



Third Sector Trends in North East England 2020:

**SUMMARY OF FINDINGS
& KEY ISSUES FOR DEBATE**

About the Author

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Third Sector Trends Study

The Third Sector Trends study was conceived and originally commissioned by Northern Rock Foundation with research conducted by the Universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-funder of the research and is now responsible for its legacy.

The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Power to Change, Garfield Weston Foundation and IPPR North to expand and continue the research.

All publications from the Third Sector Trends study are available free to download at this address:

<https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

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Third Sector Trends

Third Sector Trends is a longitudinal study of the voluntary and community sector in the North of England. The research programme was designed to examine how Third Sector organisations (TSOs) fare over time in the context of change. The findings presented in this report are based on a robust research methodology which has evolved over the last twelve years to produce comparable time-series data.

Initially, the study's focus was North East England and Cumbria. This was extended to Yorkshire and Humber in 2013 and then to the whole of North West England in 2016. In 2019 a supplementary and smaller-scale study was undertaken across the remainder of England and Wales to provide scope comparative analysis.¹

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The Community Foundation has collaborated with partners including St Chad's College, University of Durham, Garfield Weston Foundation, Joseph Rowntree Foundation, Power to Change and IPPR North to expand and continue the research.

This report presents a digest of key findings from the Third Sector Trends study in 2019 in North East England as a whole and for each of its four sub-regions: Northumberland, Tyne and Wear, County Durham and Tees Valley.²

The survey took place between June and December 2019. A total of 3,158 responses were received. Responses in each region are as follows: North East England, 1,094, North West England, 1,212 and Yorkshire and Humber, 852. Third Sector Trend samples between 2010 and 2019 have very similar structures which means that reliable comparisons can be made between waves of the study.

Key findings

This summary report outlines the principle findings from the study. The full report provides in-depth analysis on the whole range of issues covered here together with contextual material on North East England, the current policy environment and the research methods employed in the study. The complete report can be found at this address:

<https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

¹ This aspect of the study will not be reported upon here but will be published separately later in 2020.

² For the purposes of this study, historic sub-regional boundaries are used. In North East England these do not necessarily share the same

1 People resources

Employment in the Third Sector

- It is estimated that in 2019 there were 38,250 full-time equivalent (FTE) employees in North East England, 87,500 in Yorkshire and Humber and 115,000 in North West England and across the North there were 240,750 FTE employees.
- Comparable data from North East England suggest a progressive shift from full-time to part-time employment between 2010-2016, but this has now abated as the proportion of full-time employed staff has started to rise again relative to part-time staff.
- The Third Sector workforce accounts for about 3% of employment in all regions in the North of England.
- The economic value of employees at 80% of median wages is estimated across the North of England at £5.4bn. Regional estimates are as follows, North East England, £845m, Yorkshire and Humber £1.97bn and North West England £2.66bn.

Volunteers in the Third Sector

The majority of TSOs are very small, have very limited income and do not employ staff. They are, therefore, entirely dependent upon freely given time to manage organisations and deliver the work needed.

- In the North of England, it is estimated that 955,000 volunteers provide over 69m hours of work which can be valued between £565m - £940m per year.
- In North East England, it is estimated that there are 154,400 volunteers who deliver 11m hours of work. The replacement value of such work by employees would be between £91m (at National Minimum Wage) and £148m (at 80% of average wages).

In the North of England, 38% of TSOs had rising numbers of volunteers (a big increase on 2016 when 30% recorded an increase). Around a half of TSOs had a stable number of volunteers while 14% reported falling numbers. The average increase is 2.4 volunteers per TSO across the North of England (regional variations are small).

The rise in volunteer numbers can largely be accounted for by the establishment of new TSOs established since 2010. Newer TSOs report a 59% increase in volunteers compared with, for example, just 14% of TSOs established in the 1980s.

NCVO estimates that there are about 11.9m volunteers in the UK. The North of England comprises about 20% of the UK population. If volunteers are spread reasonably equitably, this means that there will be around 2.4m people in the North of England. However, NCVO data refer only to people who volunteer about once a month.

TSTS estimates on the number of volunteers are set lower than this at 955,000. This is because Third Sector

boundaries as Local Enterprise Partnerships, Combined Authorities and NHS Health Authorities. Analysis can be undertaken using most geographical criteria however should future analysis require this.

Trends reports on people who give their time more regularly rather than occasional volunteering. This is not to say that national statistics on volunteering are

exaggerated. Much volunteering may be undertaken irregularly and/or for organisations other than TSOs such as schools or hospitals.

Table 1 Employment estimates for each region in the North of England (2019)

	Estimated number of TSOs	Estimated full-time equivalent employees	Percentage of regional employment	Value of employee wages at median regional wage	Value of employee wages at 80% of median regional wage
North East England	7,200	38,250	3.1	£1,056,159,000	£844,927,200
Yorkshire and Humber	14,900	87,500	3.2	£2,457,000,000	£1,965,600,000
North West England	20,350	115,000	3.0	£3,324,880,000	£2,659,904,000
North of England	42,250	240,750	3.1	£6,789,471,000	£5,431,576,800

Table 2

Estimates of volunteer numbers and replacement values (North of England, 2019)

	Estimated number of volunteers (2016 estimates in parentheses)	Estimate of hours worked (000s) (2016 estimates in parentheses)	Nominal financial replacement cost at National Minimum Wage	Nominal financial replacement cost at 80% average regional wage
North East England	154,000 (149,900)	11,088 (10,793)	£91,033,000	£148,442,000
Yorkshire and Humber	350,500 (340,700)	25,236 (24,530)	£207,188,000	£343,577,000
North West England	450,500 (440,400)	32,436 (31,709)	£266,300,000	£454,686,000
North of England	955,000 (931,000)	68,760 (67,032)	£564,520,000	£940,178,000

In the North of England, 38% of TSOs had rising numbers of volunteers (a big increase on 2016 when 30% recorded an increase). Around a half of TSOs had a stable number of volunteers while 14% reported falling numbers. The average increase is 2.4 volunteers per TSO across the North of England (regional variations are small).

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2 Leadership, diversity and equalities

There has been surprisingly little research on diversity and equalities in the leadership of TSOs. But there is growing debate within government and the Third Sector about the extent to which TSOs attend to such issues when taking on trustees, paid staff and volunteers. Data were collected on the percentage of TSOs which had graduates, women, Black Asian and minority ethnic (BAME), disabled and older chairs and chief officers.

Chairs of boards of trustees

- Graduate chairs are the most populous in Yorkshire and Humber (68%). In North East England, there are fewer graduate chairs (61% which may reflect the region's profile of lower level participation and achievement in higher education. Graduates are significantly over-represented when compared with graduate population averages (North East England 33%, Yorkshire and Humber 34%, North West England 36%).
- Women chairs are more strongly represented in North East England (46%) than in Yorkshire and Humber (42%) or North West England (41%). As the percentage of women and men in the population is

relatively equal, this shows that women are currently under-represented as chairs.

- There are relatively few chairs with registered disabilities (around 8-9% across the regions). This may suggest that people with disabilities are under-represented as chairs as about 16% of the working population and around 48% of pension age adults have disabilities. The percentage for the whole population is estimated at 20%.
- Black, Asian and minority ethnic (BAME) chairs are the most populous in Yorkshire and Humber (8%) and the least in North East England (4%). By region, the whole population percentages are 5.1% in North East England, 9.7% in Yorkshire and Humber and 13.2% in North West England. This shows that BAME chairs are not representative of the regional population, and especially so in North West England.
- Retired people constitute 54% of chairs. In the UK, 18.3% of the whole population are aged over 65 years - so retired people are substantially over-represented. Retired chairs are most common in

North East England (58%) followed by North West England (53%) and Yorkshire and Humber (51%).

Chief officers of TSOs

- Graduates are over-represented as CEOs when compared with population averages. There are fewer graduate CEOs in North East England (64%) whilst the highest proportion is in Yorkshire and Humber (76%).
- Women are well represented as CEOs in the Third Sector, constituting over 65% of all CEOs in the North of England. They are the least populous in North East England (61%) when compared with Yorkshire and Humber (69%) and North West England (68%).
- Only 7% of CEOs are registered disabled. They are best represented in North West England (10%) and least so in North East England (6%).
- BAME CEOs are under-represented by population averages in all regions: with 4% in North East England, 10% in Yorkshire and Humber and 11% in North West England.

Table 3 Characteristics of chairs of governing bodies, percentage by region (2019)	North East England	Yorkshire & Humber	North West England	North of England
Chairs of organisations				
Percentage of TSOs with graduate chairs (about 35% of the working population in the North have degrees)	61.3	67.6	64.5	64.2
Percent of TSOs with women chairs (51% of the UK population are women)	46.0	42.0	40.9	43.1
Percent of TSOs with registered disabled chairs (about 20% of the UK population have disabilities)	8.4	8.2	9.2	8.6
Percent of TSOs with BAME chairs (14% of the UK population is BAME)	4.2	7.5	5.7	5.7
Percent of TSOs with retired chairs (18% of the UK Population are retired)	58.2	51.3	52.9	54.4
Chief officers of organisations				
Percentage of TSOs with graduate CEOs (about 35% of the working population in the North have degrees)	64.1	76.2	70.8	69.8
Percent of TSOs with women CEOs (51% of the UK population are women)	61.0	68.6	67.7	65.3
Percent of TSOs with registered disabled CEOs (about 20% of the UK population have disabilities)	5.6	6.2	9.8	7.1
Percent of TSOs with BAME CEOs (14% of the UK population is BAME)	3.9	9.7	10.6	7.7

3 Financial resources

Origin of financial resources

TSOs gain resources from a variety of sources such as grants, contracts, earned income, subscriptions, gifts and loans. Income may be sourced from the public, private and Third Sector. Most TSOs have a complex mix of income sources.

About half of TSOs rely *mainly* on Third Sector finance (including grants from charitable trusts and foundations). About 30% rely mainly on the public sector while 20% rely mainly on the private sector for funding. Regional variations in the principal sources of sector finance are small.

- Reliance on public sector finance (such as contracts from local authorities, the NHS or government departments) becomes much stronger as TSOs grow in size. Only 23% of micro TSOs rely primarily on public sector finance compared with 59% of the biggest TSOs.
- Private sector finance is relied upon by TSOs in similar proportions irrespective of their size (15-25%).
- Third sector finance (including grants from charitable trusts and foundations) tends to be more important for micro and small TSOs (56-57%) when compared with large and big organisations (39% and 24% respectively).

Figure 1 Sector finance upon which TSOs mainly rely (North of England, 2019)

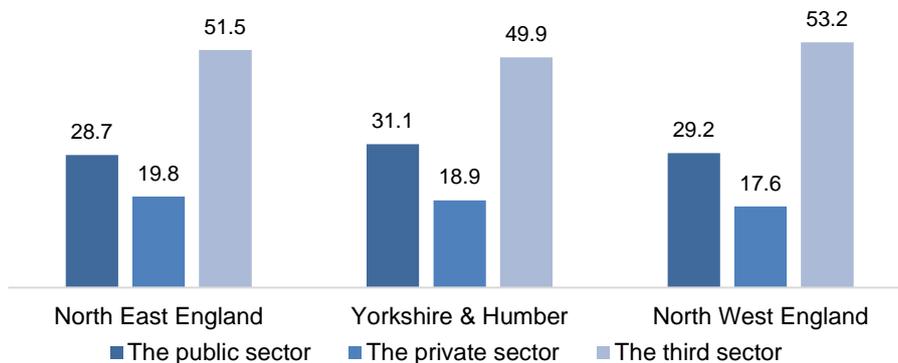
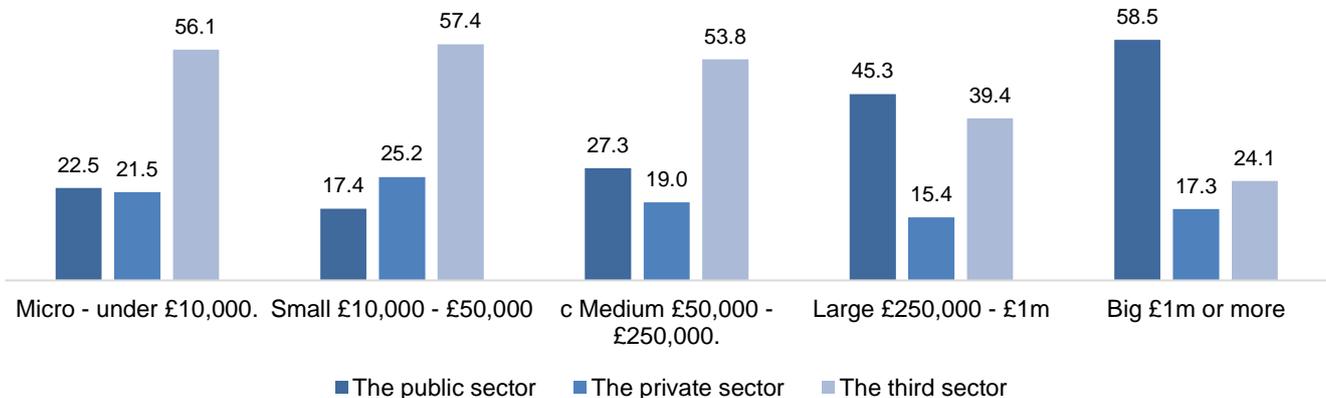


Figure 2 Reliance on sector finance by size of TSOs (North of England, 2019)



Assets and reserves

The Third Sector has relatively few property assets. Only 4% of micro TSOs have property valued above £250,000 compared with 53% of the largest organisations – but 30% of the biggest TSOs have no property assets.

Most newly established TSOs (since 2010) do not have property assets (80%). The value of property owned by these organisations tends to be below £250,000. The longer TSOs have been established, the more likely they are to own property. But only 58% of TSOs established before 1945 own property.

Investment assets are held by only a small minority of TSOs. Cash reserves in the sector are also quite limited. As organisations become larger and their financial needs become more pressing, it is a matter of concern that 37% of medium sized TSOs have less than £10,000 in cash reserves (and that a further 11% have none).

The sector appears to be relatively under-capitalised. Almost half of TSOs (46%) hold neither property nor investment assets. Less than 2% of TSOs have property and investment assets above £1m.

4 Sources of income

Grants

Demand for grants is high but not universal. Smaller TSOs are the least likely to have applied for grants: only 50% applied to a regional trust or foundation compared with 84% of medium sized TSOs.

TSOs find out about grant opportunities in several ways – there is very little regional variation, Percentages for the North of England are summarised below.

- The most popular approach is to search online for opportunities (54% of TSOs report that they use method quite a lot and 27% occasionally).
- Two thirds of TSOs go to their local infrastructure organisation (such as a CVS) for information and advice, although only a quarter do this quite a lot.
- The local authority is a common source of advice and information for 58% of TSOs, and 17% use this source quite a lot.
- Informal support from other TSOs is very common – two thirds of organisations rely on such help and advice, although only 17% do this regularly.
- Funding fairs are attended by a little below a half of TSOs (48%), but only 12% do this quite a lot.
- While relatively few TSOs use professional fundraisers (16%) and only 6% do this quite a lot – this may still constitute a surprising finding and it will be important to track this in future rounds of the study.

In 2019, the study examined the quality of relationships with charitable trusts and foundations in North East England.

- Half of TSOs received unrestricted funding from charitable trusts and foundations.
- 60% of TSOs stated that charitable trusts and foundations took time to get to know them.
- Over a third of TSOs agreed that charitable trusts and foundations helped them to develop their skills through consultancy support or training.
- 51% of TSOs felt that they were put under pressure by charitable trusts and foundations to provide evidence of the impact they have with grants.
- 29% of TSOs stated that charitable trusts and foundations approached them to see if they wanted their support.
- Most TSOs agreed that charitable trusts and foundations wanted them to be innovative in their work (74%).
- Only 30% TSOs felt that charitable trusts and foundations made long-term investment in their work.

Contracts

It is relatively uncommon for TSOs to get involved in the delivery of public services under contract.

- The proportion of TSOs undertaking contracts continues to be the highest in Yorkshire and Humber (17%) followed by North West England (15%) and North East England (11%).
- Many TSOs are unaware of such opportunities (19%) but many more which are aware will not deliver public service contracts because it is not relevant to their objectives (44%).
- There is some evidence of hardening attitudes against the delivery of public sector contracts in North East England. The percentage has risen substantially from 45% in 2016 to 57% in 2019. In North West England and Yorkshire and Humber by contrast, the percentage of TSOs choosing not to engage in contracts has remained about the same (36% and 39% respectively).
- Many TSOs identify factors which discourage them from applying to deliver public sector contracts. The percentages of TSOs which believe this to be the case is similar across regions: 3-5% state that they need more information, 6-9% state they would need support, and 8-10% perceive 'barriers'. Little has changed in this respect since 2016.

Earned income

Over two thirds of TSOs across the North of England earn a proportion of their income from self-generated activity – this does not vary significantly by region. About a quarter of TSOs earn up to 20% of their income and 16% earn more than 80% of their income.

The most common source of earned income is by renting space in the buildings TSOs own or lease (31%), followed by the provision of 'paid for' services by individuals (26% - such as sport training, leisure classes, ticketed events, etc.). About 17% of TSOs have retailing or hospitality businesses, such as community cafes or shops.

The size of organisations has a bearing on their involvement in trading.

- Larger TSOs with annual income above £250,000 are almost twice as likely to run a community building than smaller organisations (40% and 23% respectively).
- About 34% of larger TSOs provide paid-for services compared with just 17% of smaller TSOs.
- Larger TSOs are three times as likely to set up a community café, pub or shop.

5 Financial wellbeing

Third Sector Trends tracks the financial wellbeing of TSOs. Medium sized TSOs are the most vulnerable to significantly falling income (17%). Larger TSOs seem to have been the most successful in increasing income significantly (31%). Micro TSOs are most likely to have stable income (78%).

Fewer TSOs in North East England have experienced significantly rising income (18%) when compared with

Yorkshire and Humber (20%) and North West England (23%).

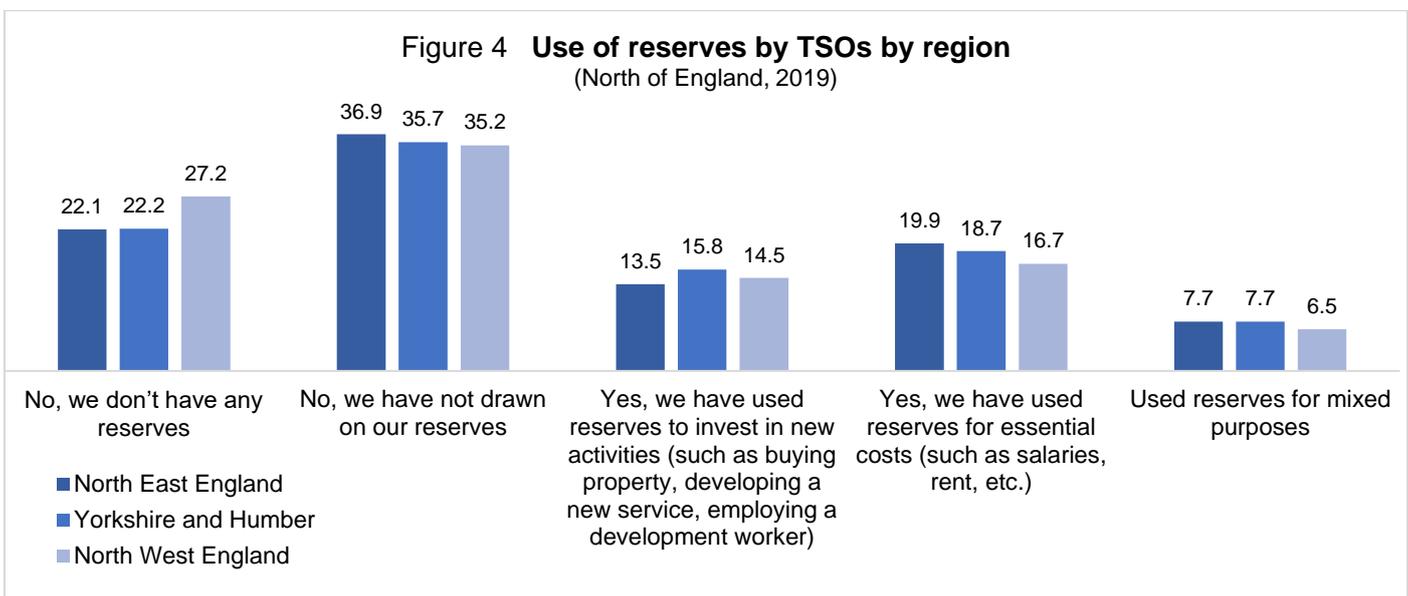
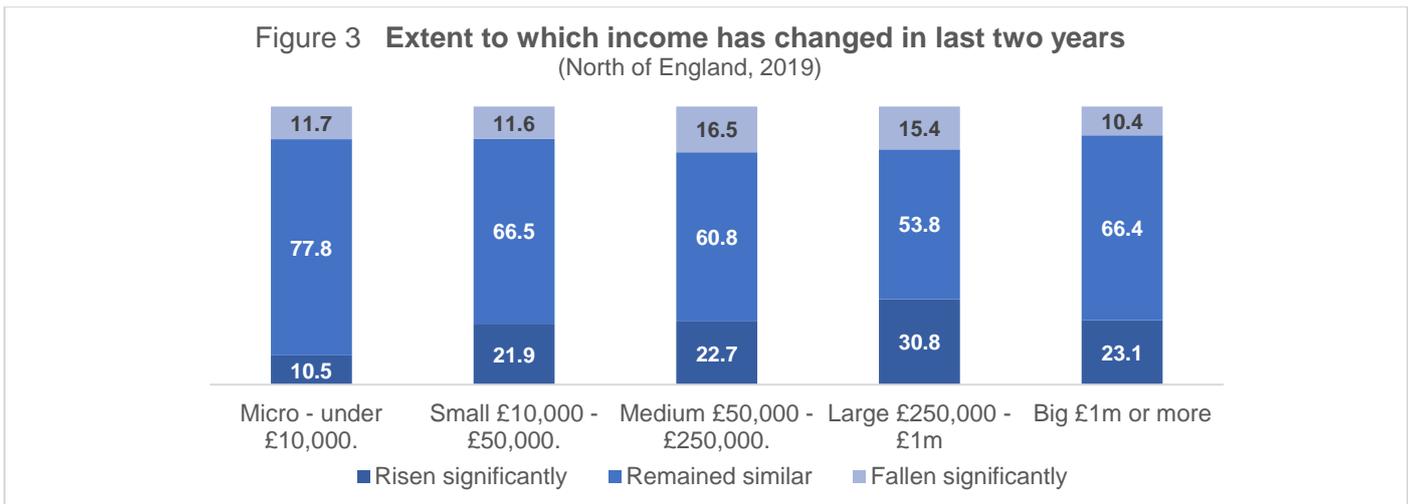
There are sub-regional variations in North East England. In Northumberland and County Durham, income stability seems to be more common when compared with the more densely populated urban areas of Tyne and Wear and Tees Valley.

TSOs in Tyne and Wear seem to have been the most successful in increasing income levels over the last two years (20%), while in Tees Valley only 16% have done so.

TSOs located in the poorest areas of the North of England have been a little more successful in raising income levels significantly (22%) compared with the most affluent areas (19%). But TSOs in poorer areas have also been much more likely to have experienced significantly falling income (18%) when compared with the richest areas (9%).

The way TSOs use reserves provides an indication of their financial wellbeing. TSOs in North East England are more likely to have used reserves to cover essential costs and are less likely to have invested their reserves in new activities.

Table 4 Percentage TSOs which experienced significant income change over the last two years (North East England, 2019)				
	Risen significantly	Remained about the same	Fallen significantly	N=
Northumberland	16.2	74.0	9.8	265
Tyne and Wear	19.9	66.9	13.2	387
County Durham	16.3	72.9	10.9	221
Tees Valley	15.8	69.9	14.4	209
North East England	17.5	70.4	12.1	1,082



The spatial location of TSOs has a bearing on the way they use reserves.

- TSOs in the most affluent areas are more likely not to have used their reserves (43%) when compared with the poorest areas (33%).
- TSOs in the poorest areas are more likely to have used reserves for essential costs (22%) when compared with those in the richest areas (15%).

6 The social impact of TSOs

Across the North of England, 30% of TSOs work *solely* at the neighbourhood or village level. There is minimal variation between regions. 63% of TSOs work within the boundaries of the local authority within which they are based.

The Third Sector in the North should, therefore, be regarded as a largely 'localised' sector which meets the needs of the area where it works. Only 10% of TSOs work across English regions, nationally or internationally.

What impact do TSOs feel that they have in local communities?

- A majority of TSOs feel that they have a positive impact on factors such as health, confidence, social connections and empowerment. These are individually focused objectives but they can also have a beneficial community impact too.
- Many TSOs prioritise direct community impact such as the promotion of community cohesion, increasing pride in place, reducing social isolation, improving a community's artistic and cultural life and the local environment.
- The alleviation of problems associated with poverty tend to be a lower order priority for the Third Sector as a whole. Only about 10% of TSOs feel that they have a very strong impact on such issues. Over 40% of TSOs do not try to have an impact on poverty.

There are only minor differences in perceptions of impact across the regions. A more important factor is the age of TSOs.

- Organisations established in the 1980s are the most likely to emphasise their contribution to lifting people out of poverty and tackling the consequences of unemployment (by increasing employability). The 1980s was a time of high unemployment and organisations established in that decade have continued to emphasise commitment to this issue.
- Organisations established in the 1990s tend to focus on helping individuals. They are the most likely to emphasise their contribution on health and wellbeing, giving people confidence to manage their lives, reducing isolation, improving access to services and tackling the consequences of poverty.
- TSOs established since 2000 emphasise their contribution to the local community: they are the most likely to claim strong impact in empowering people in the community, promoting cohesion, increasing pride

in the community and improving the local environment.

- Older TSOs underplay their impact compared with newer organisations. They stand out in only one field of activity - their contribution to the cultural and artistic life of the community. But this finding should not be overplayed – their principal areas of impact are health and wellbeing, giving people confidence to manage their lives and reducing isolation.

When rich and poor areas are compared there are significant differences. 40% of TSOs in the poorest areas say that they give people confidence to manage their lives compared with 17% in the richest areas. Six times as many TSOs in the poorest areas claim to be making a difference to tackling the consequences of poverty.

Only in two areas of impact do TSOs in the richest areas claim to have a stronger impact than in the poorest areas: improving the local environment and enhancing the cultural and artistic life of the community.

7 Sector inter-relationships

Relationships with the public sector

Those TSOs which have a relationship with the public sector, generally feel that they are valued.

- Nearly 90% of TSOs in each region of the North of England feel that the public sector values their role.
- About 70% of TSOs in each region feel that they are informed about issues which affect them.
- Around a half of TSOs in each region feel that public sector organisations involve them appropriately in developing and implementing policy on issues which affect them.

The size of TSOs has a bearing on their attitudes

- The largest TSOs are the most likely to feel that their contribution is valued by the public sector (96%), but the smallest TSOs are very positive too (84%).
- Smaller TSOs are much less likely to feel informed by public sector bodies on issues which affect them (64%) when compared with the biggest organisations (90%).
- Only a minority of the smallest TSOs are positive about the extent to which they are involved in developing or implementing policy (45%) compared with 73% of the biggest TSOs.

Confidence in the quality of inter-relationships has not been damaged by several years of deepening cuts to public sector bodies under government austerity policies.

Relationships with the private sector

It is often assumed that the Third Sector has only a limited level of support from the private sector. But much of the support provided by business may have gone unrecognised because too much attention is focused upon financial support rather than other in-kind contributions.

While interactions with business remain limited, Third Sector Trends data shows signs of an increasingly productive relationships.

- In 2019, 15% of TSOs stated that money received from businesses was of great importance to them (up from 13% in 2016). However, 46% of TSOs said that money from business was of no importance to them, up from 43% in 2016.
- About 13% of TSOs benefitted from free facilities from business (up from 10% in 2016). Many fewer stated that this was of no importance to them (falling from 54% in 2016 to 37% in 2019).

- Many TSOs are supported by volunteers who come to them via businesses (42%). This has not changed since 2016. However, only 8% agreed that this was of great importance to them (6% in 2016).
- The provision of free expert advice from businesses was recognised by 8% of TSOs, as being of great importance, up from 7% in 2013. But a majority of TSOs stated that free expert advice from business was of no importance to them in 2019 (56%, down from 59% in 2016).

Figure 5 **Quality of relationships between TSOs and the local public sector**
(North East England and Cumbria 2010 - 2019)

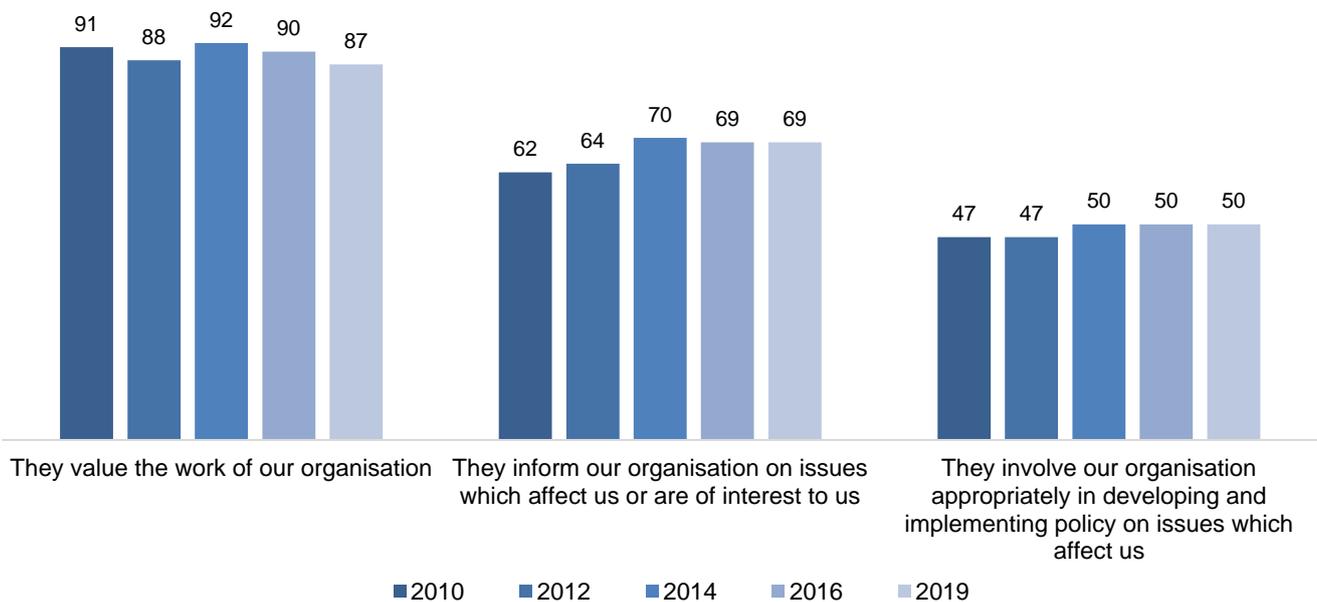
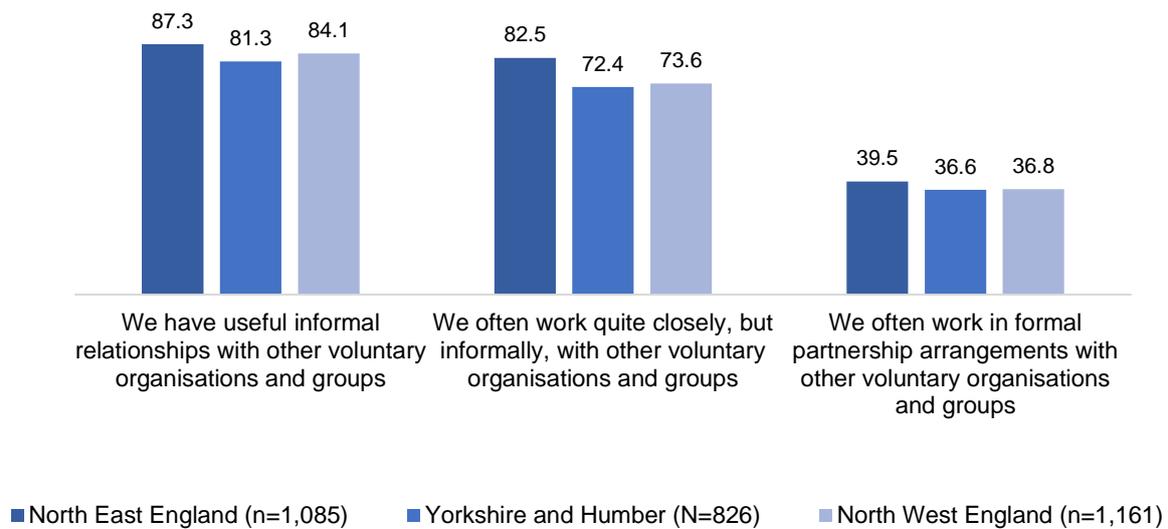


Figure 6 **Relationships with private sector businesses: percentage of TSOs stating that factors were of 'some importance' or great importance'** (2019, 2016)
North of England)



Figure 7 Percentage of TSOs which have positive relationships with other organisations in the Third Sector (North of England, 2019)



Financial support from business seems to be more important in North West England (17%) when compared with Yorkshire and Humber (14%) and North East England (12%).

A number of issues seem to concern TSOs about their potential to work well with businesses.

- 73% of TSOs say there are too few opportunities to meet businesses.
- 44% of TSOs feel that businesses want them to work to their agendas and only 37% feel that businesses make an effort to understand what they do.
- There is a general feeling amongst TSOs that support from business tends to be too short term 74%.

But there are positive factors too:

- Over half of TSOs say that businesses help them raise their profiles (53%).
- Most TSOs feel that they are trusted by businesses to be well organised and professional in their work, only 4% strongly disagree that this is the case.

Relationships within the Third Sector

Collaborative working amongst TSOs in the North of England is common.

- Most TSOs have useful informal relationships with other organisations and groups in the Third Sector in the North of England (85%). TSOs are most likely to have such relationships in North East England (87%). In North West England 84% have such relationships while in Yorkshire and Humber the percentage is lowest (81%).
- 75% of organisations and groups work closely, but informally, with other TSOs in the North of England. They are most likely to do so in North East England (83%) but are less likely to have such relationships in North West England (74%) and Yorkshire and Humber (72%).

- Fewer TSOs have formal partnership relationships with other organisations and groups in the North of England (38%). Variations across the regions are not pronounced (ranging from 37-40%).

The research shows that relationships in the Third Sector are convivial and supportive but generally informal. Fewer TSOs are willing to enter into structured partnership arrangements.

8 Expectations about the future

The overall picture at the time of study was one of considerable optimism amongst TSOs when assessing their prospects of winning financial and volunteer resources they need to maintain or increase their activities. Of course, these views were expressed before the onset of the Covid-19 pandemic.

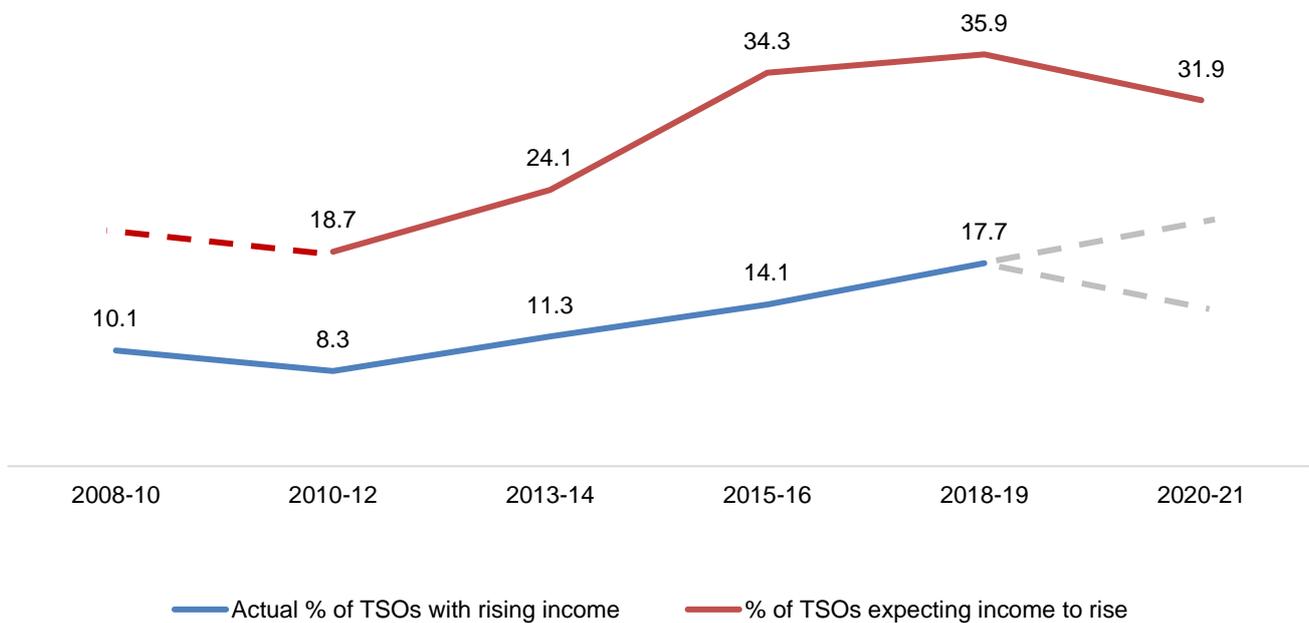
- 34% of TSOs expect income to increase over the next two years. TSOs in North West England are the most optimistic (37% compared with 32% in North East England and 32% in Yorkshire and Humber). Optimists are more common than pessimists – only 16-17% of TSOs expect income to fall across the regions.
- Many TSOs expect that support from private sector businesses will increase over the next two years (31%) – regional variations are slight (29-32%). Fewer than 10% of TSOs expect support from business to decline.
- Over a third of organisations expect that income from grants will increase and only 19% think this will fall. TSOs in North East England are the least optimistic in this respect (31% expect rising grant income compared with 36% in North West England and 35% in Yorkshire and Humber).

- Optimism about public sector funding is lower. Only 19% of TSOs expect funding to rise and 38% expect that it will fall. Pessimism is greatest in North West England (40% compared with 36% in North East England and 36% in Yorkshire and Humber).
- Volunteers provide enormous levels of support to TSOs. There is a good deal of optimism that volunteer support will increase (42%) Regional variations are small (40-43%). Very few TSOs think that volunteer support will decline (8%).
- Optimism about accessing resources (apart from statutory sources) is strong. But this must be set in

the context of expectations about demand for services. Expectations of increased demand is very high (69%), and especially so in North West England (73% compared with 68% in Yorkshire and Humber and 66% in North East England).

TSOs tend to be optimistic about future income levels. There is generally a gap between expectations and reality. This gap is no longer widening as organisations have lowered their expectations for 2020-2021. But these predictions were made in 2019. What will happen next following the Covid-19 pandemic is, frankly, anyone's guess. But in 2022 when this study is repeated, we will be able to find out.

Figure 8 **Mismatch between expectations and reality on rising income in North East England 2008-2021** (dashed lines represent estimates)



A tale of three sectors

In response to the sudden and wholly unanticipated events of 2020 brought about by the Covid-19 pandemic, there has been intense speculation in the media about the impact upon the Third Sector. Headlines abound claiming that the sector as a whole is facing a fundamental challenge to its existence. It is hard not to go with the flow, in times like these, and start to believe that the whole of the Third Sector is under such an enormous threat that it may never recover.

It is difficult to predict what will happen next. But this does not mean that we know nothing about how the Third Sector tackles challenges in North East England. On the contrary, a great deal is known.

The reality may well be different. The Third Sector is a remarkably resilient entity and, one way or another, it will bounce back and may be stronger in some respects, though weaker in others. Undoubtedly there will be many casualties – some organisations will close and the financial wellbeing of a majority may be threatened in the medium term.

When social priorities suddenly shift there will be winners and losers. Some organisations may find suddenly that they attain a kind of prominence which may have been denied to them in the past because they can meet urgent and severe needs during the pandemic. And for other TSOs which find that they cannot, should not or are not allowed to do their usual work – these will be testing times.

It is difficult to predict what will happen next. But this does not mean that we know nothing about how the Third Sector tackles challenges in North East England. On the contrary, a great deal is known.

Third Sector Trends has been running since 2008. The advantage of longitudinal research is that it provides opportunities to develop ideas incrementally as more time-series data are collected and new aspects of sector structure and dynamics are explored. In one-off studies, it is much harder to get beneath the surface of what is going on because of uncertainties about the reliability of evidence and whether findings indicate continuity or change.

The problem this presents in longitudinal research is that as the depth of knowledge increases, the harder it becomes to make generalisations about the Third Sector as a whole. In this concluding commentary on the findings from the 2019 study in North East England, it will be argued that there is a place for holistic accounts of the contribution that the Third Sector makes to economy and society. But the plausibility of such accounts depend

³ Data are only collected on the 'relative' value of various sources of income rather than the volume of income. Asking TSOs to report on income levels tends to dissuade respondents from returning data for several reasons including worries about confidentiality and/or not having

upon more nuanced understanding of the specifics that lie beneath the surface of headline findings.

Sector continuity and change

This research report shows that, as a whole, the Third Sector is able to withstand shocks that come its way. The last decade has produced enormous change beginning with the turmoil created by the global financial crash of 2008. This was followed in the UK by ten years of government austerity policy which has dramatically changed the social, political and economic landscape in the North of England.

In December 2019, when the survey closed, everything looked set to change again as a general election and Brexit loomed. Our respondents could not have anticipated what was to come next with a landslide majority for Prime Minister Boris Johnson, Brexit occurring just two months later and then the dramatic and wholly unpredictable events caused by Covid-19.

Irrespective of all the events of the last decade, as an entity the Third Sector remained robust and motored on. The number of organisations in the sector remained broadly similar, as did the level of sector employment and the volume of voluntary action that the sector produced. There were changes in the structure of the sector – but they were marginal, not fundamental. And by December 2019 at least, things seemed to be moving broadly in the right direction with small increases in the number of organisations, employees and regular volunteers.

The sector's income over the last decade remained fairly level. Third Sector Trends research does not collect detailed financial data from TSOs.³ But we can rely on NCVO data to examine change in sector-wide levels of income and expenditure (see Figure 9). This national level data on financial continuity helps to confirm findings from Third Sector Trends income data in the North of England between 2008-19.

Irrespective of all the events of the last decade, as an entity the Third Sector remained robust and motored on. The number of organisations in the sector remained broadly similar, as did the level of sector employment and the volume of voluntary action that the sector produced.

As the NCVO graph shows, there was very significant growth in sector income between 2000/01 and 2007/8 – rising from £32bn in 2001/02 to £45.9bn in 2007/08.⁴ Those were the times of 'plenty', although it may not have felt like that at the time, and this has cast a long shadow over the ambitions of the Third Sector since then. And yet, the NCVO graph also shows that the Third Sector lived within its means. On no occasion has expenditure exceeded income.

easy access to the relevant data (resulting on non-completion of specific questions or abandonment of the survey).

⁴ NCVO Almanac 2019 <https://data.ncvo.org.uk/sector-finances/>

Figure 9 Third Sector income and expenditure

(Source: NCVO Almanac 2019, £bns 2016-17 prices)

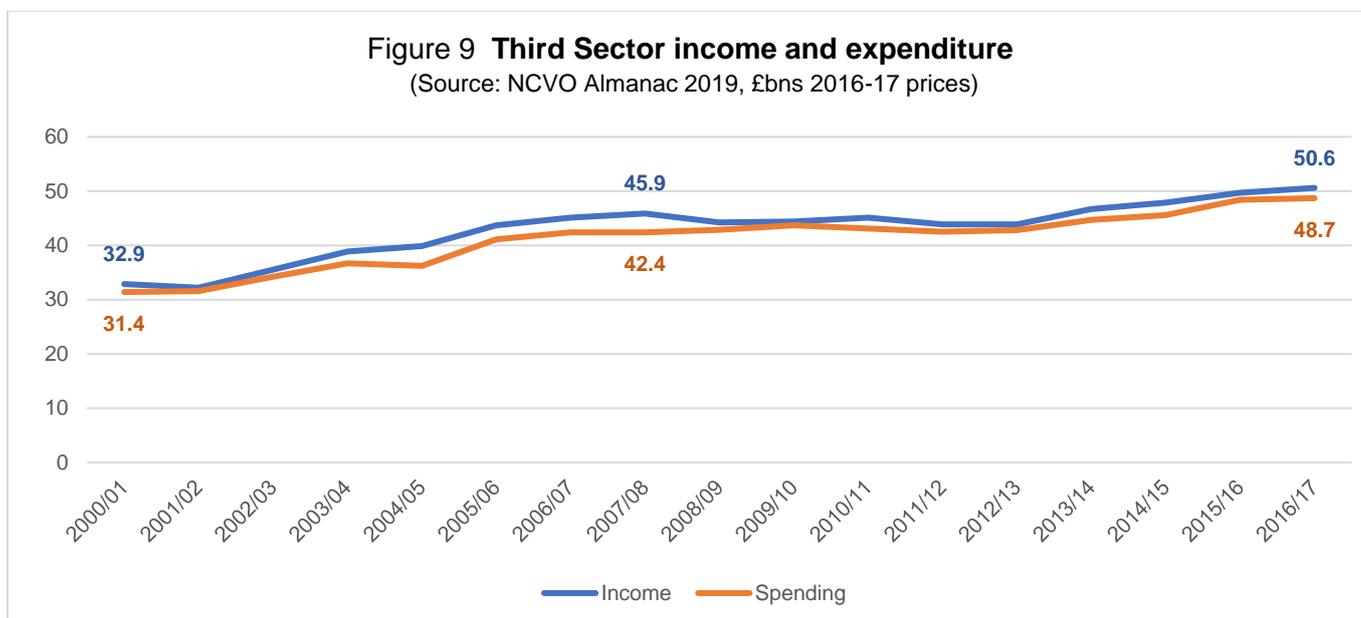
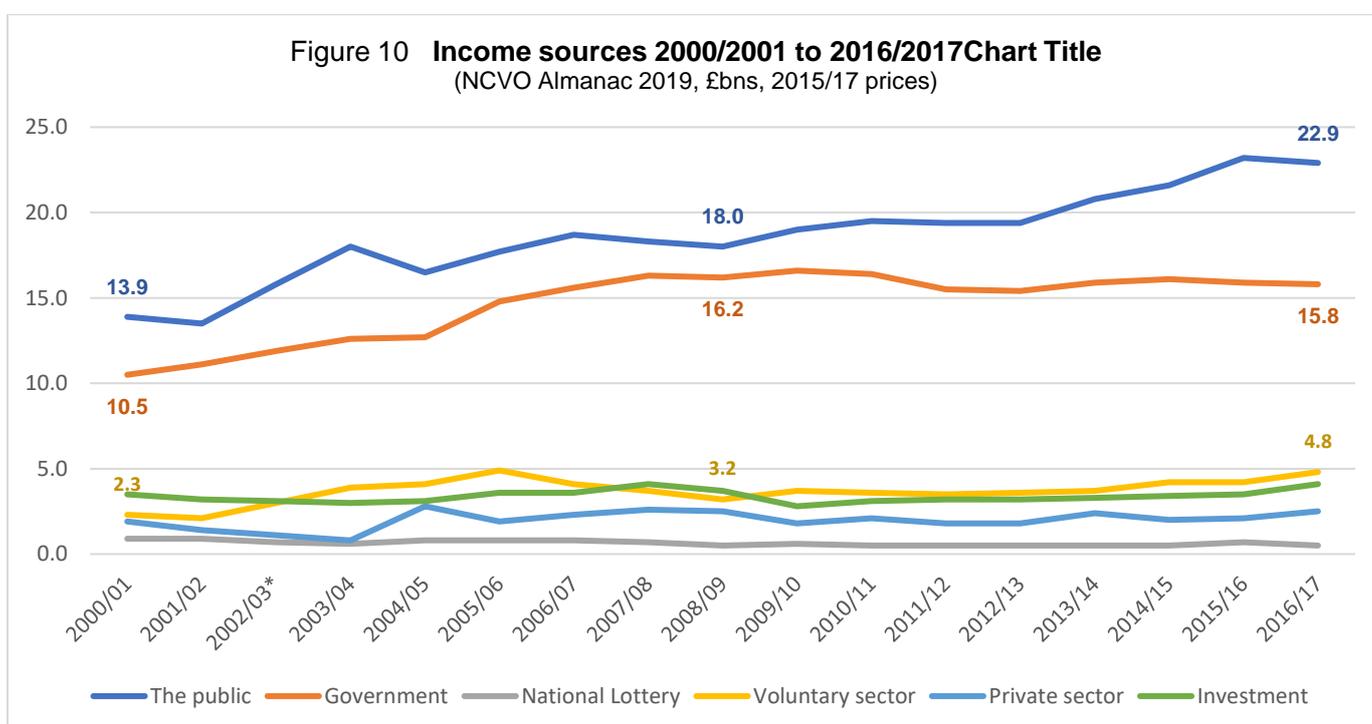


Figure 10 Income sources 2000/2001 to 2016/2017

(NCVO Almanac 2019, £bns, 2015/17 prices)



Income contributions from different sources have changed over time. As NCVO data show, the general public were the largest income source for the sector in 2016/17 – accounting for 45% of sector income – and they have become much more generous since 2000/01.

Money from voluntary sector sources has grown too, from £3.2bn in 2007/8 to £4.8bn in 2016/17 (this includes charitable trusts and foundations, but excludes the National Lottery). Private sector funding has remained fairly level at around £2.5bn since 2007/08 as has investment income at around £3.2bn between 2009/10 and 2015/16.

It may come as a surprise that government income has remained relatively stable since the financial crash of 2008/2009 at around £16bn. However, this income falls unevenly – large national organisations are the most likely to be the recipients of government funds, just as they are the most successful in fundraising from the general public. Furthermore, the local Third Sector, with which this study is mainly concerned has tended to rely more on local public sector bodies such as local

authorities, where funding has been dramatically reduced over ten years of government austerity policies.

Commentators often paint a gloomy picture of the situation of the Third Sector – and invariably their focus is on the state of TSOs’ financial resources. The reality is different. This study demonstrates that it is a mixed picture where TSOs which are in a strong position outnumber those which are struggling. But for the most part, the Third Sector is better described in terms of continuity rather than dramatic change.

Things have improved in recent years. In 2009-10, only 10% of TSOs reported significantly rising income. This fell to 8% in 2011-12 before rising steadily to nearly 18% in 2018-19 in North East England. The proportion of TSOs which have significantly falling income has reduced from 21% in 2011/12 to 12% of TSOs in 2018-19.

But the big picture statistics presented in Figures 9 and 10 may mask the reality of what goes on beneath the surface. As the Third Sector Trends study has

consistently shown over the years, at the individual organisational level, significant fluctuations in income are common and occur irrespective of the size of TSOs.⁵ Indeed it has been shown that income instability is 'endemic' and that leaders of TSOs must learn to manage the consequences of continual change.⁶

Serving society from different standpoints

Third Sector Trends analysis makes it possible discern substantive differences in the experiences of organisations and groups with different characteristics. A short-hand way of demonstrating this is by distinguishing between small informal TSOs, medium sized semi-formal TSOs and larger more formal TSOs. This section compares the experiences of these three different groups of organisations.

Bigger is better?

Larger more formal TSOs have income above £250,000 and comprise about 12% of all organisations in the Third Sector (but only about 3.5% of TSOs have income about £1m). These organisations adopt progressively more formal structures the larger they become because their scale allows or demands a higher degree of occupational specialisation and the development of a more complex division of labour.

Such organisations are more hierarchical and bureaucratic in structure (especially those with income over £1m) and they operate in a 'business-like' or 'professionalised' way: partly because of their scale – but also because of external policy pressures or statutory requirements to which they must accommodate.

Larger organisations are more likely to have a more secure asset-base than smaller TSOs – but very few have substantial property and investment assets upon which they can rely. But unlike their private sector counterparts, they are less likely to have onerous financial liabilities such as loans.

Many larger TSOs do not want to be paid to deliver services in prescribed ways on behalf of government agencies, charitable foundations or CSR programmes for big business. Instead, they want to marshal resources to tackle issues that they judge to be important and devise approaches to practice that can deliver the results they want to achieve.

⁵ A forthcoming report from the Third Sector Trends qualitative research on 50 TSOs over the last 13 years demonstrates that most TSOs, regardless of size, have had to tackle sizeable income fluctuation between 2004-2019: to be published June 2020 by Community Foundation serving Tyne & Wear and Northumberland.

Most larger TSOs have a mixed portfolio of income sources including self-generated income from trading and fundraising. A majority also rely on grant funding to meet core costs and/or to undertake project work (and the indications are that such sources of funding are becoming progressively more important).

Nearly 60% of TSOs with income over £1m are involved with the delivery of contracts, mainly for public sector organisations such as local authorities or the NHS. But this study has identified the beginning of a shift away from such work as TSOs recognise that the value of contracts is progressively being outweighed by the cost of delivery.

To assert, as smaller and medium sized TSOs often do, that larger organisations are all 'just like private sector businesses' is not true. Many larger TSOs eschew the idea of serving the agendas of others by taking on contracts to deliver public services. Sometimes such decisions are made on the basis of sound financial assessment of the opportunity costs of taking a contract on.

But many larger TSOs do not want to be paid to deliver services in prescribed ways on behalf of government agencies, charitable foundations or CSR programmes for big business. Instead, they want to marshal resources to tackle issues that they judge to be important and devise approaches to practice that can deliver the results they want to achieve. Doing so still costs money – and this means that they have to stake successful claims on the value of their work to big charitable trusts and foundations, large businesses or the state.

Bigger TSOs need money to employ staff to deliver much of their practice. Especially when delivering contracts for public sector agencies, TSO employers need to ensure that their workforce is skilled and disciplined to ensure that they get things done in a reliable and effective way. Fundamental reliance on volunteers is much lower – and in any case – much of the work done may be unattractive to volunteers. But volunteers can still add value to the work of employees by, for example, relieving the time of social care employees by performing befriending roles.

In North East England, TSOs with income above £250,000 rely on regular support from about 34,000 volunteers who deliver 2.5m hours of work which is valued at £20m at National Minimum Wage level. This represents 3% of added value to their financial income of around £704m.

That section of civil society which larger TSOs occupy is not characterised by its homogeneity. As is the case with small TSOs, larger organisations vary greatly in their cultures, structures, mission and practices – although they have in common a tendency to organisational formality due to their size and the complexity of their work.

It would be a mistake, therefore, to assume that larger TSOs will respond to incentives or accede to the

⁶ Chapman, T. (2017) 'Journeys and destinations: how Third Sector organisations navigate their future in turbulent times', *Voluntary Sector Review*, vol. 8, no. 1, pp. 25-40.

demands of the state, private companies or big trusts and foundations simply because they are big enough to deliver complex programmes of work. As is the case with smaller TSOs, many big organisations were established to meet the needs of beneficiaries that had been unrecognised, neglected or ignored by the state or private sector. They remain rooted in civil society.

Small is beautiful?

Small, informal organisations have an annual income below £50,000. They rarely employ staff and tend to operate quite informally in terms of their policies and practices – they mainly operate at a local level, but not exclusively so. They are largely or completely reliant on voluntarily given time to sustain their activity. These organisations are the bedrock of the Third Sector.

In North East England, there are over 3,500 micro organisations with income below £10,000 comprising 48% of the whole sector. They are run almost entirely by volunteers, numbering about 61,000, who deliver over 4.4m hours of work a year. About 1,800 small TSOs, with income between £10,000 - £50,000 have about 36,000 volunteers producing 2.6m hours of work each year.

Taken together, the proxy value of the voluntary work these 5,300 TSOs produce, even when valued at the National Minimum Wage is nearly £58m while their collective financial income is only £53m. Pound for pound, this part of the Third Sector produces more value than it consumes – and especially so amongst micro organisations and groups where the ratio is 3.5 to 1.

These calculations are presented to make a simple point: that small TSOs generate more energy than they consume. They do not need much money because they do nearly all of their work for free. So when they do need money, it is to help *facilitate* their work – not to pay for it.

Money may be needed to refurbish a village hall, to buy kit for an amateur community sport club, to purchase a minibus to ferry people around, to get crafting materials for a club that helps to bring lonely or isolated people together or to rent a room for a weekly tea dance. Pound for pound, the money invested in these tiny organisations and groups produces a very significant social return.

The point that funding organisations should (and usually do) bear in mind is that the majority of small organisations and groups in civil society exist because they choose to give their time freely to make things happen. For many, money is not that important – which is indicated by the fact that about half of these organisations have not applied for a grant in the last two years.

They are independent-minded entities which want to get on with things their own way. To imagine that they are malleable and docile just because they are small would be a big mistake - they don't like being pushed around.⁷ But I am not finger wagging here - the majority of charitable trusts and foundations do respect the fact that

it is up to small TSOs to decide what is important to them and define how they want to tackle issues.⁸

Grant making policies vary, obviously, but most foundations happily accept their responsibility to meet these needs. And because there are plenty of trusts and foundations on the block – small TSOs can usually find a way of getting what they need if they are persistent.

Smaller TSOs are independent-minded entities which want to get on with things their own way. To imagine that they are malleable and docile just because they are small would be a big mistake - they don't like being pushed around.

It is gratifying to know that most charitable trusts and foundations (and also many local authorities) are fairly relaxed about not knowing how to measure or account for the value produced by the modest awards they make to small TSOs. It would be considerably more expensive to assess the impact of such awards than the actual value of the grants. It would be a great shame if they succumbed to pressures from think tanks, politicians and academics to do otherwise.

The middling sort

In medium sized TSOs (with income between £50,000 and £250,000) practices are semi-formal because they tend to employ few people and there is little scope for occupational specialisation or a complex division of labour. Often, middling-sized TSOs are the 'embodiment' of their leaders in cultural and value terms. While leaders are ambitious to achieve a great deal, their organisations are usually asset poor, rely mainly on grants and self-generated income to keep going and most have limited or no interest in delivering public sector contracts.

Medium sized organisations rely more heavily on employed staff than small informal organisations. But volunteers underpin their work in a significant way. There are about 1,040 medium-sized TSOs in North East England. They have about 26,000 regular volunteers who produce almost 1.9m hours of work each year which, at National Minimum Wage levels, would mean that they add £15.4m or 12% of value to their financial income of £127m.

A majority of medium sized TSOs in the local Third Sector continue to rely heavily upon public sector funding. Many have clearly struggled to maintain income levels following a long period of government austerity policies. With falling income, lower employee numbers and reliance on reserves to keep going – times have been hard for many of these TSOs, and especially when they are based in poorer areas.

As was the case in 2016, however, the majority of medium sized TSOs based in poorer areas remained in a

⁷ See Chapman, T. (2019) *The social process of supporting small charities*, London: Lloyds Bank Foundation England and Wales: <https://www.stchads.ac.uk/research/research-news/the-social-process-of-supporting-small-charities/>

⁸ Chapman, T. (2020) *The strength of weak ties: how charitable foundations and trusts collectively contribute to civil society in North*

East England, Newcastle: Community Foundation serving Tyne & Wear and Northumberland. <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

stable or strong financial position even if they were funded mainly by the public sector. Furthermore, these organisations were more likely to be investing in their future capability than other TSOs – which helped to secure their long-term future.

Grant funding is by far the most important source of income for medium sized TSOs, but in addition they rely on a range of other funding sources. From qualitative research in the Third Sector Trends study it is known that medium sized TSOs maintain financial resilience by bending to circumstance. Only rarely would they choose to become too dependent on a single funding source for fear that by having all their eggs in one basket they could be vulnerable to fast changes in funding policy.

There has been a lot of debate recently in government, think tanks, universities and Third Sector representative bodies about measuring the value that the Third Sector produces. It is understandable that funding bodies, and especially those associated with government, want to feel that they are accountable for their decisions. More often than not that desire for accountability centres on issues associated with ‘value for money’.

Government expectations need to be proportionate. Of course big, ambitious, expensive social programmes which are delivered by (usually bigger) TSOs should be well constructed to ensure that value for money is achieved more or less in line with the social value they produce. But to plant equivalent expectations on modest financial investments in medium sized TSOs is plainly ridiculous.

It can be wearing, being stuck in the middle between the big TSOs which have the capacity to do things at scale and very small organisations and groups which can operate independently without much financial support because they rely almost wholly upon volunteers.

And yet, for more than a decade, medium sized TSOs have been on the end of a barrage of criticism from commentators for failing to scale up their activity, being grant dependent, not being ready to take on contracts, being disinterested in social investment, not becoming more efficient, being unwilling to work in close partnership with other TSOs, and so on.

Much of this criticism, even if meant constructively, has been delivered by commentators who have an idea in mind about what the ‘gold standard’ should be for an effective middling sized TSO. There is an abundance of diagnostic tools to help show medium sized charities where they are going wrong and well-meaning (but sometimes misplaced) advice to help them step up to the mark. Doubtless, more of it will be in the pipeline.

Advice offered to medium-sized TSOs is often misplaced because it was modelled on the principles of how larger, more formal and hierarchical organisations work. It is not just a question of lacking ‘capacity’ and ‘capability’ to behave like bigger organisations however – middling sized TSOs are fundamentally different from larger organisations in a number of respects.⁹

Firstly, many organisational leaders in middle-sized TSOs actively resist the drive toward ‘professionalism’

and are suspicious of attempts to adopt that route. Many believe in more personal and cooperative flat structures rather than managerial hierarchies. Indeed, many TSO leaders came into the Third Sector to escape from such organisational practices.

Secondly, they retain a higher level of dependence on volunteers (who cannot be managed and directed in the same way that big organisations can manage employees). This shapes the way they think and work. Volunteers can make a great contribution to the work of medium sized TSOs, but they can be needy too. Medium sized TSOs seem to be more willing to accept this than bigger organisations; and indeed, most see this as part of the reason for their existence.

Thirdly, middling-sized TSOs tend to be locally focused. They do things for their community, but most feel that they are also part of their community. It is not surprising, therefore, that many middling-sized TSOs are reluctant to scale up their activities across a wider area. They choose to work within a limited spatial area because their purpose is confined to helping their own locality – not others. This is not about narrow horizons so much as an investment in a meaningful place.

For more than a decade, medium sized TSOs have been on the end of a barrage of criticism from commentators for failing to scale up their activity, being grant dependent, not being ready to take on contracts, being disinterested in social investment, not becoming more efficient, and for being unwilling to work in close partnership with other organisations.

Fourthly, many organisational leaders choose to remain the size they are because they do not want to undermine the equilibrium amongst their trustees, volunteers and employees who have committed their time and energy to the organisation over many years. Changing the mission, structure, scale and practices can damage personal relationships irretrievably. ‘Is it worth it’, many ask, and especially so if there is tremendous uncertainty on what benefit might be gained from such sacrifices?

Finally, leaders also know that raising their own ambitions could upset the local Third Sector equilibrium. Medium sized TSOs are generally quite good neighbours to one another. They have learned over many years to respect each other’s practice strengths and are careful not to cross the boundaries of the ‘patches’ upon which they work. This is not just a ‘Third Sector thing’. It applies equally well to many small and medium sized businesses which are continually criticised for their conservative attitude towards growth on the misplaced assumption that they have a low level of ambition or entrepreneurial zeal.

Being a middling-sized TSO is not, therefore, a symptom of obduracy or recalcitrance but a sign of good sense.

⁹ These ideas are developed further in the final report of the qualitative longitudinal study of 50 TSOs operating in North East England and

Cumbria which will be published in the summer by Community Foundation Serving Tyne & Wear and Northumberland.

Leaders of middling-sized TSOs understand the financial dangers of growth in a competitive social marketplace. Organisations don't have to grow to do things well.

There is a downside to all this. Leaders' laudable commitment to their mission, to their colleagues, to their beneficiaries and to the places where they work does not always serve them well when it comes to bringing in the money to keep going. Organisations can have a run of bad luck. These can be brought about by factors beyond their control – such as dramatic changes in government policy or a shift in policy direction by a charitable trust or foundation upon whom they have come to depend.

Being a middling-sized TSO is not a symptom of obduracy or recalcitrance but a sign of good sense. Leaders of middling-sized TSOs understand the financial dangers of growth in a competitive social marketplace. Organisations don't have to grow to do things well.

And sometimes the cause of problems can be closer to home when organisational leaders fail to spot good opportunities or fail to spot the potential dangers of taking on poor opportunities. This can happen for all sorts of reasons such as when boards of trustees become alienated or disinterested or when chief officers take the burden upon their own shoulders, then burn out or make poor decisions.

To be in the middle ground of the Third Sector does not, in summary, mean that this a 'no place' – a liminal zone with no identity of its own. On the contrary, it is a real place with real purpose which needs to be respected and understood for what it is, rather than for what it is not (or is perceived to have failed to become). When that realisation is reached, it becomes clear that the policies governments and charitable trusts and foundations should adopt for the middle ground must be different from those employed for the very small informal TSOs or the much bigger professionalised ones.

Civil society will find its way

The crisis produced by Covid-19 is causing serious alarm in the Third Sector. What we know from Third Sector Trends is that civil society is occupied by thousands of organisations that want to make the world a better place. They are led and run by committed, determined and independent-minded individuals who want to get on and do things their own way. These people do not give up easily.

Civil society in the UK has an ancient history. It has retained its place in society in the best and worst of times. It is not going to go away. The people of this country will not allow that to happen. The Covid-19 crisis has aptly demonstrated this. The surge of public interest in volunteering, when the Government called on the nation to lend its support to the NHS, was enormous.

Public giving in response to Captain Tom's plea to raise £1,000 by walking around his garden, similarly, was unprecedented.

Government has injected £750m to help keep things going and ensured that charities can furlough their staff until they are able again to operate. Charitable trusts and foundations have responded to the crisis with remarkable dexterity and ingenuity. Community foundations are distributing emergency funds with great care and speed – though this obliges them to make tough decisions on where to lend that support on the basis of their local intelligence. And the general public is still giving their time and money – and will continue to do so.

Even when all these positive factors are taken together, it is still unlikely that it will be enough to secure the financial resources that the Third Sector had become accustomed to. Undoubtedly, the current situation is very difficult and the likelihood is that the UK is heading for a deep recession. Last quarter financial results were bad, with a 2% fall in GDP. Everyone expects that it will be much worse in the next quarter and the prospects for the rest of this financial year look grim.

Uncertainty is being fuelled by a proliferation of rapid online surveys involving very small numbers of TSOs to ascertain the impact of the pandemic. Some prominent commentators are calling for an urgent 'enquiry' and 'sector reform'. Their eagerness to do so is, no doubt, well meaning. But it is premature. After the 2008 financial crash, similar claims were made on the assumption that the Third Sector could 'collapse'. But this did not happen because those who injected resources into the Third Sector continued to recognise its important role and the sector itself, found new ways of sustaining itself.

It is too soon to know what will happen next. Things will not be clearer for at least two years, when Third Sector Trends returns in 2022 to look at the impact of the pandemic on the structure, dynamics, practices and mood of the Third Sector and when NCVO is in a position to make a concrete appraisal of financial outcomes.

NCVO has taken a strong lead in responding to the crisis. They have made a realistic assessment of the sector's immanent financial needs whilst retaining a sympathetic awareness of the plight of other sectors – and particularly - the private sector. Their pragmatic, rather than alarmist, approach sends a message to government, business, trusts and foundations and the general public that the sector is still in the business, first and foremost, of supporting beneficiaries.

While it is hard to predict what will happen next, we can be fairly sure that there will not be a straightforward economic 'bounce back' that brings everything back to normal. But neither will everything be completely different. We will witness elements of continuity and aspects of change. There will be winners and losers. While others, once we return to a semblance of normality, will dust themselves down and resume their activities more or less as before.

There is plenty of reason to be gloomy, just now. Jobs will be lost, some TSOs will be forced to close. But as the preceding analysis shows, the vast majority will not because they do not need much money – they are led and run almost entirely on voluntarily given time.

Amongst other TSOs, there will be casualties. But most larger and medium sized organisations will find a way through this, even though a majority will suffer economic pain and will be forced to make hard decisions about the services they can continue to deliver and will face the upsetting prospect of making staff redundant.

The Third Sector, as this report shows, is to some extent under-capitalised. It does not command enormous assets and reserves to defend itself in crises. But that is just one side of the story. The sector is also cautious in financial terms. It lives within its means and it has learned over the years to be flexible, agile even, when looking out for new ways to sustain current activity and start up new things.

Sometimes Third Sector Trends reports have drawn criticism for being 'too optimistic'. And it is true that its results often run contrary to expectations and do not mirror the findings of smaller scale short term studies. Undoubtedly, many of the findings in this report are already 'out of date', at the moment at least. But as a long-term study, now running for 12 years, these data will provide vital comparative evidence next time we do the study in 2022.

The Third Sector does not command enormous assets and reserves to defend itself in crises. But the sector is also cautious in financial terms. It lives within its means and it has learned over the years to be flexible, agile even, when looking out for new ways to sustain current activity and start up new things.

This report provides no definitive answers to urgent questions. But it does present an opportunity to pause and reflect and to look at the big picture rather than becoming overwhelmed by the here and now. If I am convinced of anything, in these enormously difficult times, it is this – civil society is here to stay.

The money side of things is extremely worrying, but the sector does not run just on financial resource – it is fuelled by the ideas, values and work of the people who freely give their time. Few of these people will be ready to throw in the towel. Many will be more determined than ever. This is as it should be and as it always has been. After all, if the sector were to lose its inherent optimism and abandon self-belief in its strength and resilience, where would we be? Where would its beneficiaries be?

APPENDIX

Sample size and structure

The Third Sector Trends survey took place between June and December 2019 using a questionnaire hosted by Online Surveys. The questionnaire directly replicated several questions from the 2016 survey (and preceding rounds of the study) to facilitate longitudinal analysis. An identical questionnaire was used in all three regions in 2019.¹⁰

The survey was promoted by public sector and Third Sector organisations including: local authorities and health authorities, community foundations, National Lottery Community Fund and most local and regional infrastructure organisations.

The survey was also promoted intensively by sending emails via Online Surveys to lists of registered charities collected from Charity Commission Beta searches. In North East England a postal questionnaire was sent to 4,000 TSOs. Paper questionnaires were also used in Kirklees and Wirral.

Sample size and response rates

Estimating the size of the TSO population in the North of England is difficult as there is no single register of organisations which have different legal forms. The NCVO Almanac provides good estimates on the population of general charities which provides a strong basis for estimating the extent of growth in the sector over the last ten years.¹¹

Sample sizes in each region and sub region are presented in Table 2. Samples of general charities registered with the Charity Commission are shown together with the wider sample of all TSOs.¹²

Using NCVO regional data for the population of general charities, it is evident that response rates are uneven (i.e. 17.4% in North East England compared with 5.6% in Yorkshire and Humber and 4.4% in North West England). Variations are less pronounced for the whole sample however, with 15% in North East England, 5.7% in Yorkshire and Humber and 6% in North West England.

- Response rates in **North East England** are much higher. This is partly due to a more consistent level of strong support from local authorities, charitable

foundations and community foundations, local and regional infrastructure bodies to promote the study. But the principal reason is that a postal questionnaire is also used in North East England which produced an additional 349 responses.

- In **Yorkshire and Humber** there were very good response rates in a number of areas: North Yorkshire (n=190), Kirklees (n=119), Leeds (n=146). This was due to very strong support from local infrastructure organisations, local authorities, local community foundations and National Lottery Community Fund. Strenuous efforts were made to persuade stakeholders in all local authority areas to encourage participation but in some cases this was not successful.
- In **North West England** there were very good response rates in Cumbria (n=192), City of Lancaster (n=84) and Wirral (n=206) due to strong support by local infrastructure organisations, the local authority and community foundations. In Greater Manchester, response rates were generally quite low because Third Sector Trends clashed with a local study which was being run by GMCVO.

Sample sizes vary to some extent from the 2016 study. In North East England in 2016 there were 1,012 responses in Yorkshire and Humber 1,083 and North West England 1,462. However, comparisons between the two sets of samples indicate that the structure of the data sets is very similar which means that comparisons at regional level are reliable. Sub regional level sample sizes are smaller, especially in Cheshire, Humber and South Yorkshire. Consequently, in these areas caution must be taken with interpretation.

Structure of the sample

The structure of the Third Sector Trends sample is shown in Table 3. The sample is divided into 12 income categories. For regional data, variations from the mean are shown in each category. Variations of above 2% only occur on two occasions. It is therefore safe to compare regions as samples of equivalent structure.

Cell sizes would collapse quickly using a 12 category income scale (although there are sizeable numbers of cases in many of the categories: 8 categories have over 200 cases). Consequently, two new variables have been created by collapsing the 12 category scale into 5 and 3

¹⁰ Additionally, a second survey using fewer but identical questions was undertaken across the remaining regions of England and Wales for comparative purposes. The findings from this research will be published separately later in 2020.

¹¹ Growth in the number of general charities is indicated at about 14% rising from 146,429 in 2000/1 to 166,854 in 2016/17 according to NCVO. In the Third Sector Trends Study, estimates on growth are lower however as a measure of 'churn' has been identified in the legal form of existing TSOs, indicating that growth may be lower. Additionally, it is not possible to determine how many TSOs have ceased to operate during this period with any confidence. Consequently, relatively conservative estimates on the size of the sector have been produced. These estimates are higher than recently published NCVO regional estimates – which are restricted to general charities – that stated, confidence can be held on the current Third Sector Trends estimates because they have been extrapolated from Kane and Mohan's original baseline measures: Kane, D. and Mohan, J. (2010a) *Mapping registered Third Sector organisations in the North East*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper;

Kane, D. and Mohan, J. (2010b) *Mapping registered Third Sector organisations in Cumbria*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper; Kane, D. and Mohan, J. (2010c) *Mapping registered Third Sector organisations in Yorkshire and Humber*, Newcastle: Northern Rock Foundation Third Sector Trends Study Working Paper. All papers available at this website: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

¹² The following response rates were achieved for the following types of organisations and groups: Informal and unregistered groups, societies or organisations (n=245); Company Limited by Guarantee (n=657, a majority of these organisations are also registered charities); Company Limited by Shares (n=6); Community Amateur Sport Club (n=48); Cooperative or Community Benefit Society (n=36); Community Interest Company (n=174); Charitable Incorporated Organisation (n=283); Development Trusts (n=3); Leisure Trusts (n=17); other (n=156).

category scales. In the 5 category scale, sample sizes do not fall below 269 cases, and in the three category scale, the smallest sample is 694 cases.

In this report, Third Sector Trends' five income categories are retained. To scale findings up to regional estimates of

the whole population of TSOs, estimates have been made of the proportions of TSOs in each size bracket nationally (see Table 2). This was achieved by taking a random sample of 5,000 registered charities from across England and Wales using Charity Commission listings accessed via its Beta search facility.¹³

Table 1 Working estimates on TSO population and estimated response rates	NCVO estimates on general charities (2016/17) ¹⁴	TST baseline estimates on all TSOs (2008/9) ¹⁵	TST current estimates of TSOs 2019	TST sample 2019 (general charities only)	% response rate of general charities by NCVO estimates	TST sample 2019 (all TSOs)	% response rate by TST estimates
Northumberland	901	1,256	1,300	190	21.1	265	20.4
County Durham	974	1,519	1,550	154	15.8	225	14.5
Tyne and Wear	1,364	2,563	2,800	274	20.1	390	13.9
Tees Valley	839	1,286	1,350	156	18.6	214	15.9
North East England	4,450¹⁶	6,624	7,200	774	17.4	1,094	15.1
West Yorkshire	3,594	5,013	5,200	258	7.2	407	7.8
South Yorkshire	1,922	2,993	3,100	104	5.4	140	4.5
North Yorkshire	3,133	3,925	4,200	143	4.6	190	4.5
Humber	1,635	2,287	2,400	81	5.0	115	4.8
Yorkshire and Humber	10,377	14,218	14,900	586	5.6	852	5.7
Cheshire	2,236	3,400	3,500	96	4.3	136	3.9
Greater Manchester	4,069	6,100	6,300	178	4.4	255	4.0
Merseyside	2,230	3,400	3,500	217	9.7	361	10.3
Lancashire	2,701	4,100	4,250	179	6.6	268	6.3
Cumbria	1,946	2,684	2,800	126	6.5	192	6.9
North West England¹⁷	13,304	19,684	20,350	586	4.4	1,212	6.0
North of England	25,741	40,526	42,250	2,156	8.4	3,158	7.5

Table 2 Estimates of regional TSO population in five income categories	Average TSO income by category	Percentage distribution by category	Est. TSOs in North East England	Est. TSOs in Yorkshire and Humber	Est. TSOs in North West England	Est. TSOs in North of England
Micro (income £0-£9,999)	£2,889	48.7	3,507	7,255	9,910	20,674
Small (income £10,000-£49,999)	£23,835	25.2	1,814	3,755	5,128	10,697
Medium (income £50,000-£249,999)	£121,660	14.5	1,044	2,161	2,951	6,155
Large (income £250,000-£999,999)	£488,605	8.2	590	1,222	1,669	3,481
Big (income above £1,000,000)	£1,662,220	3.4	245	507	692	1,443
Total	£24,299,209	100.0%	7,200	14,900	20,350	42,450

¹³ The random sample was collected from across England and Wales, rather than the North of England, because these estimates will be used to compare the situation of registered charities across these nations using the additional survey data collected by Third Sector Trends in 2019.

¹⁴ NCVO regional estimates for the number of general charities can be located here: <https://data.front-controller.ncvo.org.uk/about/almanac-data-tables/>. These published estimates are higher than the sum of NCVO local authority estimates.

¹⁵ These baseline estimates were produced by Kane and Mohan (2010a, 2010b, 2011) *ibid.* as part of the Third Sector Trends Study.

¹⁶ Published NCVO 2016/17 regional estimates are somewhat higher than the sum of local authority estimates on the population of general charities.

¹⁷ North West England estimates are harder to justify because baseline work was not undertaken in the region by Third Sector Trends in 2010 (except for Cumbria). However, the estimates shown mirror those presented for North East England and Yorkshire and Humber proportionately.

Table 3 Structure of the Third Sector Trends sample by region and income categories ¹⁸						
	North East England	Yorkshire and Humber	North West England	North of England	Five income categories	Three income categories
No income, n=64	2.0 (=0.0)	2.6 (+0.6)	1.7 (+0.7)	2.0	Micro TSOs (income 0 - £10,000) 27.7%, n=876	Smaller TSOs (income £0 - £50,000) 51.3%, n=1,621
£1 - £2,000, n=259	7.7 (-0.5)	8.0 (-0.2)	8.9 (+0.7)	8.2		
£2,001 - £5,000, n=216	7.6 (+0.8)	5.9 (-0.9)	6.9 (+0.1)	6.8		
£5,001 - £10,000, n=337	10.2 (-0.5)	9.5 (-1.2)	11.9 (+1.2)	10.7		
£10,001 - £25,000, n=434	14.1 (+0.4)	11.6 (-2.1)	14.9 (+1.2)	13.7	Small TSOs (income £10,001 - £50,000) 23.6%, n=745	
£25,001 - £50,000, n=311	9.8 (=0.0)	10.6 (+0.8)	9.4 (-0.4)	9.8		
£50,001 - £100,000, n=370	11.9 (+0.2)	12.6 (+0.9)	10.9 (-0.8)	11.7	Medium TSOs (income £50,001 - £250,000) 24.8%, n=784	Medium TSOs (income £50,001 - £250,000) 24.8%, n=784
£100,001 - £250,000, n=414	14.3 (+1.2)	13.4 (+0.3)	11.8 (-1.3)	13.1		
£250,001 - £500,000, n=271	8.3 (-0.3)	9.6 (+1.0)	8.1 (-0.5)	8.6	Large TSOs (income £250,001 - £1m) 13.5%, n=425	Larger TSOs (income above £250,001) 22.0%, n=694
£500,001 - £1m, n=154	6.1 (+1.2)	3.9 (-1.0)	4.5 (-0.4)	4.9		
£1,000,001 -£5m, n=198	4.9 (-1.3)	8.3 (+2.0)	6.0 (-0.3)	6.3	Big TSOs (£1m or more) 8.5%, n=269	
£5,000,001 plus, n=71	2.0 (-0.2)	2.3 (+0.1)	2.4 (+0.2)	2.2		
Missing data, n=56	1.1 (-0.7)	1.8 (=)	2.4 (+0.6)	1.8	Missing data n=56, 1.8%	
Total sample	1,097	852	1,209	3,155	n=3,155	

¹⁸ Variations in each region from the North of England mean are shown in parentheses.

NOTES

