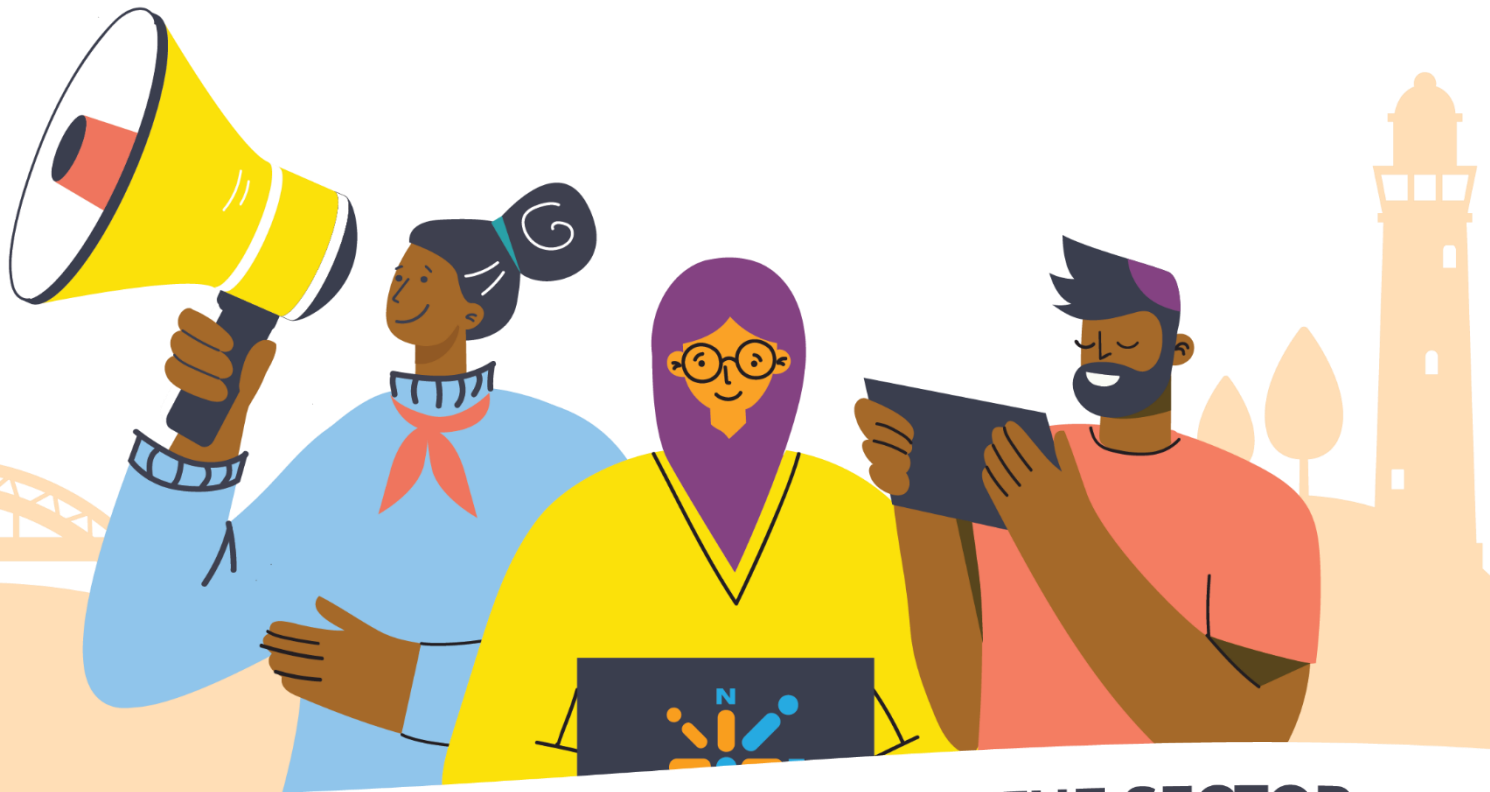
- Action Foundation
- Blyth Resource and Initiative Centre (BRIC)
- Citizens Advice Northumberland – Thriving Together Northumberland
- Community Action Northumberland
- Conscience Coaching and Consulting CIC
- Daisy Chain
- Gateshead Community Organisation
- International Community Organisation of Sunderland (ICOS)
- North East Enterprise Agency Ltd
- North Tyneside VODA
- Northern Rights
- Northumberland Community Development Company
- People and Drugs LTD – Silx Teen Bar Youth Project
- Positive About Inclusion CIC
- RISE North East
- Riverside Community Health Project
- Rural Design Centre
- South Durham Enterprise Agency
- Sunderland Voluntary Sector Alliance
- TEDCO Business Support LTD
- The Key
- The Millin Charity
- Ways to Wellness
- YMCA North Tyneside

Appendix B - Complete Survey Questionnaire.docx



VONNE

VOLUNTARY ORGANISATIONS' NETWORK NORTH EAST



STRENGTHENING & SUPPORTING THE SECTOR

Georgia Morris, Data Officer

Email: georgia.morris@vonne.org.uk

Siobhan Flynn, Policy Manager

Email: siobhan.flynn@vonne.org.uk