3rd Sector Index Q1 2018

Ulster Bank

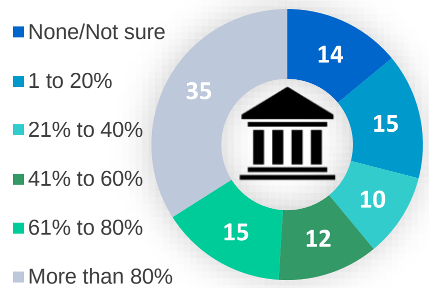
CO3 Chief Officers 3rd Sector

CO3 surveys its membership of third sector leaders every quarter
to understand their current economic position, and issues affecting the third sector

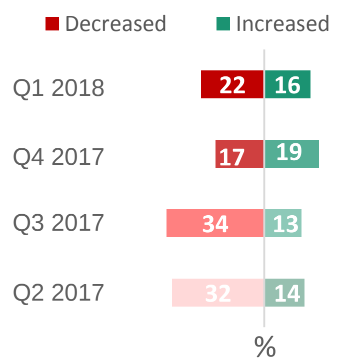
Sources of funding

From government

Percentage of income (%)



Change from previous quarter

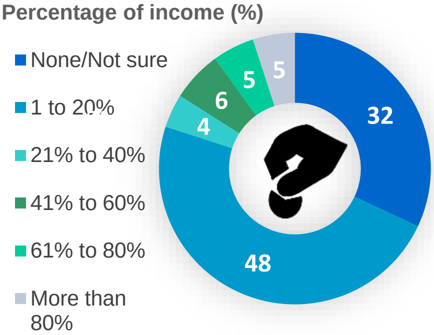


Currently, the majority of third sector organisations are in receipt of funding from government sources to some extent (86%).

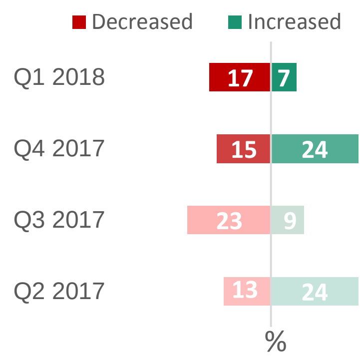
For three fifths (61%) this level of funding has not changed in the last quarter. However, 22% have experienced a decrease in government funding, which is a 5% point increase from Q4 2017. Only 16% of organisations secured an increase, which is 3% points that have benefitted from increased funding than in Q4 2017.

From public donations

Percentage of income (%)



Change from previous quarter

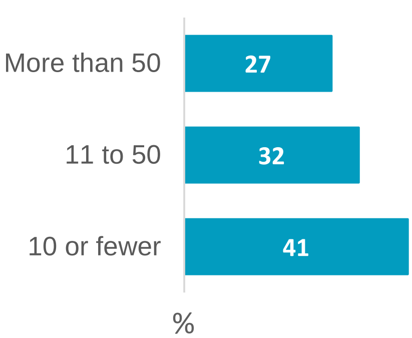


Two thirds (67%) of organisations reported that they have some income from public donations.

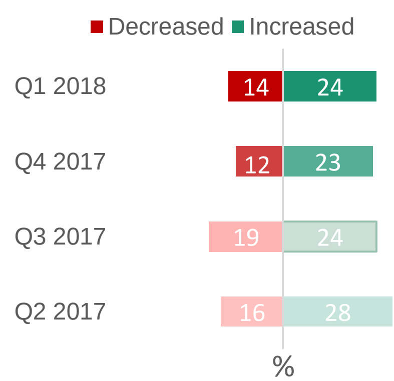
While funding from this source has remained constant for almost three quarters of the organisations (72%), only 7% have secured an increase in the last quarter; this is down from 24% in Q4 2017.

Employment levels

Number of employees



Change from previous quarter



Over the past quarter, the number of employees in the sector has remained constant for more than three fifths of third sector organisations (62%). While 24% have increased their headcount, 14% experienced a reduction in employee numbers.

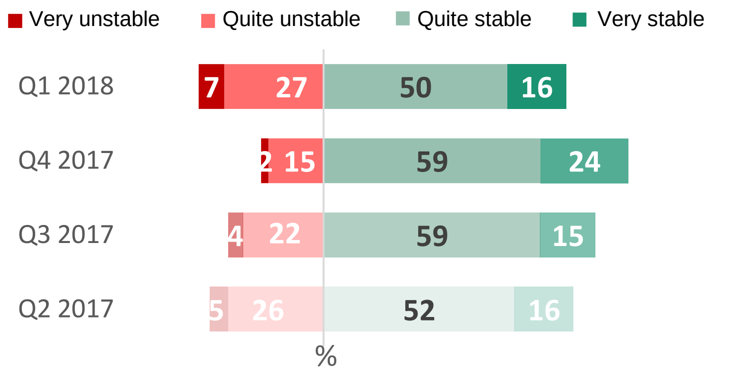
In this quarter, demand for services fell by 3% points with 66% of third sector organisations reporting an increase in demand for their services compared with 69% in Q4 2017.

The survey findings are based on 104 questionnaires that were completed by third sector leaders during February/March 2018. The results may add between 99% and 101% due to rounding.

Cash flow

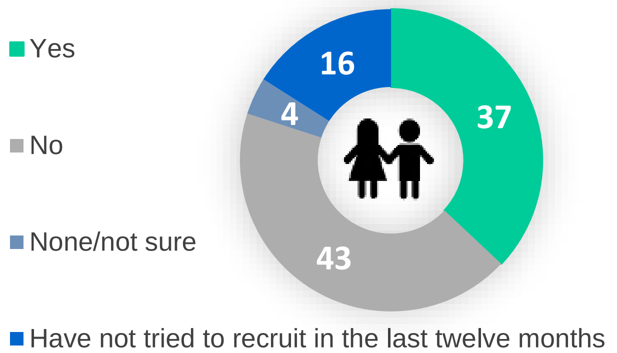
Current situation

Two thirds of organisations (66%) described their cash flow situation as stable, which is a decrease of 23% points from Q4 2017. The percentage of organisations that are vulnerable to cash flow issues has doubled from 17% in Q4 2017 to 34% this quarter.



Recruitment

In the last twelve months, have you experienced any skills shortages?



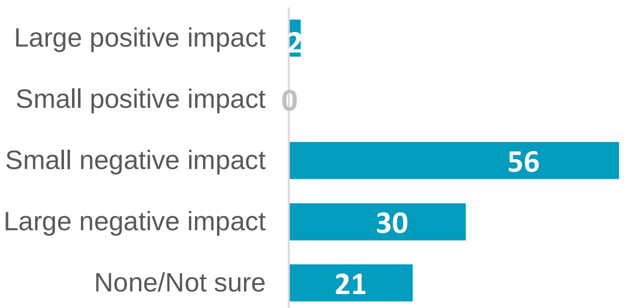
Almost four in ten, (37%) reported that they have experienced skills shortages in the past year when trying to recruit suitable staff.

A wide range of skill shortages were noted with social care, fundraising, finance and administration among the most likely to be highlighted. A comment was made that there are:

"Reduced applications in all advertised posts and less qualified individuals applying"

Views on political issues

Impact on organisations due to lack of Assembly



An increasing number of organisations (86%) reported that the lack of Assembly has had a negative impact on their organisation. This is a 9% point increase from Q4 2017. Although 20% confirmed that they had experienced no impact or were not sure, only 2% believe that they had positively benefited from the lack of Assembly.

When providing further comments, organisations continued to express concerns at the lack of certainty, political stability and leadership.

"Undermining progress in all sectors"

"Our organisation faced a major funding crisis"

"Local services are not being actioned as the local community requires..."

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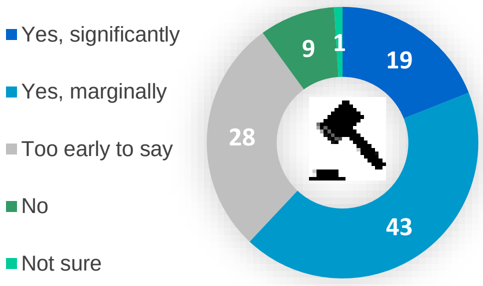
Impact of the Oxfam crisis

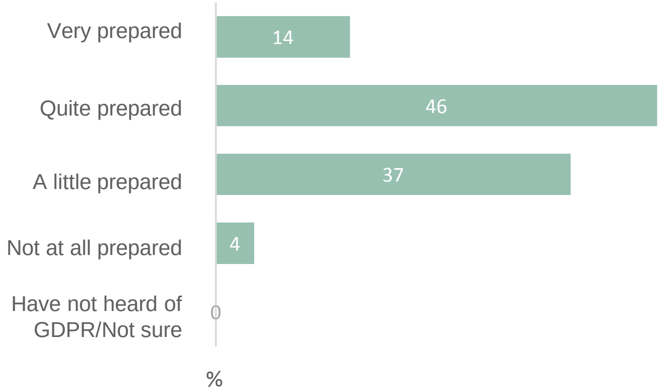
Do you think the reputation of the wider third sector has been negatively impacted due to the recent Oxfam crisis?



Over six in ten organisations (62%) believe that the reputation of the wider third sector has been negatively impacted due to the recent Oxfam crisis. Almost one in ten (9%) do not believe that the sector has been negatively impacted, while almost three in ten (28%) believe that it's too early to say.

Preparations for the General Data Protection Regulation (GDPR)

To what extent, if at all, is your organisation prepared for GDPR?



The majority of organisations (96%) reported that they have made some preparations for the introduction of the General Data Protection (GDPR) legislation on 25th May 2018, with 14% saying that they are very prepared, 45% are quite prepared, while 37% are a little prepared.

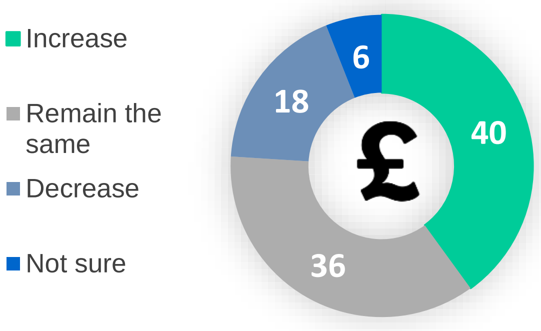
Looking ahead

…expectations for the next 12 months

Two fifths of organisations (40%) expect their turnover to increase in the next twelve months, while 36% believe that their turnover will remain the same.

Almost one fifth (18%) expect their turnover to decrease, while 6% remained uncertain.

Expectations for turnover

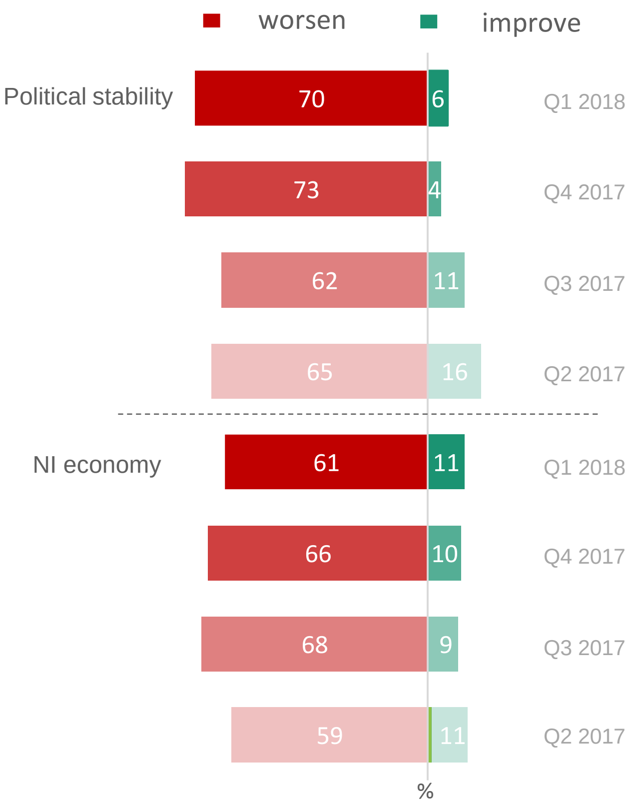


Looking ahead

…expectations for the next 12 months

In this quarter, 6% believe that political stability in Northern Ireland will improve over the next year, and 70% expected it to worsen; this is a slightly more optimistic outlook than the end of 2017.

The outlook for the Northern Ireland economy is also slightly more positive than the previous quarter. Currently, 61% anticipate that the NI economy will worsen, which is less than the previous two quarters, while 11% expected that the economy will improve in the next twelve months. Over one quarter (28%) believe that it will stay the same



About the survey

The third sector is the term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations that have charitable status or are community interest companies, social enterprises, mutual and co-operatives.

CO3 has over 600 members, who are considered as third sector leaders, each with an annual income of over £100,000.

From the research conducted by the Charities Commission for Northern Ireland, charities with an income of more than £100,000 make up 90% of the sector's income.

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