3rd Sector Index
Q4 2018

Ulster Bank

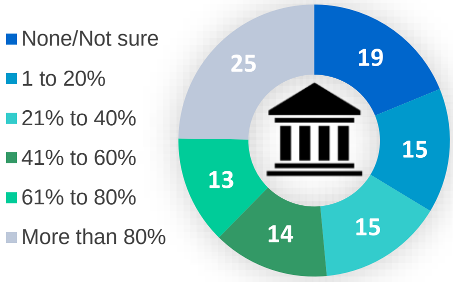
CO3 Chief Officers 3rd Sector

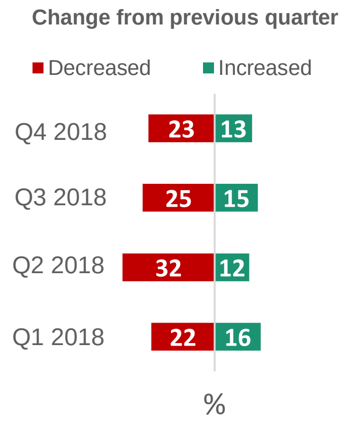
CO3 surveys its membership of third sector leaders every quarter
to understand their current economic position, and issues affecting the third sector

Sources of funding

From government

Percentage of income (%)





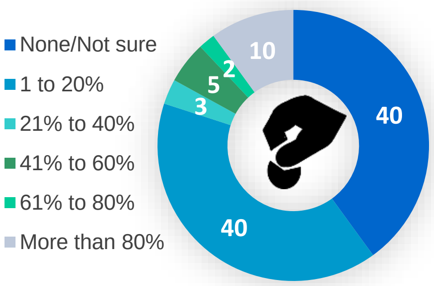
Currently, the majority of third sector organisations are in receipt of funding from government sources (81%).

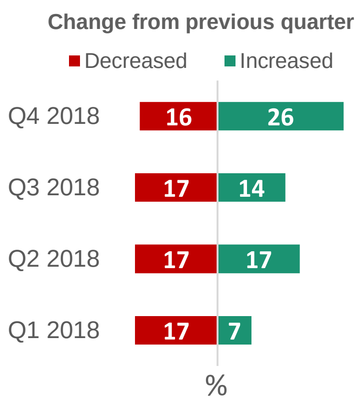
Of these, 72% receive funding as part of a contract to deliver services, and two thirds (68%) indicated they receive grant funding. Over one third (35%) have received EU funding in the last three years.

62% of organisations reported that their level of government funding has not changed in the last quarter. However, over a fifth (23%) have experienced a decrease in government funding, while 13% have experienced an increase.

From public donations

Percentage of income (%)



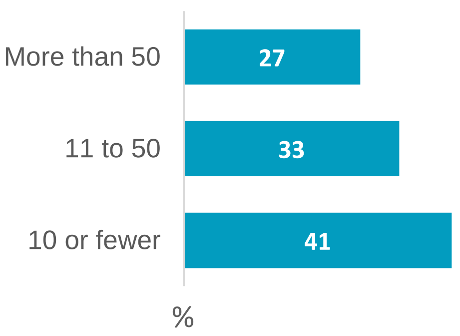


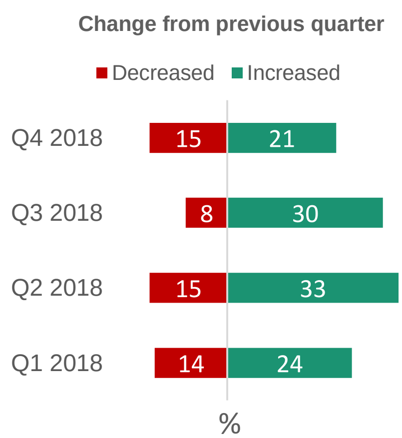
60% of organisations reported that they receive at least some of their income from public donations.

While funding from this source has remained constant for just over half (54%), 26% have secured an increase in the last quarter; this is up from 14% in Q3 2018.

Employment levels

Number of employees





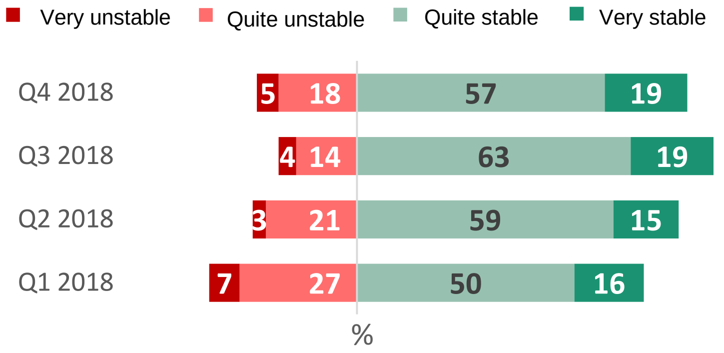
Over the past quarter, the number of employees has remained constant for 64% of third sector organisations. While one fifth (21%) have increased their headcount, 15% experienced a reduction in employee numbers.

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

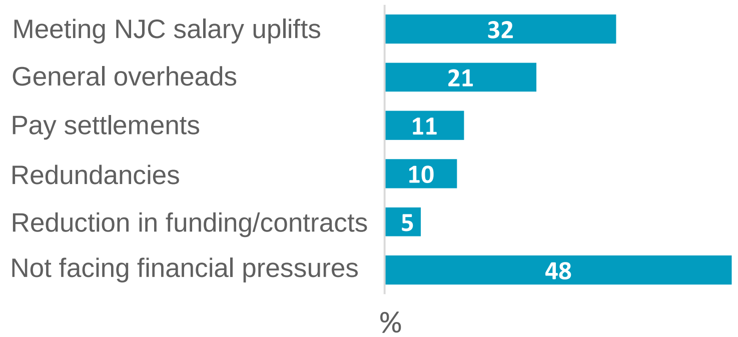
Cash flow

Current situation

Three quarters (76%) described their cash flow situation as stable, which is a decrease of 6% points from Q3 2018. The percentage of organisations that are vulnerable to cash flow issues has increased by 5% points from 18% in Q3 2018 to 23% this quarter. 64% of organisations say their cash flow situation has not changed from Q3 2018.

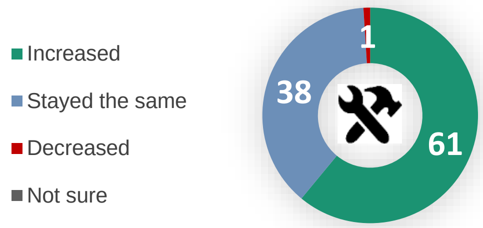


Over half (52%) indicated that their organisation is currently facing financial pressure. Reasons provided included meeting salary increases in line with NJC uplifts (32%); covering the cost of general overheads (21%); pay settlements (11%); redundancies (10%); and a reduction in funding or contracts (5%).



Demand for services

Compared to last quarter, has the demand for your services…

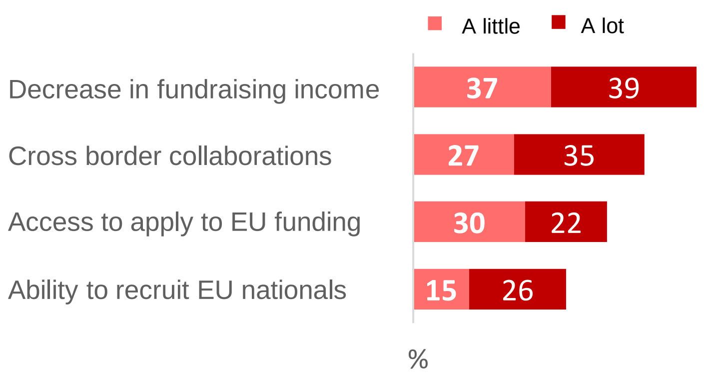


In this quarter, demand for services fell for 1% of organisations, while three fifths (61%) reported an increase in demand. 38% of organisations said that demand for their services has not changed over the last quarter.

Impact of Brexit

If the UK leaves the EU with 'no deal', to what extent would your organisation be affected by…

Three quarters (76%) believe that a 'no deal' Brexit may lead to a decrease in fundraising income due to an economic downturn; 62% of organisations indicated that 'no deal' may threaten their cross border collaborations; approximately half (52%) consider that 'no deal' will impact their ability to apply to EU funding; and less than half (41%) believe that a 'no deal' scenario impact in their ability to recruit EU nationals.



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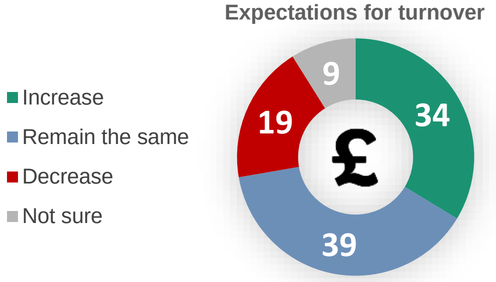
Looking ahead

Turnover expectations for the next 12 months



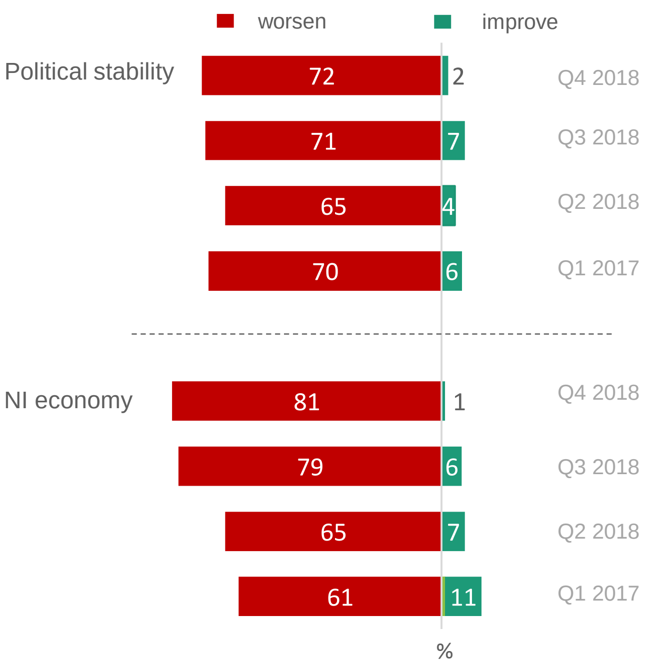
In the next 12 months, one third (34%) expect their turnover to increase, 39% expect their turnover to remain the same, and one fifth (19%) expect that their turnover will decrease.

9% of organisations indicated that they were not sure what their turnover figures would look like in 12 months time.

Economic and political expectations for the next 12 months

In this quarter, we found that 72% of third sector organisations believe that political stability in Northern Ireland will worsen over the next year, compared to 2% who expect it to improve. This is a slightly more pessimistic outlook than at the end of Q3 2018.

The outlook for the Northern Ireland economy is slightly more negative compared to findings of the previous quarter. Currently, eight out of ten (81%) anticipate that the NI economy will worsen, which is 2% points more than the previous quarter. Over one tenth (14%) believe that the NI economy will stay the same, and 1% expect that it will improve.



About this 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 800 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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