

Digest of findings from the Third Sector Trends Study in North East England 2016

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Foundation**
Tyne & Wear and Northumberland

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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, Joseph Rowntree Foundation and IPPR North to expand and continue the research.



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Contents

Acknowledgements	5
1 Introduction and summary of key findings	6
2 The Third Sector Trends Study	14
3 Employment in the Third Sector	15
4 Volunteers in the Third Sector	19
5 Spatial area of operation of Third Sector organisations	23
6 Purpose and beneficiaries of Third Sector organisations	26
7 Income of Third Sector organisations	29
8 Organisational assets and use of reserves	37
9 Factors affecting Third Sector organisations financial wellbeing	42
10 Delivery of public services by contract	46
11 Routes to grant funding	49
12 Relationships within and between sectors	54
13 Expectations of and preparation for the future	61
14 Conclusions: implications of continuity and change	72
Appendix 1: ONS Regional Employment Statistics	81
Appendix 2: Publications from the Third Sector Trends study	82



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In 2016, the study was extended across Yorkshire and the Humber (funded by *Joseph Rowntree Foundation*) and North West England (funded by *Garfield Weston* and *IPPR North*). These studies were undertaken in parallel with the North East England study and therefore I also extend my thanks to funders for making that work possible and for allowing me to report statistics from across the North of England in this report.

Many organisations have helped to promote the study in both the public sector and the Third Sector. All North East local councils and many health authorities helped to promote the study by sending details to their lists of contacts. Support was also given by all the region's key Third Sector infrastructure bodies including local Councils for Voluntary Services and Rural Community Councils.

I am immensely grateful to the many people in Third Sector organisations who have contributed to this study by completing our questionnaires. I hope that our findings will be useful to them and for the sector as a whole.

I also acknowledge the role of my fellow research colleagues: Professor Fred Robinson at St Chad's College; and, Dr Victoria Bell and Dr Peter van der Graaf at Teesside University who were heavily involved in undertaking fieldwork and preliminary analysis in the Third Sector Trends studies from 2008 to 2014 and upon which the current research was built.

1

Introduction and summary of key findings

The Third Sector Trends study was undertaken in the three regions of the North of England from July to December 2016 using online and paper questionnaires. The survey yielded 3,557 responses including: 1,012 in North East England, 1,462 in North West England and 1,083 in Yorkshire and the Humber.

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, Joseph Rowntree Foundation and IPPR North to expand and continue the research.

The data presented in this summary refer only to North East England unless otherwise stated. In the key findings overview, Third Sector organisations (TSOs) are presented in three income categories: Small (under £50,000), Medium (£50,001 - £250,000) and Large (£250,001 or more).

The analysis includes 'weighted estimates' for the number of TSOs, employees and volunteers in the Third Sector. Nominal financial values have been attributed to these estimates to indicate the economic contribution of the Third Sector. All other data refer to comparative analysis on the structure and operations of individual TSOs.

Trend analysis is available for North East England where the Third Sector Trends survey has gone through four iterations on a biennial basis since 2010 and a baseline assessment of sector scale and structure undertaken in 2008 by Southampton University, Guidestar and NCVO.

1.1 ***Employment, volunteers and beneficiaries***

Sector employment levels

- In 2016, there were about 7,000 TSOs in North East England.
- In 2016, there were 37,500 full time equivalent employees (FTEs) in the Third Sector in North East England.
- The Third Sector workforce accounts for 3-4% of regional employment.
- The number of FTEs has risen from 37,000 in 2008 to 37,500 in 2016, although FTEs declined to 28,200 in 2010 following the financial crash of 2008.
- The number of TSOs which employ people has risen from about 3,080 in 2008 to 3,250 in 2016.
- The average number of FTEs per organisation has fallen slightly since 2010 from 12.3 FTEs to 11.5 FTEs in 2016.
- The balance between part-time and full-time staff in TSOs is changing. In 2010, 35% (13,500) of Third Sector FTEs worked part-time, rising to 45% (17,100 FTEs) in 2016.

- The economic value of salaries, using 2016 wage levels as a benchmark, has risen from £712m in 2008 to £722m in 2016.¹

Volunteers

- In North East England 150,000 volunteers deliver 10.8m hours of work.
- The replacement value of this work by employees would be between £78m (at minimum wage level) and £131m a year (at 80% of average regional wage levels).
- The number of volunteers has risen from 143,000 in 2008 to 150,000 in 2016.
- The time invested by volunteers has risen from 10.3m to 10.8m hours between 2008 and 2016.
- The economic value of volunteer time, as determined by the replacement value has risen from £74m - £124m in 2008 to £78m – £131m in 2016.
- Pathways to volunteering:
 - 87% of volunteers are attracted by ‘Word of mouth’ which demonstrates strong connectivity between TSOs and their communities of interest or place.
 - 43% of TSOs hold events or advertise to attract volunteers.
 - 17% of TSOs rely on other organisations to find volunteers for them (such as a local CVS or volunteer bureau).
- 62% of TSOs in North East England state that volunteers can work unsupervised. Small (73%) and Medium sized TSOs (53%) are more likely to state this than Large organisations (44%).
- 62% of TSOs report that many of their volunteers are or have been service users.
- 80% of TSOs state that they could not operate without volunteers.
- 80% of TSOs consider it to be their social duty to provide volunteering opportunities.

Serving localities and beneficiaries

- 33% of TSOs in North East England work solely at the neighbourhood or village level and 63% work within the boundaries of one local authority.
- 80% of organisations and groups which work mainly in rural areas are Small TSOs.
- TSOs serve a diverse range of beneficiary groups: children and young people (41% of TSOs) and older people (37% of TSOs) are the most comprehensively supported by the sector in North East England.

¹ The method used to estimate salaries in this report differs slightly from that used in the recently published Key Findings report as it considers North East wage averages rather than the North of England average wage. In the IPPR report, the estimated value at 80% of regional wages is therefore higher at £760m. See Chapman, T. and Hunter, J. (2017) *Third Sector Trends in the North of England: a summary of key findings*, Manchester, IPPR North.

1.2 **Income, assets and reserves**

Income stability

- 67% of TSOs experienced income stability in 2014-16, 14% of TSOs had significantly rising income and 18% had significantly falling income.
- Grants remain the most important source of income for Small and Medium sized TSOs,
- Contracts are the most important source of income for Large TSOs, but dependence on contracts has declined since 2010 while grant income has become more important.
- There has been a general decline in the importance of investment income, subscriptions and in-kind support over the last 8 years, but the value of public giving has remained quite stable.
- Earned income has become more important, but the emphasis has shifted from contracts to other forms of trading
- Small TSOs are less likely to earn income (51%) than Medium sized (79%) or Large TSOs (90%).
- 42% of Large TSOs earn more than 61% of their income compared with 30% of Medium sized and 21% of Small TSOs.
- Many TSOs have a business-like or enterprising outlook but very few are wholly reliant on earned income. Virtually all TSOs are dependent on a basket of income resources such as subscriptions, grants, gifts, trading, contracts and investments.
- Only 3% of TSOs that earn 61-80% of their income, and just 13% of TSOs which earn more than 81% of their income from trading or contracts state that grants are of no importance to them.
- Fewer than 3% of TSOs state that borrowed money is important to them and only 9% of Large TSOs are currently planning to borrow money in the next two years.

Organisational assets and use of reserves

- 58% of TSOs have no property assets. The percentage of TSOs with property assets rises as they become larger: from 34% of Small TSOs to 58% of Large TSOs.
- 55% of TSOs have no investment assets. The proportion holding investment assets rises from 37% of Small TSOs to 63% of Large TSOs. Only 15% of TSOs have investments greater than £50,000 (15%)
- 10% of TSOs have no reserves in their current account, ranging from 15% of Small TSOs to 4% of Large TSOs. 57% of Large TSOs have current account reserves above £50,000 compared with just 2% of the Small TSOs.
- 49% of TSOs have not used their reserves over the last financial year, 57% of small TSOs compared with 35% of Large TSOs have not drawn on reserves.
- 18% of TSOs used reserves for development purposes (such as taking on a new member of staff, planning a new service, buying property or fixed assets). Only 3% of TSOs have invested 'heavily' in such things.

- 25% of TSOs have used their reserves for essential costs (such as wages, utility bills or rent) but only 5% have made 'heavy' use of their reserves in this way.
- Medium sized TSOs were the most likely to have drawn on their reserves to pay for essential costs (32%), and 6% drew heavily upon their reserves.

Financial wellbeing

- TSOs operating in the poorest areas are the most likely to be in a vulnerable financial position (23%) when compared with those working in the most affluent areas (16%).
- In the most affluent areas, TSOs are more likely to experience income stability (49%) than in the poorest areas (33%).
- TSOs based in the poorest areas are the most likely to be in a very strong or strong financial position (35%) when compared with TSOs in the richest areas (25%).
- TSOs which are mainly funded by the public sector are in a more vulnerable position (31%) when compared with those funded mainly by the private sector (15%) or community sector (17%).
- It is important not to misrepresent this finding, because 31% of TSOs which are mainly funded by the public sector are in a strong or very strong situation (compared with 33% funded mainly by the private sector and 28% which are funded mainly by the community sector).

1.3 Key sources of organisational income

Delivery of public services by contract

The issue of the delivery of public services under contract has been contentious within the Third Sector for many years. Often it is assumed by commentators on the Third Sector that contracts are now 'the only game in town' - but this is not the case

- Awareness of contracts has risen from 73% in 2010 to 80% in 2016, but unwillingness to consider bidding for contracts has remained at a similar level (rising from 44% in 2010 to 47% in 2016).
- 3% of Small TSOs, 16% of Medium TSOs and 46% of Large TSOs deliver or bid for contracts.
- About 18% TSOs perceive barriers to undertaking contracts and are deterred from application.
- The percentage of TSOs bidding for contracts and/or undertaking them has remained similar since 2010 at about 14-16% of organisations.

Routes to grant funding

- 62% of TSOs have made applications for a grant from local charitable foundations in the last two years (50% of Small TSOs, 83% of Medium TSOs and 72% of Large TSOs).
- Of those TSOs which have made applications to a local grant making foundation in the last two years, 88% were successful in winning at least one grant.

- Levels of applications to national grant making foundations are lower (51%) than to local grant makers (62%).
- Small TSOs were the least likely to apply to national grant making foundations (30%) compared with 74% of Medium and 79% of Large TSOs.
- Success rates for at least one application to national grant making foundations are considerably lower (72% compared with 88% for local grant making foundations).
- 83% of Medium sized TSOs have made at least one grant application to a local public-sector organisation in the last two years compared with 72% of Large and 50% of Small TSOs.
- Success rates in winning at least one local public sector grant are high at 88%, although Small organisations were slightly less likely to win at least one grant (84%).

Factors influencing grant applications

- Having a good relationship with the funder is regarded as important by 70% of TSOs.
- Knowing that a grant funder makes a lot of awards in the local area is an important consideration for 68% of TSOs.
- The simplicity of the grant application process is much more as important for Small TSOs (62%) than for the Largest organisations (39%).
- Small TSOs are much more as likely (52%) as Large TSOs (46%) to think that the location of a grant funder in North East England region is very important in their considerations.
- Irrespective of TSO size, about 46% of organisations consider it important that a grant maker has a regional representative in the area.

1.4 Relationships within and between sectors

Relationships within the Third Sector

- Most TSOs have useful informal relationships with other organisations (75%), and particularly so in the case of Medium and Large organisations (88-89%)
- Small TSOs tend to be less interested in working closely but informally with other TSOs (52%) than Medium (80%) or Large TSOs (85).
- Relatively few Small TSOs currently work in formal partnership relationships (18%) compared with 39% of Medium and 55% of Large TSOs.

Relationships with the Public Sector

- 89% of TSOs feel that their work is valued by the public sector in their area, Large organisations are the most likely to feel valued (92%).
- 86% of TSOs think that public sector bodies respect their independence – Medium sized TSOs are the most likely to believe this to be the case (90%).
- 70% of TSOs agree that local public-sector bodies inform them about issues which affect them, Large TSOs are most likely to state that this is the case (76%).
- About a half of TSOs believe that local public sector organisations involve them appropriately on policy issues and act upon their opinions; Large TSOs are the most likely to feel that this is the case 63%.

- TSOs have consistently felt that their work is valued by the public sector (88-92%) between 2010 and 2016, and TSOs have become more confident since 2010 that their role is understood by public sector bodies (from 84% to 87%).
- TSOs are more likely to feel that they are well informed by public sector bodies about issues of interest to them (rising from 62% to 69%) between 2010 and 2016.
- Fewer TSOs believe that public sector bodies involve their organisation in policy and practice issues, but the percentage has risen from 47% in 2010 to 50% in 2016.

Relationships with the Private Sector

- 57% of TSOs state that that they receive money from the private sector (excluding money from the private sector which is channeled through charitable foundations),
- 43% of TSOs state that they have benefitted from the provision of free facilities by business, with 26% stating that this is of 'some' or 'great' importance. Medium sized organisations are the most likely to benefit in this way (32%).
- Many TSOs state that they are supported by volunteers which come to them via business organisations (41%), 23% rate this as being of 'some' or 'great importance'. Medium sized TSOs are the most likely to value the contribution of business in this respect (46%).
- The provision of free expert advice from businesses is recognised by 44% of TSOs, 9% state that this support is of 'great' importance, while a further 18% state that it is of 'some' importance. Large TSOs are much more likely to benefit in this way (43%) than Medium (34%) or Small organisations (19%).
- 38% of TSOs report that businesses provide them with PR or media support: 6% state this is of 'great' importance, while a further 14% state this is of 'some' importance. Large TSOs are the most likely to be the recipients of such support (26%).

Partnership bidding for grants and contracts

- Small TSOs are less likely to consider partnership bidding (24%) compared with the 82% of Large TSOs.
- 33% of Medium sized TSOs are not considering bidding in partnership for grants or contracts, while another 30% are only tentatively considering this idea.
- Of those Medium sized TSOs which do put in partnership bids, about two thirds of them have been successful.
- In 2008-10 only 10% of TSOs had been successful in partnership bidding but this rose to 18% in 2014 – with a Small decline in 2014-16 to 17%.

1.5 **Future directions**

Expectations of and preparation for the future

- Small TSOs are the least optimistic about increasing income over the next two years (30%). Large TSOs are the most optimistic about increasing income (41%) but they are also the most pessimistic (19%).
- In the next two years 46% of TSOs expect that their expenditure will increase: Large and Medium sized TSOs are the most likely to believe so (50%).
- Changes in employee numbers are expected by many TSOs: 36% of Large TSOs think staff numbers will increase while 22% expect them to decrease.
- Increased numbers of volunteers are expected over the next two years by 50% of Large TSOs compared with 27% of Small TSOs. Few TSOs think that volunteer numbers will fall (9%).
- 48% of Small TSOs believe that demand for their services will increase, compared with 75% of Medium and 77% of Large TSOs.
- Expectations of increases in statutory income over the next two years are relatively low for organisations of all sizes (12-14%). Large TSOs are most pessimistic: 61% think income will fall.
- Many TSOs expect that partnership working will increase: 64% of Large organisations believe that this will happen compared with 44% of Small TSOs. Very few TSOs think that partnership working will decrease (5%).

Taking action to work with other organisations

- Small TSOs are the least likely to be taking action or considering action to work with other organisations within or outside of the Third Sector and only 3% of Small TSOs are taking action to work more closely with businesses.
- Medium sized TSOs are twice as likely as Small organisations to be taking action to work more closely with other TSOs, public sector organisations or businesses. But they are comparatively few in number: only 7% are taking action to work with business more closely.
- Large TSOs are the most likely to be taking action to work with other organisations: 40% are taking action now or are planning (19%) to work with public sector organisations. Fewer Large TSOs are taking action now (14%) or are planning (25%) to build closer relationships with business.

Securing organisational sustainability

- 39% of TSOs are taking action to increase earned income – Large TSOs are the most active in this respect (63%) compared with 50% of Small TSOs.
- 22% of TSOs are trying to increase donations: Large TSOs are acting on this now (33%) or are planning to do so (32%).
- Borrowing money (to invest in future developments, purchase or upgrade property or borrow working capital) is not a popular option amongst TSOs. Only 3% are taking action (9% of Large TSOs) to do so; 85% of TSOs will not consider this possibility at present.
- Few TSOs are changing their working practices (21%) to prepare for the future: especially Small TSOs (9%) compared with Medium (26%) and Large (48%) TSOs.

- Only 4% of TSOs are actively pursuing mergers with other TSOs. Very few Small (3%) or Medium sized organisations (3%) are doing so compared with 9% of Large TSOs.

Improving organisational capability

- TSOs tend to prioritise building their skills in bidding for grants (37%) and fundraising (36%) rather than developing their capability in strategic management (18%) or financial management (15%).
- Small TSOs put a very low priority on the development of organisational managerial capability (as would be expected, given their scale). But considerable priority is put on fundraising and grant bidding (36%).
- Medium sized TSOs are the most likely to prioritise the need to build their capability in bidding for grants (45%), fundraising (42%) and marketing themselves (42%) – but put a lower priority on financial (19%), strategic (25%) and personnel (22%) management.
- Large TSOs place equal levels of priority on income generation skills (~30%) and aspects of organisational capability (such as business planning, people and strategic management). Financial management is regarded as a lower level priority (19%).

2

The Third Sector Trends Study

This report presents key findings from the Third Sector Trends study in 2016 from across Northern England and specifically in North East England and for each of its four sub-regions: Northumberland, Tyne and Wear, County Durham and Tees Valley.

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, Joseph Rowntree Foundation and IPPR North to expand and continue the research.

The Third Sector Trends survey was designed to explore the structure and dynamics of the Third Sector and to examine how individual Third Sector organisations (TSOs) fare over time in the context of change. The biennial survey which runs across the North East of England and Cumbria received the following levels of responses; 2010, n=1,055; 2012, n=1,700; 2014, n=1,318; and in 2016, n=1,369.

Survey work in the Third Sector Trends Study has been complemented by several related research projects including a long-term qualitative research project with 50 TSOs across North East England and Cumbria.² A range of other projects have widened the scope of the exploration of Third Sector activity by researching the interactions between the public and private sectors and the Third Sector.³

The findings presented in this report are based on a robust research methodology which has evolved over the last eight years to produce comparable time-series data. The sample structure has been checked against comparable national studies to ensure that findings are as reliable as possible – and especially so when making estimates about sector employment and volunteering.⁴

Due to the disaggregation of sub-regional data in this report, the options for longitudinal analysis and the exploration of the situation of organisations of different sizes, structures or purpose is limited. Consequently, where further explanation is required, evidence summaries are presented which are drawn from in-depth analytical work on the complete North East England and Cumbria data set, and for 2016, comparisons with neighbouring regions are drawn from the complete Third Sector Trends study data set from across the whole of the North of England.

² This element of the study has been incorporated in two ESRC Impact Acceleration Award Grants, which are looking at the relationships local authorities and health authorities in North East England have with local Third Sector organisations.

³ Studies have been undertaken for the Institute for Local Governance, Sunderland City Council, Northumberland County Council, Stockton Borough Council, Garfield Weston Foundation, Joseph Rowntree Foundation, Lloyds Bank Foundation, The Economic and Social Research Council, Charity Bank and Involve Yorkshire and Humber. A full listing of publications from the Third Sector Trends study and related research is provided at the end of this report.

⁴ Full details on comparability checks can be found in Chapman (2017) which is available from the author.

3

Employment in the Third Sector

It is often assumed that the Third Sector is led and run primarily by volunteers. But in fact, the Third Sector is a major employer – hosting 3-4% of jobs across Northern England.

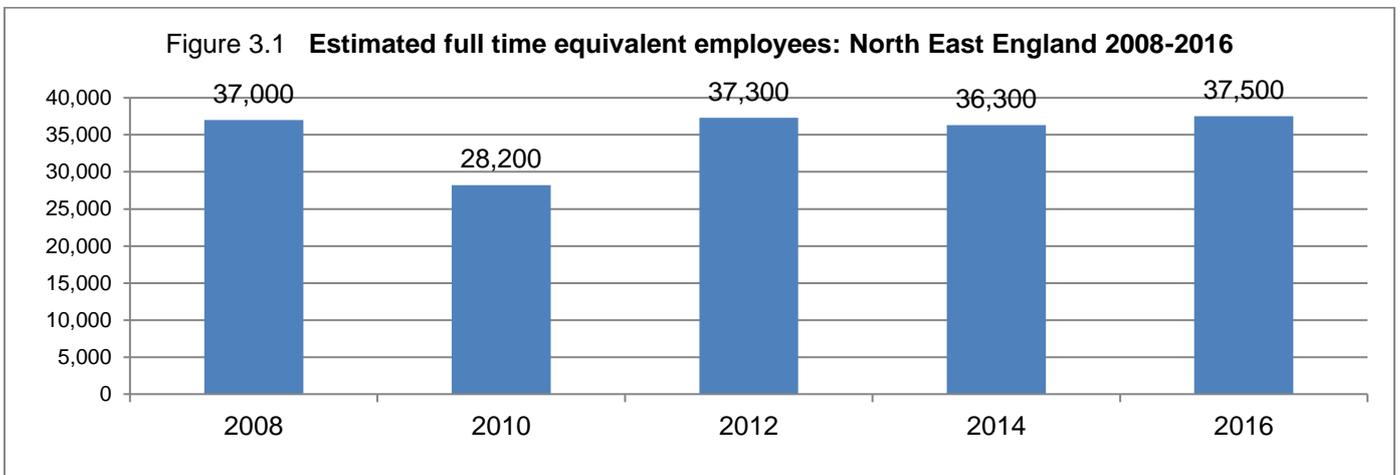
This section looks at current levels of employment in North East England and assesses how the composition of the workforce has changed since 2008.

Figure 3.1 shows the estimated number of full-time equivalent (FTE) employees in the Third Sector in North East England.

- It is estimated that in 2016 there were about 7,000 TSOs in North East England.
- It is estimated that in 2016 there were 37,500 FTEs in the Third Sector in North East England: suggesting a slight increase of about 500 FTEs since 2008.⁵
- The Third Sector workforce accounts for between 3-4% of regional employment.⁶

There has been some fluctuation in FTEs according to these estimates. The number of FTEs rose in 2010, presumably because of salary income that remained in the ‘pipeline’ following the 2008 financial crisis, followed by decline in 2012 and 2014. However, in 2016 the situation has recovered and is now above 2008 levels.

While these are estimated levels of employment, the pattern broadly follows trends, using Charity Commission data, produced by the NCVO.⁷



⁵ In the survey questionnaire, respondents were asked to record how many full-time and part-time staff they had in 11 bands. For the analysis, the middle point of each band was used, where possible, to estimate how many people were employed. Part-time headcount estimates were reduced to 1.8 per FTE and the data were scaled up using a multiplier to reach an estimated total population of TSOs using Kane and Mohan’s analysis (2010a.b.c) as a baseline (which also incorporated estimates for other TSOs which were not registered charities such as Cooperative and Community Benefit Societies (formerly Industrial and Provident Societies) and Community Interest Companies. The multiplier was different for each year depending upon the size of the survey sample. These data were cross-tabulated by organisational size, using Charity Commission income brackets to weight the data by national estimates of sector composition.

⁶ For details of regional employment and method of calculating the Third Sector contribution, see Appendix 1

⁷ For detailed comparisons with national data, see Chapman and Robinson (2014b). It should be noted that NCVO estimates on employment are somewhat lower than for the Third Sector Trends study. This is largely due to their reliance on Labour Force Survey data which are much less comprehensive than those available to this study when initial benchmarks were established in North East England, Cumbria and Yorkshire and the Humber by Kane and Mohan (2010 a,b,c)

Figure 3.2 provides estimates on the number of employing organisations in the Third Sector in North East England between 2008 and 2016 and the average number of employees within such organisations.

- The estimates suggest an increase in the number of TSOs which employ people: rising from about 3,080 in 2008 to 3,250 in 2016.
- The average number of FTEs per organisation has fallen slightly since 2010 from 12.3 FTEs to 11.5 FTEs in 2016.

Estimated number of employing TSOs and average FTE employees (North East England)	Estimated Full-time equivalent employees	Estimated number of TSO employers	Estimated average number of FTE employees
2008 (baseline ⁸)	37,000	3,087	11.98
2010	38,200	3,115	12.27
2012	37,300	3,162	11.81
2014	36,300	3,208	11.30
2016	37,500	3,255	11.52

Figure 3.3 shows estimates for the balance between part-time and full-time staff in TSOs in North East England.⁹ The percentage share of full-time and part-time employees seems to be changing

In 2010, it was estimated that 35% (13,500) of Third Sector FTE employees worked part-time. This appears to have risen to 45% (17,100) in 2016. The changes are likely to be partly accounted for by an increase in the number of formerly full-time staff who may have ‘temporarily’ agreed to take reduced hours since 2010 due to reduced income of many TSOs. TSOs may also be more likely to make new part-time appointments to reduce costs. These assertions are supported by evidence from the TSO50 study which continues to run alongside the TSO1000 surveys.

Estimated proportion of part-time and full-time staff	Estimated number of FTE employed staff	Estimated number of full-time employed staff	Estimated percentage of full-time employees	Estimated number of part-time FTE employed staff	Estimated percentage of part-time employees
2010	38,200	24,800	64.8%	13,500	35.2%
2012	37,300	23,000	61.7%	14,300	38.3%
2014	36,300	20,600	57.0%	15,600	43.0%
2016	37,500	20,400	55.0%	17,100	45.0%

⁸ Baseline statistics are derived from Kane and Mohan’s (2010a) estimates.

⁹ These estimates need to be treated with some caution. In 2012, NCVO concluded, using 2010 data, that about 38% of staff worked part time in the voluntary sector (higher than in the private sector (25%) and public sector (30%)). Source : <http://data.ncvo.org.uk/a/almanac12/what-are-working-patterns-like-in-the-voluntary-sector/>. At that time, NCVO did not discern much change in this ratio over previous years. It is not possible accurately to estimate the actual number of part-time staff as it is not known how many, on average, part-time staff make up an FTE. NCVO uses a ratio of more than 2 part-time staff to each FTE, but it is not possible to confirm from the available data whether it applies to North East England.

Figure 3.4 presents estimates on the economic value of Third Sector employee salaries from 2008 to 2012.

Two estimates are provided. The first is based on the average North East England salary while the second is based on 80% of this figure. The latter figure is thought to be the more reliable estimate.¹⁰

Using the lower estimate, the evidence suggests that the value of salaries has risen from £712m in 2008 to £722m in 2016.¹¹

Estimated economic value of FTEs in salary terms ¹²	Value of employees @ average North East wage	Value of employees @ 80% of average North East wage
2008	£891,108,000	£712,886,400
2010	£920,972,200	£736,777,700
2012	£899,152,000	£719,321,600
2014	£873,093,200	£698,474,500
2016	£903,535,300	£722,828,300

Figure 3.5 shows the reported percentage change in employee numbers by individual TSOs over the last four years across North East England.

- The percentage of TSOs individually reporting rising numbers of full-time employees has risen from 17% in 2013-14 to 21% in 2015-16, while the percentage with falling numbers of full-time staff has reduced from 23% to 21%.
- The percentage of TSOs individually reporting rising numbers of part-time employees has remained about the same and is in the region of 26-27%. This is also the case amongst TSOs reporting falling numbers of part-time staff, at around 17%.

¹⁰ NCVO data (2013) suggest that average weekly wages in the VCSE was £373 (£19,396 annual wage) compared with £457 (£23,764 per annum) in the private sector and £477 (£24,804 per annum) in the public sector. The voluntary sector average wage is 78% of public sector average wages and 81% of private sector averages. See: <http://North West England.3rdsectorworkforce.org.uk/what-is-the-state-of-pay-in-the-voluntary-sector/>. Additional 'on costs' of NI and Pensions could push up the expenditure costs by a further 20-30% (although pension elements are currently likely to be lower than public sector costs as charities may not operate a pension scheme – or make contributions to private pensions). Charities will be obliged to enrol employees in pension schemes by 2017 and will have to contribute a minimum of 3% of salary costs providing that employees are aged over 22 and earn more than the minimum wage). These costs are substantially lower than in the public sector and parts of the private sector. Source: <https://North West England.gov.uk/pension-rules-for-charities>.

¹¹ While these are estimates, analysis of TSOs' expenditure suggest that the figures are in the right range. In 2007/08, for example, expenditure was estimated by Kane and Mohan (2010a) at around £937m (scaled up *pro-rata* from Kane and Mohan's estimate for general charities). This provides further indication that the average wage is probably about 80% of the North East average wage.

¹² The method used to estimate salaries in this report differs slightly from that used in the recently published Key Findings report as it considers North East wage averages rather than the North of England average wage. In the IPPR report, the estimated value at 80% of regional wages is therefore higher at £760m. See Chapman, T. and Hunter, J. (2017) *Third Sector Trends in the North of England: a summary of key findings*, Manchester, IPPR North.

Figure 3.5

Change in levels of full-time and part-time employment in North East England TSOs (2012-2016)

	2013-14	2015-16
Increase in full-time employees	17.1	21.3
Full time employees stable	59.5	57.9
Fall in full-time employees	23.4	20.9
TSO Employers, N=	620	508
Increase in part-time employees	27.0	25.8
Part time employees stable	56.4	56.9
Fall in part-time employees	16.6	17.3
TSO Employers, N=	727	589

Figure 3.6 shows the extent to which TSOs report change in their employee and volunteer workforce over the last two years in the four sub-regions of North East England. TSOs which do not have employees are excluded from the analysis.

- About 58% of TSOs report that the number of full-time and part-time employees has been stable over the last two years. As in the 2014 survey the highest levels of stability are found in Northumberland. Stability has become more prevalent in County Durham (rising from 58% to 68%).
- Across North East England, 21% of TSOs had rising numbers of full-time employees in the last two years which shows a sign of improvement over survey data for 2014 (18%). The percentages are similar across all sub-regions (19-23%).
- 21% of TSOs reported falling numbers full-time employees. This is particularly pronounced in Tees Valley (27%) and to a lesser extent Tyne and Wear (22%). When compared with 2014, the situation seems to have improved in all areas apart from Tees Valley.
- About a quarter of TSOs had rising numbers of part-time staff. Rising numbers were more prevalent in Tyne and Wear (30%) and the least so in Northumberland (18%).
- 17% of TSOs reported falling numbers of part-time staff across North East England. This was most pronounced in the urban areas of Tees Valley (20%) and Tyne and Wear (20%).

Figure 3.6

Change in the proportion of full-time employees and part-time employees 2016 (2014 in parentheses)

	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East
Increase in full-time employees	19.0 (11.0)	22.8 (21.1)	20.0 (18.1)	20.9 (16.5)	21.3 (17.6)
Full time employees stable	65.8 (64.8)	55.3 (48.9)	68.0 (58.3)	51.8 (61.2)	57.9 (56.2)
Fall in full-time employees	15.2 (24.2)	21.9 (30.0)	12.0 (23.6)	27.3 (22.4)	20.9 (26.3)
TSO Employers, N=	75 (91)	215 (190)	75 (72)	139 (85)	508 (438)
Increase in part-time employees	18.0 (24.6)	30.5 (27.0)	24.0 (25.3)	25.0 (22.5)	25.8 (25.3)
Part time employees stable	70.0 (62.3)	49.8 (53.6)	63.5 (58.2)	54.6 (51.7)	56.9 (56.1)
Fall in part-time employees	12.0 (13.1)	19.7 (19.4)	12.5 (16.5)	20.4 (25.8)	17.3 (18.5)
TSO Employers, N=	100 (122)	233 (211)	104 (91)	152 (89)	589 (513)

4

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.

As organisations become larger, they depend much more heavily upon employees – but volunteers continue to play an important role in their governance and the delivery of their work.

As Figure 4.1 shows, volunteers are heavily relied upon by TSOs of all sizes, but as would be expected, as organisations become larger, the more likely they are to engage larger numbers of volunteers.

Figure 4.1

Numbers of volunteers held by TSOs of different sizes in North East England 2016 (percentages)

	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	All TSOs
Trustees only	20.9	7.7	11.0	15.9
Between 1 and 5 volunteers	28.5	23.1	13.4	24.0
Between 6 and 10 volunteers	18.4	17.9	12.4	17.0
10 or more volunteers	32.2	51.3	63.2	43.2
N=	522	195	209	926

Estimating the number of volunteers in the Third Sector in North East England is a complicated process because there are many small organisations and groups which are not formally constituted and there is, therefore, uncertainty about how many of them fall ‘under the radar’ of official statistics.

However, an approach has been developed in the Third Sector Trends study which can produce broadly-based estimates on the number of volunteers and their likely contribution in terms of average hours worked. In addition, it is possible to attach a crude economic ‘replacement value’ to the work of volunteers using the National Minimum Wage and the average regional hourly wage as financial benchmarks.

Using a standardised technique to estimate the number of volunteers, Figure 4.2 shows the contribution at regional level and for the North of England.

- In the North of England, it is estimated that there are 931,000 volunteers who provide over 66m hours of work which can be valued at between £482m and £813m a year.
- In North East England 150,000 volunteers deliver 10.8m hours of work which is valued at between £78m and £131m a year.

Figure 4.2

Estimates of volunteer numbers and replacement values 2016 (North East England 2008-2016)	Estimated number of volunteers	Estimate of hours worked (average 72 hours)	Nominal financial replacement cost (at National Minimum Wage)	Nominal financial replacement cost (at 80% average regional wage)
North West England	440,400	31,709,800	£228,303,000	£384,945,000
Yorkshire & Humber	340,700	24,530,000	£176,619,000	£297,799,000
North East England	149,900	10,793,000	£77,708,000	£131,025,000
North of England	931,000	67,032,000	£482,630,000	£813,768,000

Figure 4.3 presents estimates on the number of volunteers working in the Third Sector in North East England between 2008 and 2016.¹³

- It is estimated that the number of volunteers has risen from 143,000 in 2008 to 150,000 in 2016.
- The estimated time invested by volunteers has risen from 10.3m to 10.8m hours between 2008 and 2016.
- The estimated economic value of volunteer time, as determined by the 'replacement cost' had people been employed to do their work, has risen from between £74m and £124m in 2008 to between £78m – £131m in 2016.

Figure 4.3

Estimated number of volunteers, time invested and equivalent salary values (North East England 2008-2016)	Estimated number of Volunteers	Estimated time worked by volunteers (average 72 hours)	Estimated value of time contribution by volunteers (2016 minimum adult wage = £7.20)	Estimated value of time contribution by volunteers (2016 80% average wage = £12.14)
2008 (base)	143,000	10,296,000	£74,131,200	£124,993,440
2010	145,900	10,504,800	£75,634,560	£127,528,272
2012	151,300	10,893,600	£78,433,920	£132,248,304
2014	148,900	10,720,800	£77,189,760	£130,150,512
2016	149,900	10,792,800	£77,708,160	£131,024,592

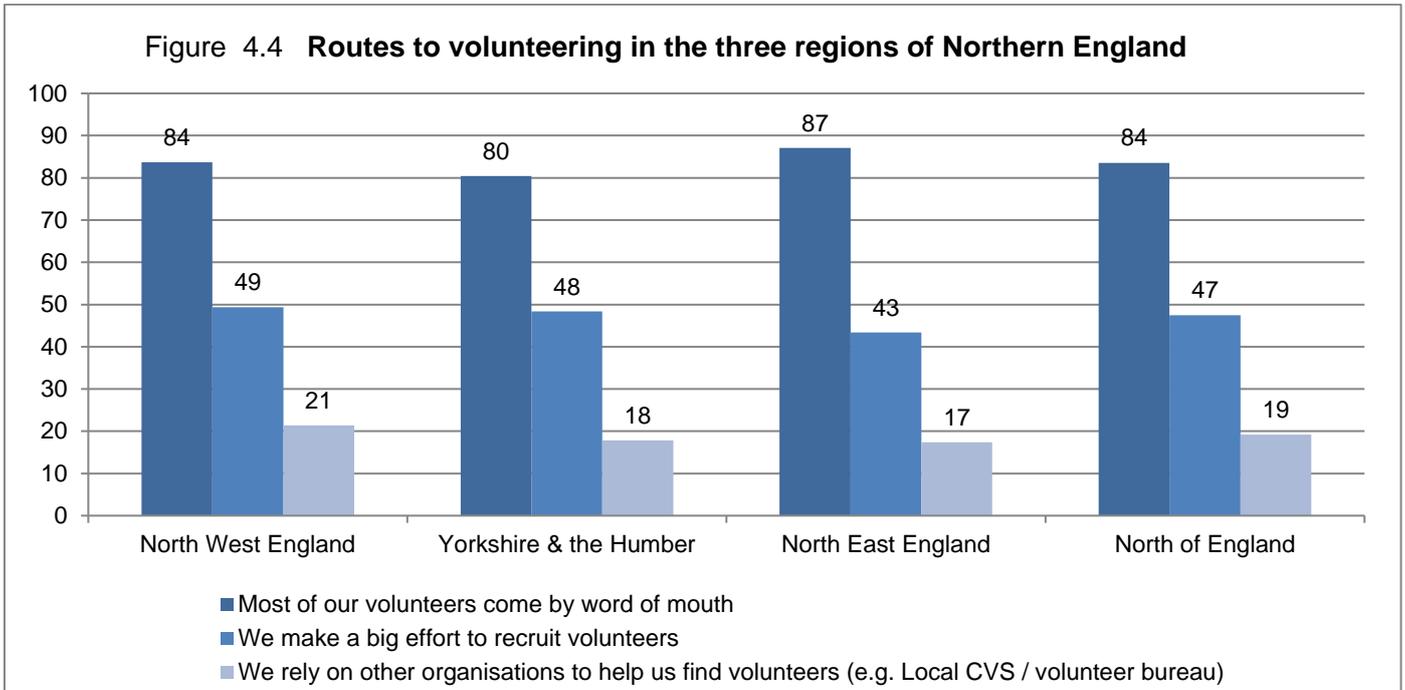
Volunteers clearly play an important role in most TSOs. Figure 4.4 shows the main routes to volunteer or strategies to recruit volunteers – regional variations are not particularly marked.

- Amongst those TSOs which want to attract volunteers, it is clear about 84% agree or strongly agree that most volunteers arrive by 'word of mouth'. This is

¹³ The method used to estimate employees was repeated using John Kane and Mohan's (2010a) range of volunteer estimates as a baseline. The survey asked two questions on volunteering – how many volunteers (excluding trustees/committee members) and how many trustees. This was done to produce more reliable estimates. In the calculation of volunteer estimates, the average number of trustees (14) was adopted. Estimating the time given by volunteers' work is contested by academics. For this analysis, Kane and Mohan's estimate is adopted which is broadly in line with other plausible estimates. The replacement cash cost of volunteers is difficult to estimate so two measures were adopted – minimum wage and 80% of the average wage. This was done to calculate the replacement cost of volunteers had they been paid to do their work. No attempt has been made to estimate the social 'value' of volunteering – i.e. the social benefit above and beyond the estimated replacement cost by paid workers.

particularly prevalent in North East England (87%) suggesting that strong social connections exist with the wider community.

- Around half of TSOs agree or strongly agree that they make a big effort to recruit volunteers by holding events or advertising. In North East England TSOs are the least likely to take this course of action (43%).
- Only about 20% of TSOs agree or strongly agree that they rely on other organisations to find volunteers for them (such as a local CVS or volunteer bureau). TSOs in North East England are the least reliant on such support to find volunteers (17%).



While demand for volunteers is clearly high, it is important to assess the pros and cons of taking on volunteers for TSOs. It is clear from Figure 4.5 that the situation in North East England is broadly similar to that of the North of England. There are substantive variations by organisational size.¹⁴

- Only 13% of TSOs in North East England agreed or strongly agreed that volunteers cost them more effort than the value of the work they do. Analysis shows that as TSOs become larger, the more likely that TSOs will make this argument (9% of very small TSOs make this claim compared with 26% of larger TSOs).
- About 62% of TSOs in North East England state that volunteers can work unsupervised. The smallest TSOs are much more likely to make this case (78%) than larger organisations (44%).
- A large proportion of TSOs (62%) state that many of their volunteers are or have been service users: The smallest organisations are more likely to make this case (76%) compared with the largest (50%).
- Reliance on volunteers is very heavy, with 80% of TSOs in North East England agreeing or strongly agreeing that they could not operate without them. Reliance is lower as organisations grow (falling from 91% of the smallest TSOs to 53% of the largest).

¹⁴ There are too few TSOs with income above £1m in the sample in North East England to report percentages reliably.

- Many TSOs in North East England see it as their social duty to provide volunteering opportunities (80%): 84% of the largest TSOs make this claim compared with 73% of the smallest.

Figure 4.5

Percentage of TSOs which 'agree' or 'strongly agree' with the following statements 2016 (North East England)¹⁵

	Micro £0-£10,000.	Small £10,001-£50,000.	Medium £50,001-£250,000.	Large £250,001-£1m	North East England	North of England
Supporting volunteers often costs us more than the benefit we get from them	8.8	9.2	13.0	25.9	13.3	12.8
We rely mainly on volunteers who can work unsupervised	78.4	73.2	52.7	44.2	61.6	60.3
Many of our volunteers are our service users/beneficiaries	76.1	58.1	63.9	49.3	61.8	59.2
We could not keep going as an organisation or group without volunteers	90.9	93.4	76.0	56.6	79.5	80.6
We see it as part of our social duty to provide opportunities to volunteers	73.1	75.8	82.9	84.1	79.5	81.0

Volunteers make an enormous contribution to the work of the Third Sector in relation to organisational governance as trustees or in the delivery of services. As the above analysis has shown, 150,000 volunteers in North East England provide 10.7 million hours of work. The replacement value of which would be between £77m and £131m. The number of volunteers in North East England has grown from about 143,000 to 150,000 since 2008.

Most volunteers arrive at TSOs by word of mouth (87%) which demonstrates the strength of the connection between organisations and their communities of interest or place.

Smaller TSOs rely most heavily on volunteers, many of whom can work independently. Larger TSOs are somewhat less dependent on volunteers but more than half say they could not operate without them.

Almost 80% TSOs state that providing opportunities for volunteers is regarded as part of their 'social duty' as an organisation.

¹⁵ Excludes TSOs which stated that the question was not relevant to their organisation.

5 Spatial area of operation of TSOs

Third sector organisations work at a variety of spatial levels. As this section shows, the Third Sector operates primarily at a neighbourhood or local authority level. As Figure 5.1 shows, across the North of England, 31% of TSOs work solely at the neighbourhood or village level (33% in North East England).

Furthermore, about 65% work within the boundaries of one local authority (63% in North East England). Understanding spatial aspects of TSOs' work is therefore important when interpreting broader trends and when thinking about the contribution of the sector in policy terms.

	North West England	Yorkshire and the Humber	North East England	North of England
At village/neighbourhood level	30.2	29.5	32.8	30.7
Within one local authority	32.1	40.5	30.1	34.1
More than one local authority	19.2	13.9	14.3	16.2
Regionally	8.1	8.5	10.5	8.9
In more than one region	1.7	1.3	2.5	1.8
Nationally	4.6	3.6	5.9	4.6
Internationally	4.3	2.6	4.0	3.7
N=	1,450	1,071	1,007	3,528

When sub-regional levels are compared in North East England, some interesting differences emerge.

- In the predominantly rural county of Northumberland, 53% of TSOs work only at a very local level compared with only 22% in largely urban Tees Valley and 25% in Tyne and Wear.
- Most TSOs work within the boundaries of a single local authority area (63%) and relatively few work at regional level or higher (22%). TSOs in Tyne and Wear are the most likely to work at this wider level (31%) compared with rural Northumberland (13%).

	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East England	North of England
Village or neighbourhood level only	53.7	24.6	39.7	21.9	32.8	30.7
Within one local authority area	23.9	30.6	27.8	36.4	30.1	34.1
More than one local authority	6.8	13.7	10.3	24.8	14.3	16.2
Regional	6.3	15.6	8.2	8.3	10.5	8.9
More than one region to international	9.3	15.6	13.9	8.7	12.3	1.8
N=	205	366	194	242	1,007	4.6

Figure 5.3 shows the extent to which TSOs' income has changed over the last two years when working at different spatial levels in North East England. TSOs which work at a very local level are the most likely to have stable income (74%). This is largely due to the fact that there are many smaller TSOs working at this level.

TSOs working beyond the level of a single local authority are much more likely to have rising income – background analysis shows that this is mainly because there are more larger TSOs working at this level which are able to access bigger contracts to deliver services or access major grants.

Figure 5.3 Financial situation of TSOs working at different spatial levels (North East England 2016)	Income risen significantly	Income remained about the same	Income fallen significantly	N=
Village/neighbourhood	12.2	74.3	13.5	327
One local authority area	12.3	65.7	22.0	300
More than one Local authority area	22.7	61.7	15.6	141
At regional level or beyond	13.9	65.7	19.1	230
All TSOs	61.2	67.3	70.2	998

The extent to which TSOs in North East England work in different spatial locations is shaped largely by their size. This also applies to the types of spatial area within which they mainly work. Figure 5.4 shows that:

- Amongst TSOs working mainly in inner city areas, 52% are smaller organisations.
- Nearly 80% of organisations and groups which work mainly in rural areas are small TSOs.
- TSOs which work in urban (or a mix of urban and rural areas) are more likely to be medium sized or larger organisations.

Figure 5.4 Working in spatial context: comparing TSOs of different sizes (North East of England 2016)	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	N=
Work mainly in inner city areas	51.9	29.9	18.2	77
Work mainly in urban areas	47.6	26.0	26.4	273
Work in a mixture of urban and rural areas	48.1	21.4	30.5	374
Work mainly in rural areas	79.2	13.4	7.4	216
All TSOs	69.2	20.5	10.3	39

The Third Sector in North East England is undoubtedly dominated by locally based organisations which work primarily in their immediate locality (33%) or within one

local authority area (63%). Smaller TSOs are particularly dominant in rural areas (79%).

TSOs which operate at the neighbourhood or village level tend to be the most stable financially, but this is largely because they are small organisations which do not employ staff or have costly overheads such as offices. But they are, as shown in Chapter 4, completely reliant on voluntarily given time.

Relatively few TSOs operate beyond the regional level (22%) and only 12% work nationally or internationally. It can safely be stated, therefore, that the Third Sector tends to be heavily rooted in the locality and that most of its impact is locally focused.

6 Purpose and beneficiaries of TSOs

It is widely understood that the Third Sector serves a range of beneficiaries in a variety of ways. Third Sector Trends data clearly demonstrate this.

Headline statistics for the North of England on the principal service function of TSOs usefully captures this diversity: 24% of TSOs provide 'primary' or 'direct' services to beneficiaries such as accommodation, social care, training or community transport; 23% provide 'secondary' support services such as information, advice and guidance; and, 10% provide 'tertiary' support to other TSOs through research, intelligence and campaigning, grant making and infrastructure support.

Smaller TSOs tend to focus mainly, but not exclusively, upon immediate social or personal needs of beneficiaries, such as self-help groups, small nurseries, befriending groups and so on (29% of all TSOs) while 13% attend to other activities such as sports, arts, music, social groups and societies and environmental issues, amongst others.

While regional differences are not dramatic, it should be noted that TSOs in North East England are amongst the most likely to deliver primary 'front line' services to beneficiaries (28%).

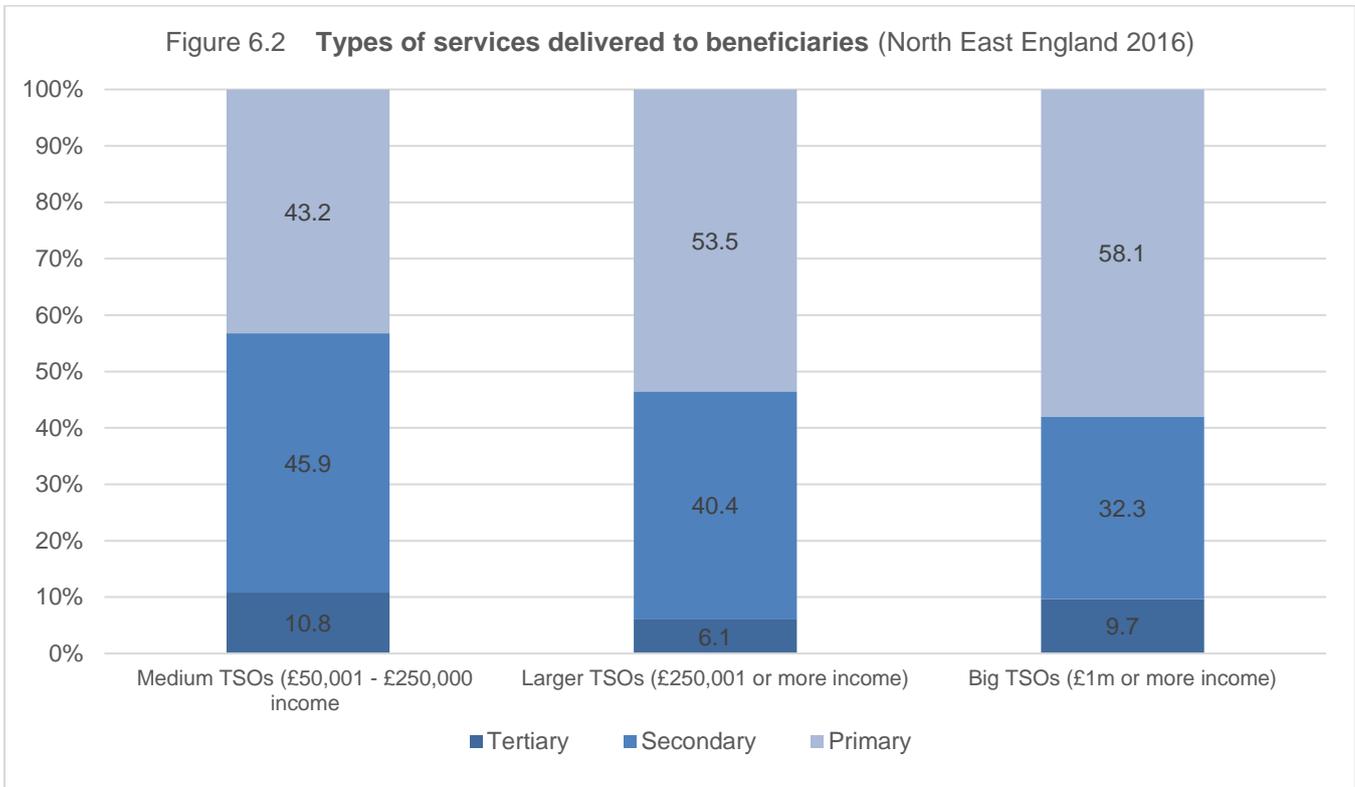
The percentages in Figure 6.1 represent the 'principal' activity of organisations and groups, not the *only* activity – and it should be borne in mind that many TSOs are involved in a very wide range of activities which cut across those listed.¹⁶

Figure 6.1 Principal service function of TSOs (2016)	North West England	Yorkshire and the Humber	North East England	North of England
Primary services (direct services to beneficiaries such as training, accommodation, social care, etc.)	19.1	28.5	28.0	24.4
Secondary services (indirect services to beneficiaries such as advice and guidance, information, etc.)	26.2	19.9	22.6	23.1
Tertiary services (infrastructure organisations, campaign and research bodies)	6.3	7.8	7.7	7.1
Grant making foundations	3.2	3.0	3.5	3.2
Smaller TSOs which attend to immediate social or personal needs	33.2	27.6	23.7	29.2
Smaller TSOs which seek to provide social, sporting, arts, music, societies, animals or environmental benefit	11.9	13.2	14.5	12.9
N=	1,088	926	518¹⁷	2,532

¹⁶ For example, 903 TSOs stated that they served health issues, 1,069 met mental health needs and 959 provided support to disabled people. Amongst these TSOs, 698 claimed to be supporting all three needs, while 711 TSOs stated that they were concerned with both health and disability issues. Similar crossovers can be identified in the support for unemployed/workless people, those in deprived urban areas, or individuals and households in poverty. To attempt to isolate individual beneficiary interests is therefore of limited value.

¹⁷ Responses to this question were lower in North East England as postal questionnaires did not allow free text answers to TSOs which responded 'other', i.e., they did not categorise themselves as primary, secondary or tertiary providers.

Figure 6.2 shows what proportion of TSOs focus mainly, in service delivery terms, on primary, secondary or tertiary services. Larger TSOs are more likely to focus their attention on the delivery of primary services: rising from 43% of medium sized TSOs to 58% of big TSOs.



It is important to assess the extent to which TSOs attend to the interests and needs of individual beneficiary groups. Figure 6.3 uses North East England data to show what mix of organisations serve the needs of specific beneficiary groups.

These data reveal that the level of attention paid to beneficiary groups varies considerably: children and young people, older people and people with disabilities, mental and physical health problems are the most common areas for support.

Figure 6.3 Meeting the needs of beneficiaries by organisations of different size and range of activity in 2016, North East of England.	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	North East England	North of England	N= (North East England)
Children and young people	39.0	45.8	42.6	41.4	40.3	419
Older people	37.9	37.4	31.8	36.7	37.4	371
People with physical disabilities	24.5	30.8	25.1	25.5	25.8	283
People with mental health conditions	16.9	35.5	36.8	24.9	26.8	257
People with physical health conditions	19.8	26.2	26.9	22.3	25.8	230
People in disadvantaged urban areas	11.2	29.9	32.3	19.3	18.2	199
Unemployed/workless people	11.7	30.4	28.7	19.0	17.3	196
People in rural areas	20.0	14.5	14.3	17.3	17.9	176
People or households living in poverty	11.5	22.4	27.8	17.1	16.6	176
Carers	8.3	17.3	17.9	12.2	13.6	126
People with homelessness/housing issues	7.2	13.1	24.7	12.1	10.7	125
Infrastructure support	5.9	9.3	13.9	8.1	8.8	84
People of a particular ethnic or racial origin	6.1	6.5	8.5	6.6	5.7	68
People with concerns about gender/sexuality	3.6	5.1	7.2	4.7	2.6	48

The Third Sector serves a wide range of beneficiaries. But it is unwise to analyse sector activity by focusing on service to individual beneficiary groups because TSOs often serve a wide range of beneficiaries in the course of their work.

There are clear variations in the extent to which TSOs serve beneficiary groups. Children and young people (40% of TSOs) and older people (35%) are amongst the comprehensively supported by the sector in North East England.

The approach to practice by TSOs is shaped to a large degree by their scale as organisations. Larger TSOs are more likely to deliver direct or 'primary' services to their beneficiaries (such as accommodation, training, social care, etc.).

7

Income of Third Sector organisations

This study explores how TSOs are faring over time by using several factors to compare the situation of different categories of organisations. As such the study takes at its starting point the situation of the organisation itself rather than the Third Sector as a whole – *except* when making estimates about numbers of sector organisations, sector employees and volunteers to make reliable judgements about the economic value of the sector (see Chapter 3 and 4).

It is useful to assess, as a starting point to the analysis, the extent to which TSOs have experienced income stability, growth or decline over the last four years in North East England and in each of its sub-regions – as shown in Figure 7.1.¹⁸

- Across North East England, 68% of TSOs experienced income stability – about the same as in 2014 (67%).
- TSOs in the more rural county of Northumberland (77%) and the spatially mixed area of County Durham (76%) were most likely to have stable income. This is largely due to the larger number of small TSOs in these areas. There is little change since the 2014 survey
- About 14% of TSOs had significantly rising income in the last two years across North East England, an increase on the 2014 survey (11%). TSOs in urban Tyne and Wear were more likely to have rising income when compared with rural Northumberland, in Tees Valley rising income was the most prevalent (19% compared with just 10% in 2014).
- In 2014 TSOs in the mainly urban area of Tees Valley were most likely to have significantly falling income (27%) but the situation has improved in 2016 to some extent (down to 19%). All areas experienced lower levels in falling income, but from a sector-wide perspective the net percentage of TSOs losing income was 4% compared with 10% in 2014 – suggesting overall improvement.

Figure 7.1

Change in levels of income in the last two years 2016 (2014 in parentheses)	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East England
Risen significantly	10.3 (7.7)	14.2 (14.9)	11.9 (10.2)	19.0 (9.9)	14.1 (11.3)
Remained about the same	77.3 (75.8)	62.9 (61.0)	75.6 (72.3)	62.0 (63.2)	68.1 (67.3)
Fallen significantly	12.3 (16.4)	22.9 (24.1)	12.4 (17.5)	19.0 (27.0)	17.8 (21.4)
N=	203 (207)	367 (315)	193 (177)	237 (152)	1,000 (851)

¹⁸ A detailed appraisal of the interaction between size of TSO and income fluctuation from 2010 to 2014 is presented in Chapman and Robinson (2014).

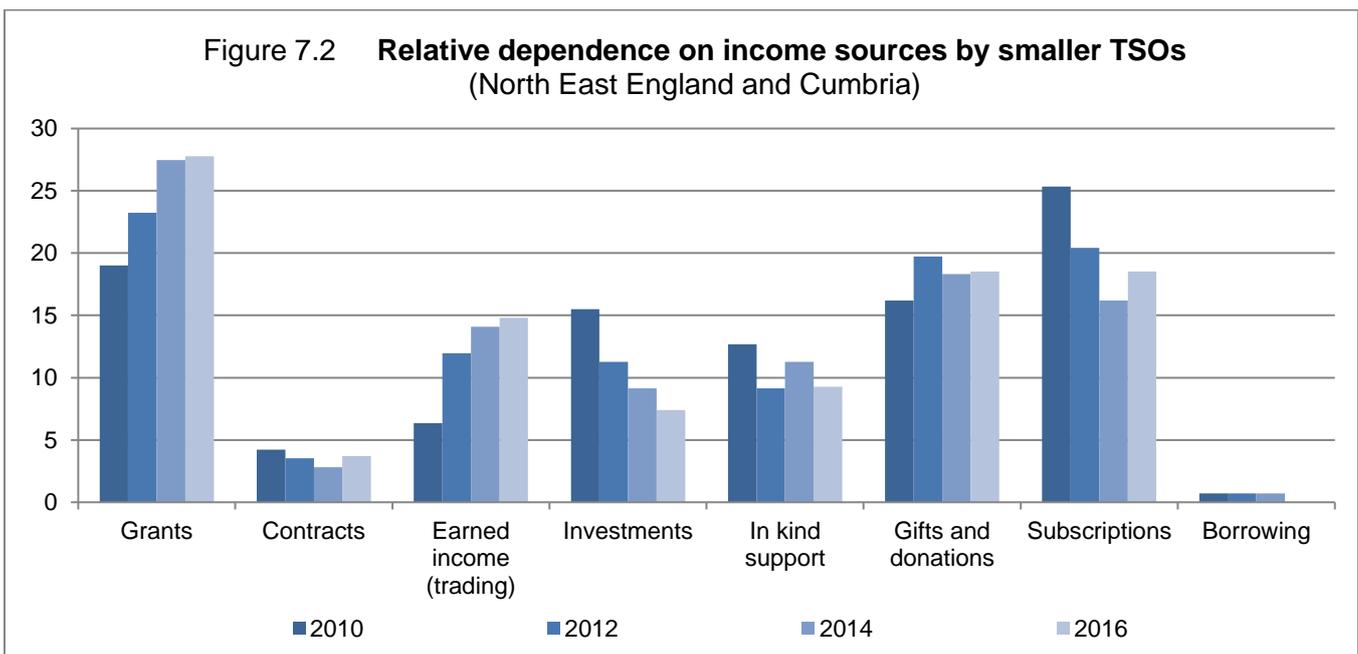
Reliance on different sources of income

Data are not collected in the Third Sector Trends study on ‘actual’ levels of income from different sources.¹⁹ Instead, perceptions of the extent of reliance of TSOs on different sources of income are explored. This is a valuable source of information as it provides a clearer understanding of how the ‘balance’ of reliance on different income sources changes over time.

In the analysis that follows, data are drawn from the complete Third Sector Trends datasets which have been collected since 2010 across North East England and Cumbria. By drawing upon this larger sample of TSOs confidence in the findings from the analysis are more secure.

Evidence from 2008 – 2016 shows that the balance of dependence on different sources of income in relative terms has been shifting over time. It is necessary to consider these data by size of TSOs to make sense of how patterns of income reliance have changed in context.

Relative levels of dependence of small TSOs (with income below £50,000) on different income sources, shows that grants and earned income have become much more important since 2010. By contrast, as shown in Figure 7.2, relative dependence upon investments, in-kind support and subscriptions has fallen significantly. For smaller TSOs, working on contracts is of little relevance and reliance on borrowed money is minimal.



Medium sized TSOs (with income between £50,001 and £250,000) have also become more reliant in relative terms upon grants and particularly so on earned income since 2010 as shown in Figure 7.3. Contracts, by contrast have become progressively less important to them as is the case with investment income, subscriptions and in-kind support. Contracts were of considerably greater importance

¹⁹ Previous attempts to collect such information have generally failed to present a convincing picture of Third Sector income, including work by the major government funded National Third Sector Studies in 2008 and 2010. The reason for this is largely to do with respondents not being willing to provide such information. This may be due to lack of easy access to such information or worries about divulging such data. In the Third Sector Trends study, a simpler approach was adopted, by asking TSOs the extent to which they valued different sources of income. Data do not therefore refer to the sum of income, but the extent of relative reliance on income sources.

in 2010 than is the case now and borrowed money remains virtually insignificant to most medium sized organisations.

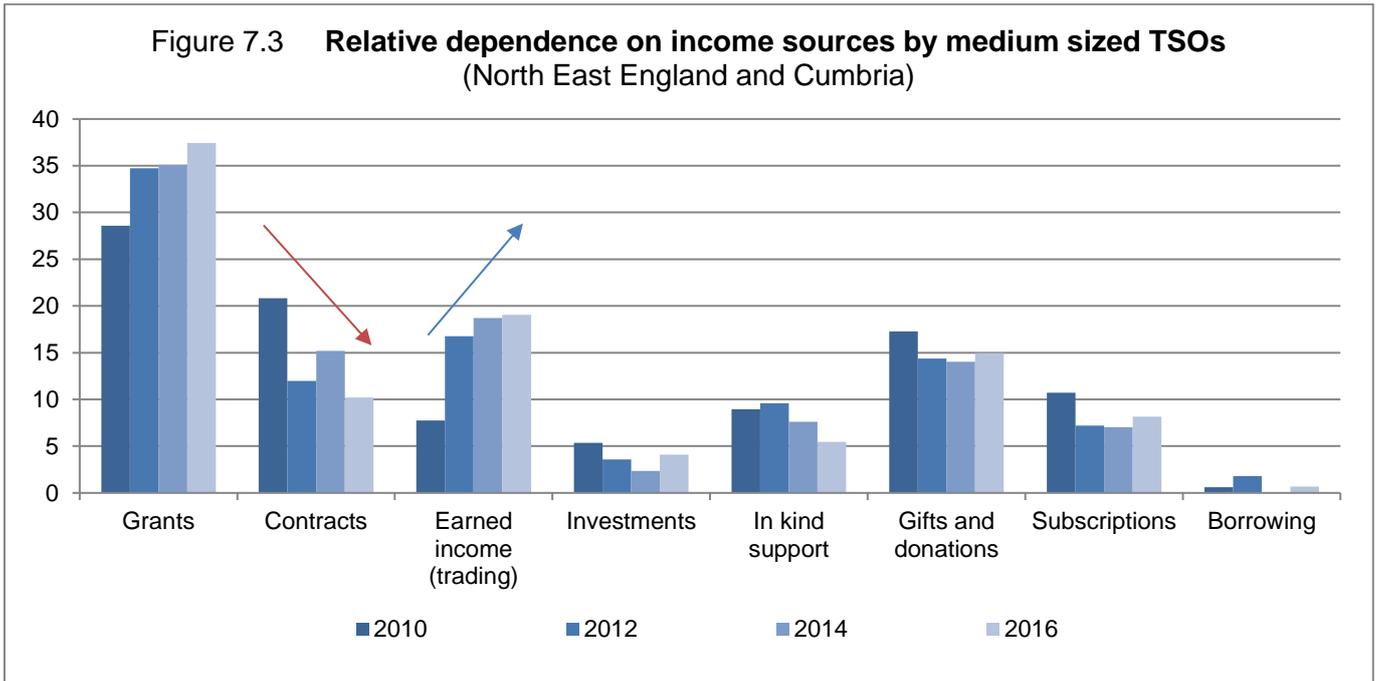
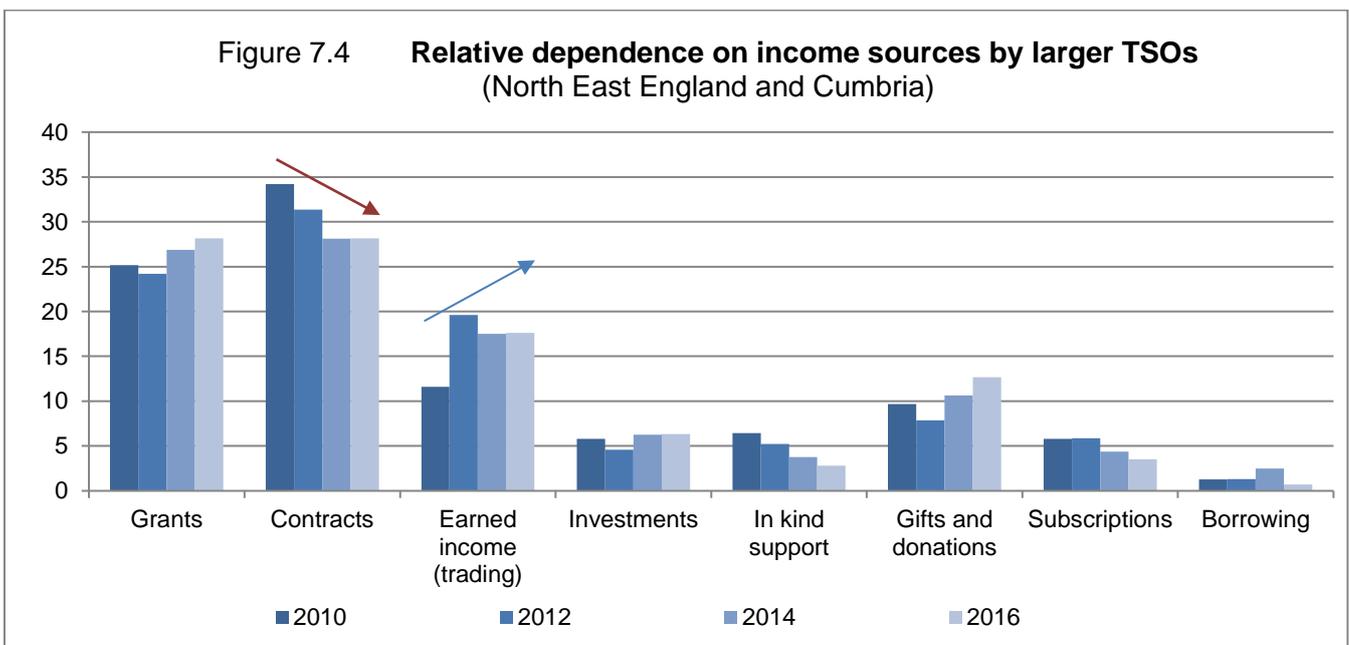


Figure 7.4 shows that larger TSOs (with income above £250,001) have remained much more reliant, in relative terms, on contracts than medium sized TSOs – but the relative importance of contracts has fallen considerably since 2012. The importance of grant income has risen to some extent, while reliance on earned income grew substantially from 2008-2012 but has stabilised since then.

The importance of investment income has remained relatively flat, as is the case with gifts and donations. In-kind support and subscriptions have become less important in relative terms while borrowing is of very limited importance.



Earned income

Analysis of interest in undertaking contracts and routes to grant funding will be discussed in Chapters 9 and 10. This section will assess the extent to which TSOs

depend upon ‘earned income’ in general (including income from trading and contracts).

Figure 7.5 shows that the percentage of TSOs which earn no income has decreased slightly from 39% in 2010 to 34% in 2016. The percentage of TSOs which earn most of their income (i.e. above 60%) has increased, but only slightly, from 26% in 2010 to 28% in 2016.

While these data do not suggest much change in the extent to which TSOs earn income, the finding is of relevance as sector narratives surrounding enterprising behaviour often suggests that there is a growing dependence on earned income. The evidence, by contrast, shows that this is not the case.

What is more likely to be the case, drawing on the analysis of Figures 7.4 to 7.6 is that there has been a progressive shift in reliance away from contracts to other forms of trading, but the overall value of earned income has remained broadly similar.

Figure 7.5 Extent to which TSOs in North East England earn income from trading and contracts: 2010 -2016				
	2010	2012	2014	2016
No earned income	38.6	40.3	36.9	34.0
1% – 20% of income	19.5	16.3	19.1	23.0
21% - 40% of income	6.6	6.4	8.5	7.3
41% - 60% of income	9.3	8.2	6.9	7.9
61% - 80% of income	9.3	8.7	10.9	9.8
81% - 100% of income	16.8	20.1	17.8	18.0
N=	713	1122	1278	978

As Figure 7.6 shows, reliance upon earned income is reported by 67% of TSOs across the North of England (66% in North East England). More TSOs attempt to earn income in the predominantly urban areas of Tyne and Wear (68%) and Tees Valley (70%) when compared with the more rural area of Northumberland (59%).

The extent to which TSOs rely on earned income varies by sub-region with the strongest reliance recorded in Tees Valley where 24% of TSOs earn more than 80% of their income by trading or contract work.

Figure 7.6 Extent to which TSOs rely on earned income by sub-regions of North East England

Percentage of income earned	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East England	North of England
No earned income	41.3	32.1	36.7	29.7	34.3	32.8
1% – 20% of income	18.9	25.8	21.3	24.3	23.2	24.9
21% - 40% of income	6.0	9.1	7.4	5.0	7.2	7.6
41% - 60% of income	6.5	6.6	10.6	8.4	7.8	7.2
61% - 80% of income	9.0	11.0	9.0	8.8	9.7	9.2
81% - 100% of income	18.4	15.4	14.9	23.8	17.9	18.3
N=	201	364	188	239	992	3,485

Figure 7.7 examines the extent to which TSOs of different sizes earn income. Smaller TSOs are much less likely to earn income: 49% report that they earn none of their income compared with only 10% of the large TSOs. Larger TSOs are more likely to earn the bulk of their income (Over 42% earn more than 60% of their income compared with 30% of medium sized and 21% of small TSOs).

Figure 7.7 The extent to which TSOs of different sizes earn income in North East England (2016)	Small TSOs (income £0-£50,000)	Medium TSOs (income £50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England
No earned income	48.9	20.6	10.1	34.0
1% – 20% of income	17.8	30.4	28.9	23.0
21% - 40% of income	5.1	8.9	11.0	7.3
41% - 60% of income	7.0	9.8	8.3	7.9
61% - 80% of income	7.0	11.2	15.6	9.8
81% - 100% of income	14.3	19.2	26.1	18.0
N=	546	214	218	978

There has been much debate within the Third Sector, amongst academics, in think tanks and in government over the last ten years on the idea of ‘social enterprise’; that is, the ability of TSOs purposefully to generate a surplus from their earned income to reinvest in their communities of place or interest.

As Figure 7.8 shows, TSOs which have different legal forms (or describe themselves ways, such as ‘social enterprise’ or ‘informal voluntary or community organisation’) have different levels of reliance on earned income.

The TSOs are ordered by their dependence on earned income Cooperative and Community Benefit Societies (formerly named Industrial and Provident Societies) are the most dependent (93%) and informal community and voluntary organisations the least (44%).

The data show that:²⁰

- Cooperative and Community Benefit Societies²¹ are the most dependent on earned income with 68% earning more than 61% of their income.
- 54% of TSOs which describe themselves as ‘social enterprises’ earn more than 61% of their income, although 22% earn none or less than 20% of their income.
- About 40% of Community Interest Companies and 36% of Companies Limited Guarantee earn over 61% of their income, but around 43% of these TSOs earn none or less than 20% of their income.
- Independent Registered Charities are much more likely to earn more than 61% of their income (29%) when compared with Federated Registered Charities (18%). Many of these charities earn none or under 20% of their income (55% and 71% respectively).
- Community Interest Organisations are less likely to earn over 61% of their income (18%) than most other legal forms, and nearly 64% earn no income or less than 20%.
- Informal voluntary or community organisations, which tend to be very small, have very low levels of reliance on earned income: 75% earn none or less than less than 20% of their income. That stated about 17% earn more than 61% of their income.

Figure 7.8

The extent to which TSOs earn income according to their legal form or chosen name²² (North of England 2016)

	No earned income	1-20% earned income	21-40% earned income	41-60% earned income	61-80% earned income	81-100% earned income	N=
Cooperative and Community Benefit Societies	6.5	10.9	10.9	2.2	13.0	55.3	46
Social Enterprise	6.9	14.9	8.0	14.9	21.7	32.4	175
Company Limited by Guarantee	13.5	31.2	8.8	10.1	13.6	22.6	764
Community Interest Company	19.7	23.1	8.1	8.7	9.2	30.9	173
Independent Reg. Charity	27.9	27.0	8.5	7.5	10.5	18.4	2,210
Community Interest Organisation	38.8	25.0	10.0	8.1	5.6	12.3	160
Federated Reg. Charity	48.7	22.8	6.5	6.5	4.2	10.9	355
Informal voluntary or community organisation	55.9	18.9	4.3	4.0	5.3	11.2	322
All TSOs	32.3	24.9	7.8	7.2	9.5	17.8	3,355

²⁰ Due to the smaller numbers of CICs, CIOs, IPSs and Social Enterprises in North East England Sample, these data refer to the whole of the North of England.

²¹ The term Industrial and Provident Society (IPS) became redundant following the *Co-operative and Community Benefit Societies Act 2014* in Great Britain (but not Northern Ireland). IPSs are now known as ‘co-operative’ or ‘community benefit societies’. In the Third Sector Trends study, such societies are included providing that they invest profits wholly towards social purposes rather than private personal benefit.

²² ‘Social Enterprise’ is not a legal form, but it is a term used by about 5% TSOs to describe themselves (many TSOs registered as CIOs or CICs do not also use the term social enterprise to describe themselves. Many of the TSOs responding to the survey in 2016, 2,616 were Registered Charities; of which 778 were also registered as Companies Limited by Guarantee.

The analysis shows that very few TSOs which rely wholly upon earned income – instead, whether described as a ‘charity’, ‘community or voluntary organisation’ or a ‘social enterprise’ – virtually all are dependent on other sources of income, such as subscriptions, grants, gifts and so on.

These comments are not intended as implicit or explicit criticisms of the idea of ‘socially enterprising’ activity. Earning income is integral to the ethos and practice of many TSOs. But very few TSOs can manage without other sources of income such as grants. As shown in Figure 7.9:

- Only 14% of all TSOs state that grants are of ‘no importance’ to them and a further 6% state that grants are the ‘least important’ source of income. The remaining 805% of TSOs clearly rely upon grants to sustain their activity and 39% state that grants are ‘a most important’ source of income.
- For TSOs which earn no income from trading or contracts, grants are very important indeed: over 52% of such TSOs state that grants are ‘a most important’ or ‘important’ source of income.
- TSOs which earn income are generally heavily reliant upon grants as ‘a most important’ source of income, although this percentage declines from 52% of those TSOs which earn less than 20% of their income to 23% of those which earn over 81% of their income.
- Even amongst TSOs which earn over 81% of their income, grants are still essential to them: 23% state that grants are ‘a most important’ source of income and a further 52% state that they are ‘important’ or of ‘some importance’.
- Only 3% of TSOs that earn 61-80% of their income, and just 13% of TSOs which earn more than 81% of their income from trading or contracts state that grants are of ‘no importance’ to them.

Figure 7.9 The relative importance of grant funding for TSOs which earn income from contracts or trading (North of England 2016)	Grants are the a most important source of income	Grants are an important source of income	Grants are of some importance to our income	Grants are the Least important source of income	We do not rely on grants at all	N=
No earned income	35.5	17.0	14.5	6.8	26.3	1,114
1% – 20% of income	52.3	26.2	11.2	3.6	6.7	864
21% - 40% of income	53.0	29.5	8.6	3.0	6.0	268
41% - 60% of income	42.9	37.3	13.5	3.2	3.2	252
61% - 80% of income	27.2	42.7	21.4	5.3	3.4	323
81% - 100% of income	23.1	27.6	23.9	12.2	13.3	624
N=	38.5	26.0	15.5	6.3	13.7	3,503

It is an obvious point, but one which is too often overlooked in discussions about ‘socially enterprising’ activity, that if TSOs could successfully operate without any other source of income subsidy and produce a viable surplus, then private sector business would, like as not, also be in the marketplace competing for the available profits to be

had from such work. It is entirely legitimate, therefore, that TSOs which are good at earning income, but cannot be expected to survive on that income alone, should continue to seek other sources of financial support, such as grants, gifts, subscriptions and so on to pursue their social mission successfully.

8

Organisational assets and use of reserves

This Chapter explores the asset base of the Third Sector and the extent to which TSOs hold reserves. The Chapter also examines whether TSOs have used reserves in the last two years to invest in new activities or to pay for essential costs.

Property assets

It is clear from Figure 8.1 that the majority (58%) of TSOs in North East England have no property assets. The percentage of TSOs with property assets rises as they become larger from 34% of smaller TSOs to 58% of the largest TSOs.

When the value of property assets is considered, it is apparent that only 9% of small TSOs have property valued at over £250,000 compared with 38% of larger TSOs. The extent to which TSOs in North East England hold property assets is broadly in line with the North of England.

Figure 8.1 Property assets of TSOs in the North East England (2016)	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	North East England	North of England
No property assets	66.1	53.1	41.7	57.8	59.6
Up to £250,000	25.3	32.7	19.9	25.7	25.1
Over £250,001	8.6	14.2	38.4	16.4	15.2
N=	534	211	211	956	3,415

Figure 8.2 shows the extent to which TSOs in North East England hold investments (such as stocks and shares, long-term savings, etc.). It is shown that about 55% of TSOs have no investment assets. The proportion holding investment assets rises from 37% of the smallest to 63% of the largest TSOs.

Relatively few TSOs have investments valued at over £50,000 (16%), although larger TSOs are much more likely to hold such levels of investments (40%) when compared with the smallest TSOs (7%).

Figure 8.2 Investment assets of TSOs in the North East England (2016)	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	North East England	North of England
No investment assets	62.5	55.9	37.0	55.4	58.9
Investments up to £50,000	30.9	28.9	20.9	28.2	25.4
Investments over £50,001	6.7	14.2	40.3	15.8	15.6
N=	534	211	211	956	3,393

Figure 8.3 considers the extent to which TSOs hold current account reserves in North East England. Only 10% of TSOs have no reserves in their current account. Just 4% of the largest TSOs have no current account reserves compared with 15% of the smallest TSOs.

The levels of reserves held is closely related to the size of organisations, as would be expected. For example, 57% of the largest TSOs have current account reserves above £50,000 compared with just 2% of the smallest TSOs.

Nevertheless, it may be surprising to note that 18% of larger TSOs have none or fewer than £10,000 current account reserves. 43% of medium sized TSOs find themselves in this financially precarious situation.

Very few smaller TSOs have large current account reserves, but as most of these organisations or groups have no paid employees, this is less of an indication of financial insecurity.

The extent to which TSOs in North East England hold current account reserves is broadly the same as across the North of England.

Figure 8.3 Current account reserves held by TSOs in North East England (2016)	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	North East England	North of England
No current account reserves	14.7	6.2	3.8	10.4	11.9
Up to £10,000	68.4	37.0	14.1	49.6	46.8
Up to £50,000	14.9	43.6	25.4	23.5	24.4
Over £50,000	2.0	13.3	56.8	16.5	16.9
N=	544	211	213	968	3,434

Use of assets and reserves

As demonstrated in Chapter 7, turbulence in TSOs’ level of income is commonly experienced. The above section shows, in terms of TSOs assets and accessible reserves, that relatively few organisations are running on an empty tank, but many have a small asset base and only very limited reserves.

Medium sized TSOs are, arguably, the most vulnerable because, unlike smaller TSOs, their costs are higher as they tend to employ staff and bear the cost of maintaining offices – but many have limited levels of assets and reserves.

Figure 8.4 shows how TSOs in North East England have used their reserves over the last financial year (TSOs with no financial reserves are excluded from this analysis). Data presented for the whole of the North of England demonstrate that the situation in North East England is in line with other areas.

The following findings should be noted:

- About 49% of TSOs have not used their reserves over the last financial year, smaller TSOs were more likely not to have used reserves (57%) when compared with larger TSOs (35%).

- Relatively few TSOs (18%) have used reserves for development purposes (such as taking on a new member of staff, planning a new service, buying property or other fixed assets). Only 3% of TSOs have invested 'heavily' in such things.
- Larger TSOs are much more likely to have invested in development (30%) when compared with the smallest (13%), but only 5% of the largest TSOs have invested heavily in development – which may be regarded as a low level of commitment.
- By contrast, 25% of TSOs have used their reserves for essential costs (such as wages, utility bills or rent) but only 5% have made 'heavy' use of their reserves in this way.
- Medium sized TSOs were the most likely to have drawn on their reserves (32%), and 6% drew heavily upon their reserves – suggesting that medium sized organisations are more financially vulnerable.

Figure 8.4 Current account reserves held by TSOs in North East England (2016)	Small TSOs (under £50,000 income)	Medium TSOs (£50,001 - £250,000 income)	Larger TSOs (£250,001 or more income)	North East England	North of England
No, we have not drawn on our reserves	57.1	45.5	35.2	48.6	46.9
Yes, we have used 'some' of our reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	11.3	13.1	25.5	15.3	15.6
Yes, we drawn 'heavily' on our reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	1.6	2.3	4.6	2.7	2.3
Yes, we have used 'some' of our reserves for essential costs (such as salaries, rent, etc.)	15.9	26.1	21.4	19.8	21.3
Yes, we have drawn heavily on our reserves for essential costs (such as salaries, rent etc.)	4.0	6.3	5.6	4.9	5.4
We have used 'some' reserves for both investment and essential costs	7.5	6.3	3.6	6.4	6.7
We have drawn 'heavily' on reserves for both investment and essential costs	2.4	0.6	4.1	2.4	1.8
N=	371	176	196	753	2,604

Figure 8.5 looks at the relationship between TSOs' use of reserves and their propensity to have had stable, significantly declining or rising income over the previous two years. As would be expected, a relationship is shown between income decline and use of reserves.

- Only 17% of TSOs with rising income have used their reserves for 'essential costs' compared with 46% of those TSOs with declining income.
- Almost 23% of TSOs with significantly rising income drew on reserves for development purposes, but only 17% of TSOs with falling income did so.
- TSOs with stable income were the most likely to have made no use of reserves (54%) compared with 52% with rising income but only 22% of those TSOs with falling income.

Figure 8.5 Relationship between TSOs use of reserves and income changes over the last two years in North East England (2016)	Income has risen significantly in the last 2 years	Income has remained stable in the last two years	Income has fallen significantly in the last two years	North East England	North of England
No, we have not drawn on our reserves	52.2	53.9	22.0	48.6	46.7
Yes, we have used 'some' of our reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	16.5	15.6	12.7	15.3	15.6
Yes, we drawn 'heavily' on our reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	6.1	1.6	4.2	2.7	2.4
Yes, we have used 'some' of our reserves for essential costs (such as salaries, rent, etc.)	13.0	19.1	29.7	19.8	21.4
Yes, we have drawn heavily on our reserves for essential costs (such as salaries, rent etc.)	4.3	2.5	16.1	5.0	5.4
We have used 'some' reserves for both investment and essential costs	7.8	5.4	9.3	6.4	6.8
We have drawn 'heavily' on reserves for both investment and essential costs	0.0	1.9	5.9	2.3	1.8
N=	115	514	118	747	2,588

While the background analysis of evidence does not demonstrate significant regional differences, it is useful to contextualise the situation in North East England by presenting data on sub-regional disparities and any areas of change from 2014 to 2016 as shown in Figure 8.6.

- A similar percentage of TSOs in each of the sub-regions have no reserves (20%) apart from Northumberland (16%). In County Durham and Tees Valley, TSOs seem to be more likely to have reserves in 2016 than was the case in 2014.
- Between 36-44% of TSOs have not used reserves over the last financial year, TSOs in Northumberland (41%) and County Durham (44%) were less likely to have used reserves.
- TSOs in the urban areas of Tees Valley (17%) and Tyne and Wear (16%) were more likely to have used reserves for development purposes in 2016, and there are signs that more investment is taking place than in 2014 in these areas.
- Around 20% of TSOs are using reserves to meet essential costs, the same as 2014, only TSOs in County Durham were less likely to be using reserves for such purposes in 2016 (15%).

Figure 8.6

Use of reserves in North East England sub-regions 2016 (2014 data in parentheses)

	Northumber-land	Tyne and Wear	County Durham	Tees Valley	North East England
No reserves	16.1 (19.8)	20.7 (21.1)	20.8 (27.6)	20.3 (26.4)	19.7 (23.1)
Reserves not used	41.4 (34.1)	37.3 (39.9)	43.8 (36.8)	35.9 (32.2)	39.0 (36.5)
Reserves used for development	13.4 (16.8)	15.5 (12.7)	10.1 (9.8)	16.9 (13.0)	14.4 (13.2)
Reserves used for essential costs	21.5 (21.3)	21.6 (21.7)	15.2 (20.7)	19.5 (18.7)	19.8 (20.9)
Reserves used for a mix of purposes	7.5 (7.9)	5.0 (4.5)	10.1 (5.1)	7.4 (9.7)	7.0 (6.4)
N=	186 (193)	343 (308)	178 (171)	231 (147)	938 (819)

This Chapter has shown that much of the Third Sector is ‘under-capitalised’ in the sense that their asset base and access to reserves is limited. TSOs which are in a more vulnerable financial position are drawing more heavily on reserves than those which are in a stable or improving situation.

The situation should not be exaggerated, however, there is also evidence to show a measure of improvement in the financial position of many TSOs over the last few years – suggesting a measure of recovery from the worst effects of the financial downturn and impact of austerity measures by government.

The analysis needs to be developed further in the next Chapter, to gain a fuller picture of the current situation by considering a range of factors which may be affecting financial wellbeing in the Third Sector.

9

Factors affecting TSOs' financial wellbeing

In the 2016 Third Sector Trends study it has been possible to explore organisational strength, stability or vulnerability in a more sophisticated way than for previous regional level studies. This is due to the acquisition of a larger dataset which allows for variables to be created in a multi-dimensional way.

A generalised wellbeing indicator has been produced which considers three factors.

- Changes in overall income over the last two years – which broadly define significantly rising or falling income or income stability.
- Changes in the numbers of employees – which considers rising or falling numbers of full-time employees (or part-time employees if there are no full-time staff).
- The extent to which reserves have been drawn upon for development purposes or to pay for essential costs

Only those TSOs which employ staff are included in the analysis and the majority have income above £50,000 a year.

- **TSOs in a very strong position:** have increasing numbers of employees, have rising income and have only used reserves to invest in future developments.
- **TSOs in a strong position:** have two of the following indicators: rising income, rising employee numbers and use of assets only for investment purposes.
- **TSOs in a stable position²³:** have steady income, levels of employment and have not used assets for essential purposes.
- **TSOs in a weak position:** have two or more of the following indicators: falling income, falling numbers of employees and using reserves for essential costs.
- **TSOs in experiencing mixed fortunes:** have both positive and negative indicators, such as falling employment (negative) but rising income (positive).

Analysis of North East England data can proceed with confidence because the analysis presented in Figure 9.1 shows that the percentage of TSOs (which are in a strong, stable or vulnerable position) in each of the three regions of Northern England is very similar (in the range of 29-32%).

In the case of TSOs in a vulnerable financial position, each region falls within the range of 21-24%. The evidence suggests that TSOs in North East England are more likely to be in a stable financial position (39%) than is the case in North West England (35%) or in Yorkshire and the Humber (32%).

²³ It is recognised that stability in each of these three factors does not necessarily indicate 'security'. Many TSOs may have steady income, employee numbers and have not been using reserves, but may have taken on larger numbers of small contracts or small grants to maintain income – meaning that they must work harder to stay in the same position which may or may not be sustainable over time.

Figure 9.1

Financial wellbeing of TSOs in the regions of Northern England (2016)	In a very strong position	In a strong position	In a stable position	In a weak position	Experiencing mixed fortunes	N=
North West England	9.4	19.9	34.7	23.1	13.0	831
Yorkshire and the Humber	10.5	21.5	31.9	23.5	12.5	702
North East England	10.4	18.2	38.9	21.2	11.3	604
Northern England	10.1	19.9	35.0	22.7	12.4	2137

While sub-regional data are less reliable, due to the smaller size of samples, it is useful to make comparisons, as is shown in Figure 9.2.

- TSOs in the more urban sub-regions of Tyne and Wear (25%) and Tees Valley (24%) are more likely to be in a vulnerable financial position. In these areas, TSOs are also more likely to be in a strong or very strong situation (30% in Tyne and Wear, 32% in Tees Valley).
- TSOs in County Durham (23%) and Northumberland (25%) are less likely to be in a strong or very strong financial position compared with Tyne and Wear (30%) or Tees Valley (32%), but are much more likely to be in a stable situation (45% in Northumberland, 51% in County Durham).

Figure 9.2

Financial wellbeing of TSOs in the sub-regions of North East England (2016)	In a very strong position	In a strong position	In a stable position	In a weak position	Experiencing mixed fortunes	N=
Northumberland	7.7	17.6	45.1	17.6	12.1	91
Tyne and Wear	12.6	17.1	35.8	24.8	9.8	246
County Durham	5.8	17.5	50.5	11.7	14.6	103
Tees Valley	11.6	20.7	32.9	23.8	11.0	164
North East England	10.4	18.2	38.9	21.2	11.3	604
North of England	10.1	19.9	35.0	22.7	12.4	2,137

It is useful to explore whether TSOs, which are based in areas of relative affluence or deprivation, are more vulnerable financially. Figure 9.3 shows that in North East England:

- TSOs operating in the poorest areas are more likely to be in a vulnerable financial position (23%) when compared with those working in the most affluent areas (16%).
- In the most affluent areas, TSOs are more likely to enjoy a measure of income stability (49%) than in the poorest areas (33%).
- TSOs in based in the poorest areas are, however, the most likely to be in a very strong or strong financial position (35%) when compared with TSOs in the richest areas (25%).

Figure 9.3
Financial wellbeing of TSOs in rich and poor areas of North East England (2016)

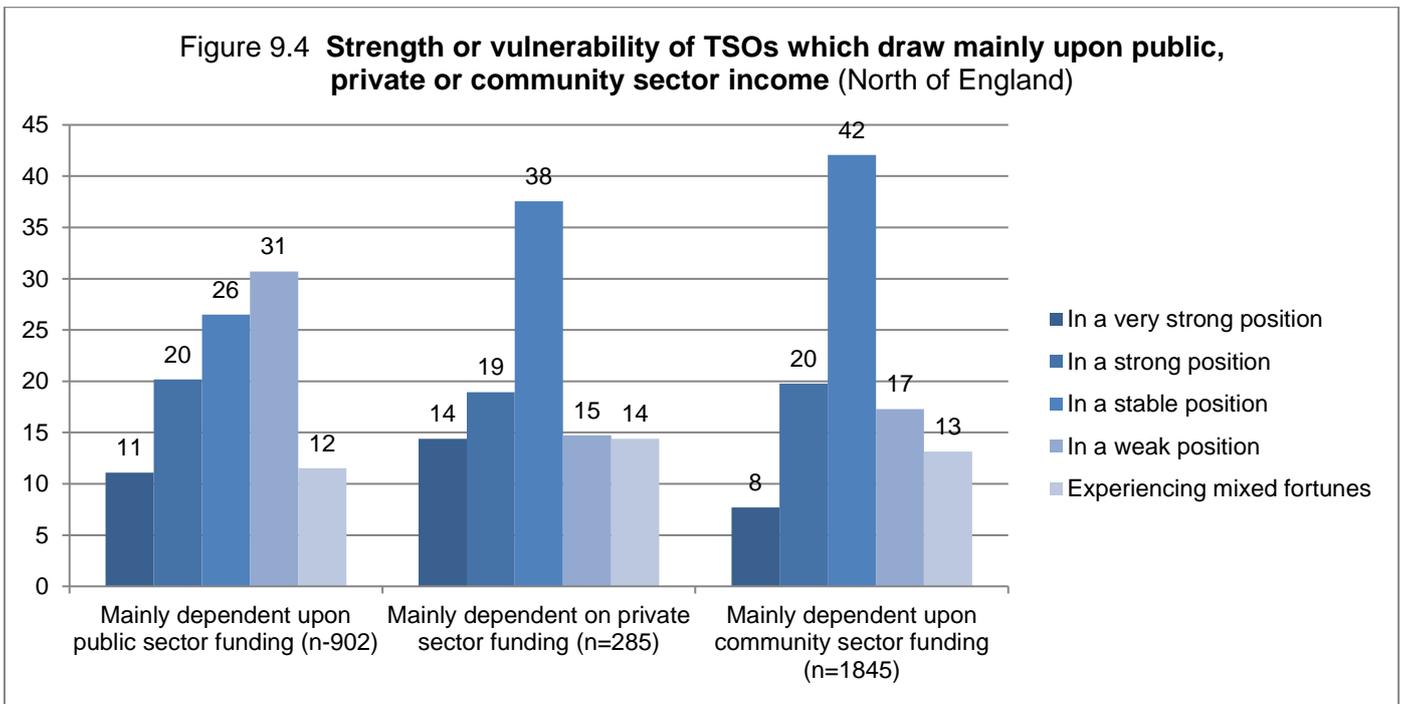
	In a very strong position	In a strong position	In a stable position	In a weak position	Mixed fortunes	N=
Poorest (IMD 1-2)	13.3	21.7	32.7	22.8	9.5	263
Intermediate (IMD 3-6)	9.9	13.4	40.1	21.3	15.3	202
Richest (IMD 7-10)	5.2	19.8	49.1	15.5	10.3	116
North East England	10.5	18.4	38.6	20.8	11.7	581
North of England	10.2	20.1	34.5	22.6	12.6	2,058

The above analysis indicates that more TSOs in poorer areas are struggling financially than in rich areas. It is known that in poorer areas, local public-sector cuts have been more severe. So, it is important to assess how TSOs relying mainly on public sector funding are faring financially.

To ensure that analysis for North East England is reliable, the analysis begins at the level of Northern England, as shown in Figure 9.4.

The evidence shows that TSOs which are mainly funded by the public sector appear to be in a more vulnerable position (31%) when compared with those funded mainly by the private sector (15%) or community sector (17%).

It is important not to exaggerate these findings, however, because it is also clear that 31% of TSOs which are mainly funded by the public sector are in a strong or very strong situation (compared with 33% funded mainly by the private sector and 28% which are funded mainly by the community sector).



Having gained a broadly-based understanding of the situation from across Northern England, it is now possible to look at the experience of TSOs in North East England (shown in Figure 9.5).

- TSOs funded mainly by the public sector are more likely to be in a strong or very strong position (37%) than those funded mainly by the community sector (21%). But TSOs funded by mainly by the private sector are the most likely to be in a very strong position (18%).
- TSOs in a stable position are more numerous if they are mainly funded by the private sector (41%) or the community sector (49%) when compared with those funded mainly by the public sector (26%).
- TSOs funded by the public sector are much more likely to be in a vulnerable financial situation (27%) when compared with those funded mainly by the private sector (15%) or community sector (18%).

Figure 9.5
Financial wellbeing of TSOs funded by different sectors in North East England (2016)

	In a very strong position	In a strong position	In a stable position	In a weak position	Experiencing mixed fortunes	N=
Mainly funded by the public sector	12.3	24.5	25.5	26.8	10.9	220
Mainly funded by the private sector	18.2	13.6	40.9	14.8	12.5	88
Mainly funded by the community sector	6.0	14.7	48.8	17.9	12.7	252
North East England	10.4	18.4	38.4	20.9	12.0	560
North of England	10.1	19.9	34.4	22.9	12.6	2,021

The above analysis paints a mixed picture in terms of TSOs' experiences of financial wellbeing. This means that generalisations about the Third Sector need to be made carefully.

For example, while it is true that many medium sized TSOs which work in poorer areas, and/or are mainly funded by public sector organisations are in a precarious financial situation, this does not mean the all medium sized TSOs are vulnerable. On the contrary, many such TSOs are doing well.

Commentary needs, therefore, to be carefully thought through to avoid the use of blanket claims about sector vitality or vulnerability.

10 Delivery of public services by contract

The issue of the delivery of public services under contract has been contentious within the Third Sector for many years. Often it is assumed by commentators on the Third Sector that contracts are now ‘the only game in town’. But as this section shows, this is clearly not the case. As shown in Section 7 of this report, grants remain an essential feature of TSOs’ funding as is also the case with other sources of earned income, subscriptions, investment income and so on.

This section considers the extent to which TSOs are interested in delivering contracts and examines the characteristics of those organisations which bid to undertake contracts.

As shown in Figure 10.1, the situation in North East England is like the North of England. Background analysis reveals that the exception is that the percentage of TSOs delivering contracts is lower in North East England (11%) than in North West England (14%) and especially so in Yorkshire and the Humber (18%).

At a sub-regional level in North East England, it is apparent that in urban areas, TSOs are more likely to engage in contract working by a considerable margin.

- In urban Tyne and Wear (14%) and Tees Valley (18%) of TSOs engage in contract working. In less urban County Durham (4%) and rural Northumberland (5%), many fewer TSOs engage in contract working.
- Disinterest in contract working is more common in the less urban areas of Northumberland (55%) and County Durham (52%), when compared with Tyne and Wear (39%) and Tees Valley 38%).

Figure 10.1

TSOs’ attitudes towards contract delivery of public sector services by sub-region 2016

	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East England	North of England
We are not aware of these opportunities	24.6	18.3	18.4	18.0	19.5	17.9
We are aware of these opportunities but they are not relevant to our organisation’s objectives	54.9	39.0	52.4	38.1	44.5	40.5
We are aware of these opportunities but need more information	2.6	4.2	7.0	7.1	5.1	5.4
We are interested in this option but would need extra support to do this	6.2	7.6	9.2	5.9	7.2	8.2
We are interested in this option but feel there are barriers in the tendering process	4.6	10.1	5.4	10.0	8.1	9.1
We are already bidding to deliver public sector services	2.6	6.5	3.8	2.9	4.3	4.7
We are already delivering public sector services for which we have tendered	4.6	14.3	3.8	18.0	11.3	14.2
N=	195	356	185	239	975	3,470

Changing attitudes towards contract working in North East England are shown in Figure 10.2.

- Awareness of contracts has risen over the years from 73% to 80%, but unwillingness to consider bidding for contracts has remained at a similar level (rising a little from 44% in 2010 to 47% in 2016).
- Many TSOs consider that there are barriers to undertaking contracts, but taken together, the percentage of TSOs identifying such barriers has remained similar since 2010 at around 15-18% of organisations.
- The percentage of TSO bidding for contracts and/or undertaking them has remained similar since 2010 at about 14-16% of organisations.

Figure 10.2
Trends in sector participation in the delivery of public sector services under contract (North East England and Cumbria)

		2008-10	2010-12	2012-14	2014-16
We are not aware of these opportunities		26.8	20.9	16.4	20.5
We are aware of these opportunities but they are not relevant to our organisation's objectives		44.1	52.5	47.5	46.8
Perceptions of barriers	We are aware if these opportunities but need more information	4.3	3.8	5.0	4.7
	We are interested in this option but would need extra support to do this	5.7	5.2	8.7	6.8
	We are interested in this option but feel there are barriers in the tendering process	5.5	6.2	6.6	7.1
We are already bidding to deliver public sector services		4.2	4.0	3.7	3.6
We are already delivering public sector services for which we have tendered		9.4	7.4	12.2	10.5
N=		787	1,435	1,083	1,320

The propensity of TSOs to engage in bidding for contracts and delivering services is shaped to a large extent by their interest in capacity and capability to deliver such services. As shown in Figure 12.3:

- Only 3% of smaller TSOs are involved with bidding for or delivering contracts: 28% are unaware of such opportunities and 57% state that such work is not relevant to their objectives. 11% have some interest in the idea but identify barriers to getting involved.
- Medium sized TSOs tend to identify barriers to them getting involved in the delivery of contracts (36%) or state that this is contrary to their mission (37%). Only 16% bid for or are delivering contracts.
- Larger TSOs are the most likely to be delivering or bidding for contracts (46%), but it is of note that 20% of TSOs state that such work is contrary to their mission or that they perceive barriers to doing such work (27%).

Figure 10.3

Propensity of TSOs of different sizes to deliver public sector contracts in North East England (2016)

	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
We are not aware of these opportunities	28.3	11.4	7.3	19.8	18.0
We are aware of these opportunities but they are not relevant to our organisation's objectives	57.4	37.0	19.7	44.3	40.5
Perceive barriers to the delivery of public sector contracts	11.3	35.5	27.1	20.2	22.6
Currently bidding for and/or delivering contracts	3.0	16.1	45.9	15.6	18.9
N=	530	211	218	959	3,444

The evidence shows that attitudes and behaviours surrounding the delivery of public sector services under contracts have changed little over the last eight years. While there has been a small increase in the percentage of TSOs bidding for and delivering contracts, this is still very much a minority practice in the Third Sector.

Clearly, it is larger TSOs which are most likely to engage in contract bidding or delivery, but even amongst these organisations, fewer than half (46%) do so.

When assertions are made, therefore, that 'contracting is the only game in town', this is unsupported by the evidence – it is very much a minority activity and, judging from the evidence presented in Chapter 7, is of declining importance even to larger TSOs.

11 Routes to grant funding

As the previous Chapter shows, a majority of TSOs do not participate in the delivery of public sector contracts and many have no interest in doing so. It was also demonstrated that TSOs rely on a range of income types, including trading, contracts, gifts, subscriptions, investments and borrowed money.

Grants are generally the most important source of most TSOs' income. Consequently, this Chapter will explore the routes TSOs take to grant funding and assess, in broad terms, success rates in winning grants.

Making applications to national and local grant giving foundations and from local public-sector grant making bodies.

Figure 11.1 shows the percentage of TSOs of different sizes which have applied to a local grant making foundation in the last two years.

- 62% of TSOs have made applications for a grant from local foundations in the last two years. Small TSOs were the least likely to have made an application (50%) while medium sized TSOs were the most likely to have done so (83%).
- Of those TSOs which have made applications to a local grant making foundation in the last two years, 88% were successful in winning at least one grant.
- Success rates were the highest amongst medium and larger TSOs (90-91%), although success rates were also high for the smallest TSOs (84%).

Figure 11.1 Applications to a local grant making foundation in North East England (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
In the last two years, we made an application and were successful	42.3	75.7	64.5	54.7	51.1
In the last two years, we made an application but unsuccessfully	7.9	7.8	7.3	7.7	8.7
In the last two years, we did not make an application	49.7	16.5	28.2	37.6	40.3
Percentage success rate	84%	91%	90%	88%	86%
N=	529	206	220	955	3379

Applications to national charitable foundations are considered in Figure 11.2.

- Levels of applications to national grant making foundations are generally lower (51%) than to local grant makers (62%).
- Smaller TSOs were the least likely to make such grant applications (30%) whilst the largest organisations were most likely to do so (79%).

- Success rates for at least one application to national grant making foundations are considerably lower (72% compared with 87% for local grant making foundations). The success rates of smaller TSOs are 65% compared with 79% for the largest TSOs.

Figure 11.2 Applications to a national grant making foundation in North East England (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
In the last two years, we made an application and were successful	19.9	51.5	62.3	36.8	35.9
In the last two years, we made an application but unsuccessfully	10.6	22.8	16.4	14.6	14.8
In the last two years, we did not make an application	69.5	25.7	21.4	48.6	49.2
Percentage success rate	65%	69%	79%	72%	71%
N=	508	202	220	930	3355

Applications to local public-sector grant making organisations in North East England are considered in Figure 11.3.

- 66% of medium sized TSOs have made at least one application to a public-sector organisation for a grant in the last two years compared with 68% of larger and 37% of smaller TSOs.
- Success rates in winning at least one grant are high for TSOs of all sizes, although larger organisations were slightly less likely to win at least one grant (83%).

Figure 11.3 Applications to a local public-sector grant making organisation in North East England (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
In the last two years, we made an application and were successful	31.2	57.5	56.0	42.7	45.9
In the last two years, we made an application but unsuccessfully	5.6	8.2	11.5	7.5	8.2
In the last two years, we did not make an application	63.2	34.3	32.6	49.8	45.9
Percentage success rate	85%	88%	83%	85%	85%
N=	519	207	218	944	3,391

It is useful to consider the extent to which TSOs from different sub-regions of North East England apply successfully for grants although it should be borne in mind that sample sizes are small and that this reduces the reliability of findings.

- Figure 11.4 shows that between 67-72% of TSOs in the region applied for at least one grant from local charitable foundations over the last two years.
- Success rates were very high in all regions: 88-90% of TSOs had at least one successful application.

Figure 11.4

Applications to a local grant making foundation (2016)	Northumber-land	Tyne and Wear	County Durham	Tees Valley	North East	North of England
In the last two years, we made an application and were successful	57.0	58.3	50.5	50.0	54.6	51.2
In the last two years, we made an application but unsuccessfully	6.5	8.5	7.1	8.1	7.7	8.7
In the last two years, we did not make an application	36.5	33.2	42.3	41.9	37.7	40.1
Percentage success rate	90%	87%	88%	86%	88%	85%
N=	200	355	182	234	971	3,358

- Figure 11.5 shows that grant applications to public sector organisations were lower in rural Northumberland (42%) than in other sub-regions (around 50-53%).
- Success rates in winning at least one application are, however, similar across all sub regions (85-90%) apart from Tyne and Wear where success rates are a little lower (82%).

Figure 11.5

Application to a local grant making local public-sector organisation (2016)	Northumber-land	Tyne and Wear	County Durham	Tees Valley	North East	North of England
In the last two years, we made an application and were successful	36.3	41.6	48.4	44.8	42.6	46.1
In the last two years, we made an application but unsuccessfully	6.3	9.0	5.5	7.4	7.4	8.1
In the last two years, we did not make an application	57.4	49.4	46.2	47.8	50.0	45.8
Percentage success rate	85%	82%	90%	86%	85%	85%
N=	190	356	182	230	958	3,370

Levels of applications to national grant making foundations are shown in Figure 11.6.

- Considerably fewer TSOs in Northumberland applied to national foundations (37%) compared with other sub-regions, the highest percentage came from Tyne and Wear (58%).
- Success rates in winning at least one grant vary to some extent between sub-regions from 68% in Northumberland to 74% in Tees Valley.

Figure 11.6

Applications to a national grant maker (2016)	Northumberland	Tyne and Wear	County Durham	Tees Valley	North East	North of England
In the last two years, we made an application and were successful	25.5	41.0	33.5	41.6	36.7	36.0
In the last two years, we made an application but unsuccessfully	12.0	17.2	13.1	14.3	14.7	14.9
In the last two years, we did not make an application	62.5	41.8	53.4	44.2	48.6	49.1
Percentage success rate	68%	70%	72%	74%	71%	71%
N=	184	354	176	231	945	3,334

Factors TSOs consider when making grant applications

It is useful to explore those factors which are considered by TSOs of different sizes to be important when thinking about making grant applications.

Figure 11.7 lists several factors which TSOs feel are ‘important’ or ‘very important’ to them. The six factors are listed in descending order (for North East England) depending on the importance accorded to each.

- Having a good relationship with the funder is regarded as important factor by most TSOs (70%), larger organisations are more likely to feel that this is important (73%) compared with 66% of the smallest TSOs.
- Knowing that a grant funder makes a lot of awards in the area is an important consideration for 68% of TSOs, smaller and medium sized organisations tend to feel that this factor is of greater importance (70%) than the larger TSOs (62%).
- Many TSOs are influenced by their previous success in winning a grant from a funder (66%), medium sized TSOs are the most likely to feel that this is important in their considerations (68%).
- The simplicity of the grant application process is much more important to small TSOs (62%) than for the largest organisations (39%).
- Smaller TSOs are also much more likely (52%) than larger TSOs (35%) to feel that the location of the grant funder in the region is important in their considerations.
- Irrespective of TSO size, about 44-47% of organisations consider it important that a grant maker has a regional representative in the area.
- Relatively few TSOs think it is important that a grant funder will allow them to work on their own when receiving grants rather than working with partners. Independent working seems to be of more importance to smaller TSOs (41%) than for the larger organisations (31%).

Figure 11.7 Percentage of TSOs stating which factors are 'important' or 'very important' in their considerations (2016)						
	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England	
If we have established a good relationship with the grant funder	66.3	76.4	73.0	70.4	67.3	
If we know the grant funder gives a lot of grants around here	69.5	70.1	61.7	67.5	59.9	
If we have received a grant from this funder in the past	65.7	68.0	62.4	65.3	61.7	
If the application process is really simple	61.8	51.5	39.1	53.5	54.9	
If the grant funder is based in our region	51.8	46.7	34.5	46.1	39.2	
If the grant funder has a regional representative to talk to	47.3	45.6	43.6	46.0	41.5	
If we're sure that we can do the work on our own without partners	41.1	41.7	31.3	38.9	39.0	
N=	437	198	207	853	3,080	

The evidence shows that smaller TSOs tend to approach grant applications in a different way from medium sized and larger TSOs. They prefer to apply for grants from local grant makers, or from national grant makers which have a regional representative. A premium is placed on application processes which are simple to do, and they are more likely to apply for grants if they are sure that they can work on projects independently.

An impression is given of a measure of parochialism and an eagerness for grant makers to make life simple for smaller TSOs. This may be true, but it needs to be borne in mind by grant makers that these organisations have limited resources to apply for grants, may lack confidence or experience in grant bidding and may need encouragement and support when applying for grants.

There is an argument to be made, perhaps, for recognising that these are legitimate reasons to make grant application processes less complicated and more 'personal' for the smallest TSOs – and especially so when recognising that the financial value of such grants may often be quite low – but that the social value of the benefit they may produce locally can be quite high.

12 Relationships within and between sectors

Members of the Third Sector often state that they have strong and productive inter relationships which enhance the impact and quality of work. Similarly, it is claimed that TSOs are good at both intra- and inter-sector formal partnership working relationships.

However, tangible evidence to show how much interaction there is amongst TSOs and between them and other sectors across the North East of England, until now, has been in short supply.

This section of the report will present some headline findings on the extent of intra-sector and inter-sector partnership working in North East England in 2016 and, with reference to relationships with the public sector, assess the quality of those relationships in different contexts.

Relationships within the Third Sector

- The evidence presented in Figure 12.1 suggests that TSOs in North East England are less inclined towards partnership working than in the North.
- Most TSOs have useful informal relationships with other organisations (75%), and particularly so in the case of medium and large organisations (88-89%)
- Smaller TSOs tend to be less interested in working closely but informally with other TSOs (52%) than medium (80%) or larger TSOs (85%) which indicates their strong interest in working independently.
- Relatively few smaller TSOs currently work in formal partnership relationships (18%) compared with 39% of medium and 55% of larger TSOs – but many more have an interest in doing so in future.

Figure 12.1 Relationships within the Third Sector in North East England (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
Useful informal relationships with other TSOs					
Yes, this is how we work now	64.3	88.6	89.5	75.4	81.1
Not now but we'd like to	10.3	4.8	4.6	7.7	6.4
No, this doesn't apply to us	25.4	6.7	5.9	16.9	12.5
Work quite closely but informally with other TSOs					
Yes, this is how we work now	52.0	79.7	85.0	65.6	71.2
Not now but we'd like to	13.1	10.1	9.1	11.5	11.0
No, this doesn't apply to us	34.8	10.1	5.9	22.9	17.8
Work in formal partnership arrangements with other TSOs					
Yes, this is how we work now	17.7	39.1	54.8	30.7	36.2
Not now but we'd like to	19.4	30.0	27.6	23.5	22.7
No, this doesn't apply to us	62.9	30.9	17.6	45.8	41.2
N=	537	207	221	979	3,448

Relationships with the Public Sector

Relationships with the public sector in North East England are shown in Figure 12.2 to be very positive in many respects. These data refer only to TSOs which have a relationship with public sector bodies.

- 89% of TSOs in North East England ‘agree’ or ‘strongly agree’ that their work is valued by the public sector in their area, larger organisations are the most likely to feel valued (92%).
- 86% of TSOs agree or strongly agree that public sector bodies respect their independence – medium sized TSOs are the most likely to believe this to be the case (90%).
- 70% of TSOs agree or strongly agree that local public-sector bodies inform them about issues which affect them, larger TSOs are most likely to state that this is the case (76%).
- About a half of TSOs agree or strongly agree that local public sector organisations involve them appropriately on policy issues and act upon their opinions; larger TSOs are the most likely to feel that this is the case 63%.

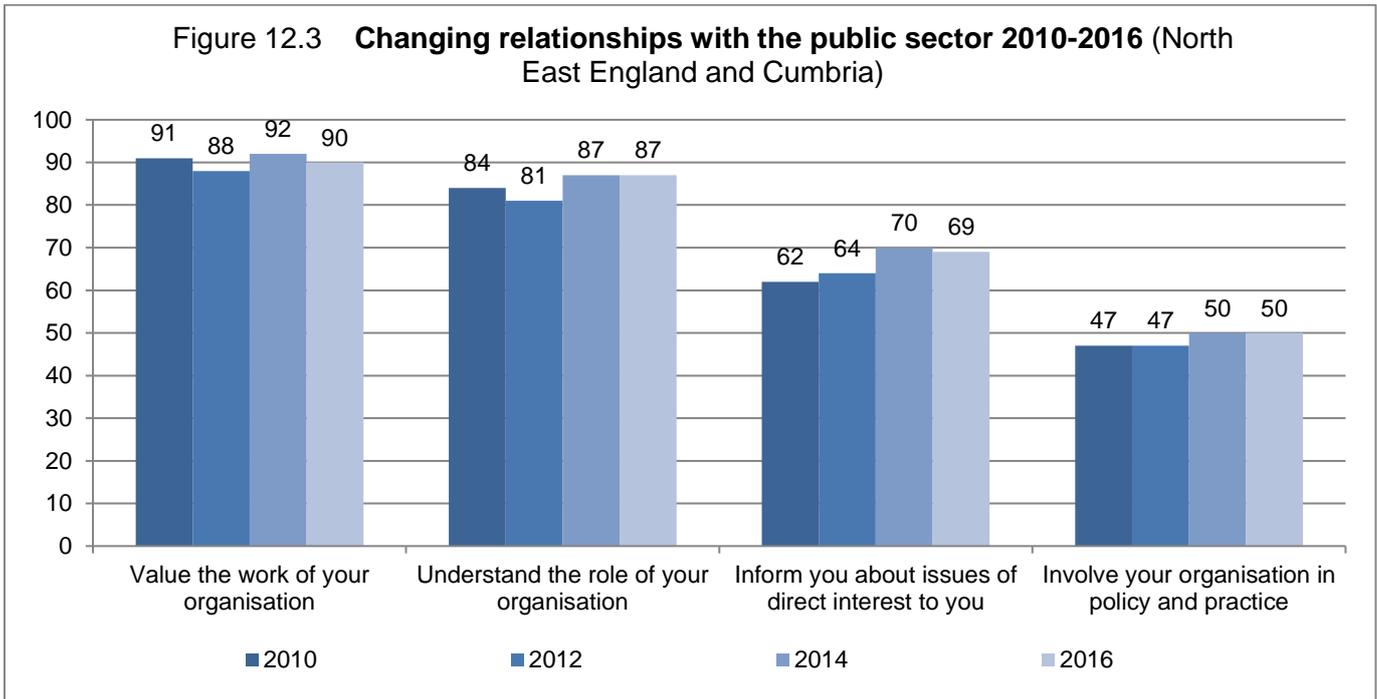
Figure 12.2 Relationships with the public sector by organisational size and region ²⁴ (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North of England
They value the work of our organisation	86.3	89.5	92.4	88.7	89.4
They respect our organisation’s independence	85.3	89.7	84.8	86.4	87.0
They inform our organisation on issues which affect us or are of interest to us	66.9	69.4	76.4	69.9	68.6
They involve our organisation appropriately in developing and implementing policy on issues which affect us	46.2	48.4	63.1	51.3	50.1
They act upon our organisation’s opinions and/or responses to consultation	45.9	48.3	61.0	50.6	52.0

Since 2010, government has imposed a long period of economic austerity on public sector organisations. But as Figure 12.3 shows, which refers to North East England and Cumbria, confidence in the quality of inter-relationships have not been damaged.

- TSOs have consistently felt that their work is valued by the public sector (88-92%) between 2010 and 2016.
- TSOs have become more confident since 2010 that their role is understood by public sector bodies (from 84% to 87%).
- TSOs are more likely to feel that they are well informed by public sector bodies about issues of interest to them (rising from 62% to 69%) between 2010 and 2016.

²⁴ Refers only to TSOs which have a relationship with public sector organisations.

- Fewer TSOs believe that public sector bodies involve their organisation in policy and practice issues, but the percentage has risen from 47% in 2010 to 50% in 2016.



Relationships with the Private Sector

It is often assumed that the Third Sector has only a limited level of support from the private sector. It may well be the case that much of the support offered by business has previously been overlooked because too much focus has been placed on the business community’s contribution of money to TSOs rather than other in-kind contributions.

Consequently, the Third Sector Trends study has introduced new lines of analysis from 2014 to explore the depth of relationships in more detail. These data do not include money from the private sector which is channelled through charitable foundations. Figure 12.4 shows that:

- 57% of TSOs state that that they receive money from the private sector, 37% state that this is of ‘some’ or ‘great’ importance.
- About 43% of TSOs state that they have benefitted from the provision of free facilities by business, with 26% stating that this is of ‘some’ or ‘great’ importance.
- Many TSOs state that they are supported by volunteers which come to them via business organisations (41%), 23% rate this as being of ‘some’ or ‘great importance’.
- The provision of free expert advice from businesses is recognised by 44% of TSOs, 9% state that this support is of ‘great’ importance, while a further 18% state that it is of ‘some’ importance.
- 38% of TSOs report that businesses provide them with PR or media support: 6% state this is of ‘great’ importance, while a further 14% state this is of ‘some’ importance.

- There are some signs that relationships with business have strengthened since 2014. Although the differences in the percentage of TSOs that have a relationship with business are slight (2-4% improvement), they are consistently better.

Figure 12.4

Percentage of TSOs which receive monetary or in-kind support from business (North East England 2016 (2014 in parentheses))

	They give us money to help us do our work	They provide free facilities to help us do our work	They provide volunteers to help us do our work	They provide free expert advice to help us do our work	They provide free media/PR support to help us do our work
	<i>Resources</i>			<i>Professional support</i>	
Of great importance	12.4 (12.3)	8.3 (7.6)	6.1 (6.5)	9.0 (8.0)	5.8 (5.4)
Of some importance	24.3 (22.9)	17.5 (14.5)	16.6 (13.6)	18.4 (17.3)	13.9 (12.4)
Of little importance	16.8 (16.3)	17.1 (16.6)	18.1 (17.6)	16.9 (17.5)	18.1 (18.7)
Of no importance	46.5 (48.5)	57.2 (61.3)	59.2 (62.3)	55.7 (57.2)	62.2 (63.5)
N=	966 (778)	956 (764)	952 (767)	954 (767)	954 (759)

Figure 12.5 considers the level of support offered by business to TSOs in North East England. Percentages refer to organisations which state that support is of ‘some’ or ‘great importance’ to them.

- 37% of TSOs state that money from business is of some or great importance to them. Medium sized TSOs are most likely to value the contribution of business in this respect (46%).
- The provision of free facilities is of importance to about a quarter of TSOs in North East England. Medium sized organisations are the most likely to benefit in this way (32%).
- 23% of TSOs benefit from the supply of volunteers to their organisation. Medium sized TSOs are most likely to receive support in this way (33%) but few small TSOs benefit (15%).
- Free expert advice is received by about 28% of TSOs from business. Larger TSOs are much more likely to benefit in this way (43%) than medium (34%) or small organisations (19%).
- Around one fifth of TSOs receive free media or PR support from business: larger TSOs are the most likely to be the recipients of such support (26%).

Figure 12.5

Relationships with the private sector by TSOs size (North East England 2016)

		Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	North
Resources	They give us money to help us do our work	30.6	45.9	43.3	36.7	38.5
	They provide free facilities to help us do our work	23.7	31.7	25.9	25.7	28.4
	They provide volunteers to help us do our work	15.6	33.3	30.4	22.7	22.8
Professional support	They provide free expert advice to help us do our work	18.6	33.8	43.5	27.5	28.2
	They provide free media/PR support to help us do our work	15.5	23.9	26.3	19.7	21.4

Analysis at sub-regional level is less reliable due to smaller samples. However, it is of some use to explore which areas appear to receive more financial support from business, as shown in Figure 12.6.

- TSOs in Tyne and Wear (38%) and Tees Valley (39%) are the most likely to benefit from income derived from the private sector.
- Medium sized TSOs across North East England are the most likely to benefit financially (44%) from the private sector.
- In Tees Valley, medium sized TSOs are the most likely to receive money from business (53%) while those in County Durham are the least likely (29%).

Figure 12.6

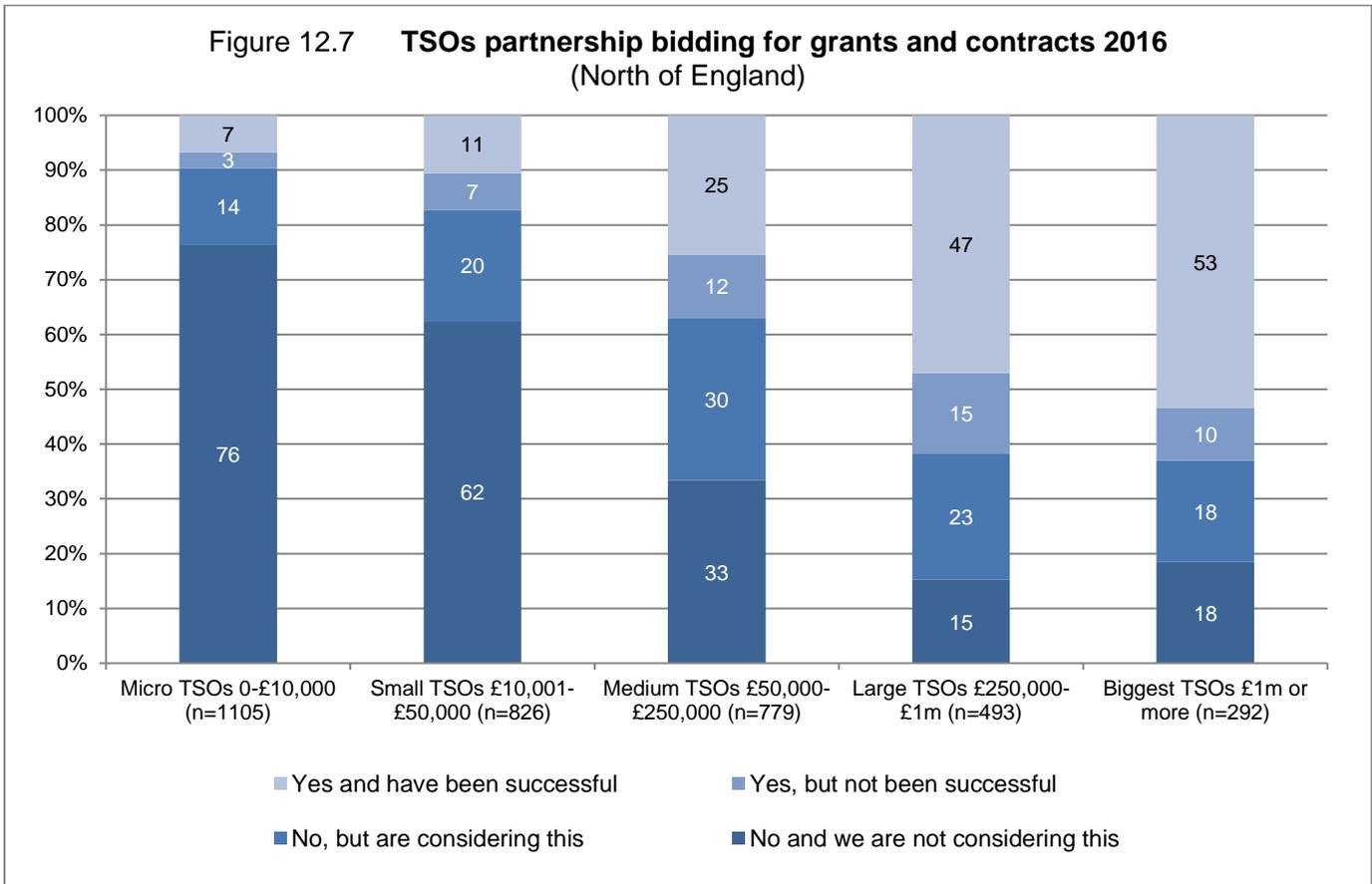
TSOs stating that money from business is of 'some' or 'great' importance by sub region (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (£50,000-£250,000)	Larger TSOs (£250,000 or more)	North East England	n=
Northumberland	30.0	45.2	28.6	32.2	202
Tyne and Wear	26.9	46.2	50.0	38.3	366
County Durham	27.2	29.3	35.5	29.0	186
Tees Valley	33.1	52.9	37.3	38.5	239
North East England	29.1	44.4	42.2	35.3	993

Partnership bidding for grants and contracts

This Chapter is about relationships within and between sectors. This section looks specifically at partnership relationship within the Third Sector by considering the extent of partnership bidding for grants and contracts.

Formal partnership is commonly undertaken in the context of the delivery of programmes to deliver support services to beneficiaries which are funded by grants or contracts. The extent to which TSOs engage in such work is affected by organisational size, as shown in Figure 12.7.

- Only 7% of micro TSOs have successfully been involved in bids to undertake work in partnership compared with 53% of the largest TSOs.
- The smallest TSOs are much more likely not to be considering such work (76%) when compared with the biggest TSOs (18%).
- It is worthy of note that 33% of medium sized TSOs are not considering bidding in partnership for grants or contracts, while another 30% are only tentatively considering this idea.
- Of those medium sized TSOs which do put in partnership bids, about two thirds of them have been successful.

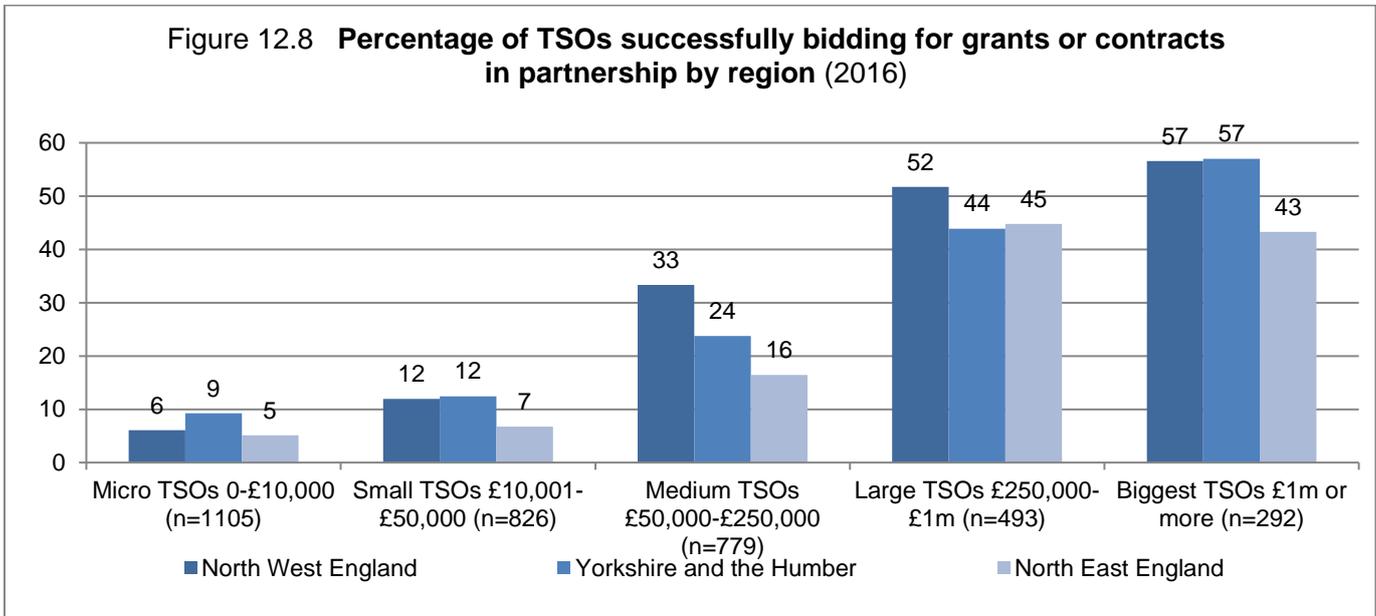


It has been noted above that TSOs in North East England are less likely to be involved in partnership working than in other regions. It is useful, therefore, to explore why this is the case. It appears from the analysis that follows, that this may be due to a lower level of partnership bidding when compared with other regions.

Figure 12.8 presents data on the percentage of TSOs which have been successful in bidding for grants or contracts in partnership by size of organisation and region.

- Micro TSOs are generally unlikely to have successfully won grants or contracts in partnership bids (nor to have been interested in doing so) across the North of England, in Yorkshire and the Humber, the percentage doing so is the highest (9%).
- Small TSOs in North West England and Yorkshire and the Humber were more likely to have made successful bids in partnership (12%) compared with North East England (7%).
- Medium sized TSOs were much more likely to have been successful in partnership bidding in North West England (33%) than in Yorkshire and the Humber (24%) and especially North East England (16%).
- Large TSOs had similar levels of success in partnership bidding in Yorkshire and the Humber and North East England (44-45%) but more success in North West England (52%).
- Fewer of the biggest TSOs were successful in partnership bidding in North East England (43%) than in Yorkshire and the Humber and North West England (57%).

Figure 12.8 Percentage of TSOs successfully bidding for grants or contracts in partnership by region (2016)



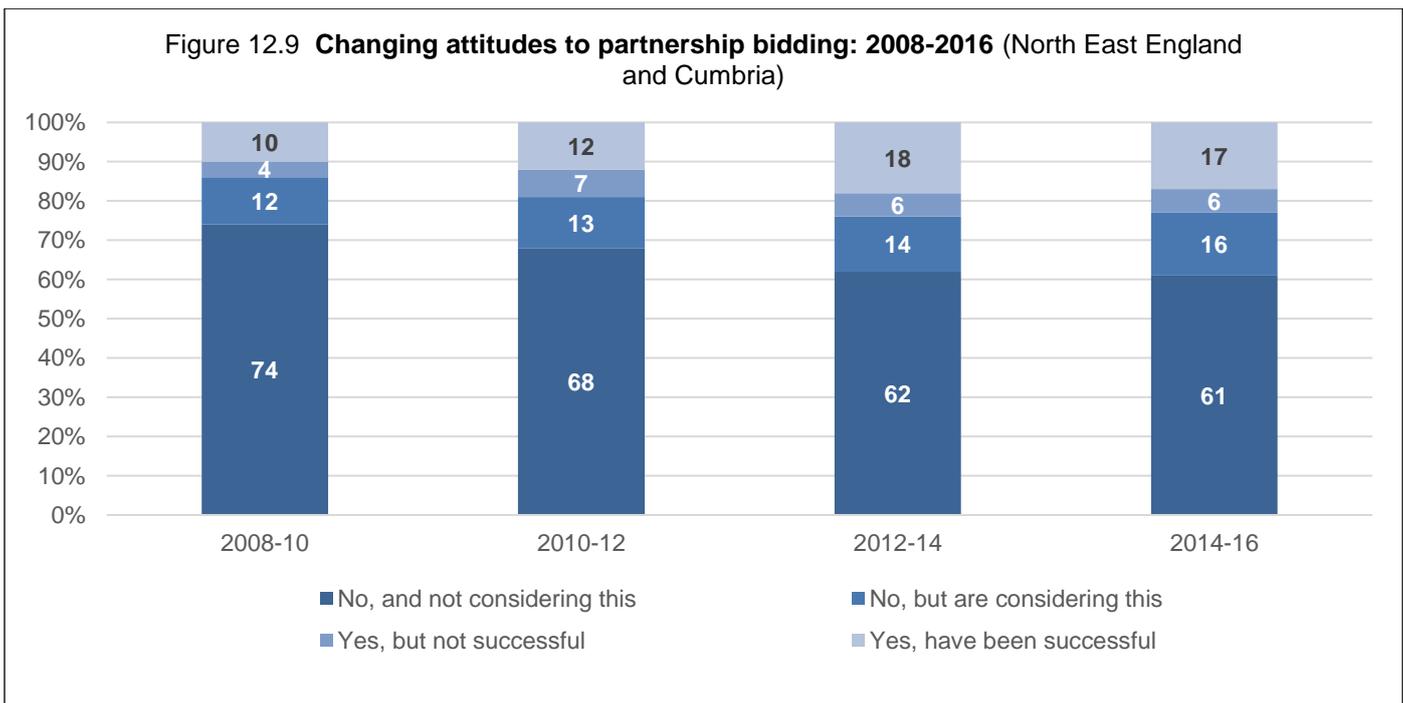
While success in partnership bidding is less common in North East England in 2016, levels of engagement have improved over time. Using trend analysis from the Third Sector Trends study it is possible to determine the extent of change in attitudes.

Figure 12.9 shows that in 2008-10 only 10% of TSOs had been successful in partnership bidding but this rose to 18% in 2014 – with a small decline in 2014-16 to 17%.

General interest in partnership bidding has clearly increased. In 2008-10, 74% of TSOs stated that they were not considering this option, but by 2014-16 this has declined to 61% of TSOs.

In each phase of the study, a fairly large percentage of TSOs stated that they were not bidding but were considering the option (rising from 12–16% over time). While this suggests that there is some ambivalence about partnership bidding – many TSOs do make the transition from considering the option to practical action.

Figure 12.9 Changing attitudes to partnership bidding: 2008-2016 (North East England and Cumbria)



This Chapter has demonstrated that there are many productive informal relationships running within the Third Sector. While fewer TSOs engage in formal partnership working, there is much evidence of this too – although it is most likely to happen amongst larger organisations.

There are also strong indications that many TSOs work independently and autonomously, especially if they are small organisations. This should not be regarded as a weakness that needs to be tackled, however, but as an established part of sector culture where smaller organisations work independently on a small scale in their local communities.

Over time, it has been shown, larger TSOs have become increasingly likely to engage in partnership bidding for grants and contracts which is an indication of growing sector integration of effort. But there are limits to the extent to which such integration can further develop – many larger TSOs eschew the idea of partnership working because they prefer to operate independently.

Relationships between the Third Sector and the Public Sector are not just shown to be strong, but also that these relationships have been maintained or strengthened over the last 8 years. TSOs generally feel valued and respected by public sector organisations, and while fewer organisations think they are fully informed about policy and involved in decision making – the indications are that many TSOs do feel involved.

It is often assumed that the Third Sector connects with the Private Sector in only a very limited way. But, until now, there has been little research available on the relationships between the local Third Sector and the Private Sector to conform or challenge such assumptions.

It has been demonstrated that business makes a much larger contribution to the wellbeing of the Third Sector than many observers may expect. This contribution includes the provision of financial resources, facilities and volunteer support, and involves the provision of free professional advice.

13 Expectations of and preparation for the future

The final chapter of this report considers TSOs' expectations about the future and examines what action TSOs are taking to address future developments.

Figure 13.1 shows what percentage of TSOs from each region expect that change will occur over the next two years. The responses only apply to TSOs which state that the issue in question is applicable to their organisation.

- Optimism about increased income is most common in Yorkshire and the Humber (41%). In North East England and North West England 35% of TSOs expect that income will increase over the next two years. Only 17-18% of TSOs across the North of England expect income to decline.
- 50% of TSOs in Yorkshire and the Humber and 45% of TSOs in North East England and North West England expect their expenditure to increase, which lags 10% behind expectations about increased income. Only 7% of TSOs expect that expenditure will decline, a somewhat lower percentage than of those organisations which expect income to decline (17%).
- Between 28-33% of TSOs expect that the numbers of paid staff will increase over the next two years, while 15-18% of TSOs expect a decline.
- Expectations about increased numbers of volunteers are high, and especially in Yorkshire and the Humber where 45% of TSOs expect this to happen. Relatively few TSOs expect the numbers of volunteers to decline (in the range of 7-9%).
- A majority of TSOs expect that demand for their services will increase in the North of England (68%); this is most pronounced in Yorkshire and the Humber (73%) but the least in North East England (62%). Virtually none of the TSOs believe that demand will fall for their services.
- Expectations about statutory income are mixed: 18% expect increases in income from public sector sources, while 49% expect a decrease. TSOs in North East England are the most pessimistic about falling income (51%) and least optimistic about rising income (14%).
- There is a widespread expectation that working in partnerships will increase (55%), especially in Yorkshire and the Humber (57%) and North West England (56%). Very few TSOs think that partnership working will decrease (3%).

Figure 13.1 Expectations of TSOs for change over the next two years in the North of England and its regions (2016)	North West England	Yorkshire and Humber	North East England	North of England
Income will increase	35.2	40.7	34.9	36.7
Income will decrease	17.9	17.3	16.6	17.2
Expenditure will increase	45.3	50.0	46.2	47.0
Expenditure will decrease	7.3	7.2	7.0	7.2
Numbers of paid staff will increase	30.6	33.0	28.2	30.6
Numbers of paid staff will decrease	17.9	14.8	17.6	16.7
Number of volunteers will increase	42.1	44.5	36.4	41.3
Number of volunteers will decrease	7.7	8.3	9.4	8.4
Need for our services will increase	68.9	73.0	62.1	68.4
Need for our services will decrease	1.1	1.2	1.0	1.1
Statutory income will increase	19.3	18.0	14.1	17.6
Statutory income will decrease	47.6	48.3	51.3	48.7
Working in partnership will increase	55.5	57.1	50.7	54.9
Working in partnership will decrease	2.7	2.5	4.9	3.2

It is useful to compare the expectations of TSOs of different sizes in North East England. As Figure 13.2 shows:

- Small TSOs are the least optimistic about increasing income (30%). While larger TSOs are more optimistic in this respect (41%) they are also the most pessimistic (19%).
- Many organisations expect that expenditure will increase (46% overall) but larger and medium sized TSOs are more likely to believe so (50%).
- Changes in the number of employees are expected by many TSOs: 36% of the larger TSOs think staff numbers will increase while 22% expect them to decrease suggesting a mix of optimism and pessimism in this part of the sector.
- Expectations about increased numbers of volunteers are most prevalent in the larger TSOs (50%) compared with 27% of the smallest organisations. Relatively few TSOs think that volunteer numbers will fall (9%).
- While 48% of smaller TSOs believe that demand for their services will increase, the percentage is higher for medium and larger TSOs (75-77%). Very few believe that demand will fall.
- Expectations of increases in statutory income are relatively low for organisations of all sizes (12-14%). The largest TSOs are most pessimistic in this respect and think income will fall (61%).

- Many TSOs expect that partnership working will increase: 64% of the largest organisations believe that this will happen compared with 44% of the smallest. Very few TSOs think that partnership working will decrease (5%).

Figure 13.2 TSOs expectations held about what will happen in the next two years (North East England 2016)	Smaller TSOs (income £0-£50,000)	Medium TSOs (income £50,001-£250,000)	Larger TSOs (income £250,001 or more)	North East England	North of England
Income will increase	30.0	39.4	40.6	34.9	36.7
Income will decrease	15.4	16.3	19.4	16.6	17.2
Expenditure will increase	41.3	51.7	50.7	46.2	47.0
Expenditure will decrease	6.3	6.2	9.2	7.0	7.2
Numbers of paid staff will increase	21.3	27.1	36.0	28.2	30.6
Numbers of paid staff will decrease	11.6	20.0	21.7	17.6	16.7
Number of volunteers will increase	27.1	41.9	49.5	36.4	41.3
Number of volunteers will decrease	9.8	9.1	8.2	9.4	8.4
Need for our services will increase	48.2	75.6	77.3	62.1	68.4
Need for our services will decrease	1.5	0.5	0.5	1.0	1.1
Statutory income will increase	14.4	13.1	12.1	14.1	17.6
Statutory income will decrease	43.2	53.6	60.7	51.3	48.7
Working in partnership will increase	43.7	46.0	63.7	50.7	54.9
Working in partnership will decrease	5.1	6.3	3.3	4.9	3.2

Is the Third Sector too optimistic about the future?

The above analysis shows that TSOs are particularly optimistic about the future. There are, therefore, high expectations about increased resources of employees, volunteers and money to meet the expected challenges surrounding rising demand for services.

But are TSOs' expectations about the future *too* optimistic? It is possible, using Third Sector Trends data to examine the mismatch between expectations about the future and the reality of what happened.

The most useful indicator of this potential mismatch is expectations TSOs hold about changing levels of income in the next two years and reported levels of actual income change reported in subsequent biennial surveys.

Figure 13.3 shows the mismatch between expectations about rising income and the actual situation two years later. The evidence presented shows that there is a substantive variation between expectations and reality and that this gap has widened from 10% to 20% over the last six years. However, it is indicated that expectations about increasing income has levelled off for 2016-18 at about 35%, which may narrow the gap between expectations and reality at the time of the next survey.

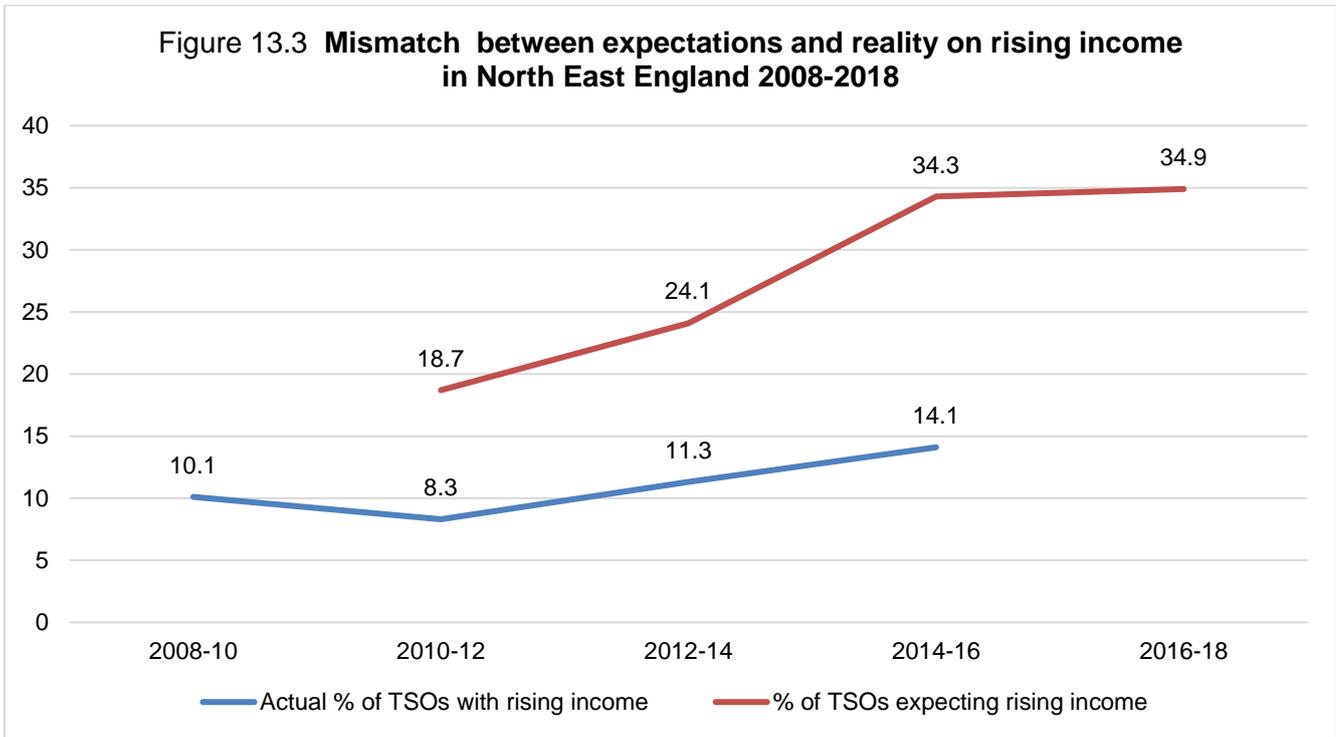
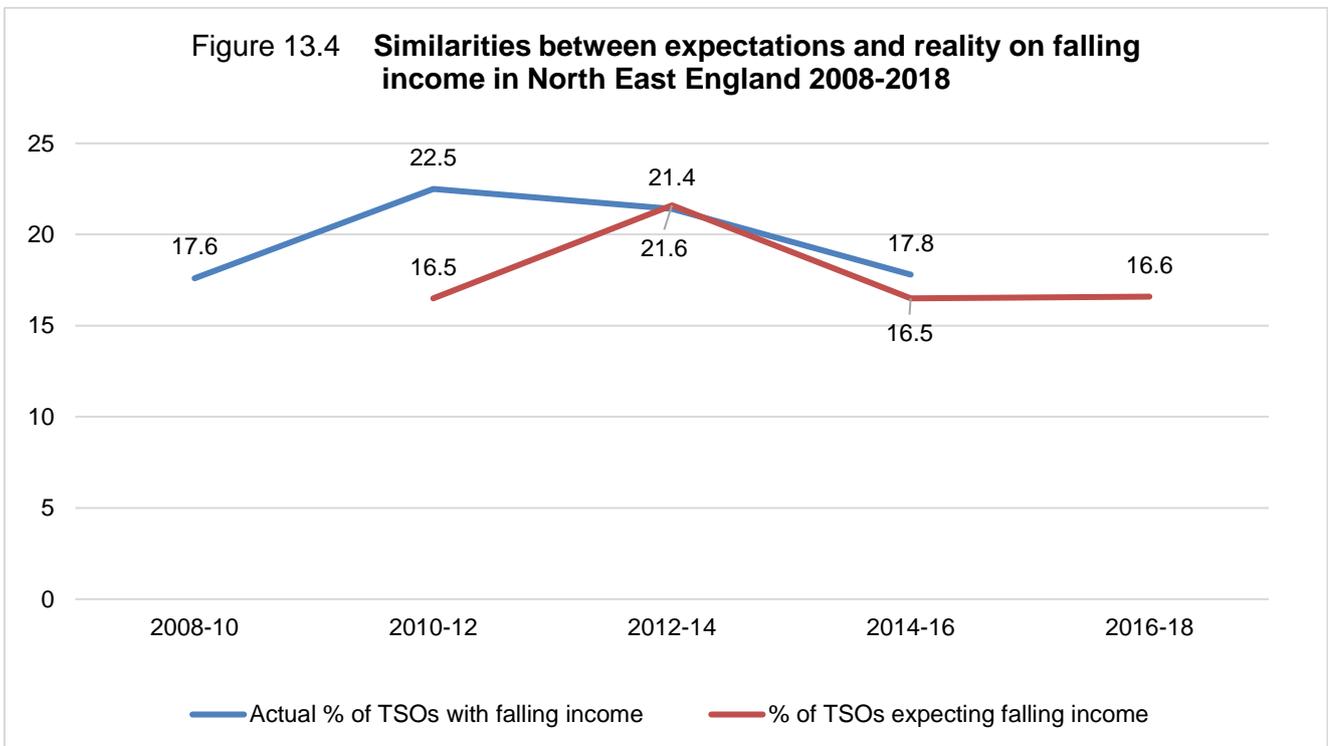


Figure 13.4 compares expectations of those TSOs which felt that income may fall over the next two years. In this case, the gap between expectations and reality are narrower. For example, in 2010-12 it was expected that income would fall by 17% of TSOs but in fact, 23% had significantly falling income. In 2012-14 and 2014-16 however, expectations and reality were closely matched.²⁵



²⁵ What is not known from these data is whether the organisations which expected their income to increase achieved the outcome they hoped for. While the Third Sector Trends data set is large and has run for many years, it has not been possible to track the same organisations consistently through the study in sufficient number to make assessments of this kind.

Being optimistic about the future is laudable only, arguably, when the prospect of achieving objectives are realistic. Otherwise, many TSOs are likely to feel a permanent sense of disappointment that expectations have not been met.

Many other areas of optimism have been identified above, such as increasing the number of employees – but that cannot happen if there is insufficient financial resource to pay their salaries.

Similarly, high expectations for increased numbers of volunteers may be dashed by the reality that neither volunteer numbers nor time given by volunteers are likely to grow significantly.²⁶

Taking action to meet future challenges and opportunities

There are many factors which are beyond TSOs' control, when planning for the future. As it is clear from the evidence, a long period of economic insecurity following the financial crash in 2008 has produced many pressures on the Third Sector – but those pressures have fallen unevenly – meaning that many organisations have experienced income stability or growth while others have struggled to maintain their resource base.

It is possible, using Third Sector Trends data to examine the extent to which TSOs are preparing for the future challenges they have identified. Figure 13.5 begins this analysis using regional data to determine whether the situation in North East England is significantly different from other areas.

The evidence suggests that TSOs in North East England are somewhat less dynamic in their planning than in Yorkshire and the Humber or North West England in relation a range of development activities. As shown in Figure 13.5, only 23% of TSOs in North East England are currently taking action to work more closely with other TSOs, while in Yorkshire and the Humber 30% of TSOs are doing so. TSOs in North East England are also less likely to be taking action to work with public sector organisations (20%) or private sector organisations (6%) than in other regions.

There is also clear evidence to show that TSOs in North East England are less likely to be planning to work with other TSOs, public sector or private sector organisations than in other regions.

²⁶ The NCVO Civil Society Almanac shows that levels of volunteering have remained fairly stable for many years and that the hours of work they contribute has remained about the same since 2001: <https://data.ncvo.org.uk/a/almanac17/volunteering-overview/>

Figure 13.5 Percentage of TSOs, by region, taking action to work more closely with Third Sector, public sector and private sector organisations (2016)				
	North West England	Yorkshire and the Humber	North East England	north
Intention to work more closely with other TSOs				
Currently taking action to achieve this	26.9	30.2	23.2	26.9
Planning to take action to achieve this	18.1	20.5	16.0	18.2
Not planning to do this	55.0	49.3	60.8	54.9
N=	1,462	1,083	1,012	3,557
Intention to work more closely with public sector organisations				
Currently taking action to achieve this	20.6	27.5	19.6	22.4
Planning to take action to achieve this	16.8	17.7	14.4	16.4
Not planning to do this	62.7	54.8	66.0	61.2
N=	1,462	1,083	1,012	3,557
Intention to work more closely with private sector organisations				
Currently taking action to achieve this	8.9	8.6	6.1	8.0
Planning to take action to achieve this	16.2	17.7	14.1	16.1
Not planning to do this	74.9	73.7	79.7	75.9
N=	1,462	1,083	1,012	3,557

Figure 13.6 shows variations in the extent to which TSOs are taking action to work more closely with other organisations within the Third Sector, or with the public or private sectors in each of the sub-regions of North East England.

- Organisations are much more likely to be taking action or planning to take action to work more closely with other TSOs in the urban areas of Tyne and Wear (44%) and Tees Valley (45%) than in County Durham (38%) and especially Northumberland (25%).
- TSOs are much more likely to be taking action or planning to take action to work more closely with public sector organisations in the urban areas of Tyne and Wear (36%) and especially in Tees Valley (44%) than in County Durham (31%) and Northumberland (21%).
- While fewer TSOs are intending to work more closely with private sector organisations, this is more likely to be happening in the urban areas of Tyne and Wear (24%) and Tees Valley (25%) than in County Durham (17%) and Northumberland (11%).

Figure 13.6

Percentage of TSOs in sub-regions intending to take action to work more closely with other organisations (2016)

	Northum-berland	Tyne and Wear	County Durham	Tees Valley	North East England	North of England
Intention to work more closely with other TSOs						
Doing this now	15.1	24.9	21.6	28.8	23.2	26.9
Planning to do this	10.2	18.6	16.5	16.5	16.0	18.2
Not planning to do this	74.6	56.5	61.9	54.7	60.8	54.9
N=	205	370	194	243	1,012	3,557
Intention to work more closely with public sector organisations						
Doing this now	13.7	20.0	17.0	25.9	19.6	22.4
Planning to do this	7.8	15.9	14.4	17.7	14.4	16.4
Not planning to do this	78.5	64.1	68.6	56.4	66.0	61.2
N=	205	370	194	243	1,012	3,557
Intention to work more closely with private sector organisations						
Doing this now	4.9	7.6	3.1	7.4	6.1	8.0
Planning to do this	5.9	16.5	13.9	17.7	14.1	16.1
Not planning to do this	89.3	75.9	83.0	74.9	79.7	75.9
N=	205	370	194	243	1,012	3,557

It is useful to take the analysis forward one more step by comparing the situation of TSOs of different sizes.²⁷ It is evident from Figure 13.7 that smaller TSOs are very much less likely to be taking action or considering action to work with other organisations within or outside of the Third Sector. Perhaps surprisingly, only 3% of smaller TSOs are taking action to work more closely with businesses.

Medium sized TSOs are twice as likely as small organisations to be taking action to work more closely with other TSOs, public sector organisations or businesses. But still, they are comparatively few in number. It is particularly interesting to note that only 7% are taking action to work with business more closely.

Larger TSOs are far more likely to be taking action to work with other organisations within the Third Sector (44%) or are planning to do so (20%). Similar percentages of larger TSOs are also taking action (40%) or are planning (19%) to work with public sector organisations. While only 14% are taking action to build closer relationships with business, 25% of larger TSOs planning to do so.

²⁷ The differences between regions identified in Figure 13.4 are not accounted for by differences in sample structures – but rather reflect different attitudes in North East England from other areas.

Figure 13.7 Intentions to work more closely with other organisations in future in North East England (2016)	Smaller TSOs (income £0- £50,000)	Medium TSOs (income £50,001- £250,000)	Larger TSOs (income £250,001 or more)	North East England	North of England
Intention to work more closely with other TSOs					
Currently taking action to achieve this	13.1	29.4	43.5	23.2	26.8
Planning to take action to achieve this	13.1	20.1	19.7	16.0	18.2
Not planning to do this	73.7	50.5	36.8	60.8	55.1
Intention to work more closely with public sector organisations					
Currently taking action to achieve this	10.3	22.9	40.4	19.6	22.3
Planning to take action to achieve this	11.5	16.4	18.8	14.4	16.3
Not planning to do this	78.2	60.7	40.8	66.0	61.4
Intention to work more closely with private sector organisations					
Currently taking action to achieve this	3.1	6.5	13.9	6.1	8.0
Planning to take action to achieve this	9.5	15.9	24.7	14.1	15.9
Not planning to do this	87.4	77.6	61.4	79.7	76.1
N=	556	214	223	1,012	3,594

At an organisational level, TSOs have many options when developing their capacity or capability to do things in new ways. Figure 13.8 presents data on several available options. It should be noted that in each of the categories listed, close similarities with the broader North of England sample are evident – suggesting that TSOs in North East England are equally dynamic (or in relation to some factors, equally disinterested).

- About 39% of TSOs are taking action to increase earned income – with the larger TSOs the most active in this respect (63%), that stated, about half of smaller TSOs are taking action or planning to increase earned income.
- A relatively small proportion of the Third Sector is taking action to increase donations (22%), larger TSOs are the most active (33%) or are planning to do so (32%).
- Borrowing money (to invest in future developments, purchase or upgrade property or borrow working capital) is not a popular option amongst TSOs. Only 3% are taking action (9% of the larger TSOs) to do so; and 85% of TSOs will not consider this possibility at present.
- Fewer TSOs than may be expected are taking action to change their current practices (21%), but many may not need to, especially amongst smaller TSOs (9%). Larger TSOs are much more likely to be changing practices (48%) or are planning to do so (23%). It is notable that 56% of medium sized TSOs (which have been shown to be amongst the most vulnerable) are taking no action in this respect at present.
- For TSOs to merge is big step as organisations tend to put a high value on their independence. Indeed, only 4% of TSOs are taking action to do so, and a further 9% are planning for this possibility. Very few small (3%) or medium sized organisations (3%) are taking action to merge with another TSOs, while 9% of larger TSOs are doing so.

Figure 13.8 Action and planning by TSOs to build capability or capacity in North East England (2016)	Smaller TSOs (income £0-£50,000)	Medium TSOs (income £50,001-£250,000)	Larger TSOs (income £250,001 or more)	North East England	North of England
Increasing earned income					
Currently taking action to achieve this	27.3	46.7	62.8	39.1	38.5
Planning to take action to achieve this	22.5	32.2	24.7	25.1	26.7
Not planning to do this	50.2	21.0	12.6	35.8	34.8
Increasing individual donations					
Currently taking action to achieve this	16.5	26.6	32.7	21.9	22.0
Planning to take action to achieve this	24.3	35.0	32.3	28.0	30.9
Not planning to do this	59.2	38.3	35.0	50.1	47.1
Borrowing money to increase volume of activity/enter new areas of work					
Currently taking action to achieve this	1.3	3.7	9.0	3.5	3.9
Planning to take action to achieve this	7.0	9.8	23.8	11.3	11.5
Not planning to do this	91.7	86.4	67.3	85.3	84.7
Changing the way services and activities					
Currently taking action to achieve this	8.5	26.2	47.5	21.0	24.6
Planning to take action to achieve this	14.7	17.8	23.3	17.1	18.5
Not planning to do this	76.8	56.1	29.1	61.9	57.0
Merging with one or more similar organisations					
Currently taking action to achieve this	2.7	3.3	9.4	4.2	5.5
Planning to take action to achieve this	7.0	11.7	13.5	9.3	10.3
Not planning to do this	90.3	85.0	77.1	86.5	84.2
N=	556	214	223	1012	3594

Figure 13.9 shows the percentages of TSOs of different sizes which put a high priority on developing their organisational capability in several domains.

- TSOs tend to put much more emphasis on building their capability to bring in more money by bidding for grants (37%) or fundraising (36%) compared with developmental capability in strategic management (18%) or financial management (15%).
- Marketing and publicity is an area of development that many TSOs emphasise (34%), presumably because they feel that this will put them in a strong position to win grants or attract other sources of funding.
- Small TSOs put a very low priority on the development of organisational managerial capability, as would be expected, given their scale. But considerable emphasis is placed on fundraising and grant bidding (36%).
- Medium sized TSOs are the most likely to emphasise the need to build their capability in bidding for grants (45%), fundraising (42%) and marketing themselves (42%).

- Larger TSOs put a similar emphasis on funding issues and other aspects of organisational capability (such as business planning, strategic and financial management). Marketing and publicity, though, is regarded as the biggest development priority (45%).

Figure 13.9

Percent of TSOs which place a high priority on building aspects of organisational capability (North East England 2016)	Smaller TSOs (income £0-£50,000)	Medium TSOs (income £50,001-£250,000)	Larger TSOs (income £250,001 or more)	North East England	North of England
Bidding for grants	36.2	45.3	32.7	37.2	39.1
Fundraising	35.6	42.1	32.7	36.2	38.4
Marketing and publicity	26.3	41.6	45.3	33.8	35.7
Managing staff/ volunteers	14.0	22.4	31.4	19.8	21.1
Business planning	11.2	31.8	29.6	19.8	22.5
Tendering and commissioning	8.6	29.0	33.6	18.7	22.1
Strategic management	10.4	24.8	31.4	18.2	21.2
Financial management	12.4	18.7	18.8	15.2	17.9

This Chapter has shown that TSOs tend to be very optimistic about the future in terms of increasing income and raising the number of employees and volunteers. Longer-term trends strongly suggest that such optimism is likely to be misplaced; which, for many organisations, will lead to disappointment as their expectations are unlikely to be realised.

When planning, TSOs need to have a realistic perspective, otherwise, their emphasis on development needs may be misplaced. The evidence shows that most TSOs put the strongest emphasis on bringing in money rather than balancing this with other developmental needs such as strategic, people and financial management.

Smaller TSOs may not need to develop such skills as their organisations are less complex, but medium sized TSOs probably do need to pay more attention to such issues. Larger TSOs tend to be more able to balance the range of organisational capabilities when they set future priorities.

There is a good deal of evidence to show that action is being taken by many TSOs to develop useful informal and formal relationships within the Third Sector and with the public sector. However, the value of building links with the private sector seems to be less well recognised given the current scale of interaction between business and the Third Sector.

14

Conclusions: continuity and change

Most studies of the Third Sector provide 'snap shots' of the current situation. Often, such studies have very small samples of respondents and consequently the claims that are made about findings can be deeply flawed.

Many studies are commissioned with campaigning objectives in mind. If research is undertaken to prove a point, as is too often the case in studies on the Third Sector, then methodological approaches are more likely to be unsound and findings are more likely to be partial or even biased.

When this study was commissioned in 2008, it was made clear that this was to be a longitudinal 'root and branch' study of the structure and dynamics of the Third Sector. We were charged with the task of being as 'objective' as possible – even if this resulted in findings which challenged commonly accepted understandings of how the sector works and what it achieves.

The aim of the study was not only to 'find out' how the Third Sector works, but as importantly, to explore new methodologies to show 'how to find out' about what is happening. The study has developed many new approaches to the collection and analysis of quantitative and qualitative data – some of which are still being tested in related studies.

It is not just a question of collecting a great deal of data. Data, no matter how carefully they are collected, must be turned into 'evidence' through interpretation to produce tangible findings that can have an impact upon understanding, policy and practice.

Consequently, much of the work done over the years has been to develop a much stronger conceptual understanding of the way the Third Sector works. A great advantage of longitudinal work is that approaches to research methods and conceptual analysis can flex and evolve as understanding develops. Indeed, right from the start of the study, it was expected that new elements would be introduced to the study when it became apparent that they had been misunderstood or overlooked in the early stages.

Several elements of the research have evolved in this way such as, a growing interest in the way that TSOs 'think about' and 'value' money and how this affects the way they run their organisations. Similarly, interest has grown on the way that TSOs work with each other in informal and formal ways and how they connect with the public and private sectors.

In this sense, the study has provided an opportunity for the incremental development of ideas and understanding which can then be tested empirically in subsequent phases of the work. In the 2016 study, for example, new areas of analysis have been introduced on routes to grant funding, routes to volunteering, the role of business in supporting TSOs and an exploration of the way the sector strengthens its contribution to society through partnership and complementary working.²⁸

²⁸ By the same token, some areas of analysis were dropped from the study once it was recognised that there was no significant evidence of change in practices, attitudes and beliefs. For example, the exploration of the way that TSOs measure impact was dropped from the survey in 2014 because there was no evidence of change. Similarly, the

The study has been taken to a new level in 2016 by extending the research right across the North of England. This has led to a substantial increase in the volume of data collected which, in turn, will allow for much more fine-tuned analysis over the coming months.²⁹

Continuity and change in the Third Sector

This report has presented a series of key statistical findings from the Third Sector Trends study in North East England which are summarised in Chapter 1. This aim of this final Chapter of the report is to reflect on the extent of continuity and change in the Third Sector over the last 8 years and to consider the implications of these observations for the future.

As an entity, the Third Sector in North East England has remained of similar size and structure over the last 8 years, despite considerable economic, social and political change. Levels of employment, volunteering have held up well, and while individual TSOs are subject to continued financial uncertainties, the indications are that the sector and has maintained similar levels of income.

Third Sector Trends research does not collect detailed financial data from TSOs.³⁰ Consequently, it is necessary to rely on NCVO data³¹ to examine how sector-wide income levels have changed. National level data provide a good indication of general trends which help to confirm the validity of findings drawn from Third Sector Trends income data in North East England.

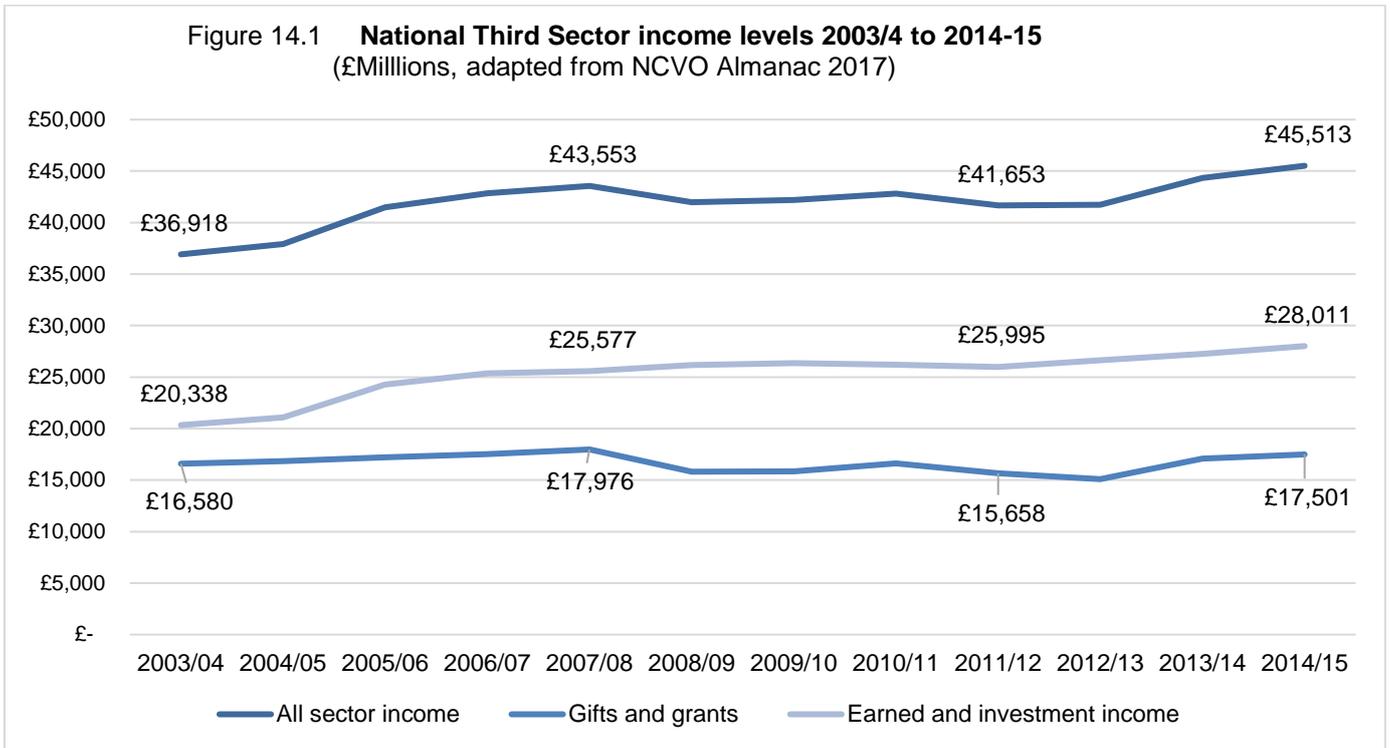
As shown in Figure 14.1, UK Third Sector income has risen from £36bn - £45bn between 2003-4 and 2013-14. During this period, earned and investment income has risen substantially from £20.3bn to £28bn, while gifts and grants have remained at a similar level of £16-17bn.

detailed exploration of TSOs' attitudes to borrowing money and social investment was dropped in 2016 when it was recognised that only a tiny proportion of TSOs were interested in this option and there was no evidence to suggest that this would change.

²⁹ In addition to regional reports for Yorkshire and the Humber and North West England, which will be published in June 2017, a series of shorter bulletins will be published on findings from the North of England by IPPR\North. Academic articles on aspects of the research will subsequently be published on empirical findings, conceptual and methodological issues.

³⁰ 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 easy access to the relevant data (resulting on non- completion of specific questions or abandonment of the survey).

³¹ NCVO Almanac 2017: <https://data.ncvo.org.uk/category/almanac/voluntary-sector/income/>



When looking in more detail at income from gifts and grants, there are substantive underlying changes. Grant income from government has declined substantially from £6.1bn to £2.9bn (while earned income from public sector funding has risen from £5.8bn to £12.4bn – see Figure 14.2).

Grant income from voluntary sector sources (including the National Lottery) has remained similar at between £2.5bn and £3.5bn, while income from the private sector has steadily risen from £550m to £1bn. Income from individuals as gifts or legacies has fluctuated to some extent but follows a rising trend from £7bn to £10bn.

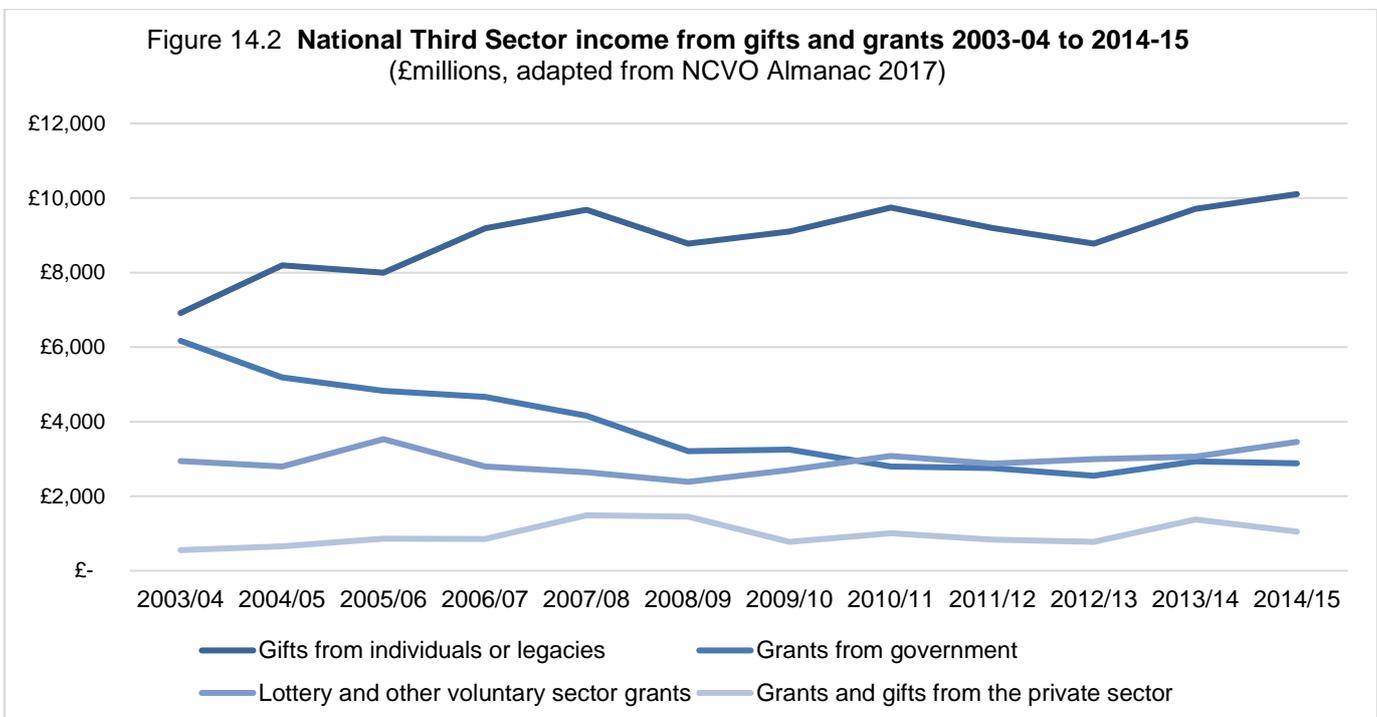
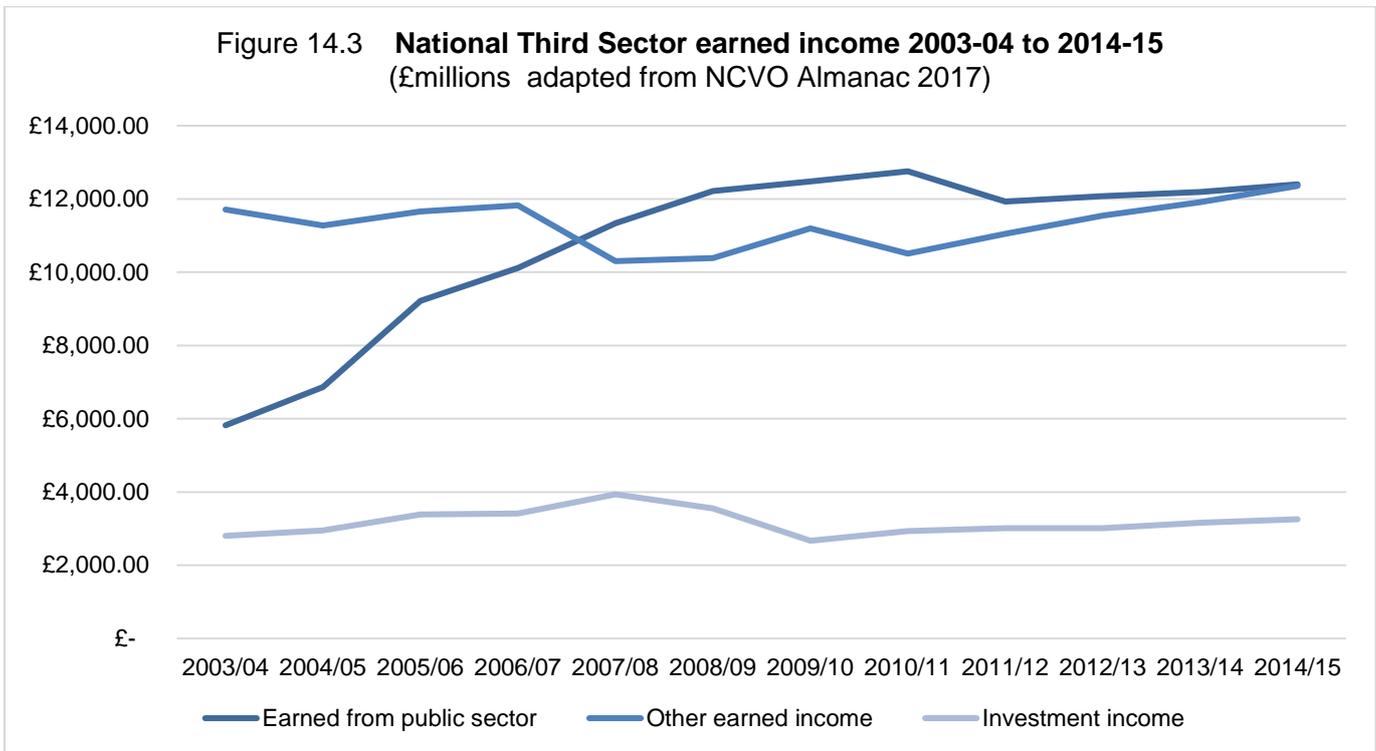


Figure 14.3 shows levels of earned income between 2003-04 and 2014-15 as reported by NCVO. Earned income from the public sector (primarily through the delivery of public services under contract) has risen dramatically from £5.8bn to £12.4bn: although there was a short period of decline following the financial crash

between 2009-12 after which income has slowly risen again. Other earned income from individuals, private sector or voluntary sector sources has remained at a similar level, but this dipped to some extent between 2006-07 and 2013-14. Investment income was at its height in 2006-08 after which there was a substantive decline; investment income recovered to 2003-04 levels by 2013-14 and has continued to grow slowly since to £3.3bn.



The Third Sector Trends study shows that, at the individual organisational level, fluctuations in income are common, indeed we have argued that income instability over time is ‘endemic’ and that leaders of TSOs must learn to manage the consequences of continual change.³² As this report has shown, over the last two years, 14% of TSOs reported substantially rising income while 18% had substantially falling income.

While a majority of TSOs have reasonable levels of income stability, this is not to say that life is easy. From associated long-term qualitative research work with the TSO50, which continues, it is known that many organisations can no longer access unrestricted ‘core’ funding they once relied upon and find themselves chasing smaller pots of money to sustain their operations. Having ‘to run faster to stand still’, is a common refrain amongst TSOs which, on the surface at least, have stable income.

Many TSOs which rely heavily upon public sector funding 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 are hard for many of these TSOs, and especially when they are based in poorer areas. This is not, however, the situation of the majority of TSOs. Indeed, many TSOs based in poorer areas which are funded mainly by the public sector are in a very strong financial position. Furthermore, these organisations are more likely to be investing in their future capability than other TSOs – which may help secure their long-term future.

³² 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.

Commentators from outside of the Third Sector, particularly in think tanks and government often assert that enterprising or business-like attitudes and behaviours put TSOs on a stronger financial footing – but it can produce mixed fortunes for individual organisations. Well governed TSOs, which invest in their capability and make good choices about future development, are not immune from financial difficulties. In the fiercely competitive world of the Third Sector, luck also plays a part: a well-crafted grant or tender application from a failing organisation can save its bacon – but often at the expense of other TSOs which may have been better equipped and more interested in doing the work.

An enterprising sector?

For many years, commentators on the Third Sector have, arguably, over-egged the importance of the growing dominance of contracts to deliver public services as a driving force in sector economics. While the volume of money from the public sector which goes into contracts has undoubtedly grown and grant funding from the public sector declined³³ (see Figures 14.1 and 14.2), the Third Sector Trends study shows that the *proportion* of TSOs in North East England bidding for or delivering contracts has barely changed, at around 14%, since this study began in 2008. Most of these TSOs are larger in size and are geared up to deliver such work – but even amongst larger TSOs, only about half engage in the delivery of public sector contracts. Furthermore, amongst the larger TSOs, the level of relative dependence on contracts has declined over time in favour of other approaches to earning income.

Socially enterprising activity is often lauded by commentators as the answer to the Third Sector's financial problems. These claims are often taken too far. It is the case that many TSOs of all sizes depend to some extent on earned income (through the delivery of public sector contracts or self-generated trading of goods and services) but there is precious little evidence to show that very many TSOs can, or indeed *should*, expect to be able to sustain themselves on earned income alone. As previously stated in Third Sector Trends reports³⁴, if TSOs could operate entirely on such a footing, then private sector businesses, like as not, would be in the marketplace too – increasing competition further.

Third Sector Trends research shows that some TSOs are more adept at working in business-like ways than others – but this does not mean that they can rely wholly, or in some cases even partly on such sources of income.³⁵ Grants also remain vital even to those TSOs which earn substantive income from trading or contracts because the market place within which they work is simply not strong enough for them to survive otherwise.

Many TSOs operate in 'business-like' ways. But being a business-like TSO is not the same as being a private sector business. This study shows clearly, for example, that most TSOs refuse to consider the option of borrowing money. Indeed, there is often reluctance to consider borrowing money even for purposes which make sound

³³ Declining grant funding is difficult to assess in concrete terms as, in many cases, former service level agreements or grants may have been re-defined/configured as contracts by the local public sector. It is also important not to over-generalise on the demise of grant funding. Many health authorities and local authorities in North East England have maintained the practice of awarding small grants to local voluntary and community organisations to maintain good community networks and sustain community led initiatives.

³⁴ Chapman, T. and Robinson, F. (2015) *Key findings from the Northern Rock Foundation Third Sector Trends Study in North East England*. Newcastle, Northern Rock Foundation.

³⁵ Charging for services is feasible in some contexts but not in others. TSOs operating in poorer communities or with financially vulnerable groups, for example, cannot reasonably be expected to charge for services if their beneficiaries cannot contribute wholly or partly to the costs of delivery.

economic sense in business-planning terms if it is felt that a grant might be accessed instead.³⁶

Reluctance to borrow money (or ‘working capital’) to engage in social investment initiatives or payment by results contracts does not just derive from cultural resistance to such practices in the sector. It is apparent to TSOs, which take the idea of borrowing more seriously, that the risks associated with borrowing are too high for one or several reasons including, for example: that the measurable outcomes of payment by results contracts are too ambitious; that the price allocated to aspects of service delivery is too low; or, that the length of contracts are too short or contracts are too insecure to justify borrowing.

Organisational capability to deliver work in a business-like and professional way needs to be underpinned by investment in organisational development by TSOs. The evidence shows that the extent of investment by TSOs in the development of their capability in North East England is lower than in adjacent regions. As shown in Figure 14.4, only 32% of TSOs in North East England have an established training budget compared with 35% in North West England and 42% in Yorkshire and the Humber.

Larger TSOs, as would be expected, are much more likely to invest in training and development of their staff (77% in the North of England), although the percentage in North East England is somewhat lower (73%). It would not be expected that smaller and less formal TSOs would have training budgets (because they have no employees or contracts), but in the case of medium sized TSOs, it is revealing that only just over a third of organisations in North East England invest regularly in training and development. Qualitative evidence from the Third Sector Trends study shows that leaders of these TSOs too often claim, perhaps erroneously, that a training budget is ‘a luxury they cannot afford’.³⁷

Figure 14.4 Percentage of TSOs in Northern England which have a training budget (2016)	Smaller TSOs (£0-£50,000)	Medium TSOs (50,001-£250,000)	Larger TSOs (£250,000 or more)	All TSOs	N==
North West England	13.8	46.7	79.0	34.6	1,439
Yorkshire and the Humber	18.0	55.0	78.8	41.7	1,071
North East England	13.5	38.8	73.1	32.3	993
North of England	14.8	47.2	77.4	36.3	3,525

As shown in this report, relatively few medium sized or larger TSOs invest in key aspects of organisational development (such as business planning; people, financial and strategic management). Indeed, longitudinal analysis shows that much of the sector is ‘consistently disinterested’ in such forms of development and puts its faith instead in building its fundraising and grant bidding skills – as if money were always the answer to all their problems.

³⁶ Chapman, T. (2017) ‘The propensity of third sector organisations to borrow money in the UK’, *Policy Studies*, vol. 38, no. 2, pp. 185-204.

³⁷ See Chapman, T. and Robinson, F. (2013) *Walking a Tightrope: balancing critical success factors in hard times*, Newcastle upon Tyne, Northern Rock Foundation.

The mixed blessings of sector ambition and optimism

Some of the biggest problems TSOs face derive, ironically, from their ambition to achieve good outcomes for their chosen beneficiaries; and further, that leaders of TSOs tend to be too *optimistic* about their prospects of garnering the resources to achieve their objectives.

Perhaps one of the greatest strengths of civil society is its ability to champion causes that have gone unrecognised or have been neglected by the state. By drawing attention to worthy causes and making successful claims about the importance of tackling such issues, the Third Sector has helped to transform society.

The fact that anyone, within the limits of the law, can set up an organisation or group to tackle an issue that they feel is important has undoubtedly strengthened the hand of civil society in many respects. But in so doing, claims are made implicitly or explicitly, on the comparative value of different social objectives and the beneficial outcomes of social action. In turn, these produce competing demands for resources to make good things happen, whether it is the renovation of an historic building, providing support to homeless people, fighting discrimination, alerting the medical profession to the existence of a hitherto unrecognised disabling conditions, or to any number of other good causes.

The Third Sector operates in an environment where access to the resources of people and money are finite. There will never be sufficient resource to meet every demand – no matter how strong claims may be.

Ambition and optimism, we now know, go hand-in-hand. But in the early days of the Third Sector Trends research, when results started to show that leaders of TSOs tended to be highly optimistic about their own organisation's future access to resources of money, employees and volunteers, we were often told that our findings 'didn't ring true'. We were surprised by these findings too, because when observing public discussion of the situation of the Third Sector, especially when led by regional and local infrastructure bodies, we noted that representatives of the sector tended to be gloomy about the current situation and prospects. Claims that the sector was about 'to fall over the edge of a cliff' were not just common but ubiquitous.³⁸

It is now known that the leaders of TSOs are consistently too optimistic about future access to resources because, every two years, it has been possible to compare what people *expected* to happen with what *actually* happened. It is not being argued that leaders of TSOs should be *less* ambitious; but it is recognised that this situation produces serious consequences for the sector's culture and dynamics. The problem with unattainable optimism is that it makes many leaders of TSOs feel disappointed.

The 'over production' of demand relative to the available volume of resource intensifies competition. Too much competition, in turn, can produce practices which threaten to damage relationships with those people who lend support to the sector as funders, volunteers or the giving public. While estimates about declining public trust in charities are open to criticism on methodological grounds, it is apparent that some

³⁸ Media stories and critical commentaries about funding also often tend to exaggerate the extent of the 'crisis' in charity funding. This is usually achieved through selective use of charity finance data. See for example, Debrah Allcock Tyler (2016) 'In four years there will be no grants for charities – it will destroy communities', *The Guardian*, <https://www.theguardian.com/voluntary-sector-network/2016/feb/11/grants-local-charities-campaign-appeal-government-cuts>.

approaches to charity fundraising can undermine public sympathy with charitable activities.³⁹

Large national charities, arguably, aggravate this situation through their aggressive fundraising and marketing strategies which can undermine public trust. The proliferation of direct marketing by large charities is often singled out as a problem as is the regular use of paid charity-fundraisers operating in town and city centres.⁴⁰

Within the local Third Sector, disappointment about unrealised ambition can also manifest itself in troubling ways. In North East England, as is the case elsewhere, it is common for local newspapers to pick up stories from leaders of TSOs about the consequences of 'cuts'⁴¹ to their budgets. At the level of the individual organisation, such strategies may feel legitimate and can have the desired effect. But the cumulative impact for the sector is more problematic – as it can result in negatively structured narratives becoming embedded in sector interactions with funding bodies.

Current research with charitable foundations, local authorities and health authorities⁴² on their interactions with the Third Sector indicates that relationships with leaders in the Third Sector (which in ordinary circumstances are positive and productive) can be strained during the commissioning and procurement process or at the point of cessation of contracts or grants. This can add to existing pressures on officers dealing with substantial budgetary constraints arising from government austerity measures. There are, however, signs that expectations are becoming more realistic: only 14% of TSO leaders expect income from public sector sources to rise in the next two years compared with 51% which expect income to fall.

Sector narratives tend to under-play the role of the private sector in resourcing the Third Sector. Over the last eight years, however, attitudes have started to change. In fact, the business community puts a great deal of money into the Third Sector (see Figure 14.2). Much of the resource from the private sector arrives directly via corporate social responsibility programmes or indirectly in the form of grants from intermediaries such as charitable grant giving foundations (for example, Lloyds Bank Foundation and Garfield Weston) or from community foundations which manage philanthropic giving. While it is not possible to give an estimate of the actual financial value of funding directly from business to the local Third Sector, this research shows that the volume of contributions of money and in-kind support from business is substantial.

Awareness of the contribution of business to the local Third Sector appears to be quite limited and this is reflected in the relatively low level of activity in building stronger links with the business community in the future. Only 6% of TSOs are

³⁹ See, for example, the Charity Commission funded annual survey by Populus (2016) *Public trust and confidence in charities*, London: Charity Commission: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/532104/Public_trust_and_confidence_in_charities_2016.pdf.

⁴⁰ There has been much press attention on the issue of paid charitable fundraisers or 'chuggers'. See for example, 'The secret life of the chugger' (*The Guardian*: <https://www.theguardian.com/commentisfree/2016/apr/04/secret-life-chugger-charity-fundraiser/>); 'New tough charity regulator to name and shame bullying 'chuggers'', *Daily Telegraph*: <http://www.telegraph.co.uk/news/2016/07/06/new-tough-charity-regulator-to-name-and-shame-bullying-chuggers/>; 'Chuggers out in the cold as donor numbers plummet', *The Times*: <https://www.thetimes.co.uk/article/chuggers-out-in-cold-as-donor-numbers-plummet-jp6bjz5zs>.

⁴¹ Claims about 'cuts' are often misrepresentations of scheduled ends of contracts or grants. Such stories are promulgated to put public pressure on local councils or health authorities to reconsider claims for the 'continuation' of funding rather than actual cases of premature cessation.

⁴² Two ESRC funded projects are currently underway in North East England based on Chapman, T. and Robinson, F. (2013) *Keeping it Simple: how to work effectively with the third sector*, Durham, Institute for Local Governance. The two inter-related projects are working with local authorities and health authorities to strengthen understanding on sector inter-relationships. Results from the studies will be published in the autumn of 2017.

currently acting to work more closely with business (14% of larger TSOs) while a further 14% are planning to do so (25% of larger TSOs).

To assert that TSOs should work harder to harness the resources of business requires qualification, however, because too little is known about the nature and quality of interactions between business and the Third Sector in North East England. If the Third Sector Trends research continues to a fifth phase in 2018– exploring this issue should perhaps be a priority.

Swings and roundabouts, snakes and ladders

Commentators on the Third Sector all too often engage in doom-mongering. In so doing, an impression is given that the situation of all Third Sector organisations is the same; that everyone is in the same boat – and that the boat is sinking.

This is simply not true.

In the North East of England, the Third Sector Trends study has shown that the Third Sector is better described in terms of its continuity rather than dramatic change. It is surprising, perhaps, that the sector has been so resilient over the last 8 years – it has, after all, been a period of considerable economic, social and political turmoil since the financial crash of 2008.

While continuity for the whole sector is the norm: the experiences of individual TSOs have been mixed. The study shows that many, but not a majority, of TSOs have struggled financially – while the majority have maintained stability and others have done very well. In fact, it is now known that a measure of ‘turbulence’ in TSOs financial situation is to be expected and that leaders of organisations must learn how to manage that uncertainty.

TSOs are resilient. They bend to the circumstances. And unlike businesses which have a much more definite way of knowing when it is time to close, TSOs often manage to keep going somehow or other in the hope that things will improve.

This signals the strength of the Third Sector. It is, after all, a tremendously good thing that resilience is strong, ambition rarely dented and optimism (although often against the odds) eternal. But it also means that fierce competition over resources is inevitable. In the Third Sector, success and disappointment therefore go hand in hand.

Sending out messages that the Third Sector is in a perpetual crisis is not only wrong, but also a potentially dangerous strategy. Why would people want to invest their time, money and ideas on something that is about to fall apart at the seams? To say that the sector is strong, which it is, is surely more persuasive when making claims for the resources the sector needs to do great work that so many people rely upon.

Appendix 1: ONS Regional employment statistics

Regional Labour market statistics, North East England, June 2014	Thousands employed ⁴³					% of North East Workforce				
	2008	2010	2012	2014	2016	2008	2010	2012	2014	2016
Agriculture, forestry & fishing	8	6	12	6	4	0.7	0.5	1.0	0.5	0.3
Mining & quarrying	2	3	3	2	2	0.2	0.3	0.3	0.2	0.2
Manufacturing	132	114	112	112	117	11.1	9.7	9.6	10.1	9.8
Electricity, gas, steam & air conditioning supply	4	8	8	10	5	0.3	0.7	0.7	0.9	0.4
Water supply, sewerage, waste & remediation activities	8	4	7	6	7	0.7	0.3	0.6	0.5	0.6
Construction	86	82	76	87	79	7.2	7.0	6.5	7.8	6.6
Wholesale & retail trade; repair of motor vehicles and motor cycles	181	166	158	149	165	15.2	14.2	13.5	13.4	13.8
Transport & storage	45	48	56	44	51	3.8	4.1	4.8	4.0	4.3
Accommodation & food service activities	74	66	75	58	77	6.2	5.6	6.4	5.2	6.4
Information & communication	32	30	33	26	28	2.7	2.6	2.8	2.3	2.3
Financial & insurance activities	31	26	25	24	29	2.6	2.2	2.1	2.2	2.4
Real estate activities	14	21	17	25	20	1.2	1.8	1.5	2.3	1.7
Professional scientific & technical activities	55	73	70	61	90	4.6	6.2	6.0	5.5	7.5
Administrative & support service activities	88	76	80	81	90	7.4	6.5	6.8	7.3	7.5
Public admin & defence; compulsory social security ²	88	112	79	74	70	7.4	9.6	6.8	6.7	5.8
Education	102	107	120	109	122	8.6	9.1	10.3	9.8	10.2
Human health & social work activities	170	170	176	168	183	14.3	14.5	15.1	15.1	15.3
Arts, entertainment & recreation	33	30	34	33	26	2.8	2.6	2.9	3.0	2.2
Other service activities	32	28	24	31	31	2.7	2.4	2.1	2.8	2.6
People employed by households, etc.	5	3	1	2	3	0.4	0.3	0.1	0.2	0.3
Third Sector Trends estimates⁴⁴	37	38	37	36	37	3.1	3.2	3.2	3.2	3.1
All jobs	1,190	1,171	1,168	1,111	986					

⁴³ Quarterly estimates are recorded for March in each year. Source: ONS *Regional Labour Market Statistics*, June 2014: http://North West England.ons.gov.uk/ons/dcp171778_364937.pdf.

⁴⁴ These estimates are not 'additional' to the sum of employees ONS record for North East England. In the SIC, such jobs would have been incorporated in other sectors, most particularly: *Accommodation and food service activities*, *Information and Communication*, *Public Administration and defence, compulsory social security*, *Education*, *Human health and social work activities*, *Arts Entertainment and recreation*, and, *other services and activities*,

Appendix 2: Publications from the Third Sector Trends study

- Chapman, T. (2017) 'Journeys and destinations: how third sector organisations navigate their future in turbulent times', *Voluntary Sector Review*, 8:1, 3-24.
- Chapman, T. (2017) 'The propensity of third sector organisations to borrow money in the UK', *Policy Studies*, 38:2, 185-294.
- Chapman, T. (2017) A digest of findings from the Third Sector Trends Study in North East England, Durham: St Chad's College, Durham University.
- Chapman, T. (2017) A digest of findings from the Third Sector Trends Study in Yorkshire and the Humber, Durham: St Chad's College, Durham University.
- Chapman, T. (2017) A digest of findings from the Third Sector Trends Study in North West England, Durham: St Chad's College, Durham University.
- Chapman, T. and Hunter, J. (2017) *Third Sector Trends in the North of England: a summary of key findings*, Manchester: IPPR North.
- Chapman, T. and Robinson, F. (2015) *Key findings from the Northern Rock Foundation Third Sector Trends Study in North East England*, Newcastle, Northern Rock Foundation.
- Chapman, T. (2015) *The situation of Third Sector organisations working in rich and poor areas: key findings from North East England and Cumbria*, Newcastle, Northern Rock Foundation.
- Chapman, T. (2015) *An assessment of Third Sector organisations' willingness to borrow money: evidence from Yorkshire, North East England and Cumbria*, Newcastle, Northern Rock Foundation.
- Chapman, T. and Robinson, F. (2014) *Third Sector Trends in North East England and Cumbria: headline trends 2008-2014*, Newcastle, Northern Rock Foundation.
- Chapman, T. and Robinson, F. (2014) *Keeping it simple: how to work effectively with the Third Sector, a discussion paper and evidence review*: Durham: Institute for Local Governance.
- Chapman, T. (2014) *Third Sector Trends in Yorkshire and Humber*, Leeds: Involve Yorkshire and Humber.
- Pharoah, C., Chapman, T. and Choudhury, R. (2014) *An insight into charity funding in the North East*, London: Garfield Weston Foundation.
- Chapman, T. (2013) 'Regeneration through Social Enterprise: government-driven and community-led initiatives in Britain and Japan', in M. Leary and J. McCarthy (eds.) *Companion to Urban Regeneration*, London: Routledge.
- Chapman, T. and McGuinness, B. (2013) 'Consuming values in a social market: making choices about volunteering and non-volunteering', *Social and Public Policy Review*, Vol. 7: 1.
- Robinson, F. and Chapman, T. (2013) *The Reality Check: final report from the second phase of the Third Sector Trends Study*, Newcastle: Northern Rock Foundation.
- Chapman, T. and Robinson, F. (2013) *On the Money: how does the way Third Sector organisations think about money affect the way they work?* Newcastle: Northern Rock Foundation.
- Chapman, T. and Robinson, F. (2013) *The Crystal Ball: how do Third Sector Organisations see their future, and what are they doing about it?* Newcastle: Northern Rock Foundation.
- Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2013) *Walking a Tightrope balancing critical success factors in hard times*, Newcastle: Northern Rock Foundation.
- Robinson, F., Bell, V., Chapman, T., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2013) *Taking the Temperature: how are Third Sector organisations doing?* Newcastle: Northern Rock Foundation.
- Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2012) *Journeys and Destinations: the impact of change on Third Sector organisations*, Newcastle: Northern Rock Foundation.
- Chapman, T. and Robinson, F. (2011) *Taking Stock, Moving On: a summary report on the results of the Northern Rock Foundation Third Sector Trends Study*, Newcastle: Northern Rock Foundation.

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