RESEARCH BRIEFING PAPER ON THE SIZE, STRUCTURE, OPERATION AND ATTITUDES OF THE VOLUNTARY, COMMUNITY AND SOCIAL ENTERPRISE SECTOR IN KIRKLEES

1 Introduction

This paper provides headline indicators of the current situation of the Third Sector (which includes voluntary, community and social enterprise organisations) in Kirklees drawing upon the most recent data which are available.

The research analysis was undertaken by Professor Tony Chapman of St Chad's College, Durham University and Judy Robinson of Involve Yorkshire & Humber.

Given the limited data available for analysis the report is, essentially, descriptive. Consequently, the paper should be read as a research briefing rather than a considered analytical study of the sector.

In order to maximise the provision of data, commentary on tables is limited to principal observations only. More analytical work on the operation of the Third Sector as a whole in Yorkshire and the Humber, drawing upon data from the Third Sector Trends study, was published by Involve Yorkshire & Humber in May 2014.[1]

2 Data sources

This analysis draws upon data from the following sources:

- Current Charity Commission data on the size of the Third Sector in Kirklees.[2]
- The National Survey of the Third Sector (NSTS) conducted by Ipsos/Mori for the Office of the Third Sector in 2010.

[1] All Northern Rock Foundation papers which are mentioned in the text of this report are available at http://www.nr-foundation.org.uk/resources/third-sector-trends.
[2] These data were extracted manually from the Charity Commission website by Jemma Russell in August 2014 for Involve Yorkshire & Humber

- The Involve Yorkshire & Humber Third Sector Trends (TST) TSO1000 survey undertaken in 2013.
- The Northern Rock Foundation Third Sector Trends Study of Yorkshire and Humber published in 2010.
- NCVO Almanac data (for Yorkshire and the Humber, North East England and North West England) 2013. (Census data primarily from Charity Commission and related databases of registered TSOs)[3]

3 Commentary on the validity of Third Sector Trends data

The analysis which follows presents undifferentiated Third Sector Organisation (TSO) responses in Kirklees to a wide range of questions asked in the summer of 2013. It is possible to undertake more analysis if required by separating smaller, less formal organisations with lower levels of income from larger TSOs which have more formal structures and bigger incomes. The data presented here limit the extent of understanding to some extent as they represent answers from a wide range of organisations of different sizes, practices, areas of thematic interest or organisational ethos.

More detailed analysis of TSO activity by size, practice and ethos can be found in *The Crystal Ball*, published by Northern Rock Foundation in July 2013. And while that report relates to North East England and Cumbria, the general conclusions are likely to be valid for TSOs of similar kinds operating in Kirklees. Much more detailed analysis can also be found in the Yorkshire and Humber Third Sector Trends report, published in May 2014.

In Kirklees the sample is relatively small (N=121), so caution needs to be taken in the interpretation of the data. To help clarify the broad representativeness of findings, comparisons can be drawn with each of the major sub-regions of Yorkshire and the Humber and with the county as a whole at a later stage if required.

Additionally, data can be drawn upon from the National Third Sector Study (NTSS) undertaken for Cabinet Office by Ipsos Mori in 2008 and 2010. Response rates from these surveys were considerably higher than those achieved in the on-line research questionnaire in 2013. In some cases, questions were asked in the same or similar ways, which could provide some opportunity for checking the validity of the more recent findings and include some time series analysis should that work be required.

More small organisations from Kirklees took part in the Third Sector Trends Survey when compared with the whole sample: 18.4% of Kirklees respondents described their organisation as an informal organisation or group, compared with 9.9% of the wider sample.

A slightly higher percentage of Kirklees respondents (8.3%) stated their organisation had no income than the wider sample (4.7%) and the table below shows that whilst the Yorkshire and Humber respondents were evenly split across micro, small, medium and large organisations, a greater proportion of Kirklees respondents were from micro or small organisations.

[3] David Kane of NCVO provided these data and his generous support is acknowledged.

Figure 1 **Response rates by TSO size** (categorised by income in previous year)	Micro *£0-£5,000*	Small *£5,000 - £50,000*	Medium *£50,000 - £250,000*	Large *£250,000 or more*	N=
Kirklees	38.0	31.4	18.2	12.4	121
Whole sample	**24.0**	**26.7**	**24.4**	**24.9**	**1000**

But this does not mean that the data for Kirklees are unrepresentative for the area. A separate analysis of Charity Commission data for Kirklees shows that the Third Sector Trends sample is largely in line (as shown in Figure 2 below).

3 Key findings

3.1 *Size and structure of the TSO in Kirklees*

To aid interpretation of Third Sector Trends data, the first step of the analysis is to find out how large the sector is in Kirklees, using Charity Commission data and to get an idea of the size of organisations operating in the area.

A search of all registered charities in Kirklees was undertaken from the Charity Commission website. The analysis shows that 1,154 registered charities operate in Kirklees

Figure 2 presents data from the Charity Commission website and shows that for the 1,154 registered charities that operate in Kirklees, the majority (58%) have an income of less than £25,000. This shows that most charities operating in Kirklees are small or medium sized organisations, with only 71 charities that work in Kirklees earning over £500,000.

The TST study has responses from 121 organisations in Kirklees, which is just above a 10% sample of all registered organisations in the area.

In the right hand side column of the Figure 2, equivalent data from the TST 2013 study are provided for comparison with Charity Commission data. It is clear from these data that the sample in Kirklees is broadly representative of Charity Commission data.[4]

- 62% of TSOs in the TST sample have income below £25,000 compared with 58% of the Charity Commission census data.
- 29% of TSOs in the TST sample have income between £25,000-£500,000 compared with 35% in the Charity Commission census data.
- 9% of TSOs in the TST sample have income above £500,000 compared with 6% of Charity Commission census data.

[4] In the Involve Yorkshire & Humber study of the whole region, most local authority samples were skewed towards larger organisations. This is because the study was a self-completion online survey based only on invitation to known charities. As many smaller charities are not on local authority or CVS listings, they would not know about the study. In Kirklees, a special effort was made to target small charities and this is reflected in its more representative sample.

Figure 2 **Charity Commission data on sector structure in Kirklees compared with TST (2013) data**			
Income band	Registered charities operating in Kirklees	Percentage of all Charities in Kirklees	TST 2013 data for Kirklees
£0-£5,000	332	29.9	38.0 (+8%)
£5,001-£25,000	313	28.1	24.0 (-4%)
£25,001-£100,000	230	20.7	14.8 (-5%)
£100,001-£500,000	166	14.9	14.0 (-1%)
£500,001-£1,000,000	28	2.5	3.3 (~=)
£1,000,001+	43	3.9	5.8 (+2%)
N=	1,112	100.0	121

3.2 Organisational beneficiaries served and organisational purpose

Figure 3 presents Charity Commission data on the beneficiaries served by TSOs in Kirklees. Organisational beneficiaries are presented in descending order.

Figure 3 **Charity Commission data on organisational beneficiaries in Kirklees**		
Beneficiaries	Registered charities operating Kirklees	Percentage of all registered charities operating in each theme as a proportion of all charities in Kirklees
Children/young people[5]	680	58.9
The general public/mankind	534	46.3
Elderly/old people	324	28.1
People with disabilities	312	27.0
Other charities or voluntary bodies	250	21.7
Other defined groups	197	17.1
People of a particular ethnic/racial origin	132	11.4
N=	1,154	

Figure 4 presents data on the broad purpose of charitable activity using Charity Commission data. The predominance of educational charities is largely due to the registration of state funded institutions which claim charitable purpose.

[5] The proportion of charities may be inflated to some extent due to the inclusion of schools and parent teacher organisations which are registered with the Charity Commission.

Figure 4 Charity Commission data on type of provision in Kirklees		
Activity	Registered charities operating Kirklees	Percentage of all registered charities operating in each activities as a proportion of all charities in Kirklees
Education / training	616	53.4
General charitable purposes	331	28.7
Amateur sport	232	20.1
Religious Activities	207	17.9
Arts/culture/heritage/science	203	17.6
Advancement of health/saving lives	188	16.3
Prevention/relief of poverty	174	15.1
Disability	162	14.0
Economic/community development/employment	144	12.5
Environment/conservation/heritage	121	10.5
Accommodation/housing	66	5.7
Recreation	62	5.4
Overseas aid/famine relief	55	4.8
Animals	31	2.7
Human rights/Religious or racial harmony/ Equality or diversity	27	2.3
Armed forces/emergency service efficiency	4	0.3
Other charitable purposes	58	5.0
N=	1,154	

3.3 *Income and expenditure*

Unfortunately, collating recent data from Charity Commission records on the gross income and expenditure of the sector in Kirklees was beyond the scope of this study. However, analysis was undertaken in 2010 by Kane and Mohan on Yorkshire and Humber which includes discrete analysis of Kirklees compared with sub-regional and county-wide data. These data are presented in Figure 5 and are self explanatory.

Figure 5 **Shape and size of the sector 2007/8 data**	Kirklees	West Yorkshire	South Yorkshire	North Yorkshire	East Yorkshire and Humber	Whole sample
Income (£m)	70.0[6]	524.1	606.8	288.6	156.0	1,598.9
Expenditure (£m)	65.7	484.1	587.0	288.6	145.7	1,505.4
Assets (£m)	127.6	696.6	444.1	707.2	423.5	22,71.5
Number of general charities	739	3,559	2,093	3,447	1,815	10,914
Housing associations	4	61	21	22	10	114
Companies Limited by Guarantee	104	614	421	152	245	1462
Industrial and provident societies	102	450	257	109	79	895
Community Interest Companies	11	62	35	33	11	141
Faith groups	41	267	166	132	127	692
Total TSOs	1,001	5,013	2,953	3,925	2,287	14,218
TSOs per 1000 population	2.48	2.28	2.29	4.94	2.51	2.73
Population (000s)	403.9	2,200.5	1,305.9	794.7	912.2	5,213.3

Source: Compiled from TST data generated using Guidestar data by Kane and Mohan (2010) Mapping registered Third Sector organisations in Yorkshire and the Humber: Figures:15,31, 32.

3.4 Geographical scale of operation of TSOs in Kirklees

Figure 6 shows the scale of operation of TSOs in Kirklees. It is evident from these data that the vast majority of TSOs operate at the neighbourhood/village level (42%) or within the bounds of the local authority (48%).

While there are fewer organisations working on a broader geographical level, they represent an important part of the sector as they are likely to be larger organisations which deliver contracts to deliver services.

[6] Data on sector income generated by David Kane at NCVO using Charity Commission data varies considerably from year to year. This is because fluctuation in the funding of big charities can have quite a significant effect on gross sector income figures. The value of sector income should therefore be considered as indicative only.

Figure 6

Scale of geographical activity of Kirklees TSOs (2013)

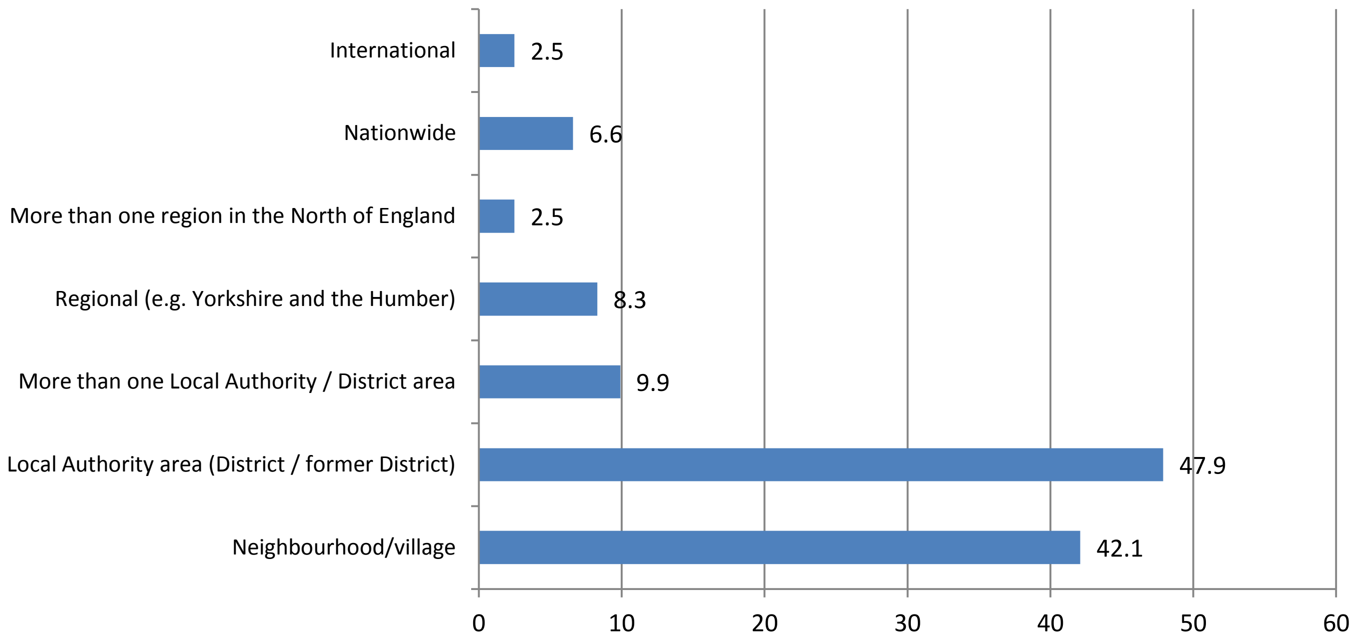
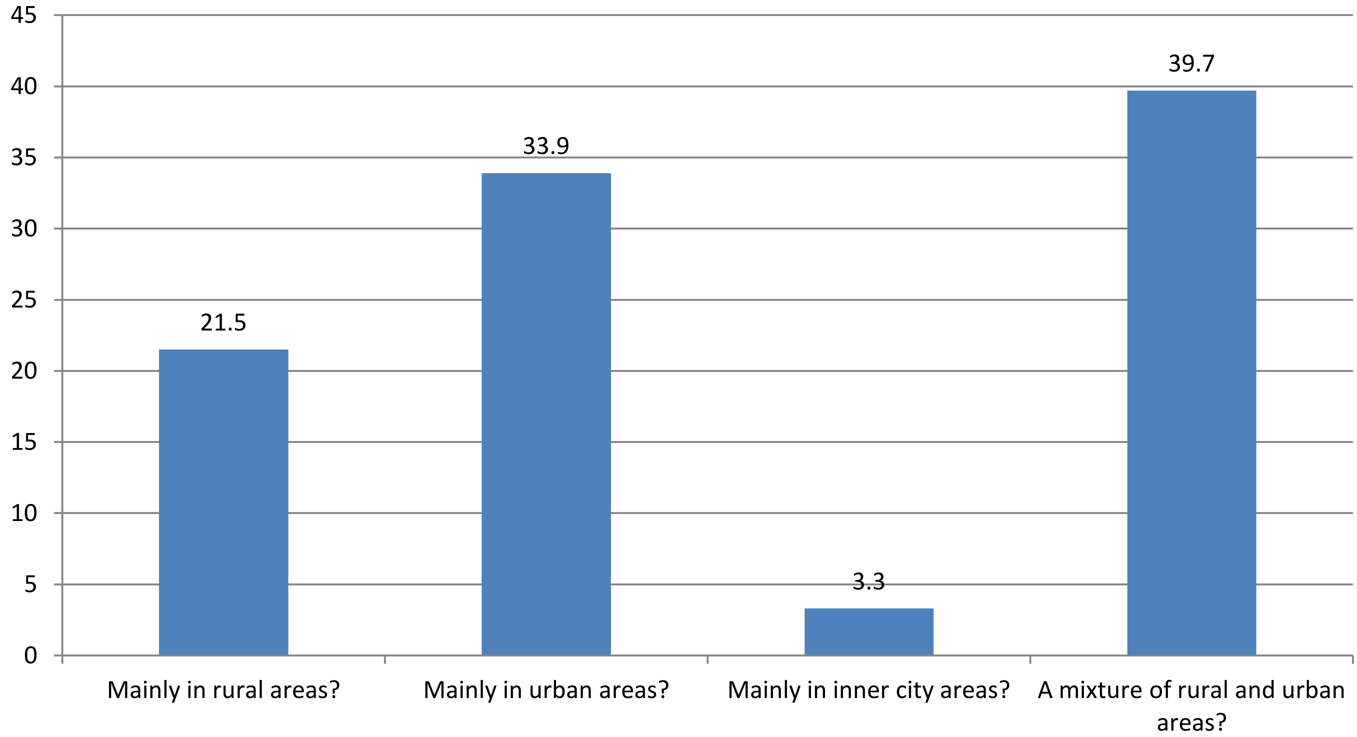


Figure 7 presents TST data on the percentage of organisations and groups operating in predominantly urban or rural areas in Kirklees. It is clear from these data that while the majority of TSOs operate in urban areas (34%) or a mixture of urban and rural areas (40%), many operate exclusively in rural areas (22%).

Figure 7

Percentage of TSOs in Kirklees working in rural or urban areas

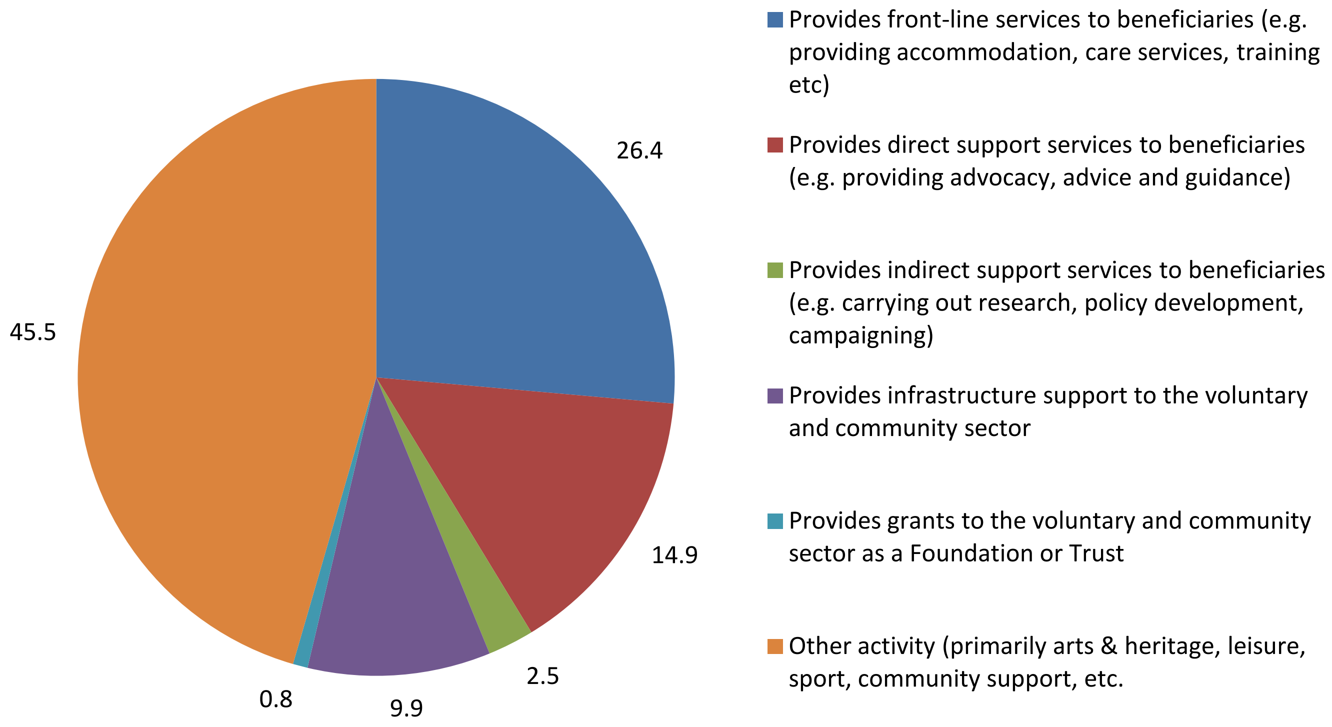


3.5 *Organisational purpose and beneficiaries served*

The purpose of TSOs in Kirklees is shown in Figure 8. It is clear from these data that over a quarter of organisations (26%) are engaged directly in service delivery.[7] A further 15% of organisations provide secondary services such as advice and guidance. Most of such organisations are larger TSOs which employ staff.

Many TSOs serve the public through community, sports, arts and heritage and other such activities. Most of these TSOs are small organisations which are entirely run on a voluntary basis.[8]

Figure 8
Principal activity of TSOs in Kirklees



In West Yorkshire, there is a higher than average Black, Asian and minority ethnic (BAME) population. Figure 9 presents data on the proportion of TSOs in Kirklees providing support to BAME groups compared with TST data for West Yorkshire.

While these data suggest that the percentage of TSOs in Kirklees serving BAME issues is lower than across the whole of West Yorkshire, involvement is substantive, and especially so for the population of South Asian origin.

[7] Primary service delivery generally refers to activity delivered for a commissioning body such as a local authority or charitable foundation by contract or grant. In some cases service delivery can be achieved by self-funded activity (in the case of a social enterprise, using its surpluses) or client funded delivery which is more rare.

[8] This category generally refers to small organisations, most of which operate on a wholly voluntary basis. Sometimes the work of the organisation is undertaken to meet the needs of discrete groups of people, many of whom may also be the volunteers who run the organisation (such as a local operatic society). On other occasions they may be devised to meet the needs of a target group, such as facilitating lads and dads football teams to help tackle youth issues.

Figure 9

Percentage of TSOs serving BAME interests

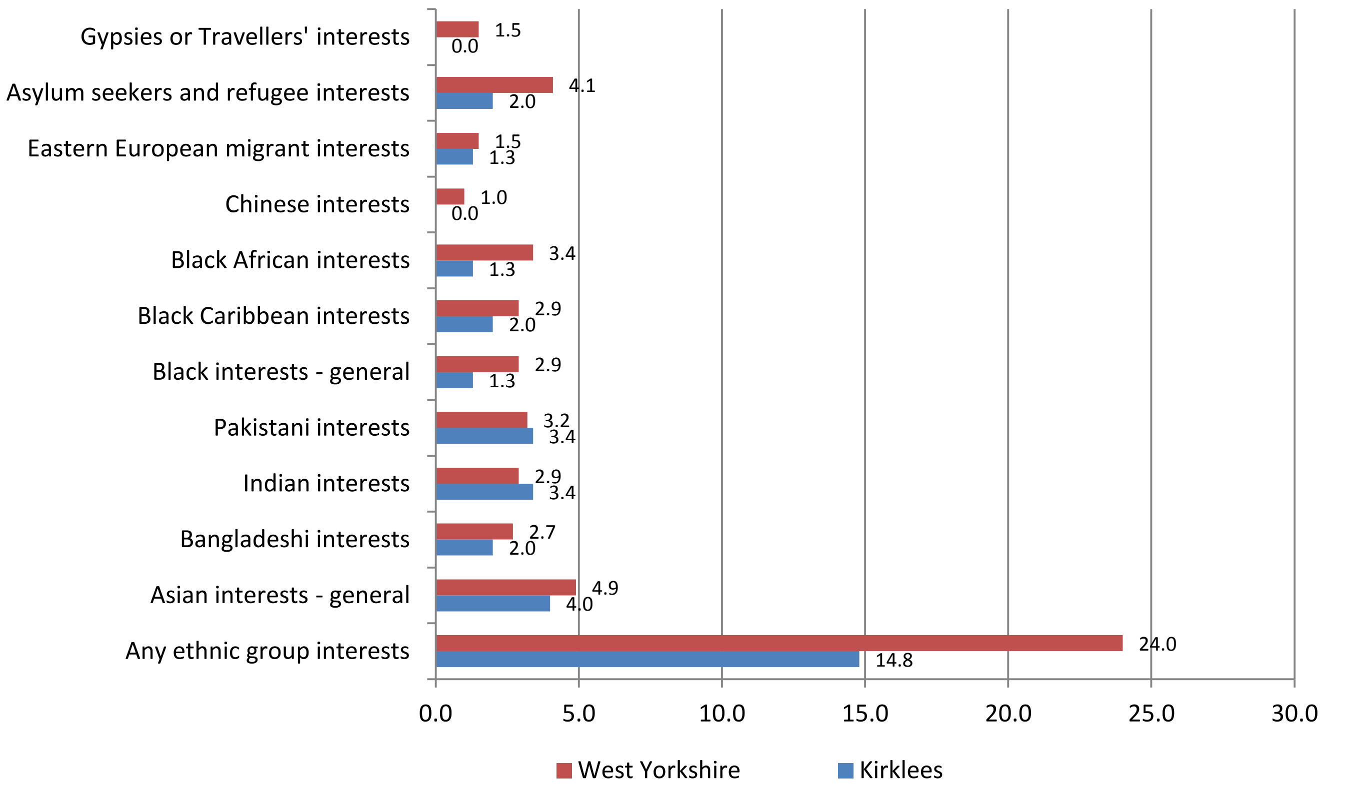


Figure 10 presents TST data on the percentage of organisations providing particular services. Data are compared for each of the Yorkshire sub-regions and the county as a whole. It should be noted that the distribution of TSOs in Kirklees is broadly similar to the sub regions and the county as a whole, with the following exceptions: Culture and Recreation (42% in Kirklees compared with 32% for Yorkshire as a whole); and, Community Development (17% in Kirklees compared with 25% for Yorkshire as a whole).[9]

Figure 10 **Service provided by TSOs in Kirklees**	Kirklees	West Yorkshire	South Yorkshire	East Yorkshire and Humberside	North Yorkshire and City of York	Whole sample
An "informal" support group, social or leisure club or group	39.7	38.3	44.0	31.2	26.2	37.7
Social Services (e.g. care services for disabled people, older people, children, etc.)	13.2	13.1	16.3	11.6	21.5	15.3
Culture and recreation (e.g. sports clubs, arts groups, museums, galleries, heritage, leisure facilities, rotary clubs, etc.)	**42.1**	35.9	28.0	23.8	30.2	31.6
Parent teacher associations	**0.8**	0.5	0.4	0.5	0.7	0.5

[9] With a larger data set, it would have been useful to separate smaller from larger TSOs in order to determine how variations occur between sub regions. Kirklees has a higher proportion of smaller TSOs in its sample, which may explain why there are larger number of TSOs engaged in culture and recreation activities. Community development is usually delivered by larger TSOs, hence the under-representation in Kirklees.

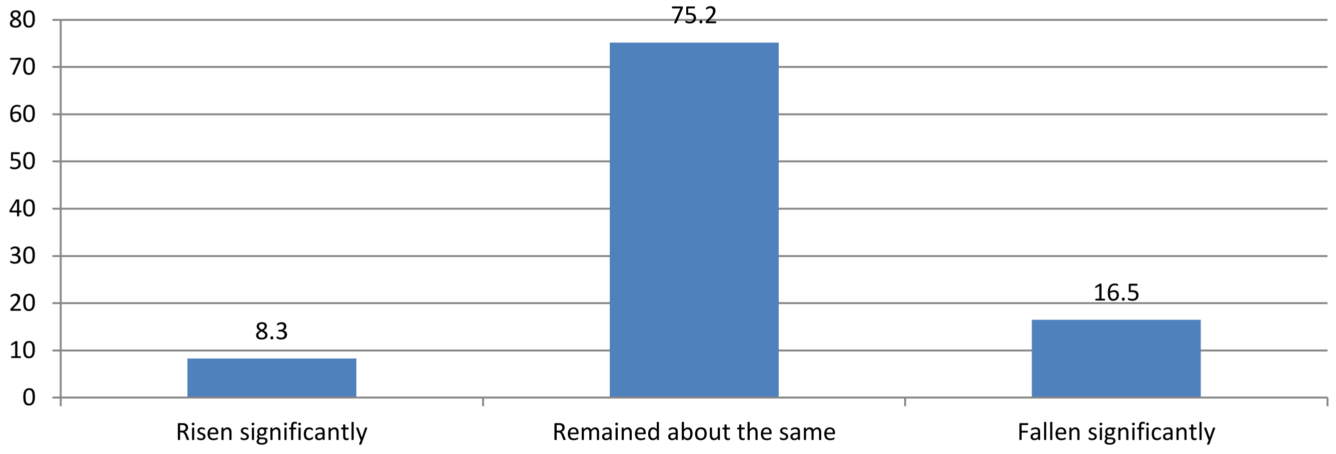
Figure 10 (.../continued) **Service provided by TSOs in Kirklees**	Kirklees	West Yorkshire	South Yorkshire	East Yorkshire and Humberside	North Yorkshire and City of York	Whole sample
Community development (e.g. economic, social or community development: such as community transport, community association)	**17.4**	23.5	25.3	25.4	24.2	25.1
Religion (e.g. organisations with religious goals)	6.6	6.3	5.8	7.4	0.7	5.7
Education (e.g. educational foundations, school funds, educational charities)	17.4	18.4	21.4	17.5	15.4	19.1
Playgroups and nurseries (e.g. nurseries, playgroups, early years centres, kindergartens, pre-school)	6.6	8.5	10.5	5.8	2.0	7.8
Grant making foundations (e.g. private individual, family or corporate foundations)	2.5	1.9	1.9	2.1	3.4	2.2
Scout groups and youth clubs	4.1	7.0	6.6	3.7	6.0	6.3
Health (e.g. hospital services, hospital league of friends, hospices and nursing homes, mental health support, air ambulance services)	9.1	17.0	18.7	11.6	16.8	16.8
Village halls (e.g. village halls, memorial halls)	10.7	7.0	6.2	7.9	10.1	7.7
Environment (e.g. recycling, sustainability, natural world protection, wildlife, veterinary services)	9.1	10.7	12.8	13.2	14.1	12.6
Housing (e.g. housing trusts, organisations providing housing support)	3.3	8.5	7.8	6.9	6.0	7.9
Law and advocacy (e.g. citizen advice, equality and diversity, credit and debt counselling, refugee and immigrant community support, prisoner rehabilitation, victim support, consumer safety and advocacy)	8.3	11.7	11.3	9.5	6.7	10.7
International (e.g. aid and services provided in overseas countries, disaster and famine relief, development and assistance)	0.0	1.2	1.6	1.1	0.0	1.1
Research (e.g. foundations funding research, including medical research)	3.3	2.4	2.7	1.6	2.7	2.4
Employment and training (e.g. training providers, re-employment, business partnerships)	13.2	19.2	16.7	15.3	15.4	17.8
Umbrella bodies (e.g. infrastructure bodies providing support to civil society groups, including CVSs, volunteer bureaux, national infrastructure bodies)	3.3	5.8	4.7	6.9	8.7	6.3
Other	12.4	19.2	23.7	16.9	20.1	20.6
No Answer	0.0	1.5	0.8	1.1	1.3	1.2
N=	121	412	257	162	149	980

3.6 *Changes in organisational income and reliance on income sources*

This section considers change in organisational income over the last two years for TSOs in Kirklees using TST data. Figure 10 shows that the majority of TSOs had stable income during this period while 8% had substantively rising income and 17% had substantively falling income. These headline data need further interpretation by distinguishing between larger and smaller TSOs as shown in Figure 11.

Figure 10

Changes in organisational income betwen 2011-2013



As Figure 11 shows, when smaller TSOs (which are generally more informal organisations because they do not generally employ any staff) are disaggregated from larger TSOs (which generally do employ staff and have with income above £50,000), substantive differences emerge.

- Larger TSOs are much more likely to have had substantially increased income (16% compared with 5% of small TSOs).
- Larger TSOs are also less likely to have significantly falling income (8%) compared with smaller TSOs (20%).

These differences should not however be taken too literally as the sample of larger TSOs is relatively small. For Yorkshire as a whole, the proportion of larger TSOs with substantially falling income was 30%.

Figure 11

Income fluctuation for smaller and larger TSOs in Kirklees 2011-13

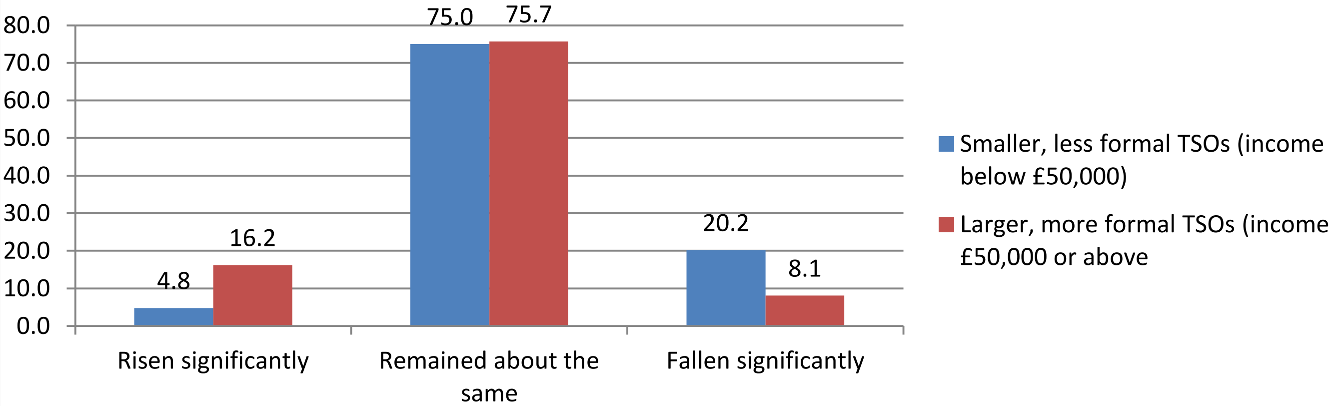


Figure 12 presents data on the extent to which TSOs state that they have reliance on different sources of income. These data do not indicate, therefore, *how much* income is gained, but instead indicates their relative importance.

The line in Figure 12 which is shaded in blue shows the percentage of TSOs which state that such sources of income are not applicable to them. It is useful to note that some sources of income are not seen as relevant or applicable such as 'borrowed money' (85%) and investment income (71%).

Amongst those sources of income which are highly valued, grants are judged to be 'most important' by 47% of TSOs followed by gifts (26%), earned income (22%) and contracts (21%).

Figure 12 **Relative importance of sources of income** (column percentages n=121)	Grants	Contracts	Earned income	Invest-ment income	Contrib-utions in kind	Gifts	Subscrip-tions	Borrowed money
Most important	47.1	20.7	22.3	1.7	16.5	25.6	19.8	1.7
Important	25.6	14.9	15.7	5.0	27.3	28.1	11.6	2.5
Of some importance	12.4	5.0	14.0	5.8	19.0	14.0	13.2	1.7
Least important	4.1	5.8	5.0	12.4	10.7	9.1	8.3	7.4
Not applicable	8.3	50.4	41.3	71.1	24.0	20.7	47.1	85.1
No answer	2.5	3.3	1.7	4.1	2.5	2.5	0.0	1.7

3.7 *Organisational assets*

The next series of tables considers the asset base of TSOs and the extent to which they have drawn upon reserves in Kirklees. Figure 13 shows the percentage of TSOs which possess a range of assets.

- Three quarters of TSOs do not own property outright.
- Fewer than 3% of TSOs have equity on property owned with a mortgage.
- 73% of TSOs have no reserves in stocks shares.
- Only 18% of TSOs have no reserves in their current account, but 58% have less than £10,000 in their current account.

Figure 13 **Approximate value of property we own outright[10]**	Approximate value of property we own outright	Approximate equity on property we own with a mortgage	Approximate reserves in stocks, shares, savings etc.	Approximate cash reserves in current account.
No assets/reserves at all	75.9	97.3	72.6	18.3
Less than £10,000	6.0	0.0	10.6	58.3
£10,001 - £25,000	2.6	0.0	5.3	10.0
£25,001 - £50,000	0.0	0.0	4.4	5.8
£50,001 - £100,000	3.4	0.0	1.8	3.3
£100,001 - £250,000	6.0	0.9	1.8	0.8
£250,001 - £1,000,000	1.7	0.0	1.8	3.3
£1,000,001 - £5,000,000	3.4	1.8	1.8	0.0
£5,000,001 plus	0.9	0.0	0.0	0.0
Totals	116	112	113	120

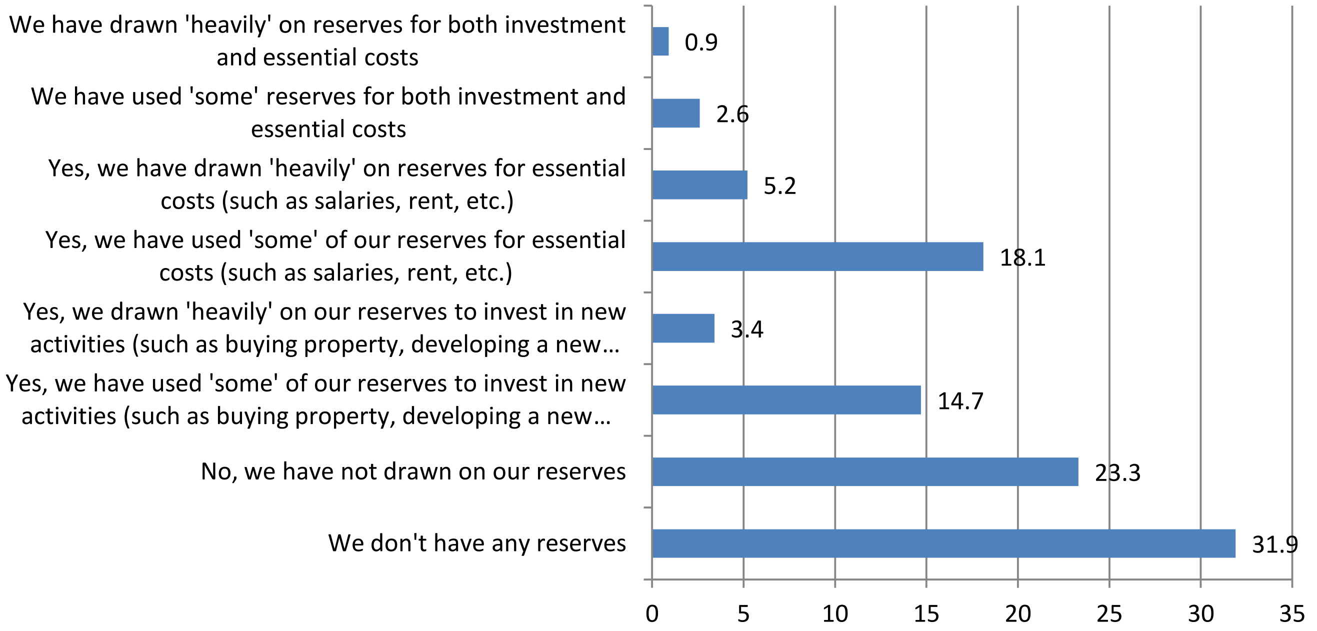
Figure 14 shows the extent to which TSOs have drawn upon reserves in the last financial year. These data indicate that...

- 54% of TSOs did not have reserves upon which they could draw, or did not draw on existing reserves.
- 18% drew on reserves to invest in new activities (but only 3% invested heavily in this way)
- 23% drew on reserves to meet essential costs (but only 5.2% relied heavily on reserves for this purpose.

[10] Comparative data on the four sub-regions of Yorkshire and the Humber can be found in the larger Third Sector Trends report, Chapman 2014, *ibid*.

Figure 14

Use of reserves in previous financial year



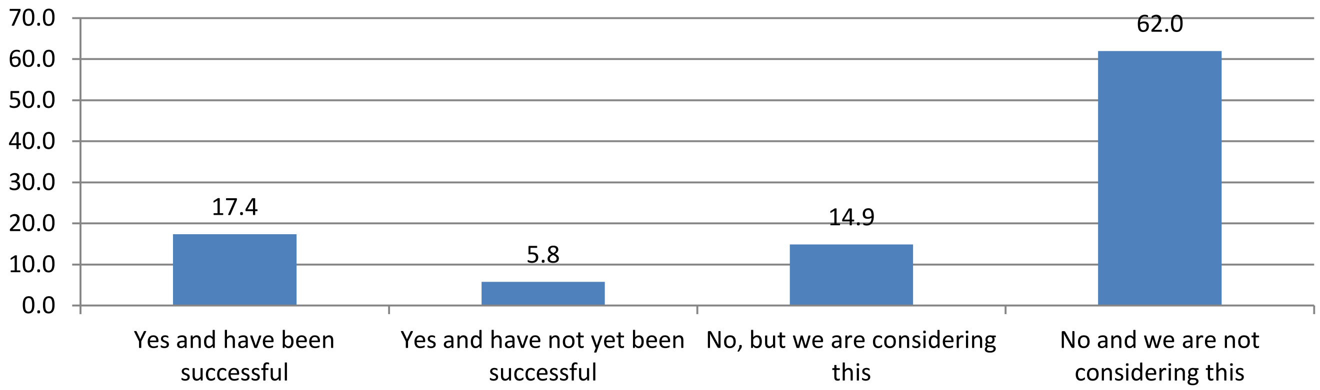
3.8 Contract working

Over the last decade there has been much investment in the Third Sector by local and national government to encourage TSOs to build their capability and capacity to engage for contract working. The following tables assess the extent to which the sector has accepted this challenge.

In many contracts, there is an expectation that TSOs will work in partnership with other TSOs or with private or public sector organisations. Figure 15 shows what percentage of TSOs have been bidding (but not yet successfully) or successful successfully for such work in Kirklees. It is clear that only about 17% of TSOs have been successful in this respect. But 62% of TSOs are not interested in doing such work.[11]

Figure 15

Percentage of TSOs involved in partnership bidding for contracts to deliver public sector services



[11] Comparative data are available for Yorkshire sub-regions in the Third Sector Trends study report, see Chapman 2014 *ibid*. Data are also now available for North East England and Cumbria; see Chapman and Robinson (2015) Third Sector Trends in North East England and Cumbria: headline findings, Newcastle, Northern Rock Foundation.

Figure 16 shows that awareness of contract opportunities is high. Only 24% of TSOs are unaware of such opportunities, but nearly 40% state that such work is not relevant to their organisational objectives. It is likely that the majority of TSOs that are not aware of such opportunities are micro or small organisations. Most TSOs which state that they are aware but are not interested are micro, small or medium sized organisations. But this does not preclude the possibility that some of the largest organisations will not engage in such work.[12]

Only about 13% of TSOs are actively bidding for contracts or doing them now in Kirklees according to TST data. It is likely, however, that this may be an under-estimation due to small sample size. The sector average for contract delivery is 14% for Yorkshire as a whole (and 16.5% for West Yorkshire).

Figure 16

Percentage of TSOs which are interested in bidding for contracts

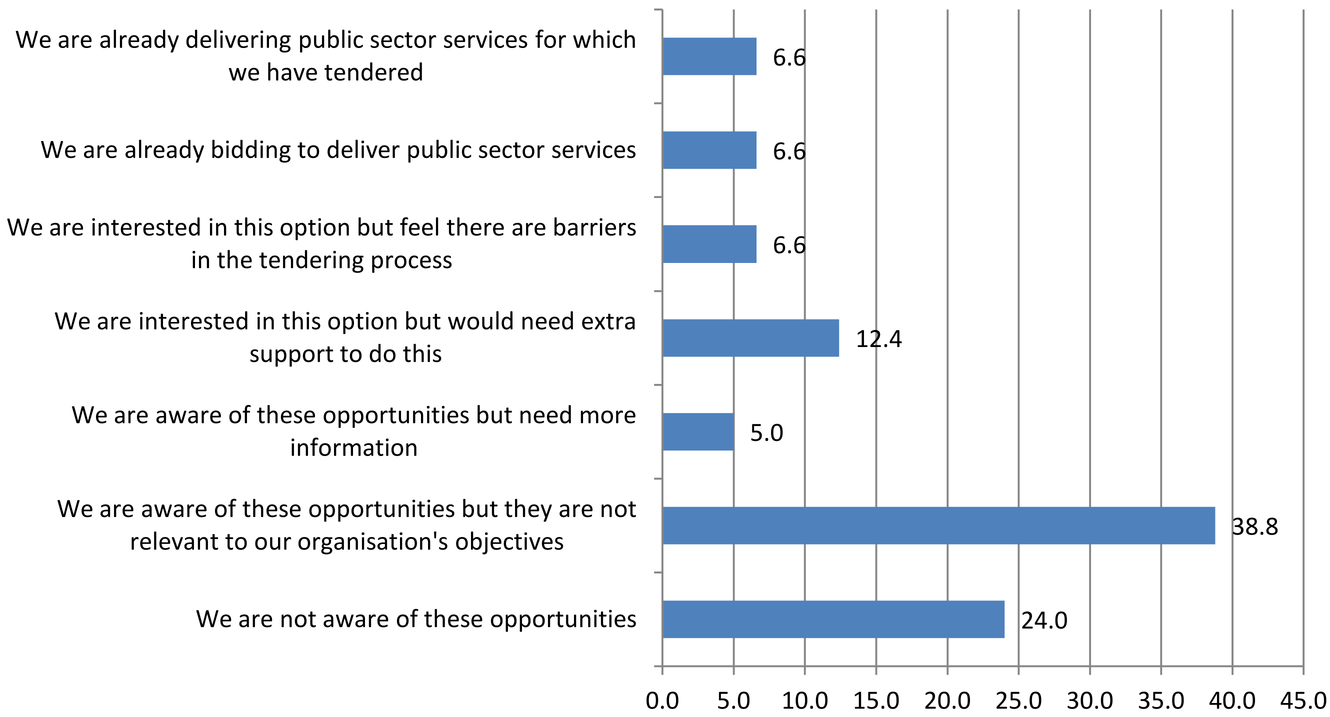
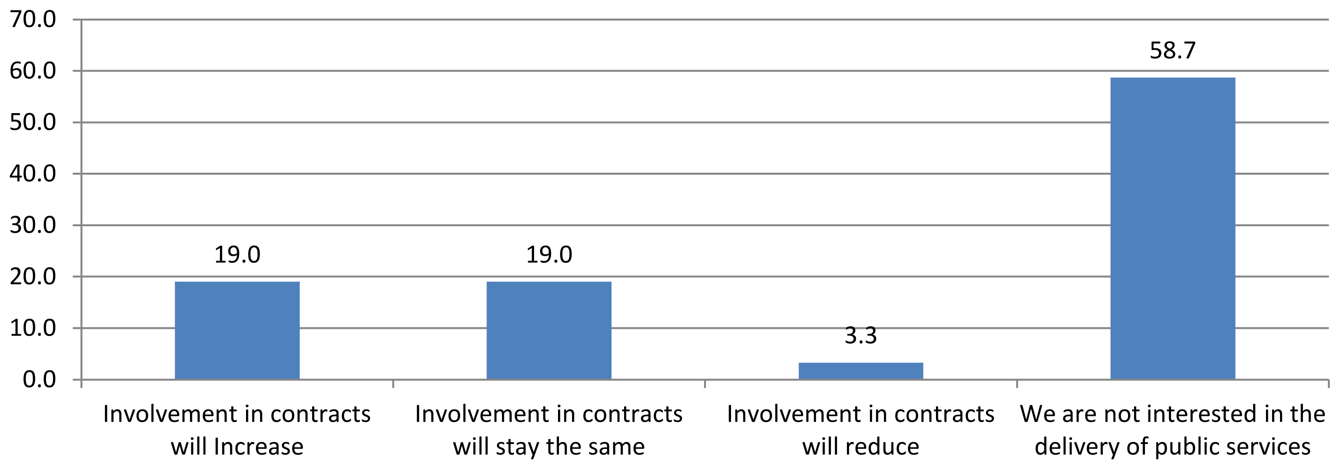


Figure 16 shows the percentage of TSOs which believe that their involvement in the delivery of public sector services by contract will increase, stay the same or decrease in the next two years.

The data indicate that almost 60% of TSOs do not expect to be involved in such delivery. Of those TSOs which do expect that they may be involved, and about half expect that contract working will increase.

[12] See comparative data which are available for Yorkshire sub-regions in the Third Sector Trends study report, see Chapman 2014 *ibid*. Data are also now available for North East England and Cumbria; see Chapman and Robinson (2015) Third Sector Trends in North East England and Cumbria: headline findings, Newcastle, Northern Rock Foundation. See also Chapman and Robinson (2014) *Keeping it simple*, *ibid*.

Figure 16
Expectations about future involvement in public services by contract



3.9 Levels of employment and volunteering in Kirklees[13]

In Kirklees, the indications are that only about 40% of TSOs employ full-time staff and 47% employ staff on a part-time basis as shown in Figure 16.

Only 11% of TSOs have no volunteers (this percentage excludes the work of trustees). Many TSOs have more than 10 volunteers working for them (62%) and over 40% have more than 20 volunteers.[14]

Figure 16 **Percentage of TSOs engaging staff or volunteers in their work**	"'Approximately how many paid full-time staff and volunteers does your organisation or group have?'"	"'Approximately how many paid part-time staff and volunteers does your organisation or group have?'"	"'Approximately how many volunteers does your organisation or group have?'"
None	60.7	47.0	11.3
1 or 2	15.5	19.0	2.5
3 to 5	6.0	11.0	7.5
6 to 10	4.8	9.0	15.0
11 to 20	6.0	6.0	**22.5**
21-50	1.2	4.0	**23.8**
51-100	3.6	2.0	**11.3**
100+	2.4	2.0	6.3
N=	84	100	80

[13] Data from NSTS on employment can be found in the Appendix. These data are not comparable however as they asked respondents to calculate the number of full-time equivalent staff. As this required some effort on the part of respondents, it was decided to ask for absolute numbers of part and full time staff in this study in banded categories to ensure that all respondents answered the question.

[14] This distribution of employees and volunteers is broadly in line with expectations. Comparative data are available for Yorkshire sub-regions in the Third Sector Trends study report, see Chapman 2014 *ibid*. Data are also now available for North East England and Cumbria; see Chapman and Robinson (2015) Third Sector Trends in North East England and Cumbria: headline findings, Newcastle, Northern Rock Foundation.

Figure 17 shows the proportion of TSOs which believe that the numbers of paid staff and volunteers will increase or decrease over the next two years. There is a good deal of optimism amongst those TSOs which employ staff now (shown in brackets).

- 20% of TSOs expect the number of full-time staff to increase while 10% expect numbers to fall.
- 31% of TSOs expect the number of part-time staff to increase while 10% expect numbers to fall.
- 29% of TSOs expect the number of volunteers to increase while 17% expect numbers to fall.

Figure 17 **Percentage of organisations which expect the number of paid staff and volunteers to increase in the next two years**	Full time staff	Part time staff	Volunteers
Increased	8.3 (20.5)	15.7 (31.1)	24.8 (28.6)
Stayed the same	28.1 (69.4)	29.8 (59.0)	47.1 (54.3)
Reduced	4.1 (10.1)	5.0 (9.9)	14.9 (17.2)
Not applicable to us	59.5	49.6	13.2

3.10 Capability and capacity building

The next series of tables considers the extent to which TSOs invest in their staff and volunteers through training. It is useful to address this issue as the Northern Rock Foundation Third Sector Trends data shows that organisations which do invest in staff training tend to be amongst the most successful and durable.

Figure 18 shows the extent of investment in staff, volunteer and trustee development via in-house training, external training or distance learning.

Figure 18 **Percentage of TSOs which use training for staff**[15]	Percentage of TSOs which train in each category
Staff (full-time)	
Via In-house Training	24.0
Via External Training Provider	24.0
Via Distance Learning	5.8
Staff (part-time)	
Via In-house Training	30.6
Via External Training Provider	25.6
Via Distance Learning	6.6
Volunteers	
Via In-house Training	54.5
Via External Training Provider	28.1
Via Distance Learning	4.1
Trustees	
Via In-house Training	39.7
Via External Training Provider	19.8
Via Distance Learning	1.7

Figure 19 explores the extent to which TSOs in Kirklees prioritise training. It is clear from these data that TSOs are most likely to emphasise training in bidding for grants, fundraising and marketing and publicity.

This suggests that the search for money is prioritised heavily over issues concerned with organisational capability (such as business planning, financial management and strategic management).[16]

Figure 19 **Percentage of TSOs which prioritise training in a range of categories**

	Managing staff / volunteers	Fundraising	Bidding for grants	Strategic manage-ment	Financial manage-ment	Business planning	Marketing and publicity	Tendering for contracts
High Priority	17.2	46.3	42.6	23.1	16.5	23.1	33.1	21.5
Low Priority	28.7	24.8	28.7	19.8	32.2	23.1	28.1	16.5
Not Needed	54.1	28.9	28.7	57.0	51.2	53.7	38.8	62.0

[15] Percentages represent the proportions of organisations which use training in each category and therefore do not round to 100.0%

[16] See for further explanation of this point: Chapman and Robinson (2013) *On the Money*, Newcastle, Northern Rock Foundation. For comparative data are available for Yorkshire sub-regions in the Third Sector Trends study report, see Chapman 2014 *ibid*. Data are also now available for North East England and Cumbria; see Chapman and Robinson (2015) Third Sector Trends in North East England and Cumbria: headline findings, Newcastle, Northern Rock Foundation.

3.11 *How do TSOs feel perceived by public sector organisations?*[17]

Not all organisations have a relationship with the public sector, however in Kirklees, many do – so it is useful to assess the extent to which such TSOs feel valued, understood and involved by public sector officers.

As shown in Figure 20, most TSOs in Kirklees 'agree' or 'strongly agree' that their work is valued (78%), understood (76%), respected (73%) and informed (70%). The extent to which TSOs agree or strongly agree that they are involved (47%) and their advice acted upon (41%) is somewhat lower however (although it should be noted that between 22-25% of organisations in these last two categories say that this is not applicable to them).[18]

Figure 20 **To what extent do TSOs feel valued and understood by public sector organisations**	They value the work of our organisations	They understand the nature and role of our organisation	They respect our organisation's independence	They inform our organisation on issues which affect us or are of interest to us	They involve our organisation appropriately in developing and implementing policy on issues which affect us	They act upon our organisation's opinions and/or responses to consultation
Strongly agree	34.7	17.4	13.2	13.2	8.3	5.8
Agree	43.0	58.7	59.5	56.2	38.8	34.7
Disagree	6.6	9.9	7.4	13.2	25.6	26.4
Strongly disagree	3.3	2.5	2.5	4.1	5.8	8.3
Not applicable	12.4	11.6	17.4	13.2	21.5	24.8
Totals	121	121	121	121	121	121

3.12 *What are TSOs doing to tackle the challenges of the future?*

This section considers the ways that TSOs are preparing themselves for the future. Four areas of activity are considered, and in most of these, there is evidence to show that many TSOs in Kirklees are quite active in making a change or planning to do so than on average for the sector as a whole.

- 33% are intending to earn more income
- 26% are changing the way they deliver services
- 19% are planning to work more closely with other TSOs
- 18% are planning to increase donations

[17] NSTS produced data to a similar question which is found in the Appendix for 2008 and 2010. Differences in the format of the question make comparison difficult. However, direct comparison between North East and Cumbria data with the Yorkshire and the Humber data is possible and this work will be done in the final report for Involve Yorkshire & Humber.

[18] Comparative data are available for Yorkshire sub-regions in the Third Sector Trends study report, see Chapman 2014 *ibid*. Data are also now available for North East England and Cumbria; see Chapman and Robinson (2015) Third Sector Trends in North East England and Cumbria: headline findings, Newcastle, Northern Rock Foundation.

- 6% are considering a change in legal status and fewer than 1% are considering a merger with another TSO

Figure 21 **Organisational plans to tackle challenges and opportunities of the future**	Increasing earned income	Changing the way you run your services or activities	Working more closely with another voluntary/not-for-profit organisation	Increasing individual donations	Changing your organisation's legal status	Merging with one or more similar organisations
Doing this now	32.8	26.4	18.7	18.0	5.8	0.8
Planning to do this	19.7	10.7	15.4	24.6	4.1	5.8
No Answer	47.5	62.8	65.9	57.4	90.1	93.4

4. Observations and implications

Drawing upon the data presented in this research briefing paper, a number of observations can be made about relationships between the local authority and the Third Sector and the development of public services which may be explored further through additional qualitative and quantitative research.

There is a high number of small to medium sized TSOs in Kirklees. Previous analysis about unregistered organisations published by Involve in *Below the Radar* (2011) showed that Kirklees had a higher ratio of unregistered TSOs than registered organisations. Indeed, it was found that there were 104 unregistered TSOs for every 100 registered charities. This means that there are many small, informal groups operating at the community level without staff (as well as some small organisations which only employ one or very few staff).

Small, informal TSOs usually do not have staff and are less affected by changes to the funding environment. Larger TSOs tend to continue to win contracts and are generally more sustainable. But amongst the ‘medium sized’ more formal organisations which employ staff that are often the most vulnerable to reduced locally generated funding opportunities and external grants programmes.

The evidence from the 2013 study across Yorkshire suggests that many of these medium sized TSOs may be using reserves for essential costs and may also be reducing staff numbers or working hours. That stated, across the Kirklees area most organisations have enjoyed reasonably stable income. A small percentage saw income increase, while about 16% of TSOs had falling income.

Kirklees has a varied social and spatial characteristics, including some relatively wealthy rural towns and villages and some affluent suburbs. But the operating environments for many TSOs in Kirklees are shaped by the existence of high levels of deprivation in urban areas, with low standards of living and poverty. The local authority faces significant reductions in financial support from central government until at least 2017/18 which puts considerable pressure on TSOs to meet local needs. It is clear from this report that Kirklees Council appreciates the role the Third Sector plays in such areas.

The Council, in its *Corporate Plan*, sets out its intention to help to build communities with vibrant and diverse networks, to engage with communities and community based organisations and, to increase local suppliers of services. In order to meet the aims in the Corporate Plan in relation to communities and community organisations, it will be important to get a better understanding of the dynamics of the Third Sector. And further, it will be particularly important to recognise the specific needs of TSOs with different levels of assets, incomes and attitudes. Such understanding will help develop approaches to supporting the Third Sector that can be tailored successfully to achieve the best outcomes.

In Kirklees, TSOs regard grants as being the most important source of income. Many fewer are currently interested in or doing contracts to deliver public sector services. It is to be expected that the majority of TSOs will not interested in contract work or partnership working to deliver contracts because they are too small and heavily focused on voluntary action. Any policy therefore, to increase engagement in the delivery of public service by contract will need to be focused upon quite a narrow range of medium sized and larger organisations. Future policy development may depend, therefore, on further research to assess the scope for growing existing activity or drawing new organisations into the contract readiness zone.

Developing TSOs capability is an important aspect of many councils Third Sector strategy. As elsewhere, in Kirklees, quite a large proportion of the TSOs do not see that people development or organisational planning and practice development as a priority. However, it is clear from TST research that organisations which invest in capacity building and training are most successful in terms of sustainability and impact.

Given the preponderance of smaller organisations, a strategy for investing in their capacity to develop their potential will need to be carefully focussed. It tends to be infrastructure organisations which hold and maintain lists of local organisations and maintaining these and a relationship with those listed provides a bridge into training and improved organisational capacity.

Ideas about social investment[19] appear to be predicated on organisations having free reserves to bolster cash flow and fixed assets; neither of these apply to the majority of organisations in Kirklees. Some of the larger organisations may be interested in winning such contracts but they are in a small minority.

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[19] A new report on the interest of TSOs in social investment in Yorkshire, Cumbria and North East England for Charity Bank will shortly be published by St Chad's College – this provides detailed analysis of the relationship between assets and investment readiness. The report provides a detailed definition of social investment and the approaches taken by government to effect such investment. Other useful texts on this topic include: Big Society Capital Social (2013) *Investment Compendium: Portfolio of research and intelligence on the Social Investment Market*, London, Big Society Capital; Brown, A., and Norman, W. (2011) *Lighting the Touchpaper: growing the market for social investment in England*, London: Boston Consulting Group/Young Foundation; Cabinet Office (2013) *The Social Investment Market: The Role of Public Policy in Innovation and execution*, London: Cabinet Office/Said Business School; Gregory, D., Hill, K., Joy, I. and Keen, S. (2012) *Investment Readiness in the UK*, London: ClearlySo/ New Philanthropy Capital/Big Lottery Fund; H.M. Government (2013) *Growing the Social Investment Market: 2014 progress update*. London: Office for Civil Society, Cabinet Office; H.M. Government (2014) *Growing the Social Investment Market: 2014 progress update*. London: Office for Civil Society, Cabinet Office; Heap, H. and Davison, R.(2014) *The Investible Social Entrepreneur: Introducing Building Capital*, July Seebohm Hill; Liverpool; Laing, N., Long, C., Marcandalli, A., Matthews, J., Grahovac, A. and Featherby, J, (2012) *The U.K. Social Investment Market: The Current Landscape and a Framework for Investor Decision Making,* Cambridge: Cambridge Associates; Mulgan, G. with Tucker, S., Rushanara, A. and Sanders, B. (2007) *Social Innovation: what it is, why it matters and how it can be accelerated*, Oxford: Said Business School; Nicholls, A. (2010) T*he Social Enterprise Investment Fund (SEIF) Evaluation: The Landscape of Social Investment in the UK*, Birmingham, TSRC, University of Birmingham; Rickey, B., Joy, I. and Hedley, S. (2011) *Best to Borrow? A charity guide to social investment,* London, New Philanthropy Capital; Shanmugalingam, C., Graham, J., Tucker, S. and Mulgan, G. (2011) *Growing Social Ventures: the role of intermediaries and investors: who they are, what they do, and what they could become*, London: NESTA/Young Foundation; Social Enterprise UK (2013) *Social Investment: an overview of the landscape for VCSEs in the youth sector,* London: NCVYS/Young Foundation/National Youth Agency; Social Finance (2012) *Payment by Results in the Youth Sector: youth outcomes: a guide for service providers and commissioners*, London: Social Finance/Catalyst Consortium; Social Investment Task Force (2010) *Social Investment Ten Years on: final report of the Social Investment Task Force*, London: Social Investment Task Force, 42 Portland Place, London W1B 1NB.

The reduction in available resources to contract out public service delivery to the Third Sector may mean that co-production with relationships based on collaboration rather than contacts based on transactions will become more important. This will require investment in capacity to help organisations prepare for the future. But certainly, TSOs in Kirklees are positive about how they are perceived by public sector organisations and this must be a strong basis for future collaboration.

A final point relates to two sub-sets of the Third Sector in Kirklees. A quarter of TSOs operate in rural areas and their needs and interests will not be identical to that of more urban based organisations. There is also substantial Third Sector activity serving BAME beneficiaries and these organisations will have particular interests and perceptions which may need to be dealt with in sensitive and different ways.

The data outlined in this report provides information that is useful for planning for the public sector. In order to further develop understand about the dynamics of different parts of the Kirklees Third Sector and to work out the best way to use scarce resources, some further investigation will be needed.

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All Third Sector Trends Study reports are available at this address: http://www.nr-foundation.org.uk/resources/third-sector-trends/publications/

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