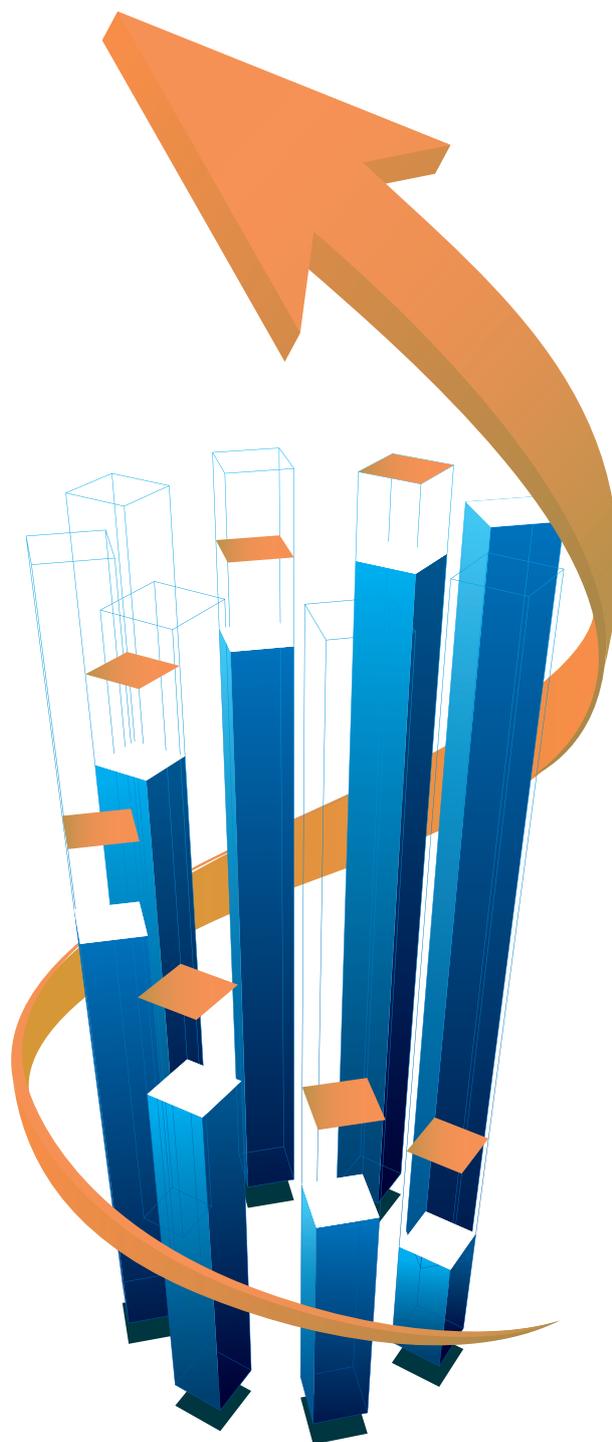


*State of the Sector VI*

# Introduction



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## **A guide to *State of the Sector VI* estimates**

A key aim of the State of the Sector series has been to ensure consistent reporting of data in order that these could be compared over the years. While each report is specific to a certain time frame, developments and trends in the voluntary and community sector can be traced through each of them and comparisons with previous reports can be made. State of the Sector VI is, however, a departure from the series to date and relies in the main on information obtained from source, rather than generated from a sample. As a result, some of the headline data reported in State of the Sector VI are not directly comparable with earlier reports. An overview of the main changes is outlined below.

### **Income from government**

Identifying income from government to the voluntary and community sector has become easier over the years, particularly in the period accounted for in the current report. Accordingly information on income from central and local government, including Education and Library Boards, the Health Board and Trusts is now collected in a more systematic way and is more readily accessible to organisations outside government. As a consequence of this methodological change data was provided to the research team from source. This replaced the need to generate estimates derived from sets of accounts returned as part of the survey. Direct comparisons with previous reports should, therefore, be undertaken with caution.

### **Income from the general public**

Income from the general public is based on data from the *Northern Ireland Giving Survey 2010*. The data presented are directly comparable to that reported in previous reports and, where appropriate, direct comparisons have been made with previous research into charitable giving in Northern Ireland.

### **Income from Europe**

In *State of the Sector V* the figures presented accounted for income to the voluntary and community sector from a limited number of European programmes, namely Peace II and Interreg II A. This report takes a broader view and defines European income more broadly to include Peace III, Interreg IVA and the European Social Fund.

### **Income from Lottery**

For this report there was no change in the way data on Lottery funding to the sector was generated ie the data was generated at source.

### **Income from voluntary sources**

In previous reports this category included both funding from charitable organisations, including Trusts, and funding derived from the sale of goods and services within the voluntary and community sector. *State of the Sector VI* has limited the data to that derived from charitable organisations and Trusts. The figures are again generated at source from the funders.

|                              | <b>2011</b>           |
|------------------------------|-----------------------|
| <b>Income</b>                |                       |
| Income from general public   | £220 million          |
| Income from government       | £392.1 million        |
| Income from Europe           | £70.1 million         |
| Income from Lottery          | £31.1 million         |
| Income from Trusts           | £28.5 million         |
| <b>Total income</b>          | <b>£741.9 million</b> |
|                              |                       |
| <b>Earned income</b>         | <b>£430.3 million</b> |
| <b>Total expenditure</b>     | <b>£719.6 million</b> |
|                              |                       |
| <b>Total assets</b>          | <b>£863.8 million</b> |
|                              |                       |
| <b>Giving</b>                |                       |
| Average monthly donation     | £25.35                |
| Proportion giving to charity | 83%                   |
|                              |                       |
| <b>Workforce</b>             |                       |
| Total paid workforce         | 27,773                |
|                              |                       |
| <b>Employment status</b>     |                       |
| Full time                    | 59.5%                 |
| Part time                    | 40.5%                 |
|                              |                       |
| <b>Gender</b>                |                       |
| Male                         | 22%                   |
| Female                       | 78%                   |

# Acknowledgements

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NICVA is indebted to a great number of people who have assisted in the publication of *State of the Sector VI*. We would like to thank all the staff in NICVA who assisted in the compilation of the sixth edition of *State of the Sector*.

NICVA would also like to acknowledge the fundamental part played by the organisations that patiently completed the questionnaires and supplied us with copies of their annual accounts. Without the co-operation of the many groups that responded to our requests for information, it would not have been possible to produce *State of the Sector VI*. We would like to thank the various government departments, non-departmental and statutory bodies and funders that have very kindly provided us with the information necessary to compile this publication. Particular thanks go to both Volunteer Now, for providing access to two recent reports on volunteering, and to the Voluntary and Community Unit, for its assistance with all matters relating to the Government Funding Database. Finally, thanks also go to the Charity Commission for Northern Ireland for providing additional organisational information.

*State of the Sector VI* was compiled by Stephen Bloomer, Ciaran Hughes and Andrea Thornbury. Thanks go to Ian Mocroft who undertook initial work on behalf of the Research Unit in relation to assessing government expenditure in the voluntary and community sector. The research programme was also assisted at various stages by Amy Harvey and Eugene Curran.

# Foreword

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As Chair of NICVA's Executive Committee it gives me great pleasure to write the foreword for *State of the Sector*. *State of the Sector* is now in its sixth edition, and it continues to make an important contribution towards our understanding of the voluntary and community sector. It is clear from this report that the sector is as dynamic and changeable as ever. At the time of the publication of *State of the Sector V*, I noted that the sector was at a critical juncture in its history; resources were becoming scarcer, the role of the sector was changing, and wider events were posing some fundamental challenges. Yet, the sector has met these challenges head-on through diverse, creative and innovative ways of funding, working, cooperating and collaborating, all of which are reflected in the findings of this report.

*State of the Sector VI* gives us another snapshot of the varied and dynamic environment within which the voluntary and community sector must operate in these difficult economic times, an economic environment that the sector is now feeling the impact of. With its comprehensive review of the sector, *State of the Sector VI* will provide an insight into the sector for researchers, policymakers, fundraisers and senior managers in the voluntary and community sector.

In the midst of discussions surrounding welfare reform, it is obvious that in the near future new responsibilities will fall on the voluntary and community sector as it continues its role of supporting the most marginalised within our communities and those who are becoming increasingly

vulnerable due to the current economic climate. This is despite there already being huge pressures on the resources available to the sector.

NICVA has, through our campaigns and by working collaboratively with government and other organisations, been at the forefront of efforts to move the Northern Ireland economy towards one that is more equitable and socially responsible. The role that the voluntary and community sector plays in building and supporting the local economy should be clear from the findings contained in this year's *State of the Sector*.

**Bob Stronge**  
**Chair**  
**NICVA**

# 1. Introduction

Since the initial publication of *State of the Sector* in 1997 Northern Ireland has undergone sweeping political and economic changes which have inevitably impacted on the voluntary and community sector. In the late 1990s the voluntary and community sector was seen as a vital partner by 'New' Labour in both their reforms of public services and in promoting reconciliation in a post-conflict society, roles which were augmented with the devolution of power to Northern Ireland. Clearly there have been major changes since the production of the first *State of the Sector*, both at a societal level and within the voluntary and community sector. Currently the 'Big Society' is the flagship idea introduced in the Conservative election manifesto in 2010, and is now a central plank of the Conservative–Liberal Democrat coalition government. The 'Big Society' aims to facilitate a shift of power away from central government to communities and volunteers.

However, many of the challenges faced in 1997 by the voluntary and community sector remain constant, not the least of which is the issue of funding. A key theme, developed and highlighted in the fifth edition of *State of the Sector*, is that the funding environment had changed significantly from a grant dominated model of funding to a model which places the delivery of services at its core<sup>1</sup>. Despite this change of emphasis from funding to contractual relationships, collecting research information and developing a typology of funding and contracts remains a complex and arduous task, as no central register has been developed to illustrate

whether monies to the sector are in the form of contracts or funding. In order to identify or categorise the flow of monies into the voluntary and community sector an analysis of individual organisation accounts has to be undertaken; a method which is limited in scope.

Although each *State of the Sector* report provides a very distinct snapshot in time, *State of the Sector VI* delivers something of a continuation of the previous report. In the introduction to *State of the Sector V*, the report noted that the research covered a period of time 'at the beginning of the current economic crisis that is currently driving the UK economy into recession'. In the interim period the UK economy has contracted for six consecutive quarters, from Quarter 2 in 2008 to Quarter 4 in 2009, the longest period since quarterly figures were first recorded in 1955. Quarter 4 saw minimal growth of 0.1% meaning that officially the UK economy moved out of recession in January 2010. In parallel to the weak economy, the banking crisis began in August 2008 when Northern Rock announced losses of £585 million for the first six months of the year.

In October 2011 the Chancellor, George Osborne, unveiled the biggest UK spending cuts for decades. Through the Comprehensive Spending Review the government attempted to improve the UK's fiscal position by reducing its expenditure, aimed at adjusting the overall budget lines of government departments from April 2011 onwards. Locally, the Northern Ireland block grant was effectively frozen at around £9.5 billion, representing an accumulative reduction of 6.9% over a four year period.

<sup>1</sup> *State of the Sector V*, NICVA, 2009.

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By 2014-2015 the local capital budget is expected to be cut by 37%. The draft budget announced in December 2010 by the Finance Minister further indicated that circa 17,000 public sector jobs would be lost in Northern Ireland, rising over six years to 20,000.

The data presented in *State of the Sector VI* are, therefore, very clearly situated in difficult times. The impact of the recession, the banking crisis, the threat to the Eurozone and the resulting economic volatility remains unclear. As a result the effect on the income and the overall environment within which the voluntary and community sector in Northern Ireland operates is also unclear. *State of the Sector VI* tries to give some early indications of the current impact on organisations and the potential impact in the near future.

Set within a challenging funding environment and a wider economy that is in a period of unprecedented turmoil, threatened by a double dip recession, the voluntary and community sector is undoubtedly facing a number of real challenges. However, this is not the first challenge it has faced and there is no doubt that the sector will adapt to the new environment and continue to play a key role in society in Northern Ireland. *State of the Sector VI* attempts to highlight changes in how organisations, individually and in collaboration, deal with some of the challenges outlined.

## Structure of the report

In keeping with tradition, *State of the Sector VI* begins with a brief explanation of some key definitions used to classify the voluntary and community sector. This overview is then

followed by Chapter 3 which gives an outline of the different methodologies that have been employed to produce *State of the Sector VI*.

Chapter 4 profiles the voluntary and community sector in its widest context and provides a breakdown of how the sector is structured in its activities and geographic remit. It also, for the first time, reports on respondents' identification with the various Skills Councils.

Chapter 5 presents data on the sector's income for 2008-2009 and 2009-2010, establishing the levels of funding from sources including central and local government, non-departmental public bodies and statutory agencies, Big Lottery and Europe. This analysis is followed by a brief overview of expenditure and assets.

Chapter 6 looks at charitable giving in Northern Ireland and the ways in which the general public chooses to financially support the voluntary and community sector. This chapter is based on the *Northern Ireland Giving Survey 2010* (NICVA, 2010), and draws out a number of comparisons with the previous Northern Ireland Individual Giving Survey (2008). This chapter is augmented by data from a follow-up omnibus survey undertaken on behalf of NICVA by IPSOS MORI in October 2011.

Chapter 7 presents data to illustrate the size and main characteristics of the workforce in the voluntary and community sector in Northern Ireland. Where it is appropriate, a number of comparisons are drawn between previous *State of the Sector* reports and other sectors. The data presented in this section are based on information received

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from organisations in relation to this research and other research completed by NICVA over the past three years.

Chapter 8 presents an overview of a range of work undertaken recently on volunteering. This chapter examines aspects of volunteering in the voluntary and community sector. The data presented in this chapter are derived from a number of sources including the *State of the Sector VI* survey, complemented by additional data drawn from two reports published by Volunteer Now; '*Mapping Volunteer Involving Organisations in Northern Ireland, 2010*' and '*Mapping Volunteer Involving Organisations in Northern Ireland: Phase 2*', 2011<sup>2</sup>.

Finally, Chapter 9 examines the results of a series of questions in which 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 experience as a result of the current and predicted economic conditions which may impact on the voluntary and community sector. For example the impact on service provision, campaigning and lobbying. This chapter also examines what organisations perceive to be the main threats to, and weaknesses in, service delivery.

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<sup>2</sup> '*Mapping Volunteer Involving Organisations in Northern Ireland, 2010*' and '*Mapping Volunteer Involving Organisations in Northern Ireland: Phase 2*', 2011, Volunteer Now.

## 2. Definitions

In terms of achieving an agreed scheme of classification and terminology, the process of defining the voluntary and community sector remains a work in progress. In keeping with previous State of the Sector reports, *State of the Sector VI* has maintained a consistent approach to definitional issues. Consequently, the criteria employed for this report means that certain organisations are omitted from the analysis<sup>3</sup>. Despite this caveat a consistent definition has the merit of ensuring replicability and enables comparisons to be made over time.

The 'general charities' definition that was used in the previous State of the Sector reports was developed by the Office for National Statistics in the early 1990s, in an attempt to define the voluntary sector in the UK (definition used in National Accounts). Over the years this definition has been almost exclusively used in this type of research but there have been some adjustments to take account of the changing nature of the sector.

Despite the diversity of the sector, and the lack of a universally accepted definition, there are certain criteria that can be applied to all voluntary and community organisations. These criteria are:

**Formality** - people and their activities have an organisational form to exhibit this attribute. The organisation may have a recognisable structure with a constitution or a formal set of rules. However, any definition using this attribute only will exclude large numbers of informal, community-based activities and temporary forms of activity.

**Independence** - organisations that are constitutionally and institutionally separate from the statutory and private sectors. This criterion excludes non-departmental public bodies and educational establishments, eg universities and voluntary aided schools. Whilst these bodies can register as charities with the Inland Revenue, they are generally not perceived to be part of the voluntary and community sector.

**Non-profit distribution** - organisations that do not distribute profits to shareholders or owners. This criterion does not preclude undertaking activities such as trading to generate profit or surplus. However, proceeds should not be for the personal benefit of any individuals connected with the organisation and should be directed towards achieving the organisation's charitable objectives.

**Self-governance** - organisations that are truly independent in determining their own course. This would exclude, for example, organisations that are charities within the National Health Service on the basis that they are ultimately controlled by a statutory body.

**Voluntarism** - organisations where there is a meaningful degree of voluntarism in terms of money or time. The donation of time includes that given by management committee members.

**Private benefit versus public benefit** - organisations that exist solely for the benefit of their own members (such as friendly societies or independent schools) are excluded. Organisations that benefit the wider public are included. This may include

<sup>3</sup> eg social enterprises and housing associations.

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certain organisations that mainly benefit a specific group of people or even just their members. This would be the case when the objectives of the organisation provide a function that would otherwise need to be provided by the public sector, as is the case with disability organisations or community transport. Because of these criteria, sacramental religious bodies and political parties are excluded. Whilst some consider that their activities are solely for the benefit of their members, others would argue that their doctrine and action have wider public benefit (NCVO, 2004). However, activities that are undertaken by associated but separate entities of religious organisations, such as mother and toddler groups, are included in this analysis.

The application of the above criteria to NICVA's database continues to provide us with a consistent measure of what might be termed the core of the voluntary and community sector. Also the clear limits to the definition enable the production of robust, clearly defined figures for both the number of organisations and their economic contribution, which is comparable over time and with the rest of the UK.

# 3. Methodology

As noted previously, the compilation of an economic map of the voluntary and community sector in Northern Ireland continues to be a complex task<sup>4</sup>. As a consequence, the task of compiling *State of the Sector VI* incorporated a number of distinct phases including analysis of a range of surveys undertaken by NICVA, such as *State of the Sector V* and *VI*, *Individual Giving 2010*, *Salary Survey 2010*, *Viewfinder 10* and two surveys on Volunteering in Northern Ireland<sup>5</sup>. In addition, organisations' financial accounts and secondary data sources have been used when appropriate.

## Surveying the sector

The most difficult aspect of the *State of the Sector VI* research programme continues to be the generation of an accurate sample for the voluntary and community sector and the subsequent analysis of the accounts. With the continuing absence of a centrally maintained register of charities in Northern Ireland the 'population' has again been defined using NICVA's database. All subsequent estimates are based on this limited population. This methodological approach inevitably has implications and drawbacks, in particular the negative impact on the statistical accuracy possible when populations are impossible to define and the size of the population of interest has yet to be established with the same accuracy as in other parts of the UK.

In May 2011, 5,234 questionnaires were distributed to organisations to generate information on their activities, staff levels, organisational remit and opinions about possible future developments in the sector<sup>6</sup>. A total of 1,550 organisations responded, giving a response rate of 29%. Of this number, 359 were either extinct or were classified as not suitable for the purposes of this survey. In the end a total of 1,191 usable questionnaires was generated, which is a 23% response rate.

As an additional part of the survey, organisations were asked to submit their annual accounts for 2009-2010 or the most recent set of accounts available to them. Overall a total of 512 sets of accounts were available for analysis<sup>7</sup>. This number is much less than the overall response rate for a number of reasons, including the fact that some organisations which are controlled outside Northern Ireland do not have a set of audited accounts for their operations in Northern Ireland. In order to address this deficit, wherever possible, an additional random sample of organisational accounts for 2009-2010 was downloaded from the Companies Registry<sup>8</sup>. Despite this approach, the financial data for organisations remained limited.

4 *State of the Sector V*, NICVA, 2008, p14.

5 'Mapping Volunteer Involving Organisations in Northern Ireland,' (Vol. 1 and 2), Volunteer Now, 2010 and 2011. Two reports on volunteering in Northern Ireland were undertaken by NICVA on behalf of Volunteer Now covering almost 200,000 volunteers.

6 The survey was re-issued in June 2010 to maximise the survey return rate.

7 Sets of accounts included full sets of accounts, abbreviated sets of accounts and hand written notes on accounts

8 <http://wck2.companieshouse.gov.uk/703c97d7ab9f5d247fec2e2cc8bfe255/wcframe?name=accessCompanyInfo>

## Sub-sectoral analysis

As was the case in *State of the Sector V*, an analysis was undertaken to examine the different sub-sectors that make up the voluntary and community sector. For *State of the Sector VI* the methodology allowed organisations to self-select which sub-sector best encapsulated the work of the organisation. For this reason, comparisons between 2011 and 2008 at a sub-sectoral level are possible, although changes in the categorisation of activities mean that comparisons are, to a degree, limited.

This remains an imperfect system of classification due to the fact that organisations have multiple roles and beneficiaries. While this approach does allow for a 'snapshot' measure of the relative size and scope of the key sub-sectors that make up the voluntary and community sector in Northern Ireland, any survey approach is limited by the difficulties involved in applying survey categorisations, which are by their very nature rather rigid and exclusive, to a sector that is dynamic and made up of organisations that cannot be classed exactly by function, beneficiary or activity.

## Estimating the size of the sector

As mentioned above, 512 sets of accounts were analysed for this research. The accounts were examined using essentially the same procedures undertaken in previous years. Additional to the analysis of voluntary and community organisations' accounts, the major funders of the sector were approached and asked to provide figures for the funding they distributed to the sector in 2009-2010. In estimating the distribution of overall income and organisational expenditure, the source figures were disaggregated using estimates of income

strata sizes that are derived from survey data and secondary sources.

In the chapter on income there are assessments of the level of financial support from the general public. To examine the level of support from the general public NICVA commissioned a survey of individual charitable giving in July 2010. Using telephone interviews, 1,000 individuals (aged 16 and over) were asked about their giving behaviour over the previous four weeks. The sample was used to gain a picture of individual charitable giving in Northern Ireland and how this is impacted on by gender, age and social class. Based on the results of this survey, figures for the amount of income generated from the general public were produced.

Sampling for the Individual Giving Survey was based on the following:

- The sample was stratified by Local Government District (LGD) on a Probability Proportionate to Size (PPS) basis.
- Respondents were randomly selected from households within each sampling stratum (LGD), with random selection based on the person with the most recent birthday.
- Fieldwork on the survey was conducted between 5 July and 13 August, 2010.

Finally, in the chapter on volunteers, the bulk of data is drawn from two published reports undertaken by NICVA's Research Unit on behalf of Volunteer Now in 2010 and 2011; '*Mapping Volunteer Involving Organisations in Northern Ireland*' and '*Mapping Volunteer Involving Organisations in Northern Ireland (Phase 2)*'.

*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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