

Notes from NCVO's Almanac webinar, July 2017

Key findings

1. Income and spending overview

- There are large disparities across the sector:
- 82% of organisations have an income of under £100k per year
- Large charities are benefitting the most from the increases in income.
- Small/medium organisations have seen a flat growth in income
- Earned income has 'healthily' increased: it looks like charities are doing more to diversify their income streams.
- Government spending is starting to increase again, however there are caveats: The grants/contracts split is now 20/80(%). It was previously around 50/50.
- For the first time in a decade charities income from central government income has overtaken income from local government.

2. Volunteering

As a rule younger age groups are volunteering more than other age groups.

3. Policy implications

Generally, the data shows a continuation of previous trends in terms of charitable donations remaining a major source of income, levels of public trust in charities (and the need for them), and levels of European funding.

4. Growth and prosperity

Where and how do we expect VCSE orgs to grow?

Government spending is cyclical: The current data covers the 2010 – 2015 spending cycle. Just because there have been increases in recent years doesn't mean this will continue. Be careful about assuming things will keep getting better.

The distribution of growth is also telling, it is mainly charities with an income of over £10m that have benefitted.

Small and medium charities haven't participated in public service delivery as much, and we have seen decreases in government income for them.

Local Authority income:

- Policy making is happening less at a central level, therefore influence needs to be happening locally.
- VCSE organisations should engage with the Devolution process and should be working with (Metro) Mayors to influence commissioning.

Other income:

- In order to grow income, VCSE organisations need to look at boosting earned income (i.e., charging for services).

- The lack of growth in income from individual donations is not surprising: Households have not seen much of an income-rise in recent years – and this is not projected to rise either.

Recommended areas of particular focus:

- Organisations should focus on asset-based community activities.
- NCVO also stressed the key role volunteering and strengthening local communities has to play in the success of the sector overall.

Questions and Answers

1. Why are major and super-major charities seeing such big increases in income?

Generally this is due to an increase in government income. It is an 'economies of scale' situation: bigger organisations have more resources for fundraising, so they go for bigger bids. It is also due to commissioning trends: local commissioners, PCC, CCGs are saving money by aggregating contracts in many areas. This means smaller organisations can't bid for these larger contracts. This barrier needs to be broken down.

2. Why isn't there much data around local organisations with an income of under £10,000?

The Almanac is reliant on Charity Commission data. Those with an income of under £10,000 don't have to submit their accounts so it's hard to pin down the hyper-local, tiny organisations. NCVO is looking into this. There is also an added challenge around the way organisations register with the Charity Commission: they might only report on their Head Office, as opposed to the area of benefit (where local branches are).

3. Can you tell us more about the state of charities' reserves?

You can find this in the 'assets' section of the Almanac. NCVO is keeping an eye on this. The advice is not to read too much into one years' data – overall the trend may be quite different.

4. What is the expected impact of Brexit on the sector?

The data can mostly tell us about the VCSE workforce, that is the proportion of EU workers in the sector. The latest figure is 4%. NCVO will be focusing more on this in the near future. The Policy Team at NCVO has a 'Brexit lead'. They will be looking into funding; workforce; and regulation – the three areas where Brexit is expected to have the most impact.

We are also trying to identify how much European funding reaches the sector. This is hard to show, as European funding often passes through many hands before it reaches the VCSE sector, so it won't always show in charities' accounts as EU funding. We will also look at Government figures around EU Structural Funding. However, this is often distributed to contractors and then subcontractors.

Finally we are also thinking about which kinds of visas would work for (potential) VCSE workers.

5. Could we use the data to prove that small charities are doing as-good or better work locally than large charities?

The Almanac doesn't show impact, however the Lloyds Bank Foundation are doing research into this (see 'Further Resources' on page 3), focusing on the impact of SME charities, and the challenges they face.

6. Is there any data on the total number of hours spent volunteering?

There are some estimates in the Almanac. The Office for National Statistics (ONS) did some research on this topic. They mapped the hours in a day (how much time people spend and when they are doing it). The findings are interesting, for example the data shows a correlation between volunteering frequency and mass media consumption (see 'Further Resources' on page 3).

7. Could you tell us more about volunteering in later life?

There is an excellent NCVO blog by Matt Hill who did a project on this. Key findings: the 65-75 age group has similar levels to younger age groups. At 75+ things start to tail off due to barriers such as 'feeling too old' and 'ill health'. Also, older people's definition of what constitutes volunteering is probably narrower than what we in the sector would say, e.g. they would probably not consider running errands for a frail friend as volunteering.

8. How much government funding is passed from very large VCSE organisations to small/micro organisations?

There is some data on this kind of activity. NCVO does count income that flows between VCSE sector groups, but this is generally between grant-making trusts. Subcontracting is more complicated as it is reported differently in charitable accounts, and would be hidden in 'charitable expenditure'.

Further resources

- [The Almanac website](#)
- [ONS information on volunteering time](#)
- [Lloyds Bank Foundation on SME finances](#)