

Summary

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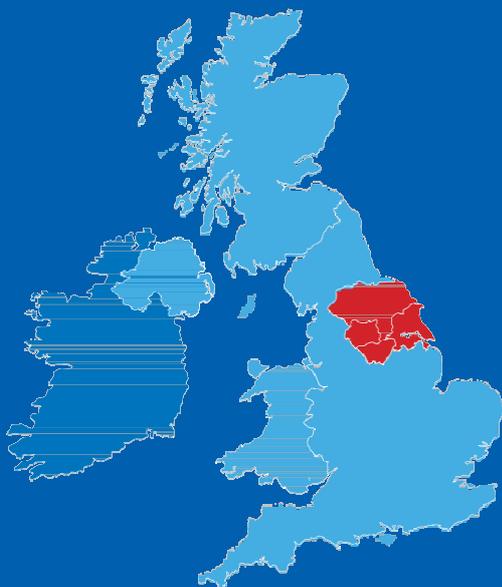


Third Sector Trends in Yorkshire and the Humber

Executive Summary

Date: 02.05.2014

Area: Yorkshire and Humber



Author: Prof Tony Chapman

Reliable and robust evidence on the Third Sector using tried and tested research techniques

The research shows:

- In 2011, there were 10,278 organisations operating in the region, a fall of nearly four per cent since 2007.
- The sector brought in £1.62bn in income in 2011, a rise of 3.5 per cent since 2007.
- The sector employs up to 77,000 (full time) and up to 84,000 (part time) paid staff.
- It is supported by a dedicated network of around 300,000 volunteers, who donate over £100m worth of their own time.
- The value of sector salaries to the region's economy is estimated to be around £1.2bn.



Foreword

Involve Yorkshire & Humber has been an advocate for the social and economic role of the voluntary and community sector. Our experience is that the sector has been at a disadvantage because of the lack of hard evidence about the scale, value and activity of its work.

In 2010 we commissioned the first Third Sector Trends Survey with the National Council for Voluntary Organisations and Southampton University-this has been widely used by funders, local authorities and the sector itself. Involve's intention was to follow up this survey so that trends could be identified.

In 2013 we commissioned the second survey and we have been very pleased to work with Professor Tony Chapman who carried out the research.

Since 2010 the economic landscape for all sectors has changed. This Survey looks at both the scale, value and activity of the sector in Yorkshire and Humber and also at how sustainable and resilient it is to face new challenges. This information is vital so the voluntary sector can plan ahead. It also means that public bodies have a better understanding of the structure and dynamics of the sector and are better informed about what can be achieved for beneficiaries, the economy and society more generally.

This Briefing is a much shortened version of the full report. The full report is now available (priced £29 for members; £39 for non-members). To buy a copy of the full report, or to request a free copy of the executive summary, contact Jemma Russell on jemma.russell@involveyorkshirehumber.org.uk or 0113 394 2300.

We would like to do further research looking in more detail at specific local authority areas. If you are interested in this type of study please contact Involve Yorkshire & Humber.

Judy Robinson
Chief Executive
Involve Yorkshire & Humber
June 2014



Key Findings

The Third Sector Trends Survey 2014 is one of the largest ever surveys of the community and voluntary sector in the region. It looks at the size and impact of the sector in Yorkshire and the Humber.

It is a robust study of over 1000 voluntary and community sector organisations in the Yorkshire and Humber region. It has produced unique information, which is hugely valuable for both charities and the public sector.

Some key statistics about charities and volunteers in Yorkshire and Humber:

- In 2011, there were 10,278 organisations operating in the region, a fall of nearly four per cent since 2007
- The sector brought in £1.62bn in income in 2011, a rise of 3.5 per cent since 2007
- The sector employs up to 77,000 (full time) and up to 84,000 (part time) paid staff
- It is supported by a dedicated network of around 300,000 volunteers, who donate over £100m worth of their own time
- The value of sector salaries to the region's economy is estimated to be around £1.2bn

The sector is made up predominantly of a large number of small organisations that have a huge collective impact on the region's economy and communities: supporting vulnerable people, creating jobs and bringing in inward investment.

Despite funding cuts and a reduction in the number of organisations operating over the past few years, sector income increased to over £1.6bn in 2011, most of which is spent on projects and activity that directly benefits Yorkshire and Humber residents.

The main role of the majority of third sector organisations is delivery (38 per cent) and support (33 per cent) for front line services, such as training, accommodation and social care. The main beneficiaries are children and young people, older people, people with mental health difficulties and physical disabilities.

The report shows a picture of mixed fortunes for different parts of the sector and it notes that the Government's current funding offer, such as social investment bonds and payments by result, is not accessible for most smaller organisations.

It demonstrates the growing demand for services but the pressure many charities are under as the public sector retrenches.



The Third Sector Trends Survey 2014 was launched at Involve Yorkshire & Humber's 'Data Matters' conference on Friday 2 May 2014 in York. Speakers included: the report's author, Professor Chapman, Professorial Fellow at St Chad's College, Durham University; David Kane, Senior Research Officer at NCVO and the author of the UK Civil Society Almanac; and Alison Haskins, Chief Executive Officer of NOVA, the support agency for voluntary and community organisations in the Wakefield district.



Acknowledgements

This research was co-funded by Joseph Rowntree Foundation and Involve Yorkshire & Humber. I would like to thank both organisations for investing in the study.

I would like to thank all of the participants in this study for taking the time to fill in our survey questionnaire and for responding in such large numbers. Their support for the project was invaluable and much appreciated.

Many individuals in the Third Sector and public sector organisations from across Yorkshire and the Humber assisted in building a good response rate to the study. I am immensely grateful for their support.

I received tremendous support, advice and encouragement from Judy Robinson at Involve Yorkshire & Humber throughout the study. I am also very grateful to Jemma Russell and Helen Robinson at Involve for their help in achieving a tremendous response rate to the survey.

Finally, I would like to acknowledge members of the project steering group for their advice and insights. Thanks are also due to David Kane at NCVO who provided up to date data on sector finances and for providing advice on their formulation and interpretation.

Prof Tony Chapman
Professorial Fellow at St Chad's College, Durham University

tony.chapman@durham.ac.uk

@TonyChapmanUK

Introduction

The aim of this study was to produce reliable and robust evidence on the Third Sector using tried and tested research techniques which have been developed for the Northern Rock Foundation Third Sector Trends Study (NRFTST) in North East England and Cumbria from 2008.

A total of 1007 Third Sector Organisations (TSOs) responded to the survey. This represents an equivalent response rate of 9.8% compared with the number of TSOs in the Yorkshire and the Humber region (NCVO estimates that there are 10,278 TSOs in the region). Comparative analysis on a number of dimensions with a larger study in North East and Cumbria (N=1720) shows that these data provide a large and representative sample which will produce statistically reliable results.

Beneficiaries of Third Sector activity

The top four priority areas are: children and young people, older people, people with health or mental health difficulties, and people with physical disabilities.

- 38% of TSOs' main role is to deliver front-line services to beneficiaries (including, for example, training, accommodation or social care).
- 33% of TSOs' principal role is to deliver support services (such as advocacy or advice and guidance).
- 16% of TSOs mainly provide indirect support services including: research, policy or campaigning (5%); infrastructure organisations such as councils for voluntary services (10%) or as grant giving foundations or trusts (only 1%).

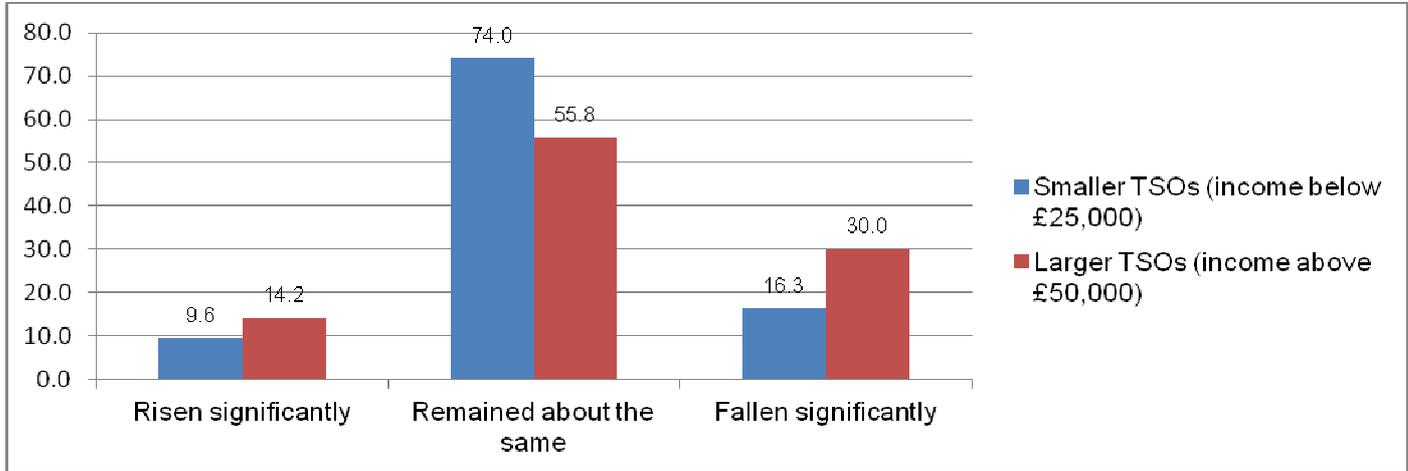
Sources and levels of income

Using NCVO Almanac data it is apparent that the sector has experienced some significant changes in its composition, funding, expenditure and assets.

- In 2010-11 there were 10,278 organisations operating in the region compared with 10,662 in 2006-7: a fall of nearly 4%.
- Sector income rose from £1.56bn in 2006-7 to £1.62bn in 2010-11: a rise of 3.5%.
- Sector expenditure increased from £1.40bn in 2006-7 to £1.51bn in 2010-11.
- Sector assets increased from £2.32bn in 2006-7 to £3.22bn in 2010-11.
- The number of TSOs per members of the population has remained about the same at the ratio of 2:1000.

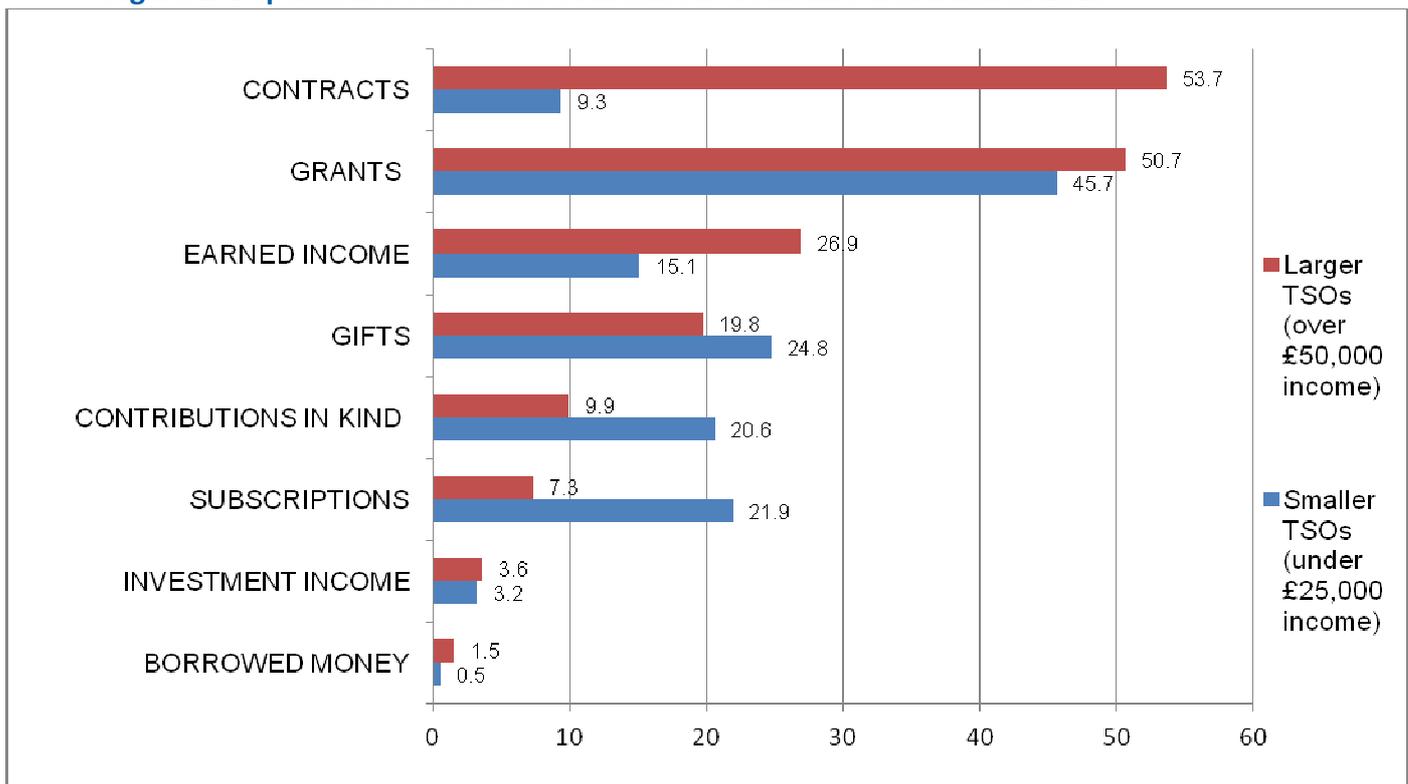
Smaller TSOs (which have income lower than £25,000 a year) tend to be less formal organisations as they rarely employ full or part time staff. Larger TSOs are more formal in their structures as they employ staff. Figure 1 shows the extent to which income has changed over the last two years. The extent to which TSOs rely heavily on different sources of income varies by organisational size as is illustrated in Figure 2.

Figure 1 Changes in level of income in the last 2 years in Yorkshire and Humber 2013



“Very small organisations and groups tend to have stable income: 74% say that their income has remained about the same over the last two years. Larger organisations are less likely to enjoy this level of stability: about 30% had significantly falling income over the last two years compared with only 14% with significantly rising income”

Figure 2 Dependence on sources of income in Yorkshire and Humber 2013



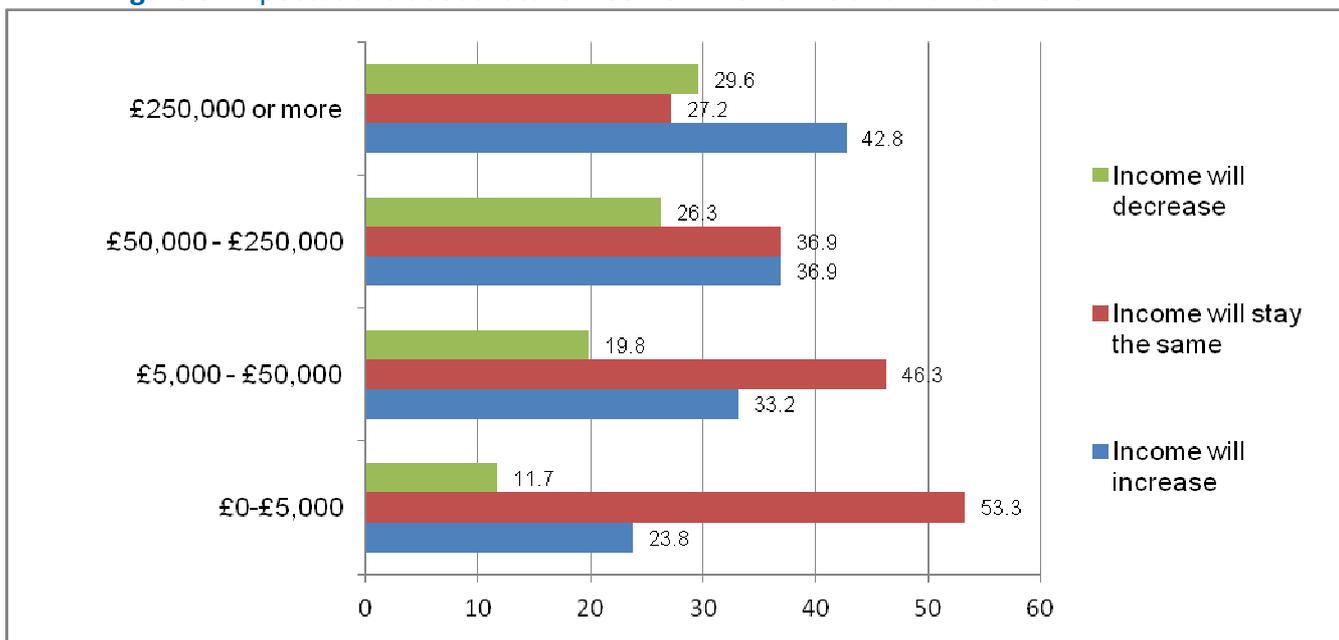


“Very small organisations and groups rely predominantly on grant income but they also draw upon income from subscriptions, gifts and earned income and benefit from contributions in kind. Larger organisations have a similar level of reliance on grants and contracts. Very few organisations are likely to rely wholly on contracts. Other sources of earned income are an important element of resource for over a quarter of larger organisations. Only 4% of larger organisations have a strong reliance on investment income and fewer than 2% say that loans are an important source of finance.”

Expectations about future levels of income

Expectations about future levels of income vary considerably by organisational size. Most smaller TSOs expect that income will remain stable. Larger TSOs are more likely to believe that income will increase – but they are also more likely to think that income will fall. This shows that generalisations about organisational attitudes cannot easily be made.

Figure 3 Expectations about future Income in Yorkshire and Humber 2013



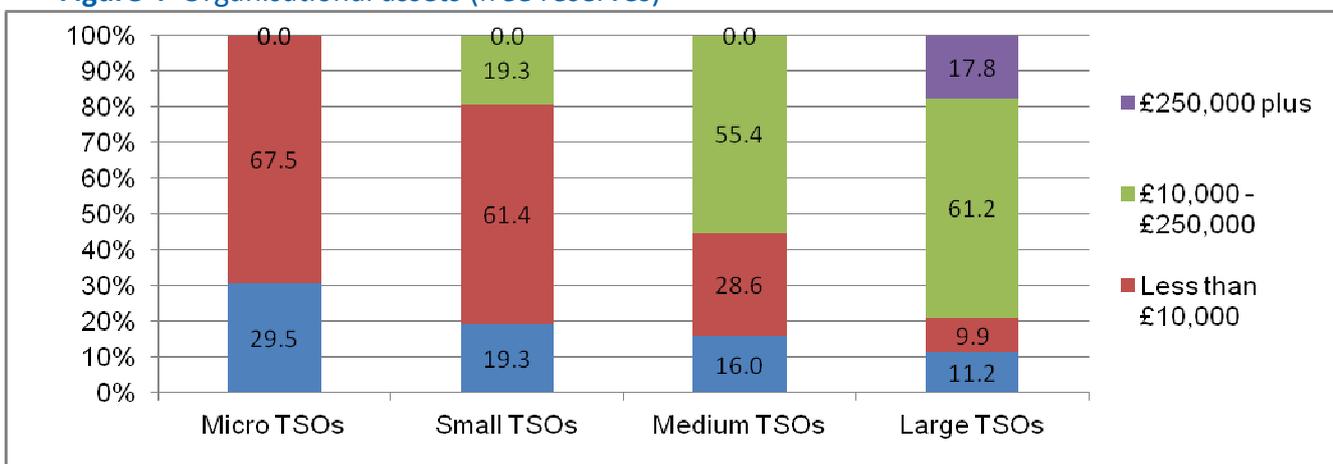
“When looking to the future, a mixed picture emerges. The larger that organisations are, the more likely they are to believe that their income will rise significantly over the next two years (rising from 24% for the smallest to 43% of the largest organisations). But the same pattern also applies to organisations expecting their income to fall significantly (rising from just 12% of the smallest to 30% of the largest expecting income to fall).”

Organisational assets

Organisations in the Third Sector do not generally have a strong asset base.

- Fewer than 32% of organisations own properties outright (and only about 8% of TSOs have a stake in property ownership with a mortgage).
- Only 14% of the smallest TSOs have long term investments compared with 46% of the largest TSOs.
- Nearly 20% of TSOs have no cash reserves. 29% of smaller TSOs have no cash reserves compared with 11% for the largest TSOs. Few organisations have substantial reserves over £1m (just 3.3% of the largest organisations).

Figure 4 Organisational assets (free reserves)



“As organisations grow in size, they tend to have proportionately larger stocks of free reserves. A large percentage of small to medium sized organisations have reserves below £10,000 or have no reserves at all. While a relatively small proportion of organisations are ‘running on empty’, many are working with limited reserves which may affect their ability or willingness to plan too far ahead in the future.”

Use of assets and loans

TSOs have been drawing upon reserves in the last financial year, but not as heavily as may be expected. Of those TSOs which have reserves:

- Small organisations are the least likely to have drawn upon their reserves (48%). As TSOs become larger, they are more likely to have used their reserves – rising to 68% of the largest organisations.
- 28% of the largest TSOs used their reserves to invest in new activities compared with 21% of the smallest organisations.
- 31% of the largest TSOs used their reserves to meet essential costs compared with 14% of the

smallest organisations. But only 8% of the largest TSOs drew heavily on their reserves to do so.

- Only 6% of TSOs have borrowed money over the last two years.
- Larger organisations, with incomes above £250,000 per annum are the most likely to borrow money, but 83% have not done so in the previous two years.
- Some TSOs borrow money to bridge a gap in their cash flow, but this only applies to 1% of the whole sample and just 3% of the largest organisations.

“The fact that so few TSOs have tangible assets raises questions about their ability to lever funds through commercial borrowing or social investment borrowing. Few Third Sector organisations are ready to borrow money to engage in, for example, social investment programmes which often involve payment-by-result contractual requirements.”

Enterprising activity

Enterprising activity is defined as: ‘the organisation’s capability to marshal its resources and prioritise its energies to achieve the objectives it sets itself in its strategic mission. Enterprise is the means by which the organisation successfully positions itself in order to generate, find or win opportunities which will ultimately benefit its beneficiaries’.

Earned income

The extent to which TSOs hold tangible assets, investments and reserves affects their propensity to earn income.

- 27% of TSOs earn no income. Smaller TSOs with no assets are the most likely not to earn income (55%), but 30% of smaller TSOs with property and investment assets earn more than 60% of their income.
- Larger TSOs with property and investment assets are the least likely to earn no income (3%) and are the most likely to earn over 60% of their income (56%).
- Overall 32% of TSOs earn more than 60% of their income. 39% of larger TSOs with no property and investment assets earn more than 60% of their income compared with 56% of larger TSOs with property and investment assets.
- The more assets larger TSOs have, the more likely they are to earn more than 60% of their income. 30% of TSOs with investment assets only, 52% with property assets only, and 56% with property and investment assets earn more than 60% of their income.

Contracts

Fewer TSOs are engaged in contract working than might be expected. The size of organisations makes a big difference in the likelihood of involvement.

- Few TSOs are unaware of opportunities to do contract working (17%). Smaller organisations are

the most likely not to know about such opportunities (32%) compared with only 2% of the largest TSOs.

- Many organisations are not interested in getting involved in contract working (33%). But only 11% of the largest TSOs have no interest in contract working compared with nearly 50% of the micro TSOs.
- Some organisations feel that they are not ready to get involved in contracts: 6% say they need more information, 10% need extra support before they do contracts, and 12% perceive that there are barriers to involvement.
- Middle-sized organisations (17%) are the most likely to require more support before they enter into contracts, but larger TSOs are the most likely to perceive barriers to involvement (18%).
- Only 15% of TSOs are delivering contracts. Larger organisations are by far the most likely to be doing so (41%). Larger organisations are also the most likely to be bidding (18% compared with a sector average of 8%).

Contract working is more attractive to medium and larger sized organisations, but what are their expectations for the future?

- **83% of the micro and 67% of small TSOs state that contact working is not relevant to them.**
- **29% of medium sized and nearly 40% of the largest TSOs expect that their involvement in contract working will increase over the next two years (although only about 2% think it will increase significantly).**
- **14% of medium sized and 19% of the largest TSOs expect that involvement in contract working will decrease over the next two years.**
- **Around a third of medium and larger sized organisations expect that their involvement in contract working will remain about the same.**

Most larger organisations are financed by a mix of grants and contracts.

When considering the levels of need for TSOs' services is considered, some interesting patterns emerge.

- Over 80% of medium sized and larger TSOs expect that demand on their services will increase or increase significantly.
- Only about 1% of TSOs expect that the demand for their services will fall. Organisational size has no real influence on this perception.
- For those TSOs which are involved in the delivery of public sector services, expectations about the future vary by organisational size.
- 28% of the sample believe that expectations will rise significantly and a further 40% feel that expectations will rise to some extent.
- Medium and larger TSOs are the most likely to feel that expectations will rise significantly (35% and 41% respectively).



- TSOs are more likely to think that statutory agencies expectations about their services will rise in West Yorkshire (29%) and South Yorkshire (34%).

Partnership working

Partnership working has become integral to much of the work of TSOs which are engaged in public sector contracts. 25% of TSOs have already been successful in partnership bidding. A further 9% have been involved in bids but have not yet been successful. 21% are considering getting involved in partnership bidding, but 44% are not willing to consider this option.

There is a clear association between the size of organisations and the willingness to bid, or success in winning bids.

- Over 75% of micro TSOs are not considering getting involved in partnership bidding for contracts. But only 9% of the largest are not considering partnership bidding.
- 55% of the largest TSOs have been successful in partnership bidding, compared with just 28% of medium sized TSOs.
- 18% of medium sized TSOs have been bidding but have not yet been successful, and a further 27% are considering getting involved in partnership bidding.
- Future expectations about partnership working are as follows:
- 47% of TSOs believe that partnership working will increase over the next two years but only 2% think it will decrease.
- 27% of all TSOs state that partnership working is not applicable to them, but it is predominantly micro (50%) and smaller (44%) TSOs which say this.
- Around 20-25% of TSOs, irrespective of size, believe that partnership working will remain at about the same level.

Public sector working environment

- 77% of TSOs agree that the public sector understands the nature and role of their organisation, this percentage is largely the same irrespective of the size of TSOs.
- 18% of TSOs disagree that the public sector understands the nature and role of their organisation, medium sized TSOs are the most likely to feel that this is the case (23%).
- 77% of TSOs agree that the public sector respects their organisation's independence and only 15% disagree: medium sized TSOs are the most likely to disagree (21%).
- 64% of TSOs agree that the public sector informs them on issues that affect their organisation, but 29% disagree. Larger TSOs are the most likely to feel informed (75%) but medium sized TSOs are the least likely to feel informed (34%).
- 46% of TSOs agree that the public sector involves their organisation in developing and implementing policy on issue that affect them. The largest TSOs are most likely to agree (57%) but 40% of large TSOs and 50% of medium sized TSOs disagree.
- 45% of TSOs agree that public sector organisations act upon their opinions and 40% disagree. 49% of medium sized organisations disagree that this is the case compared with a 40% average.

Third Sector Organisations feel highly valued by officers in the public sector. But a majority do not feel that their voice is heard nor that they are fully involved in decision making. Medium sized TSOs tend to be most sceptical about the extent to which they are valued, involved and listened to by the public sector.

Employment and volunteering

Levels of employment and volunteering

To what extent do organisations of different sizes employ full- and part-time staff?

- For the sample as a whole, 44% of TSOs employ no full-time staff and a further 31% employ fewer than 5 members of full-time staff.
- Part time employment is more prevalent in smaller organisations: 43% of TSOs with an income range of £5,000 - £50,000 employ part-time staff.
- The largest TSOs show a strong reliance on part-time staff: 32% of such organisations employ over 20 part-time staff (and 9% employ more than 100).

Volunteers play a significant role in TSOs of all sizes, but volunteer support is much more important to the smaller organisations. That stated, most of the largest organisations have 6-50 volunteers, and over 20% have 100 or more volunteers working for them.

The Third Sector makes a significant contribution to employment and the economy of Yorkshire and the Humber

- The number of full-time employees is in the range of 50,000 and 77,000.
- The number of part-time employees is in the range of 54,000 and 84,000.
- The number of full-time equivalent staff is in the range of 68,000 and 105,000.
- The number of volunteers is in the range of 234,000 and 362,000.
- The estimated 'actual value' of salaries to the regional economy is currently £1.2bn.
- The estimated 'nominal value' of the time given by volunteers is between £106.5m and £164.3m a year.

Changing patterns of employment and volunteering

- Few of the smaller organisations (with incomes below £50,000 a year) have paid staff and where they do, the extent of change is negligible. For the largest TSOs, a mixed picture emerges with 24% having increased the number of full-time staff compared with 36% with falling numbers of full-time staff. Only 37% have retained stable full-time staffing levels.
- Between half and three quarters of smaller organisations do not employ part-time staff, of those which do, employment levels have remained relatively stable. Larger TSOs have experienced



wider fluctuations in part-time staffing levels. 37% of the largest organisations had rising numbers of part-time staff while 24% had falling numbers.

- The proportion of TSOs with volunteers increases from 80% of the micro organisations to 90% of the largest. Of those organisations which have volunteers, the larger they are, the more likely they are to have increased volunteer numbers over the last two years – rising from 22% to 41%. Smaller TSOs are more likely to have reduced numbers of volunteers (14%) compared with 9% of the largest TSOs.

Future of employment and volunteering

It is useful to assess expectations about future levels of employment and volunteering in the Third Sector as this may provide a ‘barometer’ of sector ‘confidence’. When comparing TSOs by size, it is apparent that:

- 24% of TSOs think that the number of employees in the sector will increase in the next two years. But very few TSOs, irrespective of their size, believe that the numbers of employees will increase significantly (just 2% believe this to be so).
- Optimism about increasing numbers of employees grows as TSOs become larger: only 8% of micro TSOs think numbers will rise compared with 24% of the largest TSOs.
- 15% of TSOs believe that the numbers of employees will fall. The largest TSOs are by far the most likely to believe this to be so (27% compared with 18% for medium sized TSOs).
- About 40% of TSOs expect that the numbers of volunteers will increase in the next two years. Larger TSOs are by far the most optimistic (55%) compared with just 33% for smaller TSOs and 44% of medium sized TSOs.
- Around 40% of TSOs believe that the number of volunteers will remain stable.
- Micro and smaller TSOs are most likely to think that the number of volunteers will fall (11% and 13% respectively).

Organisational capability

Capability for TSOs is defined as follows: ‘its ability to employ, manage, and develop its resources in order to achieve its strategic objectives. All of the resources of the organisation are considered including: its trustees, employees and volunteers; its financial resources; its property; and its relationships with partners, funders and other key stakeholders’.

Investment in capability

How do TSOs prepare their staff and volunteers to do their work?

- 44% of TSOs have a training budget. TSOs are progressively more likely to have a training budget as they grow in size, rising from 10% of the micro organisations to 84% of the largest.



- Most larger and medium sized TSOs use in-house and externally provided training in similar proportions (although the larger TSOs do more of both). Distance learning is used considerably less: 35% of the largest TSOs use distance learning for full-time staff compared with a sector average of just 14%.
- 41% of the micro TSOs provide training to volunteers compared with 85% of the largest. Training by external providers is much less common across all organisations for volunteers than was the case for paid employees.

With governance issues high on the agenda for many TSOs, it is useful to assess the extent to which organisations invest in their development.

- Levels of commitment to training for trustees varies considerably by organisational size. About 73% of the micro organisations say that this is not applicable to them (most do not have trustees) compared with just 19% of the largest TSOs.
- Commitment to training of trustees is generally substantially lower than for employees in larger and medium sized TSOs. In-house training is the most common (55% for medium sized TSOs and 67% for larger TSOs). Distance learning is not a popular option for Trustees with fewer than 13% of trustees in larger TSOs receiving training through this medium.

Training priorities

To what extent do TSOs prioritise different elements of training?

- Training to help TSOs become more effective at bidding for grants and fundraising is a top priority for 44% of TSOs. There is relatively little variation between organisations of different size.
- Training for marketing and publicity training is prioritised by only 25% of the micro organisations. Bigger TSOs allocate similar levels of priority to this area of training (between 38% and 46%).
- Training for tendering and commissioning is prioritised by 21% of small TSOs, rising to 46% for the largest organisations.
- Micro, small and medium sized TSOs tend not to place a high priority on training to develop their strategic management, business planning, managing staff and volunteers and financial management. Fewer than a third of the largest organisations put a high priority on such training.
- Organisations which invest in staff development seem to be doing better financially.
- 14% of smaller TSOs with training budget had significantly rising income compared with 9% which had no training budget.
- 15% of larger TSOs with a training budget had significantly rising income, compared with just 11% which did not have a training budget.
- 39% of larger TSOs with no training budget had significantly falling income compared with 26% of those which did invest in training.
- 17% of smaller TSOs without a training budget had significantly falling income, compared with 12% which did have a training budget.

“The evidence shows that the organisations which invest in training for their employees, volunteers and trustees have strong strategic foresight, capability and are amongst the more financially secure organisations. Because many organisations are less secure and live ‘from hand to mouth’ discourages them from investing in training – but this may be a mistake.”

Organisational foresight

Organisational foresight is defined as ‘the organisation’s capability to serve its beneficiaries effectively and to make a wider contribution to the community of practice within which it works, to the Third Sector in general, and to civil society broadly defined. Crucially, this involves the ability of the organisation to understand its impact and to be able to communicate this effectively to outsiders’.

Expectations for the Third Sector as a whole

What do TSOs think the prospects are for Third Sector as a whole in the next two years? The following findings refer to the percentage of respondents who believed the sector would become ‘much more reliant’ on each of the resources listed.

- 40% of TSOs believe that the Third Sector will become much more reliant on volunteers to deliver front line services: small and middle sized organisations had the highest expectations (41% and 44% respectively).
- 33% of TSOs believe that reliance on volunteers to help with fundraising would increase substantially: micro and small TSOs were more likely to believe that this will be the case (36% and 38% respectively).
- 20% of TSOs expect that the Third Sector will become much more reliant on local infrastructure bodies to support them: small and middle sized TSOs are more likely to believe that this will be the case (around 25%).
- 32% of TSOs expect that the Third Sector will become much more reliant on grants from charitable foundations to support them: small and middle sized TSOs are more likely to believe this (around 36%).
- 20% of TSOs expect that the Third Sector will become more reliant on the general public to give money: small TSOs are the most likely to believe this to be so (24%).
- 19% of TSOs believe that the Third Sector will become much more reliant on the public sector to meet organisations’ core operating costs: small and medium sized TSOs are a little more likely to believe this to be the case (around 21%).
- 17% of TSOs believe that the Third Sector will become much more reliant on free support from their local authority: small TSOs (21%) and medium sized TSOs (18%) are the most likely to believe this to be the case.



- 16% of TSOs think that the Third Sector will become more reliant on public sector contracts over the next two years to deliver services: medium sized and larger TSOs are more likely to believe this to be the case (21% and 23% respectively).
- 12% of TSOs think that the Third Sector will become much more reliant on private sector businesses providing professional support in the next two years.
- 13% of TSOs believe that the Third Sector will become more reliant on the private sector for funding and 9% on contracts from the private sector: such views are undifferentiated by organisational size.

“Organisations tend to be over optimistic about the future prospects for the third sector as a whole. Many expect that support from volunteers, public giving, support from the public sector and infrastructure organisations will increase substantially. When it comes to individual organisations’ own prospects, there is a split between optimists and pessimists.

35% expect income to rise substantially in the next two years, but 23% expect income to fall substantially. 26% think that the number of paid staff will increase, but 21% expect staff numbers to decline.”

But most organisations believe that they will be working in a demanding environment –with 73% expecting that the need for their services will increase.”

Expectations of change for individual organisations

How do TSOs think the future will hold for them in the next two years? The evidence shows that there are both optimistic and pessimistic points of view rather than consistent attitudes.

The optimists:

- 44% of TSOs believe that the number of volunteers supporting their own organisation will rise in the next two years: The largest TSOs are by far the most optimistic (58%) followed by medium sized TSOs (47%).
- 41% of TSOs think that the number of contracts held to deliver services will increase: organisational size does not seem to affect expectations in this respect.
- 35% of TSOs believe that their income will rise over the next two years. Optimism in this respect rises as TSOs become larger – rising from 27% for micro TSOs to 43% for the largest TSOs.
- 26% of TSOs believe that the number of paid staff that their organisation has will increase: expectations are similar across all organisational sizes.

The pessimists:

- 23% of TSOs believe that their organisation's income will fall over the next two years: the largest TSOs are most likely to believe that this will be the case (30%).
- 21% of TSOs think it is likely that the number of staff they employ will decline over the next two years: 30% of larger TSOs believe that this will be the case.
- 18% of TSOs predict that the number of contracts their organisation holds to deliver services will decline: an equal number of medium sized and larger TSOs believe this to be the case (20%).
- Only 10% of TSOs think that the numbers of volunteers working for them will fall over the next two years. Smaller TSOs are the most pessimistic in this regard (14%).

TSOs expect to be working in a demanding operational environment.

- 73% of TSOs believe that demand for their services will rise over the next two years. Medium sized and larger TSOs are more likely to expect that this will be the case (84% and 88% respectively). Few TSOs believe that demand for their services will fall.
- 67% of TSOs think that the expectations of statutory services on their work will increase: 72% of medium sized TSOs and 86% of larger TSOs believe that this will be the case. Less than 2% of TSOs consider that expectations will lessen.
- 64% of TSOs predict that they will be more likely to work in partnership in the next two years. Larger organisations are much more likely to expect this to be the case (74% against 44% of the micro TSOs). Few TSOs, of any size, think that partnership working will fall.

Preparing for the future

Many organisations have already taken steps to tackle the challenges of the future and many more are planning to do so: 42% want to increase earned income, 31% are working more closely with other organisations, and 29% are changing the way they run their services.

Medium sized to larger organisations are doing more to change their practices than the smaller organisations and groups that tend not to employ staff. But 52% of the larger organisations and 66% of medium sized organisations are not changing the way they do things to tackle future challenges.

It could be that these less active organisations expect that the funding environment will improve again as the recession lifts – but they may be mistaken in their optimism and should be planning now.

What are TSOs doing to prepare for the changes they think will occur?

- 42% of TSOs are taking steps now to increase earned income: TSOs are progressively more likely to be taking such steps as they grow in size - rising from 18% for micro TSOs to 64% for the largest TSOs.
- 31% of organisations are now working more closely with other TSOs: the largest organisations are the most likely to be doing so (46%) falling to just 17% for micro TSOs.
- 29% of TSOs are changing the way they run their services: 48% of the largest TSOs are taking action of this kind compared with just 34% of medium sized organisations.
- 21% of TSOs are taking action to increase the level of donations from individuals. Larger TSOs are the most active in this respect (29%) compared with 13% of micro and 19% of small TSOs.
- 8% of TSOs are taking action to change their legal form to meet their future objectives: smaller TSOs (9%) and medium sized TSOs (13%) are most likely to be doing this.
- Just 5% of TSOs are taking action to merge with another organisation: The largest TSOs are most likely to be doing so (10%) but are still small in number, fewer than 2% of micro TSOs are actively pursuing a merger.
- Fewer than 5% of organisations are taking action to take over a service from another TSO: larger organisations are the most likely to be doing this (11%) but remain small in number.
- operate with a market driven ethos do not like the term social enterprise.



Why has Involve done this research?

Third Sector Trends provides robust data about the size, value, activity and geographical spread of the voluntary and community sector for Yorkshire and Humber. By gathering and publishing this data, Involve aims to demonstrate the contribution of the VCS to the economy and communities. It can be used as evidence for supporting bids and planning services. It can also be used to support the work of voluntary organisations and provide valuable information for other sectors concerned about their communities.

Get a copy of the full report

The full Third Sector Trends (2014) report was launched at the 'Data Matters' conference on 2 May 2014.

To buy a printed copy of the full report, or to request a free copy of the executive summary, contact Jemma Russell, Administration and Research Officer at Involve Yorkshire & Humber, on 0113 394 2300 or jemma.russell@involveyorkshirehumber.org.uk

Learn more about the VCS in your area

If you would like to discuss commissioning further analysis of the data, or additional research in your area, please contact Helen Robinson, Communications and Marketing Manager at Involve Yorkshire & Humber, on 0113 394 2300 or helen.robinson@involveyorkshirehumber.org.uk



Involve Yorkshire & Humber is an ideas-based membership organisation providing intelligence, expertise and access.

We broker imaginative approaches that promote both social action and change, and the economic and social role of the voluntary and community sector.

Involve Yorkshire & Humber

Suite 4D

Joseph's Well

Hanover Walk

Leeds

LS3 1AB

Tel 0113 394 2300

www.involveyorkshirehumber.org.uk

office@involveyorkshirehumber.org.uk

Twitter: [@involveyh](https://twitter.com/involveyh) | [@HealthNetYH](https://twitter.com/HealthNetYH) | [@YHrural](https://twitter.com/YHrural) | [@YHLearn_skills](https://twitter.com/YHLearn_skills)

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