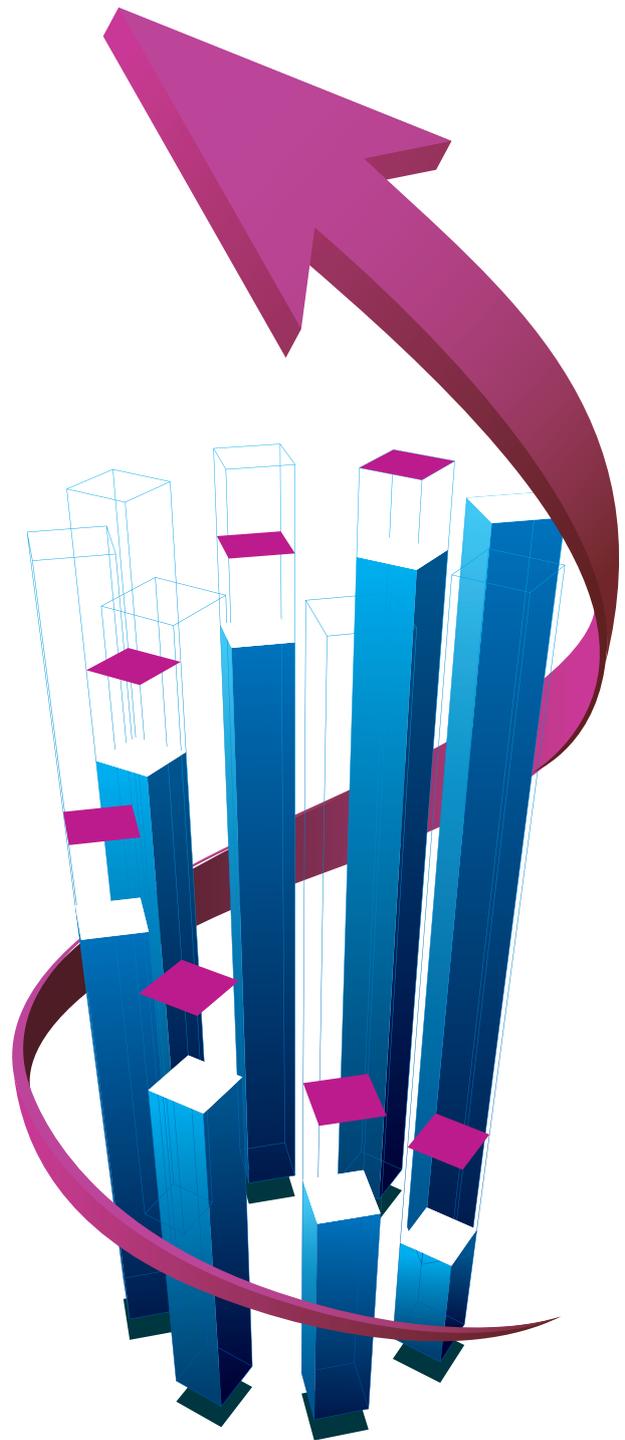


# Forecasts



# 9. Forecasts

**As part of the *State of the Sector* research, organisations were asked to give their views on a number of areas which may have an impact on the sector and their organisations over the next 12 months (this survey was conducted in May 2011). The data presented in this section illustrate organisations' views on what changes or fluctuations they expect to see in relation to staff, volunteers and beneficiaries, the economic conditions of the voluntary and community sector (especially as public sector funding cuts begin to bite), fluctuations in service provision and campaigning and lobbying. It also examines what organisations perceive to be their main threats to or weaknesses in delivering services. A total of 1,387 organisations responded to these questions on the *State of the Sector VI* survey**

29.1% of organisations believe that the general health of their organisation will worsen over the next year. This is an increase of 9.7% since 2005. This clearly indicates that respondents believe that the next 12 months will be a very challenging time for their organisation.

8.6% of organisations anticipate employing more staff within the next year. This is a significant decrease on the percentage of organisations that responded in 2005 (26.6%).

This research found that 62.9% of organisations anticipate working in collaboration with other organisations.

6.6% of organisations responded that they anticipate a merger between themselves and another organisation.

As a result of the current economic environment, 17.4% of organisations anticipate reducing their services in the next 12 months. This is an increase of 11.5% since 2008.

Nearly 3% of respondents have indicated that they anticipate closing in the next 12 months. This research was conducted at a time when the cut in public sector funding was only starting to be visible; the impact of cuts over the next three years will be significant, and the number of organisations that anticipate closing could increase dramatically.

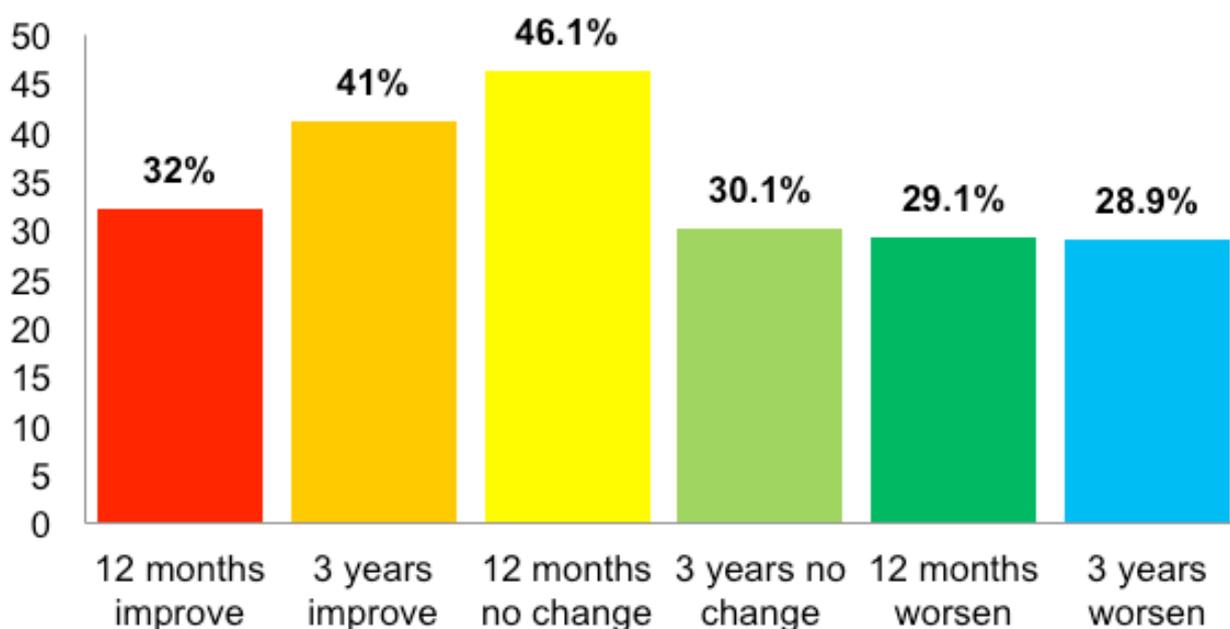
Economic barriers are considered to be the biggest obstacle for organisations in terms of achieving success (73.3%). A further 12.8% of respondents believe their most inhibiting factor will be social.

## General outlook

This research asked organisations about their general situation, whether it will improve or worsen over the next 12 months and again over the next three years. What can clearly be seen in Figure 9.1 below is that fewer organisations believe there will be an improvement in their situation over the next 12 months (32%) compared to the next three years (41%). In essence these respondents believe that the next 12 months will be more challenging for their organisation, however, in three years' time their situation will have improved. Fewer than 30% of respondents believe that their

situation will worsen over the next 12 months to three years. These findings differ to those reported in NCVO's *Quarterly Charity Forecast Survey* (2nd Quarter, 2011) which found that 43% of organisations surveyed in May and June 2011 believed that their general situation will worsen over the next year compared to 29.1% in this State of the Sector research. In addition a high number of respondents (46.1%) in this research believed that the general situation of their organisation will not change in the next 12 months whereas NCVO reported that 36% of its respondents believed the same.

Figure 9.1 General situation of the voluntary and community sector



Base: 1137 (54 missing), 1008 (183 missing)

## Staff

With many organisations in the voluntary and community sector trying to manage the impact of the current economic environment, many have been forced to review staffing levels, and in some case make redundancies. In this research organisations were asked if they are going to maintain their current staffing levels over the next 12 months. Although nearly two thirds of respondents (65.1%) reported that they will maintain their current staff levels, 14% indicated that they anticipate altering their staff levels. In total, 8.6% of organisations anticipated employing additional staff, while 5.4% of respondents indicated that they will be making staff redundant within the year. This is lower than the results in NCVO's *Quarterly*

*Charity Forecast Survey* (2nd Quarter, 2011)<sup>61</sup> which reported that nearly one quarter of responding organisations (24%) intend to increase their number of staff, while 29% plan to shed staff within the following three month period.

Organisations were asked if they intended increasing or decreasing the number of management posts in the next 12 months. Only 8.2% of organisations stated that they anticipate increasing the number of management posts, while 5.4% predict decreasing them.

### **Volunteer practices**

This survey sought the views of respondents in relation to further fluctuations in volunteer management practices within their organisations over the next 12 months. 44% of respondents indicated that they will be increasing their volunteer management practices, while 2.9% believe that they will decrease these practices.

### **Beneficiaries**

As the economic condition of the voluntary and community sector becomes more volatile, it is vital that the impact on the sector, and on the people it works with, is examined. Through various research projects undertaken by NICVA, including *Viewfinder 10*<sup>62</sup> and the impact of *Public Sector Cuts*<sup>63</sup>, organisations reported that they are experiencing greater demand for their services at a time of rising costs and

funding cuts. Similar findings are reported in this research with 68.4% of respondents stating that they do not anticipate maintaining their current number of beneficiaries over the next 12 months. However, although there is an increase in demand for services in the sector, not all organisations believe that they will be increasing their number of beneficiaries. 8.1% of organisations reported that they anticipate reducing the number of beneficiaries who use their services in the next 12 months.

### **Campaigning and lobbying**

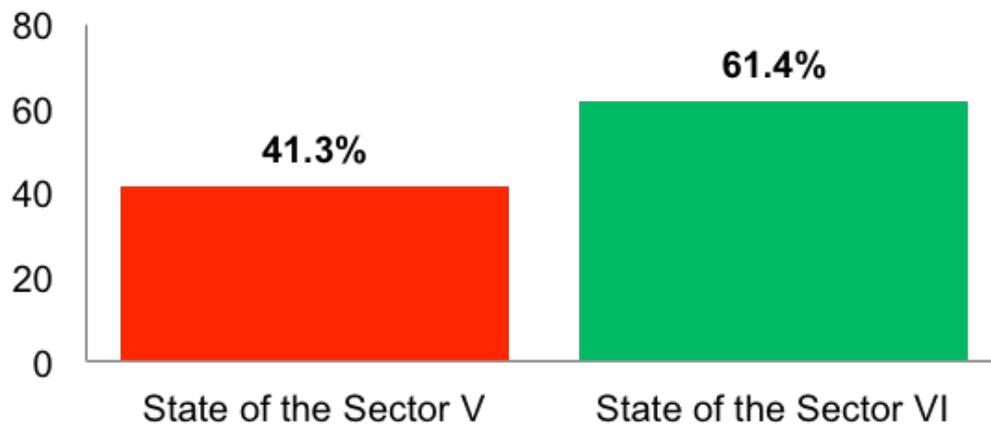
As with *State of the Sector V*, this survey sought the views of respondents in relation to future campaigning and advocacy activities. In 2008, 41.3% of respondents indicated that they hoped to increase their campaigning and advocacy activities in the 12 months that followed. Unsurprisingly, in this survey more organisations (61.4%) anticipate increasing their campaigning and advocacy activities in the next 12 months. Similarly, in this survey 3.9% of respondents stated that they are likely to decrease their campaigning and advocacy activities compared to 2.4% in 2008.

61 *NCVO Quarterly Charity Forecast Survey* (June 2011).

62 *Viewfinder 10*, NICVA, September 2011.

63 *CutsWatchNI*, May-September 2011, NICVA, <http://www.nicva.org/cuts/list>

**Figure 9.2 Comparison of campaign and lobbying between *State of the Sector V* and *State of the Sector VI***



### Competition for funding

In a time of public funding cuts and the concomitant reduction of income, organisations were asked if they believe that there will be an increase in competition for funding in the next 12 months. An overwhelming 86% of respondents indicated that they believe there will be an increase in competition for funding in the next year. This question was also asked by NCVO in its Forecast Survey which reported that 64% of respondents expect their organisations to compete more with other organisations over the next year.

**Table 9.2 Competition for funding**

	No	%
Yes	956	86.0
No	77	6.9
Not applicable	78	7.0
<b>Total</b>	<b>1,111</b>	<b>100</b>

Base: 1,111 (80 missing)

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## Income and expenditure

As mentioned repeatedly through this research, voluntary and community organisations are finding themselves in an unpredictable economic environment with reductions in both funding and donations. As a result of this, organisations were asked if they anticipate increasing their income in the next 12 months. Just over a quarter of respondents (25.3%) indicated that this would be the case, however 43.7% of respondents indicated that they anticipated a decrease in their organisational income.

In addition, organisations were asked about their expenditure over the next 12 months. 58.1% of respondents believe that there will be an increase in their organisational expenditure while 17.2% believe that there will be a decrease. This differs markedly to the findings in the NCVO *Quarterly Charity Forecast Survey* (2nd Quarter, 2011) which reported that one third of organisations expected their expenditure to increase while 49% of organisations expected their expenditure to fall within the next year.

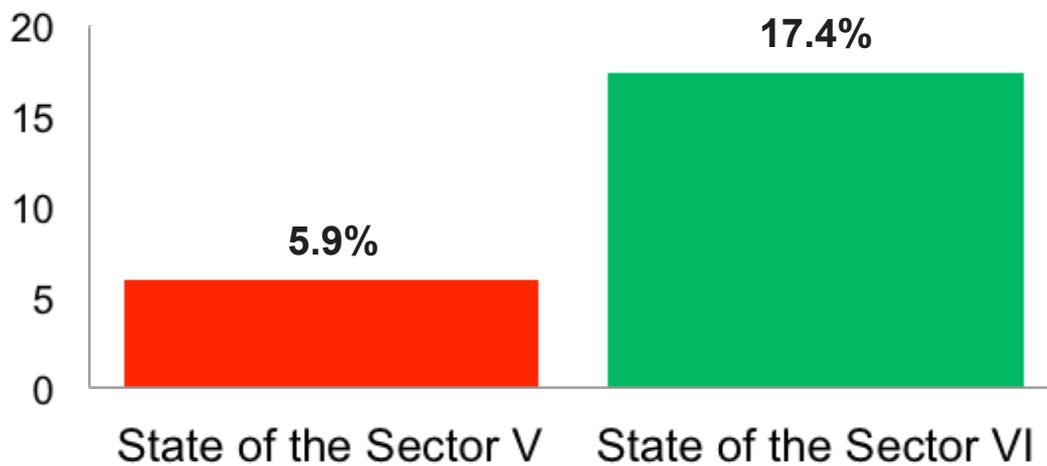
## Services

In *State of the Sector V* organisations were asked a series of questions on the provision of services and the likely changes they would face in the following 12 months. It reported that 46.8% of organisations anticipated increasing or expanding service provision within this time period. This research reported that 37.7% of respondents anticipate an increase in service delivery in 2011. The difference in results could be attributed to the current economic climate. When *State of the Sector V* was circulated

the full extent of the economic downturn had not yet been realised. NCVO's *Quarterly Charity Forecast Survey* (2nd Quarter, 2011) reported that 43% of responding organisations plan to maintain their current level of services in the following three months, while 39% reported that they mean to increase services. Both the findings in this research and NCVO's *Quarterly Charity Forecast Survey* may indicate increased demand from beneficiaries, especially in debt advice and advice on welfare benefits, with no accompanying increase in resources.

In both 2008 and 2011, organisations were asked if they anticipated reducing their services in the following 12 months. 5.9% of organisations in *State of the Sector V* believed that they would have to reduce their service provision. This has increased to 17.4% in *State of the Sector VI*. Again this could be due to the uncertainty around potential cuts in funding and possible reduction in donations. NCVO's *Quarterly Charity Forecast Survey* (2nd Quarter, 2011) reported that 19% of responding organisations anticipated decreasing their service provision in the following three months.

**Figure 9.2 Comparison of service reduction between *State of the Sector V* and *State of the Sector VI***



As a result of the current challenges facing the voluntary and community sector, organisations were asked if they were anticipating closing any of the services they provide in the next 12 months. Fewer than 10% of respondents (9.3%) stated that they anticipated closing services.

### Collaborative working and mergers

In recent years there has been enormous interest in collaborative working, especially as the economic downturn continues to bite, with more and more charities viewing merger or collaboration as an increasingly attractive option under economic pressure. This new climate has required organisations to pursue innovative and creative ways to carry out their activities, remain on a sound financial footing and, in some cases, survive.<sup>64</sup> With a decrease in investment income, lack of uplifts in some funding streams and cuts to public funding, organisations have had to evaluate their future sustainability. Research conducted across the sector over the past three years has found that the general view of collaborative working has, and continues to be, very positive. In *State of the Sector V*, 61.2% of respondents stated that they had a positive attitude toward collaborative working<sup>65</sup>. More recently in Viewfinder 10, NICVA (2011) the majority of organisations (86.5%) also reported a positive attitude towards working in collaboration within the sector with 84% of respondents stating that they work in collaboration with other organisations. This research found that organisations believe collaboration will be important over the next 12 months, with 62.9% of organisations anticipating that they will work in collaboration with other organisations.

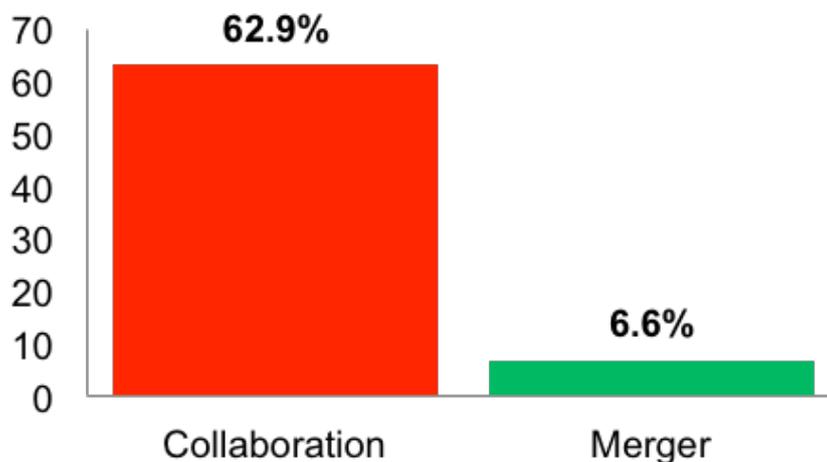
64 Charity mergers the USA way, 2009, <http://www.thirdsector.co.uk/news/Article/927521/charity-mergers-usa-way>

65 *State of the Sector V*. NICVA. 2009

These results are similar to those reported in NCVO's *Quarterly Charity Forecast Survey* (2nd Quarter, 2011) which found that 71% of responding organisations expect to collaborate more over the next 12 months.

As well as asking organisations about their intention to work collaboratively in the next 12 months, they were also asked if they anticipated merging with another organisation. 6.6% of organisations responded that they anticipate a merger between themselves and another organisation. Not all organisations view working in collaboration and/or merger positively. Examining the CutsWatchNI research it has emerged that some organisations are being forced to merge by funders, when the organisation believes this will be detrimental to both the organisation and its service users<sup>66</sup>. Although there are a few examples of these mergers, to date such circumstances have not been the main motivation for mergers.

**Figure 9.3 Collaborating and merging in the next 12 months on for mergers.**



## Closure

For many organisations the current economic climate is putting even more stress on their ability to raise sufficient funds for delivering services. Some funding streams are being cut while others remain static at a time when utility, food and transport costs are rising. In some cases donations and legacies are decreasing and organisations are finding it difficult to manage this when they are already financially overstretched.

Some organisations at this time are faced with the most difficult of decisions - whether to close. Nearly 3% of respondents have indicated that they anticipate closing in the next 12

66 *State of the Sector V*. NICVA. 2009

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months. Although this may not seem significant it is worth mentioning that the impact of the current cuts in public sector funding is only starting to be visible; the impact of cuts over the next three years will be significant. It could be argued that the situation would be far worse if not for the fact that organisations are being more innovative in relation to collaborative working and merger.

### **Devolution to the Northern Ireland Assembly**

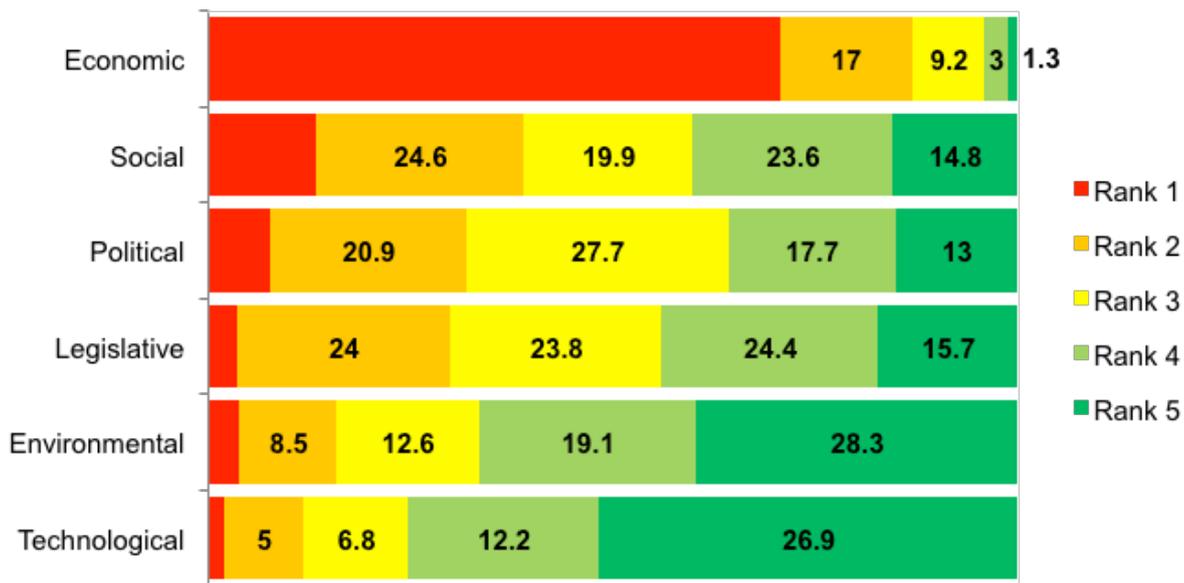
In *State of the Sector V* (2008) it was reported that devolution was viewed as the largest single event that has impacted upon the voluntary and community sector in Northern Ireland since 2005. Organisations believed it gave them the opportunity to engage directly with the institutions of government and to have a stronger voice in the development of policies. As part of *State of the Sector VI* organisations were asked if they thought the continued devolution of power to the Northern Ireland Assembly has been positive, neutral or negative within the past 12 months. In 2008, 37.1% of respondents believed that the continued devolution of power would be positive for the sector. In this research 22.4% have found the devolution of power to the Northern Ireland Assembly to be positive in the past 12 months. This indicates that a number of organisations that previously felt the continued devolution of power would be positive have not found this to be the case.

In addition to examining the impact of devolution over the past 12 months, organisations were asked if they expect devolved legislation to improve or worsen the operating environment for their organisation over the next 12 months. 16.3% of respondents reported that they expect devolved legislation will improve their operating environment while more organisations (18.1%) believe that it will worsen their operating environment over the next year. 29% believe there will be no changes as a result of devolved legislation.

### **Factors inhibiting organisations' success over the next 12 months**

This research sought the views of organisations as to what factors they believe will inhibit their organisation's success over the next year.

**Figure 9.4 Factors inhibiting success (%)**



Base: Multiple response

Unsurprisingly, the majority of respondents (73.2%) view economic factors as the main factor which will inhibit their success over the next year. This most likely relates to the cuts in public funding, a downturn in donations and a change in the procurement mechanism for awarding contracts. 12.8% of respondents believe their most inhibiting factor will be social, while fewer than 6.6% reported that political, legislative, environmental or technological factors will inhibit their organisation’s success.

*State of the Sector VI* is the latest edition in the *State of the Sector* research programme. The previous *State of the Sector* reports have developed the only comprehensive picture of the scale and scope of the economic activities of the Northern Ireland voluntary and community sector. The publication of each *State of the Sector* report represents another step in the evolution of this type of statistical analysis and as such adds to the already broad and in depth knowledge of the sector, by examining many of the key issues currently affecting and shaping it.

*State of the Sector VI* provides high level statistics on the various types of resources available to the sector and the relationship between voluntary and community organisations, government, funders and the general public. *State of the Sector VI* is invaluable to all those who need an up-to-date and reliable source of statistics and commentary on the voluntary and community sector in Northern Ireland. People working in the sector – academics, decision-makers, social science students and journalists – will all find this publication useful.

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