Third Sector Trends

in North West England 2020

A digest of findings

Garfield Weston FOUNDATION

power to change

IPR North

About the Author

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Third Sector Trends Study

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

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

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

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

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1 Introduction and key findings

Third Sector Trends surveys of the voluntary and community sector in the North of England began in 2010. Initially, the study's focus was North East England and Cumbria. This was extended to Yorkshire and Humber in 2013 and then to the whole of North West England in 2016. In 2019 a supplementary and smaller-scale study was undertaken across the remainder of England and Wales to provide scope for comparative analysis.[1]

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

The report provides detailed analysis on a wide range of issues. The key findings from the 2019 study are presented below.

1.1 People resources

Employment in the Third Sector

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

Table 1.1 **Employment estimates for each region in the North of England** (2019)

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

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

Volunteers in the Third Sector

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

- In the North of England, it is estimated that 955,000 volunteers provide over 69m hours of work which can be valued between £565m - £940m per year.
- In North West England, it is estimated that there are 450,500 volunteers who deliver 32m hours of work. The replacement value of such work by employees would be between £266m (at National Minimum Wage) and £454m (at 80% of average wages).

Table 1.2

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

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

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

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

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

TSTS estimates on the number of volunteers are set lower than this at 955,000. This is because Third Sector Trends reports on people who give their time more regularly rather than occasional volunteering. This is not to say that national statistics on volunteering are exaggerated. Much volunteering may be undertaken irregularly and/or for organisations other than TSOs such as schools or hospitals.

1.2 Leadership, diversity and equalities

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

Chairs of boards of trustees

- Graduate chairs are the most populous in Yorkshire and Humber (68%). In North East England, there are fewer graduate chairs (61% which may reflect the region's profile of lower level participation and achievement in higher education. Graduates are significantly over-represented when compared with graduate population averages (North East England 33%, Yorkshire and Humber 34%, North West England 36%).
- Women chairs are more strongly represented in North East England (46%) than in Yorkshire and Humber (42%) or North West England (41%). As the percentage of women and men in the population is relatively equal, this shows that women are currently under-represented as chairs.
- There are relatively few chairs with registered disabilities (around 8-9% across the regions). This may suggest that people with disabilities are under-represented as chairs as about 16% of the working population and around 48% of pension age adults have disabilities. The percentage for the whole population is estimated at 20%.
- Black, Asian and minority ethnic (BAME) chairs are the most populous in Yorkshire and Humber (8%) and the least in North East England (4%). By region, the whole population percentages are 5.1% in North East England, 9.7% in Yorkshire and Humber and 13.2% in North West England. This shows that BAME chairs are not representative of the regional population, and especially so in North West England.
- Retired people constitute 54% of chairs. In the UK. 18.3% of the whole population are aged over 65 years - so retired people are substantially over-represented. Retired chairs are most common in North East England (58%) followed by North West England (53%) and Yorkshire and Humber (51%).

Chief officers of TSOs

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

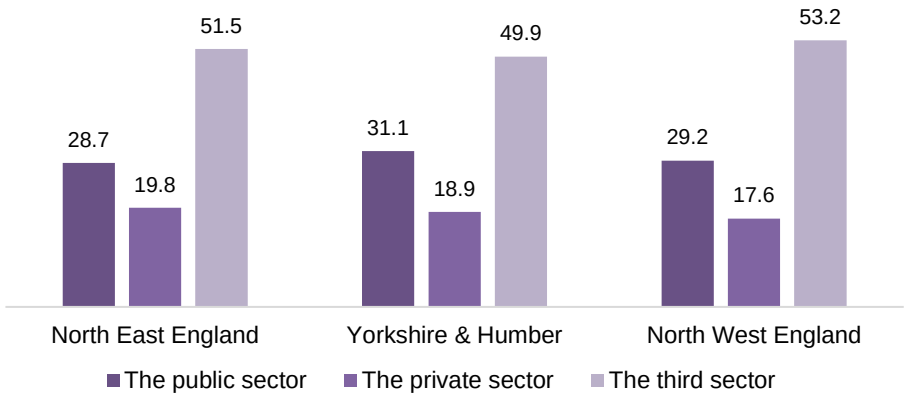
1.3 Financial resources

Origin of financial resources

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

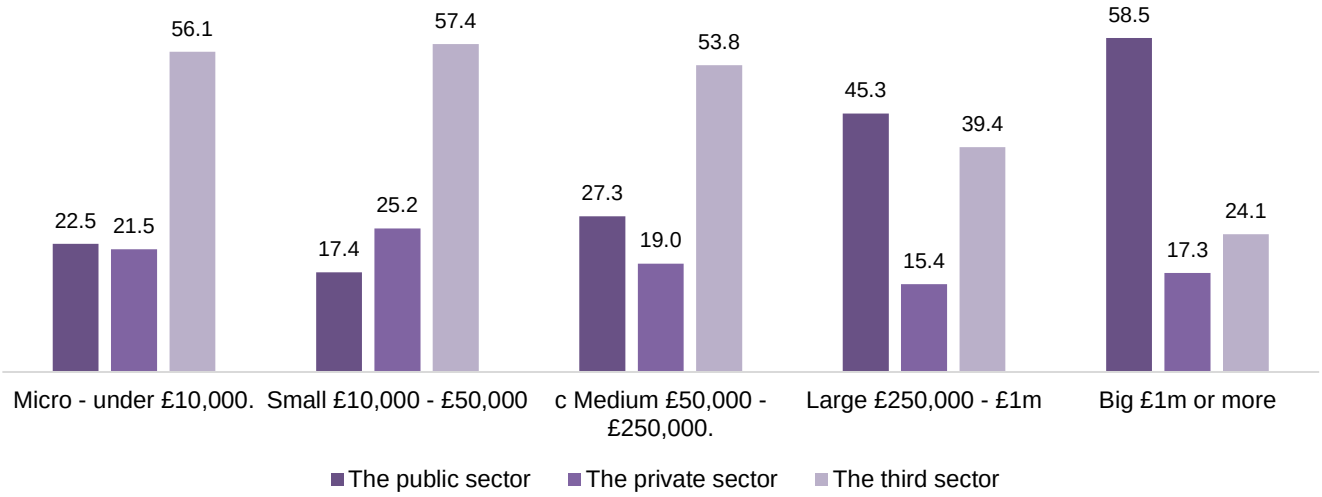
About half of TSOs rely *mainly* on Third Sector finance (including grants from charitable trusts and foundations). About 30% rely mainly on the public sector while 20% rely mainly on the private sector for funding. Regional variations in the principal sources of sector finance are small.

Figure 1.1 **Sector finance upon which TSOs mainly rely** (North of England, 2019)



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

Figure 1.2 **Reliance on sector finance by size of TSOs** (North of England, 2019)



Assets and reserves

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

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

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

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

1.4 Sources of income

Grants

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

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

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

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

- About 45% of TSOs received unrestricted funding from charitable trusts and foundations.
- 60% of TSOs stated that charitable trusts and foundations took time to get to know them.
- Over a third of TSOs agreed that charitable trusts and foundations helped them to develop their skills through consultancy support or training.
- 57% of TSOs felt that they were put under pressure by charitable trusts and foundations to provide evidence of the impact they have with grants.
- 25% of TSOs stated that charitable trusts and foundations approached them to see if they wanted their support.
- Most TSOs agreed that charitable trusts and foundations wanted them to be innovative in their work (76%).
- About a third of TSOs felt that charitable trusts and foundations made long-term investment in their work.

Contracts

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

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

Earned income

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

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

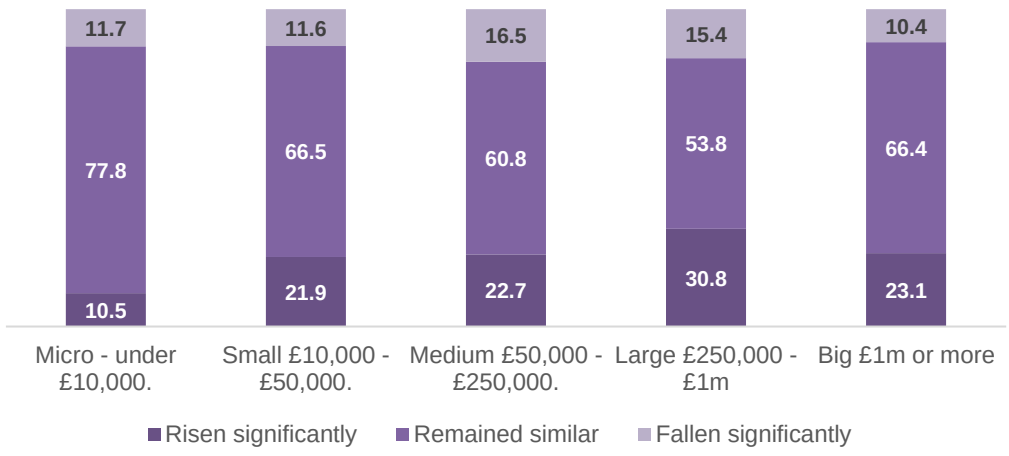
The size of organisations has a bearing on their involvement in trading.

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

1.5 Financial wellbeing

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

Figure 1.3 **Extent to which income has changed in last two years**
(North of England, 2019)



Fewer TSOs in North East England have experienced significantly rising income (18%) when compared with Yorkshire and Humber (20%) and North West England (23%).

There are small sub-regional variations in North West England. The percentage of TSOs with significantly rising income in most sub regions is (19-22%). Merseyside is the exception, where 28% of TSOs report significantly rising income.

TSOs with significantly falling income were least common in Cumbria (9%) while in Cheshire (19%) and Merseyside (17%) larger proportions of TSOs saw their income decline.

Table 1.3

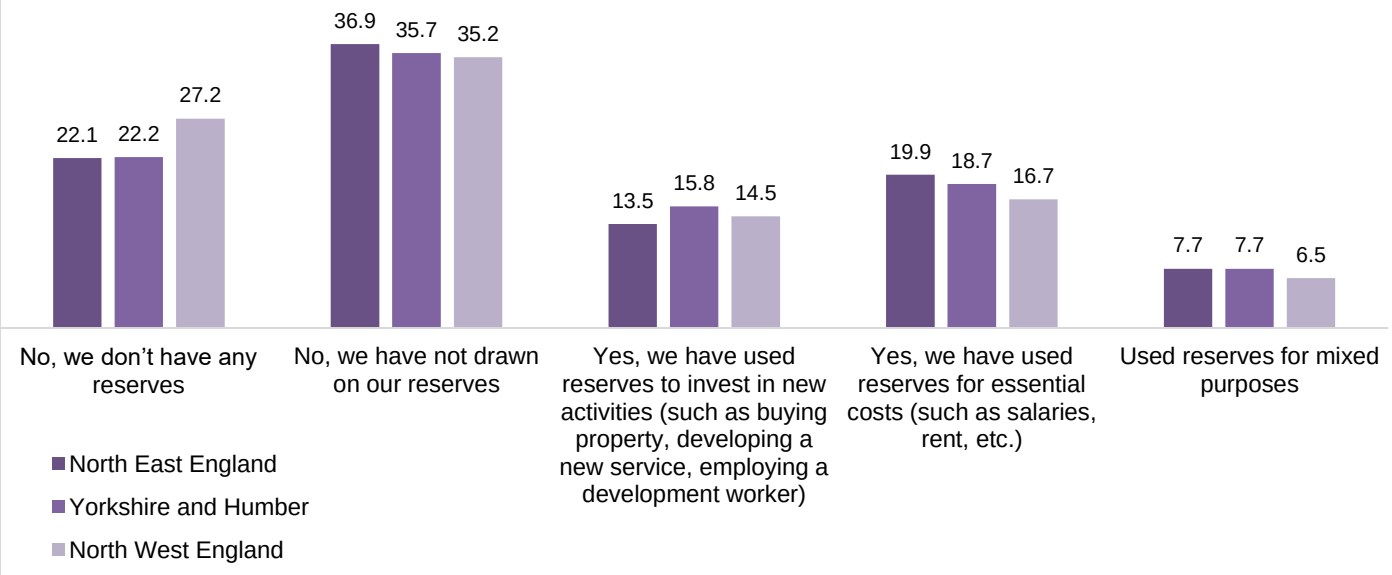
Percentage TSOs which experienced significant income change over the last two years (North West England, 2019)

	Risen significantly	Remained about the same	Fallen significantly	N=
Cheshire	22.2	58.5	19.3	135
Greater Manchester	20.3	67.7	12.0	251
Merseyside	28.0	54.8	17.2	332
Lancashire	19.9	67.0	13.0	261
Cumbria	22.0	68.8	9.1	186
North West England	**22.9**	**63.0**	**14.1**	**1,165**

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

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

Figure 1.4 **Use of reserves by TSOs by region**
(North of England, 2019)



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

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

1.6 The social impact of TSOs

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

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

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

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

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

- Organisations established in the 1980s are the most likely to emphasise their contribution to lifting people out of poverty and tackling the consequences of unemployment (by increasing employability). The 1980s was a time of high unemployment and organisations established in that decade have continued to emphasise commitment to this issue.

- Organisations established in the 1990s tend to focus on helping individuals. They are the most likely to emphasise their contribution on health and wellbeing, giving people confidence to manage their lives, reducing isolation, improving access to services and tackling the consequences of poverty.
- TSOs established since 2000 emphasise their contribution to the local community: they are the most likely to claim strong impact in empowering people in the community, promoting cohesion, increasing pride in the community and improving the local environment.
- Older TSOs underplay their impact compared with newer organisations. They stand out in only one field of activity - their contribution to the cultural and artistic life of the community. But this finding should not be overplayed – their principal areas of impact are health and wellbeing, giving people confidence to manage their lives and reducing isolation.

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

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

1.7 Sector inter-relationships

Relationships with the public sector

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

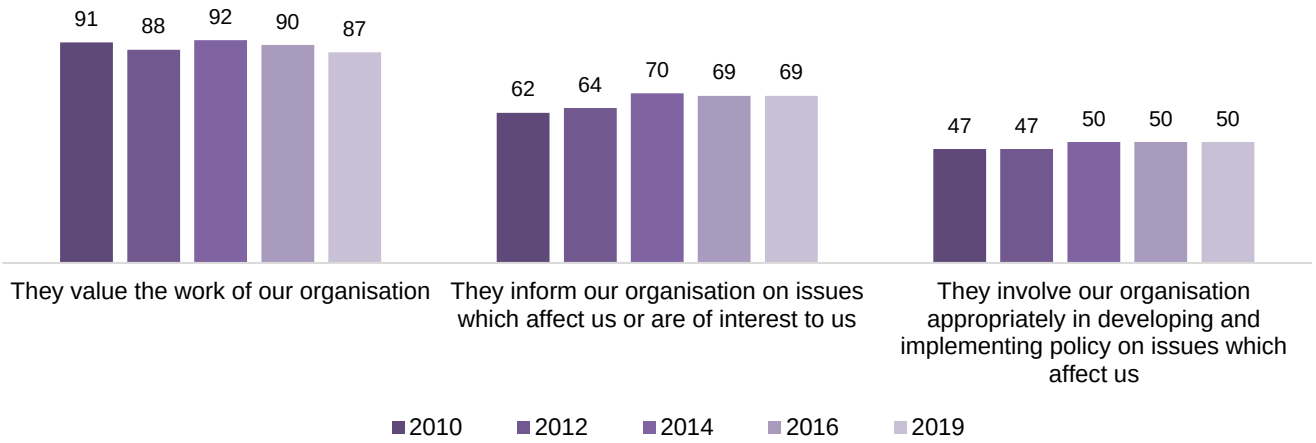
- Nearly 90% of TSOs in each region of the North of England feel that the public sector values their role.
- About 70% of TSOs in each region feel that they are informed about issues which affect them.
- Around a half of TSOs in each region feel that public sector organisations involve them appropriately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

The size of TSOs has a bearing on their attitudes

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

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

Figure 1.5 **Quality of relationships between TSOs and the local public sector**
(North East England and Cumbria 2010 - 2019)



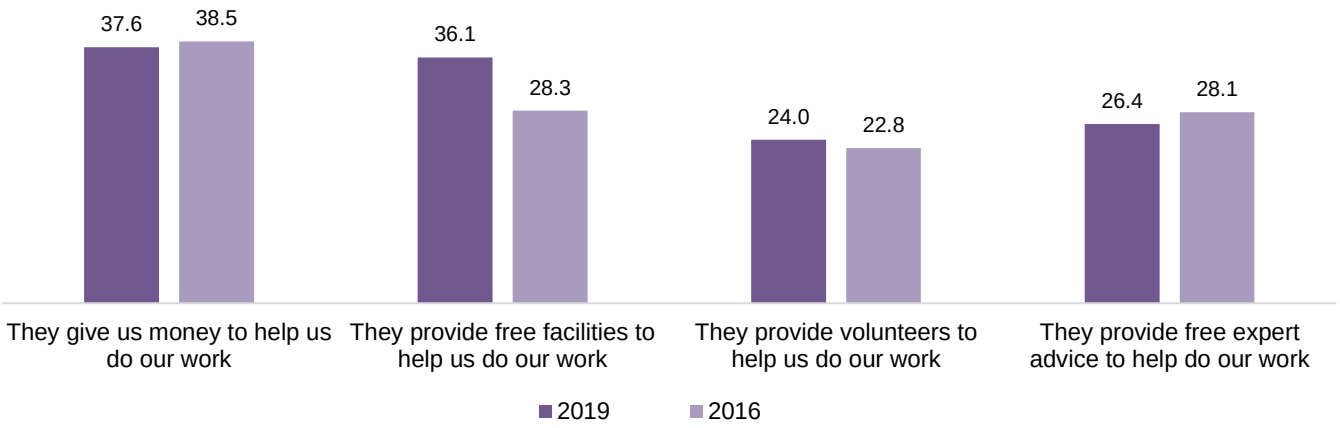
Relationships with the private sector

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

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

- In 2019, 15% of TSOs stated that money received from businesses was of great importance to them (up from 13% in 2016). However, 46% of TSOs said that money from business was of no importance to them, up from 43% in 2016.
- About 13% of TSOs benefitted from free facilities from business (up from 10% in 2016). Many fewer stated that this was of no importance to them (falling from 54% in 2016 to 37% in 2019).
- Many TSOs are supported by volunteers who come to them via businesses (42%). This has not changed since 2016. However, only 8% agreed that this was of great importance to them (6% in 2016).
- The provision of free expert advice from businesses was recognised by 8% of TSOs, as being of great importance, up from 7% in 2013. But a majority of TSOs stated that free expert advice from business was of no importance to them in 2019 (56%, down from 59% in 2016).

Figure 1.6. **Percentage of TSOs stating that factors were of 'some importance' 'or great importance'** (2019, 2016 North of England)



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

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

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

But there are positive factors too:

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

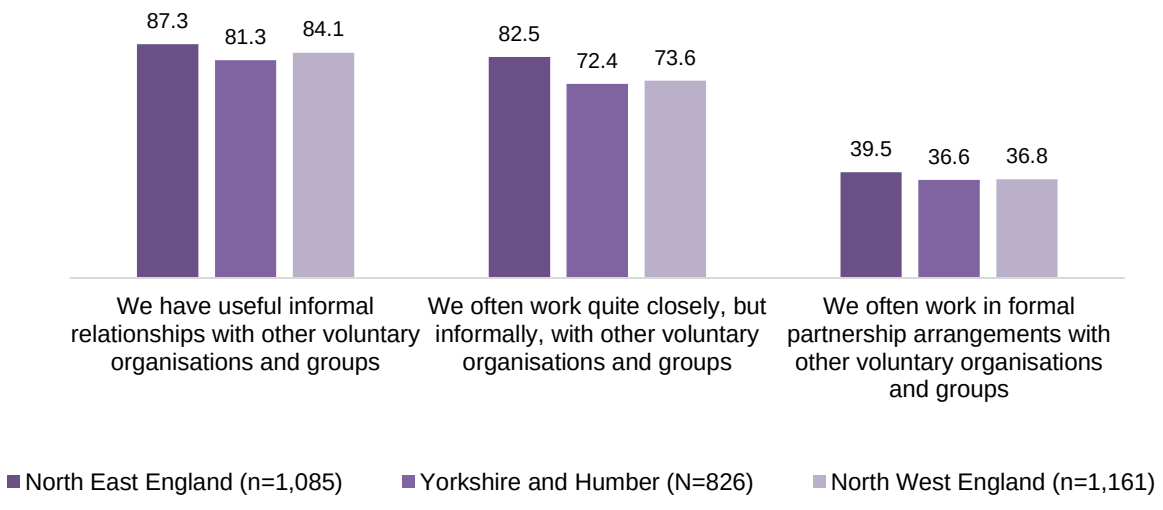
Relationships within the third sector

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

- Most TSOs have useful informal relationships with other organisations and groups in the Third Sector in the North of England (85%). TSOs are most likely to have such relationships in North East England (87%). In North West England 84% have such relationships while in Yorkshire and Humber the percentage is lowest (81%).
- 75% of organisations and groups work closely, but informally, with other TSOs in the North of England. They are most likely to do so in North East England (83%) but are less likely to have such relationships in North West England (74%) and Yorkshire and Humber (72%).
- Fewer TSOs have formal partnership relationships with other organisations and groups in the North of England (38%). Variations across the regions are not pronounced (ranging from 37-40%).

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

Figure 1.7 **Percentage of TSOs which have positive relationships with other organisations in the Third Sector** (North of England, 2019)



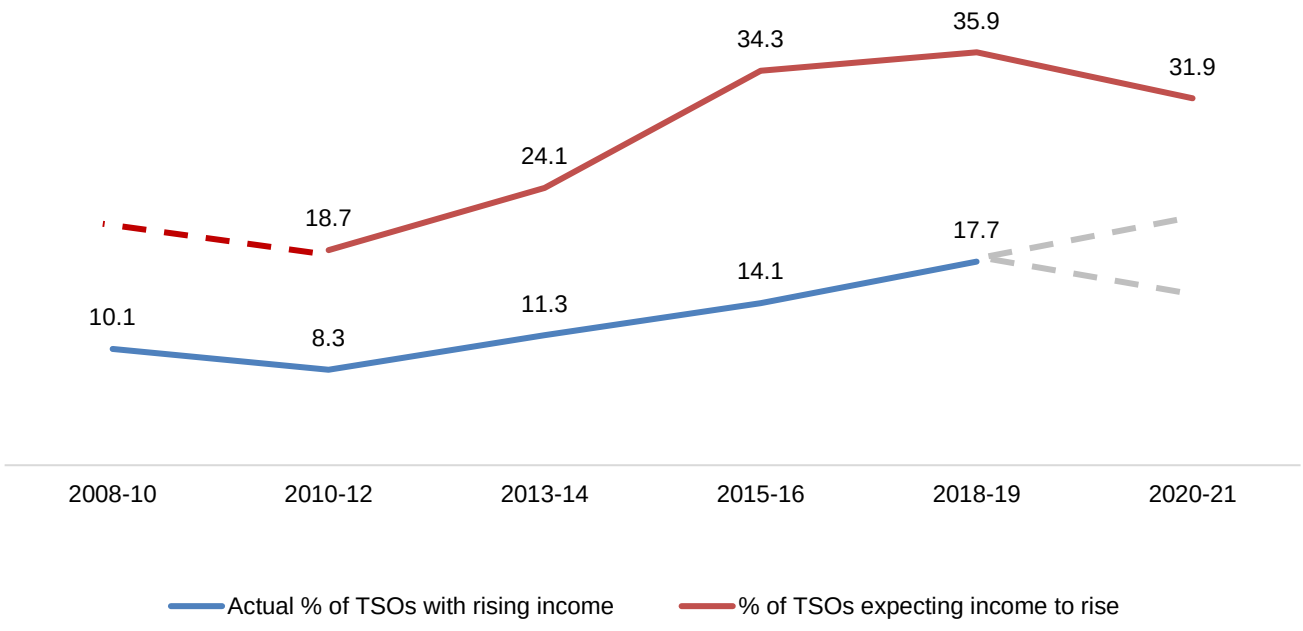
1.8 Expectations about the future

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

- 34% of TSOs expect income to increase over the next two years. TSOs in North West England are the most optimistic (37% compared with 32% in North East England and 32% in Yorkshire and Humber). Optimists are more common than pessimists – only 16-17% of TSOs expect income to fall across the regions.
- Many TSOs expect that support from private sector businesses will increase over the next two years (31%) – regional variations are slight (29-32%). Fewer than 10% of TSOs expect support from business to decline.
- Over a third of organisations expect that income from grants will increase and only 19% think this will fall. TSOs in North East England are the least optimistic in this respect (31% expect rising grant income compared with 36% in North West England and 35% in Yorkshire and Humber).
- Optimism about public sector funding is lower. Only 19% of TSOs expect funding to rise and 38% expect that it will fall. Pessimism is greatest in North West England (40% compared with 36% in North East England and 36% in Yorkshire and Humber).
- Volunteers provide enormous levels of support to TSOs. There is a good deal of optimism that volunteer support will increase (42%) Regional variations are small (40-43%). Very few TSOs think that volunteer support will decline (8%).
- Optimism about accessing resources (apart from statutory sources) is strong. But this must be set in the context of expectations about demand for services. Expectations of increased demand is very high (69%), and especially so in North West England (73% compared with 68% in Yorkshire and Humber and 66% in North East England).

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

Figure 1.8 **Mismatch between expectations and reality on rising income in North East England 2008-2021** (dashed lines represent estimates)



2 The Third Sector Trends Study

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

Initially, the study's focus was North East England and Cumbria. This was extended to Yorkshire and Humber in 2013 and then to the whole of North West England in 2016. In 2019 a supplementary and smaller-scale study was undertaken across the remainder of England and Wales to provide scope comparative analysis.[2]

The study was conceived and originally commissioned by Northern Rock Foundation in 2007 with research conducted by the universities of Durham, Teesside and Southampton. The Community Foundation serving Tyne & Wear and Northumberland now funds the study in North East England and is responsible for its legacy.

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

This report presents a digest of key findings from the Third Sector Trends study in 2019 in North West England as a whole and for each of its five sub-regions: Cheshire, Greater Manchester, Merseyside, Lancashire and Cumbria.[3]

2.1 The regional and Northern context

North West England is a large region covering an area of 14,100 square kilometres. It had a population of 7.29 million in 2018.[4] Over 87 per cent of the population live in urban areas (that is, towns with a population above 10,000), the second highest population density in the UK.[5]

The region is, for the purposes of analysis, divided into five sub-regional areas.[6]

- ***Cheshire***: is a mixed urban and rural area comprising the following unitary local authorities: Cheshire East, Chester West and Chester, Halton and Warrington.
- ***Greater Manchester*** is an urban Combined Authority area comprising the following unitary local authorities: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan.
- ***Merseyside***: is a metropolitan area comprising the following unitary local authorities: Knowsley, Liverpool, Sefton, St Helens and Wirral. These local authorities comprise the Liverpool City Region Combined Authority, along with Halton council.

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

[3] For the purposes of this study, historic sub-regional boundaries are used. In North West England these do not necessarily share the same boundaries as Local Enterprise Partnerships, Combined Authorities or NHS health authorities. Analysis can be undertaken using most geographical criteria should future analysis require this. It should be noted that this study refers to 'Merseyside' rather than 'Liverpool City Region' because data from organisations based in Halton are assigned to Cheshire.

[4] Source: Statistica: https://www.statista.com/statistics/294681/population-england-united-kingdom-uk-regional/

[5] For a more detailed portrait of the region see ONS (2012) *Regional Profiles, Key Statistics,* London: ONS, http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171780_275076.pdf. See also for a map of local authority areas and population profiles: Young, R and Sly, F. (2011) *Portrait of the North West*, London, ONS.

[6] The current UK Government does not recognise these formal regional boundaries and abolished key agencies which operated at a regional level. This led to the closure of the Government Office for North West England in March 2011 and the Regional Development Agency in March 2012, see: House of Commons Library (2013) *The Abolition of Regional Government*, 27th March.

- ***Lancashire***: is largely urban but has many rural areas. Lancashire County Council is a two-tier local authority, comprising the following districts: Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire and Wyre, as well as Lancashire County Council, and two adjoining unitary authorities: Blackpool and Blackburn with Darwen.
- ***Cumbria:*** is the most rural sub-region of North West England. Cumbria County Council is a two-tier local authority comprising the following districts: Allerdale, Barrow-in-Furness, Carlisle, Copeland, Eden and South Lakeland.

North West England is undergoing considerable change – partly in response to long-running austerity policies of national government, but also due to changes in patterns of regional governance. Until 2012, North West England was served by a Government Office for the Region and by a Regional Development Agency. These regional institutions were superseded by five sub-regional Local Enterprise Partnerships that help to determine economic priorities across a 'functional economic area'.

More recently, and in response to a former Chancellor of the Exchequer's 'Northern Powerhouse' initiative to strengthen the northern economy, Combined Authorities were set up in Greater Manchester and Liverpool City Region. Chaired by new Metro Mayors, these bodies were established to manage devolved budgets and coordinate public sector activity across a single 'city region'. Their devolved powers include issues such as transport, housing, skills and health.

Direct Third Sector representation in these new partnerships and authorities is somewhat limited and it is not yet known how well they will serve sector interests. It is clear, however, that if the Third Sector is to have an influential voice on these new regional decision-making institutions, it needs good quality intelligence to inform debates rather than relying on small-scale snap-shot studies or anecdotal evidence.

It is not the purpose of this research to produce recommendations on how to shape policy or allocate resources. But rather, its aim is to provide robust independent evidence which can be used, where appropriate, to strengthen civil society.

Local authorities and combined authorities are faced with many social and economic challenges across the North of England.[7] These challenges cannot be tackled alone however and the Third Sector has a major role to play in attending to issues which the public and private sectors do not prioritise or are unable to deal with due to their limited resources.

The issues TSOs address at a local level are more pressing in some places than others. Recently published data using the English Indices of Deprivation show that the North has more than its fair share of problems to deal with.[8] The indices combine a range of factors to produce headline data on the relative affluence or deprivation of local areas. There are 37 indicators which are combined under the following headings: *income, employment, health deprivation and disability, education, skills and training, crime, barriers to housing and services* and the *living environment*.

Local data are collated to show which local authorities face the greatest challenges. Nine out of ten of the local authorities with the most deprived areas are situated in Northern England. Furthermore, 16 local authorities in the North of England occupy the list of the 20 most deprived areas of England.

[7] For useful critical appraisals see Raikes, L. (2019) *Northern Industrial Strategy*, Manchester; IPPR North. http://www.infrastructure-intelligence.com/sites/default/files/article_uploads/Power%20and%20prosperity%20-%20IPPR%20North%20report.pdf. IPPR North have also published a detailed assessment of regional inequalities within the North of England which highlight social challenges for local authorities and combined authorities across the region. See: Raikes, L, Giovannini, A. Getzel, B. (2019) *Divided and connected: regional inequalities in the North, the UK and the developed world*, Manchester: IPPR North: https://en.wikipedia.org/wiki/County_Durham

[8] Ministry of Housing, Communities and Local Government (2019) *The English Indices of Deprivation 2019*, London: DHCLG: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835115/IoD2019_Statistical_Release.pdf

Table 2.1 **Ten most deprived local authorities in England**[9]

Rank	Local authority	Sub-region	English region
1	Middlesbrough	Tees Valley	North East England
2	Knowsley	Merseyside	North West England
3	Liverpool	Merseyside	North West England
4	Kingston-upon-Hull	East Yorkshire and Humber	Yorkshire and Humber
5	Manchester	Greater Manchester	North West England
6	Blackpool	Lancashire	North West England
7	Birmingham	West Midlands	West Midlands
8	Burnley	Lancashire	North West England
9	Blackburn with Darwen	Lancashire	North West England
10	Hartlepool	Tees Valley	North East England
11	Bradford	West Yorkshire	Yorkshire and Humber
12	Stoke-on-Trent	Staffordshire	West Midlands
13	Halton	Merseyside	North West England
14	Pendle	Lancashire	North West England
15	Nottingham	Nottinghamshire	East Midlands
16	Oldham	Lancashire	North West England
17	North East Lincolnshire	Humber	Yorkshire and Humber
17	Hastings	East Sussex	South East England
19	Salford	Greater Manchester	North West England
20	Rochdale	Greater Manchester	North West England

Because the English Indices of Deprivation are produced at regular intervals, it is possible to gauge whether places are getting better or worse over time. Of the ten local authorities where deprivation has increased the most, six northern areas are listed: Oldham, Rossendale, Blackburn with Darwen, Halton, Burnley, Gateshead and Northumberland. With the exception of Copeland, the top ten areas which are improving the most are outside of the North.[10]

This report pays close attention to the situation of TSOs which serve their communities in poorer areas. It is not taken as read, however, that all or even most of TSOs focus their attention on issues associated with deprivation.

2.2 Defining Third Sector organisations

The terms ‘Third Sector’ and ‘TSO’ are widely recognised internationally by academics and policy makers and are adopted in this study. But the term ‘Third Sector’ is not always well known, recognised or understood by people who work or volunteer within civil society (or what is more commonly known as the voluntary and community sector). So, it is useful to define which organisations are included.

The National Audit Office (NAO) defines the Third Sector as follows:

[9] MHCLG (2019) *ibid.* page 11.

[10] MHCLG (2019) *ibid.* Chart 3, p. 15.

> *'The Third Sector is the term used to describe the range of organisations which are neither state nor the private sector. Third sector organisations (TSOs) include small local community organisations, and large, established, national and international voluntary or charitable organisations. Some rely solely on the efforts of volunteers; others employ paid professional staff and have management structures and processes similar to those of businesses, large or small; many are registered charities whilst others operate as co-operatives, "social enterprises" or companies limited by guarantee... All share some common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and the reinvestment of surpluses for those same objectives.'* [11]

As the above quotation indicates, there are several categories of TSO. The following categories are usefully distinguished by the National Audit Office.

- ***Voluntary and community sector***

  Includes registered charities, as well as non-charitable non-profit organisations, associations, self-help groups and community groups. Most involve some aspect of voluntary activity, though many are also professional organisations with paid staff. 'Community organisations' tend to be focused on localities or groups within the community; many are dependent entirely or almost entirely on voluntary activity.

- ***General charities***

  Charities registered with the Charity Commission except those considered part of the government apparatus, such as universities, and those financial institutions considered part of the corporate sector.

- ***Social enterprises (and community businesses[12])***

  A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners.

- ***Mutuals and co-operatives***

  Membership-based organisations run on a democratic basis for the benefit of their members. Members may be their employees or their consumers or be drawn from the wider community. Some employee co-operatives may be essentially private businesses but many mutuals and co-operatives consider themselves part of the social enterprise sector.

This study includes all the above organisations within its definition of the Third Sector. As is the case in the NAO definition, financial institutions, hospital trusts, for-profit cooperatives, private schools and universities are also excluded from this study of the Third Sector.

TSOs do not all share the same legal form. In this study, the following types of TSOs are included in the analysis.[13]

- Unincorporated associations of individuals organised into groups or organisations
- Registered Charity
- Company Limited by Guarantee

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[11] Bourne, J. (2005) Working with the Third Sector, London, National Audit Office. https://www.nao.org.uk/report/working-with-the-third-sector/

[12] In recent years, the term 'community business' has gained favour in many circles. Community Businesses derive income primarily from trading within a locality and also seek to make a positive contribution to their community and in many cases be accountable to local people. For more detailed discussion from a Third Sector Trends perspective, see: Chapman, T. and Gray, T. *(2018) How do community businesses differ from other Third Sector organisations in the North: evidence from Third Sector Trends.* Durham, Policy&Practice: . https://www.stchads.ac.uk/research/research-news/how-do-community-businesses-compare-with-other-voluntary-and-community-organisations/.

[13] These bullets merely provide a list of legal forms of TSOs included in the sample. It should be noted that not all of these organisational are regulated by the same authorities. For a concise explanation of legal forms see: https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/#structures

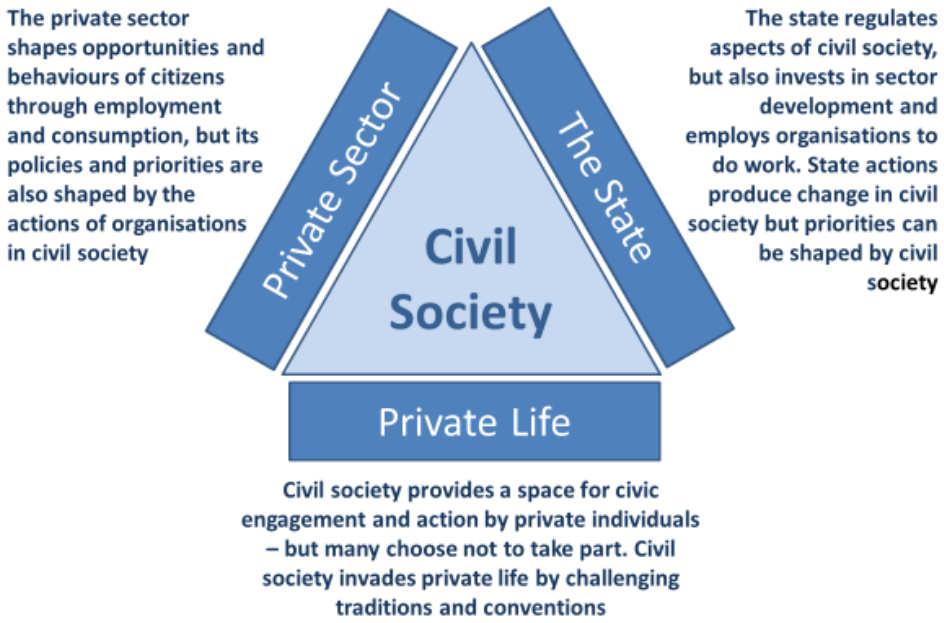
- Company Limited by Shares
- Community Amateur Sport Club
- Cooperative or Community Benefit Society
- Community Interest Company
- Charitable Incorporated Organisation

The terms 'registered charity', 'community amateur sports club', social enterprise' and 'community business' are not legal forms. Such organisations may be defined by one or more of the legal forms defined above. A registered charity, for example, may also be an unincorporated association, a charitable incorporated organisation or a company.

2.3 Civil society as 'the space in between'

Civil society is a pluralistic domain where organisations tackle a wide range of social, economic, cultural and environmental issues. [14] Civil society operates independently from other sectors in society – but there is much interaction between civil society and the state, private sector and private life (see Figure 2.1)7

Figure 2.1 **Civil society as 'the space in between'**[15]



Definitions of civil society are contested because it has 'fuzzy' boundaries. [16] From the perspective of TSOs, it is often easier to define *what civil society is not* rather than *what it is*:

[14] The definition of civil society has been the subject of academic debate for many years. Consensus on an exact definition of civil society is elusive, but most commentators agree that civil society is different from the state and necessarily must be separate. As an entity, civil society is sustained through the existence of relationships which are built on trust and reciprocity rather than formal or legal constraints. It provides informal mechanisms for conflict resolution, problem solving and co-operation. In sum, civil society provides the arena within which voluntary action flourishes, often to the benefit of society as a whole but also to the benefit of individuals and interest groups which both gain and can inject social capital into civil society through their association.

[15] This model of civil society is developed from work by Evers, A. and Laville, J. L. (2004) 'Defining the Third Sector in Europe' in A. Evers and J.L. Laville (eds.) *The Third Sector in Europe*, Cheltenham: Edward Elgar Press. A more recent and potentially influential contribution defines civil society as a 'third pillar' alongside the state and private sector. This analysis is less convincing as it pays insufficient attention to the blurred boundaries between sectors and over-stresses the extent of homogeneity of the 'third pillar'. See Rajan, R. (2019) *The Third Pillar: the revival of community in a polarised world*, London: William Collins.

[16] This section is a shortened version of a recently published report on the role of charitable trusts and foundations which support TSOs. See Chapman, T. (2020) *The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*, Newcastle upon Tyne: Community Foundation serving Tyne & Wear and Northumberland: https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/

- TSOs differentiate themselves from private-sector companies because they are not driven primarily by financial profitability – instead they prioritise the creation of social, cultural or environmental value.
- TSOs distinguish themselves from private individuals because they have come together with a shared interest to achieve a mission which transcends notions of personal self-interest.
- TSOs position themselves as independent entities which are separate from the state – often claiming that they exist to remedy problems that have gone unrecognised, been ignored or even caused by government.

Civil society has the capacity to *advance, ameliorate or resist* changes brought about by the market, state or private individuals – it also *produces* change by challenging the status quo. But civil society is not structured systematically – its component parts do not fit together like a jig-saw.

Civil society is full of imaginative, creative, committed, ambitious and determined people who want to get things done about an issue which is important to them. Competition to win influence and resources is therefore intense. All organisations and groups make 'claims' about the value of their work and believe that the cause they champion is as or more important than those pursued by other TSOs.

This makes it virtually impossible for civil society as a whole to agree on priorities apart from sustaining their right to organise and act as they choose within the realm of civil society. While civil society pluralistic, this does not mean that it is chaotic. Some organisations and groups vigorously defend their autonomy and refuse to get involved in partnership, collaboration or co-production, but many TSOs enthusiastically embrace the idea of working with other organisations in complementary ways - sometimes this is driven by principle and sometimes by contingency.

However civil society and its component parts are defined, and no matter how it attempts to distinguish its role from other sectors – the fact remains that nothing stands still socially, politically, culturally or economically. This in turn shapes the way that policy makers think about civil society and take actions which impact on its activities.

2.4 Third Sector Trends in policy context

Third Sector Trends is a longitudinal research programme which aims to explore how the sector responds to social, economic and political change. Since the research began, there have been enormous transformations in the economic and political landscape which TSOs have had to navigate. The study began in North East England and Cumbria at the point where economic turmoil followed the collapse of the sub-prime mortgage market.

Prior to 2008, a Labour government had invested heavily in the Third Sector to tackle social issues such as child poverty, public health, education, employability, neighbourhood renewal and so on.[17] Many TSOs benefitted from a long period of sustained investment though government programmes such as the Neighbourhood Renewal Fund and New Deal for Communities. Much investment was also made to strengthen the Third Sector in a wide range of initiatives, including *ChangeUp*, *Capacitybuilders, Future Builders* amongst others.[18]

Following the general election of 2010 the Conservative and Liberal Democrat coalition government presided over a long and deepening commitment to reduce the public sector borrowing requirement which led to significant cuts in government spending especially at

[17] Tony Blair's 'Third Way' approach was echoed subsequently by David Cameron's emphasis on the 'Big Society'. For further discussion, see: Haugh, H. and Kitson, M. (2007) 'The Third Way and the third sector: New Labour's economic policy and the social economy'. *Cambridge Journal of Economics*, 31, 4, 927-994; Alcock, P. (2010) 'Building the Big Society: a new policy environment for the third sector in England', *Voluntary Sector Review*, 1, 3, 379-389.

[18] Investment in Third Sector development was not limited to government funding. Amongst others, Big Lottery committed substantial investment through, for example, the BASIS fund: http://www.biglotteryfund.org.uk/global-content/programmes/england/basis.

local authority level. From 2015 the Conservative government deepened its resolve to reduce public spending.

In 2016, the government also observed its manifesto commitment to hold a referendum on membership of the European Community. Since then, Brexit has dominated the political landscape and attention to many other issues, such as the contribution of the Third Sector to national wellbeing has been neglected. Upon his election as Prime Minister in 2019, Boris Johnson promised to loosen the government's commitment to an austerity regime, but there are few signs yet of increased government spending filtering through to local authorities or the Third Sector.

The Covid-19 crisis which emerged in the spring of 2020 represents another major event which will affect the Third Sector in unpredictable ways (as discussed in the concluding section of this report).

This longitudinal study has, therefore, been running throughout a long period of great uncertainty. In 2019, the predictions respondents offered about their future opportunities and challenges were made without knowledge of the outcome of another election in December 2019 or its consequences in fiscal terms or in relation to Brexit.

2.5 Methodology, sample size and structure

The Third Sector Trends survey took place between June and December 2019 using a questionnaire hosted by Online Surveys. The questionnaire directly replicated several questions from the 2016 survey (and preceding rounds of the study) to facilitate longitudinal analysis. An identical questionnaire was used in all three regions in 2019.[19]

There was a soft launch of the survey in June 2019 to prepare the ground for a more intensive period of fieldwork from October to December 2019. The survey was promoted by public sector and Third Sector organisations including: local authorities and health authorities, community foundations, National Lottery Community Fund and most local and regional infrastructure organisations.

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

Sample size and response rates

Estimating the size of the TSO population in the North of England is difficult as there is no single register of organisations which have different legal forms. The NCVO Almanac provides good estimates on the population of general charities which provides a strong basis for estimating the extent of growth in the sector over the last ten years.[20]

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

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

Sample sizes in each region and sub region are presented in Table 2.2. Samples of general charities registered with the Charity Commission are shown together with the wider sample of all TSOs.[21]

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

- Response rates in ***North East England*** are much higher. This is partly due to a more consistent level of strong support from local authorities, charitable foundations and community foundations, local and regional infrastructure bodies to promote the study. But the principal reason is that a postal questionnaire is also used in North East England which produced an additional 349 responses.
- In ***Yorkshire and Humber*** there were very good response rates in a number of areas: North Yorkshire (n=190), Kirklees (n=119), Leeds (n=146). This was due to very strong support from local infrastructure organisations, local authorities, local community foundations and National Lottery Community Fund. Strenuous efforts were made to persuade stakeholders in all local authority areas to encourage participation but in some cases this was not successful.
- In ***North West England*** there were very good response rates in Cumbria (n=192), City of Lancaster (n=84) and Wirral (n=206) due to strong support by local infrastructure organisations, the local authority and community foundations. In Greater Manchester, response rates were generally quite low because Third Sector Trends clashed with a local study which was being run by GMCVO.

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

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

Table 2.2 **Working estimates on TSO population and estimated response rates**	NCVO estimates on general charities (2016/17)[22]	TST baseline estimates on all TSOs (2008/9)[23]	TST current estimates of TSOs 2019	TST sample 2019 (general charities only)	% response rate of general charities by NCVO estimates	TST sample 2019 (all TSOs)	% response rate by TST estimates
Northumberland	901	1,256	1,300	190	21.1	265	20.4
County Durham	974	1,519	1,550	154	15.8	225	14.5
Tyne and Wear	1,364	2,563	2,800	274	20.1	390	13.9
Tees Valley	839	1,286	1,350	156	18.6	214	15.9
North East England	**4,450[24]**	**6,624**	**7,200**	**774**	**17.4**	**1,094**	**15.1**
West Yorkshire	3,594	5,013	5,200	258	7.2	407	7.8
South Yorkshire	1,922	2,993	3,100	104	5.4	140	4.5
North Yorkshire	3,133	3,925	4,200	143	4.6	190	4.5
Humber	1,635	2,287	2,400	81	5.0	115	4.8
Yorkshire and Humber	**10,377**	**14,218**	**14,900**	**586**	**5.6**	**852**	**5.7**
Cheshire	2,236	*3,400*	*3,500*	96	4.3	136	3.9
Greater Manchester	4,069	*6,100*	*6,300*	178	4.4	255	4.0
Merseyside	2,230	*3,400*	*3,500*	217	9.7	361	10.3
Lancashire	2,701	*4,100*	*4,250*	179	6.6	268	6.3
Cumbria	1,946	2,684	2,800	126	6.5	192	6.9
North West England[25]	**13,304**	***19,684***	***20,350***	**796**	**4.4**	**1,212**	**6.0**
North of England	25,741	40,526	42,250	2,156	8.4	3,158	7.5

Structure of the sample

The structure of the Third Sector Trends sample is shown in Table 2.3. The sample is divided into 12 income categories. For regional data, variations from the mean are shown in each category. Variations of above 2% only occur on two occasions. It is therefore safe to compare regions as samples of equivalent structure.

Cell sizes would collapse quickly using a 12 category income scale (although there are sizeable numbers of cases in many of the categories: 8 categories have over 200 cases). Consequently, two new variables have been created by collapsing the 12 category scale into 5 and 3 category scales. In the 5 category scale, sample sizes do not fall below 269 cases, and in the three category scale, the smallest sample is 694 cases.

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

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

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

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

Table 2.3 **Structure of the Third Sector Trends sample by region and income categories**

	North East England	Yorkshire and Humber	North West England	North of England	Five income categories	Three income categories
No income, n=64	2.0 (=0.0)	2.6 (+0.6)	1.7 (+0.7)	**2.0**	**Micro TSOs** (income 0 - £10,000) 27.7%, n=876	**TSOs** (income £0 - £50,000) 51.3%, n=1,621
£1 - £2,000, n=259	7.7 (-0.5)	8.0 (-0.2)	8.9 (+0.7)	**8.2**		
£2,001 - £5,000, n=216	7.6 (+0.8)	5.9 (-0.9)	6.9 (+0.1)	**6.8**		
£5,001 - £10,000, n=337	10.2 (-0.5)	9.5 (-1.2)	11.9 (+1.2)	**10.7**		
£10,001 - £25,000, n=434	14.1 (+0.4)	11.6 (-2.1)	14.9 (+1.2)	**13.7**	**Small TSOs** (income £10,001 - £50,000) 23.6%, n=745	
£25,001 - £50,000, n=311	9.8 (=0.0)	10.6 (+0.8)	9.4 (-0.4)	**9.8**		
£50,001 - £100,000, n=370	11.9 (+0.2)	12.6 (+0.9)	10.9 (-0.8)	**11.7**	**Medium TSOs** (income £50,001 - £250,000) 24.8%, n=784	**Medium TSOs** (income £50,001 - £250,000) 24.8%, n=784
£100,001 - £250,000, n=414	14.3 (+1.2)	13.4 (+0.3)	11.8 (-1.3)	**13.1**		
£250,001 - £500,000, n=271	8.3 (-0.3)	9.6 (+1.0)	8.1 (-0.5)	**8.6**	**Large TSOs** (income £250.001 - £1m) 13.5%, n=425	**Larger TSOs** (income above £250,001) 22.0%, n=694
£500,001 - £1m, n=154	6.1 (+1.2)	3.9 (-1.0)	4.5 (-0.4)	**4.9**		
£1,000,001 -£5m, n=198	4.9 (-1.3)	8.3 (+2.0)	6.0 (-0.3)	**6.3**	**Big TSOs** (£1m or more) 8.5%, n=269	
£5,000,001 plus, n=71	2.0 (-0.2)	2.3 (+0.1)	2.4 (+0.2)	**2.2**		
Missing data, n=56	1.1 (-0.7)	1.8 (=)	2.4 (+0.6)	**1.8**	Missing data n=56, 1.8%	
Total sample	**1,097**	**852**	**1,209**	**3,155**	**n=3,155**	

Table 2.4 shows sample structures of the Third Sector Trend surveys between 2010 and 2019. Samples have similar compositions across the range of surveys from 2013/14 onwards. When the survey was based only in North East England and Cumbria, however, the proportion of large and big TSOs was lower, reflecting the characteristics of the regional TSO population in these areas.

Table 2.4
Third Sector Trends sample structures by size of organisations 2010-2019

	2010 North East England and Cumbria	**2012** North East England and Cumbria	**2013/14** North East England and Cumbria, Yorkshire and Humber	**2016** North of England	**2019** North of England	All years
Micro (income £0-£9,999)	30.1	29.7	27.9	31.7	28.3	29.6
Small (income £10,000-£49,999)	34.9	35.0	23.1	23.6	24.0	26.2
Medium (income £50,000-£249,999)	18.5	18.4	20.7	22.2	25.3	21.9
Large (income £250,000-£999,999)	11.0	12.0	17.5	14.0	13.7	14.1
Big (income above £1,000,000)	5.6	4.8	10.8	8.5	8.7	8.2
N=	1,027	1,595	2,288	3,525	3,099	11,534

In this report, data are periodically scaled up to reflect the contribution of the whole sector in each region and across the North. In previous reports, Charity Commission TSO income categories were adopted to do this. However, that approach is no longer appropriate because Third Sector Trends analysis shows that the Charity Commission definition of small

charities is too broad (i.e. general charities with income between £10,000 and £100,000) and fails to capture substantive variations in TSOs' policies and practices in this income range.

Third Sector Trends' five income categories are retained in this report. To scale findings up to regional estimates of the whole population of TSOs, estimates have been made of the proportions of TSOs in each size bracket nationally (see Table 2.5). This was achieved by taking a random sample of 5,000 registered charities from across England and Wales using Charity Commission listings accessed via its Beta search facility.[26]

Table 2.5

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

This research project was established to analyse change in the structure and dynamics of the Third Sector. One factor that makes interpretation of data difficult as the study progresses is that new organisations join the sector while others cease to exist.

It is not possible to assess how many TSOs have closed since the study began. But as shown in Table 2.6, it is possible to see how many new organisations or groups have started up since 2010. The dates at which TSOs were established are also compared by size of organisations.

- 23% of TSOs in the sample were established after the study began in 2010. This means that there will be a 'conveyor' effect in the data where new organisations are 'learning' how to operate while existing TSOs are 'adapting' to a new environment. All TSOs are on a 'journey'.
- The newest TSOs tend to be small: 32% of micro and 27% of small TSOs were established since 2010 compared with 12% of large and just 4% of the biggest organisations.

Nearly a quarter of the sample was established since Third Sector Trends began in 2010. Consequently, more reference to the age of TSOs will be made in this report compared with previous rounds of the study.

It should be noted that there are regional variations in the structures of the samples (see Table 11.4). Fewer new TSOs have been established in North East England (18%) compared with Yorkshire and Humber (25%) and North West England (26%).

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

Table 2.6 **Date of TSO establishment by size of organisation** (North of England, 2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs
Established before 1945	14.0	18.3	10.3	9.9	14.2	13.5
Established 1945 - 1979	19.7	19.7	12.6	11.3	24.0	17.2
Established in the 1980s	9.2	8.3	10.8	13.7	25.1	11.5
Established in the 1990s	9.9	10.8	19.2	31.5	22.5	16.6
Established in the 2000s	15.3	15.8	25.7	21.6	10.2	18.5
Established since 2010	31.9	26.9	21.4	12.0	4.0	22.8
N=	841	720	760	416	275	3,012

A note on longitudinal analysis

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. Furthermore, many research projects are commissioned with campaigning objectives in mind. If such studies are undertaken to prove a point, as is too often the case, then methodological approaches are more likely to be unsound and findings 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 and intelligible findings that can have an impact upon understanding, policy and practice.

Longitudinal data is valuable from the analyst's point of view because it helps to define those aspects of findings that can be fully trusted and when reliability should be questioned and retested. For example, in 2013, data from the Yorkshire and Humber study threw up some big differences from North East England in the propensity of TSOs to bid for or deliver public sector services under contract. It was not known if this was caused by variations in sample structure (although the samples appeared to be closely matched), a blip in the data or a genuine difference.

In 2014, findings in the third round of the North East England study were consistent with 2010 and 2012 – confirming reliability for that region. In the second round of the Yorkshire and Humber study in 2016, the 2013 findings were again also shown to be different from North East England – and this was fully confirmed in 2019 in the third round. TSOs in Yorkshire and Humber are *definitely* more likely to bid for and deliver public sector service contracts than in North East England. Longitudinal analysis helps to make confident and firm conclusions when compared with findings from one-off studies.

Sound statistical findings provide a foundation upon which to develop a stronger conceptual understanding of the way the Third Sector thinks and works. A second advantage of

longitudinal work is that approaches to research methods and conceptual analysis can flex and evolve as understanding evolves. Indeed, right from the start, it was expected that new elements would be introduced to the study when it became apparent that issues had been misunderstood or overlooked in the early stages.

The study provides opportunity to develop ideas incrementally which can be tested empirically in subsequent phases of qualitative and quantitative work. In the 2016 study, for example, new areas of analysis were 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.[27]

In 2019, similarly, new questions have been devised to get a better understanding of the way that TSOs engage in a variety of trading practices. The study is also starting to look at the quality of relationships TSOs have with charitable trusts and foundations and businesses. The study has also taken a step forward by concentrating attention on how TSOs articulate the impact they have for individuals and communities rather than focusing on the methods they use to assess their impact.

In the Third Sector there has always been much talk about 'sector values' and its special role in valuing diversity, promoting social inclusion and championing equality. But are they doing this in their own organisations? Following research on diversity in volunteering in 2016, in 2019 the study has begun to focus on equality and diversity in organisational leadership.

In 2016, the study was extended right across the North of England. This led to a substantial increase in the volume of data collected which meant that much more fine-tuned analysis could be done. In 2019, the study was further extended (for registered charities only) right across England and Wales to find out if there are fundamental differences between the North and other regions of England and Wales.

[27] To fit new questions into the survey, some areas of analysis are dropped or rested from the study if it is recognised that there is 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 little evidence of change. Similarly, the 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 little evidence to suggest that this would change in the medium term. But of course, as a longitudinal study, it is possible to reintroduce such topics from time to time to see if change is occurring.

3 Employment in the Third Sector

This section looks at current levels of Third Sector employment and assesses how the composition of the workforce has changed since 2010. Table 3.1 presents estimates of the number of full-time equivalent (FTE) employees in the Third Sector in the North of England.

- It is estimated that in 2019 there were 38,250 FTE employees in North East England, 87,500 in Yorkshire and Humber and 115,000 in North West England and across the North there were 240,750 FTE employees.
- Comparable data from North East England suggest a progressive shift from full-time to part-time employment between 2010-2016, but this has now abated as the proportion of full-time employed staff has started to rise again relative to part-time staff.
- The Third Sector workforce accounts for about 3% of employment in all regions in the North of England.[28]
- The economic value of employees at 80% of median wages is estimated across the North of England at £5.4bn. Regional estimates are as follows, North East England, £845m, Yorkshire and Humber £1.97bn and North West England £2.66bn.[29]

Table 3.1 **Employment estimates for each region in the North of England** (2019)

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

Table 3.2 shows the percentage change in the composition of the workforce over the last four years where TSOs report rising, stable or falling employee numbers. Across the North of England in 2019 a mixed picture can be noted with 27% of TSOs increasing the number of full-time employees compared with 17% with falling numbers. The situation has improved since 2016 when only 20% of TSOs reported rising numbers of full-time employees and 22% reported falling numbers.

By contrast, about 37% of TSOs report rising numbers of part-time employees compared with 14% of TSOs with falling numbers in 2019.These data indicate that variations between regions are not particularly marked.

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

[29] Estimated range for Third Sector employees earning on average 80% of average weekly wages in each region using ONS 2019 estimates. Average regional wages are taken from data published by the House of Commons Library in October 2019. https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8456. Median wages are reported as £27,612 in North East England, £28,080 in Yorkshire and Humber, and £28,912 in North West England.

Table 3.2 **Change in employment levels in the last two years** (2019)	North East England	Yorkshire and Humber	North West England	North of England
Increase in full-time employees	25.1 (21.3)	26.6 (21.4)	29.3 (18.5)	27.1 (20.1)
Full-time employees stable	56.8 (57.9)	54.6 (54.8)	55.3 (59.7)	55.6 (57.6)
Fall in full-time employees	18.0 (20.9)	18.8 (23.8)	15.5 (21.8)	17.3 (22.3)
TSO Employers, n=	533 (508)	432 (562)	588 (533)	1,553 (1,800)
Increase in part-time employees	32.2 (25.8)	38.1 (33.1)	39.7 (29.3)	36.6 (29.6)
Part-time employees stable	53.8 (56.9)	47.4 (47.9)	46.8 (51.1)	49.4 (51.6)
Fall in part-time employees	14.0 (17.3)	14.5 (19.0)	13.5 (19.6)	14.0 (18.8)
TSO Employers, n=	649 (589)	557 (721)	696 (828)	1,902 (2,149)

Table 3.3 shows the extent to which TSOs in the five sub-regions of North West England report change in their full-time and part-time employee workforce over the last two years. TSOs which do not have employees are excluded from the analysis.

- About 55% of TSOs report that the number of full-time employees has been stable over the last two years. The lowest levels of stability are found in Merseyside (52%) and Greater Manchester (46%).
- Across North West England, 29% of TSOs had rising numbers of full-time employees over the last two years. Increasing numbers were more prevalent in Greater Manchester (36%) and Merseyside (33%) and the least pronounced in Cheshire (14%).
- Over the last two years 15% of TSOs had falling numbers full-time employees. TSOs, in Cheshire appears to have the highest percentage of falling full time employees 23%).[30]
- About 40% of TSOs had rising numbers of part-time staff. This was most common in Greater Manchester (43%) and Merseyside (44%).
- Nearly 14% of TSOs had falling numbers of part-time staff across North West England – this was particularly pronounced in Cheshire (17%) and Merseyside (15%).

[30] Response rates in Cheshire are relatively low, so these data need to be treated with caution.

Figure 3.3 **Change in the proportion of full-time and part-time employees over the last two years** (2019)	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria	North West England
Full-time employees						
Increase in full-time employees	14.1	36.4	32.5	26.1	27.4	29.3
Full time employees stable	62.5	46.3	51.9	61.7	61.9	55.3
Fall in full-time employees	23.4	17.4	15.5	12.2	10.7	15.4
TSOs (employers only) n=	64	121	206	115	84	590
Part-time employees						
Increase in part-time employees	38.5	42.5	44.0	34.9	35.8	39.8
Part time employees stable	44.9	43.8	41.2	53.7	53.2	46.7
Fall in part-time employees	16.7	13.7	14.8	11.4	11.0	13.5
TSOs (employers only) n=	78	146	216	149	109	698

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. Estimating the number of volunteers in the Third Sector 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.

An approach has been developed in the Third Sector Trends study which can produce broadly-based estimates on the number of regular volunteers in TSOs 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 80% average regional hourly wage as financial benchmarks.

Table 4.1 shows the estimated contribution of volunteers at regional level. In the North of England, it is estimated that 955,000 volunteers provide over 69m hours of work which can be valued between £565m - £940m per year.

In North West England, it is estimated that there are 450,500 volunteers who deliver 32m hours of work. The replacement value of such work by employees would be between £266m (at National Minimum Wage) and £454m (at 80% of average wages).

Table 4.1
Estimates of volunteer numbers and replacement values (2019)

	Estimated number of volunteers[31] (2016 estimates in parentheses)	Estimate of hours worked (000s) (2016 estimates in parentheses)	Nominal financial replacement cost at National Minimum Wage[32]	Nominal financial replacement cost at 80% average regional wage[33]
North East England	154,000 (149,900)	11,088 (10,793)	£91,033,000	£148,442,000
Yorkshire and Humber	350,500 (340,700)	25.236 (24,530)	£207,188,000	£343,577,000
North West England	450,500 (440,400)	32,436 (31,709)	£266,300,000	£454,686,000
North of England	955,000 (931,000)	68,760 (67,032)	£564,520,000	£940,178,000

It is possible to calculate in crude terms the amount of energy which is produced through voluntarism.[34] Table 3.4 indicates the energy produced by TSOs of different sizes by estimating the number of hours 'given' by trustees and volunteers.

[31] It is difficult to determine the extent of change in the size of the volunteer workforce. There are indications that there has been considerable growth of new TSOs since 2016, In the TSTS dataset, 7.1% of responding organisations had been established since 2016 (North East England=5.8, Yorkshire and Humber=7.2%, North West England=8.4%). Across the North of England, these new TSOs reported a 59.3% increase in volunteers compared with, for example, just 14% of TSOs established in the 1980s.

[32] The National Minimum Wage was £8.21 in October 2019: House of Commons Library (2019) 'Average earnings by age and region', 31st October 2019 https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8456.

[33] Average annual wages in the regions of Northern England (scaled up from published weekly wages) were as follows: North East England, £27,612; Yorkshire and Humber, £28,080 and North West England £28,912. Assuming an average working year of 220 days paid work at 7.5 hours per day produces the following hourly estimates (at 80% of average wages): North East England £13.39, Yorkshire and Humber £13.61, North West England £14.03. The crude mean average hourly wage for the North of England is £13.67. Wages date source: House of Commons Library (2019) 'Average earnings by age and region', 31st October 2019 https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8456.

[34] In this analysis, average numbers of regular volunteers have been estimated from response data in each of 5 TSO income category. These are less reliable than those adopted in Table 4.1 which used 12 income categories. The emphasis is on regular volunteers and in smaller TSOs this includes the contribution of trustees and committee members who tend to get more directly

Using estimates for the whole of the region, the analysis shows that the proxy 'salary value' produced by volunteers is enormous: but especially so in very small TSOs. This approach to the analysis has obvious flaws, but it is presented to make a very simple point: that small charities, using voluntarily given time, have the available energy to produce a great deal of social value proportionate to their income.

The analysis indicates that in North West England micro TSOs produce through volunteers the equivalent wage value of between £130m and £222m each year. Given that these very small organisations or groups generally have no employees, it can be claimed that their value of the effort they produce is enormous when compared with that produced in the biggest TSOs by their volunteers (£9m - £16m).

Table 4.2

Estimates of hours and proxy financial value of volunteer time by organisation size in North West England (2019)

	Estimated number of TSOs in North West England	Average number of regular volunteers per TSO	Estimated number of volunteers in North West England	Volunteer hours produced	Proxy value of volunteer time at National Minimum Wage (£8.21)	Proxy value of volunteer time at average regional wage (£14.03)
Micro (income £0-£9,999)	9,910	17.5	173,400	12,486,600	£102.5m	£175.2m
Small (income £10,000-£49,999)	5,120	20	102,400	7,372,800	£60.5m	£103.4m
Medium (income £50,000-£249,999)	2,950	25	73,700	5,310,000	£43.6m	£74.5m
Large (income £250,000-£999,999)	1,670	35	58,400	4,208,400	£34.5m	£59.0m
Big (income above £1,000,000)	690	55	37,900	2,732,400	£22.4m	£38.3m
Total	20,350		446,000	32,110,200	£263.6m	£450.5m

Generalised appraisals of the collective financial value of volunteering time in proportion to TSO income mask the fine detail of what is going on under the surface. It cannot be known, for example, if volunteers in smaller TSOs produce as much, or more value, than volunteers in bigger TSOs.[35] And, of course, this analysis excludes the social value produced by employees in larger TSOs.

Assessing value using financial proxies is popular in some circles. Certainly, benefits can be gained from doing so if it helps to raise awareness of the 'hidden value' of voluntarily given time – especially in smaller TSOs. At a sector-wide level, there may be a case for doing more of this, if it can produce credible evidence to convince policy makers to consider investing more heavily in those parts of the sector that appear to produce the greatest social value.[36]

Without becoming too distracted by methods of assessing value, the above analysis has been presented to make a simple – though often overlooked point – that modest grants, when awarded to smaller TSOs, may help to harness the energy of volunteers and, proportionally, produce as much or more social value as larger grants.

involved in day to day activities or, in very small TSO, the group may be entirely reliant upon them to do so. Regular volunteers produce on average 6 hours of time per month, or 72 hours annually.

[35] The existing evidence from Third Sector Trends indicates that in small TSOs, volunteers are much more likely to work unsupervised (78%) than in the largest organisations (44%). Similarly, 26% of the largest TSOs state that 'supporting volunteers often costs us more than the benefit we get from them', compared with just 9% of the smallest TSOs. *Digest of findings from the Third Sector Trends Study in North East England 2016* (2017: 22).

[36] At an organisational level, such exercises are more problematic because they can be more expensive to do than the value that is produced from a small grant. This is why, from the perspective of most foundations, informed professional judgement has to be employed when making decisions about grant awards and deciding whether or not these grants have the potential to produce valuable outcomes.

Changing patterns of volunteering

The extent of reported change in the volume of volunteers supporting individual TSOs over the last two years in the North of England is shown in Table 4.3. About 38% of TSOs had rising numbers of volunteers (a big increase on 2016 when 30% recorded an increase). Around a half of TSOs had a stable number of volunteers while 14% reported falling numbers.

The percentage of TSOs reporting increased numbers of volunteers looks quite high. However, drawing on data presented in Table 4.1, the average increase is 2.4 per TSO across the North of England (regional variations are relatively small).

Much of this rise in volunteer numbers may be accounted for by the establishment of new TSOs since 2016. In the Third Sector Trends dataset, 7.1% of responding organisations had been established since 2016 (North East England = 5.8, Yorkshire and Humber = 7.2%, North West England = 8.4%). Across the North of England, these new TSOs reported a 59% increase in volunteers compared with, for example, just 14% of TSOs established in the 1980s.[37]

NCVO estimates that there are about 11.9m 'regular' volunteers in the UK.[38] The North of England comprises about 20% of the UK population. If volunteers are spread reasonably equitably, this mean that there will be around 2.4m in the North of England who volunteer reasonably regularly. However, 'regular' refers only to people who volunteer about once a month.

TSTS estimates on the number of volunteers are set much lower than this (as shown in Figure 4.1 at 955,000 because it is known that TSOs rely mainly on people who give their time more regularly than just once a month – indeed, the calculations are based on the estimate that regular volunteers devote as much as 72 hours a year.

This is not to say that national statistics on volunteering are exaggerated. Much volunteering may not be associated with working directly for formal charities or other similar organisations, but instead may be associated with work for schools, faith organisations, sports clubs, informal groups, clubs and societies and so on.

With these caveats in mind, it still seems likely that the number of people giving their time to charities in North East England is growing.

Table 4.3

Change in the volume of volunteers over the last two years (2016 in parentheses)	North East England	Yorkshire and Humber	North West England	North of England
Increased number of volunteers	37.7 (28.0)	36.5 (32.3)	39.1 (30.1)	37.9 (30.2)
Stable number of volunteers	48.9 (56.3)	49.3 (53.4)	46.5 (54.4)	48.1 (54.6)
Falling number of volunteers	13.4 (15.6)	14.2 (14.3)	14.4 (15.5)	14.0 (15.2)
N=	953 (845)	747 (964)	1,073 (1,241)	2,773 (3,065)

Table 4.4 presents data on changes in the numbers of volunteers over the last two years in North West England in its five sub-regions.

- 39% of TSOs reported rising numbers of volunteers over the last two years (up from 30% in 2016). In the less urban area of Cumbria TSOs were the least likely to have

[37] No data are available to determine how many TSOs closed or were deregistered during the period 2017-19. Through informal discussion with the Charity Commission it is suspected that levels of new registrations and deregistrations are broadly similar. This could mean that the estimates of rising volunteers could be exaggerated to some degree.

[38] NCVO Almanac: https://data.ncvo.org.uk/volunteering/.

increased numbers (34%, up from 21% in 2016), Merseyside and Greater Manchester reported the biggest increases (42-43%, up from 37% in 2016).

- Stability is the most common situation for TSOs (47%). Cheshire (52%) and Cumbria TSOs (50%) were the most likely to have maintained similar numbers of volunteers over the last two years.
- Relatively few TSOs report falling numbers of volunteers over the last two years (14%), although this is more pronounced in Manchester (16%) Merseyside (15%) and Cumbria (16%).

Table 4.4

Change in the proportion of volunteers over the last two years by sub-region (2016)

	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria	North West England
Increase in volunteers	37.8	41.6	42.8	36.1	33.7	39.1
Volunteers stable	52.3	42.5	42.5	50.4	50.3	46.5
Fall in volunteers	9.9	15.8	14.7	13.4	16.0	14.4
N=	111	221	334	238	169	1,073

As organisations become larger in size, they tend to report higher levels of dependence upon employees – but volunteers continue to play an important role in their governance and the delivery of their work. Table 4.5 shows the extent to which TSOs rely upon volunteers across the regions of Northern England.

- Across all northern regions, TSOs rely equally heavily upon volunteers to work for them on a regular basis (80%).
- There is a slightly lower level of reliance upon volunteers to work unsupervised (70%). There are only very small regional variations in this respect.
- A large percentage of TSOs state that many of their volunteers are service users or beneficiaries (67%). This suggests that the purpose for encouraging volunteering is not purely pragmatic but may connect with wider objectives. Regional variations are not significant.
- Organisational sustainability appears to be closely tied to the involvement of volunteers in the work of TSOs. Indeed 81% of TSOs state that they could not survive without volunteers. This appears to be the case across all regions in the North of England.

Table 4.5 **Extent of reliance on volunteers: percentage 'strongly agree' or 'agree'** (North of England, excludes TSOs which do not work with volunteers)

	North East England	Yorkshire and Humber	North West England	North of England
We rely mainly on volunteers who commit time on a very regular basis	78.9	79.9	80.8	79.9
We rely mainly on volunteers who can work unsupervised	69.6	67.3	71.0	69.5
Many of our volunteers are our service users/ beneficiaries	69.0	66.8	65.9	67.2
We could not keep going as an organisation or group without volunteers	79.0	81.6	82.3	81.0
N=	905	723	1,039	2,667

Table 4.6 shows what kinds of relationships that TSOs have with their volunteers.

- Smaller TSOs are most likely to rely mainly upon volunteers who commit time on a very regular basis. Given that the majority of Micro TSOs do not have employees it is not surprising that 90% of them rely on volunteers in this way. That stated, even the biggest TSOs still report strong reliance (62%).
- The roles that volunteers play may differ substantially between organisations. However, it is clear that the smallest TSOs are much more likely to rely on their volunteers to work unsupervised (86%), compared with just 43% of the biggest TSOs.
- About three quarters of the smallest TSOs agree that many of their volunteers are service users or beneficiaries. It should be noted that this applies also to a clear majority of the biggest TSOs (56%).
- Reliance on volunteers for organisational sustainability is very strong amongst the smallest TSOs (94%) as would be expected as few have employees. Just over half of the biggest TSOs agree that they could not survive without volunteers.

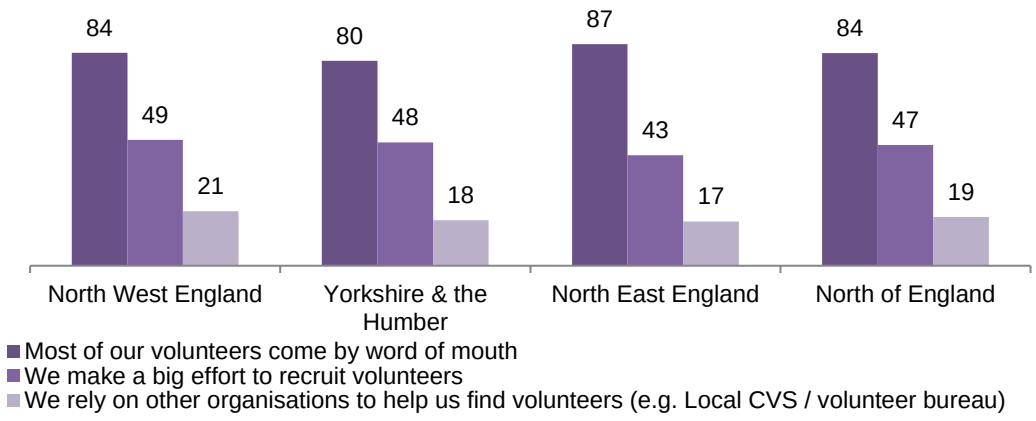
Table 4.6 **Extent of reliance on volunteers: percentage 'strongly agree' or 'agree'** (2019, North of England, excludes TSOs which do not work with volunteers)

	Micro (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000 - £999,999)	**Big** (income above £1,000,000)
We rely mainly on volunteers who commit time on a very regular basis	90.0	86.3	75.6	68.3	61.6
We rely mainly on volunteers who can work unsupervised	85.9	79.1	65.9	46.9	42.5
Many of our volunteers are our service users/ beneficiaries	76.0	67.5	65.3	63.4	56.2
We could not keep going as an organisation or group without volunteers	93.5	90.3	76.7	65.5	51.9
N=	692	636	704	366	232

Data were not collected on routes to volunteering in 2019. However, it is useful to represent 2016 data on main routes to volunteering in Northern England to contextualise the above findings (see Figure 4.1).

- In North West England, 84% of TSOs 'agreed' or 'strongly agreed' that most volunteers arrive by 'word of mouth'.
- Almost half of TSOs in North West England stated that they made a big effort to recruit volunteers by holding events or advertising.
- Only 21% of TSOs in North West England rely on other organisations, such as a CVS or volunteer bureau, to find volunteers for them.

Figure 4.1 **Routes to volunteering in Northern England** (2016)



Many volunteers arrive in TSOs by word of mouth, suggesting close association with their communities of place and/or practice. To test this assertion, the association between volunteer reliance and beneficiary groups served is now considered. Table 4.7 indicates, in rank order, the extent to which TSOs state that volunteers are service users or beneficiaries. While variations between organisations serving different beneficiary groups are quite small (ranging from 62-73%), some interesting differences emerge.

- Some TSOs which have many service users or beneficiaries working as volunteers tend to have a more 'general' focus, such as older people, people in general. But others have a very close focus, such as Black, Asian and Minority ethnic group issues and issues surrounding gender and sexuality.
- Those TSOs with the lowest percentage of service users or beneficiaries working as volunteers (although they still are large in number), tend to focus on issues where people may be less well able to offer their services as volunteers, such as homeless people, people with physical disabilities, mental health problems or learning difficulties,

Table 4.7
Extent to which TSOs agree that their volunteers are service users or beneficiaries, by principal beneficiary focus (North of England, 2019)

	TSOs 'strongly agree' that their volunteers are service users or beneficiaries	TSOs 'strongly agree' or 'agree' that their volunteers are service users or beneficiaries	N=
Older people	26.3	73.3	960
People in general	26.5	72.8	1311
Black, Asian minority ethnic group issues	27.7	71.5	249
Unemployed or workless people	23.6	69.1	605
Issues associated with gender and sexuality	24.9	67.1	173
People in disadvantaged urban areas	23.1	66.6	653
Children and young people	22.8	66.1	1109
People in rural areas	25.7	65.7	420
People with physical health conditions	24.9	65.6	627
People or households in poverty	22.7	65.6	622
Carers	25.4	65.0	394
People with physical disabilities	23.9	64.6	619
People with mental health conditions	23.9	64.5	803
People with learning disabilities	22.7	63.8	484
Homeless people	20.3	62.0	350

5 Leadership and equalities

There has been surprisingly little research on equalities in the leadership of TSOs. In recent months however, there has been a growing debate within government and the Third Sector about the extent to which TSOs attend to such issues when taking on trustees, paid staff and volunteers.

For example, the Government Equalities Office carried out a consultation on proposals to extend equality legislation to cover the roles of volunteers as well as employees. This produced a defensive response by some representative bodies, feeling that attending to these issues could be overly burdensome to TSOs which were already hard-pressed in resource terms.[39]

Others have taken a more positive and active position and argue that people in TSOs, (whether they are leaders, managers, employees or volunteers) need to feel able to challenge organisations on their duty to attend to equal access and opportunities. For example, Kimberly McIntosh at JRF has argued, with reference to race equality and justice in the Third Sector:

> *'All workplaces need to create space for staff to talk openly about racism in the sector and ask difficult questions. If there are no black people in senior management, it needs to be okay to challenge that - either online with a hashtag or in the office - without fear of backlash or defensiveness. Senior leadership could respond by updating their strategy, setting targets, changing recruitment practices, collecting data at each stage of the recruitment process, and monitoring the success rate of BME candidates.'*[40]

Recognising that the issue of ethnic diversity in the sector is too rarely addressed, ACEVO has made proposals for *Making Diversity Count,* in the Third Sector. As they have argued:

> *'A lack of diversity in charity sector employees and leadership should be seen as a symptom of a deeper malaise. It is the product of a system interconnected rules, institutional practices and ideas that govern everyday life. These factors separate BAME people from charities: whether as potential employees or as populations whose lives are enhanced by the work of charities. As such, it is not enough for charities to 'fix' their own organisational deficits. As a sector, we need to work together to eliminate the diversity problem at the source and to embed rules, institutional practices and ideas that instead produce and reproduce equality, diversity and inclusion.'*[41]

The debate on equalities in TSOs has deepened in recent months, driven by the CharitySoWhite campaign, the purpose of which is 'tackling institutional racism in the charity sector'.

> *'Our vision is of a charity sector that is taking the lead on tackling and rooting out racism. We want to see a shift in fundamental structures across the charity sector,*

[39] Rickets, A. (2019) 'NCVO voices concern over employment equality consultation findings on volunteers' *Third Sector*, 19th October, https://www.thirdsector.co.uk/ncvo-voices-concern-employment-equality-consultation-findings-volunteers/volunteering/article/1663183, see also, Consultation on Sexual Harassment in the Workplace: legal protections under the Equality Act 2010: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816116/Technical_consultation_-_FINAL.pdf

[40] McIntosh, K. (2019) '*Race equality and justice in the charity sector*', York: JRF, https://www.jrf.org.uk/blog/race-equality-and-justice-charity-sector

[41] ACEVO (2019) *Making diversity count in the charity sector.'* https://www.acevo.org.uk/2019/05/making-diversity-count-in-the-charity-sector/

> *where our sector, leaders and decision-makers reflect the communities that we work with.*
>
> *Unless we take serious and urgent action to tackle racism, social justice will not and cannot prevail. This will take investment and commitment and means leaders prioritising taking action and accountability, in order to bring about systemic change.'*[42]

Attending to issues surrounding ethnicity is important, but of course, there are other aspects of equality which also need to be addressed including those associated with gender and sexuality, age and disability.

The Charity Commission published its own *Diversity and Exclusion Strategy 2019 to 2023* in April 2019 to ensure that, as an organisation, it attended to its legal obligations but also effect positive cultural change in the way it works. Its aim is to create '*an inclusive culture, that values diversity, in how we treat our employees and interact with those that we regulate.'*[43] This may represent a prelude to the Charity Commission taking a more active role in promoting equalities within the sector and demanding that evidence on progress in employment and volunteering practices is produced.

Campaigns for greater equality in charities have also addressed the issue of recruitment of less well educationally qualified candidates. The 'Non Graduates Welcome' campaign was launched in 2019 to address this issue.[44]

Many of the Third Sector's principal infrastructure and representative bodies have produced guidance on good practice for TSOs on how to adhere to equalities law and enact effective human resource procedures.[45] But there is very little available evidence on the extent to which the sector is meeting their responsibility to produce a diverse employee and volunteer workforce.

Third Sector Trends began exploring issues surrounding diversity amongst volunteers in 2016. In 2019 this has been extended to look at the extent of diversity in organisational leadership and management. Given its broad range of interests explored in the survey, it was not possible to explore these factors in great depth. However we are able to present reliable evidence on the current situation across the North of England.

The analysis presented here is preliminary and will be developed further in subsequent research briefings and reports.

Analysis

Data were collected in 2019 on the biographical characteristics of chairs and chief officers in TSOs. These included educational achievement at graduate level, gender, age, disability, ethnicity and whether they had reached retirement age. The level of detail attained is, unfortunately, limited to these indicators as there was insufficient space in the survey instrument to get into more depth at this stage.

Regional variations in the percentage of governing body chairs with different characteristics are shown in Table 5.1. There are some notable variations across the regions.

- Graduate chairs are the most populous in Yorkshire and Humber (68%). In North East England, there are fewer graduate chairs 61% which may reflect the region's profile of lower level participation and achievement in higher education. These data suggest that graduates are significantly over-represented when compared with

[42] For further detail on the campaign, see: https://charitysowhite.org/vision .

[43] Charity Commission (2019) *Policy Paper: Diversity and inclusion strategy 2019-2023*: https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023

[44] Non Graduates Welcome manifesto can be found here: http://nongraduateswelcome.co.uk/manifesto/

[45] See for example, the following guidance from NCVO/Knowhow *Equality and Diversity* https://knowhow.ncvo.org.uk/your-team/hr/equality-and-diversity and ACEVO's *Racial diversity in the charity sector,* https://www.gov.uk/government/publications/charity-commission-diversity-and-inclusion-strategy-2019-to-2023/diversity-and-inclusion-strategy-2019-to-2023

graduate population averages (North East England 33%, Yorkshire and Humber 34%, North West England 36%)[46].

- Women chairs are more strongly represented in North East England (46%) than in Yorkshire and Humber (42%) or North West England (41%). As the percentage of women and men in the population is relatively equal, this shows that women are currently under-represented as chairs.
- There are relatively few chairs with registered disabilities (around 8-9% across the regions). This may suggest that people with disabilities are under-represented as chairs as about 16% of the working population and around 48% of pension age adults have disabilities. The percentage for the whole population is estimated at 20%.[47]
- Black, Asian and minority ethnic (BAME) chairs are the most populous in Yorkshire and Humber (8%) and the least in North East England (4%). The proportion of chairs is relatively low: in the UK, about 14% of the population are BAME. [48] By region, the percentages are 5.1% in North East England, 9.7% in Yorkshire and Humber, 13.2% in North West England, suggesting that BAME chairs are not representative of the regional population, and especially so in North West England.[49]
- In the UK, 18.3% of the population are aged over 65 years,[50] retired people are therefore substantially over-represented as TSO chairs.

Table 5.1

Characteristics of chairs of governing bodies, percentage by region (2019)	North East England	Yorkshire and Humber	North West England	North of England
Percentage of TSOs with graduate chairs (about 35% of the working population in the North have degrees)	61.3	67.6	64.5	64.2
Percent of TSOs with women chairs (51% of the UK population are women)	46.0	42.0	40.9	43.1
Percent of TSOs with registered disabled chairs (about 20% of the UK population have disabilities)	8.4	8.2	9.2	8.6
Percent of TSOs with BAME chairs (14% of the UK population is BAME)	4.2	7.5	5.7	5.7
Percent of TSOs with retired chairs (18% of the UK Population are retired)	58.2	51.3	52.9	54.4

Table 5.2 presents the percentages of chief officers in TSOs with different biographical characteristics.

- As discussed in relation to Table 5.1, it is apparent that graduates are over-represented as CEOs when compared with population averages. However, given

[46] These percentages refer to people of working age. ONS (2017) Graduates in the labour market: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/graduatesintheuklabourmarket/2017.

[47] See DWP (2014) *Disability facts and figures*: https://www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures.

[48] ONS (2018) *Population of England and Wales:* https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest#main-facts-and-figures

[49] ONS (2018) *Regional ethnic diversity*: https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/regional-ethnic-diversity/latest#ethnic-groups-by-area

[50] ONS (2019) *Overview of the UK population*: https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/august2019#the-uks-population-is-ageing

the responsibilities attached to this role, this is less surprising. There are fewer graduate CEOs in North East England (64%) whilst the highest proportion is in Yorkshire and Humber (76%).

- Women are well represented as CEOs in the Third Sector, constituting over 65% of all CEOs in the North of England. They are the least populous in North East England (61%) when compared with Yorkshire and Humber (69%) and North West England (68%).
- CEOs with registered disabilities are relatively few in number by working age population averages (see above discussion) at only 7% of all CEOs. They are best represented in North West England (10%) and least in North East England (6%).
- BAME CEOs are under-represented by population averages in all regions (see above discussion). But the proportion broadly follows the population averages in regions with 4% in North East England, 10% in Yorkshire and Humber and 11% in North West England.

Table 5.2

Characteristics of CEOs, percentages by region TSOs (2019)	North East England	Yorkshire and Humber	North West England	North of England
Percentage of TSOs with graduate CEOs (about 35% of the working population in the North have degrees)	64.1	76.2	70.8	69.8
Percent of TSOs with women CEOs (51% of the UK population are women)	61.0	68.6	67.7	65.3
Percent of TSOs with registered disabled CEOs (about 20% of the UK population have disabilities)	5.6	6.2	9.8	7.1
Percent of TSOs with BAME CEOs (14% of the UK population is BAME)	3.9	9.7	10.6	7.7

Table 5.3 presents data on the characteristics of TSOs' governing body chairs by size of organisation.

- Headline data shows that a clear majority of TSOs have graduate chairs (64%). TSOs are increasingly likely to have graduate chairs as they become larger in size (ranging from 54% in micro organisations to 83% in the biggest TSOs
- Women are chairs in 43% of TSOs. Variations are not pronounced, but women chairs are most populous in the very smallest organisations (48%).
- About 9% of TSOs have chairs with registered disabilities. The percentage of chairs with disabilities reduces as organisations get larger (micro TSOs have 10%, reducing to 6% in the biggest organisations).
- There are relatively few Black, Asian and minority ethnic (BAME) chairs. Organisational size has no obvious bearing on the proportion of BAME chairs.
- A majority of chairs are retired (54%). The smallest TSOs are most likely to have retired chairs (60%).

Table 5.3 **Characteristics of CEOs by size of TSOs** (2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs (n= 2,953)
Percentage of TSOs with graduate chairs	54.2	58.7	68.1	77.8	83.3	64.2
Percent of TSOs with women chairs	47.5	42.3	42.3	41.0	40.9	43.1
Percent of TSOs with registered disabled chairs	10.0	9.1	8.9	6.7	5.6	8.6
Percent of TSOs with BAME chairs	5.5	4.8	8.1	3.2	5.2	5.7
Percent of TSOs with retired chairs	60.2	55.4	50.2	50.4	54.0	54.4

Table 5.4 presents data on the characteristics of CEOs by size of TSOs. Data are only presented for organisations with income above £50,000 as few TSOs employ staff with income below these levels.

- Graduate CEOs become much more populous as organisations become larger: there are only 55% of graduate CEOs in medium sized TSOs compared with 83% of the biggest organisations.
- Women outnumber male CEOs across all organisational sizes (60%). Variations in the percentage of women CEOs are slight and not patterned.
- CEOs with registered disabilities reduce in number as TSOs become larger in size, although variations are slight, they fall from 7% in medium sized organisations to 5% in the largest.

Table 5.4 **Characteristics of CEOs by size of TSOs** (North of England, 2019)	Medium TSOs (income £50,000 - £250,000)	Large TSOs (income £250,000 - £1m)	Big TSOs (income £1m or more)	All TSOs (n=1,290)
Percentage of TSOs with graduate CEOs	54.5	70.1	82.5	64.1
Percent of TSOs with women CEOs	59.9	62.0	57.9	60.1
Percent of TSOs with registered disabled CEOs	6.6	5.7	5.6	6.1
Percent of TSOs with BAME CEOs	7.1	6.9	5.2	6.7

Table 5.5 shows what percentage of chairs and CEOs are located in TSOs which serve the interests of specific beneficiary groups. Data for CEOs applies only to those TSOs with income above £50,000 a year. The evidence suggests that there is little variation in the proportion of chairs and CEOs in each category. However there are some significant exceptions.

- BAME chairs and CEOs are much more likely to be found in TSOs which serve people of a particular ethnic or racial origin (25% and 27% respectively) than in other beneficiary areas. They are very much under-represented in rural areas (about 3% of BAME chairs and CEOs).
- Chairs or CEOs with disabilities are less well represented in TSOs which support rural areas, children and young people and general charities. There is no area of activity where chairs or CEOs with disabilities are strongly represented.
- Percentages of women range from 36-48% of chairs and 60-70% of CEOs. Women chairs are the least likely to serve in TSOs serving rural issues (36%). Women CEOs are most likely to lead organisations which support carers or issues associated with gender and sexuality.

Table 5.5

Percentage of chairs and CEOs in TSOs which address specific beneficiary issues (2019)

	% BAME chairs	% BAME CEOs	% disabled chairs	% disabled CEOs	% women chairs	% women CEOs
People in general	5.7	7.4	7.4	5.6	40.5	60.2
Children and young people	6.7	7.4	8.1	7.6	42.8	66.6
Older people	6.5	9.5	11.1	7.9	41.3	64.3
People with physical disabilities	6.5	7.1	14.5	11.8	44.9	64.4
People with physical health conditions	8.5	9.6	14.0	11.4	44.4	67.0
People with mental health conditions	7.8	9.7	13.3	10.2	47.5	68.3
People with learning disabilities	7.5	8.3	13.7	9.8	44.7	66.7
People of a particular ethnic or racial origin	24.9	26.8	13.7	9.4	47.1	65.5
People with homelessness/housing issues	8.3	11.7	11.8	9.6	40.9	66.5
Carers	7.1	9.5	15.8	10.1	46.8	71.1
Unemployed/workless people	9.5	11.1	12.0	10.8	42.1	65.4
People with concerns about gender/sexuality	7.8	9.8	16.1	10.0	47.9	70.8
People in rural areas	2.7	3.2	8.3	8.9	44.4	67.1
People in disadvantaged urban areas	9.8	9.2	11.2	9.8	42.3	67.9
People or households living in poverty	10.7	10.0	11.1	8.7	42.4	67.8
Other Third Sector organisations	9.3	8.2	15.7	8.2	36.1	65.3

Data were not collected on the biographical characteristics of volunteers in 2019. It is possible to present data from 2016. Table 5.6 shows the percentage of TSOs which stated that 'most of their volunteers' were young people, BAME people, women or older people.

- Older people seem to dominate in the sector as volunteers: 53% of TSOs reported that most of their volunteers were older. This is even more pronounced in the smallest TSOs where 69% stated that most of their volunteers were older.
- Relatively few TSOs stated that most of their volunteers were younger people (13%). There is little variation by size of organisation.
- Few TSOs stated that most of their volunteers were from BAME groups (5%), very few large TSOs stated that this was the case (2%).
- Around a quarter of TSOs reported that most of their volunteers were women. Smaller TSOs (29%) tended to be more likely to have a majority of women volunteers.

Table 5.6 **Characteristics of volunteers by size of TSOs** (2016, North of England)	Micro under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs	N=
Percentage of TSOs which mainly employed older volunteers	68.5	58.6	43.3	37.2	40.9	53.2	2,753
Percentage of TSOs which mainly employed younger volunteers	13.9	12.2	13.4	11.6	12.4	12.8	2,309
Percentage of TSOs which mainly employed BAME volunteers	5.9	4.4	4.8	3.9	1.7	4.5	2,786
Percentage of TSOs which mainly employed women volunteers	29.3	22.9	23.9	22.6	21.0	24.6	3,000

The data presented in the above table only refer to those TSOs which answered the question fully. Many stated that the question was not applicable to them. In some cases this may be legitimate. For example if a TSO ran a women's refuge, it may not be expected that they have male volunteers and they may have a clear policy that stipulates this.

It is troubling that 36% of TSOs felt that the question about their involvement of BAME volunteers was not thought to be applicable to them. Even if their organisation was located in an area where the population was predominantly white, they still had the option of stating that none of their volunteers were BAME (see Figure 5.1).

Figure 5.1 **Percentage of TSOs stating that the question about volunteers was not applicable to them**
(North of England, 2016)

6 Sector income sources

Third Sector Trends study does not collect data on 'actual' levels of income TSOs receive from different sources.[51] Instead, 'perceptions' of the extent of TSOs' reliance on different sources of income are explored. TSOs are asked to state how important *each* source of income is to them on the following scale: 'most important', 'important', 'of some importance', 'least important' and 'not important'. This is a valuable source of information as it provides a clear understanding of how the perceived 'balance' of reliance on different income sources changes over time.

Table 6.1 presents basic data on the percentage of TSOs which state that each source of income is 'most important' to them in the each of the regions of the North of England. The results are presented in rank order in the far right column (North of England).

- ***Grants*** are the most valued type of funding across all regions of the North of England. TSOs in North East England report the highest level of reliance on grant funding (54%) compared with half of TSOs in Yorkshire and Humber and North West England.
- ***Subscription income*** is considered a most important source of income by nearly two fifths of TSOs (38%). Subscription income is regarded as more important in North West England (44%) than in Yorkshire and Humber and North East England (35%).
- ***Contracts*** to deliver services are most important to about a third of TSOs (36%) as is the case with ***earned income*** (33%). Fewer TSOs in North East England regard contracts as being most important (34% compared with 36% in Yorkshire and Humber and 38% in North West England).
- ***Gifts and donations*** are regarded as most important by nearly 30% of TSOs. Regional variations are relatively slight.
- ***In-kind support*** is considered as most important to 17% of TSOs. There are no discernable regional differences.
- ***Investment income*** is a most important source of income for only 13% of TSOs. TSOs in North West England are somewhat less reliant on this source of income (10%) when compared with North East England (16%) and Yorkshire and Humber (15%).
- ***Borrowing*** money is not regarded as a most important source of money by many TSOs (7%). Regional variations suggest that borrowing is valued at the highest level in North West England (9%).

[51] With the exception of NCVO's Almanac research which is based on published financial accounts of a sample of TSOs from across the UK, 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 Study 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.

Table 6.1 **TSOs reporting that sources of funding are 'most important' to them** (North of England, 2019)	North East England	Yorkshire and Humber	North West England	North of England
Grants	53.7	49.4	50.2	51.2
Subscriptions	35.1	34.7	43.9	38.3
Contracts	34.0	36.3	38.2	36.2
Earned income (*e.g. retail, selling goods/ services – but not contracts*)	34.3	32.6	31.0	32.6
Gifts (*e.g. sponsorship, donations)*	28.8	27.4	31.9	29.6
Contribution in kind (*e.g. use of facilities and free professional help*)	17.9	15.7	17.3	17.1
Investment income (*e.g. stocks, shares, interest, dividends, etc.*)	15.6	14.8	9.7	13.3
Borrowed money (e.g. loans)	7.9	4.3	9.0	7.1

Headline findings presented in Table 6.1 tell us little about the types of organisations which value different sources of funding. Table 6.2 looks at variations in dependence on sources of income by size of TSOs.

- Grants are valued most by medium sized TSOs (60%) and least valued by the biggest TSOs (30%).
- Few micro TSOs state that contracts are 'most important' to them (and it is unlikely that they will hold contracts as such) compared with 57% of the biggest TSOs. Other sources of earned income are 'most important' mainly to small and medium sized TSOs (~36-38%), but less so for micro TSOs (26%).
- Investment income is regarded as most important amongst micro and small TSOs (24% and 21%) when compared with larger organisations. Similarly, gifts and donations, subscription income and in-kind support are perceived to be more important to smaller organisations than their larger counterparts.
- Borrowing is regarded as most important by very few TSOs, irrespective of their size.

Table 6.2 **Percentage of TSOs which report that sources of income are 'most important' to them** (North of England, 2019)	**Micro** (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000 - £999,999)	**Big** (income above £1,000,000)	All TSOs
Grants	49.8	51.8	60.1	50.4	30.2	51.2
Contracts	16.1	24.9	30.3	44.8	56.9	36.2
Earned income (*e.g. retail, selling goods/ services – but not contracts*)	26.4	37.8	35.5	29.7	30.5	32.7
Investment income (*e.g. stocks, shares, interest, dividends, etc.*)	23.6	21.4	6.5	9.8	6.5	13.2
Contribution in kind (*e.g. use of facilities and free professional help*)	31.7	17.9	13.3	6.7	4.2	17.1
Gifts (*e.g. sponsorship, donations)*	35.2	36.6	29.0	14.6	17.2	29.5
Subscriptions	55.4	44.7	30.0	10.7	10.3	38.2
Borrowed money (e.g. loans)	10.3	11.5	5.5	5.6	6.2	7.3
N=	876	748	784	425	269	3,160

The above analysis looked at the relative levels of importance attached to a variety of income sources – but only for those TSOs which rely on these sources of income to some extent. Table 6.3 looks at the situation from a different point of view and shows the percentage of TSOs which state that each source of income is at least of some importance to them. This analysis makes more sense of the findings presented in Table 6.2.

The extent of 'relevance' of income sources rather than 'reliance' upon them are shown in Table 6.3.

- Grant income is regarded as relevant to 75% of micro TSOs, rising to 94% of the biggest TSOs.
- Contracts are relevant to fewer than 20% of micro TSOs, but this rises to 93% of the biggest TSOs.
- Earned income is of some relevance to 46% of micro TSOs, rising to 80% of the biggest TSOs.
- Investment income is relied up on to some extent by only 16% of micro TSOs, rising to 58% of the biggest.
- Contributions in kind are relevant to 67% of micro TSOs rising to 82% of the biggest TSOs.
- Gift income does not follow a clear pattern. The biggest and smallest TSOs say that gift income is of relevance to them (at about 80-82%).
- Subscriptions are of some importance to 51% of micro TSOs, but this falls to only 36% of the biggest TSOs.
- Borrowing is of no importance to 95% to micro TSOs. The relevance of borrowing rises progressively from 9% of small TSOs to 30% of the biggest organisations.

Table 6.3 **Percentage of TSOs which report that sources of income are of at least of some importance to them** (North of England, 2019)	**Micro** (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000 - £999,999)	**Big** (income above £1,000,000)	All TSOs
Grants	75.4	84.0	91.1	92.8	94.0	85.5
Contracts	19.4	30.7	59.8	80.9	92.5	48.3
Earned income (*e.g. retail, selling goods/ services – but not contracts*)	45.8	62.6	73.7	78.8	79.8	64.7
Investment income (*e.g. stocks, shares, interest, dividends, etc.*)	16.3	22.2	22.8	32.3	57.5	25.4
Contribution in kind (*e.g. use of facilities and free professional help*)	67.7	69.5	76.5	78.4	81.8	73.2
Gifts (*e.g. sponsorship, donations)*	80.1	86.8	86.5	84.1	82.2	84.1
Subscriptions	51.1	50.2	42.0	36.3	36.2	45.1
Borrowed money (e.g. loans)	5.0	8.9	12.2	17.5	30.3	11.9
N=	876	748	784	425	269	3,160

The analysis presented above shows that organisational size has a big impact on the sources of income upon which TSOs primarily depend. This is to be expected as very small TSOs' income needs are much more modest as they tend neither to employ staff nor to own or manage property.

In the analysis which follows, trends in relative levels of reliance on different sources of income are considered by size of TSOs. This analysis applies only to North East England and Cumbria where the study has run continuously since 2010. But given that profiles of relevance and reliance upon sources of income are similar amongst the regions of the North of England, the findings are likely to be of general applicability.

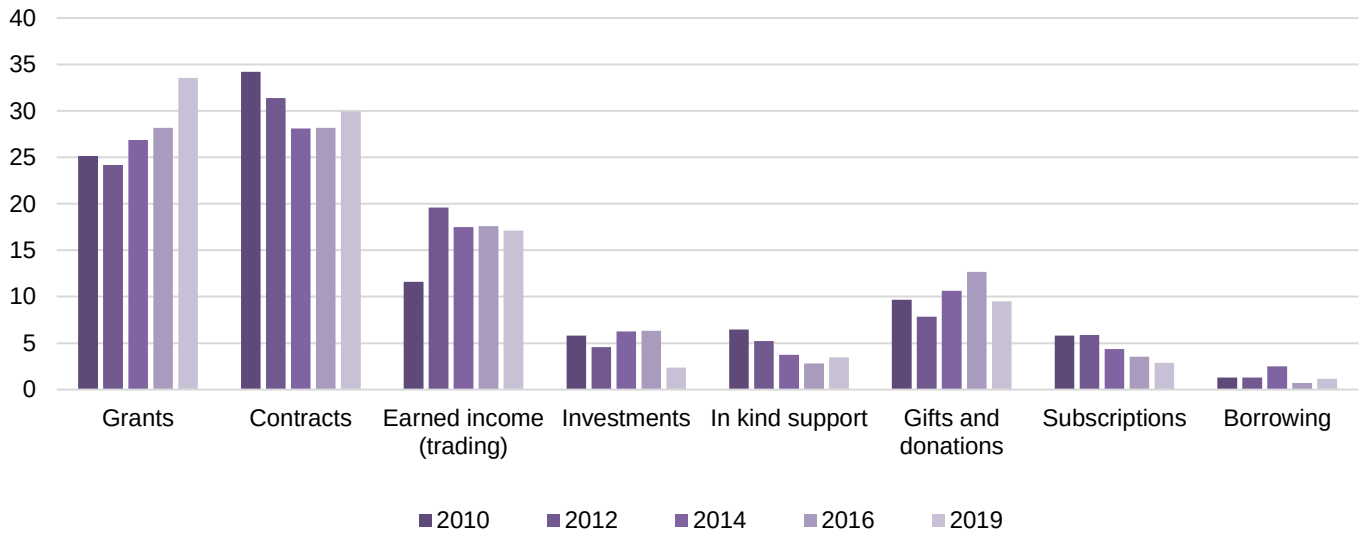
Three charts are presented to show the changing situation of larger, medium and smaller TSOs.

Larger TSOs

Larger TSOs are more formal entities which tend to be organised hierarchically and must service a wide range of organisational needs. They need to draw in substantive financial resources to sustain themselves.

- In relative terms, larger TSOs perceived grants to be their most important source of income in 2019, followed by contracts and earned income.
- Grant funding has become more important in relative terms since the study began in 2010, while contract funding has declined in importance (although there has been an uplift in 2016 and 2019).
- The relative importance of investment income has declined as has in-kind support and subscriptions.
- The relative importance of gifts and donations has fluctuated considerably, while borrowing has consistently been regarded as of negligible importance since 2010.

Figure 6.1 **Relative reliance on income sources**
(larger TSOs income above £250,000, North East England and Cumbria)

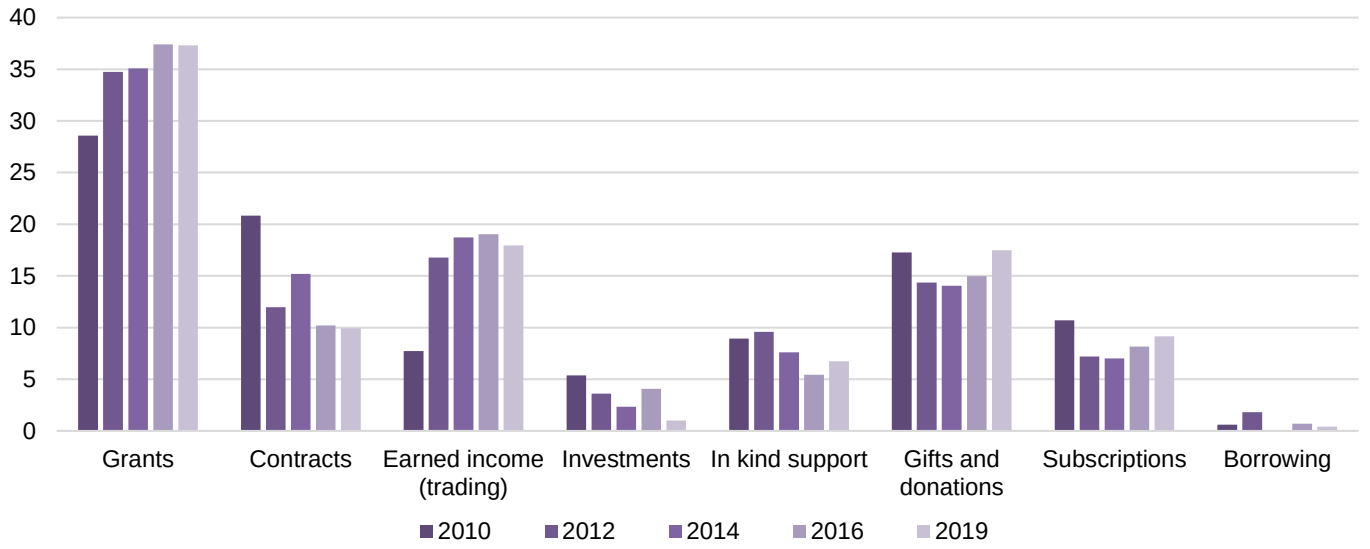


Medium sized TSOs

Medium sized TSOs with income between £50,000 and £250,000 are semi-formal organisations with relatively few members of staff who attend to a varied range of organisational functions. They are nevertheless heavily reliant on raising financial resources from a variety of sources to sustain themselves.

- Grants are the most important source of income and their relative importance has grown between 2010 and 2019 – although this has levelled off between 2016-2019.
- The relative importance of Income from contracts declined over time while earned income has remained level since 2012 (after a low start in 2010).
- Investment income has fluctuated and there is no clear pattern of change.
- In kind support, gifts and donations and subscriptions have all risen a little in relative terms since 2016 but borrowing remains to be of negligible importance.

Figure 6.2 **Relative reliance on income sources**
(medium TSOs income £50,000 - £249,000, North East England and Cumbria)



Smaller TSOs

Smaller TSOs, with income below £50,000, tend to be more informal organisations. They own or manage property more rarely than bigger TSOs. Few of these organisations employ full-time staff, though part-time employment is quite common at the upper end of the income spectrum. The bulk of the work of smaller TSOs is done by volunteers. Consequently, reliance on financial resources are lower

- Smaller TSOs perceive grants as being the most important source of income, this has risen steadily since 2010 (when subscriptions were regarded as more important than grants.
- Contracts have never been important to smaller TSOs, they tend to be too small to win them and are usually disinterested/unaware of such opportunities.
- Earned income has become steadily more important in relative terms – but has levelled off now (in fact a very slight decline in 2019).
- Gifts and donations have always been regarded as important and these have risen over time relative to other sources of income.
- The importance of in-kind support fluctuates over time – there is no obvious pattern or trend, possibly reflecting the incidental or occasional nature of such support.
- Subscriptions have declined in importance significantly in relative terms over time
- Borrowing is of negligible importance to smaller TSOs.

Figure 6.3 **Relative reliance on income sources**
(smaller TSOs with income below £50,000, North East England and Cumbria)

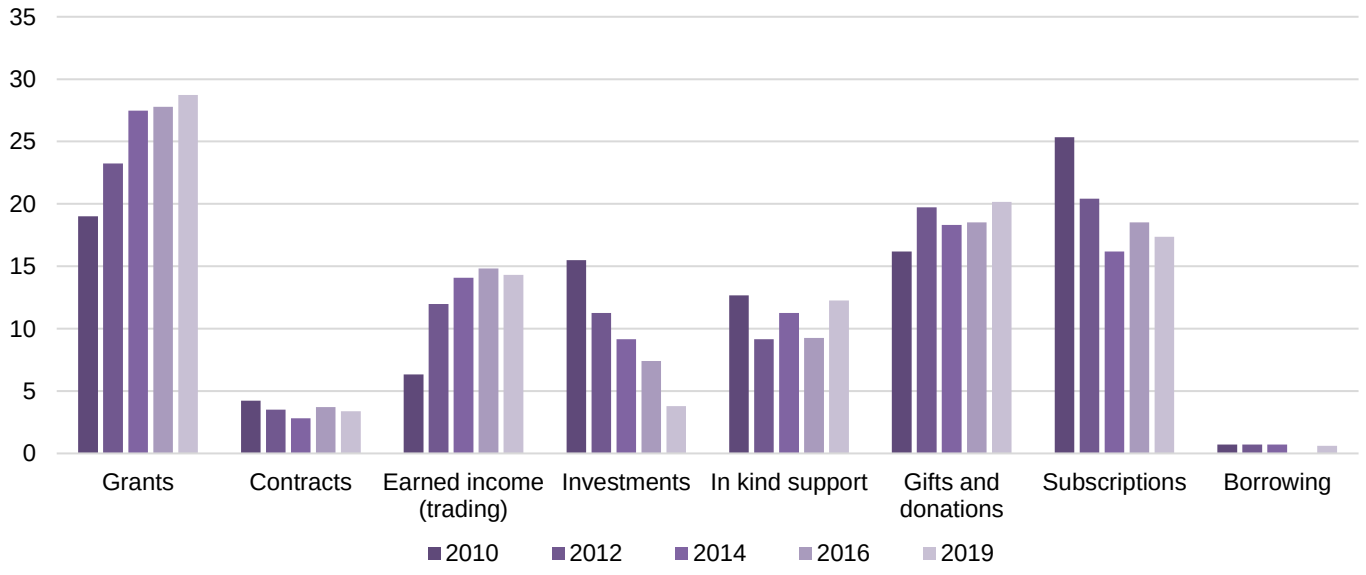


Figure 6.4(a) helps to explain why reliance on income may vary amongst organisations which were established recently or a long time ago.

- Gifts and donations are an equally common source of income for TSOs of all ages (83-85%)
- TSOs which were established most recently were much less likely to depend upon subscription income (34%) when compared with the oldest TSOs (60%).
- As would be expected, investment income is more often relied upon by older TSOs. 43% of the oldest TSOs have investment income compared with just 11% of the most recently established organisations.

Figure 6.4(a) **Access to income sources by age of TSO**
(North of England, 2019)

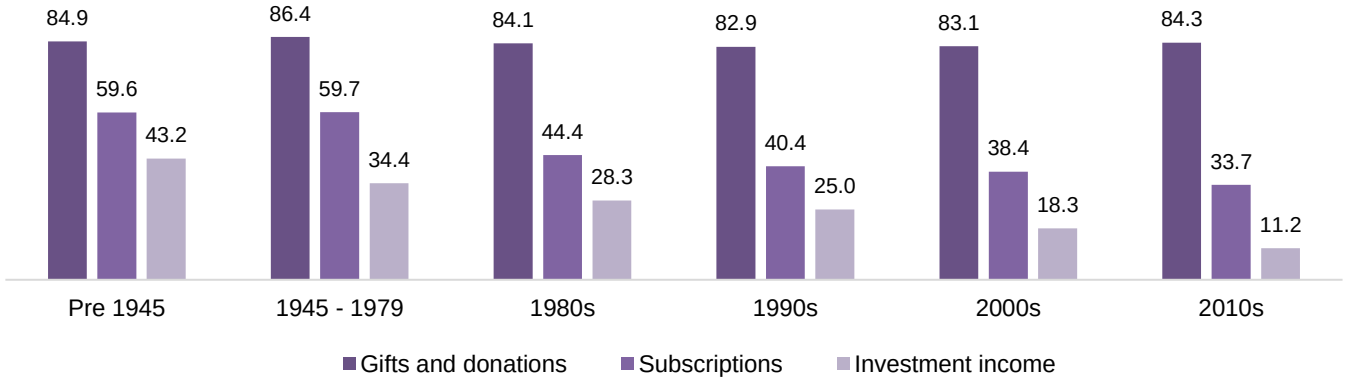
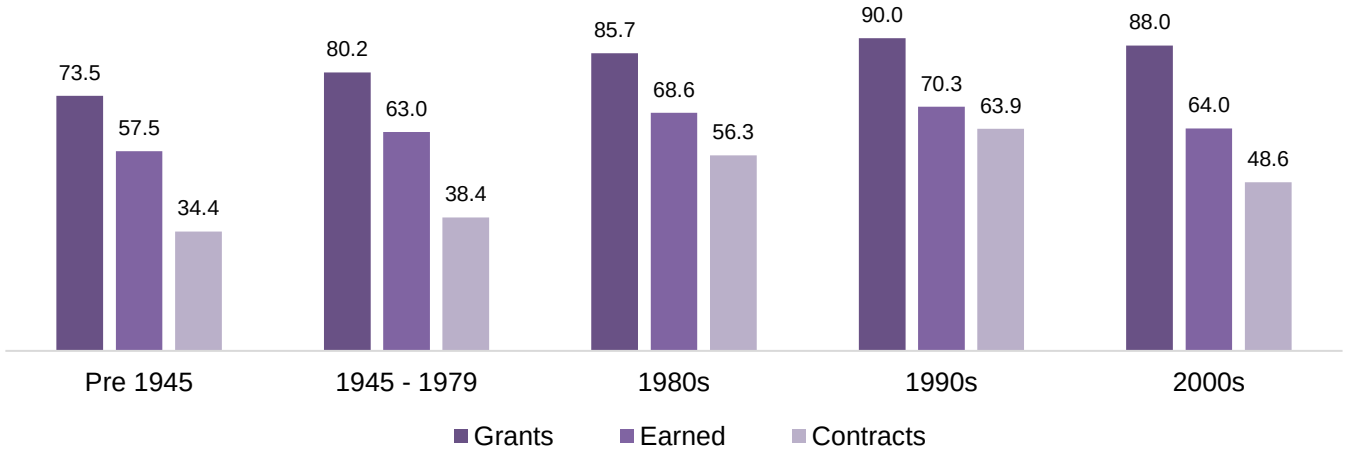


Figure 6.4(b) presents data on TSOs' access to grants, earned income and contracts across the North of England.

- More recently established TSOs are much more likely to depend to some extent on grant income (88-90%) compared with the oldest organisations (pre 1945=74%)
- Earned income is a more common source of income in newer TSOs (especially those established in the 1990s: 70%) than in the oldest TSOs (58%).
- Income from service delivery contracts is most common in TSOs established in the 1990s (64%), declining to just 34% amongst those TSOs established before 1945.

Figure 6.4(b) **Access to income sources by age of TSO**
(North of England, 2019)



7 Assets and reserves

Considering the extent to which TSOs rely on specific sources of income is a useful way of determining how TSOs garner their resources. It is also important to look at their assets and use of reserves to understand their financial situation and wellbeing.

Figure 7.1 shows the property assets of TSOs of different sizes. As would be expected, the larger TSOs are more likely to hold property assets. Only 4% of micro TSOs have property valued above £250,000 compared with 53% of the largest organisations. That stated, nearly 30% of the biggest TSOs have no property assets.

Figure 7.1 **Percentage of TSOs owning property by size of organisation**
(North of England, 2019)

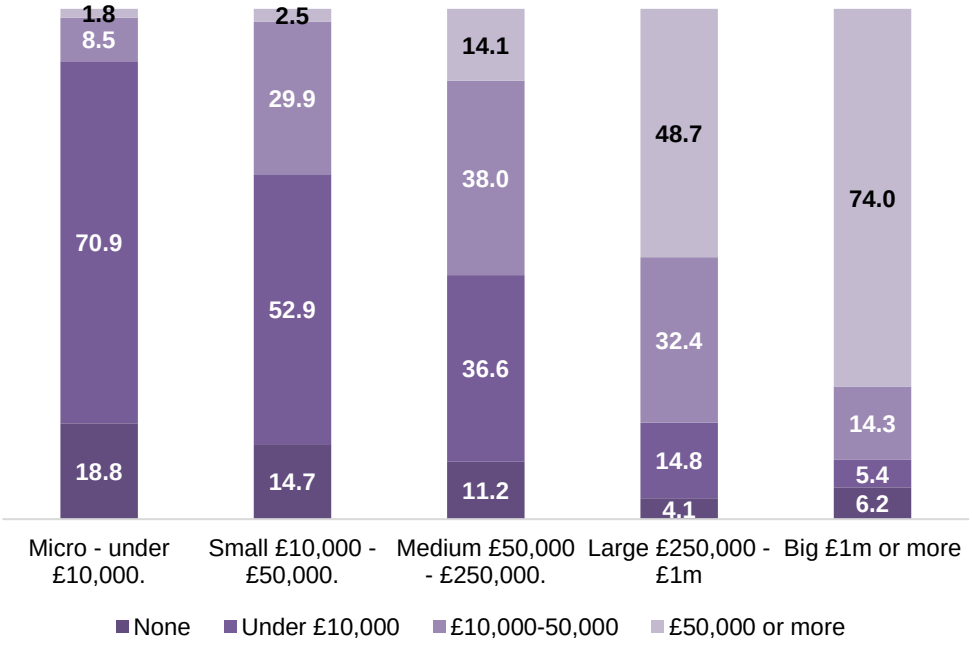
Investment assets (as shown in Section 6) are not considered to produce significant income in most TSOs. Figure 7.2 clearly indicates that most TSOs do not have investment assets apart from the biggest organisations (of which, 29% do not have these assets). It is clear that most medium to larger sized TSOs lack significant investment assets. Only 4% of medium and 10% of larger TSOs have in excess of £250,000 in such assets.

Figure 7.2 **Percentage of TSOs with investment assets by size of TSO**
(North of England, 2019)

The extent to which TSOs hold cash in hand reserves is shown in Figure 7.3. These data indicate that many TSOs appear to be in a relatively precarious situation. In the case of smaller TSOs, few have employees or premises to pay for. Consequently, it may not be a significant problem that 19% of micro and 15% of small TSOs have no cash reserves.

As organisations become larger and their financial needs become more pressing, it is perhaps a matter of concern that 37% of medium sized TSOs have less than £10,000 in cash reserves (and that a further 11% have none). Larger and the biggest organisations appear to have stronger cash reserves. However, 26% of the biggest and over 50% of larger TSOs have less than £50,000 in cash reserves.

Figure 7.3 **Percentage of TSOs with cash reserves by TSO size**
(North of England, 2019)



Regional variations

To what extent are there regional differences in the assets of TSOs in the North of England? Table 7.1 indicates that variations are too small to be of significance.

Table 7.1 **Ownership of assets by TSOs in the regions** (North of England, 2019)

	Property assets			Investment assets (stocks, shares, saving etc.)			Cash reserves in current account		
	North East England	Yorkshire and Humber	North West England	North East England	Yorkshire and Humber	North West England	North East England	Yorkshire and Humber	North West England
No assets	59.0	61.0	60.8	61.3	62.2	64.5	11.6	11.8	14.9
Under £250,000	25.7	23.4	24.7	32.1	30.2	29.3	83.4	83.2	80.2
Over £250,000	15.3	15.6	14.5	6.6	7.6	6.2	5.0	5.0	4.9
N=	1,015	776	1,090	1,041	790	1,130	1,052	803	1,144

While regional differences are not significant, TSOs operating in areas of greater or lesser affluence may have different asset profiles. Table 7.2 indicates that property ownership varies little by the wealth of the area where TSOs are located – although there is some indication that property wealth above £250,000 is a little more common in the most affluent areas (where property is more valuable).

Variations in investment assets are slightly more pronounced. In the poorest areas, 66% of TSOs have no investment assets compared with 56% in the most affluent areas. Furthermore, holding investment assets over £250,000 is only slightly more common in the richest areas (9%) when compared with the poorest (7%).

When it comes to cash in hand reserves - bigger differences emerge. In the poorest areas 16% of TSOs have no cash reserves compared with 10% in the richest areas. Nevertheless these distinctions are not large.

Table 7.2 **Ownership of assets by wealth of area where TSOs are based** (North of England 2019)

Property	Poorest EID 1-2	EID 3-4	EID 5-6	EID 7-8	Richest EID 9-10
Property assets					
No assets	60.3	59.1	59.0	58.8	62.5
Under £250,000	25.1	26.2	25.4	25.7	20.9
Over £250,000	14.6	14.6	15.5	15.5	16.6
Investment assets					
No assets	66.4	66.1	61.1	51.2	55.6
Under £250,000	26.8	27.0	33.7	40.3	35.4
Over £250,000	6.8	6.9	5.2	8.4	9.1
Cash reserves in current account					
No cash reserves	16.2	12.4	11.6	6.8	10.1
Under £250,000	77.9	82.3	85.7	89.3	84.7
Over £250,000	6.0	5.3	2.7	3.9	5.2
N=	1,100	541	515	362	301

When asset levels are explored further to compare TSOs of different sizes in rich and poor areas, bigger differences emerge. Table 7.3 presents data on cash reserves to illustrate this point.

It is clear that in most cases, there is no obvious relationship between the wealth of the area where TSOs are based and their cash reserve levels. There is one exception. Amongst Small TSOs (income £10,000-£50,000), 75% in the poorest areas have none or below £10,000 in reserves compared with just 55% in the richest areas.

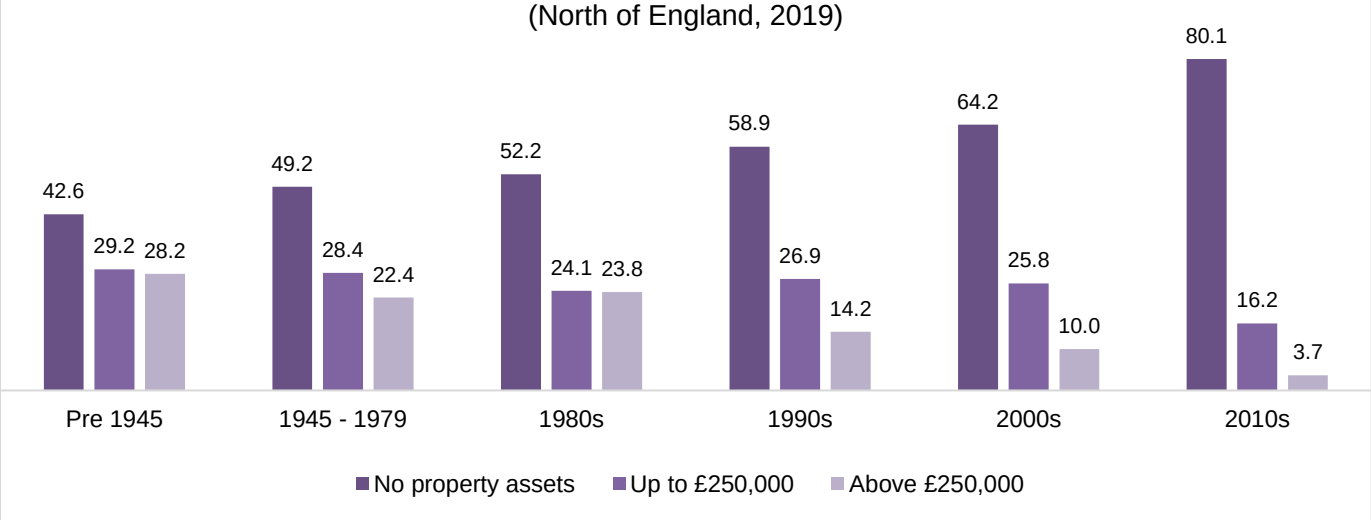
Table 7.3 **Percentage of TSOs with none or less than £10,000 in cash reserves by wealth of area where they operate and by size of organisation** (North of England, 2019)

	Poorest areas EID 1-2	EID 3-4	EID 5-6	EID 7-8	Richest areas EID 9-10
Micro	88.8	90.1	91.6	89.0	85.5
Small	**75.1**	**71.3**	**59.3**	**62.7**	**55.0**
Medium	49.1	48.0	51.9	36.5	50.0
Large	16.2	18.8	21.2	26.3	21.7
Big	15.8	6.0	14.3	11.8	18.2
N=	1,073	534	511	376	296

Interpreting this evidence is difficult because other factors may come in to play. One such factor is the impact of organisational longevity on asset building. Figure 7.4 shows how many TSOs of different ages have property assets. As would be expected, older organisations tend be more likely to have property assets (57%) than the most recently established organisations (20%).

Most newly established TSOs (since 2010) do not have property assets (80%). The value of property owned by these organisations tends to be below £250,000). The longer TSOs have been established, the more likely they are to own property. It is still, perhaps, quite surprising that only 57% of TSOs established before 1945 own property, although half of those which do, have property valued above £250,000.

Figure 7.4 **Property assets of TSOs by date established** (North of England, 2019)



The extent to which TSOs of different ages hold Investment assets is shown in Figure 7.5. 86% of the most recently established organisations have no investment assets compared with 41% of the oldest organisations. It is clear, however, that few organisations' investment assets are greater than £250,000. This is the case for 14% of the oldest TSOs, but only 1% of the most recently established.

The analysis points to the fact that relatively few TSOs could be described as 'asset rich'. It also reveals that newly established organisations are asset poor which may make them vulnerable to episodes of financial insecurity if they are unsuccessful in drawing in funds from other sources.

Figure 7.5 **Investment assets of TSOs by date established**
(North of England, 2019)

Finally, Table 7.4 considers how many TSOs in the sample have substantive property and investment assets.

- The most important finding is that almost half of all TSOs in the sample (46%) hold neither property nor investment assets (n=1,314).
- 57% of TSOs have less than £10,000 in property or investment assets (within darker purple box).
- 67% of TSOs hold less than £50,000 in property and/or investment assets (within mid purple box).
- 82% of TSOs have property and/or investment assets below £250,000 (within light purple box)
- Only 49 TSOs in the sample (less than 2%) have property and investment assets above £1m.

The analysis indicates that many TSOs may be financially vulnerable as they have limited assets.

Table 7.4

Investment and property assets compared
(North of England, 2019)

	Investment assets						
Property assets	No investment assets	Less than £10,000	£10,001 - £50,000	£50,001 - £250,000	£250,001- £999,999	£1,000,000 or more	N=
No property assets	46.0	4.8	4.6	3.6	1.5	0.5	1,744
Less than £10,000	5.7	1.3	0.6	0.4	0.1	0.0	231
£10,001 - £50,000	2.3	0.9	0.9	0.3	0.0	0.1	133
£50,001 - £250,000	5.0	1.7	2.6	1.3	0.3	0.1	317
£250,001- £999,999	3.5	1.2	2.3	1.4	0.8	0.2	267
£1,000,000 or more	1.1	0.3	0.6	1.0	1.1	1.7	166
N=	1,816	292	330	230	111	79	2,858

8 Grants

Often, in Third Sector debate, it is assumed that demand for grants is insatiable. As discussed in Section 6, grants are generally perceived to be one of the most important sources of income. Certainly, demand for grants is high. As shown in Table 8.1, which refers to North East England, it is estimated that over 4,300 TSOs applied for at least one grant in 2016. The success rate in winning at least one grant is around 90% - and that level of success varies little by size of organisation.

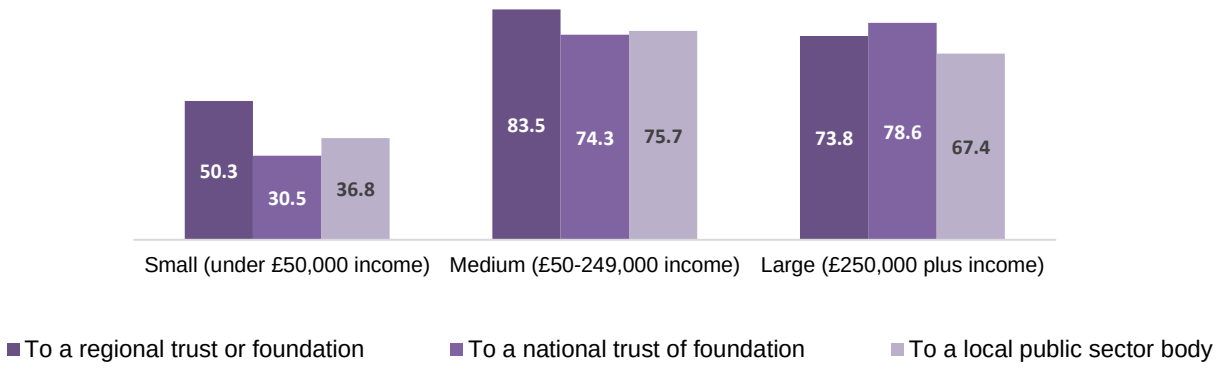
Table 8.1 **Demand for grants in North East England** (2016)	Estimated % TSOs which applied for a grant	Estimated number of TSOs in NE	Estimated number applying for grants[1]	Estimated number winning grants[2]	Success rates at winning at least one grant
Small TSOs (under £50,000 income)	50%	4,550	2,275	2,100	92%
Medium TSOs (income £50,000 - £249,999)	85%	1,750	1,450	1,300	90%
Larger TSOs (income above £250,000)	80%	700	600	500	83%
North East England	65%	7,000	4.295	3.900	91%

1 Estimates on the number of TSOs applying for grants, source: Third Sector Trends 2016
2 Estimates on the number of TSOs receiving grants: sources: Third Sector Trends 2016, 360º Giving, September 9th, 2019

While demand for grants from TSOs is high, it is not universal. In 2016, around a third of TSOs did not apply for a grant in the previous two years (see Figure 8.1).

- Smaller TSOs were the least likely to have applied for grants: 50% applied to a regional trust or foundation compared with just 30% applying to a national foundation. Just over a third (37%) applied to local public sector bodies for grants.
- A majority of medium sized TSOs applied for grants in the previous two years: 84% had applied to regional foundations compared with 74% applying to national foundations. About 76% applied to a local public sector organisation.
- Larger TSOs were less likely to have applied for grants than their medium sized counterparts, but they were more likely to apply to national foundations (79%).

Figure 8.1 **Percentage of TSOs which have applied for a grant in the last two years**
(North of England, 2016)



Many TSOs do not apply for grants, as indicated in the above analysis. But it is clear that some TSOs in North West England are prolific in their production of grant applications. According to 360º Giving data[52]

- The maximum number of successful grant applications by a single charity in 2017 was 14.
- The maximum number of successful grant applications was 35 for a single charity (all years).
- The 10 most prolific grant applicants won a total of 239 grants: an average of 24 grants per TSO (all years).

It would be a mistake to assume that bigger TSOs only apply for large grants. It is not unusual for the value of grant awards amongst such applicants to range from just £500 to large grants of £1m or more.

Finding grants

In the North of England, TSOs find out about grant opportunities in several ways. Table 8.2.indicates which are the most popular methods in the first data column ('we do this quite a lot' in descending order).

- The most popular approach is to search online for opportunities, with 54% of TSOs using this method quite a lot and 27% occasionally.
- Two thirds of TSOs go to their local infrastructure organisation (such as a CVS) for information and advice, although only a quarter do this quite a lot.
- The local authority is also a common source of advice and information for 58% of TSOs, and 17% use this source quite a lot.
- Informal support from other TSOs is very common – two thirds of organisations rely on such help and advice, although only 17% do this regularly.
- Funding fairs are attended by a little below a half of TSOs (48%), but only 12% do this quite a lot.
- Few TSOs use professional fundraisers (16%) and only 6% do this quite a lot.

Table 8.2
How TSOs find about grant opportunities
(North of England, 2019)

	We do this quite a lot	We do this occasionally	We don't do this	N=
We go online to look for opportunities	54.1	26.8	19.1	3,061
We ask local CVS (or similar organisation) for advice & information	24.9	42.5	32.6	3,044
We ask the local authority for advice and information	16.6	41.3	42.1	3,012
We ask people in other local charities we know for help and advice	16.5	49.1	34.4	3,010
We go to funding fairs	11.9	35.6	52.5	2,979
We pay a professional fundraiser for help and advice	5.7	10.4	83.9	2,954

[52] *360º Giving*, all years, downloaded 12th February 2020.

Table 8.3 shows variations in the usage of different sources of information, in descending order of importance, by size of TSOs across the North of England.

- Searching for opportunities online is the most common approach for TSOs in general. Fewer micro TSOs regularly use this approach (30%) presumably because they are much less likely to be seeking grant opportunities. As TSOs grow in size, they are more likely to use this approach: 75% of the biggest TSOs regularly use online searching.
- TSOs are more likely to go to their local infrastructure organisation for information and advice if they are small, medium or large TSOs (27-29%). Big TSOs make more limited use of such services (22%).
- Across all sizes of TSOs, local authorities are approached regularly in similar proportions (15-18%).
- Medium and large TSOs are the most likely regularly to use their links with other people they know in the Third Sector (20-21%) to find out about funding opportunities.
- Relatively few TSOs regularly go to funding fairs to look for opportunities (which is probably restricted mainly by their availability). Large and big organisations are more likely to attend such fairs (16-17%).
- As TSOs become bigger, the more likely they are to use professional fundraisers to support them (rising from just 1% of micro TSOs to 20% of the biggest organisations).

Table 8.3

How TSOs find about grant opportunities most regularly

(percentage that 'do this quite a lot', North of England, 2019)

	Micro (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000 - £999,999)	**Big** (income above £1,000,000)	All TSOs
We go online to look for opportunities	29.8	47.2	67.2	78.3	74.5	54.2
We ask local CVS (or similar organisation) for advice & information	19.5	26.9	27.9	29.2	21.5	24.9
We ask the local authority for advice and information	15.5	15.9	17.9	17.3	16.3	16.5
We ask people in other local charities we know for help and advice	13.1	15.4	19.3	20.8	14.9	16.4
We go to funding fairs	7.7	10.9	13.4	15.8	16.7	11.9
We pay a professional fundraiser for help and advice	0.5	2.3	5.5	11.7	20.4	5.6

Table 8.4 presents data on regional variations in the most regular approaches to seeking grant funding. In general terms, regional variations appear to be slight (variations of below 2-3% from the mean are not commented upon). But there are some exceptions:

- Local infrastructure organisations appear to be a more common source of support in North West England (28%) and the least so in Yorkshire and Humber (22%).

- Funding fairs seem to be a more popular/available source of information in North East England (15%) and the least so in Yorkshire and Humber (8%).

Table 8.4

How TSOs find about grant opportunities: regional variations (percentage that 'do this quite a lot', North of England, 2019)

	North East England	Yorkshire and Humber	North West England	North
We go online to look for opportunities	53.2	56.0	53.6	54.1
We ask local CVS (or similar organisation) for advice & information	24.1	21.8	27.6	24.8
We ask the local authority for advice and information	17.4	15.0	16.9	16.6
We ask people in other local charities we know for help and advice	16.4	16.0	16.9	16.5
We go to funding fairs	14.8	8.3	11.7	11.9
We pay a professional fundraiser for help and advice	4.3	6.3	6.6	5.7
N=	1,062	815	1,166	3,043

Factors TSOs consider when making grant applications

In 2016, new evidence was presented to show which factors were considered by TSOs of different sizes to be important when thinking about making grant applications. Table 8.5 lists several factors which TSOs felt were 'important' or ''very important' to them. These six factors are listed in descending order depending on the importance accorded by TSOs in general.

- Having a good relationship with the funder was regarded as an important factor by most TSOs (67%); middling sized organisations were more likely to feel that this is important (68-71%).
- Many TSOs were influenced by their previous success in winning a grant from a funder (62%) – variations by organisational size were limited.
- The simplicity of the grant application process was much more important to the smallest TSOs (70% compared with the biggest organisations, 29%).
- Knowing that a grant funder made a lot of awards in the area was an important consideration for 60% of TSOs, smaller TSOs tended to feel that this factor was of greater importance (66%) than larger TSOs (56%).
- Smaller TSOs were more likely to consider it important that a grant maker had a regional representative in the area (44-45%) compared with only 31% of the biggest TSOs.
- Relatively few TSOs thought it was important that a grant funder would allow them to work on their own when receiving grants rather than working with partners (39%). Independent working was of more importance to the smallest TSOs (46%) than the biggest organisations (26%).
- The smallest TSOs were much more likely (50%) than the biggest TSOs (28%) to feel that the location of the grant funder within the region was important in their considerations.

Table 8.5 **Percentage of TSOs stating which factors are 'important' or 'very important' in their considerations** (North of England, 2016)	**Micro** (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000-£999,999)	**Big** (income above £1m)	North of England
If we have established a good relationship with the grant funder	64.2	68.4	70.8	68.3	63.1	67.4
If we have received a grant from this funder in the past	60.2	64.8	63.2	58.7	59.7	61.7
If we know the grant funder gives a lot of grants around here	65.5	61.0	58.8	52.4	55.9	59.9
If the application process is really simple	70.7	59.4	49.9	41.7	28.8	54.9
If the grant funder has a regional representative to talk to	45.1	43.9	42.2	37.1	30.6	41.5
If we're sure that we can do the work on our own without partners	46.4	43.0	37.5	29.9	26.1	38.9
If the grant funder is based in our region	49.9	42.2	35.5	28.3	27.8	39.2
N= (only those TSOs which had grant income)	822	718	723	466	272	3,001

In 2019, the study explored the quality of relationships with charitable trusts and foundations further. These research questions arose from a qualitative study of 25 charitable foundations which give grants in the North East of England.[53]

Questions focused on the perceived benefits gained and potential pressures imposed upon TSOs when receiving grant funding from charitable trusts and foundations. Table 8.6 presents the following findings from across the North of England.

- About 47% of TSOs 'agree' or 'strongly agree' that they received unrestricted funding from charitable trusts and foundations.
- 58% of TSOs stated that charitable trusts and foundations took time to get to know them. Only 12% strongly disagreed that this is the case
- 54% of TSOs felt that they were put under pressure by charitable trusts and foundations to provide evidence of the impact they have with grants, only 10% strongly disagreed that this is the case.
- 26% of TSOs stated that charitable trusts and foundations approached them to see if they wanted their support, but only 3% strongly agreed that this was the case. Nearly 75% of TSOs did not agree that this happens.
- Most TSOs agreed that charitable trusts and foundations wanted them to be innovative in their work (76%), very few strongly disagreed with this (7%).
- Most TSOs disagreed that charitable trusts and foundations made long-term investment in their work (68%) and only 6% strongly agreed that this was the case.
- Over a third of TSOs agreed that charitable trusts and foundations helped them to develop their skills through, for example, consultancy support or training: but fewer than 5% percent strongly agreed that this is the case.

[53] Chapman, T. (2020) *The strength of weak ties: how charitable foundations and trusts collectively contribute to civil society in North East England,* Newcastle: Community Foundation serving Tyne & Wear and Northumberland.

Table 8.7 **The quality of relationships with charitable trusts and foundations** (North of England, 2019)	Strongly agree	Agree	Disagree	Strongly disagree	N=[54]
They give us unrestricted funding (*e.g. 'core' funding*)	12.7	34.3	30.8	22.2	3,055
They take the time to get to know us	8.3	49.4	29.8	12.4	3,042
They pressure us to provide evidence of our impact	11.7	41.8	36.4	10.1	3,039
They approach us to see if we want their support	3.0	22.9	38.2	35.9	3,048
They want us to be 'innovative'	21.2	54.9	17.3	6.5	3,036
They make a long term investment in our work	5.6	26.5	42.0	25.8	3,037
They help develop our skills (*e.g. consultants / training*)	4.5	30.1	42.6	22.8	3,041

Table 8.8 compares attitudes by size of TSOs across the North of England.

- As TSOs become larger is size, the more likely they were to agree that they received unrestricted funding from charitable trusts and foundations. Only a third of micro TSOs attained core funding compared with 52-54% of large or big TSOs.
- While a majority of all TSOs stated that charitable trusts and foundations took time to get to know them, it was more common as organisations get larger.
- There was no variation in the extent to which TSOs agreed that charitable trusts and foundations expected them to provide evidence of impact. While it is likely that the extent of detail required in reporting or evaluation differs greatly between very small and big TSOs, the evidence suggests that in TSOs or all sizes, they still felt 'pressured'.[55]
- Relatively few TSOs stated that they had been approached by charitable trusts and foundations to see if they needed support (26%). Variations amongst TSOs of different sizes are not strongly emphasised.
- The bigger TSOs are, the more likely they agreed that charitable trusts and foundations wanted them to be 'innovative' in their work. Indeed 89% of the biggest organisations stated that this was the case compared with 61% of the smallest TSOs.
- The biggest TSOs were twice as likely to agree that charitable trusts and foundations made long-term investment in their work (39%) when compared with micro TSOs (21%).
- When it comes to help from charitable trusts and foundations to develop skills, variations between organisations of different sizes follow no clear pattern.

[54] It should be noted that about 40% of respondents in the sample stated that these questions were not applicable, presumably because they do not currently or have never had a relationship with grant funders.

[55] Ben Roberts at Merseyside Community Foundation provided this convincing interpretation of the data, for which I am grateful. He argued that even low level expectations on the smallest TSOs could be difficult for them to manage. This is borne out by qualitative research on small charities, See Chapman, T. (2019) *The social process of supporting small charities*, London: Lloyds Bank Foundation England and Wales: https://www.stchads.ac.uk/research/research-news/the-social-process-of-supporting-small-charities/

Table 8.8

The quality of relationships with charitable trusts and foundations: percentage strongly agree or agree with statements (North of England 2019)	**Micro** (income below £10,000)	**Small** (income £10,000-£49,999)	**Medium** (income £50,000-£249,000)	**Large** (income £250,000 - £999,999)	**Big** (income above £1m)	North of England
They give us unrestricted funding (*e.g. 'core' funding*)	33.0	43.9	51.1	54.3	52.0	47.4
They take the time to get to know us	53.8	50.1	58.5	66.4	62.9	58.3
They pressure us to provide evidence of our impact	54.3	54.2	54.2	49.9	54.7	54.0
They approach us to see if we want their support	30.4	23.9	22.3	27.8	30.0	26.1
They want us to be 'innovative'	61.2	67.5	78.7	86.5	89.2	76.9
They make a long term investment in our work	20.9	26.5	34.8	39.0	38.8	32.5
They help develop our skills (*e.g. consultants / training*)	32.5	25.4	35.6	42.9	37.7	35.0

Regional variations in attitudes about relationships with charitable trusts and foundations are presented in Table 8.9. While variations are not dramatic, there are some findings worthy of note.

- TSOs in North East England were more likely to receive unrestricted funding from charitable trusts and foundations (50%) than in Yorkshire and Humber (46%) or North West England (45%).
- TSOs in Yorkshire and Humber were the least likely to agree that charitable trusts and foundations took time to get to know them (51%).
- Pressure to produce evidence to demonstrate impact was felt more keenly in North West England (57%) than in other regions (51-52%).
- The demand from charitable trusts and foundations to be 'innovative' was felt more strongly in Yorkshire and Humber (79%) than other regions.
- Variations are not large, but TSOs in North East England were more likely to agree that charitable trusts and foundations helped them develop their skills through consultancy support or training (36%).

Table 8.9 **The quality of relationships with charitable trusts and foundations** (North of England 2019)	North East England	Yorkshire and Humber	North West England	North of England
They give us unrestricted funding (*e.g. 'core' funding*)	50.0	46.2	44.5	47.0
They take the time to get to know us	60.3	51.3	59.7	57.8
They pressure us to provide evidence of our impact	51.4	51.5	56.9	53.5
They approach us to see if we want their support	26.8	25.3	25.4	25.9
They want us to be 'innovative'	74.1	79.1	76.1	76.2
They make a long term investment in our work	30.4	32.2	34.0	32.2
They help develop our skills (*e.g. consultants / training*)	36.3	32.7	34.5	34.7
N=	678	468	692	1,838

Finally, comparisons are made by the wealth of the area within which respondents were based in order to determine whether charitable trusts and foundations operate differently towards TSOs if they are in more or less affluent areas.

The data presented in Table 8.10 are sorted in descending order for those TSOs which were based in the poorest areas (as defined by the English Indices of Deprivation).

- Over 80% of TSOs in the poorest areas felt that charitable trusts and foundations wanted them to be innovative compared with 71% in the richest areas.
- Across all areas, charitable trusts and foundations were equally likely to take time to get to know TSOs.
- Pressure to provide evidence of impact was felt more or less equally across all areas.
- The receipt of unrestricted funding from charitable trusts and foundations seems to be more common in the poorest areas (50%) when compared with the richest (42%).
- Support from charitable trusts and foundations to develop skills through, for example, consultancy or training was more common in the poorest areas, although the margins of difference are small.
- In terms of charitable trusts and foundations' long-term investment in the activities of TSOs, no clear variations are observed across areas.
- There is some variation in the extent to which charitable trusts and foundations approached TSOs to offer them support – but this seems to fall unevenly rather than in a patterned way.

Table 8.10 **The quality of relationships with charitable trusts and foundations** (North of England, 2019)	**Poorest areas** EID 1-2	EID 3-4	EID 5-6	EID 7-8	**Richest areas** EID 9-10)	N=
They want us to be 'innovative'	80.2	78.2	74.0	65.6	71.2	76.4
They take the time to get to know us	60.1	55.0	55.6	56.1	58.7	57.8
They pressure us to provide evidence of our impact	52.1	57.6	52.5	53.4	48.6	53.1
They give us unrestricted funding (*e.g. 'core' funding*)	49.9	45.1	43.9	45.5	41.7	46.9
They help develop our skills (*e.g. consultants / training*)	39.9	28.1	32.4	29.4	34.4	34.6
They make a long term investment in our work	33.5	27.6	35.5	34.4	32.4	32.6
They approach us to see if we want their support	27.6	20.9	29.1	22.2	28.1	26.0
N=	781	350	278	211	132	1,752

9 Contracts

The delivery of public services under contract has been a contentious issue in the Third Sector for many years. In 2010, when contracting was increasing, it was common to hear claims that this was ‘the only game in town’. But as Third Sector Trends evidence has consistently shown, this was never the case.

Contracts are awarded to deliver services specified by a buyer. It is not activity that has been devised by the Third Sector - although TSOs may have some control over how delivery takes place. In this sense TSOs can ‘add value’ to contracts and especially so when complemented with volunteer time.

It is nevertheless an open question as to whether contracted work should count as being Third Sector activity. Although the approach TSOs take may vary from that of the public sector or private business, if did not do the work (which is often a statutory requirement for public bodies to deliver) then the public sector organisation would have to take it in house or contract a private business to do it.

Table 9.1 presents the following findings on the current situation in the regions of the North of England compared with 2016.

- Only a relatively small proportion of TSOs are currently delivering public sector contracts in the North of England (14%) while a further 3% are bidding to do such work. These headline statistics have changed little since 2016.
- The proportion of TSOs undertaking contracts continues to be the highest in Yorkshire and Humber (17%) compared with North West England (15%) and North East England (11%).
- Many TSOs are unaware of such opportunities (19%) but many more which are aware will not deliver public service contracts because it is not relevant to their objectives (44%).
- There is some evidence of a hardening of attitudes against the delivery of public sector contracts in North East England. The percentage has risen substantially from 45% in 2016 to 57% in 2019. In North West England and Yorkshire and Humber by contrast, the percentage of TSOs choosing not to engage in contracts has remained about the same (36% and 39% respectively).
- Many TSOs identify factors which discourage them from applying to deliver public sector contracts. The percentages of TSOs which believe this to be the case is similar across regions: 3-5% state that they need more information, 6-9% state they would need support, and 8-10% perceive ‘barriers’. Little has changed in this respect since 2016.

Figure 9.1

TSOs' attitudes towards public sector contract delivery by region (2019, 2016 in parentheses)

	North East England	Yorkshire and Humber	North West England	All North of England
We are not aware of these opportunities	12.9 (19.5)	20.1 (14.8)	23.5 (19.0)	18.9 (17.9)
We are aware of these opportunities but they are not relevant to our organisation's objectives	56.7 (44.5)	39.3 (37.7)	36.1(39.9)	44.2 (40.5)
We are aware of these opportunities but need more information	2.8 (5.1)	4.6 (5.2)	3.9 (5.8)	3.7 (5.4)
We are interested in this option but would need extra support to do this	5.9 (7.2)	6.9 (9.2)	8.5 (8.1)	7.2 (8.2)
We are interested in this option but feel there are barriers in the tendering process	8.4 (8.1)	9.0 (10.6)	10.1 (8.6)	9.2 (9.1)
We are already bidding to deliver public sector services	2.4 (4.3)	3.6 (5.0)	2.9 (4.8)	2.9 (4.7)
We are already delivering public sector services for which we have tendered	10.8 (11.3)	16.5 (17.6)	15.0 (13.8)	13.9 (14.2)
N=	1,089 (975)	825 (1,065)	1,190 (1,430)	3,104 (3,470)

When comparing sub-regional levels in North West England, as shown in Figure 9.2, interpretation is more difficult because sample sizes are smaller. In the more rural area of Cumbria, there is much less interest in delivering contracts (47%) which may be partly due to the concentration of smaller TSOs and limited contract opportunities.

In the major metropolitan areas of Greater Manchester and Merseyside, however, engagement with contracts is much higher (18-21%). The sample size for Cheshire is too small to make credible observations, but there appears to be a higher level of engagement in contracts than might be expected.

Figure 9.2

Percentage of TSOs engaging in the delivery of public sector contracts by size of sub region

(North West England, 2019)

	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria	North West England
We are not aware of these opportunities	19.7	23.2	22.2	30.2	20.1	23.6
We are aware but not interested	37.0	35.6	28.8	38.2	47.1	36.0
There are barriers to our involvement	18.9	22.8	27.7	19.5	18.5	22.5
Bidding for or delivering contracts	24.4	18.4	21.4	12.2	14.3	17.9
N=	127	250	365	262	189	1,193

The extent of knowledge about and interest in delivering public sector contracts is closely associated with organisational size. As shown in Table 9.3:

- The largest TSOs are by far the most likely to engage in the delivery of public sector services under contract (58%) compared with small TSOs (1%).
- Micro and small TSOs are the most likely to refuse such options (around 55%) or to be unaware of them (25-30%).
- Medium and larger TSOs are the most likely to state that they would need more support (7-10%) or identify barriers to their involvement in service delivery contracts (15%).

Figure 9.3

Percentage of TSOs engaging in the delivery of public sector contracts by size of organisation (North of England 2019)

	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs North of England
We are not aware of these opportunities	30.5	24.5	13.6	4.9	2.2	18.8
We are aware of these opportunities but they are not relevant to our organisation's objectives	56.4	54.2	38.9	27.3	20.8	44.3
We are aware of these opportunities but need more information	3.6	3.0	5.8	2.8	1.5	3.7
We are interested in this option but would need extra support to do this	4.5	8.3	10.4	7.3	2.9	7.1
We are interested in this option but feel there are barriers in the tendering process	3.6	5.8	15.3	15.5	8.8	9.2
We are already bidding to deliver public sector services	0.6	1.5	4.2	6.1	5.5	2.9
We are already delivering public sector services for which we have tendered	0.9	2.7	11.7	36.0	58.4	14.0
n=	871	736	778	425	274	3,084

The final step in the analysis is to look at variations by areas of relative affluence or deprivation. Table 9.4 shows clearly that TSOs which are based in poorer areas are much more likely to engage in the delivery of public services under contract. This is to be expected as many contracts are issued to tackle issues associated with aspects of social and economic deprivation. It should also be noted that larger TSOs are more likely to be located in poorer areas where most of their work takes place and where property prices or rents are lower.

- In the least affluent areas, 20% of TSOs are delivering contracts compared with just 7% in the richest areas.
- Major variations can be observed in levels of interest in delivering public sector contracts. Nearly 60% of TSOs in the richest areas have no interest in contracts compared with a third of organisations in the poorest areas.
- TSOs in less affluent areas are more likely to feel that their opportunities to take on public sector service delivery contracts are limited. For example, three times as many TSOs in the poorest areas (13%) are interested in the idea of doing contracts but identify barriers compared with just 4% of organisations in the richest areas.

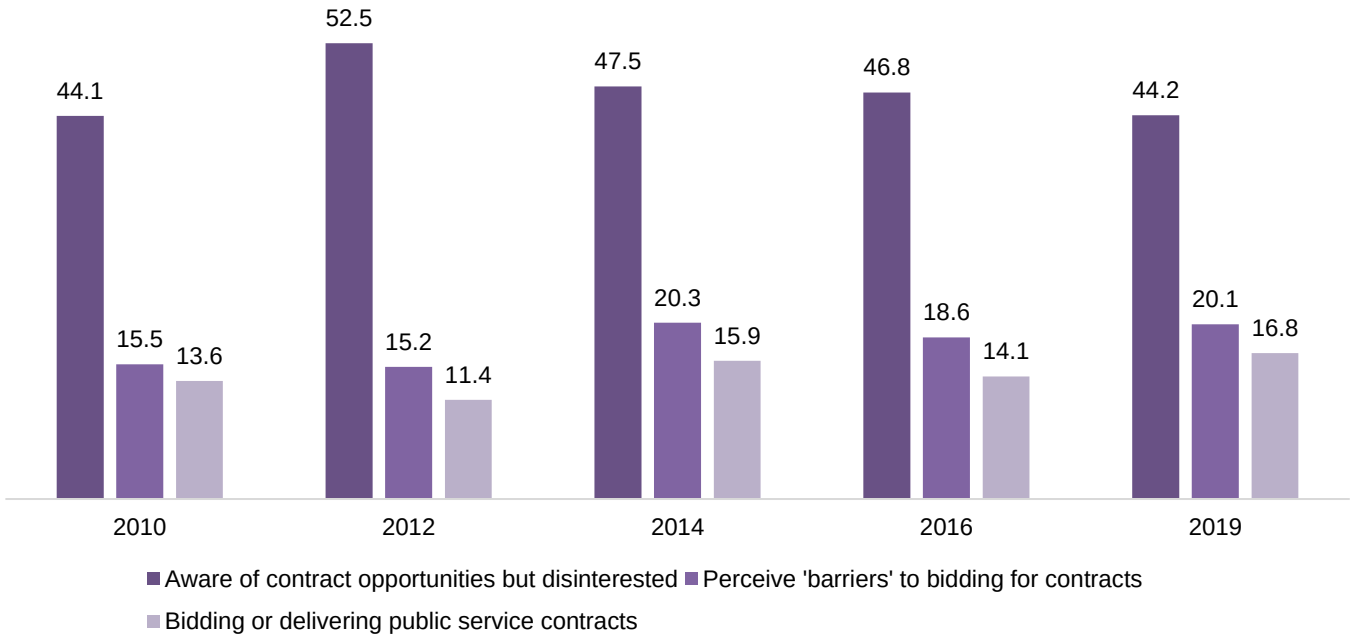
Table 9.4

Percentage of TSOs engaging in the delivery of public sector contracts by size of organisation (North of England 2019)	**Poorest areas** EID 1-2	EID 3-4	EID 5-6	EID 7-8	**Richest areas** EID 9-10)	N=
We are not aware of these opportunities	15.2	21.1	22.8	17.9	19.6	18.6
We are aware of these opportunities but they are not relevant to our organisation's objectives	33.0	41.0	51.6	60.6	59.3	44.4
We are aware of these opportunities but need more information	5.2	3.7	4.1	1.3	1.6	3.8
We are interested in this option but would need extra support to do this	9.9	6.5	4.3	5.4	6.0	7.2
We are interested in this option but feel there are barriers in the tendering process	12.9	10.1	5.0	7.2	4.4	9.3
We are already bidding to deliver public sector services	3.7	3.3	1.9	1.8	2.2	2.9
We are already delivering public sector services for which we have tendered	20.1	14.3	10.3	5.9	6.9	13.9
N=	15.2	21.1	22.8	17.9	19.6	18.6

While only a minority of TSOs undertake contracts, it is an important aspect of the work of larger TSOs. Figure 9.1 presents indicative evidence on longer-term trends between 2010-2019.[56] One interesting aspect of change is the progressive tendency of TSOs to feel that there are 'barriers' to their engagement in contracts.

[56] Clearly there are problems associated with the comparison of datasets which cover different regions of the North of England. However, the data provide some useful indicators of continuity and change.

Figure 9.1 **Percentage of TSOs involved in contract delivery 2010 - 2019**
(North of England)



Note: 2010-12 data North East England and Cumbria only, 2014 data, Yorkshire and Humber, North East England and Cumbria, 2016-19, North of England.

Partnership bidding for grants and contracts

Formal partnership is commonly undertaken in the context of the delivery of programmes of support or services funded by grants or contracts. The extent to which TSOs engage in such work is affected by organisational size, as shown in Figure 9.2

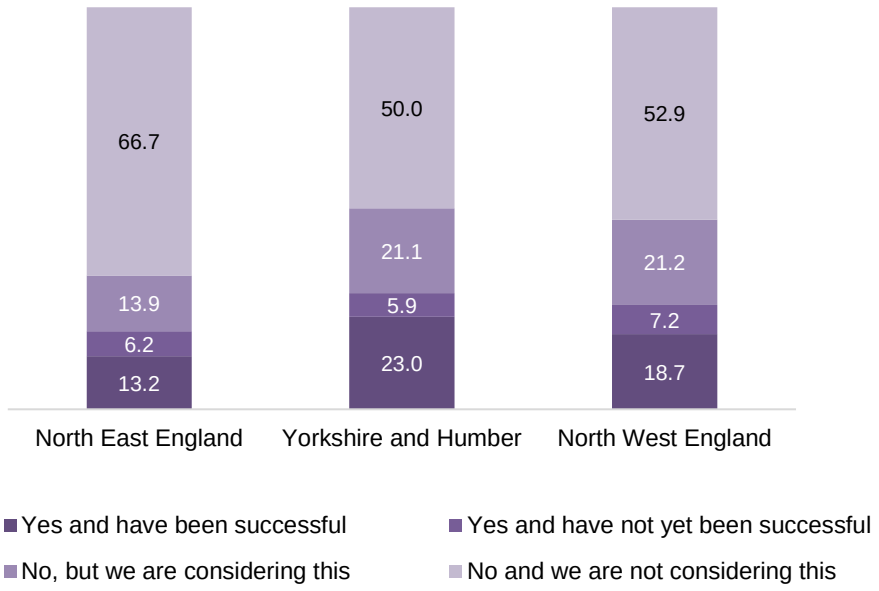
- Only 4% of micro TSOs have successfully been involved in bids to undertake work in partnership (down from 7% in 2016) compared with 53% of the largest TSOs (54% in 2016).
- The smallest TSOs are unlikely to be considering such work (79% in 2019 up from 76% in 2016) when compared with the biggest TSOs.
- It is worthy of note that 46% of medium sized TSOs are not considering bidding in partnership for grants or contracts (up from 33% in 2016) while 24% are only tentatively considering this idea (down from 30% in 2016).
- Of those medium sized TSOs which do put in partnership bids, about two thirds of them have been successful.

Figure 9.2 **Percentage of TSOs bidding in partnership for contracts**
(North orf England, 2019)

As Figure 9.3 demonstrates, there are substantive regional variations in the percentage of TSOs engaged in partnership bidding for grants or contracts.

- In North East England, many more TSOs are not considering partnership bidding (67%) than in Yorkshire and Humber (50%) or North West England (53%).
- Potential interest in bidding is also much lower in North East England (14%) compared with 21% in the other northern regions.
- In Yorkshire and Humber, the biggest percentage of TSOs have been successful in partnership bidding (23%) compared with 19% in North West England but only 13% in North East England.

Figure 9.3 **Regional variations in partnership bidding**
(North of England, 2019)



Interest in partnership bidding for grants and contracts varies considerably depending upon the size of TSOs – as shown in Figure 9.4.

- Smaller TSOs are generally disinterested in bidding for contracts in partnerships. Regional variations are not pronounced in the percentage of TSOs which have won such partnerships in the last two years.
- Medium sized TSOs are more likely to have been involved in successful bids for contracts in North West England and Yorkshire and Humber (22-24%) but fewer have achieved this in North East England.
- Larger TSOs are much more likely to be successful in winning partnership bids to deliver contracts in Yorkshire and Humber (53%) and to a lesser extent in North West England (48%). Many fewer TSOs in North East England have been successful in such bids (30%).

Figure 9.4 **Percentage TSOs which have been successful in partnership bidding for contracts**
(North of England, 2019)

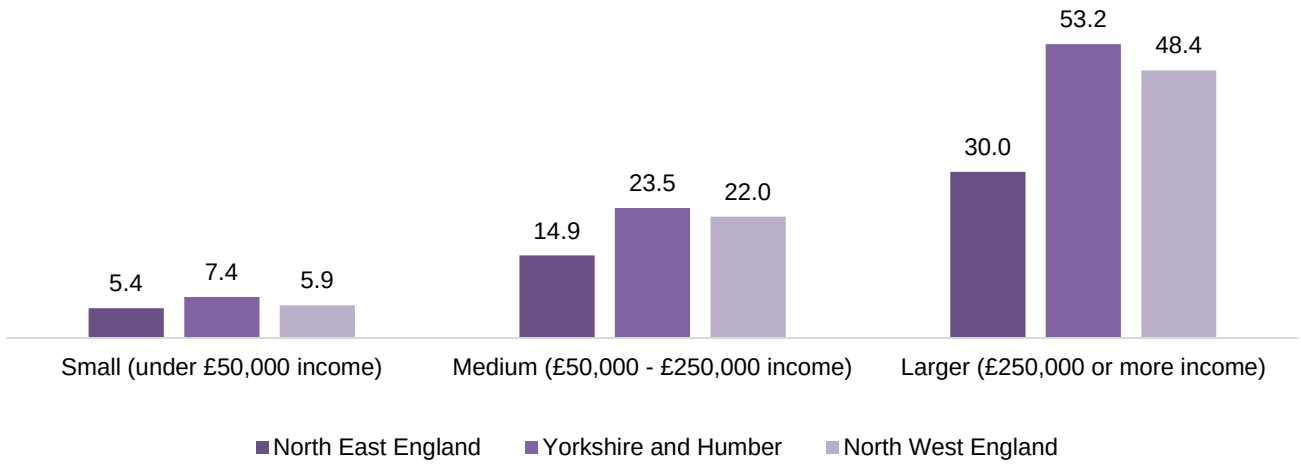


Table 9.5 shows the percentages of TSOs which have been participating in partnership bidding in the sub-regions of North West England.

- TSOs in Cumbria and Lancashire were the least likely to consider partnership bidding (65% and 61% respectively) whilst TSOs in Merseyside were the least likely not to engage (44%).
- Success rates in partnership bidding were the highest in Greater Manchester (76%) and Merseyside (73%). Success rates did not very substantially across other sub regions (ranging from 69% to 76%).

Table 9.5

Extent to which TSOs have engaged in partnership bidding in the last two years in North West England (2019)	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria	All TSOs
Yes, and have been successful	21.8	22.1	19.8	14.7	15.2	18.7
Yes, but not been successful	9.8	7.1	7.5	6.0	6.8	7.2
No, but are considering this	20.3	20.9	28.7	18.1	13.1	21.3
No and we are not considering this	48.1	49.8	44.0	61.1	64.9	52.9
Percentage of TSOs successful in partnership bidding	**69.0**	**75.7**	**72.6**	**70.9**	**69.0**	**72.1**
N=	133	253	348	265	191	1,190

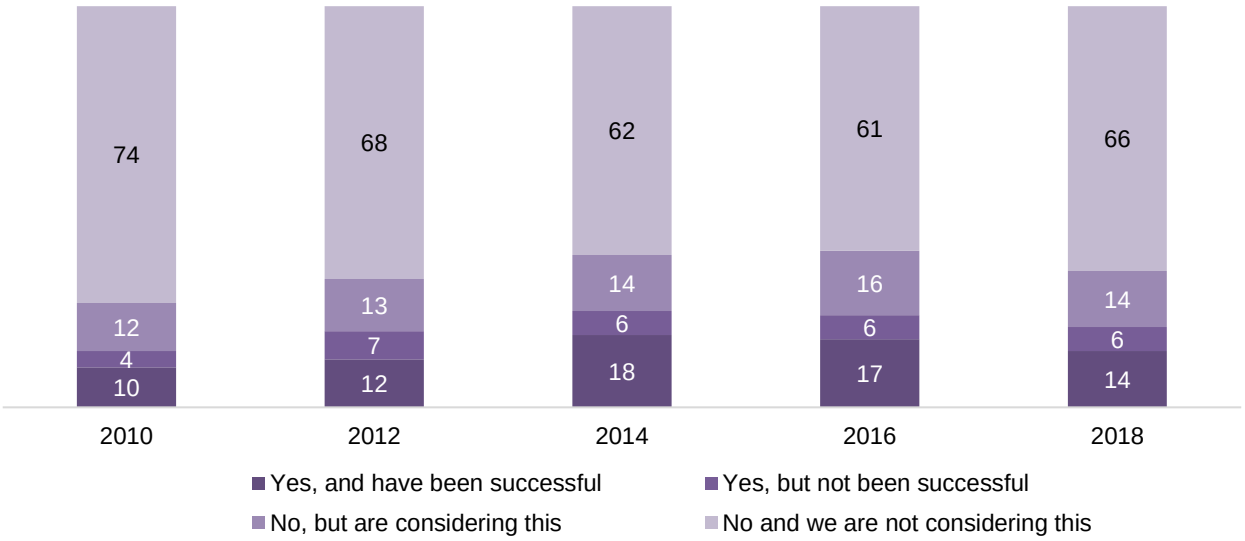
There is insufficient data to look at long-term trends across North West England. However it is possible to look at longitudinal evidence from North East England and Cumbria is used in Figure 9.5 to show that levels of engagement in partnership bidding grew between 2010-14. Since then there are signs of decline in interest in such work.

In 2008-10 only 10% of TSOs had been successful in partnership bidding but this rose to 18% in 2012-14 – with a small decline in 2014-16 to 17%, this decline has accelerated with only 14% engaged in partnership bidding.

General interest in partnership bidding increased slowly in North East England and Cumbria from 2010-2014, but that has now abated with 66% of TSOs stating that they are not considering this.

In each phase of the study in North East England and Cumbria, a growing proportion of TSOs stated that they were yet not bidding but were considering the option (rising from 12–16% from 2010-2016), but this has now fallen back to 14%.

Figure 9.5 **Changing atttiudes to partnership bidding**
(North East England and Cumbria 2010-2019)



10 Earned income

A majority of TSOs (67%) earn a proportion of their income from self-generated activity – only a third do not. As Table 10.1 demonstrates, larger TSOs are more likely to earn some of their income, rising from 43% of the smallest TSOs to 96% of the largest organisations.

Irrespective of their size, many TSOs (22% - 32%) only earn up to a fifth of their income. At the upper end of the earning spectrum, it is clear that the biggest TSOs were most likely to earn above 80% of their income (rising from 10% of the smallest to 32% of the largest organisations)

Table 10.1

Percentage of income earned by TSOs of different sizes (North of England, 2019)

	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs
No earned income	56.5	39.2	21.2	12.1	4.0	32.7
1 - 20% earned income	22.0	23.9	31.8	30.7	22.4	26.2
21 – 40% earned income	3.9	6.1	11.9	11.6	13.2	8.3
41 - 60% earned income	3.4	7.2	7.9	11.8	11.0	7.3
61 - 80% earned income	3.9	9.2	11.1	14.2	17.6	9.6
81 - 100% earned income	10.3	14.5	16.0	19.6	31.6	15.9
N=	873	740	782	423	272	3,090

Table 10.2 reveals that there are very limited regional variations in the extent to which TSOs earn income. On no occasion do percentages vary by more than 2% from the North of England average.

Table 10.2

Percentage of income earned by TSOs of different sizes (North of England, 2019)

	North East England	Yorkshire and Humber	North West England	North of England
No earned income	33.3	31.5	34.2	33.2
1 - 20% earned income	25.0	24.6	27.6	25.9
21 – 40% earned income	8.4	9.6	7.1	8.2
41 - 60% earned income	6.7	8.7	6.8	7.3
61 - 80% earned income	9.7	11.4	8.1	9.5
81 - 100% earned income	16.8	14.2	16.2	15.9
N=	1,083	832	1,185	3,100

How do TSOs earn income?

Table 10.3 shows the percentages of organisations which engage in different kinds of 'self-generated' trading activity. These activities are presented in descending order of importance for those TSOs which are trading. It is clear that the most common kind of self-generated trading are associated with TSOs' ability to use the buildings they own or lease (31%), followed by the provision of 'paid for' services by individuals (26% - such as sport training, leisure classes, ticketed events, etc.). About 17% of TSOs have retailing or hospitality businesses, such as community cafes or shops.

Associated with each of the trading activities listed above, there are small proportions of TSOs which are planning to get started (around 5% of TSOs) or at least see this as a 'vague possibility' (between 6-7%). That stated, a majority of TSOs have no interest in such initiatives.

In the remaining business activities presented in Table 10.3, it is clear that only a small minority of TSOs are involved now or are actively planning to do so. For example, only 5% of TSOs are operating transport services (such as Dial-a-Ride or community transport) or providing personal services (such as home care or a sport injury clinic. These may only be small percentages of the sector participating in such activities, but they mount up when looking at the activity of the sector as a whole.

Some types of activity do not seem to have caught the imagination of the Third Sector. Only a tiny percentage of TSOs are involved with, for example, the provision of digital services. Using generalised statistics for the sector as a whole, however, may be misleading as many TSOs will be far too small to have the capacity or capability to get involved.

Table 10.3

Attitudes about trading by TSOs

(2019, North of England, n=2,978)

	We are doing this now	We're planning to do this	It's a vague possibility	No, we don't do this
Run a community building *(e.g. hiring rooms for events, rent space to other organisations)*	31.2	4.6	5.6	58.7
Provide 'paid-for' services for individuals *(e.g. sport training, craft classes, work related tuition, ticketed events)*	25.8	5.5	7.7	61.1
Run a retail or hospitality business *(e.g. a community café, pub or shop)*	16.6	4.2	5.5	73.7
Business support for other organisations *(e.g. pay roll, printing, accounts, grant writing, staff training)*	5.8	2.3	5.4	86.4
A place to live *(e.g. rented accommodation, homelessness hostel)*	5.4	1.2	1.7	91.7
Provide personal services (*e.g. home care services, sport injury clinic)*	5.3	1.0	3.4	90.2
Transport *(e.g. dial-a-ride service, bike hire, community transport)*	4.9	1.0	2.2	91.9
Craft manufacturing *(e.g. microbrewery, cheese maker, greetings cards)*	4.0	2.1	3.5	90.4
Financial support *(e.g. a credit union, money skills training, low-cost loans)*	3.1	1.2	2.9	92.8
Digital services *(e.g. creating websites, social media consultancy)*	1.9	1.4	3.7	93.0

Engagement with trading activities is much more common amongst larger TSOs. As shown in Table 10.4:

- Nearly twice as many larger TSOs (40%) run a community building than smaller organisations (23%).
- About 34% of larger TSOs provide paid-for services compared with just 17% of smaller TSOs.
- In the field of retailing and hospitality, the differences broaden substantially with larger TSOs being more than three times as likely to set up a community café, pub or shop.

Table 10.4

Attitudes about trading by TSOs: percentages of organisations which are currently trading in a range of activities

(2019, North of England, n=2,978)

	Smaller TSOs (income below £50,000)	**Medium TSOs** (income £50,000-£249,999)	**Larger TSOs** (income above £250,000)	All TSOs
Run a community building *(e.g. hiring rooms for events, rent space to other organisations)*	22.9	35.7	40.1	29.4
Provide 'paid-for' services for individuals *(e.g. sport training, craft classes, work related tuition, ticketed events)*	17.4	31.6	34.3	24.3
Run a retail or hospitality business *(e.g. a community café, pub or shop)*	8.1	21.2	28.0	15.6
Business support for other organisations *(e.g. pay roll, printing, accounts, grant writing, staff training)*	1.4	5.5	15.0	5.4
A place to live *(e.g. rented accommodation, homelessness hostel)*	1.6	3.1	15.6	5.0
Provide personal services (*e.g. home care services, sport injury clinic)*	1.2	4.8	13.8	4.9
Transport *(e.g. dial-a-ride service, bike hire, community transport)*	2.3	6.5	7.6	4.5
Craft manufacturing *(e.g. microbrewery, cheese maker, greetings cards)*	2.7	4.6	5.2	3.6
Financial support *(e.g. a credit union, money skills training, low-cost loans)*	1.2	4.0	5.8	2.9
Digital services *(e.g. creating websites, social media consultancy)*	1.4	1.9	2.6	1.7
N=	1,622	784	694	3,160

11 Financial wellbeing

This section assesses the financial wellbeing of TSOs by looking, firstly, at income stability or significant change in organisational income. Secondly, the extent to which TSOs draw on reserves to invest in their future development or are constrained to use their reserves to pay for essential costs will be considered.

Recent change in levels of income

For the North of England as a whole, Medium sized TSOs seem to be the most vulnerable to significantly falling income (17%), but differences are relatively small. Larger TSOs seem to have been the most successful in increasing income significantly (31%). Micro TSOs are most likely to have stable income (78%), as would be expected given their small scale and limited financial responsibilities when compared with bigger organisations.

Table 11.1

Income changes in North of England by TSO size (North of England, 2019)	Risen significantly	Remained about the same	Fallen significantly	N=
Micro - under £10,000.	10.5	77.8	11.7	846
Small £10,000 - £50,000.	21.9	66.5	11.6	741
Medium £50,000 - £250,000.	22.7	60.8	16.5	783
Large £250,000 - £1m	30.8	53.8	15.4	422
Big £1m or more	23.1	66.4	10.4	268
All TSOs	20.3	66.4	13.3	3,060

When looking at regional variations, as shown in Table 11.2, it is clear that fewer TSOs in North East England have experienced significantly rising income (18%) compared with other regions, but more TSOs in this region have maintained stable income in the last two years. Perhaps the strongest finding here is that there is relatively little variation across regions.

Table 11.2

Changing levels of income in last two years by region (North of England, 2019)	Risen significantly	Remained about the same	Fallen significantly	N=
North East England	17.7	70.2	12.1	1,085
Yorkshire and Humber	20.2	66.0	13.8	836
North West England	22.8	63.1	14.1	1,163
North of England	20.3	66.4	13.3	3,084

While differences in regional profiles are slight, Table 11.3 indicates that across the sub-regions of North West England, variations are also quite limited. The percentage of TSOs with significantly rising income in most sub regions is (19-22%).

Merseyside is the exception, where 28% of TSOs report significantly rising income. TSOs with significantly falling income were least common in Cumbria (9%) while in Cheshire (19%) and Merseyside (17%) larger proportions of TSOs saw their income decline.

Table 11.3

Percentage TSOs which experienced significant income change over the last two years (North West England, 2019)

	Risen significantly	Remained about the same	Fallen significantly	N=
Cheshire	22.2	58.5	19.3	135
Greater Manchester	20.3	67.7	12.0	251
Merseyside	28.0	54.8	17.2	332
Lancashire	19.9	67.0	13.0	261
Cumbria	22.0	68.8	9.1	186
North West England	**22.9**	**63.0**	**14.1**	**1,165**

Comparing geographical areas is quite a crude measure because many variations may exist under the surface of headline data. Table 11.4 therefore takes the analysis another step by comparing the situation of TSOs which are located in more or less affluent areas (as defined by the English Indices of Deprivation).

These data reveal that TSOs in the poorest areas have generally been a little more successful in raising income levels significantly (22%) compared with the most affluent areas (19%). But at the other end of the spectrum, poorer areas have also been much more likely to have experienced significantly falling income (18% in EID 1-2 compared with only 9% in EID 9-10).

Table 11.3

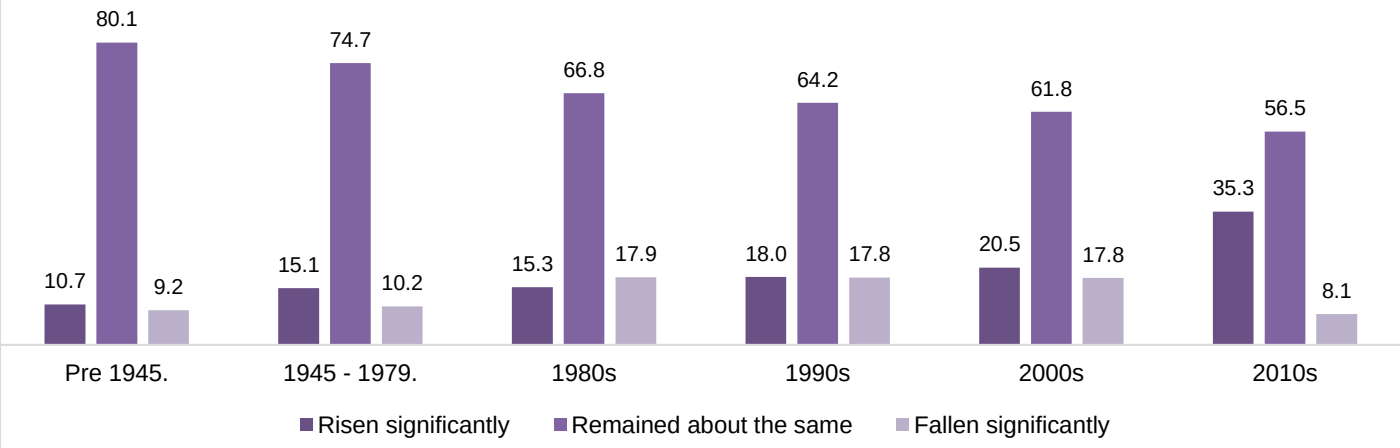
Percentage TSOs which experienced significant income change over the last two years by English Indices of Deprivation (North of England, 2019)

	Risen significantly	Remained about the same	Fallen significantly	N=
Poorest EID 1-2	22.0	60.6	17.5	1,116
EID 3-4	19.3	65.4	15.3	570
EID 5-6	19.8	70.8	9.4	530
EID 7-8	19.0	72.8	8.2	390
Richest EID 9-10	18.6	72.3	9.1	307
N=	20.3	66.3	13.5	2,913

As Figure 11.1 indicates, significant changes in income vary by longevity of TSOs in a clearly patterned way.

- Income stability is much more common amongst the oldest organisations (80% for TSOs established before 1945, falling to 56% of the most recently established organisations).
- Significantly rising income, as would be expected, is most common in the newest TSOs as they build their organisation (35%). Many fewer of the oldest TSOs have had significantly rising income (11%).
- Significantly falling income is most common amongst TSOs established between the 1980s and 2010. TSOs established between 2000 and 2010 may be particularly vulnerable as their asset base is also very limited (see Figures 7.4 and 7.5)

Figure 11.1 **Significant income changes in the last two years by age of TSOs**
(North of England, 2019)



These findings may partly explain why rising income is less common in North East England (see Table 11.1). As shown in Table 11.4. There are many fewer very recently established TSOs in North East England (18%) when compared with Yorkshire and Humber (25%) and North West England (26%).

Table 11.4

Age of TSOs by region (North of England, 2019)	North East England	Yorkshire and Humber	North West England	North of England
Established before 1945.	15.3	10.6	14.0	13.6
Established 1945 - 1979.	18.8	15.8	16.8	17.2
Established in the 1980s	12.4	12.0	9.9	11.3
Established in the 1990s	16.8	18.3	15.2	16.6
Established in the 2000s	18.8	18.6	17.9	18.4
Established since 2010	17.9	24.7	26.1	22.9
N=	1,040	818	1,182	3,040

Use of reserves

By assessing the way TSOs use their reserves it is possible to determine the willingness of organisations to invest in future development or the extent to which they are struggling financially if they are using reserves for essential costs (such as rent or wages).

TSOs in North East England seem to have been more likely to use reserves to cover essential costs (20%). This may be an indication of financial stress. TSOs in North East England were about as likely to have invested in development activities (14%) as in other regions (15-16%).

Table 11.5

Extent to which TSOs have drawn on reserves to invest in new activity or to cover essential costs by region (North of England, 2019)

	North East England	Yorkshire and Humber	North West England	North of England
No, we don't have any reserves	22.1	22.2	27.2	24.0
No, we have not drawn on our reserves	36.9	35.7	35.2	35.9
Yes, we have used reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	13.5	15.8	14.5	14.5
Yes, we have used reserves for essential costs (such as salaries, rent, etc.)	19.9	18.7	16.7	18.3
Used reserves for mixed purposes	7.7	7.7	6.5	7.2
N=	1,083	830	1,182	3,095

At a sub-regional level, Table 11.6 shows variation in the percentages of TSOs which have no reserves to employ productively. In Merseyside, for example 32% of TSOs had no reserves compared with only 21% in Cheshire.

Relatively few TSOs in North West England have been using their reserves for development purposes (14%) – they were most likely to be doing so in Greater Manchester (17%) and Cheshire (18%). About 17% of TSOs in North West England used reserves for essential costs, this was least likely to be the case in Cheshire (13%) and the most likely in Lancashire (21%).

Table 11.6

Extent to which TSOs have drawn on reserves to invest in new activity or to cover essential costs (2019, North West England)

	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria	North West England
No, we don't have any reserves	21.1	22.8	32.1	29.4	25.7	27.3
No, we have not drawn on our reserves	42.1	36.4	32.4	30.2	40.6	35.1
Yes, we have used reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	18.0	17.2	12.6	14.3	11.8	14.4
Yes, we have used reserves for essential costs (such as salaries, rent, etc.)	12.8	18.4	16.0	20.8	12.3	16.6
Used reserves for mixed purposes	6.0	5.2	6.9	5.3	9.6	6.5
N=	133	250	349	265	187	1,184

The area-based analysis presented above provides some useful measures of sector wellbeing in places with different characteristics. A more reliable way of examining the situation is by size of organisation to establish which TSOs are the most financially vulnerable or most likely to invest in their future. Table 11.7 indicates that:

- Fewer Micro (41%) or Small TSOs (28%) have access to reserves while 97% of the biggest TSOs have reserves at their disposal.
- Big TSOs are the most likely to have used reserves for development activities, as would be expected given their scale and resources (31%). Nevertheless, it may be regarded as surprising that nearly 34% of the biggest TSOs did not see this as a priority.
- The smallest TSOs were the least likely to draw on reserves for essential costs (11%) – but of course their costs are low as very few have property or employees to finance. Large TSOs seem to be the most vulnerable in this respect (27%).

Table 11.7

Extent to which TSOs have drawn on reserves to invest in new activity or to cover essential costs by size of organisation (North of England, 2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
No, we don't have any reserves	40.6	28.0	18.9	4.7	3.1
No, we have not drawn on our reserves	32.8	37.7	36.4	39.8	34.0
Yes, we have used reserves to invest in new activities (such as buying property, developing a new service, employing a development worker)	9.3	9.8	15.1	21.6	31.3
Yes, we have used reserves for essential costs (such as salaries, rent, etc.)	10.8	16.7	24.3	27.0	17.9
Used reserves for mixed purposes	6.6	7.9	5.3	6.9	13.7
N=	863	738	773	422	262

The age of TSOs has a bearing on the way they use reserves. As shown in Table 11.8, the oldest organisations are the least likely to use their reserves (55%). TSOs established between the 1980s and 2010 are clearly the most likely to have used reserves for essential costs (27% - 32%) while the oldest organisations are the least likely to have done so (16%).

When considering which TSOs are the most likely to invest in their development, it is a mixed picture. Older organisations are equally likely to have done so as the most recently established organisations – which shows that these older organisations are not more conservative about investing in development than their newer counterparts.

Table 11.8 **Age of TSOs by use of reserves** (North of England, 2019, TSOs with no reserves are excluded)	No, we have not drawn on our reserves	Yes, we have used reserves to invest in new activities	Yes, we have used reserves for essential costs	Used reserves for mixed purposes	N=
Established before 1945.	54.8	19.0	16.1	10.1	336
Established 1945 - 1979.	50.8	19.7	17.4	12.1	431
Established in the 1980s	39.7	23.4	27.2	9.7	290
Established in the 1990s	38.2	21.4	31.5	9.0	435
Established in the 2000s	46.4	14.7	31.9	7.0	429
Established since 2010	53.0	19.0	19.3	8.8	353
All TSOs	47.1	19.3	24.2	9.4	2,274

Area-based analysis can provide useful indications of organisational wellbeing by comparing areas of affluence or deprivation using the English Indices of Deprivation (it should be noted that many organisations do not limit their work to the area where they are based). Table 11.9 indicates that:

- TSOs in the most affluent areas were considerably less likely to have used their reserves (43%) when compared with the poorest areas (33%).
- TSOs were more or less equally likely to invest in new activities (ranging from 13-16%), irrespective of their location in more or less affluent areas.
- TSOs in the poorest areas were more likely to have used reserves for essential costs (22%) when compared with those in the richest areas (15%).

While the findings may look clear-cut on the surface, it should be noted that there are more smaller TSOs in richer areas and this may have a bearing on the findings.

Table 11.9 **Extent to which TSOs have drawn on reserves to invest in new activity or to cover essential costs by English Indices of Deprivation** (North of England, 2019)	EID 1-2 Poorest areas	EID 3-4	EID 5-6	EID 7-8	EID 9-10 Richest areas	North of England
No, we don't have any reserves	24.3	28.6	22.2	19.0	20.2	23.6
No, we have not drawn on our reserves	32.5	33.7	38.9	40.9	42.6	36.1
Yes, we have used reserves to invest in new activities	14.7	14.3	12.9	15.7	15.4	14.5
Yes, we have used reserves for essential costs	22.4	16.8	16.7	15.9	15.1	18.6
Used reserves for mixed purposes	6.1	6.7	9.3	8.5	6.7	7.2
N=	1,129	567	527	389	312	2,924

When the size of TSOs operating in richer or poorer areas is considered, as shown in Figure 11.2, the situation becomes clearer.

- Larger TSOs in the richest areas are the most likely to be investing in their future development (such as property, employing a development worker, etc.). But these

differences are not large, 25% of TSOs in the poorest areas are also investing in development.

- The situation for medium sized TSOs is more difficult to interpret. But it is clear that TSOs in the poorest areas are investing in future development to a lesser degree (14%) than their counterparts in the richest areas (20%).
- Smaller TSOs invest less on future development, as would be expected given their scale and less formal structures. But smaller TSOs in the richest areas are more likely to be doing so (11-12%) than in the poorest (7%).

Whether these findings reflect lower levels of financial wellbeing is open to question. It may indicate that TSOs in richer areas have a stronger cultural commitment to invest in development. Speculation of this kind would need to be tested using qualitative methods.

Figure 11.2 **Extent to which TSOs invest in future development by afflence of area**
(North or England, 2019)

The use of reserves for essential costs may be indicative of organisations' financial vulnerability. The situation of larger and smaller TSOs in areas of varying affluence are compared in Figure 11.3.

- Across all areas, at least 20% of larger TSOs were using reserves for essential costs. The highest level of usage is in the middle-income areas (28%, EID 5-6).
- Amongst middle sized TSOs there is a clear (but not linear) association between area wealth and use of reserves for essential costs. Almost 29% of TSOs in the poorest areas were drawing on reserves, compared with just 15% in the richest areas. In middling areas, levels of use are similar (between 21-23%).
- Smaller TSOs use reserves for essential costs to a lesser extent than other organisations. TSOs in the poorest and richest areas are the most likely to do so (15-16%).

Figure 11.3 **Extent to which TSOs use reserves for essential costs by organisational size and affluence of area** (North of England, 2019)

12 Perceptions of impact

This section explores TSOs' perceptions about their 'impact' on localities. Undertaking such analysis is not straight forward because many Third Sector organisations work over a wide geographical range while others operate primarily within a neighbourhood or local authority level.

Table 12.1 shows the extent to which TSOs focus attention on localities. Across the North of England, it is apparent that 30% of TSOs work *solely* at the neighbourhood or village level. There is minimal variation between regions. Furthermore, about 63% of TSOs work within the boundaries of a single local authority. About 17% of TSOs work across local authority boundaries but not at a regional level.

The Third Sector in the North should, therefore, be regarded as a largely 'localised' sector which meets the needs of the area where it works. Recognising that this is the case is important when interpreting broader trends and when thinking about the contribution of the sector in policy terms.

That stated, many TSOs work at a wider level and their contribution should not be overlooked. Around 10% of TSOs work across English regions, nationally or internationally.

Table 12.1

Operational level of TSOs in regions of Northern England (2019)	North East England	Yorkshire and the Humber	North West England	North of England
At village/neighbourhood level	30.9	27.2	31.3	29.8
Within one local authority	28.2	33.7	37.5	32.7
More than one local authority	17.1	20.3	13.3	17.1
Regionally	13.2	9.9	9.5	11.0
In more than one region	1.7	1.9	2.0	1.9
Nationally	5.2	4.1	3.8	4.5
Internationally	3.6	2.9	2.6	3.1
N=	1,086	992	835	2,913

When sub-regional levels are compared, as Table 12.2 shows, the spatial range of TSOs' activities vary. In the predominantly rural county of Cumbria, 41% of TSOs work only at a very local level compared with only 19% in largely urban Merseyside.

Table 12.2 **Spatial operation of TSOs by sub-region of North West England** (2019)	Cheshire	Greater Manchester	Merseyside	Lancashire	Cumbria
Village or neighbourhood	23.8	21.3	18.6	29.7	41.1
One local authority	38.9	36.5	32.3	35.0	25.5
Within one region	29.4	31.3	39.8	25.9	27.1
Operate on a wider level	7.9	10.8	9.3	9.4	6.3
N=	126	249	161	266	192

The extent to Which TSOs work at a local or at a wider level is shaped by their size. As Table 12.3 shows micro TSOs are much more likely to work at a very local level (46%) than larger TSOs (4%).

The size of organisations does not necessarily inhibit working at a wider level. Micro, small, medium and larger TSOs are more or less equally likely to work at regional level or at a wider level (8-9%), although more than twice as many big TSOs do so (20%).

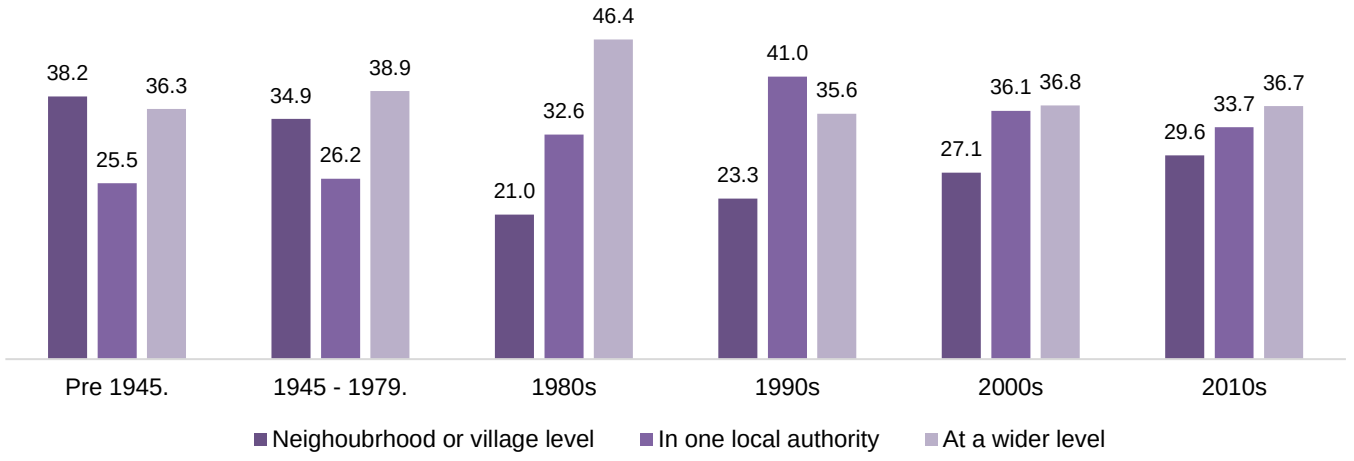
Table 11.3 **Spatial operation of TSOs by sub-region of North West England** (2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
Village or neighbourhood	46.1	37.2	23.3	12.0	4.0
One local authority	25.0	33.3	38.7	41.1	26.4
Within one region	20.1	21.7	29.7	38.7	50.0
Operate on a wider level	8.9	7.8	8.2	8.2	19.6
N=	801	691	733	401	250

The age of TSOs may have a bearing on their range of spatial operation. As shown in Figure 12.1, the situation is quite complicated.

- TSOs established in the 1980s and 1990s are the least likely to work solely at neighbourhood or village level (21-23%). The oldest TSOs are the most likely to be rooted in their immediate locality (38%). But the newest TSOs are also very likely to be locally rooted (30%).
- TSOs established in the 1990s (41%) and early 2000s (36%) are the most likely to work at local authority level, the oldest TSOs are the least likely to do so (26%).
- Organisations established in the 1980s are the most likely to operate on a wider level (46%), but many of the oldest and newest TSOs also do so (36% and 37% respectively).

Perhaps the most interesting finding presented here is that since the 1980s, TSOs have become progressively more likely to work only in their immediate locality (rising from 21% in the 1980s to 30% in the 2010s). But these TSOs are still less likely to work only at a community level than the oldest organisations (38%).

Figure 12.1 **Spatial range of operation of TSOs by date established**
(North of England, 2019)



Purpose and beneficiaries of Third Sector organisations

Having established that a majority of TSOs work at a relatively local level, it is useful to look at the beneficiary groups which are served by organisations.

Defining precisely who the beneficiaries of the Third Sector are is complicated because many TSOs serve a variety of constituencies of interest while others closely focus on communities of interest or place. Figure 12.5 provides a simplified picture of where support is provided which are ranked in descending order by North of England percentages

The analysis reveals that there is little variation across the regions (with the exception of those TSOs serving rural areas). On this basis, subsequent analysis will proceed for the North of England as a whole.

Table 12.5 **Meeting the needs of beneficiaries by organisations of different sizes** (2019)	North East England (n=1,097)	Yorkshire and Humber (n=852)	North West England (n=998)	North of England
Children and young people	47.5	44.0	43.8	45.2
Older people	40.8	37.7	40.3	39.7
People with mental health problems	30.4	31.1	33.9	31.8
People in disadvantaged urban areas	26.2	25.4	25.4	25.6
People with physical disabilities	26.7	24.1	25.6	25.5
People with physical health problems	25.2	24.4	26.7	25.4
People or households living in poverty	24.5	22.8	25.9	24.5
Unemployed/workless people	24.8	21.5	22.2	23.0
People with learning disabilities	17.0	22.4	20.0	19.6
People in rural areas	21.5	14.1	16.2	17.6
Carers	15.1	12.6	16.3	14.8
Homeless people	12.0	12.8	15.8	13.5
Other third sector organisations	11.2	9.5	12.0	10.3
People of a particular ethnic or racial origin	9.7	9.6	10.5	9.9
People with concerns about gender/sexuality	6.6	5.4	7.4	6.5

Table 12.6 shows which beneficiaries TSOs serve by size of organisation. It is clear that in some areas of benefit, more attention is provided by larger TSOs (as shown in progressively dark purple boxes). Larger TSOs tend to focus on health and mental health issues; serving the interests of people who are unemployed/workless; and, people in deprived urban areas.

Most of these areas of activity attract significant funding from government, local authorities, the NHS and charitable trusts and foundations. Given the high level of involvement reported by larger TSOs, it is likely that these organisations serve several interest groups. Smaller TSOs, by contrast, seem to focus more on specific areas of beneficiary interest.

Table 12.6
Meeting the needs of beneficiaries by organisations of different sizes
(North of England, 2019)

	Micro under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
Children and young people	41.0	47.6	57.4	46.8	52.9
Older people	40.5	44.1	45.8	37.1	45.9
People with physical disabilities	23.6	27.0	31.3	27.9	38.5
People with physical health problems	21.3	25.4	32.6	29.7	41.3
People with mental health problems	22.9	29.9	43.6	42.5	49.8
People with learning disabilities	16.2	18.1	27.5	23.4	35.5
People of a particular ethnic or racial origin	7.3	8.7	16.2	11.7	14.8
Homeless people	4.9	13.1	21.0	21.8	24.3
Carers	9.4	14.2	19.6	19.3	30.9
Unemployed/workless people	13.1	20.5	33.4	36.6	35.8
People with concerns about gender/sexuality	3.2	7.5	10.2	9.5	8.9
People in rural areas	19.1	20.7	20.0	15.7	21.1
People in disadvantaged urban areas	16.2	25.4	35.9	36.1	40.2
People or households living in poverty	13.9	22.3	36.1	38.4	35.8
Other third sector organisations	7.1	10.4	13.4	18.4	20.2

When data are standardised so that they are directly comparable for each size category some linear patterns of association emerge (see Table 12.7).

- The interests of children and young people, older people and people in rural areas are more likely to be served by small TSOs.
- The interests of homeless people, workless/unemployed people, carers and people in disadvantaged urban areas are more likely to be served by larger TSOs.

Table 12.7

Meeting the needs of beneficiaries by organisations of different sizes (Standardised data, North of England, 2019)

	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
Children and young people	15.8	14.2	12.9	11.3	10.7
Older people	15.6	13.2	10.3	8.9	9.3
People with physical disabilities	9.1	8.1	7.0	6.7	7.8
People with physical health problems	8.2	7.6	7.3	7.2	8.3
People with mental health problems	8.8	8.9	9.8	10.2	10.0
People with learning disabilities	6.2	5.4	6.2	5.6	7.2
People of a particular ethnic or racial origin	2.8	2.6	3.6	2.8	3.0
Homeless people	1.9	3.9	4.7	5.3	4.9
Carers	3.6	4.2	4.4	4.7	6.2
Unemployed/workless people	5.0	6.1	7.5	8.8	7.2
People with concerns about gender/sexuality	1.2	2.2	2.3	2.3	1.8
People in rural areas	7.4	6.2	4.5	3.8	4.3
People in disadvantaged urban areas	6.2	7.6	8.1	8.7	8.1
People or households living in poverty	5.4	6.7	8.1	9.3	7.2
Other third sector organisations	2.7	3.1	3.0	4.4	4.1
Sum of column percentages in Table 12.6 expressed as percentages	100.0	100.0	100.0	100.0	100.0

Perceptions of impact

In 2019, a new series of attitudinal questions were introduced to the survey to examine the impact that TSOs feel that they have in local communities? The strength of perceived impact for organisations and groups across the North of England is presented in descending order in Table 12.7.

- The highest level of impact is attributed to factors such as health, confidence, social connections and empowerment. These can all broadly be defined as individually focused objectives although they may have a beneficial community impact too.
- Many TSOs prioritise direct community impact such as the promotion of community cohesion, increasing pride in place, improving a community's artistic and cultural life and the local environment.
- It is interesting to note that the alleviation of problems associated with poverty tend to be a lower order priority for the Third Sector as a whole. Only about 10% of TSOs feel that they have a very strong impact on such issues: over 40% of TSOs do not try to attend to such issues.

Table 12.7 **Perceptions of local impact by TSOs** (North of England, 2019)	We have a very strong impact	We make an important contribution	We make some difference	We don't try to do this	N=
We improve health and wellbeing	33.8	37.0	21.3	7.8	3,036
We give people confidence to manage their lives	30.3	26.5	21.5	21.7	2,916
We reduce social isolation	29.7	36.5	23.7	10.1	3,013
We empower people in the community	26.2	30.6	23.5	19.7	2,916
We promote community cohesion	24.2	33.5	26.2	16.1	2,927
We increase people's pride in their community	18.4	30.3	27.3	24.0	2,894
We enhance the cultural & artistic life of community	17.6	24.9	26.6	30.8	2,924
We improve people's access to basic services	15.8	22.3	24.3	37.6	2,829
We improve the local environment	11.6	18.4	28.1	42.0	2,834
We tackle the consequences of poverty	10.8	20.1	27.1	42.0	2,815
We help people to lift themselves out of poverty	10.0	17.1	24.6	48.4	2,808
We increase employability	9.5	20.8	29.1	40.6	2,831

Table 12.8 shows the extent to which TSOs perceive (in order of priority across the North of England) that they have a strong impact on their communities by region. The analysis reveals that there are only relatively minor differences across the regions (percentages rarely vary by more than 2-3 percent from the North of England average). That being the case, it is safe to proceed with the analysis by using the whole of the North of England sample to get a better understanding where differences in priorities and perceptions of impact occur.

Table 12.8 **Perceptions of local impact by region** (percentage strongly agree, North of England, 2019)	North East England	Yorkshire and Humber	North West England	North
We improve health and wellbeing	30.7	32.4	37.6	33.8
We give people confidence to manage their lives	28.2	28.7	33.3	30.3
We reduce social isolation	29.7	26.2	32.2	29.7
We empower people in the community	25.4	23.2	29.2	26.2
We promote community cohesion	22.3	23.0	26.7	24.2
We increase people's pride in their community	17.7	15.7	21.0	18.4
We enhance the cultural and artistic life of the community	19.6	16.9	16.4	17.6
We improve people's access to basic services	14.5	14.6	17.9	15.8
We improve the local environment	10.8	10.5	13.0	11.6
We tackle the consequences of poverty	9.8	9.1	13.0	10.8
We help people to lift themselves out of poverty	9.8	7.6	11.8	10.0
We increase employability	9.8	7.4	10.6	9.5

Perceived strength of impact may be affected by many factors, such as the age and size of organisations, the relative affluence of the community and so on. Table 12.9 explores perceptions of impact by the age of TSOs.

A complex picture presents itself which is hard to interpret. The oldest cohort of TSOs are the least likely to claim that they make a 'very strong' impact in all the dimensions of activity listed. But it is hard to be sure whether they perceive things differently because of the kind of organisation they are, or because there are fundamental differences on what they try to achieve.

Amongst TSOs of other ages, interpretation of their perceptions of impact is complex – but broad observations can be made:

- Organisations established in the 1980s are the most likely to emphasise their contribution to lifting people out of poverty and tackling the consequences of unemployment (by increasing employability). The 1980s was a time of high unemployment, so it is understandable that organisations established in that decade may emphasise such issues.
- Organisations established in the 1990s seem to focus more on helping individuals. They are the most likely to emphasise their contribution on health and wellbeing, giving people confidence to manage their lives, reducing isolation, improving access to services and tackling the consequences of poverty.
- TSOs established in the 2000s are more likely to emphasise their contribution to the local community: they are the most likely to claim strong impact in empowering people in the community, promoting cohesion, increasing pride in the community and improving the local environment. TSOs established in the 2010s also seem to have a very strong community focus.
- Older TSOs seem to underplay their impact compared with newer organisations. They stand out in only one field - their contribution to the cultural and artistic life of the community. But this should not be overplayed – they are much keener to emphasise their impact on health and wellbeing, giving people confidence to manage their lives and reducing isolation.

Table 12.9

Percentage of TSOs which feel that they make a 'very strong' contribution to local community by date established

(North of England, 2019)

	Pre 1945	1945 - 1979	1980s	1990s	2000s	2010s	All TSOs
We improve health and wellbeing	19.8	30.7	39.0	40.9	36.0	35.2	33.9
We give people confidence to manage their lives	17.7	23.9	36.2	39.4	33.4	31.4	30.6
We reduce social isolation	17.5	27.6	32.0	34.5	32.3	30.4	29.4
We empower people in the community	13.7	19.7	24.6	30.5	32.3	30.5	26.1
We promote community cohesion	14.7	20.5	19.1	23.7	31.0	28.5	23.9
We improve people's access to basic services	7.1	13.4	17.8	24.1	17.4	13.7	15.7
We increase people's pride in their community	10.8	17.5	15.2	17.1	21.8	22.4	18.2
We enhance the cultural and artistic life of the community	14.9	23.3	14.1	13.2	17.4	19.1	17.4
We help people to lift themselves out of poverty	7.0	7.8	13.7	12.2	10.2	9.2	9.9
We increase employability	7.6	6.0	13.3	9.3	11.5	9.5	9.4
We tackle the consequences of poverty	6.9	8.8	12.4	13.2	10.2	12.0	10.7
We improve the local environment	7.3	9.8	9.0	11.9	14.4	14.4	11.6
N=	393	508	341	484	542	685	2,951

Table 12.10 compares the views of TSOs based in areas of greater or lesser affluence using the English Indices of Deprivation.

The differences in some cases between the richest and poorest areas are very large. For example, in terms of giving people confidence to manage their lives, 40% of TSOs state that they make a very strong contribution in the poorest areas compared with just 17% in the richest areas.

While fewer TSOs in poorer areas state that they make a very strong contribution to tackling poverty, the differences in percentages are very large. Six times as many TSOs in the poorest areas claim to tackle the consequences of poverty.

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

Table 12.10

Percentage of TSOs making a 'very strong' contribution by EID

(North of England, 2019)

	EID 1-2 (Poorest)	EID 3-4	EID 5-6	EID 7-8	EID 9-10 (Richest)	All TSOs
We give people confidence to manage their lives	40.1	28.8	20.3	20.7	16.5	28.7
We improve health and wellbeing	39.2	31.2	26.3	25.7	25.8	31.7
We reduce social isolation	36.1	29.5	20.1	20.3	19.0	27.5
We empower people in the community	33.9	22.8	17.5	15.8	15.9	24.0
We promote community cohesion	27.2	23.6	19.6	19.4	17.2	22.8
We improve people's access to basic services	21.9	15.0	9.7	9.1	7.7	14.8
We increase people's pride in their community	18.5	18.9	14.4	14.4	16.3	17.0
We tackle the consequences of poverty	16.7	10.4	5.8	4.1	2.6	10.0
We enhance the cultural & artistic life of community	15.9	18.7	17.5	18.0	18.3	17.3
We help people to lift themselves out of poverty	14.8	8.5	5.8	5.2	3.4	9.2
We increase employability	12.0	10.3	6.7	6.0	5.9	9.2
We improve the local environment	10.6	11.4	9.0	7.7	13.9	10.5

TSOs do not always limit their work to the area where they are based. Table 12.11 looks at the relationship between the spatial area of operation of TSOs and their perceptions of impact. The situation is complex and it is difficult to find simple causal links except in the case of promoting community cohesion where TSOs which work within the local area perceive the strongest impact (28%) while those working over the widest range have the least (17%).

- TSOs operating at neighbourhood level tend to emphasise their contribution to increasing people's pride in the community (22%) reducing social isolation (22%), health and wellbeing (21%) and enhancing the artistic and cultural life of the community (20%). They are less likely to stress their contribution to some issues, including increasing employability, tackling consequences of poverty or lifting people out of poverty (4-5%).
- Organisations operating within a single local authority put very strong emphasis on their impact on individuals' health and wellbeing, confidence, tackling isolation and empowerment. They are least likely to emphasise impact on employability and improving the local environment.
- Those TSOs which operate at a regional level tend to be larger organisations, which explains why they focus on issues often associated with public service delivery contracts or big grants from trusts and foundations. Perhaps surprisingly, they make lower level claims of impact on issues such as poverty.
- TSOs which operate beyond regional level have a similar profile to those organisations working at regional level but are less concerned with issues such as reducing social isolation, or increasing confidence or access to services. They put considerable emphasis on making a contribution to the artistic and cultural life of the community (25%).

Table 12.11 **Percentage of TSOs which have a 'very strong' impact by area of operation** (North of England, 2019)	Work only at neighbourhood or village level	Work only within one local authority area	Work only within one region	Work beyond regional level
We improve health and wellbeing	21.1	37.5	39.4	32.2
We give people confidence to manage their lives	13.4	36.7	37.9	31.0
We reduce social isolation	21.9	34.4	31.0	23.1
We empower people in the community	19.7	27.8	28.8	23.8
We promote community cohesion	27.8	22.8	21.5	16.9
We increase people's pride in their community	22.4	17.0	14.8	14.8
We enhance the cultural and artistic life of the community	20.0	16.1	15.2	25.8
We improve people's access to basic services	8.2	20.7	18.0	12.2
We improve the local environment	15.3	9.7	8.2	9.4
We tackle the consequences of poverty	5.5	14.2	10.5	10.0
We help people to lift themselves out of poverty	4.9	12.3	11.4	8.8
We increase employability	4.3	9.7	12.3	11.1
N=	828	927	796	267

Table 12.12 shows that perceptions of impact vary by size of organisations. In broad terms, larger TSOs put more emphasis on their ability to support individuals (such as improving access to services, helping people lift themselves from poverty, giving people confidence to manage their lives).

Smaller TSOs, by contrast, tend to put much more emphasis on their general impact on their local communities. They focus, for example, on increasing pride in the community, artistic and cultural life and the local environment.

Table 12.12 **Perceptions of local impact by size of TSOs** (percentage 'strongly agree', North of England, 2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
More individually oriented objectives					
We improve health and wellbeing	21.6	25.2	38.5	51.2	55.5
We give people confidence to manage their lives	13.7	19.5	37.4	52.4	52.1
We reduce social isolation	19.1	23.6	37.7	41.4	38.1
We improve people's access to basic services	5.7	9.6	19.2	30.0	28.9
We help people to lift themselves out of poverty	2.9	6.4	11.9	19.6	19.5
We increase employability	3.9	5.5	9.6	17.0	22.5
More community oriented objectives					
We empower people in the community	17.5	20.4	31.1	37.4	35.9
We promote community cohesion	21.5	24.6	27.7	25.4	19.6
We increase people's pride in their community	19.6	20.0	17.9	18.6	10.9
We enhance the cultural & artistic life of community	18.6	20.5	19.0	11.9	11.4
We improve the local environment	16.4	11.2	7.5	10.8	8.9
We tackle the consequences of poverty	3.6	8.3	11.8	20.6	18.9

The above analysis indicates that larger organisations tend to be bolder when assessing their impact when compared with smaller TSOs. Amongst larger TSOs it would be expected that the 'volume' of their activity would be greater. However, they may also be more accustomed to the language surrounding 'impact' and find it easier to attribute credit to themselves for achieving good things on a range of measures. Furthermore, as shown in Table 12.6, larger TSOs also tend to focus on a wider range of issues than smaller TSOs.

To control for these percentage differences in perception of impact, data have been standardised and re-presented in Table 12.13 to show the priority order of factors for organisations of different sizes.

The top priorities of ***smaller TSOs*** tend to be community and locality focused. An example is to increase 'people's pride in their community' which is highlighted with yellow boxes or to 'improve the local environment' in green boxes. The larger TSOs become, the less they seem to prioritise these factors.

By contrast, ***larger TSOs*** tend to emphasise issues which are often tied up with the delivery of discrete services outcomes. An example is highlighted to show that larger TSOs put considerably more emphasis on giving 'people confidence to manage their lives' (blue boxes). Giving people confidence to manage their lives is, of course, a difficult outcome to measure – and it may well be the case that smaller TSOs are just as effective in achieving this – but perhaps do not make strong claims about their contribution in this respect.

Taking time to think about the findings presented in Table 12.12 can be fruitful as it demonstrates that assessing perceptions of impact from different points of view is not easy

to do. Unfortunately, there is no space here to explore the issue further, but analysis will continue and be published in subsequent reports later in 2020.[57]

Table 12.13 **Rank order of perceived impact on issues by size of organisation** (North of England, 2019, n=3,160)

Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
Health & Wellbeing	Health & Wellbeing	Health & Wellbeing	Confidence	Health & Wellbeing
Community cohesion	Community cohesion	Social isolation	Health & Wellbeing	Confidence
Pride in community	Social isolation	Confidence	Social isolation	Social isolation
Social isolation	Cultural life	Empowerment	Empowerment	Empowerment
Cultural life	Empowerment	Community cohesion	Access to services	Access to services
Empowerment	Pride in community	Access to services	Community cohesion	Employability
Improve environment	Confidence	Cultural life	Consequences of poverty	Community cohesion
Confidence	Improve environment	Pride in community	Lift from poverty	Lift from poverty
Access to services	Access to services	Lift from poverty	Pride in community	Consequences of poverty
Employability	Consequences of poverty	Consequences of poverty	Employability	Cultural life
Consequences of poverty	Lift from poverty	Employability	Cultural life	Pride in community
Lift from poverty	Employability	Improve environment	Improve environment	Improve environment

[57] A separate report will be published by Power to Change in 2020 to explore this issue in much more depth by comparing TSOs which have a strong 'community business' orientation and more 'general charities'

13 Sector inter-relationships

13.1 Patterns of financial dependence on sectors

Relationships with organisations in the private, public and third sectors are not shaped solely by financial interactions. But it is useful to preface the analysis in this section on relationships by looking at patterns of TSOs reliance on their own or other sectors for financial support.

Figure 13.1 shows that regional variations in sources of sector finance are very small. About half of TSOs rely mainly on the Third Sector for finance (including grants from charitable trusts and foundations). About 30% rely mainly on the public sector while almost 20% rely mainly on the private sector for funding.

Figure 13.1 **Reliance on sector finance by region** (North of England, 2019)

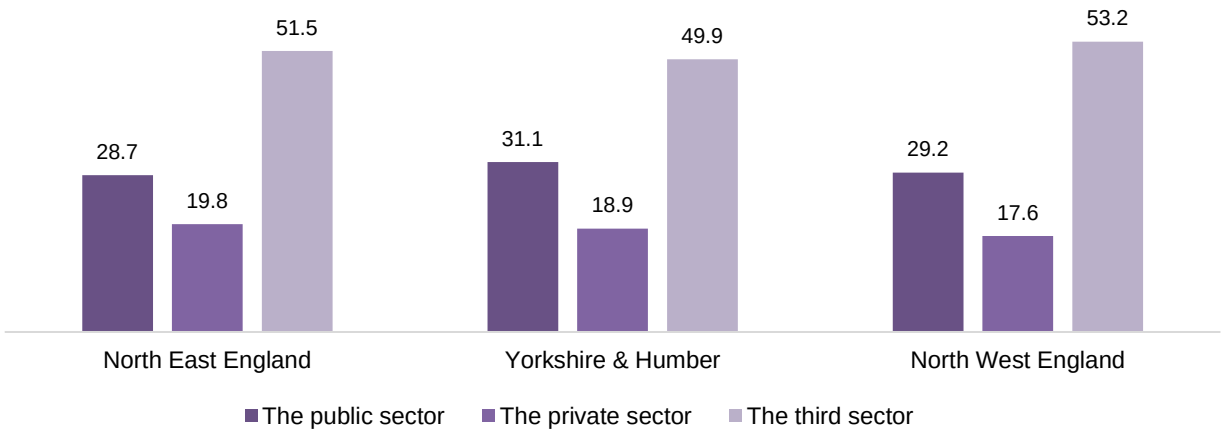
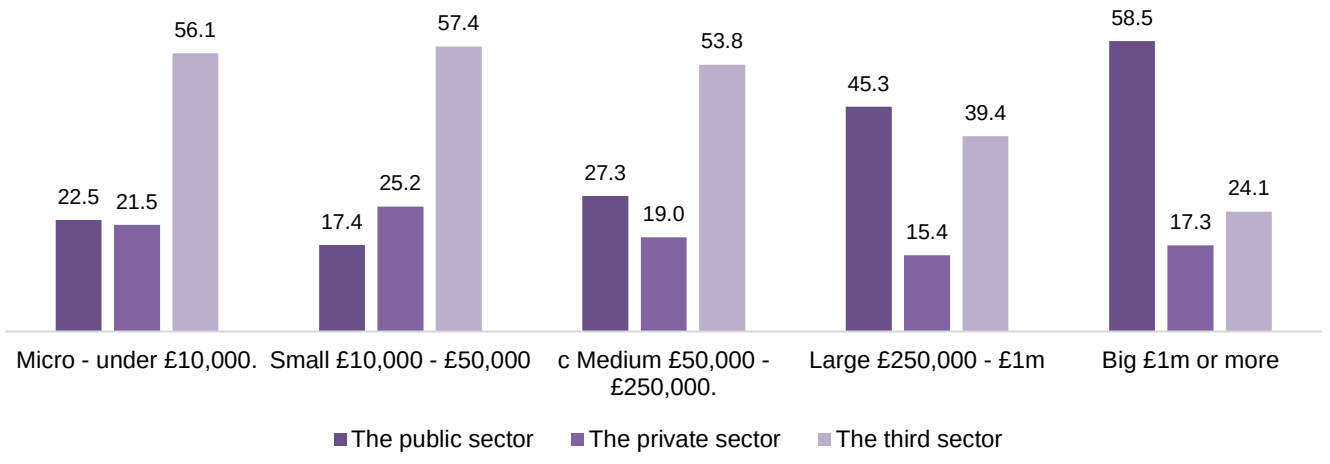


Figure 13.2 shows the relationship between organisational size and the principal source of finance.

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

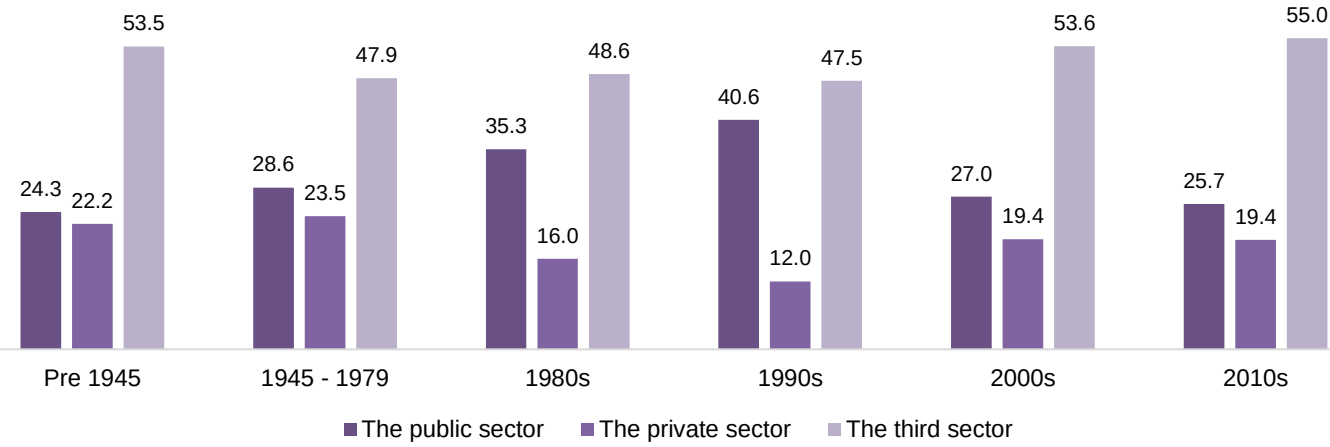
Figure 13.2 **Reliance on sector finance by size of TSOs** (North of England, 2019)



The age of TSOs affects reliance on sector finance as shown in Figure 13.3.

- Reliance on public sector finance is by far the strongest in TSOs established in the 1990s (41%). The oldest and newest TSOs are equally likely to rely primarily on public sector finance (24-26%).
- Private sector finance is least important to TSOs established in the 1980s and 1990s (16% and 12% respectively). Older TSOs tend to be more reliant primarily on private sector finance (22-24%).[58]
- Principal reliance on Third Sector finance is high across all TSO age groups but is highest amongst the oldest organisations (54%) and those established after 2000 (54-55%).

Figure 13.3 **Reliance on sector finance by age of TSOs** (North of England, 2019)



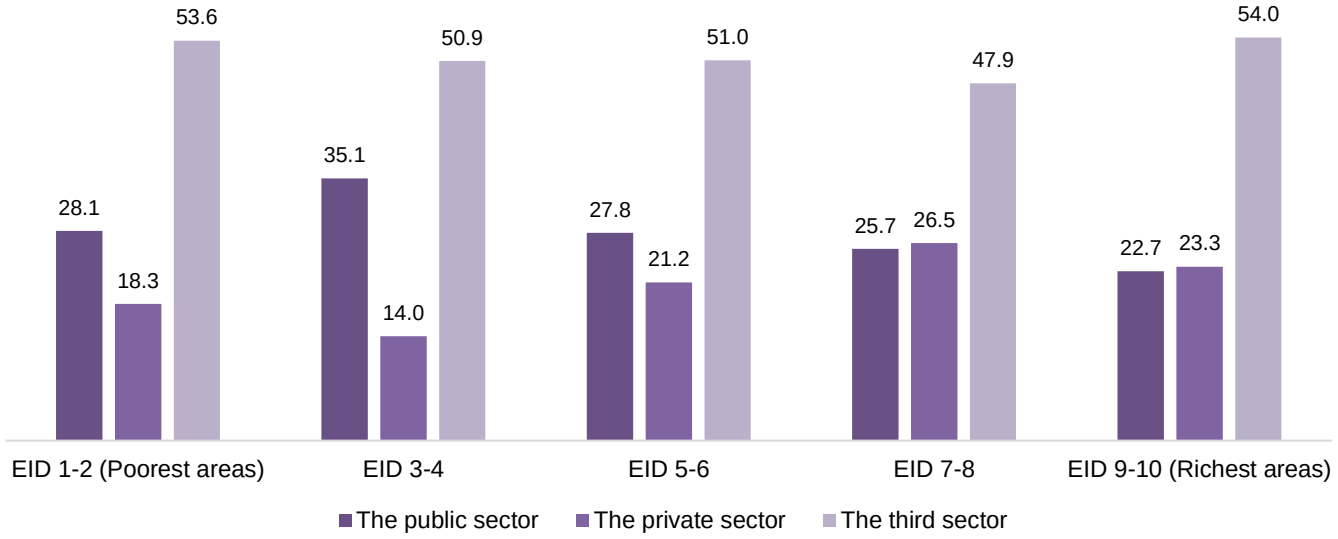
Finally, Figure 13.4 considers the relationship between the affluence of the area where TSOs are based and their principal source of finance.

- Public sector finance tends to be the principal source of income in less affluent areas (EID 1-2 28%, EID 3-4 35%), but is still most important to about a fifth of organisations in the richest areas.

[58] This decade is closely-associated with a period of very significant funding from government in area-based work in programmes such as Neighbourhood Renewal Fund and the New Deal for Communities.

- Private sector finance is the most important source of income to TSOs in richer areas (IED 7-8 27%, and IED 9-10 23%) compared with only 14% in EID 3-4.
- Income from Third Sector sources is most important to organisations in all areas and there are limited levels of variation by area of affluence (48-54%). TSOs in the richest and poorest areas are equally likely to rely primarily on Third Sector income sources (54%).

Figure 13.4 **Reliance on sector finance by relative affluence of area where TSOs are located** (North of England, 2019)



The above analysis will help to frame the interpretation of the way relationships work with the private and public sectors.

13.2 Relationships with the public sector

It has been demonstrated in previous sections of this report that many TSOs have a strong financial relationship with the public sector.

Table 13.1 shows that most TSOs, which have a relationship with the public sector, feel that they are valued.

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

While there are some variations in attitudes in sub-regions these need to be viewed with caution as sample sizes are smaller in some areas (see Section 2).

Table 13.1 **Quality of relationships with the local public sector by region: percentage 'agree' or 'strongly agree'** (North of England, 2019)	They value the work of our organisation	They inform our organisation on issues which affect us or are of interest to us	They involve our organisation appropriately in developing and implementing policy on issues which affect us
Northumberland	88.6	67.0	42.0
Tyne and Wear	85.2	68.5	53.0
County Durham	89.9	80.4	58.7
Tees Valley	83.0	63.8	44.9
North East England (N=818)	**86.5**	**71.4**	**49.9**
West Yorkshire	89.8	74.5	59.2
South Yorkshire	83.1	69.0	49.5
Humber	89.2	72.9	56.5
North Yorkshire	88.6	69.0	52.2
Yorkshire and Humber (N=661)	**88.4**	**69.5**	**55.8**
Cheshire	93.3	69.3	48.6
Greater Manchester	90.5	75.0	58.0
Merseyside	83.3	67.9	53.6
Lancashire	89.7	63.9	38.7
Cumbria	87.2	69.0	48.6
North West England (N=928)	**88.0**	**71.9**	**49.9**

Table 13.2 compares attitudes by size of TSOs across the North of England amongst TSOs which have a relationship with public sector authorities,

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

Table 13.2 **Quality of relationships with the local public sector: percentage of TSOs by size which 'agree' or 'strongly agree'** (North of England, 2019)[59]	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	North of England n=
They value the work of our organisation	84.1	85.5	86.8	92.6	95.8	2,727
They inform our organisation on issues which affect us or are of interest to us	63.9	66.4	65.9	78.7	89.6	2,555
They involve our organisation appropriately in developing and implementing policy on issues which affect us	44.7	44.1	44.7	69.4	72.9	2,385

[59] Data only refer to TSOs which do have a relationship with local public sector bodies.

As Table 13.3 shows, TSOs' opinions on relationships with the public sector are largely unaffected by where their organisation is based. Although there are indications that TSOs in the least affluent areas have a slightly more positive viewpoint.

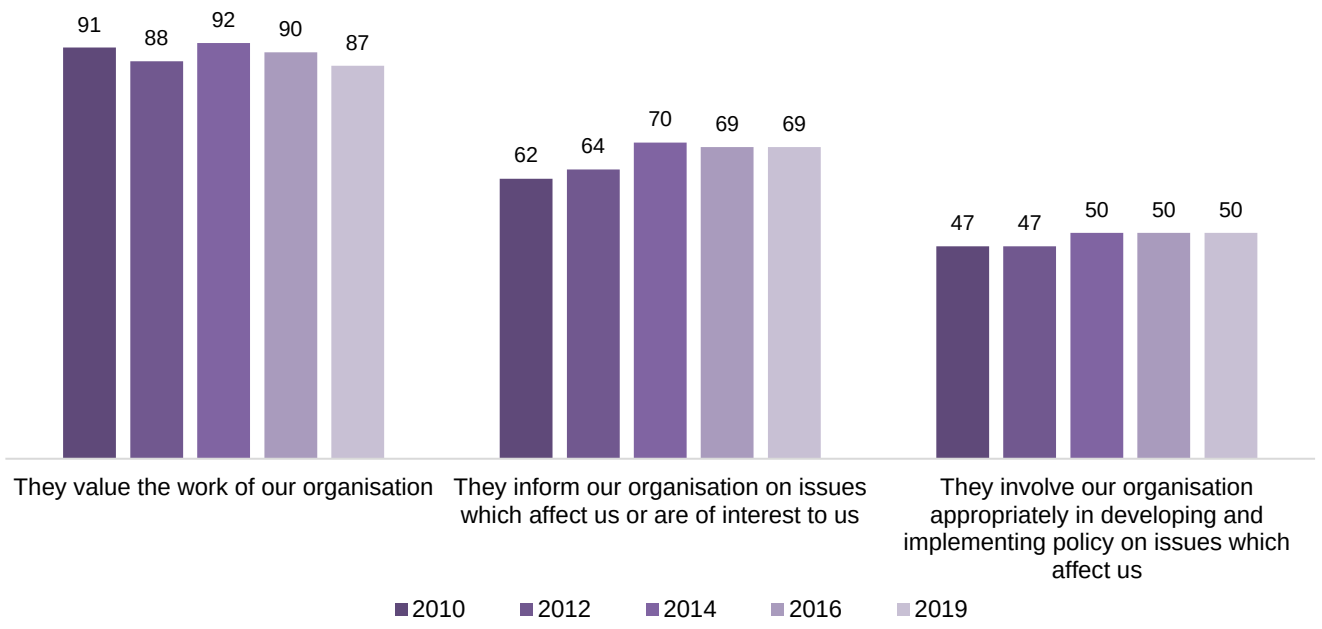
Table 13.3
Quality of relationships with the local public sector by English Indices of Deprivation
(Percentage 'agree' or 'strongly agree', North of England, 2019)

	EID 1-2 Poorest	EID 3-4.	EID 5-6.	EID 7-8.	EID 9-10 Richest	N=
They value the work of our organisation	89.3	85.6	86.8	86.3	87.6	2,610
They inform our organisation on issues which affect us or are of interest to us	73.2	67.7	68.8	66.4	70.7	2,452
They involve our organisation appropriately in developing and implementing policy on issues which affect us	55.0	47.5	52.5	47.0	47.6	2,284

As noted in Section 2 of this report. since 2010, successive governments imposed a period of economic austerity on public sector organisations. But as Figure 13.4 shows (which refers only to North East England and Cumbria[60]) confidence in the quality of inter-relationships were not damaged.

- TSOs have consistently felt that their work is valued by the public sector (87-91%) between 2010 and 2019.
- TSOs have progressively felt that they are well informed by public sector bodies about issues of interest to them (rising from 62% to 69%) between 2010 and 2019.
- 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 2019.

Figure 13.5 **Quality of relationships between TSOs with the local public sector**
(North East England and Cumbria 2010 - 2019)



[60] No time series data are currently available for North West England apart from Cumbria.

13.3 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 could be that other aspects of support have gone unrecognised because of a stronger focus on the business community's financial contribution.

Consequently, the Third Sector Trends study started to introduce new lines of analysis to explore the depth of relationships in more detail in 2016. These data do not include money from the private sector which is channelled through charitable foundations.

Table 13.4 shows that in the North of England:

- In 2019, 15% of TSOs stated that the money they received from the private sector was of great importance to them (up from 13% in 2016). However, 46% of TSOs said that money from business was of no importance to them, up from 43% in 2016.
- About 13% of TSOs state that the benefit gained from the provision of free facilities by business was of 'some' or 'great' importance to them (up from 10% in 2016). Many fewer TSOs stated that this was of no importance to them (falling from 54% in 2016 to 37% in 2019).
- Many TSOs stated in 2019 that they are supported by volunteers which come to them via business organisations (42%). This has not changed since 2016. However, only 8% agreed that this was of great importance to them (6% in 2016).
- The provision of free expert advice from businesses was recognised by 8% of TSOs, as being of great importance, up from 7% in 2013. A majority of TSOs stated that free expert advice from business was of no importance to them in 2019 (56%, down from 59% in 2016).

Figure 13.4

Percentage of TSOs which receive monetary or in-kind support from business (North of England, 2019 and 2016 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 do our work
Of great importance	14.5 (13.1)	12.8 (9.8)	7.5 (6.1)	8.0 (6.8)
Of some importance	23.1 (25.4)	23.3 (18.5)	16.6 (16.7)	18.4 (14.6)
Of little importance	16.9 (18.6)	27.2 (17.8)	17.8 (18.8)	17.4 (19.6)
Of no importance	45.5 (42.9)	36.6 (53.9)	58.2 (58.4)	56.2 (59.0)
N=	3,084 (3,427)	3,076 (3,403)	3,062 (3,394)	3,068 (3,391)

While the above evidence shows that support from business is relatively rarely of great importance, it is clear that it is at least of some importance to 38% of TSOs in financial terms, to 36% of TSOs for providing free facilities, to 24% of TSOs for the provision of volunteers, and to 26% of TSOs for expert advice.

There is little sign that the commitment of business to the sector has increased according to the perceptions of TSOs – except in the provision of free facilities to help them with their work (up from 28% in 2016 to 36% in 2019).

Figure 13.6. **Percentage of TSOs stating that factors were of 'some importance' 'or great importance'** (2019, 2016 North of England)

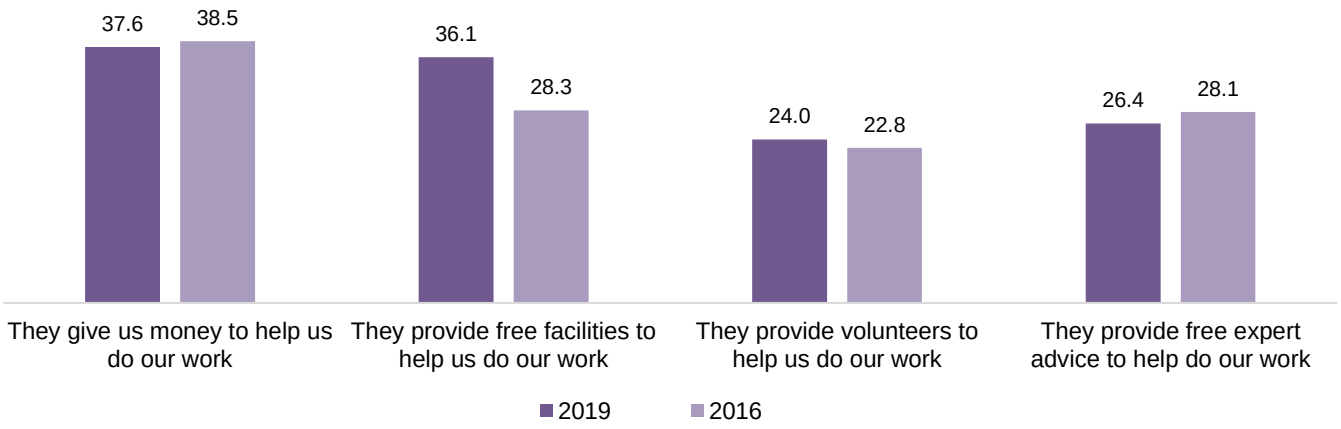


Table 13.5 presents regional variations on the extent to which TSOs state that support from business is of great importance to them.

- Financial support from business seems to be more important in North West England (17%) when compared with Yorkshire and Humber (14%) and North East England (12%).
- Similarly, the provision of free facilities is more important in North West England (16%) than in Yorkshire and Humber (13%) and North East England (10%).
- There are only slight differences by region on the extent to which volunteer support is of great importance to TSOs (6-9%)
- The provision of expert advice is of great importance to 10% of TSOs in North West England compared with 7% in Yorkshire and Humber and 7% in North East England.

While regional variations are not pronounced, there is scope for future analysis on this topic to explain why TSOs in North East England are either comparably under-served by the private sector, or that they are less effective at contacting businesses and persuading them to support them.

Figure 13.5

Percentage of TSOs which state that they receive monetary or in-kind support from business is of 'great importance' by region

(North of England 2019 and 2016)

	North East England	Yorkshire and Humber	North West England	North of England
They give us money to help us do our work	12.0	14.2	17.1	14.5
They provide free facilities to help us do our work	9.8	12.7	15.6	12.8
They provide volunteers to help us do our work	6.2	6.8	9.1	7.5
They provide free expert advice to help us do our work	6.5	7.2	10.0	8.0
N=	1,083	830	1,170	3,083

The size of TSOs is an important factor in determining levels of support TSOs receive from businesses. As Table 13.6 shows:

- In financial terms the biggest TSOs are clearly benefitting the most from financial support (28%), while micro TSOs are the least likely (10%).
- Use of facilities is valued by many medium and large organisations (14-15%) but more so by the biggest TSOs (17%).
- As TSOs grow in size, the more likely they will state that the provision of volunteers by business is of great importance to them (rising from 5% to 14%).
- Micro TSOs are the least likely to state that expert advice is of great importance to them (6%) compared with 13% of the biggest TSOs.

Figure 13.6

Relationships with the private sector by TSOs size: percentage stating factors are 'of great importance' (North of England, 2019)

	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more
They give us money to help us do our work	9.5	13.7	16.3	14.1	27.8
They provide free facilities to help us do our work	10.6	10.8	14.4	14.6	16.9
They provide volunteers to help us do our work	4.9	6.2	8.2	8.9	13.9
They provide free expert advice to help us do our work	5.6	6.5	8.5	11.2	12.8
N=	852	732	774	419	266

There is no strong evidence to suggest that businesses focus their attention on TSOs in richer or poorer areas, as shown in Table 12.7. It looks more likely that TSOs in middle income areas are most likely to be under-served in this respect.

Figure 13.7

Relationships with the private sector by English Indices of Deprivation: percentage stating 'of great importance' (North of England, 2019)

	EID 1-2 Poorest	EID 3-4	EID 5-6	EID 7-8	EID 9-10 Richest	North of England
They give us money to help us do our work	15.4	15.2	13.8	12.9	14.7	14.5
They provide free facilities to help us do our work	14.6	13.3	11.6	10.3	12.3	12.8
They provide volunteers to help us do our work	5.6	7.8	7.4	2.9	3.8	7.5
They provide free expert advice to help us do our work	10.7	7.8	5.3	3.9	8.2	8.0
N=	1,124	567	530	389	306	3,083

To bolster understanding of the interactions between business and TSOs, in 2019 new questions were introduced to the survey to invite TSOs to comment on the quality of their relationships with businesses.

A list of factors that impact on the quality of relationships are presented in Table 13.8. As the far right column shows, many TSOs do not have all of these relationships with business. Amongst those organisations which do have a relationship with business, the following findings can be highlighted.

- There is a general perception that there are two few opportunities to meet businesses: 73% of TSOs agree or strongly agree with this statement.
- Just over half of TSOs agree that businesses help them raise their profiles (53%). But only 8% strongly agree that this is the case.
- 44% of TSOs feel that businesses want them to work to their agendas and only 37% feel that businesses make an effort to understand what they do.
- Few TSOs strongly agree that businesses push them into achieving objectives which are too ambitious (4%), 76% disagree that this is the case.
- Most TSOs feel that they are trusted by businesses to be well organised and professional in their work, only 4% strongly disagree that this is the case.
- There is a general feeling amongst TSOs that support from business tends to be too short term 74%.

Table 13.8

Quality of relationships with private businesses (North of England 2019)	Strongly agree	Agree	Disagree	Strongly disagree	N=	% of TSOs with no relationships of this kind
There are too few opportunities for us to meet businesses	25.4	47.7	22.0	4.9	1,933	***37.1***
Businesses help us to raise our profile	8.3	44.5	30.3	17.0	1,666	***45.3***
Businesses always want us to work to their agendas	7.6	36.0	47.9	8.4	1,310	***56.9***
Businesses make a big effort understand what we do	4.0	33.0	43.0	20.0	1,535	***49.5***
Businesses want us to achieve things which are too ambitious	3.7	19.5	63.9	12.8	1,209	***60.1***
Businesses trust us to be well organised and professional	16.7	66.7	12.3	4.3	1,471	***51.5***
Support from businesses tends to be very short term	18.6	55.8	21.4	4.1	1,610	***47.3***

Table 13.9 compares attitudes about the quality of relationships with business regionally. While variations are not strong, there are some factors that are worthy of comment.

- TSOs in North East England are more likely to argue that there are too few opportunities to work with business (75%).
- In North West England, TSOs are more likely to agree that businesses help them to raise their profiles (56% compared with 51% in other regions.
- Businesses are perceived to make more of an effort to understand what TSOs do in North West England (40% compared with 35-36% in other regions).
- TSOs in North East England are less likely to agree that support from business is short term (71%) than in other regions (75-77%).

Table 13.9

Quality of relationships with private businesses by region (North of England, 2019, percentage 'agree' or 'strongly agree')

	North East England	Yorkshire and Humber	North West England	North
There are too few opportunities for us to meet businesses	24.8	26.3	25.3	73.1
Businesses help us to raise our profile	50.9	50.8	55.6	52.8
Businesses always want us to work to their agendas	42.8	44.7	43.7	43.6
Businesses make a big effort understand what we do	35.9	34.5	39.5	37.0
Businesses want us to achieve things which are too ambitious	18.7	27.0	24.4	23.2
Businesses trust us to be well organised and professional	84.3	82.0	83.7	83.4
Support from businesses tends to be very short term	70.6	74.9	77.2	74.4
Sample to which the question applies n=	646	533	754	1,933

Table 13.10 compares the attitudes of TSOs of different sizes toward the quality of relationship they enjoy with private sector businesses. The clearest differences in opinion are noted below,

- As TSOs grow in size, they are less likely to feel they do not have opportunities to work with businesses (falling from 81% of micro organisations to 53% of the biggest TSOs).
- Larger TSOs are more inclined to agree that businesses help them to raise their profile (69% of big TSOs compared with 48% of micro TSOs).
- Smaller TSOs are more likely to agree that businesses want them to achieve things which are too ambitious (27% compared with 18% of the biggest organisations).
- The largest TSOs are the least likely to agree that support from business tends to be too short term (63% compared with 75-77% of other TSOs).

Table 13.10

Quality of relationships with private businesses by size of TSOs (North of England, 2019, percentage 'agree or 'strongly agree')

	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	North
Too few opportunities for us to meet businesses	80.5	78.1	76.0	69.2	53.7	73.5
Businesses help us to raise our profile	48.1	49.6	49.0	49.1	68.7	51.5
Businesses always want us to work to their agendas	38.4	41.9	46.7	44.1	41.9	43.2
Businesses make a big effort understand what we do	36.2	34.1	35.4	33.0	47.4	36.5
Businesses want us to achieve things which are too ambitious	27.4	24.6	27.2	20.5	18.2	24.0
Businesses trust us to be well organised and professional	82.8	82.9	82.1	84.8	87.2	83.7
Support from businesses tends to be very short term	76.1	77.8	76.4	74.6	63.4	74.7
Sample to which the question applies n=	426	553	729	439	283	2,455

13.4 Relationships within the third sector

The final step in this analysis is to consider the extent of collaborative working amongst TSOs in the North of England. Table 13.11 compares the extent to which TSOs work with other organisations in the Third Sector in each region.

- Most TSOs have useful informal relationships with other organisations and groups in the Third Sector in the North of England (85%). TSOs are most likely to have such relationships in North East England (87%) and least likely in Yorkshire and Humber (81%).
- 75% of organisations and groups work closely, but informally, with other TSOs in the North of England. They are most likely to do so in North East England (83%) but are less likely to have such relationships in North West England and Yorkshire and Humber (72-72%).
- Fewer TSOs have formal partnership relationships with other organisations and groups in the North of England (38%). Variations across the regions are not pronounced (37-40%).

Table 13.11

Depth of relationships between TSOs by region (Percent who work this way now, North of England, 2019)	We have useful informal relationships with other voluntary organisations and groups	We often work quite closely, but informally, with other voluntary organisations and groups	We often work in formal partnership arrangements with other voluntary organisations and groups
North East England (n=1,085)	87.3	82.5	39.5
Yorkshire and Humber (N=826)	81.3	72.4	36.6
North West England (n=11.61)	84.1	73.6	36.8
North of England (n=3,072)	84.5	76.4	37.5

Table 13.12 compares the extent to which TSOs which were established at different points in time work with other organisations in the Third Sector.

- TSOs which were established between 1980 and 2010 are the most likely to have useful informal relationships with each other (86-89%). TSOs established before 1945 are the least likely to have such relationships, but the majority do (79%).
- Working closely but informally is common amongst all TSOs, but organisations and groups established in the 1990s are most likely to do so (85%) while the oldest TSOs are least likely (68%).
- Working in formal partnership arrangements is less common. Relatively few of the oldest TSOs engage in such relationships (39%), while TSOs established in the 1990s were most likely to do so (48%).

Table 13.12 **Depth of relationships between TSOs by date established** (Percent who work this way now, North of England, 2019)	We have useful informal relationships with other voluntary organisations and groups	We often work quite closely, but informally, with other voluntary organisations and groups	We often work in formal partnership arrangements with other voluntary organisations and groups
Established before 1945 (n=412)	78.5	67.5	29.1
Established 1945 – 1979 (n=522)	83.5	72.4	34.3
Established 1980s (n=344)	87.4	79.4	41.4
Established 1990s (n=505)	89.0	84.5	47.9
Established 2000s (n=561)	86.1	79.4	38.4
Established 2010s (n=698)	82.6	73.8	35.0

Table 13.13 shows the depth of relationships TSOs of different sizes have with other organisations and groups. It is clear that as TSOs get bigger, they are more likely to have such relationships.

- 74% of micro TSOs have useful informal relationships with other organisations and groups, but this percentage rises steadily to 98% of the biggest TSOs.
- Working closely but informally is least common amongst micro TSOs (62%), this percentage rises to 92% of the biggest organisations.
- Close formal partnership working arrangements are less common. Only 20% of micro TSOs do this, compared with 71% of the biggest organisations.

Table 13.13 **Depth of relationships between TSOs by size of organisation** (Percent who work this way now, North of England, 2019)	We have useful informal relationships with other voluntary organisations and groups	We often work quite closely, but informally, with other voluntary organisations and groups	We often work in formal partnership arrangements with other voluntary organisations and groups
Micro - under £10,000 (n=852)	74.3	61.5	19.6
Small £10,000 - £50,000 (n=730)	82.1	73.8	25.6
Medium £50,000 - £250,000 (n=774)	89.1	82.6	41.2
Large £250,000 - £1m (n=420)	93.1	90.0	62.0
Big £1m or more (n=265)	97.7	92.0	72.1

Table 13.14 compares the extent to which TSOs work with other organisations in the Third Sector in more or less affluent areas.

- Most TSOs have useful informal relationships with other organisations and groups in the Third Sector in the North of England, but they are more likely to do so in the poorest areas (89%) compared with the richest areas (78%).
- A majority organisations and groups work closely, but informally, with other TSOs in the North of England. But they are most likely to do so in the poorest areas (83%) but are less likely to have such relationships in the most affluent areas (66%).
- Fewer TSOs have formal partnership relationships with other organisations and groups in the North of England (38%). But this headline statistics masks very substantial area variations. Twice as many TSOs in the poorest areas have formal

partnership arrangements with other organisations and groups (50%) than is the case in the richest areas (25%).

This is a significant finding, but interpretation is not simple. It could mean that, through more extensive partnership activity in poorer areas, more social value is collectively produced than happens in the richest areas where TSOs seem to operate more independently. But this is not certain as partnerships may be struck as a condition of funding, rather than a truly voluntary arrangement.

Table 13.14

Depth of relationships between TSOs by English Indices of Deprivation

(Percent who work this way now, North of England, 2019)

	We have useful informal relationships with other voluntary organisations and groups	We often work quite closely, but informally, with other voluntary organisations and groups	We often work in formal partnership arrangements with other voluntary organisations and groups
EID 1-2 (poorest) (n=1,008)	88.8	82.5	49.5
EID 3-4 (n=513)	86.2	78.0	39.2
EID 5-6 (n=444)	80.8	71.8	28.4
EID 7-8 (n=321)	83.3	73.7	24.9
EID 9-10 (richest) (n=272)	78.0	65.5	25.4

14 Expectations about the future

The final section of this report considers TSOs' expectations about the future. The overall picture, at the time of study, was one of considerable optimism amongst TSOs when assessing their prospects of winning the financial and volunteer resources they need to maintain or increase their activities. These views were expressed without any warning of the Covid-19 pandemic which would descend on the UK in the spring of 2020.

Table 14.1 shows that regional variations are limited but will be commented upon where substantive differences in expectations are observed.

- Overall, expectations about future income are very optimistic: 34% of TSOs expect income to increase over the next two years. TSOs in North West England are the most optimistic (37%). Only 16-17% of TSOs expect income to fall across the regions.
- TSOs expect that support from private sector businesses will increase over the next two years (31%) – regional variations are slight (29-32%). Fewer than 10% of TSOs expect support from business to decline.
- Over a third of organisations expect that income from grants will increase and only 19% think this will fall. TSOs in North East England are the least optimistic in this respect (31% expecting rising income compared with 36% in North West England).
- Optimism about public sector funding is much lower. Only 19% of TSOs expect funding to rise and 38% expect that it will fall. Pessimism is greatest in North West England (40%).
- Volunteers provide enormous levels of support to TSOs. There is a good deal of optimism that volunteer support will increase (42%) and especially so in North West England (44%). Very few TSOs think that volunteer support will decline (8%).
- Optimism about accessing resources (apart from statutory sources) is clear but must be set in the context of expectations about demand for services. Expectations of increased demand is very high (69%), and especially so in North West England (73%).

Table 14.1 **Expectations about the future** (North of England, 2019)	North East England	Yorkshire and Humber	North West England	North of England
Income will increase…				
Increase	31.9	32.4	36.8	33.9
Same	51.8	50.5	47.0	49.6
Decrease	16.3	17.1	16.1	16.5
Support from private businesses will…				
Increase	29.4	31.8	32.2	31.2
Same	60.6	59.4	57.5	59.1
Decrease	10.0	8.8	10.3	9.8
Grants from charitable foundations will…				
Increase	30.6	35.4	36.2	34.0
Same	50.8	47.5	43.4	47.1
Decrease	18.6	17.2	20.4	18.9
Funding from the statutory sector will…				
Increase	18.4	16.1	21.9	19.1
Same	46.1	47.9	37.7	43.4
Decrease	35.5	36.0	40.4	37.5
Support from volunteers will…				
Increase	39.7	42.6	43.5	42.0
Same	53.5	50.3	48.0	50.5
Decrease	6.8	7.2	8.5	7.5
Demand for our services will…				
Increase	66.0	68.0	73.1	69.3
Same	32.8	30.4	25.0	29.2
Decrease	1.2	1.6	1.8	1.6
N=	1,055	806	1,148	3,009

Dreams and realities

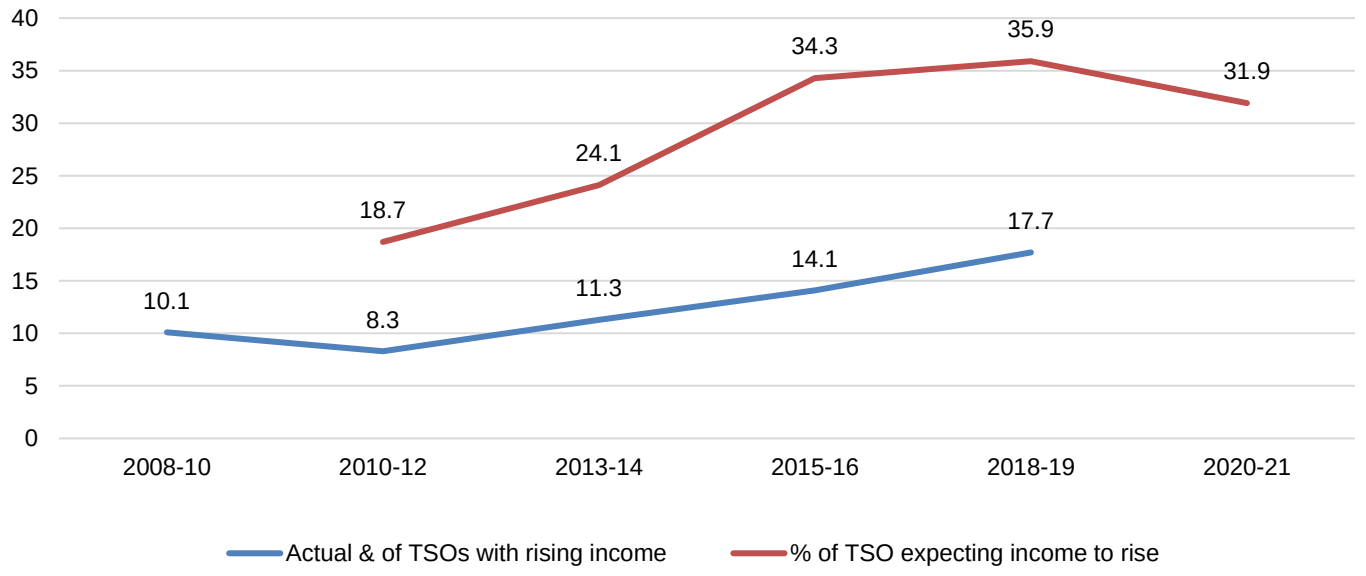
The above analysis shows that TSOs are particularly optimistic about the future. There are high expectations about increased resources of employees, volunteers and money to meet the expected challenges surrounding rising demand for services.

But are TSOs' expectations about the future *too* optimistic? It is possible, using Third Sector Trends data in North East England to examine the mismatch between expectations about the future and the reality of what happened.[61]

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 13.1 shows the mismatch between expectations about rising income and the actual situation two years later. A substantive gap remains between expectations and reality, but this gap was no longer widening at the time of study as organisations had already lowered their income expectations for the next two years. With the Coronavirus crisis, it is impossible to predict, with any confidence, what might happen next.

Figure 13.1 **Mismatch between expectations and reality on rising income in North East England 2008-2021**



Setting aside the problems which are bound to be created by the Covid-19 crisis, being optimistic about the future is laudable only when the prospect of achieving objectives are realistic. Otherwise, many TSOs are likely to feel disappointment that expectations have not been met. 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.[62]

Table 14.2 looks at future expectations by size of TSOs.

- As TSOs become larger, the more optimistic they are about levels of income rising (from 24% of micro to 42% of big organisations).
- Similarly, bigger TSOs are more likely to expect support from business to increase (rising from 25% of the smallest to 40% of the largest organisations).
- Expectations of increased income from charitable trusts and foundations are similar by size of organisation (34% of micro to 35% of the biggest TSOs).

[61] Time series data is not available for North West England at present, apart from Cumbria.
[62] 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/

- Smaller TSOs are more optimistic about increasing income from statutory sources (23% of micro compared with 17% of the biggest organisations). Pessimism is much stronger amongst bigger TSOs in this respect (rising from 28% of micro to 46% of big organisations),
- There is a widespread expectation that support from volunteers will increase (rising from 34% of micro to 49% of the biggest TSOs).
- Most TSOs expect that the demand for their services will increase (rising from 51% of micro to 87% of the biggest organisations).

Table 14.2

Future expectations by size of TSOs (North of England, 2019)	Micro - under £10,000	Small £10,000 - £50,000	Medium £50,000 - £250,000	Large £250,000 - £1m	Big £1m or more	All TSOs
Income will…						
Increase	24.4	30.4	37.5	40.0	41.6	32.8
Same	62.1	56.1	42.9	39.2	41.3	50.9
Decrease	13.5	13.5	19.6	20.9	17.1	16.3
Support from business will…						
Increase	25.1	24.9	30.9	36.8	39.8	30.2
Same	63.4	62.9	56.7	55.9	53.6	59.2
Decrease	11.5	12.2	12.4	7.3	6.6	10.7
Grants from foundations will…						
Increase	33.7	32.0	31.4	35.9	34.8	33.1
Same	51.3	49.4	47.2	42.5	47.8	48.1
Decrease	14.9	18.6	21.4	21.6	17.4	18.9
Funding from statutory sources will…						
Increase	22.8	17.4	16.9	14.7	16.7	17.8
Same	49.7	48.7	41.6	40.4	37.3	44.1
Decrease	27.5	33.9	41.5	45.0	46.0	38.1
Support from volunteers will…						
Increase	33.5	38.5	44.9	47.4	49.3	40.9
Same	55.0	55.0	48.6	45.1	46.3	51.3
Decrease	11.4	6.5	6.6	7.5	4.3	7.8
Demand for our services will…						
Increase	51.4	61.2	78.4	85.8	86.5	68.7
Same	45.0	37.2	20.9	13.4	13.2	29.7
Decrease	3.6	1.5	0.7	0.8	0.3	1.6
N=	816	721	763	413	261	816

15 Discussion: a tale of three sectors

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

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

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

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

Third Sector Trends has been running since 2008. The advantage of longitudinal research is that it provides opportunities to develop ideas incrementally as more time-series data are collected and new aspects of sector structure and dynamics are explored (see section 2.5 for more discussion on the advantages of longitudinal analysis). In one-off studies, it is much harder to get beneath the surface of what is going on because of uncertainties about the reliability of evidence and whether findings indicate continuity or change.

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

15.1 Sector continuity and change

This research report shows that, as a whole, the Third Sector is able to withstand shocks that come its way. The last decade has produced enormous change (see Section 2.4) beginning with the turmoil created by the global financial crash of 2008. This was followed in the UK by ten years of government austerity policy which has dramatically changed the social, political and economic landscape in the North of England.

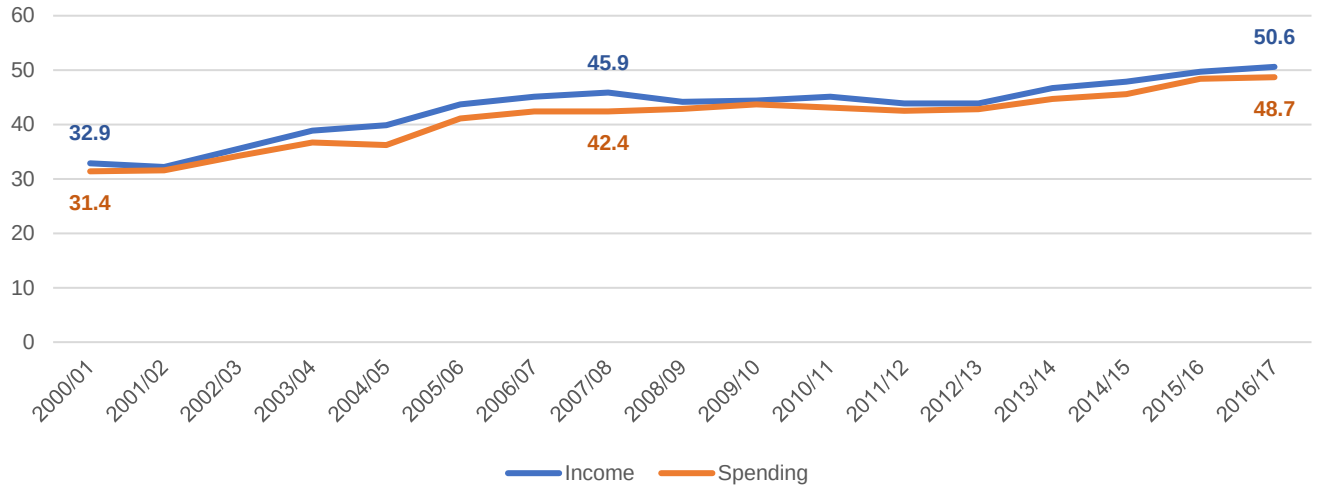
In December 2019, when the survey closed, everything looked set to change again as a general election and Brexit loomed. Our respondents could not have anticipated what was to come next with a landslide majority for Prime Minister Boris Johnson, Brexit occurring just two months later and then the dramatic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

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

The sector's income over the last decade remained fairly level. Third Sector Trends research does not collect detailed financial data from TSOs.[63] But we can rely on NCVO data to examine change in sector-wide levels of income and expenditure (see Figure 15.1). This national level data on financial continuity helps to confirm findings from Third Sector Trends income data in the North of England between 2008-19.

As the NCVO graph shows, there was very significant growth in sector income between 2000/01 and 2007/8 – rising from £32bn in 2001/02 to £45.9bn in 2007/08.[64] Those were the times of 'plenty', although it may not have felt like that at the time, and this has cast a long shadow over the ambitions of the Third Sector since then. And yet, the NCVO graph also shows that the Third Sector lived within its means. On no occasion has expenditure exceeded income.

Figure 15.1 **Third Sector income and expenditure**
(Source: NCVO Almanac 2019, £bns 2016-17 prices)



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

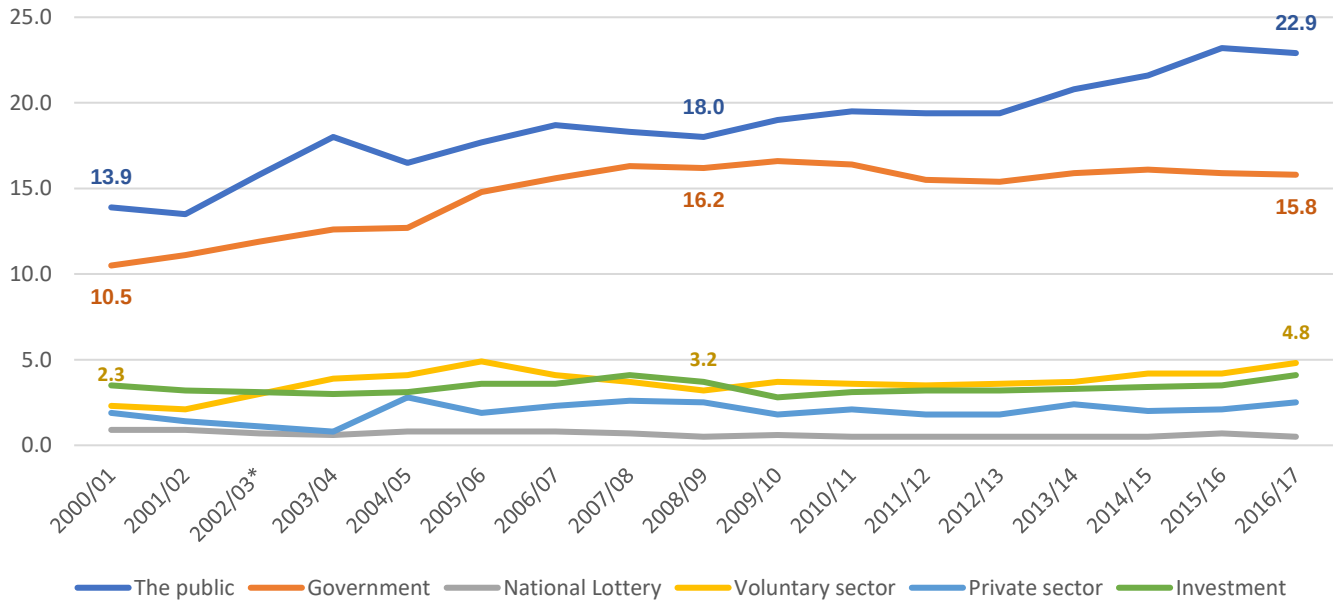
Money from voluntary sector sources has grown too, from £3.2bn in 2007/8 to £4.8bn in 2016/17 (this includes charitable trusts and foundations, but excludes the National Lottery). Private sector funding has remained fairly level at around £2.5bn since 2007/08 as has investment income at around £3.2bn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

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

[63] 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).

[64] NCVO Almanac 2019 https://data.ncvo.org.uk/sector-finances/

Figure 15.2 **Income sources 2000/2001 to 2016/2017Chart Title**
(NCVO Almanac 2019, £bns, 2015/17 prices)



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

Things have improved in recent years. In 2009-10, only 10% of TSOs reported significantly rising income. This fell to 8% in 2011-12 before rising steadily to nearly 23% in 2018-19 in North West England. The proportion of TSOs which have significantly falling income has reduced from 23%[65] in 2011/12 to 13% of TSOs in 2018/19.

But the big picture statistics presented in Figure 15.1 may mask the reality of what goes on beneath the surface. As the Third Sector Trends study has consistently shown over the years, at the individual organisational level, significant fluctuations in income are common and occur irrespective of the size of TSOs.[66] Indeed it has been shown that income instability is 'endemic' and that leaders of TSOs must learn to manage the consequences of continual change.[67]

15.2 Serving society from different standpoints

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

[65] Based on Yorkshire and Humber data in 2012/13 as the study across the whole of the North West of England was not running at this time.

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

[67] 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.

Bigger is better?

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

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

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

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

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

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

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

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

Volunteers still have an important role to play however. In North West England, TSOs with income above £250,000 rely on regular support from about 96,300 volunteers who deliver 6.9m hours of work which is valued at £57m at National Minimum Wage level. This represents 3% of added value to their financial income of around £2bn.

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

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

Small is beautiful?

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

In North West England, there are over 9,900 micro organisations with income below £10,000 (48%) of the whole sector. They are run almost entirely by volunteers, numbering about 173,400, who deliver nearly 12.5m hours of work a year. A further 5,100 small TSOs, with income between £10,000 - £50,000 have about 102,000 volunteers producing 7.4m hours of work each year.

Taken together, the proxy value of the voluntary work of around 15,000 TSOs produce, even when valued at the National Minimum Wage is over £162m while their collective financial income is only £150m. Pound for pound, this part of the Third Sector produces more value than it consumes – and especially so amongst micro organisations and groups where the ratio is about 3.5 to 1.

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

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

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

They are independent-minded entities which want to get on with things their own way. To imagine that they are malleable and docile just because they are small would be a big mistake - they don't like being pushed around.[68] But I am not finger wagging here - the majority of charitable trusts and foundations do respect the fact that it is up to small TSOs to decide what is important to them and define how they want to tackle issues.[69]

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

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

[68] *ibid. The social process of supporting small charities:* https://www.stchads.ac.uk/research/research-news/the-social-process-of-supporting-small-charities/

[69] *ibid, The strength of weak ties: how charitable trusts and foundations collectively contribute to civil society in North East England*,: https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/

Of the middling sort

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

Medium sized organisations rely more heavily on employed staff than small informal organisations. But volunteers underpin their work in a significant way. There are about 2,950 medium-sized TSOs in North West England. They have about 73,700 regular volunteers who produce 5.3m hours of work each year which, at National Minimum Wage levels, would mean that they add £44m or 12% of value to their financial income of £358m.

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

As was the case in 2016, however, the majority of medium sized TSOs based in poorer areas remained in a stable or strong financial position even if they were funded mainly by the public sector. Furthermore, these organisations were more likely to be investing in their future capability than other TSOs – which helped to secure their long-term future.

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

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

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

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

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

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

Advice offered to medium-sized TSOs is often misplaced because it was modelled on the principles of how larger, more formal and hierarchical organisations work. It is not just a

question of lacking 'capacity' and 'capability' to behave like bigger organisations however – middling sized TSOs are fundamentally different from larger organisations in a number of respects.[70]

Firstly, many organisational leaders in middle-sized TSOs actively resist the drive toward 'professionalism' and are suspicious of attempts to adopt that route. Many believe in more personal and cooperative flat structures rather than managerial hierarchies. Indeed, many TSO leaders came into the Third Sector to escape from such organisational practices.

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

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

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

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

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

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

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

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

[70] These ideas are developed further in the final report of the qualitative longitudinal study of 50 TSOs operating in North East England and Cumbria which will be published in the summer by Community Foundation Serving Tyne & Wear and Northumberland.

the middle ground must be different from those employed for the very small informal TSOs or the much bigger professionalised ones.

15.3 Civil society will find its way

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

Civil society in the UK has an ancient history. It has retained its place in society in the best and worst of times. It is not going to go away. The people of this country will not allow that to happen. The Covid-19 crisis has aptly demonstrated this. The surge of public interest in volunteering, when the Government called on the nation to lend its support to the NHS, was enormous. Public giving in response to Captain Tom's plea to raise £1,000 by walking around his garden, similarly, was unprecedented.

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

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

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

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

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

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

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

find a way through this, even though a majority will suffer economic pain and will be forced to make hard decisions about the services they can continue to deliver and will face the upsetting prospect of making staff redundant.

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

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

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

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

Appendix 1: ONS Regional employment statistics

Table A.2 **Regional Labour market statistics North Regions (September 2019)**[71]	**Number of employees**			**Percentage of employees**		
	North West England	Yorkshire and Humber	North East England	North West England	Yorkshire and Humber	North East England
Agriculture, forestry & fishing	41,755	26,567	7,824	1.1	1.0	0.6
Mining & quarrying	2,513	1,851	1,648	0.1	0.1	0.1
Manufacturing	345,218	289,562	119,797	9.0	10.5	9.8
Electricity, gas, steam & air conditioning supply	23,928	8,439	6,313	0.6	0.3	0.5
Water supply, sewerage, waste & remediation activities	25,753	19,646	7,605	0.7	0.7	0.6
Construction	227,068	154,353	70,413	5.9	5.6	5.8
Wholesale & retail trade; repair of motor vehicles and motorcycles	604,999	387,078	157,390	15.7	14.1	12.9
Transport & storage	218,231	158,080	60,218	5.7	5.7	4.9
Accommodation & food service activities	244,373	194,996	97,198	6.3	7.1	8.0
Information & communication	116,168	94,058	44,071	3.0	3.4	3.6
Financial & insurance activities	95,390	79,279	25,693	2.5	2.9	2.1
Real estate activities	51,538	38,713	18,920	1.3	1.4	1.5
Professional scientific & technical activities	338,969	200,566	69,528	8.8	7.3	5.7
Administrative & support service activities	318,182	246,911	101,867	8.3	9.0	8.3
Public admin & defence; compulsory social security2	151,322	121,878	69,405	3.9	4.4	5.7
Education	313,392	251,510	106,916	8.1	9.1	8.7
Human health & social work activities	514,386	347,747	191,232	13.4	12.6	15.6
Arts, entertainment & recreation	100,769	73,121	31,694	2.6	2.7	2.6
Other service activities	111,254	58,571	33,887	2.9	2.1	2.8
People employed by households, etc.	4,258	0	712	0.1	0.0	0.1
Third Sector Trends estimates[72]	**115,000**	**87,500**	**38,250**	**3.0**	**3.2**	**3.1**
All jobs	3,849,466	2,752,926	1,222,331	100.0	100.0	100.0

[71] *ONS Regional Labour Market Statistics in the UK, January 2020* (downloaded 10th February, 2020) https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/regionallabourmarket/january2020/relateddata/

[72] 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*,