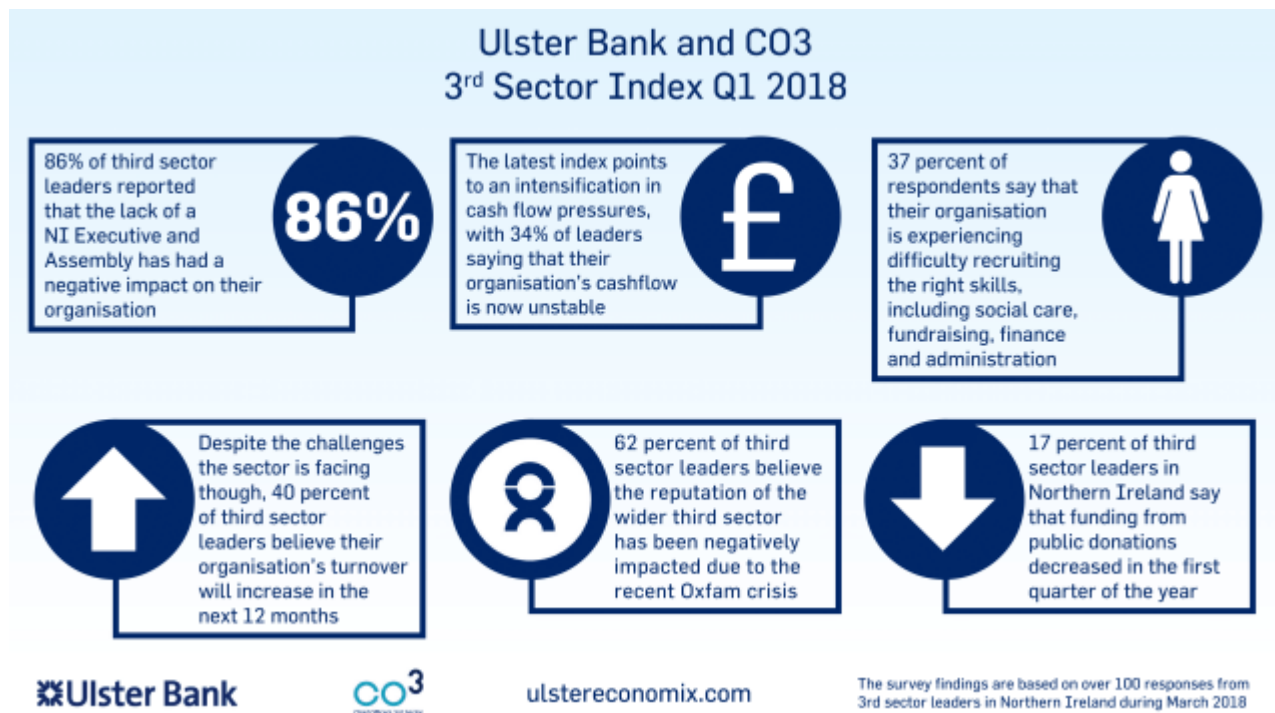


Cash flow pressures, recruitment difficulties and uncertainty linked to Northern Ireland's political situation are significantly impacting on the third sector's ability to deliver key services, a new report reveals.



The Ulster Bank and CO3 3<sup>rd</sup> Sector Index is a key barometer of Northern Ireland's third sector, involving a quarterly survey of CO3 members who include the leaders of some of Northern Ireland's largest charities and social enterprises. Services they provide range from care, to counselling and support, and training and development.

86 percent of third sector leaders in the latest survey reported that the lack of a Northern Ireland Executive and Assembly has had a negative impact on their organisation, including due to funding uncertainty. This is a nine percent increase from the previous quarter.

The latest index also points to an intensification in cash flow pressures in the sector during

the first quarter of the year, with more than one-third (34 percent) of leaders saying that their organisation's cashflow position is now unstable. This is up from 17 percent in Q4 2017.

And 37 percent of respondents say that their organisation is experiencing difficulty recruiting the right skills, including in areas such as social care, fundraising, finance and administration. Anecdotal evidence suggests that funding uncertainty due to an absence of decision-making at Stormont means potential candidates are generally opting for more secure employment opportunities elsewhere.

Despite the challenges the sector is facing though, 40 percent of third sector leaders believe their organisation's turnover will increase in the next 12 months, as demand for the services the sector provides increases.

Other findings of the latest Ulster Bank & CO3 3<sup>rd</sup> Sector Index include that 62 percent of third sector leaders believe the reputation of the wider third sector has been negatively impacted due to the recent Oxfam crisis. Additionally, 17 percent of third sector leaders in Northern Ireland say that funding from public donations decreased in the first quarter of the year.

Overall, the Northern Ireland economy enjoyed a stronger first quarter of 2018 than many would have expected, and this is evident in the labour market, where we are seeing record employment and low unemployment. Conversely difficulties in the third sector appear to have intensified during this time, and the two things are perhaps not entirely unrelated. A significant number of job openings in the private sector means that competition for candidates is intense, and with the private sector perhaps offering the prospect of greater job security, this is making it difficult for third sector organisations to recruit, therefore impacting on their ability to deliver services. Until there is greater certainty around longer-

term funding for the third sector, it is hard to see these issues easing.”

Indeed, skills shortages in Northern Ireland are being exacerbated by the strong performance of other economies and the current weakness of Sterling. With Northern Ireland and the UK lagging other EU countries in terms of economic performance, this, combined with an unfavourable exchange rate, is an increasing incentive for migrant labour in Northern Ireland to move to other parts of Europe to work.

Nora Smith, Chief Executive of CO3 commented: “The uncertain political environment continues to impact negatively on our sector. We can see from this quarter’s results the influence the lack of a local government is having. Late and short-term budgetary decisions have impacted on cashflow, and this, in turn, affects the sector’s ability to plan and deliver key services. The nature of funding has undoubtedly impacted on staff morale, for those on short-term contracts and for those on notice, it inhibits the ability to recruit and retain key staff members. It is a challenging time, yet the resilience of the sector shines through with a high proportion of respondents stating their turnover will increase over the course of the next 12 months. The recent media coverage mainly focused on Oxfam serves to remind us that public trust is our most treasured asset and that strong leadership and governance must be at the centre of the third sector.”

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