



Survey of local third sector support providers: the impact of the economic downturn

July 2009

This report presents findings from the first of a series of surveys of local third sector support providers which will be undertaken by Capacitybuilders, and offers insight into the impact of recent changes in the economy on the sector.

The next survey will take place in Autumn 2009 and all survey findings will be published by Capacitybuilders via the Improving Support website under the building resilience topic area: www.improvingsupport.org.uk/buildingresilience

Conducting surveys at regular intervals will track changes across the sector and emerging responses. The results will help identify areas of resilience within the sector, as well as areas where there is greatest vulnerability.

Capacitybuilders wishes to thank all that took part in the survey.

1. Summary

The findings from Capacitybuilders' first survey of local third sector support providers offers insight into the impact of recent changes to the economy on the sector. It shows that demand for support services from frontline organisations has increased significantly over the last twelve months, but that – at the time of the survey – the majority of support providers are coping well with that increased levels of demand.

However, whilst the majority of support providers appear to be coping well at present, over the next three years nearly half of all survey respondents expect that their overall income is likely to drop. As a consequence, support providers are actively considering and taking steps to ensure that they continue to deliver high quality support services and meet the growing needs of frontline groups, including developing new services, increasing collaboration and exploring more enterprise-based models of provision.

Through the remaining surveys in this series, Capacitybuilders will continue to monitor the impact of the economic downturn on local support providers. Using this evidence we will be able to highlight the vital role that support providers play in sustaining the sector through these turbulent times and further strengthening the case for further investment in support services.

2. Introduction

Capacitybuilders is keen to gather intelligence about how the economic downturn is affecting third sector organisations across the country. Intelligence that will inform policy-makers and enable those providing support to third sector organisations to plan more effectively, making use of information on existing and emerging pressures on the sector.

To build the sector's understanding of the impact of the recession, Capacitybuilders has commissioned the first of a series of surveys that will explore the effects of the economic downturn on support providers.

Topics covered include:

- changing patterns of demand for support services
- changes in income
- organisational responses to the recession
- the impact of current economic challenges on the wider third sector
- expectations for the future.

The first survey in the series took place in May/June 2009 and the findings are presented in this paper. The next survey will take place in Autumn 2009 and all survey findings will be published by Capacitybuilders via the Improving Support website under the building resilience topic area: www.improvingsupport.org.uk/buildingresilience

Conducting surveys at regular intervals will allow us to track changes to the sector, and emerging responses. We also expect the results will help identify areas of resilience within the sector, as well as areas where there is greatest vulnerability.

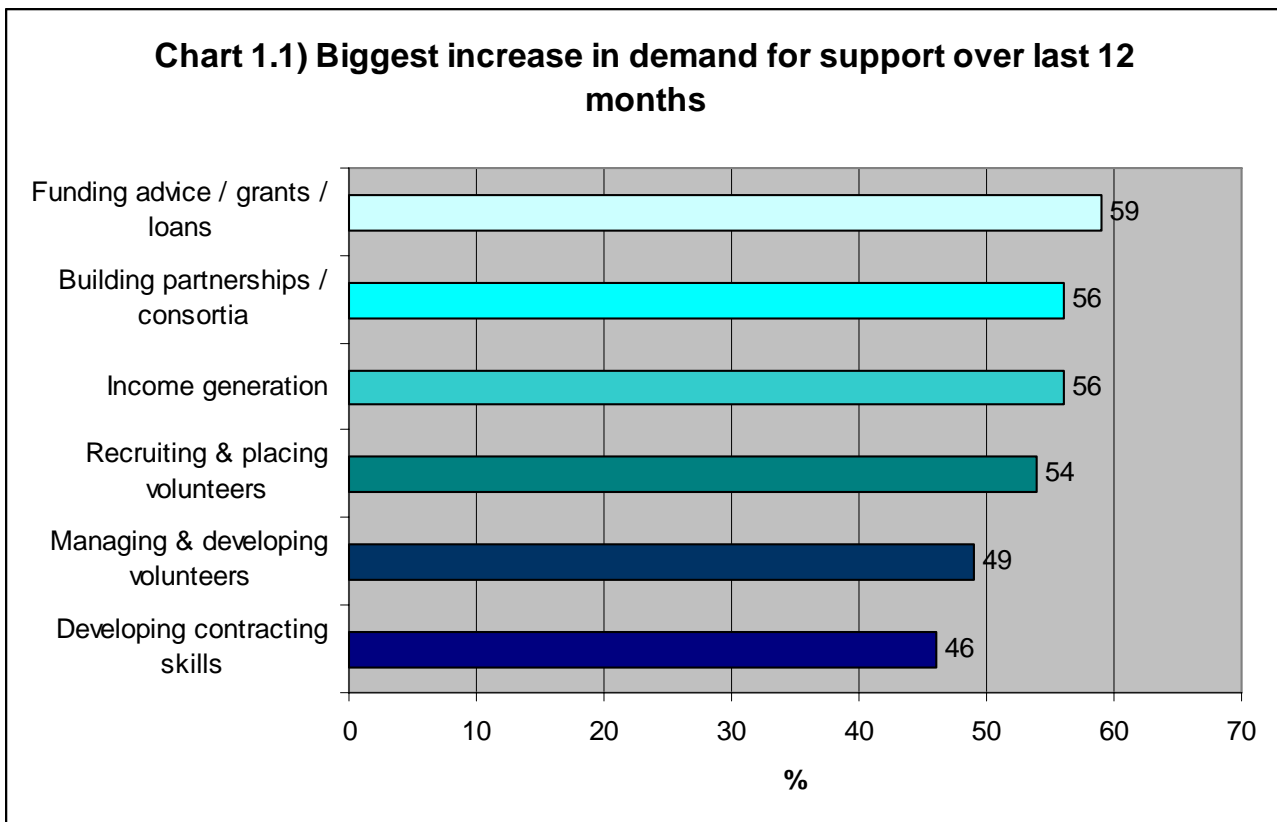
Sample:

A total of 898 third sector support providers were invited to participate in the study via an online questionnaire. Of this sample 289 responses were achieved, providing a response rate of 32%.

3. Key Findings

1) Demand for services

The vast majority of support providers (78%) report an overall increase in demand for their services during the last twelve months. Chart 1.1 below identifies specific areas of support that have seen the biggest increase in demand from frontline third sector organisations.



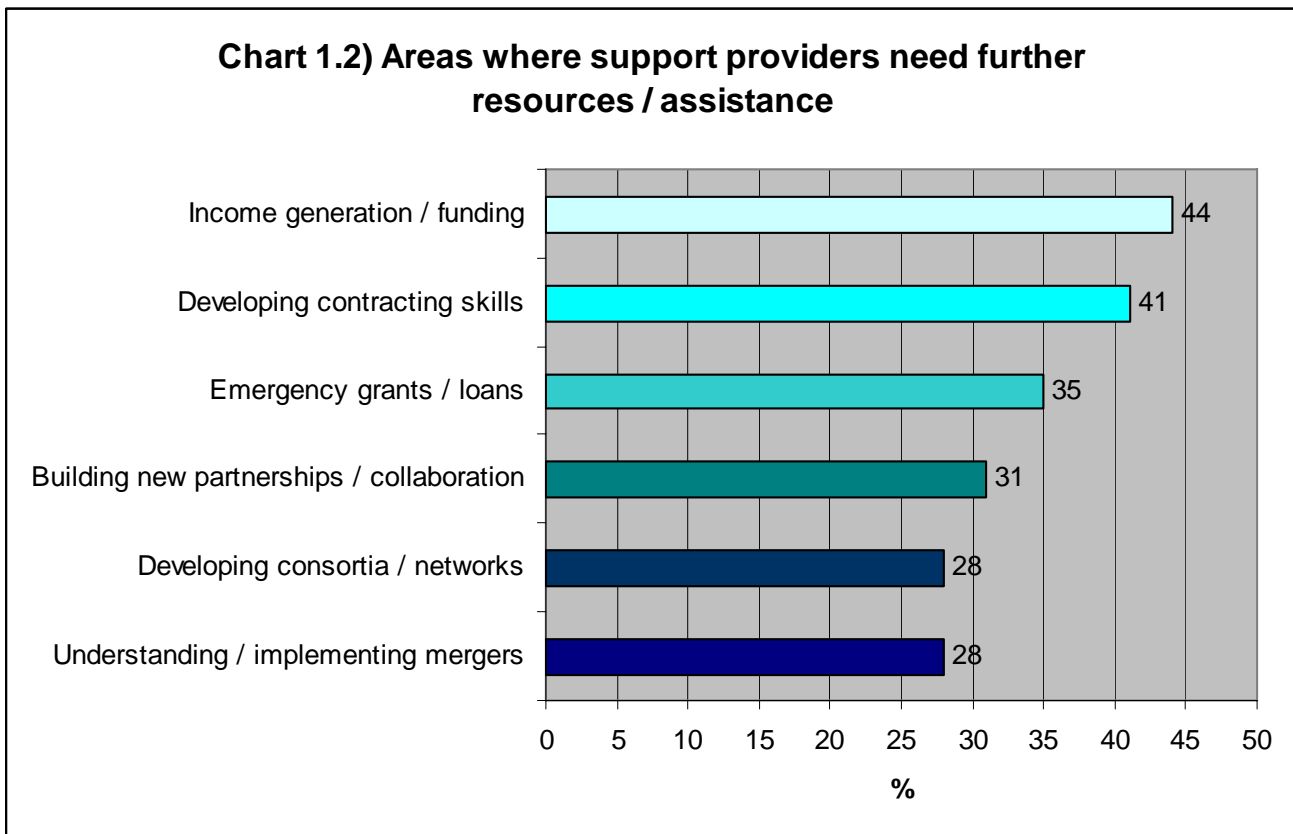
The data suggests that the support areas which are most in demand broadly fit into three categories:

- funding & income generation
- partnership working
- volunteering.

Outside of these categories, demand for ‘developing contracting skills’ has also increased significantly over the last twelve months, reflecting the increased importance of contracting and commissioning to significant parts of the third sector.

Despite the substantial increase in demand for their services over the last 12 months, more than half of support providers (53%) reported that they were coping either 'fairly well' or 'very well' with the situation. A much smaller proportion (14%) stated that they were coping 'not very well' or 'not at all well'.

Support providers were asked about which areas they need further resources or assistance to more effectively support frontline third sector organisations during the recession. The responses to this question mirrored the areas that had seen the biggest increase in demand for support: funding & income generation; partnership working; contracting; and volunteering. See Chart 1.2 below.



2) Income and costs

The survey shows that there is a fairly even split between support providers that reported a decrease in income over the last 12 months (38%) and those that have seen their income grow during the same period (35%).

However, a significant number of support providers (47%) expect their income to fall over the next three years. Of these:

- 54% expect that their income from Local Government funding will decrease
- 42% expect that funding from National Government will reduce
- 37% expect that the value of grants from other agencies will also fall

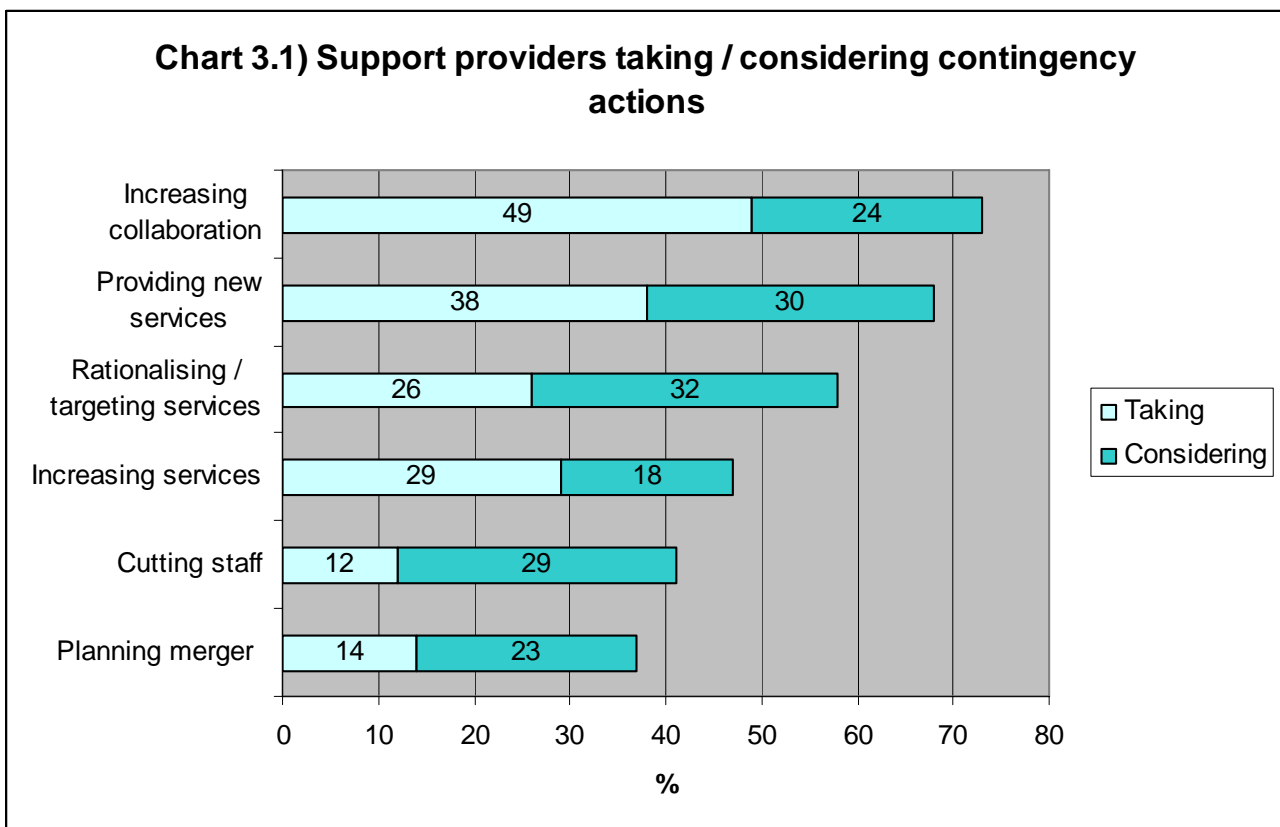
However, over a third of support providers (38%) expect their earned income to increase during the next three years.

When asked about their financial outgoings, the majority of support providers (60%) anticipated that operational costs – including utility bills, transportation and legal/professional costs – will increase over the next 12 months.

3) Contingency actions

Data from the survey suggests that many third sector support providers are actively trying to respond to changes in demand and expected pressure on income by taking, or considering taking, a range of different actions. The most common action identified by survey respondents was developing greater collaborative working with other support providers.

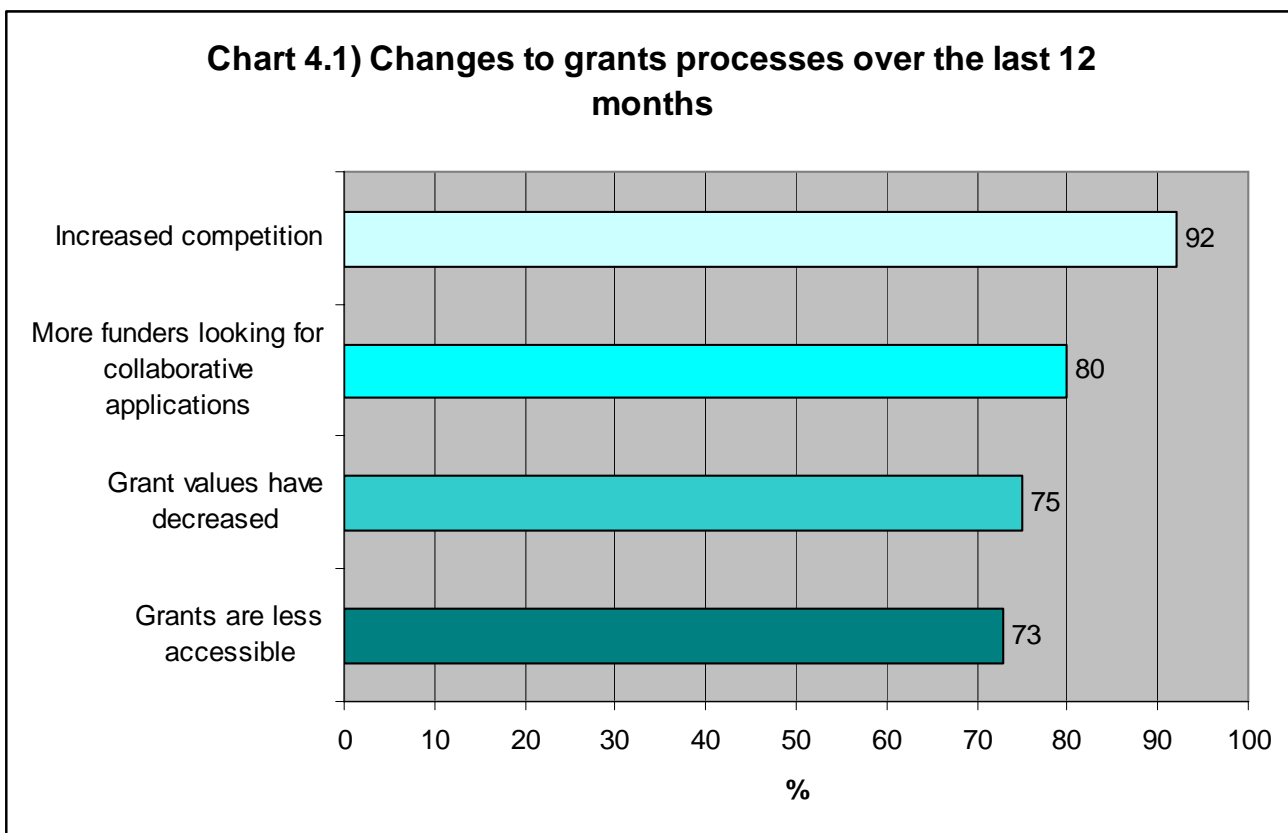
Other actions considered include: providing new support services; targeting services at specific groups; increasing the frequency of support services provided; and planning merger. Just over a quarter of support providers (29%) are considering cutting staff, while 12% have already reduced staff numbers. See Chart 3.1 for further details.



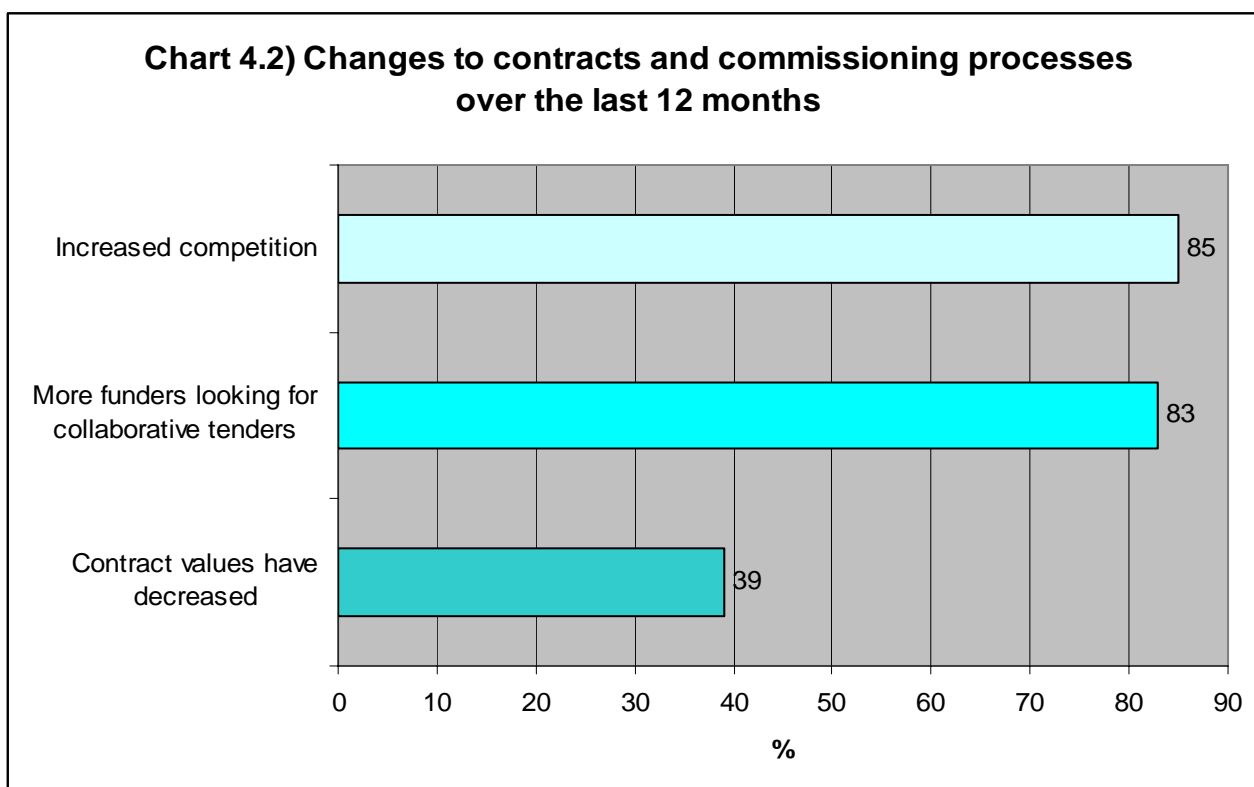
4) Changes to grants / contracting / commissioning processes

Support providers were asked about whether they had noticed any particular changes to processes around applying for grant funding or tendering for public service contracts over the last twelve months.

At the time of the survey approximately half the sample was unaffected by changes to grants (49%) or contracting and commissioning processes (52%) in the previous twelve months. However, the vast majority of support providers reported that competition for grant funding had increased over that period (92%), and many noted that grant funders were increasingly looking for collaborative applications (80%). Three-quarters believed that the value of grants on offer had reduced (75%) and a similar proportion felt that grant funding had become less accessible (73%).



Similarly, support providers had noticed substantial changes to contract and commissioning processes over the last twelve months. The vast majority reported increased competition for contracts (85%), and approximately the same proportion of respondents perceived that there was now a greater call for collaborative tenders (83%). However, in contrast to the response on grant funding – where the vast majority of support providers reported that values had decreased over the last twelve months – a significantly smaller proportion reported that the value of contracts had reduced during the same time period (39%).



Contacts

If you would like further information on Capacitybuilders' surveys of the impact of the economic downturn on local third sector support providers, please contact:

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