The Charity Sector and Funding

Sources of funding
The sector receives income from two main sources – individuals and statutory bodies.

Individual donations and purchases are the sector’s main source of income, providing over 40% (around £16.5 billion) of the sector’s total income.

Contracts and grants from statutory bodies generate almost as much of the sector’s income. However – three quarters of all voluntary organisations do not receive any income from the state.

Diversity of the sector’s income
Half of all voluntary sector organisations receive the majority of their funding from individuals. For almost one in ten voluntary organisations, statutory bodies are the majority provider of their income.

Much public debate recently has been about the over-dependence of organisations on state funding, but our analysis suggests that only around 10,500 organisations received the majority of their income from statutory contracts.

There are differing funding mixes of organisations, and therefore changes to sector funding will not appear to have the same effect across the sector. Funds from the National Lottery also provide a significant source of income for the voluntary sector.

State funding
Income from statutory sources totalled £14.2 billion in 2010/11.

State funding – where does it come from?

- In 2010/11, 50% of statutory income came from local authorities
- 45% comes from central government and the NHS
- European and international statutory sources provide approximately £0.8 billion in income (6%)

Larger organisations are much more likely to receive funding from statutory sources.

Cuts
NCVO has never argued that the voluntary sector can, or indeed should, be immune from cuts. We accept the scale of the fiscal challenge that UK government is facing. We also recognise that the sector could work more effectively and efficiently.
But the scale, speed and implementation of the cuts is hitting voluntary organisations hard. There is evidence that the cuts are not being applied consistently, proportionately or strategically. Of course this damages the voluntary sector.

It could also cost the economy more in the long run because the sector plays an essential role in preventative services.

**Spending**

The voluntary sector’s total current expenditure in 2009/10 was £36.8 billion.

Expenditure is split between four main activities:

- charitable activities
- grant making
- the cost of generating funds
- governance.

**Giving**

Any discussion about the future of the voluntary sector needs to explore opportunities and strategies for increasing giving.

NCVO supports our members to increase giving levels, and promotes public understanding around the value of giving. Ultimately, we want to see an increase in the number of donors and the amount that is given to voluntary organisations.

This goes beyond giving money, and includes giving of time, professional support, skills and other contributions that people and businesses make to the voluntary sector. By giving more, we will enable voluntary organisations to do more of what they do best - bringing benefits to communities.

**NCVO Spokespeople**

**Karl Wilding, Director of Public Policy**

- [karl.wilding@ncvo-vol.org.uk](mailto:karl.wilding@ncvo-vol.org.uk)
  
- Read [Karl’s Blog](http://karl.wilding@ncvo-vol.org.uk)
  
- Follow @karlwilding

**Charlotte Ravenscroft, Head of Policy and Research**

- [charlotte.ravenscroft@ncvo-vol.org.uk](mailto:charlotte.ravenscroft@ncvo-vol.org.uk)
  
- Read [Charlotte’s Blog](http://charlotte.ravenscroft@ncvo-vol.org.uk)