

The amount of funding third sector organisations in Northern Ireland receive from government has increased whilst the amount they receive from public donations has reduced, a survey of leaders in the sector suggests.



The latest Ulster Bank and CO3 3rd Sector Index, which surveyed more than 100 directors and CEOs of organisations such as charities and social enterprises, shows that the balance of respondents saw funding from government increase for the first time since the survey began at the start of 2016.

Almost a fifth said that their organisation had experienced an increase in government funding in the second half of 2019; twice as many that said they had experienced a decrease.

Meanwhile, the percentage saying income from public donations increased fell and the percentage saying income from public donations decreased rose.

Overall, two-thirds of third sector organisations (63 percent) said that they received funding from government (not including the EU) whilst fewer than half (48 percent) now report that they receive public donations. This compares to 59 percent who said they received funding from public donations in the first survey in Q1 2016.

In total, a quarter of organisations reported that their income increased in the final six months of 2019, with the majority of the remainder reporting that their income was flat.

As a result, a third (32 percent) of respondents said that their organisation had increased its number of employees in the second half of last year, compared to just 11 percent who said that their headcount decreased.

And three-quarters of respondents report that their organisation's cashflow position is now stable, a rise of five percent on the last survey.

Nora Smith, Chief Executive of CO3, says: "The public perception is perhaps that third sector organisations are funded entirely or predominantly by public donations, but the

reality is quite different. The third sector is diverse and is funded through a range of different ways including by providing services to government.”

“Recent years have seen the sector squeezed by reduced government spending, but the latest survey is encouraging in that it suggests that both overall income and the amount of income from government increased in the second half of last year. This has helped ease cashflow pressures somewhat. However, whilst this is positive, financial pressures do still remain, relating to things like rising salaries, increases in demand for services, and meeting the National Living Wage,” she adds.

While any increase in government funding will be welcomed by organisations within the charities and voluntary sector, the challenge for many bodies regarding the sustainability of funding remains a key concern. ‘Sustainability’ and ‘sustainable funding’ featured heavily throughout the New Decade New Approach deal. The issue is particularly relevant for the Third Sector. Despite rising demand, income generation remains the number one challenge facing the sector in 2020 with 56% of respondents citing it as the top issue. When you factor in that 29% of organisations are also currently in receipt of EU funding – and the UK has left the EU – this provides another source of uncertainty with funding into the medium to longer-term.

The Ulster Bank and CO3 3rd Sector Index is a key barometer of Northern Ireland’s third sector, involving a 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.

Overall, the latest survey shows that 63 percent of respondents saw an increase in demand for their organisation’s services in the second half of last year. 42 percent expect their organisation’s turnover to increase in the next 12 months.

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