

The State of the Third Sector in Leeds 2022



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List of abbreviations

CBS Community Benefit Society	NCVO National Council for Volunteer Organisations
CC Charity commission	SE Social enterprise
CCG Clinical Commissioning Group	SotS State of the Sector
CIC Community Interest Company	TSL Third Sector Leeds
CIO Charitable Incorporated Organisations	TSO Third Sector Organisation
FC Forum Central	VAL Voluntary Action Leeds
FCA Financial Conduct Authority	VCSE Voluntary, community and social enterprise
H&C Health and Care	VCSFE Voluntary, community, faith and social enterprise
HPoC Harnessing the Power of Communities	WYCA West Yorkshire Combined Authority
ICB Integrated Care Board	WYHCP West Yorkshire Health & Care Partnership
ICS Integrated Care System	
LCC Leeds City Council	
LCF Leeds Community Foundation	
LHCP Leeds Health & Care Partnership	

Executive summary

This State of the Sector research¹ for 2022 provides an invaluable update on what the Third Sector in Leeds now looks like, and what has changed in the two years since the first State of the Sector research in 2020.

That the Sector has changed since 2020 is, of course, only to be expected given the impact of the Covid-19 Pandemic and the Cost of Living Crisis. Not only did these affect Third Sector organisations' income and delivery during this period, but they also threw into sharp focus the health and social inequalities experienced by particular marginalised communities and areas of the city, and their costly impact on statutory and Third Sector services.

This served to accelerate the rate and scope of collaborative work between Leeds City Council and NHS partners with the Third Sector. At the same time as demand for Third Sector services increased - and increased dramatically for communities experiencing the greatest health, social and economic inequalities - operating costs rose sharply while, nationally, income from donations and commercial activities often continued to struggle to rebuild to pre-pandemic levels. Some of the income loss and associated operating pressures were masked for some organisations by the city's Covid Response and Cost of Living funding, and it is important that this report's findings are viewed in this context. These factors combine to create a volatile environment for Third Sector organisations to operate in.

While this report can quantify the Third Sector in Leeds and show what has changed since 2020, the data available does not allow for drawing definitive conclusions on why some of these changes have occurred, or on forecasting future trends. However, some availability of more detailed data means this report is able to dig deeper than in the previous 2020 report, enabling particular changes or improvements to be identified more clearly. It has also flagged gaps in the data, where more research would be useful: it is hoped that local and regional partners make use of this to inform their research plans to build a more complete picture of the Third Sector.

The report shows much to celebrate: a sizeable Third Sector working across important areas of work with diverse beneficiary groups. However, it also substantiates concerns about the Sector's sustainability: the alarming reductions in the number of organisations, paid staff, and volunteers – **including a 34% drop in the paid workforce, a 25% drop in registered volunteers and the 10% drop in registered organisations.**

With the current economic outlook unlikely to improve in the short term, and local authority and NHS budgets under ever-increasing pressure, **it is clear that the resilience of the Third Sector in Leeds is at risk.**

What has changed and why it matters

As illustrated in Figures 1 to 5 and Table 1 following, key changes in the Sector relate to:

- The composition of the Sector, its overall size, the number and size of organisations, and the income it generates,
- Communities, beneficiary groups, and areas of work,
- Funding and finance,
- People working and volunteering in the Sector.

¹ [The State of the Third Sector in Leeds 2020.](#)



Composition – size and income categories

There are 1,373 registered charities in 2022, which is 160 (10.4%) fewer than in 2020. Figure 1 shows the change in number of organisations in different income categories. Figure 2 shows the change in number of organisations in each income category (see Appendix 1).

Figure 1: **Change in number of organisations in Leeds 2020 to 2022**

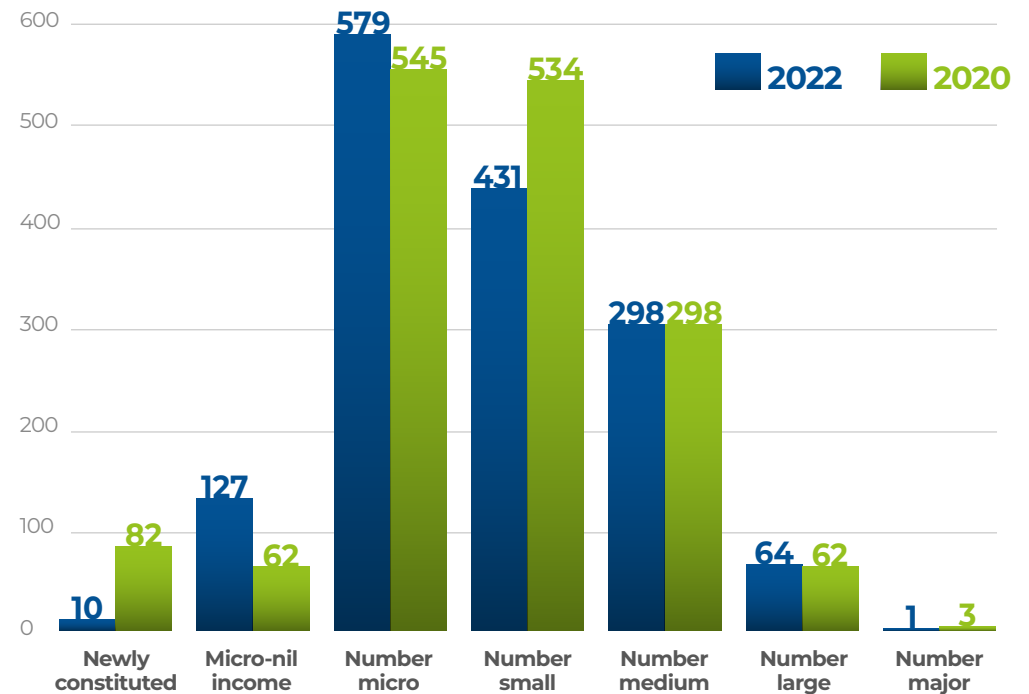
Total estimated number of Third Sector organisations in Leeds in 2020



Total estimated number of Third Sector organisations in Leeds in 2022 down by 10.4%



Figure 2: **Number of registered organisations per income category - 2022/2020 comparison**



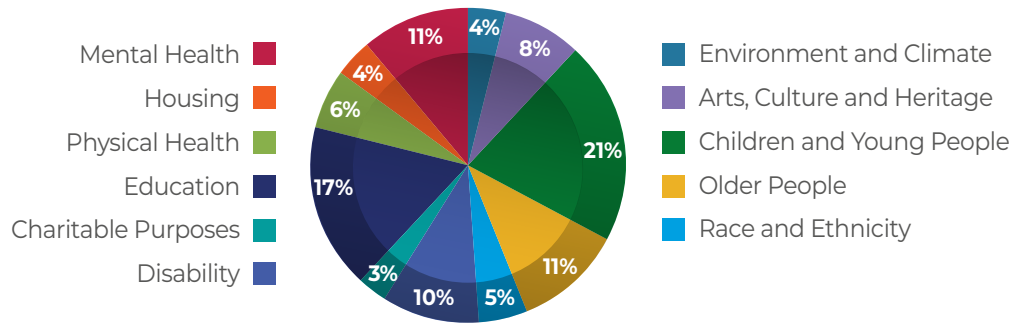
Key points to note include:

- Most of the reduction in the overall number of organisations is due to a reduction in the number of small organisations.
- There are more micro-organisations (income under £10k per annum).
- The number of organisations reporting nil-income increased from 62 in 2020 to 127 in 2022.
- There are fewer newly registered organisations with 10 in 2022 which is down from 82 in 2020.
- Only small and very large organisations have increased income in line with (or close to) inflation (Table 6 in Section 3) and mean and median income for some areas of work is equal to or less than reported expenditure.
- The number of medium and large organisations is similar to 2020 which suggests a degree of stability for these groups.

Areas of work and beneficiary groups

As in 2020, work in the Sector spans a wide range of organisations, issues and impacts, different areas of work and diverse beneficiary groups. Figure 3 provides a summary of the main areas of work with the estimated proportion of organisations working in each area.

Figure 3: **Estimated proportion of organisations in different areas of work**



This update supports wider research (national and regional) that highlights the value of the Sector and its role in connecting with diverse, underserved, and minoritised communities. The Third Sector in Leeds is arranged over geographical spaces, diverse communities of interest, and areas of greatest deprivation. This makes it a vital part of the eco-system of Leeds that contributes to the city across, for example, health and care, climate & environment, arts & culture, and social and economic inclusion, and brings benefits for communities and minoritised groups in Leeds.

Funding and financial resilience

This update for 2022 reflects a challenging funding context for the Third Sector in Leeds. Figure 4 shows the total income of the Sector is £325.1m which is down from £358.16m in 2020.

Figure 4: **Third Sector funding and resources 2022**



The overall funding and finance picture in Leeds mirrors the national one, with, for example, public sector commissioners needing to find additional in-year and further planned savings for 2023/24 resulting in limits to spending uplifts, despite increased demand and costs for service providers. In addition, Covid-19 response funding is no longer available, energy and cost of living crises are impacting Third Sector organisations, commissioners, funders, and donors, as well as leading to a marked increase in demand for services and support.

However, in Leeds, despite this challenging context, the data highlights three key changes which reflect the strategic approach to building resilience in the Third Sector in the city. **These are:**

- Non-statutory funders and grant givers, notably Leeds Community Foundation, are, on average, giving larger grants over longer time periods but to fewer organisations.
- The strategic role of Leeds' infrastructure organisations is creating more sustainable funding opportunities, notably around longer-term grants.
- There has been an increase in average income for groups working with people from diverse ethnicities and Disabled people.

People working and volunteering in the Sector

There is a significant reduction in the number of people involved in the Sector across all key metrics (employees, volunteers, trustees) summarised in Table 1.

Table 1: **Comparison of workforce total estimates 2022 v 2020**

Workforce	Number 2022	Number 2020	Variance	% Variance
Total trustee roles	7,960	8,600	-640	Down 7%
Total employees reported	6,326	9,650	-3,324	Down 34%
Total volunteers reported	31,134	41,742	-10,608	Down 25%

This is broadly in line with the regional picture, with factors influencing this decline including:

- Changing demographics and availability of volunteers post Covid-19
- Funding and financial restrictions affecting TSOs' abilities to recruit and retain people²
- Impact of Cost of Living crisis.

² **Local health & social wellbeing:** the contribution of the VCSE Sector in Yorkshire and Humber June 2023.

Figure 5: **People working and volunteering in the Sector 2022**



Persistent challenges remain in developing a more complete understanding of the people working and volunteering in Leeds, in particular in relation to the diversity of the Sector's leadership and workforce. We would like to know more about the characteristics, impacts and resilience of organisations led by and serving minoritised communities in Leeds, however, whilst there is a growing body of research in this area nationally, the Charity Commission data used here does not allow for analysis of, for example, diversity of leadership.

The State of the Sector update for 2022 details the key findings and critical reflections from a review of publicly available data. It presents a refreshed 'snapshot' of the value and reach of this important Sector to help decision-makers understand the Third Sector, its role in the city and communities of Leeds, and the importance of its continued sustainability and resilience.

1 Introduction

In 2020, Forum Central commissioned the first State of the Third Sector in Leeds research on behalf of Harnessing the Power of Communities, to provide a clear understanding of what the Third Sector³ for health and care looked like in Leeds; what it contributes to the city and its people. The resulting research⁴ clearly evidenced the significant contribution the Sector makes and the valuable, positive impact it has on people living in Leeds, their health and wellbeing, and to the local economy.

This report presents a refresh of the State of the Sector (SotS) research based on 2022 data. The aim here is to create an updated 'snapshot' of Leeds, to provide people and organisations within the Third Sector – as well as key stakeholders, and decision makers that collaborate with Third Sector organisations (TSOs) in the city - with useful evidence of the Sector's composition, impacts and challenges. This refresh has been jointly funded by Forum Central and Voluntary Action Leeds (VAL), to articulate the key findings from the research, with an expanded remit of looking beyond the 2020 focus on health and care to explore the whole Sector. It presents evidence of changes that have occurred since the original research, which we anticipate will be useful for the Third Sector and wider partners in the context of challenging economic times. **This report summarises the findings from this refresh to:**

- Provide an update on the size and composition of the Sector, the income it generates, the resources it uses, and the people who work and volunteer across the city.
- Explore what has changed since the first SotS research in 2020.
- Look across the whole Sector at the areas of work and people and communities who benefit.
- Connect with strategic work across the Sector to explore ongoing data needs.

The Third Sector in Leeds faces a number of significant challenges as it continues to play a vital role across a wide range of issues affecting lives of the people of Leeds: health and care, social and economic inclusion, climate action, equality and diversity, and community resilience in the city. **These challenges relate to:**

- Reduced size of the Sector, especially in terms of loss of small organisations known to connect with diverse and marginalised communities.
- No significant increase in sectoral income despite cost of living and inflationary pressures, resulting in TSOs using financial reserves to meet expenditure.
- Significant loss of people working and volunteering in Leeds' Third Sector as cost pressures and a challenging landscape for recruitment impact TSOs' abilities to recruit and retain people in the Sector.

³ See Section 2 for note on language and terminology used.

⁴ State of the Sector - Forum Central.



Despite this challenging context, this research clearly evidences the strength, capacity, and diversity of the Third Sector, and its importance as a strategic and operational partner in the wider ecosystem of Leeds. In doing so it demonstrates that the Third Sector in Leeds remains vibrant and critical to the city's ambitions.

Section 4 highlights the vital role of a range of voluntary, community, faith, and social enterprise (VCFSE) organisations. Diverse organisations innovate to connect with their communities and places, bring additional funding into the city, and clearly support statutory partners to deliver critical services.

The SotS 2022 data on incomes and funding resilience in Section 5 suggests that, at least in part as a result of strategic, joined up investment decisions across Third Sector infrastructure organisations, increased funding is reaching TSOs working with diverse groups, notably people with diverse ethnicities and Disabled people⁵.

Section 6 presents an update on the reduction in the number of people working and volunteering in the Sector. The research here also highlights gaps in our knowledge and identifies further research priorities. **These include:**

- How best to ensure that leaders with lived experience of the issues they seek to address and those from marginalised communities are engaged with decision making.
- How to ensure sustainability and equitable distribution of funding.
- How best to use the research to support decision makers during challenging economic times.
- How best to support people and build capacity in the Sector to ensure it can continue to contribute to the richness and diversity of Leeds.

As with the 2020 research, there have been challenges in undertaking this research. To ensure year-on-year comparisons are legitimate, the research uses publicly available data from the Charity Commission, which, whilst robust, lacks nuance and so limits the extent to which the data can be analysed at city scale. Where gaps in knowledge remain, these are explained and, where we can, we draw on wider regional and national data to provide context. This research should therefore be seen as a next step in a process towards improving our understanding and articulation of the Third Sector, its role and value to the city. Forum Central and Voluntary Action Leeds alongside their partners and stakeholders expect to build on this foundation over time to continue this process.

Ultimately, the State of the Sector work presents an opportunity to acknowledge and celebrate the Third Sector in Leeds – and be proud of what Leeds has. It provides detail on the composition of the Sector, its size and sources of income, the people who work and volunteer in it, and the positive impacts of their work across a diverse range of beneficiaries. It builds on the 2020 research to further illustrate the added value and range of wider benefits that TSOs achieve for benefit of diverse groups and communities of Leeds.

⁵ See Section 2 for note on language and terminology used.



2 Approach to the State of the Sector 2022 refresh

2.1 Data sources and management

Data collection and approach for this research aligns with the first State of the Sector work in 2020 to allow for exploration of changes over time. The data in this summary is drawn primarily from two publicly available, sources. **These are:**

- Charity Commission (CC) data on registered charities and CIOs accessed via Charity Base⁶ which allows for searches at Leeds scale.
- Funding data taken from 360 Giving⁷.

The main dataset was downloaded on 6th December 2022 to align as closely as possible with timing of CC data used in 2020 report. Additional sources and references used (see Appendix 2) **include:**

- Leeds Community Foundation.
- Leeds City Council financial report.
- Leeds office of the NHS West Yorkshire Integrated Care Board (the ICB in Leeds) and the former Leeds Clinical Commissioning Group (CCG).
- Regional Third Sector Trends reports.
- 'Find that Charity' searches for registered Community Interest Companies.
- National Council for Volunteer Organisations (NCVO).
- Third Sector Organisations' own data where publicly available e.g., websites, annual reports, impact evaluations and Charity Commission records.

Income categories for 2022

New income categories (Table 2) have been applied in 2022 to better align with national and regional reports for comparisons⁸. The new income categories are more granular at smaller income levels and so accurately reflect 'typical' organisation sizes and incomes in these categories⁹.

Table 2: **Income categories for 2020 and 2022**

2020		2022	
Size	Income per annum £	Size	Income per annum £
Micro	<10,000	Micro	<10,000
Small	10,000 to 99,999	Small	10,000 to 49,999
Medium	100,000 to 999,999	Medium	50,000 to 249,999
Large	1,000,000 to 9,999,999	Large	250,000 to 9,999,999
Major	10,000,000+	Very large	1,000,000 to 9,999,999
		Major	10,000,000+

Figures presented in this summary are given for both 2020 **and** 2022 categories as appropriate where indicated, to enable like for like and year on year¹⁰ comparisons.

⁶ **Charity Base.**

⁷ **360Giving - 360Giving (threesixtygiving.org).**

⁸ For example the **Structure Dynamics and Impact of the VCSE Sector 2021** and Third Sector Trends Study.

⁹ That is, standard deviation from the mean in each category is lower with the new income categories.

¹⁰ Comparisons are made for 2020 and 2022 and changes flagged, however no attempt is made to suggest trends based on two years of data.

Data cleansing

The raw data from the Charity Base database requires checks for quality assurance and some manual data cleansing is essential. In 2022, data cleansing involved:

- Comparison of Charity Commission (CC) data using 'Charity Base' searches¹¹ to generate main dataset with additional searches on 'Find that Charity' and 'Charity Search' databases¹² for verification and quality assurance.
- Removal of individual records where:
 - They were non-Leeds based - both databases return details for national and regional (e.g., Bradford, Wakefield, York) CIOs. These were identified by post code, then reviewed manually on a case-by-case basis and removed where the organisation is not Leeds-based or not primarily active in Leeds.
 - Major organisations whose primary purpose is not community focused (e.g., Grammar School at Leeds), and/or where it is not possible to delineate Leeds related income or impacts (e.g., Yorkshire Air Ambulance) were removed.

A total of 328 Organisations were manually removed from the original dataset.

- A manual check of ~5% sample of records in each income category against individual CC reports.
- Funding data taken from 360 Giving was verified against CC reports and individual Third Sector organisations' data where available.

Comparisons over time

For this SotS refresh, it is important to provide comparable, year-on-year data to start to build a picture of what is changing over time. There is no attempt here to suggest patterns in the data over time or correlations, however, this comparison does help highlight key opportunities and impacts, issues and challenges, and potential gaps in the data.

2.2 Types of organisations

Definitions of the Third Sector vary in terms of their inclusion of different types of organisations. In designing the methodology for the 2020 State of the Sector report, data on registered charities and Charitable Incorporated Organisations (CIOs) was found to be most reliable as an indicator of size and income of the Sector. Annual reports to the Charity Commission are publicly available, accessible as datasets for Leeds scale, and searchable using widely available software,¹³ therefore this approach has been replicated in 2022. However, these datasets do not include data from different types of organisations in the wider Sector where they are not governed by the Charity Commission.

Recent regional and national reports¹⁴ have included greater and more robust detail on a wider range of organisations in the Sector with analysis of some of these groups. This provides a useful, broader picture of the eco-system, structure and impacts of wider Third Sector.¹⁵ However, drilling into the city scale, using publicly available data sources¹⁶ within resource limitations is challenging; data sets for different types of organisations are often incomplete, insufficiently detailed, or not available at Leeds scale. For these reasons, Leeds based registered CIOs are again used as a proxy for the shape, size, and composition of the Third Sector in Leeds. It is, however, recognised that by adopting this simplified approach, many different types of organisations, such as Community Benefit Societies or un-constituted groups are missed in this analysis, therefore an overview of wider Third Sector activity is provided in Section 3.

¹¹ Searches for the main Leeds' dataset took place on 6th December 2022 to align with 2020 data with supplementary searches on areas of work between February and June 2023.

¹² Note that 'Charity Search' typically returns a smaller dataset with fewer searchable variables than 'Charity Base' i.e., the dataset is not as detailed or granular, but is useful for comparison. 'Find that Charity' produces a larger data set that includes registered Community Interest Companies and wider geographical data, however, CICs are not consistently reported for Leeds scale.

¹³ Data are downloaded as .CSV files and converted to MS Excel workbooks for analysis.

¹⁴ Notably Third Sector Trends and Social Enterprise UK.

¹⁵ For examples see: i) [Structure Dynamics and Impact of the VCSE Sector 2021](#) and Third Sector Trends Study, ii) [Local health and wellbeing: the contribution of the VCSE Sector in Yorkshire & Humber 2022](#), iii) [Leeds' Best City Ambition](#) iv) The [role and analysis of VCSE Sector in public procurement](#), Dept for Culture Media and Sport, 2022.

¹⁶ For example, Financial Conduct Authority (FCA) registers of mutuals and co-operatives.

2.3 Language and terminology

The language being used by, and in reference to, marginalised communities and people who experience discrimination is changing and evolving. This report, and wider State of the Sector research, reflects this changing landscape. We have listened to and adopted guidance offered from marginalised communities and people with lived experience of discrimination,¹⁷ both to ensure we are acting as allies and to avoid causing further harm through the use of casual and inaccurate language. We understand that language will change over time, and that people will feel differently about language used to describe diverse and/or protected characteristics. To reflect this, the terminology used in live documents and future iterations of this work will adapt accordingly. Similarly, we know that people self-identify in different ways, and the organisations featured in this report use a variety of terms for the people who they engage with: 'service users', 'beneficiaries', 'members', or 'participants' for example. We primarily adopt terms used by organisations themselves where examples are given, and elsewhere refer to 'beneficiaries' for consistency. It should be noted that where we do use terms which we know can be misleading or problematic, but remain commonplace, we do so because this either highlights an issue or challenge, or, for example, where leaders with lived experience use the terminology in communication with funders.

Finally, there are lots of ways of talking about the Third Sector and the organisations working within it. We have adopted the term 'Third Sector' in the view that it is inclusive of a wide range of formal and informal organisations (including charities and faith groups for example) working on issues with community and social impacts. It also reflects the language used by funders and statutory bodies although many refer to voluntary, community, faith and social enterprise (VCFSE) or the social Sector. However, we recognise that by referring to the 'Third Sector' we may not fully reflect some of the challenges faced by organisations that are left out of decision making processes, and so expect this language to change in line with changing discourse over time.

¹⁷ See for examples: [BAME Over](#), [Charity so White](#), [Outreach Youth](#), and [Disability Rights UK](#).



3 Composition, size and income of the Third Sector in Leeds

This section provides a summary of the number and size of organisations in the Third Sector in Leeds, income averages for each income category, and comparisons between 2022 and 2020 data.

3.1 Number of organisations

The Third Sector in Leeds broadly breaks down into registered organisations (including charities, Trusts, and Charitable Incorporated Organisations (CIOs), Community Benefit Societies, and co-operatives), un-constituted organisations (such as informal community groups and grassroots organisations), Social Enterprises (SEs).

Number of registered charities and CIOs across whole VCSE Third Sector 2022:

There are 1,373 charities and CIOs registered and with their main operations and activities in Leeds as of December 2022.

This is down from 1,533 in 2020 which represents a 10.4% reduction in the number of registered charities in the city. Whilst it is not possible to provide a direct comparison, this reduction in number of organisations broadly reflects the national picture for the Third Sector with wider, national research demonstrating similar challenges facing the Sector in 2022¹⁸.

New, emerging, and un-constituted organisations

In 2022, fewer new organisations registered as charities or CIOs than in 2020, with 10 newly registered organisations in 2022 compared with 82 in 2020. This reflects the national picture, for example the National Council for Volunteer Organisations (NCVO) reports a decline in registrations of new organisations between 2020 and 2021¹⁹.

In addition to registered TSOs, other new, emerging, or un-constituted organisations operate in Leeds. These organisations are typically micro in size and funding (i.e., with income of less than £10k per annum), do not have legal status, or formalised governance structures or purposes. In 2022, they remain crucial to the fabric of the city and reflect the rich diversity of the Sector. For example, in response to COVID-19, street or neighbourhood based mutual aid groups were established and in 2022, informal 'warm spaces', food clubs and energy saving groups were established to support communities during energy and cost of living crises. Some such organisations evolve to become formalised over time, whilst others remain small and informal to, for example, address a specific need in a specific community.

It is difficult to determine a definitive total of how many such organisations exist in Leeds or to accurately assess their size, leadership, income, and community impacts. However, using 2020 baseline estimates, which were based on local knowledge of the Sector combined with widely accepted proxies (see Appendix 1), an estimated 1,800 to 1,850 informal, emerging or un-constituted organisations form part of the city's eco-system, bringing the total number of Third Sector organisations in Leeds to 3,175.

Estimated emerging and un-constituted organisations: ~1,800 to 1,850

Estimated total number of organisations: 3,175



¹⁸ [Running hot, burning out: an analysis of the VCSE Sector Barometer](#), Pro bono economics.

¹⁹ [UK Civil Society Almanac 2022 | Home | NCVO](#).

Figure 6: **Number of Third Sector organisations in Leeds**



Estimates of number of other types of organisation

According to the 2023 report, ‘Local health and social wellbeing: Yorkshire and Humber summary’²⁰, the Sector in West Yorkshire comprises different types of Voluntary, Community, and Social Enterprise (VCSE) organisations in the following proportions:

- Registered charities (62%),
- Charitable Incorporated Organisations (12%),
- Community Interest Companies (14%),
- Registered Societies, Cooperatives and Community Benefit Societies (8%), and
- Community Amateur Sport Clubs (4%).

Using these proportions, we can estimate the number of different types of organisations in Leeds as summarised in Table 3 opposite.

²⁰ [Local health and wellbeing: the contribution of the VCSE Sector in Yorkshire & Humber 2022, pp30-31.](#)

²¹ Estimates are based on registered charities 72% plus CIOs 11%= 83%

²² Aspire operates as a non-profit CBS under the umbrella organisation [Community Links](#).

²³ For further detail on Leeds Early Intervention Psychosis Service [here](#).

²⁴ See further detail of Leeds City Council spending into the Third Sector in Section 5.1.

Table 3: **Estimate of number of wider Third Sector organisations in Leeds**²¹

Type of organisation	Estimated No. in Leeds
Community Interest Companies	212 to 385
Registered Societies, Cooperatives and Community Benefit Societies	95 to 100
Community Amateur Sport Clubs	65 to 70

Community Interest Companies (CICs) and other social enterprises (SEs) are an important part of the wider Third Sector, but it is difficult to accurately report the number and size of organisations in Leeds within the scope of the SotS work. The 14% estimate above is for West Yorkshire, however it is recognised that there are variations in the distribution of SEs with greater density of SEs in urban areas. For comparison, a ‘Find That Charity’ search of CICs in Leeds returns 344 active SEs of this type. Estimates from Social Enterprise UK (SEUK) suggest SEs makes up around 12% of the whole Sector which would equate to ~385 when including micro and un-constituted organisations in the total.

Societies, Cooperatives and Community Benefit Societies play a vital role in supporting communities in Leeds as part of the wider Third Sector, in particular, addressing needs such as social care and supported housing. As discussed in Section 2.2 these types of organisations are not included in the 2020 or 2022 research, because data on number, size and income for Leeds is not consistently publicly available. However, there are some noteworthy organisations of this type in Leeds, for example, Aspire²², the Leeds Early Intervention Psychosis service²³ which is delivered by Community Links, provides holistic care for people aged 14 to 65 who are, or may be experiencing their first episode of psychosis, receives circa £25m from Leeds City Council²⁴ per annum to deliver vital services.

Number of organisations by income category

Table 4 below provides a summary of the number of registered organisations per income category with the change (increase/decrease) in number of organisations from 2020.

Table 4: Number of organisations in each income category with change (+/-) and % variance for 2022

Income category £	Number of organisations		Change Number	% Variance
	2020	2022		
Micro (>10,000)	545	579	+34	6% increase
Small (10k to 49,999)	404	307	-97	24% decrease
Medium (50k to 249,999)	293	276	-17	6% decrease
Large (250k to 999,999)	136	146	+10	7% increase
V Large (1m to 9,999,999)	62	64	+2	2% increase
Major ²⁵ (>10m)	3	1	-2	67% decrease ²⁶

Figure 7, next page, provides a comparison of the number of organisations in each income category using 2020 income categories. This helps to highlight the variance (see Figure 8) where there is a 6% increase in the number of micro-organisations, a notable 105% increase in organisations reporting £0 income in 2022, and a 24% decrease in small organisations. By either method, the number of medium and larger organisations remains relatively stable. Figure 8 illustrates the variance in the number of organisations in each income category. It is not possible to identify specific causes of changes in each category, however, the new income categories help to highlight differences and the year-on-year variance.

3.2 Income

Total income into the Sector is calculated using reported annual income of registered charities and CIOs in Leeds, plus an estimate for the income of non-constituted organisations which are typically micro or small²⁷. Table 5 below, shows income generated by registered organisations is estimated to be £325.13m as compared with £358.16m in 2020.

Table 5: Income to the Sector

	2020 (£m)	2022 (£m)
The total income of registered charities in Leeds	£358.16	£325.13
Estimated total income including estimate for non-constituted TSOs ²⁸		£330.05

Income averages

Average (mean) income is ~£240.3k (up circa 3%), putting the average income in the medium income category. On its own, this average is a poor indicator of changes in income across the Sector, however, it does provide an indication that incomes have not increased in line with inflation. Table 6, next page, provides a more detailed breakdown of averages with median income for each income category together with mean income for 2020 and 2022 and percentage variance.

²⁵ The two organisations previously in the major income category were St Anne's and Leeds University Union, both of which have income <£10m for 2022.

²⁶ The high figure here reflects the small size of this income category whereby any fluctuation will create a large percentage variance.

²⁷ It is not within the remit of this refresh to estimate income from activities of other types of organisations above.

²⁸ Using 2020 method to estimate number of un-constituted organisations.

Table 6: **Mean income comparisons and variance**

Size of organisation	Median income 2022	Mean income 2020	Mean income 2022	Variance
Micro	£2,657	£3,578	£3,487	-3%
Small	£22,253	£22,453	£24,372	8%
Medium	£106,238	£123,023	£120,915	-2%
Large	£437,464	£481,269	£491,754	2%
Very large	£2,225,295	£2,903,948	£3,115,904	7%
Major	£11,485,382	£21,869,710	£11,485,382	-90% ²⁹

Proportion of organisations in each income category

Figure 9, next page, illustrates the proportion of organisations in each income category together with the average income organisations in each category generate. This has not changed significantly since 2020. The notable change from 2020 is that the number of major organisations (and therefore income from this category) has reduced, where two previously major organisations, St Anne's Community Services and Leeds University Union, are no longer in this category because annual income is now < £10m, therefore they are now in the very large category.

²⁹ Note there is one major organisation in 2022, St Gemma's, and therefore the variance is skewed dramatically.

Figure 7: **Number of registered organisations per income category - 2022/2020 comparison**

2022 / 2020 comparison - 2020 income categories

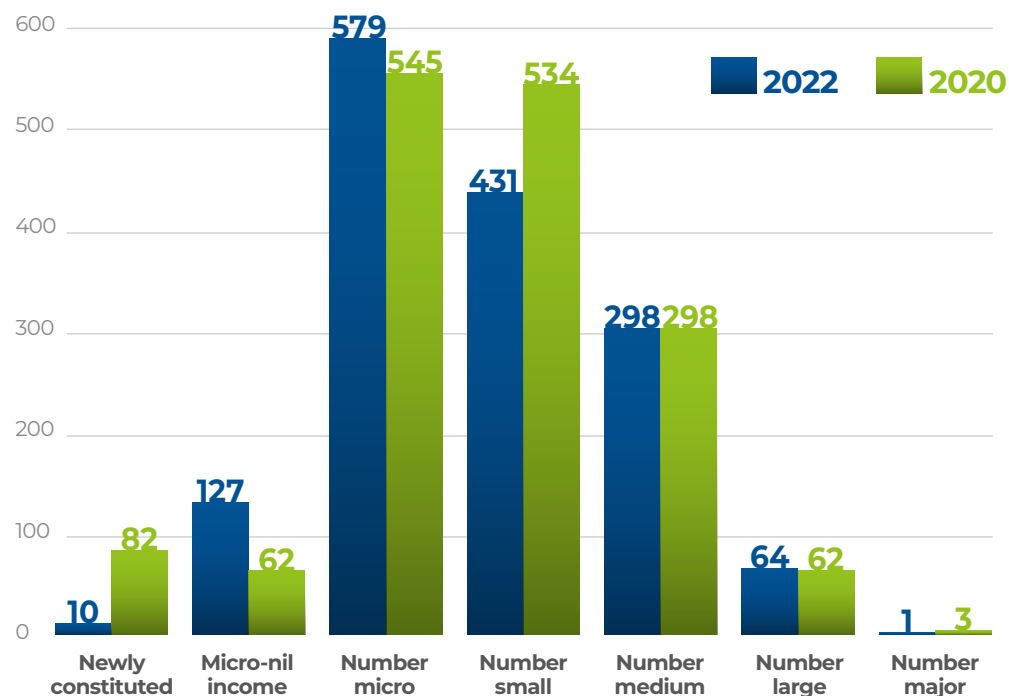


Figure 8: **Change in number of organisations in each income category**

Variance 2020- 2022

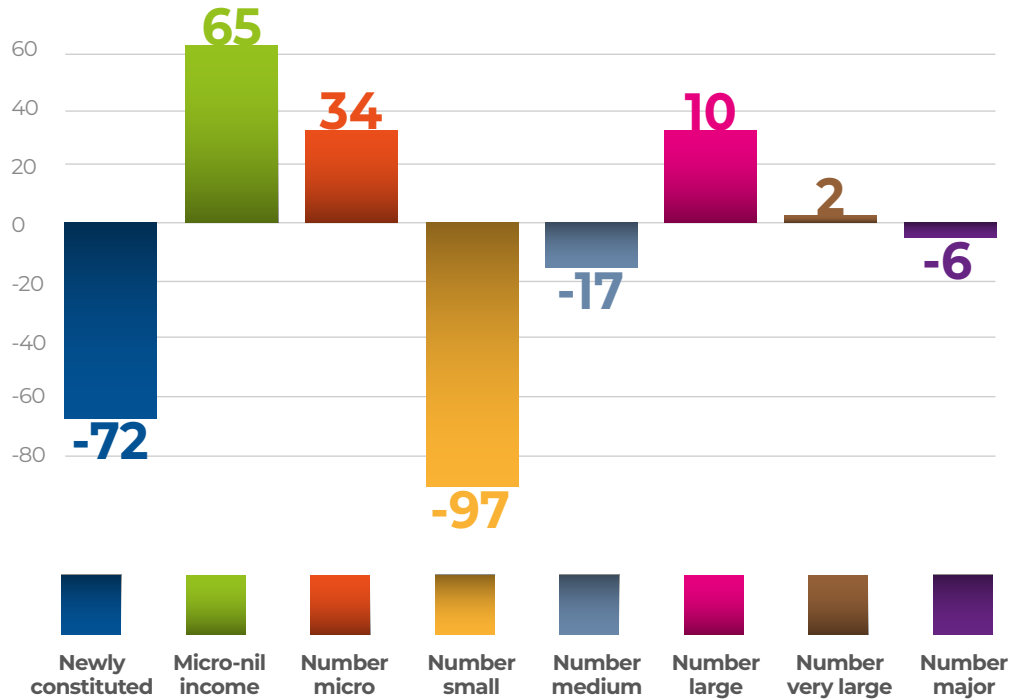
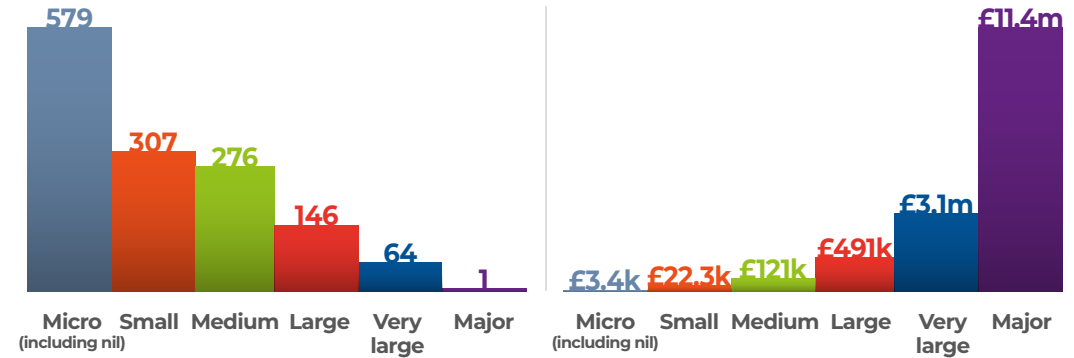


Figure 9: **Proportion of organisations and income**

Number and size of organisation

Typical income



3.3 Key findings on what has changed

The data and analysis on the composition size and income of the Third Sector in Leeds highlight five key points. **These are:**

- There are around 10% fewer registered charities and CIOs: 1,373 in 2022 as compared with 1,533.
- Total reported income across the whole Sector has fallen from £358.16m in 2020 to £325.13m in 2022.
- Estimates of number of other types of organisations have been possible in 2022 to create a baseline for comparison in future years.
- Variation in the distribution of size and income with most of the overall reduction in numbers resulting from fewer small organisations.
- The number of medium, large, and very large organisations remains stable.

4 Areas of Work

This section explores organisations in the Third Sector in terms of the areas of work they engage in, who benefits from their work, the communities they are supporting or issues they are addressing. It illustrates the roles Third Sector organisations play in connecting with diverse communities and the value of their impacts across a breadth of often interconnected issues.

However, this SotS refresh does not reflect **all** the areas of work, or all beneficiary groups supported by organisations across the Sector in Leeds; rather it summarises reported, quantifiable and searchable data available from the Charity Commission data set. As such it should be read alongside wider strategic activity and research on the role, value and impacts of the VCSE Sector such as the 'Local health and social wellbeing' report for Yorkshire and Humber³⁰, and the Leeds Third Sector Strategy³¹.

4.1 How many organisations work in the different areas of work?

Table 7, next page, summarises the number of organisations in each income group for different, self-reported³², areas of work and/or beneficiary groups. The data here should be taken as indicative of the number of organisations working in different areas as the searches are based on self-reporting categories which can change year-on-year depending on, for example, new sources of funding. In addition, there is overlap between and within groups where organisations report working across multiple areas of work or beneficiary groups. This is challenging to quantify or explore using the SotS dataset other than on a case-by-case basis. Three main challenges emerge from the limitations of the data in this respect.

- Opportunities for analysis of overlaps and intersections, for example, where an organisation works across multiple issues, are missed. Findings from regional and national research into intersectional impacts of Third Sector organisations suggest that TSOs typically work across multiple areas and communities, even where their primary focus is one issue or beneficiary group.
- Data is self-reported against pre-defined categories which can lead to omissions and, more often, duplication, i.e., where one organisation legitimately reports multiple areas of work. Including all listed areas of work risks inflating the size (or the perceived size) and resilience of the Sector as it relates, therefore the approach adopted here to specific areas of work.
- Charity Commission data lacks nuance, or does not record/report, in key areas, including diversity and inclusion data on beneficiary groups and leadership. Similarly, category headings for types of work and beneficiary groups are high level and do not reflect the diversity of work done across the Sector. One area where this is especially the case is work by and with LGBTQ+ communities because of limits to how data are recorded and therefore search results for this work area are not robust.

For these reasons, Table 7 provides a high-level summary of number of organisations per income category across consistently reported beneficiary groups and areas of work. In Figure 10, proportions rather than number of organisations in different areas of work are illustrated to provide an indicative overview of areas of work rather than a detailed quantitative breakdown. This does not reflect work across multiple areas. Figures 11 and 12 provide proportions and number of organisations reporting working with different beneficiary groups respectively. Again, these do not reflect work that crosses over multiple groups.

³⁰ For an interesting analysis of contribution of VCSE sector organisations across multi and intersectional areas of work see Section 5, Sector energy, purpose and impact in **Local health and social wellbeing: the contribution of the VCSE Sector in Yorkshire and Humber.**

³¹ Leeds Third Sector Strategy is due to be launched in October 2023.

³² Registered charities and CIO self-report main areas of work and groups effected in annual returns to the CC. The Charity Base searches return organisations listing category in top three areas of work.

Table 7: **Number of organisations in different groups by income category**

	Children and Young People	Older People	Race and Ethnicity	Disability	Charitable purposes	Education	Health	Housing	Mental health	Environment climate and conservation	Arts, culture and science
Number	661	358	153	316	100	563	182	116	341	135	250
Est proportion	21%	11%	5%	10%	3%	17%	6%	4%	11%	4%	8%
Size (number)											
Micro	300	115	49	106	39	236	54	27	94	69	108
Small	146	99	32	75	21	106	35	21	66	30	65
Medium	126	74	39	66	20	129	41	24	81	16	45
Large	58	46	23	43	15	55	31	25	62	13	22
Very large	30	23	10	25	5	36	20	18	37	7	10
Major	1	1	0	1	0	1	1	1	1	0	0

Figure 10: **Proportion of organisations with impacts in different areas of work**

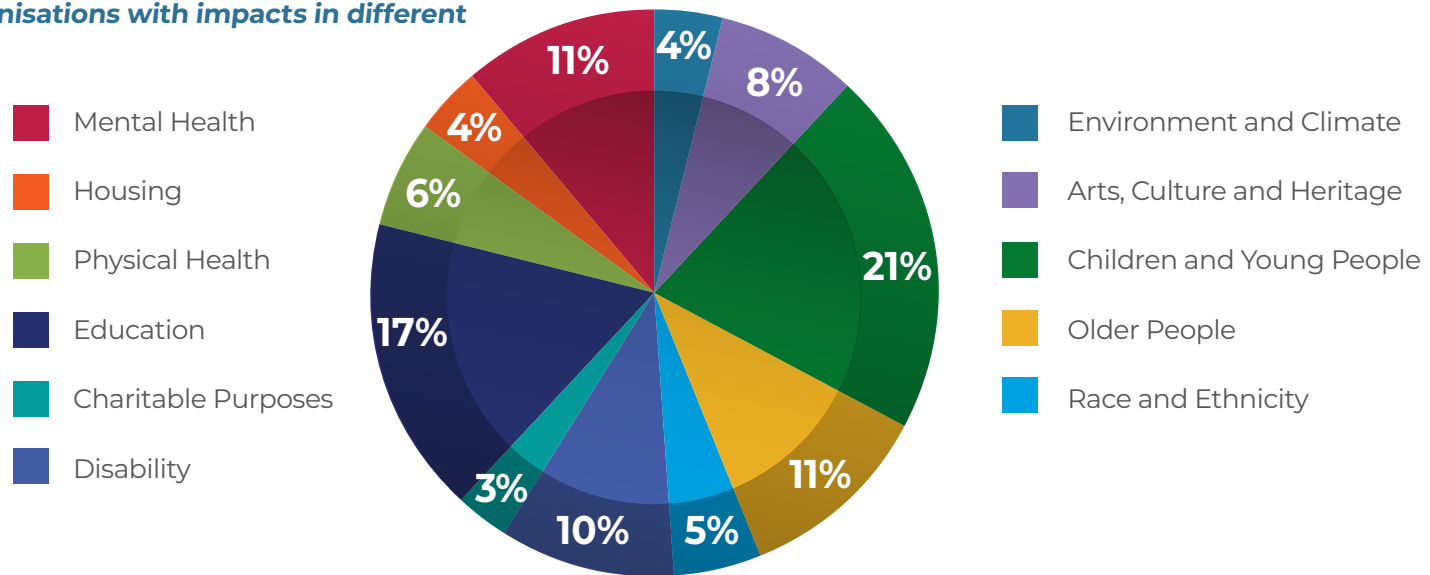


Figure 11: Proportion (%) of registered charities and CIOs working with beneficiary groups

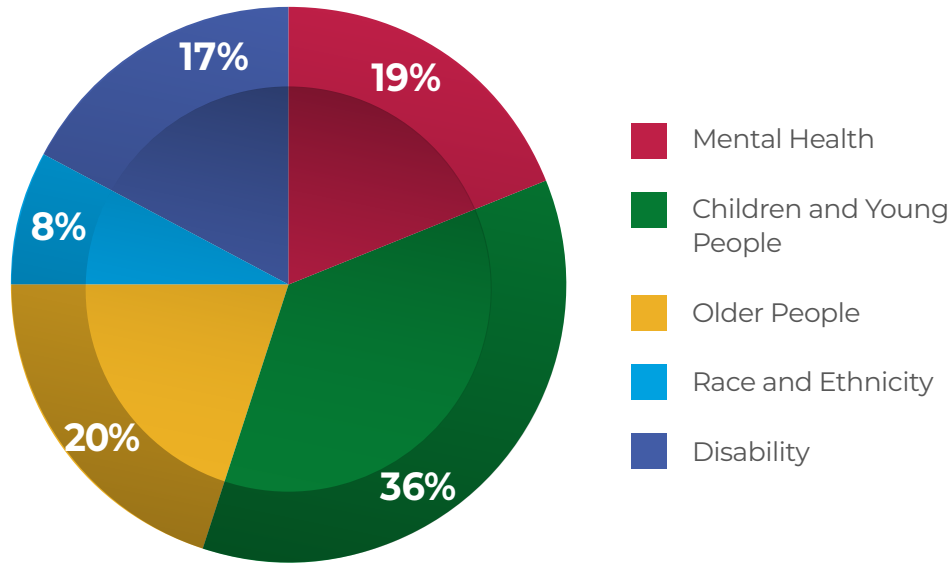


Figure 12: Number of organisations working with reported beneficiary groups

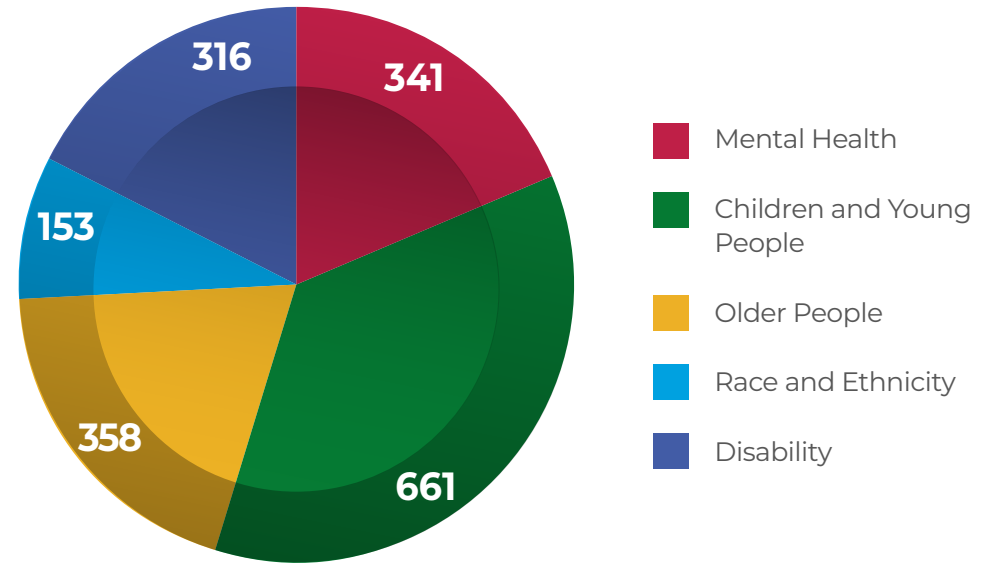


Table 8: Average income and expenditure of organisations across different areas of work and beneficiary groups

	Children and Young People	Older People	Race and Ethnicity	Disability	Charitable purposes	Education	Health	Housing	Mental health	Environment climate and conservation	Arts, culture and science
Income											
Mean	£247,435	£331,558	£296,530	£382,549	£210,652	£305,453	£530,618	£760,399	£464,439	£221,987	£200,342
Median	£12,920	£27,689	£44,991	£30,377	£21,650	£20,896	£74,424	£94,820	£72,855	£8,688	£13,449
Expenditure											
Mean	£239,622	£335,465	£317,465	£382,855	£218,960	£319,374	£521,580	£757,832	£454,138	£250,588	£207,355
Median	£12,787	£27,124	£49,546	£30,894	£37,341	£22,709	£62,696	£130,833	£74,040	£11,840	£16,187
Mean No. of Funders	3	3	4	3	4	3	4	4	4	2	3

 Mean annual expenditure higher than mean annual income
 Median annual income for organisations in this group is higher than mean annual income for all organisations

4.2 Income averages for different areas of work

Income averages differ across different areas of work and beneficiary groups. Table 8 above summarises mean and median income and expenditure data by groups. Key points to note include:

- Where highlighted in Table 8, mean annual expenditure is equal to or greater than mean annual income.
- Whilst this does not mean that ‘on average’ organisations working in these areas are operating from reserves or at a loss, it does suggest potential for low levels of financial sustainability for organisations in these areas of work.
- This chimes with wider national, regional and city scale research that suggests financial resilience across the Sector is low.³³
- For organisations working with ethnically diverse communities, housing and health, median income is higher than for the whole Sector. This aligns with strategic approaches to funding being adopted in Leeds (see Section 5).

4.3 Focus on health and care

The State of the Sector research in 2020 highlighted the critical role the Third Sector plays in the health, care and wellbeing of people of Leeds, both in terms of contributing to benefits related to wider determinants of health, and in delivery of health and care services to people in Leeds who are often not reached by statutory services. Approximately four fifths (81.4%) of registered charities and CIOs report purposes related to the wider determinants of health³⁴ in 2022, as compared with approximately three quarters (76%) in 2020³⁵.

In 2022, organisations whose main purposes and activities relate to health and care³⁶ in Leeds form approximately 81% of the Sector (c.1,120 organisations). **Estimated total income for these organisations is £250.26m.**



However, whilst the proportion of organisations has risen, this represents a reduction in the number of organisations (Figure 13) whose direct purposes relate to health and care (i.e. c.1,120 in 2022, down from c.1,180 in 2020), and as summarised in Table 9 corresponding income has fallen from approx. £281.2m to £250.26m.

Table 9: **Estimated total income for TSOs working in health and care**

	2020 (£m)	2022 (£m)
The total income of registered charities in Leeds	£358.16	£325.13
Estimated total for Health and Care Sector (based on 2020 method ³⁷)	£281.24	£250.26

³³ [Running hot, burning out: an analysis of the VCSE Sector Barometer](#), Pro bono economics.

³⁴ Barton, H. and Grant, M. (2006) A health map for the local human habitat. The Journal of the Royal Society for the Promotion of Health, 126(6), pp 52–253.

³⁵ [State of the Third Sector in Leeds 2020 pp 8-9](#).

³⁶ Using Widening Determinants of Health as proxy to estimate organisations in H&C.

³⁷ This is based on the income of approx. 77% of registered CIOs. These CIOs list outcomes closely related to the wider determinants of health in their primary purposes. As in 2020, this is a conservative estimate which accounts for a high proportion of small and micro organisations working in H&C, and should be used as such. Other methods may return different results.

Figure 13: **Number of organisations contributing to health and care**

How many of these 1,373 registered charities contribute to health and care



Of these registered organisations and CIOs, 168 report providing services directly related to health and care provision, for example services commissioned by or grant funded by the NHS. This figure is consistent with 2020 findings, which suggests a degree of stability in direct health and care providers. However, this figure should be taken with caution as it does not reflect the size and income of individual organisations or the scale of delivery. In addition, it should be noted that within this group, organisations responding to Forum Central's bi-monthly cost pressures surveys³⁸ have reported the following challenges and their actions:

- Reductions to, or loss of services to offset contract cost reductions or lack of uplifts.
- Not being able to retain existing paid staff, or recruit staff to existing vacant posts.
- Financial constraints resulting in staff hours or posts being cut.
- Not being able to recruit and/or retain volunteers.
- No significant increase in demand from service users, alongside a rise in complex health and social needs.
- Income not increasing in line with inflation, including no inflationary uplift for contracts and a reduction in donations, some have struggled to restore commercial income streams to pre-pandemic levels.

- Having to use reserves to offset contract cost reductions which leads to a lack of financial resilience, with real concern for the viability of services.

The role that Third Sector organisations play in the health and wellbeing of people living in Leeds, and the challenges facing many of these organisations are important to note for **five main reasons**:

- Third Sector Organisations delivering health and care provide statutory and/or contracted services to communities of Leeds. Where they become financially vulnerable or unable to deliver services, this provision is lost.
- State of the Sector and wider research illustrates clearly that TSOs are better able to connect with communities and diverse groups in ways statutory services are not due to their trusted role. This was particularly evidenced during the pandemic and Cost of Living crisis, where health and social inequalities were brought into sharp focus.
- Beyond direct service delivery, TSOs play a key role in reducing the impacts of inequality, shifting to earlier intervention away from costly preventable unplanned care utilisation, and in improving determinants of health. Both these functions are particularly important to the role of the Third Sector in the Leeds Health & Care Partnership (LHCP) as part of the West Yorkshire Integrated Care System (ICS). This comes at a crucial time when Leeds is looking to its commitments and ambitions, **including**:
 - For Leeds to be a 'healthy and caring city for all ages, where people who are the poorest improve their health the fastest.' ([Leeds Health and Wellbeing Strategy and the Healthy Leeds Plan](#)).
 - To become 'a fairer city for everyone' as a Marmot City³⁹.
- To inform Leeds partners as they shift to more systems thinking across the city, e.g., Leeds One Workforce for health and care, and the importance of integrating Third Sector workforce into both One Workforce planning and development and new models of ICS service delivery.
- Helping commissioners understand the risks to destabilising Third Sector services and organisations when considering options for cost efficiencies and savings in response to ongoing cost pressures.

³⁸ [Cost-of-Living and Cost Pressures - Forum Central](#).

³⁹ For more information on Leeds as a Marmot City see [Council and democracy \(leeds.gov.uk\)](#).

5 Funding resilience and change

This section further explores funding and finance of the Third Sector in Leeds to provide context for discussions on financial resilience of the Sector when read with regional and national research findings.

5.1 Funding and finance

The main sources of income for TSOs in Leeds are:

- Statutory bodies: notably Leeds City Council (LCC) and the Leeds NHS Trust, but also others including West Yorkshire Combined Authority (WYCA), and Government Departments such as the Department for Levelling Up, Housing and Communities.
- Grants awarded by local, regional, and national charities, trusts and foundations to undertake projects.
- Donations and income from other sources including commercial activities.

Statutory sources

The overall pattern and scale of funding and payments into the Third Sector in Leeds in 2022 made by statutory partners is similar to that in 2020⁴⁰, with the majority going to larger organisations delivering services. **Key points to note include:**

Leeds City Council

Leeds City Council remains the largest single provider of income into the Third Sector with most income generated from delivery of services.

- Leeds City Council spending increased from £132.1m in 2020/21 to £136.1 in 2021/22⁴¹. However, when the largest single contract i.e., Leeds Early Intervention Project Aspire⁴² is removed⁴³, total spend increased from £107m and £110.4m, an increase of c.3.2% which is lower than inflation.
- There is a slight decline in the proportion of the total payments going to the 'top 25' organisations, i.e., those organisations receiving the largest payments (see Appendix 4). This has reduced from 67% in 2019/20 to 64% in 2021/22 but the pattern remains i.e., the top 25 organisations receiving payments account for almost two thirds of the income.

- The number of organisations receiving LCC payments into the Third Sector⁴⁴ has increased from 2020 but is lower than pre-Covid-19 levels (see Appendix 4). There is also a general decline in the number of organisations over the past 5 years however there is insufficient data at this stage to suggest a pattern.

Leeds NHS

We know that Third Sector organisations continue to play a vital role in delivering services across a wide range of health and wellbeing needs (including mental health support, advocacy, education on diet, sport and physical activity for example) and in collaboration with NHS organisations. The two largest areas of work are hospices (St Gemma's & Sue Ryder) and Adult Mental Health. However, the detail of NHS spending into the Sector is challenging to analyse because of how the spend is aggregated and reported. Three main challenges for the SoTS research include:

- The NHS in Leeds made small grant and contract payments for services delivered by non-NHS organisations totalling around £214 million in 2021/22⁴⁵ (down from £233 million in 2019/20). However, it is not possible to disaggregate the proportion of this that is paid into / delivered by the Third Sector where totals are reported for 'other suppliers' and 'other smaller contracts'⁴⁶ i.e., non-NHS suppliers which may be from public, private or VCSE sector.
- There was change in governance structure (and therefore reporting) during the 2022 reporting period from the Leeds CCG to West Yorkshire Integrated Care Board (ICB).
- Information on spend specifically into the Third Sector in Leeds has been estimated but is not currently publicly available in summary form. However, details of payments to 'clinical and medical voluntary sector' organisations over £25k are now reported monthly by the West Yorkshire ICB⁴⁷. Therefore, moving forward, more detailed analysis of payments into the Third Sector for Leeds will be possible.

⁴⁰ See Section 4, pp36-38, Funding and sources of income, **State of the Third Sector in Leeds 2020**

⁴¹ At the time of publication, the audit of the Leeds City Council accounts and performance reports 2021/22 has not been finalised. Unaudited accounts are publicly available [here](#).

⁴² **Aspire: Leeds Early Intervention in Psychosis Service**.

⁴³ LEIP 'Aspire' is delivered by Community Links, a Community Benefit Society whose annual income is not included in the total for the Third Sector in Leeds in this SoTS refresh in line with 2020 methodology. See discussion in Section 2 on types of Third Sector organisation included in analysis.

⁴⁴ LCC allocate a 310 accounting code to service providers in the VCSE Sector. This includes for example Community Benefit Companies.

⁴⁵ **NHS Leeds CCG Annual report and accounts 2021/22**, pp9-10.

⁴⁶ NHS Leeds CCG, Annual report and accounts 2021/22.

⁴⁷ West Yorkshire ICB what we spend and how we spend it. **Monthly payments over £25,000, 2022/23**.

Looking ahead

It is well documented that public sector bodies and statutory partners are facing current financial pressures in part because of the energy and cost of living crises, and that the NHS and Leeds City Council spending and financial decisions continue to be influenced by the impact of COVID-19. To put this in context, Leeds Teaching Hospitals NHS Trust Annual Accounts 2021-22 highlight that:

'...the financial position in 2022/23 will be impacted by the continued prevalence of Covid and higher inflation...' resulting in a '...virtual "flat cash" funding position where the NHS has essentially the same funding as it did in 2021/22, with the significant investment that had been provided to manage Covid-19 being largely repurposed to elective recovery and other priorities.'

Similarly, Leeds City Council⁴⁸ reported that the council has '...successfully come through the worst of the financial impacts of the coronavirus pandemic in a financially stable state', with higher levels of 'unearmarked reserves' suggesting a degree of financial resilience. However, the Council's Interim Financial Report notes that the economic climate in 2022/23 (and into 2023/24) with high inflation and the impacts of the Cost of Living crisis is leading to rising delivery costs for every service the council provides, alongside an expected increase in demand for council services as the economic impacts are felt within communities across Leeds. The report summarises the challenge as follows:

⁴⁸ Note delay in publication of Audited Accounts for 2012/22 [Our financial performance \(leeds.gov.uk\)](https://www.leeds.gov.uk).

"...the council faces a situation of even more significant financial challenge than we have seen over the past two years, and one where costs are rising but there is considerable uncertainty over the extent to which grant and local taxation income will rise in response to these rising costs. In addition, the likelihood of increased levels of need amongst the local population is expected to increase the demand for some of the council's services but to reduce the demand for other services which generate income."

The implication for Third Sector organisations is that the two main sources of income are not in a position to increase spending for provision of services without creating savings elsewhere which will affect investment and disinvestment decisions, both in terms of in year savings for 2022/23, and looking forward for 2023/24.



Leeds Community Foundation

As the third largest funder of Third Sector activity in the city with total grants amounting to £4.2m in 2022⁴⁹, Leeds Community Foundation (LCF) forms an integral and important part of the funding landscape in Leeds supporting 287 organisations, with 389 grants at an average value of £10,000 per grant.

The 2020 SotS research illustrated the strategic role of the LCF in supporting Third Sector organisations, especially small and grassroots organisations and those working with marginalised communities.

In 2022, LCF continues to respond to feedback from community organisations about their greatest needs and has responded with a concerted effort to award larger, longer-term, and more flexible funding wherever possible. As well as increasing the maximum grant size, annual income eligibility threshold and duration for many of their programmes, and offering more core cost funding opportunities, they have also focused their flagship programme, The Leeds Fund, on increasing Community Organisations' resilience⁵⁰.

The 2-year, £30,000 grants offered through The Leeds Fund are accompanied by a structured programme of support for organisations' leaders, including 1:1 action planning sessions, leadership, and culture workshops, measuring and demonstrating impact surgeries and financial resilience sessions. Each organisation is supported to develop a personalised action plan to focus their strategic development work over the duration of the grant, which references the Charities Aid Foundation's six characteristics of organisational resilience⁵¹. The combination of funding and additional support enables organisations to work on operational change, staff development, funding and financial resilience.

Major national funders (non-statutory)

The 360 Giving database enables us to provide more information on non-statutory sources of funding at city scale in 2022 than previously in 2020. However, it is important to note that 360 Giving data should be seen as an indicator of overall funding rather than as an accurate record of funding received by registered charities and CIOs for two main reasons: Firstly, there are discrepancies in some cases between 360 Giving data and data reported to the Charity Commission by individual organisations. These occur where, for example, organisations report actual grant received and 360 Giving reports grant allocated⁵², or where there is a time lag between reporting of grant allocation by funder and annual reporting to the CC by recipient. Secondly, where grants are redistributed, there can be duplication which would lead to over estimating funds coming into the city. For example, where a large grant has been given to one organisation and they distribute to other organisations, this would be legitimately reported by the large organisation in their accounts as income, and by the small organisation in their accounts too. In addition, without further analysis into individual TSO's annual accounts, it is not possible to say whether grants are allocated for service delivery, core costs, or community projects.

Despite these limits, the 360 Giving data provides a useful indication of the scale and range of funders supporting TSOs across Leeds and illustrates the Third Sector makes a significant contribution to the Leeds economy through generation of funding. Table 10 provides a list of the largest funders together with total grant and average (mean) grant size.

⁴⁹ Leeds Community Foundation [Impact Report 2022](#).

⁵⁰ [Building Resilient Community Organisations](#).

⁵¹ Charities Aid Foundation, [Six characteristics of a resilient charity](#).

⁵² For example where an initial grant has been allocated for, say, £10,000 but the actual amount awarded for a project has been different e.g. where project costs have been lower.

Table 10: **Major non-statutory funders**

Major non-statutory funders	Total fund amount	No. of grants awarded in Leeds	Average grant size
The National Lottery Community Fund	£1,700,000	54	£31,481
Henry Smith Charity	£934,900	11	£84,991
The National Lottery Heritage Fund	£475,500	4	£118,875
Esmee Fairbairn Foundation	£282,300	2	£141,150
Nuffield Foundation	£266,000	1	£266,000
The Trussell Trust	£233,700	2	£116,850
Lloyds Bank Foundation for England and Wales	£200,000	4	£50,000
Paul Hamlyn Foundation	£180,000	1	£180,000
Tudor Trust	£141,600	3	£47,200

Table 11 provides mean and median grant sizes for 2022 and 2020 for comparison. The slight decrease in mean average from 2020 (0.5%) corresponds to the data on increased number of micro and zero income organisations for 2022. The increase in median value (28%) suggests that fewer organisations are receiving grants, but that these grants are larger, on average, than in 2020. It should also be noted that the average duration of grants has increased. This chimes with, and is partly a result of, strategic and sustainable approaches to grant giving locally and nationally⁵³.

⁵³ Leeds Community Foundation impact report 2022.

⁵⁴ For example, service delivery, consultancy, research.

⁵⁵ Note that the data analysed for the **2022 Almanac** is from 2020/21 reporting and so will not reflect any financial changes relating to the energy and cost of living crises.

^{56/57} See Section 6, especially Figure 6.8: **Local health and social wellbeing - the contribution of the VCSE Sector in Yorkshire and Humber (June 2023)**.

Table 11: **Average grant size 2022 and 2020**

Non-statutory grants	2020	2022
Mean	£57,181	£56,886
Median	£20,050	£25,741

Income from other sources

In addition to grants, the Third Sector generates income from a number of activities including, for example, commercial activities⁵⁴, trading through shops and websites, fundraising, events, wills and donations. The National Council for Volunteer Organisations (NCVO) produces an annual Almanac of Income Statistics with detailed breakdown of sources of funding into the VCSE Sector tracked over time⁵⁵. Recent regional (Yorkshire and Humber) research⁵⁶ also provides context for Leeds, suggesting that whilst there are variations within the region, around two-thirds of TSOs in West Yorkshire generate income delivering contracts or from self-generated trading of goods or services.

However, an interesting finding from this research is that across the region there is a move away from generating income in this way: In 2013, 22% of TSOs earned over 80% of their income from trading in goods and services, this figure had fallen to 14% in 2022. In addition, whereas only 26% of TSOs did not generate income this way in 2013, 33% did not now. In addition, the research shows that in all sub-regions of Yorkshire and the Humber, there is a decline in the percentage of organisations bidding for and delivering contracts⁵⁷. This chimes with Leeds City Council data on the reduction in the number of organisations delivering contracts, as well as the impacts of Cost of Living (see Section 4.3) and recruitment challenges (see Section 6) faced by Third Sector Organisations.

6 People: workforce, volunteers and leadership

6,326
employees

7,960
trustees

31,134
volunteers



Table 13: Comparison of workforce total estimates 2022 v 2020

Workforce	Number 2022	Number 2020	Variance	% Variance
Total trustee roles	7,960	8,600	-640	Down 7%
Total employees reported	6,326	9,650	-3,324	Down 34%
Total volunteers reported	31,134	41,742	-10,608	Down 25%

6.1 Composition: fewer people in the workforce, trustees, and volunteers

The key headline here is that across all categories (employees, trustees, and volunteers) the number of people working in the Sector⁵⁸ has declined. Table 12 summarises average number of trustees, employees, and volunteers by income category. Table 13 provides a comparison between 2022 and 2020.

Table 12: Average number of trustees, employees and volunteers per income category

Organisation income category	Trustee	Employee	Volunteer
Micro (inc nil)	4	0	1
Small	5	0	14
Medium	7	0	52
Large	9	19	50
Very large	9	79	106
Major	18	278	933

Areas of work

The decline in the number of people involved in the Sector appears⁵⁹ to be spread across different areas of work and beneficiary groups. Table 14, next page, summarise the average (median) number of trustees, employees, and volunteers active for TSOs working with different beneficiary groups.

⁵⁸ As with the SotS 2020 research, there are challenges associated with quantifying total numbers of volunteers, employees and trustees using the CC data for 2022, in particular in relation to how TSOs report number of volunteers. However, the year-on-year comparison for totals is valid where the same approach was used in each year.

⁵⁹ This is indicative only. A direct comparison between 2022 and 2020 or between areas of work for this metric is not a reliable measure because numbers of volunteers fluctuate significantly within years and in terms of how volunteers are recorded by different organisations.

Table 14: **People working and volunteering in different areas of work**

Areas of work / beneficiary groups	People (median)			Total people
	Trustees	Employees	Volunteers	
Children and young people	5	34	15	54
Older people	5	35	15	55
People from diverse ethnicities	5	28	15	48
Disabled people	5	38	15	58
Average (mean)	5	34	15	54

Table 15: **Average number of trustees, employees and volunteers for different areas of work**

Areas of work	People (median)			Total
	Trustees	Employees	Volunteers	
Charitable purposes	5	29	20	54
Education	5	37	17	59
Health	5	31	20	56
Housing	6	35	19	60
Mental health	6	31	16	53
Environment, climate and conservation	7	30	25	62
Arts, culture and science	5	55	17	72 ⁶⁰
Average (mean)	5	35	17	57

Table 15 summarises average number of trustees, employees and volunteers for organisations working in different areas of work.

⁶⁰ The higher figures for arts organisations reflect the fact that some organisations in these groups (notably Opera North) have larger than average staff teams and provide opportunities for volunteering, for example at public events.



Diversity, inclusion and leadership

As with the State of the Third Sector research in 2020, there is a lack of quantifiable data available on issues relating to diversity, inclusion and leadership that can be meaningfully analysed at the city scale, which frustrates efforts to develop a more nuanced picture for Leeds. For example, even where we do have CC data for organisations working with culturally diverse groups or people from marginalised communities (and there are recognised limits to this data⁶¹), we are not able to comment on, for example, the demographics or protected characteristics of trustees, employees or volunteers. Similarly, it is not possible to say with confidence whether leadership in TSOs working across diverse areas of work is reflective of the rich diversity of the people of Leeds. Table 14 and 15 taken together suggest that there is no significant difference in the number of trustees or volunteers active in these areas, however, Table 14 shows that the number of employees is lower than average in organisations working with people from diverse ethnicities (28) and is higher than average for TSO working with Disabled people (38). This chimes with national research on race, ethnicity and exclusion in the charity sector, for example an NCVO report highlights that in the UK, 90% of volunteers are white British⁶². However, whilst there should be caution here in interpretation of the data for Leeds given known limitations in the data, research does help to evidence gaps in knowledge and provide context and direction for future research.

National and regional picture

Over the decade from 2011 to 2021, the Third Sector grew by around a quarter with around 3% of the UK workforce now in diverse Third Sector roles⁶³. Nationally, the challenging context for the Third Sector has been highlighted and discussed⁶⁴ with issues relating to recruitment and retention of staff and volunteers as central to the challenges many organisations are facing.

Across the Yorkshire and Humber region, the ‘Local health and social wellbeing’ research⁶⁵ shows that organisations are experiencing difficulties with staff retention which is related to factors including:

- Higher demand for staff in other sectors especially the private sector.
- Post pandemic changes to the labour market e.g., increased withdrawal from the workforce and increased preference for part time work.

The report states that:

“About a fifth of VCSE employer organisations state that it has become quite a lot harder to hold on to existing staff. In Yorkshire and Humber, staff retention problems are more severe in West Yorkshire (24%) than in South Yorkshire (17%) and the Humber and North Yorkshire (14%). Recruitment problems are also widespread – especially in West Yorkshire (48%), but also in Humber and North Yorkshire (42%) and South Yorkshire (38%). Reliance on regular volunteers is high in all areas. Many VCSE organisations state that they could not keep going without volunteers, especially in Humber and North Yorkshire (86%) where there are more smaller VCSE organisations, but also in West Yorkshire (80%) and South Yorkshire (77%).”

In the light of the national and regional context, the reported decline in staff and volunteers in Leeds should raise concerns.

⁶¹ See notes above on limitations of this, for example, lack of records on LGBTQ+ and lack of nuance around work across multiple areas.

⁶² This is in line with findings from the VAL volunteering surveys however this was a smaller data set.

⁶³ NCVO Annual Almanac [2022 Workforce Analysis](#).

⁶⁴ [Running hot, burning out: an analysis of the VCSE Sector Barometer](#), Pro bono economics.

⁶⁵ [Local health and wellbeing: the contribution of the VCSE Sector in Yorkshire & Humber 2022, pp30-31.](#)

7 Addressing challenges and creating opportunities: leadership and building resilience

This State of the Third Sector in Leeds refresh with 2022 data, highlights and illustrates what has changed across the Third Sector since the original SotS research of 2020. **Key findings include:**

Composition, size and income

- The number of registered charities and CIOs in Leeds has fallen by around 10%, with focus of this reduction on small organisations. The composition data shows that organisations at the smaller end of the small income category have shrunk to become micro-organisations with an increase in the number of reporting nil-income in 2022 suggesting a general downsizing movement.
- There are fewer newly registered organisations in the year to December 2022.
- More than double the number of registered charities and CIOs reported nil-income in 2022 as compared with 2020.

Areas of work

- The Third Sector forms a vital part of the eco-system of Leeds, contributing to the city across, for example, health and care, climate and environment, arts and culture, sport, and social and economic inclusion.
- Organisations across the Sector continue to bring benefits for communities and minoritised groups in Leeds.

Funding and finance

- The financial context for the Third Sector in Leeds is challenging and total income for the Sector has fallen.
- The Third Sector in Leeds generates income from multiple sources including payments for delivery of vital services across the city and grants.

- Pressures faced by statutory partners and commissioners to find in-year and planned savings is impacting service delivery.
- Strategic and partnership approaches to grant giving (e.g., larger grants over longer time periods) are supporting smaller and grassroots organisations and marginalised communities to build financial resilience.

People

- As witnessed nationally and in the wider region, the number of people contributing their time and working in the Sector has fallen considerably since 2020.
- Recruitment and retention challenges sometimes impact TSOs' ability to deliver services.
- We know organisations contribute to a wide range of areas and diverse beneficiaries, but not enough is known about leadership or about the people who work and volunteer in the Sector.

Despite this challenging context, the State of the Sector work clearly evidences the importance, capacity, and value of the Third Sector as a strategic partner in the wider eco-system of Leeds, and demonstrates that a diverse and vibrant sector is critical to the City's ambitions. The State of the Sector work highlights what the city and the Sector has lost, but it also provides an opportunity to draw the focus of key stakeholders and decision makers to provide critical and timely support to bolster and sustain organisations in the Third Sector so that they may continue to support people and communities across Leeds. This is an ongoing process that connects with wider work including through the development of the new Third Sector Strategy for Leeds, and infrastructure organisations and strategic partners are committed to working together to strengthen the role of the Third Sector in the city and to amplify the voices of TSO's at this critical time.

Appendices

1. Composition of the Leeds Third Sector with 2022/2020 comparison
2. Areas of work, wider research
3. People: Trustees, Employees, Volunteers
4. Leeds City Council payments into Third Sector
5. NHS Leeds CCG extract VCSE commissioning 2020/21



A1: Composition of the Leeds Third Sector with 2022/2020 comparison

Table A1.1: **Size of the Sector**

	2020	2022
No of registered CIOs	1533	1373
Estimate of unregistered	2000	1830
Estimated total inc unregistered	3500	3200
H&C wider	1180	1112
H&C service providers	170	168
H&C income est £million	281.2	250.3

Note that the estimate of un-registered organisations is derived using the method adopted in SotS 2020 i.e. Third Sector Trends national average estimate of 1.29 unconstituted orgs per registered organisation. This is adjusted slightly upwards for Leeds (1.33r) to reflect findings from the same research that there are more informal and un-constituted organisations per capita in places where there are higher levels of deprivation. In the SotS 2020 research, this slightly higher adjustment aligned with TSL/VAL estimates of overall size of the Sector.

Table A1.2: **Number of CIOs in each income category**

	2020	2022
Micro	545	579
Small	404	307
Medium	293	276
Large	136	146
Very large	62	64
Major	3	1

Table A1.3: **Income average (£/annum) by category (whole)**

	£/annum
Micro	3,487
Small	24,372
Medium	120,915
Large	491,754
Very large	3,115,904
Major	11,485,382

A2: Wider research and strategic direction

The State of the Sector research is one of a number of connected strategic activities across the city that illustrate the vital role of the Third Sector in Leeds, the challenges it faces, and the innovations and strategic approaches being adopted to face these challenges. This is a fast-changing landscape and as such the list activities being undertaken below should be read as an illustration of some of the ongoing work across the Sector, as well as the Sector's role in City strategies and work.



- Harnessing the Power of Communities Programme (HPoC). Memorandum of Understanding 'recognises that the VCSE Sector are a key and equal partner in achieving the [West Yorkshire Partnership ambitions and vision](#)'
- Learning from [Time to Shine](#)
- Evaluation of [Supported Wellbeing and Independence for Frailty](#)
- Evaluation of the [Leeds Neighbourhood Networks](#)
- [Healthy Leeds Plan](#)
- Leeds [Best City Ambition](#) – Health & wellbeing; Inclusive growth; Zero Carbon
- Leeds [Community Foundation](#)
- Leeds [Health & Wellbeing Strategy](#)
- Leeds [Third Sector Strategy](#)
- Leeds [One Workforce Programme](#)
- Leeds [Health & Care Partnership](#)
- The contribution of the VCSE sector in [Yorkshire and the Humber report Third Sector Leeds](#)
- [Third Sector Partnership](#)
- West Yorkshire Health & Care Partnership: [Working with our Voluntary, Community & Social Enterprise sector partners](#)

A3: People

Table A3.1: **Total reported trustees, employees and volunteers**

People (whole)	2020	2022
Trustees	8,600	7,960
Employees	9,650	6,326
Volunteers	41,742	31,134

Table A3.2: **Average number of trustees by income category (whole)**

Micro	4
Small	5
Medium	7
Large	9
Very large	9
Major	18

Table A3.3: **Average number of employees by income category (whole)**

Micro	0
Small	0
Medium	0
Large	19
Very large	79
Major	278

Table A3.4: **Average number of volunteers by income category (whole)**

Micro	1
Small	14
Medium	52
Large	50
Very large	106
Major	933



A4: Leeds City Council payments to VCSE Sector

Table A4.1: Top 25 organisations receiving payments (source: DRAFT LCC Third Sector Analysis 2020-2022)

		2020/21 (£)	2019/20 (£)	2018/19 (£)	2017/18 (£)	2016/17 (£)	2015/16 (£)
1	Aspire Services (Leeds) Ltd	25,147,618.08	24,192,554.16	21,503,794.70	22,083,097.17	22,504,099.49	17,843,583.03
2	Humankind (Forward Leeds service)	8,826,474.96	8,947,475.26	8,776,155.45	8,735,442.33	9,174,151.34	8,110,566.84
3	St Anne's Residential Care	7,045,161.31	–	–	1,729,510.01	–	–
4	St Anne's Community Services	5,521,494.50	10,706,610.71	11,321,305.12	5,770,632.96	–	–
5	Hone Farm Trust Ltd	4,036,985.51	4,179,868.44	3,449,521.75	3,030,237.17	3,161,744.00	2,679,609.01
6	Touchstone Leeds	2,844,579.03	2,972,441.48	1,915,283.00	1,785,585.28	1,666,432.32	1,712,243.29
7	Be Caring Ltd	2,821,125.25	2,146,338.64	468,486.65	–	–	–
8	Care & Repair Leeds	2,573,070.96	3,830,222.53	2,300,631.45	2,133,996.18	1,495,482.30	1,218,012.04
9	Real Life Options	2,502,227.55	2,298,463.93	1,883,161.10	2,018,704.13	1,656,040.74	2,600,110.37
10	Leeds Autism Services	2,113,493.32	1,629,645.81	1,944,271.01	1,961,233.43	2,002,498.10	1,786,616.83
11	Affinity Trust North Divisional Office	1,982,885.54	2,515,449.10	2,476,017.04	2,769,353.06	2,400,316.02	2,816,657.23
12	Careers Leeds	1,591,244.00	1,479,440.62	1,266,267.60	1,154,558.00	1,126,498.70	1,107,680.00
13	Leeds Citizens Advice Bureau	1,529,763.00	1,524,763.00	1,469,763.00	1,633,058.00	1,651,655.00	1,564,964.00
14	Turning Lives Around (Tla)	1,477,621.12	1,617,163.77	1,453,281.84	1,317,112.21	1,095,858.79	1,154,672.73
15	Hollybank Trust	1,464,053.75	1,196,210.45	963,859.53	771,367.05	621,474.09	635,464.87
16	Advonet	1,454,409.11	1,231,812.37	1,303,122.65	1,418,126.94	1,227,881.35	1,120,756.50
17	The Disabilities Trust	1,417,504.34	1,187,663.21	856,066.47	1,175,580.45	892,899.19	885,295.11
18	Methodist Homes	1,340,658.10	714,932.01	1,165,466.21	764,142.20	1,274,743	863,403
19	Refugee Council	1,336,818.12	2,036,186.22	1,440,409.50	1,631,037.44	798,498.61	100,398.59
20	Sense	1,335,099.09	1,373,738.82	1,054,870.18	1,276,992.87	1,081,127.94	1,104,019.34
21	St Georges Crypt	1,214,760.18	746,373.35	1,834,389.13	264,733.44	306,312.00	343,061.00
22	The Wilf Ward Family Trust	1,162,992.92	1,188,033.40	906,064.19	1,304,879	1,348,474	3,364,538
23	Family Action - Pac UK	1,158,139.06	398,094.81	–	6,521.70	127,877.44	120,879.83
24	Leeds Womens Aid	1,137,081.56	1,112,147.43	976,240.78	879,256.38	621,474.09	635,464.87
25	People in Action Leeds (UK)	1,070,233.13	1,054,355.77	925,464.72	908,036.49	684,095.83	586,695.53

Fallen out of Top 25 from 2021/22 to 2019/20

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Gipsil*	–	4,673,009.23	6,330,414.53	6,431,053	2,802.925	2,012,374
Change Grow Live (Cgl)	472,297.22	888,089.78	887,472.85	837,881.80	–	–
Catholic Care Diocese of Leeds	840,150.09	1,114,975.79	909,208.04	1,088,742.00	1,403,926.78	1,110,126
Anchor Trust	1,044,673.44	1,512,405.25	1,570,318.95	1,839,687	740,127	749,017

* Gipsil has been reclassified by Payments Team therefore not included in analysis.

Comments

Total Third Sector Business 20/21	132,154,828
Top 25's Percentage of Total	64%
Top 10's Percentage of Total	48%

Total Third Sector Business 19/20	130,534,776
Top 25's Percentage of Total	67%
Top 10's Percentage of Total	51%

Total Third Sector Business 18/19	127,249,082
Top 25's Percentage of Total	64%
Top 10's Percentage of Total	49%

Table A4.3: Number of organisations receiving payments each year 2016 to 2022

Year	Number of Organisations
2021 / 22	1,158
2020 / 21	948
2019 / 20	1,264
2018 / 19	1,309
2017 / 18	1,392
2016 / 17	1,664

Table A4.2: LCC Annual spend into Third Sector with variance

Year	Total Payments £M	Movement from previous Year £M	Movement as a %
2020 / 21	132.1	1.6	1.21%
2019 / 20	130.5	3.3	2.53%
2018 / 19	127.2	2.1	1.65%
2017 / 18	125.1	-7.8	-6.24%
2016 / 17	132.9	5.8	4.36%
2015 / 16	127.1	15.1	11.9%
2014 / 15	112.0	2.8	2.5%
2013 / 14	109.2	0.6	0.5%
2012 / 13	108.6	-0.8	0.7%
2011 / 12	109.4	-10.5	9.6%
2010 / 11	119.9	-3.5	2.9%
2009 / 10	123.4	–	–

2020 State of the Sector information, including an infographic summary and case studies,
can be found at: [**State of the sector - Forum Central**](#)

