

# **Factors Holding Back Small Third Sector Organizations' Engagement with the Local Public Sector**

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## **Abstract**

In many developed countries there has been a shift from grants to contracts as a source of local public sector funding of the third sector. Smaller third sector organizations may struggle to compete for this funding due to the complex process of accessing this finance and conveying their capabilities to funding providers. This study utilizes data from the UK to determine what factors increase these administrative and communication barriers for smaller organizations. Resources in terms of income and volunteers effect perceptions of the process of obtaining funding. A solution may be standardization of evaluation and monitoring, but this may lead to isomorphism and loss of variety of provision. Better two way communication may allow local authorities retain variety in public service provision through improved knowledge of their partners.

## **1. Introduction**

The third sector is seen as a key contributor in providing public services in many developed countries including: Australia (Furieux and Ryan 2014), Germany (Bode and Brandsen 2014), Italy (Ranci 2015), US (Garrow 2010; Pettijohn et al. 2013), and UK (Kelly 2007). It has the advantage of being able to more successfully engage with hard to reach groups (Lu 2015; Fyffe 2015). Access to public funds requires third sector organizations to compete with organizations from the private, public and third sectors (Flockhart 2005). On a pure financial basis they struggle to compete and must emphasize their additional social contribution (Arvidson 2009). For smaller third sector organizations with fewer resources, highlighting their full impact to show

their additional value is problematic (Reed, Jones, and Irvine 2005; Osborne and Super 2010; Bovaird 2014; Ranci 2015).

Much of the work examining these difficulties faced by smaller third sector organizations relies on smaller case studies (Senyard et al. 2007), and less attention has been paid to examining which factors have the greatest influence, be these internal resources or external environmental factors (Kendall and Knapp 2000; Westall 2009). This study investigates the difficulties faced by UK third sector organizations with the fewest employees, in accessing local government funding. This is explored in terms of perceived difficulties in overcoming administrative burdens and communicating successfully with the local public sector.

The analysis uses a large dataset containing information on perceptions of the environment created for the third sector in the UK, the National Survey of Charities and Social Enterprise (NSCSE). To examine which factors have the greatest effect for different sized organizations, a regression approach is adopted using sub-samples based on employment.

The structure of the remainder of the paper is as follows. Section 2 covers the literature, which sets out the context and policy climate faced by third sector organizations looking to access public sector funding. Section 3 introduces the NSCSE data and approaches utilized to analyse organizations' satisfaction with funding arrangements and ability to communicate their value and potential contribution. The results of this analysis are reported in section 4. Section 5 summarizes and examines what conclusions can be drawn from the study for management of third sector organizations and local government.

## **2. Policy developments and the implications for third sector funding**

The public sector remains the largest single source of third-sector funding in many developed countries (Clifford, Geyne-Rahme, and Mohan 2013; Pettijohn et al. 2013). Under the last Labour Government in the UK the third sector was encouraged to become involved in the provision of public services. Accessing this funding may have required third sector organizations to compromise their key attributes and values (Haugh and Kitson 2007; Harris 2010). Carmel and Harlock (2008) argue that the policies pursued under the premise of partnership allowed governments to turn the third sector into a 'governable terrain'. This means much social provision in countries such as the US and UK has been effectively 'privatized', becoming the responsibility of nonprofits (Garrow 2010; Åberg 2013; Lu 2015). This has continued partly through austerity measures being pursued by governments, particularly those in the European Union (Rees, Mullins, and Bovaird 2012).

In the UK, the Conservative Government manifesto for 2015-2020 outlined policies to encourage third sector delivery of services including strengthening community rights and generating greater opportunities in education (academies/schools) (Conservative Party 2015). The introduction in 2011 of The Localism Act (Department for Communities and Local Government 2011) aimed to devolve more decision making powers to individuals, communities and councils at a local level. In addition, the 2012 Public Services (Social Value) Act (HM Government 2012) requires service commissioners in England and Wales to "have regard" to the social value when buying services. At present the levels of contracts covered by the Act are limited but under review (Cabinet Office 2015), increasing the importance of relationship between local government and the third sector.

One consequence of the move from grants to contracts has been that third sector organizations have had to learn how to compete with the private sector in

particular (Bode and Brandsen 2014; Rees, Mullins, and Bovaird 2012; Metcalf 2013). This contrasts with the US experience where state agencies indicate that nonprofits face little competition for grants from other nonprofits or the private sector (Fyffe 2015). Although, there is no legal requirement in the UK for local government to put contracts out to competitive tender, this is becoming more common with procurement commissioners showing a preference to award contracts to a single supplier (Rees, Millar, and Buckingham 2014). The third sector may be at a disadvantage in tendering for public sector contracts compared to private sector providers because of a lack of experience, alongside other commitments which raise costs, such as high quality working environments (Flockhart 2005; Osborne and Super 2010). Smaller resource constrained organizations may struggle to generate social value (Di Domenico and Haugh 2007), and perhaps as outputs take time to work, to prove their activities' full impact (Flockhart 2005). Where social value cannot be shown Bovaird (2014) indicates that too much emphasis is placed on economies of scale rather than scope, which favors granting of contracts to larger third sector organizations losing the diversity provided by smaller organizations.

**Similarly in the UK the changing funding environment has been associated with increased efficiency (Rees, Mullins, and Bovaird 2012).**

The third sector must communicate its own role and the needs of society through its participation and advocacy roles (Lu 2015). However, the small scale of many organizations limits their visibility and power to influence policy makers with only a small elite having such power (Buckingham et al. 2014). Lu (2015) shows the importance of formal and informal communication with government sources in regard to obtaining government funding. However, this communication can be disrupted where high staff turnover breaks relationships between the third and public sectors, a

problem particularly found for smaller nonprofits (Fyffe 2015). Local communication and collaboration, such as between US counties and nonprofits, can be promoted by support from higher levels of government where fiscal transfers are received (Farmer, 2015).

Access to public funds has led to an emphasis on accountability and transparency (Dacombe 2011), and more comprehensive evaluations by funding providers (Ellis and Gregory 2008; Arvidson 2009). Effectively a greater application of outcome-based approaches linked to payment by results (Rees, Mullins, and Bovaird 2012). This means undertaking impact assessments (Metcalf 2013), and adopting auditing practices introduced through the passing of legislation (HM Government 2012). This does have benefits of increased legitimacy and understanding of the sector allowing access to other funds (Schöning et al. 2012; Lu 2015).

Evidence from the US indicates that the complexity of administration and reporting affects a majority of those organizations receiving public funding, particularly when from multiple sources (Pettijohn et al. 2013). To try and aid third sector organizations, the UK government provides guidance on conducting impact evaluations (HM Treasury 2011), but many organizations may lack the resources and skills to undertake such activities (Ellis and Gregory 2008; Thompson and Williams 2014). There are rarely resources provided to undertake evaluations meaning funds are diverted from core activities (Wainwright 2002; Carman and Fredericks 2008). This burden will be greater where individual funders have different requirements (Kramer, Parkhurst, and Vaidyanathan 2009; Pettijohn et al. 2013). What is unclear is the extent that limited financial resources hinder smaller third sector organizations. If it is purely the cost of administering public funding sources

or measuring impact then the solution may be relatively simple in requiring all contracts to include funding for this purpose (Carman and Fredericks 2008).

The smaller community based organizations that are perceived to reflect the strengths of the third sector are disadvantaged to the greatest extent by the move to a more competitive structure with additional administrative requirements (Fyffe 2015; Osborne and Super 2010; Ellis and Gregory 2008). The success of such organizations is based on their volunteers who are likely to lack the skills (Millar and Hall 2013), and inclination to manage contracts (Milligan and Fyfe 2005; Ellis Paine, Ockenden, and Stuart 2010). Attempts to professionalize may meet with considerable resistance and is inappropriate for smaller less formalized organizations at their present stage of development (Milligan and Fyfe 2005). Where professionalization occurs, tensions may exist between volunteers and skilled employees (Doherty, Haugh, and Lyon 2014). Nevertheless even in countries such as Italy, which have traditionally had smaller more informal third sectors, there is evidence of increased professionalization (Ranci 2015).

The move from grants to contracts and the need to provide evidence of value for money is likely to promote some third sector organizations and marginalize others (Schreiner 2002). To establish what if any action should be taken protect these organizations, this study attempts to isolate what factors play the greatest role in limiting access to public funds for smaller third sector organizations.

### **3. Data and Methods**

Tax returns data in the US and other countries provide an important insight into the actions and behaviours of third sector organizations (Calabrese 2013). The longitudinal element of tax return data is used to infer the changing behavior of

organizations in response to policy interventions. However, third sector perceptions of difficulties in accessing public finance is absent, meaning the conclusions drawn will be open to question. Tax return data also provides no insight into organizations' abilities to convey their value or influence public sector partners. An alternative data source is required that more directly captures such perceptions. This section outlines the data used in this study, the operationalization of measures, and analysis applied.

### *The National Survey of Charities and Social Enterprises (NSCSE) data*

The data used is from the 2010 National Survey of Charities and Social Enterprises (NSCSE) (Cabinet Office et al. 2008). The data was originally collected by Ipsos MORI, Social Research Institute, and GuideStar UK, and funded by the Cabinet Office, Office of the Third Sector to capture the extent that local government achieves the objective of providing an environment for a thriving third sector (Ipsos MORI and Social Research Institute 2009). A sampling frame of approximately 129,000 charities and 40,000 other organizations based in England was defined by Guidestar UK, based on data available from Charities Commission and data directly supplied by third sector organizations. The survey data provided just over 10,000 observations ( $N = 10,695$ ) with all required information. This means there is coverage of all third sector organizations in England not just the largest, unlike, for example, the Urban Institute's national survey of the US which focuses only on organizations with expenditure of \$100,000 or more (Pettijohn et al. 2013), allowing the experiences of the smallest third sector organizations to be compared to their larger counterparts. The analysis includes both those organizations that have and have not received local government funding. Unfortunately the NSCSE was last

undertaken in 2010 and therefore more recent changes in policy may affect the results found here. As the NSCSE does not include organization identifiers it is not possible to track organizations and capture longitudinal elements.

### *Measures of Difficulties Accessing Public Funds and Communication*

The survey contains items covering organizations' perceptions of the process of accessing finance and how they feel they are viewed by local authorities.

Respondents were asked to indicate their satisfaction with:

- The process involved in applying for funding/bidding for contracts
- The help, advice and support provided by local statutory bodies when applying for grants/bidding for contracts
- The administration involved in receiving local funding/maintaining contracts

These were registered using a five point scale running from very satisfied through to very dissatisfied. Responses were skewed towards the dissatisfied end of the scale, so very satisfied and fairly satisfied categories were combined into a single category.

Four items provide information on perceived communication and influence with the local public sector. These relate to local public sector knowledge of the third sector and degree of direct communication. These items were stated as below:

- Local statutory bodies in your local area value the work of your organization
- Local statutory bodies in your local area understand the nature and role of your organization
- Local statutory bodies in your local area consult your organization on issues which affect you or are of interest to you



- Local statutory bodies in your local area involve your organization

appropriately in developing and carrying out policy on issues which affect you

A five point scale was used to record organizations' responses ranging from strongly agree to strongly disagree.

As the individual items in the two groups are likely to be related we create two composite measures capturing the satisfaction with the process of acquiring and maintaining local government funding, and the perception that the third sector organization is understood and accounted for when developing policy. Principal component analysis (PCA) with a varimax approach is applied to produce distinct and easy to identify components. The seven variables loaded onto two components with eigenvalues of more than 1 (Kaiser, 1960), as in the two groups outlined above (see Appendix Table A1). Factor scores were calculated using the Anderson-Rubin approach.

### *Analysis Approach*

To understand which factors play the greatest role a regression approach is adopted, using the composite measures of 'satisfaction with the process of acquiring and maintaining funding' and 'perception that the third sector organization is understood and accounted for when developing policy' used as the dependent variables. Jaskyte (2013) found in capturing the expertise required to generate innovations employment based measures of size appeared more appropriate than financial measures. Human resources and skills might be expected to have similar relevance for the issues under investigation here, so the sample is broken into three groups, those with: no full-time employees; one to five employees; and six or more employees. The main

group of third sector organizations of interest are those with no employees, but equivalent calculations are run for the other subgroups for comparative purposes. To capture the resources available to the third sector organizations beyond employees we include the natural logs of income and number of volunteers. The variance inflation factors (VIF) indicate there is no problem with multicollinearity.

### *Other Independent Variables*

Other characteristics which may influence third sector organizations' ease of access to funding and public profile include: the legal form of the organization, charity or non-charity (community interest company, company limited by guarantee, industrial and provincial society); scale of operations, local, regional, national and international; main groups being served, minority groups, the general public, victims of crime or drug abuse, those with mental or physical difficulties, and children or those caring for them. The legal form may indicate an organization's activities, which may influence its profile and compatibility with public sector contracts (Charity Commission 2007; Chew 2010). Organizations operating over a larger geographical area may have a higher profile, overcoming the informational asymmetry with the public sector (Milbourne 2009).

The main groups served by organizations' may influence their access to finance and whether their role is understood and valued. Serving harder to reach groups will increase an organization's value (Wainwright 2002), but they may not feel their full value is appreciated (Westall 2009). PCA was utilized to identify the groups served (for details please see Appendix 1). The need for third sector services may be greater in deprived areas (Byrne, Adamson, and Bromiley 2006), but there may

be limited potential to pay for services (Seelos, and Mair 2005). We control for the deprivation of the organizations' location using the index of multiple deprivation (McLennan et al. 2011).

Responses with regard to satisfaction with funding arrangements could be from experience of administrating local government funding, or alternatively the (perceived) difficulties of obtaining the funding. To help isolate the understanding of the administrative burden we control for whether the organizations have received local government funding in the last five years, to account for those actually receiving funding. Alternatives, such as, controlling for current public funding or bidding for public funding had minimal effects on the results, but were less appropriate in capturing recent experience of managing local government funding. This control is also included for the regressions of communication and understanding as receiving such funding may improve links between the third sector and local government.

#### **4. Results**

There is a relatively high level of dissatisfaction shown for all the aspects of the process of accessing public funding (Table 1). Just under half (49.2 per cent) of the organizations indicate they are somewhat dissatisfied with the process of funding (Panel a) and 43.9 per cent with the administration involved (Panel c). In terms of the support and advice available the proportion dissatisfied is lower, but still approaches two in five of those surveyed (38.1 per cent). The chi-square tests indicate that the satisfaction levels vary significantly across the size bands of third sector organizations.

PLEASE INSERT TABLE 1 ABOUT HERE

With regard to the process of applying (Panel a) and support and advice (Panel b) the smallest organizations are those with the largest proportion satisfied, although the proportions vary only slightly. It should be noted that the relationships are not always monotonic, for instance the middle group of TSOs (1 to 5 employees) display the lowest proportion satisfied (24.5 percent) with the process of applying for funding (Panel a). For satisfaction with the support and advice the difference is clearer with the smallest organizations (no employees) having 37.4 per cent satisfied and the largest (six or more employees) having 30.6 per cent satisfied. In contrast the proportion of organizations satisfied with the administration of funding displays the opposite pattern (Panel c), with the smallest least satisfied, 27.5 per cent (no employees) compared to 31.2 per cent (six or more employees).

In terms of communication, a majority (63.3 per cent) of all third sector organizations agree that their work is valued by local government (Table 2). There is a little more doubt with regard to perceptions they are understood by the local public sector (Panel b), with over a quarter disagreeing that they are understood (27.3 per cent). The story is similar for consultation about important issues (Panel c) and involvement in policy development (Panel d), only a minority feel they are appropriately engaged (39.8 per cent and 32.6 per cent respectively).

PLEASE INSERT TABLE 2 ABOUT HERE

As predicted it is the smaller organizations with lower public profiles that perceive the greatest communication and collaboration difficulties (Bovaird 2014; Buckingham et al. 2014). Significant differences are found by organization size for all measures. However, there is very little difference in the percentage agreeing about local government's understanding of the third sector's nature (Panel b). In contrast in

Panel c the percentage indicating there is consultation on issues rises from 34.6 per cent (no employees) to 45.2 per cent (six or more employees).

To understand what factors are associated with lower satisfaction with the funding process, and communication and collaboration for the smallest third sector organizations compound measures capturing the overall difficulties faced are used in the regressions reported below (Tables 3 and 4). Although the regressions explain a relatively small proportion of the variance, the F-tests do reject the null of collective insignificance.

PLEASE INSERT TABLE 3 ABOUT HERE

With monitoring and evaluation imposing a disproportionately large burden on smaller organizations it is unsurprising that financial resources are positively associated with perceptions about the process of applying for and maintaining local funding sources for this subgroup only (Wainwright 2002; Fredericks 2008). The absence of such a result for larger organizations is consistent with Jaskyte's (2013) examination of the relationship between size and innovation where income has a limited effect in overcoming resource limitations. This could also be that, in the UK context, small and large third sector organizations face very different funding environment from each other. It has been suggested that funding is biased against smaller organizations, (Keen, 2015) with 139,000 of the small and micro organisations receiving only 3% of the total statutory income, as oppose to the 81% received by 4558 organizations with an income of £1 million or more (NCVO, 2012). Due to the intense competition, demonstrating financial viability appears to be more crucial amongst smaller non-profits funding. Volunteers with their limited role in

business or management functions have a negative effect (Milligan and Fyfe 2005; Ellis Paine, Ockenden, and Stuart 2010), suggesting that the new contracts available may have moved away from the types of grants that were suited to the smaller traditional third sector organizations. Those engaging with the public sector are potentially engaging in the process of professionalization, replacing volunteers with staff (Ranci 2015).

Larger organizations supporting the young and their carers are more satisfied, which may reflect the availability of funding for these groups (Luksetich 2008), however, for smaller organizations this is reversed implying they struggle to overcome the complex administration for specialized funding (Senyard et al. 2007). Regardless of size those supporting minority groups display less satisfaction. Worryingly those third sector organizations taking forms other than charities are negatively affected. This is because by not applying for the charity status it would make attaining funding more difficult, as certain sources of grant funding in the UK are only available for those with charitable status (NCVO 2016). The less interaction also explain the lack of understanding of the local authorities. Some dissatisfaction with local government funding arrangements clearly comes from a lack of experience with those successfully accessing such funding in the past five years having more positive views.

PLEASE INSERT TABLE 4 ABOUT HERE

The smaller social enterprises feel less well understood and unable to influence policy. This would be consistent with those studies suggesting that smaller third sector organizations faced with the difficulty of conveying their complex non-typical

role in society, struggle to do so in part due to a lack of resources (Chew 2010).

Where funding was received in the past, this interaction generates a more positive perspective with regard to communication and understanding.

## **5. Discussion and Conclusions**

This study sought to identify what factors were linked to smaller third sector organizations' dissatisfaction with access to public funding and the extent that they were able to communicate and influence local government to aid access to these funds. Smaller organizations with fewer employees were more likely to be dissatisfied with the processes for accessing local government authority funding and feel their outputs and role in society were misunderstood. The regression analysis was consistent with the theory outlined in section 2, which suggested a lack of resources may hinder smaller organizations in conveying their worth and accessing funding.

One possible solution is to provide training in techniques of valuing non-market goods and analysing the results of impact assessments (Ellis and Gregory 2008). The training costs are likely to be beyond the resources of many smaller third sector organizations (Millar and Hall 2013). To try and overcome the problem of multiple techniques diminishing the credibility of evaluations (Kramer, Parkhurst, and Vaidyanathan, 2009), the UK Government has created the Investment and Contract Readiness Fund (ICRF) dedicated to helping nonprofits acquire the skills required to compete for public service contracts and has been linked to £117 million of contracts awarded (Brown and McAllister 2014). However, only a relatively small proportion of organizations have benefited so far. The effective implementation of the Social Value

Act will ensure good practice in commissioning and providing social value (Cabinet Office 2016).

Local government is shown to need forums to meet all types of third sector organizations to improve the communication flows (Huxham and Vangen 1996). This chimes with Lu's (2015) recommendation that when seeking public funds organizations ensure domain consensus is achieved through boundary spanning activities. Smaller organizations should also recognize the value in networking, and allocate resources to achieve this (Lu 2015). Two way communication will ensure both parties understand what is perceived to create social value and how this can be reported (Fyffe 2015). Third sector organizations will benefit from legitimization (Farmer 2015; Garrow 2010), whilst local government can benefit from the third sector fulfilling their needs better (Garrow 2010; Smith and Grønbjerg 2006). Without this local governments may become relatively more familiar with their existing partners (Kendall and Knapp 2000; Ellis and Gregory 2008; Lu 2015; Fyffe 2015), and as in Italy a division between professionalized haves, and voluntary-based have nots may develop (Ranci 2015). To get the balance right Furneaux and Ryan's (2014) Australian classification of relationships covering the degree of: power asymmetry, accountability, conditions attached to funding, shared planning and decision-making; and goal and value alignment could be used as a starting point.

Smaller organizations with limited capacity may be put off by the lack of funding for monitoring and evaluation of contracts and grants (Carman and Fredericks 2008). Shifting the burden to the local government, ideally at the functional economic level, would ensure skilled personnel could undertake monitoring and evaluation costs across the area. The economies of scale generated would mean that although the value of contracts awarded might be reduced, the net



value to the third sector would be increased. It would allow smaller community based organizations to concentrate on their core activities. However, evaluating diverse activities, organizations and local contextual environments in a uniform manner has a danger that organizations will lose their identity and copy those seen as displaying best practice, losing the variety that is seen as a strength of the third sector (Kelly 2007; Fyffe 2015). It is, therefore, important that small third sector organizations play an advisory role in such a body. An alternative approach is the 'free customer model', used particularly in German and Dutch elderly care (Bode and Brandsen 2014) and introduced recently in Italian third sector (Ranci 2015). Public money is given to users to spend, which shifts the burden of determining the social value of services from the local government to those that benefit directly. This may lead to less homogenization than the pre-fixed output and performance standards used more widely in the UK, Canada and US. Smaller less professionalized organizations are still likely to require some direct support and funding (Ranci 2015).

The study is limited as it is impossible to determine all the factors that influence a third sector organization's ability to communicate its value to local authorities using only a restricted set of organization characteristics. In-depth research over a period of time embedded within the organizations would provide a better understanding of this communication. Such an approach would allow a more nuanced understanding of the issues relating to accessing local government funding, whether past experience of managing such funding, or difficulties accessing the funding in the first place play the greater role. This would allow more understanding of the problems faced by small third sector organizations, in a similar manner to some of the items used in the Urban Institute's US study (Pettijohn et al. 2013). Generalizability of such results might, however, be restricted to organizations in the

same sector. A greater insight may come from examining the specific measures within the NSCSE data rather than the composite measures created. The results here apply the UK and it would be of value to undertake similar work in differing public funding environments. The NSCSE data used is five years old and unlikely to be repeated, which means it does not incorporate the latest policy developments. Focused studies on specific recent policy interventions' impact on the smallest nonprofits would be of value. The degree of reliance on the public sector funding may also affect the relationship and understanding between the local government and third sector and should be taken into account.

The study has shown that smaller third sector organizations are likely to struggle to meet the requirements of public sector contracts. It seems that this burden in combination with limited communication for smaller organizations will restrict their access to resources. Unless this is rectified the danger is that third sector activity may become focused in a smaller number of larger less embedded organizations. This may result in more limited provision of services with less choice, which is one of the ways that third sector organizations' success should be measured (Kendall and Knapp 2000). To overcome this funding for social impact measurement training and evaluations needs to be made available, and its use informed by a healthy interaction and collaboration between small third sector organizations and local government.

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## **Appendix 1 – Identification of main groups served by organizations**

To control for the difficulties faced when serving particular sections of the population, the main groups of users were identified. Organizations were asked to indicate up to three groups of users of their goods and services. There was a danger of correlation between user groups where separate groups suffering from similar issues were served by the same organization. To overcome this problem principal components analysis was used to identify broader groups of clients (Appendix Table A2). A maximum likelihood approach was adopted using the varimax orthogonal rotation to ensure that the components obtained were not correlated and ensuring easier interpretation. The factor scores were estimated using the Anderson-Rubin approach where non-correlated factor scores are required (Tabachnick and Fidell 2007). The scree plot's inflexion point was used to determine the number of factors extracted (Cattell 1966), with four selected (minority groups; general public; those with physical and mental disabilities; young people and their carers).

Table 1 – Satisfaction levels with aspects of the application for and maintenance of Local Authority funding

Panel a – Satisfaction with Process of Applying for Funding	Very dissatisfied	Fairly dissatisfied	Neither satisfied nor dissatisfied	Satisfied	N
No Employees	20.4%	25.4%	26.6%	27.5%	3278
1 to 5 Employees	20.2%	29.2%	26.1%	24.5%	3792
6 or more Employees	19.6%	32.4%	22.8%	25.2%	3625
Chi-square	49.04	[6]	(0.000)		
All	20.1%	29.1%	25.1%	25.7%	10,695

  

Panel b – Satisfaction with Support and Advice Available when Applying for Funding	Very dissatisfied	Fairly dissatisfied	Neither satisfied nor dissatisfied	Satisfied	N
No Employees	16.2%	19.6%	26.8%	37.4%	3278
1 to 5 Employees	15.6%	23.2%	28.0%	33.1%	3792
6 or more Employees	14.4%	25.0%	29.9%	30.6%	3625
Chi-square	56.052	[6]	(0.000)		
All	15.4%	22.7%	28.3%	33.6%	10,695

  

Panel c – Satisfaction with Administration Linked to Funding	Very dissatisfied	Fairly dissatisfied	Neither satisfied nor dissatisfied	Satisfied	N
No Employees	21.0%	21.8%	29.7%	27.5%	3278
1 to 5 Employees	19.5%	24.4%	27.2%	28.9%	3792
6 or more Employees	17.6%	27.3%	23.9%	31.2%	3625
Chi-square	61.279	[6]	(0.000)		
All	19.3%	24.6%	26.8%	29.3%	10,695

Notes: Degrees of freedom in squared brackets; p-values in parentheses

Table 2 –Extent of Agreement that Local Authorities Communicate and Collaborate with the Third Sector

Panel a – Local Authorities Value the Output of the Third Sector	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	N
No Employees	8.1%	14.7%	19.9%	42.8%	14.6%	3278
1 to 5 Employees	6.7%	14.3%	15.4%	44.6%	19.0%	3792
6 or more Employees	4.7%	12.4%	11.4%	49.5%	21.9%	3625
Chi-square	186.58	[8]	(0.000)			
All	6.5%	13.8%	15.4%	45.7%	18.6%	10,695
Panel b – Local Authorities Understand the Nature of the Third Sector	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	N
No Employees	8.8%	17.4%	17.5%	43.4%	12.9%	3278
1 to 5 Employees	7.8%	20.3%	16.5%	40.4%	15.0%	3792
6 or more Employees	6.3%	21.0%	13.5%	43.9%	15.3%	3625
Chi-square	60.706	[8]	(0.000)			
All	7.6%	19.7%	15.8%	42.5%	14.4%	10,695
Panel c – Local Authorities Consult the Third Sector on Issues	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	N
No Employees	16.3%	24.3%	24.8%	26.5%	8.1%	3278
1 to 5 Employees	13.2%	23.9%	23.6%	30.2%	9.1%	3792
6 or more Employees	10.5%	24.0%	20.3%	35.4%	9.8%	3625
Chi-square	109.69	[8]	(0.000)			
All	13.2%	24.0%	22.9%	30.8%	9.0%	10,695
Panel d – Local Authorities Involve Third Sector on Policy Development	Strongly disagree	Tend to disagree	Neither agree nor disagree	Tend to agree	Strongly agree	N
No Employees	17.3%	26.6%	27.9%	22.3%	5.9%	3278
1 to 5 Employees	15.2%	26.8%	26.1%	25.5%	6.4%	3792
6 or more Employees	12.6%	27.4%	22.8%	29.4%	7.9%	3625
Chi-square	88.012	[8]	(0.000)			
All	15.0%	26.9%	25.5%	25.8%	6.8%	10,695

Notes: Degrees of freedom in squared brackets; p-values in parentheses



Table 3 – Regression of overall perceptions regarding the ease of accessing and maintaining Local Authority grant funding

	No Employ'	1 to 5 Employ'	6+ Employ'
<u>Income</u>			
In Income	<b>0.015</b> (0.029)	-0.005 (0.473)	<b>-0.018</b> (0.013)
<u>Volunteers</u>			
In Volunteers	<b>-0.036</b> (0.026)	-0.020 (0.147)	<b>-0.036</b> (0.001)
<u>Main Users of Services</u>			
Those from Minority Groups	<b>-0.051</b> (0.004)	<b>-0.035</b> (0.000)	<b>-0.024</b> (0.019)
General Public	<b>0.051</b> (0.002)	0.024 (0.144)	-0.024 (0.171)
Those with Physical and Mental Disabilities	<b>-0.033</b> (0.029)	-0.024 (0.066)	-0.017 (0.142)
Young and Carers	<b>-0.038</b> (0.014)	-0.012 (0.399)	<b>0.032</b> (0.031)
<u>Legal Form</u>			
Non-Charity	<b>-0.232</b> (0.000)	<b>-0.172</b> (0.000)	-0.029 (0.502)
<u>Area of Activity</u> (base category – Local)			
International/National	<b>-0.189</b> (0.003)	<b>-0.118</b> (0.050)	-0.019 (0.736)
Regional	<b>-0.118</b> (0.033)	<b>-0.119</b> (0.010)	<b>-0.109</b> (0.007)

Notes: p-values in parentheses; emboldened values significant at 5% level

Table 3 – continued

	No Employ'	1 to 5 Employ'	6+ Employ'
<u>Index of Multiple Deprivation</u> (base category IMD 5 – 10)			
IMD 1 - 5	0.032 (0.842)	<b>0.244</b> (0.029)	0.047 (0.649)
IMD 10 - 15	0.078 (0.598)	0.131 (0.185)	0.078 (0.352)
IMD 15 - 25	0.019 (0.897)	0.184 (0.059)	0.037 (0.654)
IMD 25 - 50	-0.011 (0.942)	0.081 (0.393)	0.053 (0.497)
IMD 50 - 65	-0.157 (0.283)	-0.051 (0.581)	-0.015 (0.838)
IMD 65+	-0.170 (0.305)	0.002 (0.983)	-0.007 (0.930)
Successfully Bid for Local Authority Money	<b>0.728</b> (0.000)	<b>0.562</b> (0.000)	<b>0.407</b> (0.000)
Constant	<b>-0.478</b> (0.003)	<b>-0.382</b> (0.002)	-0.010 (0.933)
<i>N</i>	3278	3792	3625
Pseudo $R^2$	0.170	0.108	0.052
F-test	41.711 (0.000)	28.437 (0.000)	12.343 (0.000)

Notes: p-values in parentheses; emboldened values significant at 5% level

Table 4 – Regression of overall perceptions regarding the communication and understanding of Local Authorities of the Third Sector

	No Employ'	1 to 5 Employ'	6+ Employ'
<u>Income</u>			
In Income	0.003 (0.621)	-0.003 (0.727)	0.006 (0.376)
<u>Volunteers</u>			
In Volunteers	0.006 (0.726)	-0.015 (0.299)	0.002 (0.847)
<u>Main Users of Services</u>			
Those from Minority Groups	0.029 (0.104)	-0.006 (0.587)	0.009 (0.382)
General Public	-0.018 (0.293)	-0.021 (0.203)	-0.020 (0.250)
Those with Physical and Mental Disabilities	-0.002 (0.919)	-0.020 (0.134)	0.004 (0.709)
Young and Carers	-0.001 (0.941)	0.010 (0.507)	0.021 (0.160)
<u>Legal Form</u>			
Non-Charity	<b>-0.121</b> (0.016)	<b>-0.139</b> (0.001)	0.067 (0.122)
<u>Area of Activity</u> (base category – Local)			
International/National	-0.113 (0.081)	<b>-0.266</b> (0.000)	<b>-0.348</b> (0.000)
Regional	-0.014 (0.811)	<b>-0.117</b> (0.015)	<b>-0.192</b> (0.000)

Notes: p-values in parentheses; emboldened values significant at 5% level

Table 4 – continued

	No Employ'	1 to 5 Employ'	6+ Employ'
<u>Index of Multiple Deprivation</u> (base category IMD 5 – 10)			
IMD 1 - 5	-0.122 (0.451)	-0.032 (0.785)	0.073 (0.483)
IMD 10 - 15	-0.132 (0.384)	0.166 (0.105)	0.113 (0.190)
IMD 15 - 25	-0.174 (0.249)	0.138 (0.170)	0.080 (0.336)
IMD 25 - 50	-0.097 (0.520)	0.068 (0.486)	0.043 (0.589)
IMD 50 - 65	-0.111 (0.460)	0.103 (0.282)	0.032 (0.671)
IMD 65+	-0.011 (0.946)	0.105 (0.324)	-0.030 (0.731)
Successfully Bid for Local Authority Money	<b>0.404</b> (0.000)	<b>0.450</b> (0.000)	<b>0.467</b> (0.000)
Constant	<b>-0.334</b> (0.043)	<b>-0.380</b> (0.003)	<b>-0.248</b> (0.047)
<i>N</i>	3278	3792	3625
<i>R</i> <sup>2</sup>	0.048	0.070	0.066
F-test	10.261 (0.000)	17.864 (0.000)	15.874 (0.000)

Notes: p-values in parentheses; emboldened values significant at 5% level

Appendix Table A1 - Factor loadings for principal component analysis of the main users of individual third sector organizations

	1	2	3	4
General Public/Everyone (Reversed)	-0.020	-0.005	0.196	0.477
Women	0.066	0.889	-0.051	0.015
Men	0.071	0.894	-0.039	0.018
Older people	0.020	0.498	0.159	-0.024
Children (Under 16 Years of Age)	-0.027	-0.057	-0.086	0.833
Young People (Aged 16 to 24 Years)	0.133	0.086	-0.129	0.695
Those with physical disabilities	-0.009	0.032	0.737	0.098
Those requiring particular physical help	0.081	0.076	0.572	-0.030
Those with learning difficulties	0.092	-0.015	0.670	0.102
Those with mental health needs	0.286	0.037	0.493	-0.049
Members of ethnic minorities	0.397	0.095	0.064	0.108
People with a particular financial need	0.334	0.013	0.082	-0.002
Asylum seekers and refugees	0.481	0.026	0.010	0.036
Homeless people	0.531	-0.044	-0.037	-0.042
Those with addiction problems	0.594	-0.024	0.034	-0.047
Lesbian, gay, bisexual or transgender	0.448	0.102	0.122	0.034
Socially excluded and vulnerable people	0.499	-0.022	0.126	0.041
Victims of crime	0.514	0.070	0.067	0.030
Offenders and ex-offenders	0.588	-0.005	-0.002	0.012
Carers and parents	0.056	-0.030	0.274	0.361
Bartlett's Test of Sphericity	103,771	[180]	(0.000)	
Kaiser-Meyer-Olkin	0.664			

Appendix Table A2 - Factor loadings for principal component analysis of opinions on application process and communication with Local Authorities

	1	2
Local Authority Consults on Issues that affect Organization	0.844	0.207
Local Authority involves Organization in Development of Policy	0.831	0.233
Understand Nature and Role of Organization	0.828	0.207
Value Organization's Outputs	0.821	0.179
Satisfaction with Process of Apply for Grants	0.165	0.872
Satisfaction with Support and Advice Available for Applying for Grants	0.271	0.808
Satisfaction with Administration of Receiving and Maintaining Grants	0.189	0.800
Bartlett's Test of Sphericity	46765.0 [21] (0.000)	
Kaiser-Meyer-Olkin	0.796	