3rd Sector Index
Q4 2017

Ulster Bank

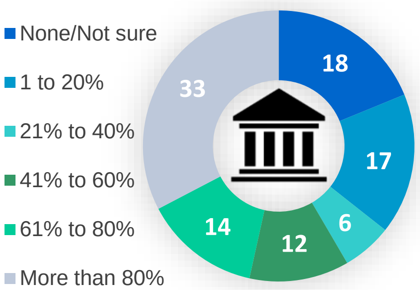
CO3 Chief Officers 3rd Sector

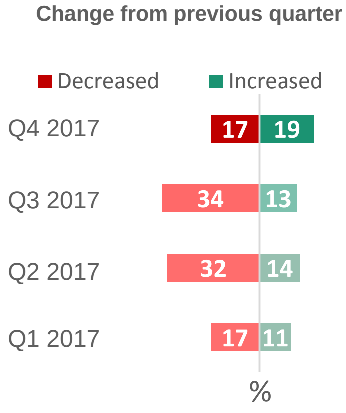
CO3 surveys its membership of third sector leaders every quarter
to understand their current economic position, and issues affecting the third sector

Sources of funding

From Government

Percentage of income (%)



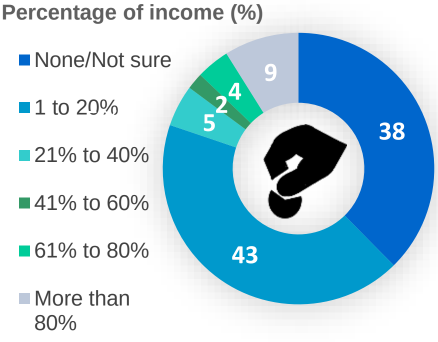


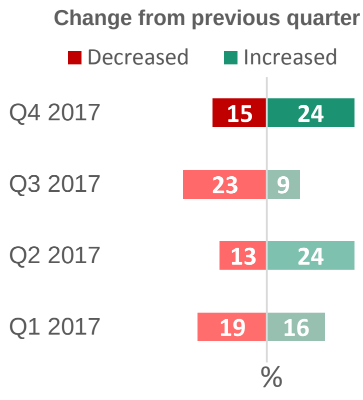
Currently, the majority of third sector organisations are in receipt of funding from government sources to some extent (82%).

For almost two thirds (64%) this level of funding has not changed compared to the previous quarter. However, in the same time period, 17% have experienced a decrease in government funding, which has halved from 34% in Q3 2017. Almost one fifth of organisations (19%) secured an increase, which has risen from 13% in Q3.

From public donations

Percentage of income (%)



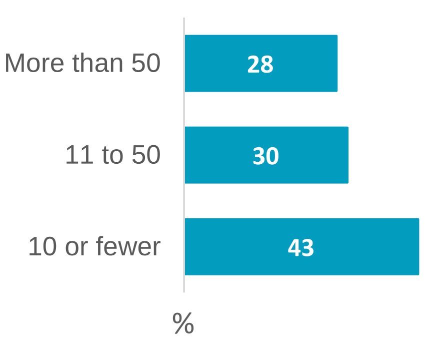


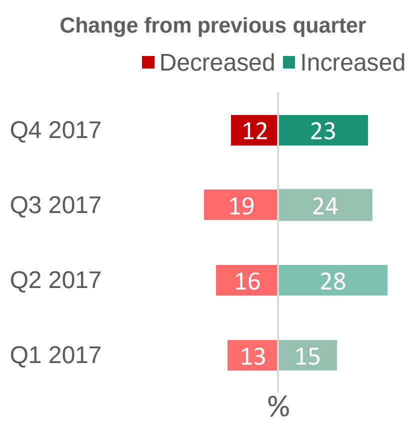
Sixty two percent of third sector organisations reported that they have some income from public donations.

While funding from this source has remained constant for over half of the organisations (56%), 24% have secured an increase in the last quarter; this is up from 9% in Q3 2017. 15% have seen a decrease in donations from the public; this is down from 23% in Q3.

Employment levels

Number of employees





Over the past quarter, the number of employees in the sector has remained constant for nearly two thirds of third sector organisations (65%). While 23% have increased their headcount, 12% experienced a reduction in employee numbers.

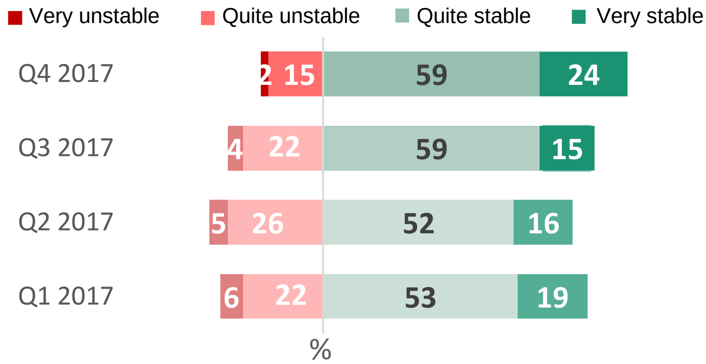
Demand for services continues to increase with 69% of third sector organisations reporting an increase in demand for their services. This is a rise of 6% points from Q3 2017.

The survey findings are based on 128 questionnaires that were completed by third sector leaders during November/December 2017. The results may add to between 99% and 101% due to rounding.

Cash flow

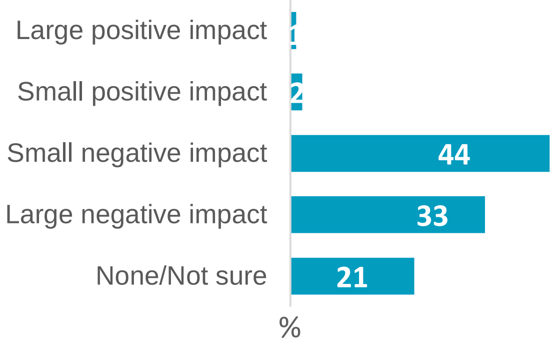
Current situation

The majority (83%) described their cash flow situation as stable, which is a rise from 74% in Q3 2017. The percentage who are vulnerable to cash flow issues has decreased again in Q4 from 26% in Q3 2017 to 17% in Q3.



Views on political issues

Impact on organisations due to lack of Assembly



The majority (77%) reported that the lack of Assembly at Stormont has had a negative impact on their organisation, with 33% describing this as a large impact. While 21% confirmed that they had experienced no impact or were not sure, 3% believe that they had positively benefited from the lack of Assembly.

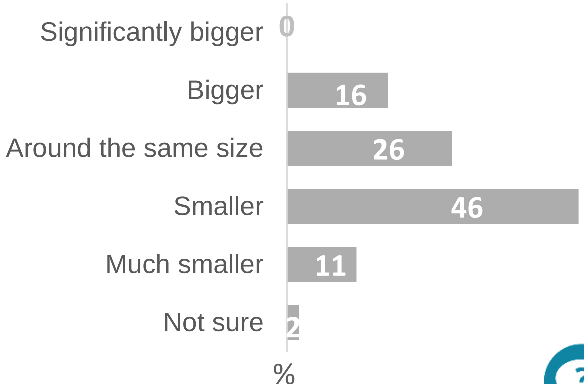
When asked which elements impacted on the organisation, the issues raised included the lack of funding, the lack of stability, lack of decision making and uncertainty as the major negative impacts.

"No commitment to funding…no stability…uncertainty"

"Starting to see impact of decisions not being made"

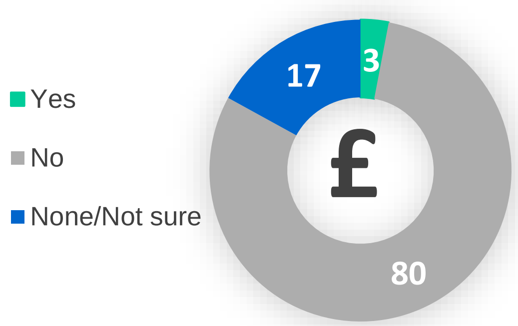
"Lack of progress on important areas of policy change

Three-year growth predictions for NI Third Sector



16% expressed the belief that the Northern Ireland Third Sector will be bigger in three years time. Almost six in ten (57%) expect a reduction in the size of the sector, while over one quarter (26%) expect the sector to remain around the same size.

Recognition and support for Third Sector in the Autumn Budget Statement



The majority (80%) felt that the recent UK Autumn Budget Statement did not offer any significant recognition and support for the work and value of the Third Sector. 3% reported that they did feel that it offered significant recognition and support. However, 17% were unsure.

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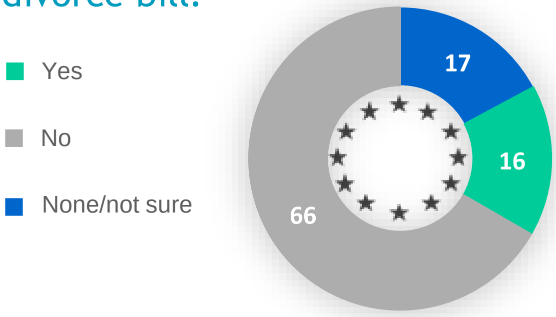
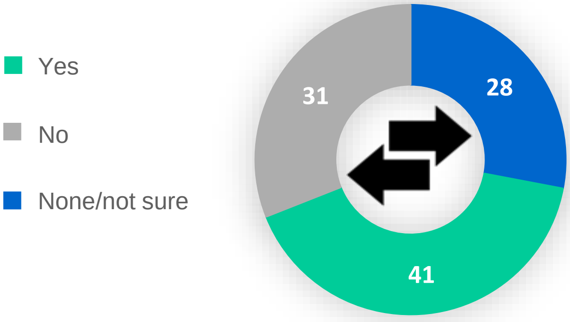
Impact of the UK leaving the EU

Will UK negotiate a favourable divorce bill?



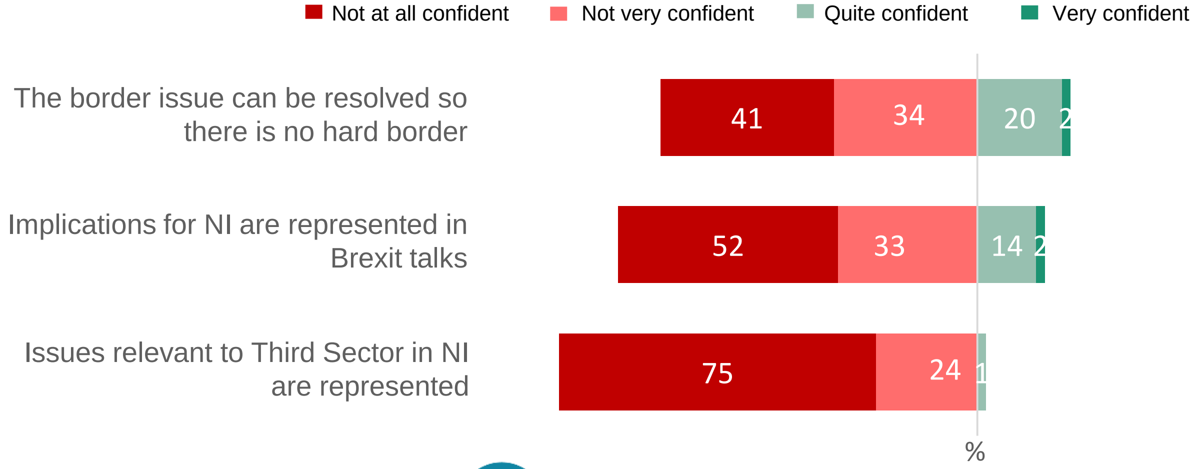
Two thirds of third sector organisations (66%) believe that the UK won't be able to negotiate a favourable divorce bill when leaving the EU. Almost one in five (18%) are not sure while 16% believe that a favourable divorce bill can be negotiated.

Will UK secure a transition deal?



Four in ten (41%) think that the UK will secure a transition deal when leaving the EU. Three in ten (31%) don't think that it will be possible, while 28% are not sure.

Confidence in political representation



Three quarters (75%) expressed a lack of confidence that the border issue can be resolved so that there is no hard border between Northern Ireland and the Republic of Ireland. However, 22% declared confidence in the resolution of the issue.

85% expressed a lack of confidence that the implications for Northern Ireland are being represented in the Brexit talks to date. 16% expressed confidence in the process.

Three quarters (75%) are currently not at all confident that the issues directly relevant to the Third Sector in Northern Ireland are being represented in the Brexit talks to date and an additional 24% are not very confident. 1% are quite confident of Third Sector representation in Brexit talks.

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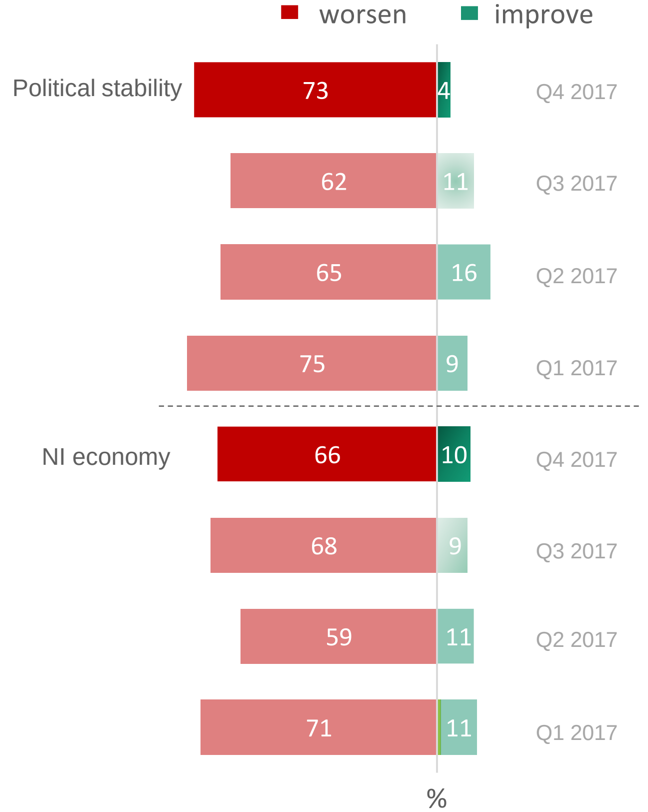
Looking ahead

…expectations for the next 12 months

In this quarter, 4% believe that political stability in Northern Ireland will improve over the next year, and 73% expected it to worsen; this is a rise from 62% in Q3.

The outlook for the Northern Ireland economy among third sector organisations for the next twelve months is similar to Q3. Currently, 66% anticipate that the NI economy will worsen, which is down from 68% in Q3. Similar to Q3, one tenth (10%) expect the NI economy to improve.



About the survey

The third sector is the term used to describe the range of organisations that are neither public sector nor private sector. It includes voluntary and community organisations that have charitable status or are community interest companies, social enterprises, mutual and co-operatives.

CO3 has over 600 members, who are considered as third sector leaders, each with an annual income of over £100,000.

From the research conducted by the Charities Commission for Northern Ireland, charities with an income of more than £100,000 make up 90% of the sector's income.

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The survey is administered, collated and analysed by the independent market research company, Perceptive Insight Market Research Ltd, 028 9073 7090 www.perceptiveinsight.com