Ireland's Voluntary Sector

Background Contexts

Overview

Facts

Contexts: Facts about Ireland

- Independent since 1922
- 4,500,000 people
- GDP 2011 circa €160Billion
- Labour Force – 2,100,000
  - Employed 1,800,000
  - unemployed 325,000 (15%)

Context: State and Politics

- Historically € poor and weak state
- Government dominated by social teachings of Roman Catholic Church
- Strong censorship laws right up to 1970s!
- Many health and social services outsourced by State to Roman Catholic Church from 1920s to 1960s
- Slow process of "secularisation" of these services associated with rise of civil society organisations since the 1960s

Voluntary sector's function in Norwegian society

- Bonding and bridging – "glue" in society
- Important arena for teaching children/youth about active citizenship
- Democracy, citizenship and social capital
- Critical voice – "watch-dog"
- "Pioneers" - identify needs in society/promote change
- Produce services

defining voluntary sector

For research purposes, organisations (which may be of any constitutional type) have to be:

- Organised – that is, having some kind of formality and institutional reality
- Private – that is, institutionally separate from government
- Nonprofit – distributing, with any surpluses being used solely to promote the objects of the organisation
- Self-governing
- Voluntary to meaningful degree – in many cases the main source of voluntary input is the board.

This definition was derived from work done by the influential Johns Hopkins Comparative Nonprofit Sector Project, on the International Classification of Nonprofit Organisations.

Research findings

- we know that in 2009 there were at least

  - 25,000 "voluntary" organisations, clubs, associations
  - 11,700 (subset) non-profit organisations
  - employing over 100,000 people,
  - involving over 560,000 volunteers in their work and
  - managing turnover of €5.75bn.

Research

- If we bear in mind that Irish GNP in 2010 was about €130 Bn, then the non-profit community and voluntary sector accounts for over 3.25% of national income.

Irish charities can take *two forms*

1. **Unincorporated** Associations (members personally liable if things go wrong)
2. **Company** Limited by Guarantee (members liability limited)

Voluntary directors, board members

- 59,600 directors serve on the boards of Irish non-profit **companies** and board membership in the sector is almost invariably unpaid.

- If we include **unincorporated** charities, then up to 90,000 people serve in a voluntary capacity in the governance of the non-profit sector in Ireland.

Big growth in sector in recent decades

- Of the **nonprofit companies** currently trading,

- 70 were incorporated prior to 1950

- 3,571 were incorporated between 1950 and 1999

- 4,934 were incorporated between 2000 and the first quarter of 2010.

Large numbers of employees

- Of the 3,857 nonprofit companies the total number of employees in 2009 was 101,054.

- Hospitals and healthcare providers are the largest employers, with 26 institutions alone responsible for the employment of 4,200 of these.

- However, the profile of employment numbers suggests a **sector of small organisations**:
  - 1,458 nonprofit companies employ 5 people or fewer
  - 1,606 employ between 6 and 50 people
  - 90 employ between 51 and 99 people.
  - Just over 100 nonprofits employ more than 100 people.

Many are still volunteer-only

- The accounts of about 3,500 nonprofit companies report neither staff numbers nor payroll costs, thus indicating that they operate on an entirely voluntary basis.

- The total wages and salaries expenditure in Irish nonprofit companies in 2009 was €3.7bn, with a further €290m remitted in employers' PRSI. FAS contributed €151m, in reported grants to 477 nonprofit companies.

Income

Table 1
Sources of Income by Organisation

Source	N	%
State	2,185	67.9
Private Donations	1,698	52.8
Fees	1,298	40.3
Membership	1,054	32.7
Corporate Donations	488	15.1
Other	296	9.2
Deposit income	163	5

Income

- The *Hidden Landscapes* report 2006 gives the amount of income per source.
- 60% of income was received from state sources,
- 15% from fees and
- 11% from private donations.
- 14% other

INTERNATIONAL CLASSIFICATIONS
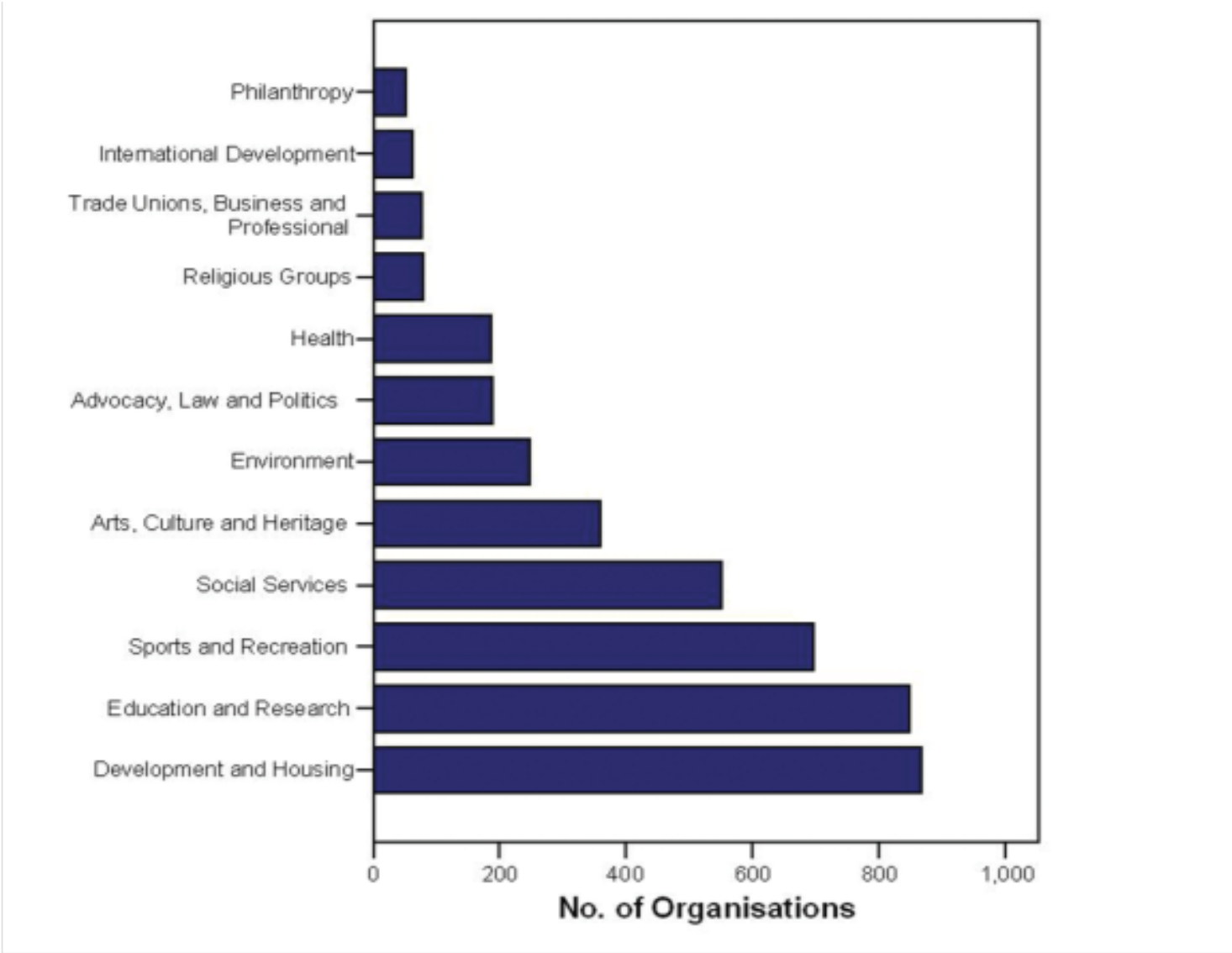
LEGAL STATUS

LEGAL STATUS OF ORGANISATION

The majority of Irish nonprofits (70.9%) are companies limited by guarantee.

|	
Incorporated – Co. Ltd. by guarantee	70.9%
Incorporated – Co. Ltd. by shares	1.2%
Incorporated – industrial & provident society	0.8%
Unincorporated – association	10.7%
Unincorporated – trust	4.3%
Unincorporated –benevolent society	1.2%
Other	10.7%

AGE

The majority of Irish nonprofits have been in existence for 25 years or less.

0–2 years	2%
5–10 years	14.8%
10–25 years	43.5%
25–50 years	25.1%
over 50 years	7.3%

About two thirds of nonprofits have seen an increase in beneficiary numbers over the last three years.

6.1%
Not Applicable

1.4%
Don't know

18.6%
Stayed the same
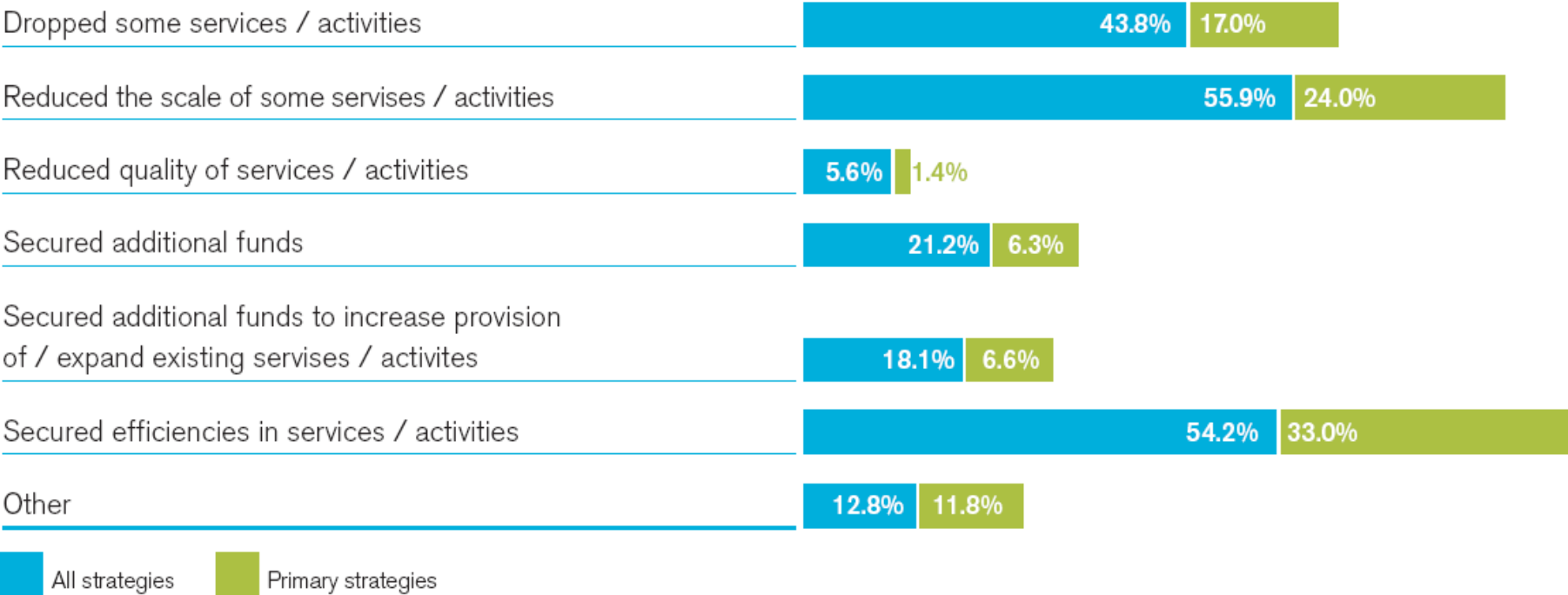
10.3%
Decreased

63.5%
Increased
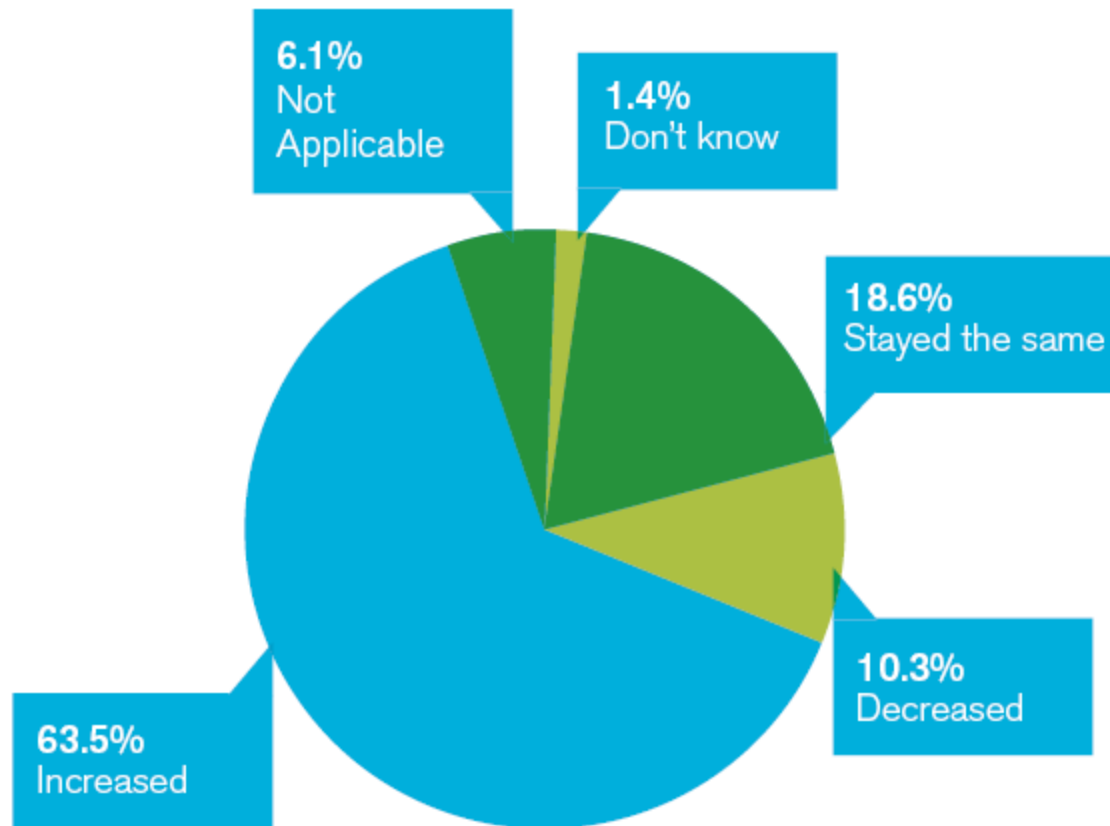
Almost 60% of nonprofits have experienced a decrease in income over the last three years, with 60% of those experiencing a decrease of between 11-25%.

1.2%
Don't know

3.4%
Not applicable

19.2%
Stay the same

19.2%
Increase

57%
Decrease
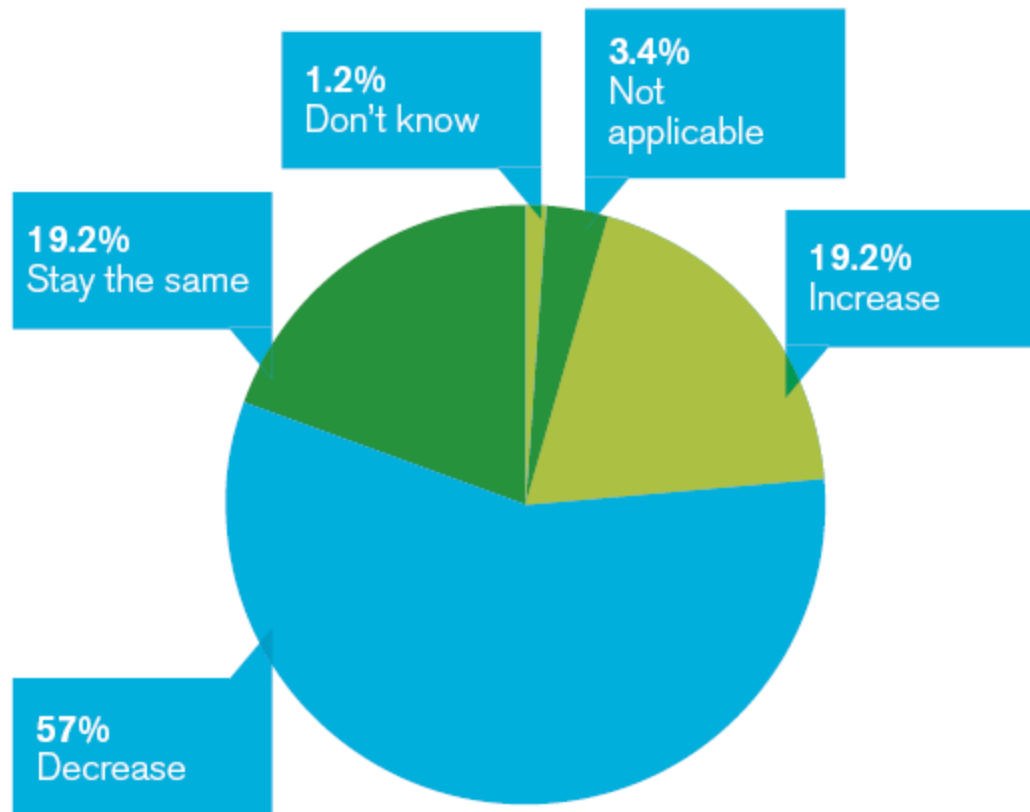
Although most organisations are responding to decreasing income by securing efficiencies and reducing the scale of activities, almost one fifth have dropped some services and only 6% are securing additional funds as their primary strategy.

STRATEGIES ADOPTED AS A RESULT OF A DECREASE IN INCOME

Strategy	All strategies	Primary strategies
Dropped some services / activities	43.8%	17.0%
Reduced the scale of some servises / activities	55.9%	24.0%
Reduced quality of services / activities	5.6%	1.4%
Secured additional funds	21.2%	6.3%
Secured additional funds to increase provision of / expand existing servises / activites	18.1%	6.6%
Secured efficiencies in services / activities	54.2%	33.0%
Other	12.8%	11.8%

■ All strategies   ■ Primary strategies

One third of nonprofits believe that there is a possibility of developing new approaches to earning-income to make up for fall-offs in traditional funding.

Among those organisations that believe that there is scope to increase earned income, the most popular strategies were greater collaboration with others (49.1%) and diversified income strategy (43.5%). Other popular options were introduction of fees for services (30.4%) and corporate sponsorship (28.0%). Around one fifth of respondents also mentioned: selling services to non-core beneficiaries (21.1%) and local business sponsorship (20.5%).

FUNDRAISING

Almost 30% of nonprofits do not fundraise from members of the public, and of those that do, there is an interest in moving away from event-type fundraising to using standing orders / direct debits, web appeals, online giving and legacies.

| FUNDRAISING TECHNIQUES	USED	DESIRED
Events	51.4%	43.9%
Standing order / direct debit	24.1%	30.6%
Direct mail / mail shots	17.0%	17.6%
Web appeals / on-line giving	22.7%	30.8%
Church gate collection	17.6%	16.6%
Wills / legacies	12.3%	26.9%
Flag day	10.9%	12.3%
Draws / lotteries	20.2%	20.9%
Other public collection	11.5%	12.3%
International treks etc.	3.6%	9.7%
House-to-house collection	2.8%	3.0%
On-street collection	10.3%	10.1%
Telephone giving	2.0%	7.7%
None	28.3%	23.5%
Other	11.1%	4.3%

VOLUNTEERS

The number of volunteers has increased over the last three years. Word of mouth is the most popular way of recruiting volunteers.

The majority of nonprofits (69.0%) use word-of-mouth as their primary means of recruiting new volunteers. The second most popular method of recruitment is volunteer centres (30.0%). It is interesting to note that similar proportions (about one quarter) of respondents use traditional media / local media advertising / notices (27.5%) or internet / social media (25.5%).

CHANGE IN NUMBER OF VOLUNTEERS OVER THE LAST THREE YEARS.

17.5%
Not applicable

0.6%
Don't know

30%
Increase

29.3%
Stay the same

14.6%
Decrease
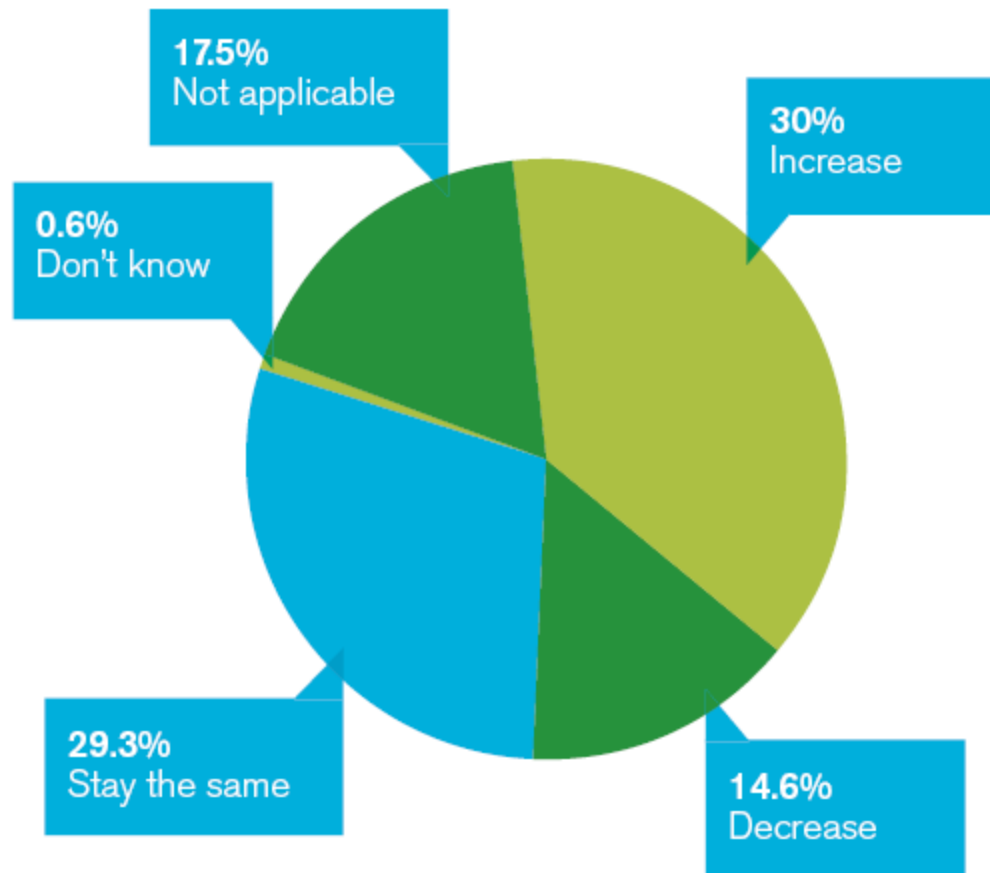
CHARITIES ACT 2009

Nearly 20% of nonprofits are still unaware of the Charities Act 2009, and of those who are aware only 60% are prepared for the requirements.

While the majority of organisations (80.0%) stated that they were aware of the Charities Act 2009, only 60.9% are prepared for its requirements, whilst 11.5% are unprepared and just under a third 27.5% do not know if they are adequately prepared.

STATEMENT OF GUIDING PRINCIPLES FOR FUNDRAISING

Over one third of nonprofits are aware of the Statement of Guiding Principles for Fundraising, and among those the majority apply the principles.

Awareness is split three ways, with just over one third (37.2%) indicating awareness and just under one third (32.6%) not aware. The remaining 30.0% of organisations did not raise funds directly from the public.

Overview of issues facing Irish Voluntary Sector

- **Charities Act 2009** enacted but not commenced yet (because of budget cuts):
  - All charities to be officially registered with a state regulator
  - **Statement of Guiding Principles for Fundraising to be applied**
- Comply with **Code of Governance** for Voluntary organisations that has been developed by sector itself

The Charities Act Will Provide For:

- a Charities Regulatory Authority

- a register of charities - all charities operating in the state must register

- a definition of charitable purposes

- annual activity/financial reporting by charities

- new legal requirements for fund-raising + a Statement of Guiding Principles for fundraising

- a set of requirements relating to trustees and employees of charities

- the establishment of a Charity Appeals Tribunal

- the establishment of consultative panels

- powers of investigation for the regulator and fines for non-compliance

The Governance Code

- The Governance Code is based on five principles, each with three sub-principles.
- Each principle is supported by guidelines for implementation, which are written in the form of suggested actions, so that practical assistance is provided to organisations in understanding how to translate each principle into reality

The Governance Code
Five Principles of Good Governance

The best boards

- provide leadership
- exercise control
- are transparent and accountable
- work effectively
- behave with integrity

Challenges Ahead!

- Staying in operation
- **Diversifying income** and raising funds
- **Cutting costs** – doing more with less
- Finding new ways of working: **Collaboration**
- Focusing resources on what matters: **Outcomes** for groups and people served
- **Partnership**-working & **Advocacy** challenge
- **Governance:** changing public attitudes