



*A survey of Northern
Ireland's third sector
and its potential to
become more
enterprise driven*
Final report

**The Department of
Enterprise, Trade and
Investment and the
Department for Social
Development**

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Executive summary

In May 2012 PwC was commissioned by the Department of Enterprise, Trade and Investment (DETI) and the Department for Social Development (DSD) to examine the size, structure and contribution of the ‘third sector’ to the economy in Northern Ireland. PwC was also asked to examine the potential for social enterprises to demonstrate further growth and for community and voluntary (C&V) organisations to become social enterprises.

The terms of reference of the assignment set out the following objectives:

- Undertake a mapping exercise of third sector activity across Northern Ireland to measure the size and scale of social enterprises and the C&V sector.
- Assess the contribution of the third sector to the Northern Ireland economy - distinguishing between social enterprises and C&V organisations - in terms of its unique value in relation to economic, social and environmental impact.
- Assess the potential of C&V organisations to grow into social enterprises, and the potential of social enterprises to grow into larger, more established social enterprises with international networks and export potential.

Definitions

The following definitions are used to define a *social enterprise* and the *third sector*.

Third sector	<i>“A range of institutions which occupy the space between the state and the private sector. These include small community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and cooperatives.”¹</i>
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Social enterprise	<i>“A business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profits for shareholders.”²</i>
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There is no agreed definition of the C&V sector according to NICVA (2012)³. However, there are certain criteria that can be applied to all C&V organisations. These criteria are: formality, independence, non-profit distribution, self-governance, voluntarism, and private benefit versus public benefit.

In terms of commercial viability, C&V organisations tend to be more reliant upon government/non-commercial funding than social enterprises, the latter having a more commercial approach and more reliant on trading activities.

¹ Hopkins, L (2010) *Mapping the third sector: A context for social leadership*. A Report Prepared for Clore Social Leadership Programme.

² Forster, S et al (2009) *Mapping social enterprise activity in Wales: Understanding in order to influence*. Welsh Assembly Government, Merthyr Tydfil.

³ NICVA (2012) *State of the Sector VI*. Northern Ireland Council for Voluntary Action, Belfast.

The profile of the third sector in Northern Ireland

As part of the research, PwC sought to identify and categorise third sector organisations operating in Northern Ireland:

- 3,821 organisations were identified of which 3,348 (88%) were C&V and 473 (12%) were social enterprises.
- The three main goals characterising the third sector organisations identified in Northern Ireland were to:
 - enhance communities
 - assist people into employment
 - help improve the environment.
- The most common primary purposes for third sector organisations were:
 - community development
 - education and training.
- Around 17% of third sector organisations claimed an environmental or sustainable development objective as their main purpose. However, only 3% of survey respondents were able to provide any details as to their organisation's environmental impact.
- One quarter of the third sector organisations operated in the community/social/personal service sub sectors. A further 16% of organisations operated in health and social work⁴, while 14% provided education and training services.
- Our research indicated that whilst Belfast is the location of 12% of all businesses in Northern Ireland, it provides the base for almost 30% of all third sector organisations. There was also a greater share of third sector organisations in Derry/Londonderry.
- All the third sector organisations identified traded in Northern Ireland. Less than one quarter of organisations traded with the Republic of Ireland, the rest of the UK, or in other international markets.
- One-quarter of organisations were defined as charities and about half were registered companies.

The contribution of the third sector to the economy

As part of the research, PwC calculated the contribution of the third sector to the economy in Northern Ireland:

- Collectively, the 3,821 C&V organisations employed just under 30,000 people, excluding volunteers, equivalent to around 4% of Northern Ireland's employees in employment.

⁴ This includes child care and care for people with disabilities, etc.

- Collectively, these 3,821 organisations were supported by around 46,600 volunteers, with the value of volunteering estimated at £82.6m in 2010/11.
- The estimated total turnover⁵ accruing from third sector organisations was £1.2bn, which is equivalent to around 2% of the total turnover of the region’s business sector.
- The estimated total GVA of the third sector was £572m, which is equivalent to around 3% of the total GVA of the region’s business sector.

Table 1: The estimated size of the third sector - summary table

	Third sector	C&V organisations	Social enterprises
Number of organisations	3,821	3,348 (88%)	473 (12%)
Number employed	29,784	17,800 (60%)	12,200 (40%)
Turnover (£ million)	1,218	625.0 (51%)	592.7 (49%)
Number of volunteers	46,674	33,300 (71%)	13,400 (29%)

Source: PwC survey, PwC calculations, NICVA (2012). Please refer to the notes which accompany this table in chapter 2.

The social enterprise sector and its potential to grow

The key findings of the research into the social enterprise sector are provided below.

- 32% of social enterprises had turnover of between £100,000 and £499,999. Only 2% of social enterprises turned over more than £10 million. 36% had a turnover of less than £100,000.
- 68% of social enterprises reported that they made a profit/surplus in 2010/11, compared to 54% of C&V organisations. 19% of social enterprises reported a profit/surplus of over £100,000 in 2010/11, while 27% recorded profits of less than £5,000. 72% of ‘emerging’ social enterprises were profitable in 2010/11 compared to approximately 66% of ‘embryonic’ and ‘established’ social enterprises.
- The three main goals for social enterprises were to:
 - enhance communities
 - assist people into employment
 - improve the environment.
- The most common single purpose of social enterprises were:
 - community development
 - education and training
 - the arts.
- By their nature many social enterprises are ‘multi-purpose’. The most common secondary purposes for organisations were:

⁵ In the PwC survey the term turnover is used interchangeably with income to make it easier for the organisations to access the information to complete the survey.

- education and training
- community development.
- The vast majority of social enterprises (77%) reported that they planned to expand.

Barriers to expansion

- The main barriers to expansion for social enterprises were:
 - a lack of available finance
 - not having the right people
 - a lack of awareness of the support.

Support needed to grow

- The areas where support was needed to grow included:
 - finance
 - business planning
 - marketing.

Plans to expand

- Social enterprises' plans to expand would be achieved by:
 - expanding trading activities within NI
 - increasing the number and range of services and products provided.
 - increasing the number of people/groups worked with
 - increasing the number of employees and volunteers.

The community and voluntary sector and the potential to become social enterprises

The key findings of the research into the C&V sector are provided below.

- 28% of C&V organisations had turnover of between £100,000 and £499,999. 52% had turnover of £99,000 or less. Only 1% of C&V organisations had an annual turnover exceeding £10m.
- 54% of C&V organisations reported that they made a profit/surplus in 2010/11. 24% reported a profit/surplus of over £100,000 in 2010/11, which is higher than the share of social enterprises reporting the same profit level.
- The three main goals for C&V organisations were to:
 - enhance communities
 - assist people into employment
 - improve the environment.
- The most common single purpose of C&V organisations were:

- community development
 - education and training
 - cultural activities.
- The most common secondary purposes for C&V organisations were:
 - education and training
 - community development
 - advice/advocacy and information services.

Barriers to expansion

- In comparison to the social enterprises, two-thirds of C&V organisations indicated that they did not have any plans to expand. The main barriers to expansion for C&V organisations were:
 - a lack of funding or difficulties in accessing funding
 - the nature of the organisation
 - not having the right type of people and/or skills to expand.

Support needed to grow

- C&V organisations indicated that to help them grow they needed:
 - access to finance and financial advice
 - assistance to develop business plans
 - support with marketing
 - assistance with contract tendering and other procurement issues.

Plans to expand

- The C&V organisations that intended to grow planned to expand by:
 - developing new income generating activities
 - increasing the range of activities they provide
 - increasing the number of people they work with
 - increasing the number of volunteers
 - starting to charge for services.

Summary of recommendations

There are ten recommendations that will help the third sector to grow. They fall into three broad categories:

- Finance.
- Support.
- Awareness and promotion.

Finance

Our research found that access to finance was a barrier to expansion for many third sector organisations. The recommendations below should be considered to address this barrier.

1. Explore tax incentives for social enterprises. In the Budget in March 2013 the Chancellor announced that the government will consult on introducing new tax relief measures to encourage private investment in social enterprises. The NI Assembly should lobby for these incentives to be introduced.

2. Launch an investment readiness fund. This fund would provide professional support to third sector organisations to make them ready to respond to contracts or other investment opportunities. This support could include bid process management, market assessments or project management.

Support

A range of options for different types of support to the third sector are presented for DETI and DSD to consider:

3. Promote peer to peer shared learning and collaborative networking. Third sector representative bodies such as Social Enterprise NI and NICVA should work together to promote shared learning within the third sector. In addition, third sector organisations should be encouraged to merge or develop partnerships.

4. Create a single online resource portal. One online portal that brings all existing resources together should be created. The website should build on resources provided by Invest NI, BITC, local councils, NICVA, Social Enterprise NI, Building Change Trust and the Big Lottery.

5. Address barriers to procurement. Our research found that one third of C&V organisations surveyed would benefit from training in procurement for public contracts. Central Procurement Directorate (CPD) should continue to provide information and training targeted at third sector organisations. Following the introduction of the Public Services (Social Value) Act 2012 in England and Wales, which became law on 8th March 2012 and came into effect on 31st January 2013, consideration should be given to how social value could be addressed within the procurement of public services in NI.

6. Provide training in measuring social and environmental impact. Our research found that the majority of third sector organisations did not measure their social or environmental impact. Third sector organisations should work with the Building Change Trust to develop an Inspiring Impact programme in Northern Ireland.

7. Establish a “Supporting Growth” pilot programme. DSD should establish a pilot programme to identify and target C&V organisations with the potential to transition to social enterprises. This pilot programme should include a needs assessment, organisational review and skills assessment to discover if the organisation has the capacity and capability to become a social enterprise.

Awareness and promotion

The importance of awareness building within the third sector and the promotion of the third sector were explored. The following recommendations should be considered.

8. Continue to promote the social enterprise agenda to the public and private sectors. The joint Government/Voluntary & Community Sector Forum exists to provide the opportunity for third sector organisations to discuss and develop new policy initiatives and should be used to promote the third sector.

9. Establish partnerships with schools and universities. Working with schools and universities can provide creative thinking and new sources of intellectual capital for social enterprises. The third sector representative bodies should encourage organisations to create partnerships with schools and universities to benefit from their creative thinking.

10. Develop the third sector database. It is vital that an accurate database of third sector organisations is developed and maintained so that future research can draw on accurate information.

1. Introduction and context

Introduction

This report examines the size of the third sector in Northern Ireland and its contribution to the Northern Ireland economy. It also explores the potential for social enterprises to grow and the potential for C&V organisations to become social enterprises.

In general terms the third sector comprises a range of services and activity which stand outside, but not apart from, the traditional groupings of the public and private sectors. There are a number of definitions of the third sector. The National Audit Office describes the third sector as:

*“A range of institutions which occupy the space between the state and the private sector. These include small community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and cooperatives”.*⁶

The Office for the Third Sector⁷, established in 2006, defines third sector organisations as:

*“Non-governmental organisations that are value driven and which principally invest their surpluses to further social, environmental and cultural objectives”.*⁸

While within the private and public sectors we can point to differences in activity, scale and capacity, their respective roles are much more clearly identified and understood. By contrast, the third sector is much more diverse, is more rooted in the community and the delivery of services is more driven by social benefit. Consequently the type and scale of organisations differ significantly, ranging from small grant funded community groups and groups of volunteers to sophisticated large scale social enterprises operating and trading as successful not-for-profit businesses, and which use trading surplus to reinvest in the community or to reinvest directly into the enterprise.

The most direct distinction between the public and private sectors and the third sector is the means by which it is funded. It does not have direct access to exchequer funding, nor do the many organisations within the sector who trade, do so for profit. Therefore, the ongoing struggle to maintain funding streams in order to deliver community services is for many smaller third sector organisations the defining feature of their existence.

⁶ Hopkins, L (2010) *Mapping the third sector: A context for social leadership*. A Report Prepared for Clore Social Leadership Programme. Available from: [http://www.theworkfoundation.com/Assets/Docs/Mapping the Third Sector.pdf](http://www.theworkfoundation.com/Assets/Docs/Mapping%20the%20Third%20Sector.pdf) [Accessed on 9 January 2013]

⁷ As part of the Cabinet Office the Office of the third sector (OTS) leads work across government to support the environment for a thriving third sector (voluntary and community groups, social enterprises, charities, cooperatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities.

⁸http://www.cabinetoffice.gov.uk/third_sector.aspx. This definition assumes these organisations have an operating surplus. 50 per cent of organisations surveyed in the NSTSO reinvested their surpluses into their social objectives. 40 per cent did not make a profit (NSTSO, 2008).

Yet it is recognised that the third sector plays an important part in developing the cohesion and fabric of communities, especially at the front line interface where need is identified and gaps in public sector provision exist. Organisations within the third sector can be highly supportive and may be marked by a more innovative and ‘can do’ approach to problem solving than the public sector. It is also recognised that while innovation and a ‘can do’ approach is commendable there are issues of capacity and capability particularly among smaller organisations, which reduce confidence in service commissioners. There is also some concern that such a diverse sector may lead to duplication in service offerings. Therefore, in a time of austerity, where funding will continue to be a dominating issue, there is an important debate on the future roles, scale and sustainable growth within the sector. While we use the title ‘third sector’ throughout this report, we recognise the scale of activity and diversity of the organisations, variously described as social enterprise or C&V organisations collected under that title.

The third sector plays an important role in Northern Ireland in economic, social and environmental terms, providing direct employment and assistance in economic development to many local communities. It connects with and works in all parts of the community, particularly in those areas that cannot be easily reached by public and private sector organisations. It also provides the opportunity for local people to make a difference in their communities by volunteering within third sector organisations. In addition, many third sector organisations are focused on providing environmental services, and the sector overall is considered to be an example of good environmental practice.

The contribution of the third sector to the Northern Ireland economy is measured and reported by NICVA (2012)⁹. The NICVA (2012) research may assist policy makers in making decisions at the third sector level. It examines the potential for the third sector to grow and looks at the barriers that will need to be overcome to facilitate any expansion. However, the NICVA research does not distinguish between social enterprises and C&V organisations, which this report does.

There have been suggestions that the third sector could grow to replace the contraction in public services in the coming years. The public sector in Northern Ireland is likely to change in the coming years, due to a decrease in funding in real terms. Therefore, it will no longer be able to provide the range of services that it currently does. This will create an opportunity for the third sector to expand and provide more of these services. The question is will the third sector have the capacity and capability to grow and increase the number and type of services that it provides in Northern Ireland? This research attempts to answer this question. It also provides policy makers with more information to allow them to make informed decisions based on the best available evidence.

An important part of the research is to highlight the areas where third sector organisations require support and to share lessons between organisations. This is particularly helpful for organisations at different stages in their development. In addition, it should be recognised that not all third sector organisations will be willing or able to grow, due to the nature and purpose of the organisation. However, those organisations that do wish to expand would assert that it is right that steps are taken to support them towards this goal.

⁹ NICVA (2012) *State of the Sector VI*. Northern Ireland Council for Voluntary Action, Belfast.

This chapter provides the overall context for the report. It has three sections which are outlined below:

- Terms of reference.
- Methodology.
- Outline of this report.

Each of these is explored in more detail in the subsequent sections.

Terms of reference

In May 2012 DETI and DSD appointed PricewaterhouseCoopers LLP (PwC) to conduct research into the size and scale of the Northern Ireland Social Enterprise Economy, and the C&V sector. The terms of reference for the research set out the following specific objectives:

1. Undertake a mapping exercise of third sector activity across Northern Ireland to measure the size and scale of social enterprises and the C&V sector.
2. Assess the contribution of the third sector to the Northern Ireland economy, distinguishing between social enterprises and C&V organisations in terms of its unique value in relation to economic, social and environmental impact.
3. Assess the potential of C&V organisations to grow into social enterprises, and the potential of social enterprises to grow into larger, more established social enterprises with export potential.

This report addresses each of these objectives.

Methodology

The research rests on two pillars which provided complementary quantitative and qualitative data:

- An online survey of third sector organisations in Northern Ireland.
- Workshops with stakeholders in the social enterprise and community and voluntary (C&V) sector in Northern Ireland.

The survey design was based on similar research conducted with the third sector in the rest of the UK. Particular emphasis was placed on the mapping exercise of social enterprise activity in Wales, conducted by Government Social Research in Wales (2009). In addition, research conducted by Social Enterprise UK (2011), NICVA (2012) and IFF Research Ltd was used to contextualise the results of the survey. The stakeholder workshops were conducted in four locations across Northern Ireland (Belfast, Newry, Derry/ Londonderry and Omagh). Two workshops were conducted with social enterprises, one with C&V organisations and the final workshop had a mix of both C&V and social enterprises. The workshops focused on the organisations' current position, their potential for growth, barriers/ enablers to growth and support.

There were three main challenges in the methodology used to deliver this project:

-
- The development of the third sector database.
 - The survey method.
 - The analysis framework.

The development of the third sector database

There is no one complete registry of third sector organisations in Northern Ireland unlike in the rest of the UK, where the Charity Commission holds complete records of approximately 162,915 organisations. The Charity Commission has been tasked with compiling a similar database for Northern Ireland. This work is planned to begin in autumn 2013. It will take approximately two years to complete this registration process and to test that all bodies meet the public benefit requirements. This will create an online register of all charities in NI.

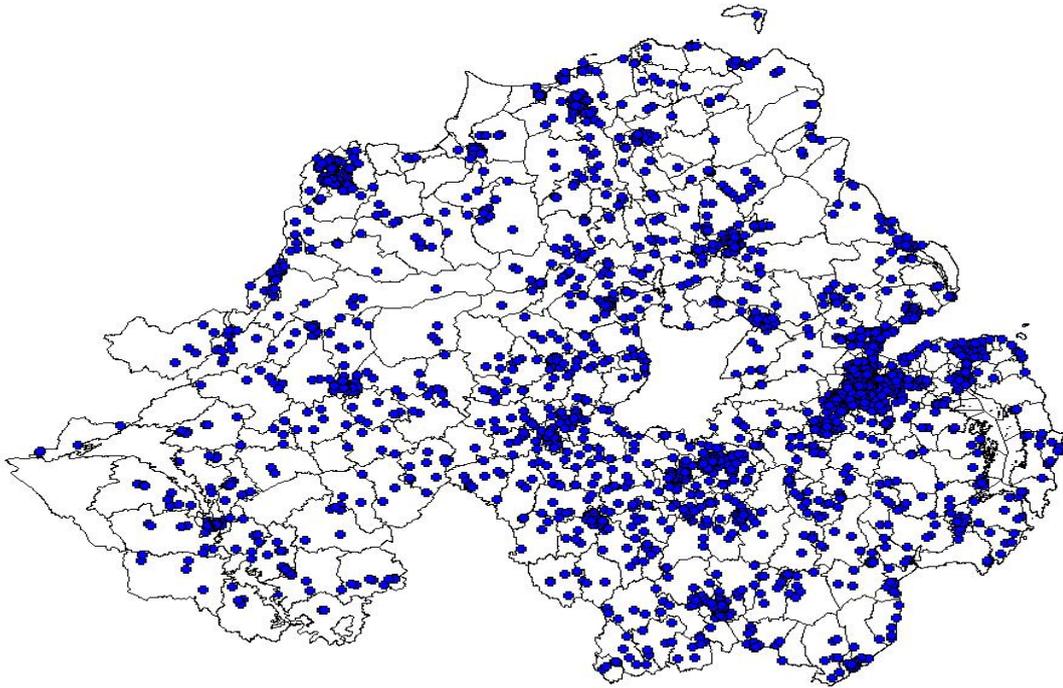
To address the lack of one consolidated database for the third sector, three existing third sector databases were combined to create a new unique database for third sector organisations in Northern Ireland. It contains 3,821 organisations of which 3,348 are C&V organisations and 473 are social enterprises. The approach taken to create the database is summarised and reported in Appendix A.

Databases were received from DETI/DSD (approximately 3,700 entries), Social Economy Network (200 entries) and the Social Entrepreneurship Programme (300 entries). These databases were merged and duplicate entries removed.

These entries were coded based on analysis of both the “nature” and “purpose” fields and grouped into the two broad categories – “Community and Voluntary” and “Social Enterprise.”

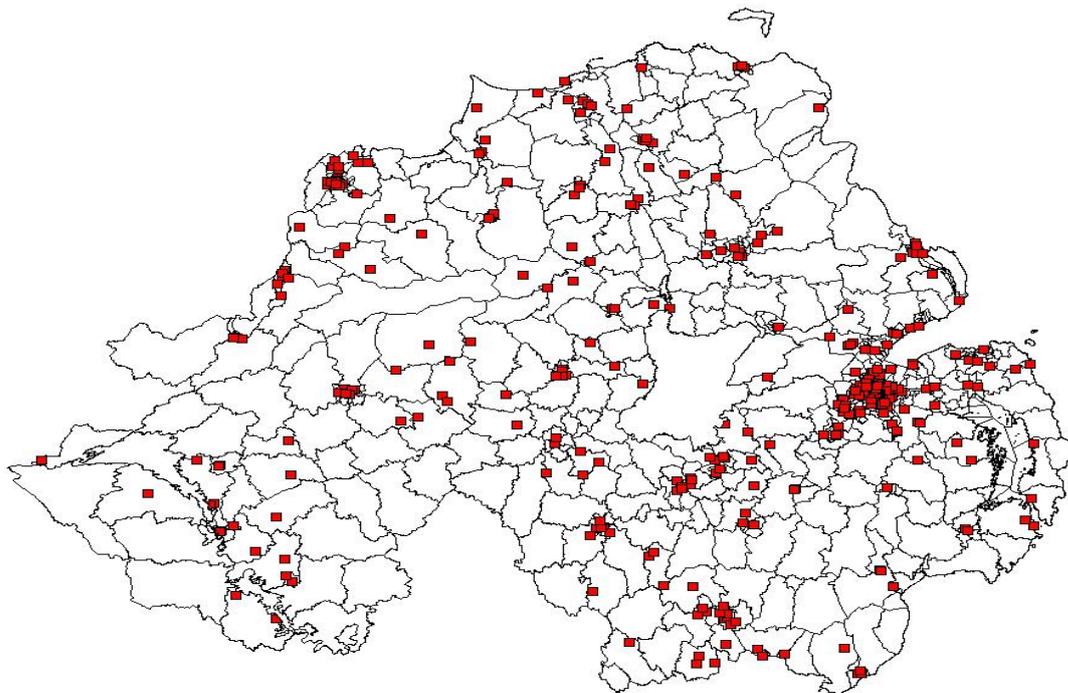
Figure 1 and Figure 2 map out the location of the 3,348 C&V organisations and the 473 social enterprises which make up the new database.

Figure 1: Location of C&V organisations in Northern Ireland



Source: PwC database
n = 3,348

Figure 2: Location of social enterprises in Northern Ireland



Source: PwC database
n = 473

Comparison with other databases

In Northern Ireland the NICVA database contains 4,834 organisations (NICVA 2012), which is used to conduct the regular *State of the Sector* report. It is worth noting that the number of organisations held on the NICVA database has decreased over time. Consultations with NICVA suggest that the total number of active organisations on the database could be lower than reported in their latest report. An exact figure is unknown, because not all organisations that cease to operate provide NICVA with an update of their status and NICVA is no longer able to actively maintain this database.

By implication it is probable that the total number of organisations recorded in the database used in this research slightly under-represents the sector, but until a complete census of the third sector is available there is no definitive way of knowing.

Survey method

Sampling

An online survey approach was agreed with DETI and DSD. Because the exact profile of third sector organisations in Northern Ireland is unknown, it was not possible to use quotas to get a representative sample of the population. To overcome this issue, the profile of the sector, as reported in NICVA (2012), is assumed to be 'representative' of the third sector and has been used to scale up the results of the survey to represent Northern Ireland. This is discussed in more detail in section 3 of this chapter.

Response rates

An extensive exercise was undertaken by a wide range of organisations to increase the response rate for the survey. Survey fatigue was noted by a number of these bodies as there have been numerous surveys conducted across the sector in recent years. The steps taken to increase the response rate are reported in Appendix B.

Survey design

The survey was designed to answer the three key research questions outlined in the terms of reference, reported earlier in this chapter. The survey questions were based on existing surveys of the third and social enterprise sectors in Northern Ireland and across the rest of the UK. This approach was used so that comparisons of the scale and size of the sector could be made across the UK. We drew on social enterprise sector experts in Northern Ireland and GB to ensure that the language used in the survey and its design were appropriate for the sector. The survey is provided in Appendix C.

Statistical reliability

We received 511 completed survey responses. Of these, 358 completed responses were from the C&V sector and 153 were from the social enterprise sector. The size of the survey allowed robust analysis for both the C&V and social enterprise organisations. The number of survey responses also allowed for sub-group analysis between C&V organisations and social enterprises. Because the profile of the sector is not definitively known, we do not know if we have received a representative sample of responses. However, the large number of responses gave us confidence that we can draw conclusions on the key messages for C&V organisations and social enterprises. However, caution should be taken when comparing the results of the sub groups within C&V organisations and

social enterprises because the sub groups can contain a relatively low number of respondents (less than 30) for some questions, due to non responses.

Framework of analysis

The framework of analysis for this report is outlined below. There are three elements to the analysis (where comparable information is available).

- The results of the survey are used to examine the profile and characteristics of organisations in the third sector.
- The profile of the sector as described in this research is compared and contrasted with published information on the third sector and the available business statistics for Northern Ireland.
- It has also been compared and contrasted with the available information for the third sector in GB. This information primarily relates to the social enterprise sector in GB, but where information is available for the third sector as a whole it has also been used.

The outline of this report

The remainder of this report is structured as follows:

- **Chapter 2** presents the findings of the research related to the profile, including size and scope, of the third sector in Northern Ireland.
- **Chapter 3** assesses the contribution of the third sector to the Northern Ireland economy.
- **Chapter 4** assesses the potential of social enterprises to grow into large, more established enterprises with export potential.
- **Chapter 5** assesses the potential of C&V organisations to grow into social enterprises.
- **Chapter 6** puts forward a set of recommendations designed to enable the third sector to grow.

Appendices

- **Appendix A:** Database development
- **Appendix B:** Steps taken to increase the response rate
- **Appendix C:** The survey
- **Appendix D:** Top line quantitative findings not included in the report
- **Appendix E:** Approach to estimating the size of the sector

2. The profile of the third sector in Northern Ireland

Introduction

This chapter examines the profile of the third sector in Northern Ireland in terms of its size, scope and nature, drawing upon the findings from our survey. The data is compared and contrasted with similar research relative to Northern Ireland carried out by NICVA (2012). Comparisons are also made with the Northern Ireland business population as a whole. Where possible, research for Northern Ireland is contrasted with research for the third sector across the rest of the UK. The chapter is structured as follows:

- The size of the third sector.
- The scope of the third sector.
- The nature of the third sector.

The size of the third sector

The size of the third sector is discussed around the following headings:

- Headline statistics.
- The number of third sector organisations.
- The annual turnover of third sector organisations¹⁰.
- Size distribution of third sector organisations in comparative terms.

Headline statistics

Table 2 provides the number of third sector organisations, and estimates for employment, turnover and number of volunteers. The breakdown between C&V organisations and social enterprises is also provided (both in absolute and percentage terms). More detail on the employment, turnover and volunteer estimates is provided in Chapter 3, where the contribution of the third sector to the Northern Ireland economy is measured.

¹⁰ In this research, to aid ease of understanding and produce consistent findings across many different organisations, the term turnover is used to represent all income sources for third sector organisations. This approach was advised by our third sector experts. This means that comparisons with NI private businesses need to be treated as illustrative rather than definitive due to the fact that it is not possible to make a like for like comparison.

Table 2: The estimated size of the third sector - summary table

	Third sector	C&V organisations	Social enterprises
Number of organisations	3,821	3,348 (88%)	473 (12%)
Number employed	29,784	17,800 (60%)	12,200 (40%)
Turnover (£ million)	1,217.7	625.0 (51%)	592.7 (49%)
Number of volunteers	46,674	33,300 (71%)	13,400 (29%)

Source: PwC survey, PwC calculations, NICVA (2012)

Notes: These figures are PwC estimates of the sector. The results are scaled up using the results from the primary research and the sector profiles reported in NICVA (2012) *State of the Sector VI*, Northern Ireland Council for Voluntary Action, Belfast. The number of organisations (3,821) has been compiled from the merger of the three databases as reported on page 15 and in Appendix A. Employment is calculated by scaling up the results of the survey by multiplying the average employment by sizeband by the number of organisations in each sizeband (based on the profile of third sector organisations from NICVA 2012 to allocate the 3,821 organisations in the PwC database to a sizeband for employment). Housing associations are included as a separate item because they are excluded from the NICVA analysis. This is described in Appendix E. Despite using this approach for calculating employment and turnover, the figures for social enterprises will be somewhat distorted due to the presence of two large social enterprise organisations with the upper sizebands. The number of volunteers is calculated by scaling up the results of the survey using the profile of third sector organisations from NICVA. This is described in Appendix E.

The number of third sector organisations

This section examines the total number of third sector organisations in Northern Ireland. It is contrasted with the number of organisations reported in NICVA (2012) and is compared to the total business population.

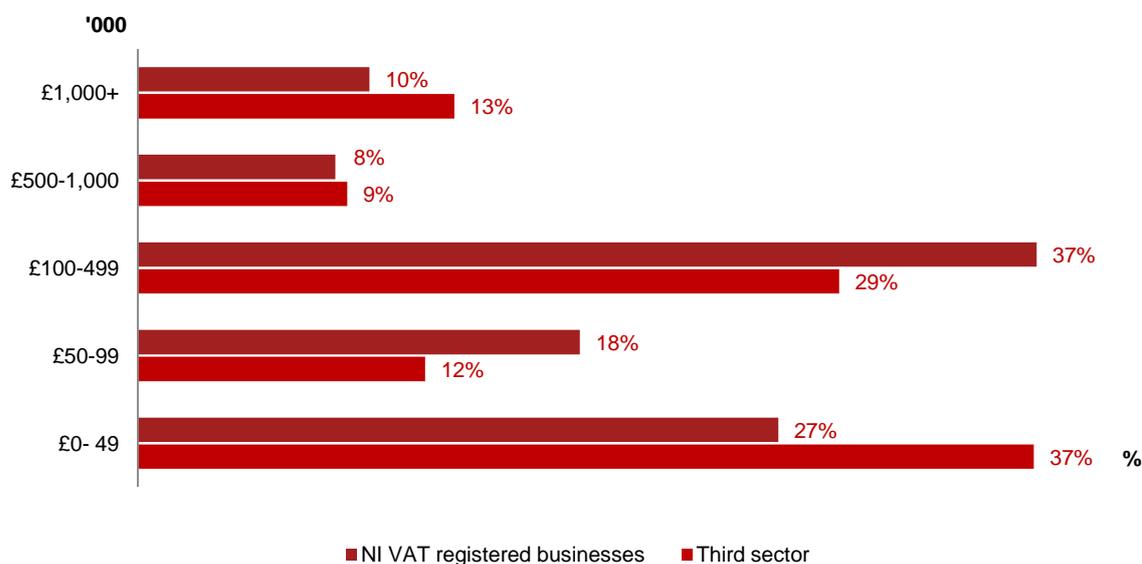
As there is no definitive database of third sector organisations in Northern Ireland, the starting point for this analysis was the consolidation of the three databases provided by DETI and DSD. We estimate that there were 3,821 third sector organisations in Northern Ireland in 2012. 473 were social enterprises and 3,348 were C&V organisations. Our estimate is lower than that in the most recent NICVA *State of the Sector VI* which reported that there were 4,836 C&V organisations in Northern Ireland in 2010. The NICVA number is derived from their survey of 5,234 organisations listed on their C&V database. They had 359 responses to their survey from organisations that were no longer in operation or organisations that were no longer classified as C&V organisations for the purposes of that research. This implies that a total of 4,836 organisations could over-state the size of the sector, because not all extinct organisations will report themselves as such. Therefore, while it could be argued that our research underestimates the size of the third sector in terms of the number of organisations, it does so to a lesser extent than a direct comparison with the NICVA number would suggest.

The Inter-Departmental Business Register (IDBR 2011) reports that there were 69,665 VAT or PAYE registered reporting units in Northern Ireland in March 2010. 3,655 of these units were registered as non-profit making. Assuming that all of these non-profit making can be included within the definition of the third sector, we can say that the third sector makes up at least 5% of total PAYE/VAT reporting units in Northern Ireland, probably more when the profit making third sector (social enterprises) are included.

The annual turnover of third sector organisations

This section of the report provides a breakdown of third sector organisations by annual turnover and compares this to the total business population in Northern Ireland. Comparisons between C&V organisations and social enterprises are also made.

Figure 3: Size of third sector organisations and NI VAT registered businesses (2010/11)¹¹ by turnover (£)



Source: PwC survey, IDBR 2010
n = 495

Figure 3 illustrates the distribution of NI VAT registered businesses¹² and the third sector survey respondent organisations.¹³ There is a significantly higher percentage of third sector organisations in the lowest annual turnover category (less than £50,000). However, there is a higher percentage of VAT registered businesses with turnover between £50,000 and £499,000. Despite there being a higher share of third sector organisations with turnover over £500,000, the overall picture suggests that VAT registered businesses on average have higher annual turnover levels than their third sector equivalents.

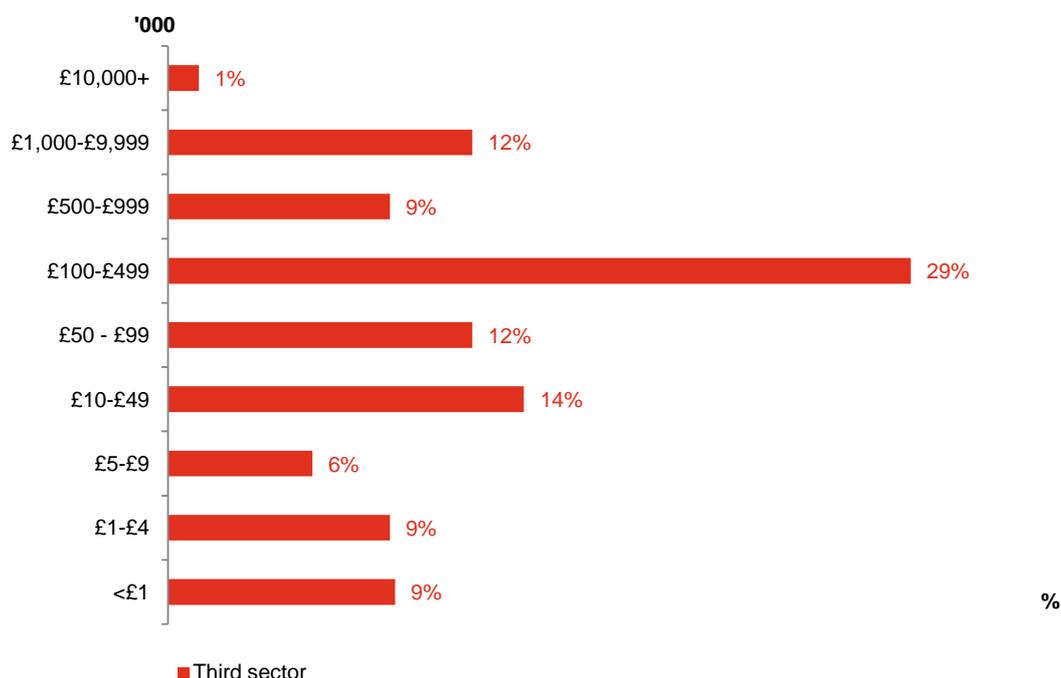
The percentage distribution of third sector organisations is shown in Figure 4. Only 1% of C&V and 2% of social enterprises have levels of annual turnover exceeding £10m. At the same time, 36% of social enterprises and 52% of C&V have a turnover of £99,000 or less. The size class with the strongest representation (32% of social enterprises and 28% of C&V) is £100,000 to £499,000.

¹¹ In the PwC survey the term turnover is used interchangeably with income to make it easier for the organisations to access the information to complete the survey. The IDBR figures use recorded figures for turnover, which are reported for tax purposes. This graph is included for illustrative purposes to show the profile of third sector organisations.

¹² The threshold for VAT registration is £77,000 for trading; a business can voluntarily register for VAT below that amount.

¹³ It is important to note that due to the absence of a census of the third sector, the profile of the third sector is unknown; therefore the results of this survey should not be treated as being representative of the third sector.

Figure 4: Size distribution of the third sector by turnover (£)



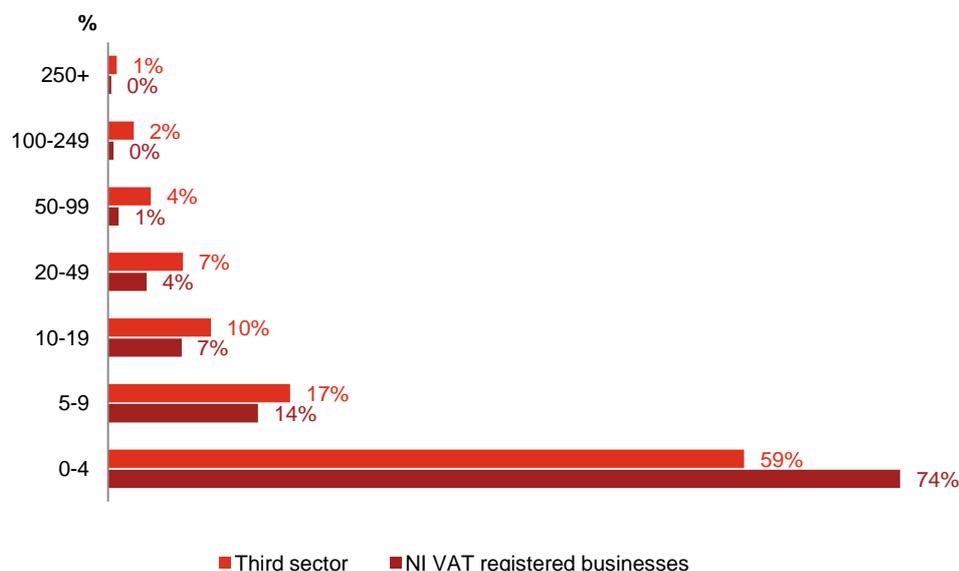
Source: PwC survey
n = 495

Just over one third (37%) of third sector organisations had an annual turnover of less than £49,999 compared to 27% of VAT registered businesses in Northern Ireland. In contrast, 13% of organisations in the third sector had a turnover of over £1 million per annum compared to 10% of VAT registered businesses in Northern Ireland (see Figure 3). This indicates that while there are a large number of very small organisations in the third sector, there are still a significant number of large organisations relative to the sector as a whole.

The size distribution of the third sector in comparative terms

This section compares the size distribution of third sector organisations to VAT registered businesses in Northern Ireland. The percentage of third sector organisations by employment sizebands is quite different to the VAT registered businesses in Northern Ireland on a band by band basis. In particular, there is a significantly smaller share of organisations with less than 5 employees at 59% in the third sector compared to 74% for all Northern Ireland VAT registered businesses. Looking at a more aggregate level, information suggests that the third sector organisations are slightly larger in terms of employees - 93% of third sector organisations have less than 50 employees, compared to approximately 98% for all VAT registered businesses in Northern Ireland (see Figure 5).

Figure 5: Size distribution by employment for the third sector and NI VAT registered businesses (2010/11)



Source: PwC survey

n = 501

Table 3 shows that the size distribution of third sector organisations in the PwC survey is slightly less skewed towards the smallest organisations (i.e. those employing ten or less) compared to the results of NICVA's (2012) survey.

Table 3: Size distribution of the third sector by employment

Employee Band ¹⁴	NICVA 2012 (%)	PwC (%)
1-10	76	68
11-20	13	12
21+	11	19

Source: NICVA (2012), PwC survey

n = 501

The figures do not add up to 100% due to rounding

When a comparison is made with the Northern Ireland private sector as a whole, through the Inter-Department Business Register (IDBR) in Table 4, the PwC survey suggests that on average organisations in the third sector are larger than in the private sector.

¹⁴Assumes that organisations with zero employees are excluded for both set of figures.

Table 4: Size distribution of the third sector by employment

Employee Band ¹⁵	PwC	IDBR 2010
0-9	76%	88%
10-19	10%	7%
20+	14%	5%

Source: PwC survey, IDBR 2010

n = 501

A further comparison can be made in terms of the size distribution in the UK as a whole. This is illustrated in Table 5.

Table 5 presents figures reported in Hopkins (2010)¹⁶ and the PwC survey. It shows there are fewer organisations in the UK voluntary sector, which have over 250 employees, compared to the private and public sectors. The figures also show that on average, third sector organisations in the rest of the UK are larger than those in Northern Ireland. For example only 31% of organisations in the wider UK C&V sector have between one and ten employees, compared to 69% in the third sector in Northern Ireland. The Work Foundation (2010) survey reports figures from the NCVO Almanac 2009¹⁷.

Table 5: Size distribution of the third sector in the UK and NI by employment

Employee Band	UK Voluntary sector	PwC
1-10	31%	69%
11-19	12%	11%
20-24	5%	2%
Don't know but under 25	2%	n/a
25-49	19%	9%
50-249	21%	8%
250-499	4%	1%
Don't know but between 50 and 499	2%	n/a
500 or more	4%	0%

Sources: Hopkins (2010), PwC Survey

n = 501

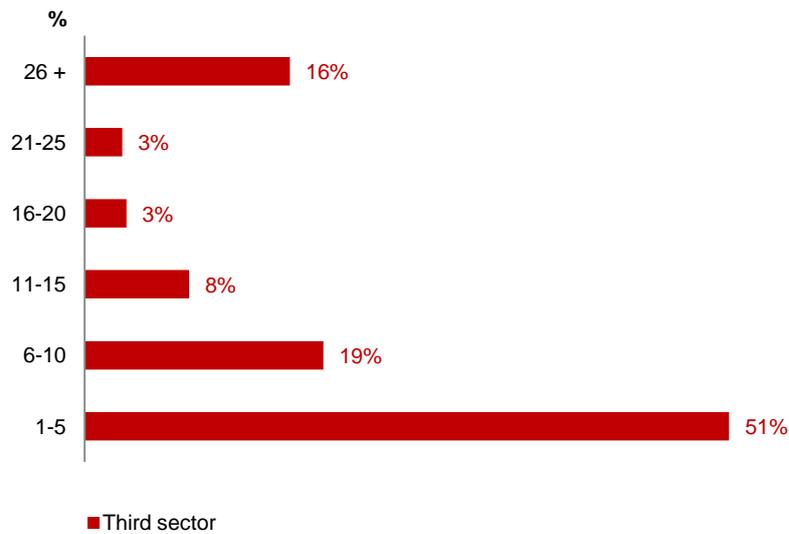
Figure 6 shows the size distribution of employment for the third sector. It can be seen that approximately a half (51%) of third sector organisations employ between one and five Full Time Equivalents (FTEs). Around a fifth (19%) employ between six and ten FTEs. 14% of third sector organisations employ between 11 and 25 FTEs, while the remainder (16%) employ more than 26 FTEs.

¹⁵ Assumes that organisations with zero employees are included for both sets of figures.

¹⁶ Hopkins, L (2010) *Mapping the third sector: A context for social leadership*. A Report Prepared for Clore Social Leadership Programme.

¹⁷ For a comprehensive assessment and list of third sector data sources, refer to the NCVO Almanac. Latest edition 2009. Available from www.ncvo-vol.org.uk

Figure 6: Size distribution of third sector organisations by employment¹⁸



Source: PwC survey
n = 501

The scope of the third sector

This section examines the scope of third sector organisations. It considers:

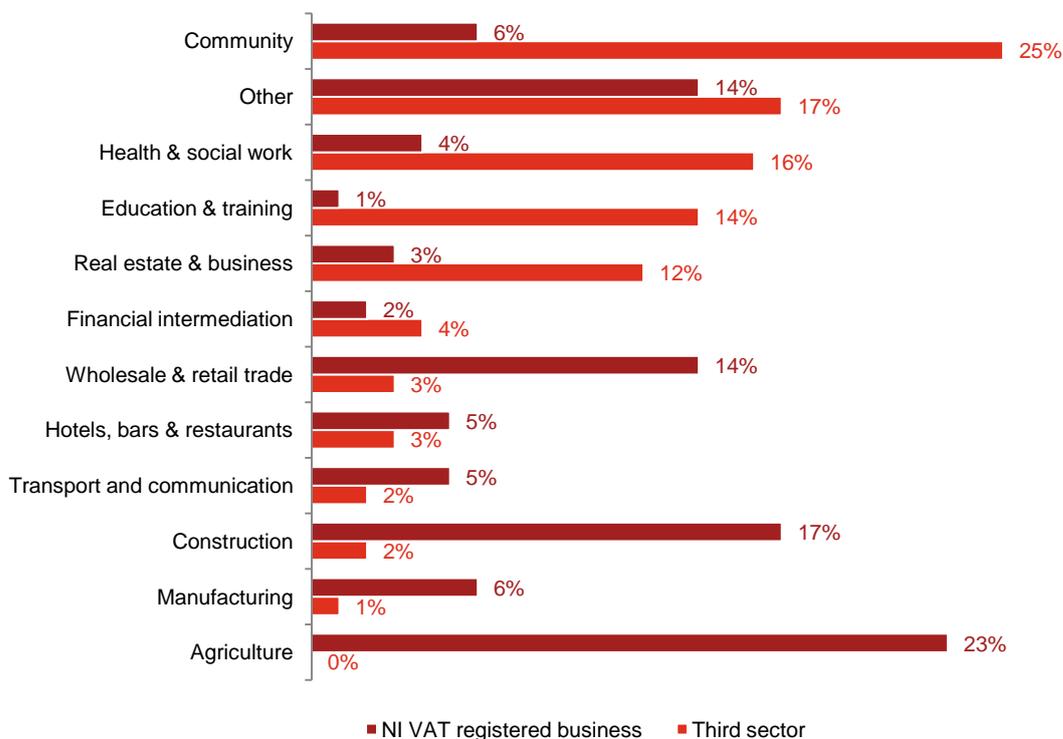
- sectoral composition
- geographical profile
- location of trade
- characteristics of organisations trading outside Northern Ireland.

Sectoral composition

This section compares the percentage distribution of third sector organisations to VAT registered businesses in Northern Ireland. It also compares the distribution of social enterprises and C&V organisations by sector. Figure 7 illustrates the main areas in which third sector organisations operate in Northern Ireland. As expected there are some significant differences between the sectors that third sector organisations operate in compared to VAT registered businesses.

¹⁸ It is important to note that due to the absence of a census of the third sector, the profile of the third sector is unknown; therefore the results of this survey should not be treated as being representative of the third sector.

Figure 7: Sectors in which third sector organisations and NI VAT registered businesses operate (2010/11)



Source: PwC survey, IDBR 2011

n = 241

The figures do not add up to 100% due to rounding.

Organisations working in the community/social/personal service sub sector constitute 25% of the third sector compared to 6% of Northern Ireland businesses. Education and training make up 14% of third sector organisations compared to 1% of Northern Ireland businesses.

Health and social work organisations¹⁹ make up 16% of third sector organisations compared to 4% of all Northern Ireland businesses. The real estate sector constitutes 12% of the third sector compared to 3% of all Northern Ireland businesses. This can be explained by the important role that the third sector plays in terms of providing social housing and other accommodation services.

Not surprisingly the third sector has significantly fewer organisations involved in agriculture (less than 1% compared to 23%), construction (2% compared to 17%) and wholesale and retail (3% compared to 14%) compared to all Northern Ireland businesses.

¹⁹ This includes child care and care for people with disabilities, etc

Geographical profile

This section compares the geographical distribution of the social enterprises with C&V organisations.. Table 6 shows the location of third sector organisations in Northern Ireland in comparison to all Northern Ireland VAT registered businesses. Our results suggest that there are more than twice as many third sector organisations in Belfast compared to the overall business population. There is also a greater share of third sector organisations in Derry/Londonderry. In Antrim, Fermanagh and Tyrone the share of third sector organisations is lower than for the business population as a whole. In Down there is a large difference with only 13% of third sector organisations located in that county compared to 21% of all VAT registered businesses.

Table 6: Location of third sector organisations in Northern Ireland

	Total third sector	All Northern Ireland Businesses
Antrim	19%	23%
Armagh	9%	9%
Belfast ²⁰	29%	12%
Derry/Londonderry	16%	13%
Down	13%	21%
Fermanagh	4%	6%
Tyrone	10%	16%

Source: PwC survey and IDBR (2010)

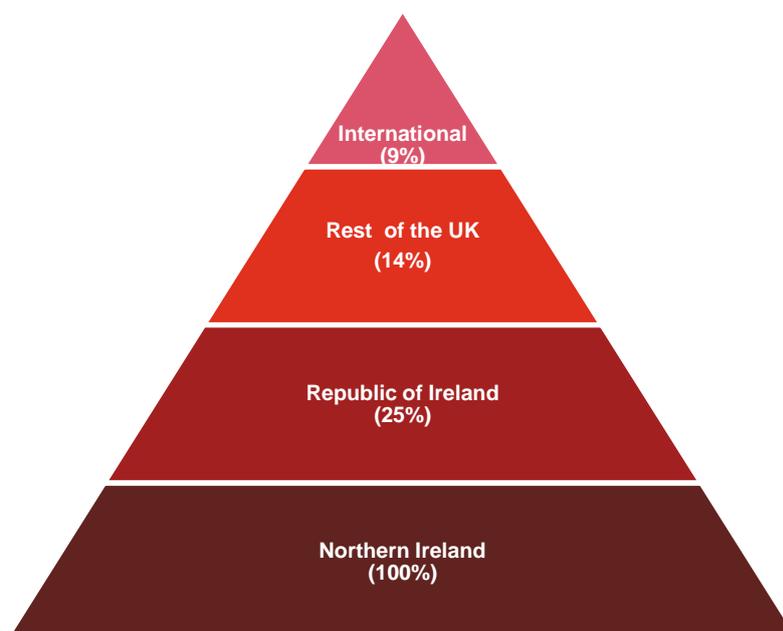
n = 511

Location of trade

All of the third sector organisations trade within Northern Ireland, as would be expected. Less than a quarter trade within the Republic of Ireland, the rest of the UK, or in other international markets.

²⁰ Belfast has been separated from the other counties due to the volume of third sector organisations based in Belfast.

Figure 8 : Sectors in which third sector organisations trade²¹



Source: PwC survey

n = 241

This was a multiple choice question therefore the figures do not add up to 100%.

Characteristics of organisations trading outside of Northern Ireland

Those organisations that trade outside Northern Ireland share some common characteristics, including:

- The main sectors in which the organisations operate are community; education and training; health and social work; real estate; renting and business; and creative industries/media.
- Around two thirds (68%) of organisations had a turnover of more than £100,000, while 27% recorded turnover of between £10,001 and £100,000.
- Over half (57%) recorded a profit/surplus in 2010-2011.
- 56% of organisations have commenced trading since the year 2000, and nearly two fifths (39%) have commenced trading since 2005.
- More than three fifths (64%) of organisations have between 1-10 full-time employees, while only 14% have more than 50 employees.

²¹ Organisations could select multiple categories and the figures presented will therefore not add up to 100%.

Case study - Emerging Social Enterprise

Who are you and what do you do?

We are an emerging social enterprise. We have been providing database and software solutions for third sector organisations for just under six years. Our core aim is to modernise the C&V sector by introducing affordable and accessible database solutions.

What support have you received?

We started with support from Invest NI who helped us to develop a business plan. We also had the help and support of social enterprise partners in England and Scotland, which has resulted in us developing a strong export profile. ***Almost 70% of our income comes from the rest of the UK.***

What is the secret of your success?

The secret has been collaboration with other social enterprises in Scotland and England. This has helped us to generate profits which we have re-invested in the business as working capital.

How have you survived the economic downturn?

We have collaborated more with similar service providers in Great Britain (GB). We have benefited because customers in GB are more willing to buy products from social enterprises.

How do you plan to grow your business?

We have just completed a five year business plan, and we are working with eight partner organisations who sell our software for us. We hope to merge with other organisations and bring in private sector expertise so that we can try to get involved in public sector contracts.

What would make your life easier?

Public procurement causes a headache for us because we are a small micro-organisation which means that there is a limit to the value of public sector contracts which we can tender for. There needs to be a change in policy to give social enterprises a better chance at winning government projects.

Any final words of wisdom?

Support can be difficult to find – look for support from other social enterprises.

The nature of the third sector

The nature of the third sector is analysed in terms of:

- the purpose of third sector organisations
- legal status of organisations
- age (years in operation and when trading activities commenced).

The purpose of third sector organisations

Organisations in the third sector very often have a number of purposes and they cover a broad spectrum of activities. Our analysis has captured the main purpose of these organisations as well as the secondary/‘other’ purposes. This section of the report compares the main and ‘other’ purposes of C&V organisations to social enterprises in Northern Ireland.

Main purpose

Community development is the largest single purpose of third sector organisations. Education and training and cultural activities were also important. The breakdown of primary purposes is detailed in Table 7.

Table 7: Main primary purposes of third sector organisations

	% of third sector organisations
Other	23%
Community development	21%
Education/training	8%
Cultural	7%
Advice/advocacy/information	7%
Sport/recreation	7%
Arts	5%
Youth work/development	4%
Childcare/day care/playgroup/after schools	4%
Healthcare	4%
Accommodation/housing/homeless	3%
Environment/sustainable development	3%
Disability	3%
Counseling/support	2%
Cross-border/cross-community	1%
International development	0%

Source: PwC survey

n = 510

In this research the primary purpose of the organisation can be different from the sector the organisation is classified in, which can lead to some differences in the percentages reported in Figure 7 and Table 7. The figures do not add up to 100% due to rounding.

It is noteworthy that a large number of responses were ‘other’. This category contained purposes such as financial services and a mix of development activities (including economic and business development).

Secondary purposes

In addition to the main purpose of the organisation, the organisations were to select the secondary purposes for their organisation. The selected secondary’ purposes are outlined in Table 8.

Table 8: Secondary purposes of third sector organisations

	% of third sector organisations
Education/training	52%
Community development	45%
Advice/advocacy/information	40%
Youth work/development	34%
Cross-border/cross-community	33%
Cultural	32%
Sport/recreation	23%
Healthcare	21%
Other	19%
Arts	18%
Disability	16%
Counseling/support	15%
Environment/sustainable development	15%
Childcare/day care/playgroup/after schools	11%
Accommodation/housing/homeless	7%
International development	5%

Source: PwC survey

n = 483

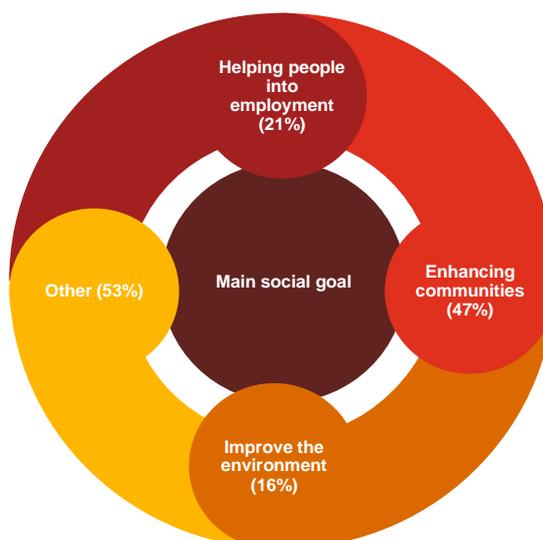
In this research organisations can have more than one secondary purpose therefore the figures do not add to 100%.

Education and training was the largest secondary purpose, followed by community development and advice/advocacy and information services. Overall the responses were broadly similar between C&V organisations and social enterprises. Arts, cultural and sport/recreation were a few of the areas where there was some difference between C&Vs and social enterprise.

Main goal of organisations

The three main goals for third sector organisations are enhancing communities, helping people into employment and improving the environment. Other goals can be broken down into the following categories - cultural developments (particularly the arts and music), health and social care, education, and business development (see Figure 9).

Figure 9: Main goals for third sector organisations



Source: PwC survey

n = 510

This was a multiple choice question therefore the figures do not add up to 100%.

Legal status of organisations

The legal structures of third sector organisations are different to VAT registered businesses, which reflects the different nature and purposes of these organisations. Like for like comparisons are difficult to make, but there are a number of characteristics that are worth commenting on:

- Over 48% of Northern Ireland businesses are registered as sole traders, with less than 1% operating under this structure in the third sector.
- Over 50% of third sector organisations are registered as a company. Of these, almost 44% are companies limited by guarantee, with 4% community interest companies and almost 3% companies limited by shares. The figure for all businesses in Northern Ireland is much lower at 27%.

Examining the breakdown between social enterprises and C&V organisations also gives some significant differences:

- The majority of social enterprises are structured as companies limited by guarantee (59%) compared to 37% of C&V organisations. 11% of C&V organisations are unincorporated associations compared to 4% of social enterprises. 25% of C&Vs are charitable organisations compared to 11% of social enterprises.

These figures indicate a difference in how organisations in the third sector are set up which reflects the different emphasis they have in terms of how they go about achieving their objectives and the level of commercialisation that is required to meet these objectives.

Age (years in operation and when trading activities commenced)

This section compares the number of years that C&V organisations and social enterprises have been in operation. In terms of years in operation, there is little difference between C&V organisations and social enterprises. According to the distribution by year of establishment, the largest number of organisations have

been in operation since before 1980. Between 1995 and 1999 there was the largest increase in new organisations in the C&V sector. The figures for 2010 to the present can be interpreted in a number of ways. It shows that there is still the appetite for new third sector organisations to be set up, which is encouraging given the difficult economic conditions. It could be argued that the increase could be a direct result of the more difficult economic conditions. There could be some under representation of new organisations, depending on the time it takes for them to be registered on one of the DETI databases.

Prior to 1980 and up to 1999 there is a clear trend that social enterprises were leading the way in terms of trading activities as one would expect given their different operating model. However, since 2000 more than 58% of C&V organisations have started to use commercial activities as a source of income. This could reflect a more commercial approach within these organisations as the market for grant/non trading income has become more competitive.

If we compare the year in which third sector organisations commenced operations against the year in which those organisations actually commenced trading activities we can see the following:

- Just over 50% of organisations commenced trading activities in the same year in which they began operating.
- 17% of organisations began trading between one and two years after they were established.
- One in ten organisations commenced trading activities more than 10 years after they commenced operations.

However, this comparison is somewhat limited by the fact that any third sector organisation who either commenced operations or trading activities prior to 1980 are categorised as ‘before 1980’ in the survey. Unfortunately, this means these findings have to discount such organisations from the above comparison.

Summary

This chapter has examined the size, scope and nature of the third sector in Northern Ireland. It has analysed the differences between the third sector and VAT registered businesses in Northern Ireland. The key findings are outlined below in three summary headings.

Size

- We found that there were 3,821 third sector organisations in Northern Ireland in 2012 of which 473 were social enterprises and 3,348 were C&V organisations. On average, third sector organisations in the rest of the UK are larger than those in Northern Ireland, for example, only 31% of organisations in the wider UK C&V sector have between one and ten employees compared to 68% in the third sector in Northern Ireland. A total 93% of third sector organisations have less than 50 employees.
- Approximately 30,000 people are employed in the third sector in Northern Ireland. The turnover of the third sector was almost £1.2 billion in 2010/11, with 51% of turnover coming from C&V organisations and the remaining 49% from social enterprises.

Scope

- Organisations working in the community/social/personal service sub sector constitute 25% of the third sector compared to 6% in the Northern Ireland economy as a whole. Education and training make up 14% of third sector organisations compared to 1% of Northern Ireland businesses. Health and social work organisations make up 16% of third sector organisations compared to 4% of all Northern Ireland businesses.
- In terms of sectoral distribution our research indicates minimal or very little representation of third sector organisations in such sectors as manufacturing, construction and agriculture. There is, however, a relatively strong representation in community and health and social care.
- Our results suggest that there are more than twice as many third sector organisations in Belfast compared to the overall business population. There is also a greater share of third sector organisations in Derry/Londonderry.
- All third sector organisations trade within Northern Ireland. Less than one quarter of organisations trade with the Republic of Ireland, the rest of the UK, or in other international markets.

Nature

- Community development is the largest single purpose of third sector organisations (21%). Education and training was the largest secondary purpose, followed by community development and advice/advocacy and information services. Overall the responses were broadly similar between C&V organisations and social enterprises.
- There are three main goals for third sector organisations which are, enhancing communities, helping people into employment and improving the environment. Approximately one in five organisations were defined as charities and about half were registered companies (the latter share being a much larger one than for Northern Ireland VAT registered organisations as a whole).
- In terms of years in operation there is little difference between C&V organisations and social enterprises. According to the distribution by year of establishment, the largest number of organisations have been in operation since before 1980. Since 2000, more than 58% of C&V organisations have started to use commercial activities as a source of income. This could reflect a more commercial approach within these organisations as the market for grant/non-trading income has become more competitive.

3. *The contribution of the third sector to the economy*

Introduction

This chapter examines the contribution of the third sector to the Northern Ireland economy. It is divided into three main sections as follows:

- The economic impact of the third sector.
- The social impact of the third sector.
- The environmental impact of the third sector.

The economic impact of the third sector

Only 11% of survey respondents were able to answer the question asked within the survey as to their economic impact. This suggests an inability within the third sector to recognise and measure such impact. Fortunately, we were able to draw upon the wider survey findings to inform our assessment of the economic impact of the third sector.

We have estimated the size of the third sector in terms of turnover, value added and employment. Each of these areas are explored in the subsequent sections.

We have used these estimates to examine the third sector's contribution to the Northern Ireland business economy by conducting comparative analysis of the Northern Ireland Annual Business Inquiry (NIABI)²². NIABI collects both financial and employment information from businesses and other establishments and covers about two thirds of the economy. This includes the production, construction, distribution and service industries in Northern Ireland but excludes public sector activity, for the most part. The information presented in NIABI is used to represent the business sector in this report.

Turnover

The turnover from businesses and other establishments in Northern Ireland was £60,461 million in 2010 (excluding VAT).²³ Table 9 gives the sector breakdowns for the Northern Ireland businesses. We estimate that the turnover of the third sector in Northern Ireland is £1,218 million. This is approximately 2% of total turnover of the business sector.²⁴

²² DETI (2011), *NI Annual Business Inquiry 2010*, Belfast.

²³ *Ibid* 18

²⁴ We have added our estimated values for turnover to the totals presented in DETI (2011). This could potentially lead to an element of double counting as the turnover and employment figures are included twice, but we did not have enough information to make sector by sector adjustments to the DETI figures. Note the purpose of this analysis is to give an indication of the third sector's contribution, rather

Gross Value Added

An analysis of the NI Annual Business Inquiry results identified that the administrative and support service activities and other sectors were found to have a similar ratio of turnover to employment as the third sector (Table 9). In addition, they carry out activities which are similar to those conducted in the third sector. An average of Gross Value Added (GVA) to turnover ratios was therefore used to provide a ratio of GVA to turnover for the third sector. When the ratios for these sectors were averaged, it gave a ratio of turnover to GVA for the third sector of 47%. This figure was multiplied by the estimated value of turnover for the third sector to give a GVA estimate of £572 million for the third sector in 2010/11, which is approximately 3% of all Northern Ireland businesses. Given that businesses contribute 66% of the value added to the Northern Ireland economy as a whole; our estimates suggest that the third sector contributes approximately 2% of total gross value added.

Employment

Total employment in Northern Ireland businesses was 537,166 jobs in 2010 (DETI 2011). We estimate that total third sector employment was just under 30,000 people, which means that slightly over 5% of employment in the business sector was in third sector organisations. More detailed analysis of turnover and employment is provided in subsequent sections of this report.

Table 9: The third sector as part of the Northern Ireland business sector

Sector	Turnover (£ Million)	GVA at basic prices (£Million)	Employment	Ratio of turnover to employment	Ratio turnover to GVA	Share of NI GVA
Wholesale and retail trade; repair of motor vehicles and motor cycles	22,110	4,785	143,485	154,093	22%	25%
Manufacturing	16,345	4,393	79,081	206,687	27%	23%
Construction	6,524	2,261	49,443	131,950	35%	12%
Others	3,069	1,153	87,835	34,941	38%	6%
Transport and storage	2,741	1,380	27,270	100,513	50%	7%
Administrative and support service activities	1,842	1,031	41,609	44,269	56%	5%
Professional, scientific and technical activities	1,827	1,124	27,632	66,119	62%	6%
Electricity, gas, steam and air, conditioning supply	1,758	380	2,511	700,119	22%	2%
Accommodation and food service activities	1,273	620	45,871	27,752	49%	3%
Third sector	1,218	572	29,784	40,894	47%	3%
Information and communication	1,205	740	16,026	75,190	61%	4%
Real estate activities	882	537	10,180	86,640	61%	3%

than conduct a national accounting exercise to definitively measure such a contribution. When the register of third sector organisations is completed then it should be possible to produce a more accurate estimate.

Sector	Turnover (£ Million)	GVA at basic prices (£Million)	Employment	Ratio of turnover to employment	Ratio turnover to GVA	Share of NI GVA
Water supply, sewerage, waste management and remediation activities	514	146	3,089	166,397	28%	1%
Mining and quarrying	296	80	1,951	151,717	27%	0%
Agriculture, forestry and fishing	77	32	1,182	65,144	42%	0%
Northern Ireland Total (Agriculture, fishing, production, construction, distribution and services)	60,461	18,664	537,166	112,556	31%	100%

Source: NIABI 2010 and PwC calculations

Turnover calculation

In this section we present our calculation of turnover for the third sector and provide analysis of the third sector compared to the other business sectors in Northern Ireland.

We have estimated the total turnover for the third sector in 2010/11 using a combination of our survey results and the profile of organisations by turnover size band from NICVA (2012). We have estimated the number of firms for each turnover size band by multiplying the total number of organisations by the share of organisations in that turnover sizeband as reported by NICVA (2012). The total turnover of each sizeband is calculated by multiplying the median turnover (from the PwC survey) for that turnover sizeband by the number of businesses in the sizeband. The total for each sizeband is summed and it is added to the total turnover for housing associations in Northern Ireland. NICVA has excluded housing associations in their reporting of third sector organisations so we have adjusted our calculations accordingly. We have used a secondary source for the housing association information. Appendix E provides the detailed methodology for this calculation. The total value of turnover is estimated to be approximately £1.22 billion in 2010/11. Table 10 reports the breakdown of organisations based on our research and the associated total turnover for each band.

Table 10: The estimated turnover of the third sector

Turnover sizeband	Total (£million)
<£10,000	2.8
£10,001 - £100,000	56.6
£100,001 - £500,000	186.6
£500,001 - £1,000,000	163.5
£1,000,000+	639.2
Sub total	1,048.6
Housing associations	169.0
Total	1,217.7

Source: PwC calculations

Due to the limitations of existing research,²⁵ the split between C&V organisations and social enterprises can only be interpreted through the survey data. From the survey results 60% of the third sector turnover comes from C&V organisations and 40% comes from social enterprises. These percentages are applied to the total turnover of the third sector, excluding the housing associations which are directly attributed to social enterprise turnover. The turnover of C&V organisations is estimated to be £625.0 million. The turnover of social enterprises is estimated to be £592.7 million.

Turnover by sector

The third sector is the tenth largest business sector in Northern Ireland in terms of turnover. There are three major business sectors in Northern Ireland, wholesale and retail, manufacturing and construction, which together account for almost three quarters of turnover. The third sector is similar in size to the accommodation and food services sector and the information and communications sector in terms of turnover. Figure 10 shows the turnover in Northern Ireland by sector.

Figure 10: The turnover of the Northern Ireland business sector



Source: NIABI 2010 and PwC calculations

Employment calculation

This section of the report examines employment in the third sector. It presents our estimate of employment in the sector and compares this figure with other business sectors and the public and private sectors. Employment

²⁵ The profile of C&V organisations and social enterprise as separate entities is assumed from NICVA (2012) *State of the Sector VI*. Northern Ireland Council for Voluntary Action, Belfast

in C&V organisations and social enterprises is estimated and analysis of employment by full time or part time status and gender is conducted.

Based on survey findings and analysis of other business sectors we estimate total employment in the third sector to be almost 30,000 people based on the median number of employees for organisations in each turnover sizeband. We have followed the same approach used in the calculation of third sector turnover. These figures are reported in Table 11.

Table 11: Estimated employment for the third sector

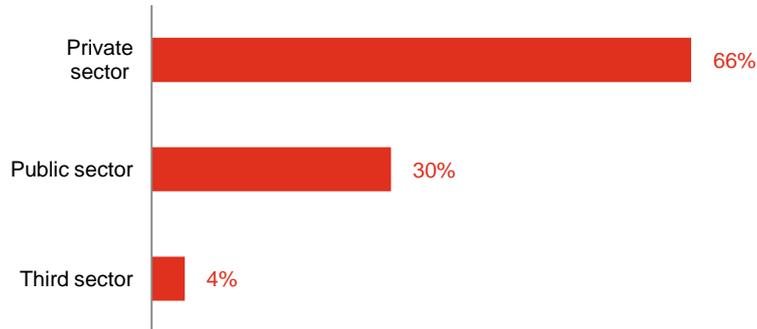
Turnover sizeband	Total employment by sizeband
<£10,000	0
£10,001 - £100,000	1,136
£100,001 - £500,000	4,769
£500,001 - £1,000,000	3,861
£1,000,000+	17,714
Sub-total	27,479
Housing associations	2,305
Total	29,784

Source: PwC calculations

NICVA (2012) reported that there were 27,773 people employed in the third sector. This figure excludes employment in housing associations (2,305) and as such is very close to the estimate produced as a result of our analysis. If we used the simple average (mean) as the metric to represent employment per turnover sizeband we would come up with the much larger figure of 47,800 employees in the third sector. There are significant differences, between the mean and median figures for each sizeband and as a result we prefer to use the more conservative median number, particularly because it produces a total figure that is supported by other sources of information. Figure 11 illustrates the number of employees in the third, public and private sectors in Northern Ireland.²⁶

²⁶ DETI Quarter Employment Survey, Private/Public sector employment June 2011, available from <http://www.detini.gov.uk/deti-stats-index/stats-surveys/stats-qes.htm> [Accessed on 9th January 2013].

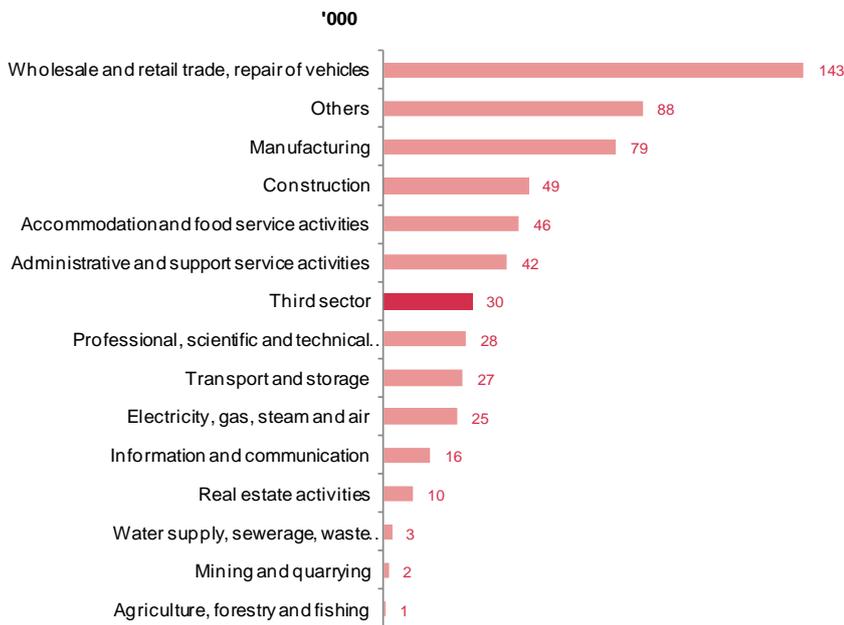
Figure 11: Employment in private, public and third sectors



Source: PwC calculations and DETI Quarterly Employment Survey

Four percent of total employees in Northern Ireland work in the third sector, compared to 30% in public sector and 66% in the private sector. The third sector is the seventh largest in terms of employment in Northern Ireland, as shown in Figure 12 overleaf. Retail and wholesale sectors are the largest in terms of overall employment.

Figure 12: Employment in Northern Ireland business sectors



Source: NIABI (2010), PwC estimate

Third sector profitability

Table 12 provides an indication of the overall level of profit for third sector organisations. The breakdown for social enterprises and C&V organisations is presented in Chapters 4 and 5.

Table 12: Level of profitability of third sector organisations

	Number	%
Less than or equal to £4,999	39	26%
£5,000 - £9,999	23	15%
£10,000 - £19,999	21	14%
£20,000 - £59,999	28	18%
£60,000 - £99,999	10	7%
Greater than or equal to £100,000	32	21%

Source: PwC survey

n = 153

The figures do not add up to 100% due to rounding.

In terms of the characteristics of profitable third sector organisations, they share some common traits, including:

- The main sectors in which organisations who generated a profit/surplus operate are community, education and training, financial intermediation, health and social work, real estate, renting and business.
- Only one organisation that made a profit recorded a turnover of £10,000 or less.
- Only 5% of organisations who generated a profit, commenced trading activities in 2010 or after. However, over two fifths of profit generating organisations commenced trading activities in 2000-2009.
- The majority of profitable organisations employed between 1-20 full-time employees (72%).
- Of those profitable organisations, 27% trade outside of Northern Ireland.
- There is no significant distinction between the beneficiaries of profitable and non-profitable organisations.

The social impact of the third sector

Only 12% of survey respondents were able to provide any details as to their organisation's social impact. This indicates an inability within the third sector to recognise and measure such impact. This section therefore examines the number of volunteers that third sector organisations have helping them on a regular basis. It provides analysis for full-time and part-time volunteers for C&V organisations and social enterprises, as well as calculating the total time and value of the volunteers in the third sector. The beneficiaries of the services provided by the third sector organisations are also examined.

The total number of volunteers

A similar approach for estimating turnover (as described earlier in the chapter) was used to make estimates for the number of volunteers helping C&V organisations and social enterprises. However, on this occasion the simple average (mean) was used instead of the median. We used this metric due to a disparity between the mean and median figures (with the median figures being too low), and because the mean provides an estimate closer to other sources of information, such as NICVA (2012) reporting that there were 45,106 volunteers in the third sector.

Using this approach we estimate that there are a total of 46,700 volunteers contributing to the third sector. If we consider that the survey results indicate that 71% of volunteers are involved with C&V organisation and 29% of volunteers are involved with social enterprises, it can be estimated that 33,300 volunteers are involved with C&V organisations and 13,400 volunteers are involved with social enterprises.

It should be noted that caution should be exercised when referencing the total number of volunteers due to a low response to the volunteer questions within the survey (22%).

The breakdown of organisations by volunteers

Approximately half of all C&V organisations do not have any full-time volunteers working for them. However, this is balanced out by the percentages of C&V organisations (98%) which have part-time volunteers working for them. Over half of social enterprises (54%) have one to five full-time volunteers working within their organisation, and a third (33%) have one to five part-time volunteers. It is noticeable that both C&V organisations and social enterprises utilise part-time volunteers as a means of operating their organisation.

The value of volunteers

Based on the survey responses, volunteers provide an average of 23.8 hours per month to third sector organisations. Although this figure seems high, it is the most appropriate value to use in order to attempt to attach a value to the work of volunteers. Using this value, we can calculate the total hours worked per month by the 46,700 volunteers as 1,111,460 hours. If we multiply the total hours figure by the Northern Ireland adult (over 21 years old) minimum wage of £6.19, and then multiply this by 12 (months), we are provided with an estimated value of £82.6 million²⁷. This figure represents the estimated value of the contribution of volunteers to the Northern Ireland economy over the course of a year.

The beneficiaries of the third sector

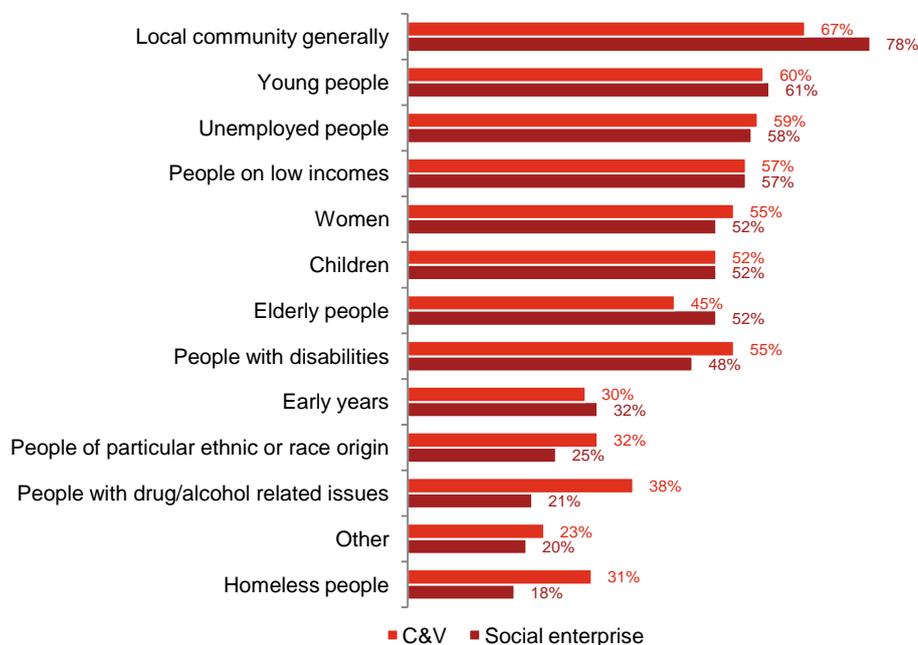
Providing services to help, advise and assist the community is at the core of what the third sector does. While C&V organisations have slightly different operational models for how they go about achieving this, they are both able to target their support to the desired beneficiaries. Figure 13 gives the percentage of C&V organisations and social enterprises and the different beneficiaries that they try to serve.

It is striking to note how similar the target beneficiaries are for both types of organisations. The main noticeable difference is in the share of organisations targeting support for alcohol and drug related issues. 38% of C&V organisations provide support in this area, compared to 21% of social enterprises. Taken together only 27% of third sector organisations provide support to people with alcohol or drug related issues, which is the lowest beneficiary, reflecting the complex nature of support that can be required to help these individuals.

²⁷ According to the 2009 NCVO Almanac (Available from www.ncvo-vol.org.uk) over ten million people in the UK formally volunteer at least once a month. The economic value of which is estimated at £23 billion. On this basis the annual economic value of volunteering in Northern Ireland could be as much as £107 million.

'Other' groups identified included rural communities, lesbian, gay, bisexual and transgender (LGBT) groups and prisoners and their families.

Figure 13: Beneficiaries of third sector organisations



Source: PwC survey
n = 241

The environmental impact of the third sector

Only 3% of survey respondents were able to provide any details as to their organisation's environmental impact. This again indicates an inability within the third sector to recognise and measure such impact. However, in this case we were able to utilise some of the wider survey findings to examine the environmental impact.

Based on the survey results, almost one in six, third sector organisations (16%) will have an environmental or sustainable development angle as either their main business purpose or as one of the 'other' purposes of their organisation.

Of these organisations, the majority (97%) trade in Northern Ireland, with a third (33%) trading within the rest of the UK, and over a quarter (27%) trading in the Republic of Ireland. This suggests that although the environmental impact generated by the third sector will be primarily felt in Northern Ireland, there will also be an additional environmental impact resulting from trading in the rest of the UK and the Republic of Ireland. There is also a degree of wider impact, as 18.2% of third sector organisations who operate with an environmental purpose also trade internationally.

For those third sector organisations with an environmental purpose, we estimate that almost half (47%) generated a profit to varying degrees in the 2010/2011 financial year. Over 90% of these organisations have previously used the profit to fund projects and other activities, and 61% plan to expand their organisation in the

future. Therefore, there is considerable potential for third sector organisations to have an increasing positive environmental impact in the future.

Only a fifth of third sector organisations who consider they have an environmental or sustainable development purpose have actually carried out an assessment of their environmental impact. This limits what conclusions we can make in regard to the environmental activities which organisations have been carrying out. However, as demonstrated in Figure 14, of the two key environmental impacts typical to organisations (reduced waste and increased recycling); both key activities have been undertaken by third sector organisations.

Figure 14: Key environmental activities in third sector organisations



Source: PwC survey

It is noticeable that these key activities conducted by the third sector organisations are linked i.e. an increase in recycling will lead to a reduction in waste. It is evident that the third sector has considerable potential in relation to making an environmental contribution. However, this potential has not yet been fully realised. It is suggested that third sector organisations are encouraged to undertake more waste reduction and recycling activities. It may be necessary to implement a specific programme to address this issue within the third sector, as well as to further educate organisations as to what way they can contribute environmentally.

Summary

- The third sector makes a significant contribution to the Northern Ireland economy, turnover, employment, volunteering, and environment. We estimate that total third sector employment was just under 30,000 people, accounting for over 5% of employment in the business sector, and 4% of total employment.

Economic Impact

- We estimate that the turnover of the third sector in Northern Ireland is £1,218 million, which is approximately 2% of total turnover of the business sector. We estimate that the gross value added of the third sector to be £572 million, which is approximately 3% of all Northern Ireland businesses. Given that business contributes 66% of value added of the Northern Ireland as a whole, our estimates suggest that the third sector contributes approximately 2% of total gross value added.
- Social enterprises are generally slightly larger in terms of the average number of employees, while both types of organisations rely on volunteers to achieve their goals.

Social impact

- We estimate that the value of the contribution of volunteers to the Northern Ireland economy over the course of a year is £82.6 million.
- There are a large range of beneficiaries from the work of the third sector. Generally, there is little difference in the targeted beneficiaries between C&V organisations and social enterprises. The main exception is for people with alcohol and drug related issues, where a significantly higher proportion of C&V organisations are able to provide support. However, tackling such issues was conducted by the lowest number of organisations across the sector.

Environmental impact

- Almost one in six third sector organisations will have an environmental or sustainable development angle as their main business purpose or 'other' purpose of their organisation. Approximately one fifth of third sector organisations who consider themselves to have an environmental or sustainable development purpose have actually carried out an assessment of their environmental impact. The two environmental impacts typical to organisations in the third sector are reduced waste and increased recycling.

4. *The social enterprise sector and its potential to grow*

Introduction

This chapter commences by providing a definition of a social enterprise. Using evidence from the survey and workshops, the chapter goes on to examine the following relevant factors, in order to assess the potential of the sector to grow:

- The profile of social enterprises.
- The potential of social enterprises to grow.
- The barriers to growth.
- The support given to social enterprises.
- Income profile of social enterprises in 2015.

Definition of a social enterprise

For the purposes of this research we use the definition of the social enterprise in line with the UK Government and the Mapping Study conducted in Wales²⁸, which defined a social enterprise as:

“A business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profits for shareholders.”

In line with the Welsh Mapping Study we have segmented organisations by the proportion of earned income from trading to be able to capture their stage of development and level of social enterprise activity. Three categories were defined as follows:

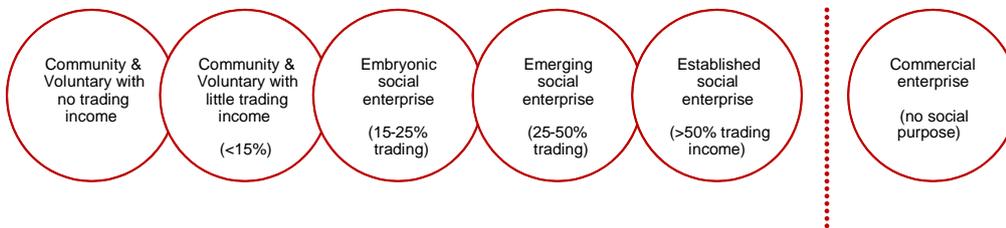
- Organisations that generate 15% to 25% of their income from trading are called **embryonic social enterprises**.
- Organisations that generate 25% to 50% of their income from trading are called **emerging social enterprises**.
- Organisations that generate more than 50% of their income through trading are referred to as **established social enterprises**.

We have used these definitions in our analysis of social enterprises.

²⁸ Forster, S et al (2009) *Mapping the social enterprise activity in Wales: Understanding in order to influence*. Welsh Assembly Government, Merthyr Tydfil.

How these types of social enterprises fit into the overall third sector is shown in Figure 15.

Figure 15: Types of third sector organisations



Source: DSD, DETI

Profile of social enterprises

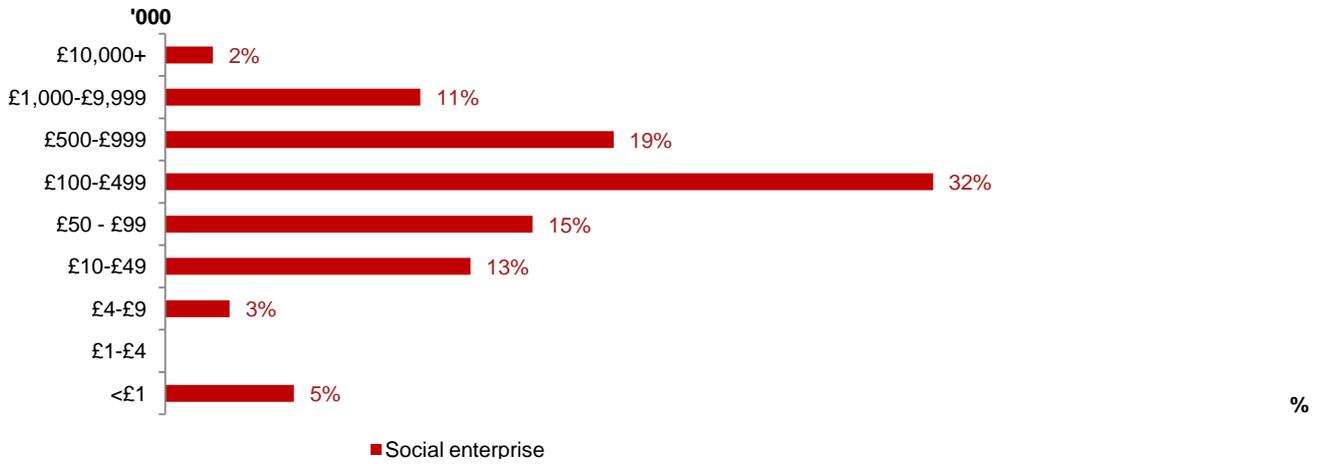
This section of the report examines the profile of the social enterprise sector in Northern Ireland. It examines the:

- size of social enterprises by turnover
- size of social enterprises by employment
- sector composition of social enterprises
- geographical profile of social enterprises
- breakdown of social enterprises by location of trade
- purpose of social enterprises
- legal status of social enterprises
- age of social enterprises
- type of employment in social enterprises
- profitability of social enterprises
- breakdown of social enterprises by volunteers
- beneficiaries of social enterprises.

The size of social enterprises by turnover

The distribution of social enterprises by turnover is shown in Figure 16. Only 2% of social enterprises have levels of annual turnover exceeding £10m. At the same time, 36% have a turnover of £99,000 or less. The size class with the strongest representation (32%) is £100,000 to £499,000.

Figure 16: Size distribution of social enterprises by turnover (2010/2011) (£)

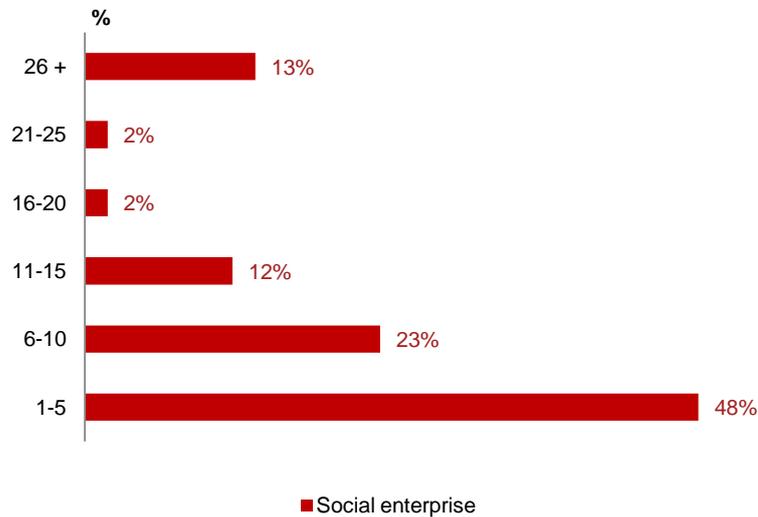


Source: PwC survey
n = 149

The size of social enterprises by employment

Figure 17 shows the breakdown of employment for social enterprises. 17% of social enterprises employ 16 or more employees. 48% employ less than six people.

Figure 17: Size distribution of social enterprises by employment

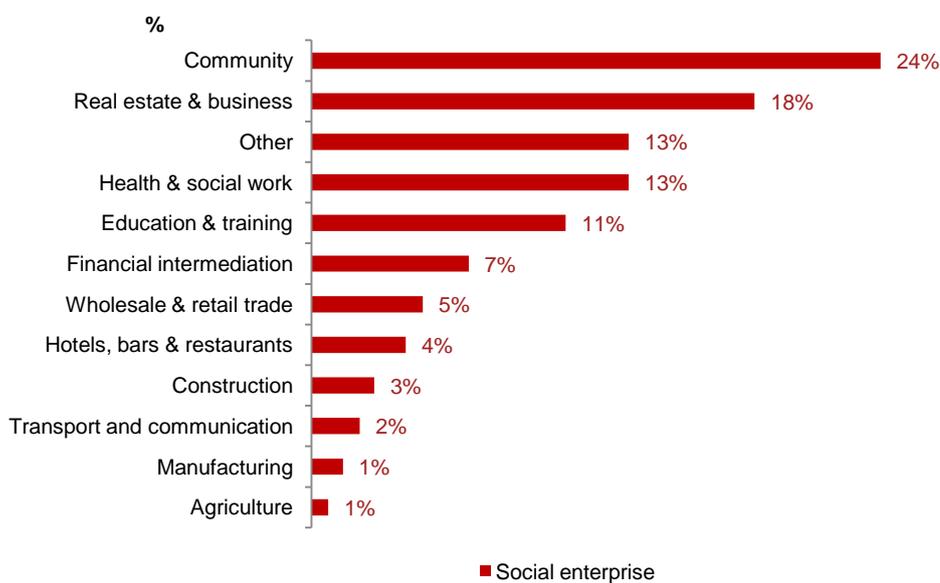


Source: PwC survey
n = 112

The sector composition of social enterprises

Organisations working in the community/social/personal service sub sector constitute 24% of the social enterprises operating in the overall third sector. Figure 18 also shows that nearly a fifth of social enterprises operate within the real estate and business sub sector, while over one in ten social enterprises operate within the health and social work, and education and training sub sectors.

Figure 18: Sector composition of social enterprises (2010/11)



Source: PwC survey

n = 153

The figures do not add up to 100% due to rounding.

The geographical profile of social enterprises

Table 13 shows that over a third of social enterprises are located within the Belfast area, with County Antrim holding the next largest amount of social enterprises with 24% being located there.

Table 13: Location of social enterprises in Northern Ireland (%)

Location	Social enterprise
Antrim	24%
Armagh	5%
Belfast	35%
Derry/Londonderry	13%
Down	10%
Fermanagh	3%
Tyrone	11%

Source: PwC survey

n = 153

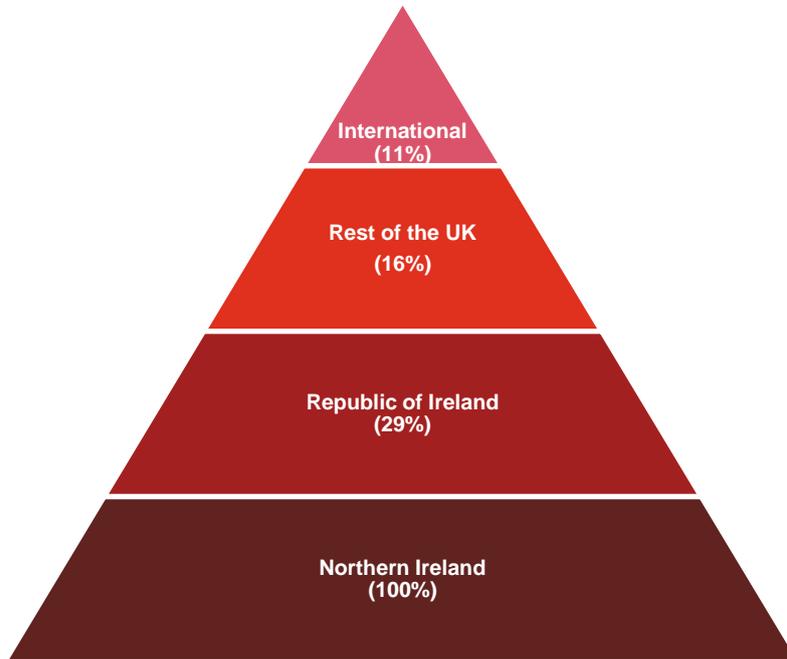
Belfast has been separated from the other counties due to the volume of third sector organisations based in Belfast.

The figures do not add up to 100% due to rounding.

The breakdown of social enterprises by location of trade

Figure 19 reports where social enterprises trade. All trade within Northern Ireland, as would be expected. Approximately one third of social enterprises export to the Republic of Ireland, the rest of the UK, or other international markets. The breakdown of where organisations trade outside Northern Ireland is shown in Table 14.

Figure 19 : Sectors in which social enterprises trade



Source: PwC survey

n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

Table 14: Breakdown of social enterprises trading outside of Northern Ireland

Location	Social enterprise
Republic of Ireland	83%
Rest of the UK	47%
International	30%

Source: PwC survey

n = 53

This was a multiple choice question therefore the figures do not add up to 100%.

The purpose of social enterprises

Organisations in the third sector very often have a number of purposes and they cover a broad spectrum of activities. Our analysis captured the main purpose of these organisations as well as their secondary purposes. The respective findings are captured in this section of the report. We also consider the goals of social enterprises.

Main purpose

Community development is the largest single purpose of social enterprises in Northern Ireland (12%). Education and training and the arts were also important. The breakdown of primary purposes is detailed in Table 15.

Table 15: Main primary purposes of social enterprises

	Social enterprise
Other	37%
Community development	12%
Education/training	9%
Arts	7%
Sport/recreation	7%
Accommodation/housing/homeless	5%
Cultural	5%
Healthcare	5%
Childcare/day care/playgroup/after schools	4%
Advice/advocacy/information	3%
Environment/sustainable development	3%
Youth work/development	2%
Disability	1%
Counselling/support	1%
Cross-border/cross-community	0%
International development	0%

Source: PwC survey

n = 153

The figures do not add up to 100% due to rounding.

In this research the primary purpose of the organisation can be different from the sector the organisation is classified in, which can lead to some differences in the percentages reported in Figure 18 and Table 15.

It is noteworthy that a large number of responses were 'other'. This category contained purposes such as financial services and a mix of development activities (including economic and business development).

Secondary purposes

In addition to the main purpose of the organisation, the organisations were asked to select the secondary purposes for their organisation. The selected secondary purposes are outlined in rank order of selection in Table 16 (organisations were able to select multiple purposes).

Table 16: Secondary purposes of social enterprises

	Social enterprise
Education/training	1st
Community development	2nd
Advice/advocacy/information	3rd
Cross-border/cross-community	4th
Youth work/development	5th
Cultural	6th
Other	7th
Sport/recreation	8th
Healthcare	9th
Environment/sustainable development	10th
Arts	11th
Disability	12th
Childcare/day care/playgroup/after schools	13th
Counselling/support	14th
Accommodation/housing/homeless	15th
International development	16th

Source: PwC survey

n = 153

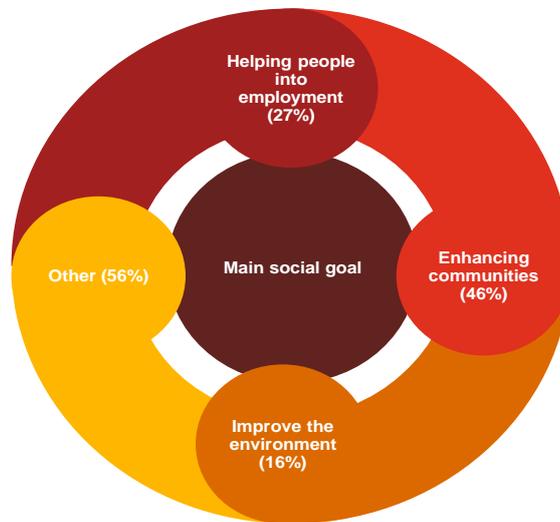
The figures do not add up to 100% due to rounding.

Education and training was the largest secondary purpose, followed by community development and advice/advocacy and information services.

Main goal of organisations

The three main goals for social enterprises are enhancing communities, helping people into employment and improving the environment. Other goals are included in the following categories - cultural developments, health, education and business development (Figure 20).

Figure 20: Main goals for social enterprises



Source: PwC survey

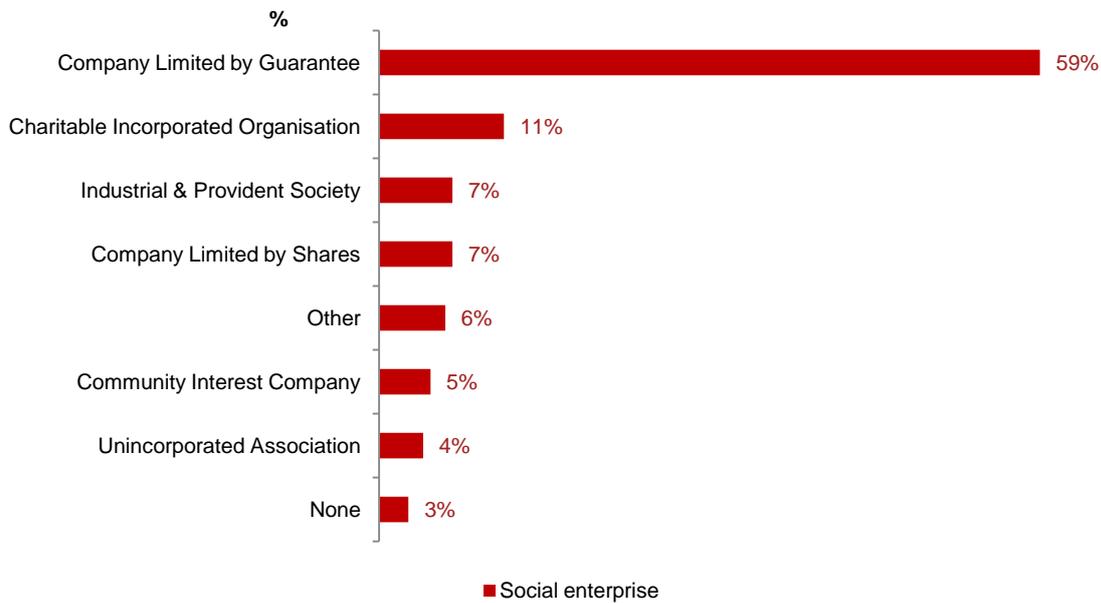
n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

Legal status of social enterprises

Figure 21 details the legal status of social enterprises, and highlights that approximately two thirds of social enterprises are registered as a company. Of this 59% are companies limited by guarantee, with nearly 7% companies limited by shares, and community interest companies accounting for nearly 5% of social enterprises. The number of social enterprises registered as a company is above the overall third sector figure of just over 50%.

Figure 21: Composition of social enterprises by legal status



Source: PwC survey

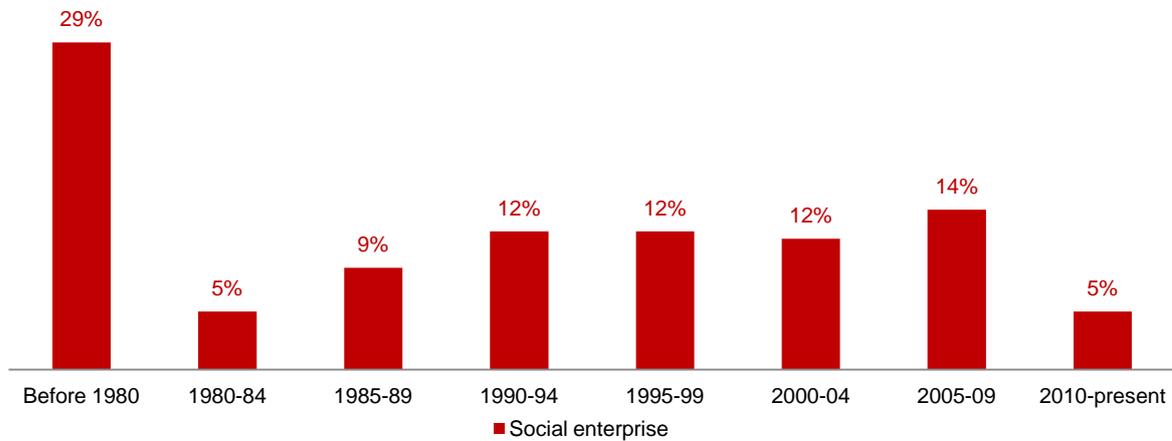
n = 153

The figures do not add up to 100% due to rounding.

The age of social enterprises (years in operation and when trading activities commenced)

This section looks at the number of years social enterprises have been in operation and when they actually commenced trading activities. The largest number of social enterprises have been in operation since before 1980. Between 2005 and 2009 there was a noticeable spike in terms of recent social enterprise creation. The figures for 2010 to the present could be interpreted in a number of ways. For example, they illustrate that there is still an appetite for social enterprise creation, which is encouraging for the third sector given the difficult economic conditions. There could also be some under-representation of new organisations, depending on the time it takes for them to get registered on one of the DETI databases.

Figure 22: The length of time that social enterprises have been in operation



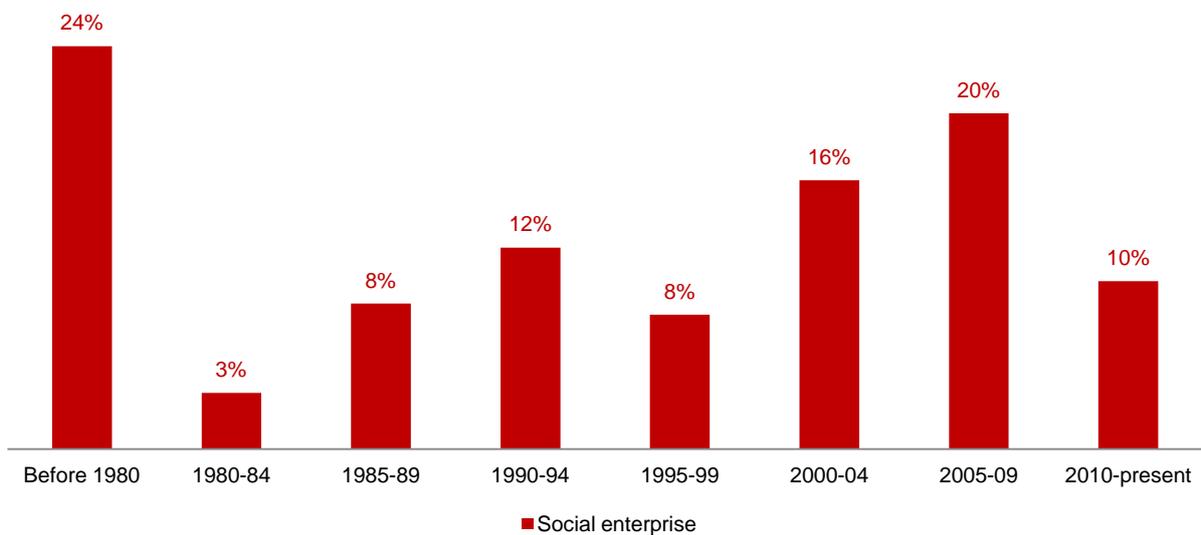
Source: PwC survey

n = 153

The figures do not add up to 100% due to rounding.

Figure 23 illustrates the year in which social enterprises actually commenced their trading activities. 67% of social enterprises have been in operation since before 2000, with 29% of those commencing their trading activities prior to 1980. Since 2000, 46% of social enterprises have started to use commercial activities as a source of income. This could reflect a more commercial approach within these organisations as the market for grant/non trading income has become more competitive.

Figure 23: Composition of social enterprises by year when trading activities commenced



Source: PwC survey

n = 153

The figures do not add up to 100% due to rounding.

Almost half the organisations conducting social enterprise activity in Wales were more than 15 years old. The majority (59%) of these organisations had charitable status. However, this profile is changing and the majority

(60%) of organisations under five years old did not have charitable status. Data suggests that new organisations start up as social enterprises, rather than being charities which diversify into a social enterprise strategy.

It is important to recognise that the embryonic, emerging and established stages of social enterprise do not necessarily coincide with the age of an organisation. The Welsh Study found that most embryonic social enterprises are most likely to be organisations over 16 years old. This indicates that they are the segment of the established charity sector which undertakes a limited amount of social enterprise activity.

New social enterprises can become relatively self-sufficient very quickly and established social enterprises (under five years old) are likely to have started as social enterprises from day one.

The type of employment in social enterprises

The breakdown of full-time and part-time employees working for social enterprises is detailed in Table 17 below. It is noticeable that the majority of social enterprises employ less than ten people on either a full or part-time basis.

Table 17: Breakdown of full-time and part-time employees in social enterprises

No. of Employees	FT	PT
None	13%	13%
1-5	42%	59%
6-10	20%	15%
11-20	12%	5%
21-50	7%	4%
51 plus	6%	5%

Source: PwC survey

n = 128

The figures do not add up to 100% due to rounding.

The profitability of social enterprises

This section of the report analyses the profitability of social enterprises. 68% of social enterprises reported that they made a profit/surplus in 2010/11.

Table 18: Profitability of social enterprises

	Number	%
Profit	104	68%
No profit	49	32%

Source: PwC survey

n = 153

Table 19 provides an indication of the level of profits for social enterprises. It is worth noting that 19% of social enterprises reported a profit/surplus of over £100,000 in 2010/11.

Table 19: Level of profitability of social enterprises

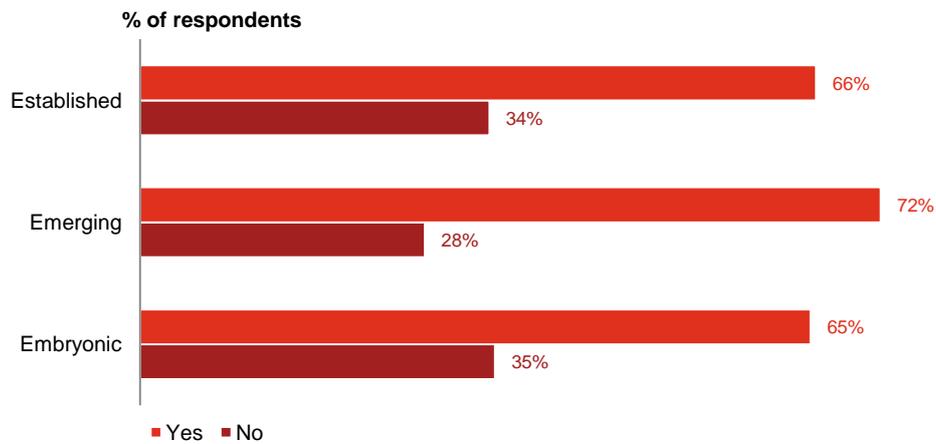
	Number	%
Less than or equal to £4,999	28	27%
£5,000 - £9,999	16	15%
£10,000 - £19,999	14	14%
£20,000 - £59,999	19	18%
£60,000 - £99,999	7	7%
Greater than or equal to £100,000	20	19%

Source: PwC survey

n = 104

Figure 24 shows the percentage of profit/surplus making social enterprises by category in 2010/11. 72% of emerging social enterprises were profitable in 2010/11 compared to approximately 66% of embryonic and established social enterprises.

Figure 24: % of profitable social enterprises by category



Source: PwC survey

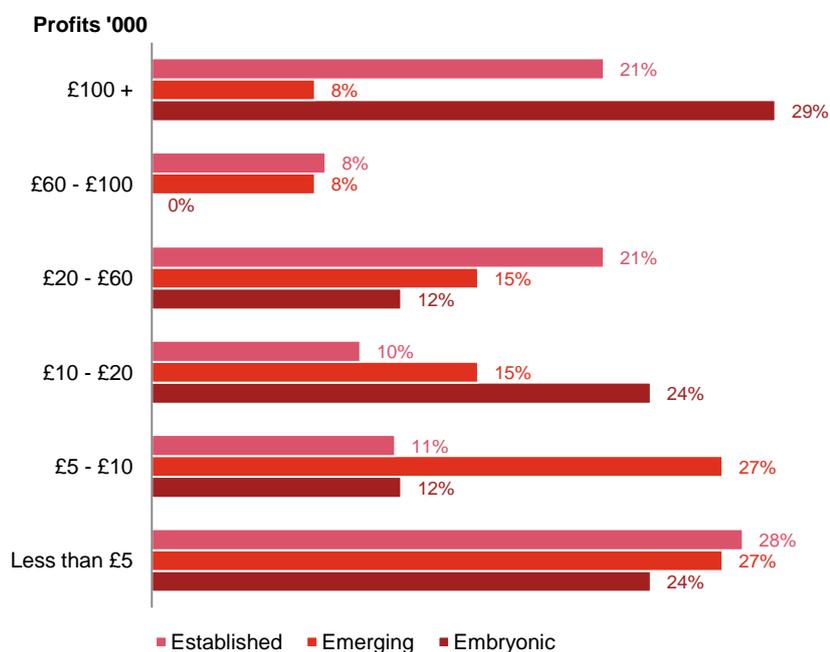
Embryonic n= 17

Emerging n= 26

Established n= 61

Figure 25 illustrates that surprisingly embryonic social enterprises had the largest percentage of organisations making profits over £100,000. The small base size for this category should be noted and caution exercised when extrapolating the findings.

Figure 25: Profitability of social enterprises by turnover



Source: PwC survey

Embryonic n= 17

Emerging n= 26

Established n= 61

The figures do not add up to 100% due to rounding.

The breakdown of social enterprises by volunteers

Over half of social enterprises (54%) have between one and five full-time volunteers working within their organisation and a third (33%) have between one and five part-time volunteers. These results should also be treated with caution due to the small base sizes.

Table 20: Breakdown of full-time and part-time volunteers by social enterprise

	FT	PT
None	30%	2%
1-5	54%	33%
6-10	8%	19%
11-20	8%	21%
21-50	0%	12%
51 plus	0%	14%

Source: PwC survey

n = 37

n = 92

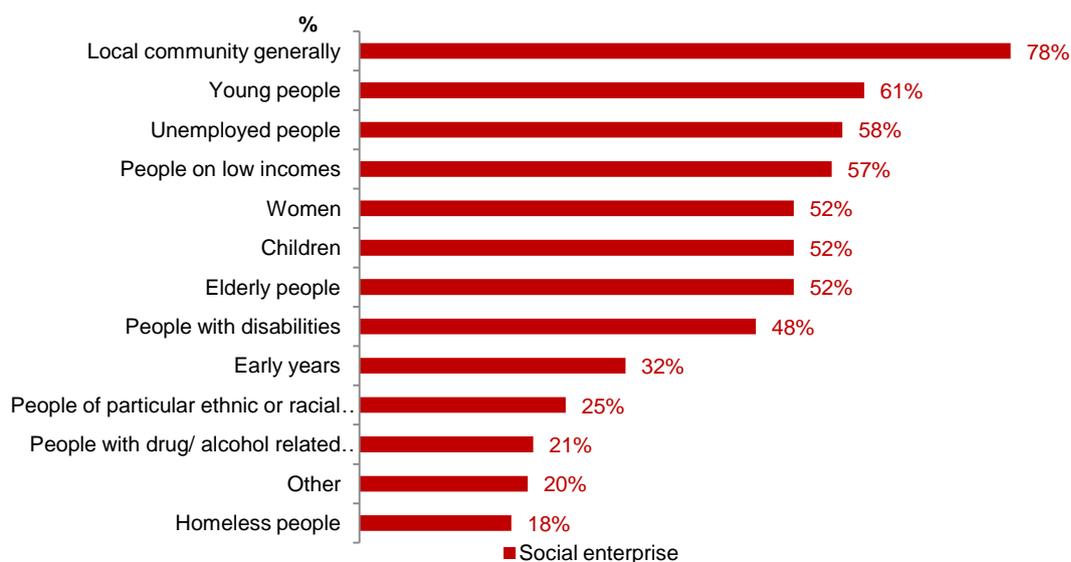
The figures do not add up to 100% due to rounding.

The beneficiaries of social enterprises

Figure 26 gives the percentage of social enterprises and the different beneficiaries that they try to serve.

'Other' groups identified included rural communities, lesbian, gay, bisexual and transgender (LGBT) groups and prisoners and their families.

Figure 26: Beneficiaries of social enterprises



Source: PwC survey

n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

The potential for social enterprises to grow

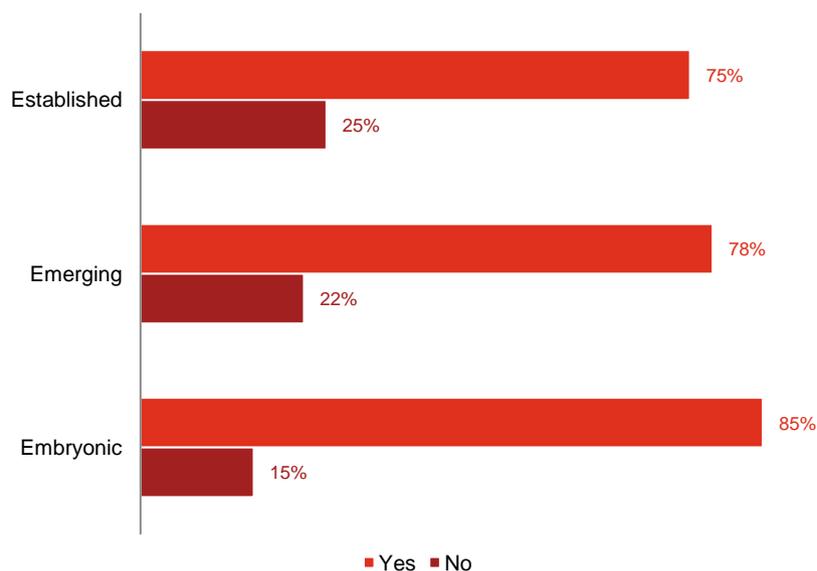
This section of the report examines the potential of social enterprises to grow. It considers:

- social enterprises with plans to expand
- social enterprises without plans to expand
- when will the expansion happen
- where social enterprises will expand
- sectors where expansion is planned
- the strategies for expansion.

Social enterprises with plans to expand

The vast majority of social enterprises (77%) reported that they had plans to expand. Figure 27 shows that in each of the three categories of social enterprises - embryonic, emerging and established, the majority had plans to grow. Embryonic social enterprises are marginally more likely to want to expand than emerging or established social enterprises.

Figure 27: Social enterprise expansion plans



Source: PwC survey

n = 153

Embryonic n= 36

Emerging n= 36

Established n= 91

These results were supported by the workshops, during which the majority of social enterprise participants expressed an interest in expanding further in the future.

Social enterprises without plans to expand

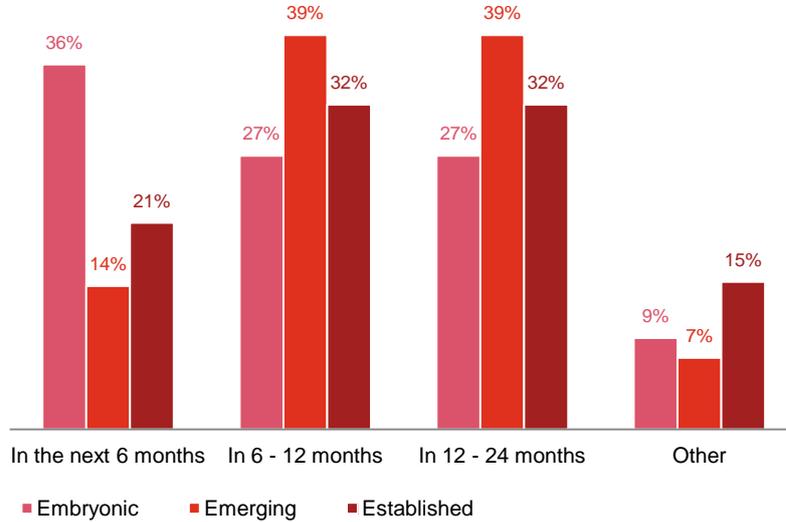
For the social enterprises indicating that they did not have any plans to expand their organisation in the future, a number of reasons were given:

- It was not in the nature of their business and they are currently doing what they set out to do.
- They had funding difficulties, e.g. cash flow difficulties or lack of grant aid or uncertainty about future revenue funding.
- It was viewed as impossible in the current economic downturn.
- They had expanded sufficiently in the past.
- It is a struggle to sustain the organisation as it stands, let alone expanding it.

When will expansion happen?

Interestingly, the embryonic social enterprises, i.e. those with the smallest percentage of trading activities, were the ones most likely to plan expansion in the short term (i.e. within six months). Established social enterprises were more likely to seek to expand in the long-term (i.e. in more than two years time). This is highlighted in Figure 28.

Figure 28: The planned timescale for social enterprise expansion



Source: PwC survey
 n = 118
 Embryonic n= 22
 Emerging n= 28
 Established n= 68

Where will social enterprises expand?

Table 21 reports another critical dimension of expansion plans, i.e. *where and how* the social enterprises planned to expand. The five most common plans are summarised along with the percentage of those who plan to expand in this way.

Table 21: Top five future expansion plans for social enterprises

Expand trading activities within NI	76%
Increase the number/range of services/products	70%
Increase number of people/groups worked with	70%
Increase the number of employees	63%
Increase the number of volunteers	48%

Source: PwC survey
 n = 118
 This was a multiple choice question therefore the figures do not add up to 100%.

Other expansion plans, which were selected by a smaller number of social enterprises, included:

- Expand trading activities in markets outside Northern Ireland (38%).
- Begin charging for services that are currently provided for free (18%).

The vast majority of social enterprises aim to expand trading activities within Northern Ireland with only 38% wishing to expand trading activities outside Northern Ireland. At present 35% of social enterprises are carrying out some degree of trade outside Northern Ireland, and one in ten are carrying out international trade (i.e. outside of the UK and the Republic of Ireland). The different categories of social enterprises have different plans for future growth:

- **Embryonic social enterprises** are more likely, than emerging and established social enterprises, to increase the number/range of services/products they provide, and increase the number of volunteers.
- **Emerging social enterprises** are more likely, than embryonic and established social enterprises, to begin to charge for services that are currently provided for free and expand their trading activities in Northern Ireland.
- **Established social enterprises** are more likely, than embryonic and emerging social enterprises, to expand their trading activities outside Northern Ireland.

Sectors where expansion was planned

In Figure 29, the ‘other’ category is made up of a range of sectors including hotels, bars and restaurants; construction; manufacturing; transport and communication; creative industries and tourism. The types of activities that take place within these sectors can be viewed in Appendix C.

The community sector, which also includes social and personal services, is likely to require more support to expand because at present only 22% of social enterprises which operate in this sector plan to grow. However, there is a need to provide support to social enterprises operating in all sectors.

Figure 29: Sectors in which social enterprises with expansion plans operate



Source: PwC survey

n = 118

The strategies for expansion

The workshops highlighted three strategies for social enterprises to grow:

- Merging with other third sector organisations.
- Developing a business strategy.
- Strengthening links within the UK and Ireland.

Merging with other third sector organisations

Some of the social enterprises highlighted that because of the current economic downturn and subsequent reduction in funding, competition amongst social enterprises has increased. As a result, some third sector organisations have merged in order to reduce costs. Apart from reducing costs, there are additional benefits in this approach. For example, one social enterprise, represented at one of the workshops, was contemplating a merger with another social enterprise in GB because “it makes more sense” to work together as they operate in the same sector. Another social enterprise is partnering with a second social enterprise to share talent, for the benefit of the community.

Some of the social enterprises who attended the workshops indicated that due to the economic downturn they would consider, or are planning to partner/merge with other third sector organisations, in order to share the load and to increase their likelihood of obtaining funding. The survey results outlined in Table 22 support the view that a considerable number of social enterprises are considering such options.

“It’s key that we are all in partnership with each other. We realise we can’t do this by ourselves and a working partnership is the way forward. The majority of these will hopefully be sustainable in the long term.”

Table 22: Willingness to grow by merger (by type of social enterprise)

	Embryonic	Emerging	Established
Yes	50%	46%	35%
No	50%	54%	65%

Source: PwC survey

n = 153

Embryonic n= 26

Emerging n= 36

Established n= 61

More established social enterprises are less likely to consider co-operation or a merger as a means to expand in comparison to embryonic and emerging social enterprises. In order to develop the sector, it may be necessary to make sure social enterprises and other third sector organisations are aware that this is a viable method of expansion. One such way to do this would be to share the success stories of organisations that have successfully co-operated or merged with other organisations within the sector. The case study below provides an example of one such success story.

Case study - Established social enterprise

Who are you and what do you do?

We are a well established social enterprise and we have been in operation for approximately 19 years. Our turnover is just under £500,000. We provide a wide range of services including a licensed restaurant, self-catering cottages, and a craft shop. We also run arts and health programmes as well as cultural events.

How have you survived the economic downturn?

It has been difficult because restaurant bookings have decreased at the same time that we have faced rising energy costs. We have ***collaborated*** more with other tourism providers to attract and maintain customer numbers. We have ***also bundled up our range of services*** to attract new customers. For example, in the summer we ran a children's club, which attracted people to come and stay at the cottages or have lunch in the restaurant whilst they waited on the kids.

How do you plan to grow your business?

We are offering ***new services*** such as a rural skills school and cycle tours to attract new customers. We also hope to increase the amount of accommodation we can provide and add a function room next to the restaurant.

What would make your life easier?

For this sector to move forward we need ***more government support and guidance on the support*** that is available, which is needed. Recognition of the work undertaken by C&V organisations and social enterprises is also needed.

Any final words of wisdom?

Operating as a business from the start has been an important part of our success. It is also important to know what you realistically can get volunteers to do, if they are doing a job, then they need to get paid.

Developing a business strategy

Other organisations highlighted that in the future they would like their social enterprises to become more sustainable for the benefit of both the organisation and the local community. A number of these organisations have developed (or are in the process of developing) a five year business plan/growth strategy, which is one of the main constraints for social enterprises seeking to expand.

Strengthening links with the rest of the UK and Ireland

The majority of social enterprises which took part in the workshops operated mainly within their local area or to some extent across Northern Ireland. A small minority of social enterprises indicated that they also “export” to GB and the Republic of Ireland, and some organisations work alongside partner organisations in the rest of the UK.

One social enterprise, whose organisation had particularly good links in the rest of the UK, highlighted that there was a lot of work involved in trying to break into that marketplace, specifically in terms of attending trade shows and annual conferences. The social enterprise reported that the first year was difficult and success was limited. However, they tried a different approach and found partners in England which they now work alongside. This approach is working well now that partnerships have been established. Nonetheless, it was a difficult process, which was made more difficult due to the lack of grant aid.

The barriers to growth

This section of the report examines the barriers to expansion identified in the survey and in the workshops.

Table 23 outlines the main barriers to expansion identified by social enterprises in the survey.

Table 23: Top five barriers to expansion for social enterprises

Lack of available finance	68%
Other	33%
Lack of awareness of support	13%
No business plan	11%
Lack of appropriate skills	9%

Source: PwC survey

n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

Within the 'other' category some of the constraints included:

- a lack of people (including volunteers and employees)
- the economic downturn
- limited space to expand
- a lack of creativity/ideas as to how to expand.

The workshop provided participants the opportunity to elaborate and expand on the findings from the survey.

The participants identified three key barriers to growth:

- Funding.
- People and vision.
- Government.

Funding

The most common element which was highlighted by both survey and workshop participants was around finance and funding. Social enterprises often do not have sizeable cash flows or large scale financial resources that they perceive are necessary to become social enterprises. Often these organisations have weak balance sheets as they are continually operating with little surplus and therefore cannot build up the cash reserves or property assets. It may also be difficult to obtain loans.

People and their vision

The second most common barrier, which was mentioned by approximately three quarters of those attending the workshops, was having the right people in the organisation and having people who have a vision and ambition for the future.

“A lot of organisations we deal with who are growing at a pace don’t necessarily bring in the right people to facilitate that growth.”

A smaller number of participants highlighted not having enough resources in terms of individuals. However, the key issue was found to be a lack of vision and ambition from those involved in the organisation. In addition, participants suggested that there needs to be a change in culture and mindset and strong motivation to move things forward.

“I think there’s also a preoccupation with the present; people are busy with the here and now over the next year, never mind ten years time. I think there’s a lack of long term vision possibly in our sector.”

It appears, from the workshops, that organisations are too caught up in day to day activities and the “here and now” to get into the mindset of a long term strategy and vision. There is also a fear amongst organisations of taking a risk, as failure will have an impact on the community as a whole and not just on one individual.

“When you set up a social enterprise, there isn’t much of an element of profit, there has to be certain social goals/aims and you have to buy into that aspect of it. When it is a private enterprise, it is just you that fails, whereas, if it’s a community social enterprise there’s the whole community to think about.”

Government

There was a feeling amongst workshop participants that social enterprises are not trusted by government. It is believed that there is a need for these organisations to be respected and trusted by government before they can grow and expand. A possible reason for this lack of trust could be the lack of awareness of social enterprises and the role they play.

“Social enterprise understanding and respect [is a barrier]. Social enterprises are seen as airy fairy and are seen to be just small community groups serving tea and coffee. They need to be treated like businesses and given the respect they’re due. People don’t realise what we do is as good as anyone else. There is a lack of awareness of what the social enterprise sector is all about.”

“We’re conditioned into thinking that business is good and the third sector is bad and all we have to do is become good business people.”

There is also a feeling that these organisations have to constantly try to prove themselves and show the value they are bringing to the economy. It is felt that this sector is continually being asked to prove their value but other sectors are not being asked to do this. It was reported that there needs to be the same expectation for everyone regardless of what type of organisation is bidding for work.

“We have been asked to provide a lot of information and reporting, that we know had it been a private or public sector organisation they wouldn’t have been asked. We know that because one of our partners is in the private sector and they are not asked for it.”

Small social enterprises often do not bid for public sector contracts as they do not feel they can compete against the larger public or private sector organisations. As well as lack of collaboration between third sector and government/public sector some workshop participants indicated that they felt there is a lack of connected thinking between government departments and they often work in silos.

Workshop participants also noted that one of the key challenges currently facing the sector is that a lot of services provided by third sector organisations are focused on disadvantaged communities or in providing counselling services. These services are in demand, and many organisations are providing these free of charge and it is proving increasingly difficult to obtain the necessary funding.

“It makes it a challenge in a sense whenever you’re looking at earning income because your customer as such, cannot pay for your service. You’re at that tension where you can provide your service very well and professionally but the people who need and want it can’t pay for it. As an organisation then you have the challenge of finding money from a grant or contract to pay for that. And nowadays there’s less of that money about.”

This highlights the fact that a lack of available finance is a real concern for organisations. Not all social enterprises will be able to become more self-sufficient. There is a need to educate organisations as to the alternate finance options available, e.g. Big Society Capital, Invest NI, Ulster Community Investment Trust (UCIT) and Community Area Network (CAN).

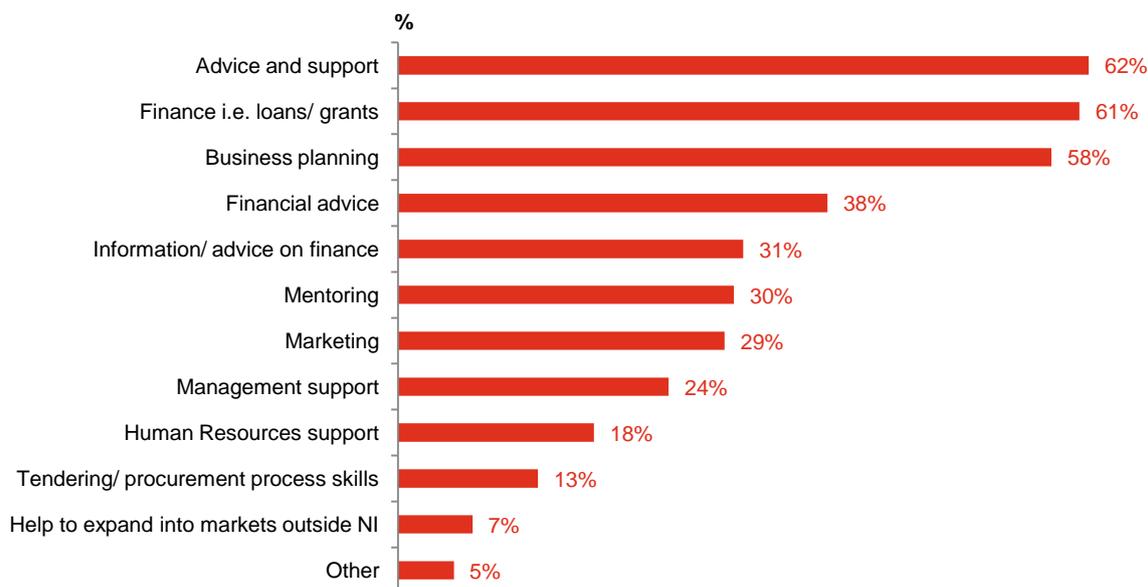
Support to social enterprises

The section of the report considers the support received by social enterprises and the support required to expand.

Support received by social enterprises

A total of 78% of social enterprises indicated that their organisation received support to help them develop their trading/income generating activity. The support received is outlined in Figure 30.

Figure 30: Support received by social enterprises for trading/income generating activities



Source: PwC survey

n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

Advice and support, finance and business planning were the three most common elements of support received by social enterprises. Of all the support received, the majority of social enterprises (54%) stated that financial support (i.e. loans/grants) and financial advice were most useful. This was followed by business planning (27%), advice and support (18%) and mentoring (17%). Approximately 20% of social enterprises indicated that they found at least two or more of the above useful.

This support was provided by a range of organisations. Some of the more commonly mentioned organisations which provided support, included community business programmes, enterprise agencies, Invest NI, government departments, councils, and the International Fund for Ireland (IFI).

The social enterprises that participated in the workshops indicated that they received little or no external support to make the transition from a C&V organisation to a social enterprise or to expand further.

A few participants had received some helpful support. For example, one workshop participant stated that they took part in a six month “Spin Off” programme which allowed them to create their original business plan with the help of consultants. This support was found to be helpful as it meant the organisation could use the business plan when applying to Invest NI for funding.

The most useful form of support was found to be talking to other social enterprises that had already made the transition. One group talked about a programme funded by DETI to support enterprise networking (SEN), where people can network and share ideas.

“I found it [support and advice] pretty non-existent really. Trying to find people to speak to has been the best policy for us. I found it very difficult to get any support. We sought other social enterprises for advice. Going forward there hasn’t been any continual support.”

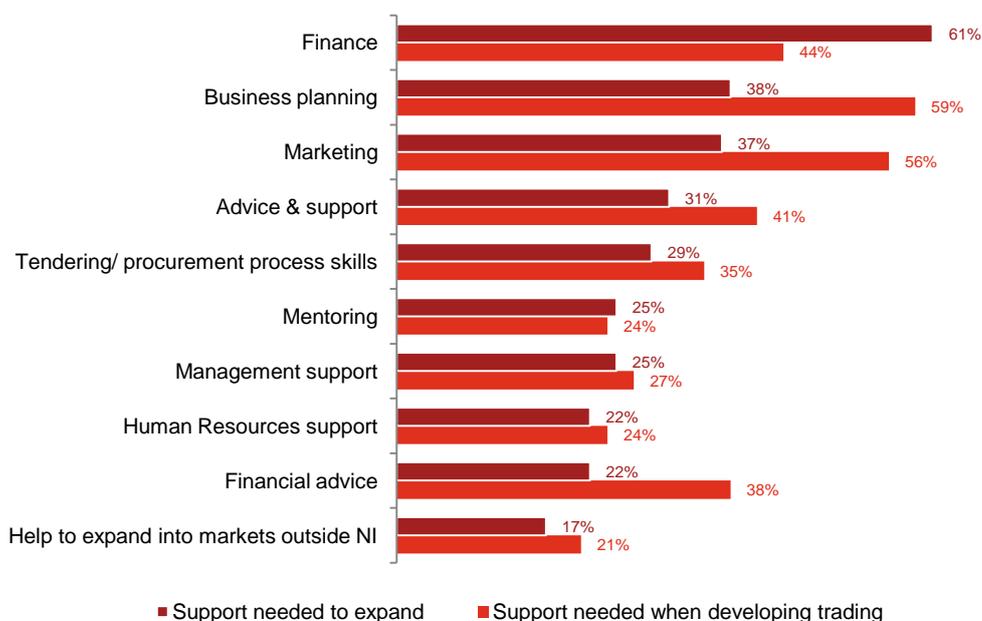
“The social enterprise sector is very large, but doesn’t speak with a voice. It’s never truly represented.”

Support required to expand

Survey participants were asked to identify the type of support they would have liked to have received when they were initially developing trading/income generating activities. They were also asked to identify the support that they would require in order to expand.

Figure 31 highlights that the type of support needed at the beginning, to develop trading, is similar to the support needed to expand, with finance, business planning and marketing coming out on top. However, in terms of financial advice this was felt to be more useful when developing trading/income generating activities.

Figure 31: Support required for social enterprises



Source: PwC survey

n = 153

This was a multiple choice question therefore the figures do not add up to 100%.

The survey results also indicated that the different categories of social enterprises placed contrasting values on certain types of support needed to expand:

- **Embryonic social enterprises** require a greater degree of support in business planning, marketing and financial advice compared to emerging and embryonic social enterprises.
- **Emerging social enterprises** require a greater degree of finance (i.e. loans and grants), human resource support, management support, mentoring, tendering/procurement process skills, and general advice than embryonic and established social enterprises.

-
- **Established social enterprises** require less overall support in all core areas than embryonic and emerging social enterprises as would be expected.

Social enterprises that attended the workshops were in agreement with those who participated in the survey, suggesting that transitional support would be extremely useful especially for organisations who have very limited trading activity and that are trying to move towards a new business model. This support should include areas such as risk, strategy, financing the growth and developing a business plan.

Mentoring was also suggested as a valuable method of support by workshop participants, who highlighted the need for a more structured means of sharing experiences from those who have been through the process before. Those who have been through it should be willing to share knowledge with those at the bottom of the ladder that are starting out and trying to become a social enterprise. This could be in the form of mentoring, forums or local partnership developments.

“If you have been successful then you should be willing to share wisdom because you’ve been through it.”

Support from government to help find a gap in the market for social enterprises to fill, alongside a change in government and policy approach to embrace social economy more was suggested. One participant gave an example of how the Scottish Assembly has embraced the social economy by setting aside approximately £70m to be invested over the next five years. It was suggested that a proportion of this type of funding would be helpful to develop social enterprises in Northern Ireland. In order to develop as a social enterprise, organisations need start up funding/investment to nurture those businesses which are hoping to develop to social enterprises. The case study below describes how a successful local social enterprise believes the government can do more to support social enterprises.

Case study - Award winning social enterprise

Who are you and what do you do?

I am the Chief Executive of the UK's sixth largest social enterprise, with 670 employees and an annual turnover of over £34m. Our activities range from skills development for school leavers and the unemployed, to social care and an inner city water sports programme. Our recycling group is also Northern Ireland's largest provider of kerbside recycling services.

How have you survived the economic downturn?

We have managed to keep growing by controlling costs in order to maintain competitiveness, while constantly refining and developing services to meet changing social needs. We have also continued to invest in our services.

What are your thoughts on expansion within the third sector?

Social enterprises are all growing across the UK. 98% of Northern Ireland companies have turnover of below £5m and significant numbers of local social enterprises populate that top 2%. I also believe that social enterprises can scale up if given the right market conditions. Moreover, scaling up need not be simple corporate growth, as new models are emerging, such as social franchises, and supply chains.

For example, a recent public service procurement for domiciliary care, saw the first entry into the local market of a social franchise offering. We are now seeing examples of social enterprises developing into supply chains, to pitch for business and private social partnerships, deploying the best of both sectors to win and deliver services.

What would make your life easier?

The capacity of the social enterprise sector to rise to the challenge of generating much needed new jobs depends upon government's willingness to invest in large scale public works that can be delivered locally by those living in marginalised communities - "Social Enterprise Zones", coupled with supporting social investment.

Any final words of wisdom?

We just need to think laterally and see the opportunity in our socio-economic problems. We have no shortage of opportunities; just a lack of policy vision with supporting social investment!

By comparing expansion plans with the types of support desired by social enterprises to expand, we can see that:

- organisations wanting to expand their trading activities in Northern Ireland consider that mentoring and tendering/procurement process skills would be particularly useful. However, they rate all types of support as valuable
- organisations wanting to expand their trading activities outside Northern Ireland would appreciate support to expand into markets outside Northern Ireland. They also suggest that tendering/procurement process skills would be useful. In this instance, these organisations do not rate other types of support as highly as those organisations seeking to expand within Northern Ireland.

Social enterprise workshop participants were asked to identify the enabling factors that allowed their organisation to grow and expand:

- The key enabler was people. Having the right people within an organisation who have a passion and a vision to make change happen, and having a good mix of people with a range of skills, was deemed essential to any

organisation that wanted to grow and expand. In addition, it was important to have a director who is a good leader/manager and who is enthusiastic and can motivate others.

“The organisations that have the best people have grown the quickest.”

“You have to have the right leader. In social enterprises the right leader is how success comes. Managers and staff will be driven from the enthusiasm of the leader.”

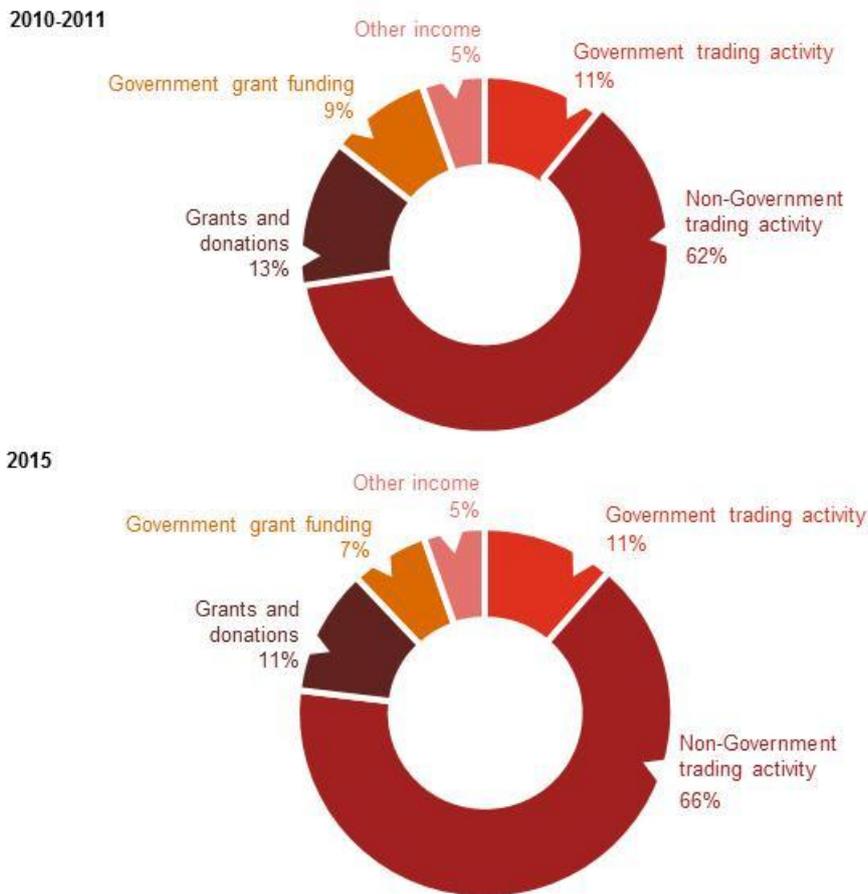
- A second enabler identified from the workshops was contribution from the community in the form of people donating their time and talents. Again, this depends on having access to people who are keen, enthusiastic and willing to altruistically give up their time.

Income profile of social enterprises in 2015

Social enterprise survey participants were asked to provide an estimate of their sources of income for the 2010-2011 financial year. They were then asked to estimate what their income profile would look like in 2015. Figure 32 shows what social enterprises anticipate, namely, that:

- non-government trading activity will account for a higher proportion of their income profile in 2015 (66% of their income)
- government trading activity will account for a marginally higher proportion of their income profile in 2015
- income generated from grants and donations, government grant funding and other income will be reduced by 2015.

Figure 32: Income profile of social enterprises 2010-2011 vs. 2015



Source: PwC survey
n = 153

Summary

Three categories of social enterprises were defined in this study:

1. Embryonic social enterprises.
2. Emerging social enterprises.
3. Established social enterprises.

Expansion plans

- The vast majority of social enterprises (77%) reported that they had plans to expand. Embryonic social enterprises are marginally more likely to want to expand than emerging or established social enterprises. The embryonic social enterprises, i.e. those with the smallest percentage of trading activities, were the ones most likely to plan expansion in the short term (i.e. within six months). Established social enterprises were more likely to seek to expand in the long term (i.e. in more than two years time).
- The top five future expansion plans included - expand trading activities within NI, increase the number/range of services/products, increase number of people/groups worked with, increase the number of employees and increase the number of volunteers.

- **Embryonic social enterprises** are more likely to increase the number/range of services/products they provide, and increase the number of volunteers than emerging and established social enterprises.
 - **Emerging social enterprises** are more likely, than embryonic and established social enterprises, to begin to charge for services that are currently provided for free and expand their trading activities in Northern Ireland.
 - **Established social enterprises** are more likely, than embryonic and emerging social enterprises, to expand their trading activities outside Northern Ireland.
- Three strategies to growth were identified by social enterprises:
 - Merging with other third sector organisations.
 - Developing a business strategy.
 - Strengthening links with the rest of the UK and Ireland.

Barriers to expansion

- The research identified three main barriers to expansion for social enterprises:
 - Funding.
 - People and vision.
 - Government.

Support needed to expand

- The key areas of support needed to expand were in finance, business planning and marketing. The survey results also indicated that different categories of social enterprises placed contrasting values on the types of support needed to expand:
 - **Embryonic social enterprises** require a greater degree of support in business planning, marketing and financial advice compared to emerging and established social enterprises.
 - **Emerging social enterprises** require a greater degree of finance (i.e. loans and grants), human resource support, management support, mentoring, tendering/procurement process skills, and general advice than embryonic and established social enterprises.
 - **Established social enterprises** require less overall support in all core areas than embryonic and emerging social enterprises as would be expected.

5. The community and voluntary sector and the potential to become social enterprises

Introduction

This chapter examines the C&V sector and the growth potential for such organisations to become social enterprises. It then considers the profile and growth potential for C&V organisations. We use evidence from the survey and workshops to examine the following:

- The profile of C&V organisations.
- The potential of C&V organisations to grow.
- The barriers to expansion for C&V organisations.
- The support needed by C&V organisations.
- The income profile of C&V organisations in 2015.

Profile of C&V organisations

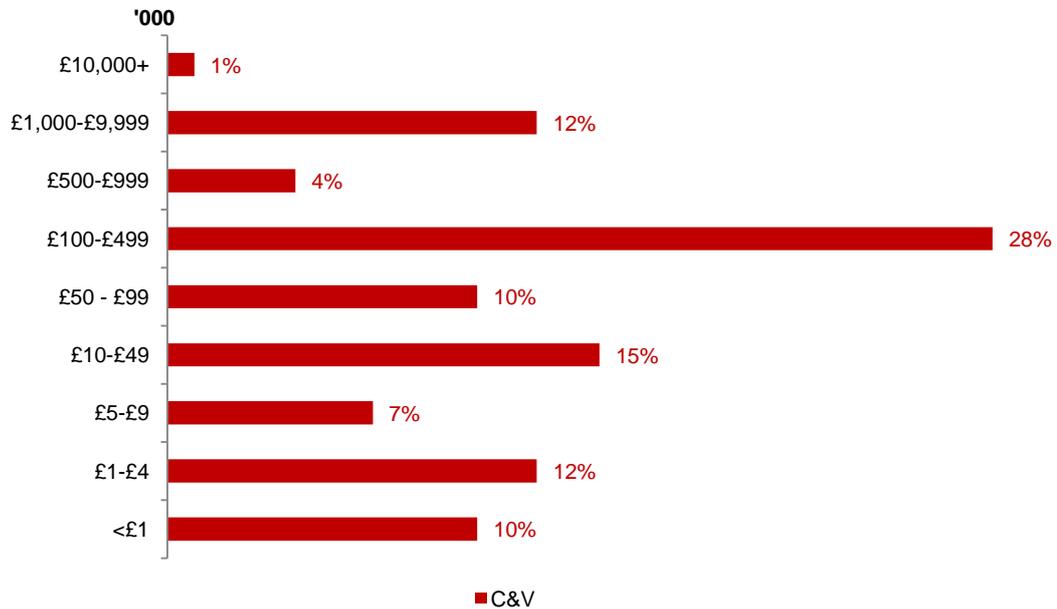
This section of the report examines the profile of the C&V sector in Northern Ireland:

- The size of C&V organisations by turnover.
- The size of C&V organisations by employment.
- The sector composition of C&V organisations.
- The geographical profile of C&V organisations.
- The breakdown of C&V organisations by location of trade.
- The purpose of C&V organisations.
- The legal status of C&V organisations.
- The age of C&V organisations.
- The profitability of C&V organisations.
- The breakdown of C&V organisations by volunteers.
- The beneficiaries of C&V organisations.

The size of C&V organisations by turnover

The percentage distribution (in terms of turnover, £) of C&V organisations is shown in Figure 33. Only 1% of C&V organisations have levels of annual turnover exceeding £10m, which is similar to the 2% of social enterprises (see Chapter 4). At the same time, 36% of social enterprises and 52% of C&V have a turnover of £99,000 or less. The size class with the strongest representation for C&V organisations is £100,000 to £499,000, which is the same for social enterprises.

Figure 33: Size distribution of C&V organisations by turnover (2010/2011) (£)



Source: PwC survey

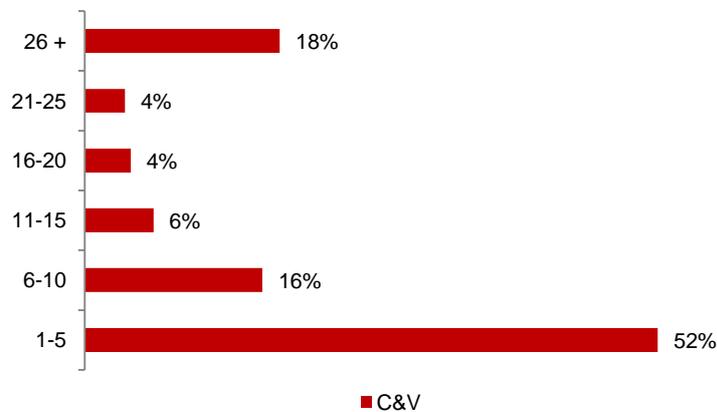
n = 346

The figures do not add up to 100% due to rounding.

The size of C&V organisations by employment

Figure 34 shows the breakdown of employment for C&V organisations. It can be seen that a high percentage of C&V organisations within the third sector employ more than 15 Full Time Equivalents (FTEs). A higher number of social enterprises employ 15 or less employees (see Chapter 4) overall than in comparison to C&V organisations.

Figure 34: Size distribution of C&V organizations by employment



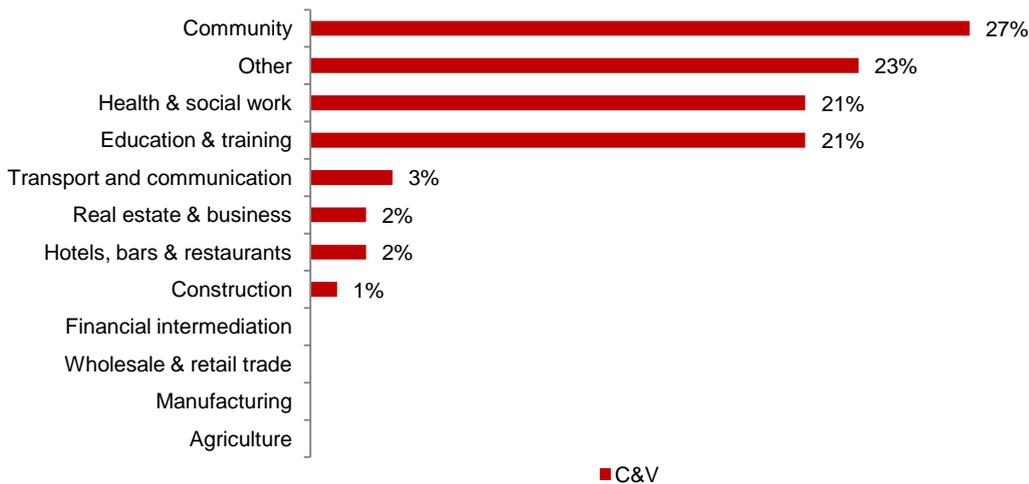
Source: PwC survey

n = 192

The sector composition of C&V organisations

Organisations working in the community/social/personal service sub sector constitute the highest proportion of C&V organisations. Figure 35 also shows that more than 40% of C&V organisations operate in the health and social work, and education and training sub sectors.

Figure 35: Sector composition of C&V organisations (2010/11)



Source: PwC survey
n = 88

Geographical profile of the C&V organisations

This section examines the geographical distribution of C&V organisations. The results indicate that although Belfast is where more than a quarter of C&V organisations are based; there is an overall more even distribution across Northern Ireland in comparison to social enterprises.

Table 24: Location of C&V organisations in Northern Ireland (%)

Location	C&V
Antrim	17%
Armagh	11%
Belfast ²⁹	26%
Derry/Londonderry	17%
Down	14%
Fermanagh	5%
Tyrone	10%

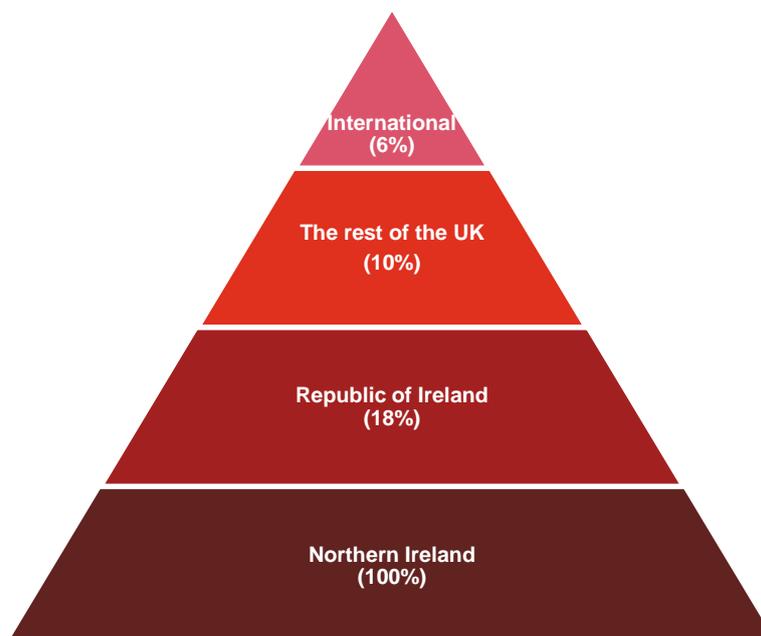
Source: PwC survey and IDBR (2010)

n = 358

The breakdown of C&V organisations by location of trade

Figure 36 shows that all C&V organisations trade within Northern Ireland, as would be expected. Less than one-quarter of all organisations trade with the Republic of Ireland, the rest of the UK, or in other international markets.

Figure 36: Sectors in which C&V organisations trade (multiple choice question)



Source: PwC survey

n = 88

Of those C&V organisations that trade outside Northern Ireland, the split between social enterprises and C&V organisations is broadly similar. The C&V proportion of this is shown in Table 25. However, it should be noted that the C&V proportion of this is based on a small base size, which is a limiting factor.

²⁹ Belfast has been separated from the other counties due to volume of third sector organisations based in Belfast.

Table 25: Breakdown of C&V organisations trading outside Northern Ireland

Location	C&V
Republic of Ireland	84%
International	26%
The rest of the UK	47%

Source: PwC survey

n = 19

This was a multiple choice question therefore the figures do not add up to 100%.

The purpose of C&V organisations

This section of the report outlines the main and secondary purposes of C&V organisations in Northern Ireland. It also considers the goals of C&V organisations.

Main purpose

Community development is the largest single purpose of C&V organisations (22%). Education and training and cultural activities were also important. The breakdown of primary purposes is detailed in Table 26.

Table 26: Main primary purposes of C&V organisations

	C&V
Community development	24%
Other	17%
Advice/advocacy/information	8%
Cultural	8%
Education/training	8%
Sport/recreation	6%
Youth work/development	5%
Arts	4%
Childcare/day care/playgroup/after schools	3%
Disability	3%
Environment/sustainable development	3%
Healthcare	3%
Counselling/support	3%
Accommodation/housing/homeless	2%
Cross-border/cross-community	2%
International development	0%

Source: PwC survey

n = 357

The figures do not add up to 100% due to rounding.

It is noteworthy that a large number of responses were ‘other’. This category contained purposes such as financial services and a mix of development activities (including economic and business development).

Secondary purposes

In addition to the main purpose of the organisation, the organisations were to select the secondary purposes for their organisation. The selected secondary purposes are outlined in Table 27.

Table 27: Secondary purposes of C&V organisations

	C&V
Education/training	1st
Community development	2nd
Advice/advocacy/information	3rd
Youth work/development	4th
Cultural	5th
Cross-border/cross-community	6th
Sport/recreation	7th
Healthcare	8th
Arts	9th
Counselling/support	10th
Disability	11th
Other	12th
Environment/sustainable development	13th
Childcare/day care/playgroup/after schools	14th
Accommodation/housing/homeless	15th
International development	16th

Source: PwC survey

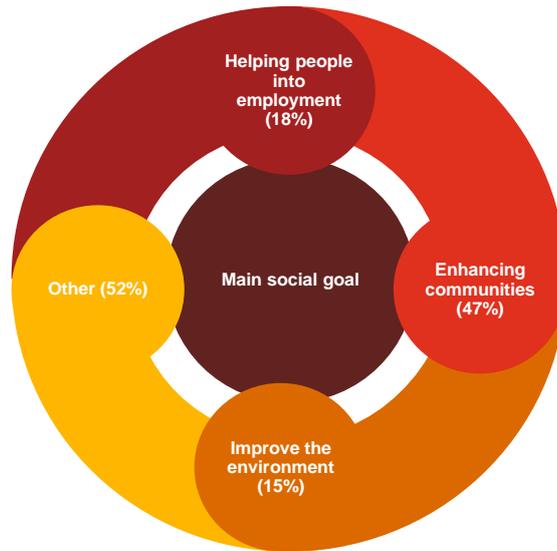
n = 144

Education and training was the largest other/secondary purpose, followed by community development and advice/advocacy and information services. Overall the responses were broadly similar between C&V organisations and social enterprises. Arts, cultural and sport/recreation were a few of the areas where there was some difference between C&Vs and social enterprise.

Main goal of C&V organisations

The three main goals for C&V organisations are enhancing communities, helping people into employment and improving the environment as shown in Figure 37. Other goals are included in the following categories - cultural developments, health, education and businesses development.

Figure 37: Main goals for C&V organisations



Source: PwC survey

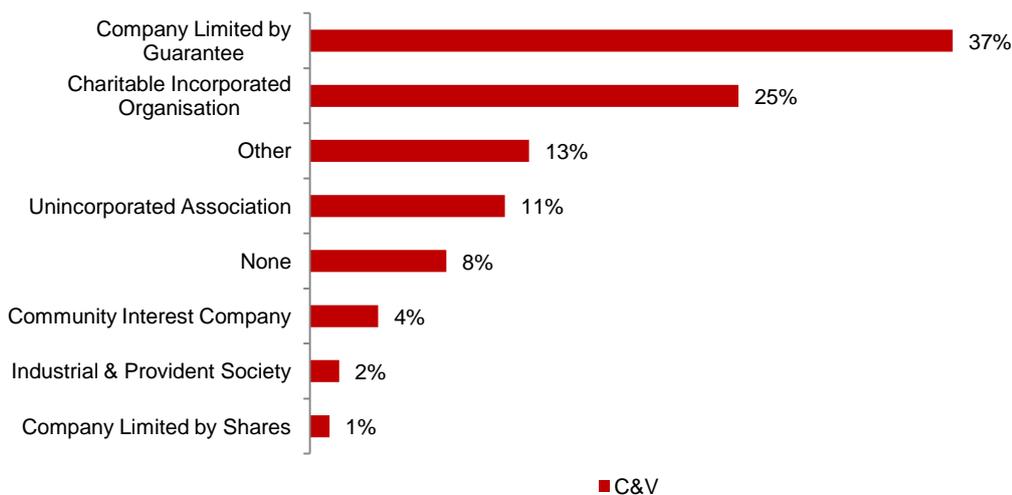
n = 357

This was a multiple choice question therefore the figures do not add up to 100%.

Legal status of organisations

Figure 38 details the legal status of C&V organisations, and highlights that although a significant proportion of organisations are registered as a company, it is less than the number of social enterprises (70%) that are registered as a company. The majority of social enterprises are structured as companies limited by guarantee (59%) compared to 37% of C&V organisations. 11% of C&V organisations are unincorporated associations compared to 4% of social enterprises.

Figure 38: Composition of C&V organisations by legal status



Source: PwC survey

n = 357

The figures do not add up to 100% due to rounding.

In addition, 25% of C&Vs are charitable organisations compared to 11% of social enterprises. Charities receive a significant number of benefits. These include:

Tax benefits

- Income tax relief on investment dividends, legacies and covenants, rents and profits on land occupied by the charity. Relief from Corporation Tax on any surplus made by the charity provided that the surplus arises from income from donations, grants, membership subscriptions (in most cases), sale of donated goods and income from primary purpose trading.
- There is also an extra-statutory concession giving relief for any profits arising from non-charitable trading providing the income from this trading is less than 10% of all the trading income and the amount involved is 'small'.
- 80% mandatory relief on Non-Domestic Rate on property occupied for charitable purposes. At its discretion the Rating Authority may give further relief up to 100%. Charities, whether registered or not, have the right to mandatory rate relief.
- There are Gift Aid benefits on donations and subscriptions of various types.
- VAT concessions: the provision of certain goods and services supplied to further the objects of the charity or particular classes of charity (e.g. new community buildings and certain equipment for use by disabled people) are zero-rated for VAT.
- Relief from Climate Change Levy.

Funding benefits

There are also significant fundraising benefits as many major trusts and statutory bodies will only make grants to registered charities, while other potential donors - like local firms or people asked to give to a collection - may only give to a registered charity.

A registered charity has also more chance of gaining access to and securing funds from central and local government and the EU.

Public Relation benefits

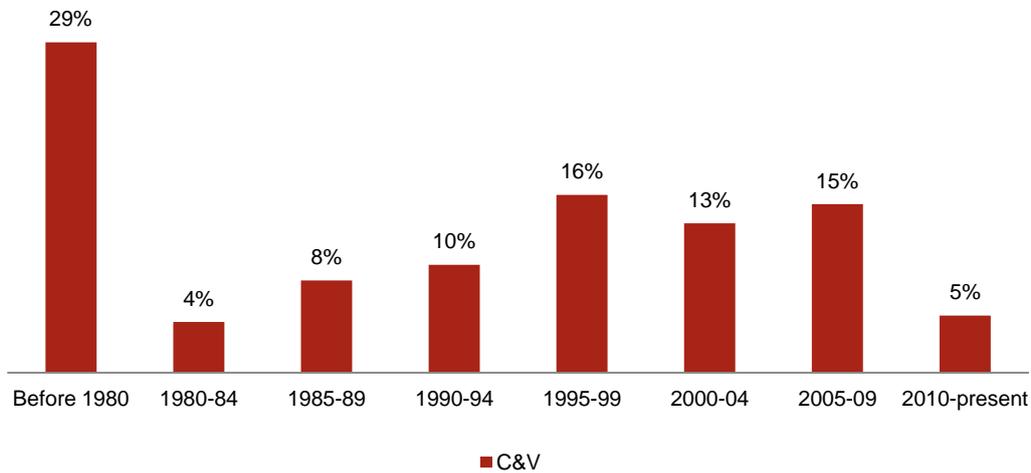
There are also Public Relation benefits, as charitable status is seen by supporters and donors alike as a symbol of probity.

Age (years in operation and when trading activities commenced)

This section compares the number of years that C&V organisations have been in operation and when they actually commenced trading activities. In terms of years of operation, there is little difference between C&V organisations and social enterprises. According to the distribution by year of establishment, the largest number of C&V organisations have been in operation since before 1980. Between 1995 and 1999 there was the largest increase in new organisations in the C&V sector. The figures for 2010 to the present can be interpreted in a number of ways. It shows that there is still the appetite for new organisations to be set up, which is encouraging for the third sector given the difficult economic conditions. It could be argued that the increase could be a direct

result of the more difficult economic conditions. There could be some under representation of new organisations, depending on the time it takes for them to get registered on one of the DETI/DSD databases.

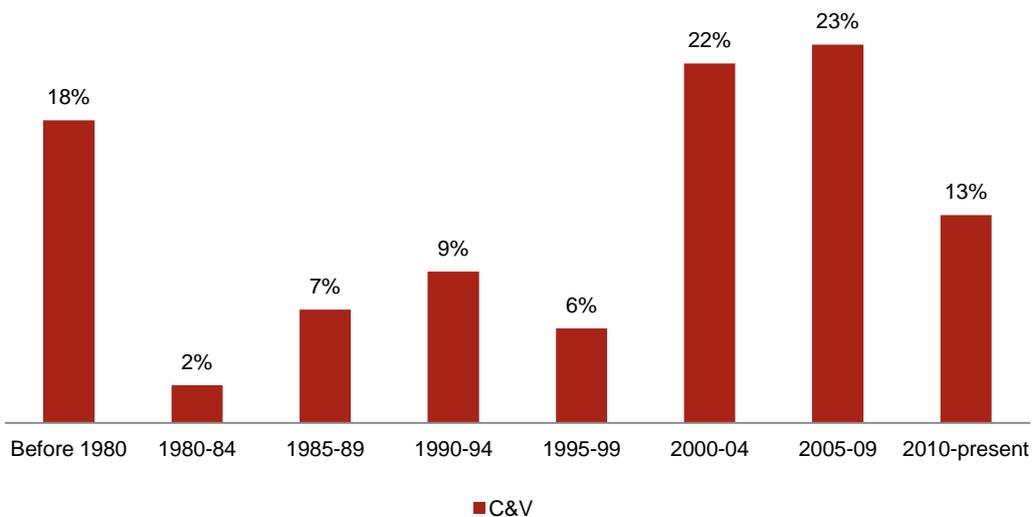
Figure 39: The length of time that C&V organisations have been in operation



Source: PwC survey
n = 357

Figure 40 illustrates the year in which C&V organisations actually commenced their trading activities. Prior to 1980 and up to 1999 there is a clear trend that C&V organisations were less likely to use trading activities as part of their funding model. However, since 2000 more than 58% of C&V organisations have started to use commercial activities as a source of income. This could reflect a more commercial approach within these organisations as the market for grant/non trading income has become more competitive.

Figure 40: Composition of C&V organisations by year when trading activities commenced



Source: PwC survey
n = 87

Profitability in C&V organisations

This section of the report analyses the profitability of C&V organisations. 54% of C&V organisations reported that they made a profit/surplus in 2010/11, which compares to 68% of social enterprises. Table 28 shows these figures.

Table 28: Profitability of C&V organisations

	Number	%
Profit	49	54%
No profit	41	46%

Source: PwC survey

n = 90

Table 29 provides an indication of the level of profits for C&V organisations. It is worth noting that 24% of C&V organisations reported a profit/surplus of over £100,000 in 2010/11, which is higher than the share of social enterprises (19%). However, these figures should be treated with caution due to of the low number of responses. It should also be noted the C&V survey respondents were less likely to seek to be profitable than their social enterprise counterparts.

Table 29: Level of profitability of C&V organisations

	Number	%
Less than or equal to £4,999	11	22%
£5,000 - £9,999	7	14%
£10,000 - £19,999	7	14%
£20,000 - £59,999	9	18%
£60,000 - £99,999	3	6%
Greater than or equal to £100,000	12	25%

Source: PwC survey

n = 49

The figures do not add up to 100% due to rounding.

The breakdown of C&V organisations by volunteers

Approximately half of all C&V organisations do not have any full-time volunteers working for them. However, this is balanced out by the percentages of C&V organisations which have part-time volunteers working for them, as shown in Table 30.

It is noticeable that both C&V organisations and social enterprises utilise part-time volunteers as a means of operating their organisation.

Table 30: Breakdown of full-time and part-time volunteers by C&V organisation

	C&V	
	FT	PT
None	50%	2%
1-5	34%	22%
6-10	5%	24%
11-20	4%	28%
21-50	7%	16%
51 plus	0%	8%

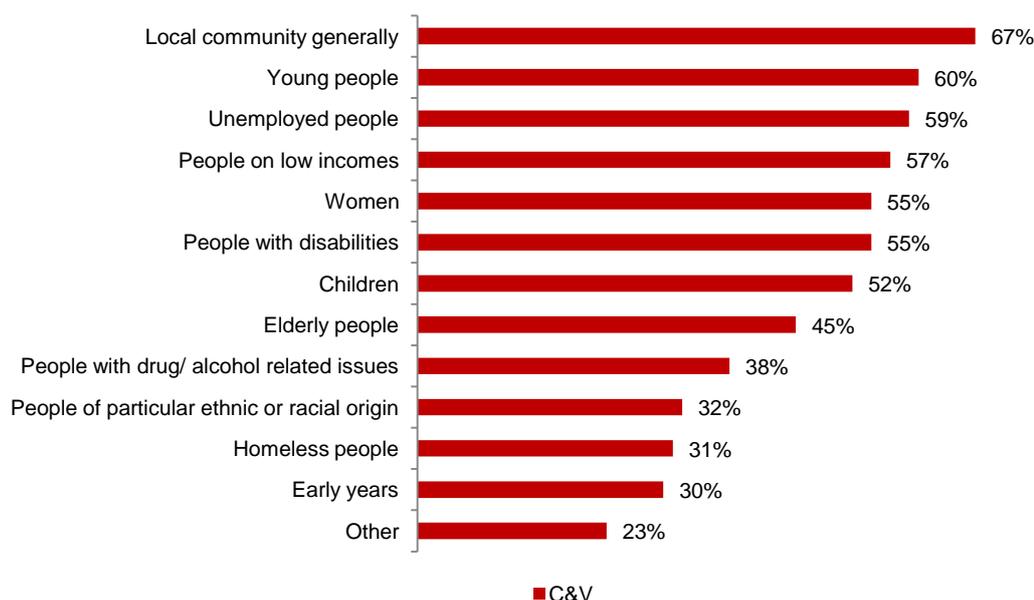
Source: PwC survey

n = 312

The beneficiaries of C&V organisations

Figure 41 gives the percentage of C&V organisations in terms of the different beneficiaries that they try to serve. ‘Other’ groups identified included rural communities, lesbian, gay, bisexual and transgender (LGBT) groups and prisoners and their families.

Figure 41: Beneficiaries of C&V organisations



Source: PwC survey

n = 241

This was a multiple choice question therefore the figures do not add to 100%.

The potential of C&V organisations to grow

This section of the report examines the potential of C&V organisations to grow. It considers:

- C&V organisations without plans to expand
- C&V organisations with plans to expand
- the sectors where expansion is planned.

C&V organisations without plans to expand

In comparison with social enterprises where 71% reported plans for expansion, two thirds of C&V organisations indicated in response to the survey that they did not have any plans to expand. They gave similar reasons to the 29% of social enterprises that were not seeking to expand. The reasons included:

- It was not the nature or purpose of their organisation, and expanding or trading was not a goal or aim of their organisation.
- There was a lack of funding and resources to enable them to expand.

“It is not in the nature of our organisation to trade. We are a charity whose purpose is to support and empower vulnerable and disadvantaged organisations.”

With regards to the C&V organisations that took part in the workshops, there was a desire to continue to sustain and grow their organisation. However, like the two thirds of C&V organisations that took part in the survey, there was little enthusiasm amongst these C&V organisations to become a social enterprise.

There were two main reasons for this.

- The first was that some of the organisations operate as a business and have a business plan but will never become a social enterprise due to the nature of their work. One such example of this type of organisation would be those that provide advice and support to members of the public as the main purpose of their organisation. Arguably, it was suggested that it might not make sense for organisations like these to become social enterprises as members of the public may not pay for the advice and support provided (although this does beg questions whether this perception is right or whether there is a viable model involving government commissioning such an advice service).

“We have to run as a business, but it’s not realistic to be a business.”

- The second reason given for C&V organisations not wanting to expand was that they are focusing on the day-to-day running of the organisation. They are trying to ensure that the organisation will still be sustainable this time next year and are not in the mindset of thinking about the next five or ten years down the line.

“I wouldn’t say I’m ruling out becoming a social enterprise. I can see the potential for it to happen but to get into one right now would be such a leap of faith. In terms of growth, my vision is [for the organisation] to still be here in five years time, as we’re a very small locally based organisation.”

C&V organisations with plans to expand

C&V workshop participants indicated that their ambition and vision was to grow and sustain their organisation rather than become a social enterprise. Their main vision was to have enough income for their organisation to remain sustainable, which can sometimes prove difficult due to funding being provided on a yearly basis making it difficult for these organisations to plan for the future.

Some of the advice and support organisations indicated that they would like to expand their organisation to enable them to provide training programmes to other organisations, which they could then charge for and earn extra income. However, they need the initial capital to employ more training facilitators in order to be able to do this.

“We’re not looking for thousands/millions of pounds, we’re looking for a three year service agreement and the knowledge that you know you’re secure for three years so that you could have outputs.”

One workshop participant stated that their organisation had aspirations in the past to set up a coffee shop or to provide hostel accommodation for fishermen. However, nothing came of this as they felt they did not have anyone within the organisation with the ambition and drive to take the idea forward.

C&V survey respondents who stated that their desire was to expand, noted a number of methods they anticipated using in order to expand, as shown in Table 31.

Table 31: Top five future expansion plans for C&V organizations

Develop new income generating activities	73%
Increase the range of activities provided	71%
Increase number of people/groups worked with	60%
Increase the number of volunteers	47%
Begin to charge for services	38%

Source: PwC survey

n = 92

This was a multiple choice question therefore the figures do not add up to 100%.

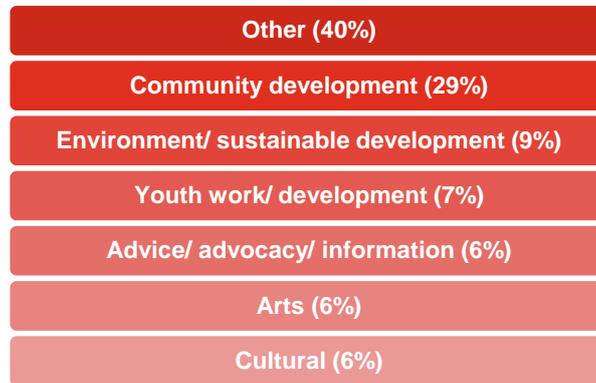
Other expansion plans which were highlighted by a smaller number of C&V respondents included:

- Increase the number of employees (36%).
- Expand geographic coverage in Northern Ireland (21%).
- Seek commercial sponsorship (5%).

Sectors where expansion was planned

Community development is the main purpose of nearly two fifths of C&V organisations that are planning to expand. The main purposes of C&V organisations that plan to expand are detailed below:

Figure 42: Main purposes of C&V organisations planning to expand



Source: PwC survey
n = 91

The ‘other’ category is made up of a range of purposes – including accommodation; business/economic development; childcare; counselling/support; cross-border/cross-community; education/training; health/care; and sport/recreation.

Barriers to expansion for C&V organisations

C&V survey participants were asked to record what the main constraints were towards their organisation expanding or becoming more entrepreneurial.

- As with the social enterprises, the majority (52%) of the comments that were received in this area related to the lack of funding that is available and the difficulties these organisations face in gaining funding.
- The second barrier to expansion (35%) was the nature and principles of the organisation which did not lend itself to become a social enterprise due to the type of services they were providing to marginalised groups for free.
- The third constraint was around people, and focused on people as a resource and the skills people within the organisation have.
- 31% of organisations indicated that they did not have adequate resources to expand and they would either need more staff or more volunteers.
- 16% stated that people within their organisation did not have the right skills e.g. expertise/business skills/creativity to expand their organisation at the present time.

“Lack of funding available plus time and money needed to draw up plans.”

“We were established to provide free advice services to the general public, and there would need to be a reassessment of the organisation’s objectives before this would change.”

Workshop participants were in agreement with the barriers falling into the three key areas; funding, people and their vision and government.

Funding

Lack of funding or finances was found to be the most common barrier which prevented C&V trading growth. It would seem that these organisations do not have much cash flow and the large scale financial resources that they perceive they need to grow. This can often be as a result of difficulties in securing funding due to lack of knowledge of funding available and the bureaucracy and red tape associated with funding applications.

It was also highlighted that the lack of long term strategic investment in organisations (i.e. over five to ten year time horizons) makes it difficult for them to plan ahead for the future as they are relying on funding being secured on a yearly basis. As with the social enterprises it appears that C&V organisations are so caught up in the everyday work of the organisation that they lose the vision for the future.

“You don’t look at your business plan on a day to day basis and you don’t think about your aspirations. You just get caught up in fire-fighting and you lose sight of the bigger picture. You tend to think in a negative way and get caught up in things that hold you back.”

A change in the language used was also highlighted, i.e. the potential gain if there was shift to investments rather than grants. Grants do not often help to promote the growth of C&V organisations to become social enterprises. There needs to be more emphasis that organisations should be generating income alongside any investment that is provided to them.

“Government needs to invest in helping us to become sustainable and enable us to become a social enterprise so that we don’t need to rely on them as much/anymore. At the moment we need money to be able to pay bills and not have to worry about keeping the doors open, so that we can focus on providing the actual services that people need.”

“I cringe when I hear the word funding, as that implies we are being given money. That language creates a mentality with people. The money needs to be seen as an investment, there needs to be a change of thinking and a change of language from funding to investment.”

A small number of participants highlighted that these organisations can be very dependent on funding from government and public sector. Therefore they find it difficult to become less dependent on this money. When receiving grants, organisations have to show how the money has been spent otherwise they will not receive the funding. In some cases there is an added disincentive to generate income, as in some funding programmes if an organisation generates any income at all it is automatically taken off their grant.

“When you deliver a service which you have received money for, that money is your own and you have complete discretion over that money within the law. If you get a grant, it is never your money; you must spend it for a purpose. If you don’t spend it for this purpose you will be penalised and if you don’t spend it you must return it.”

People and their vision

Similarly to the social enterprise workshop participants, C&V organisation participants highlighted that having the right people on board with a vision and ambition is key to the organisation being able to grow and expand to become a social enterprise. There needs to be a change in culture and mindset and for individuals to have the drive and motivation to move things forward.

“There is a lack of interested people to bring forward ideas, enthusiasm and ability to lead projects.”

It was felt that sometimes small C&V organisations do not have the skills or knowledge required to make the transition from C&V organisation to a social enterprise. The knowledge and skills needed to develop and implement business models are important to enable these organisations to expand to become a social enterprise. Other organisations appear to be risk averse and are unwilling to share their ideas with others and are scared of failure.

“The fear of sharing/disclosure to others about what you do and what you want to do.”

Government

Mixed messages from government were noted by the workshop participants as a barrier to growth and expansion. For example, organisations are being told they need to be entrepreneurial and generate income to input money back into their organisations. However, at the same time some of the grants that are being provided to organisations mean that if they generate any income it's automatically taken off their grant, thereby disincentivising organisations from taking part in trading activities.

“If we could get the government to acknowledge that giving someone a grant and them generating a bit of money on the side of the grant is actually a very good thing for the economy.”

It was also believed that there is no partnership between the C&V sector and government and public sector. There is a need for collaboration and for both sectors to be jointly developing services. C&V organisations also indicated that there is a lack of support available to them from government departments and if more support was available they would have a better chance of growing and expanding to become social enterprises.

It was also suggested that there is no joined up thinking across government agencies and departments. It appeared to some workshop participants that government departments are often working against each other and there is no understanding between agencies as to what is happening in the community. It is believed that there is a lack of engagement with community organisations and it was felt that councillors and politicians often look at these organisations as a threat rather than an opportunity.

The support needed by C&V organisations

The types of support needed by C&V organisations and social enterprises in order to expand further are broadly similar. The top six types of support identified as needed by C&V organisations to enable them to expand or become more entrepreneurial are detailed in Table 32 along with the percentage of C&V respondents who selected that type of support.

Table 32: Top six types of support needed by C&V organisations to expand further

Finance	61%
Advice and support	54%
Business planning	41%
Marketing	35%
Tendering/Procurement skills	33%
Financial advice	33%

Source: PwC survey

n = 274

This was a multiple choice question therefore the figures do not add up to 100%.

Other forms of support which were highlighted by a smaller number of C&V organisations included: mentoring (32%); management support (29%); human resources support (25%); and help to expand into markets outside Northern Ireland (9%).

As with the social enterprises, most C&V organisations who took part in the workshops indicated that they had received little or no support in terms of expansion or advice and support around becoming a social enterprise. One workshop participant took part in a community network in their local town which they found particularly useful in providing helpful support and advice to local community groups.

C&V organisations believe that there needs to be recognition and praise by government regionally and locally for the work that has been done. It was felt that a government representative should meet with C&V organisations and outline what support they can offer.

It was suggested that there is a need for further information to be provided to organisations on the support that is available to assist C&V organisations in the change from relying on grant aid to operating as a social enterprise. There needs to be financial support available to take on this change and support needs to be looked upon as an investment rather than funding. Workshop participants stated that there is a need for more strategic funding to be given to enable people to develop social enterprises and develop partnerships. Alongside this there needs to be training provided to organisations on strategic development and planning.

Workshop participants felt that it would be useful if an organisation was able to provide support to facilitate partnerships and collaboration or help to encourage entrepreneurship. This could be a group where organisations get together and share ideas to encourage and learn from each other and could provide an element of peer mentoring. Within these groups support could also be provided around strategic development, where organisations can discuss their vision and set up plans for the future.

Research participants also felt that new channels/pathways should be created and developed to build leaders for the future C&V sector. It was suggested that there needs to be programmes in place within schools or universities to stimulate and develop young people to encourage them to get involved in a C&V/social enterprises.

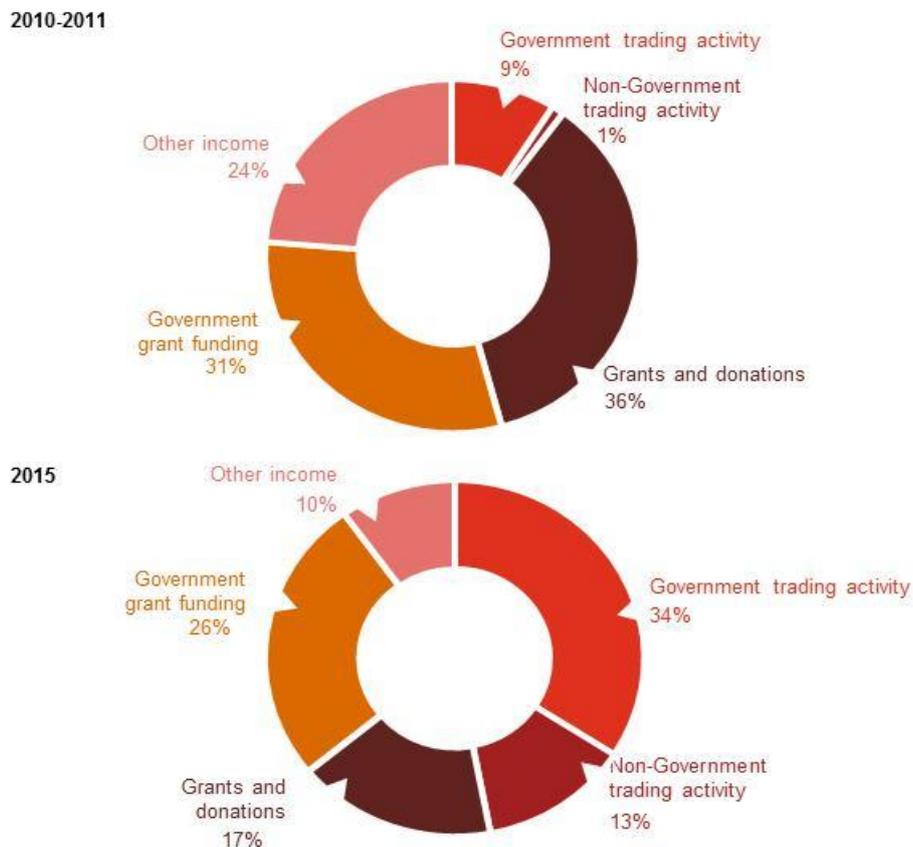
Income profile of C&V organisations in 2015

C&V survey respondents were asked to provide an estimate of their sources of income for the 2010-2011 financial year and then asked to estimate what their income profile would look like in 2015. Figure 43 shows how C&V organisations anticipate that:

- government trading activity will account for a significantly higher proportion of their income profile in 2015 (from less than a tenth to one third)
- income generated from non-government trading activity will be increased by more than 10% by 2015
- grants and donations, government grant funding, and other income will account for a lower proportion of their income profile.

This suggests that C&V organisations envisage moving towards an income profile based increasingly on income being generated from trading activity, both government trading activity and non-government trading activity. C&V organisations believe that in 2015 their government grant funding, grants and donations, and other income will all have decreased, and expect to counteract this by moving towards a trading model.

Figure 43: Income profile of C&V organisations 2010-2011 vs. 2015



Source: PwC survey

n = 358

The figures do not add up to 100% due to rounding.

Summary

A summary of the research into C&V organisations is provided below.

Expansion plans

- In comparison to the social enterprises, two thirds of C&V organisations indicated that they did not have any plans to expand. They reported that a lack of funding was one reason, but also that becoming a social enterprise was not the purpose of their organisation. C&V organisations were more concerned about being able to sustain their organisation in its current state and be able to continue providing their existing services.
- Of the C&V organisations that did plan to grow, they planned to grow by developing new income generating activities, increasing the range of activities provided, increasing the number of people they work with, increasing the number of volunteers and beginning to charge for services. Judging by the activities that are being planned by the small percentage of C&V organisations that do wish to expand, there is potential for these organisations to become social enterprises in the future.

Barriers to expansion

- Our research discovered that the main barriers to expansion for C&V organisations were lack of funding/difficulties in gaining funding, it is not the nature of the organisation to become a business, organisations do not have the right type of people and skills to expand, and they do not have adequate resources to expand and they would either need more staff or more volunteers.

Support needed to expand

- The type of support that C&V organisations indicated that they required to grow was access to finance and financial advice, assistance to develop business plans and marketing support and assistance with contract tendering and other procurement issues.

6. *Conclusions and recommendations*

Introduction

The third sector plays an important role in Northern Ireland in economic, social and environmental terms. It is a source of employment and provides services to assist in economic development. It is able to connect with and work in parts of the community that cannot easily be reached by public and private sector organisations.

This section provides a summary of the conclusions from the research into third sector organisations. It considers the size of the third sector and the contribution it makes to the Northern Ireland economy. The potential for C&V organisations to expand and become social enterprises is assessed and the potential for social enterprises to upscale and grow is considered. Ten recommendations are made to support the third sector to grow.

Size of the third sector

We found that there were 3,821 third sector organisations in Northern Ireland in 2012 of which 473 were social enterprises and 3,348 C&V organisations. There are very few large scale third sector organisations (in terms of either employment or turnover), with 93% employing less than 50 individuals.

Approximately 30,000 people were employed in the third sector in Northern Ireland. The turnover of the sector was almost £1.2 billion in 2010/11, with 51% of turnover coming from C&V organisations and the remaining 49% from social enterprises.

In terms of sectoral distribution, our survey indicated there is minimal or very little representation of third sector organisations in such sectors as manufacturing, construction and agriculture. There is, however, a relatively strong representation in community and health and social care. Just over a fifth of respondent third sector organisations claimed their purpose was community development. About one in five organisations were defined as charities and about half were companies (the latter share being a much larger one for Northern Ireland VAT registered organisations as a whole).

Contribution of the third sector to the Northern Ireland economy

We estimate total third sector employment to be just under 30,000 people, which suggests that slightly over 5% of employment in the business sector was in third sector organisations. 4% of total employees in Northern Ireland work in the third sector, compared to 29% in public sector and 66% in the private sector.

We estimate the turnover of the third sector in Northern Ireland is £1.2 billion. This is approximately 2% of total turnover of the business sector. We have calculated the Gross Value Added to turnover ratio for the third sector in Northern Ireland to be 47%. Therefore the gross value added of the third sector is estimated to be £572 million, which is approximately 3% of all Northern Ireland businesses. Given that businesses contribute 66% of

value added of the Northern Ireland Economy as a whole; our estimates suggest that the third sector contributes approximately 2% of total gross value added.

There is a large range of beneficiaries from the work of the third sector. Generally there is little difference in the targeted beneficiaries between C&V organisations and social enterprises. The main exception is for people with alcohol and drug related issues, where a significantly higher proportion of C&V organisations are able to provide support.

Almost one sixth of third sector organisations will have an environmental or sustainable development angle as their main business purpose or secondary purpose of their organisation. Only a fifth (20.6%) of third sector organisations that consider themselves to have an environmental or sustainable development purpose have actually carried out an assessment of their environmental impact. The two environmental impacts typical to organisations in the third sector are reduced waste and increased recycling.

Assessment of the potential of C&V organisations to grow into social enterprises

From our findings it is clear that for many C&V organisations the transition to a social enterprise is not seen as a realistic option. 66% of C&V organisations indicated that they had no plans to grow, with a lack of funding being a major reason behind this. For many organisations the idea of becoming a social enterprise was not one that they were considering because it was not the purpose of their organisation. C&V organisations were more concerned about being able to sustain their organisation in its current state and to be able to continue providing their existing services. Therefore, there needs to be recognition that the social enterprise model is not the way forward for many C&V organisations. However, as they play a vital role in our communities they will continue to need support to continue providing their existing goods and services.

34% of C&V organisations indicated that they had growth plans. They intend to expand by developing new income generating activities, increasing the range of activities provided, increasing the number of people they work with, increasing the number of volunteers and also beginning to charge for services. Judging by these plans for expansion, particularly increasing the number of services, charging for services and developing new income generating activities, there is potential for some of these C&V organisations to become social enterprises in the future. However, for the C&V organisations that intend to grow, this expansion is more likely to be about sustaining the organisation, in its existing form, rather than moving to become a social enterprise. A major barrier for these organisations is funding as they are currently heavily reliant on grant funding to sustain their organisation. Only 12% of C&V organisations have any trading income and only 1% has more than 10% of its income from trading.

On this basis the overall potential for C&V organisations to expand is relatively low and of those that intend to expand only a small percentage currently have the potential to become social enterprises. Those that have the potential to grow will need support and encouragement to help them move towards becoming a social enterprise.

Expansion plans for social enterprises

Over three quarters of social enterprises reported that they had plans to expand. Embryonic social enterprises intend to grow by increasing the number and range of services/products they provide, and increasing the number of volunteers. Emerging social enterprises plan to grow by introducing charges for services that are currently provided free of charge and expanding their operations to other parts of Northern Ireland. Established social enterprises plan to grow by expanding their trading activities outside Northern Ireland.

There were three main strategies for expansion identified. These were merging with other organisations; developing a business strategy; and strengthening links within the UK and Ireland.

Barriers to expansion

Third sector organisations face a number of barriers to growth:

- A lack of available finance.
- Limited awareness of the available support.
- Not having a business plan.
- Lack of appropriate skills within the existing staff.
- Not having adequate resources to expand and they would either need more staff or more volunteers.

Support required to grow

Both social enterprises and C&V organisations have identified similar support required to facilitate growth:

- Access to finance and financial advice.
- Business planning.
- Support with marketing.
- Assistance with contract tendering and other procurement issues.

Providing this support to each type of social enterprise will help them grow. Ideally, to maximise its impact, the support will be tailored to address the specific challenges faced by each social enterprise.

Recommendations

There are ten recommendations that will support the third sector to grow. They fall into three broad categories:

- Finance.
- Support.
- Awareness and promotion.

Finance

Our research found that access to finance was a barrier to expansion for many third sector organisations. The recommendations below should be considered to address this barrier.

1. Explore tax incentives for social enterprises. In the Budget in March 2013 the Chancellor announced that the government will consult on introducing new tax relief measures to encourage private investment in social enterprises. Potential tax relief schemes for the sector include adapting the Enterprise Investment Scheme (EIS) and the Venture Capital Trust (VCT), which provide tax incentives to encourage individuals to provide venture capital to small businesses. In addition reforms could be made to the community investment tax relief which generates investment in deprived communities through community development finance institutions. This relief is rarely used because of bureaucratic barriers. While the NI Assembly has limited tax varying powers, it could lobby for these incentives to be introduced.

Other potential changes were suggested by Bates, Wells and Braithewaite³⁰ who made ten recommendations to reform the social investment market in the UK. Three reforms were of particular interest for this study:

- The first is the introduction of a tax break for social investment and community interest companies to level the investment playing field and encourage more social enterprise start-ups.
- The second includes reforming the laws concerning the investment duties of charity trustees to strengthen and expand the ability of charities to invest for social impact.
- The third reform would be to introduce a model social investment fund structure to enable government, charities and other investors to more easily invest in structured funds for social impact.

2. Launch an investment readiness fund in Northern Ireland. This fund would provide professional support to third sector organisations to make them ready to respond to contracts or other investment opportunities. This support could include bid process management, market assessments or project management. DSD has been working with the Building Change Trust (BCT) to investigate the potential for an Investment Readiness programme for the third sector in NI. In support of this work DSD should use their influence to approach the Big Lottery Fund to create an investment readiness fund for Northern Ireland.

Support

A range of options for different types of support are presented for DETI and DSD to consider taking forward.

3. Promote peer to peer shared learning and collaborative networking. Our research has found that peer to peer support can be very important to help social enterprises to grow. Third sector representative bodies such as Social Enterprise NI and NICVA should work together to promote shared learning within the third

³⁰ Stephen Lloyd and Luke Fletcher (2012) *Ten reforms to grow the social investment market*. Bates, Wells and Braithewaite LLP, London.

sector. In addition third sector organisations should be encouraged to merge or develop partnerships in Northern Ireland or further afield. The mutual support provided can be beneficial for both parties and provide a practical way to share lessons. Support should be drawn in from the BCT Enabling Fund, which provides professional and legal expertise where mergers are being actively pursued.

4. Create a single online resource portal. One online portal should be created that brings together all existing resources. The website should build on resources provided by Invest NI, BITC, local councils, NICVA, Social Enterprise NI, Building Change Trust and the Big Lottery and should be available free of charge. Third sector representative bodies such as Social Enterprise NI and NICVA should work together to raise awareness of this portal.

5. Address barriers to procurement. Our research found that one third of C&V organisations surveyed would benefit from training in procurement for public contracts. A number of social enterprises also voiced the same opinion. Central Procurement Directorate (CPD) should continue to provide information and training targeted at third sector organisations. Following the introduction of the Public Services (Social Value) Act 2012 in England and Wales, which became law on 8th March 2012 and came into effect on 31st January 2013, consideration should be given to how social value could be addressed within the procurement of public services in NI. The commissioners of services for government departments and public bodies should also be provided with information and training so that they consider third sector organisations as potential service providers.

6. Provide training in measuring social and environmental impact. Our research found that the majority of third sector organisations did not measure their social or environmental impact. Third sector organisations should work with the Building Change Trust to develop an Inspiring Impact programme in Northern Ireland. This builds on an existing UK wide initiative to ensure that measurement of social impact is embedded within government and the voluntary and community sector. To enable them to do this now, Northern Ireland government departments should commission training.

7. Establish a “Supporting Growth” pilot programme. DSD should establish a pilot programme to identify and target C&V organisations with the potential to transition to social enterprises. This pilot programme should include a needs assessment, organisational review and skills assessment to discover if the organisation has the capacity and capability to become a social enterprise. It should identify the specific support required by the organisation to make this transition. As a potential avenue of funding, DSD should seek to gain support for the third sector across the Northern Ireland Executive departments ahead of the Executive response to the next Comprehensive Spending Review. It should also consider approaching the Big Lottery Fund to provide funding, such as the Transition Fund in England, for the pilot programme.

Awareness and promotion

The importance of awareness building within the third sector and the promotion of the third sector are explored. The following recommendations should be considered.

8. Continue to promote the Social Economy agenda to the public and private sectors. The joint Government/Voluntary & Community Sector Forum exists to provide the opportunity for third sector organisations to discuss and develop new policy initiatives and should be used to promote the third sector.

9. Establish partnerships with schools and universities. Working with schools and universities can provide creative thinking and new sources of intellectual capital for social enterprises. Universities can also be a powerful customer base for social enterprises because they are often embedded in local communities. An example of this is the University of Northampton, which has developed a range of resources so students can set up their own social enterprises. They have created a range of work placement and volunteering opportunities for students who wish to develop their understanding and skills in the area of social enterprise. The third sector representative bodies should encourage organisations to create partnerships with schools and universities to benefit from their creative thinking.

10. Develop the third sector database. It is vital that an accurate database of third sector organisations is developed and maintained so that future research can draw on accurate information about the third sector. This database should distinguish between C&V organisations and social enterprises and should be aligned with/build on existing resources such as the Social Enterprise NI and NICVA databases.

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Appendices

Appendix A: Database development

The research combines three key databases into a single repository. This serves as the foundation for this research. Databases were received from DETI/DSD (c3,700 entries), Social Economy Network (c200 entries) and the Social Entrepreneurship Programme (c300 entries).

The merged database, excluded identical duplicates. It provided name and address details and fields outlining the “nature” (150 different groupings) and “purpose” (a three word description for 3,943 third sector organisations). The database was coded into five categories (charity, community, housing association, social enterprise and voluntary) and further cleansed to leave 3,821 entries in order to remove:

- duplicate organisations where entries weren’t identical (e.g. one of “Big Telly Theatre Company” and “Big Telly Theatre Co.” was retained based on which entry was most complete)
- non-Northern Ireland entries and local authorities (e.g. where a London or Dublin address was listed the organisation was removed if no Northern Ireland office address could be found following a desk based internet search).

Entries were coded based on analysis of both the “nature” and “purpose” fields. The bullets below provide an illustration of how entries were coded:

- Where “nature” was “community” and “purpose” was “community development” the coded entry was “community”.
- Where “nature” was “voluntary” and “purpose” was “older people volunteering” the coded entry was “voluntary”.
- Where “nature” was either “business” or “social enterprise” the coded entry was “social enterprise”. Where it was less clear how an entry should be coded (e.g. playgroups were identified as community, voluntary, charity and/or businesses) a judgement was made as to likely best fit based on desk based internet search findings (where available).

Following consultation with DETI and DSD entries were grouped into two broader categories – “Community & Voluntary” and “Social Enterprise” using the following logic:

- Community, Voluntary and Charity = “Community & Voluntary” (3,348 entries).
- Social Enterprise and Housing Association = “Social Enterprise” (473 entries).

Appendix B: Steps taken to increase the response rate

The table below illustrates the steps taken by a range of bodies to encourage organisations to participate in the survey.

Steps taken to increase the number of survey returns

Organisation	Approximate number of contacts	Action taken
	3,900	<ul style="list-style-type: none"> An initial e-mail and reminders were sent to 2,700 contacts. Alternative email addresses were sought for delivery failures (556) and letters were posted to those with no alternative email. Letters were sent to 1,245 organisations without email addresses.
	3,000	<ul style="list-style-type: none"> A link was posted on their website and they emailed organisations on their database. They promoted the survey in their e-zine and on social media. Reminders were sent out from the NICVA CEO.
	2,500	<ul style="list-style-type: none"> An e-mail with the survey link sent was sent to their members. A reminder e-mail was also sent out.
	2,000	<ul style="list-style-type: none"> An e-mail with the survey link was sent to members on their database and advertised on their website. Reminder e-mails were sent out.
	1,500	<ul style="list-style-type: none"> The survey link was posted on their website and promoted via Twitter, Google AdWords, Facebook and their e-mail newsletter. A reminder e-mail was sent to the group via an e-mail newsletter.
	400	<ul style="list-style-type: none"> The survey link was added to their website which automatically generated an e-mail to the group. A reminder e-mail was sent to the group.
	280	<ul style="list-style-type: none"> An e-mail with the survey link was sent to members and advertised on their website. A reminder e-mail was also sent out.
	103	<ul style="list-style-type: none"> An e-mail with the survey link was sent to 103 Credit Unions. A reminder was put in their e-mail newsletter.
	1,030	<ul style="list-style-type: none"> The survey link was sent out in an e-zine to 30 CEOs of member organisations who forwarded it to their contacts. It was also sent to 1,000 followers on Twitter.
	32	<ul style="list-style-type: none"> An e-mail with the survey link was sent to 32 housing associations. A reminder e-mail was sent out.
	NA	<ul style="list-style-type: none"> They provided support in cleansing the PwC database. They provided alternative e-mail addresses for organisations. They completed a ring round of organisations on their database.
	Unsure	<ul style="list-style-type: none"> An e-mail with the survey link sent to award winners.
	Unsure	<ul style="list-style-type: none"> An e-mail with the survey link was sent to members on their database.

Source: PwC

In addition PwC undertook the following steps to increase survey returns:

- The closing date for the survey was extended from the end of September until the start of November. This was publicised via social media by NICVA, and via the DETI and DSD websites.
- Follow up calls were carried out by LEDCOM and reminders were sent to organisations in the PwC database.
- All the organisations that did not have an email address were sent a letter inviting them to take part in the survey. In follow up, all these organisations were telephoned and asked to provide an email address so that a link to the survey could be emailed to them to give them a further opportunity to complete the survey. 574 organisations were called as part of this process. In a small number of cases hard copies of the survey were sent by post.

Appendix C: The survey

There were four sections in the survey. The headings for each section are provided below:

Section 1 – Background Information

Section 2 – Profile of the organisation

Section 3 – Trading activity

Section 4 – Non trading activity

It is estimated that the survey took 15-30 minutes to complete online. There was a significant number of respondents who paused and returned to the survey. It took time for some organisations to gather all the required information to complete the questions, particularly the financial questions relating to turnover and sources of income.

Third Sector Research

Survey of Third Sector Organisations



PwC has been appointed by the Department of Enterprise, Trade and Investment (DETI) and the Department for Social Development (DSD) to undertake a mapping exercise of Third Sector Activity which will:

- Measure the size and scale of social enterprises in the community and voluntary sector;
- Assess the contribution of the Third Sector to the Northern Ireland Economy, in terms of economic, social and environmental impacts, discerning between social enterprises and community and voluntary organisations; and
- Assess the potential of community and voluntary organisations to grow into Social Economy Enterprise (SEEs), and also the potential of SEEs to grow into larger, more established social enterprises with export potential.

In order to undertake this mapping exercise we have designed a short survey to capture input on the three elements above and would very much appreciate your response. Your participation and feedback will help shape the future strategic direction and strengthen and grow the Social Economy Sector in Northern Ireland. Your responses and comments will remain anonymous and confidential at all times, in line with the Market Research Society (MRS) Code of Conduct.

We apologise if you have already received this survey from another source as we are using a wide range of organisations to help deliver this survey. If this is the case for your organisation please complete one survey and ignore any other surveys you receive. We suggest that the head of your organisation or head of finance completes this survey.

Section 1: Background Information

Q1 Please provide the following details about your organisation:

Name of organisation: _____

Address line 1: _____

Address line 2: _____

Town: _____

County: _____

Postcode: _____

Telephone number: _____

Q2 Does your organisation have a social, community or ethical purpose?

- Yes No

Q3 What is the structure of your organisation? (Please tick all that apply)

- | | | |
|--|--|--|
| <input type="checkbox"/> Charity | <input type="checkbox"/> Funder/ Intermediary funding body | <input type="checkbox"/> Professional organisation |
| <input type="checkbox"/> Church group/ Faith based | <input type="checkbox"/> Grant making Trust | <input type="checkbox"/> School/ University |
| <input type="checkbox"/> Community | <input type="checkbox"/> Housing Association | <input type="checkbox"/> Social Enterprise |
| <input type="checkbox"/> Community Business | <input type="checkbox"/> Individual | <input type="checkbox"/> Sports Club/ Association |
| <input type="checkbox"/> Consumer Association | <input type="checkbox"/> Media | <input type="checkbox"/> Trade Union/ Guild |
| <input type="checkbox"/> Credit Union | <input type="checkbox"/> Mutual | <input type="checkbox"/> Voluntary |
| <input type="checkbox"/> Other (please specify): _____ | | |

Q4 What is the legal status of your organisation? (Please tick one box only)

- | | |
|---|---|
| <input type="checkbox"/> Charitable Incorporated Organisation | <input type="checkbox"/> Industrial & Provident Society |
| <input type="checkbox"/> Community Interest Company | <input type="checkbox"/> Sole Trader |
| <input type="checkbox"/> Company Limited by Guarantee | <input type="checkbox"/> Trust |
| <input type="checkbox"/> Company Limited by Shares | <input type="checkbox"/> Unincorporated Association |
| <input type="checkbox"/> None | <input type="checkbox"/> Other (please specify): _____ |

Q5 Does your organisation serve predominantly: (Please tick one box only)

- | | | |
|--------------------------------------|--------------------------------------|---|
| <input type="checkbox"/> Rural areas | <input type="checkbox"/> Urban areas | <input type="checkbox"/> Both Rural & Urban |
|--------------------------------------|--------------------------------------|---|

Q6 Does your organisation operate only in the town indicated in Q1?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

If No, please indicate the other areas your organisation works in across Northern Ireland?

Q7 In what year was your organisation established?

Section 2: Organisational Profiling

Q8 Please indicate the MAIN PURPOSE of your organisation: (Please tick one box only)

(Source – Government funding database)

- | | |
|---|---|
| <input type="checkbox"/> Accommodation/ Housing/ Homeless | <input type="checkbox"/> Disability |
| <input type="checkbox"/> Advice/ Advocacy/ Information | <input type="checkbox"/> Education/ Training |
| <input type="checkbox"/> Arts | <input type="checkbox"/> Environment/ Sustainable Development |
| <input type="checkbox"/> Childcare – Day care / Playgroup / After Schools | <input type="checkbox"/> Health/ Care |
| <input type="checkbox"/> Community Development | <input type="checkbox"/> International Development |
| <input type="checkbox"/> Counselling/ Support | <input type="checkbox"/> Sport/ Recreation |
| <input type="checkbox"/> Cross border/ cross community | <input type="checkbox"/> Youth work/ Development |
| <input type="checkbox"/> Cultural | <input type="checkbox"/> Other (please specify): _____ |

Q8a Please indicate any OTHER PURPOSES of your organisation: (Please tick all that apply)

(Source – Government funding database)

- | | |
|---|---|
| <input type="checkbox"/> Accommodation/ Housing/ Homeless | <input type="checkbox"/> Disability |
| <input type="checkbox"/> Advice/ Advocacy/ Information | <input type="checkbox"/> Education/ Training |
| <input type="checkbox"/> Arts | <input type="checkbox"/> Environment/ Sustainable Development |
| <input type="checkbox"/> Childcare – Day care / Playgroup / After Schools | <input type="checkbox"/> Health/ Care |
| <input type="checkbox"/> Community Development | <input type="checkbox"/> International Development |
| <input type="checkbox"/> Counselling/ Support | <input type="checkbox"/> Sport/ recreation |
| <input type="checkbox"/> Cross border/ cross community | <input type="checkbox"/> Youth work/ Development |
| <input type="checkbox"/> Cultural | <input type="checkbox"/> None of the above |
| <input type="checkbox"/> Other (please specify): _____ | |

Q9 Please indicate which of the following best describes the main social goal or purpose of your organisation? (Please tick all that apply):

- | |
|--|
| <input type="checkbox"/> To help people into employment (helping people into work) |
| <input type="checkbox"/> To help people other than through employment (enhancing communities and places where people live through the provision of local services e.g. social housing, training, childcare or regeneration activity) |
| <input type="checkbox"/> To help improve the environment (through recycling, conservation, environmental awareness) |
| <input type="checkbox"/> Other (please specify): _____ |

Q10 How many people are currently in paid employment in your organisation? (Please provide your answers in the boxes provided.)

Full time Equivalent - one FTE is 37.5 hours per week. For example if you have 2 part time employees who work 19 hours per week each, this is counted as 1 FTE.

	FTE
Male	<input type="text"/>
Female	<input type="text"/>

Q10a Of the figures you previously entered, how many individuals are employed on a full time and a part time basis?

	Full time	Part time
Male	<input type="text"/>	<input type="text"/>
Female	<input type="text"/>	<input type="text"/>

Q11 How many volunteers are currently working in your organisation? (Please provide your answers in the boxes provided.)

Full time Equivalent - one FTE is 37.5 hours per week. For example if you have 2 part time employees who work 19 hours per week each, this is counted as 1 FTE.

	FTE
Male	<input type="text"/>
Female	<input type="text"/>

Q11a Of the figures you previously entered (shown in orange below), how many individuals volunteer on a full time and a part time basis? (Please enter the number of individuals in the boxes provided)

	Full time	Part time
Male	<input type="text"/>	<input type="text"/>
Female	<input type="text"/>	<input type="text"/>

Q12 What are the total hours worked by your volunteer group in a typical month? (Estimate is acceptable)

Total hours (Number of volunteers multiplied by total hours worked in a week multiplied by 4)

Q13

What was the total annual income/ turnover (i.e. from grants/ donations, Government funding, income earned from other trading activities) of your organisation in the financial year 2010-2011 and 2011-2012? (If you do not have turnover information for 2011-2012 please only complete 2010-2011.)

2010-11 £

2011-2012 £

Q14

In Q13 you provided an annual income/ turnover of £xxxxx [e-survey will automatically update this figure from Q13] for your organisation in 2010-11. Please provide an estimate percentage of this total which comes from the following sources (percentages should add up to 100%)

	% of total 2010-11 turnover
Earned income from Government trading activity (e.g. Service Level Agreements, contracts etc)	%
Earned income from Non-Government trading activity (e.g. retail, catering, IT etc)	%
Grants and donations (Non-Government e.g. Big Lottery, Foundations etc)	%
Government grant funding (Including EU funding)	%
Other income e.g. Fundraising (please specify):	%



Note to e-survey team – if a response if given in either of the shaded boxes respondent is routed to Section 3 Q15a.

If none or zero entry then routed to

Section 3: Trading activity

Please note: You have been directed to this section of the survey because you indicated that your organisation generated income from trading activity and therefore we are classing you as a Social Enterprise.

Q15a In Q14 you indicated that you earned income from Government trading activity. Please indicate which area(s) of Government this trading activity relates to e.g. Health, Education, Environment etc? (Word limit 300)

Q15b In Q14 you indicated that you earned income from non-Government trading activity. Please indicate which sector this trading activity relates to e.g. retail, catering, IT etc? (Word limit 300)

Q16 In which of the following areas does your organisation trade? (Please tick all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Northern Ireland | <input type="checkbox"/> Republic of Ireland |
| <input type="checkbox"/> UK mainland | <input type="checkbox"/> International |

Q17 Taking into account all sources of income in the last financial year (2010-2011), did your organisation generate a profit/ surplus?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

If yes, please indicate how much profit/ surplus you generated?

- | | |
|--|---|
| <input type="checkbox"/> ≤ £4,999 | <input type="checkbox"/> £20,000 - £59,999 |
| <input type="checkbox"/> £5,000 - £9,999 | <input type="checkbox"/> £60,000 - £99,999 |
| <input type="checkbox"/> £10,000 - £19,999 | <input type="checkbox"/> ≥ £100,000 (please specify exact amount) |
- £
-

Q18 Please describe the main activities your organisation undertakes to generate income (i.e. money made through sale of goods or services and not from grants or funding)

Main goods/ products sold to generate income	Main services provided to generate income

Q19 How many people are currently involved in the trading activities noted above?

(Full Time Equivalent – one FTE is 37.5 hours per week)

Q20 Has your organisation ever used profits/ surplus to help fund projects/ activities?

Yes No

If yes, please indicate the value that was attached to these activities?

£ _____

Q21 Has your organisation ever made an assessment (measurement) of your social/ economic and environmental contribution?

Yes No (Go to Q22)

If yes, how did you measure this?

Social Impact Assessment Economic Impact Assessment
 Evaluation Other (please specify) _____

Q21a If yes, please indicate the value that was attached to each area:

	Impact on:	Value attached
	Social	
<input type="checkbox"/>	Number of individuals your organisation worked with	
<input type="checkbox"/>	Other (please specify)	
	Economic	
<input type="checkbox"/>	Number of jobs created	
<input type="checkbox"/>	Number of paid employees coming from unemployment or inactivity	
<input type="checkbox"/>	Other (please specify)	
	Environmental	
<input type="checkbox"/>	Reduction in waste	
<input type="checkbox"/>	Increase in recycling	
<input type="checkbox"/>	Other (please specify)	

Q22 Please indicate the main group(s) of people your organisation seeks to help in some way (e.g. through provision of products and services or through employment) (Please tick all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Children | <input type="checkbox"/> People on low incomes |
| <input type="checkbox"/> Early years | <input type="checkbox"/> People of particular ethnic or racial origin |
| <input type="checkbox"/> Elderly people | <input type="checkbox"/> People with drug/ alcohol related issues |
| <input type="checkbox"/> Homeless people | <input type="checkbox"/> Unemployed people |
| <input type="checkbox"/> Local community generally | <input type="checkbox"/> Women |
| <input type="checkbox"/> People with disabilities | <input type="checkbox"/> Young people |
| <input type="checkbox"/> Other (please specify) _____ | |

Q23 Please indicate the main business sector in which your organisation operates. This should relate to the part of the business that generates the most earned income from trading activity. (Please tick one box only)

- Agriculture
- Community/ Social/ Personal service (Including arts, libraries/ museums, theatre/ sports clubs, etc)
- Construction
- Education & training (Including private training orgs)
- Financial intermediation (Including Credit Unions)
- Health & social work (Including childcare, care for people with disabilities etc)
- Hotels, bars & restaurants (including youth hostels, catering, coffee shops etc.)
- Manufacturing (including recycling)
- Real estate, renting & business (Including property services/ housing associations, consultancy, recruitment)
- Transport and communication (including tour operators/ tourist information)
- Wholesale & retail trade (including garden centres & nurseries)
- Other (please specify) _____

Q24 In what year did you begin trading/ income generating activities?

Q24a Did your organisation have any support (e.g. funding, mentoring, financial advice, business planning, Human Resources, Legal advice) to help you develop your trading/ income generating activities?

- Yes (Go to Q24b) No (Go to Q24e)

Q24b Please explain the type of support that was available to your organisation in developing trading/ income generating activities *(Please tick all that apply)*

- | | |
|---|--|
| <input type="checkbox"/> Advice and support | <input type="checkbox"/> Human Resources support |
| <input type="checkbox"/> Business Planning | <input type="checkbox"/> Information/ advice on finance |
| <input type="checkbox"/> Financial Advice | <input type="checkbox"/> Management support |
| <input type="checkbox"/> Finance i.e. loans/ grants | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Help to expand into markets outside Northern Ireland | <input type="checkbox"/> Mentoring |
| <input type="checkbox"/> Other (please specify) _____ | <input type="checkbox"/> Tendering/ procurement process skills |

Q24c Of the support you listed above, which did your organisation find most useful and why? *(Word limit 300)*

Q24d Where did your organisation receive this support from? **(Go to Q25)** *(Word limit 300)*

Q24e Please explain the type of support that you would liked to have received to help your organisation in developing trading/ income generating activities *(Please tick all that apply)*

- | | |
|---|--|
| <input type="checkbox"/> Advice and support | <input type="checkbox"/> Human Resources support |
| <input type="checkbox"/> Business Planning | <input type="checkbox"/> Information/ advice on finance |
| <input type="checkbox"/> Financial Advice | <input type="checkbox"/> Management support |
| <input type="checkbox"/> Finance i.e. loans/ grants | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Help to expand into markets outside Northern Ireland | <input type="checkbox"/> Mentoring |
| <input type="checkbox"/> Other (please specify) _____ | <input type="checkbox"/> Tendering/ procurement process skills |

Please note the next section of the survey focuses on plans for your organisation to expand in the future.

Q25 In Q14 you indicated the percentage of income which comes from the following sources. Please tell us what you expect your organisations income profile to look like in three years time?

	% of turnover 2010/2011	% of turnover 2015
Earned income from Government trading activity (e.g. Service Level Agreements, contracts etc)	[Populate from Q14] %	%
Earned income from Non-Government trading activity (e.g. retail, catering, IT etc)	[Populate from Q14] %	%
Grants and donations (Non-Government e.g. Big Lottery, Foundations etc)	[Populate from Q14] %	%
Government grant funding (Including EU funding)	[Populate from Q14] %	%
Other income e.g. Fundraising (please specify):	[Populate from Q14] %	%

Q26 Are there any plans to expand your organisation in the future?

- Yes (Go to Q26a) No (Go to Q26d)

Q26a When does your organisation hope to do this? (Please tick one box only)

- In the next 6 months In 6-12 months In 12-24 months
 Other (please specify): _____

Q26b Please indicate what your organisations future plans are: (please tick all that apply)

- Expand trading activities in Northern Ireland
 Expand trading activities in markets outside Northern Ireland
 Increase number of people/ groups your organisation works with
 Increase the number/ range of services/ products you provide
 Begin to charge for services that are currently provided for free
 Increase the number of volunteers
 Increase the number of employees
 Other (please specify): _____

Q26c If your organisation is planning to increase your staff numbers as part of your future plans, please indicate how many people the organisation is planning to employ/ volunteer in the future

	Full time Equivalent	(One FTE is 37.5 hours per week)	Don't know
Employees			(Go to Q27)
Volunteers			(Go to Q27)

Q26d If there are no plans to expand your organisation in the future, please explain why not. (Word limit 300)

Q27 Has your organisation considered a co-operation/ merger with any other community and voluntary organisations?

- Yes No

Q28 If your organisation would like to expand or increase its trading activity but has not already done so, what have been the main constraints? (Please tick all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Lack of available finance | <input type="checkbox"/> Lack of appropriate skills |
| <input type="checkbox"/> No business plan | <input type="checkbox"/> Lack of awareness of support |
| <input type="checkbox"/> Other (please specify) _____ | |

Q29 What type of support does your organisation need in order to expand further? (Please tick all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Advice and support | <input type="checkbox"/> Information/ advice on finance |
| <input type="checkbox"/> Business Planning | <input type="checkbox"/> Management support |
| <input type="checkbox"/> Financial Advice | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Finance i.e. loans/ grants | <input type="checkbox"/> Mentoring |
| <input type="checkbox"/> Help to expand into markets outside Northern Ireland | <input type="checkbox"/> No support required |
| <input type="checkbox"/> Human Resources support | <input type="checkbox"/> Tendering/ procurement process skills |
| | <input type="checkbox"/> Other (please specify) _____ |

Section 4: Non Trading

Q30 Taking into account all sources of income in the financial year 2010-2011, did your organisation generate a profit/ surplus?

- Yes No

If yes, please indicate how much profit/ surplus you generated?

- | | |
|--|---|
| <input type="checkbox"/> ≤ £4,999 | <input type="checkbox"/> £20,000 - £59,999 |
| <input type="checkbox"/> £5,000 - £9,999 | <input type="checkbox"/> £60,000 - £99,000 |
| <input type="checkbox"/> £10,000 - £19,999 | <input type="checkbox"/> ≥ £100,000 (please specify exact amount) |
- £ _____

Q31 In Q14 you indicated the percentage of income which comes from the following sources. Please tell us what you expect your organisations income profile to look like in three years time?

	% of turnover 2010/2011	% of turnover 2015
Earned income from Government trading activity (e.g. Service Level Agreements, contracts etc)	%	%
Earned income from Non-Government trading activity (e.g. retail, catering, IT etc)	%	%
Grants and donations (Non-Government e.g. Big Lottery, Foundations etc)	%	%
Government grant funding (Including EU funding)	%	%
Other income e.g. Fundraising (please specify):	%	%

Q32 Do you have any plans in the future to expand your organisation to generate income from a trading activity?

- Yes (Go to Q32a) No (Go to Q32c)

Q32a Please indicate how your organisation intends to expand or undertake trading activity in the future? (please tick all that apply)

- Expand you geographic coverage in Northern Ireland
- Increase the number of people/ groups your organisation works with
- Increase the range of activities you currently provide
- Begin to charge for services that are currently provided for free
- Develop new income generating activities, i.e. services, products or retailing
- Increase the number of volunteers
- Increase the number of employees
- Other (please specify): _____

Q32b What has prompted your organisation's decision to expand or undertake trading activity in the future? (Go to Q33) (Word limit 300)

Q32c If No, why does your organisation not wish to expand or undertake trading activity in the future? (Word limit 300)

Q33 What are the main constraints preventing your organisation from expanding or becoming more entrepreneurial? (Word limit 300)

Q34 What support would your organisation need to enable it to expand or become more entrepreneurial? (Please tick all that apply)

- | | |
|---|--|
| <input type="checkbox"/> Advice and support | <input type="checkbox"/> Human Resources support |
| <input type="checkbox"/> Business Planning | <input type="checkbox"/> Information/ advice on finance |
| <input type="checkbox"/> Financial Advice | <input type="checkbox"/> Management support |
| <input type="checkbox"/> Finance i.e. loans/ grants | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Help to expand into markets outside Northern Ireland | <input type="checkbox"/> Mentoring |
| <input type="checkbox"/> Other (please specify) _____ | <input type="checkbox"/> Tendering/ procurement process skills |

Completion

Q35 Do you have any other comments you wish to make? (Word limit 300)

Q36 Please provide the following details:

Questionnaire completed by: _____

Position within organisation: _____

Telephone number: _____

Email: _____

Website _____

Q37 Would you be willing for PwC to contact you in relation to this survey if necessary?

Yes

No

Thank you for taking the time to complete this survey. Please return in the prepaid envelope by 31st August to Sharon Andrews, Waterfront Plaza, 8 Laganbank Road, Belfast, BT1 3LR.

Appendix D: Top line quantitative findings not included in the report

What follows are the top line quantitative findings which were not included or discussed in the main body of the report. These are provided as an additional reference point and are broken down, where possible, by social enterprise and C&V organisation where possible.

Section 1 – Background Information

Does your organisation have a social, community or ethical purpose?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	153	100.0	357	100.0
No	0	0.0	0	0.0
Total	153	100.0	357	100.0

Source: PwC survey
n = 510

What is the structure of your organisation?

	Social enterprise		C&V	
	Number	%	Number	%
Charity	89	58.2	224	62.7
Church group/Faith based	9	5.9	18	5.0
Community	42	27.5	187	52.4
Community business	39	25.5	31	8.7
Consumer association	0	0.0	2	0.6
Credit Union	11	7.2	2	0.6
Funder/Intermediary funding body	0	0.0	6	1.7
Grant making Trust	0	0.0	5	1.4
Housing association	8	5.2	6	1.7
Individual	1	0.7	1	0.3
Media	2	1.3	3	0.8
Mutual	1	0.7	2	0.6
Professional organisation	14	9.2	12	3.4
School/University	0	0.0	7	2.0
SEEs	67	43.8	61	17.1
Sports club/association	13	8.5	24	6.7

Trade Union/Guild	0	0.0	0	0.0
Voluntary	41	26.8	184	51.5
Other (please specify)	22	14.4	40	11.2
Total	153	100.0	357	100.0

Source: PwC survey

n = 510

This was a multiple choice question therefore the figures do not add up to 100%.

Does your organisation serve predominantly rural areas, urban areas or both?

	Social enterprise		C&V	
	Number	%	Number	%
Rural areas	28	18.3	94	26.3
Urban areas	34	22.2	70	19.6
Both rural & urban areas	91	59.5	193	54.1
Total	153	100.0	357	100.0

Source: PwC survey

n = 510

Does your organisation operate only in the town of your address?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	53	34.6	169	47.3
No	100	65.4	188	52.7
Total	153	100.0	357	100.0

Source: PwC survey

n = 510

Section 2 – Profile of the organisations

All quantitative findings were included or discussed within the main body of the report.

Section 3 – Trading activity

Has your organisation ever used profits/surplus to help fund projects/activities?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	116	75.8	64	71.1
No	37	24.2	26	28.9
Total	153	100.0	90	100.0

Source: PwC survey

n = 243

Has your organisation ever made an assessment (measurement) of your social/economic and environmental contribution?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	25	16.4	15	17.0
No	127	83.6	73	83.0
Total	152	100.0	88	100.0

Source: PwC survey
n = 240

If yes, how did you measure this? (multiple choice question)

	Social enterprise		C&V	
	Number	%	Number	%
Social Impact Assessment	18	46.2	9	45.0
Economic Impact Assessment	9	23.1	5	25.0
Evaluation	13	33.3	15	75.0
Other	17	43.6	3	15.0
Total	39	100.0	20	100.0

Source: PwC survey
n = 59

Did your organisation have any support to help you develop your trading/income generating activities?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	120	78.4	47	54.0
No	33	21.6	40	46.0
Total	153	100.0	87	100.0

Source: PwC survey
n = 240

Section 4 – Non trading activity

Taking into account all sources of income in the financial year 2010-2011, did your organisation generate a profit/surplus?

	Social enterprise		C&V	
	Number	%	Number	%
Yes	1	50.0	103	37.5
No	1	50.0	172	62.5
Total	2	100.0	275	100.0

Source: PwC survey

n = 277

If yes, please indicate how much profit/surplus you generated?

	C&V	
	Number	%
Less than or equal to £4,999	60	58.8
£5,000 - £9,999	11	10.8
£10,000 - £19,999	8	7.8
£20,000 - £59,999	13	12.7
£60,000 - £99,999	3	2.9
Greater than or equal to £100,000	7	6.9
Total	102	100.0

Source: PwC survey

n = 102

Do you have any plans in the future to expand your organisation to generate income from a trading activity?

	C&V	
	Number	%
Yes	91	33.3
No	182	66.7
Total	273	100.0

Source: PwC survey

n = 273

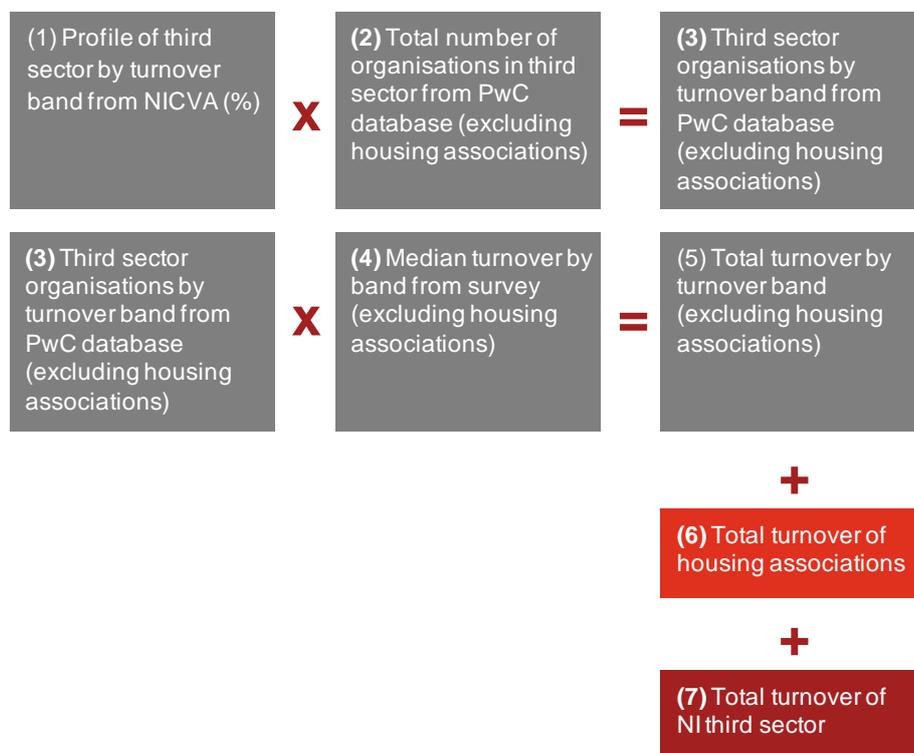
Appendix E: Approach to estimating the size of the sector

The approach to estimating the size of the third sector in Northern Ireland combines the results of our survey and the existing published information, primarily from NICVA (2012). This approach was discussed and agreed by steering group participants.

Unlike the third sector in GB, there is no definitive list of third sector organisations in Northern Ireland. The Charity Commission in Northern Ireland is currently compiling this register, but it was not available for this research.

To calculate the total turnover, employment and number of volunteers in the sector we have taken the following steps:

Figure 44: Approach used to estimate the turnover of the third sector



We have assumed that the profile of third sector organisations as reported in NICVA³¹ (2012) is broadly representative of the sector in Northern Ireland.

³¹ The distribution of the organisations by sizeband in the NICVA research has been reasonably consistent over the last three reports and it provides us with the best available information for the third sector.

NIVCA (2012) exclude housing associations from their definition of third sector organisations and therefore for the purposes of aggregating the sector we have excluded them from the calculations of median turnover per sizeband from our survey. Independently, we know there are 36 housing associations in Northern Ireland and that the annual turnover for that sub sector was £169 million in 2010/11. In addition we have reduced the total number of organisations in our database by 36 to avoid any double counting when the survey results are scaled up for the sector.

From our survey we have calculated the median turnover for each of the turnover sizebands (excluding housing associations).

We have multiplied the NICVA profile of organisations by turnover band (%) **(1)** by the total number of organisations in the PwC third sector database (excluding housing associations) **(2)** to distribute the total number of firms into sizebands **(3)**.

The median turnover for each turnover sizeband **(4)** is multiplied by the estimated number of firms in each band **(3)** to give the total turnover by sizeband **(5)**.

All the turnover sub-totals are summed and the total turnover of the housing associations **(6)** is added to give the total turnover for the third sector **(7)**.

The same process is used to produce the estimate of employment in the third sector replacing the median turnover with the median employment level per sizeband. There is one change to this process because we do not know the number of employees for all of the housing associations. We have estimated the total on a pro rata basis using the ratio of total employment to turnover from the survey and scaling up the results for the total number of housing associations in the sector.

This report has been prepared for and only for DETI/DSD in accordance with the terms of our Project Initiation Document and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

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