

# Tackling Poverty in the North

## the role of third sector organisations



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## Introduction

Poverty is a pernicious problem for the UK which affects millions of individuals and households. Furthermore, the issue of poverty has been rising on the political agenda because the range and depth of poverty has increased in recent years. Rising levels of poverty are indicated by a wide range of factors, including:<sup>1</sup>

- median household earnings have grown by only 3.7% above the pre-recession level of 2007/8. While levels of employment have increased, earnings growth has remained very weak;
- income pressures have fallen particularly heavily on younger people aged 22-30 where real earnings in 2015-16 were 12% lower than before the recession; and,
- in-work poverty has become more prevalent: for example, 43% of children of one-earner couples lived in relative poverty

Few, if any areas of the UK could claim to be unaffected by poverty; but it tends to be concentrated in areas of multiple deprivation. Such areas face many challenges such as lower levels of income, insecure work and higher levels of unemployment, higher levels of ill health and disability, below average levels of educational attainment and skills, higher levels of crime and lower quality living environments.

Areas suffering from multiple deprivation are more heavily concentrated in the North of England<sup>2</sup> than in most other areas of the UK. Furthermore, the prevalence and impact of poverty has intensified because government austerity measures have tended to hit local authorities harder in poorer areas.<sup>3</sup> In specific areas of spending, such as social care for example, the indications are that funding reductions continue to affect local authorities' ability to maintain services.<sup>4</sup>

The issue of poverty is addressed by Third Sector Organisations (TSOs) from different standpoints - ranging from raising policy makers' awareness of structural factors through to taking practical action to tackle situational, relational and personal issues.

The Third Sector attends to issues surrounding poverty in a variety of ways, including: the provision of public services by contract on behalf of the national or local state; research and campaigning; philanthropic intervention and grass-roots led responses to local needs.

As such, the Third Sector may be regarded as an agent of social change because it tackles issues on the ground or campaigns for action. Indeed, many TSOs came to exist specifically to intervene where the state or private sector failed to tackle problems surrounding poverty by, for example, providing services such as community food stores and pay as you feel cafes to meet immediate needs or to tackle longer-term financial issues via, for example, credit unions.

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<sup>1</sup> See Cribb, J., Hood, A., Joyce, A. and Norris Keiller, A. (2017) *Living Standards, poverty and inequality in the UK: 2017*, London: Institute of Fiscal Studies.

<sup>2</sup> In this briefing, the North of England is defined using the former Government Office Regions of North West England, Yorkshire and the Humber and North East England.

<sup>3</sup> See Hastings, A., Bailey, N., Bramley, G., Gannon, M. and Watkins, D. (2015) *The Cost of the Cuts: the impact on local government and poorer communities*, York, Joseph Rowntree Foundation; Innes, D. and Tetlow, G. (2015) *Central Cuts, Local Decision-Making: Changes in Local Government Spending and Revenues in England, 2009-10 to 2014-15*, London: Institute for Fiscal Studies.

<sup>4</sup> Local authority spending on social care has fallen between 2009-10 to 2015-16 by 18% in North East England, by 13% in North West England and 7% in Yorkshire and the Humber. See Phillips, D. and Simpson, P. (2017) *National Standards, Local Risks: the geography of local authority funded social care, 2009-10 to 2015-26*, London: Institute for Fiscal Studies.

And yet, little was known about the volume and range of support which comes from the Third Sector until now, so this report breaks new ground by presenting data on the contribution of the sector across the North of England.

## The Third Sector Trends Study

As a national charitable organisation which seeks to tackle poverty, Joseph Rowntree Foundation commissioned this short report to assess the extent to which Third Sector organisations (TSOs) contribute towards solving poverty in the North of England by drawing upon evidence from the recent Third Sector Trends study.

In 2016, the Third Sector Trends Study<sup>5</sup> was undertaken across the North of England in three separate surveys. In Yorkshire and the Humber the survey was funded by JRF, in North East of England by Community Foundation Tyne & Wear and Northumberland and in North West England by IPPR North and Garfield Weston.

The Third Sector Trends survey was designed to examine how TSOs fare over time in the context of change.<sup>6</sup> The findings presented in this report are based on a robust research methodology which has evolved over the last eight years to produce comparable time-series data. Surveys were undertaken between September and December 2016 in each northern region using an online questionnaire hosted by Bristol Online Survey. A total of 3,557 responses were received including 1,083 in Yorkshire and the Humber, 1,012 in North East England and 1,462 in North West England.<sup>7</sup>

The terms 'Third Sector' and 'TSO' are widely recognised internationally by academics and policy makers and are therefore adopted in this study.<sup>8</sup> The National Audit Office (NAO) defines the Third Sector as follows:

***“The third sector is the term used to describe the range of organisations which are neither state nor the private sector. Third sector organisations (TSOs) include small local community organisations, and large, established, national and international voluntary or charitable organisations. Some rely solely on the efforts of volunteers; others employ paid professional staff and have management structures and processes similar to those of businesses, large or small; many are registered charities whilst others operate as co-operatives, “social enterprises” or companies limited by guarantee... All share some common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and the reinvestment of surpluses for those same objectives.”<sup>9</sup>***

This study includes all the above organisations within its definition of the Third Sector, except for large mutuals (such as building societies) or for-profit cooperatives. As is the case in the NAO definition, financial institutions, hospital trusts, private schools and universities are also excluded from this study of the Third Sector.

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<sup>5</sup> The Third Sector Trends study was conceived and originally commissioned by Northern Rock Foundation with research conducted by the Universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-funder of the research and is now responsible for its legacy. The Community Foundation is collaborating with partners including St Chad's College at the University of Durham, Joseph Rowntree Foundation and IPPR North to expand and continue the research.

<sup>6</sup> Initiated in North East England and Cumbria in 2008, originally funded by the Northern Rock Foundation, the biennial survey has received the following levels of responses; 2010 n=1,055; 2012 n=1,700; 2014 n=1,318; and in 2016 n=1,369.

<sup>7</sup> Full details of the research methodology are available in each of the regional Third Sector Trends reports listed at the end of this briefing.

<sup>8</sup> It should be noted that the present UK coalition government uses different terminology. Following the 2010 election, the Office for the Third Sector was renamed the Office for Civil Society. Similarly, individual TSOs are sometimes referred to in government documentation as 'Voluntary, Community and Social Enterprise Sector' organisations (VCSEs), or more commonly, as Civil Society Organisations (CSOs). For a full explanation of the use of both sets of terminology, see Alcock, P. (2010) *Big society or civil society? A new policy environment for the third sector*, Birmingham: Third Sector Research Centre.

<sup>9</sup> Bourne, J. (2005) *Working with the Third Sector*, London, National Audit Office.

In the study, respondents were invited to state which beneficiary groups they supported as an organisation. For the purposes of this report, a specific set of categories of TSOs has been created to recognise the extent to which organisations make direct or indirect contributions to tackle poverty. Five categories of TSOs are adopted in the analysis which follows:

- TSOs which explicitly state that they focus directly to the issue of poverty (n=726, 20% of sample).<sup>10</sup>

The remaining TSOs did not explicitly state that they focus on poverty, but attended to issues which may contribute to the alleviation or eradication of poverty.

- TSOs which attend to issues surrounding poverty including, 'working in deprived urban areas', 'homelessness' and 'workless individuals and households' (n=434, 12% of sample)
- TSOs which attend to issues surrounding personal wellbeing including mental health, physical health and disability (n=611, 17% of sample)
- TSOs which attend to 'general issues' or to widely defined groups such as older people, children and young people (n=1,515, 42% of sample).
- TSOs which attend to 'specialist' issues surrounding ethnicity, sexuality, etc. (n=327, 9% of sample).<sup>11</sup>

It should be recognised that distinctions drawn between categories may be blurred and that they should, therefore, be regarded as useful distinctions for analytical work rather than discrete categories of activity.

## Tackling poverty: the contribution of the third sector

The third sector makes a substantial contribution to issues surrounding poverty in the North of England. This section details the number of TSOs making such a contribution, including estimates on the number of employees and volunteers. Estimates will also be presented on the financial value of the contribution of the Third Sector through analysis of the value of wages and the replacement value of volunteers.

Figure 1 provides weighted estimates<sup>12</sup> on the number of TSOs directly or indirectly addressing issues surrounding poverty in the North of England.

- TSOs which focus on poverty tend to be larger than the sector average: 11% have annual income above £500,000 compared with 7% for the sector as a whole and just 4% of general charities.
- Nearly a third of TSOs which focus on poverty (32%) have annual income between £100,000 and £500,000, compared with a sector average of 20% and only 15% of general charities.
- Fewer small (26%) and micro TSOs (32%) focus specifically on poverty compared with sector averages of 24% and 49% respectively.

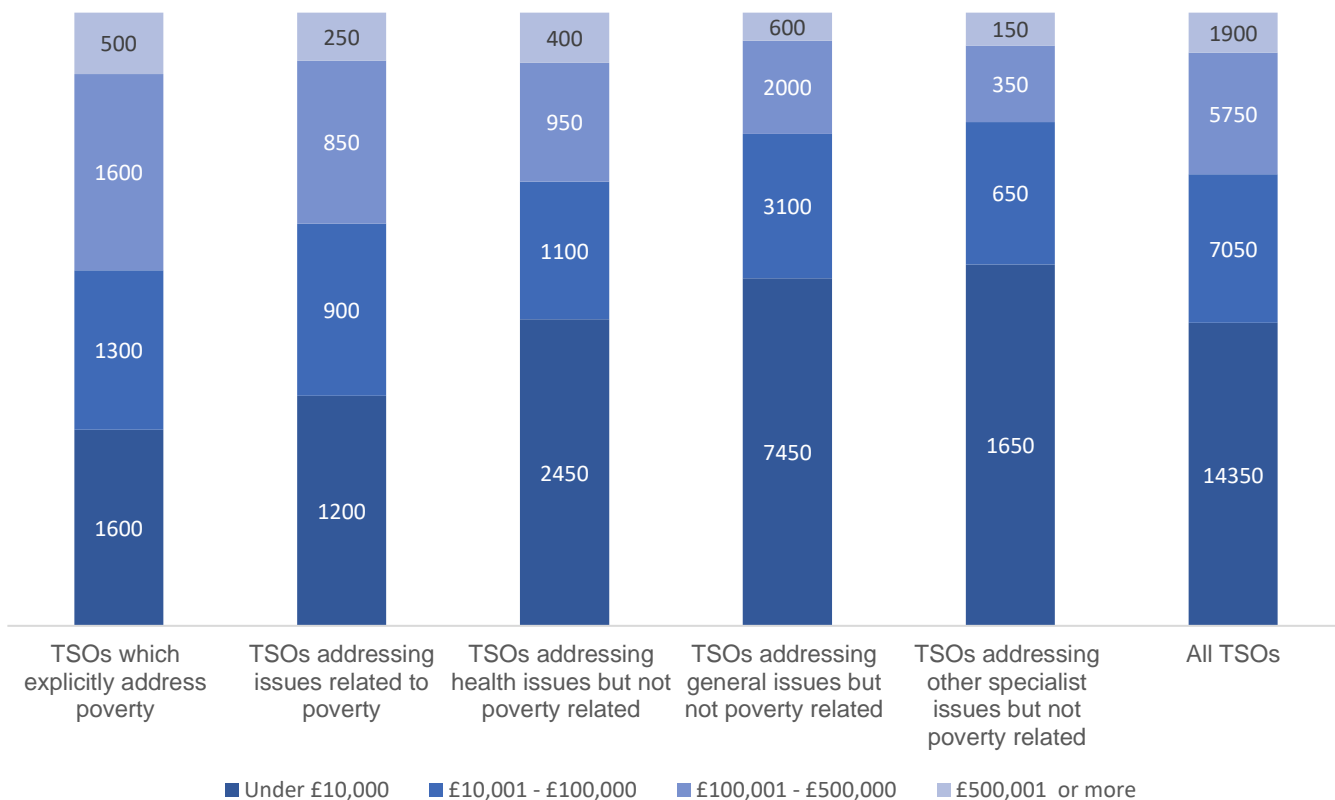
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<sup>10</sup> Most respondents listed several beneficiary groups which they serve. Consequently, TSOs addressing poverty may also state that they attended to such issues as health, disability, homelessness, urban deprivation and so on. In this category, all respondents stated that they were dealing with poverty. In the remaining categories listed, none of the TSOs stated that they directly addressed the issue of poverty.

<sup>11</sup> This is a particularly diverse group of TSOs with relatively small numbers of respondents in each sub-category. They cannot, therefore, be bundled together into a single coherent entity and are excluded from most of the remaining analysis. Data on these groupings is available in the principal TST reports for each of the three regions of northern England.

<sup>12</sup> Full details on the methodology to produce the estimates is available in each of the three regional Third Sector Trends reports listed at the end of this briefing paper.

Figure 1 Estimated number of TSOs in the North of England: beneficiaries served and size of organisation by income



Background analysis reveals that TSOs tackling poverty had other common characteristics which distinguished them from general charities. For example:

- Amongst TSOs which tackle poverty, 34% provide 'primary' front-line services compared with 26% of general charities; 36% provide 'secondary' services such as information, advice and guidance, compared with 21% of general charities.
- Because TSOs addressing the issue of poverty tend to be larger than general charities, they are more likely to work on a wider geographical scale. Only 23% of TSOs addressing poverty work at the very local neighbourhood or village level compared with 39% of general charities.
- Only 9% of TSOs which tackle poverty work mainly in rural areas compared with 28% of general charities; but 16% of these TSOs work exclusively in inner-city areas, where poverty tends to be concentrated, compared with just 7% of general charities.

### The contribution of volunteers

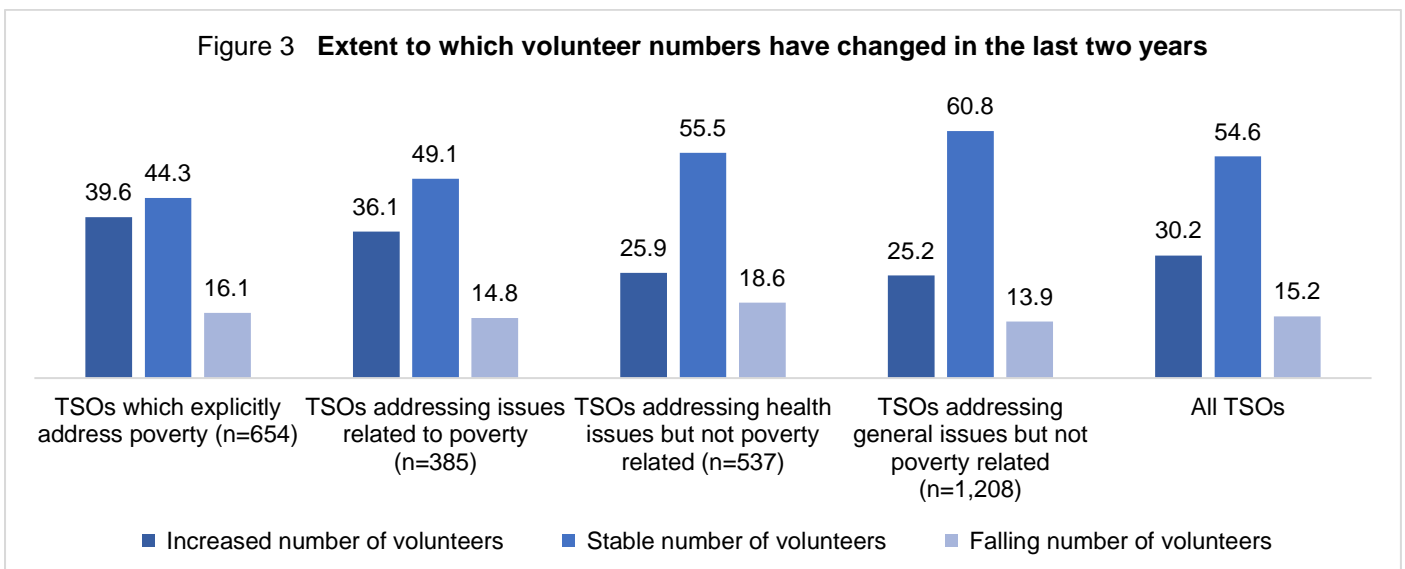
Volunteers play a major role in sustaining the activities of TSOs which focus on poverty. Figure 2 provides weighted estimates of the number of volunteers who contribute time to TSOs to help tackle poverty. The volume of support offered is considerable, with more than 11.5m hours of work provided to TSOs which focus directly on poverty and a further 7.4m hours to TSOs working in closely related areas such as homelessness, worklessness and supporting people in deprived urban areas.

The 'replacement' cost of these contributions would be substantive if volunteers did not freely offer their time. At the National Minimum Wage, the cost of work to TSOs focusing on poverty would be £83m and at 80% of average wages would be valued at £140m.

Figure 2 Levels and value of employment in the Third Sector in the North of England

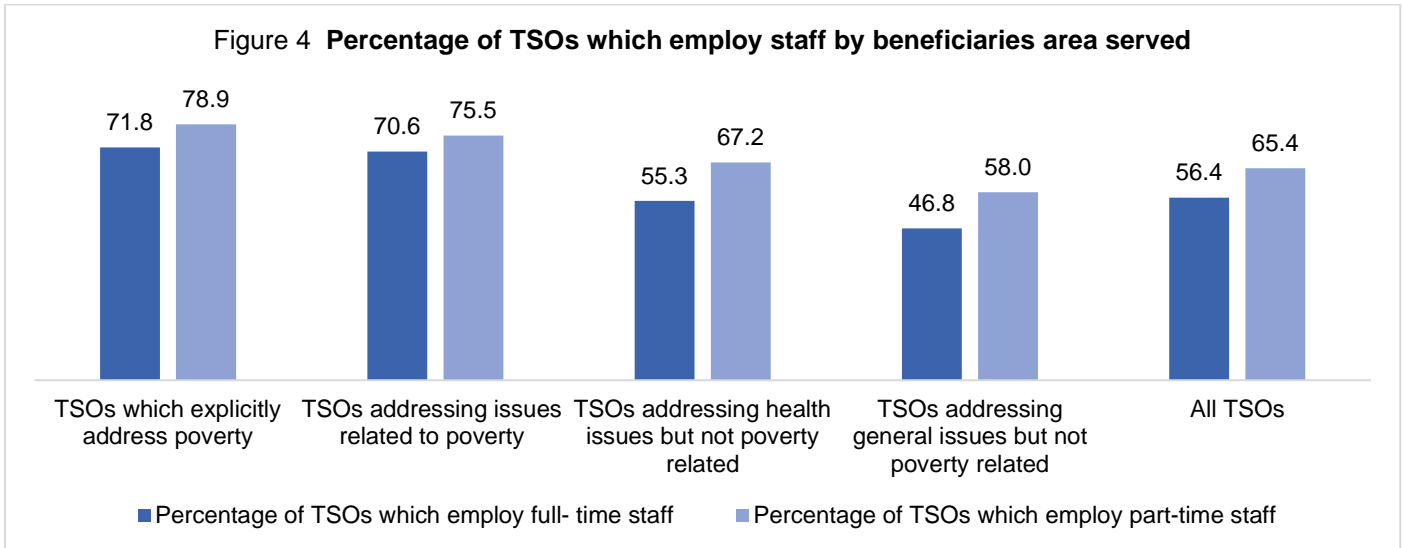
Estimates of volunteer numbers and replacement values (2016)	Estimated number of volunteers	Estimate of hours worked	Nominal financial replacement cost at National Minimum Wage	Nominal financial replacement cost at 80% average regional wage
<b>TSOs directly addressing poverty (n=5,000)</b>	<b>160,200</b>	<b>11,533,700</b>	<b>£83,043,000</b>	<b>£140,019,000</b>
TSOs addressing issues related to poverty (n=3,200)	103,400	7,445,300	£53,606,000	£90,385,000
TSOs addressing health issues but not poverty related (n=4900)	157,000	11,308,200	£81,419,000	£137,282,000
TSOs addressing general issues but not poverty related (n=13,100)	419,000	30,172,200	£217,240,000	£366,290,000
TSOs addressing other specialist issues but not poverty related (n=2,900)	91,300	6,573,300	£47,328,000	£79,799,000
All TSOs (n=29,100)	930,900	67,032,700	£482,636,000	£813,775,000

Figure 3 shows how the contribution of volunteers has changed over the last two years in response to a recent rise in levels of public concern about poverty. The data show that the number of volunteers has been rising amongst TSOs focusing on poverty at a faster rate (40%) than for TSOs supporting other beneficiary groups and general charities.



### The contribution of employees

As was shown in Figure 1, TSOs which attend to poverty and related issues surrounding poverty tend to be larger organisations than is the case in the third sector as a whole. This is reflected in the employment profiles of these charities as shown in Figure 4.



It is possible to make estimates on the number of people employed by TSOs which serve different beneficiary groups across the North of England. As shown in Figure 5, about 3,900 TSOs, which directly focus on poverty, are employers. It is estimated that there are around 45,600 full time equivalent (FTE) employees.

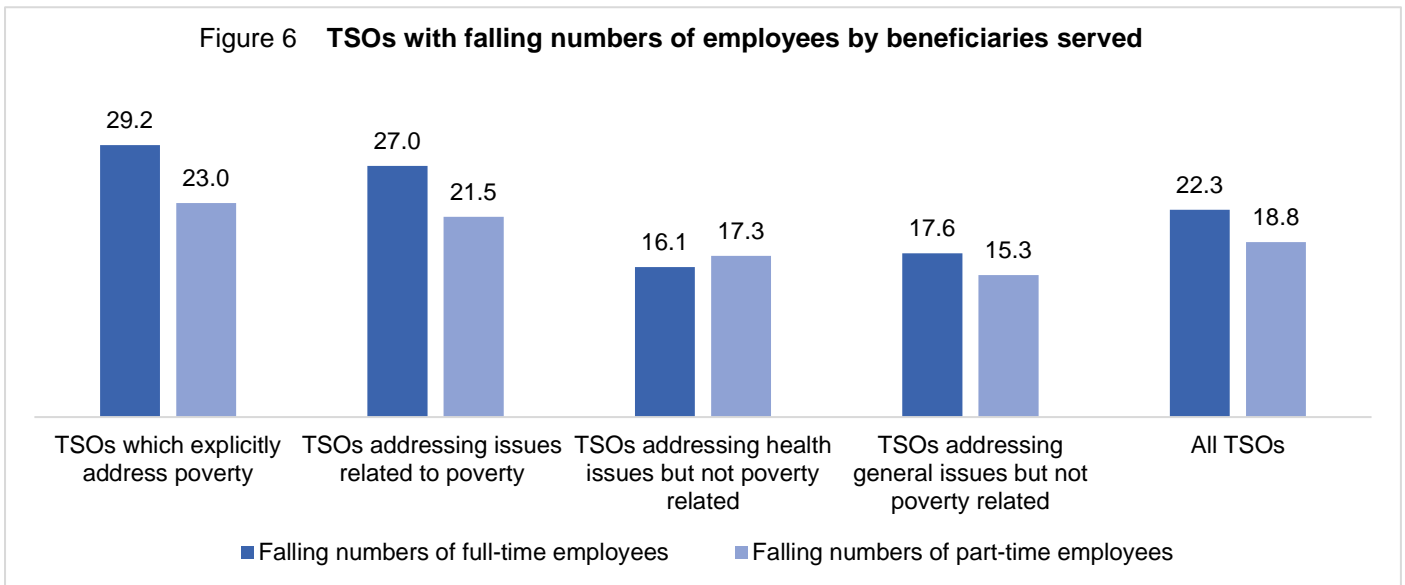
The salary cost of employees is in the range of £913m and £1.1bn. Additionally, the value of salaries of TSOs addressing issues closely related to poverty (such as homelessness, worklessness, and serving communities in deprived urban areas) would be between £567m and £708m.

Figure 5 The economic value of employment by TSOs in the North of England

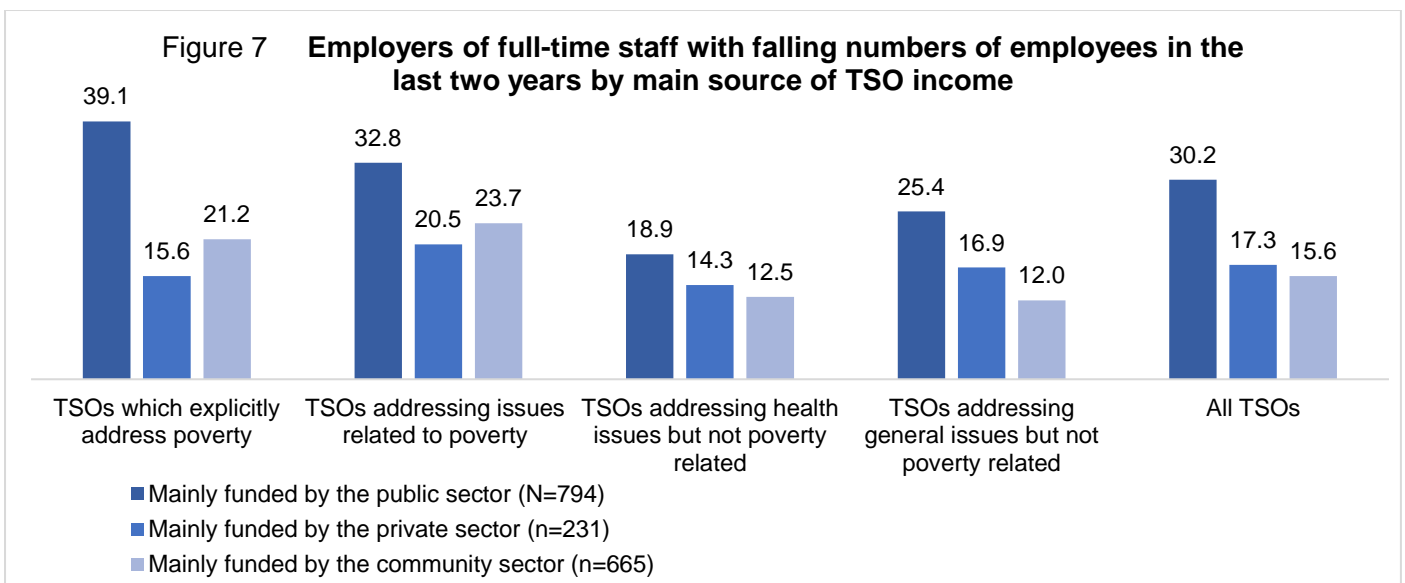
Area of beneficiary focus	Number of TSOs	No of Employers	FTE employees	Value of employees by average regional wage	Value of employees by 80% of average regional wage
TSOs directly addressing poverty	5,000	3,900	45,600	£1,140,558,000	£912,446,000
TSOs addressing issues related to poverty	3,200	2,500	28,300	£708,296,000	£566,637,000
TSOs addressing health issues but not poverty related	4,900	3,300	37,900	£948,398,000	£758,719,000
TSOs addressing general issues but not poverty related	13,100	7,600	87,600	£2,190,563,000	£1,752,450,000
TSOs addressing other specialist issues but not poverty related	2,900	1,500	16,800	£419,636,000	£335,709,000
North of England	29,100	18,800	216,200	£5,407,451,000	£4,325,961,000

Sustaining sufficient income to meet the cost of paying employees is challenging for many TSOs. As Figure 6 shows, TSOs which focus on poverty are the most likely to have had falling numbers of paid staff over the last two years when compared with TSOs which serve other beneficiary groups.

The situation is particularly acute for organisations employing full-time staff, where 29% of TSOs reported falling numbers of employees compared with just 18% of general charities.<sup>13</sup> About 23 per cent of TSOs addressing poverty were losing part-time staff over the last two years compared with just 15% of general charities.



One of the reasons why employee numbers are falling may be associated with government austerity policies which, as noted in the introduction to this report, have hit public sector bodies hard in the North of England. Indeed, as Figure 7 shows, 39% of TSOs which are funded mainly by the public sector had falling numbers of full-time staff compared with just 25% of general TSOs and 19% of TSOs addressing issues surrounding health and disability.



<sup>13</sup> These data only apply to TSOs which employ staff.



A useful summary measure of the ability of TSOs to sustain support for their chosen beneficiaries is to examine the extent to which organisations have gained or lost employees and volunteers over the last two years.<sup>14</sup> As Figure 8 shows:

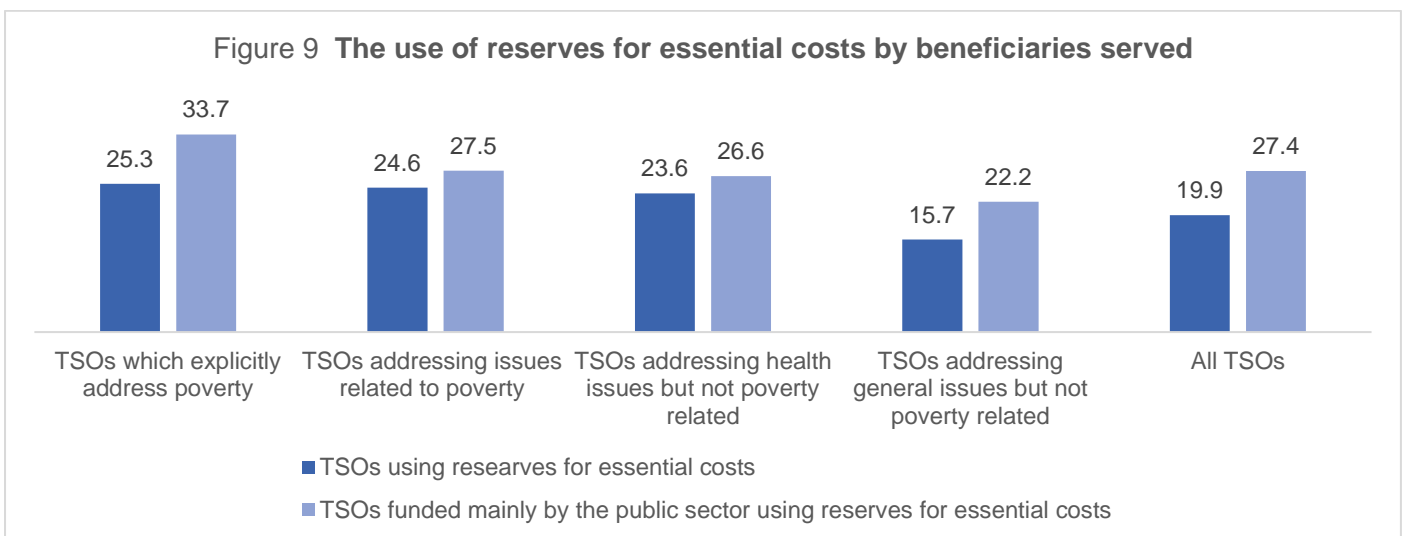
- TSOs which address poverty (-9%) or issues surrounding poverty (-8%) are more likely to have lost full-time members of staff in the last two years than general TSOs (+1%).
- TSOs supporting people in poverty were equally likely to have increased numbers of part-time staff when compared with general TSOs (+10%).
- TSOs directly addressing poverty were the most likely to have increased the number of volunteers (+24%) compared with general TSOs (+11%).

Figure 8 Percentage of TSOs which have gained or lost employees or volunteers in the last two years

Percentage difference between TSOs with rising or falling numbers of employees or volunteers	Net gain/loss full time staff	Net gain/loss part time staff	Net gain/loss volunteers
TSOs directly addressing poverty	-8.8%	+10.3%	+23.5%
TSOs addressing issues related to poverty	-7.6%	+7.0%	+21.3%
TSOs addressing health issues but not poverty related	+8.1%	+17.3%	+7.3%
TSOs addressing general issues but not poverty related	+0.8%	+10.4%	+11.3%
North of England	-2.2%	+10.8%	+15.0%

### TSOs under financial pressure

The precarious situation of many TSOs which are tackling poverty is also indicated by the proportion of organisations which have been using their reserves to meet essential costs (such as wages, utility bills and rent) over the last two years. About a quarter of TSOs which focus on poverty have been using reserves to meet essential costs compared with only 16% of general charities. As Figure 9 also shows, those TSOs which are mainly dependent on public sector funding are in an even more difficult situation with 34% of organisations drawing upon their reserves to meet essential costs.



<sup>14</sup> These data exclude TSOs which have no employees or volunteers. TSOs serving specialist beneficiary areas are also excluded from the analysis.

## The potential for TSOs to tackle poverty

### ***The extent to which TSOs seek to influence policy and practice***

The issue of poverty has been rising on the political agenda for some time. Are TSOs which aim to tackle poverty more likely than other organisations to want to influence local decision makers in the public sector so that more is achieved in their area?

Figure 10 explores the extent to which TSOs seek to influence local public sector policy makers to ensure that their beneficiaries' needs are met. The evidence clearly demonstrates that TSOs which directly address poverty (50%) or issues surrounding poverty (46%) are considerably more likely to 'strongly agree' that they want to influence local public policy makers compared with general charities (29%).

Figure 10 **Extent to which TSOs want to influence public sector policy**

We want to influence local decision makers in the public sector so that more is achieved in our area	Strongly agree	Agree	Disagree	Strongly disagree	N=
TSOs directly addressing poverty	50.4	40.4	6.5	2.8	711
TSOs addressing issues related to poverty	46.2	37.7	13.1	2.9	411
TSOs addressing health issues but not poverty related	33.4	46.0	14.4	6.2	578
TSOs addressing general issues but not poverty related	28.7	39.8	21.0	10.5	1,361
North of England	37.2	40.5	15.4	6.9	3,363

Background analysis reveals that 36% of TSOs which address the issue of poverty 'strongly agree' that their work is valued by officers in the public sector compared with 26% of general charities (the percentages of TSOs which 'agree' or 'strongly agree' are, respectively 85% and 88%).<sup>15</sup>

However, only 11% 'strongly agree' that public sector officers act upon their organisation's opinions and/ or responses to consultation compared with just 7% of general charities (51% of TSOs addressing poverty 'agree' or 'strongly agree' compared with 53% of general charities).

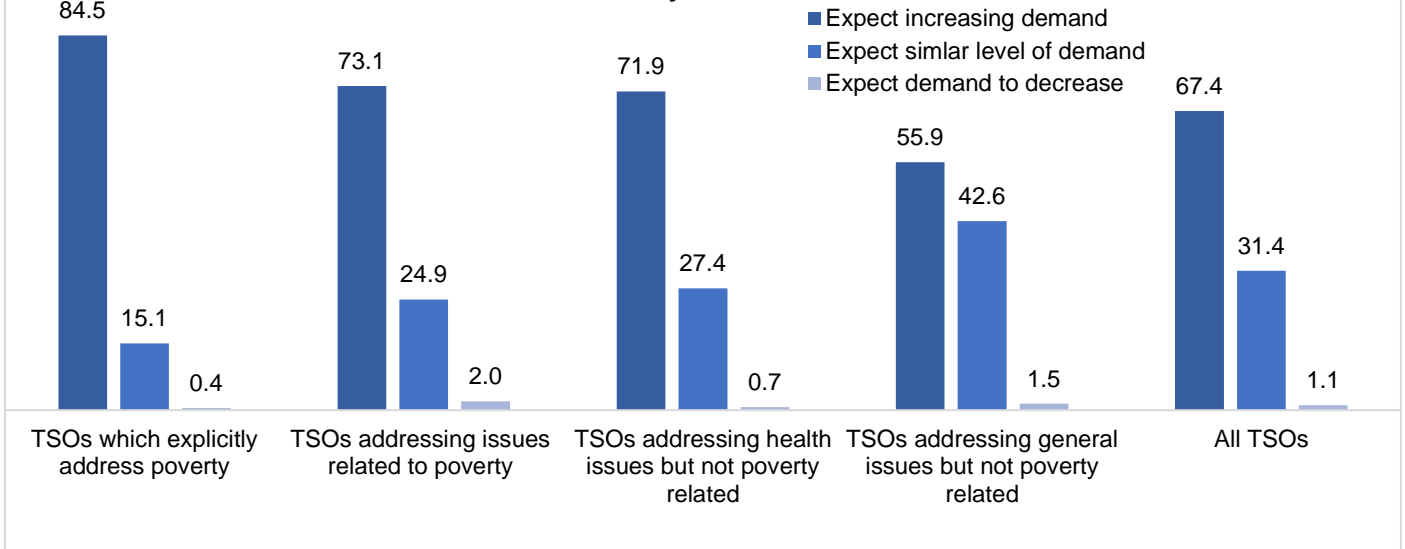
While it is clear from Figure 10 that TSOs addressing poverty want to have an influence on local public-sector policy makers and practitioners, it is evident that few believe that they are having much of an impact (although more so than general charities)

### ***What will the level of demand for services be in future?***

The imperative to influence local public sector policy makers and practitioners is likely to be related to perceptions that demand for support from TSOs to tackle poverty is rising. The data presented in Figure 11 show that TSOs focusing directly on poverty are much more likely to expect rising demand for their services (85%) when compared with general charities (56%).

<sup>15</sup> These percentages only apply to TSOs which have a relationship with officers in the public sector.

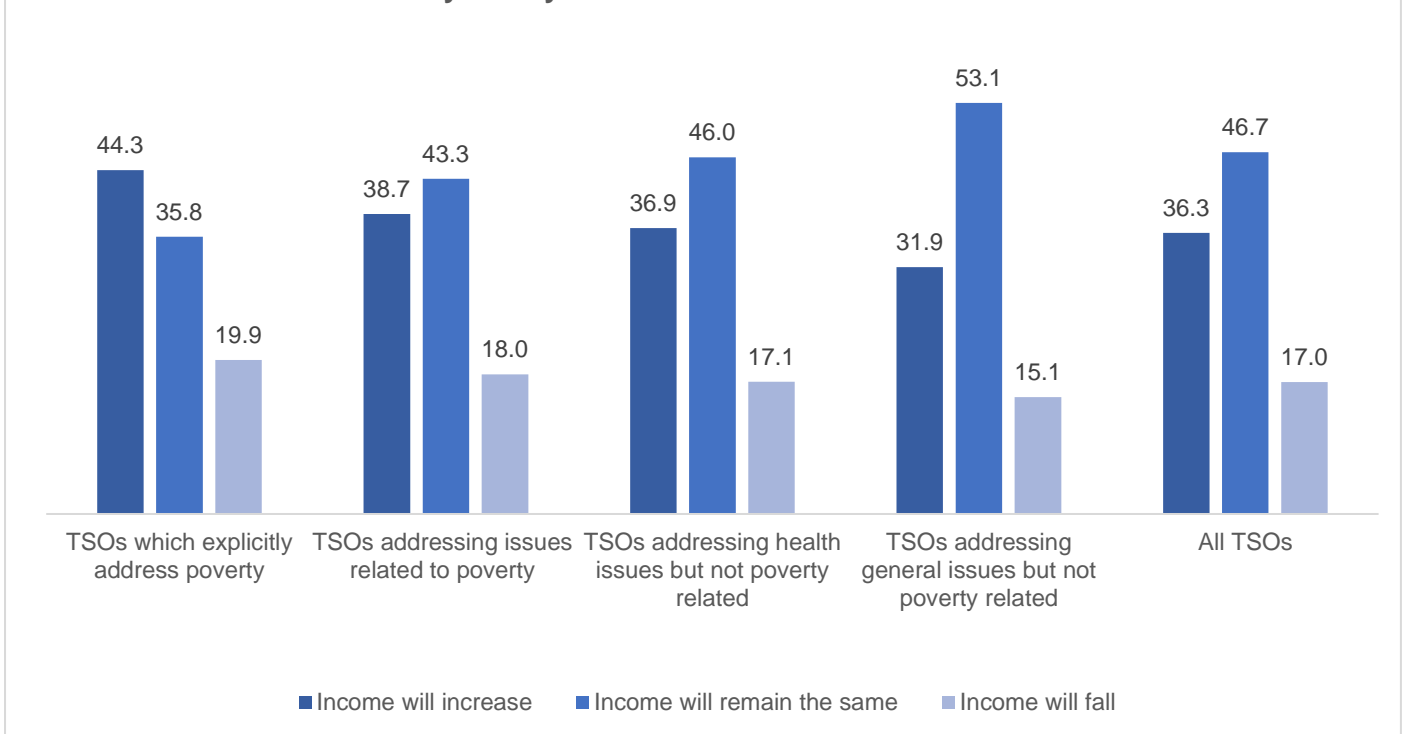
Figure 11 TSOs expecting that the need for their services will change in the next two years



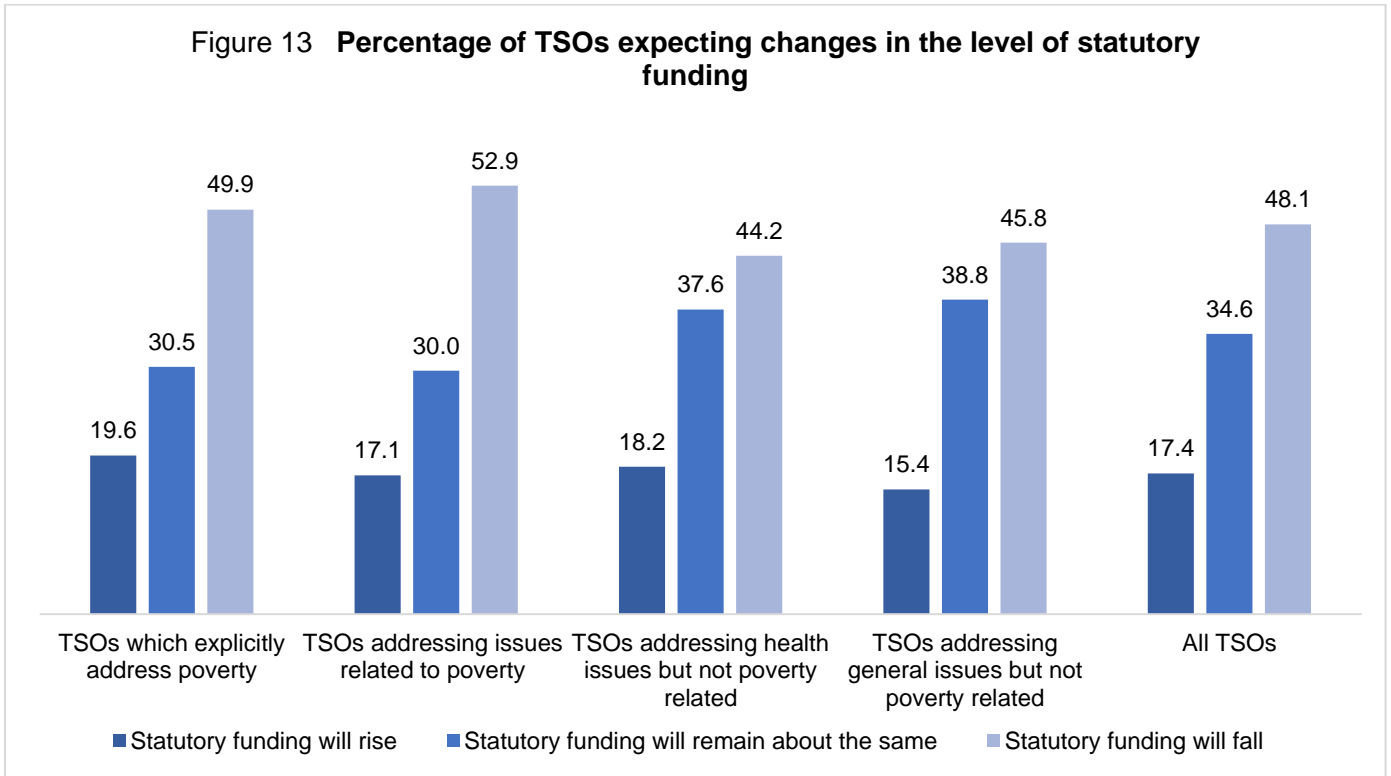
While evidence has been presented above to demonstrate that many TSOs which are addressing poverty are under considerable financial pressure, it appears from Figure 12 that TSOs are quite optimistic that they can gain the resources to tackle these growing challenges over the next two years. Indeed, TSOs focusing upon poverty are the most optimistic in this respect (44% compared with a sector average of 36% and just 32% of general charities).

That stated, TSOs focusing on poverty are also the most likely to be pessimistic about prospects; 20% expect their income to fall compared to a sector average of 17% and just 15% of general charities.

Figure 12 Percentage of TSOs expecting income changes over the next two years by beneficiaries served



When considering future levels of public sector funding, however, pessimism intensifies. As shown in Figure 13, nearly 50% of TSOs focusing on poverty expect that public sector funding will decline and fewer than 20% expect funding to rise. These percentages are not dissimilar from sector averages, suggesting that there is widely held pessimism about levels of future funding from public sector sources.



The likelihood is that public sector funding will remain under pressure over the next two years. This begs the question, from where will new funding be garnered by TSOs which seek to address the causes and consequences of poverty in the North of England?

### The resources of the third sector

TSOs tend to rely on a range of financial resources to sustain their activities including grants, contracts, earned income from trading, and money given by members of the public. Figure 14 shows sources of income that TSOs regarded as being ‘most important’ to them.<sup>16</sup>

- TSOs which focus on poverty are more likely to emphasise the importance of grants (53%) when compared with general charities (40%).
- Contracts are ‘most important’ to 43% of TSOs focusing on poverty, compared with 35% of general charities; although TSOs which address health issues are the most likely to emphasise the importance of contracts (45%).
- Earned income (from trading but excluding contracts) is less likely to be a key component of the finances of TSOs focusing on poverty (29%) when compared with general charities (35%).

<sup>16</sup> Respondents were asked to assess the importance of each income source individually rather than prioritise sources of income, so the percentages do not round up to 100%.

- Public giving is 'most important' to 29% of TSOs which focus on poverty compared with a sector average of 26%. General charities are the least likely to emphasise this source of income (23%).

Figure 14 Reliance of TSOs on a range of income types

TSOs stating that the source of income is 'most important' to them	TSOs which explicitly address poverty	TSOs addressing issues related to poverty	TSOs addressing health issues but not poverty related	TSOs addressing general issues but not poverty related	All TSOs <sup>17</sup>
Grants	52.8	49.6	40.7	40.3	38.5
Contracts	42.6	33.5	45.2	35.4	39.0
Earned	28.8	33.2	31.5	34.3	32.1
Gifts	28.8	25.4	30.7	22.6	26.3
N= <sup>18</sup>	668	405	535	1,150	3,023

As grant funding is of great importance to many TSOs which focus on poverty, it is useful to examine, as shown in Figure 15, what proportion of organisations applied for grants in the last two years and to assess their success in winning at least one grant from a national or local grant making foundation.

- The evidence indicates that TSOs which focus on poverty are much more likely to have applied to a national grant funding body over the last two years (65%) compared with general charities (40%). Amongst those TSOs which applied for a grant from a national foundation, however, success rates were similar, irrespective of the beneficiary focus of the organisation (about 70%).
- Similarly, 70% of TSOs which focus on poverty applied to a local foundation for at least one grant in the previous two years compared with 53% of general charities. Success rates in winning at least one grant were about the same for TSOs serving the interests of different beneficiary groups (about 85%).

While grant funding comes mainly from charitable foundations and public sector sources, there is some evidence to show that business makes an important direct contribution to TSOs which focus on poverty.

Figure 16 indicates that TSOs which focus specifically on poverty issues are consistently more likely to rely heavily on support from the private sector.<sup>19</sup>

<sup>17</sup> Includes 'specialist charities' which are not included in the main body of the table.

<sup>18</sup> Excludes TSOs which stated that they did not depend on the specific sources of income listed.

<sup>19</sup> This does not include funding from the private sector which is channelled through charitable foundations.

Figure 15 Success in winning grants from local and national foundations

	TSOs which explicitly address poverty	TSOs addressing issues related to poverty	TSOs addressing health issues but not poverty related	TSOs addressing general issues but not poverty related	All TSOs
<b>Applications to national grant making foundations</b>					
In last two years, we made an application and were successful	47.2	50.2	35.2	27.8	35.9
In last two years, we made an application but unsuccessfully	18.4	17.9	15.6	11.9	14.8
In last two years, we did not make an application	34.4	31.9	49.1	60.3	49.2
<b>Success rate</b>	<b>72%</b>	<b>74%</b>	<b>69%</b>	<b>70%</b>	<b>71%</b>
N=	689	414	576	1379	3355
<b>Applications to local grant making foundations</b>					
In last two years, we made an application and were successful	60.3	61.8	48.7	45.7	51.1
In last two years, we made an application but unsuccessfully	10.1	10.6	9.0	7.2	8.7
In last two years, we did not make an application	29.6	27.5	42.3	47.1	40.3
<b>Success rate</b>	<b>86%</b>	<b>85%</b>	<b>84%</b>	<b>86%</b>	<b>85%</b>
N=	693	414	575	1398	3379

- 44% of TSOs supporting people in poverty gain financial support compared with 34% of general TSOs.
- TSOs supporting people in poverty (35%) are more likely to be provided with free facilities to help them do their work compared with general TSOs (24%).
- Business is more likely to provide volunteers to help TSOs which are addressing the issue of poverty (30%) than general TSOs (18%).
- Expert advice is more likely to be offered to TSOs supporting people in poverty (36%) compared with general TSOs (24%).

Figure 16 Extent to which business supports TSOs serving beneficiaries

Percentage of TSOs which say support from business is of 'some' or 'great' importance to them	They give us money to help us do our work	They provide free facilities to help us do our work	They provide volunteers to help us do our work	They provide free expert advice to help do our work	N=
TSOs directly addressing poverty	44.4	34.8	30.4	36.0	694
TSOs addressing issues related to poverty	43.6	30.6	27.3	33.3	411
TSOs addressing health issues but not poverty related	41.7	29.5	24.0	27.8	590
TSOs addressing general issues but not poverty related	33.7	24.1	18.2	23.7	1,419
North of England	38.4	28.4	22.8	28.2	3,427

## Summary of key findings

This briefing has, through an exploration of Third Sector Trends data from across the North of England, demonstrated that Third Sector Organisations (TSOs) make a substantive contribution to supporting people in poverty. However, it has also been shown that many organisations tackling poverty and issues surrounding poverty are under considerable resource pressure.

### ■ ***The volume of activity***

It is estimated that 5,000 TSOs directly tackle the issue of poverty in the North of England and a further 3,200 TSOs address associated issues surrounding poverty.

TSOs directly addressing poverty are supported by 160,200 volunteers in the North of England who provide 11.5 million hours of work each year. The 'replacement' value of this contribution is between £83m (at national minimum wage) or £140m (at 80% of the average regional wage)

Over 45,000 people are employed by 3,900 TSOs directly addressing the issue of poverty in the North of England. The salary value of this work is between £912m and £1.1bn.

### ■ ***Resource pressures***

TSOs which tackle the issue of poverty tend to be more dependent upon grant funding (53%) than general charities (40%). They are also more likely to bid to local (70%) and national (66%) grant-making foundations than general charities (53% and 40% respectively).

TSOs which address the issue of poverty are more likely to have used their reserves for essential costs in the last two years (26%) than general charities (16%). Those which are funded mainly by the public sector were much more likely to be doing so (34% compared with 22% of general charities).

While income from statutory sources is falling, the evidence shows that business makes a substantive contribution to TSOs which support people in poverty. Nearly 45% of TSOs say that income from business is of some or great importance to them compared with 34% of general charities.

Business also provides significant in-kind support such as free facilities (35%), volunteers (30%) or expert advice (36%).

### ■ ***Rising demand for support and raising the profile of poverty***

Organisations which focus on the issue of poverty are the most likely to expect that the demand for the services they offer will rise over the next two years (85%) when compared with general charities (43%).

The issue of poverty is rising on the political agenda. This research shows that TSOs which directly address the issue of poverty are the most likely to 'strongly agree' that they are attempting to influence local public-sector policy makers (50%) compared with 29% of general charities.

TSOs which address the issue of poverty are generally optimistic that they will be able to raise sufficient income to meet the challenges of the future: 44% expect that their income will rise over the next two years compared with 32% of general charities.

However, there is also widespread pessimism about future levels of funding from public sector sources: 50% of TSOs tackling poverty think that statutory income will fall over the next two years compared with 46% of general charities.



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