

National Council for Voluntary Organisations  
giving voice and support to civil society



# The UK Civil Society Almanac 2009



Celebrating ninety  
years of NCVO



## FAST FACTS

Civil Society		2006/07	2005/06 <sup>1</sup>
Number of organisations		870,000	*2
Total income		£116.0 billion	*2
Civil society paid workforce headcount		1,347,000	*2

General Charities		2006/07	2005/06
Number of general charities		171,000	164,000
Total income		£33.2 billion	£32.1 billion
Voluntary income		£13.6 billion	£13.3 billion
Earned income		£17.0 billion	£16.2 billion
Investment income		£2.6 billion	£2.6 billion
Income from individuals		£12.6 billion	£11.9 billion
Income from government		£11.5 billion	£10.9 billion
Income from National Lottery		£0.6 billion	£0.6 billion
Income from other sources		£8.6 billion	£8.7 billion
Total current expenditure		£31.2 billion	£30.2 billion
Expenditure on charitable activities		£22.6 billion	£21.9 billion
Expenditure on grants		£4.4 billion	£3.9 billion
Expenditure on generating funds		£3.6 billion	£3.4 billion
Expenditure on management and administration		£0.7 billion	£1.0 billion
Net assets		£91.3 billion	£89.2 billion

Giving		2007/08	2006/07
Mean amount donated per person in past four weeks		£18	£16
Proportion giving to charity	Men	51%	48%
	Women	58%	59%

Workforce		2006	2005
UK paid voluntary sector workforce headcount		634,000	611,000
Employment status	Full time	63%	61%
	Part time	37%	39%
Gender	Female	71%	69%
	Male	29%	31%

Volunteering		2007/08	2005
Number of people volunteering	At least once a month	27%	29%
	At least once a year	43%	45%

1 Adjusted to April 2007 prices

2 Due to improvements in methodology the civil society results are not yet directly comparable year-on-year

# The UK Civil Society Almanac 2009

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The data used to compile the analysis of general charities has been provided to us by GuideStar Data Services. The GDS database covers all registered third sector organisations, and more information can be found at [www.gs-ds.co.uk](http://www.gs-ds.co.uk).

A comprehensive on-line encyclopaedia of charities powered by the GDS database can be found at [www.guidestar.org.uk](http://www.guidestar.org.uk). GuideStar data is subject to copyright and should not be reproduced without the permission of the relevant organisation.

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Minister for the Third Sector

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## FOREWORD

### KEVIN BRENNAN MP



As Minister for the Third Sector I am struck every day by the tremendous work the third sector carries out, helping people change their lives. As we go through difficult economic times, it is more important than ever that the sector is able to respond to the changing needs of society and to document, objectively, the scale and value of what it does. The sector is increasingly well placed to do so. Last year I had the pleasure of opening the new Third Sector Research Centre, which will join the Centre for Charitable Giving and Philanthropy in researching the sector, working alongside practitioners, and making that research available to all.

The NCVO Almanac leads the drive to establish and publicise the facts about the sector. Now in its ninth year – and its second with an expanded ‘civil society’ focus – it remains the most widely-trusted reference on the size, shape and dynamics of the third sector and other civil society organisations. It is the embodiment of NCVO’s enduring commitment to third sector research.

Over the years, the Almanac has charted the growth in size and influence of this vital section of our economy. As we welcome this year’s Almanac we should celebrate the achievement behind the figures.

Look behind the numbers on volunteering and you find hundreds of thousands of individuals and organisations creating a more active society, in which citizens are able to shape their local area and solve the problems their communities face. The Almanac’s trading figures show an enterprising third sector, using the tools of business not simply for profit but to re-invest in third sector activity.

Behind the expenditure on charitable activities lies a wealth of participation, including community projects and campaigning, which aim to ensure that all sections of the community have a fair say, speaking up for those who might not otherwise have a voice in the decisions which affect them. The income earned from government each year shows how the sector is taking a key role in shaping personalised public services, responsive to the needs of those who use them.

As we work together through a difficult economic period, the Almanac will give us an invaluable picture of the third sector’s ever more important role in a fairer society.

A handwritten signature in black ink that reads "Kevin Brennan". The signature is fluid and cursive, with the first name "Kevin" written in a larger, more prominent script than the surname "Brennan".

**Kevin Brennan MP**

Minister for the Third Sector

Chapter 1

# Civil Society: An Overview

The 2009 edition of the Civil Society Almanac aims to provide a single overview of the size, scope and dynamics of the groups, societies and organisations that comprise civil society. Using data from a range of sources, it draws together long-term trends using the latest possible information.





Civil society organisations cover a much wider range of groups, societies and organisations than just those with charitable status. As in the 2008 edition, general charities (those organisations with charitable status) remain at the core of this revised publication to enable a sense of continuity. The inclusion of organisations with different traditions (such as trade unions) or those at the boundaries (such as independent schools) will not find agreement amongst all readers, but we've sought to clearly identify each of the component parts to enable disaggregation.

The 2009 Almanac is published at a time of considerable economic uncertainty for all, including individuals, businesses, governments and civil society organisations. It remains too early to tell what the impact will be on wider civil society or on the charities that represent much of its economic weight. Inevitably the information in the Almanac lags behind the current financial year, but we believe it accurately illustrates the sector as it approached the downturn. Therefore, many of the trends and characteristics provide the basis for understanding how the sector will deal with the impact of the downturn, a subject that is discussed in the conclusion.

## 1.1 CIVIL SOCIETY

### **Civil society is vibrant and growing.**

In 2006/07 there were 870,000 civil society organisations in the UK with a total income of £116 billion and assets of £210 billion. These organisations range from small community organisations through to a significant number of large organisations. It is important to note that over and above this sizeable economic contribution these organisations make a vital social contribution to life in the UK.

### **Civil society's formal resources extend far beyond charities.**

General charities are an important building block in the civil society economy, but cooperatives, universities and housing associations also expend significant resources. Collectively, these four types of organisation account for over three-quarters of the income and assets of civil society. This reflects the breadth of civil society organisations as they originate from three relatively distinct strands of the civil society tradition – charitable activity, mutualism and education.

## 1.2 GENERAL CHARITIES

Within civil society, a narrower 'general charities' definition enables us to track long-term trends for a core group of organisations. Our latest analysis suggests:

### **The sector approached the economic downturn in relatively good health.**

A number of indicators suggest that the sector approached the downturn in a stronger position than previous recessions: higher average incomes, increases in the sector's total income, assets and paid workforce, and giving and volunteering steady or increasing. The year 2006/07 marked yet another year of expansion for the sector.

**The number of general charities has increased.** With a net addition of 6,800 general charities to our population estimates, our core measure of the size of the sector now stands at almost 171,000 general charities in the UK.

### **The sector's long-term income growth continued.**

So far this decade we have seen consistent annual real term increases in income. In the latest year (2006/07), general charities' income has increased by an impressive 3.3% to £33.2 billion. This growth, whilst slower than in the previous year, continues the long term trend of increases in the sector's income. In particular the pace of growth was slowest for the smallest organisations, indicating that some belt-tightening may have already been occurring in anticipation of the downturn.

**The sector's resources are distributed unevenly across the UK.** Although London and the South East are home to a disproportionate number of organisations, a clearer picture is emerging of where national charities expend their resources. Regions such as the North East and Wales benefit from a greater level of charitable expenditure than our estimates previously suggested.

**The sector's resources are focused towards social care and culture and recreation.** Organisations involved in social services, culture and recreation, and health activities make up the majority of the sector's economic activity with social services organisations receiving one-quarter of the sector's income.

**Earned income now makes up over half of charities' income,** equating to £17 billion. This continues a long-term trend, and is driven largely by the provision of greater levels of public services under contract. Also, charities are clearly becoming more entrepreneurial in response to the changing landscape around them.

**Voluntary income remains a defining characteristic of the sector.** Grants, donations and legacies were worth £13.6 billion in 2006/07, equivalent to 41% of total income. Although voluntary income continues to grow in absolute terms, earned income is growing more quickly. This is typified (and in part driven) by government funding: contract income continues to increase, but grants are static.

**Three-quarters of charities receive no funding from government.** Despite concerns regarding independence and dependence on government funding, our estimates suggest the large majority of general charities are not funded by government. Smaller organisations are even less likely to be funded: less than one in ten micro charities has a direct financial relationship with the state. In contrast, 25,000 charities receive more than three-quarters of their income from a statutory source, suggesting government funding is clearly focused.

**General charities' expenditure stood at just over £31.2 billion in 2006/07, an increase of 3.3% over the past year.**

A majority of this expenditure – £22.6 billion – was directly expended upon carrying out their charitable activities. The proportion of expenditure spent on conducting charitable activities is gradually increasing each year. It is not clear however whether this is a real change or a shift in how these organisations report their activities.

**The sector's paid workforce grew by over 20,000 employees in 2006.**

Another long-term trend, this represents a cumulative increase of 24% in the last ten years. The workforce in 2006 stood at 634,000 employees. Moreover, there appears to be little sign of this expansion slowing down, particularly in light of the sector's increasing role in public service delivery. Much of the growth in employment has been in sub-sectors dominated by service delivery, such as social care.

**Large numbers of adults are giving time...** The Citizenship Survey estimates 43% of adults were involved in formal volunteering at least once in 2007/08. Levels of volunteering however have remained relatively static since 2001, with some evidence of a small fall since 2005. This suggests that extra efforts are needed within and outside the sector if we are seeking to encourage more people to get involved.

**...and they are also giving money.**

The CAF/NCVO Individual Giving Survey estimates that 56% of adults – almost 28 million people – gave to charity each month in 2007/08. In addition to a small rise in the participation rate, evidence suggests that the average donation increased to £33 per donor whilst the median gift by donors each month was £11.

## 1.3 WIDER CIVIL SOCIETY

Alongside general charities, civil society also includes a complex, diverse range of organisations that share common values and characteristics that identify them as part of civil society. This second edition of the Civil Society Almanac describes some of these major elements.

### Housing associations

**Housing associations are a significant element of civil society, delivering a range of services to benefit local communities.** In 2006/07 there were 1,830 housing associations in the UK with a total income of £10.9 billion and assets of £55.6 billion. Significant reconfiguration has occurred in the housing association sector, with the creation and expansion of group structures and a large number of mergers. As public funding becomes concentrated in fewer organisations, smaller organisations are motivated to merge or form groups in order to compete for this funding.

### Universities

**Funding council grants and tuition fees continue to provide the largest streams of revenue,** particularly to the larger universities accounting for £8 billion and £5.4 billion of income respectively. Overall universities receive a total income of £21.3 billion. Current trends indicate a shift in funding from public sources (funding council grants) to private sources (tuition fees) and there is increasing expectation that universities operate in a market model, in order to 'compete' both nationally and internationally.

### Independent schools

**Larger schools earn more income per pupil than smaller schools.** There are over 2,300 independent schools in the UK that educate just over 569,000 pupils. The schools had a combined income of £6.6 billion in 2006/07, which equates to £11,544 per pupil. Schools in the top income band however, earn a third more income per pupil than schools in the lower income bands.

### Trade unions

**The largest trade unions receive the majority of income.** In 2006/07 trade unions in Great Britain had an overall income of over £1 billion, representing over 7.6 million members. The number of trade unions decreased, in part linked to organisations merging. This continues the gradual process of consolidation with the largest resources continuing to be concentrated within the biggest unions; just 14% of organisations holding 87% of the total income.

### Political parties

**Two parties, Labour and Conservative, dominate the political scene, receiving four-fifths of the total income to political parties.** The total income of political parties in 2006 was £69.2 million. The two main parties are reliant on quite different streams of income. Labour is more reliant on income from affiliated organisations and membership income, while the Conservatives take a higher proportion of their income from donations. The top political parties in the UK are technically insolvent, with long-term liabilities outstripping total assets. In a political system in which two parties dominate the pressure to compete means that the top parties are willing to operate in a way that would be financially unviable for most organisations.

### Co-operatives

**Co-operatives income nearly equals that of general charities, making them a major part of civil society.** There are over 4,500 co-operatives with an overall income of £26.3 billion in 2006/07. Like most parts of civil society, the majority of organisations in this part of the sector are small, with a few much larger associations. Most of the incoming resources are concentrated in the 80 largest co-operatives. Some of these organisations stretch back to the nineteenth century when the co-operative movement first flourished, while others are much more recent. This has been in response to the growing interest in alternative business models, of which the co-operative model is an important option.

### Social enterprise activity

**Social enterprise activity accounts for the majority of the sector's income.** Social enterprise is, in fact, the primary source of income for many types of civil society organisations with £82 billion (71%) of the total incoming resources of civil society, being earned through enterprising activity. Using a broader understanding of social enterprising activity, rather than one that links the concept to a particular organisational form, ensures the importance of social enterprise activity is not underestimated.

### Other civil society organisations

**Faith groups, excepted charities, sports groups and informal community organisations all lack comprehensive and reliable data sources.** Other organisations that fall within civil society, including faith groups, excepted charities, sports groups and those informal community organisations that fall 'under the radar' all lack comprehensive and reliable information on their size, characteristics and financial state. Future research will hopefully begin to address this current lack of information.

## Chapter 2

# Civil Society Organisations in the UK

The publication of the *UK Civil Society Almanac 2008* marked the first attempt to describe the scope and complexity of civil society in the UK. This 2009 edition builds on the results of that publication and, where appropriate, updates the results and the methodologies. Mapping the associational elements of civil society is no mean task: not only is civil society a contested concept, but there are no clear boundaries between civil society and the state or market. This means that decisions about which organisations are included in civil society are themselves contested. Part 2.2 has a detailed discussion as to which entities are included.



## 2.1 INTRODUCTION

A key issue is that the notion of a civil society 'sector' is untenable: this is in contrast to the clear identification of a charity sector or even a third sector. Therefore, our starting point is that the entities assembled in this publication share common values (such as a belief in voluntary association) and practices (the retention and application of surpluses for social purposes). The voluntary and community sector – or rather the organisations that it comprises – is clearly at the heart of civil society. However, a much broader range of entities, in some cases with different traditions, are generally accepted as civil society organisations and these have been included in our review.

Assuming that these philosophical challenges can be addressed, there then follow a series of operational challenges in terms of sourcing and assembling data that adequately illustrate the scope and complexity of the entities in the civil society universe. While in many areas the methods used to gather and analyse data are the same as in the previous edition, in other areas they have been refined and improved. There continue to be gaps in our knowledge, particularly for unincorporated and unregistered organisations (often referred to as under the radar), and as such our work clearly underestimates the scope and cumulative size of civil society organisations. We will continue to refine these methods in future editions, enabling the changing shape and structure of civil society to be tracked over time.

Finally, the information in this chapter is an amalgamation of the data found in the rest of the Almanac; please see individual chapters for more information on each part of the sector.

'The voluntary and community sector – or rather the organisations that it comprises – is clearly at the heart of civil society.'

## 2.2 WHAT IS CIVIL SOCIETY?

Civil society is a contested term, the subject of continuing academic debate and some political interest. Last year's Almanac set out the contours of this debate and NCVO's response to it. A working definition of civil society is that it is about people acting together, independently of the state or the market, to make a positive difference to their lives and/or the lives of others.

Within civil society there are a range of organisations that are a vehicle for collective action. It encompasses formal associations, that is, organisations with a formal legal identity (such as a charity or industrial and provident society) that operate independently of the state and which seek to maximise community benefit rather than shareholder value. This includes voluntary and community organisations, co-operatives and mutuals, housing associations, trade unions and political parties. These organisations are the subject of this Almanac.

But civil society is much wider than this: it also includes informal groups such as baby-sitting circles, book clubs, car pools, or knitting circles that have no legal status or constitution. Indeed, much of the activity within civil society takes place 'under the radar' and, by its very nature, is therefore difficult to enumerate or measure.

Most often these organisations are defined negatively, as being non-governmental or not-for-profit. But such definitions belie their more positive role as part of civil society; the fact that they are for public or mutual benefit; or their independence and their right to determine their own affairs in ways that enable them to further their mission or cause.

For more information on civil society that has been defined in the almanac, see [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).

'A working definition of civil society is that it is about people acting together, independently of the state or the market, to make a positive difference to their lives and/or the lives of others.'

## 2.3 HOW MANY CIVIL SOCIETY ORGANISATIONS OPERATE IN THE UK?

Bearing in mind the limitations we have outlined above, we estimate there to be approximately 870,000 civil society organisations in the UK. These organisations are estimated to have an income of £116 billion and an expenditure of £106 billion (table 2.1). This expenditure is more than government spending on health (£90 billion) in the same period and slightly less than the total spending of all local authorities (£119 billion)<sup>1</sup>. It is important to note that, over and above this sizeable economic contribution, these organisations make a vital social contribution to life in the UK. These estimates are substantially higher than those we have previously published for general charities, data which we have included elsewhere in the Almanac.

We believe these to be conservative estimates, both in terms of population and income estimates. Nevertheless, it is clear civil society organisations continue to be a strong part of communities and a large contributor to the economy of the UK. The combined turnover of these organisations is larger than each of the electricity, gas and water supply industries; agriculture; and hotel and restaurant sectors of the economy<sup>2</sup>.

The financial totals for civil society are also higher than those published in 2008. While it is possible to compare results for the constituent parts of civil society and look for change in these areas, due to the continuing process of refining methodologies it is not yet appropriate to compare figures over time for civil society. For example, this year has seen the addition of data on companies limited by guarantee which it was not possible to include last year.

Assets are items of economic value owned by an organisation (or person). Civil society organisations have combined assets of £210 billion, roughly 3% of the UK asset base<sup>3</sup>. Many religious buildings have not been included in these estimates due to a lack of data; as such, their inclusion in the total is likely to result in a substantial upward revision. A further estimation issue is due to the issue of inalienable assets. Many organisations hold 'inalienable' assets – assets which cannot be sold without external consent as they are so valuable – such as Tower Bridge. Thus civil society organisations have a unique place in securing the nation's heritage, over and above their substantial asset base.

We estimate that civil society organisations employed 1.35 million staff in 2006/07, a substantially higher figure than those derived for voluntary and community organisations from the Labour Force Survey. This total equates to 6.4% of the total UK workforce and implies that civil society organisations are a major employer, on the same level as the primary and secondary education sector (which includes some civil society organisations) and larger than the banking and accountancy industries combined. Our estimates of the paid workforce do not include the unpaid work of trustees and volunteers. Estimates of volunteering levels from the Home Office Citizenship Survey are presented later in the Almanac.

'We estimate there to be approximately 870,000 civil society organisations in the UK.'

**Table 2.1**

Size of civil society organisations by parts of the sector, 2006/07

Name	Organisations	Income (£m)	Expenditure (£m)	Net assets (£m)	Staff	Data quality
General charities	170,900	33,170	31,190	91,300	634,000*	Good
Co-operatives	4,600	26,270	25,650	8,130	237,000	Good
Universities	170	21,280	21,040	24,930	165,000**	Good
Housing associations	1,800	10,910	9,190	55,630	147,300	Good
Independent schools	2,300	6,570	6,180	7,320	63,000**	Good
Building societies	60	4,420	3,420	0***	50,000	Good
Trade associations and professional bodies	300	1,860	1,730	2,090	-	Good
Trade unions	190	1,080	870	940	12,400	Good
Common investment funds	70	600	350	3,700	-	Good
Credit unions	750	120	60	1,020	1,100	Good
Political parties	180	70	60	-30	600	Good
Industrial and provident societies	8,500	4,210	3,660	22,840	71,600	Limited
Faith groups	13,300	3,750	3,130	13,620	-	Limited
Friendly societies	420	230	-	-	1,300	Limited
Working men's clubs	1,700	320	-	-	11,200	Limited
Benevolent societies	2,200	280	260	1,930	3,700	Limited
Community interest companies	900	320	-	-	7,100	Limited
Companies limited by guarantee	6,700	1,410	-	-	41,000	Poor
Sports clubs	104,000	5,100	5,000	-	-	Poor
Excepted charities	4,000	400	-	-	-	Poor
Informal community organisations	600,000	-	-	-	-	Poor
Duplications (removed from total)	53,300	6,000	5,400	23,700	99,600	
<b>Total size of civil society</b>	<b>870,000</b>	<b>116,000</b>	<b>106,000</b>	<b>210,000</b>	<b>1,347,000</b>	

\* This estimate is taken from Labour Force Survey data (see Chapter 7). While the definition does not exactly match the general charities one, no other data is available.

\*\*\* A majority of building societies' assets are deposits in the accounts of members, therefore they have not been included in the final totals.

\*\* Academic staff only.



## 2.4 DATA SOURCES

In addition to the organisations identified here, there are many informal organisations throughout civil society with no legal identity or status and little, if any, financial resources. It is difficult to robustly estimate how many such organisations there are, because their nature makes them very difficult to identify and then collect data from. However we can be more certain of the economic impact of formal civil society organisations because of the uneven distribution of resources between those organisations: in short, a large proportion of economic activities (income, employees, assets) are concentrated in a small number of formal organisations. While the overall total is an underestimate, we believe that it is representative of the economic weight of the organisations that comprise civil society.

Table 2.2 gives an overview of the strategy used for obtaining figures for each of the building blocks that we have assembled. This is explored further in Appendix 1 while a detailed methodology is available at [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac). We have also given an indication of the quality of the data, which we hope to improve upon. Furthermore we will be able to give a view of changes over time for parts of wider civil society in the future rather than the snapshots presented here.

Where possible, data was obtained from official registers and audited accounts. In some cases, notably industrial and provident societies, friendly societies, working men's clubs, companies limited by guarantee and community interest companies, the regulator's register was used to find the number of organisations and the Inter-Departmental Business Register (supplied by the Office for National Statistics) was the source of data on income. For smaller organisations on the IDBR, income is imputed from employment records. When no primary data was available, previous research was used.

### National Indicator 7: Environment for a thriving third sector

The 2006 Local Government White Paper 'Strong and Prosperous Communities' set out a new performance framework for monitoring and regulating local government. The performance framework includes a set of 198 National Indicators which cover all the national priority outcomes which local authorities are responsible for delivering. National Indicator 7 'An environment for a thriving third sector' (NI7), will measure the contribution that local government and its partners make to the environment in which third sector organisations can operate successfully.

In order to assess performance, information will be collected via the National Survey of Third Sector Organisations (NSTSO)<sup>4</sup>. The survey will target registered charities and incorporated organisations (such as community interest companies and industrial and provident societies). The survey will not only include a range of different organisational types, it will also be representative of both national organisations and smaller community groups.

The survey is funded by the Office of the Third Sector and preliminary results will be available early in 2009. Survey results will influence policy decisions at the local and national level, providing evidence on the performance of partnerships, funding relationships, and other issues facing the sector at a local level. This work recognises the vital role the third sector plays in an inclusive and vibrant society.

'We estimate that civil society organisations employed 1.35 million staff in 2006/07.'

**Table 2.2**

Data sources for different parts of civil society

Name	Data sources (primary source first)	Data strategy and issues	Data quality
General charities	GuideStar Data Services, NCVO, Charity Commission, Office for National Statistics, SCVO, NICVA	Charities' Annual Returns and financial statements are held by GuideStar Data Services. Full financial information is available for a large sample of charities in England and Wales. Data for Scotland is provided by SCVO and for Northern Ireland by NICVA. Non-general charities are identified and excluded.	Good
Members of co-operatives <sup>UK</sup>	Co-operatives <sup>UK</sup>	Based on data collected by Co-operatives <sup>UK</sup> from their members. For smaller organisations, income, expenditure and assets are inferred from profit/loss.	Good
Universities	Higher Education Statistics Agency, Universities UK	Figures for all of the UK supplied by HESA. No figures are available for non-academic staff.	Good
Housing associations	National Housing Federation, Scottish Housing Regulator, Local Government Data Unit Wales, Northern Ireland Federation of Housing Associations	NHF provided financial data for all Registered Social Landlords in England. Numbers of organisations and houses for other nations are used.	Good
Independent schools	GuideStar Data Services, Department for Children, Schools and Families (DCSF), Scottish Council of Independent Schools (SCIS), the Department of Education Northern Ireland (DENI) and the Independent Schools Council (ISC)	Population data provided by DCSF, SCIS, DENI and ISC. A sample of schools from England was taken, with data provided by GuideStar Data Services. No figures for non-academic staff.	Good
Building societies	Building Societies Association, Office for National Statistics	Building Societies Association provides statistics on its members on their website. Building societies have large amounts of assets, but the majority of these are funds deposited by their members.	Good
Trade associations and professional bodies	GuideStar Data Services	Based on a set of registered charities excluded from the general charities definition, with financial information provided by GuideStar Data Services.	Good
Trade unions	Certification Officer for Trade Unions	Based on annual returns of all trade unions collected by Certification Office. The number of staff is estimated from the Labour Force Survey.	Good
Common investment funds	GuideStar Data Services	Based on a set of registered charities excluded from the general charities definition, with financial information provided by GuideStar Data Services.	Good
Credit unions	Co-operatives <sup>UK</sup>	Based on data collected by Co-operatives <sup>UK</sup> from their members.	Good
Political parties	NCVO, Electoral Commission	Figures input manually by NCVO from accounts provided to Electoral Commission. Political parties' finances will change based on the electoral cycle, the year selected did not contain a general election.	Good

**Table 2.2 cont.**

Data sources for different parts of civil society

Name	Data sources (primary source first)	Data strategy and issues	Data quality
Industrial and provident societies (excluding members of Co-operatives <sup>UK</sup> )	Office for National Statistics, Financial Services Authority, GuideStar Data Services	Financial Services Authority provided a population, without financial details. Turnover was found for all organisations which could be matched with the Inter-Departmental Business Register, provided by ONS. Some IPSs are registered charities. Estimates of Expenditure and Assets are based on those IPSs which are registered charities.	Limited
Faith groups	GuideStar Data Services	This population only includes those groups which are registered as charities and an estimate of those that are excepted charities. A large number of faith groups are too small to register and will be missed. Many of the historical assets held by religious bodies (for example Churches), cannot be financially valued.	Limited
Friendly societies	Office for National Statistics, Financial Services Authority	Financial Services Authority provided a population, without financial details. Turnover was found for all organisations which could be matched with the Inter-Departmental Business Register, provided by ONS.	Limited
Working men's clubs	Office for National Statistics, Financial Services Authority	Financial Services Authority provided a population, without financial details. Turnover was found for all organisations which could be matched with the Inter-Departmental Business Register, provided by ONS.	Limited
Benevolent societies	GuideStar Data Services	Based on a set of registered charities excluded from the general charities definition, with financial information provided by GuideStar Data Services.	Limited
Community interest companies (CICs)	Office for National Statistics, CIC regulator, NCVO	The first Community Interest Companies were registered in August 2005. Total numbers of CICs are correct up to November 2008; however the financial data refers to those CICs which were formed before May 2007. No expenditure or assets data could be found.	Limited
Companies limited by guarantee	Office for National Statistics, Companies House	Companies House provided a population, without financial details. Turnover was found for all organisations which could be matched with the Inter-Departmental Business Register, provided by ONS.	Poor
Sports clubs	Sport England, Central Council of Physical Recreation	An estimate of the total number of sports clubs is made by extrapolating local research from England to the whole of the UK. Figures for income and expenditure are extrapolated from a survey conducted by the Central Council of Physical Recreation.	Poor
Excepted charities	Cabinet Office	Estimates of numbers for different types of excepted charities were reported in the run up to the Charities Act 2006. The precise methodology used is unclear.	Poor
Informal community organisations	New Economics Foundation	Population based on a combination of local studies, including the Local Voluntary Activity Surveys carried out by the Home Office. The population is likely to be an underestimate of the total.	Poor

### Registered Charities Excluded from Civil Society

The Charity Commission's register of charities contains 460 entities with a combined income of over £3.1 billion that do not fall into our definition of civil society. This is because they are ultimately controlled by government and therefore we believe form part of government rather than civil society.

The majority of these, controlled at a central or local level (or by the NHS), operate as non-departmental public bodies. Examples include the British Council, UCAS and The Guy's & St Thomas' Charity.

At present independent hospitals are also included in this category, but it is hoped that we will be able to separate out the independent hospitals from those owned by government in the future so that they can be included within civil society.

In addition to these charities are those that are excluded from the general charities set because they are inactive, either through recording no income or annual return for three years, or because a charity has re-registered with the commission, leaving a duplicate organisation behind. There are 10,315 organisations with no activity recorded since January 2004, and 465 organisations which are duplicates of other organisations.

### Table 2.3

Registered charities excluded from civil society, 2006/07

	Organisations	Income (£m)	Expenditure (£m)
Central or local government administered	118	2,127.6	2,085.4
NHS administered or independent hospitals	342	994.3	953.9
<b>Total</b>	<b>460</b>	<b>3,121.9</b>	<b>3,039.4</b>

Source: NCVO, GuideStar Data Services

'Civil society organisations are estimated to have an income of £116 billion and an expenditure of £106 billion.'

## 2.5 CONCLUSION

This second UK Civil Society Almanac builds on the picture of civil society painted by the first edition, assembling all the constituent parts, providing both updated data and, where possible, refinements to the methods used. We hope this information will contribute to the ongoing work of policy makers and practitioners in this area.

Civil society encompasses a highly varied range of organisations of differing sizes and activities that operate in communities across the UK, brought together by shared values for the benefit of society, without which life in the UK would be unrecognisable. This second year of figures on the size and scope of civil society underlines the importance of these organisations to the UK.

This Almanac is necessarily brief in many parts and we have done no more than produce an outline of the sector. However we hope to have pointed the way for future research that will further examine the nature of civil society organisations and their relationship with communities and wider society. Future editions of the Almanac will continue to follow changes to these organisations.

‘Civil society encompasses a highly varied range of organisations of differing sizes and activities that operate in communities across the UK.’

### Footnotes

<sup>1</sup> HM Treasury (2008). Public Expenditure Statistical Analysis, Table 5.4. [http://www.hm-treasury.gov.uk/pespub\\_pesa08.htm](http://www.hm-treasury.gov.uk/pespub_pesa08.htm)

<sup>2</sup> Office for National Statistics (2008). Annual Business Enquiry: [http://www.statistics.gov.uk/abi/whole\\_econ.asp](http://www.statistics.gov.uk/abi/whole_econ.asp)

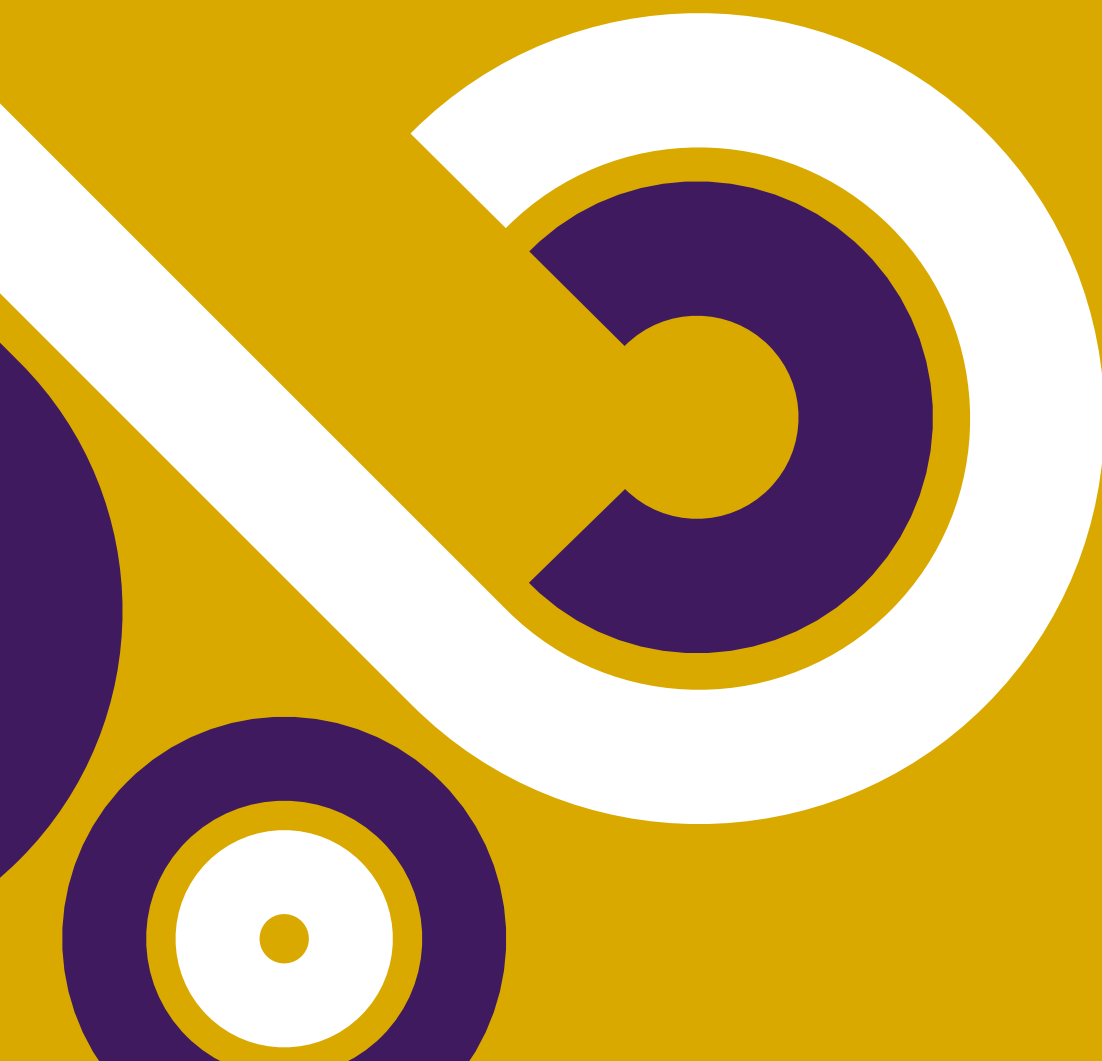
<sup>3</sup> Office for National Statistics (2006). Capital Stocks, Capital Consumption and Non-Financial Balance Sheets: [http://www.statistics.gov.uk/downloads/theme\\_economy/capstockfullpub2008.pdf](http://www.statistics.gov.uk/downloads/theme_economy/capstockfullpub2008.pdf) (Table 5.1)

<sup>4</sup> For more details on the survey please see the National Survey of Third Sector Organisations website: <http://www.nstso.com/>

Chapter 3

The Voluntary Sector:

# Population and Distribution



### 3.1 EXECUTIVE SUMMARY

**Charitable activity continues to grow**, with a net rise of 6,810 general charities from 2005/06 to 2006/07. The total number of general charities now stands at over 170,900.

**Charitable activity is unevenly distributed**, both geographically and in terms of sub-sector activity. Social services account for the largest part of organisations and economic activity, with significant resources also present in culture and recreation, and health activities.

### 3.2 ANALYSIS

#### 3.2.1 Overview

There were 170,905 general charities in the UK in 2006/07, an increase of 6,810 from the previous year. Northern Ireland experienced an increase in the number of general charities of 2.7% whilst the number of charities in England and Wales increased by 1.9% and 1.3% respectively. Scotland saw a much larger rise of 20%. This restatement of data for Scotland can be attributed to better data sources that are a result of the creation of the Office of the Scottish Charity Regulator (OSCR – see box).

**Figure 3.1**  
Estimating the number of general charities in the UK, 2006/07



Source: NCVO, GuideStar Data Services, SCVO, NICVA, Charity Commission for England and Wales

### Scottish charities

The establishment of the Office of the Scottish Charity Regulator (OSCR) has led to changes in the data available on charities in Scotland. Previously, figures provided by the Scottish Council for Voluntary Organisations (SCVO) used an estimated population as there was no consistent register of charities. Now, and in future years, SCVO are able to draw upon the OSCR list of registered charities to produce data. These changes to data sources have led to changes in the reported numbers of Scottish charities. In the previous edition of the Almanac fewer Scottish charities were reported, due to the removal of many moribund charities from the initial OSCR register. In this edition, the number of Scottish charities is larger, due to the registration of many charities which existed but did not appear in previous population estimates.

The new figures on Scottish charities also show a changed income profile for these organisations as a result of improved data sources, with more organisations with incomes from £10k–£100k and fewer with £100k–£1m. We believe these restated figures present a more accurate picture of the sector in Scotland, and that the establishment of OSCR and its register will provide consistent and accurate information in future years.

The estimates shown in this chapter continue to be substantially lower than the estimates for registered charities published by the Charity Commission for England and Wales. Figure 3.1 shows the process of reaching UK estimates of general charities from the starting point of registered charities in England and Wales. The first step is to remove subsidiaries which appear on the register, leaving ‘main’ charities. The finances of these subsidiaries are included in the consolidated accounts of other charities, and so they can be removed. We then produce estimates of ‘general charities’ by excluding organisations for a number of reasons (more details on the general charities definition can be found in Appendix 1):

- Some organisations are removed because they are inactive or are duplicates of other organisations.
- Some organisations are excluded because they belong to other parts of civil society, such as faith groups, trade associations, mutuals and independent schools.
- Some organisations are excluded because they are not part of civil society, such as charities that are controlled by Government or the NHS.

The resulting general charities definition includes both local and national charities. The final step is to add estimates of general charities from the Scottish Council for Voluntary Organisations and the Northern Ireland Council for Voluntary Action.

‘The total number of general charities now stands at over 170,900.’



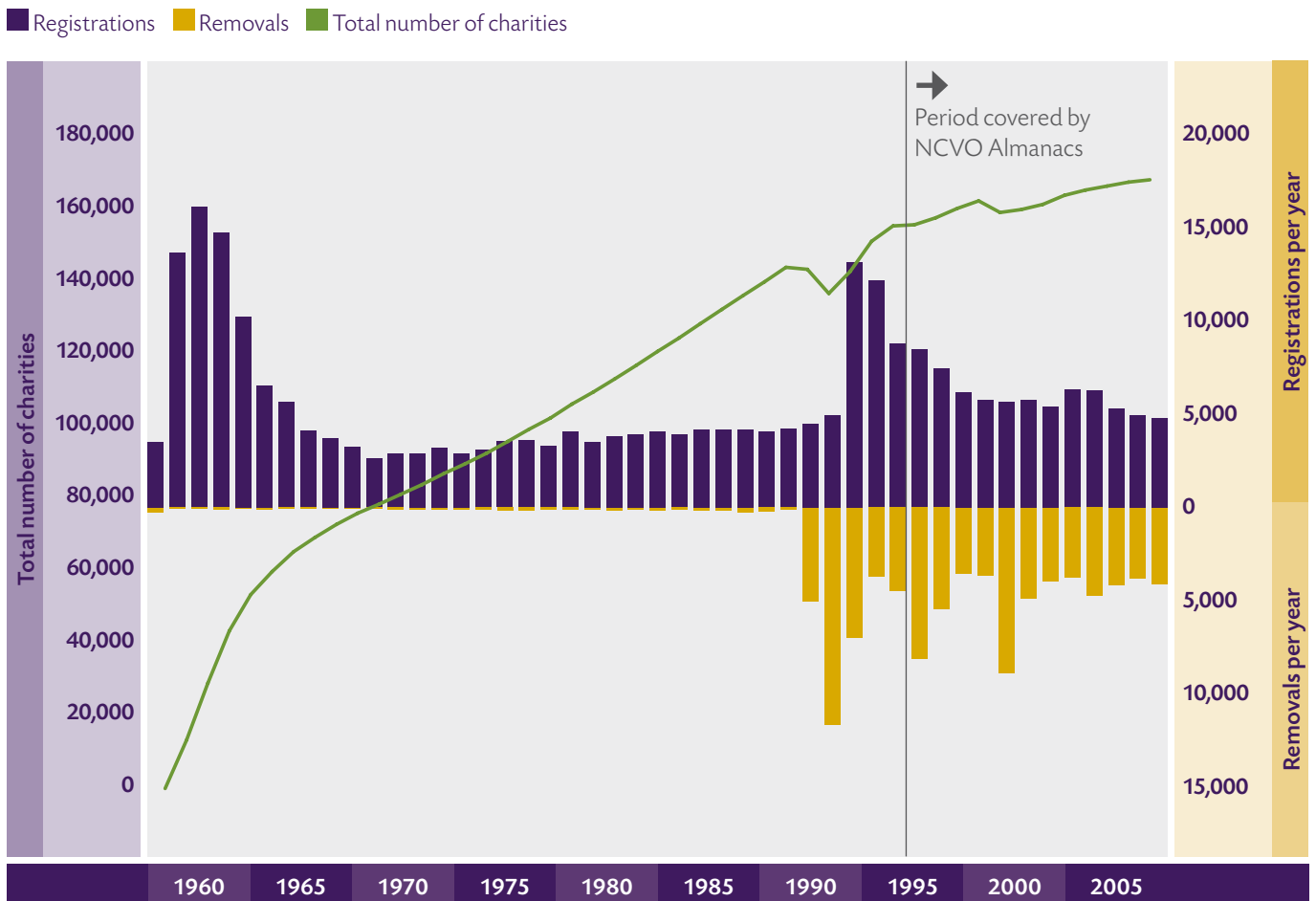
**Charity registration in England and Wales 1961–2007**

The register of charities in England and Wales was set up after the Charities Act 1960, and the earliest registrations that appear on it date from 1961. While it is important to remember that it took time before all charities were registered, by looking at the total numbers of registered charities from 1961 to the present day,

and the numbers added and removed from the register each year (figure 3.2), we can track the growth in charitable activity over that period. Because the general charities definition has not been applied to organisations which only existed before the 1990s, this figure uses all registered charities as its base.

There are notable peaks and troughs in the rate of registrations and removals. These are the result of administrative events such as new organisations coming under the Charity Commission’s remit and purges of inactive charities from the register. We would expect to see a further peak in 2009 when currently excepted charities are added to the register (this is discussed further in chapter 17).<sup>1</sup>

**Figure 3.2**  
Registrations, removals and number of registered charities\*, 1961–2007



Source: NCVO, Charity Commission for England and Wales.

\* The definition used in this figure is wider than the general charities definition, and includes all ‘main’ registered charities in England and Wales.

### 3.2.2 Geographical distribution

A common issue when looking at the geographical distribution of charities is that the headquarters of national and international charities are disproportionately located in London and the South East. Particularly when looking at financial variables, this effect will incorrectly show that charitable activity is much higher in these areas.

For this Almanac, we have attempted to provide a more accurate distribution of funds by looking at which regions charities are spending their money in. This involves using data from the Office for National Statistics that shows the local offices of organisations that operate across the UK.<sup>2</sup> The estimated expenditure on international activities is estimated using the charitable expenditure of organisations which fall into the international sub-sector (see part 3.2.3). The results of this distribution are shown in figure 3.3.

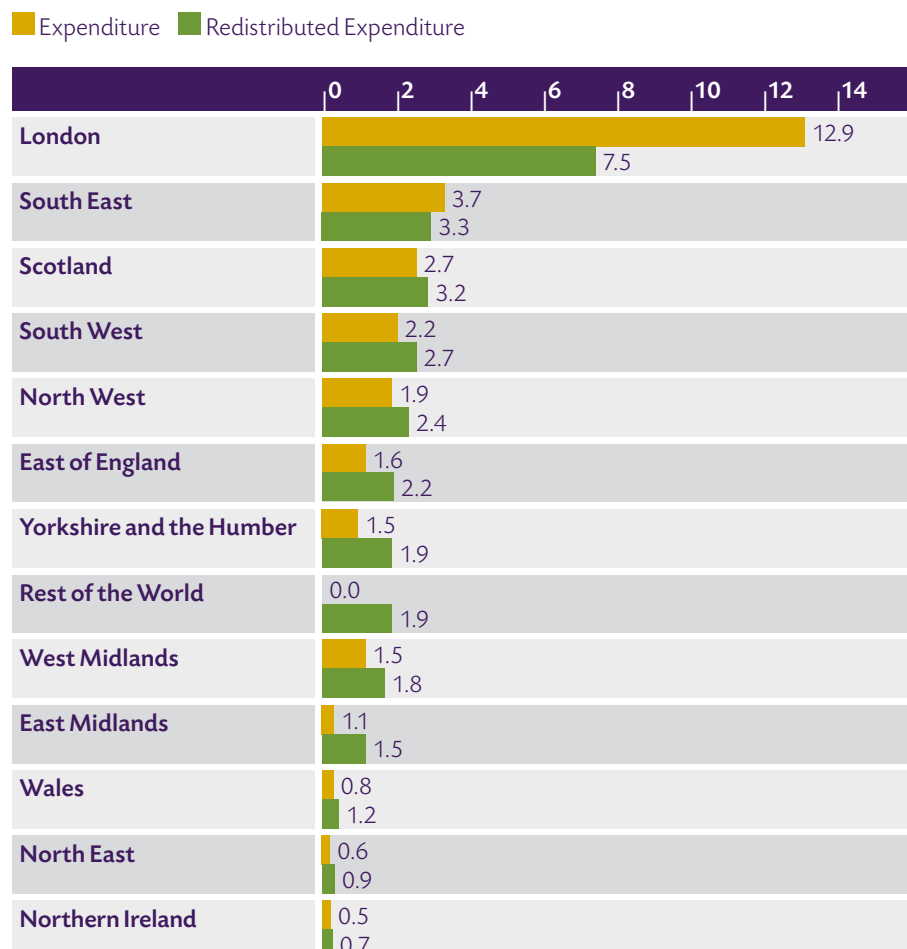
Areas which are particularly affected are the North East and Wales (see table 3.9). This may indicate that national charities are particularly active in these areas, with income from charities based in other areas accounting for nearly one third of charitable expenditure in these areas. Classifying expenditure in this way shows that while expenditure of general charities based in Wales is £0.8 billion, including the expenditure of charities based in other areas increases charitable expenditure in Wales to £1.2 billion. Conversely expenditure in London decreases from £12.9 billion to £7.5 billion.

Figure 3.4 shows the distribution of charities throughout England and Wales on a per-person basis. The cartogram is a map which has been distorted to represent local authority areas by population rather than by area, with darker areas showing areas with high numbers of charities per person. The map shows a tendency for a greater density of charities in rural areas, particularly in a band around London and into the West Country. With the exception of North London, cities tend to have fewer charities per person. Many national and international charities have headquarters in the City of London and North London boroughs.

The cartogram highlights the uneven distribution of charities throughout England and Wales. Further work is needed to unpick the complex reasons behind these distributions.

**Figure 3.3**

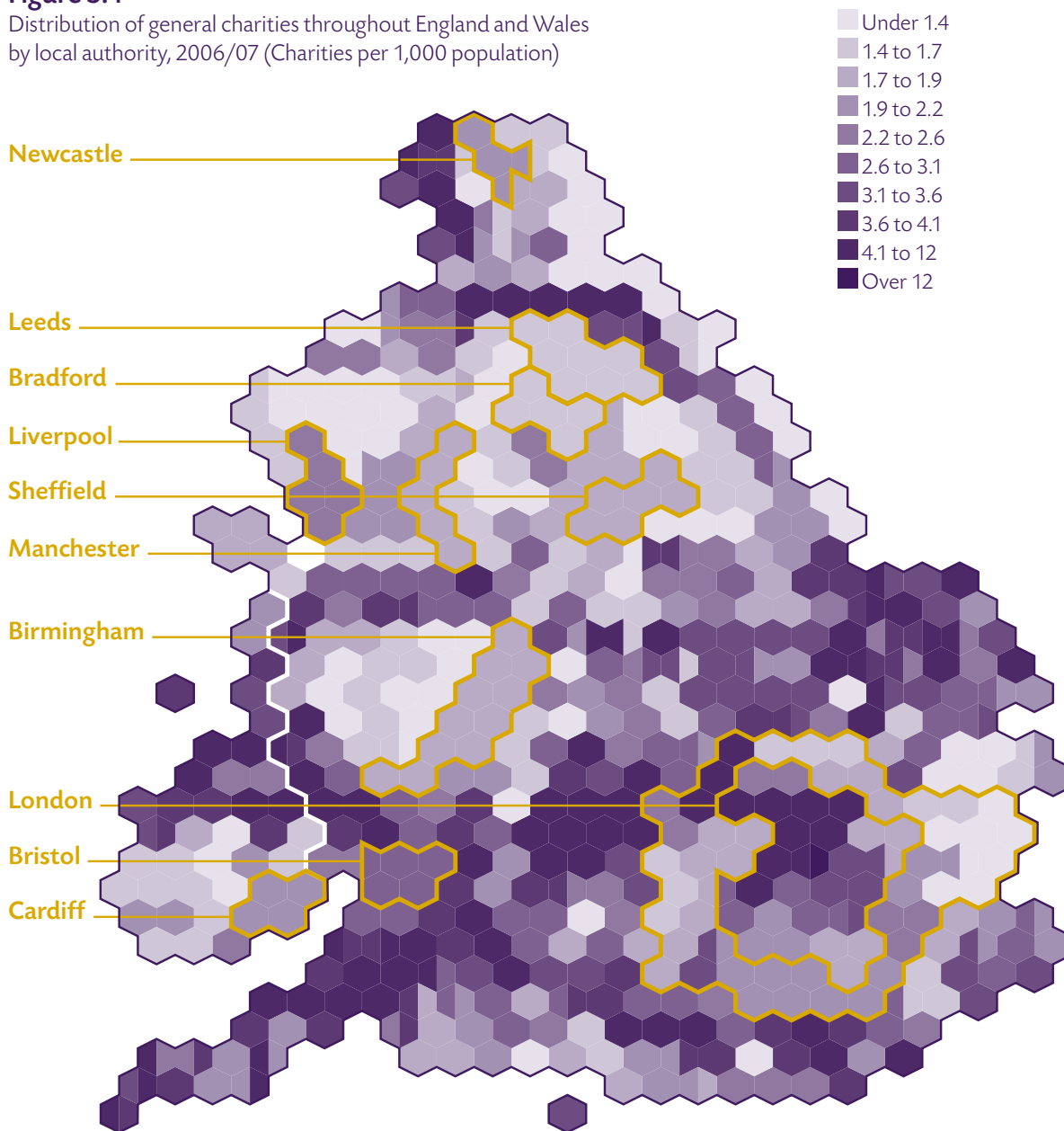
Distribution of general charities' expenditure by region and country, 2006/07 (£billions)



Source: NCVO, GuideStar Data Services, Office for National Statistics

**Figure 3.4**

Distribution of general charities throughout England and Wales by local authority, 2006/07 (Charities per 1,000 population)



Source: NCVO, GuideStar Data Services, Office for National Statistics, SASI Research Group University of Sheffield

Note: The cartogram is based on a shapefile produced by the Social and Spatial Inequalities (SASI) Research Group at the University of Sheffield, and is reproduced with their kind permission. More information can be found at [www.sasi.group.shef.ac.uk/](http://www.sasi.group.shef.ac.uk/)

Locations of other major cities on this cartogram can be found on the BBC website: [www.bbc.co.uk/blogs/thereporters/markeaston/2008/06/map\\_of\\_the\\_week\\_wheres\\_where.html](http://www.bbc.co.uk/blogs/thereporters/markeaston/2008/06/map_of_the_week_wheres_where.html)

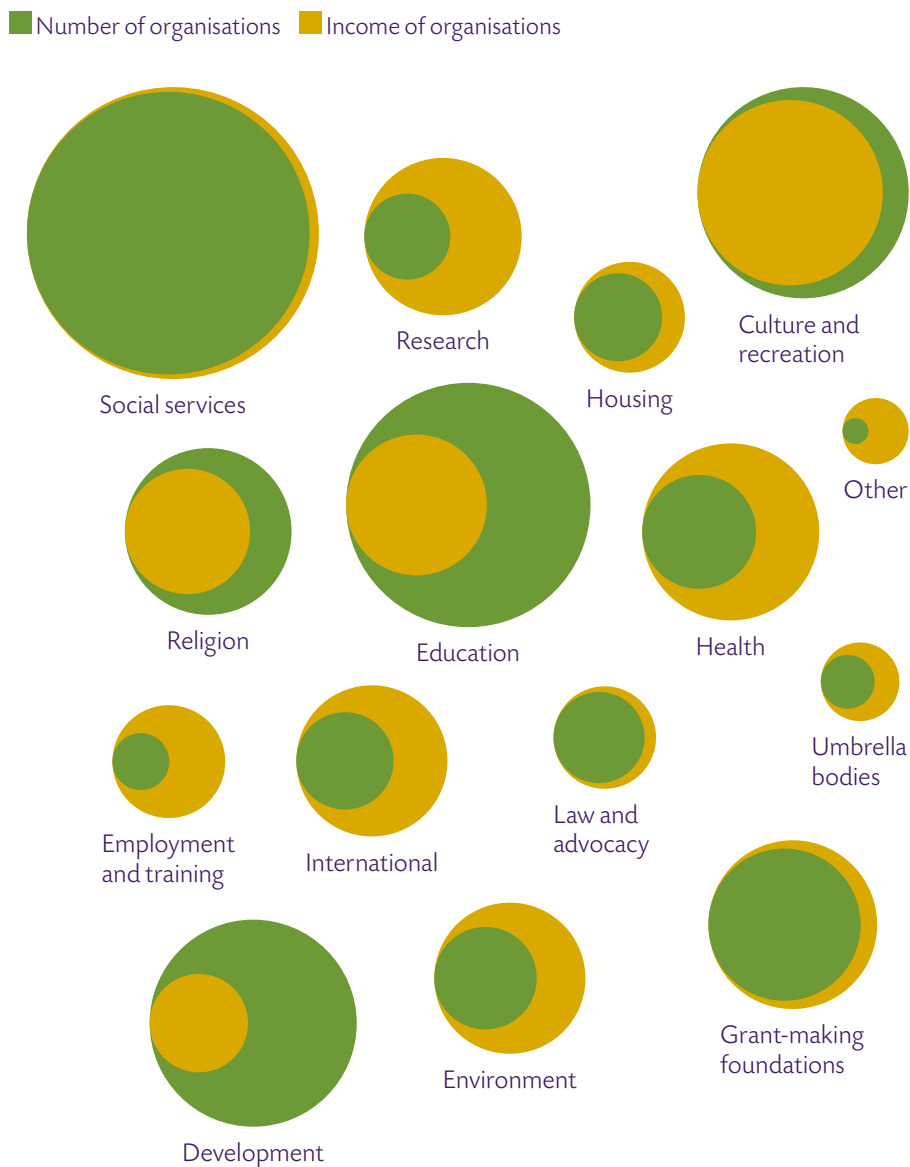
**3.2.3 Sub-sector distribution**

For the first time, the statistics for general charities in this year's Almanac are disaggregated into subsectors. A number of different methodologies were used to classify these organisations, such as looking for keywords in the charities' names and charitable objectives and by comparing with other external registers. These methods were used to apply the International Classification of Non-Profit Organisations system (see box) to all general charities.

The results of this classification exercise are shown in figure 3.5, with circles representing the number of organisations and economic weight (by income) of some of the major sub-sectors. Organisations providing social services make up the largest proportion of the total number of both organisations (23%) and income (25%), covering a wide range of activities from care of the elderly to scout groups. Organisations conducting culture and recreational activities and health activities are also sub-sectors with significant economic weight. In the following chapters, income, expenditure and assets of general charities are used to look at the diverse characteristics of sub-sectors.

**Figure 3.5**

Distribution of charities and financial attributes by sub-sector, 2006/07



Source: NCVO, GuideStar Data Services

### International Classification of Non-Profit Organisations (ICNPO)

The International Classification of Non-profit Organisations (ICNPO) is designed for charities and other non-profit groups, and so is the most useful for comparisons between groups of organisations. The classification was designed as part of work improving the treatment of non-profits in the United Nations System of National Accounts. It was chosen due to its acceptance as an international system. The system was designed at the Centre for Civil Society at Johns Hopkins University.

Each organisation has been placed into one category, meaning that decisions have had to be made for charities on the boundary. This means that while the aggregate statistics are useful summaries, using the classification to look in detail at individual organisations may not produce meaningful results. For the statistics presented in this Almanac the categories have been grouped together. Table 3.6 shows the categories used and some examples of organisations which fall into them.

### Table 3.6

Descriptions and examples of sub-sector categories (based on ICNPO classification)

Sub-sector	Example organisations
Culture and recreation	Sports clubs, arts groups, museums, galleries, heritage, leisure facilities, rotary clubs.
Education	Educational foundations, school funds, parent teacher associations, educational charities.
Research	Foundations funding research, including medical research.
Health	Hospital services, hospital league of friends, hospices and nursing homes, mental health support, air ambulance services.
Social services	Care services for the disabled, elderly, children, foundations providing income support, emergency and relief services, and children's clubs.
Environment	Recycling, sustainability, natural world protection, wildlife, veterinary services.
Development	Organisations providing economic, social and community development, for example community transport, community association, village halls.
Housing	Housing trusts, organisations providing housing support.
Employment and training	Training providers, re-employment, business partnerships.
Law and advocacy	Advocacy, citizen's advice, equality and diversity, credit and debt counselling, refugee and immigrant community support, prisoner rehabilitation, victim support, consumer safety and advocacy.
Grant-making foundations	Private individual, family and corporate foundations.
Umbrella bodies	Infrastructure bodies providing support to civil society groups, including councils for voluntary service, volunteer bureaux, and national infrastructure bodies.
International	Aid and services provided in overseas countries, including disaster and famine relief, development assistance.
Religion	Organisations with religious goals.
Other	Includes financial services organisations registered as charities.

For further information see the ICNPO Specification: <http://www.jhu.edu/~ccss/publications/pdf/icnpo.pdf>.

### 3.2.4 Moving forward

The results presented in this chapter for regions and nations and for sub-sectors, highlight the uneven distribution of resources and organisations throughout the general charities sector. Many factors contribute to the location and success of charitable organisations and untangling these factors is a task that is only just beginning. The newly-created Third Sector Research Centre, a partnership between the Universities of Birmingham and Southampton, will have a key role in taking this research forward.

The impacts of a recession on the distribution and population of general charities are also uncertain. There is potential for charities with similar objectives to consolidate through mergers or partnerships in order to cope with difficult financial circumstances. The Charity Commission have recently launched a Register of Mergers<sup>3</sup> which has recorded 213 mergers in its first 12 months of operation (to December 2008) and will provide a useful source of data in the future.

‘Organisations providing social services make up the largest proportion of the total number of both organisations (23%) and income (25%), covering a wide range of activities from care of the elderly to scout groups.’

### 3.3 DATA ANALYSIS

**Table 3.7**

Number of general charities by UK constituent country and income group<sup>4</sup>, 2006/07

	Micro charities	Small charities	Medium charities	Large charities	Major charities	Total
England	74,642	42,675	16,470	3,203	356	137,346
Scotland	12,364	5,731	2,286	439	45	20,865
Wales	4,894	2,128	828	133	11	7,994
Northern Ireland	1,740	1,691	1,080	188	1	4,700
<b>UK</b>	<b>93,640</b>	<b>52,225</b>	<b>20,664</b>	<b>3,963</b>	<b>413</b>	<b>170,905</b>

Source: NCVO, GuideStar Data Services

**Table 3.8**

Number and income of general charities by region and country, 2006/07

	Number of charities	Income of charities based in the area (£m)
North East	4,767	673.8
North West	13,874	2,043.6
Yorkshire and the Humber	10,918	1,645.4
East Midlands	11,457	1,204.4
West Midlands	12,544	1,730.6
East of England	17,236	1,860.5
London	22,840	13,351.8
South East	25,320	3,928.9
South West	18,386	2,366.6
<b>England</b>	<b>137,346</b>	<b>28,805.5</b>
<b>Wales</b>	<b>7,994</b>	<b>876.5</b>
<b>Scotland</b>	<b>20,865</b>	<b>2,920.4</b>
<b>Northern Ireland</b>	<b>4,700</b>	<b>570.1</b>
<b>UK</b>	<b>170,905</b>	<b>33,172.5</b>

Source: NCVO, GuideStar Data Services

**Table 3.9**

Estimated distribution of expenditure by region and country, 2006/07 (£millions)

	Expenditure of charities based in the area	Estimated regional expenditure of all charities	Effect of redistribution	Percentage effect of redistribution
North East	625.9	937.6	+311.8	+50%
North West	1,862.0	2,397.1	+535.1	+29%
Yorkshire and the Humber	1,507.7	1,886.2	+378.5	+25%
East Midlands	1,053.8	1,455.3	+401.5	+38%
West Midlands	1,542.1	1,758.2	+216.0	+14%
East of England	1,620.5	2,183.5	+563.0	+35%
London	12,908.6	7,536.4	-5,372.2	-42%
South East	3,708.7	3,330.3	-378.3	-10%
South West	2,247.6	2,655.0	+407.3	+18%
<b>England</b>	<b>27,076.9</b>	<b>24,139.6</b>	<b>-2,937.3</b>	<b>-11%</b>
<b>Wales</b>	<b>823.9</b>	<b>1,203.0</b>	<b>+379.1</b>	<b>+46%</b>
<b>Scotland</b>	<b>2,748.7</b>	<b>3,234.0</b>	<b>+485.4</b>	<b>+18%</b>
<b>Northern Ireland</b>	<b>544.4</b>	<b>732.1</b>	<b>+187.7</b>	<b>+34%</b>
<b>UK</b>	<b>31,193.8</b>	<b>29,308.7</b>	<b>-1,885.2</b>	<b>-6%</b>
<b>Rest of the World</b>	<b>-</b>	<b>1,885.2</b>	<b>+1,885.2</b>	<b>-</b>

Source: NCVO, GuideStar Data Services, Office for National Statistics



**Table 3.10**

Distribution of charities and financial attributes by ICNPO category, 2006/07

	Number of organisations	Income (£bn)	Expenditure (£bn)	Assets (£bn)	Mean income (£)
Social services	40,093	8.3	7.9	12.8	207,000
Culture and recreation	22,318	3.3	3.2	5.1	150,000
Health	6,486	3.0	2.8	4.3	469,000
Grant-making foundations	11,583	2.8	2.5	27.9	240,000
Research	3,709	2.4	2.6	17.6	646,000
International	4,745	2.2	2.4	1.8	471,000
Environment	5,237	2.2	2.0	4.0	423,000
Education	29,927	1.9	1.6	3.1	65,000
Religion	13,923	1.5	1.3	6.3	109,000
Employment and training	1,638	1.2	1.2	0.5	762,000
Housing	3,904	1.2	1.1	4.1	304,000
Law and advocacy	4,200	1.0	1.0	0.7	242,000
Development	21,391	0.9	0.9	2.0	44,000
Umbrella bodies	1,425	0.6	0.6	0.4	422,000
Other	326	0.4	0.2	0.8	1,325,000

Source: NCVO, GuideStar Data Services

**Footnotes**

<sup>1</sup> For further details see guidance on the Charity Commission website: [www.charitycommission.gov.uk/registration/regreq.asp](http://www.charitycommission.gov.uk/registration/regreq.asp)

<sup>2</sup> For a more detailed methodology visit [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).

<sup>3</sup> Charity Commission Register of Mergers: [www.charitycommission.gov.uk/enhancingcharities/rom.asp](http://www.charitycommission.gov.uk/enhancingcharities/rom.asp)

<sup>4</sup> For explanation of these groups see Chapter 4 – Income.

## Chapter 4

# Income

The data presented within this chapter are for the financial year 2006/07, the latest available at the time of analysis. Where possible we have made comparisons with earlier years. All figures have been adjusted for inflation and are expressed in 2006/07 prices in order to show real change.



## 4.1

## EXECUTIVE SUMMARY

The total income of general charities was £33.2 billion in 2006/07, a 3.3% real increase on last year's total of £32.1 billion. This growth, whilst slower than in the previous year, continues the long term trend of increases in general charities' income. Income increases reflect both organic growth and the creation of new charities.

**In the past three years, earned income has become increasingly important in the funding mix.** Over time general charities earned income has increased from £10.2 billion (43%) in 2001/02 to £17 billion (51.2%) in 2006/07, making up over half of all charities' income. This continues a long-term trend, which is driven by the sector's increasing involvement in public service provision.

**Whilst voluntary income continues to rise it is at a much slower rate than other types of income,** leading to a steady decline in its importance in the funding mix. In 2006/07 voluntary income accounted for £13.6 billion (41%) of the sector's income. Despite the high profile of earned forms of income, voluntary income should not be seen as a diminishing source that is likely to fade out. It is still increasing and retains its influence on the shape of the sector.

**Income from statutory sources increased by 5% in 2006/07 to £12 billion.** This was however a more moderate increase than was witnessed the previous year. Coupled with this increase, the statutory sector has seen a strong comparative shift from grant funding to contract funding over recent years.

### Grouping charities by income

Figures and tables presented in the Almanac usually divide charities into five groups, based on their income. For the first time we have provided names for each of these groups. These names make it easier to discuss the findings and place them in context.

#### Table 4.1

Charity income groups

Income of charity	Name
Less than £10,000	Micro charities
£10,000 to £100,000	Small charities
£100,000 to £1 million	Medium charities
£1 million to £10 million	Large charities
More than £10 million	Major charities

## 4.2 ANALYSIS

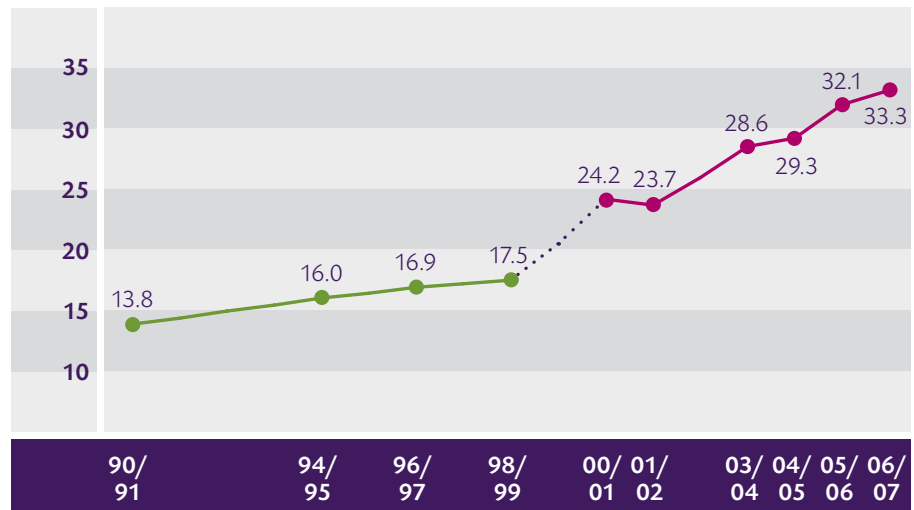
### 4.2.1 Overview

The total income of general charities was £33.2 billion in 2006/07, a 3.3% real increase on last year's total of £32.1 billion<sup>1</sup>. This growth, whilst slower than in the previous year, continues the long term trend of increases in general charities' income and, we believe, the broader sector.

Figure 4.2 shows the change in the income of general charities since 1991. An average annual increase of 4.5% during the period 1991–1999 was equivalent to growth of almost £750 million per annum. Changes in charity accounting rather than real increases in income result in higher estimates from the year 2000/01 onwards.<sup>2</sup> Nevertheless, the period 2000–2007 was characterised by a larger average annual increase of 5.4%, equivalent to growth of almost £1.5 billion a year. This indicates the increasing importance of general charities in the UK economy and society as a whole. Bearing in mind different accounting methods, the sector's income has increased by 140% in real terms since 1991, or £19.4 billion.

**Figure 4.2**

General charities' income, 1991–2007 (£ billions)

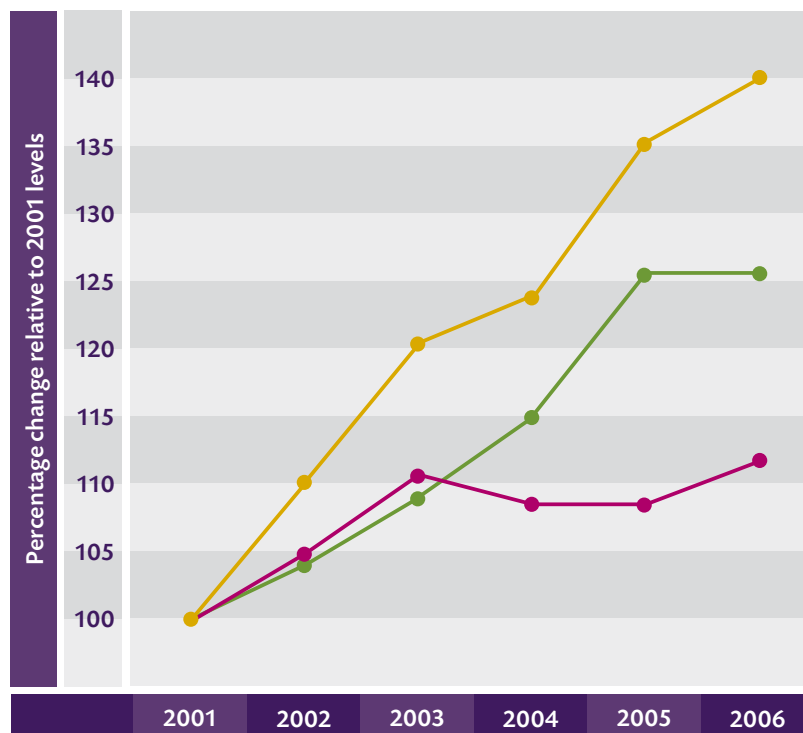


Source: NCVO, GuideStar Data Services

**Figure 4.3**

Number, total income and average income of general charities, 2001–2006 (2001=100)

Income    Number of organisations    Average income



Source: NCVO, GuideStar Data Services

Figure 4.3 shows the relative change in total income, average income and the number of organisations between 2001 and 2006. It identifies that income has increased at a higher rate than both the number of organisations and their average income. Between 2001 and 2003, the number of charities and their average income increased at a similar rate, after which the number of charities remained relatively static. This implies that in recent years growth was not simply the result of new charities being established – a key driver earlier in the decade when local authority services were ‘charitised’ – but also based on income growth within existing organisations.

What is behind the increase of £1.1 billion in the sector’s income over the last 12 months? Figure 4.4 identifies a combination of new charities, organic growth and inflation. New charities were formed from a variety of sources; however, those new organisations with the largest incomes were frequently new foundations, which may reflect the current drive to encourage large-scale individual giving, and funds. For example:

- The £15.3 million February Foundation which makes grants to a range of charities.
- The £5.2 million Sir Edward Heath Charitable Foundation created from the will of the former Prime Minister, to conserve his 18th century Salisbury house.

#### Figure 4.4

Breakdown of change in income, 2005/06–2006/07



Source: NCVO, GuideStar Data Services

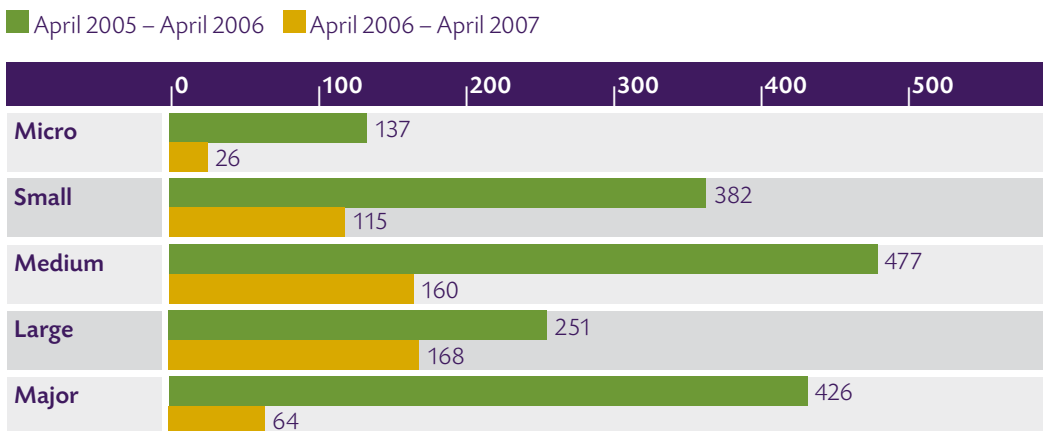
An analytical challenge has been the difficulty separating 'real' growth from the impact of charities that are newly registered. Exploring organic growth more closely, we can see that all income bands experienced a positive growth over the year (figure 4.5); however this growth was much slower than during the previous year. The relatively slow growth in the total income of major charities is a contrast to previous years, when in financial terms this group of organisations appeared to be 'breaking away' from the rest of the sector.

Despite this change, the concentration of resources is still heavily skewed towards the largest charities as figure 4.6 shows. Three-quarters of the income of general charities is received by the large and major charities. In fact, it is still only the 411 major charities (0.2%) that shape public perception and control much of the sector's resources (42.8%).

The data shows that the share of overall income contained within micro, small and medium organisations has decreased since the previous year (from 28% to 25%). Coupled with a slight decrease in the overall proportion of organisations within these income bands, this suggests an upward drift in the average size of charities. After adjusting for inflation, the average income of general charities has increased from £155,000 in 2001/02 to £194,000 in 2006/07.

**Figure 4.5**

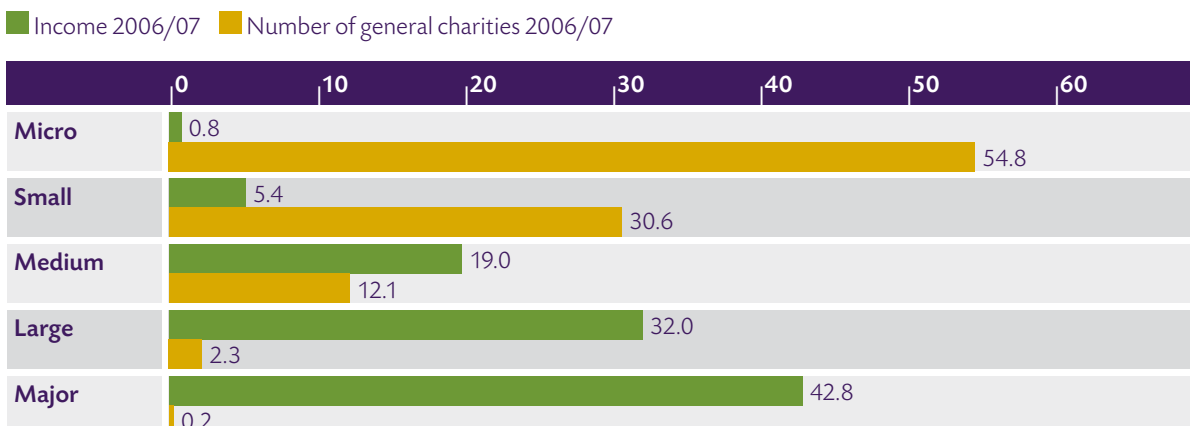
Organic growth by size of organisation, 2004/05–2005/06 and 2005/06–2006/07 (£millions)



Source: NCVO, GuideStar Data Services

**Figure 4.6**

Proportion of organisations and share of income by size of organisation, 2006/07 (%)



Source: NCVO, GuideStar Data Services

**Income volatility**

As important as growth in income, is the predictability of income. The lack of predictability is a well-known issue for the sector (particularly given the reserve levels outlined in chapter 6) and has often been explained by the short-term nature of contracts and grants. Volatility and uncertainty of income streams makes financial planning problematic and can result in the sub-optimal use of resources as charities have to constantly plan for 'what if...' scenarios.

The **red** lights signal charities that have had a change of income of over 20% between 2003/04 and 2004/05 and then a change of income of over 20% in the opposite direction between 2004/05 and 2005/06.

The **amber** lights signal charities that have had a change of income of over 10% between 2003/04 and 2004/05 and then a change of income of over 10% in the opposite direction between 2004/05 and 2005/06 (but not enough volatility to be in the red band).

The **green** lights signal charities with less than this level of volatility or big changes in the same direction.

While we recognise the arbitrariness of using these particular changes, we believe this approach does highlight volatility among charities. We welcome feedback on measures used.

Table 4.7 shows that income volatility is more prevalent amongst smaller organisations. Nearly one in four micro and small organisations have recently experienced significant volatility problems, with over a 20% change in income between 2005/06 and over a 20% change in income in the opposite direction in 2006/07.

**Figure 4.7**

Income volatility for individual charities, 2006/07 (%)



Source: NCVO, GuideStar Data Services

## THE DIFFERENT SOURCES AND TYPES OF INCOME

### 4.2.2 Voluntary sector income streams Sources and types of income

General charities generate income from a variety of sources by undertaking a range of activities. Understanding the relationship between these sources and activities can help clarify the changing dynamics of the voluntary sector economy.

Income is derived from a range of *sources*. The categories used throughout this chapter are:

- the general public (excluding payments from charitable foundations set up by individuals);
- statutory sources (government and its agencies in the UK, the National Lottery distributors, the European Union and overseas governments);
- the voluntary sector (such as trusts and grant-making foundations);
- the private sector (excluding payments from charitable foundations set up by businesses);
- internal (trading subsidiaries and the proceeds from investments).

Another way to categorise income is by *type*. These are primarily:

- voluntary income (income freely given, usually as a grant or donation, for which little or no benefit is received by the donor);
- earned income from the sales of goods and services (although this may not be at market value), including the gross income of trading subsidiaries;
- internally generated income (the proceeds generated from investments and cash balances).

A typology of income sources and types is displayed in Table 4.8. Implementing this approach in the analysis of income is not without problems. In particular, the distinction between earned and voluntary income is open to interpretation.

**Table 4.8**

Typology of income types and sources

Source of income	Type of income		
	Earned income	Voluntary income	Investment returns
<b>General public</b>	Fees for services provided Fees for goods Membership subscriptions with significant benefits	Individual donations (gross, including Gift Aid reclaimed) Covenants Legacies Membership subscriptions without significant benefits	
<b>Statutory sources</b>	Public sector fees Payments for contracted services	Funding grants Grants to charitable intermediaries	
<b>Voluntary sector</b>	Services provided under contract	Grants from charitable trusts Grants distributed by charitable intermediaries	
<b>Private sector</b>	Sponsorship Research or consultancy Patent royalties	Corporate grants and gifts	
<b>Internally generated</b>	Gross turnover of trading subsidiaries		Dividends Interest payments Rent from investment property



### 4.2.3 Types of income – earned income

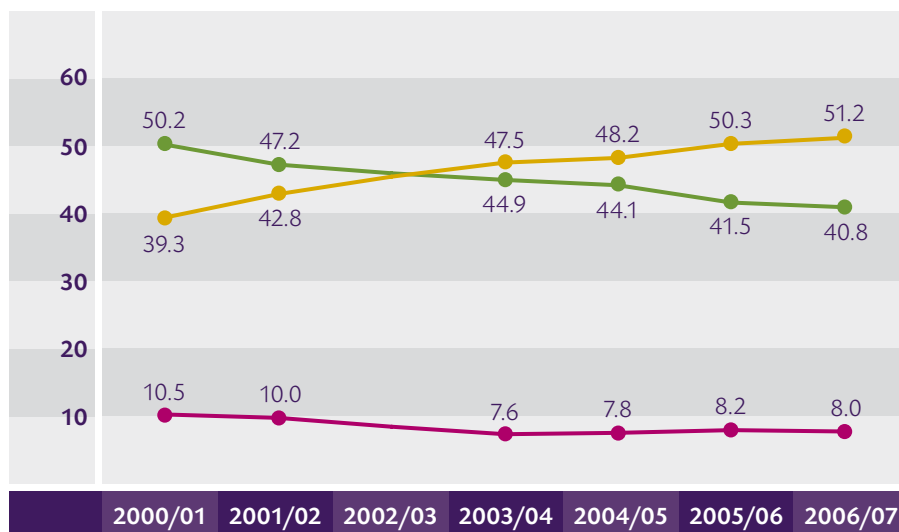
In the past three years, earned income has become increasingly important in the funding mix. It has increased from £10.2 billion (43%) in 2001/02 to £17 billion (51.2%) in 2006/07 (figure 4.9). A number of drivers are apparent. Government policies have helped to create the conditions for the sector to increase its involvement in service provision, whilst the desire to achieve sustainability by diversifying income streams has often, in practice, meant earning more income. This means many charities are becoming more market-orientated in response to the changing landscape in which they operate. This will shape how the sector is perceived by a public that still largely views charities as relying on voluntary donations.

Small and micro organisations earned the highest proportion of their income. In particular micro organisations earned two-thirds of their income. This is likely to be due to membership subscriptions or community events for which a small fee is charged. Medium sized organisations earned the smallest proportion of their income, earning just 43%. This may suggest that these charities are not trying to achieve sustainability based on earning more income but instead through grants and donations.

**Figure 4.9**

Type of income, 2000/01–2006/07 (%)

■ Earned ■ Voluntary ■ Investment



Source: NCVO, GuideStar Data Services

Note: 2002/03 figures are inferred.

#### 4.2.4 Types of income – Voluntary income

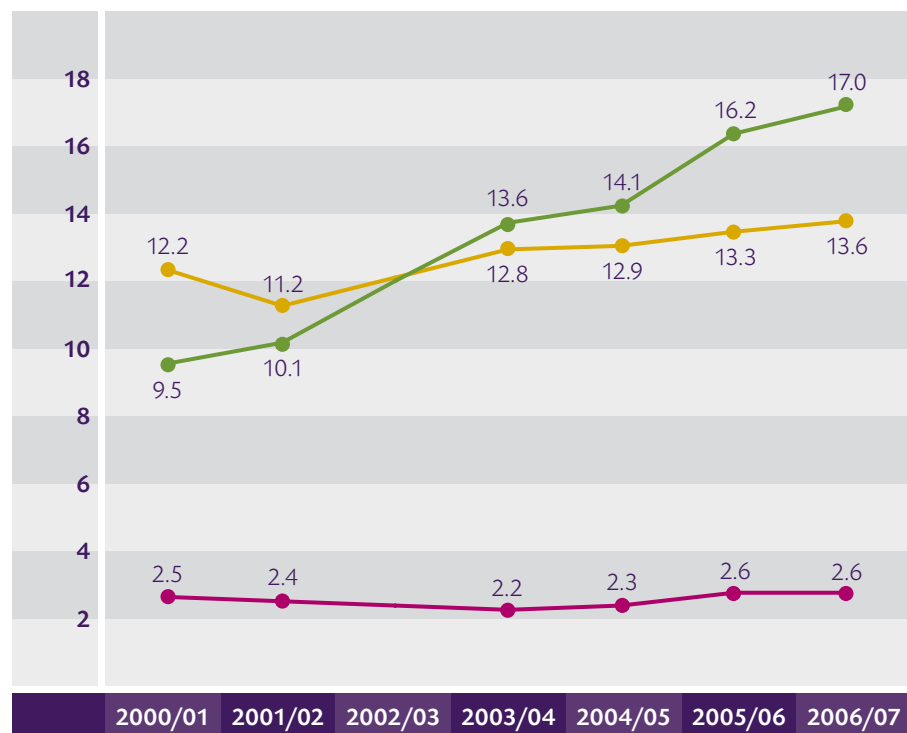
Figure 4.10 presents the monetary change in voluntary income over the past six years. This shows voluntary income has risen almost every year, the exception being 2001/02. The trend rate of increase equates to over £200 million a year, some £1.4 billion of additional funding compared with the beginning of the decade. Voluntary income is, however, rising at a much slower rate than other types of income, leading to a steady decline in its importance in the funding mix, falling by 0.7% from 2005/06 and 9.4% from 2000/01.

Earned income is clearly driving growth in the sector but voluntary income should not be seen as a diminishing source that is likely to fade out. Voluntary income is still increasing and continues to define and influence the shape and operation of the sector. There may however be questions of whether grants and donations are rising in proportion to either the size of the sector or the nation's wealth. The role of government – still a key grant maker – in driving this change is discussed in the following section.

Figure 4.11 shows the distribution of income from voluntary sources compared to the previous year. Income from statutory sources decreased slightly from the previous year to 31% continuing the trend of grants from government remaining static. Voluntary income from individuals increased to 52.5%, accounting for over half of all voluntary income. Voluntary income from voluntary organisations decreased to 11.7%, the same proportion as two years ago.

**Figure 4.10**  
Type of income, 2000/01–2006/07 (£billions)

■ Earned ■ Voluntary ■ Investment



Source: NCVO, GuideStar Data Services

Note: 2002/03 figures are inferred.

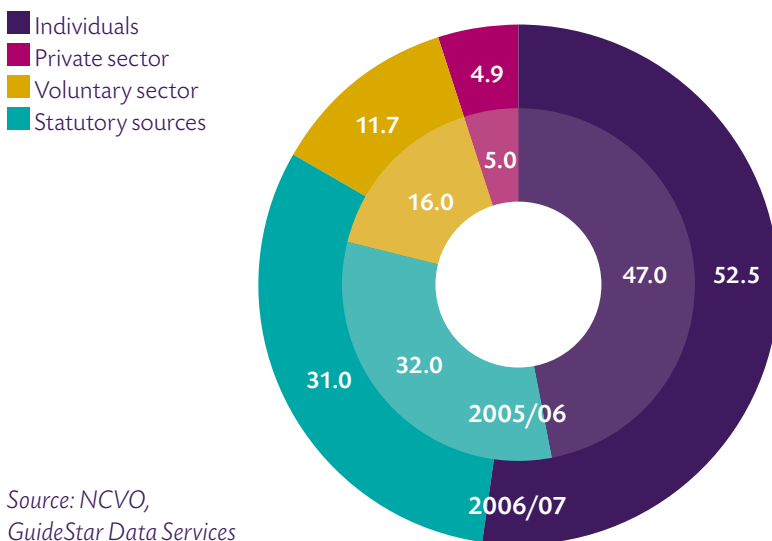
**4.2.5 Types of income – Investment income**

Investment income has remained roughly static in absolute terms over the previous six years, and was responsible for £2.6 billion of income in 2006/07, compared to £2.5 billion in 2000/01. Over the course of this period investment assets have grown by a larger amount (see chapter 6), but this does not imply necessarily that returns on investment are falling. Looking forward, this income type is particularly vulnerable as a combination of lower interest rates and asset prices reduce returns on investment. Grant-making foundations particularly rely on investment income, so in the medium term any fall in investment income is likely to impact on the sector’s voluntary income as foundations’ capacity for grant-making is reduced.

**4.2.6 Types of income – by sub-sector**

The type of income received by different sub-sectors is shown in figure 4.12. The employment and training, housing, and education sub-sectors earn the greatest proportion of their income and are less dependent on grants and donations. These five sub-sectors all relate to public service delivery. Only three sub-sectors – international charities, religious organisations, and grant-making foundations – receive the majority of their income through grants and donations. These findings were also identified in UK Giving 2008. Investment income is particularly important to research organisations (this includes many of the large research foundations) and grant-making foundations, both of whom have substantial investment asset holdings (see chapter 6). It is important to note that these figures show the average picture for each sub-sector, and do not show the wide variety of income sources for individual organisations.

**Figure 4.11**  
Sources of voluntary income (including legacies), 2005/06–2006/07 (%)



Source: NCVO, GuideStar Data Services

### 4.2.7 Sources of income

The Almanac identifies five income sources: individuals (whether as donors or purchasers), businesses, internally generated funds (investments or proceeds from subsidiaries), other voluntary organisations (including grant-making foundations), and statutory funders (including central and local government and national lottery distributors).

Individuals are the main source of income for the sector, closely followed by statutory sources. Figure 4.13 illustrates charities' income sources. Income from individuals is particularly important for micro and small organisations, though this also reflects the small number of organisations that have a financial relationship with the public sector. In fact, 59% of micro organisations receive over half of their income from individuals (figure 4.14). It is vital that these organisations not only work to ensure this source of income continues but also diversify to ensure they are not disadvantaged by any fall in charitable giving or purchasing.

Individuals are also the main source of income for major charities, accounting for 39% of their income. This group of 413 charities, which includes many of the well-known fundraising 'brands', generated 44p of every £1 from individual donors and purchasers.

### Figure 4.12

Income types by sub-sector, 2006/07 (% of income)

■ Earned ■ Voluntary ■ Investment income



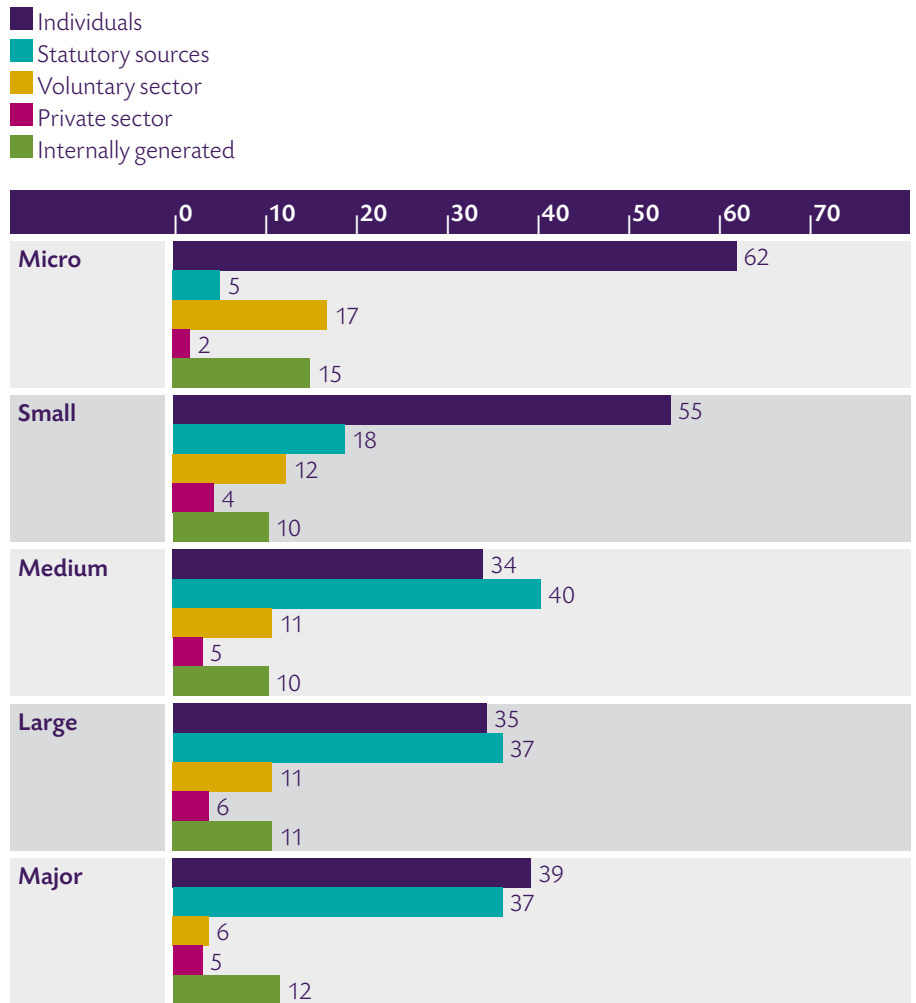
Source: NCVO, GuideStar Data Services

The voluntary sector itself is an important source of funds for general charities. This source represents the grant-making activities of charitable trusts and foundations, though there is evidence to suggest that an increase in partnership working and trading is increasing the circulation of resources within the sector. As this £3.0 billion of income is internally circulated it may be argued to be double counting of the sector's total income.

Although most of this source is received by large charities, micro and small charities are relatively dependent on income from other voluntary organisations. Nearly 15% of micro, small and medium organisations each receive the majority of their income from other voluntary organisations (figure 4.14). In fact, for micro organisations, other voluntary organisations are a more important source of income than the statutory sector, the only income group for which this is the case. This is probably a reflection of grant-making trusts and foundations specifically targeting the smallest groups.

**Figure 4.13**

Source of income to charities by size of organisation, 2006/07 (%)



Source: NCVO, GuideStar Data Services

Income from the private sector totalled £1.7 billion in 2006/07, accounting for 5% of general charities' overall income. Large and major charities receive nearly three-quarters of their income from the private sector. This estimate covers both corporate donations and sponsorship but is unlikely to cover the amount of in-kind assistance increasingly provided by corporates.

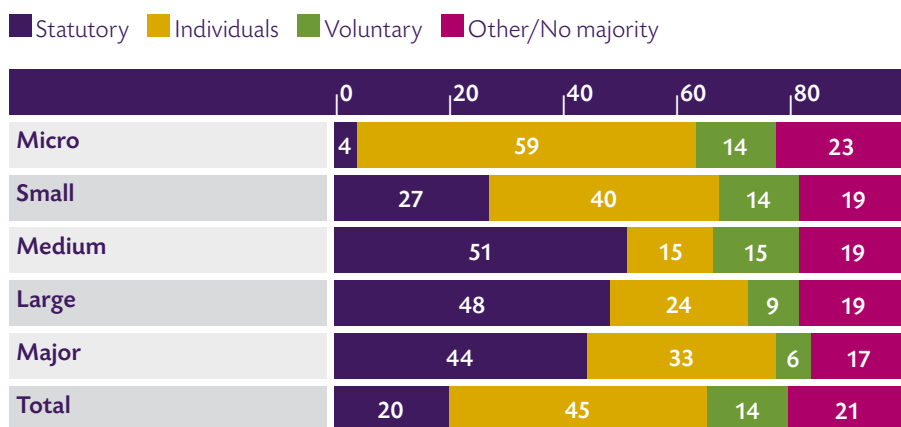
Internally generated income – primarily from investments, but also the profits from trading subsidiaries – accounted for 12% of income to general charities. This source of income was particularly important for micro organisations, accounting for 15% of their income. This reflects micro organisations' reliance upon investment income such as interest earned on bank deposits.

#### 4.2.8 Sources of Income – Statutory sources

Income from statutory sources totalled £12 billion in 2006/07, including resources from UK central, local and devolved administrations, international bodies, overseas governments and the National Lottery distributors. Figure 4.15 shows that income from statutory sources increased steadily between April 2006 and March 2007, up by 5% since the previous year. This was a more moderate increase than in the previous year.

**Figure 4.14**

Majority funders: percentage of organisations that receive more than 50% of funding from one source, 2006/07 (%)

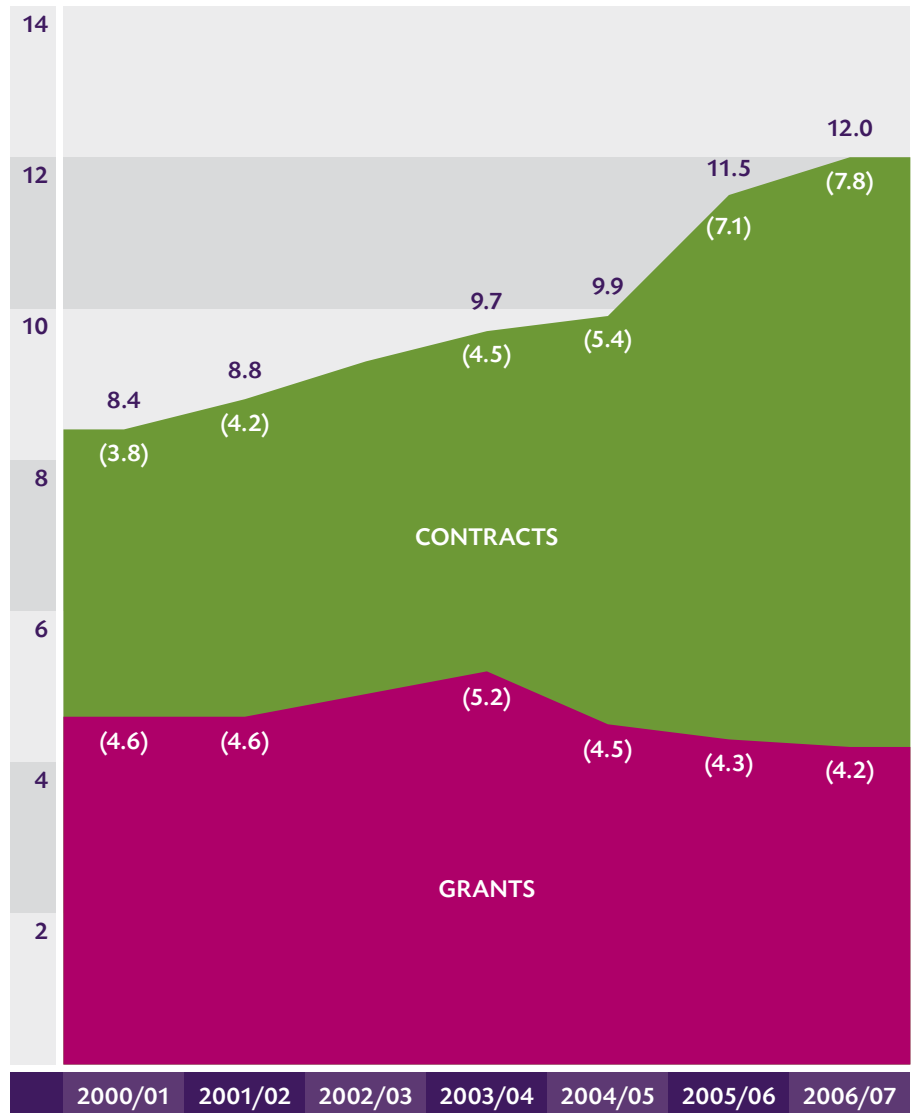


Source: NCVO, GuideStar Data Services

Coupled with this increase, the statutory sector has seen a strong comparative shift from grant funding to contract funding over the recent years. Some of this shift is inevitably administrative, a result of calls for greater clarification of when statutory bodies are in commissioning or grant-making mode. Nevertheless we believe the underlying trend in figure 4.15 to be clear. General charities received £7.8 billion in contract funding from statutory sources in 2006/07, a more moderate 9.8% increase since the previous year. In real terms there has been little change in government grants from six years ago, as figure 4.15 shows. Despite a slight increase in 2003/04, government grants to the sector appear to have decreased to £4.2 billion in 2006/07. This suggests that increasing statutory income is primarily received via public expenditure on the delivery of services under contract rather than support for the sector per se.

**Figure 4.15**

Grants and contracts from statutory sources, 2000/01–2006/07 (£billions)



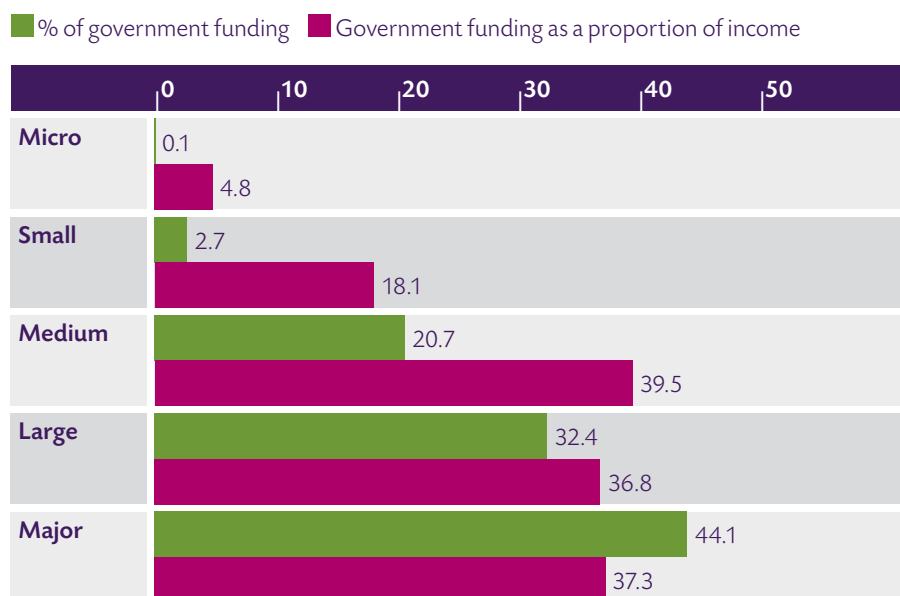
Source: NCVO, GuideStar Data Services

Note: 2002/03 figures inferred.

Figure 4.16 shows the proportion of government funding to the sector by size of charity. The distribution is similar to the overall funding distribution, suggesting that government funding may either be driving the funding dynamic or simply reflecting it. Medium size organisations rely on statutory funding as their main source of income. These charities receive just over one-fifth of total government funding to the sector, of which approximately half is from local government (table 4.17). Statutory sources however account for nearly 40% of their income, a higher level of dependency than other income groups. Moreover, charities in this group are more likely than any other size to obtain statutory funding in the form of grants, which account for 56% of statutory funding to this group. Conversely, micro and major charities are more likely to get their statutory funding on a contractual basis, receiving 72% and 77% of their statutory funding from contracts.

**Figure 4.16**

Importance of statutory funding and proportion of statutory funding by size of organisation, 2006/07 (%)



Source: NCVO, GuideStar Data Services

**Table 4.17**

Statutory income by size of organisation, 2006/07 (£billions)

	Micro	Small	Medium	Large	Major	Total
Central government	3.9	182.3	954.9	1,551.0	2,451.6	<b>5,143.7</b>
Local government	7.0	98.3	1,295.3	1,880.5	2,371.4	<b>5,652.5</b>
Other government (International and National Lottery)	2.1	43.6	242.7	470.0	473.1	<b>1,231.6</b>
<b>Total</b>	13.0	324.3	2,492.8	3,901.5	5,296.2	<b>12,027.8</b>

Source: NCVO, GuideStar Data Services



The funding mix of grants and contracts from statutory sources varies between sub-sectors. Figure 4.18 shows the percentage of government funding that comes from contracts for each sub-sector, in relation to the average for all charities. Government contracts are more prevalent in employment and training, health, social services and housing sectors. In particular, social services organisations receive £4.3 billion from government, accounting for 42% of all government contracts to the sector.

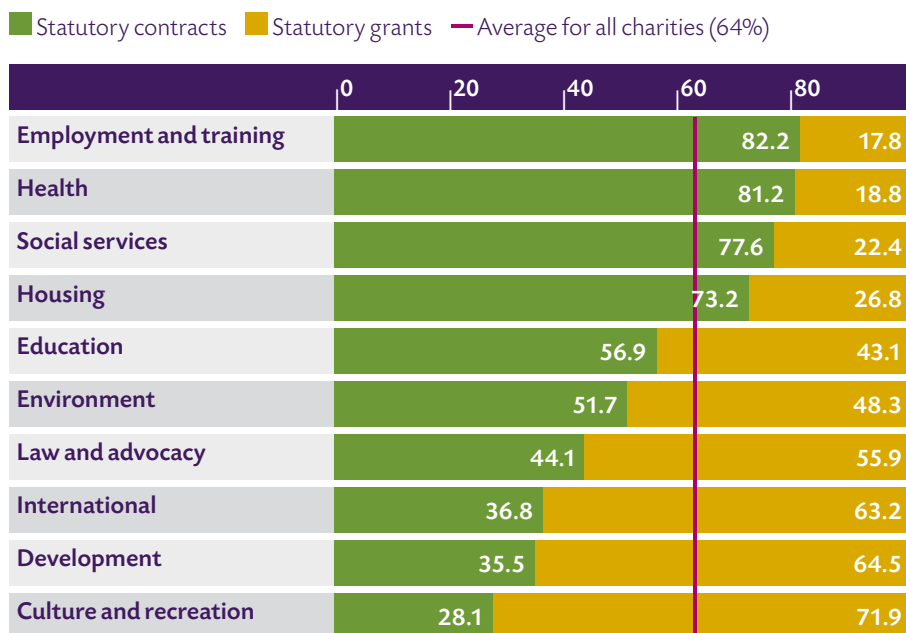
In the culture and recreation, community development, and international sectors, organisations are more likely to receive grants from statutory funders. In particular, culture and recreation organisations receive £1 billion in statutory funding, with 72% of this in the form of grants.

#### 4.2.9 Funding levels of individual charities from statutory funders

Statutory funding of the sector appears to be concentrated in a small number of organisations. Recipients' dependency on statutory income varies significantly (figure 4.19). Three-quarters (75%) of all charities – 117,000 charities – do not receive any income from statutory sources. Fewer than one in ten micro charities has a direct financial relationship with the state, whilst over two-thirds of small organisations receive no income from government. Almost half of the major organisations receive less than 25% of their funding from government. In total, one-quarter of the sector – 40,000 charities – have a funding relationship with government. Overall, 16% of general charities – 25,000 organisations – are heavily reliant on income from government.

**Figure 4.18**

Income from statutory sources by sub-sector, 2006/07  
(% of income from statutory sources)



Source: NCVO, GuideStar Data Services

**4.2.10 Funding from different statutory sources**

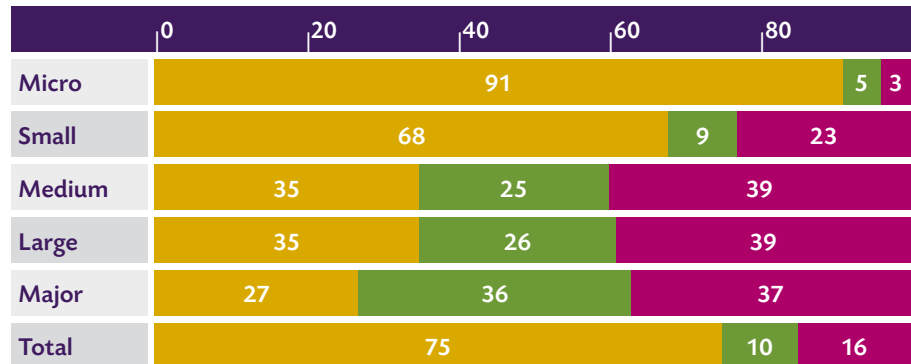
Figure 4.20 illustrates the component parts of statutory income. In 2006/07, just under half the statutory income to charities came from local authorities (47%), highlighting the importance of the relationship between local government and the charitable sector. The proportion of government funding from local authorities has decreased slightly as the absolute amount of funding from central government has increased more quickly.

Although European funding accounts for a relatively small proportion of the funding mix (5%), it is vital to a number of regions of the UK through the European Structural Fund. With the ending of the fund in most of these areas in 2005/06, it has been argued that the problems caused could be severe. Further analysis of statutory funding streams will be published later in the year at [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).

**Figure 4.19**

Charities' income from government as a proportion of their total income, 2006/07 (% of organisations)

- No income from government
- 1%–75% income from government
- Over 75% income from government

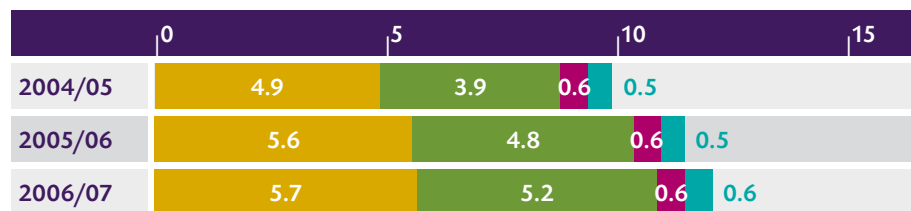


Source: NCVO, GuideStar Data Services

**Figure 4.20**

Government funding to charities, 2006/07 (£billions)

- Local authorities\*
- Central government and NHS\*
- National Lottery
- European and International



\*Note figures are revised from those published in the 2008 Almanac.

Source: NCVO, GuideStar Data Services

**4.2.11 Lottery funding**

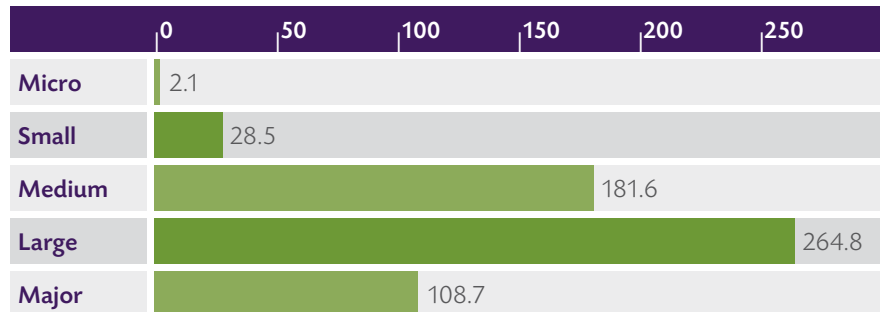
Overall, in 2006/07 organisations received £586 million, just under 2% of their total income, from National Lottery distributors. The total grants made by the three largest National Lottery distributors (The Big Lottery Fund, Arts Council England and the Heritage Lottery Fund) totalled £839m, suggesting that organisations covered by the Almanac’s general charities definition receive around two-thirds of total lottery grants. The same proportion was reported in the 2007 Almanac.

Medium size organisations received the highest proportion of their income from the lottery at just under 3%. Lottery funding is mainly directed towards large, medium and major organisations who between them receive 95% of lottery funding to the sector.

One-third of National Lottery funding to the sector goes to health and social services organisations. Alongside this, nearly one-third of Lottery funding to the sector accrues to culture and recreation organisations – a reflection of the importance of the Heritage Lottery Fund to charities and a reminder that the sector does not only benefit from the Big Lottery Fund.

**Figure 4.21**

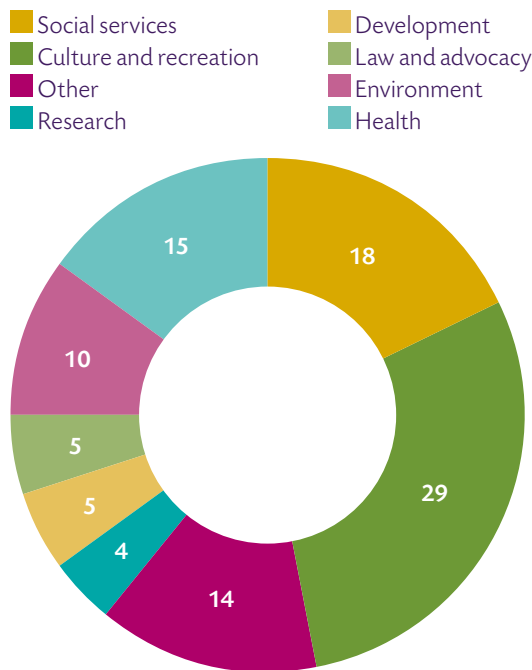
National lottery funding to charities, by size of organisation, 2006/07 (£millions)



Source: NCVO, GuideStar Data Services

**Figure 4.22**

Destination of National Lottery funding by sub-sector, 2006/07 (%)



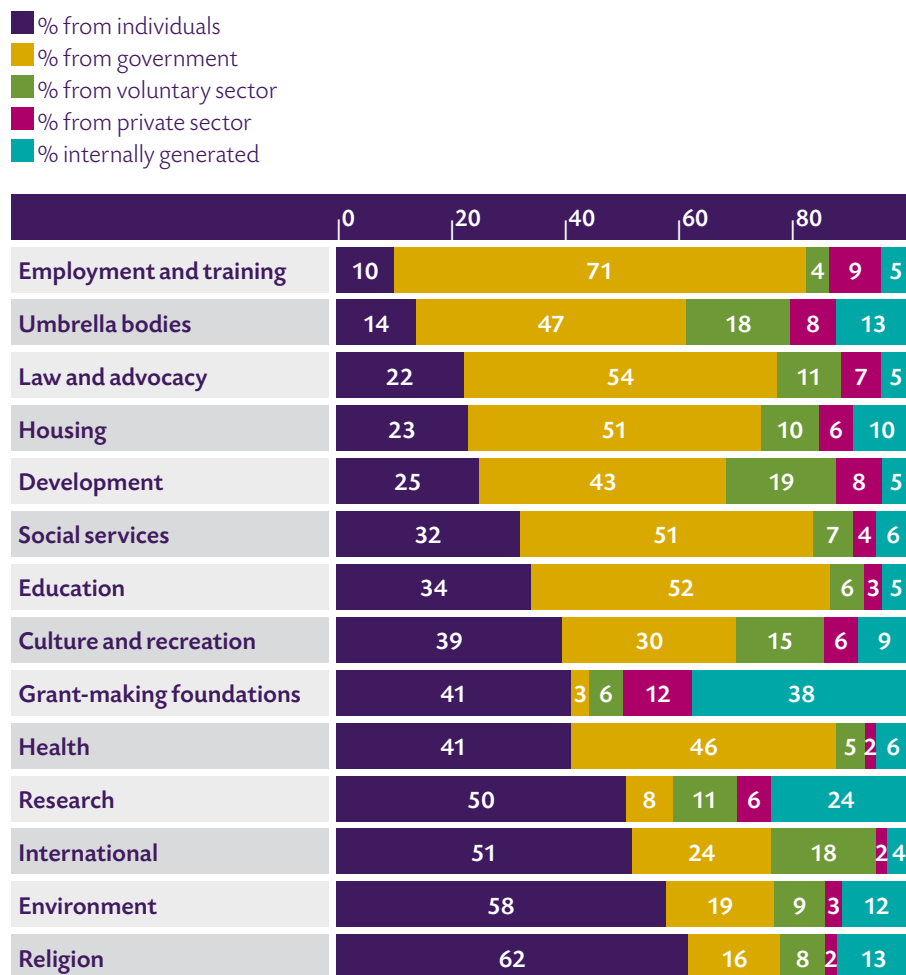
Source: NCVO, GuideStar Data Services

#### 4.2.12 Sources of income – by sub-sector

Figure 4.23 explores the income source of general charities by sub-sector. Nearly two-thirds of religious and environmental organisations are more likely to receive income from individuals. In particular, religious organisations receive nearly two-thirds of their funding from individuals. In comparison, employment and training organisations receive over two-thirds of their income from statutory sources. Other sub-sectors that deliver public services receive a high proportion of their income from statutory sources, including law and advocacy, education, housing and social services. Development, international and umbrella body organisations receive nearly one-fifth of their income from the voluntary sector. For development and umbrella charities, over 75% of income from the voluntary sector is for services provided under contract (for example capacity building) whilst for international organisations this accounts for 43% of their income.

#### Figure 4.23

Income sources by sub-sector, 2006/07 (% of income)



Source: NCVO, GuideStar Data Services

### 4.2.13 Legacy income

Charities' income from legacies currently stands at £1.7 billion, a 6% decrease since the previous year. Legacies form a substantial, though volatile, source of income for charities. Legacies account for about 5% of the sector's income; however they are still much more likely to be received by the largest organisations. Over 70% of legacy income to the sector is received by just over 400 major charities (figure 4.24). People wishing to leave money in their will continue to favour well-established household-name charities that have a strong track record. Only 2% of micro, small and medium sized organisations receive legacy income, accounting for 8% of legacy funding to the sector. Overall, just under 3,700 general charities receive legacy funding with each organisation receiving on average £478,000 from legacy funding.

Legacy funding is particularly important to some general charity sub-sectors. Social services organisations receive nearly one-quarter of legacy funding to the sector. Within this sub-sector, emergency and relief charities (operating in the UK) receive 27% of their income from legacy funding. Environmental organisations receive just under one-quarter of legacy funding to the sector. In particular, animal welfare charities receive 33% of their income from legacies. Similarly, medical research charities, part of the research sub-sector, receive 22% of their income from legacies.

**Figure 4.24**

Share of legacy income and sector income by size of organisation, 2006/07 (%)



Source: NCVO, GuideStar Data Services

**Figure 4.25**

Destination of legacy income by sub-sector, 2006/07 (%)



Source: NCVO, GuideStar Data Services

### 4.3 DATA SUMMARY

**Table 4.26**

Total income by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Individuals	33.0	279.8	979.2	1,535.2	2,538.2	5,365.4
Statutory sources (inc NLDs)	3.6	138.9	1,390.0	1,443.2	1,219.4	4,195.0
Voluntary sector	12.6	90.1	451.1	620.3	408.4	1,582.5
Private sector	0.9	34.7	80.4	217.4	329.4	662.8
<b>Total voluntary income (ex-legacies)</b>	<b>50.1</b>	<b>543.5</b>	<b>2,900.7</b>	<b>3,816.0</b>	<b>4,495.5</b>	<b>11,805.8</b>
<b>Legacies</b>	<b>0.6</b>	<b>15.9</b>	<b>126.8</b>	<b>377.3</b>	<b>1,224.1</b>	<b>1,744.6</b>
Individuals	132.5	700.3	1,042.7	1,792.8	1,806.0	5,474.2
Statutory sources (inc NLDs)	9.4	185.4	1,102.8	2,458.3	4,076.8	7,832.7
Voluntary sector	32.3	126.9	244.3	540.2	513.1	1,456.9
Private sector	3.6	38.0	232.4	442.7	315.2	1,031.8
<b>Total earned income (ex trading subsidiaries)</b>	<b>177.8</b>	<b>1,050.6</b>	<b>2,622.2</b>	<b>5,234.0</b>	<b>6,711.0</b>	<b>15,795.6</b>
Rent from property	0.0	22.7	144.0	251.6	170.7	589.1
Dividends etc	15.4	104.1	306.7	350.2	703.4	1,479.7
Interest on deposits	25.9	55.5	132.1	178.9	178.3	570.7
<b>Total investment income</b>	<b>41.3</b>	<b>182.3</b>	<b>582.8</b>	<b>780.7</b>	<b>1,052.4</b>	<b>2,639.6</b>
<b>Trading subs: gross income</b>	<b>0.0</b>	<b>3.1</b>	<b>73.1</b>	<b>403.1</b>	<b>707.6</b>	<b>1,186.9</b>
<b>Total incoming resources</b>	<b>269.7</b>	<b>1,795.4</b>	<b>6,305.5</b>	<b>10,611.2</b>	<b>14,190.6</b>	<b>33,172.5</b>

Source: NCVO, GuideStar Data Services

**Table 4.27**

Total income by size of organisation, 2006/07 (% of total incoming resources)

	Micro	Small	Medium	Large	Major	Total
Individuals	12.2	15.6	15.5	14.5	17.9	16.2
Statutory sources (inc NLDs)	1.3	7.7	22.0	13.6	8.6	12.6
Voluntary sector	4.7	5.0	7.2	5.8	2.9	4.8
Private sector	0.3	1.9	1.3	2.0	2.3	2.0
<b>Total voluntary income (ex-legacies)</b>	<b>18.6</b>	<b>30.3</b>	<b>46.0</b>	<b>36.0</b>	<b>31.7</b>	<b>35.6</b>
<b>Legacies</b>	<b>0.2</b>	<b>0.9</b>	<b>2.0</b>	<b>3.6</b>	<b>8.6</b>	<b>5.3</b>
Individuals	49.1	39.0	16.5	16.9	12.7	16.5
Statutory sources (inc NLDs)	3.5	10.3	17.5	23.2	28.7	23.6
Voluntary sector	12.0	7.1	3.9	5.1	3.6	4.4
Private sector	1.3	2.1	3.7	4.2	2.2	3.1
<b>Total earned income (ex trading subsidiaries)</b>	<b>65.9</b>	<b>58.5</b>	<b>41.6</b>	<b>49.3</b>	<b>47.3</b>	<b>47.6</b>
Rent from property	0.0	1.3	2.3	2.4	1.2	1.8
Dividends etc	5.7	5.8	4.9	3.3	5.0	4.5
Interest on deposits	9.6	3.1	2.1	1.7	1.3	1.7
<b>Total investment income</b>	<b>15.3</b>	<b>10.2</b>	<b>9.2</b>	<b>7.4</b>	<b>7.4</b>	<b>8.0</b>
<b>Trading subs: gross income</b>	<b>0.0</b>	<b>0.2</b>	<b>1.2</b>	<b>3.8</b>	<b>5.0</b>	<b>3.6</b>
<b>Total incoming resources</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 4.28**

Total income, 2001/02–2006/07 (£millions, in April 2007 prices)

	2001/02	2003/04	2004/05	2005/06	2006/07
Individuals	3,226.0	3,862.4	4,595.4	4,322.6	5,365.4
Statutory sources (including National Lottery)	4,623.1	5,243.4	4,481.5	4,317.8	4,195.0
Voluntary sector	1,247.6	1,808.2	1,601.3	2,152.3	1,582.5
Private sector	587.3	428.7	505.8	664.5	662.8
<b>Total voluntary income (ex-legacies)</b>	<b>9,683.9</b>	<b>11,342.6</b>	<b>11,183.9</b>	<b>11,457.2</b>	<b>11,805.8</b>
<b>Legacies</b>	<b>1,486.1</b>	<b>1,489.6</b>	<b>1,743.7</b>	<b>1,868.4</b>	<b>1,744.6</b>
Individuals	3,987.6	5,697.2	4,702.4	5,766.0	5,474.2
Statutory sources (including National Lottery)	4,196.8	4,505.0	5,406.9	7,134.8	7,832.7
Voluntary sector	426.3	1,025.3	1,419.2	1,446.8	1,456.9
Private sector	313.5	155.7	1,522.5	740.4	1,031.8
<b>Total earned income (ex trading subsidiaries)</b>	<b>8,924.2</b>	<b>11,383.2</b>	<b>13,050.9</b>	<b>15,087.9</b>	<b>15,795.6</b>
Rent from property	350.0	583.9	512.3	568.9	589.1
Dividends etc	1,549.6	1,252.4	1,354.9	1,502.0	1,479.7
Interest on deposits	464.5	333.5	417.5	553.3	570.7
<b>Total investment income</b>	<b>2,364.1</b>	<b>2,169.6</b>	<b>2,284.6</b>	<b>2,624.1</b>	<b>2,639.6</b>
<b>Trading subs: gross income</b>	<b>1,236.0</b>	<b>2,188.3</b>	<b>1,083.9</b>	<b>1,069.2</b>	<b>1,186.9</b>
<b>Total incoming resources</b>	<b>23,694.3</b>	<b>28,573.5</b>	<b>29,347.1</b>	<b>32,106.8</b>	<b>33,172.5</b>

Source: NCVO, GuideStar Data Services



**Table 4.29**

Income sources by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Individuals	166.0	996.0	2,148.6	3,705.3	5,568.4	12,584.2
Statutory sources (inc NLDs)	13.0	324.3	2,492.8	3,901.5	5,296.2	12,027.8
Voluntary sector	44.9	217.1	695.4	1,160.5	921.5	3,039.4
Private sector	4.5	72.6	312.7	660.1	644.6	1,694.6
Internally generated	41.4	185.4	655.9	1,183.8	1,760.0	3,826.5
<b>Total</b>	<b>269.7</b>	<b>1,795.4</b>	<b>6,305.5</b>	<b>10,611.2</b>	<b>14,190.6</b>	<b>33,172.5</b>

Source: NCVO, GuideStar Data Services

**Table 4.30**

Income sources by size of organisation, 2006/07 (% of total incoming resources)

	Micro	Small	Medium	Large	Major	Total
Individuals	61.5	55.5	34.1	34.9	39.2	37.9
Statutory sources (inc NLDs)	4.8	18.1	39.5	36.8	37.3	36.3
Voluntary sector	16.6	12.1	11.0	10.9	6.5	9.2
Private sector	1.7	4.0	5.0	6.2	4.5	5.1
Internally generated	15.3	10.3	10.4	11.2	12.4	11.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 4.31**

Income types and sources, 2006/07 (% of total)

	Earned	Voluntary	Investment	Total
Individuals	16.5	21.4	-	37.9
Statutory sources (inc NLDs)	23.6	12.6	-	36.3
Voluntary sector	3.1	2.0	-	5.1
Private sector	4.4	4.8	-	9.2
Internally generated	3.6	-	8.0	11.5
<b>Total</b>	<b>51.2</b>	<b>40.8</b>	<b>8.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 4.32**

Income types by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Voluntary	50.6	559.4	3,027.5	4,193.4	5,719.6	13,550.4
Earned	177.8	1,053.7	2,695.2	5,637.1	7,418.6	16,982.5
Investment	41.3	182.3	582.8	780.7	1,052.4	2,639.6
<b>Total</b>	<b>269.7</b>	<b>1,795.4</b>	<b>6,305.5</b>	<b>10,611.2</b>	<b>14,190.6</b>	<b>33,172.5</b>

Source: NCVO, GuideStar Data Services

**Table 4.33**

Income types and sources, 2006/07 (% of total)

	Micro	Small	Medium	Large	Major	Total
Voluntary	18.8	31.2	48.0	39.5	40.3	40.8
Earned	65.9	58.7	42.7	53.1	52.3	51.2
Investment	15.3	10.2	9.2	7.4	7.4	8.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Footnotes**

<sup>1</sup> All figures in this chapter have been adjusted for inflation and represent real changes in income.

<sup>2</sup> Changes in the SORP mean that charity accounts shifted from recording total income to total incoming resources. Previously, large gifts such as legacies that would be expended over multiple years were not added to annual income, but added straight to the balance sheet. SORP compliant accounts now include all incoming resources, which in part explains the step increase in total income.

<sup>3</sup> See Clegg et al. (2008) UK Giving 2008, NCVO: London

## Chapter 5

# Expenditure

This chapter looks at general charities' total current expenditure<sup>1</sup>. The data is for the financial year 2006/07, the latest available. Where possible, we have made comparisons with earlier years. All figures have been adjusted for inflation and are expressed in 2006/07 prices to show real change. Given the large volatility in charities' incomes, we believe expenditure is a better guide to the operating level of activity of the sector than income.



## 5.1 EXECUTIVE SUMMARY

**In 2006/07, general charities' expenditure stood at £31.2 billion, a real increase of 3.3% over the previous year.** This suggests the sector is getting bigger in terms of its level of operation and not just in terms of the number of charities. It also reflects the continuing increase in the number of paid staff working in the sector. Although this real increase strips out inflation, some organisations have argued that costs are rising more quickly than the headline rate. If this is true, the increase might reflect higher operating costs and not just expansion.

**General charities spent £22.6 billion carrying out their charitable activities in 2006/07,** a 3.6% increase in real terms from the previous year. The proportion of expenditure spent on the 'mission' continues to gradually increase year on year, which may imply charities are becoming more effective. Better comparative information and more widespread benchmarking activities may explain this change, but it could equally result from the wider adoption of new accounting rules.

**As organisations generate more income, they are more likely to spend money on generating funds.** Whether managing investments, trading or fundraising costs, it clearly costs money to generate income. Major charities spent 13.9% of their expenditure on generating income, but micro charities spent a much smaller 2.3%. Although expenditure on generating income continues to rise in absolute terms, our analysis highlights that the cost of generating income is falling as a proportion of total spending.

**'In 2006/07, general charities' expenditure stood at £31.2 billion.'**

## 5.2 ANALYSIS

### 5.2.1 Overview

In 2006/07, general charities' total current expenditure stood at £31.2 billion, a real increase of 3.3% over the past year. This increase equals the rise in income (3.3%). In real terms, the sector spent £7.9 billion a year more than it did five years earlier in 2001/02, an increase which indicates a substantial expansion of activities. The sector's spending power largely resides with large and major charities: three quarters of total current expenditure (£23.2 billion) is spent by 4,370 charities. As with income, the largest proportion of expenditure is from organisations providing social services, followed by culture and recreation, and health (figure 5.1).

In both 2005/06 and 2006/07 general charities spent 94% of their income. Although this real increase in expenditure strips out inflation, some organisations have argued that costs are rising more quickly than the headline rate of inflation. If this is true, then the almost identical increases in income and expenditure could indicate that the sector is absorbing higher operating costs and not just expanding. In order to address such questions we believe that future research should construct inflation indices for the voluntary sector.

Total current expenditure was almost £2 billion less than total incoming resources. Whilst this might indicate some organisations are generating a surplus or trying to build reserve levels, a more likely explanation is that the

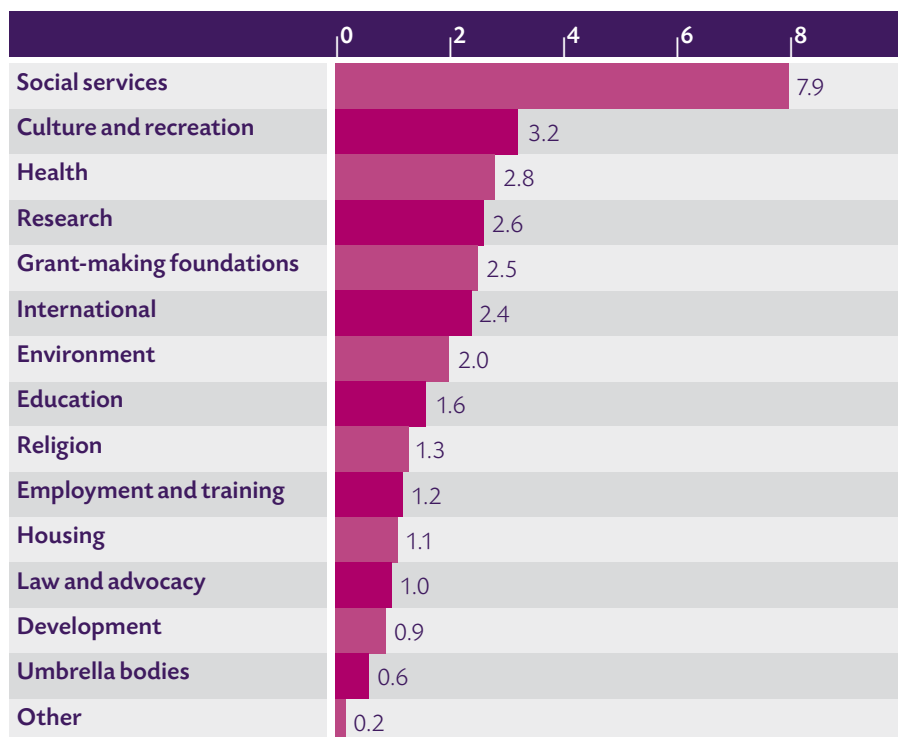
difference is accounted for by capital expenditure (such as on equipment or buildings). We do not have an up to date estimate for capital expenditure; however, if our last available figure for 2001/02 had increased with inflation, the sector would have spent £1.9 billion in 2006/07.

### Types of expenditure

Like public and private sector organisations, charities spend money on employing staff, purchasing goods and services to deliver their mission, and making grants to other organisations. In other words, their expenditure makes a real contribution to the labour market and the formal economy. This section uses charity accounting categories (or 'SORP' guidelines) to illustrate how charities spend their resources.

**Figure 5.1**

Expenditure by sub-sector, 2006/07 (£billions)



Source: NCVO, GuideStar Data Services

### 5.2.2 Expenditure on charitable activities

General charities spent £22.6 billion in 2006/07 carrying out their charitable activities, a figure which does not include grant-making. This was an increase of almost £795 million (3.6%) in real terms from the previous year. The proportion of expenditure spent on conducting charitable activities gradually increased from 65% in 2001/02 to 73% in 2006/07 (figure 5.2). The proportion of expenditure attributed to the 'mission' continues to gradually increase year on year, which may imply charities are becoming more effective. However, such an interpretation requires caution. Better comparative information and more widespread benchmarking activities may

explain this change, but it may equally result from changes in reporting practices. Wider adoption of the revised charities SORP means that more management and administration costs (the previous name for the governance category) are included in charitable expenditure.

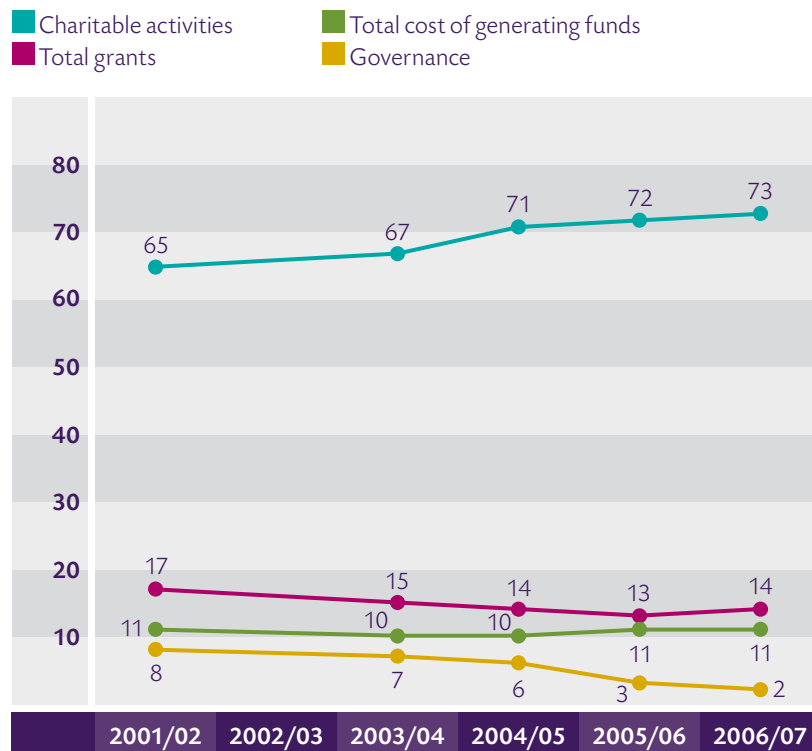
### 5.2.3 Expenditure on grant-making

Although charities are furthering their charitable objectives by grant-making, this type of activity is worth separate analysis. Charities make grants to other charities (which we report as voluntary income from other organisations), individuals and statutory organisations. Higher education institutions are a significant recipient of grant-making by charities, primarily to fund research.

Grant-making by general charities totalled almost £4.4 billion in 2006/07, equivalent to 14% of expenditure. This proportion has fluctuated between 13% and 17% over the last six years. In real terms, grant-making expenditure is £463m higher than in 2001/02, a rate of increase that is somewhat slower than the overall increase in total expenditure or the number of charities. Our estimates therefore imply that grantmakers are faced with supporting a greater number of charities. Grant-making has undoubtedly increased in response – perhaps led by the establishment of new family foundations – but it is not yet clear whether this grant-making expenditure is sufficient to meet the needs of a much larger sector.

**Figure 5.2**

Proportion of expenditure by activity, 2001/02–2006/07 (%)



Note: 2002/03 expenditure inferred.

Source: NCVO, GuideStar Data Services

**5.2.4 Expenditure on generating funds**

Overall in 2006/07, general charities spent £3.6 billion to generate funds, £2.2 billion of which was spent on fundraising and publicity costs. The remainder was spent on managing investments and trading costs (such as the purchase of goods for sale).

Expenditure on generating income is rising in real terms: for example, fundraising and publicity costs rose 6.3% compared with 2005/06. Expenditure on generating funds is often criticised, so it may be worth comparing a total increase of £170 million over the last year with a £1.1 billion increase in income. Whether managing investments, trading or fundraising costs, it clearly costs money to generate income.

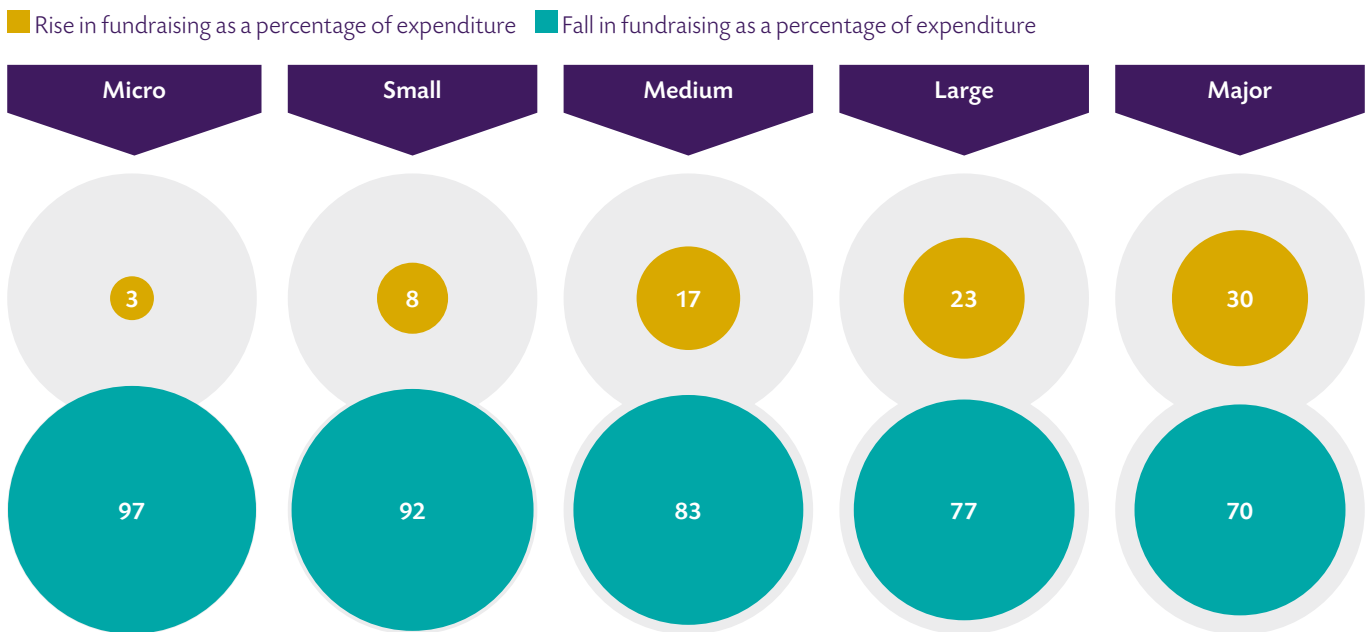
Major charities spent 14% of their expenditure on generating income, but micro charities spent a much smaller 2%.

Although the cost of generating income continues to rise in absolute terms, our analysis highlights that as a proportion of expenditure (11%) it has remained relatively constant over time. Furthermore, many charities are reporting that such costs are falling as a proportion of total expenditure (figure 5.3). Seven in ten major charities reduced their fundraising expenditure over the previous year; virtually all micro charities (97%) reported that fundraising costs were a lower proportion. The £170 million absolute increase in costs was therefore driven by a relatively small number of charities substantially increasing their spending.

Expenditure on investment management was £412 million in 2006/07. This significant sum is equivalent to 0.6% of the value of investment assets held by the sector and as such is a relatively small sum. Investment management costs are 19% higher than those we reported in 2005/06, whilst they are also slightly higher in proportion to the value of investments held (0.6%). It may be the case that pressure to generate higher rates of return or invest more responsibly is driving changes in the cost of investment management.

**Figure 5.3**

Individual change in fundraising and publicity spend as a percentage of expenditure, 2005/06–2006/07 (% of charities)



Source: NCVO, GuideStar Data Services

**5.2.5 Expenditure on governance**

Governance costs account for the remainder of expenditure. In 2006/07 these accounted for £651 million, equivalent to 2p in every £1 of expenditure. The apparent reduction in governance costs over time is primarily a result of changes in the categorisation of expenditure in the latest charities SORP. This residual category was previously named management and administration.

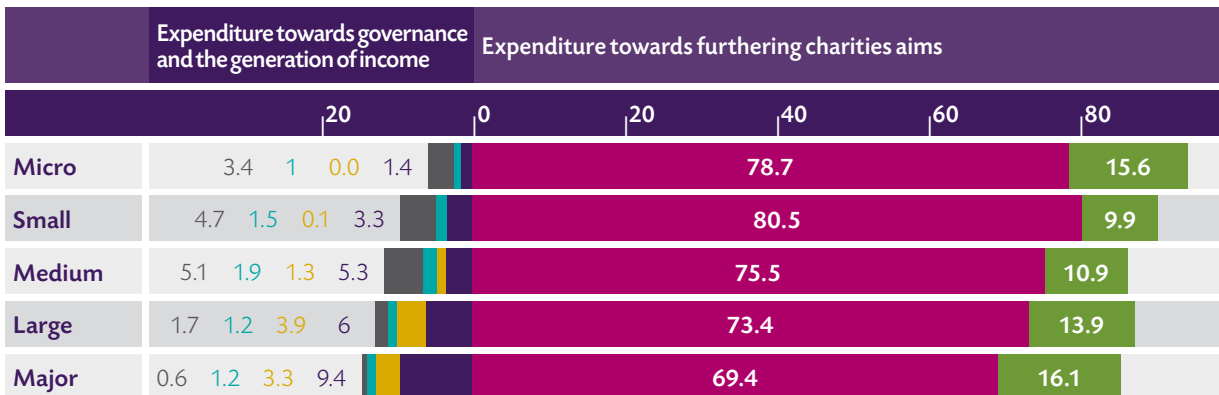
**5.2.6 Differences in expenditure between organisations**

There are substantial differences between organisations’ spending patterns, a subject that requires further research. Smaller charities appear, on average, to spend proportionately more on charitable activities than larger organisations (figure 5.4). Micro, small and medium charities’ governance costs are also proportionately higher than larger organisations. Much lower fundraising expenditure reflects the voluntary nature of fundraising in micro and small charities. Larger charities spend proportionately more on generating funds, but their governance costs account for a smaller proportion of expenditure.

There is also differentiation in spending patterns between causes (figure 5.5). Organisations working within education, employment and training, and housing are more likely to spend a higher proportion of their expenditure on charitable activities and the smallest proportion on fundraising. This is likely to reflect the service delivery focus of these areas where statutory funding predominates. Conversely, general charities working in research and the environment spend a higher proportion of their expenditure on fundraising and a smaller proportion on their charitable activities.

**Figure 5.4**

Types of expenditure, by size of organisation (% of total expenditure)



Source: NCVO, GuideStar Data Services



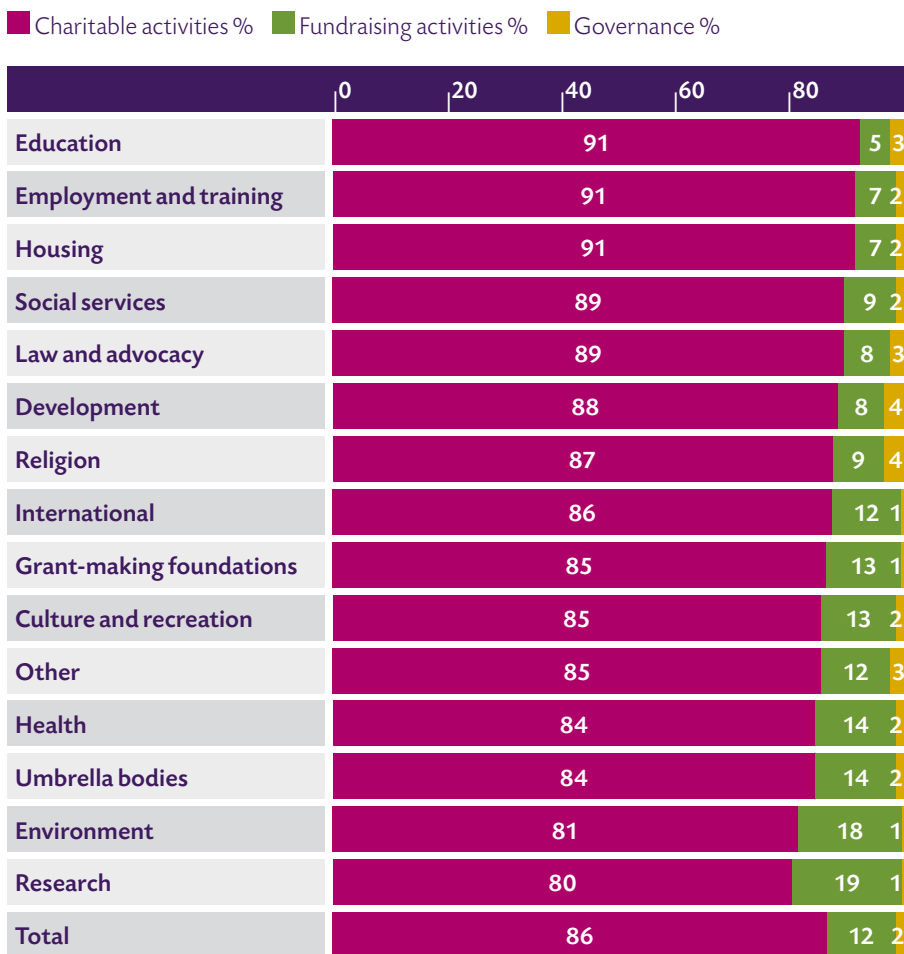
### 5.2.7 Staff costs

Expenditure on staff costs (table 5.9) cuts across the categories outlined in previous sections as organisations employ staff to undertake a range of activities from income generation to service provision. We estimate that in 2006/07 general charities spent £12.4 billion employing staff, equivalent to 40% of total expenditure.

Comparable data for 2001/02 (the last available year) would suggest that staff costs have fallen as a proportion of total expenditure from 43%, but that total expenditure on staff costs has risen from £10.0 billion per annum. This suggests that the sector's staff costs have risen by £2.4 billion in five years, a reflection of both a larger workforce and the rising employment costs typical of a tight labour market.

### Figure 5.5

Proportion of expenditure by sub-sector, 2006/07 (%)



Source: NCVO, GuideStar Data Services

## 5.3 DATA SUMMARY

**Table 5.6**

Breakdown of expenditure by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Fundraising and publicity costs	3.0	59.9	316.1	593.7	1,252.4	2,225.0
Trading subsidiary costs	0.0	1.8	76.8	389.9	440.1	908.6
Investment management costs	2.1	26.1	113.9	114.4	155.3	411.8
<b>Total cost of generating funds</b>	<b>5.1</b>	<b>87.7</b>	<b>506.7</b>	<b>1,098.0</b>	<b>1,847.9</b>	<b>3,545.4</b>
<b>Total grants</b>	<b>33.7</b>	<b>178.0</b>	<b>652.4</b>	<b>1,376.2</b>	<b>2,134.8</b>	<b>4,375.0</b>
<b>Charitable activities</b>	<b>170.0</b>	<b>1,441.8</b>	<b>4,510.8</b>	<b>7,283.0</b>	<b>9,216.9</b>	<b>22,622.6</b>
<b>Governance</b>	<b>7.3</b>	<b>84.1</b>	<b>304.0</b>	<b>169.3</b>	<b>86.2</b>	<b>650.9</b>
<b>Total expenditure</b>	<b>216.2</b>	<b>1,791.6</b>	<b>5,973.8</b>	<b>9,926.5</b>	<b>13,285.8</b>	<b>31,193.9</b>

Source: NCVO, GuideStar Data Services

**Table 5.7**

Breakdown of expenditure by size of organisation, 2006/07 (%)

	Micro	Small	Medium	Large	Major	Total
Fundraising and publicity costs	1.4	3.3	5.3	6.0	9.4	7.1
Trading subsidiary costs	0.0	0.1	1.3	3.9	3.3	2.9
Investment management costs	1.0	1.5	1.9	1.2	1.2	1.3
<b>Total cost of generating funds</b>	<b>2.3</b>	<b>4.9</b>	<b>8.5</b>	<b>11.1</b>	<b>13.9</b>	<b>11.4</b>
<b>Total grants</b>	<b>15.6</b>	<b>9.9</b>	<b>10.9</b>	<b>13.9</b>	<b>16.1</b>	<b>14.0</b>
<b>Charitable activities</b>	<b>78.7</b>	<b>80.5</b>	<b>75.5</b>	<b>73.4</b>	<b>69.4</b>	<b>72.5</b>
<b>Governance</b>	<b>3.4</b>	<b>4.7</b>	<b>5.1</b>	<b>1.7</b>	<b>0.6</b>	<b>2.1</b>
<b>Total current expenditure</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 5.8**

Breakdown of expenditure by year, 2001/02–2006/07 (£millions)

	2001/02	2003/04	2004/05	2005/06	2006/07
Fundraising and publicity costs	1,485.8	2,009.5	1,747.2	2,094.0	2,225.0
Trading subsidiary costs	992.4	736.0	749.1	935.9	908.6
Investment management costs	0.0	82.9	91.2	345.9	411.8
<b>Total cost of generating funds</b>	<b>2,478.2</b>	<b>2,828.3</b>	<b>2,587.5</b>	<b>3,375.9</b>	<b>3,545.4</b>
<b>Total grants</b>	<b>3,912.3</b>	<b>4,133.2</b>	<b>3,639.3</b>	<b>3,950.8</b>	<b>4,375.0</b>
<b>Charitable activities</b>	<b>15,041.7</b>	<b>18,158.0</b>	<b>18,780.9</b>	<b>21,827.9</b>	<b>22,622.6</b>
<b>Governance</b>	<b>1,835.0</b>	<b>1,867.2</b>	<b>1,609.5</b>	<b>1,036.1</b>	<b>650.9</b>
<b>Total current expenditure</b>	<b>23,267.3</b>	<b>26,986.7</b>	<b>26,617.2</b>	<b>30,190.8</b>	<b>31,193.9</b>

Source: NCVO, GuideStar Data Services

**Table 5.9**

Staff costs by size of organisation, 2006/07

	Micro	Small	Medium	Large	Major	Total
Staff costs (£m)	0.3	423.1	2,506.0	4,238.1	5,206.7	<b>12,374.2</b>
As proportion of expenditure (%)	0.2	23.6	41.9	42.7	39.2	<b>39.7</b>

Source: NCVO, GuideStar Data Services


**Footnotes**

<sup>1</sup> All the outgoings of a charity in the financial year, excluding purchases of fixed assets and investments.

## Chapter 6

# Assets

The data presented within this chapter are a snapshot of the assets and liabilities of general charities in April 2007, the latest available at the time of analysis. Where possible, we have made comparisons with earlier years. All figures have been adjusted for inflation and are expressed in 2006/07 prices in order to show real change.



## 6.1 EXECUTIVE SUMMARY

**Total assets held by general charities in 2006/07 totalled £104.2 billion**, a 3.6% increase on the previous year. Total funds stood at £91.3 billion, growth of £2.1 billion in 12 months. In real terms, the sector’s assets have increased by over £19 billion since the post-millennium dip of 2001/02.

**Investment holdings are driving growth in asset values.** Investment assets experienced relatively strong growth in value and were worth £65.6 billion in March 2007. In contrast, the value of tangible assets remained flat, which may imply limited progress in attempts to build the sector’s property base through mechanisms such as asset transfer.

**Grant-making foundations, including those funding research activities, accounted for half of the sector’s assets** and two-thirds of the sector’s investment assets. Tangible assets, such as property, were more likely to be held by cultural and social service organisations.

**General charities had sufficient funds to cover three years’ worth of current expenditure.** However, there are significant disparities within the sector and it remains the case that many organisations have insufficient free reserves to cope with a downturn in income.

## 6.2 ANALYSIS

### 6.2.1 Overview

The total gross value of assets held by general charities in 2006/07 was £104.2 billion, a rise of £3.6 billion since 2005/06. This was largely driven by an increase in the value of investment holdings. After subtracting liabilities of £12.9 billion, which rose by the lesser amount of £1.5 billion, the sector held approximately £91.3 billion in funds. In real terms, total funds – the amount available for distribution in perpetuity – rose by 2.4% in value over the year, a slower rate of increase than either income or expenditure.

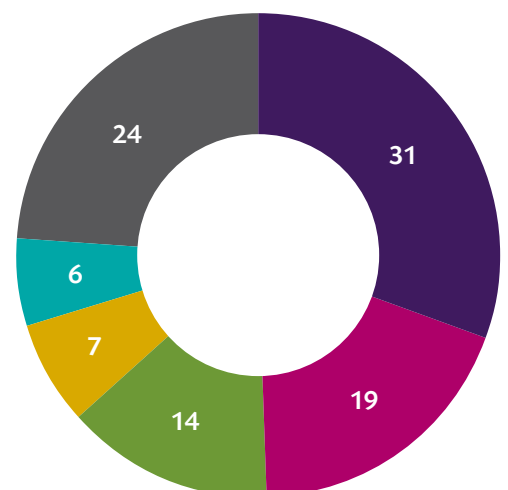
### 6.2.2 Assets

Assets are clearly important to the sustainability of the sector. In a downturn, they are critical to its resilience. The sector’s total gross assets of £104.2 billion were equivalent to over £600,000 for every organisation, but for the most part these assets were concentrated in a small number of charities, with a distribution of assets similar to income and expenditure.

The reality for many organisations is that they have neither fixed assets nor the equivalent of 12 month’s expenditure in reserves. Micro charities held an average of almost £41,000 in funds, whilst small charities held on average £134,000. But even within the Almanac’s five income bands there was significant variation: one third of the sector’s assets were held by 54 organisations. Four charities owned 20% of the sector’s total assets.

A large proportion (31%) of the sector’s assets were, unsurprisingly, held by grant-making foundations (figure 6.1). Organisations whose primary activity is research, and particularly medical research, also held a disproportionate share of assets. The latter predominantly achieve their mission by grant-making: therefore, grant-making organisations can be argued to hold 50% of the sector’s assets. Social services charities, including small scale foundations which make grants to individuals, held a further 14% of assets.

**Figure 6.1**  
Proportion of net assets owned by charities by subsector, 2006/07 (%)



Source: NCVO, GuideStar Data Services

**Assets, liabilities and funds – definitions**

Nearly all voluntary organisations hold some type of assets in the form of buildings, office equipment, investments or cash at the bank. For some organisations, investment assets (such as shareholdings) are a valuable source of income, while for others the main asset may be the building from which they operate. The preservation of the charity’s main asset may be the reason it exists. Ideally, a proportion of assets will be ‘free’ reserves: assets that can be readily converted to cash if needed.

An organisation’s assets are usually offset to some degree by its liabilities, such as outstanding loans. In addition, organisations may make provisions on the balance sheet for expected future costs (events that occur ‘post balance sheet’ such as pension commitments). If short-term and long-term liabilities are subtracted from total assets, the remainder equates to an organisation’s total funds. Funds are an estimate of an organisation’s net worth, effectively the amount available to future beneficiaries.

**Figure 6.2**

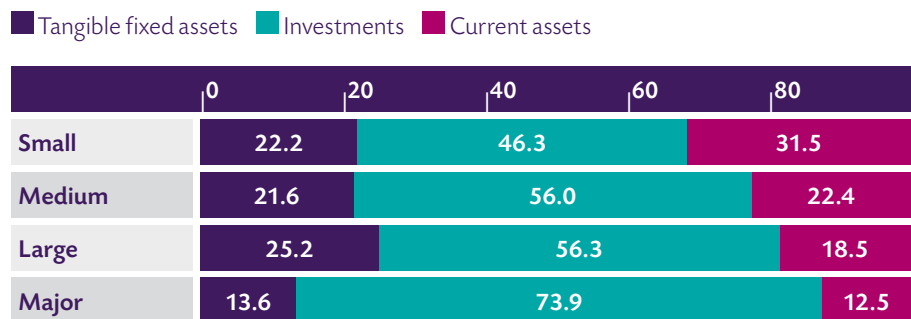
Assets held by general charities, 2001/02–2006/07 (£millions)



Source: NCVO, GuideStar Data Services

**Figure 6.3**

Breakdown of assets by size of organisation, 2006/07 (%)



Source: NCVO, GuideStar Data Services

Note: detailed figures are not available for micro charities.

### 6.2.3 Asset categories

General charities held tangible fixed assets, such as buildings or office equipment, worth £20.1 billion in 2006/07 (figure 6.2). Tangible fixed assets are distributed more evenly than other resources, a reflection of most organisations' need for an operational base. Growth in the value of fixed assets (0.7%) was flat. This may imply that attempts to build the sector's property base through mechanisms such as asset transfer have yet to make an impact.

Investment assets, such as equity holdings or government securities, were worth £65.6 billion in 2006/07, an increase of 6.1%. This increase drove much of the

growth in the sector's funds. A small proportion of this may be a switch from cash holdings (see below); more likely it is an increase in the value of investments. Major charities hold 49% of the sector's investments; in turn, investments account for three quarters of major charities' assets (figure 6.3).

Current assets, including cash or its equivalents and amounts owed to the organisation, were worth £18.6 billion, a fall of £292 million. A medium-term switch from current assets to investments, and an increase in investment management costs, may be indicative of a sector attempting to derive a better return from

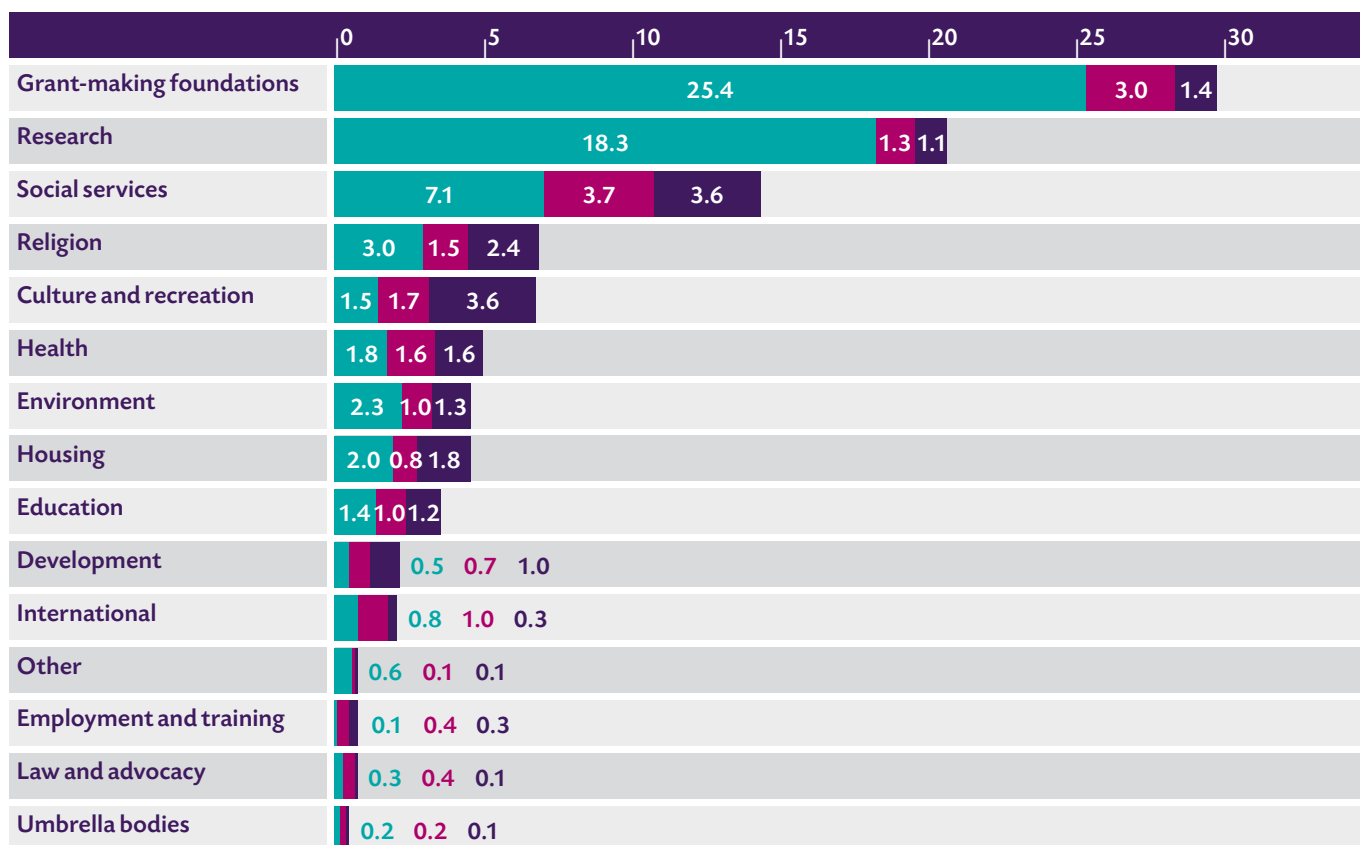
its asset holdings. Broadly speaking, larger organisations were less likely to hold current assets (figure 6.3).

The sub-sectoral distribution of investment assets indicates that grant-making foundations and research charities held two-thirds of the sector's total investments, over £40 billion in 2006/07. As already noted, tangible fixed assets are more evenly spread throughout the sector, although culture and recreation organisations are disproportionately likely to have large tangible assets such as buildings, holding 18% of all tangible assets. These organisations own valuable buildings, such as museums and theatres.

**Figure 6.4**

Gross assets by sub-sector, 2006/07 (£billions)

■ Investment assets ■ Current assets ■ Tangible assets



Source: NCVO, GuideStar Data Services

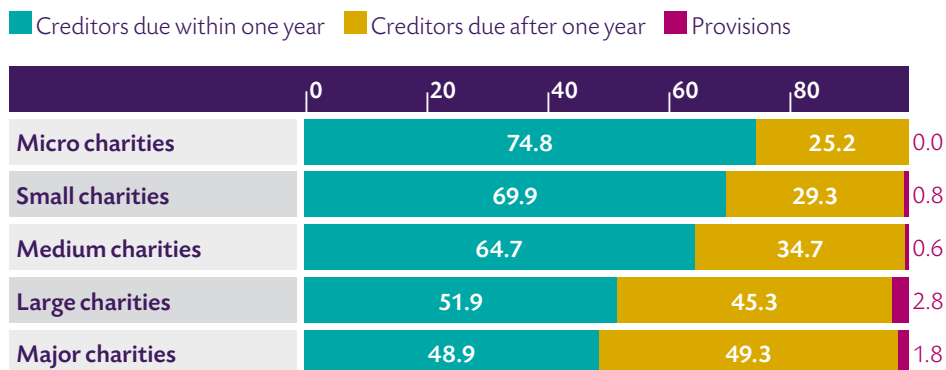
### 6.2.4 Liabilities

While assets of all types showed growth from 2005/06 to 2006/07, it is important to note that the liabilities of charities grew at a faster rate. Liabilities that charities incur include the future repayment of borrowing through loans, overdrafts and mortgages, and commitments for future expenditure such as grant programmes. These liabilities fall into three categories – long-term (payment due after one year), short-term (payment due within one year) and provisions. Figure 6.5 shows the proportion of liabilities in each of these categories.

Longer-term liabilities showed more growth than short-term ones, particularly for larger organisations who have the stability of income and in-house expertise to plan finances over a longer period. This could be the consequence of increased use of loan finance as a vehicle for expansion of charitable activities.

**Figure 6.5**

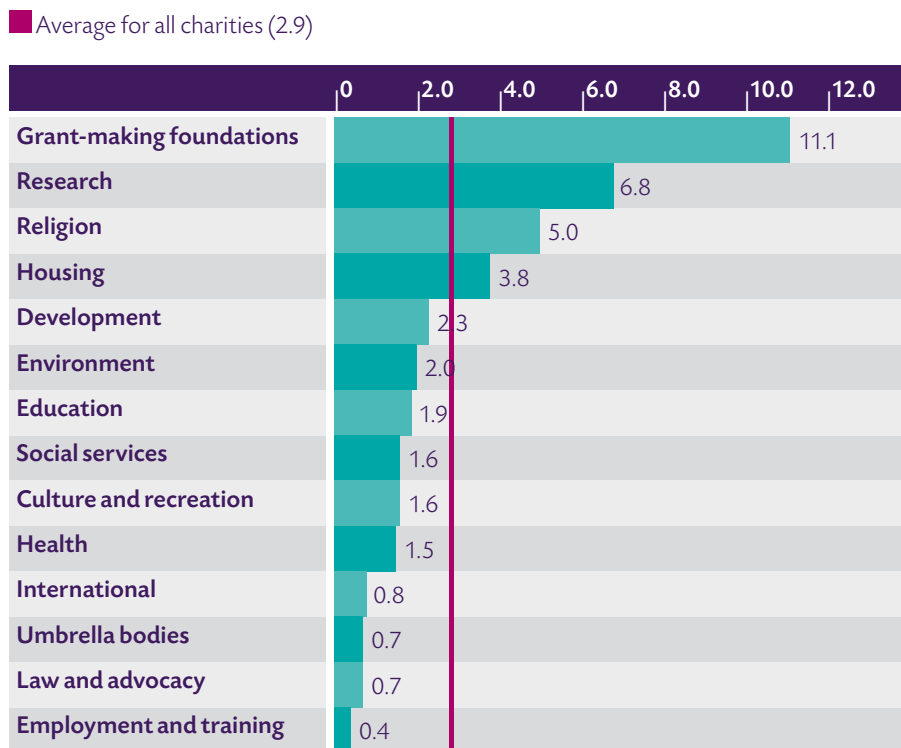
Breakdown of liabilities by size of organisations, 2006/07 (%)



Source: NCVO, GuideStar Data Services

**Figure 6.6**

Funds held by sub-sector, 2006/07 (years of expenditure)



Source: NCVO, GuideStar Data Services



### 6.2.5 Total funds

Funds, or total net assets, increased to £91.3 billion in 2006/07. General charities had sufficient funds to cover three years' worth of current expenditure. However, there are significant disparities within the sector and it remains the case that many general charities have insufficient free reserves to cope with a downturn in income.

Figure 6.6 shows the funds held by each sub-sector, and whether they are above or below the average for all charities. As would be expected the major grant-making subsectors (foundations, research organisations) keep considerable reserves to fund their grant-making activities, and indeed these reserves will also provide a major source of income in the form of investments. For some sub-sectors the picture is more worrying, with employment and training-based organisations having less than six months reserves on average. Three other sub-sectors, 'law and advocacy', 'umbrella bodies', and 'international' have less than one year's expenditure as funds.

A useful albeit limited indicator of the protection offered by funds is the number of years worth of operating expenditure held in reserve (Table 6.12). The long-term average for the sector as a whole is approximately three year's worth of expenditure held in reserve, though this includes foundations. The much higher ratio exhibited by micro organisations reflects the large number of trusts in this group, many of which exist simply to disburse grants.

These ratios for the sector as a whole disguise variation in the ratio for individual organisations. Over 98,000 organisations (57% of general charities) do not have enough funds to cover twelve months of expenditure. These figures include tangible fixed assets: free reserve levels will therefore be lower, so the estimates in figure 6.7 are likely to overestimate the proportion of organisations with sufficient resources to cover a fall in income.

### Figure 6.7

Available funds and current expenditure, 2006/07 (number of organisations)

	Micro	Small	Medium	Large	Major	Total
Funds cover more than 1 year's expenditure	39,377	23,112	8,501	1,735	152	72,876
Funds cover up to 1 year's expenditure	50,902	28,092	11,689	2,116	250	93,048
No funds	3,361	1,022	475	112	11	4,981
Total	93,640	52,225	20,664	3,963	413	170,905

Source: NCVO, GuideStar Data Services

## 6.3 DATA SUMMARY

**Table 6.8**

Assets and liabilities by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Intangible fixed assets	0.0	0.3	6.3	8.6	11.1	26.3
Tangible fixed assets	776.5	1,549.4	4,401.8	7,494.6	5,854.2	20,076.5
Investments	2,194.7	3,231.9	11,425.9	16,796.5	31,908.7	65,557.7
<b>Fixed assets</b>	<b>2,971.3</b>	<b>4,781.7</b>	<b>15,833.9</b>	<b>24,299.7</b>	<b>37,774.0</b>	<b>85,660.6</b>
Current assets	866.1	2,202.5	4,585.8	5,521.0	5,411.8	18,587.3
Creditors due within one year	89.9	225.7	1,031.2	2,239.7	3,225.7	6,812.3
<b>Net current assets</b>	<b>776.3</b>	<b>1,976.7</b>	<b>3,554.5</b>	<b>3,281.3</b>	<b>2,186.1</b>	<b>11,775.0</b>
<b>Total assets less current liabilities</b>	<b>3,747.5</b>	<b>6,758.4</b>	<b>19,388.5</b>	<b>27,581.0</b>	<b>39,960.2</b>	<b>97,435.6</b>
Creditors due after one year	30.2	94.7	552.6	1,956.0	3,248.3	5,881.8
Provisions	0.0	2.7	9.0	122.1	120.9	254.6
<b>Net total assets</b>	<b>3,717.3</b>	<b>6,661.1</b>	<b>18,826.9</b>	<b>25,502.9</b>	<b>36,591.0</b>	<b>91,299.2</b>

Source: NCVO, GuideStar Data Services

**Table 6.9**

Funds by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Unrestricted funds	1,658.3	4,461.7	11,936.5	14,450.0	23,652.9	56,159.4
Restricted funds	112.7	777.2	2,134.1	3,218.2	3,636.9	9,879.0
<b>Income funds</b>	<b>1,771.0</b>	<b>5,238.9</b>	<b>14,070.5</b>	<b>17,668.2</b>	<b>27,289.8</b>	<b>66,038.4</b>
<b>Endowment funds</b>	<b>1,946.3</b>	<b>1,422.2</b>	<b>4,756.4</b>	<b>7,834.7</b>	<b>9,301.2</b>	<b>25,260.8</b>
<b>Net assets</b>	<b>3,717.3</b>	<b>6,661.1</b>	<b>18,826.9</b>	<b>25,502.9</b>	<b>36,591.0</b>	<b>91,299.2</b>

Source: NCVO, GuideStar Data Services

**Table 6.10**

Liabilities by size of organisation, 2006/07 (£millions)

	Micro	Small	Medium	Large	Major	Total
Creditors due within one year	89.9	225.7	1,031.2	2,239.7	3,225.7	6,812.3
Creditors due after one year	30.2	94.7	552.6	1,956.0	3,248.3	5,881.8
Provisions	0.0	2.7	9.0	122.1	120.9	254.6
<b>Total liabilities</b>	<b>120.1</b>	<b>323.1</b>	<b>1,592.8</b>	<b>4,317.8</b>	<b>6,594.9</b>	<b>12,948.7</b>

Source: NCVO, GuideStar Data Services

**Table 6.11**

Assets and liabilities of general charities, 2003/04–2006/07, (£million, 2006/07 prices)

	2003/04	2004/05	2005/06	2006/07
Intangible fixed assets	21.4	44.6	20.9	26.3
Tangible fixed assets	18,070.7	18,532.4	19,930.9	20,076.5
Investments	48,319.0	55,669.7	61,799.2	65,557.7
<b>Fixed assets</b>	<b>66,409.9</b>	<b>74,246.7</b>	<b>81,751.0</b>	<b>85,660.6</b>
Current assets	19,004.9	19,686.2	18,878.9	18,587.3
Creditors due within one year	7,333.3	7,264.4	6,171.2	6,812.3
<b>Net current assets</b>	<b>11,671.6</b>	<b>12,421.7</b>	<b>12,707.7</b>	<b>11,775.0</b>
<b>Total assets less current liabilities</b>	<b>78,081.5</b>	<b>86,668.5</b>	<b>94,458.7</b>	<b>97,435.6</b>
Creditors due after one year	4,254.8	4,050.1	4,822.2	5,881.8
Provisions	1,276.1	238.4	437.6	254.6
<b>Net total assets</b>	<b>72,550.6</b>	<b>82,380.0</b>	<b>89,198.9</b>	<b>91,299.2</b>

Source: NCVO, GuideStar Data Services

**Table 6.12**

Total net assets : current expenditure ratio, 1994/95–2006/07

	Micro	Small	Medium	Large	Major	All
1994/95	5.8		2.5	3.3	2.8	3.2
2001/02	6.7	4.3	3.1	2.2	3.0	3.0
2006/07	17.2	3.7	3.1	2.6	2.8	2.9

Source: NCVO, GuideStar Data Services

**Table 6.13**

Breakdown of funds by size of organisation, 2006/07 (%)

	Micro	Small	Medium	Large	Major	Total
Unrestricted funds	44.0	67.0	63.4	56.7	64.7	60.8
Restricted funds	3.0	11.7	11.3	12.6	9.9	10.5
<b>Income funds</b>	<b>47.0</b>	<b>78.6</b>	<b>74.7</b>	<b>69.3</b>	<b>74.6</b>	<b>71.3</b>
<b>Endowment funds</b>	<b>53.0</b>	<b>21.4</b>	<b>25.3</b>	<b>30.7</b>	<b>25.4</b>	<b>28.7</b>
<b>Fixed assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 6.14**

Breakdown of assets by size of organisation, 2006/07 (%)

	Micro	Small	Medium	Large	Major	Total
Intangible fixed assets	-	<0.1	<0.1	<0.1	<0.1	<0.1
Tangible fixed assets	20.2	22.2	21.6	25.1	13.6	19.3
Investments	57.2	46.3	56.0	56.3	73.9	62.7
<b>Fixed assets</b>	<b>77.4</b>	<b>68.5</b>	<b>77.6</b>	<b>81.5</b>	<b>87.5</b>	<b>82.0</b>
<b>Current assets</b>	<b>22.6</b>	<b>31.5</b>	<b>22.4</b>	<b>18.5</b>	<b>12.5</b>	<b>18.0</b>
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

**Table 6.15**

Breakdown of liabilities by size of organisation, 2006/07 (%)

	Micro	Small	Medium	Large	Major	Total
Creditors due within one year	74.8	69.9	64.7	51.9	48.9	52.8
Creditors due after one year	25.2	29.3	34.7	45.3	49.3	45.2
Provisions	0.0	0.8	0.6	2.8	1.8	1.9
<b>Total liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: NCVO, GuideStar Data Services

Chapter 7

# Workforce



## 7.1 EXECUTIVE SUMMARY

### The voluntary and community sector workforce continues to increase.

The UK voluntary and community sector employed 634,000 people in 2006. Between 1997 and 2006 the voluntary and community sector workforce increased by 24% (123,000 employees). There appears to be no sign of this expansion slowing down, particularly in light of the sector's increasing role in public service delivery. This growth provides further opportunities for people to work within the voluntary and community sector and affirms the sector as a key part of the UK labour market.

### Voluntary and community sector employees are highly qualified and mainly work in professional occupations.

Over half of voluntary and community sector workers (55%) work in 'professional', 'associate professional and technical' or 'managerial and senior official' occupations. One-third of voluntary and community sector employees (32%) have a degree-level qualification. Two out of three voluntary and community sector employees (66%) have an 'A' level qualification or higher. This professionalisation of the voluntary and community sector increases the attractiveness of the sector as a career choice.

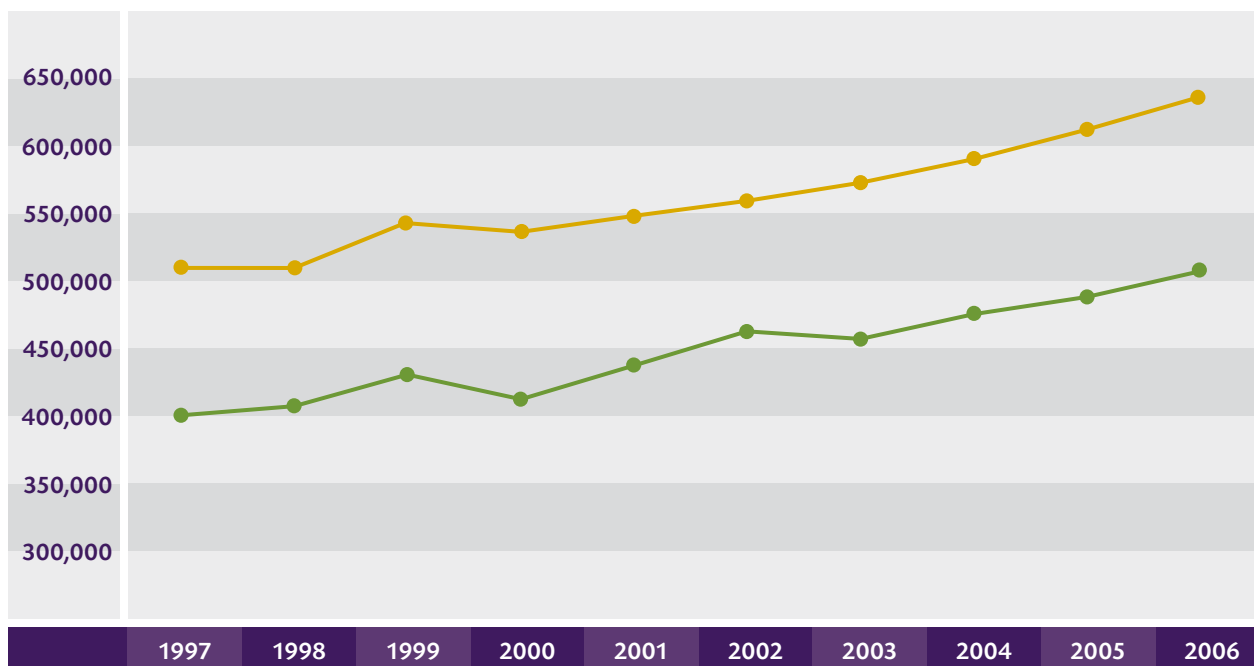
### The majority of the voluntary and community sector workforce is employed in social work activities.

In 2006, more than half of the voluntary and community sector workforce (55%) was employed in social work activities. Between 1997 and 2006 there has been a huge rise in the number of voluntary and community sector workers employed in 'social work activities without accommodation', from 166,000 employees in 1997 to 300,000 in 2006, an increase of 80%. This substantial increase may in part be explained by the transfer of social care activities from the public sector.

**Figure 7.1**

Total UK voluntary and community sector workforce, 1997–2006 (headcount/full-time equivalent (FTEs))

■ Headcount ■ FTE



Source: Labour Force Survey

Base: All people aged 16 and over

## 7.2 ANALYSIS

### 7.2.1 Introduction

This chapter illustrates the size and characteristics of the UK voluntary and community sector's paid workforce. The majority of data in this chapter is based on the UK Labour Force Survey (LFS) for 2006; the data therefore does not relate to the general charities definition. At present, the LFS is the most comprehensive UK-wide survey of employment that can be analysed by sector (voluntary, private and public). The methodology used for this analysis is presented in Appendix 1.

Further information on the UK voluntary and community sector workforce, including a ten-year trend analysis of key characteristics such as employment status, diversity and industrial and occupational groupings, can be found in the *UK Voluntary Sector Workforce Almanac 2007*.

### 7.2.2 The voluntary and community sector workforce continues to increase

The LFS estimates that 634,000 people were employed in the UK voluntary and community sector in 2006. The voluntary and community sector employs one in 50 of the total UK workforce, accounting for 2.2% of all UK employees.

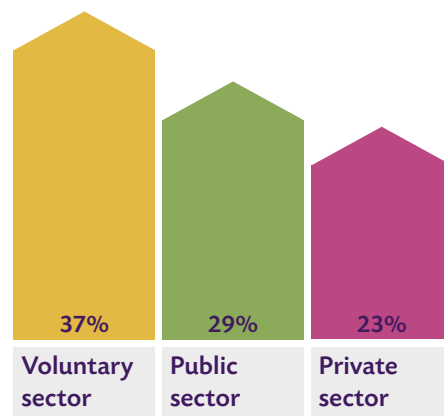
Between 1997 and 2006 the voluntary and community sector workforce has experienced a much higher rate of increase (24%) than the private sector (9%) and the public sector (16%). There appears to be no sign of this expansion slowing down, particularly as the voluntary and community sector's role in the delivery of public services expands. This growth in the sector provides further opportunities for people to work within the voluntary and community sector and affirms the sector as a key part of the UK labour market.

Total employment can also be expressed as full-time equivalents (FTEs<sup>1</sup>), a more accurate indicator of workforce capacity. The voluntary and community sector now employs an estimated 508,000 FTE paid staff. This is an increase of approximately 75,000 in the five years since 2001 (17%) (figure 7.1).

'The LFS estimates that 634,000 people were employed in the UK voluntary and community sector in 2006.'

**Figure 7.2**

Voluntary, public and private sector part-time employment, 2006 (headcount, %)



Source: Labour Force Survey  
Base: All people aged 16 and over

### 7.2.3 Part-time work is a significant part of voluntary and community sector employment

There are 235,000 part-time employees and 399,000 full-time employees in the UK voluntary and community sector. As figure 7.2 shows, part-time employment is much higher in the voluntary and community sector than in both the public and private sectors. The large number of part-time workers is a significant feature of the voluntary and community sector workforce. Part-time working has implications for the management of human resources both in terms of organisational and individual development. Effective information and knowledge management systems should be implemented and sufficient working arrangements, resources and guidance in place to facilitate this.

Between 1997 and 2006 the number of voluntary and community sector employees working full-time grew by 79,000, an increase of 25%. Over the same period part-time working in the sector increased by 46,000 employees, a similar percentage increase of 25%.

Full-time employees in the voluntary and community sector are contracted to work on average 37.5 hours a week, excluding overtime. This is slightly lower than the average of 38 hours within the public sector and 41 hours within the private sector.

### 7.2.4 Most voluntary and community sector part-time employees do not want a full-time job

More than eight out of ten (82%) voluntary and community sector part-time employees (192,000 employees) do not want a full-time job. Less than one in ten (9%) voluntary and community sector part-time employees are working part-time because they could not find a full-time job, equating to 21,000 employees. This suggests that these employees do not want to work full-time and that they are attracted to the part-time opportunities the voluntary and community sector offers. As the voluntary and community sector continues to play a bigger part in providing services to the public, it should be ensured that the opportunities for part-time employment which many voluntary and community sector employees value remain.

### 7.2.5 A high proportion of voluntary and community sector employees are on temporary contracts

More than nine out of ten employees (91%) in the voluntary and community sector are on permanent contracts. Both the private and the public sectors have a higher proportion of employees on permanent contracts (95% and 93% respectively). That voluntary and community sector employees are more likely to be on temporary contracts is a concern. If employees and organisations lack job security, the impact on the organisation can be significant. The issue is more worrying as it is possible that many people on fixed-term contracts may define themselves as a permanent worker within the LFS and therefore will not be included within these temporary-worker figures.

**Figure 7.3**

Voluntary, public and private sector female employment, 2006 (headcount, %)



Source: Labour Force Survey  
Base: All people aged 16 and over



### 7.2.6 The voluntary and community sector is concentrated in London and South East England

Many voluntary and community sector employees work in South East England (104,000 employees) and London (90,000 employees). Altogether, just under one in three voluntary and community sector employees (31%) are based in these two regions. The South West and the North West also have a high number of voluntary and community sector employees (10% and 9% respectively).

Interestingly, between 1997 and 2006 the proportion based in London and the South East has fallen – from 38% to 31% (table 7.9). This shows that the growth of the voluntary and community sector has been higher outside these two regions. The proportion of the UK voluntary and community sector based in the West Midlands for example has grown from 6% to 8% over the same ten-year period.

Both Scotland and Wales have seen a distinctive growth in voluntary and community sector employees over the last ten years rising to 66,000 and 31,000 employees respectively. The number of voluntary and community sector employees in Northern Ireland has fluctuated slightly to 10,000 employees.

### 7.2.7 The majority of the voluntary and community sector workforce is female

More than seven in ten of the voluntary and community sector workforce (71%) is female. This is slightly higher than the public sector (64%) and much higher than the private sector (39%) (figure 7.3). The number of women in the voluntary and community sector has seen a steady increase between 1997 and 2006. The proportion of females who work part-time has fluctuated but has remained basically unchanged.

The high proportion of women in the voluntary and community sector has implications for the sector's employment policies and practices, such as maternity leave, part-time working and flexible working practices. New technologies have enabled more people to work flexibly and from home. This presents many opportunities for voluntary and community sector organisations that are able to think strategically about how these new working practices can work for them.

### 7.2.8 Voluntary and community sector employees are highly qualified and mainly work in professional occupations

Table 7.11 shows an analysis of occupations within the voluntary and community sector using the nine major categories in the Standard Occupational Classification (SOC). These findings show the increasing professionalisation of the voluntary and community sector. Over half of voluntary and community sector workers (55%) work in 'professional', 'associate professional and technical' or 'managerial and senior official' occupations.

One-third of voluntary and community sector employees (32%) have a degree-level qualification. Two out of three voluntary and community sector employees (66%) have an 'A' level qualification or higher<sup>2</sup>. The voluntary and community sector employee profile of qualifications is very similar to that of the public sector. In the private sector half the employees (51%) have an 'A' level qualification or higher and around one in six (17%) have a degree or equivalent qualification.

Between 1997 and 2006, the number of voluntary and community sector employees with a degree rose from 134,000 to 206,000, an increase of 54%. This demonstrates that there has been a professionalisation of the voluntary and community sector. Employees are now highly qualified and see a career path within the sector.

**'One third of voluntary and community sector employees have a degree-level qualification.'**

### Skills needs in the UK voluntary sector

In 2007, the UK Workforce Hub conducted a large-scale representative survey of skills shortages and skills gaps in the UK voluntary sector. This was followed by a qualitative study exploring skills gaps in more depth. Key findings from these research studies were:

#### Recruitment problems were evident across the sector, particularly within specialist activity functions

One-quarter of employers reported hard to fill vacancies within their organisation. Hard to fill vacancies were particularly identified within youth work, social care and health care.

#### Skills shortages lie at the heart of hard to fill vacancies

Over one-third of employers with hard to fill vacancies reported skills shortage vacancies. In particular, nearly a quarter of employers cited a lack of specialist skills and/or experience in applicants.

### Skills gaps are apparent across the sector, particularly within specialist skills

Around three in ten employers report under-skilled staff within their organisation. Employers were most likely to identify under-skilled staff within the functions of marketing and fundraising. Skills gaps in management have the greatest impact, particularly strategic management and people management. In organisations of all sizes, the greatest impact of having under-skilled staff was an increase in the workload of other employees.

#### A lack of time and funding for training and development are evident

Half of employers identified that the skills gaps within their organisation were caused by a lack of time and/or funding for training within their organisation. Beyond these, participants identified high employee turnover due to short-term funding, project funding and access to external training and development.

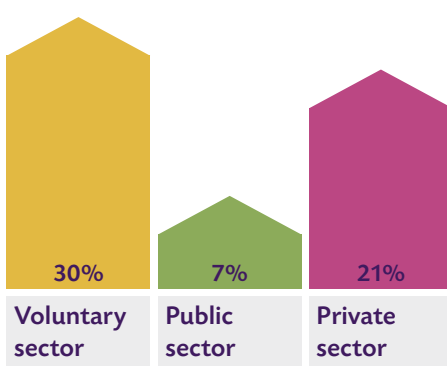
### A number of actions were particularly successful at addressing skills gaps

Key characteristics of successful actions were that they were specific and relevant to an individual's job, flexible and short. This was particularly important when involving part-time workers and volunteers.

'Skills gaps in management have the greatest impact, particularly strategic management and people management.'

**Figure 7.4**

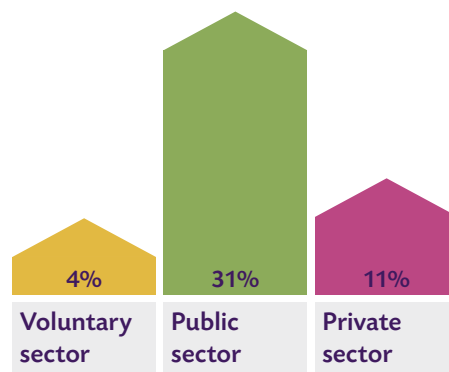
Voluntary, private and public sector employment in workplaces with fewer than ten employees, 2006 (headcount, %)



Source: Labour Force Survey  
Base: All people aged 16 and over

**Figure 7.5**

Voluntary, private and public sector employment in workplaces with more than 500 employees, 2006 (headcount, %)



Source: Labour Force Survey  
Base: All people aged 16 and over

**7.2.9 The majority of the voluntary and community sector workforce are employed in social work activities**

Analysis of the voluntary and community sector workforce using the 1992 Standard Industrial Classification (SIC(92)) helps to identify the relative economic weight of the voluntary and community sector’s constituent activities. The SIC was designed to disaggregate industrial activities and so is not ideal when exploring the workforce of the voluntary and community sector. It does however provide an indication of the changing boundaries between the sectors.

In 2006, more than half of the voluntary and community sector workforce (55%) was employed in social work activities. Between 1997 and 2006 there has been a huge rise in the number of voluntary and community sector workers employed in ‘social work activities without accommodation’<sup>3</sup>, from 166,000 employees in 1997 to 300,000 in 2006, an increase of 80%. This substantial increase may in part be explained by the transfer of social care activities from the public sector. Over the same period the number of employees working in social work activities without accommodation in the public sector increased from 338,000 employees in 1997, to 341,000 in 2006, an increase of only 1%. The ten industrial categories employing the highest number of voluntary and community sector employees have remained the same between 1997 and 2006.

**7.2.10 Voluntary and community sector employees are concentrated in small workplaces<sup>4</sup>**

More than half (51%) of voluntary and community sector employees – 323,000 – work in workplaces of fewer than 25 people, and many in workplaces smaller than this (figure 7.4). This is much higher than in the private and public sectors (36% and 18% respectively). Conversely it is the public sector, followed by the private and then the voluntary and community sector that has the most employees in the largest workplaces (figure 7.5).

These findings have major implications for voluntary and community sector employment policy and practice. With most voluntary and community sector employees located in small workplaces, the task of providing support such as training and development becomes very difficult. Small workplaces are less likely to provide internal training courses and have less capacity for peer support. Small workplaces are also less likely to have central services departments, such as human resources (HR), on site or in many cases to have an HR department at all.

**Figure 7.6**

Voluntary, private and public sector employees by workplace size, 2006 (headcount, %)

■ Under 25 ■ 25–49 ■ 50–499 ■ 500+



Source: Labour Force Survey.

Base: All people aged 16 and over

### 7.3 DATA SUMMARY

Total workforce figures also include those employees who did not place themselves within a particular sector category and therefore are larger than the column totals.

**Table 7.7**

Total UK workforce by sector, 1997–2006 (headcount, thousands)

	1997	2000	2003	2006
Voluntary sector	510	532	577	634
Public sector	6,016	6,193	6,585	6,998
Private sector	19,104	19,864	20,413	20,748
<b>Total workforce</b>	<b>25,632</b>	<b>26,592</b>	<b>27,583</b>	<b>28,384</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.8**

Total UK workforce by sector, 1997–2006 (FTEs, thousands)

	1997	2000	2003	2006
Voluntary sector	403	415	458	508
Public sector	5,013	5,147	5,503	5,907
Private sector	16,534	17,087	17,513	17,859
<b>Total workforce</b>	<b>22,080</b>	<b>22,732</b>	<b>23,578</b>	<b>24,351</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

‘More than half of voluntary and community sector employees work in workplaces of fewer than 25 people, and many in workplaces smaller than this.’

**Table 7.9**

Voluntary sector workforce by region and nation, 1997–2006 (headcount, thousands)

	1997	2000	2003	2006
North East	16	22	15	20
North West	43	48	65	58
Yorkshire and Humberside	31	35	38	49
East Midlands	25	25	31	35
West Midlands	29	43	38	48
Eastern	51	49	49	56
London	96	92	90	90
South East	95	95	98	104
South West	54	49	50	66
England	442	458	475	526
Wales	16	17	27	31
Scotland	41	48	63	66
Northern Ireland	12	9	12	10
<b>Total</b>	<b>510</b>	<b>532</b>	<b>577</b>	<b>634</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.10**

Gender of voluntary sector employees by employment status, 1997–2006 (headcount, thousands)

	1997	2000	2003	2006
<b>Female overall</b>	<b>344</b>	<b>364</b>	<b>392</b>	<b>448</b>
Female full-time	186	190	217	247
Female part-time	157	173	175	201
<b>Male overall</b>	<b>166</b>	<b>168</b>	<b>185</b>	<b>185</b>
Male full-time	133	136	147	152
Male part-time	32	32	38	34

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.11**

Voluntary sector occupations, 2002–2006 (headcount, thousands)

	2002	2004	2006
Associate professional and technical	123	138	161
Personal service occupations	105	119	125
Managers and senior officials	103	96	111
Administrative and secretarial	92	93	92
Professional occupations	76	79	79
Elementary occupations	34	33	33
Skilled trades occupations	19	16	14
Sales and customer service occupations	10	13	12
Process, plant and machine operatives	5	7	6
<b>Total workforce</b>	<b>567</b>	<b>593</b>	<b>634</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.12**

Voluntary sector employees by highest qualification level, 1997–2006 (headcount, thousands)

	1997	2000	2003	2006
Degree or equivalent	134	161	185	206
Higher education	66	74	78	93
GCE 'A' level or equivalent	89	90	101	121
GCSE grades A–C or equivalent	98	106	111	119
Other qualification	73	59	62	61
No qualification	45	37	37	29
<b>Total</b>	<b>510</b>	<b>532</b>	<b>577</b>	<b>634</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.13**

Top ten voluntary sector industries, 1997–2006 (headcount, thousands)

	1997	2000	2003	2006
Social work activities without accommodation	166	199	244	300
Social work activities with accommodation	56	50	51	50
Religious organisations	30	35	32	33
Hospital activities	39	29	26	31
Development/sale of real estate (housing)	28	30	26	29
Primary education, private, non-maintained	14	13	15	17
General secondary education, private, non-maintained	36	26	21	16
Other membership organisations	19	17	19	15
Adult, other education	11	10	13	13
Museum activities	11	12	14	12
<b>Total</b>	<b>510</b>	<b>532</b>	<b>577</b>	<b>634</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Table 7.14**

Workplace size by sector, 2006 (headcount, thousands)

Number of employees in workplace	Voluntary sector	Public sector	Private sector
1–10	193	521	4,394
11–19	81	406	1,723
20–24	35	258	824
Don't know but under 25	14	90	425
25–49	102	974	2,249
50–249	131	1,691	3,871
250–499	25	508	1,321
Don't know but between 50 and 499	10	261	667
500 or more	23	2,159	2,258
<b>Total</b>	<b>634</b>	<b>6,998</b>	<b>20,748</b>

Source: Labour Force Survey.

Base: All people aged 16 and over

**Footnotes**

<sup>1</sup> The FTE (full-time equivalent) measure reflects the paid human resource available by converting hours worked by part-time staff into the equivalent number of full-time staff.

<sup>2</sup> Between 1997 and 2006 the types of qualification which are grouped under each heading have changed, as new qualifications have been added and the question wording altered. Therefore caution should be taken when comparing the broad qualification headings for each year. Further information can be found on the Office for National Statistics website at [http://www.statistics.gov.uk/downloads/theme\\_labour/LFSUG\\_Vol3.pdf](http://www.statistics.gov.uk/downloads/theme_labour/LFSUG_Vol3.pdf).

<sup>3</sup> 'Social work activities without accommodation' refers to a wide-range of non-residential social care activities.

<sup>4</sup> The size of the workplace refers to the total number of employees at the respondent's workplace.

## Chapter 8

# Volunteers and Trustees

This chapter was written by Nick Ockenden and Joanna Stuart of the Institute for Volunteering Research (IVR). The Institute for Volunteering Research was established in 1997 to develop knowledge and understanding of volunteering, with particular relevance to policy and practice. The Institute is an initiative of Volunteering England and the Centre for Institutional Studies at the University of East London.

Find out more about the Institute for Volunteering Research at [www.ivr.org.uk](http://www.ivr.org.uk)



## 8.1 EXECUTIVE SUMMARY

### Large numbers of people volunteer but there has been no increase since 2001.

In 2007/08, 73% of adults in England were involved in some form of volunteering. Forty three percent were ‘formal volunteers’, providing their help through organisations, groups and clubs, contributing an estimated £22.7 billion to the economy. Overall levels of volunteering have however remained static since 2001 and have fallen since 2005, suggesting that extra efforts are needed within and outside the sector if we are seeking to encourage more people to get involved.

**Volunteering brings a wide range of benefits.** Volunteers feel they gain from their volunteering in many different ways. Above all, it gives them satisfaction and enjoyment. However, the benefits of volunteering are not felt evenly, not least because some groups face more barriers to getting involved than others. Those with no qualifications and those from specific ethnic minority groups, for example, are less likely to participate in volunteering.

**Recruitment and retention issues remain.** Many organisations are struggling with recruiting enough volunteers and nearly one in five organisations feel that recruitment or retention difficulties will hold back their organisation over the next three years.

**Time and bureaucracy are the biggest barriers to volunteering.** While four in five potential new recruits are put off volunteering because they do not think they have enough time, half say they do not get involved because of the bureaucracy involved. This suggests that the sector and volunteer involving organisations need to be aware of the perceived and real barriers of red tape and paper work.

‘Volunteers feel they gain from their volunteering in many different ways.’

**Figure 8.1**

Levels of formal volunteering, 2001–2007/08 (%)



Source: Citizenship Surveys 2001, 2003, 2005 and 2007/08

## 8.2 ANALYSIS

### 8.2.1 The volunteering picture

Volunteering in England is a highly popular activity. In 2007/08, 73% of adults in England had participated in volunteering at least once in the past year<sup>1</sup>. Volunteers contribute significantly to local communities, individual lives and the environment, and in economic terms are estimated to contribute £22.7 billion to the economy<sup>2</sup>.

Those involved might volunteer through a group, club or organisation (formal volunteering) or independently of these structures (informal volunteering). Informal volunteering remains more common than formal volunteering with 64% of individuals undertaking informal volunteering each year compared to 43% undertaking formal volunteering. Fewer people, but still large numbers, volunteer formally on a regular basis: 27% of people gave their time at least once a month. This equates to a large body of people. In 2007/08, the number of people formally volunteering in England was 17.7 million (at least once a year) and 11.1 million (at least once a month).

Overall levels of regular volunteering have remained static since 2001, and have actually decreased since 2005<sup>3</sup> (see figure 8.1). However, since 2001 participation in formal volunteering at least once in the last year has increased (from 39% to 43%). This suggests that more people are volunteering formally but are not doing so on a regular basis.

At the same time the number of hours spent volunteering by individuals looks to be declining. Although caution is required when making direct comparisons with other surveys, data from the 2007 National Survey of Volunteering suggests that amongst current formal volunteers the average number of volunteering hours over a period of four weeks was 11<sup>4</sup>. This compares to 16 hours in 1997<sup>5</sup>.

These trends suggest that, overall, volunteers are volunteering less regularly and spending less time on their volunteering activities. Indeed, new recruits to volunteering are more likely to engage on a one-off basis and commit fewer hours compared to long standing volunteers<sup>6</sup>. This trend has implications for the management and involvement of volunteers from an organisational point of view. Some groups may require longer-term commitment, perhaps those supporting vulnerable client groups and may therefore find it harder to recruit the type of volunteers they need; conversely, other organisations may find that they are able to respond well to volunteers dipping in on a more ad hoc, flexible basis.

The rest of this chapter will focus on formal, rather than informal, volunteering.

‘Those who are female, have qualifications, live in less deprived areas and those who practise religion are more likely to take part in formal volunteering on a regular basis.’

### 8.2.2 Who volunteers?

Participation in volunteering varies across different groups of the population. Those who are female, have qualifications, live in less deprived areas and those who practise religion are more likely to take part in formal volunteering on a regular basis. Groups at risk of social exclusion (those with a limiting lifelong illness/disability, no qualifications and some minority ethnic groups) are significantly less likely to participate in volunteering (21% are regular formal volunteers compared to 27% of all adults).

Levels of involvement also vary according to ethnicity and age. Those aged 25 to 34 and those from Pakistani, Bangladeshi and Chinese backgrounds are least likely to be regularly involved in formal volunteering<sup>1</sup> (tables 8.2 and 8.3).

### 8.2.3 Volunteering activities

The most popular fields for volunteers include education (schools, colleges and universities, with 31% of current formal volunteers), religion (24%), sports and exercise (22%) and health/disability (22%). Over the past ten years an increasing proportion of volunteers are helping more than one organisation (59% compared to 53% in 1997) with one-third (36%) volunteering with three organisations or more. This suggests the existence of a highly active and mobile group of volunteers.

Volunteers participate in a wide range of activities across the voluntary, public and private sectors. Most commonly, formal volunteers are involved in raising and handling money (65%) and organising/helping to run an event (50%). Many are also involved as trustees or committee members (28%, see table 8.4).

### 8.2.4 The volunteer experience

Research shows that volunteers benefit in numerous ways from their participation. The most important benefits identified by volunteers themselves were gaining a sense of satisfaction from seeing the results of their volunteering (97% of current volunteers) and enjoyment (97%). Many volunteers also highlighted the social benefits to their involvement, such as providing an opportunity to meet people and make friends (86%). Links between volunteering and employability and qualifications were less commonly identified; just under a quarter of volunteers felt that it gave them a chance to improve their employment prospects while only 14% said that it gave them an opportunity to gain a recognised qualification. Despite this, large numbers of volunteers felt that their experience gave them the chance to learn new skills (61%). This suggests that the skills and experiences gained through volunteering have value and meaning to volunteers beyond the job market.

**Table 8.2**

Extent of regular formal volunteering by ethnicity, 2007/08

Ethnicity	% volunteering
White	28
Black Caribbean	27
Mixed race	27
Black African	26
Indian	22
Pakistani	16
Bangladeshi	15
Chinese/Other	16

Source: 2007/08 Citizenship Survey

**Table 8.3**

Extent of regular formal volunteering by age, 2007/08

Age group (years)	% volunteering
16–24	24
25–34	22
35–49	29
50–64	29
65–74	31
75 and over	24

Source: 2007/08 Citizenship Survey

Volunteers are generally more satisfied with the way their volunteering is organised compared to ten years ago. In 1997, 71% of volunteers thought that their volunteering could be much better organised. This has since dropped to 31%. While this clearly remains a concern, the significant change points to considerable improvements in the practice of volunteer management. Other concerns voiced by volunteers include excessive bureaucracy (identified by 28% of volunteers), volunteering becoming too much like paid work (17%) and too much concern within organisations over risk (11%). Such findings indicate that organisations should be aware of the potential negative impacts of the wider professionalisation and formalisation of volunteering and should work to ensure that it does not become a barrier to people's participation.

### 8.2.5 Recruitment and retention of volunteers

The recruitment of volunteers remains an issue for a number of voluntary and community organisations. Recent research with volunteer-involving organisations<sup>7</sup> found that over half had experienced problems recruiting enough volunteers over the last year: 23% said they had 'a lot of problems' and 38% experienced this problem 'a little'. Similar proportions reported problems with recruiting volunteers with the skills they needed and getting volunteers from a wide range of social and community backgrounds. Recruitment difficulties have particularly been reported amongst small organisations and amongst those looking to recruit trustees and management committee members. It is estimated that there are more than one million vacant trustee positions in England.

The retention of volunteers is also a concern amongst some organisations. One in ten reported that their organisation had experienced 'a lot' of problems with retaining volunteers over the last year. Organisations are also concerned about the future: nearly one in five organisations (17%) felt that recruitment or retention difficulties would hold back their organisation over the next three years.

Amongst those who say they do not volunteer but would like to get involved, lack of time is cited as the most common barrier (82%). Half (49%) are put off by too much bureaucracy. Other issues include concerns about risk and liability (47%) and not knowing how to find out about volunteering (39%).

**Table 8.4**

Types of volunteering activity, 2006/07

Type of volunteering activity	% of volunteers
Raising and handling money	65
Organising, helping run an event	50
Committee member	28
Educating	25
Secretarial, administrative, clerical	21
Transporting	19
Representing	19
Visiting people	17
Giving advice, information and counselling	16
Befriending	15
Campaigning	14
Other practical help	35
Other help	14

Source: 'Helping Out: A national survey of volunteering and charitable giving.'

### 8.2.6 Conclusion

While the overall levels of volunteering have not changed since 2001, the sector and the volunteering movement are witnessing a shift. The amount of time spent by individuals is declining and new volunteers are tending to get involved more in one-off episodic activities. Volunteers are also increasingly spreading their time across a number of different organisations.

The perceived time commitment involved in volunteering is off-putting to potential new volunteers, while many organisations are struggling to attract new recruits and are concerned about the future. Organisations will need to think seriously about the ways they are involving volunteers, the flexibility of their volunteering opportunities on offer and how much these meet the needs of new and current volunteers. Volunteers are reflecting more positively on the way their volunteering is being organised. However, there are concerns amongst potential new recruits about the perceived bureaucracy of volunteering. This highlights the need for the sector and organisations to embrace an approach to volunteering that is well managed and organised but also flexible and informal.

**Table 8.5**

Reasons for not volunteering, 2006/07

Reason for not volunteering	% of respondents
Not enough spare time	82
Put off by bureaucracy	49
Worried about risk/liability	47
Don't know how to find out about getting involved	39
Not got the right skills/experience	39
Wouldn't be able to stop once got involved	36
Worried about threat to safety	27
Worried I might end up out of pocket	25
Worried I wouldn't fit in with other people involved	23
Illness or disability	22
Feel I am too old	20
Family/partner wouldn't want me to	20
Worried about losing benefits	7

Source: 'Helping Out: A national survey of volunteering and charitable giving.'

#### Footnotes

<sup>1</sup> Department for Communities and Local Government (2008) Citizenship Survey: 2007–08 (April 2007 – March 2008), England and Wales. London: DCLG. [www.data-archive.ac.uk](http://www.data-archive.ac.uk).

<sup>2</sup> People who volunteered at least once a year with a mean of 7.6 hours in the four weeks before interview. This equates to 98.8 hours per year. There are an estimated 17.7 million people who volunteer formally at least once a year, which equates to an annual population contribution of 1.75 billion hours. When multiplied by the average hourly wage this produces a figure of £22,739,017,600.

<sup>3</sup> Attwood, C., Singh, G., Prime, D., Creasey, R., et al (2003) 2001 Home Office Citizenship Survey: people, families and communities. London: Home Office Research.

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<sup>4</sup> Low, N., Butt, S., Ellis Paine, A., and Davis Smith, J. (2007). Helping Out: A national survey of volunteering and charitable giving. London: Cabinet Office.

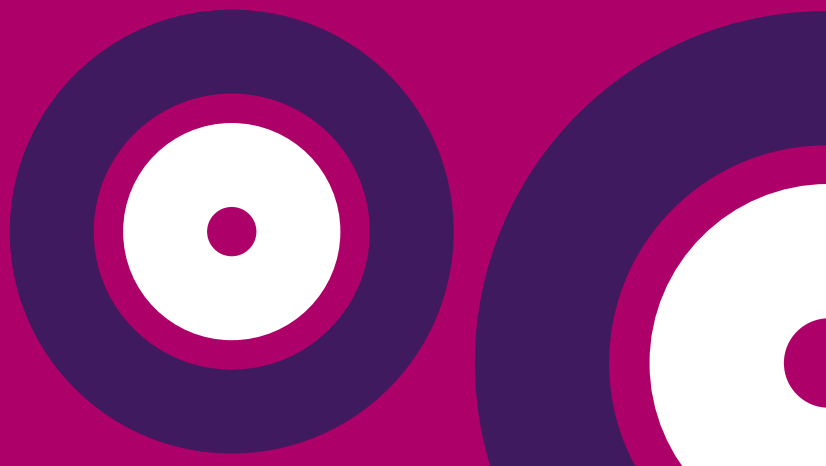
<sup>5</sup> Davis Smith, J. (1998). The 1997 National Survey of Volunteering. London: The National Centre for Volunteering.

<sup>6</sup> Butt, S. (2008). The changing and non-changing faces of volunteering: further findings from Helping Out. London: Institute for Volunteering Research.

<sup>7</sup> Machin, J. and Ellis Paine, A. (2008). Management Matters: a national survey of volunteer management capacity. London: Institute for Volunteering Research.

Chapter 9

# Individual Giving



## 9.1 EXECUTIVE SUMMARY

**Individual giving is an important source of unrestricted income for some charities**, and making a donation also signifies public support for a particular cause. Therefore both the amount of money given and the number of people who give are key indicators for analysis. The evidence suggests that in recent years there has been little significant change in either.

**In 2007/08, more than half of adults (56%) gave to charity each month**, a slight increase from 54% in 2006/07. This equates to almost 28 million people giving to charity in a typical month in 2007/08. The estimated overall amount of charitable giving in 2007/08 was £10.6 billion, an increase of 8.1% after adjusting for inflation.

**Those working in relatively well paid managerial and professional occupations have a higher propensity to donate.** Conversely, those working in lower-paid routine and manual occupations are less likely to donate, though it is still the case that almost half of respondents were donors.

**A small number of high-level donors account for a large proportion of the total money given to charitable causes.** These donations have the ability to sustain causes that may not enjoy widespread popularity. Although religious causes were only supported by 7% of all donors, it was the cause with the highest proportion of high-level donors, and took the overall largest share of all individual giving.

**‘In 2007/08, more than half of adults gave to charity each month.’**

## 9.2 ANALYSIS

The data and findings discussed here are from the UK Giving 2008 survey, which seeks to map out who gives, how much, and to which causes. The summaries presented here focus on particular issues arising from that report. The survey includes data on respondents' income, occupation, education and gender. It provides the most up-to-date profile of charitable giving in the UK.

### 9.2.1 How widespread is charitable giving by individuals?

Charitable giving remains widespread, but it has not significantly increased year on year. In 2007/08, 56% of adults gave to charity each month, a slight increase from 54% in 2006/07, but still rather less than the proportion who gave in 2005/06 (58%). Almost 28 million people gave to charity in a typical month in 2007/08 (table 9.4). The estimated overall amount of charitable giving in 2007/08 was £10.6 billion, an increase of 8.1% after adjusting for inflation.

Despite emerging tensions in the UK economy, evidence suggests that many individual donors increased their support for charities in 2007/08. The mean average monthly amount given per donor increased to £33 from £29 in 2006/07. However, a better indication of the 'average gift' is typically the median amount, as a small number of very large donations tend to skew the mean. This has changed little over the last four years: in 2007/08 the median gift was £11, up from £10 in 2006/07 (table 9.5).

#### High-level philanthropy

Although the UK Giving 2008 survey employs a robust methodology to accurately estimate the total charitable giving taking place in the UK, it does have some inherent limitations.

One of the limitations of using general survey methods to capture data on giving is that no matter how large the sample, the survey is extremely unlikely to capture millionaire givers, although they do exist. The data analysed in this chapter therefore does not include those kinds of high-level philanthropic charitable donations, and instead focuses on the ordinary giving patterns of everyday donors.

The Centre for Philanthropy, Humanitarianism and Social Justice at the University of Kent examines high-level philanthropy in its new 'Coutts Million Pound Donors Report.' This report is the first attempt to collate and analyse data on UK charitable donations of £1 million or more.<sup>2</sup> This research adds another important dimension to the overall data on charitable giving, and sheds some much needed light on high-level philanthropy in the UK.

'In 2007/08 the median amount given per donor was £11.'



### 9.2.2 Who gives to charity?

Perhaps unsurprisingly, individuals on higher incomes, who have a degree and are working in managerial and professional occupations have a relatively higher propensity to give to charity. Both mean and median donation levels increase significantly with an increase in income: in other words, the amount donated appears to be related to the donor's income (table 9.6).

Conversely, those working in lower-paid routine and manual occupations are less likely to donate, though it is still the case that almost half of respondents were donors. These trends remain relatively unchanged over time (table 9.7).

### 9.2.3 Gender and giving

Overall, women remain more likely to give than men, with 58% of women donating to charity in 2007/08 compared to 51% of men (table 9.8). Among donors, amounts donated differ significantly by gender. During 2007/08 female donors gave a mean annual average of £354, compared with £442 for male donors. UK Giving 2008 survey analysis suggests that in 2007/08 male donors gave larger amounts than in 2006/07. As such, much of the increase in mean average giving and the total amount given has been driven by changes in the giving behaviour of men.

### 9.2.4 Causes

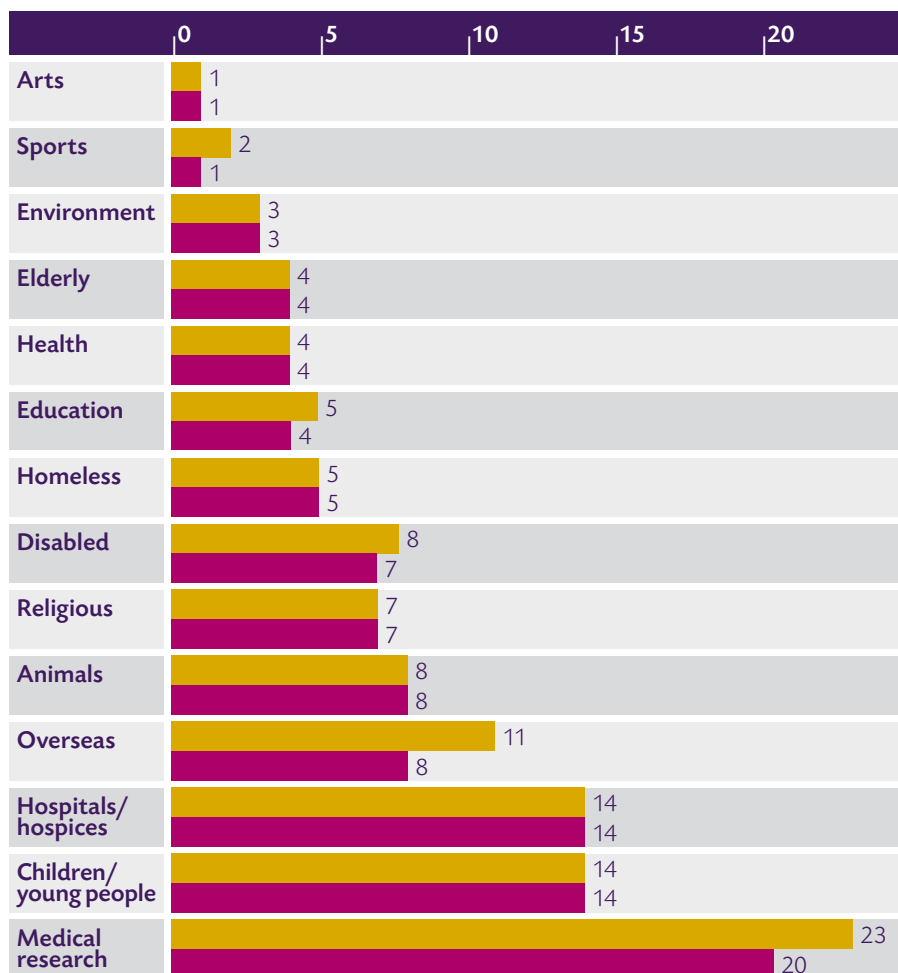
In the UK Giving 2008 survey, respondents themselves allocate their donations to the listed causes according to their own interpretations of the causes. Therefore one respondent may classify their donation as 'medical research' whereas another may classify their donation to the same cause as 'overseas'. Medical research continues to be the most popular charitable cause, supported by 20% of the population. Charitable causes that focused on children/young people, along with hospitals/hospices, received the second highest levels of support at 14%.

However, when measuring which causes attract the highest financial support, the greatest overall share of donations went to religious causes, even though only 7% of donors gave to them.

**Figure 9.1**

Proportion giving to charity by cause, 2005/06 and 2007/08 (%)

■ 2005/06 ■ 2007/08



Source: UK Giving 2008, CAF and NCVO

### 9.2.5 Who gives to which causes?

By combining data from four years of the UK Giving survey it is possible to generate a sample of sufficient size to examine how different types of people give to different causes. An analysis of this data by Schnepf and Micklewright found that support for some causes – older people, people with disabilities, animals – was constant across all groups. However, overseas causes are more likely to be supported by people with higher levels of education. This suggests that donors' backgrounds were much more significant for these charities.

### 9.2.6 High-level donors

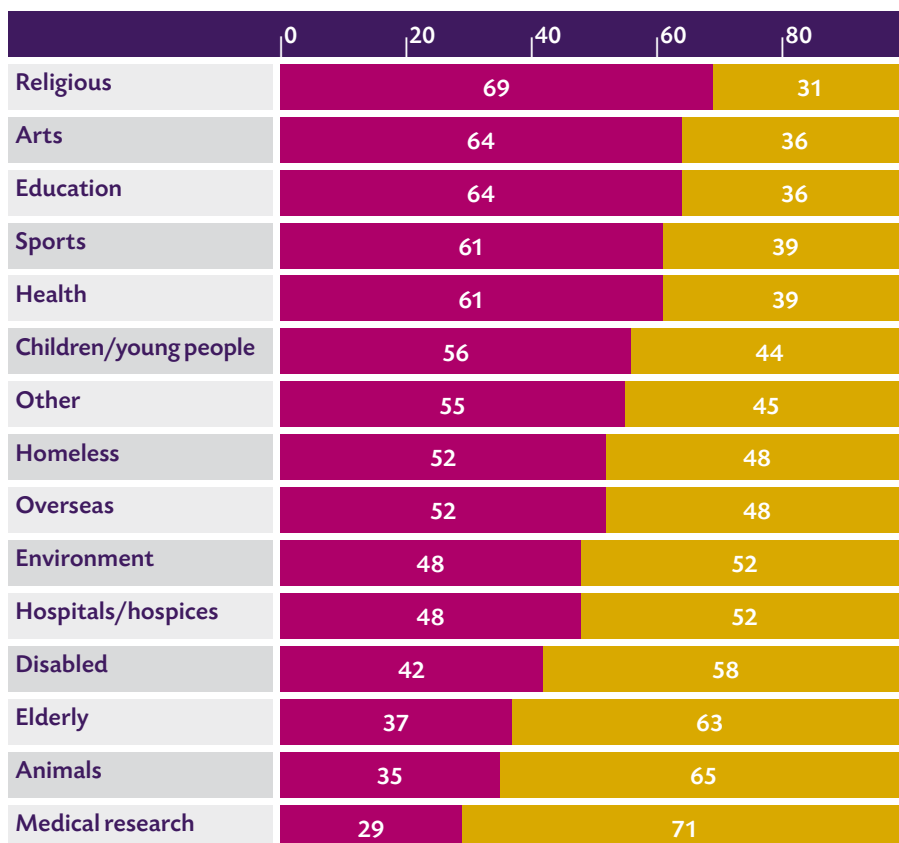
A small proportion of donors (8%) give donations of £100 or more a month, yet these gifts account for more than half of the overall amount given to charity. Religious causes in particular benefit from these 'high-level' donors, receiving 69% of their income from them. Arts and educational charities also receive almost two thirds of their income from high-level donors. In contrast, 71% of people donating to medical research charities gave less than £100.

Figure 9.2 demonstrates how certain causes can be sustained by a core group of high-level donors. In addition to religious causes, arts and education benefit greatly from the support of high-level donors, receiving almost two-thirds of their income from them. It is therefore very important that the profiles of high-level donors be examined more fully. High-level donors account for only 8% of the donating population. They are more likely to be in the upper quartile of income earners, and just over half (52%) of all high-level donors are men. Nearly half (44%) of high-level donors are aged 46–64, and 67% of them had managerial occupations. High-level donations are therefore more likely to come from those who are at the peak of their job earning potential.

**Figure 9.2**

Proportion of high- and standard-level donors by cause, 2007/08 (%)

■ High-level donor (over £100) ■ Standard-level donor (under £100)



'Religious causes in particular benefit from these 'high-level' donors, receiving 69% of their income from them.'

**9.2.7 Methods of giving**

Cash remains the most common method of donating, although its popularity is declining. It was used as a method of giving by 47% of all donors in 2007/08. The use of direct debit has risen in popularity, being used by 30% of all donors. Cash donations tend to come most often in the form of loose change, with the median donation being £4 (and the mean average being £9). Donations via direct debit however are substantially higher, with the median donation being £10 (and the mean average being £27), and account for 24% of the total monies given to charity. Cheques and credit/debit cards are only used by 15% of donors but are associated with the largest monetary gifts, the median donation being £25 (and the mean average being £64) (table 6.10).

Regular, planned giving also provides charities with a more stable and predictable source of income, enabling them to manage their funds more strategically and build relationships with donors. Importantly, it is also a more tax-effective form of giving, as charities can use Gift Aid to reclaim the tax paid on the donation.

In the current financial climate there is an even more compelling case for making donations tax-effective. Government should work with the sector to simplify the process, to make it easier for spontaneous donations to be Gift Aided and to raise public awareness of the benefits of tax-effective giving.

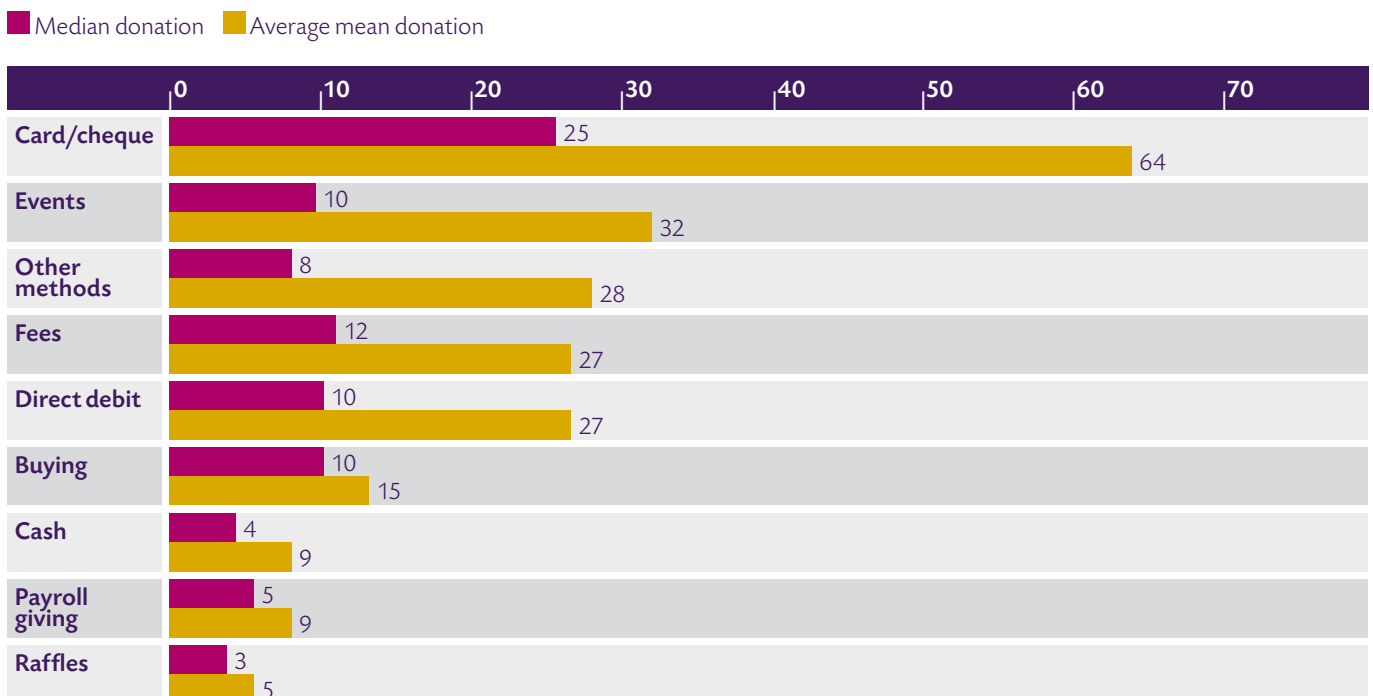
**9.2.8 Conclusion**

This evidence suggests that charitable giving has been fairly stable over time, with a slight increase in the last year. The changing economic landscape will undoubtedly have an impact on levels of giving in the year ahead, as a donor's income level is an important factor in their willingness to give, and the size of their donation. With increasing employment instability, many people may feel that they are no longer financially able to support charitable causes.

In tough financial times, it may become more important than ever that charities are able to efficiently identify and target those people who are more likely to give financial support to their cause.

**Figure 9.3**

Average mean and median donations by donors using each method, 2007/08<sup>1</sup> (£)



Source: UK Giving 2008, CAF and NCVO

## 9.3 DATA SUMMARY

**Table 9.4**

UK donors, 2005/06–2007/08

	2005/06	2006/07	2007/08
Proportion of adults giving (%)	58	54	56
Total number of donors (millions)	28.0	26.8	27.7

Source: UK Giving 2008, CAF and NCVO

**Table 9.5**

Average donations during past four weeks, 2005/06–2007/08 (£)

	2005/06	2006/07	2007/08
Median amount per donor <sup>3</sup>	10	10	11
Mean amount per donor	28	29	33
Median amount per person <sup>4</sup>	2	1	1
Mean amount per person	16	16	18

Source: UK Giving 2008, CAF and NCVO

**Table 9.6**

Proportion giving to charity by income distribution, 2005/06–2007/08 (%)

Income quartile	2005/06	2006/07	2007/08
Lower quartile	51	52	52
Second quartile	57	51	54
Third quartile	62	58	58
Upper quartile	65	65	68

Source: UK Giving 2008, CAF and NCVO

**Table 9.7**

Proportion giving to charity by occupational group, 2005/06–2007/08 (%)

Occupational group	2005/06	2006/07	2007/08
Managerial and professional	67	66	66
Intermediate	58	55	56
Routine and manual	50	47	48

Source: UK Giving 2008, CAF and NCVO

**Table 9.8**

Proportion giving to charity by gender, 2005/06–2007/08 (%)

Gender	2005/06	2006/07	2007/08
Men	53	48	51
Women	60	59	58

Source: UK Giving 2008, CAF and NCVO

**Table 9.9**

Average mean and median giving by income quartile, 2007/08 (£)

	Lower quartile	Second quartile	Third quartile	Upper quartile
Mean given per person	10	13	20	36
Median given per person	1	1	2	8

Source: UK Giving 2008, CAF and NCVO

**Table 9.10**

Proportion of donors giving by method, 2005/06 – 2007/08 (%)

	2005/06	2006/07	2007/08
Cash	50	48	47
Direct debit	26	29	30
Buying	27	25	25
Raffles	27	23	23
Events	13	13	12
Card/cheque	14	12	15
Fees	5	4	5
Payroll giving	4	3	4
Other methods	1	4	2

Source: UK Giving 2008, CAF and NCVO

**Footnotes**

<sup>1</sup> For the purposes of illustration the amounts in this chart have been rounded to the nearest £.

<sup>2</sup> Beth Breeze (2008). *The Coutts Million Pound Donors Report*. Canterbury: The Centre for Philanthropy, Humanitarianism and Social Justice at the University of Kent.

<sup>3</sup> A 'donor' is someone who has reported making a donation to charity in the past four weeks, of £1 or more.

<sup>4</sup> A 'person' is any person in the UK adult population.

Chapter 10

# Housing Associations

This chapter was made possible with the kind assistance of the National Housing Federation. However, any faults with the statistics produced lie with NCVO alone.



## 10.1 EXECUTIVE SUMMARY

There were **1,830 housing associations in the UK owning 2.5 million housing units in 2006/07**. A total of 5.8 million people were housed in these units.

**Housing associations in the UK had a total income of £10.9 billion in 2006/07**, and a total expenditure of £9.2 billion. The majority of housing associations income is from social housing lettings, namely rent. The total net assets held by housing associations were £55.6 billion, mostly representing the housing stock.

**Significant constitutional change has occurred in the housing association sector** over the past 15 years, with the creation and expansion of group structures and a large number of mergers. Over a third of all housing associations in existence in 2002 have implemented some kind of constitutional change.

## 10.2 ANALYSIS

### 10.2.1 Income, expenditure and assets

Housing associations in the UK had a total income of £10.9 billion in 2006/07. The majority of housing associations income is from social housing lettings, namely rent. Like most civil society organisations, the majority of housing associations are relatively small in size, with fewer larger organisations. Of the 1,830 housing associations in the UK, 1,385 (76%) have incomes of less than £1 million.

Total current expenditure for housing associations was £9.2 billion in 2006/07. The majority of this was expended by the largest organisations. It is important to note that housing associations also undertake significant capital expenditure in the form of expanding and improving their housing stock. This capital expenditure is not included in the figure above.

The total net assets held by housing associations were £55.6 billion, mostly representing the housing stock. Nearly 5.8 million people are housed in 2.5 million dwelling units. Total liabilities were £5.3 billion.

### 10.2.2 Housing stock and transfers from local authorities

The majority of housing stock continues to be held by the largest housing associations. Figure 10.1 illustrates how 84% of housing stock is held by 18% of organisations with incomes greater than £10 million.

In recent decades, government policy has brought about substantial changes in social housing throughout the UK. A key tenet of these policies is the transfer of council housing stock from local authorities to housing associations.

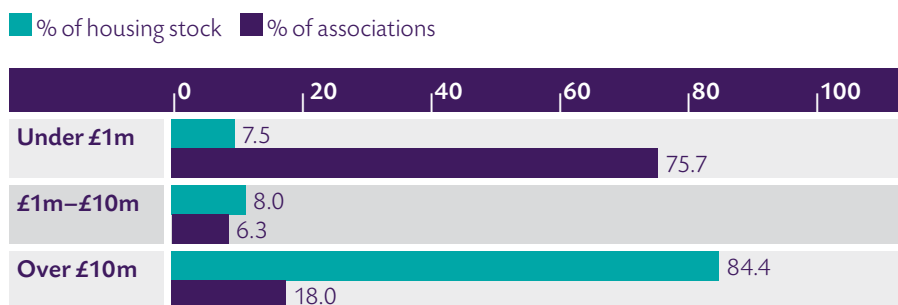
The purpose of these stock transfers has been to encourage investment in the housing stock by taking it outside the strict limits on public sector expenditure. The large scale of these transfers has had an impact on the housing association sector over the past 15 years and is arguably the biggest driver of structural change over this period.

A report by the Joseph Rowntree Foundation (JRF) in September 2003 summarised the impact of these stock transfers on councils.<sup>1</sup> JRF found that the majority of transferred stock went into newly created organisations, rather than existing housing associations. However they have found that the majority of these new 'transfer' housing associations were now operating as subsidiaries in group structures alongside traditional housing associations.

In England local authorities also have the option of transferring stock to arms length management organisations (ALMOs). This effectively means that although the local authority maintains ownership, the housing stock is managed by an ALMO company on a non-profit basis. The progress of this policy is examined in the last part of this chapter.

**Figure 10.1**

Number and housing stock of housing associations per income band, 2006/07 (%)



Source: National Housing Federation (NHF), Scottish Housing Regulator (SHR), Local Government Data Unit Wales (LGDUW), Northern Ireland Federation of Housing Associations (NIFHA)

### 10.2.3 Mergers and groups

Recent changes to the environment in which housing associations operate, for example in the transfer of local authority housing stock, have meant that the sector and individual organisations within it have had to adapt. Much of this adaptation has taken the form of constitutional change. The Housing Corporation has examined these changes in its recent report 'Sector Study 61: Sector Restructuring'.<sup>2</sup>

Since 2002, over 700 of the 1,900 housing associations in existence at the start of the period have implemented some form of constitutional change. Primarily, these changes have involved agglomeration of existing housing associations into clusters, groups or formal structures.

As shown in figure 10.2, these constitutional changes have led to fewer housing associations with a larger average size. The Housing Corporation however believes that the impact on concentration of housing stock in the larger organisations has not been as great as might have been expected.<sup>3</sup>

Overall, income has grown by 131% in eight years whilst housing stock and staff numbers have both increased by 54%. In the same period, the number of housing associations has fallen by 14%.

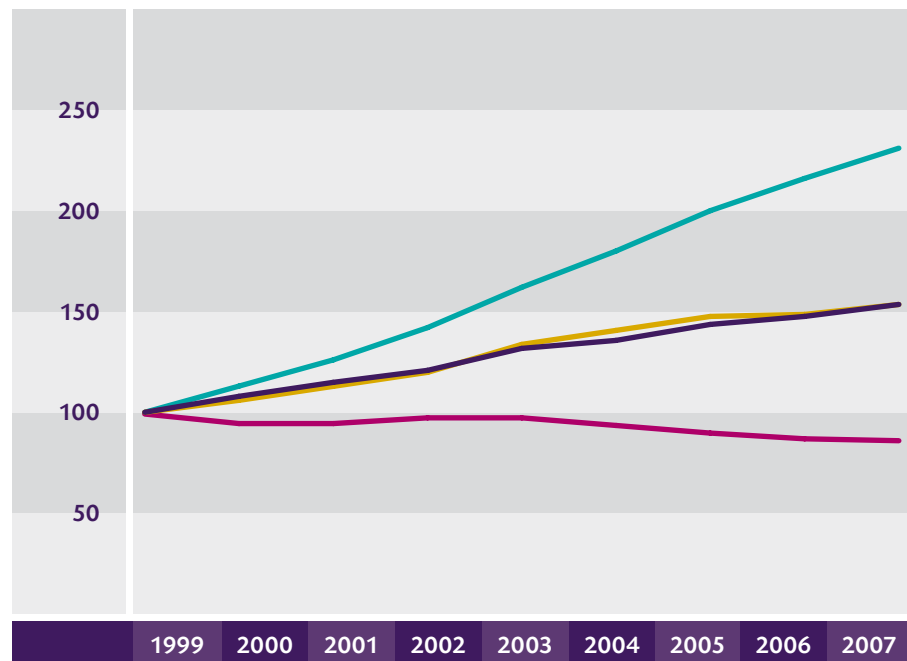
Both the establishment of new housing groups and the enlargement of existing group structures have been widespread in the years 2002–2007 (see table 10.3). As public funding (such as capital grants for new stock) becomes concentrated in fewer organisations, smaller organisations are motivated to merge or form groups in order to compete for this funding. Transfer of local authority stock also seems to be a motivating factor, as 'transfer' housing associations are more likely to have seen constitutional change.

Due to new development and the continuing influx of stock transfers from local authorities, the changes described above have altered the internal make-up of the housing association sector. It is important to note however that there has been a long-term pattern of restructuring. Some claim that mergers have led to an improved level of service for their tenants and increased annual efficiency; particularly those that provide sheltered housing or integrated care. However, these claims have not yet been conclusively proven. If other parts of civil society, for example the charity sector, increase the number of mergers or form more groups, the housing association sector may serve as an example of what effect this will have.

**Figure 10.2**

Housing association sector change, 1999–2007 (%)\*

■ Stock ■ Staff ■ Number of organisations ■ Income



\*This chart shows the relative change in four variables since 1999. Each variable is indexed at 100 for 1999. A value of 150 in 2007 would mean that variable had grown by 50% in eight years.

Source: NHF



**Table 10.3**

Constitutional change transactions of housing associations, 2002–2007

Agglomeration	Enlargement of existing group	75
	Group structure set-up	23
	Merger	143
Group consolidation		71
Internal group set-up		17
<b>Sub-total of transactions</b>		<b>329</b>
<b>Number of housing associations involved in these transactions</b>		<b>496</b>
Housing associations which de-registered as a social landlord		223
<b>Total housing associations which have undergone constitutional change</b>		<b>719</b>

Source: Housing Corporation

### Provision of non-housing services by housing associations – a neighbourhood audit.

#### David Orr

Chief Executive  
National Housing Federation

Housing associations provide more than two million homes for more than five million people across England. What is less well known is that they deliver a huge range of other services which support and add value to the neighbourhoods where they work. This work is for the whole community, not just their own residents. The quality and range of that work means that housing associations contribute massively to the quality of life of the nation.

For the first time, the National Housing Federation has conducted a full audit of the neighbourhood services and facilities housing associations provide. The audit has discovered that there are more than 6,800 identifiable projects, many with a plethora of different activities, and hundreds of neighbourhood facilities like community centres, sports facilities and others which contribute to the economic,

environmental and social stability of our neighbourhoods. We have also identified that housing associations annually invest at least £435 million in this work, made up of £272 million of their own funds and an additional £163 million from other sources. This work benefits the equivalent of around one in ten of the population.

We believe that even these impressive figures are an underestimate of the movement's true investment. The audit asked for details of what is often described as non-core activities. Many housing associations have this work so deeply embedded that it cannot be separated from the 'core' work of building, managing and maintaining homes. Investing in neighbourhoods has become part of the culture – part of the DNA – of the work. And it is worth noting that this is in addition to the well established, and equally critical, investment that housing associations make in the provision of support and care where it is needed. It is clear from the audit that this is the great untold story. Housing associations are often the best resourced agencies in some of the most deprived neighbourhoods in the

country, and they are committed to the long term. They are making responsive local decisions with residents to provide a staggeringly wide range of services including community radio, children's play facilities, new business start-ups, energy efficiency programmes, healthy eating advice and food co-ops, savings schemes, retail enterprises and village halls. And that just scratches the surface. If you can think of a service, somewhere in England a housing association is providing it.

The sustainability and further development of this work will require the strengthening of local partnerships and further work to understand more fully the impact of this level of community investment. There are important debates to be had about future government and other investment. For now, though, let's celebrate what has been achieved so far. It is something that housing associations, their residents and partners, should be proud of.

The full and summary report is available from [www.housing.org.uk/neighbourhoodaudit](http://www.housing.org.uk/neighbourhoodaudit).

## Arms length management of English social housing

### Tony Gilmour

Research Policy Manager,  
Planning Research Centre,  
University of Sydney

Since 2002, local authorities in England have been allowed to establish arms length management organisations (ALMOs) to manage and improve all or part of their council housing. ALMOs are not options for local authorities in Scotland or Wales which operate devolved housing policies. Their key feature is that, whilst the local authority continues as property owner, legal landlord and normally sole shareholder, the housing management organisation operates with a significant degree of autonomy from council control. ALMOs are legally constituted as non-profit companies limited by guarantee, though unlike housing associations any borrowing is classed as part of the national debt.

Government identified in 2000 that it would cost £19 billion and take ten years to bring English council housing to an acceptable standard of warmth, weatherproofing and internal facilities

such as modern kitchens and bathrooms. The two main options for councils wishing to receive improvement grants were to transfer properties to a housing association or set up an ALMO. In arguably the most rapid period of change in England's housing landscape, just over one million homes were transferred to ALMOs in the six years to 2008. There are currently 69 'live' ALMOs operating across 66 local authority areas. They range in size from United Residents Housing, a tenancy management organisation in Lambeth with 2,500 properties, to Sheffield Homes with 42,000.

ALMOs are not standard in their structure or development history. For example, Westminster's ALMO manages all council housing stock, Leeds divided its stock between a number of ALMOs (originally six, merged into three in 2007) and Manchester has a mixture of an ALMO and several stock transfers to new housing associations. The Kensington and Chelsea Tenancy Management Organisation, established in 1996, became an ALMO in 2002 to access funding for improvements. The Royal Borough still owns the housing, but tenants and leaseholders own all

shares in the ALMO and elect 11 of the 21 Directors. Most other ALMOs, like stock transfer housing associations, have a mix on their board of one-third tenants, one-third council nominees and one-third professionals.

For the first few years ALMOs were thought of as a 'half-way' house to becoming housing associations or reverting to council control. The mood has changed now that they are seen as a success story by politicians and residents alike. Their tenancy management skills are rated by the Audit Commission as better on average than achieved by either housing associations or traditional councils. Government has launched a review of ALMO finances to consider ways to give them an independent future once improvements are completed. The outcome is unclear but few consider there is any chance that councils will take back their housing stock as it would be too unpopular with tenants. While ALMOs have not been included in the statistics presented elsewhere in this chapter, there is a therefore a strengthening case to suggest that ALMOs should be seen as part of UK civil society.

### Footnotes

<sup>1</sup> Pawson and Fancy (2003). *Maturing assets: The evolution of stock transfer housing associations*. York: Joseph Rowntree Foundation, Policy Press. <http://www.jrf.org.uk/knowledge/findings/housing/953.asp>.

<sup>2</sup> <http://www.housingcorp.gov.uk/server/show/ConWebDoc.14472>.

<sup>3</sup> In December 2008 the Housing Corporation was replaced by the Tenant Services Authority (TSA) and the Homes and Communities Agency (HCA).

## 10.3 DATA SUMMARY

**Table 10.4**

Number of housing associations by size of organisation, 2006/07

	Under £1m	£1m–£10m	Over £10m	Total
Number of associations	1,385	115	330	1,830
Number of units	188,171	200,342	2,109,826	2,498,339
Number of people housed	436,557	464,793	4,894,796	5,796,146

Source: NHF, SHR, LGDUW, NIFHA

**Table 10.5**

Income of housing associations by size of organisation, 2006/07 (£millions)

		Under £1m	£1m–£10m	Over £10m	Total
Social housing	Lettings	610.2	649.7	7,724.7	8,984.7
	Grants	10.0	10.4	199.2	219.4
	Other	39.0	41.5	904.0	984.5
Non-social housing	Lettings	10.8	11.5	170.4	192.8
	Other	17.3	18.5	488.3	524.1
<b>Total income</b>		<b>687.2</b>	<b>731.6</b>	<b>9,486.7</b>	<b>10,905.4</b>

Source: NHF, SHR, LGDUW, NIFHA

**Table 10.6**

Current expenditure of housing associations by size of organisation, 2006/07 (£millions)

		Under £1m	£1m–£10m	Over £10m	Total
Social housing	Lettings	522.4	556.2	6,591.6	7,670.2
	Other	37.0	39.2	801.5	877.6
Non-social housing	Lettings	7.6	8.1	119.8	135.4
	Other	19.5	20.8	462.9	503.2
<b>Total current expenditure</b>		<b>586.4</b>	<b>624.3</b>	<b>7,975.8</b>	<b>9,186.5</b>

Source: NHF, SHR, LGDUW, NIFHA

**Table 10.7**

Assets of housing associations by size of organisation, 2006/07 (£millions)

	Under £1m	£1m–£10m	Over £10m	Total
Assets	3,784	4,029	53,123	60,935
Liabilities and provisions	481	512	4,315	5,309
<b>Net assets</b>	<b>3,303</b>	<b>3,516</b>	<b>48,808</b>	<b>55,627</b>

Source: NHF, SHR, LGDUW, NIFHA

## Chapter 11

# Universities

Universities may be a controversial inclusion in civil society, but they form a fundamental part of the UK's social fabric. They are included in the Civil Society Almanac because although they receive statutory funding, they share a number of characteristics with the other organisations discussed here. Universities are a key site where progress, participation, innovation, advocacy, and community-building take place, and occupy a unique and important role in civil society. Like other civil society organisations they rely upon donated income, are independently governed, and most have charitable status. In England and Wales, most universities are exempt charities, meaning they are exempt from regulation by the Charity Commission, but subject to charity law (with some specific exemptions) and overseen by the Higher Education Funding Councils.

Data in this chapter was supplied by the Higher Education Statistics Agency (HESA), however any inferences or conclusions drawn from this data are the responsibility of the NCVO.



## 11.1 EXECUTIVE SUMMARY

**Universities educated an estimated 2.5 million students in 2006/07** and had a total income of £21.3 billion with a total expenditure of just over £21 billion.

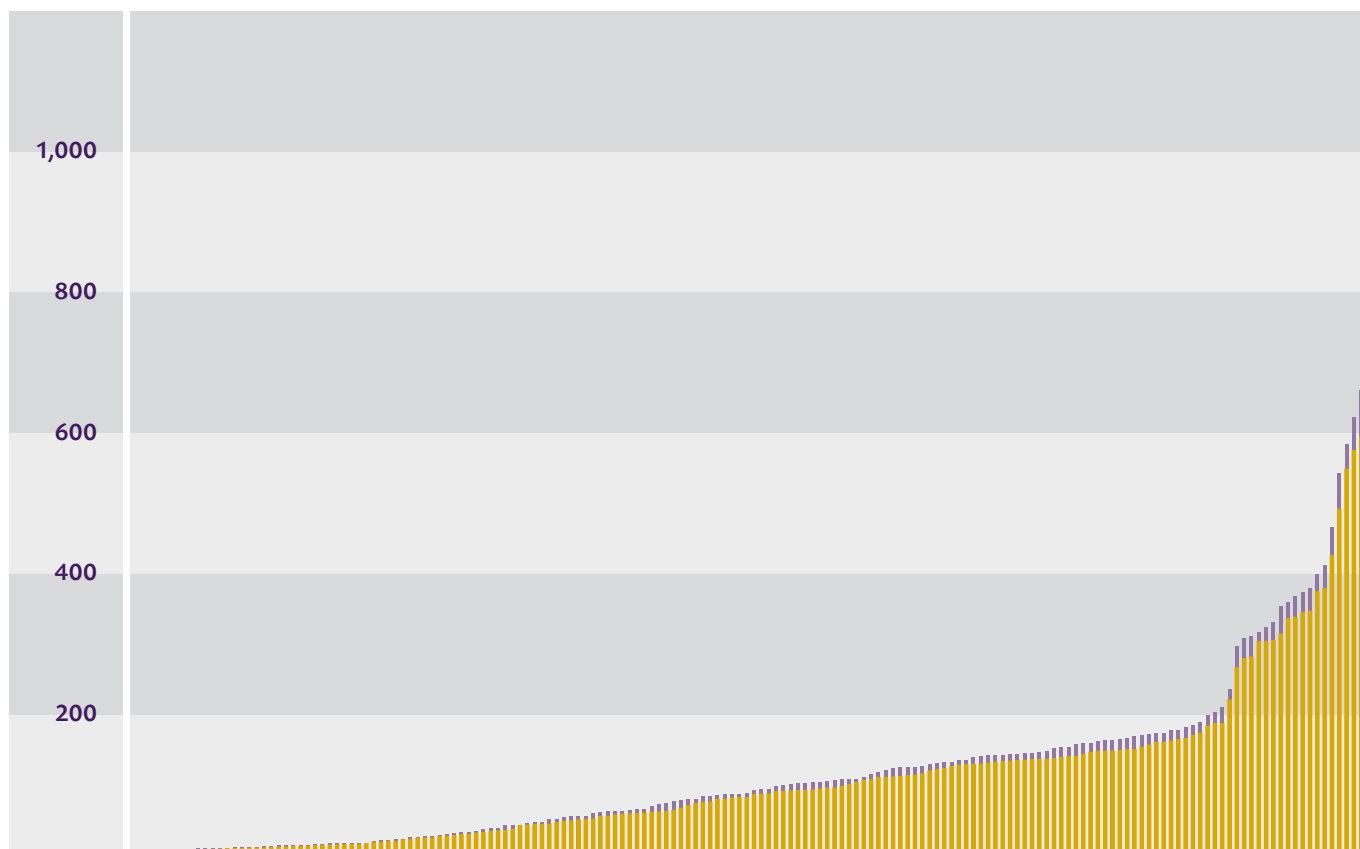
**Universities have various sources of income, with funding council grants and tuition fees continuing to provide the largest streams of revenue.** Funding council grants accounted for £8 billion, and tuition fees accounted for £5.4 billion. Research grants and contracts offer a sizeable portion of revenue to larger income institutions, while universities with smaller incomes tend to derive larger portions of income from investment and other sources. Overall, the inequalities between the richest and poorest institutions continue to increase.

**University endowments remain much lower in the UK as compared to institutions in the USA.** With limited public funding, independent and sustainable finance is a major concern for UK universities, with fundraising becoming an increasingly important focus.

**Universities were affected by the introduction of tuition top-ups in the 2006/07 academic year,** which impacted differently amongst institutions in various parts of the UK. Only universities with the largest incomes saw their average income levels increase, while average incomes dropped within smaller and mid-sized universities.

**Figure 11.1**  
Income of individual universities, 2005/06 and 2006/07 (£ millions)

■ 2005/06 ■ 2006/07



Source: NCVO, Higher Education Statistics Agency (HESA)

## 11.2 ANALYSIS

### 11.2.1 Income and expenditure

The total income of universities in 2006/07 was £21.3 billion, an increase of £1.8 billion from 2005/06. Income rose across all sources, with the exception of grants from local authorities.

Universities range widely in size and income levels forming a broad spectrum with a few very high-income institutions at one end and several lower-income institutions at the other, with the vast majority of universities being mid-sized (figure 11.1). Most of the smaller institutions focus on particular subject areas such as the arts, while the institutions with larger incomes can offer a wider range of subjects.

The total expenditure of universities was £21 billion in 2006/07, representing 99% of income (table 11.4). This not only suggests careful financial management on the part of universities, but that they are institutions that continually operate at full financial capacity.

### 11.2.2 Sources of income

Universities derive their income from a variety of sources, the main ones being funding council grants and tuition fees. Tuition fees account for a total of £5.4 billion of universities' income, while just over £8 billion comes from the public sector, in the form of funding council grants. Research grants and contracts accounted for a total income of £3.4 billion. Earned income from accommodation, conferences, or catering resulted in a total income of £1.2 billion.

As figure 11.2 illustrates, universities with an income of under £100 million derive a higher percentage of their income from funding council grants than universities with incomes greater than £100 million. In contrast, research grants and contracts are a significantly greater source of income for larger universities. Institutions with incomes greater than £100 million earn approximately 12 times as much income from research grants and contracts than universities with an income below £100 million. Mid-income universities (£10 million – £100 million) derived a higher income from business activities such as conferences, accommodation and catering, than both smaller and larger institutions.

Investment accounted for a total income of £390.8 million. Government services accounted for £477.6 million, while other services accounted for a further £836.3 million.

Grants from UK-based charities to universities made up a small proportion of their total income (table 11.5). As a proportion of all grants and research contracts, larger universities derived a smaller percentage from charitable sources than did smaller and mid-sized institutions, yet these grants and contracts amounted to a higher percentage of the larger institutions' overall income. This could support a conclusion that the charitable grants and contracts made to larger universities had a higher value than grants and contracts made to mid-sized and smaller institutions.

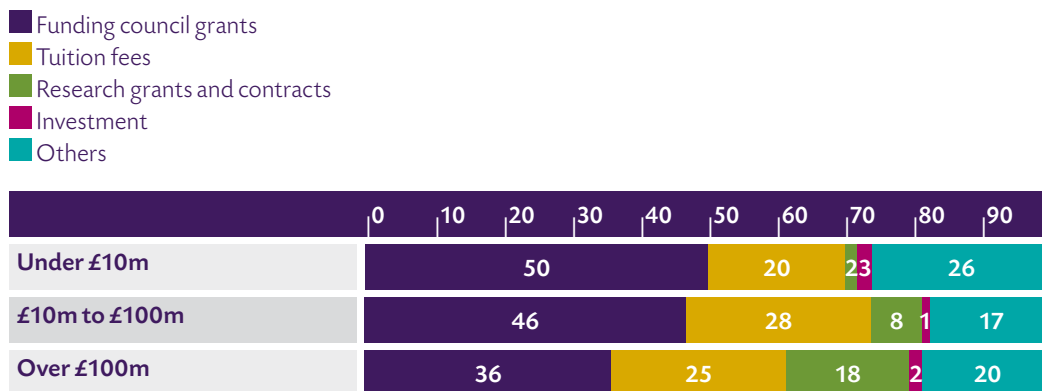
**'Wealth perpetuates wealth: high-income universities are more likely to attract research grants and derive income from services for government.'**

There appears to be a correlation between a university's level of income and ability to generate more income. Wealth perpetuates wealth: high-income universities are more likely to attract research grants and derive income from services for government for example. Also, high income institutions, by very definition, tend to have both tangible and intangible assets which are higher in value than smaller institutions. Lower-income institutions have less capacity to reinvest in themselves (see table 11.6).

'Institutions with incomes greater than £100 million earn approximately twelve times as much income from research grants and contracts than universities with an income below £100 million.'

**Figure 11.2**

Sources of income by size of university, 2006/07 (%)



Source: NCVO, HESA

Table 11.3 demonstrates the considerable difference between endowment levels at American universities compared to their UK counterparts. Endowment levels at American universities far exceed that of UK institutions.

This can be attributed to a more extensive tradition and focus on alumni support for academic institutions in the US, and higher levels of philanthropy generally. It is also noteworthy that American universities continue to receive greater state funding per student than UK institutions.

**Table 11.3**

Universities' endowments in the UK and US, 2006/07

University name (UK)	Endowment (£m)	Students	Endowment per student (£)
The University of Cambridge	900.7	28,000	31,302
The University of Oxford	680.8	24,000	27,631
The University of Edinburgh	216.0	24,000	8,915
The University of Manchester	145.5	39,000	3,716
The University of Liverpool	133.6	20,000	6,466
The University of Glasgow	133.4	25,000	5,271
King's College London	119.4	21,000	5,622
University College London	105.1	19,000	5,421
The University of Reading	87.7	14,000	5,971
The University of Surrey	79.8	15,000	5,079
<b>Total of ten largest endowments</b>	<b>2,601.9</b>	<b>229,000</b>	<b>11,362</b>
University name (US)	Endowment (£m)	Students	Endowment per student (£)
Harvard University	17,649.9	20,000	882,497
Yale University	11,481.4	13,000	883,184
Stanford University	8,747.2	15,000	583,147
Princeton University	8,045.2	7,000	1,149,308
University of Texas System	7,956.7	194,000	41,014
Massachusetts Institute of Technology	5,086.0	12,000	423,835
Columbia University	3,643.5	24,000	151,814
University of Michigan	3,613.0	40,000	90,324
University of Pennsylvania	3,381.3	23,000	147,013
The Texas A&M University System and Foundations	3,358.4	105,000	31,985
<b>Total of ten largest endowments</b>	<b>72,962.7</b>	<b>453,000</b>	<b>161,065</b>

Source: NCVO, HESA, NACUBO, US institutional websites



Education is a devolved responsibility in the UK, and therefore the introduction of tuition top-up fees in the 2006/07 academic year has impacted differently on universities across different nations and income bands. Students pay different top-up fees depending on which nation they are from, and where they are attending university. This has been a highly controversial policy and represents a shift in funding from public to private sources. It is difficult to draw conclusions on the overall impact of top-up fees on universities, as 2006/07 is the first year where this policy has taken effect.

The average income per student rose across universities of all income bands from the previous year, but average income for institutions of all sizes decreased. There has also been a drop in student numbers for both small and mid-sized institutions, whereas student numbers increased at large income universities. Critics of top-up fees have argued that high-income institutions would benefit the most from their introduction, with students favouring the largest institutions over the mid-sized and smaller ones, a position that could be supported by the data.

#### 11.2.3 Assets and liabilities

Universities held nearly £25 billion of assets in 2006/07, with liabilities of just over £4 billion. Table 11.6 shows that almost all fixed assets were held as tangible assets, demonstrating the high value of the buildings and land owned by universities. Investment assets made up a relatively small percentage of overall assets held, and in the case of most smaller universities, endowment assets were significantly larger than their investments.

#### 11.2.4 Conclusion

Universities are currently undergoing substantial institutional changes and face significant pressure to increase and expand funding from a number of different sources. Current trends indicate a shift in funding from public sources (funding council grants) to private sources (tuition fees) and universities are increasingly expected to adopt a market model, in order to 'compete' both nationally and internationally. These changes have many short-term and long-term implications and raise concerns about the continuing viability of lower-income universities, the concentration of financial resources at a few large institutions, and the accessibility of higher education for students from disadvantaged backgrounds.

As a sector of civil society, universities remain financial heavyweights. Some institutions are centuries old and have built up significant wealth both in income and in land and other assets. The role of universities as sites of learning, innovation, advocacy, and community-building remains intact. An ability to adapt to changing social landscapes will be the key to their success in addressing future challenges.

'Universities are currently undergoing substantial institutional changes and face significant pressure to increase and expand funding from a number of different sources.'

## 11.3 DATA SUMMARY

**Table 11.4**

University financial overview by income band, 2006/07

	Under £10m	£10m–£100m	Over £100m	Total
Number of universities	11	76	82	169
Income (£ millions)	83.5	3,378.7	17,818.3	21,280.4
Expenditure (£ millions)	83.2	3,325.7	17,630.1	21,038.9
Net assets (£ millions)	86.5	3,546.9	21,293.5	24,926.9
Student numbers	9,500	537,890	1,931,040	2,478,430
Average income (£ millions)	7.6	44.5	217.3	269.3
Average income per student (£ millions)	8,787	6,281	9,227	8,586

Source: NCVO, HESA

**Table 11.5**

Research grants and contracts from UK-based charities to universities, 2006/07

University size	Research grants and contracts from UK charities (£m)	Proportion of grants and contracts from charities (%)	Total research grants and contracts (£m)	Research grants and contracts from charities as a proportion of total income (%)
Under £10m	0.5	27	2.0	1
£10m–£100m	74.3	29	256.8	2
Over £100m	692.6	22	3,118.2	4
<b>Overall</b>	<b>767.5</b>	<b>23</b>	<b>3,377.0</b>	<b>4</b>

Source: NCVO, HESA

**Table 11.6**

Balance sheet of universities, 2006/07 (£millions)

	Under £10m	£10m–£100m	Over £100m	Total
Intangible assets	-0.3	0.2	-16.5	-16.7
Tangible assets	66.3	3,731.2	19,273.9	23,071.4
Investment assets	7.6	196.2	893.1	1,096.9
Endowment assets	43.9	228.8	3,564.8	3,837.5
<b>Fixed assets</b>	<b>117.5</b>	<b>4,156.3</b>	<b>23,715.2</b>	<b>27,989.1</b>
Current assets	24.8	838.8	5,820.0	6,683.6
Liabilities due within 1 year	13.3	742.6	4,593.0	5,349.0
<b>Net current assets</b>	<b>11.4</b>	<b>96.2</b>	<b>1,227.0</b>	<b>1,334.6</b>
<b>Total assets less current liabilities</b>	<b>128.9</b>	<b>4,252.6</b>	<b>24,942.2</b>	<b>29,323.7</b>
Liabilities due after 1 year	9.6	622.3	3,423.0	4,054.9
Provisions	1.4	83.4	225.7	310.6
<b>Net assets</b>	<b>117.9</b>	<b>3,546.9</b>	<b>21,293.5</b>	<b>24,958.3</b>

Source: NCVO, HESA

**Table 11.7**

Breakdown of university income by income band, 2006/07 (£millions)

	Under £10m	£10m–£100m	Over £100m	Total
Funding council grants	46.1	1,567.0	6,417.6	8,030.7
Tuition fees	18.2	937.1	4,458.8	5,414.0
Research grants and contracts	2.0	256.8	3,118.2	3,377.0
Services for government	0.7	75.4	401.5	477.6
Other services	5.8	71.9	758.6	836.3
Earned (accommodation, catering and conferences)	2.8	206.1	1,024.1	1,233.0
Grants from local authorities	0	0.5	1.0	1.5
Investment	2.5	49.6	338.7	390.8
Grants from health bodies	0	28.2	301.8	330.0
Other	14.9	186.1	997.9	1,198.9
<b>Total</b>	<b>92.9</b>	<b>3,378.7</b>	<b>17,818.3</b>	<b>21,289.9</b>

Source: NCVO, HESA

## Chapter 12

# Independent Schools

The advancement of education has been a charitable purpose for over 400 years and therefore most independent schools have charitable status. Throughout the twentieth century, education was one of three named heads of charity generally presumed to benefit the public. The Charities Act 2006 removed this presumption and requires all charities to demonstrate public benefit. The aim is to promote public trust and confidence in charity, by making it clear what charity is for and why charitable organisations deserve the benefits they receive as well as to ensure parity between different types of charity.

Estimates in this chapter for England are based on a population list of independent schools provided by the Department for Children, Schools and Families (DCSF). Financial data on those schools which are registered charities was provided by GuideStar Data Services. To obtain estimates for the rest of the UK, data was sourced from the Scottish Council of Independent Schools (SCIS), the Department of Education Northern Ireland (DENI) and the Independent Schools Council (ISC).



## 12.1 EXECUTIVE SUMMARY

**There are over 2,300 independent schools in the UK that educate just over 569,000 pupils.** The schools had a combined income of £6.6 billion in 2006/07, which equates to £11,544 per pupil.

**Larger schools earn more income per pupil than smaller schools,** with schools in the highest income band earning a third more income per pupil than schools in the lower income bands.

**Independent schools have a substantial asset base,** predominantly consisting of school buildings and grounds. However, schools need to be wary of having insufficient cash flows in the short-term.

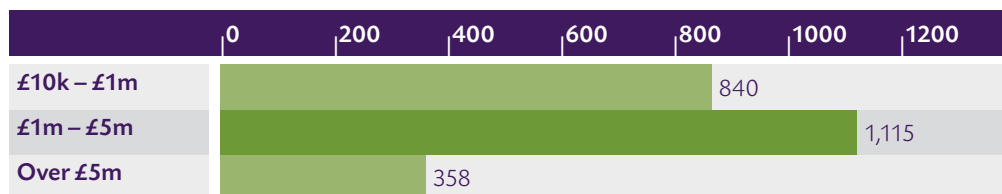
## 12.2 ANALYSIS

### 12.2.1 Overview

Independent schools had a total income of £6.6 billion in 2006/07, with an expenditure of £6.2 billion. Overall this amounts to an income of £11,544 per pupil for each of the 569,000 pupils enrolled in the 2,300 schools. The highest income band consists of schools more typically associated with the independent schools sector, while those in the smaller income band are made up of a variety of different types of schools including faith schools, those aimed at vocational training, and schools providing predominantly musical tuition.

**Figure 12.1**

Number of independent schools by income band, 2006/07



Source: NCVO, DCSF, SCIS, DENI, ISC, GuideStar Data Services

**12.2.2 Income**

As one would expect, pupil numbers reflect the financial status of the school. However schools in the highest income band not only have more income because of their size, but also receive substantially more income per pupil. Schools in the highest income band earn a third more income than schools in the lower income bands, with an average income of £14,325 per pupil<sup>1</sup>.

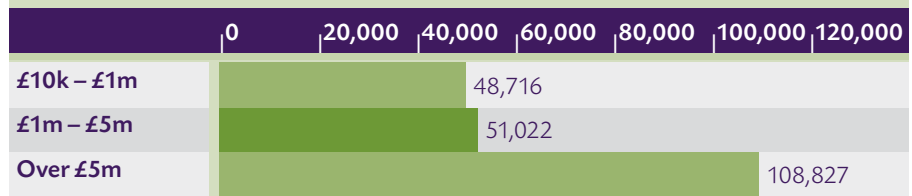
**Independent special schools**

Schools for pupils with special educational needs (SEN) make up only a small proportion of the independent schools sector, but have quite a different profile to other independent schools. To be classed as an SEN school at least half of the pupils will have special needs (which includes physical disabilities and learning difficulties).

SEN schools tend to have small numbers of pupils and also receive substantially higher income levels per pupil than other independent schools. There are very few SEN schools in the highest income band and they are all residential schools, hence the much higher income level per pupil. While independent schools receive most of their income from school fees, as most pupils at SEN schools are placed there by local authorities, this also sets them apart in terms of funding.

**Figure 12.3**

Average income per pupil by income band for SEN schools, 2006/07 (£)



Source: NCVO, GuideStar Data Services, DCSF, SCIS, DENI, ISC

**Figure 12.2**

Average income per pupil by income band, 2006/07 (£)



Source: NCVO, GuideStar Data Services, DCSF, SCIS, DENI, ISC

### 12.2.3 Assets

Independent schools have net assets totalling £7.3 billion. The single biggest category of assets is tangible assets, which includes school buildings and grounds. Tangible assets account for 86% of the schools' total fixed assets. Independent schools also have significant levels of investment assets at £1.2 billion. Short-term liabilities are high due to bank loans, overdrafts, and school fees paid in advance. Schools that have negative current assets may have trouble financing the day-to-day operations of the school and should be mindful of the potential financial risk involved.

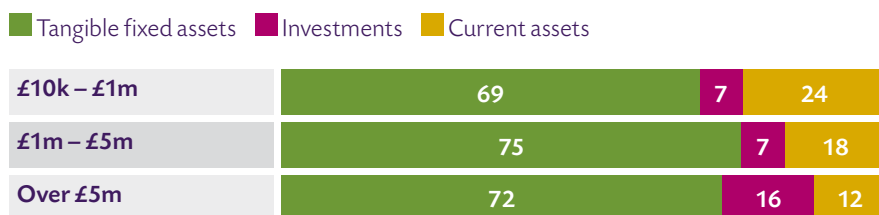
### 12.2.4 Conclusion

Independent schools educate a small but significant proportion of the total school population. Independent schools are able to set their own levels for fees and as such they attract different amounts of funding per pupil. Overall, independent schools receive substantially more income per pupil than state schools. Over the same time period as the data presented here, state schools averaged £5,000 per pupil, considerably less than for independent schools. In the 2006 budget the Chancellor announced plans to boost state school funding to bridge the gap between state and private schools<sup>2</sup>. Part of the extra funding was to help improve the pupil to teacher ratio, which was one to sixteen in state schools but one to nine in private schools; and provide better resources and enhanced opportunities for learning.

'Independent schools had a total income of £6.6 billion in 2006/07.'

**Figure 12.4**

Assets of independent schools by income band, 2006/07 (%)



Source: NCVO, DCSF, GuideStar Data Services

## 12.3 DATA SUMMARY

**Table 12.5**

Independent schools financial summary by income band, 2006/07

	£10k–£1m	£1m–£5m	Over £5m	Total
Income (£ millions)	469.0	2,682.4	3,417.8	6,569.2
Expenditure (£ millions)	458.6	2,576.9	3,148.1	6,183.6
Pupils	64,801	255,925	248,330	569,056
Schools	840	1,115	358	2,313

Source: NCVO, GuideStar Data Services, DCSF, SCIS, DENI, ISC

**Table 12.6**

Independent schools balance sheet, 2006/07 (£millions)

	£10k–£1m	£1m–£5m	Over £5m	Total
Intangible assets	0.1	2.0	1.0	3.2
Tangible assets	710.8	2,689.9	4,014.8	7,415.5
Investment assets	71.4	261.4	882.8	1,215.6
<b>Fixed assets</b>	<b>782.2</b>	<b>2,953.3</b>	<b>4,898.7</b>	<b>8,634.2</b>
Current assets	246.5	645.8	662.0	1,554.3
Liabilities due within one year	316.6	640.3	749.1	1,705.9
<b>Net current assets</b>	<b>-70.1</b>	<b>5.5</b>	<b>-87.0</b>	<b>-151.6</b>
<b>Total assets less current liabilities</b>	<b>712.1</b>	<b>2,958.8</b>	<b>4,811.7</b>	<b>8,482.6</b>
Liabilities due after one year	119.3	423.1	606.0	1,148.4
Provisions	0.1	2.3	12.7	15.1
<b>Net assets</b>	<b>592.7</b>	<b>2,533.4</b>	<b>4,192.9</b>	<b>7,319.0</b>

Source: NCVO, GuideStar Data Services, DCSF, SCIS, DENI, ISC

### Footnotes

<sup>1</sup> Due to quite different funding levels, 247 schools for children with special needs have not been included in these calculations; please see the box on independent special schools for more information.

<sup>2</sup> Budget 2006. Chapter 6: Delivering high quality public services [http://www.hm-treasury.gov.uk/d/bud06\\_ch6\\_135.pdf](http://www.hm-treasury.gov.uk/d/bud06_ch6_135.pdf).



## Chapter 13

# Trade Unions

Trade unions occupy a unique role in civil society. While not traditionally seen as part of the third sector, the union movement has a long history of collective action, community organising, and political and social advocacy. Although unions are arguably declining in influence in the UK, they are still important vehicles for workers' rights and social justice.

The financial information for trade unions is extracted from the audited annual returns which each union is required to send to the Certification Office each year. The Certification Office provided NCVO with the data which we analysed for this chapter.



### 13.1 EXECUTIVE SUMMARY

In 2006/07 trade unions in Great Britain<sup>1</sup> had an overall combined income of **£1.08 billion**, representing a total of over 7.6 million members. This membership total represents a 0.3% increase from the previous period, which is notable considering the overall decline in union membership.

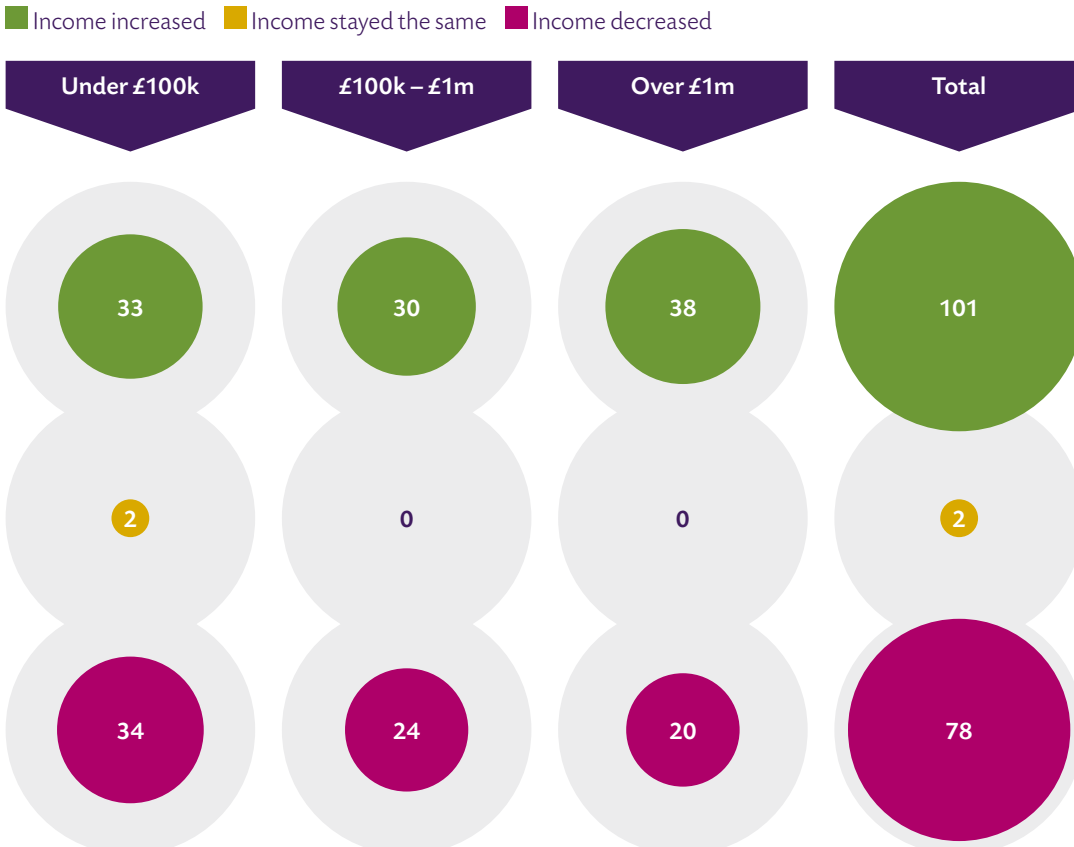
While membership subscriptions remain the main source of income, investments and assets are also significant. The largest unions continue to command the largest proportions of wealth, with just 14% of organisations holding 87% of the total income.

Since the early 1980s there has been a consistent decline in union membership, and this membership has been concentrated into a smaller number of large unions.

*'The largest unions continue to command the largest proportions of wealth, with just 14% of organisations holding 87% of the total income.'*

**Figure 13.1**

Change in income from 2005/06 to 2006/07 by organisation size (number of organisations)



Source: NCVO<sup>2</sup>

## 13.2 ANALYSIS

### 13.2.1 Overview

On 31 March 2008 there were 185 trade unions in Great Britain. The information in this chapter is derived from the 193 trade union returns which were submitted in 2007/08, covering accounting periods ending between October 2006 and September 2007 – the majority of which are for unions with accounting periods ending 31 December 2006.

The 193 trade unions which provided an annual return in 2007/08 showed a combined membership of over 7.6 million members. The number of trade unions at the end of 2007/08 fell by six from the number recorded at the end of the previous year but this hides the considerable turnover in organisations, with 12 closing in 2007/08, including two that merged to form a new organisation and four that became part of other larger unions.

The number of unions with incomes greater than £1million fell, but their overall total income increased, continuing the gradual process of consolidation that has led to the concentration of resources in the largest organisations.

The largest incomes continue to be concentrated within the biggest unions. Smaller unions were more likely to have seen their income drop in 2006/07, whereas larger unions were likely to have experienced an increase in income (see figure 13.1).

**‘The 193 trade unions which provided an annual return in 2007/08 showed a combined membership of over 7.6 million members.’**

**Figure 13.2**

Proportion of trade union income by size of organisation, 2006/07 (%)

■ From members ■ Investments ■ Other

Under £100k	67.5	5.0	27.5
£100k–£1m	64.7	6.2	29.1
Over £1m	71.4	5.1	23.4

Source: NCVO<sup>2</sup>

### 13.2.2 Income and expenditure

Total income for trade unions in 2006/07 was £1.08 billion. Despite having higher membership levels and higher income levels than the previous year, trade unions' total expenditure decreased by 11% from the previous year to £872 million, perhaps an indication of more conservative spending.

Although they only account for 30% of trade unions, those in the highest income band (over £1m) held 98% of the total union income. Income from investments rose 16.8% from the previous year, to a total of £56 million. On average, trade unions derived 5.2% of their total income from investments.

### 13.2.3 Membership

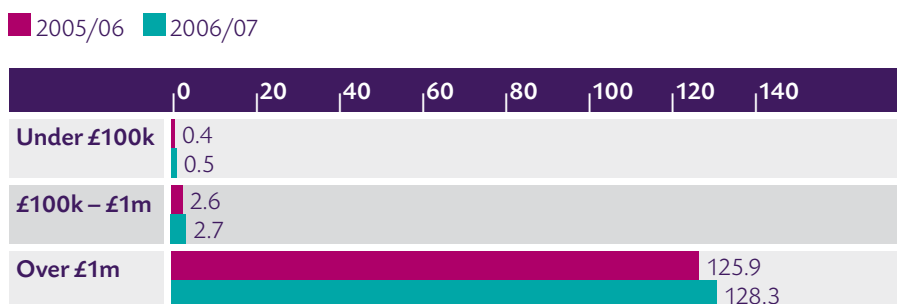
Unions range in size from very small organisations representing specific groups of workers such as the RSPB Staff Association or the National Association of Stable Staff, to very large organisations that represent workers across different industries.

While union membership has been generally on the decline in the UK since the early 1980s, the data for 2006/07 shows a small increase in union membership from the previous year. This increase was experienced by unions of all sizes, from those with the smallest income (less than £10k) to those with the largest income (over £1m). However, as traditional trades and industries continue to dwindle in the UK, decreasing union membership is more likely to be a long-term trend.

As the majority of trade union income is derived from membership subscriptions, there is a clear relationship between a union's income and the number of members. As union membership increased in 2006/07 from the previous year, so did income levels, to an overall total of £1.08 billion.

**Figure 13.3**

Average membership for trade unions by size of union, 2005/06–2006/07 (thousand members per union)



Source: NCVO<sup>2</sup>

**Structural change**

Trade unions are regularly reforming their structures, with mergers between unions continuing to be a trend within the sector. Figure 13.4 shows that while membership has generally been decreasing, the average union size has risen quite significantly.

Despite the overall decline of union membership since the 1980s, the 2006/07 data reveals that the number of union members actually increased 0.3% from the previous year. While this small increase might not prove to be a long-term trend, there is power in numbers, and larger unions (with higher incomes and assets) are more able to spend greater amounts of money on organising activities, and may therefore recruit more members.

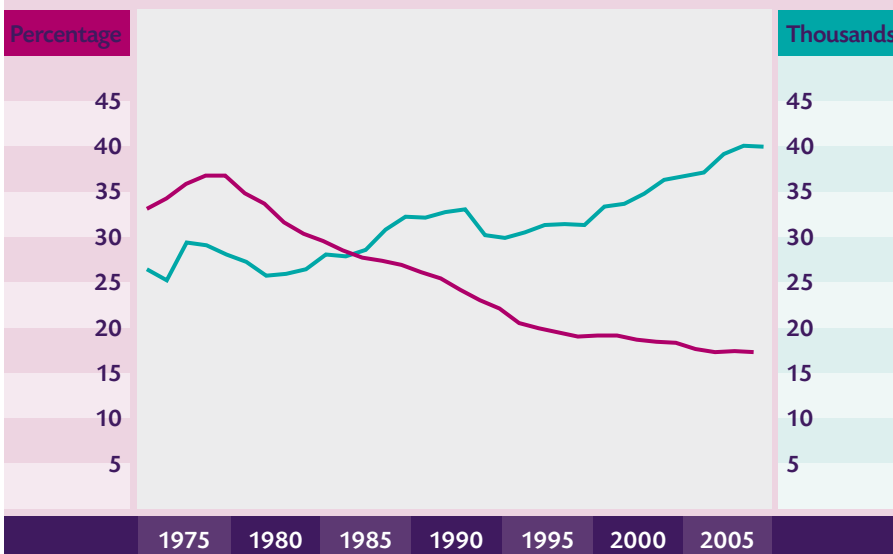
Larger unions can also exert considerably more social and political influence than their smaller counterparts. Indeed, in recent years, 'super unions' have come to dominate the labour sector and command a significant presence on political agendas. These 'super-unions' have also begun to link across national borders, for example with a partnership between Unite and the US-based United Steelworkers Union, which has the aim of enabling co-operation and influence in an increasingly globalised world

'Despite the overall decline of union membership since the 1980s, the 2006/07 data reveals that the number of union members actually increased 0.3% from the previous year.'

**Figure 13.4**

Trade union membership and average size, 1975–2006

- Total trade union membership (as % of 16+ population)
- Average size of trade union (thousand members)



Source: Trade union membership statistics, Department for Business, Enterprise and Regulatory Reform, accessed October 2008,

<http://www.berr.gov.uk/whatwedo/employment/research-evaluation/trade-union-statistics/page10928.html>, Population: ONS Population Trends

### 13.2.4 Assets and liabilities

In 2006/07, total assets for unions were £1.3 billion, with corresponding liabilities of £402 million. This represents funds of £942 million. Assets continue to be an important part of union finances, with successful asset management being an essential aspect of unions' financial strategies. Income from investments grew more than any other source of income from 2005/06 to 2006/07. Unions that rely heavily on investment assets will be wary of the effect of a recession on their investment income.

It is noteworthy that this year's expenditure was lower than the previous period, despite trade unions having both higher overall incomes and assets.

### 13.2.5 Conclusion

Unions maintain their role as powerful financial and social institutions in civil society. But as union membership declines, unions have to adapt to the challenges presented by modern workforce and industry and they will have a role to play in the structural changes that come from a period of recession. Mergers and amalgamations continue to be a major trend amongst trade unions, and have arguably been beneficial for the sector as a whole.

'...as union membership declines, unions have to adapt to the challenges presented by modern workforce and industry and they will have a role to play in the structural changes that come from a period of recession.'

## 13.3 DATA SUMMARY

**Table 13.5**

Income and expenditure of trade unions by size of union, 2006/07 (£millions)

	Income				Expenditure	Trade unions
	From members	Investments	Other	Total		
Under £100k	1.3	0.1	0.5	2.0	2.0	81
£100k–£1m	13.2	1.3	6.0	20.4	19.8	54
Over £1m	752.0	54.2	246.9	1,053.0	850.5	58
<b>Total</b>	<b>766.6</b>	<b>55.5</b>	<b>253.4</b>	<b>1,075.5</b>	<b>872.3</b>	<b>193</b>

Source: NCVO<sup>2</sup>

**Table 13.6**

Assets of trade unions by size of union, 2006/07 (£millions)

	Fixed assets	Investment assets	Other assets	Liabilities	Net assets
Under £100k	0.4	0.7	2.2	0.5	2.8
£100k–£1m	5.8	14.0	20.9	6.7	34.0
Over £1m	373.2	529.6	397.1	394.8	905.1
<b>Total</b>	<b>379.4</b>	<b>544.3</b>	<b>420.2</b>	<b>402.0</b>	<b>941.9</b>

Source: NCVO<sup>2</sup>

**Table 13.7**

Membership of trade unions by size of union 2005/06–2006/07 (thousands of members)

	2005/06 <sup>3</sup>	2006/07	Change
Under £100k	34.6	40.1	5.5
£100k–£1m	142.1	145.0	2.9
Over £1m	7,426.2	7,442.6	16.4
<b>Total</b>	<b>7,602.8</b>	<b>7,627.7</b>	<b>24.9</b>

Source: NCVO<sup>2</sup>

**Table 13.8**

Financial and membership figures for trade unions, 2005/06–2006/07

	2005/06 <sup>3</sup>	2006/07	Change
Trade unions	192	193	1
Income (£m)	1,047.3	1,075.5	28.1
Expenditure (£m)	981.3	872.3	-109.1
Assets (£m)	741.3	941.9	200.7
Membership (000s)	7,603	7,628	25
Average membership (000s)	39.6	39.5	-0.1
Average income (£m)	5.5	5.6	0.1
Income from members (%)	71.3	71.3	-0.1
Income from investments (%)	4.5	5.2	0.6

Source: NCVO<sup>2</sup>**Footnotes**<sup>1</sup> England, Scotland and Wales.<sup>2</sup> Using source data provided by the Certification Officer for Trade Unions and Employers' Associations.<sup>3</sup> The figures for 2005/06 are changed by a small amount from those reported in the 2008 Almanac, due to methodological changes including the inclusion of a duplicate organisation and the incorrect exclusion of income from some organisations.



Chapter 14

# Political Parties



**Political parties in civil society**

Political parties enable citizens to organise around a common agenda and put forward proposals for achieving social, economic and political progress. If elected, they also play a vital role in holding those in power accountable for that agenda. Equally importantly, their mass-membership structure identifies them as important institutions in associational life. They are therefore an essential part of the public realm and a focus for debates about the ‘good society’.

Worryingly for the parties (and, some have argued, for wider democracy) there are signs that political engagement has been declining in the UK. Fewer people are now members of political parties and voter turnout rates for the 2001 and 2005 elections were at the lowest levels recorded since 1918, at 59% and 61% respectively<sup>1</sup>.

In fact in the last election more people abstained from voting than backed the winning party. Yet this has been accompanied by a rise in the number of people who are members of, or active in, a charity, community group, public body or campaigning organisation. This suggests that people are willing to engage in issues that concern them, but see voluntary action as a more effective way of making a difference than engaging in politics.

Financial information on political parties in this chapter is based on a sample of their accounts submitted to the Electoral Commission and collated by NCVO. Political parties’ finances will change according to the electoral cycle, so it is important to note that the year selected did not contain a general election.

14.1  
EXECUTIVE SUMMARY

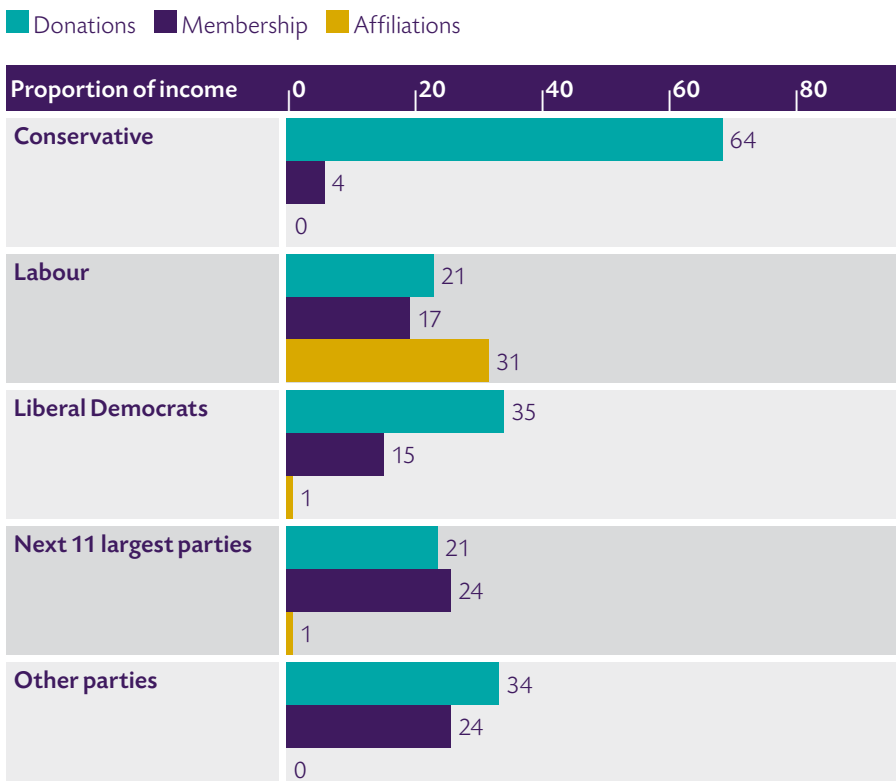
**The total income of political parties in 2006 was £69.2 million.** The Labour Party and the Conservative Party dominate the political scene in the UK, between them taking 80% of the total income of political parties. However, the two parties are reliant on quite different streams of income. Labour is more reliant on income from affiliated organisations and membership income, while the Conservatives take a higher proportion of their income from donations.

**On average the larger political parties are able to garner more financial support than the smaller political parties.** The larger parties have a stronger membership base, making it difficult for small parties to compete in terms of financial resources. Smaller parties may therefore be limited in the amount of political impact they can have.

**The main political parties in the UK are technically insolvent,** with long-term liabilities outstripping total assets. In a political system in which two parties dominate, the pressure to compete means that the main parties are willing to operate in a way that would be financially unviable for most organisations.

**Figure 14.1**

Main income sources of political parties in the UK, 2006/07 (%)



Source: NCVO, Electoral Commission

## 14.2 ANALYSIS

### 14.2.1 Income and expenditure

A total of 179 political parties are included in these analyses, with a combined income of £69.2 million and an expenditure of £63.0 million<sup>2</sup>. Labour and the Conservatives dominate the political landscape, accounting for 80% of the income between them. Only 26 parties have significant incomes (over £20,000), while the majority fall into the lowest income band. Of these parties the average income is only £1,170.

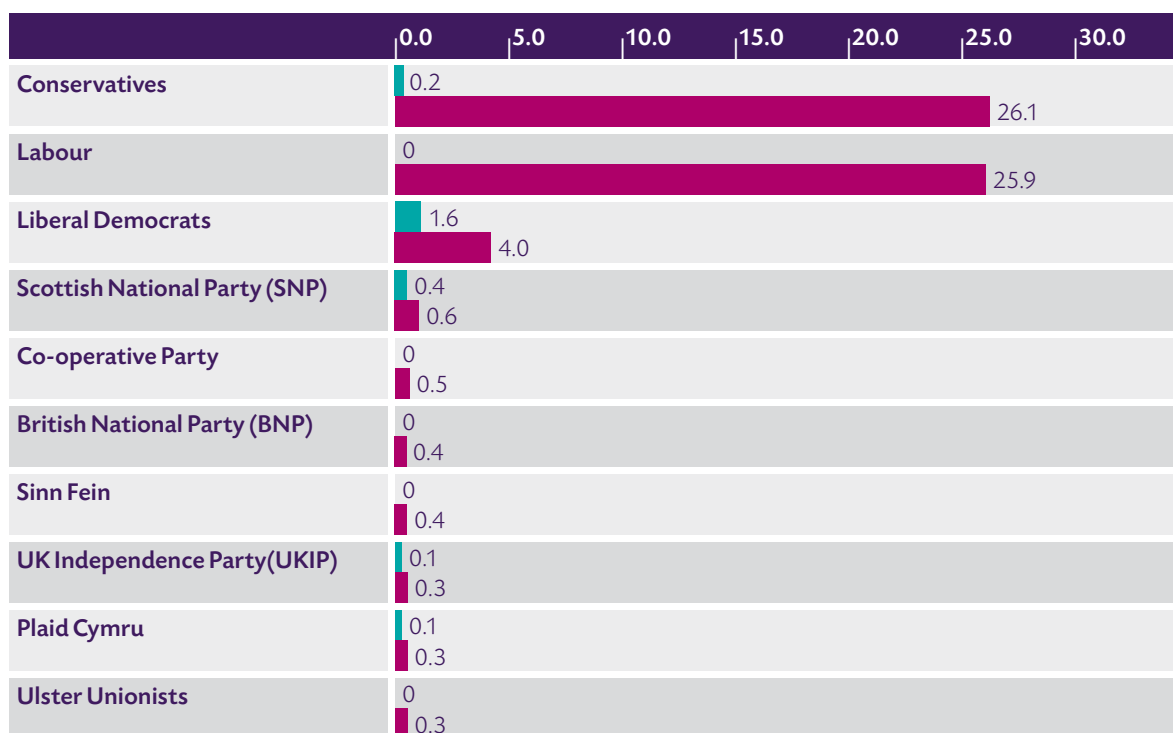
The Labour Party and the Conservative Party have quite different streams of income, reflecting their appeal to different sectors of society. The Labour party receives almost a third of its income from affiliated organisations (for example affiliated trade unions and student groups). They also receive substantial funding from donations (21%) and membership contributions (17%). The Conservatives however are more reliant on income from donations, which accounts for 64% of their total income. It would seem that the Conservatives rely less on their mass membership and instead look for individual backers to fund their activities. The Liberal Democrats are the next biggest party in terms of income. Both donations and membership are significant streams of income for them, at 35% and 15% respectively.

Much like income, expenditure is heavily skewed towards the dominant two parties. As one would expect, the electoral cycle heavily influences spending patterns. The previous financial year, 2005/06, was an election year with election spending accounting for a third of total expenditure, down to just 4% in the current year under review. The two main parties' expenditure far exceeded income in 2005/06, with Labour spending 40% more than income and Conservatives spending 60% more. However, in the current financial year both parties are spending at or below their income levels. The period between elections is a chance to get into a better financial position.

**Figure 14.2**

Top ten political parties by amount and type of expenditure, 2006/07 (£millions)

■ Election expenditure ■ Other expenditure



Source: NCVO, Electoral Commission

### 14.2.2 Membership

Membership subscriptions to parties are usually not fixed, with members free to choose their subscription level above a minimum rate. On average the larger political parties are able to garner more financial support than the smaller political parties. The Labour, Conservative, Liberal Democrat and SNP parties each receive on average £1.6 million income from membership, with Labour having the highest percentage of income from this source.

Average membership income for parties in the lowest income band is just £387. It is not surprising that membership and funding for these political parties tends to be quite limited. Some of these parties will have been set up to pursue single issue causes and so will not necessarily appeal to a wide cross-section of society. There is also a tradition in Britain of eccentric or 'joke' parties that are unlikely to be politically successful (e.g. the Fancy Dress Party or the Official Monster Raving Loony Party).

### 14.2.3 Assets and liabilities

The larger political parties fare much worse than smaller parties in terms of net worth, with five of the top ten parties being technically insolvent (see figure 14.3). Of these, Labour has the highest ratio of liabilities to assets at a rate of 4:1. This highlights the level of competition that exists between the parties in that they are willing to push their finances to the brink of viability in order to gain political advantage. The Conservatives are in a better financial position due to the party having a large asset base, predominantly made up of fixed assets (e.g. buildings) valued at £32.4 million. Overall the parties in the lower income bands are more financially stable, with net assets outweighing liabilities.

### 14.2.4 Conclusion

The political system in the UK favours a two-party system, which makes it very difficult for smaller parties to gain representation in parliament. Smaller parties lack the financial resources to seriously compete with the larger parties.

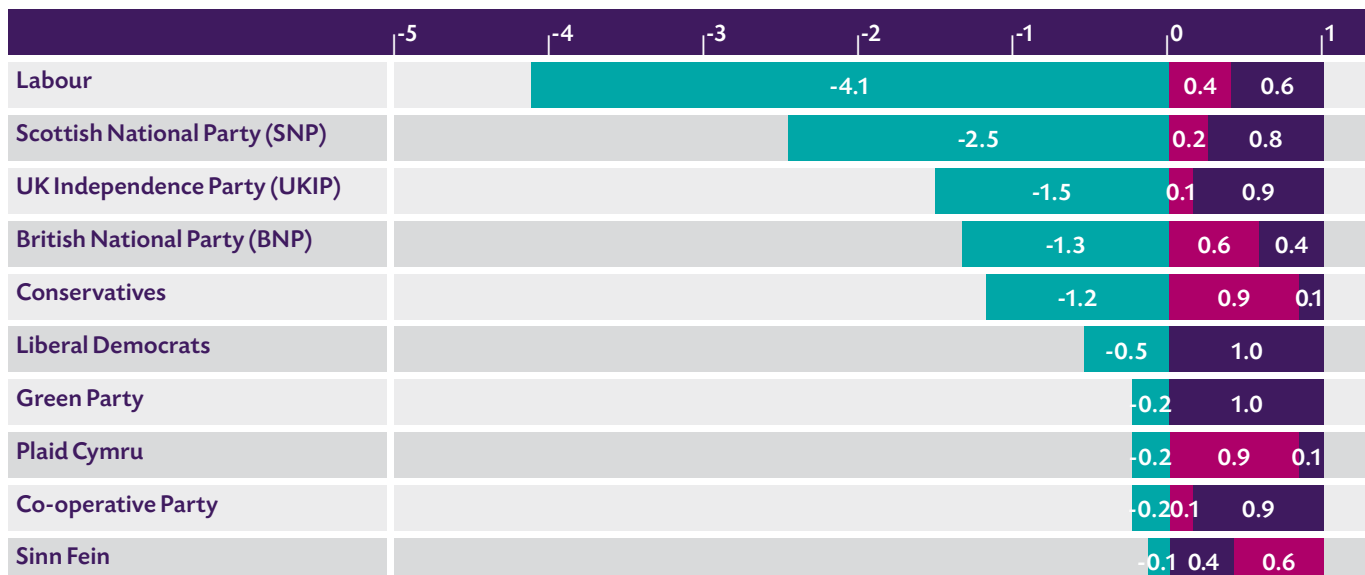
Results of a parliamentary enquiry into the funding of political parties were released in 2007<sup>3</sup>. Recommendations included placing a cap on individual donations and loans as well as capping spending for political campaigns. To date these measures have not been adopted by the leading political parties and talks on the issue have faltered. It might reinvigorate public trust in the political system if there was greater accountability and transparency regarding funding sources. It might also provide smaller political parties with more equitable access to the popular vote.

Political parties are unique within civil society. While two parties account for 80% of total income, they are both technically insolvent with large long-term liabilities. However, levels of indebtedness are likely to change with the electoral cycle and this should be taken into account.

### Figure 14.3

Ratio of liabilities to assets for the ten largest political parties, 2006/07

■ Liabilities ■ Fixed assets ■ Current assets



Source: NCVO, Electoral Commission

## 14.3 DATA SUMMARY

**Table 14.4**

Top ten political parties by financial status, 2006/07 (£millions)

Party name	Income	Expenditure	Assets
Conservatives	30.4	26.3	-8.8
Labour	25.2	25.9	-24.2
Liberal Democrats	5.3	5.6	1.1
Scottish National Party (SNP)	1.8	1.0	0.3
Co-operative Party	0.9	0.5	0.3
Plaid Cymru	0.9	0.4	0.6
Sinn Fein	0.8	0.5	0.2
British National Party (BNP)	0.7	0.5	0.0
United Kingdom Independence Party (UKIP)	0.4	0.4	0.0
Green Party	0.4	0.2	0.2

Source: NCVO, Electoral Commission

**Table 14.5**

Number and total income of political parties by income band, 2006/07

	Number of parties	Income (£000s)	% of organisations	% of income
Under £10k	146	174	82	0
£10k–£1m	29	6,498	16	9
Over £1m	4	62,564	2	90
<b>Total</b>	<b>179</b>	<b>69,235</b>	<b>100</b>	<b>100</b>

Source: NCVO, Electoral Commission

**Table 14.6**

Income of political parties by income band, 2006/07 (£thousands)

	Donations and legacies	Earned	Affiliates	Membership	Fundraising	Grants	Other	Total income
Under £10k	52	3	0	55	14	0	50	174
£10k–£1m	2,397	285	47	1,725	171	604	1,268	6,498
Over £1m	27,394	4,524	7,808	6,427	2,132	5,731	8,548	62,564
<b>Total</b>	<b>29,843</b>	<b>4,812</b>	<b>7,855</b>	<b>8,208</b>	<b>2,317</b>	<b>6,334</b>	<b>9,867</b>	<b>69,235</b>

Source: NCVO, Electoral Commission

**Table 14.7**

Expenditure of political parties by income band, 2006/07 (£thousands)

	Election campaign	Other	Total expenditure
Under £10k	23	143	166
£10k–£1m	376	3,610	3,986
Over £1m	2,167	56,627	58,794
<b>Total</b>	<b>2,565</b>	<b>60,380</b>	<b>62,946</b>

Source: NCVO, Electoral Commission

**Table 14.8**

Assets of political parties by income band, 2006/07 (£thousands)

	Fixed assets	Current assets	Total assets	Liabilities	Net assets
Under £10k	7	147	154	20	134
£10k–£1m	2,588	2,166	4,754	1,936	2,818
Over £1m	35,618	9,655	45,272	77,505	-32,232
<b>Total</b>	<b>38,213</b>	<b>11,968</b>	<b>50,180</b>	<b>79,461</b>	<b>-29,280</b>

Source: NCVO, Electoral Commission

**Table 14.9**

Membership of political parties by income band, 2006/07 (£millions)

	Number of parties	Membership income	Average income per party
Under £10k	143	0.1	0.0
£10k–£1m	29	1.7	0.1
Over £1m	4	6.4	1.6

Source: NCVO, Electoral Commission

**Footnotes**

<sup>1</sup> Election 2005: turnout. The Electoral Commission, October 2005.

[http://www.electoralcommission.org.uk/\\_\\_data/assets/pdf\\_file/0006/47256/Election2005turnoutFINAL\\_18826-13874\\_\\_E\\_\\_N\\_\\_S\\_\\_W\\_\\_.pdf](http://www.electoralcommission.org.uk/__data/assets/pdf_file/0006/47256/Election2005turnoutFINAL_18826-13874__E__N__S__W__.pdf)

<sup>2</sup> Political parties were included where they had account information for at least two of the previous three years.

<sup>3</sup> Proposals for the funding of political parties. Inter-Party Talks on the Funding of Political Parties, August 2007. [http://www.partyfundingreview.gov.uk/files/IPT\\_Draft\\_Agreement.pdf](http://www.partyfundingreview.gov.uk/files/IPT_Draft_Agreement.pdf).

## Chapter 15

# Co-operatives and FSA Registered Organisations

This chapter has been made possible with the kind assistance of Co-operatives<sup>UK</sup>. The data in the first part of the chapter is based on information about members of Co-operatives<sup>UK</sup>. Although this includes most co-operatives, it does not include all. Therefore the information should be seen to represent the minimum size of the co-operative sector in the UK.

There are a number of co-operatives for which Co-operatives<sup>UK</sup> only had information on total profit/loss. Using the available data, other financial statistics for these co-operatives have been estimated.



*“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”*

**– International Co-operative Alliance Statement on the Co-operative Identity, Manchester 1995.**

As trading enterprises, co-operatives provide goods and services and generate profits. However, unlike traditional businesses, each member has an equal say in the direction of the business and the use of its profits, regardless of how much money they invest in it.

Co-operatives are democratic businesses owned by consumers, employees, producers or the local community. They are distinctive social enterprises

which are guided by fundamental values and principles, namely that the wealth they generate is distributed to the many, not the few. Profits can be used for social and environmental purposes and can be used to help keep money and jobs local.

In terms of structure, co-operatives are legally established as industrial and provident societies, which also include societies operating for the benefit of the community (known as ‘bencoms’). As organisations working for mutual and/or community benefit, rather than the benefit of investors, and committed to sustainable economic and social development, co-operatives and bencoms play a key role within civil society.

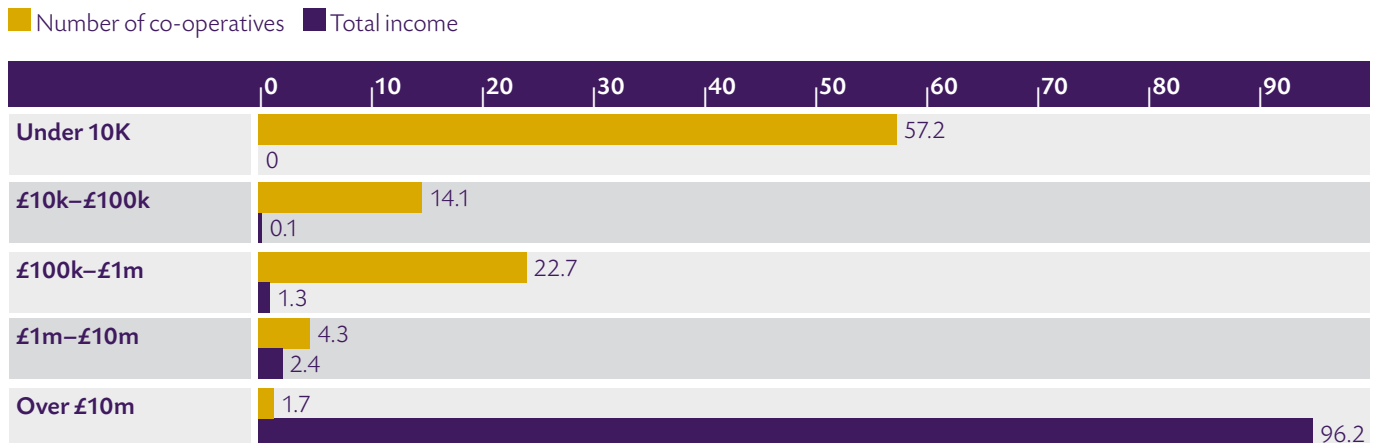
**15.1 EXECUTIVE SUMMARY**

**Co-operatives had an income of £26.3 billion in 2006/07**, making them a major part of civil society. Most co-operative resources are concentrated in the largest organisations, with a large number of much smaller organisations. This was matched by greater surpluses being generated in the larger organisations.

**Co-operatives held funds of £8.1 billion in 2006/07**, £728 for each of the 11.2 million members. They generated a healthy rate of return of almost 8%. While this return was mostly down to the largest co-operatives performing particularly well, co-operatives of all sizes achieved an average return above interest rates.

**There were a total of 9,907 further civil society organisations registered with the Financial Services Authority (FSA) with a total income of £12.8 billion.** These included benevolent societies, building societies, friendly societies, working men’s clubs and industrial and provident societies. While the different legal forms can be confusing, each has been set up to respond to a different need within society.

**Figure 15.1**  
Number and income of co-operatives by income band, 2006/07 (%)



Source: Co-operatives<sup>UK</sup>



## 15.2 ANALYSIS

### 15.2.1 Overview

There were a total of 11.2 million members of 4,573 co-operatives in 2006/07, over half of which were small organisations. Income totalled £26.3 billion, making co-operatives a major part of civil society. Like most parts of civil society, the majority of organisations in this part of the sector are small, with a few much larger associations. Most of the incoming resources (96%) are concentrated in the 80 largest co-operatives (figure 15.1). Some of these organisations stretch back to the nineteenth century when the co-operative movement first flourished, while others are much more recent. This has been in response to the growing interest in alternative business models, of which the co-operative model is an important option.

Greater surpluses were produced by the larger organisations (figure 15.2), with the largest organisations earning many times more than the smaller organisations. This is unsurprising given the larger memberships and greater funds invested in these organisations, yet the scale of the difference is striking – those in the largest band generated almost 40 times the surpluses of the next band down.

As this surplus is shared amongst more members this does not necessarily translate into a better return for the co-operative’s membership. As figure 15.3 shows, it was co-operatives in the under £1million–£10million band that made the greatest surplus per member.

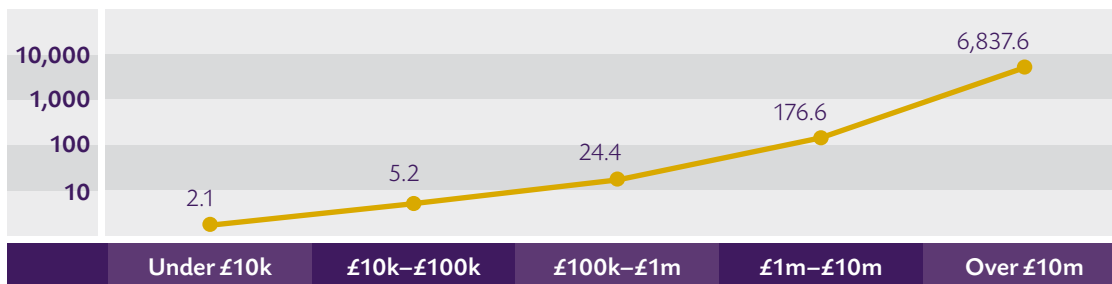
### 15.2.2 Funds

Co-operatives held total funds in 2006/07 of £8.1 billion. These funds are owned by the 11.2 million members of the co-operatives themselves. This translates into an average fund of £728 per member. Those co-operatives in the £1 million–£10 million band have funds per member of over £1,500 while the other bands have funds of between £550 and £750 per member.

Another way of measuring the success of co-operatives is to look at the surplus they achieved for every pound in the fund. As figure 15.5 shows, all co-operatives returned 4.8% or more, though it was the largest co-operatives which performed the best.

**Figure 15.2**

Surplus per co-operative by income band, 2006/07 (£thousands)



Source: Co-operatives<sup>UK</sup>

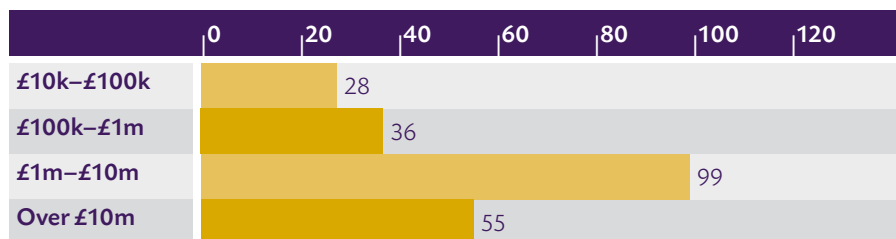
‘Like most parts of civil society, the majority of organisations in this part of the sector are small, with a few much larger associations.’

### 15.2.3 Conclusion

Co-operatives form a major part of civil society. Rooted in values of mutual help and shared ownership, they are often highly successful businesses that rival the private sector in size and achievement. The strong co-operative tradition across Europe, combined with renewed interest in mutual and community business models, points to a healthy future for this part of the sector.

**Figure 15.3**

Co-operative surpluses per member, 2006/07 (£)

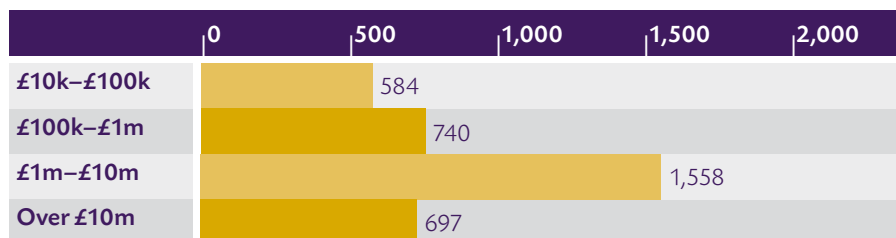


Source: Co-operatives<sup>UK</sup>

Note: Under £10k band not included due to lack of data

**Figure 15.4**

Co-operatives funds per member, 2006/07 (£)

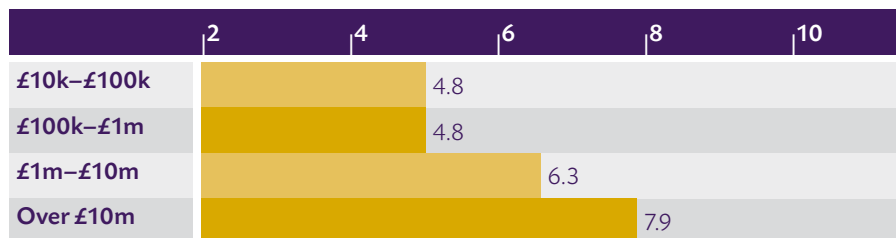


Source: Co-operatives<sup>UK</sup>

Note: Under £10k band not included due to lack of data

**Figure 15.5**

Return on co-operative funds by income band, 2006/07 (%)



Source: Co-operatives<sup>UK</sup>

Note: Under £10k band not included due to lack of data

## 15.3 DATA SUMMARY

**Table 15.6**

Financial breakdown of co-operatives, 2006/07 (£millions)

	Under £10k	£10k–£100k	£100k–£1m	£1m–£10m	Over £10m	Total
No. of co-operatives	2,615	644	1,036	198	80	4,573
Total income	-	29.6	336.4	638.2	25,265.2	26,270.7
Total profit/loss	5.5	3.4	25.0	34.8	547.1	615.8
Total expenditure	-	26.2	311.3	603.4	24,718.1	25,654.9
Total shareholders funds	62.4	69.8	519.3	550.3	6,928.6	8,130.4

Source: Co-operatives<sup>UK</sup>

Note: Under £10k income and expenditure figures not included due to lack of data

**Table 15.7**

Membership of co-operatives, 2006/07

	Under £10k	£10k–£100k	£100k–£1m	£1m–£10m	Over £10m	Total
Members	44,949	119,496	701,455	353,281	9,945,538	11,164,719
Members per organisation	17	186	677	1,784	124,319	2,441

Source: Co-operatives<sup>UK</sup>

‘There were a total of 11.2 million members of 4,573 co-operatives in 2006/07.’

## 15.4 OTHER ORGANISATIONS REGISTERED WITH THE FINANCIAL SERVICES AUTHORITY

The Financial Services Authority (FSA) is an independent non-governmental body that governs the financial services industry in the UK. The aim of the FSA is to regulate financial services, thereby improving market confidence and giving consumers a better deal. The FSA has a number of legal forms for both mutual and public benefit organisations. This section looks at these legal forms. Many co-operatives register with the FSA, as do many mutual societies (however they also take other forms such as companies and limited liability partnerships).

Data in this section has been obtained from the Financial Services Authority (FSA) and the Inter-Departmental Business Register (IDBR)<sup>1</sup>. Though information on the register is confidential, it is possible to access the data in aggregate form. Additional information was sourced from the relevant umbrella bodies for these organisations.

Whilst the data we obtained did not provide a comprehensive picture of this part of the sector, it allowed us to make reasonable estimates. We hope in future Almanacs to be able to improve upon the information we have. How each part of the FSA was dealt with is detailed below.

### **Benevolent societies**

There are 2,179 benevolent societies, with a combined income of £285 million. These societies are established for benevolent or charitable purposes, and can be registered with the Charity Commission or the FSA. In contrast to other societies registered with the FSA, benefits of these societies must be distributed wider than their members. Data was obtained from GuideStar Data Services, the FSA register and the IDBR.

### **Building societies**

Information on building societies was obtained from the Building Societies Association, with information available for all societies. The assets of building societies are not included in final totals, as they are made up primarily of members' deposits. There are a total of 60 building societies in the UK with an income of £4,416.3 million. In 2006/07 over 37,000 full-time staff were employed by building societies, with almost 13,000 part-time staff in addition to this<sup>2</sup>.

### **Friendly societies**

Friendly societies are mutually-owned organisations which provide life assurance and assistance to members during sickness, unemployment and retirement. They do not become members of Co-operatives<sup>UK</sup>, and so data was collected using the FSA register and the IDBR. There are 415 friendly societies with an income of £225.6 million.

### **Industrial and provident societies**

A report produced by the Registry of Friendly Societies (which regulated industrial and provident societies until the Financial Services Authority took over in December 2001), provided the following categories of industrial and provident societies (in descending order of economic value in £millions):

- Housing societies (£3,226.1)
- Clubs (£280.9)
- General service societies (£259.9)
- Specially authorised societies (£11.2)
- Agricultural societies (£2.1)
- Wholesale and productive societies (£1.3)
- Retail societies (£0.5).

Each of these categories has significant representation in the Co-operatives<sup>UK</sup> membership, although the estimated breakdown was gained using the FSA register and the IDBR. Over half of the organisations in this section come under the heading industrial and provident societies, accounting for a third of the income reported.

### **Working men's clubs**

These organisations provide recreational and social facilities for their members. There are 1,724 working men's clubs with an income of £324.9 million. Information on these organisations was found on the FSA register and the IDBR. A large number of other clubs, such as British Legion, conservative, liberal, labour, and sports clubs are registered as industrial and provident societies rather than working men's clubs.

Table 15.8 sets out the known number of organisations and income based on the categories above. For clarity we have removed organisations that are members of Co-operatives<sup>UK</sup> and therefore included in the first part of this chapter.

### 15.4.1 Conclusion

The wide range of legal forms available from the FSA to civil society groups is often confusing. This is because the different forms have been set up over an extended period of time stretching back to the Victorian age. Whether the FSA decides to simplify their register, and whether this is possible while still responding to the needs of the organisations involved, remains to be seen.

The civil society organisations registered with the FSA are grouped around the values of a 'social economy' based on social benefit. This contrasts with organisations that are based on maximising shareholder value, associated with companies registered with Companies House. With new organisational forms such as CICs blurring these boundaries, the evolution of how the different legal forms fit together and where they are based is likely to further complicate the future.

**Table 15.8**

Number of organisations and income of societies registered with the FSA\*, 2006/07

	Organisations	Income (£m)
Building societies	60	4,416.3
Benevolent societies	2,179	285.0
Friendly societies	415	225.6
Industrial and provident societies	5,550	3,782.1
– Agricultural societies	64	2.1
– Clubs	2,425	280.9
– General service societies	1,007	259.9
– Housing societies	1,874	3,226.1
– Retail societies	55	0.5
– Wholesale and productive societies	<40	1.3
– Specially authorised societies	92	11.2
Working men's clubs	1,724	324.9
<b>Total</b>	<b>9,930</b>	<b>12,816.0</b>

Source: *Building Societies Association* (for building societies). All other data FSA (number of organisations), Office for National Statistics (income).

\*Note – only organisations that are not members of Co-operatives<sup>UK</sup> are included.

'The civil society organisations registered with the FSA are grouped around the values of a 'social economy' based on social benefit.'

#### Footnotes

<sup>1</sup> The IDBR is a list of UK businesses collected by the Office for National Statistics.

<sup>2</sup> See the Building Societies Association website – <http://www.bsa.org.uk/docs/statisticspdfs/operationalinformation.pdf>.

Chapter 16

# Social Enterprise Activity

and Community Interest Companies



## 16.1 SOCIAL ENTERPRISE ACTIVITY

The idea of people coming together to trade for a social objective is not new, as the co-operative tradition exemplifies. However, since the 1990s interest in this type of activity has increased, both within civil society and government. The Office of the Third Sector defines social enterprises as ‘businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners’. Yet social enterprise is perhaps better defined as an activity undertaken by a much wider range of organisations within civil society, both in direct furtherance of their goals (primary purpose) and as a means to generate income which can then be spent on furthering their goals (secondary purpose).

How social enterprise is perceived may be linked to questions of identity and ideological preference, as well as practical considerations. For some it is about developing an alternative approach to markets and wealth creation; for others it is a means of generating income. This is reflected in the choice of legal form. Yet alongside these distinctive identities are a number of synergies between the different types of organisation, including their roots in civil society and a commitment to a broad set of shared principles and values. Many civil society organisations engage in social enterprise activities and the needs of all these organisations should be considered in this context.

A focus of government interest has been on organisational forms and particularly on those that they identify as social businesses. This can be seen, for example, in the creation of a new legal form, the Community Interest Company (see below), and in attempts to assess the size and scope of this part of the sector. In 2006 the Department for Trade and Industry extended the Annual Small Business Survey to include social enterprises and, combined with the results of an earlier survey<sup>1</sup>, produced an estimate of the number and turnover of social enterprises<sup>2</sup>. This survey identified at least 55,000 businesses with a combined turnover of £27 billion, although it is not clear how much overlap there is with the areas of civil society contained in this book.

However, our evidence suggests that social enterprise is, in fact, the primary source of income for many types of civil society organisation with £82 billion<sup>3</sup>, 71% of the total incoming resources of civil society, being earned through enterprising activity. Therefore using a narrow definition of social enterprise that links the concept to a particular organisational form underestimates the importance of social enterprise as an activity within civil society as a whole. A broader understanding is needed to ensure that there is an appropriate mix of generic and specialist information and support available to all organisations engaging in social enterprise, not least to enable people to choose the right legal form for their organisation.

‘How social enterprise is perceived may be linked to questions of identity and ideological preference, as well as practical considerations.’

## 16.2 COMMUNITY INTEREST COMPANIES (CICs)

A CIC is a limited company established for community purpose (the 'community interest test') with an asset lock to ensure that its assets and profits are used to further these purposes. In part the aim is to give companies with a social purpose a brand identity, making them both easier to identify and easier to distinguish as a social (rather than a 'for profit') company in the future.

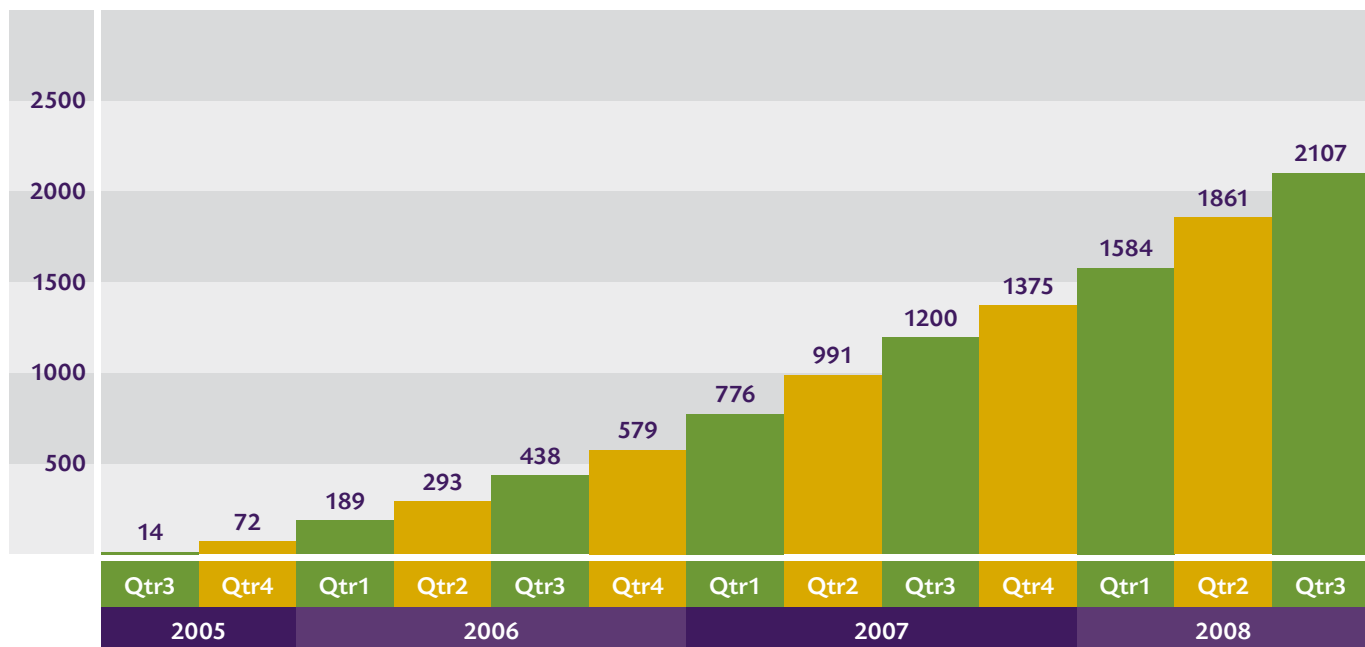
CICs were established as an organisational form in August 2005, and by November 2008 there were 2,200 registered with the Regulator of Community Interest Companies. The number of CICs registered in each quarter since the form became operational is given in figure 16.1, showing that the rate of registration rose steadily over that time.

The latest financial year for which income data is available is 2006/07. At the end of that year there were 946 CICs registered, with incoming resources of £316 million and a workforce of 7,100 staff. It has not been possible to produce detailed income, expenditure and asset breakdowns for CICs; however, as they become a more popular legal form more detailed research will become possible. Some notable community interest companies include Warm Wales, which provides help to homeowners and local authorities to make their homes more energy efficient, and ECT group (formally Ealing Community Transport) which provides community and transport services.

A profile of the distribution of these organisations throughout the UK nations and regions shows an unexpected picture. For most organisational forms, for example charities, the geographical pattern shows a concentration of organisations in London and the South East due to these regions being common locations for national and international headquarters. However, the pattern for CICs (figure 16.2) is less concentrated, with registrations also popular in the North East and South West when looked at in terms of organisations per 100,000 population.

**Figure 16.1**

Number of registered Community Interest Companies, Q3 2005–Q3 2008.



Source: NCVO, Regulator of Community Interest Companies



## 16.3 CONCLUSION

Our figures show that social enterprise activity continues to be a major source of income for many organisations in civil society. This activity accounts for over two-thirds of the total income of civil society organisations, including both primary and secondary purpose trading. The number of community interest companies, who will provide the most visible face of this social enterprise activity, continues to grow. At the time of writing the effects of the economic situation on trading activity are uncertain. The trading environment may become more competitive and enterprise more difficult, but those organisations that have diversified into earning income may be best placed to deal with the challenges ahead.

### Footnotes

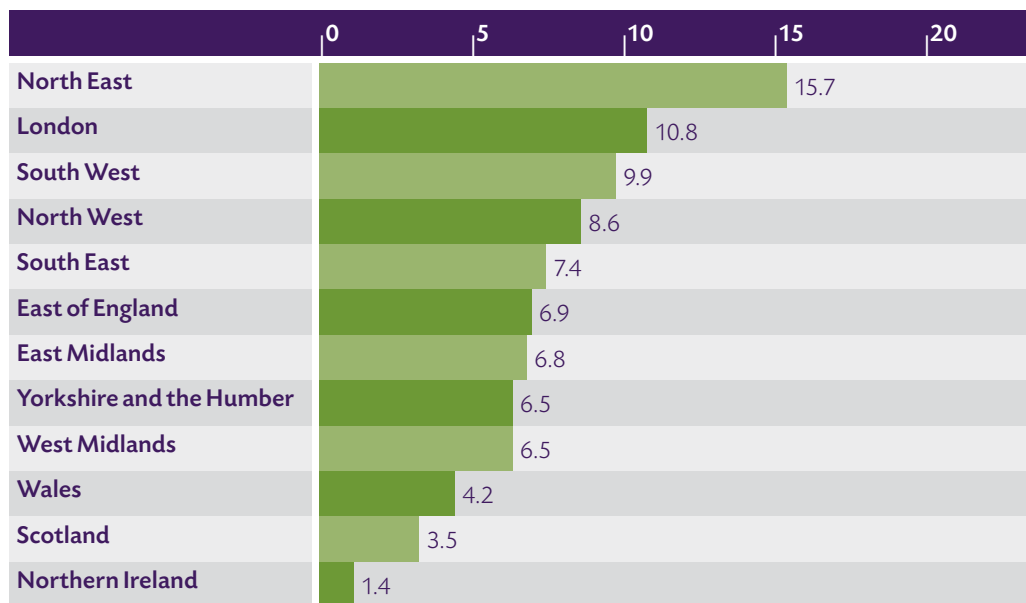
<sup>1</sup> IFF Research Ltd (2005) A survey of social enterprises across the UK. For more details, see: [http://www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics/social\\_enterprise\\_research/background.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/social_enterprise_research/background.aspx).

<sup>2</sup> Cabinet Office (2006) Social enterprise action plan [http://www.cabinetoffice.gov.uk/media/cabinetoffice/third\\_sector/assets/se\\_action\\_plan\\_2006.pdf](http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_action_plan_2006.pdf).

<sup>3</sup> For further information on the method used to arrive at this figure, please visit [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).

**Figure 16.2**

Distribution of community interest companies throughout the UK, 2008 (CICs per 100,000 population)

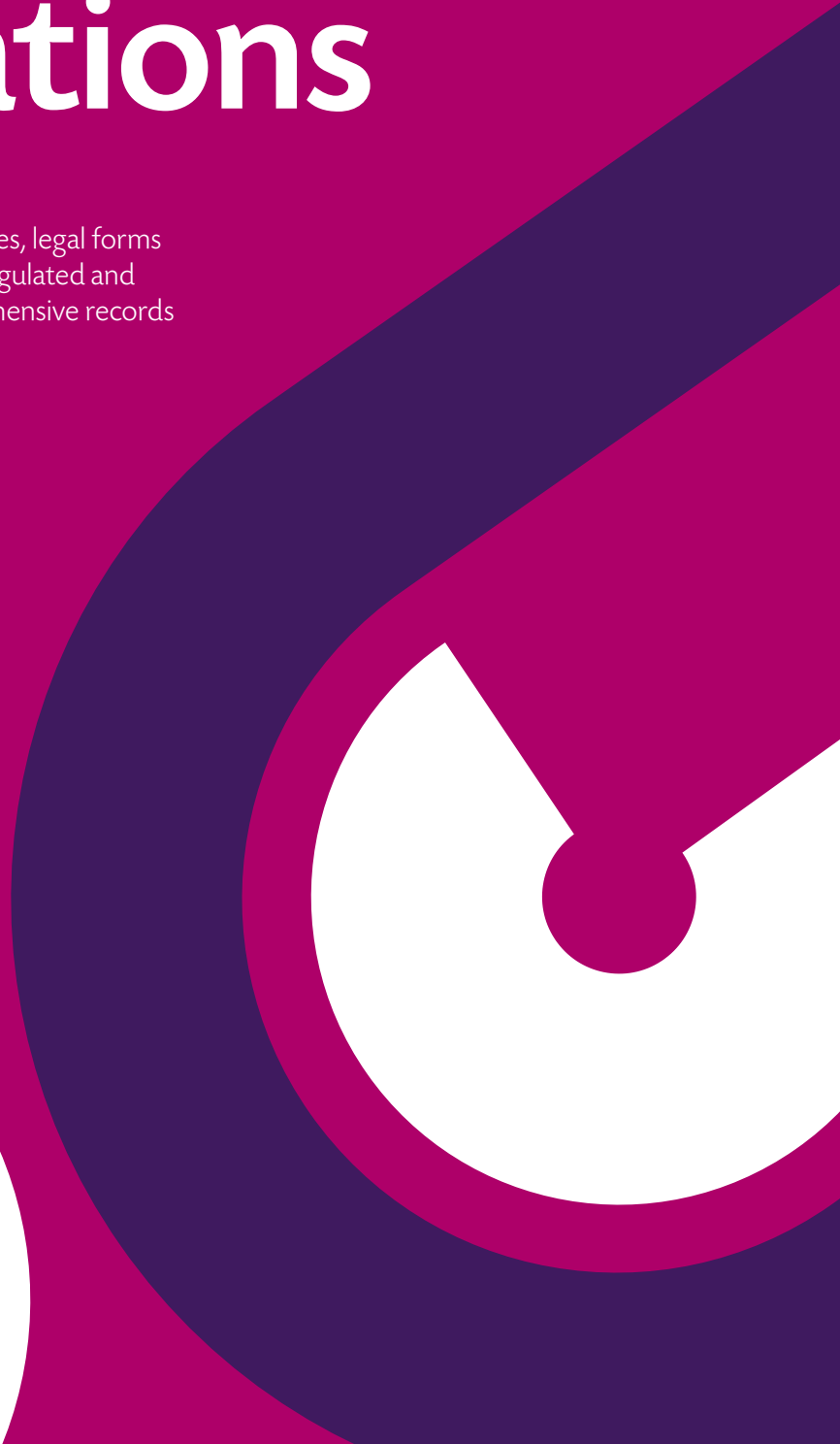
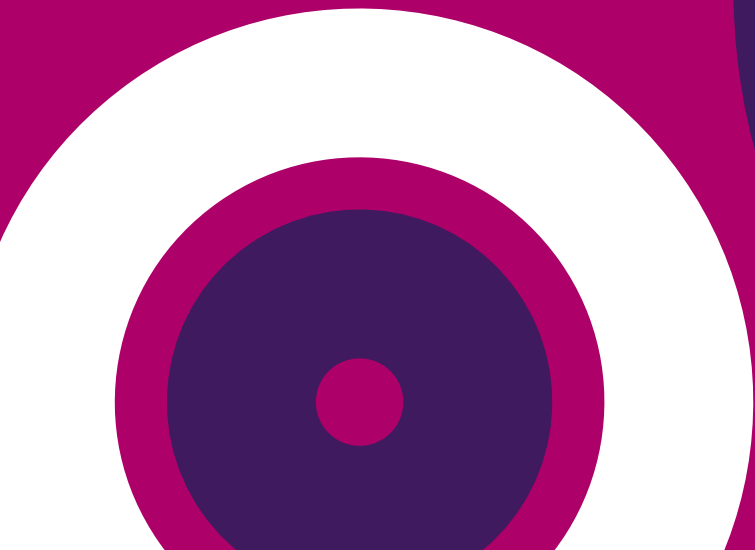


Source: NCVO, Regulator of Community Interest Companies, Office for National Statistics

Chapter 17

# Other Civil Society Organisations

Civil society covers a wide variety of activities, purposes, legal forms and organisational forms. Some, though not all, are regulated and have umbrella bodies and for some there are comprehensive records making a study of these organisations easier.



## 17.1 INTRODUCTION

This chapter covers those civil society organisations for which we have less information and for which it has been necessary to make less-robust estimates. To date little research has been conducted in these areas and further studies are required to gain better estimates of the size and scope of these organisations.

We have used three methods to produce estimates. The first method is only to include those figures for parts of the sector about which we are certain, and then simply not count the remainder. The second method is to extrapolate up from those organisations in that part of the sector that we know about. Where this has been undertaken we have used the most conservative estimates available.

The last method is to use information from other published reports. Where this approach has been undertaken we have erred on the conservative side of the figures given so as to not knowingly 'boost' the size and contribution of the area under review. Collectively, these three methods under-represent the size of the sector. However in the interests of not over-stating our claim, we believe in adopting a cautious approach.

## 17.2 FAITH GROUPS

The advancement of religion has been a legal charitable purpose since 1601, though defining this in law has often been contentious. The Charities Act 2006 updates the legal definition to include 'a religion which involves belief in more than one god, and a religion which does not involve belief in a god'. The majority of religious bodies that are legally charitable are registered with the Charity Commission. However some are excepted charities, meaning that they are required to comply with charity law, but were not required to register with the Commission. The Charities Act 2006 states that excepted charities with an income over £100,000 should apply for registration. This took effect from 2008 for churches and Armed Forces' charities, while other groups meeting the income threshold should register in 2009.

In recent years public policy has given greater prominence to the role of faith communities and faith-based organisations within civil society. However, these have not been clearly defined: for example, some emphasise the role of religious institutions and congregations, others the role of faith as a motivating force for collective action and engagement in civil society. As this Almanac focuses on organisations, we will be looking at faith groups from an organisational perspective.

The largest faith groups in the UK are the Anglican and Catholic churches. Financial data on these organisations is available as many are registered charities. However it is difficult to obtain financial information for unregistered faith groups. While some denominations have a central governing or coordinating body, little information is held centrally. An example of this is The Methodist Church of Great Britain, which maintains a database of the 5,482 Methodist churches in Great Britain<sup>1</sup>. However no financial data is available as this information is held by the individual churches. Similarly the Buddhist Society publishes a directory of 627 Buddhist centres and groups in the UK but no financial information is included<sup>2</sup>.

'The Charities Act 2006 states that excepted charities with an income over £100,000 should apply for registration.'

### 17.3 OTHER EXCEPTED CHARITIES

As it was not possible to obtain financial details on all faith groups, only two sets of faith groups are included in our estimates. The first is those that are on the Charity Commission Register and the second is excepted charities. We believe those on the Charity Commission Register make up a significant proportion of the wealth of faith groups. For example, the Church of England operates across 42 dioceses in England. Each of these dioceses has a 'Board of Finance' registered with the Charity Commission, encompassing the main financial activities of the diocese. In total there were 10,484 faith-based charities on the register in 2006/07, with an income of £3.47 billion and an expenditure of £2.89 billion<sup>3</sup>. They hold £12.6 billion in assets.

Looking at faith groups that are excepted charities, the Cabinet Office's Regulatory Impact Assessment for the Charities Act gave estimates for faith groups that were excepted charities<sup>4</sup>. The most conservative estimate was 2,734 excepted faith groups with an income above £100,000. This would add a minimum of £273.4 million to the total income of faith groups. Therefore the recorded income for charity faith groups in this Almanac is £3.75 billion.

Until recently, excepted charities have not been required to register with the Charity Commission, although they were required to comply with charity law. This category was created by the Charities Act (1960) with the justification that the existence of these charities was publicly documented elsewhere or that there was little public interest in them. Common classes of excepted charities include scout and guide groups, armed forces' charities, religious charities connected with Christian denominations, and certain voluntary schools and universities. This has led to a lack of systematic information for these groups.

The Charities Act 2006 stated that excepted charities with an income over £100,000 should apply for registration. This took effect from 2008 for churches and Armed Forces' charities, while other groups meeting the income threshold should register in 2009. There is an expected increase of 4,000–5,000 new registrations due to these changes. As such, registrations are taking place in a staggered manner. There will be a further review of the Charities Act 2006 in 2011, at which point the income threshold may change to bring it in line with other forms of charities<sup>5</sup>.

The Cabinet Office, in the run up to the Charities Act 2006, carried out a Regulatory Impact Assessment of the proposed changes<sup>4</sup>. For this assessment a consultation was carried out in the last quarter of 2002 which elicited 1,087 written responses, of which 88 related to excepted charities. As this is the only systematic information available on excepted charities, it will be used as the basis for our estimates.

This produces an estimate of between 3,790 and 5,091 excepted charities with an income over £100,000. As this Almanac explicitly wishes to be conservative in its estimates, a figure of 3,790 excepted charities will be used, all with an income of exactly £100,000. This equates to an income from excepted charities of £379 million (we have not inflated this figure to 2006/07 levels to again err on the side of caution). Where appropriate, we have included excepted charities in the relevant sections of the Almanac.

'Common classes of excepted charities include scout and guide groups, armed forces' charities, religious charities connected with Christian denominations, and certain voluntary schools and universities.'

## 17.4 COMPANIES LIMITED BY GUARANTEE

Another legal form which merits a place in civil society is companies limited by guarantee (CLGs). These companies are separate legal entities and are registered with Companies House, but rather than ownership being in the hands of shareholders, CLGs are owned by a group of trustees. The trustees are liable for a nominal amount (usually £1) in the event of the company winding up, but receive no remuneration in the form of dividends and do not own shares. By limiting the liability of individual trustees or members, forming a company limited by guarantee protects them and allows common transactions, such as employing staff or taking on debt, to be carried out by the organisation.

Forming a company limited by guarantee is therefore popular with many organisations within civil society, particularly in the case of charities. Registering with the Charity Commission does not provide the legal protection that registering as a CLG does; and due to this many charities choose to do both, or to register a trading subsidiary as a CLG. Fifteen per cent of charities have taken this route, including 75 per cent of charities with incomes over £1 million, in addition to some co-operatives and housing associations. These organisations have been excluded from the statistics below.

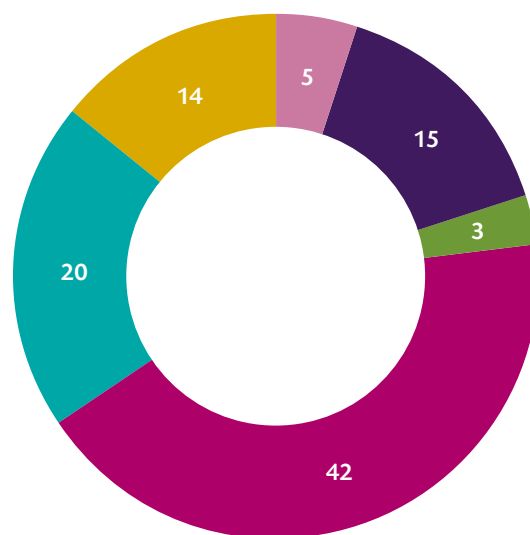
Also excluded from the figures presented below are organisations which have chosen the company limited by guarantee form, but would not be considered part of civil society. For example, private sector companies sometimes use the CLG form when forming a partnership or developing joint products with another private sector company. To exclude these organisations from the statistics below, the Standard Industrial Classification (SIC) was applied to the dataset, and only appropriate SIC categories, such as social care, included.

Using the criteria described above, an estimated minimum of 6,700 additional companies limited by guarantee were identified. These organisations have an income of £1.4 billion and employ 41,000 staff. They are more likely to conduct social care activities, followed by culture, sport and education functions (figure 17.1).

**'An estimated minimum of 6,700 additional companies limited by guarantee were identified.'**

**Figure 17.1**

Functions of non-charitable companies limited by guarantee, 2006/07 (% of organisations)



Source: Office for National Statistics, Companies House

## 17.5 CHARITABLE INCORPORATED ORGANISATIONS

The Charities Act 2006 created a new legal form, the Charitable Incorporated Organisation (CIO), to enable charities to become incorporated without also having to become a company. The main benefit of incorporation is to give the organisation a legal identity, thereby limiting the personal liability of trustees. The CIO structure will only be available to charities and registration will be through the Charity Commission. Thus charities avoid the dual responsibilities of having to comply with both charity law and company law. This new legal form is not yet available to charities, but the consultation on draft regulations was completed in December 2008<sup>5</sup>.

## 17.6 SPORTS CLUBS

Sports clubs can take on a variety of legal forms as well as being unincorporated associations. There is little systematic financial information collected about sports clubs. This is in part because of the disparate range of groups included, as well as there being no single registering authority across the range of sports.

Furthermore, sports clubs can be set up for private gain and these organisations do not form part of civil society. Only those clubs that are set up solely for the benefit of their members or the community are included. Unfortunately there has been little systematic study of sports clubs, and what has been done does not distinguish between these types.

Included in this chapter are the most recent estimates available, but this is an area that clearly needs more attention. There are approximately 127,000 voluntary sports organisations in the United Kingdom. This estimate is based on recalculated figures from a survey in 2002 commissioned by Sport England covering 89 sports<sup>6</sup>. Volunteers are an integral part of sports clubs, accounting for over one-fifth of total volunteering in England<sup>7</sup>.

The Central Council of Physical Recreation (CCPR) commissioned a survey of sports clubs in 2007<sup>8</sup>. Respondents representing 43 sports answered an online questionnaire, with a total of 2,022 responses to the online survey. The average income per sports club was estimated as £49,410 with an average surplus of £1,647.

Combining these sources would equate to a total income for voluntary sports groups in the UK of £6.28 billion, with an expenditure of £6.07 billion. The 2007 survey identified a variety of forms for sports clubs (table 17.2). To remove those clubs that might be for private gain, 'Limited Company' and 'Other' organisations are removed, reducing the totals by 18% to 104,000 clubs with an income of £5.14 billion and an expenditure of £4.97 billion. As some sports clubs are industrial and provident societies, there is some overlap with other parts of civil society. This will be taken into account when calculating the total size of civil society.

**Table 17.2**

Forms of sports clubs and number of clubs using each form, 2007 (%)

Club form	% of clubs using legal form
Registered community amateur sports clubs	31
Unincorporated association	30
Limited company	9
Registered charity	8
Private members club	3
Voluntary club	2
Standard club	2
Trust/industrial and provident society	2
Affiliated with other unions/clubs	2
Registered club	1
University sports club	1
Other	9

Source: Central Council of Physical Recreation (CCPR)

## 17.7 INFORMAL ORGANISATIONS

Despite the focus in this Almanac on the larger organisations that are registered, most civil society organisations are informal community groups where people come together for a common purpose. However, as they are informal and have no legal form, they are difficult to identify. Therefore there have been no systematic studies of the size of these ‘under the radar’ organisations across the UK.

In 2001 the New Economics Foundation<sup>9</sup> estimated there to be between 600,000 and 900,000 groups. This was based on a combination of a number of local studies such as the Local Voluntary Activity Surveys (LOVAS) carried out by the Home Office and a local study carried out by the Southwark Action for Voluntary Councils. However this research probably does not capture the large number of extremely informal groups that form a central part of civil society – book groups, knitting circles, a group of friends playing sport regularly and so on. Therefore we consider this to be a conservative estimate of the number of these organisations. For the Almanac we have used this estimate in the absence of better data. What this demonstrates is a clear gap in the evidence base of the sector around these very informal groups.

The Northern Rock Foundation has funded a large-scale research programme exploring the scale, dynamics and needs of the voluntary, community and social enterprise sector in North East England and Cumbria. The research team, which includes the University of Southampton, NCVO, the University of Teesside, Durham University, GuideStar UK and Cumbria and Newcastle CVS, brings together experts in the field to conduct this important and challenging research. Using a broad definition of the sector, which includes charities, social enterprises and smaller community groups not on official registers, the study will for the first time provide robust, comprehensive and freely available local and regional evidence on the sector. This research should build our knowledge of informal community groups.

Informal organisations are by their nature difficult to capture, and more research needs to be conducted in this area to ensure the full scope of civil society activity is accounted for.

### Footnotes

<sup>1</sup> The Methodist Church of Great Britain contact details can be found on their website <http://methodist.org.uk/>.

<sup>2</sup> Corner, S., and Marchant, L. (2007). *The Buddhist directory* (10th edition). Buddhist Society Publications: London.

<sup>3</sup> The general charities definition used in this Almanac excludes faith-based groups and so these estimates are not included elsewhere in this publication.

<sup>4</sup> Cabinet Office (2005). *Regulatory impact assessment: charities bill*. London: Crown copyright.

<sup>5</sup> Charity Commission website <http://www.charity-commission.gov.uk/>.

<sup>6</sup> Sport England (2003). *Sports volunteering in England 2002*. [Note survey data was weighted for age, gender, household composition, social class and religion.]

<sup>7</sup> See Chapter 8 on volunteers and trustees.

<sup>8</sup> CCPR (2007). *Sports club survey 2007*. [http://www.ccpr.org.uk/Resources/CCPR/Documents/PDF/CCPR%20\(2007\)%20CCPR%20Sports%20Club%20Survey%202007.pdf](http://www.ccpr.org.uk/Resources/CCPR/Documents/PDF/CCPR%20(2007)%20CCPR%20Sports%20Club%20Survey%202007.pdf).

<sup>9</sup> Macgillivray, A. et al. (2001). *Low flying heroes: Micro-social enterprise below the radar screen*. London: New Economics Foundation.

‘The Northern Rock Foundation has funded a large-scale research programme exploring the scale, dynamics and needs of the voluntary, community and social enterprise sector in North East England and Cumbria.’

Chapter 18

# Looking Ahead





## 18.1 INTRODUCTION

The latest Almanac covers the financial year April 2006 – March 2007. As such it precedes the period of economic uncertainty widely known as the credit crunch which arguably began in the summer of 2007 with the US sub-prime housing crisis. The continued growth and expansion described in this publication suggests that the sector faced the impending downturn – what the Governor of the Bank of England referred to as ‘the end of the nice decade’ – in relatively good health.

Until organisations publish more up to date financial data it is difficult to robustly assess the impact of the economic downturn – indeed, at the time of writing (December 2008) the UK is not technically in recession. It is however worth concluding on how evidence from previous downturns might offer guidance to how charities – which might be taken as indicative of civil society – may emerge from the downturn. This section therefore looks back in order to look forward.

## 18.2 EVIDENCE FROM PREVIOUS DOWNTURNS

Evidence from previous recessions is contradictory. Much of the evidence is from overseas, which raises issues of relevance. Some of our key findings include:

**The total number of charities or the ‘birth rate’ is not related to changes in the wider economy.** Although more detailed analysis is required, there does not appear to be a link between the economy and the rate at which new charities are registered or removed. Indeed, there may even be more registrations in recession years. Moreover, there is no empirical evidence regarding levels of merger activity. A number of observers have argued that merger levels will increase, whilst arguing that it remains difficult to merge organisations.

**Charities total income does not necessarily decrease in economic downturns.** Approximately one-third of charities reported a cash fall in their total income over a two year period (1991–93) in the last recession. If inflation is taken into account (6% over two years) two-thirds of charities experienced a real fall in income. If the effects of inflation are ignored, it is noticeable that many organisations reported no change in income. This leads to the conclusion that charities experience downturns differently, and that it is the organisation itself, and not the overall economic climate, which is determinative.

**Charitable giving from individuals does not fall in economic downturns.** There is historical evidence from both the UK and US which demonstrates that charitable giving has grown steadily since the 1960’s and that recessions punctuate long-term increases. Giving USA reports:

*In years with a recession, giving has increased 6.2 percent (current dollars). The average rate of change in giving during a recession is a drop of 1 percent. This decline compares with the total 40-year average of growth in giving of 2.8 percent for 1967 through 2007. During years without a recession, giving has increased an average of 4.3 percent. Using one definition of a slowdown, giving grows an average of 0.8 percent in years with a slowdown<sup>1</sup>.*

Just as giving has failed to keep pace with increases in GDP, it will probably not fall proportionately as GDP contracts. Anecdotal evidence instead suggests that donors focus on causes they already support; and they change giving mode so more reaches the cause.

**Corporate giving tends to vary with economic performance.** There is conflicting research on this issue, but it appears that falling profits may generate a reduction in corporate giving. In general, corporate giving is more closely related to economic performance rather than a reaction to the wider economic climate, with corporate donations in the UK having increased steadily over time. Although corporate donations are vital to some organisations, the Almanac suggests that the overall impact on general charities is likely to be limited.

**Charities will be affected by the falling value of investment assets and donated legacies.** The value of legacies will be impacted upon by falling property prices and the fall in value of investment portfolios. However, the deferred nature of legacies might mean the impact of falling asset prices is not realised until later years. The Almanac shows that trusts and foundations and research organisations are most likely to be hit by these falls; in turn, this suggests a delayed impact on the grant-making and research funding activities of these organisations on the broader sector.

**Evidence indicates the sector is poorly capitalised.** The Almanac has shown that the sector's assets are held by a relatively small number of organisations, mostly foundations. Mid-sized general charities in particular have been unable to build surpluses and therefore reserves. These organisations in particular are susceptible to short-term falls in income, so a medium or long-term downturn is likely to hit normally viable organisations.

**The impact on the paid workforce is mixed.** There is little evidence to suggest that the economic downturn will force charities to make widespread redundancies, although there have been reports of a few organisations that plan to cut staff. Canadian research suggests that in a recession, organisations will have a larger pool of highly qualified applicants to choose from, and some experts have suggested that this current downturn presents a great opportunity to attract new talent. However, recruitment opportunities may be limited due to decreasing budgets.

**The impact on the unpaid workforce is also mixed.** While there also may be a potentially larger pool for volunteers, there are costs associated with volunteering to both the volunteers themselves (e.g. transport), and organisations (e.g. training and management). Without organisational support (such as reimbursement of expenses) volunteers tend to drop off, and as the costs associated with volunteers rise, organisations tend to have capacity for fewer.

## 18.3 LOOKING AHEAD: RISKS AND OPPORTUNITIES

The current economic downturn is expected to have significant impacts on the public, private and third sector. The downturn will have a differential affect on charities due to the distinctive characteristics of the third sector economy, specifically the reliance upon philanthropic donations and public funding for services delivered under contract. The economic downturn offers both risks and opportunities for charities, some of which we have highlighted below:

**The largest organisations are more capable of resilience.** Although there is anecdotal evidence of large charities making redundancies, evidence generally points to the resilience of large or more established charities during an economic downturn. Resilience reflects better strategic planning, capitalisation, relatively diverse income streams, and greater capacity to fundraise effectively.

**Smaller or less established organisations are the ones more likely to suffer hardship.** A recurrent message from umbrella bodies is that during an economic downturn the strong get stronger and the weak get weaker. Whilst larger organisations typically have wider resources to draw from (including larger financial reserves) and a more specialised workforce (including professional fundraisers, campaigners, and volunteer co-ordinators) who can respond to shifting needs, smaller organisations may lack the capacity to adapt quickly in order to cope with increased financial or service pressures.

**Sub-sectors will fare differently.** In the last recession some sub-sectors in the UK saw an increase in income, such as international and religious organisations. Sub-sectors which may face difficulties include housing, social services and employment and training, where needs, such as homelessness, poverty and unemployment, have grown more severe whilst resources are constrained.

**The impact of the downturn on need for VCS services will also be uneven,** both sub-sectorally and geographically. Levels of need are likely to change in both directions. There will likely be a higher need for welfare services, advice and counselling (e.g. debt, housing, employment), but a lower demand for fee-charging leisure and cultural activities (e.g. theatres).

**Foundations are limited in their ability to support the sector in the downturn.**

Although foundations hold much of the sector's investment assets, they are generally small organisations. The Association of Charitable Foundations (ACF) argues that:

*Overall, financial crises in funded charities are extremely time-consuming for funders to deal with. Trusts...are small organisations with very few staff; they don't have the capacity to manage much of this...they will focus on supporting charities and organisations known to them; and on protecting those key strategic bodies that are important to them or to the spheres of interest in which they are working<sup>2</sup>.*

**Government funding policies, practices and attitudes will be crucial.** The Almanac has illustrated that 36p in every £1 of general charities income is from statutory sources. However, evidence from the last recession suggests both central and local governments cut funding in a downturn. In fact, government funding to the sector contracts and expands more rapidly than broader changes in public spending. Government policies and practices in relation to issues such as advance payment and payment on time, plus decisions about the funding of public services, are likely to shape the sector as it negotiates the downturn.

## 18.4 CONCLUSION

Any downturn in the economy is clearly going to impact on civil society; for the voluntary and community organisations at the core who rely upon formal resources it may prove critical. It is clear from past recessions that all organisations do not fare similarly; indeed, some may emerge stronger. The next Almanac will report on the extent to which civil society is impacted, but in the meantime we will continue to update our intelligence at <http://www.3s4.org.uk/drivers/economic-downturn>, where a longer version of this chapter can be found.

### Footnotes

<sup>1</sup> Giving USA (2008) Spotlight: Giving during recessions and economic slowdowns. See <http://www.ruotoloassoc.com/Spotlight3-2008Final.pdf>

<sup>2</sup> Association of Charitable Foundations submission based on a survey of their membership.



# Appendices



## Appendix 1

# Methodology

This Almanac is based on data from a wide range of sources. The core general charities statistics continue to be based on data provided by GuideStar Data Services. Information on other parts of civil society has been supplemented by accounts-based data. Survey data on giving, workforce and volunteering continues to be the backbone of information in these areas.

Due to the number of areas of civil society covered and the variety of methods used, only a brief outline of the methodology can be given here. For further information on any of these areas visit [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).



## A1.1 GENERAL CHARITIES DEFINITION

As in previous Almanacs, the *general charities* definition is used in this edition. This is to enable comparisons over time for this core part of the sector. However we recognise its limitations as a definition and we now include a range of other civil society organisations within the Almanac as well. The clear limits to the definition enable the production of robust, clearly defined estimates for both numbers of organisations and their financial characteristics. Included in the 'general charity' definition are those registered charities that meet the following criteria:

### Formality

People and their activities have a structured organisational form. This may take the form of a constitution or a formal set of rules. Any definition using this attribute will exclude large numbers of informal, community-based activities and temporary forms of activity.

### Independence

Organisations are constitutionally and institutionally separate from the statutory and private sectors. This would exclude registered charities which are also non-departmental public bodies (NDPBs) or quasi non-governmental organisations (quangos) such as the British Council.

### Non-profit distributing

Organisations do not distribute profits to shareholders or owners. While undertaking activities such as trading to generate a surplus is not excluded, proceeds should not be for the personal benefit of any individuals connected with the organisation and should be directed towards achieving the organisation's charitable objectives.

### Self-governance

Organisations are truly independent in determining their own course. This would exclude, for example, organisations that are charities within the National Health Service, on the basis that they are ultimately controlled by a statutory body.

### Voluntarism

There is a meaningful degree of voluntarism in terms of money or time. The donation of time includes that given by trustees.

### Private benefit versus public benefit

Organisations do not exist solely for the benefit of their own members but have a wider public benefit. This may, however, include certain organisations that mainly benefit a specific group of people or even just their members when the objectives of the organisation provide a function that would otherwise need to be provided from statutory sources (such as disability associations or community transport).

### General charity methodology

Financial information on general charities is based on the Charity Commission register and accounts data collected by GuideStar Data Services. The general charities definition is applied to all charities on the register, producing a usable population for England and Wales. Financial data from GuideStar Data Services is available for a sample of these organisations. Figure A1.1 shows the sampling totals used.

Before use, the data is cleaned to remove significant errors, and undergoes a series of checks to ensure validity. These checks include:

- comparison of income, expenditure, balance sheet and workforce data between this year and last year to look for particularly large increases and decreases, and
- construction of various ratios between financial variables (for example between income and expenditure, and investments and dividend income) to look for anomalies.

Those few records that had financial returns other than one year in length were converted to one year and where accounts were submitted in a foreign currency they were converted to Pounds Sterling using an average of the exchange rate over the year. Organisations have a range of financial year ends, distributed throughout the year. To ensure consistency all values were converted to April 2007 prices using the retail price index.

**Figure A1.1**

General charities – population and sample, 2006/07

	Micro (under £10k)	Small (£10k–£100k)	Medium (£100k–£1m)	Large (£1m–£10m)	Major (over £10m)	Total
Registered with Charity Commission	96,634	50,205	20,056	5,006	760	172,661
General charities	79,702	44,903	17,357	3,342	368	145,672
Sample	392	9,376	6,142	2,732	341	18,983
Sample (% of general charities)	0.5	20.9	35.4	81.7	92.7	13.0

Source: NCVO, GuideStar Data Services

Once cleaned, mean amounts are produced for all financial variables within each income band and are multiplied to the UK population size by income band. Supplementary data from the Scottish Council for Voluntary Organisations and the Northern Ireland Council for Voluntary Action is used to produce estimates of the UK population.

Due to rounding figures, some percentage totals may not sum to 100%.

### Grouping charities by income

Figures and tables presented in the Almanac usually divide general charities into five groups, based on their income. For the first time we have provided names for each of these groups (see figure A1.2). These names make it easier to discuss the findings and place them in context.

### Other organisations registered with the Charity Commission

Some organisations excluded from the general charities definition were included as other parts of civil society. For these organisations, a similar process was followed to that of general charities in order to produce figures for income, expenditure, assets and staff numbers.

The parts of civil society this included are:

- Trade associations and professional bodies,
- Common investment funds
- Faith groups<sup>1</sup>
- Benevolent societies<sup>2</sup>.

The figures presented for charities that are government-owned or NHS-based and fall outside of civil society are also derived by the same method as for general charities.

## A1.2 WORKFORCE

The statistics presented in chapter 7 are based on the Labour Force Survey (LFS). The LFS surveys an estimated 60,000 private households every quarter. By pooling data for unique individuals from four quarters, appropriate sample sizes can be found in order to produce reliable estimates of the voluntary and community sector workforce. Weighting is used within the LFS to compensate for non-response rates in certain groups and produce population estimates. All of the LFS data presented within this chapter has been re-weighted using the population estimates from the 2001 Census and so are not directly comparable with those released previously.

To identify the employment sector of a respondent, a two-stage self-classification process is used. Respondents are first asked whether they work for 'a private firm, business or a limited company' or 'some other kind of organisation'. Those respondents who choose the second option are then asked, 'what kind of non-private organisation is it?' They are then presented with a range of options including 'charity, voluntary organisation or trust'. For the purposes of the analysis for the Almanac, responses to these questions were re-coded into a sector variable and defined as 'private', 'public' or 'voluntary'<sup>3</sup>.

### Figure A1.2

Charity income groups

Income of charity	Name
Less than £10,000	Micro charities
£10,000 to £100,000	Small charities
£100,000 to £1 million	Medium charities
£1 million to £10 million	Large charities
More than £10 million	Major charities



### A1.3 INDIVIDUAL GIVING

Chapter 6 is based on data collected in the CAF/NCVO Individual Giving Survey, which runs as a module in the ONS Omnibus Survey three times (February, June and October) per year. The ONS Omnibus Survey is carried out as a face-to-face survey using Computer Assisted Personal Interviewing (CAPI) in respondents' homes. Respondents are asked about their donations to charity over the previous four weeks, which causes they give to, and how much they have given to each cause. Adults in Northern Ireland are not surveyed, although annual population estimates are UK-wide, as results are extrapolated to cover Northern Ireland. The Omnibus Survey uses random probability sampling stratified by region, car ownership, socio-economic status and age. The sample is drawn from the Royal Mail's Postcode Address File (PAF) of 'small users'. Further detail on methodology can be found in the appendices of UK Giving 2008 (NCVO/CAF) or from [www.statistics.gov.uk/about/services/omnibus/](http://www.statistics.gov.uk/about/services/omnibus/).

### A1.4 VOLUNTEERING

The most recent statistics on volunteering at the time of print are available from the 'Citizenship Survey: 2007–08 (April 2007 – March 2008), England & Wales (Statistical Release 4)'. The section of the report which addresses volunteering, 'Active and Empowered Communities', covers England only. All extrapolated figures are based on Office for National Statistics 2006 mid-year estimates.

The Citizenship Survey is the fourth in a series of surveys, carried out previously in 2001, 2003 and 2005. It is undertaken by the Department for Communities and Local Government (DCLG). This survey was carried out in 2005 by DCLG, and in 2001 and 2003 by the Home Office under the title Home Office Citizenship Survey (HOCS).

All extrapolated figures are based on Office for National Statistics 2006 mid-year estimates.

## A1.5 OTHER PARTS OF CIVIL SOCIETY

### Co-operatives

Data on co-operatives was provided by Co-operatives<sup>UK</sup> and based on the accounts of member organisations from a variety of sources. In many cases, a figure was not available for income on the accounts and so an estimation of income was made based on the profit/loss of the smallest organisations. Where organisations appear in both the Housing Association and Co-operatives<sup>UK</sup> data they have been marked as duplicates for the purposes of calculating the total size of civil society.

For organisations registered with the Financial Services Authority (FSA) we also used a variety of sources to map as much of this part of the sector as possible. Whilst these organisations supply annual returns to the FSA, to obtain a complete set is prohibitively expensive. However it was possible to obtain the names of all organisations so they could be cross-referenced with other sources. The additional sources we used include Co-operatives<sup>UK</sup>, the National Housing Federation and the Inter-Departmental Business Register. Some of the figures provided will be an underestimate of the total size of these organisations, as not all organisations will have been matched for income data (e.g. benevolent societies, friendly societies).

### Housing associations

Detailed housing association data for England was provided by the National Housing Federation and is based on the audited accounts of Registered Social Landlords in England. The majority of the data is based on those organisations which manage 250 or more housing units, with extrapolation performed to estimate the incomes of the smaller associations. These organisations can take a wide variety of forms, including charities, co-operatives and industrial and provident societies. Duplicates have been removed when calculating the total size of civil society.

To produce figures for the whole of the UK, the numbers of organisations and housing units in nations other than England were sourced from the Scottish Housing Regulator, Local Government Data Unit Wales and Northern Ireland Federation of Housing Associations. The financial variables were then extrapolated to this population using the average income per housing unit for England.

### Independent schools

Estimates in this chapter for England are based on a population list of independent schools provided by the Department for Children, Schools and Families. As most independent schools have charitable status, schools were matched to their respective charities in order to obtain financial information. Approximately half of the schools were able to be matched back to their relevant charity and financial estimates are based on data provided by GuideStar Data Services. In order to obtain estimates for the rest of the UK, data was sourced from the Scottish Council of Independent Schools, the Department of Education Northern Ireland and the Independent Schools Council. Financial estimates for England were applied to these schools based on pupil numbers and type of school.

### Universities

Comprehensive financial data was sourced for all UK Universities from the Higher Education Statistics Agency (HESA) and aggregated to produce totals for the UK. HESA data is based on the annual accounts of universities.

### Trade unions

Comprehensive financial data was sourced for all trade unions in Great Britain from the Certification Office and aggregated by NCVO to produce totals for the UK. The Certification Office is the regulator of trade unions and uses returned annual accounts to compile data.

### Political parties

The accounts of registered political parties are available from the Electoral Commission. These accounts were inputted by NCVO, ensuring a 100% sample of the largest and most well-known parties, and a significant sample of the remaining parties. To be included in the population, a party had to return accounts for two of the past three years.

### Building societies

Building society data was provided from the Building Societies Association which collects data from the annual accounts of its members. The accounts of these organisations are largely based around the assets they hold but income and expenditure figures are reported. Building societies are regulated by the Financial Services Authority.

### Industrial and provident societies, friendly societies and working men's clubs

A register of industrial and provident societies, friendly societies and working men's clubs is kept by the Financial Services Authority. By comparing this data to the Inter-Departmental Business Register (IDBR) held by ONS, a sample of these organisations could be found. It is believed that those organisations matched to the IDBR will represent the larger industrial and provident societies. So based on this assumption the raw sample figures were used, rather than attempting to extrapolate. For this reason, the figures reported are an underestimate of the total value of these organisations.

The organisations provided by Co-operatives<sup>UK</sup> were compared to the FSA register to ensure duplicates were removed.

### Community interest companies

A list of community interest companies (CICs) is available from the CIC regulator, and the accounts of these organisations can be sourced from Companies House. The first CICs were registered in August 2005, and so only a small amount of activity will fall into the dates covered in this Almanac. For those organisations registered before May 2007, data was obtained from the Inter-Departmental Business Register provided by the Office for National Statistics (ONS). Total numbers of community interest companies include all those registered before October 2008.

### Companies limited by guarantee

A list of companies limited by guarantee (CLGs) was purchased from Companies House. This list was then matched with the Inter-Departmental Business Register (IDBR) and other registers (such as the Charity Commission register). Any duplicate organisations were removed, and the remaining organisations were grouped into Standard Industrial Classification (SIC) categories. Only those CLGs in appropriate categories were included in the final data; income data was found from the IDBR. Appropriate SIC categories included health and social care; excluded categories included mining, manufacturing and agriculture.

### Sports clubs

The number of sports organisations in the UK is based on survey data commissioned by Sport England in 2002<sup>4</sup>. The 2002 survey included results for 89 sports and the authors report an estimate of voluntary sports organisations in England. Using mid-year population figures for 2002 (obtained from the Office of National Statistics) we scaled this figure up to get the total number of voluntary sports organisations in the UK.

#### Footnotes

<sup>1</sup> The numbers of faith groups were supplemented by also including an estimate of excepted charities which fall into this category. There are also many smaller faith groups which are neither registered or excepted charities; these are not currently included.

<sup>2</sup> Fifty of the reported benevolent societies are registered with the FSA rather than the Charity Commission. The income of these organisations was estimated using the Inter-Departmental Business Register from ONS.

<sup>3</sup> More information on the changes to the voluntary and community sector workforce over the last ten years and a detailed methodology can be found in the UK Workforce Almanac 2007 (NCVO/Workforce Hub).

<sup>4</sup> Sport England (2003). Sports volunteering in England 2002.

Appendix 2

# Glossary



**Balance sheet**

A summary of the assets and liabilities of an organisation at a particular date, usually at the end of the financial year.

**Benevolent societies**

Societies established for charitable purposes. Benefits must be distributed wider than their members.

**Capacity-building**

Increasing the ability of individuals, organisations or communities to take action and achieve their objectives.

**Charitable foundations and trusts**

General charities whose primary purpose is awarding grants to other voluntary organisations, other institutions or individuals.

**Charities Act**

In December 2006 the government passed the Charities Act, an overhaul of the 400-year-old charity law.

**Civic participation**

Civic participation (or vertical participation) relates to participation in state affairs. It includes participation in political processes and governance.

**Civil participation**

Civil participation (or horizontal participation) relates to participation in community activities and in less formal types of association.

**Civil society**

Civil society is the sphere in which people come together to pursue their collective interests and make a positive difference to their lives and/or the lives of others.

**Community foundation**

A fund-raising and grant-making charity established to generate resources for local charities in a specific geographic area (or 'community') and to promote the effective use of these resources.

**Community interest company**

A limited company which operates as a business providing community benefit.

**Compact (The)**

The agreement between the government and the whole voluntary and community sector made in 1998 and designed to improve their relationship for mutual advantage.

**Company limited by guarantee**

An incorporated organisation which has a legal personality separate to that of its members. In the event of business ceasing, guarantors are liable to contribute a (usually very small) amount towards winding up the company.

**Co-operative**

An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

**Core costs**

An organisation's overhead or central costs, as opposed to project costs.

**Corporate social responsibility**

Corporate social responsibility (CSR) is a broad concept covering the range of ways in which companies respond to social and environmental factors, alongside making a profit.

**Current assets**

Assets that can be converted into cash within a year (i.e. cash in bank, petty cash, money owed to organisations and goods for sale).

**Debtors**

People or organisations that owe an organisation money.

**Depreciation**

The gradual decrease in the value of assets held.

**Excepted charities**

Charities with a small annual turnover and no significant assets. They are 'excepted' from registration – they can choose to register if they wish do so.

**Exempt charities**

Charities that are not registered and are not subject to the supervisory jurisdiction of the Charity Commission (e.g. universities, leading museums).

**Fixed assets**

Assets held on a long-term basis. They can be either fixed assets for charitable use (which include real estate and equipment) or investments.

**Functional classification of expenditure**

The classification of expenditure used in the Statement of recommended practice (SORP) to identify the cost of different functions or activities (such as management and administration).

**General charity**

General charities are defined in National Account terms as 'private, non-profit-making bodies serving persons'. This excludes sacramental religious bodies or places of worship.

**Gift Aid**

A tax relief on money donated to charity. Charities can reclaim the basic rate of tax presumed to have been deducted by the donor, thereby increasing the value of the donation.

**Gifts in kind**

A gift of goods and services rather than cash.

**Housing stock**

The number of structurally separate residential dwelling units available for non-transient occupation.

**Industrial and provident societies**

An organisation conducting an industry, business or trade, either as a co-operative or for the benefit of the community, and registered under the Industrial and Provident Societies Act 1965.

**Legacy**

A gift or bequest of personal property or money made by a will.

**Mutual society**

An organisation which is owned by its members and run for their benefit.

**Not-for-profit sector**

All non-profit organisations including those for private benefit, and those that are non-commercial (e.g. housing associations). The category includes quangos and other organisations close to government (e.g. universities).

**Organic growth**

In the context of general charities finances, organic growth is that which arises through existing organisations expanding their activities, rather than new organisations being created or the effects of inflation.

**Percentile**

The value of a variable below which a certain percent of observations fall.

**Philanthrocapitalism**

Sometime referred to as 'venture philanthropy', it takes concepts and techniques from venture capital finance and high-technology business management and applies them to achieving philanthropic goals.

**Registered charities**

Charities registered with the Charity Commission. A charity must register if it has a permanent endowment, a total income of more than £5,000 a year or a rateable occupation of any land, including buildings.

**Registered social landlord**

An organisation, usually a housing association, which is registered with the Housing Corporation and able to provide social housing.

**Restricted funds**

Funds for which the donor has specified a use. These funds must be spent in accordance with the donor's wishes and trustees cannot make the decision to remove the restriction.

**Service-level agreement**

An agreement used by local authorities to fund particular services provided by voluntary organisations.

**Social capital**

The stock of active connections among people including the trust, mutual understanding, shared values and behaviours that bind members of communities and make co-operative action possible.

**Social enterprise**

Trading for a social purpose. A wide range of organisations fit the definition of social enterprise. These include co-ops, community business, trading arms of charities and a variety of other businesses that use their trading activity to meet social goals.

**Statement of financial activities (SOFA)**

Financial statement introduced especially for charities in the SORP. It replaces the income and expenditure account.

**Statement of recommended practice (SORP)**

Official recommendation on the way a charity should report annually on its resources and activities.

**Statutory authority**

An organisation that is required by law to provide public services (i.e. statutory services) and receives central or local government funding.

**Statutory funding**

Any funding that comes from a government source. Defined in the Almanac to include funding from bodies such as the United Nations.

**Top-up fees**

An unofficial name for the variable tuition fees charged to undergraduate university students in the UK. They came into effect from the 2006/07 academic year onwards.

**Third sector**

Used as a synonym for voluntary sector.

**Trustees**

The group of (unpaid) people responsible for the control and management of a charity.

**Turnover**

In this publication, turnover is usually used as a synonym for income, and represents the money received by an organisation from its normal business activities.

**UK Workforce Hub**

A team based at NCVO which helps third sector organisations make the best of their paid staff, volunteers, and trustees through workforce development.

**Unincorporated organisation**

An association of people which has no legal constitution, and is not regarded as an entity separate from its members. Also known as informal organisations.

**Unrestricted funds**

Funds held for the general purposes of the charity, to be spent within the stated objects.

Appendix 3

# Acronyms and Abbreviations





<b>ALMO</b>	Arms Length Management Organisation	<b>FSA</b>	Financial Services Authority	<b>ONS</b>	Office for National Statistics
<b>BERR</b>	Department for Business, Enterprise and Regulatory Reform	<b>FTE</b>	Full-time Equivalent	<b>OSCR</b>	Office of the Scottish Charity Regulator
<b>BLF</b>	Big Lottery Fund	<b>GDP</b>	Gross Domestic Product	<b>OTS</b>	Office of the Third Sector
<b>BSA</b>	Building Societies Association	<b>HESA</b>	Higher Education Statistics Agency	<b>RAE</b>	Research Assessment Exercise
<b>CAF</b>	Charities Aid Foundation	<b>ICNPO</b>	International Classification of Non-Profit Organisations	<b>RSL</b>	Registered Social Landlord
<b>CASC</b>	Community Amateur Sports Club	<b>IDBR</b>	Inter-Departmental Business Register	<b>S3RI</b>	Southampton Statistical Sciences Research Institute
<b>CCPR</b>	Central Council of Physical Recreation	<b>IGS</b>	Individual Giving Survey	<b>SCVO</b>	Scottish Council for Voluntary Organisations
<b>CIC</b>	Community Interest Company	<b>ISC</b>	Independent Schools Council	<b>SEN</b>	Special Educational Needs
<b>CIO</b>	Charitable Incorporated Organisation	<b>IPS</b>	Industrial and Provident Society	<b>SIC(92)</b>	1992 Standard Industrial Classification
<b>CofE</b>	Church of England	<b>LFS</b>	Labour Force Survey	<b>SCIS</b>	Scottish Council of Independent Schools
<b>CLG</b>	Company Limited by Guarantee	<b>LOVAS</b>	Local Voluntary Activity Surveys	<b>SOC</b>	Standard Occupational Classification
<b>CSO</b>	Civil Society Organisation	<b>LSC</b>	Learning and Skills Council	<b>UCAS</b>	University and College Admissions Service
<b>CVS</b>	Council for Voluntary Service	<b>NCVO</b>	National Council for Voluntary Organisations	<b>VCO</b>	Voluntary and Community Organisation
<b>DCLG</b>	Department for Communities and Local Government (also CLG)	<b>NDPB</b>	Non-Departmental Public Body	<b>VCS</b>	Voluntary and Community Sector
<b>DCSF</b>	Department for Children, Schools and Families	<b>NHF</b>	National Housing Federation	<b>WCVA</b>	Wales Council for Voluntary Action
<b>DTI</b>	Department for Trade and Industry	<b>NHS</b>	National Health Service		
		<b>NI7</b>	National Indicator 7		
		<b>NICVA</b>	Northern Ireland Council for Voluntary Action		
		<b>NSTSO</b>	National Survey of Third Sector Organisations		

Appendix 4

# Resources and Further Reading



Further links to sources relating to Civil Society can be found on the NCVO website: [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac)

## Chapter 2 Civil society

### Further reading

Salamon, L, Sokolowski, W and List, R. (2003) *Global civil society: an overview*. Baltimore: Johns Hopkins Center for Civil Society

### Websites

Johns Hopkins University – Comparative nonprofit sector project. The project holds comparative data for 35 countries: [www.jhu.edu/~cnp](http://www.jhu.edu/~cnp)

NCVO Research: [www.ncvo-vol.org.uk/research](http://www.ncvo-vol.org.uk/research)

Office of the Third Sector: [www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics.aspx)

Third Sector Research Centre (Universities of Birmingham and Southampton): [www.socsci.bham.ac.uk/research/Third\\_Sector\\_Research\\_Centre](http://www.socsci.bham.ac.uk/research/Third_Sector_Research_Centre)

The UN nonprofit handbook project: [www.jhu.edu/ccss/unhandbook](http://www.jhu.edu/ccss/unhandbook)

## Chapter 3 Population and distribution

### Further reading

Craig, G, Gibson, H, Perkins, N, Wilkinson, M. and Wray, J. (2008) *Every organisation matters – mapping the children and young people's voluntary and community sector*. London: NCVCCO and NCYS

Kendall, J. (2003) *The voluntary sector: comparative perspectives in the UK*. London: Routledge

Office for National Statistics. (2003) *UK standard industrial classification of economic activities 2007 – structure and explanatory notes*. Fareham: Office for National Statistics: [www.statistics.gov.uk/methods\\_quality/sic/downloads/SIC2007explanatorynotes.pdf](http://www.statistics.gov.uk/methods_quality/sic/downloads/SIC2007explanatorynotes.pdf)

Salamon, L and Anheier, H. (1996) *The international classification of nonprofit organizations: ICNPO-Revision 1, 1996*. Working Papers of the Johns Hopkins Comparative nonprofit sector project, no 19. Baltimore: The Johns Hopkins Institute for Policy Studies

### Websites

Charity Commission – facts and figures on registered charities: [www.charity-commission.gov.uk/registeredcharities/factfigures.asp](http://www.charity-commission.gov.uk/registeredcharities/factfigures.asp)

GuideStar UK for data on charities in England and Wales: [www.guidestar.org.uk](http://www.guidestar.org.uk)

Northern Ireland Council for Voluntary Action (NICVA): [www.nicva.org](http://www.nicva.org)

Office of the Scottish Charities Regulator: [www.oscr.org.uk](http://www.oscr.org.uk)

Scottish Council for Voluntary Organisations (SCVO): [www.scvo.org.uk](http://www.scvo.org.uk)

Social and spatial inequalities group, University of Sheffield: [www.sasi.group.shef.ac.uk](http://www.sasi.group.shef.ac.uk)

Wales Council for Voluntary Action (WCVA): [www.wcva.org.uk](http://www.wcva.org.uk)

## Chapter 4 Income

### Further reading

Carrington, D. (2005) *Financing the voluntary and community sector – future prospects and possibilities*. In *Voluntary action: meeting the challenges of the 21st century*. London: NCVO: [www.ncvo-vol.org.uk/policy/index.asp?id=1125](http://www.ncvo-vol.org.uk/policy/index.asp?id=1125)

Mocroft, I. (2007) *Estimates of central government expenditure on voluntary and community organisations, 2002/03 to 2003/04*. London: Office of the Third Sector, Cabinet Office

Mocroft, I. (2007) *Estimates of local government expenditure on voluntary and community organisations, 2000/01 to 2003/04*. London: Office of the Third Sector, Cabinet Office

[www.cabinetoffice.gov.uk/third\\_sector/Research\\_and\\_statistics/third\\_sector\\_research/expenditure.aspx](http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/third_sector_research/expenditure.aspx)

### Websites

Big Lottery Fund: [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)

National Lottery Commission: [www.natlotcomm.gov.uk](http://www.natlotcomm.gov.uk)

NCVO sustainable funding project: [www.ncvo-sfp.org.uk](http://www.ncvo-sfp.org.uk)

Third sector foresight project – provides information about trends affecting the voluntary and community sector: [www.ncvo-vol.org.uk/3s4](http://www.ncvo-vol.org.uk/3s4)

## Chapter 5 Expenditure

### Further reading

The Charity Commission. (2008) *Accounting and reporting by charities: statement of recommended practice (revised 2005)*. London: CCH

### Websites

Third Sector Foresight Project – provides information about trends affecting the voluntary and community sector: [www.ncvo-vol.org.uk/3s4](http://www.ncvo-vol.org.uk/3s4)

Association of Charitable Foundations – information on grant-making organisations in the UK: <http://www.acf.org.uk>

## Chapter 6 Assets

### Further reading

Sayer, K. (2003) *Practical guide to charity accounting*. London: Directory of Social Change: [www.dsc.org.uk/acatalog/finance.html](http://www.dsc.org.uk/acatalog/finance.html)

### Websites

Charity Commission's Statement of Recommended Practice (SORP) on accounting practices: [www.charity-commission.gov.uk/investigations/sorp/sorp05docs.asp](http://www.charity-commission.gov.uk/investigations/sorp/sorp05docs.asp)

**Chapter 7 Workforce****Further reading**

Clark, J. (2007a) The UK voluntary sector workforce almanac. London: NCVO

Clark, J. (2007b) Voluntary sector skills survey 2007. London: NCVO

Clark, J and Jochum, V. (2008) Third sector skills research 2008: further recommendations on skills gaps. London: NCVO

Public Accounts Committee (2006) Working with the voluntary sector. London: The Stationery Office Limited

Remuneration Economics. (2008) 20th annual voluntary sector salary survey. Surrey: Remuneration Economics: [www.celre.co.uk/Charity/index.asp](http://www.celre.co.uk/Charity/index.asp)

**Websites**

Office for National Statistics Labour Force Survey web: [www.statistics.gov.uk/statbase/Source.asp?vlnk=358&More=Y](http://www.statistics.gov.uk/statbase/Source.asp?vlnk=358&More=Y)

UK Workforce Hub: [www.ukworkforcehub.org.uk](http://www.ukworkforcehub.org.uk)

**Chapter 8 Volunteers and trustees****Further reading**

Attwood, C, Singh, G, Prime, D, Creasey, R, et al. (2003) 2001 Home Office Citizenship Survey: people, families and communities. London: Home Office Research

Butt, S. (2008) The changing and non-changing faces of volunteering: further findings from Helping Out. London: Institute for Volunteering Research

Davis Smith, J. (1998) The 1997 National Survey of Volunteering. London: The National Centre for Volunteering

Department for Communities and Local Government. (2008) Citizenship Survey: 2007–08 (April 2007 – March 2008), England and Wales. London: DCLG: [www.data-archive.ac.uk](http://www.data-archive.ac.uk)

HOCS. (2004) 2003 Home Office Citizenship Survey: people, families and communities. London: Home Office Research

Low, N, Butt, S, Ellis Paine, A, and Davis Smith, J. (2007) Helping out: A national survey of volunteering and charitable giving. London: Cabinet Office

Kitchen, S, Michaelson, J, Wood, N, and Peter, J. (2006) 2005 Citizenship survey: active communities topic report. London: DCLG

Machin, J and Ellis Paine, A. (2008) Management Matters: a national survey of volunteer management capacity. London: Institute for Volunteering Research

**Websites**

Institute for Volunteering Research: [www.ivr.org.uk](http://www.ivr.org.uk)

**Chapter 9 Individual giving****Further reading**

Breeze, B. (2008) The Coutts million pound donor report. Canterbury: The Centre for Philanthropy, Humanitarianism, and Social Justice at the University of Kent: [www.kent.ac.uk/sspsr/cphsj/research/couttsmilliondonor.html](http://www.kent.ac.uk/sspsr/cphsj/research/couttsmilliondonor.html)

Clegg, S, Goodey, L, Walls, P, and Wilding, K. (2008) UK Giving 2008. London: NCVO and CAF

**Websites**

Charities Aid Foundation: [www.cafonline.org](http://www.cafonline.org)

HM Revenue and Customs – statistics on charitable donations and tax relief: [www.hmrc.gov.uk/stats/charities/menu.htm](http://www.hmrc.gov.uk/stats/charities/menu.htm)

Institute of Fundraising: [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)

UK Giving 2008 survey: [www.cafonline.org/default.aspx?Page=12182](http://www.cafonline.org/default.aspx?Page=12182)

**Chapter 10 Housing associations****Further reading**

Housing Corporation (2008) Sector study 61: Sector restructuring. Cambridge: Centre for Research and Marketing Intelligence: [www.housingcorp.gov.uk/server/show/ConWebDoc.14472/changeNav/440](http://www.housingcorp.gov.uk/server/show/ConWebDoc.14472/changeNav/440)

Pawson, H, and Fancy, C. (2003) Maturing assets: The evolution of stock transfer housing associations. York: Joseph Rowntree Foundation, Policy Press: [www.jrf.org.uk/knowledge/findings/housing/953.asp](http://www.jrf.org.uk/knowledge/findings/housing/953.asp)

**Websites**

Homes and Communities Agency: [www.homesandcommunities.co.uk](http://www.homesandcommunities.co.uk)

Local Government Data Unit ~ Wales: [www.dataunitwales.gov.uk](http://www.dataunitwales.gov.uk)

National Federation of ALMOs: [www.almos.org.uk](http://www.almos.org.uk)

National Housing Federation: [www.housing.org.uk](http://www.housing.org.uk)

Northern Ireland Federation of Housing Associations: [www.nifha.org](http://www.nifha.org)

Scottish Housing Regulator: [www.scottishhousingregulator.gov.uk](http://www.scottishhousingregulator.gov.uk)

Tenants Services Authority: [www.tenantservicesauthority.org](http://www.tenantservicesauthority.org)

**Chapter 11 Universities****Further reading**

Universities UK. (2008) Devolution and higher education: impact and future trends [www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)

**Websites**

Higher Education Statistics Agency: [www.hesa.ac.uk](http://www.hesa.ac.uk)

National Association of College and University Business Officers (NACUBO) for information on US universities: [www.nacubo.org](http://www.nacubo.org)

Universities UK: [www.universitiesuk.ac.uk](http://www.universitiesuk.ac.uk)

### Chapter 12 Independent schools Websites

Department for Children, Schools and Families: [www.dcsf.gov.uk](http://www.dcsf.gov.uk)

Department of Education, Northern Ireland: [www.deni.gov.uk](http://www.deni.gov.uk)

Independent Schools Council: [www.isc.co.uk](http://www.isc.co.uk)

Scottish Council of Independent Schools: [www.scis.org.uk](http://www.scis.org.uk)

### Chapter 13 Trade unions Further reading

Cunningham, I. (2008) *Employment relations in the voluntary sector*. London: Routledge

Cunningham, I. 'Mobilising workers within inter-organisational relationships in the UK voluntary sector' (2008) 29:3 *Industrial Relations Journal*.191

#### Websites

Certification Officer (for Trade Unions): [www.certoffice.org](http://www.certoffice.org)

Trades Union Congress: [www.tuc.org.uk](http://www.tuc.org.uk)

### Chapter 14 Political parties Websites

Conservative Party: [www.conservatives.com](http://www.conservatives.com)

Electoral Commission: [www.electoralcommission.org.uk](http://www.electoralcommission.org.uk)

Liberal Democrats: [www.libdems.org.uk](http://www.libdems.org.uk)

Labour Party: [www.labour.org.uk](http://www.labour.org.uk)

They Work For You: [www.theyworkforyou.com](http://www.theyworkforyou.com)

### Chapter 15 Co-operatives and FSA registered organisations Further reading

Co-operatives UK. (2008) *Co-operative review 2008*: [www.cooperatives-uk.coop/performance-review](http://www.cooperatives-uk.coop/performance-review)

Tremlett, G. (1987) *Clubmen: The history of the working men's club and institute union*. London: Secker & Warburg

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Yeo, S. (2002) *Co-operative and mutual enterprises in Britain – Ideas from a usable past for a modern future*. London: Centre for Civil Society, London School of Economics and Political Science

#### Websites

Co-operatives UK: [www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

Financial Services Authority: [www.fsa.gov.uk](http://www.fsa.gov.uk)

### Chapter 16 Social enterprise activity Websites

Cabinet Office social enterprise web: [www.cabinetoffice.gov.uk/third\\_sector/social\\_enterprise.aspx](http://www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx)

Regulator of Community Interest Companies: [www.cicregulator.gov.uk](http://www.cicregulator.gov.uk)

Social Enterprise Coalition: [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

### Chapter 17 Other civil society organisations Further reading

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Department for Culture, Media and Sport. (2008) *Our creative talent: the voluntary and amateur arts in England*. London: DCMS

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#### Websites

The Buddhist Society: [www.thebuddhistsociety.org](http://www.thebuddhistsociety.org)

Central Council of Physical Recreation: [www.ccpr.org.uk](http://www.ccpr.org.uk)

Church of England: [www.cofe.anglican.org](http://www.cofe.anglican.org)

Northern Rock Foundation third sector trends study: [www.nr-foundation.org.uk/thirdsectortrends](http://www.nr-foundation.org.uk/thirdsectortrends)

Sport England: [www.sportengland.org](http://www.sportengland.org)

Appendix 5

# The Authors



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**David Kane** leads on the quantitative analysis of data for NCVO's work on the size and scope of civil society, and was an author of the UK Voluntary Sector Almanac 2007 and the UK Civil Society Almanac 2008. David leads on work to classify voluntary sector organisations and is involved in the Northern Rock Foundation Third Sector Trends study and NCVO's Charity Forecast Survey.

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**Karl Wilding** is NCVO's head of research. His research interests include mapping the changing third sector economy and the relationship between new technologies and voluntary action. He is trustee of the Association for Research in the Voluntary and Community Sector and an honorary senior visiting fellow at the Centre for Charity Effectiveness, Cass Business School in London.

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**Joanna Stuart** joined the Institute for Volunteering Research in 2005 and has conducted and managed numerous research projects on different aspects of volunteering including an extensive study of volunteer management within voluntary and community organisations, and research into volunteering within the cultural sector. Joanna leads the institute's work on volunteering impact assessment and provides support to organisations in this area.

Appendix 6

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NCVO's research aims to support the development of policy and practice in the voluntary and community sector. Further information on our work can be found at [www.ncvo-vol.org.uk/research](http://www.ncvo-vol.org.uk/research).

#### **NCVO Third Sector Foresight**

NCVO Third Sector Foresight helps voluntary and community organisations to be more effective with strategic insight and planning tools. The Third Sector Foresight website [www.3s4.org.uk](http://www.3s4.org.uk) provides a searchable database of drivers shaping the future of the sector and a community of people interested in this area.

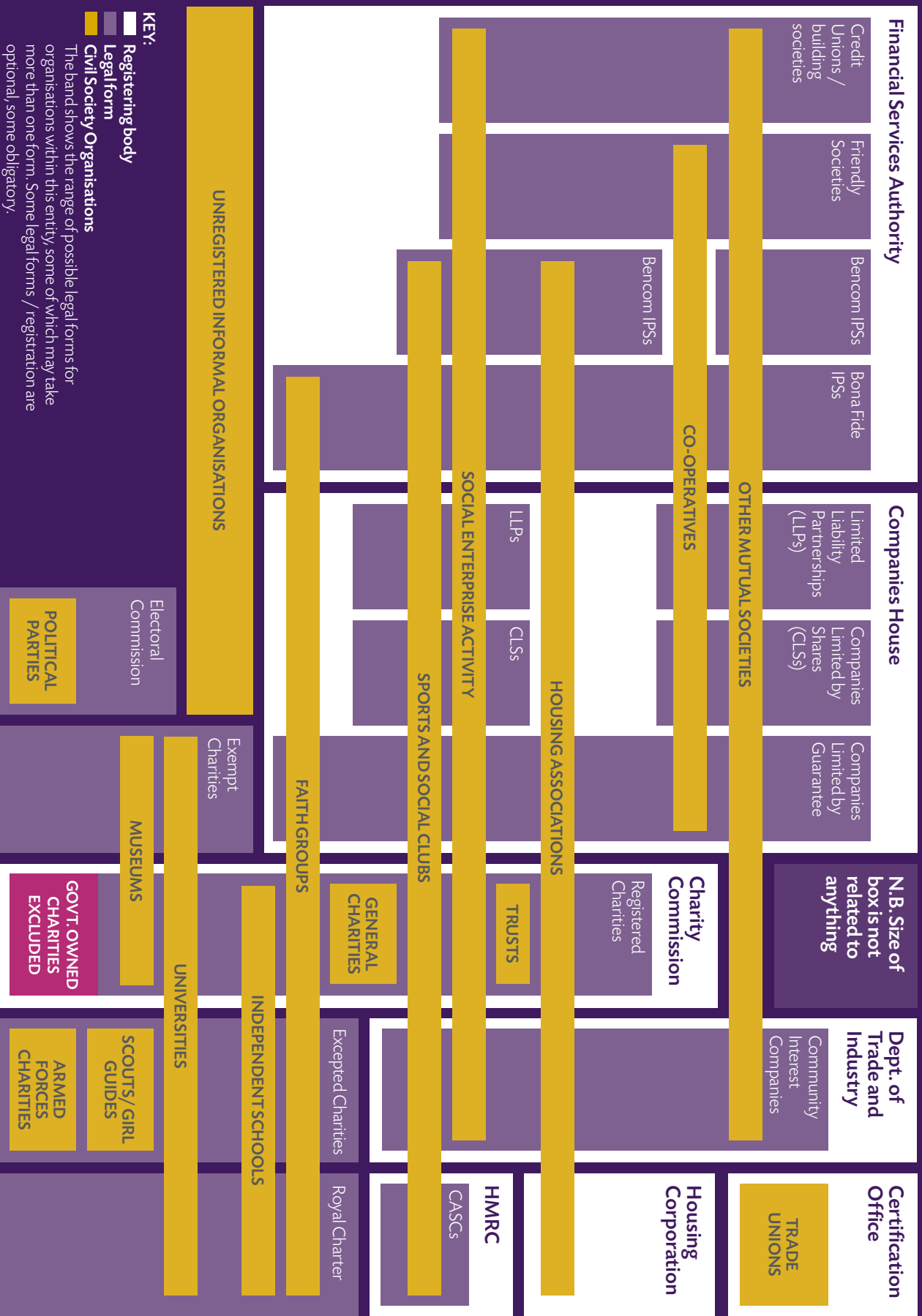
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[www.statistics.gov.uk/qmf](http://www.statistics.gov.uk/qmf)

# A MAP OF CIVIL SOCIETY ORGANISATIONS

This map is one way of looking at the great variety and complexity of civil society organisations. The boundaries are not clearly defined, and there is debate around where they lie, so this map is one of many possible representations.





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