State of the Sector V

Forecasts

nicva

PROMOTING THE VOLUNTARY SECTOR

11. 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 and the next three years (the survey was conducted in June 2008). The data presented in this section illustrates organisations' views on what changes or fluctuations they expect to see in relation to staff and volunteers, the economic condition of the voluntary and community sector, collaborative working and mergers, competition within the sector and the political environment. Many of these questions were taken from NCVO's** *Quarterly Charity Confidence Survey*. **A total of 1,606 organisations responded to these questions on the** *State of the Sector V* **survey.**

Most voluntary and community organisations believe that the economic conditions in the UK and more specifically in the Northern Ireland voluntary and community sector will deteriorate over the next 12 months. Three quarters of respondents believe that the overall economic conditions in the UK will have a negative impact on their organisation over the next 12 months. Two thirds of organisations believe that the economic conditions in the sector will have a negative impact on their operations over the next 12 months.

19.4% of organisations believe that the general health of their organisation will worsen over the next year. Surprisingly however 46.8% of respondents have plans to increase services and 46.3% expect to increase expenditure over the next 12 months.

The general view is that the levels of volunteers and staff will increase over the next 12 months. 50.3% of organisations believe that in the next 12 months they will have a greater number of volunteers while 26.6% believe that staffing levels will also increase.

39.1% of respondents stated that they believe that mergers between voluntary and community organisations will increase over the next year. 61.2% stated that they will collaborate more with other organisations over the next 12 months. Interestingly 74.3% of respondents indicated that they believe the level of competitiveness in the sector will increase over the next 12 months. This indicates that organisations hope to work closely with each other because they realise that with increased competition, collaborative working is prudent and may help them survive in the long term.

Economic barriers are considered to be the biggest obstacle for organisations in terms of achieving success. 71.9% of respondents stated that funding was the main barrier to achieving more success.

11.1 General outlook

Organisations are positive about the general situation or health of their organisation over the next 12 months. Table 11.1 shows that over one third of respondents (38.1%) believe there will be an improvement in their organisation's situation while 42.5% believe that there will be no change. 19.4% of respondents believe the general health of their organisation will worsen over this period. In addition respondents were asked about the general situation of their organisation over the next three years. 10.9% more organisations believe that the general situation of their organisation will improve over the next three years than in the next 12 months. The percentage of respondents that believe their situation will worsen also increases to 25.4%. It is important to mention at this point that this survey was completed prior to the economic downturn unfolding in the UK. is quite plausible would not be as positive in their forecasts for the next 12 months to three years if they had been aware of the scale of the current financial crisis.

Table 11.1 - General situation of organisations in …

	12 months	Three years
Improve	38.1	49.0
No change	42.5	25.6
Worsen	19.4	25.4
Total	100	100

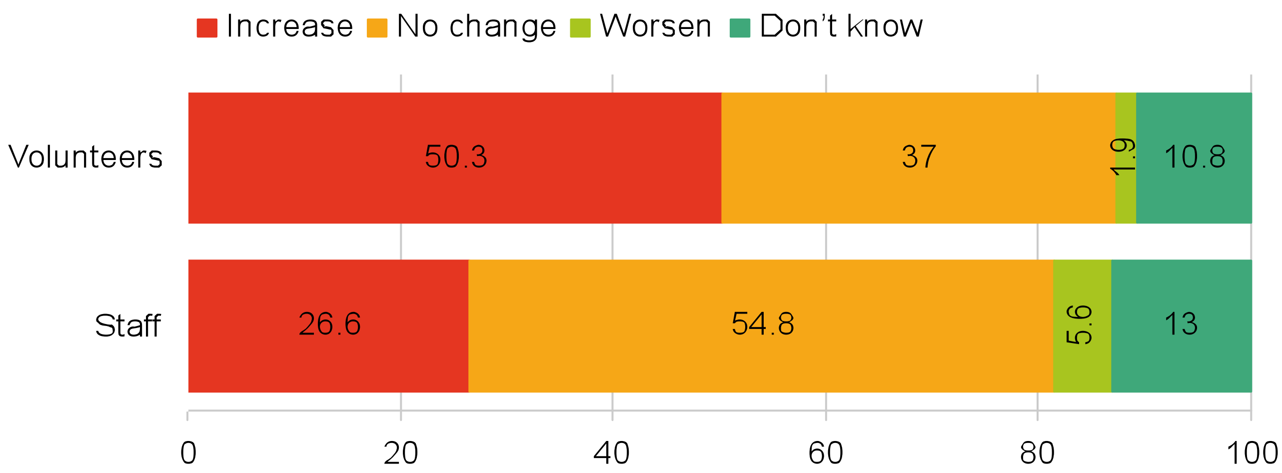
Base: 1,529 (77 missing), 1,348 (258 missing)

11.2 Staff and volunteers

In the NCVO *Quarterly Charity Confidence Survey* (August 2008), charity leaders were asked if they expect to experience an increase in the number of volunteers over the coming months. Charity leaders reported that they did expect to increase volunteer numbers and have no plans to decrease numbers. A similar result was found in *State of the Sector V* with just over 50.0% of respondents indicating that they intend to increase volunteer numbers over the next 12 months. A further 37.0% stated that the level of volunteering in their organisation is likely to remain static while 1.9% indicated that their number of volunteers is likely to decrease. Although it is difficult to speculate what these views about volunteering actually mean they may be indicative of wider trends which are developing as a result of the changing economic conditions in the sector and the economy at large. On one hand the intention to increase the levels of volunteers could be an indication of organisations wanting to lower costs. On the other hand it could be a consequence of an increased demand among individuals who want to volunteer and develop more skills and experiences

As can be seen in Figure 11.1, 26.6% of respondents stated that they hope to increase staff numbers over the next 12 months. This suggests that more than a quarter of the sector is in a position to expand its workforce. A further 54.8% of respondents believe that staff numbers will not change while 5.6% believe that the situation in relation to staff numbers will worsen. In the current financial climate there is a real possibility of job losses in the wider employment market and the voluntary and community sector is likely to be affected by this.

Figure 11.1- Possible fluctuations in paid staff and volunteers over the next 12 months (%)



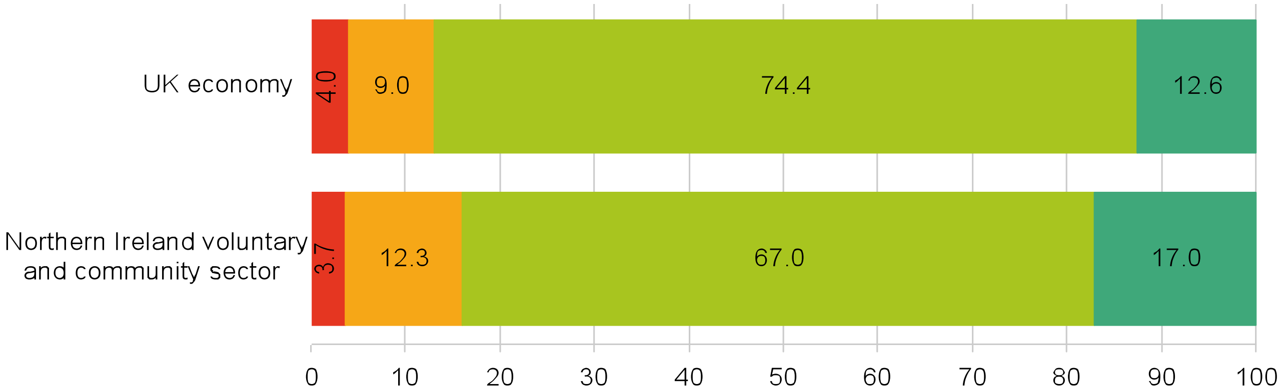
Base: 1,351 (255 missing); 1,546 (60 missing)

11.3 Economic conditions

It is clear from Figure 11.2 that a significant number of respondents believe that the overall economic conditions in the UK will have a negative impact on their organisation in the next 12 months. Nearly three quarters of respondents (74.4%) believe that conditions will deteriorate while only 4.0% believe conditions will improve. Similar results were found in NCVO's *Quarterly Charity Confidence Survey* where only 2.0% of charity leaders believe that the economic conditions of the UK will have a positive impact in the next year while 74.0% believe that the impact will be negative. Again it must be noted that in this survey organisations were unaware of the full implications of the financial crisis, however the general view expressed is that the financial conditions in the UK will worsen.

It is clear that respondents believe that the economic conditions in the voluntary and community sector in Northern Ireland will deteriorate over the next year although respondents felt that the deterioration would not be as extensive as that in the UK generally. Two thirds of organisations believe that the economic conditions within the sector will have a

Figure 11.2 - Overall economic conditions in the UK and Northern Ireland voluntary and community sector (%)



Base: 1,583 (23 missing); 1,578 (28 missing)

negative impact over the next 12 months. This is compared with 74.4% of respondents who believe the same of the economic conditions in the UK. 12.3% believe that the economic conditions will have a neutral impact while only 3.7% stated that it will have a positive impact. These findings are again supported by recent research conducted by NCVO which found that the majority of organisations (61%) in the voluntary and community sector in England believe that the effects of the economic conditions in the sector will be negative over the next year.

Table 11.2 - Potential improvements over the next 12 months

%	Improve	No change	Worsen	Don't know
Financial situation	24.1	31.0	30.0	14.9
Competitiveness	74.3	10.2	3.9	11.6
Community relations	50.7	29.0	5.8	14.5
Impact of government policies	18.3	31.7	25.0	25.0

Base: 1,606

11.4 Financial situation

In relation to their own financial situation organisations were asked if they believe it will improve or worsen over the next 12 months. Nearly one quarter of organisations (24.1%) stated that the financial situation of their organisation will improve however 31.0% believe that there will be no change and one in three believes that the financial situation of their organisation will worsen over the forthcoming year.

11.5 Competitiveness

There is a general recognition across the sector of the importance of being competitive to ensure the sustainability of organisations. Nearly three quarters of respondents (74.3%) indicated that they believe the level of competitiveness within the sector will increase over the next 12 months. 10.2% of respondents believe that the level of competitiveness with other organisations will not change while 3.9% believe that the level of competitiveness will decrease. Competitiveness can create barriers to the sharing of resources between organisations but what is interesting about these results is that the majority of organisations believes that the voluntary and community sector is going to become more competitive over the next 12 months. However many also believe that collaborative working and mergers will increase. This indicates that while organisations hope to work closely with each other over the next year they will also be in direct competition with each other which could result in a complicated working environment.

11.6 Community relations

Northern Ireland has been known as a divided and contested society. Over the years, the voluntary and community sector has been fundamental in building bridges, addressing complex and controversial issues and developing new skills for conflict resolution, cultural diversity and civic partnership (Acheson, 2007). The general view is that relations between the two main communities in Northern Ireland has improved over the past five years and will continue to improve over the next five years (ARK, 2007). The feedback from respondents in relation to community relations is very positive. Just over half of respondents (50.7%) believe that community relations will improve in Northern Ireland over the next 12 months. A further 29.0% believe that there will be no change while only 5.8% of respondents believe that community relations in Northern Ireland will deteriorate.

11.7 The impact of government policies

One quarter of respondents expect government policies to have a negative impact on the operating environment of their organisation over the next 12 months. A further 25.0% stated they were unsure of the impact government policies will have while 18.3% of respondents believe that in the next year government policies will have a positive impact on the operational environment of their organisation. 31.7% stated that they believe that government policies will not change their operational environment at all. These results show a lack of confidence in government policies and the impact of them on the operating environment of organisations. It could be suggested here that in addition to unpopular policies, organisations are frustrated by government's failure to fully implement policies relevant to the sector. This was clearly witnessed in relation to *Positive Steps* where government is perceived to have failed to fully implement all the recommendations agreed with the voluntary and community sector (NICVA, 2008).

Table 11.3 - Potential changes over the next twelve months

%	Increase	No change	Decrease	Don't know
Expenditure	46.3	29.2	12.0	12.5
Possible mergers	39.1	22.7	1.4	36.8
Services	46.8	38.4	5.9	8.9
Campaigning and advocacy	41.3	41.3	2.4	15.0

Base: 1,606

11.8 Expenditure

This research has revealed that over the next 12 months 46.3% of organisations believe that they will increase their expenditure. Nearly one in three believe that their expenditure will remain unchanged while 12.0% believe that it will decrease within the next year. Similar results were found in NCVO's Quarterly Charity Confidence Survey (2008) where charity leaders indicated that they expect to increase expenditure over the next 12 months despite falling levels of confidence in their own organisation's financial situation.

11.9 Mergers

Organisations were asked to indicate if they believe that the number of mergers between voluntary and community organisations in Northern Ireland would increase or decrease over the next 12 months. 39.1% of respondents stated that they believe that mergers between voluntary and community organisations will increase over the next year. A further 22.7% believe there will be no change while 1.4% stated that there will be a decrease in the number of mergers. Significantly over one third of organisations (36.8%) were unsure of what trends will emerge in relation to mergers over the next year.

11.10 Services

NCVO in their *Quarterly Charity Confidence Survey* (August 2008) found that the view across the voluntary and community sector in England is that conditions are going to worsen for the sector over the next 12 months, and the general fear is that this will have an impact on services. In this research however 46.8% of respondents have plans to increase services over the next 12 months. 38.4% of respondents believe that there will be no change in relation to the extent of their services while 5.9% believe that they may have to reduce services over the next year. However the economic pressures brought on by the current financial crisis has increased uncertainty among UK charity leaders about the future of their own sector and the financial security of the wider UK economy. The full extent of the economic downturn in the UK's financial sector was not realised until after this survey was circulated. Had organisations been fully aware of the extent of the downturn, these results may have been very different.

11.11 Campaign and advocacy

This survey also sought the view of respondents in relation to future campaigning and advocacy activities. 41.3% of respondents indicated that they hope to increase their campaigning and advocacy activities over the next 12 months. Only 2.4% of respondents believe that these activities will decrease while 41.3% believe that they will remain unchanged over the next year. These results indicate that a large percentage of respondents are planning to increase campaigning and advocacy activities and that current funding issues within the sector have not deterred organisations from expanding these activities.

11.12 Collaboration

This research found that organisations have a positive attitude towards collaborative working, with 61.2% of respondents stating that they will collaborate more with other organisations over the next 12 months (1.7% stated that they will reduce the level of collaboration). 30.1% stated the level of collaboration with other organisations will remain static over the next year.

11.13 Political

In 2005 devolution was viewed as the largest single event that has impacted upon the voluntary and community sector in Northern Ireland. It provided the opportunity for voluntary and community organisations to engage directly with the institutions of government and to have a stronger voice in the development of policies.

In this research organisations were asked if they thought that the continued devolution of power to the Northern Ireland Assembly will be negative, neutral or positive for the voluntary and community sector over the next 12 months. 31.7% of respondents stated that they believe that continued devolution will be positive for the sector while 23.9% believe that the impact will be neutral. The general view therefore is that respondents prefer policy and financial decisions relating to the sector to be made on a local basis. This may be a consequence of the continued efforts by the sector and local government to build strong relationships through a range of partnership bodies. Many organisations may feel these partnerships have been beneficial to the sector and hope that with continued devolution strong partnership working will continue. However it is important to mention that 28.0% of respondents are still unclear about what impact continued devolution will have and 16.4% believe the impact will be negative. This could be a result of the failure of local government to implement the recommendations of *Positive Steps.* Organisations generally remain unhappy about the impact of *Positive Steps* and were disappointed that it hasn't achieved more over the past three years (NICVA, 2008).

11.14 Barriers

This section looks at what voluntary and community organisations believe the barriers to future success will be.

Table 11.4 - Barriers to success

	Count	%
Funding	1,102	71.9
Political	134	8.7
Other	87	5.7
Social	81	5.3
Internal factors	59	3.9
Economic (other)	58	3.8
Technology	11	0.7

Base: 1,532

Unsurprisingly the majority of respondents view economic barriers as their biggest hurdle in terms of success. 71.9% of respondents stated that funding was their main barrier to success. Many organisations are finding it a challenge to secure or increase funding. A further 8.7% stated that the political environment is also one of the barriers to success they face, while 5.3% mentioned social factors.

Table 11.5- Barriers in attracting appropriate staff over the next 12 months

	Count	%
Contract/funding security	492	**37.8**
Location	372	**28.6**
Wage affordability	224	**17.2**
Others	110	**8.5**
No barriers	60	**4.6**
Lack of skills/qualifications/experience	33	**2.5**
Lack of flexible employment policies	10	**0.8**
Total	**1,301**	**100**

Base: 1,301 (305 missing)

As Table 11.5 illustrates, financial security is perceived to be the greatest barrier in attracting appropriate staff to organisations over the next year. 37.8% of respondents stated that contract and funding security will be their biggest barrier as they will be unable to offer long-term employment or job security to potential staff. This is unsurprising as the funding environment in the sector continues to be volatile and competitive, especially for smaller organisations. The location of organisations is seen to be a barrier also with 28.6% of respondents stating that the location of their organisation will be a barrier in attracting appropriate staff over the next year. This is probably more significant for rural organisations which are away from the catchment area of large towns or cities. Wage affordability is seen as a barrier by 17.2% of respondents.

Some respondents highlighted other barriers they face in relation to staff recruitment. These include competition with other charities (5.6%), rising costs (4.1%), terms and conditions (4.1%), and bureaucracy (4.1%). Lack of interest, the reputation of organisations and an uncertain future were mentioned by 2.7% of respondents.

State of the Sector V 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 V 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 V 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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