Changes in Expenditure, Income and Income Sources for Development NGOs based in the UK

Final Report October 2017

Dan Brockington (SIID) and Nicola Banks (GDI)

Highlights

- In the England and Wales charity begins at home. Total spend by development NGOs in 2015 here was about £6.7bn; total charitable spend about £68bn of which £50bn was for charities whose remit is only within the UK.
- The development NGO sector has grown vigorously, especially since the 1980s.
- The sector is highly unequal in terms of its allocation of resources, with 8% of organisations controlling 88% of expenditure.
- Income and expenditure by development NGOs has increased since 2004 across all class sizes in England and Wales, and in Scotland since at least 2009.
- The public is the most important source of revenue for development NGOs, providing 40% of revenues. This has increased in real terms over the last 5 years, but decreased marginally in relative importance as the sector has diversified.
- Growth in public income is not rivalrous, ie. organisations do not seem to be fighting for the same pound. Instead they are seeking and creating new sources. It is likely that growth in public income derives from high net-worth individuals.
- Corporate donations generally account for little more than 5% of income, and have not increased except for the largest NGOs.
- Scottish NGOs we have analysed are drawing less on donations from the public proportionately to England and Wales. This may be a function of the sample.
- Fundraising ratios (return on fundraising invesments) are high and favourable for the sector as a whole.
- If more was invested in fundraising it is possible that hundreds of millions of extra income could be earned.

Contents

Introduction

We have been tracking the finances and activities of nearly 900 development NGOs based in England, Wales and Scotland. This has entailed engagement with various umbrella agencies to obtain lists of NGOs and consultation exercises to determine which organisations should, or should not, be on the list. More details about this process, and who is included or excluded from our list, and earlier reports from it are available here.

This report compiles findings from three datasets about this group of NGOs:

1. Income and Expenditure figures from 2003 to 2015 which can be downloaded from the Charity Commission site (as per the instructions here). This provides data for English and Welsh charities which account for 837 organisations on our lists.

2. Income and Expenditure figures from 2009 to 2015 which we have compiled ourselves for Scottish development NGOs which account for 68 on our lists.

3. A breakdown of income sources and expenditure on fundraising for a sample of 580 NGOs from 2009 to 2014. We have obtained about half of these data from the National Council of Voluntary Organisations' (NCVO) which runs a 'Civil Society Almanac'. The Almanac provides detailed records of the sources of income of a large number of NGOs. The rest of these data we entered ourselves.

We are undertaking this work partly because we could not find this sort of general overview and description. Specifically we wanted to understand better how the development NGO sector in the UK works as a sector, and how it works with overseas partnerships and networks. We also want to understand what sustains the sector in the UK and how that support is changing. We want to do this because we believe that the sector promotes social justice and understanding how it operates will advance that cause.

Although the work reported here is considerable we see this only as a preliminary step to conducting more authoritative work on changes in income, expenditure, priorities and networks that we hope to undertake in collaboration with a number of different development organisations.

The report is structured as follows.

1. Our methods for putting together this list and the financial data it presents.
2. A basic description of the structure and geography of the sector, and its recent financial trends.
3. The changing sources of income and the role of fundraising in those changes.

This research is co-lead by Dan Brockington of the Sheffield Institute for International Development (SIID) and Nicola Banks of the Global Development Institute (GDI) at the Universities of Sheffield and Manchester respectively. All data used here will be made freely available in the public domain when our final reports are released.

Methods

To construct the list of 898 development NGOs we have screened over 1500 charities (hereafter NGOs) from the membership lists of BOND, Scotland's International Development Alliance; South West and South Wales International Development Network; The South Yorkshire International Development Network, the Foundation for Social Improvement and Small Charities Coalition; from grantees of DFID and Comic Relief; from Hub Cymru Africa; from organisations declaring their interests in ODA and famine relief on the Charity Commission website; from a previous research project into conservation NGOs, and from our own 'snowballing' of contacts and networks.

Any list like this is only as good as the criteria for being included or excluded. We have excluded the following sorts of organisations:

- Those whose primary purposes are not international development – for example Leonard Cheshire and the RNLI;
- That are not charities;
- That primarily give grants to UK-based organisations – or example Comic Relief;
- That spend on average less than £10k in between 2011 and 2015. This is not because we think small organisations are unimportant, just that we did not have the resources to take them all on;
- Organisations from Northern Ireland – because we could find no umbrella organisation to draw them from;
- That are primarily religious NGOs. For the purpose of this research we have defined 'primarily religious NGOs' as organisations that spend much time and money on a set of activities (missionary work, church or mosque building) not undertaken by secular organisations. We have included many organisations with a religious underpinning, such as Christian Aid, Tearfund and Islamic Relief, which are organisations whose activity resembles that of secular organisations.

A word of caution is required about the last exclusion. Despite acknowledgment of the significance of religion within development and appreciation for the lessons that can be learnt from religious organisations, the sheer mass of religious NGOs have prevented us from including this group. As with the small NGOs, we believe these religious organisations comprise a potentially large group that is beyond our means to accurately list, deserving of a study in their own right.

As a result of these exclusions we are fairly certain that we are surveying only a small minority of the sector in terms of the number of organisations included, but we are covering most of its expenditure. We can be sure of this because the Charity Commission of England and Wales categorises charities according to their activities. In the category 'Overseas Aid/Famine Relief' 11,079 charities were listed in 2015. We have less than 10% of them. However this group was only spending £2.2bn, just under half of which was accounted for by the largest 37 organisations, many of whom we considered but discounted because they were only donor groups (like Comic Relief) or were not mainly development organisations (like Leonard Cheshire). This group of excluded organisations mainly consists of smaller charities – over 9600 were in the smallest categories.

Partly for this reason we are confident therefore that we have identified a sufficiently meaningful group of organisations to begin analyzing patterns within them. Another reason for that confidence is that we have subjected the list of included and excluded organisations to a public check, welcoming feedback from all organisations on the lists and the umbrella organisations that we drew our list from. The list of organisations we have screened, and the data we have collected, will be available to download on the project website when we have completed cross-checking data and collecting feedback from all the organisations included in the study. This is an integral part of our methods.

For this list of organisations we obtained financial data from two sources. Basic income and expenditure were available for download from the Charity Commission, the Office of the Scottish Charity Regulator and from the organisations themselves. All our data are already in the public domain. We have merely collated them.

The charities for whom we collected these data use a variety of financial years. To make them comparable and consistent we have converted financial year data into calendar years. We did this by assuming that expenditure and income were evenly spread through the year, and allocating figures to calendar years accordingly. We have also standardized the calendar year data, so that where data are not available for the whole calendar year, or, on occasion, financial years overlap so that the same month is reported twice, these discrepancies can be controlled for.

The reason why we have presented data from 2004-2015 (for English and Welsh charities) and 2009-2015 (Scottish) is because these are the years for which data are most complete. We cannot report on more recent trends because the data are still not available. It takes some time for organisations to complete their financial reports. This means that, for organisations whose financial years include the final months of 2016, their reports for those months are still not available. Full data for 2016 will only become available sometime in 2018.

We have data on the source of income from the NCVO Alamanc. These data take some time to collect, and so the latest year for which we have reasonably complete data is 2014. The NCVO Almanac provides detailed records of the finances, staffing and assets of a large sample of NGOs. This constitution of the Almanac is structured according to the size of the organisation. Records of all the largest (income over £100 million) are kept each year along with samples of the smaller organisations. The size of the sample decreases with the category size of the organisation – from 0.1 of the micro organisations (income less than £10 million), to 80 of the major organisations (income over £10 million).

It is important to note that the sample of NGOs taken to construct the Almanac is different each year. It does not follow the same organisations every year. This means that when we bought records from the Almanac of 400 organisations, we do not, in fact, have complete records for all organisations across all six years of the study. These deficiencies affect the smaller organisations most as these are sampled least frequently. We have therefore supplemented Almanac with our own records, filling in missing years where necessary, and adding large numbers of smaller organisations, randomly selected from our list.

NCVO and Charity Commission data were not always concordant. The vast majority of records were the same but there were some significant differences (more than 10%, or more than £100k) in a few case. We tried to reconcile them. It may be best, however, to treat them as separate records in this analysis.

We have amalgamated the sources of income presented in the Almanac to present trends in the following list of sources:

Business Sector
Independent Government Funded Bodies (NHS Trusts, Universities, Arts Councils, Public Corporations)
Investments
National Lottery
Non-Profit Sector (Other NGOs and Foundations)
Overseas Governments
The Public
UK Government (Central and Local)
Unclassified

Because it derives from the Almanac this report is similar to an earlier report presented by BOND which examined financial trends of 362 of its members from 2006/7-2013/14, with a detailed breakdown in income sources for nearly 230 BOND members. Our report differs in three ways from this earlier one. First, it concerns a larger group of NGOs, not just BOND members. Second, its data are more complete – for some smaller organisations, Almanac data were only available for two years in the BOND report – we have more complete records. Third, as explained in the appendices, NCVO data can alter the financial years for which income and expenditure are reported. We have corrected those alterations and use calendar, rather than financial years.

Full details of our treatment of the data – the nature of the data, amalgamations of income category, correction for inflation, are provided in the methodological annexes. We highlight here that we have also cleaned the data removing outliers and unusual organisations whose presence would distort findings with respect to historical data. This includes the British Council, which is so large that its trends distort the sector, and Save the Children International, whose reorganization say its income rise by two orders of magnitude (see the appendices for more information). We do include Save the Children Fund (UK). This omissions do not change the representativeness of the sample, because the unusual qualities of these organisations means that they are not typical of the sector.

General Patterns in Income and Expenditure

1. The development NGO sector in England and Wales compared to the rest of the charitable sector.

In the England and Wales, charity begins at home. Of £68 billion spent by the charitable sector in England and Wales in 2015, £53 billion (78%) was spent by charities operating within the UK alone (Table 1). Only £2.9 billion was spent entirely overseas.

Development charities' spending constituted less than 10% of all charitable expenditure. Some even appears to have been spent by organisations who operate only within the UK. This could reflect the work of organisations like BOND, or it could mean that the Charity Commission data may contain inaccuracies.

Note we cannot include data on Scottish organisations here as we could not access the appropriate data.

Table 1: The Geography of Charitable Expenditure in England and Wales

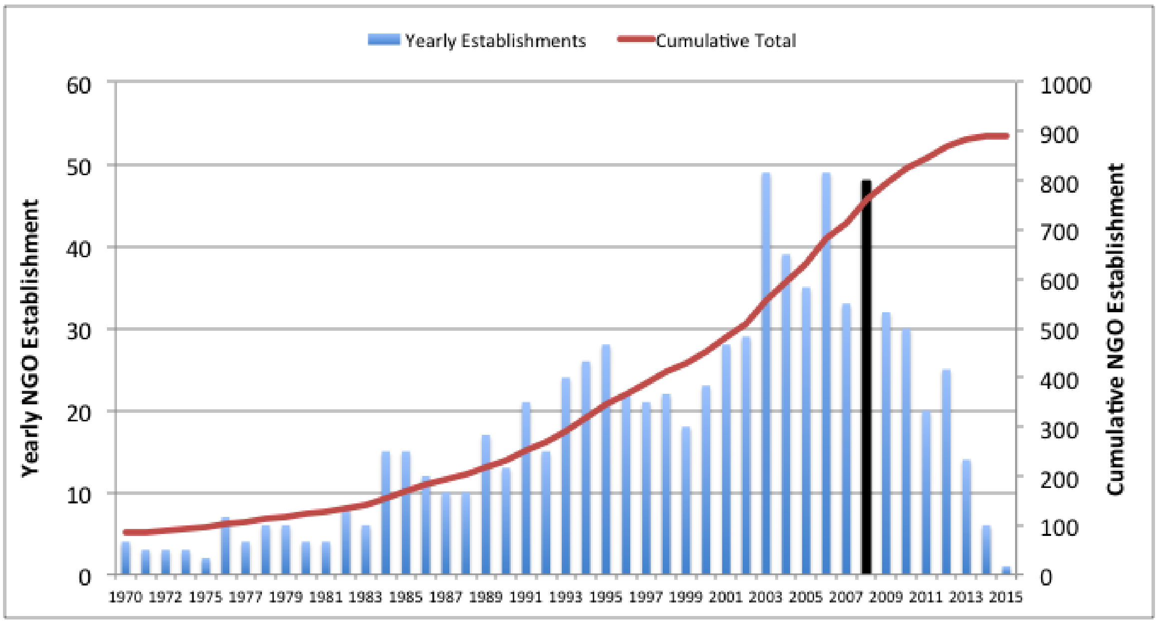
Remit	Expenditure 2015 All charities (£ Million)	% of all charities 2015	Expenditure 2015 Dev NGOs (£ Million)
Only Within UK	53,238	78	242
UK and Beyond	12,164	18	4,524
Only Beyond UK	2,946	4	1,943
Total	68,347		6,710

Source: Authors' Analysis of Charity Commission Data

2. The growth of the number of organisations in the sector

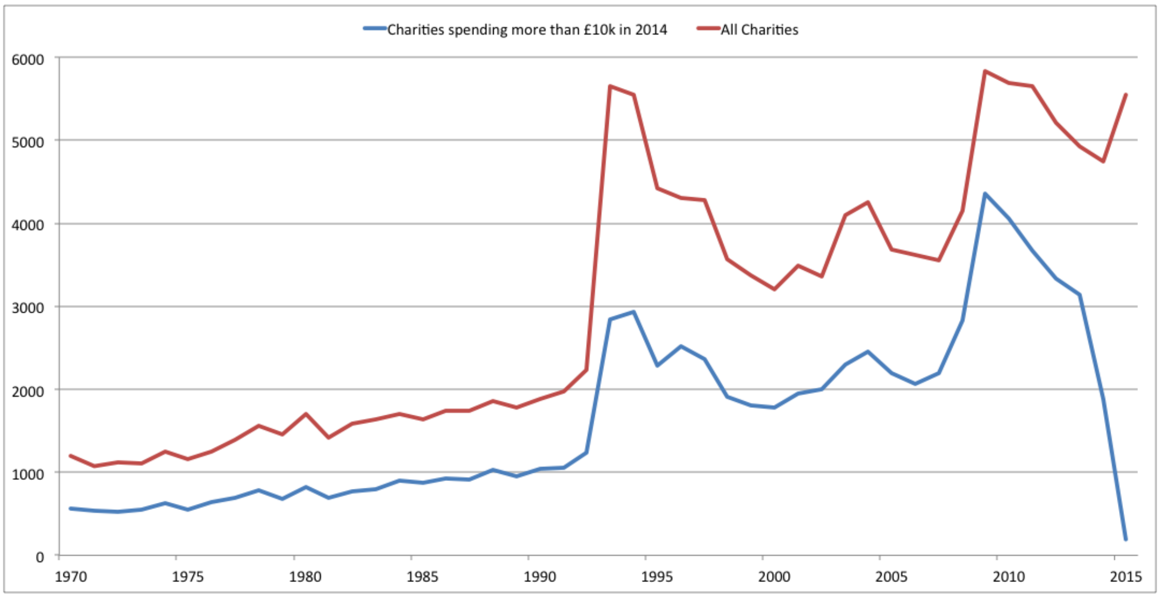
Development NGO growth has been increasingly vigorous since the 1980s. The high point was the mid-2000s, with an apparent decline after the financial crisis of 2007/8 (2008 is marked in black in Figure 1). Numbers have increased by over 250 since 2005.

Figure 1: Establishment dates of development NGOs spending more than £10k in 2015



However, this decline in the establishment of new organisations is not indicative of a decline in the sector as a whole, as the graph above only portrays organisations spending more than £10k in 2014. It takes a few years for many organisations to reach this size. The lag is illustrated in the graph below for all UK charities. It shows new organisations being started vigorously in recent years but a steep decline in the organisations that were recently established and spending more than £10k in 2014.

Figure 2: Establishment trends of all UK charities



It is possible to object that our methods only selected the 'survivor' NGOs and that we miss out all the organisations which used to exist in the early years of our survey but have ceased to exist. This would mean that the apparent rise we have just described is in fact much reduced, because there were many more organisations in existence much earlier on, but which are excluded from our work.

We do not think this is likely. In part we have just not heard of many large organisations which have ceased to exist or merged. There are some (Merlin, Village Aid) but they are few. If there was such a high rate of attrition we suspect that the sector would already know about it.

In part it is possible to test for attrition using Charity Commission records for English and Welsh charities. We examined trends in the 'Overseas Aid / Famine Relief Class' of NGOs and found that the number of organisations in this class as a whole increased from just over 6,000 in 2004 to just over 11,000 in 2105 – an increase of 83%. Other charities, not in this category increased by only half that – 43%. We believe therefore that the change we have described above is real, and not a function of our methods.

3. The size of the sector and its unevenness

Development NGOs based in Britain are spending just under £7bn reported in 2015 (Table 2). This is equivalent to about half of total ODA expenditure by the British government. We use expenditure to explore the size of the sector and its structure, rather than income, because expenditure data reflects actual use of funds, and can be more even than income, which is prone to fluctuations from year to year.

These figures require some qualification. The largest organisation (the British Council) which spends more than £900million, receives considerable support from the UK government. Tens of millions are also contributed by DFID to development NGOs based in the UK through partnership agreements. The second largest, Save the Children International, with expenditure of over £600 million, includes funds raised from many international offices across the world. Finally, there is also some double-counting in these sums, in that organisations are funding each other. Save the Children UK contributed nearly £200 million to Save the Children International; the larger organisations also support each other.

Table 2: The size and structure of the sector: Expenditure in 2015

Size Class	Expenditure	Expenditure (%)	Count	Count (%)
>100m	3,536,640,324	51	9	1
>40m	1,460,125,042	21	19	2
>10m	1,097,792,077	16	49	5
>3m	458,080,664	7	76	9
>1m	244,991,023	4	126	14
>500k	97,214,275	1	126	14
>100k	76,282,325	1	278	31
>10k	10,757,322	0.2	208	23
Total	**6,981,883,053**		**891**	

Source: Authors' Analysis of Charity Commission and OSCR Data. Note not all of the organisations on our lists submitted expenditure records for 2015.

Table 2 also demonstrates the substantial unevenness of the sector. The 77 largest organisations account for over 90% of expenditure. With over 800 organisations accounting for just 13% of expenditure. Moreover this distribution excludes the myriads of small NGOs spending less than £10k per year.

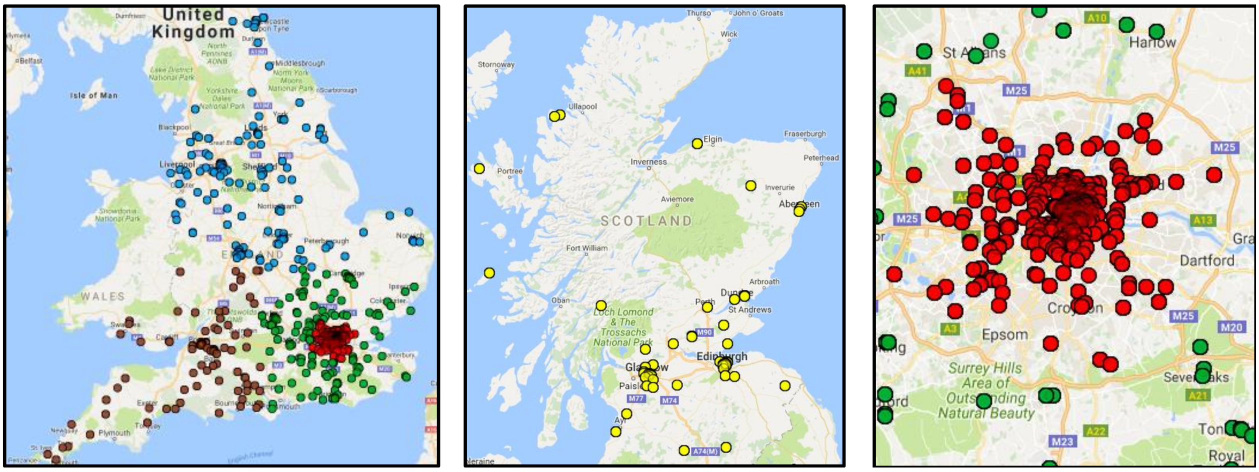
This distribution is well known to the sector and a sensitive issue. There is a feeling that too much money is concentrated amongst too few organisations, and that not enough goes to 'frontline' smaller organisations. There is also the view that larger organisations can deliver economies of scale, and that not all organisations need to be large to achieve their objectives.

We make no comment on the appropriateness or efficiency of this distribution. Our purpose in the first instance is to describe this difference in order that more interesting questions about the consequences of it can be formulated.

4. The Geography of the Sector

We identified five regions in the mainland UK – Scotland, the North and North Wales, South West England and South Wales, South East England (excluding London) and London. We located NGOs in these regions according to the postcode of their correspondence addresses in the Charity Commission records. Maps of the different distributions of NGOs are shown below.

Figure 3: Distribution of development NGOs in the mainland UK



As the maps suggest, London dominates the development NGO scene. Most of the largest organisations are found there (Table 3), and by far the most money is spent by organisations headquartered there (Table 4).

Table 3: The distribution of development organisations in the UK

Size Class	London	SE not London	South West	The North	Scotland	Total
>100m	7	2				9
>40m	15	2		1	1	19
>10m	30	7	2	6	4	49
>3m	48	11	6	9	2	76
>1m	69	27	10	15	5	126
>500k	72	23	8	18	5	126
>100k	110	59	36	48	26	278
>10k	64	37	35	44	28	208
Total	**415**	**168**	**97**	**141**	**71**	**891**

Table 4: Money spent in 2015 (in millions £) by development NGOs headquartered in different regions in the UK

Size Class	London	SE not London	South West	The North	Scotland	Total
>100m	2,927,735,195	608,905,129				3,536,640,324
>40m	1,140,777,720	153,504,251		112,522,405	53,320,666	1,460,125,042
>10m	664,175,065	145,269,349	35,809,524	144,196,276	108,341,863	1,097,792,077
>3m	286,631,529	64,563,117	35,840,646	53,446,017	17,599,356	458,080,664
>1m	133,916,951	52,516,245	18,573,716	30,954,807	9,029,304	244,991,023
>500k	56,024,188	16,238,721	6,201,543	14,158,980	4,590,843	97,214,275
>100k	33,426,820	15,539,775	8,031,920	12,229,019	7,054,792	76,282,325
>10k	3,564,301	1,743,706	1,884,127	2,336,643	1,228,545	10,757,322
Total	**5,246,251,769**	**1,058,280,293**	**106,341,476**	**369,844,146**	**201,165,369**	**6,981,883,053**

The basic pattern of this distribution is well known, but its precise quantification may not be. The concentration of funds into large NGOs that characterizes the sector is augmented by their spatial concentration in London and the South East. This adds a dimension of geographical inequality upon the known inequalities in the structure of the sector.

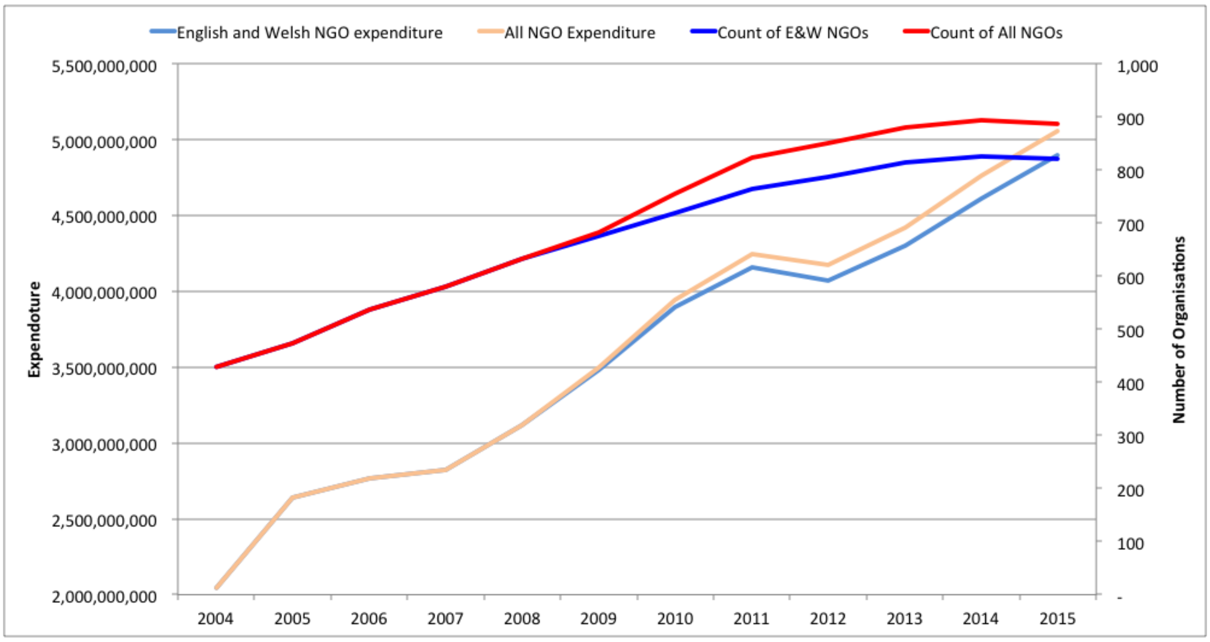
The general reasons for this distribution should be clear. London is where government, politicians and policy makers are found. It is where, as these tables show, most of the other development organisations can be found. London and the South East contain by far the highest concentrations of people, and particularly wealthy people. Its also the location of the most powerful, and wealthy businesses, from which funds are required.

4. Financial Changes in the Sector over Time

Our historical data come from two sources. For English and Welsh charities we have data from 2004-15, for Scottish charities from 2009-2015. We present both in the graphs and tables below, distinguishing them where necessary for the analysis. We have excluded from this section the organisations like the British Council and Save the Children International whose records are exceptional.

The most salient fact is that in terms of the number of organisations, and their income and expenditure, this sector is growing. There are no indications in these data that the sector has somehow peaked, or become full. Expenditure has increase 44% between 2009 and 2015. This increase in expenditure cannot be explained by the rise in number of organisation. The number of organisations has increased by only 30%, and these new organisations tend to be smaller and contribute relatively little to the sector's overall growth.

Figure 4: The Growth of Development NGOs and Development NGO expenditure



Second, there has been growth across all size classes (Table 5). However growth has been strongest for the largest size classes. The increases to the smaller size classes, though apparently considerable, is in fact driven by the growth in their numbers, rather, as we shall see, by increases in their individual income.

The regional pattern of growth is complicated (Table 6). London has seen the most new organisations (which are smaller and tend to grow more slowly), and also houses almost all the largest organisations (which grow faster). Scottish growth appears most vigorous, because it starts from a smaller base. Growth in expenditure is probably most vigorous in the North, where the number of organisations has grown by only 20%, but expenditure by nearly 50%, and this is comprised, generally speaking of relatively small organisations.

Table 5: Change in Expenditure per size class

	2009	2010	2011	2012	2013	2014	2015
>100m	1,199,296,348	1,373,942,636	1,468,682,985	1,455,016,451	1,505,831,611	1,575,089,696	1,671,035,697
>40m	967,034,149	1,146,813,075	1,236,770,368	1,182,139,182	1,291,585,883	1,372,320,528	1,460,125,042
>10m	726,981,475	759,540,142	833,545,560	825,279,572	854,838,378	980,525,766	1,038,712,864
>3m	306,950,776	337,282,122	363,261,976	362,525,521	383,020,277	424,365,397	457,803,664
>1m	181,234,842	201,560,327	198,584,387	201,030,382	223,838,522	237,511,967	244,991,023
>500k	61,388,468	66,129,275	74,876,865	77,145,497	83,322,650	91,269,518	97,214,275
>100k	46,851,217	52,373,032	58,428,703	62,781,992	67,552,576	70,762,024	76,789,407
>10k	5,860,128	7,032,031	7,599,925	8,030,328	8,907,524	9,823,825	10,757,322
Total	**3,495,597,403**	**3,944,672,642**	**4,241,750,769**	**4,173,948,925**	**4,418,897,420**	**4,761,668,721**	**5,057,429,295**

Number of Organisations

>100m	6	6	6	6	6	6	6
>40m	17	19	19	19	19	19	19
>10m	44	45	45	45	45	47	47
>3m	67	69	74	75	76	76	75
>1m	112	116	121	124	126	127	126
>500k	107	113	119	123	126	126	126
>100k	206	237	263	270	281	283	279
>10k	124	151	177	188	202	210	208
Total	**683**	**756**	**824**	**850**	**881**	**894**	**886**

Percentage change in expenditure between consecutive years

	09 to 10	**10 to 11**	**11 to 12**	**12 to 13**	**13 to 14**	**14 to 15**	**09 to 15**
>100m	15	7	-1	3	5	6	39
>40m	19	8	-4	9	6	6	51
>10m	4	10	-1	4	15	6	43
>3m	10	8	0	6	11	8	49
>1m	11	-1	1	11	6	3	35
>500k	8	13	3	8	10	7	58
>100k	12	12	7	8	5	9	64
>10k	20	8	6	11	10	10	84
Total	**13**	**8**	**-2**	**6**	**8**	**6**	**45**

Table 6: Change in expenditure by region

	2009	2010	2011	2012	2013	2014	2015
London	2,312,447,105	2,547,070,982	2,765,332,889	2,673,954,676	2,876,468,711	3,138,250,379	3,321,306,374
SE not London	813,685,807	946,957,521	956,495,428	964,380,074	995,097,194	995,193,535	1,058,787,375
South West	77,805,838	90,935,254	92,154,443	85,461,916	94,610,088	94,823,391	106,341,476
The North	249,712,892	272,004,225	299,278,485	308,806,392	300,015,538	341,077,881	369,852,229
Scotland	41,945,762	87,704,659	128,489,524	141,347,439	152,714,608	192,349,560	201,165,369
	3,495,597,403	**3,944,672,642**	**4,241,750,769**	**4,173,950,498**	**4,418,906,139**	**4,761,694,747**	**5,057,452,823**

Number of Organisations

London	331	354	382	395	408	412	410
SE not London	142	152	158	164	167	169	168
South West	77	83	89	90	95	99	97
The North	117	121	128	132	139	141	142
Scotland	16	46	67	70	74	75	71

Percentage change in expenditure between consecutive years

	09 to 10	10 to 11	11 to 12	12 to 13	13 to 14	14 to 15	09 to 15
London	10	9	-3	8	9	6	44
SE not London	16	1	1	3	<0	6	30
South West	17	1	-7	11	<0	12	37
The North	9	10	3	-3	14	8	48
Scotland	109	47	10	8	26	5	380

Changes to Sources of Income 2009-2014

1. Data available for Income Analysis

Of the NGOs described in the sector above, we have been able to collect data 580 organisations. These represent 65% of the organisations on our list and over 95% of its expenditure (Table 7). Our sample is representative of the regional dominance in that most come from London and the South East. In all regions however our sample accounts for well over 50% of the total expenditure. The number of organisations is relatively small in Scotland because it was not easy to obtain the necessary financial data at this stage. The size of the sample reported here means that this represents a substantially better analysis than any others previously available.

Table 7: Data Sources for Income Analysis

	No NCVO Data Available		NCVO Data Available	
Size Class	Count	Expenditure	Count	Expenditure
>100m			7	1,792,365,229
>40m			18	1,368,251,679
>10m	4	102,306,347	44	981,404,571
>3m	4	30,279,929	73	424,546,535
>1m	10	14,690,335	120	234,572,358
>500k	34	27,286,310	90	68,257,902
>100k	148	41,732,387	130	34,143,414
>10k	116	5,403,366	98	5,814,721
Total	**316**	**221,698,674**	**580**	**4,909,356,408**

	No NCVO Data Available		NCVO Data Available	
Size Class	Count	Expenditure	Count	Expenditure
London	116	46,997,475	296	3,338,730,735
SE not London	60	23,017,837	108	1,039,819,712
South West	42	22,230,653	57	91,533,817
The North	57	58,036,051	86	311,394,237
Scotland	41	71,416,658	33	127,877,907
Total	**316**	**221,698,674**	**580**	**4,909,356,408**

2. Sources of Income

On what sources do development NGOs rely? Table 8 shows that donations from the public are by far the most important source of funds, contributing nearly £10bn over 5 years and 40% of total income. It is unfortunately not possible to break the NCVO data down further to explore what sorts of public giving (such as high net worth, event based, standing order based) provides that income. Foundations and other NGOs, along with UK and overseas government provide the bulk of the rest of the income. Private companies support, relatively speaking a surprisingly small proportion of the sector's income.

Table 8: Total income from different sources for Development NGOs 2009-2014

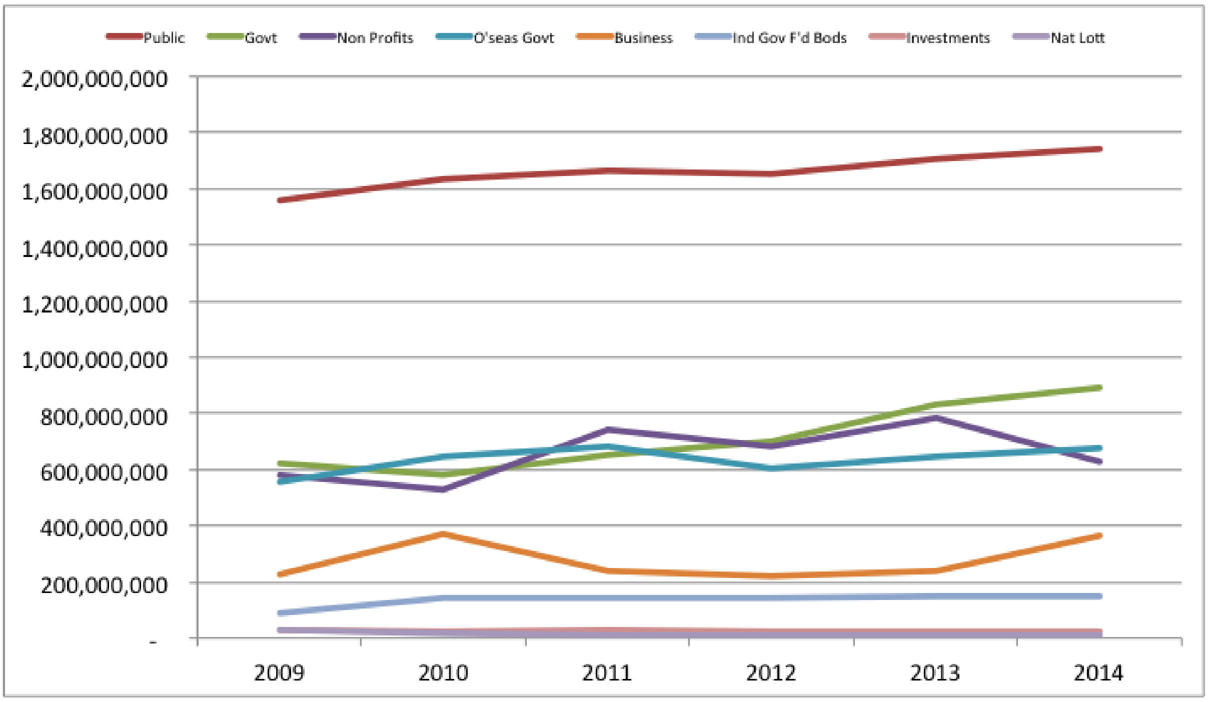
Souce	Income	Proportion
Public	9,957,213,870	40%
Government	4,282,367,316	17%
Non Profit Sector	3,945,836,738	16%
Overseas Governments	3,810,253,394	15%
Business Sector	1,656,798,867	7%
Ind Govt Funded Bodies	813,363,064	3%
Investments	157,594,768	0.6%
Unclassified	104,629,824	0.4%
National Lottery	87,096,933	0.4%
Total	24,815,154,774	

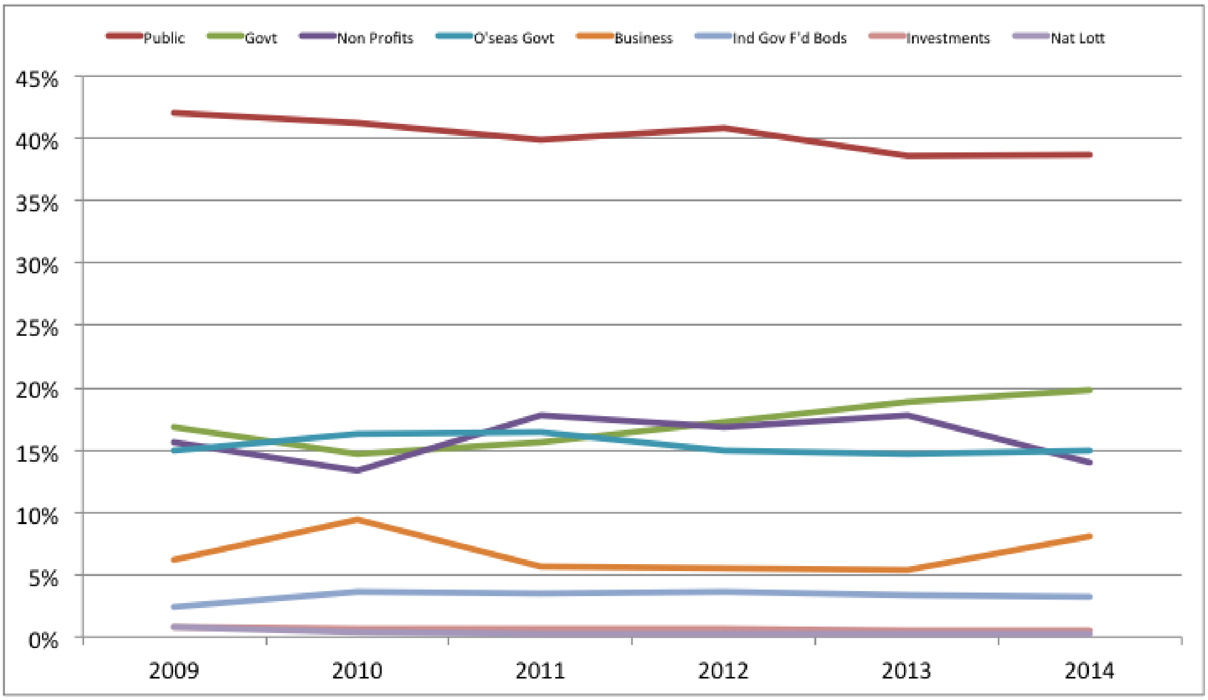
Note: Unclassified sources are small and will not be portrayed in further analyses. National Lottery income is also slight, but can be important for the smaller NGOs and so will still be included in some figures.

3. Change in Income Source over time

The rise in income we described earlier (**Figure 4**) has been accompanied by some slight diversification. Funding from the public, the main source, has risen over time, but declined in relative importance as it has not risen as much as funding from other NGOs, the UK Government and Overseas Governments (**Figure 5**B).

Figure 5: Changes in Funding by Source: A in pounds, B as a proportion



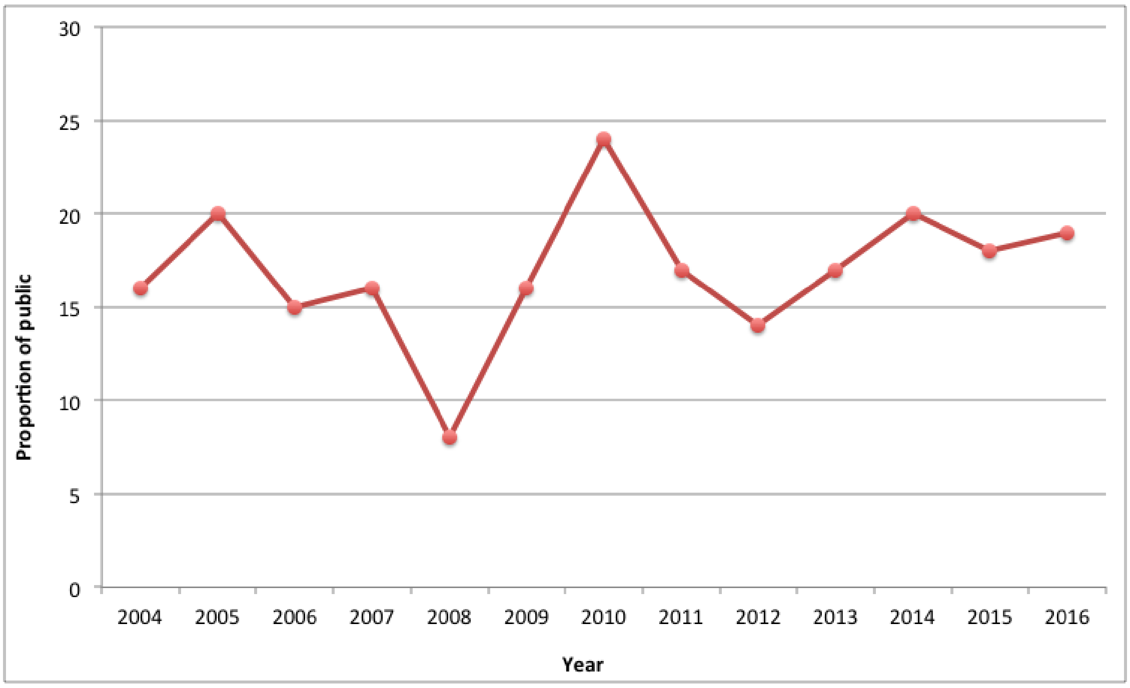


Note that panel A shows figures in real terms, with inflation accounted for.

This is increase is a considerable success for the sector. It replicates the findings of the [earlier BOND report](), which means that the strengths of the development sector are not confined to BOND members alone. At the same time it is important to note that the sector wide increases are not enjoyed by all organisations. As we shall see below, many can experience declines in income at the same time as the sector as a whole has improved its position.

While the rise in giving from the public is welcome, it is not entirely clear who that public might be. The increasing income from the public is interesting because the trend here does not follow the patterns of donations to overseas causes reported in the CAF surveys of giving in the UK (Figure 6). This may reflect problems with the CAF survey, except that it does involve thousands of people each year, who are visited repeatedly. It could mean that 'the public' which is surveyed by CAF is different from 'the public' which is giving to development NGOs. One possible explanation is that CAF surveys are a poor way of tracking donations from high net worth individuals. The giving reported in the CAF surveys are small, with median donations less than £20 per month. The rise in public giving to development causes may reflect the rise in wealthy public giving.

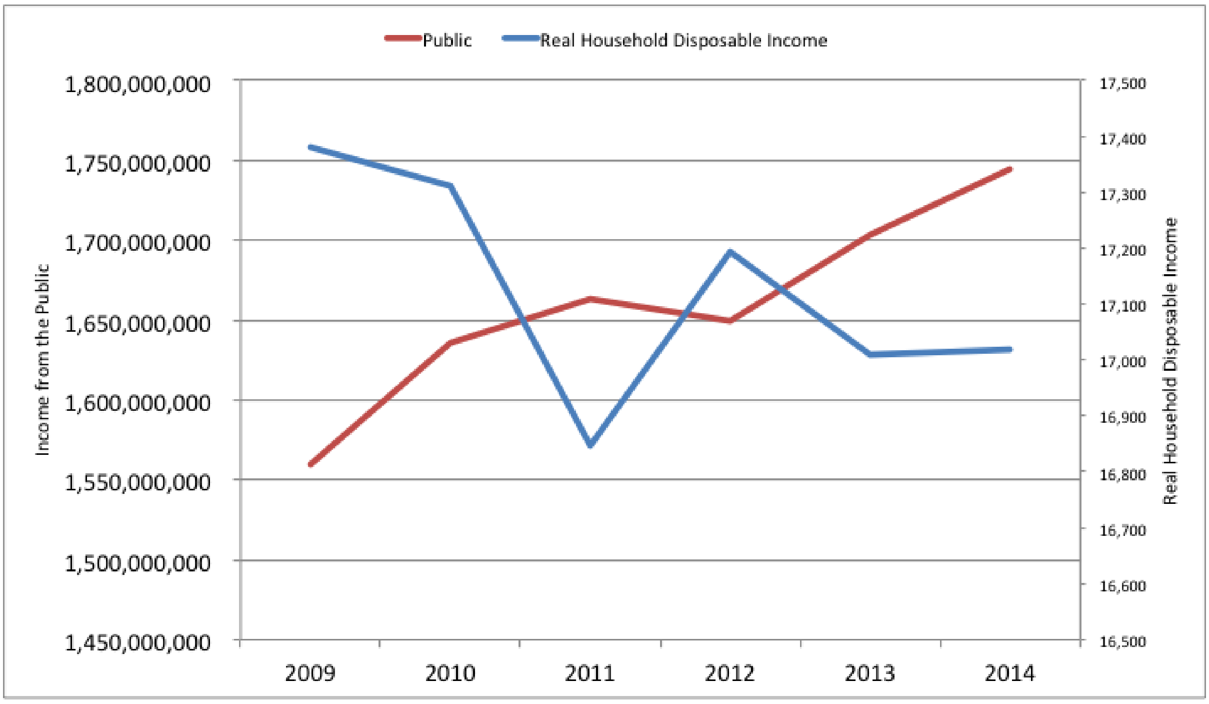
Figure 6: Proportion of the Public giving to overseas causes



Source: Diverse 'UK Giving' reports

Even more strangely, it appears that the income from the public is completely unrelated to the money available to most of the public. Figure 7 shows that public giving simply does not follow the trends of Real Household Disposable Income. Not only are the general tendencies different, but their peaks and troughs are opposed. This again suggests that the public who are giving to development NGOs are disposing of income which is not well captured by government measures of the general income available to most people. Again this points to more giving by high net worth individuals.

Figure 7: Changes in Giving from the Public to Development NGOs and Real Household Disposable Income available in the UK.



Source for RHDI: http://visual.ons.gov.uk/uk-perspectives-2016-personal-and-household-finances-in-the-uk/

4. The Distribution of Income Source by Size Class

Given that resources are distributed so unevenly in the sector it is important to explore trends that affect different size classes of NGO. Table 9 shows how income sources vary across the sector.

Income from the public is particularly important for smaller organisations, rising from the sector norm of 40% to over 50%. Funding from other charities and foundations is also significant for smaller organisations. Other sources are comparatively smaller

Government funding is most important for organisations spending between £3 and £100 million. It is curiously small for the largest organisations.

Overseas Government funding features most significantly in the funding sources of the three largest size classes.

Corporate funding is relatively slight for the smaller organisations, and, curiously, those organisations in the second largest size bracket.

Table 9: Sources of income: Average contribution per size class 2009-2014

Panel A: Pounds (2015). Panel B: Relative importance source per size class. Yellow cells highlight important sources.

Size Class	Public	Government	Non Profits	O'seas Govt	Business	Ind Gov F'd Bods	Investments	National Lottery	Total
1 >100m	3,516,632,374	1,027,075,978	1,424,620,488	1,357,440,906	760,742,278	616,479,975	35,781,347	11,803,634	8,750,576,981
2 >40m	2,960,044,980	1,457,758,962	906,293,106	1,287,749,144	231,044,367	92,998,913	21,735,995	16,366,455	6,973,991,921
3 >10m	1,563,239,857	1,133,478,349	932,843,667	871,691,265	310,119,367	53,178,260	32,465,874	23,997,078	4,921,013,716
4 >3m	1,021,351,747	462,900,223	319,970,762	179,843,736	221,141,802	34,726,609	18,129,376	14,888,748	2,272,953,004
5 >1m	583,366,708	154,705,441	200,092,322	87,861,909	102,624,008	12,841,758	37,583,628	9,696,869	1,188,772,643
6 >500k	180,166,139	31,562,305	86,366,249	20,935,346	17,893,564	2,501,087	8,181,088	6,027,444	353,633,223
7 >100k	115,996,832	13,795,538	68,599,255	4,705,132	12,775,398	447,019	3,306,157	4,150,829	223,776,159
8 >10k	20,256,469	1,097,203	6,871,693	25,957	1,084,117	189,443	413,465	165,299	30,103,647

Size Class	Public	Government	Non Profits	O'seas Govt	Business	Ind Gov F'd Bods	Investments	National Lottery
1 >100m	40%	12%	16%	16%	9%	7%	0%	0%
2 >40m	42%	21%	13%	18%	3%	1%	0%	0%
3 >10m	32%	23%	19%	18%	6%	1%	1%	0%
4 >3m	45%	20%	14%	8%	10%	2%	1%	1%
5 >1m	49%	13%	17%	7%	9%	1%	3%	1%
6 >500k	51%	9%	24%	6%	5%	1%	2%	2%
7 >100k	52%	6%	31%	2%	6%	0%	1%	2%
8 >10k	67%	4%	23%	0%	4%	1%	1%	1%

5. Trends in Income

As we saw earlier income has risen across the sector over the past 6 years by 44%. This rise has not, however, been enjoyed by all organisations. The largest three categories have grown the most overall, and organisations spending over more £10 million per year have also enjoyed healthy growth, but for smaller size classes income growth has been slower, and even negative, on average. Note that the general growth over a six year period conceals annual fluctuations within individual size classes.

Table 10: Change in Average Income per size class 2009-2014

Size Class	2009	2010	2011	2012	2013	2014	Total
>100m	40,888,158	43,531,467	45,074,546	42,549,873	47,496,300	49,411,075	44,825,236
>40m	10,598,734	11,526,490	12,389,486	12,469,072	13,005,389	13,658,523	12,272,798
>10m	3,100,688	3,304,407	3,490,174	3,382,013	3,599,169	4,190,113	3,492,599
>3m	957,480	953,085	994,006	1,006,659	1,013,935	1,082,875	1,001,307
>1m	335,550	333,744	315,761	315,383	342,377	360,275	333,949
>500k	122,242	127,735	128,111	131,706	134,186	145,502	131,708
>100k	52,388	51,148	48,133	49,150	50,623	48,366	49,873
>10k	11,314	11,020	10,735	11,454	11,138	11,720	11,236

Size Class	09 to 10	10 to 11	11 to 12	12 to 13	13 to 14	09 to 14
>100m	6	4	-6	12	4	21
>40m	9	7	1	4	5	29
>10m	7	6	-3	6	16	35
>3m	0	4	1	1	7	13
>1m	-1	-5	0	9	5	7
>500k	4	0	3	2	8	19
>100k	-2	-6	2	3	-4	-8
>10k	-3	-3	7	-3	5	4

6. Change to sources of income for different size classes of NG0: has there been a fight for the 'development pound'?

What could explain these trends in the growth of different size classes in the sector? What income sources are the larger organisations growing, and what are the smaller organisations losing? To answer these questions we need to examine trends in income source per sector, these are shown in the table below (**Table 11**).

First, with respect to income from the public, the driving force behind most of the change are the middle income NGOs, spending between £1 and £40 million. These have seen the greatest increases in income from the public, in relative and absolute terms. The two largest size classes, despite having a collective turnover which is double that of the next three size classes (3.2bn compared to 1.6bn) have not enjoyed the increased successes in fundraising from the public that their smaller siblings have seen. If, therefore, giving from the public does reflect the role of high net worth individuals then it might be the case that medium-sized organisations which can invest in fundraising, but which also can offer more of a niche appeal, may be better at targeting this group.

On the other hand it may reflect the fact that larger organisations are turning their attention elsewhere and seeking more funds from governments, foundations and businesses. In both these categories they have seen substantial increases in revenues, in relative and absolute terms. Small and medium sized organisations have been particularly unsuccessful in growing corporate income, as this has declined in relative and proportional terms. Foundations and non-profits have not sought to invest in the medium sized organisations (spending between £3 and £10 million).

One of the common notions that circulates in this field is that fund-raising is rivalrous – that the successes one organisation enjoys means that there is less money to be raised by other organisations. While this may be true over short time frames, we cannot find strong evidence for that here. But it does depend on what money you are talking about.

It is not obvious that there is any fight over 'the public's' development pound. All organisations bar those in the second smallest category have seen average income from the public increase, and, in absolute terms, there is more money for all sizes of organisation. The public development pound is not evenly distributed however. It might be possible that the relatively small increases the larger organisations have seen reflects their crowded brand space – which would not handicap medium-sized organisations. Similarly the slight increases of the smallest organisations may reflect the fact that they can invest little in fundraising and so do little to attract public support. On the other hand the development pound of the UK Government, and corporate sector, is plainly directed at the largest organisations, while foundations and non-profits target the larger and smaller size classes. Thus, if fundraising is rivalrous then this is likely to be a problem only for specific types of organisation targeting particular types of funding.

Table 11: Change in Income from different sources for different size classes.

Size Class	Mean Income per organisation 09 and 10	Mean Income per organisation 13 and 14	Change in Mean Income per Organisation	Average Total Annual Income 09 & 10	Average Total Annual Income 13 & 14	Change in Average Total Annual Income	Absolute Increase from 09 10 to 13 14
Income from the Public							
>100m	92,553,166	95,292,422	3%	647,872,160	667,046,951	3%	19,174,790
>40m	23,493,376	24,952,680	6%	422,880,769	449,148,247	6%	26,267,478
>10m	5,574,314	6,904,843	24%	245,269,838	277,219,701	13%	31,949,863
>3m	2,250,091	2,503,367	11%	153,006,158	174,914,564	14%	21,908,406
>1m	805,153	893,957	11%	83,429,136	104,550,341	25%	21,121,206
>500k	351,272	371,859	6%	27,968,495	31,724,122	13%	3,755,627
>100k	149,831	134,668	-10%	15,284,626	16,385,685	7%	1,101,059
>10k	40,455	40,916	1%	2,073,694	3,314,839	60%	1,241,145
Income from Non-Profits							
>100m	28,260,547	38,286,949	35%	197,823,832	268,008,641	35%	70,184,809
>40m	6,646,269	10,015,096	51%	119,632,835	180,271,727	51%	60,638,892
>10m	3,168,619	3,432,894	8%	139,419,228	139,983,050	0%	563,821
>3m	731,281	718,382	-2%	49,727,124	50,275,292	1%	548,168
>1m	282,557	352,901	25%	29,228,890	41,312,593	41%	12,083,703
>500k	133,633	203,056	52%	10,692,379	17,325,413	62%	6,633,034
>100k	68,642	74,840	9%	7,043,140	9,103,355	29%	2,060,215
>10k	11,150	14,389	29%	587,742	1,164,500	98%	576,758
Income from the UK Government							
>100m	20,095,317	37,296,070	86%	140,667,222	261,072,488	86%	120,405,266
>40m	11,972,294	15,846,209	32%	215,501,286	285,231,766	32%	69,730,480
>10m	3,766,722	5,042,449	34%	165,735,770	201,941,241	22%	36,205,471
>3m	704,289	1,088,914	55%	47,891,647	76,061,071	59%	28,169,424
>1m	242,638	253,767	5%	25,095,305	29,672,134	18%	4,576,829
>500k	69,828	78,602	13%	5,547,315	6,703,287	21%	1,155,972
>100k	14,796	17,865	21%	1,542,236	2,168,922	41%	626,685
>10k	3,356	1,865	-44%	172,951	151,052	-13%	(21,900)
Income from Businesses							
>100m	19,880,724	20,125,106	1%	139,165,068	140,875,741	1%	1,710,673
>40m	1,510,557	3,651,629	142%	27,190,032	65,729,314	142%	38,539,282
>10m	1,484,160	1,150,631	-22%	65,303,046	46,312,720	-29%	(18,990,326)
>3m	666,537	406,799	-39%	45,324,505	28,516,966	-37%	(16,807,539)
>1m	178,236	119,704	-33%	18,399,754	14,004,073	-24%	(4,395,681)
>500k	35,336	31,103	-12%	2,769,347	2,662,822	-4%	(106,525)
>100k	17,896	13,530	-24%	1,846,682	1,652,526	-11%	(194,155)
>10k	3,143	1,964	-38%	175,188	158,786	-9%	(16,402)

7. Variations in Income by Region

It is difficult to understand how geography and regional location affect sources of income in part because differences in location are conflated with differences in size class – all the largest organisations are head-quartered in London and the South East. It is also difficult as geography does not necessarily constrain fundraising activity, because fundraisers are able to appeal to diverse and disparate publics scattered over many locales.

Spatial variation in sources of income are shown in Table 12, below. London and the South East generate a higher proportion of their revenues from businesses than do other regions. This maybe because there is more money in businesses to give away. Thus locating in or near London makes sense because it gives better access to corporate finance. On the other hand this may just reflect the fact that larger NGOs are better at accessing funds from businesses and are also more likely to be based in London and the South East.

Scotland stands out for having a relatively small proportion of its income derived from public sources and more from governments (UK and Overseas). However the universe of organisations is small here and this may reflect the influence of one or two larger entities. It may also reflect the fact that increased Scottish Government funding, since the beginning of the Scottish Government's international development strategy in 2005, has made available more government resources to the small number of NGOs we have included in our sample. Public funding would remain important for other Scottish development NGOs.

We looked for regional trends in the sources of income, but were not able to discern any that merited reporting in these data. The strong growth we reported from the North appears to have been driven by revenues from public sources, which increased by some £30 million.

Table 12: Sources of income per region – average per source

Region	Public	O'seas Govt	Non Profits	Ind Gov F'd Bods	Govt	Business	Total
London	6,514,819,933	2,459,563,148	2,184,772,492	791,274,556	3,179,344,975	1,141,259,169	16,483,922,677
SE not London	2,441,086,501	921,115,668	1,159,536,618	9,100,809	548,813,062	476,332,755	5,618,329,199
South West	189,630,229	73,667,263	90,047,942	819,645	52,367,456	17,851,786	439,849,541
The North	655,585,814	186,541,485	455,557,482	11,983,707	348,766,782	19,103,666	1,729,089,353
Scotland	156,091,393	169,365,830	55,922,205	184,347	153,075,041	2,251,490	543,964,003
London	40%	15%	13%	5%	19%	7%	
SE not London	43%	16%	21%	0%	10%	8%	
South West	43%	17%	20%	0%	12%	4%	
The North	38%	11%	26%	1%	20%	1%	
Scotland	29%	31%	10%	0%	28%	0%	

8. The costs of fund-raising

A. How much should organisations spend on fundraising?

The amount of money charities spend on fundraising is a sensitive issue. We observe two schools of thought in the charitable sector about fundraising. One group sees fundraising costs as an embarrassment to be minimized as far as possible or better eliminated. Charity work here is synonymous with voluntarism, with giving freely and not counting the cost. Their measure of success is keeping the sector's own costs should be as small as possible. The ideal fund raising ratio is infinity.

Another group measures success by the change achieved, and is prepared to pay to achieve those goals. This recognizes that the smallest possible expenditure on fundraising does not always yield the best results. In fact the opposite is true in that, in most walks of life, spending more than the minimum results in excellence in companies, Universities, sports teams, armies, hospitals, schools etc etc. Good charity is not cheap. Good charity is worth paying for. Cheap charity is not by definition good, it is just cheap.

This school believes that fundraising success is not measured by its costs; it is strategic, tailored to specific goals. Fundraisers' success is measured in meeting income targets, which are determined by operational criteria. If returns per pound spent decline as costs rise, then this will not be a problem if the revenue targets are met. If £1 million is required for new hospital equipment then it is better to reach that target by spending £500,000 than to miss it and merely raise £50,000 from an expenditure of £200.

These two schools of thought are different, but they could compatibly co-exist in one sector:

- The 'voluntarists' are found in smaller organisations where part of the ethos is to take part freely. The happiness and satisfaction of the volunteers is one of the criteria of success. Additionally it could include organisations who are too small to apply the accounting procedures that could properly account for fundraising costs. These organisations will look like voluntarists, without necessarily believing that it is the right course of action.

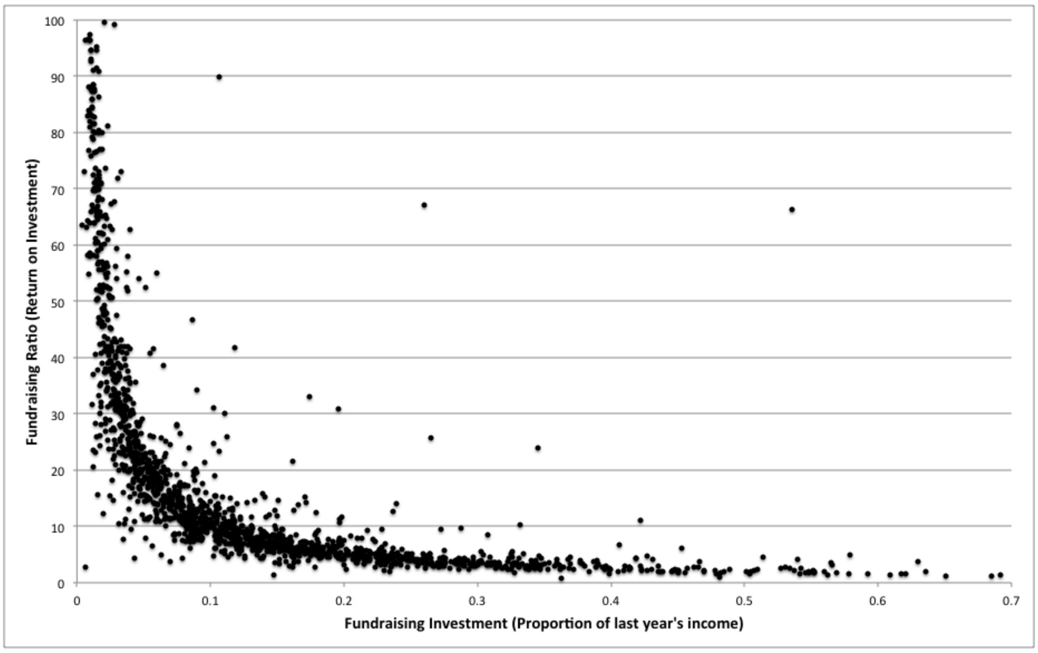
- The 'revenue strategists' are more likely to be found in larger organisations which are trying to achieve, or catalyse, significant change at scale. For these organisations the well-being of volunteers in the UK is less important than the interests of partners with whom they work in development contexts.

We will see in the data below that both schools of thought are clearly present. However we are unable to explore success according to the criteria preferred by revenue strategists, as their measure (income raised compared to income needed) is not available in these data. We therefore use fundraising ratio (ie return on investment) but do not do so because it is the correct measure to use, just the only measure available.

The dual approach to fundraising, the voluntarists and the revenue strategists, becomes clear if one compares money invested in fundraising (as a proportion of last year's income) against money raised by it (fundraising ratio for this year's income). This demonstrates the classic inverted 'J' (Figure 8). The figures on the left hand side of the graph where returns exceed 10:1, and often substantially so, are from those organisations which are minimizing fundraising costs. Those on the right hand side, spending more than 15% of their income on fundraising, are taking a less voluntaristic approach to counting the cost of fundraising. Instead they are investing a significant proportion of their income in fundraising. As they are taking fundraising seriously, and invest a higher proportion of the organisation's resources into it, it is unsurprising that they count its costs more carefully (and accurately) and produce a higher quantity of return.

Note that it is not appropriate to conclude from this graph that the organisations on the left hand side of the graph are more successful because they are more efficient and can raise money more cheaply. That thinking applies a voluntarist interpretation to fundraising which may be entirely inappropriate. The appropriate measure of success may be how much money is needed, not how efficiently it is raised. As we will show below, larger organisations need more money which they gain while achieving respectable fundraising ratios in the process. Another way of putting this point is that either fundraising strategy – those on the left of the graph and those on the right – can be advisable depending on the type of organisation and its needs.

Figure 8: Investment in fundraising and the fundraising ratio (N = 1894)

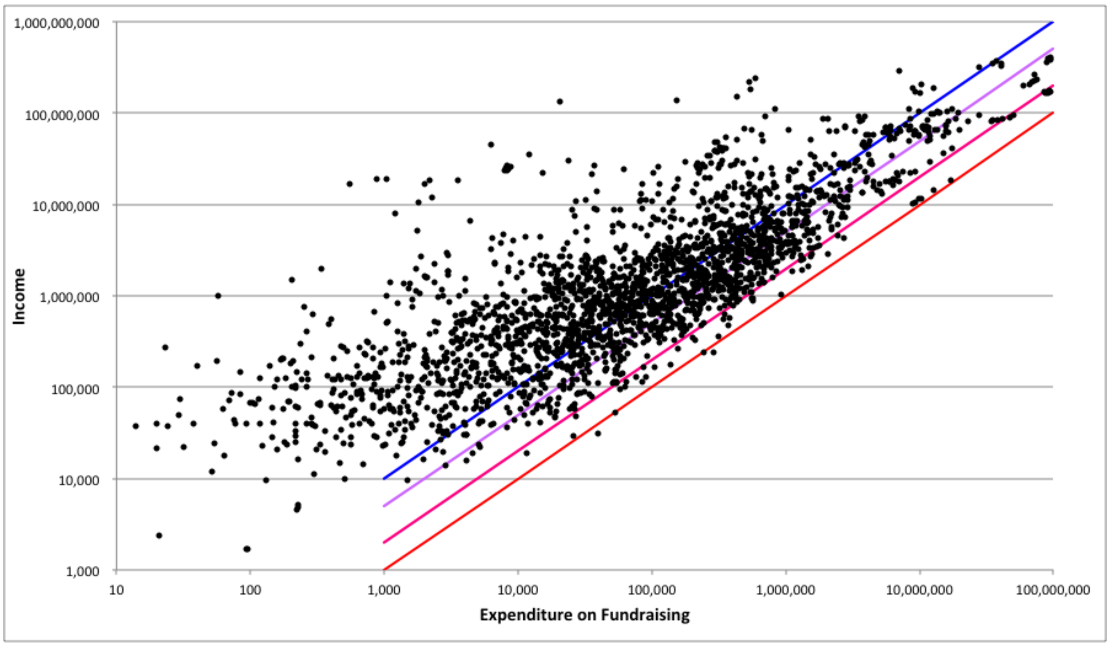


This graph does not include organisations spending nothing on fundraising and excludes outliers.

B. What returns does the sector get from its fundraising?

A better measure of success across the sector is how the fundraising ratio varies with size, and in that respect the development NGO sector is extraordinarily good at fundraising (Figure 9). This accords with BOND's earlier report which noted that the fundraising ratio was higher than the rest of the charitable sector (7:1 compared to 4.7). Compared to returns normal in the rest of life, the rewards here are simply remarkable.

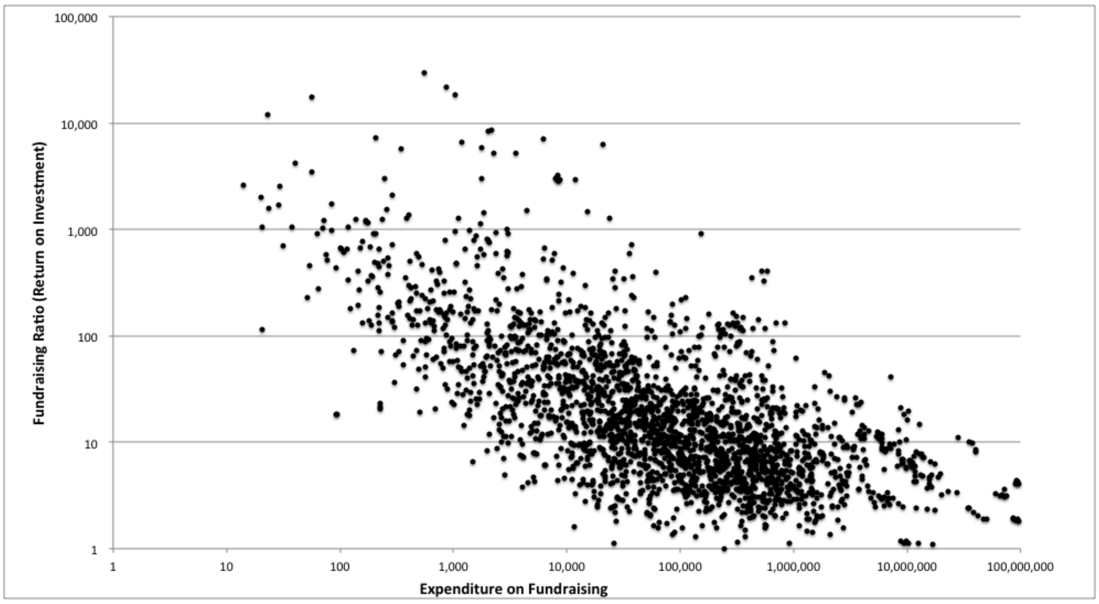
Figure 9: Total funds raised and money spent on fundraising per organisation for UK based development NGOs 2009-2014 (N = 2402)



The red line indicates a fundraising ratio of 1:1; dark pink 2:1; light pink 5:1; blue 10:1.

Rates of returns diminish as more money is spent (Figure 10). This is to be expected given the size of the operations involved. Returns are also highly variable, with a range of about two orders of magnitude between expenditures of £10,000 and £500k. Note the implausibly high returns on the left hand side of both graphs on this page. This is likely to reflect the influence of voluntarist organisations.

Figure 10: Fundraising Ratios (RoI) of Development NGOs in the UK 2009-2014 (N=2402)



C. Variations in fundraising by region and size class

Average fundraising costs are highest for the large organisations, and smallest for the smallest ones, but there is no clear trend in between with fundraising costs from the second and third rank of organisation by size being remarkably similar to those 2 orders of magnitude smaller. Fundraising costs do not, it seems scale up in any obvious fashion. This finding can also be seen in the broad horizontal spread of the data points in Figure 9. For any given level of income, there is a broad range of fundraising expenditure.

Table 13: Fundraising costs as a proportion of Income by Size Class

Size Class	Average Fundraising costs
>100m	0.20
>40m	0.12
>10m	0.09
>3m	0.16
>1m	0.13
>500k	0.10
>100k	0.11
>10k	0.08

Nor is there any obvious pattern in the geographical distribution of costs, except that in Scotland expenditure on fundraising appears to be rather low. This is not due to any particular concentration of smaller organisations in that region. Indeed some of the largest Scottish organisations there spend the least on fundraising.

Table 14: Fundraising costs as a proportion of Income by Region

Region	Average Fundraising costs
London	0.13
SE not London	0.12
South West	0.10
The North	0.11
Scotland	0.06

C. What about organisations that spend nothing on fundraising?

One of the peculiarities of these data is that there appear to be a large number of organisations who spend nothing on fundraising. It is possible to imagine some circumstances where this could be true (such as organisations how enjoy substantial endowments). But we do not think that this is actually occurring on the scale we have found in these data. For a surprisingly large number of years a number of organisations reported putting no resources in fundraising costs – no staff time, no publicity, no events, no appeals, no advertising etc (Table 15 below). What is more, during the six period these organisations, while spending nothing at all, were able to raise more than £1.4 billion (!). The only thing other thing in the world of which we are aware that earns as much money, while being so inactive, is the nice side of some of the world's more prominent politicians. This whole scenario seems implausible to us, but nonetheless it is valuable as it makes it possible to indulge in a thought experiment. What would happen to those organisations if they set out to invest in fundraising in order to grow their income?

Table 15: Years with and without fundraising costs

Size Class	Years without costs	Years with costs	Total
>100m		42	42
>40m	2	105	107
>10m	27	230	257
>3m	84	336	420
>1m	99	569	668
>500k	113	387	500
>100k	193	500	693
>10k	190	233	423
Total	**708**	**2,402**	**3,110**

We can use these years of no fundraising costs to model the possibilities of choosing to invest in fund-raising using the practices and returns which are general to the sector, in addition to their own free activities. There are obvious caveats and cautions for this exercise: investment in fundraising does not necessarily yield returns. Nevertheless it generally does and the figures that follow are useful ball parks.

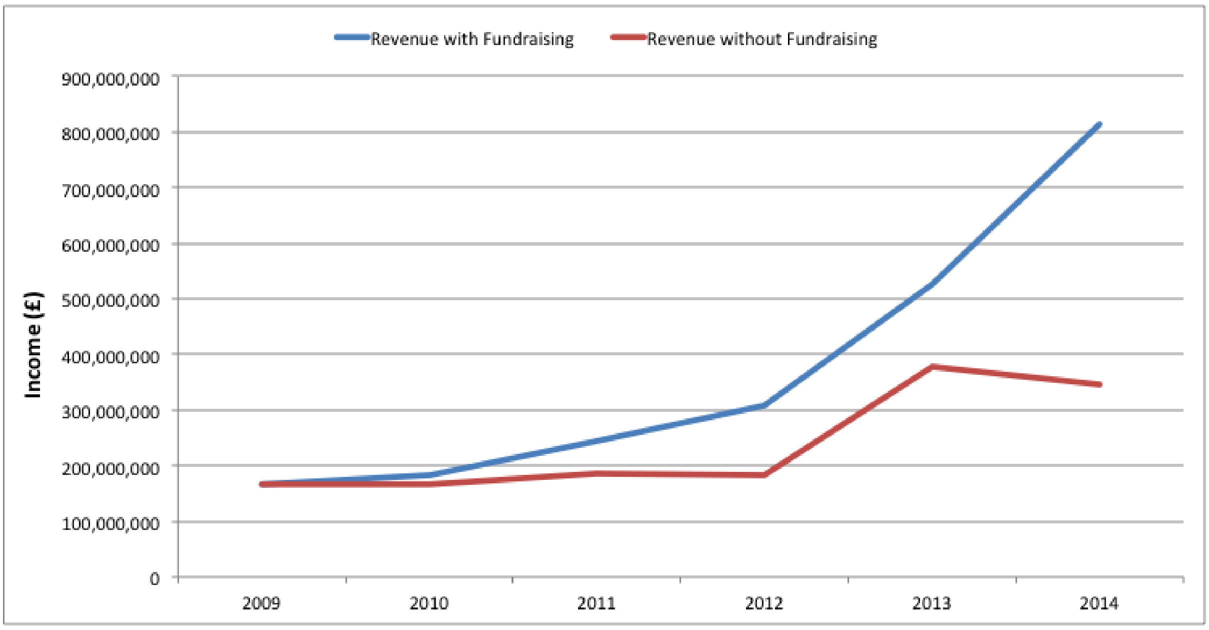
To construct this model we separated the income of NGOs which were not paying for fundraising into size classes. For each size class we took the portion of income that was standard for fundraising that group, and 'invested' it, applying reduced versions of the fundraising ratios that are standard for each size class. We invested the extra returns from each year into more fundraising using the same principles.

The results were surprising and are summarized in Figure 11. This model suggests that these organisations could have raised over £2 billion during this period, ie an additional *£640 million pounds.* Or, to put this polemically, these NGOs are losing up to one third of their potential income by failing to invest in fundraising.

A critic would object that fundraising cannot be so elastic, there are ceilings to the amount that can be raised and organisations may well end up competing for the same pounds, rather than new income. But, as the data we have presented earlier show, if these barriers of limited public support were to be reached, then they would do so for the first time. There is no evidence of funding available from the public declining or reaching such limits. Meanwhile income from other sources has been growing. The sector has been growing its income and it is likely that organisations which have invested in fundraising have fuelled that growth.

Does the development NGO sector need this 'extra' money, if indeed it does exist? It is possible that it does not. This would be the case for voluntarist organisations who exist, in part, not to count the costs, and certainly not the opportunity costs, of their activities. Alternatively this might apply where revenue strategists are already raising enough for their needs. Our suspicion, however, is that these revenues could be usefully used by development organisations and there is a case for taking the opportunity costs of not fund-raising more seriously.

Figure 11: Comparing income with different scenarios of fundraising investment



This graph assumes that returns on investment in fundraising will be 10% of the standard for the sector in the first year, 30% in the second year, 50% in the third, 70% in the fourth and only reach normal levels in the fifth year.

Conclusion

In the first instance we need to return to the premise upon which we began
This report is a study of UK-based development NGOs as a sector, a collective. It only makes sense to do so if these organisations can be grouped together as we have done. In reflecting on whether this report and approach is at all useful it is important to ask how good the list is that we have constructed – what does it miss out? We must also consider how it is constructed and internally constituted – what divisions and differences within this sector make it difficult to talk about the sector as a whole?

If it is the case that in fact all organisations we have amalgamated are somehow different then generalization and analyses of collectives that we have attempted here will be impossible. If there are commonalities then we need to consider then what they might be? Is 'international development' too broad a moniker? Would we be better thinking up smaller issues, or areas of interest, or regions of operation? Answering these questions will help development NGOs to determine to what extent they are able to learn from this sort of research project, and what questions they would like it next to address.

We believe that generalisations we have produced are useful in part because so many of the organisations upon which we have reported see themselves as part of a collective. The main source for our data has been different already-existing collectives, which share similar purposes. We have simply joined them together.

Having done so we were surprised by what we found. We knew that the sector was unequal in terms of its command of resources, but not as unequal as we found it to be, nor so dramatically concentrated on London.

We were also surprised by the growth in numbers, income and expenditure that our data showed. Our understanding of the general mood music was that support for international development was waning and we expected the figures to show that. The growth in public support surprised us, as did the evidence which suggests that there may be further room to grow, despite the apparent rivalry.

There is something rather remarkable about the development NGO sector as we have described it here. In the face of static or declining publicly-available funds it grows financial returns from the public. In an era of Brexit, growing insularism, anxiety about refugees and pressure on the Aid budget, the number of charities which work on famine relief and overseas poverty increases at double the rate of other charities. Perhaps this is not a sector which should be understood in terms of what average Britons think or believe, or even dominant political discourses. Perhaps this is the outpouring of a rather deep vein of cosmopolitanism and concern for distant strangers that runs deep in such a significant minority of people that the creativity and resources of that minority are yet to be exhausted. Perhaps the sector, by virtue of its growth and vigour, creates the very markets and audiences that it seeks funding and support from.

We do not think that this growth, vigour and flourishing is necessarily always a good thing in itself. The relationship between NGOs and good development outcomes is a complicated one. In some of our other work we have in fact spent considerable time demonstrating that NGO activity produces at best indifferent outcomes, and at worst disempowerment and immiseration. Growth in development NGOs could result in more development failures. But we also serve NGOs as board members and trustees, or have worked for development NGOs professionally, and continue to advise and engage with them. We believe that this is a sector which could produce a great deal of beneficial change.

For that reason, welcome as this overview has been, we are a little dissatisfied with results so far. We feel there is much more to be learnt by exploring further which regions of the world the sector works in, on what activities and with what sorts of partnerships. We feel there is much more to be learnt about the changing patterns in giving and fundraising activities. We look forward to the next set of activities that can now begin, using this database, to explore patterns and trends within the sector, the better to understand what makes drives the most effective pursuit of social justice and egalitarian societies.

Acknowledgements

This project would have been impossible without the support, hardwork and consideration of a large number of colleagues. In particular we want to thank Laura Dempsey, Samah Ibrahim and Sarah Illingworth for their tireless and good humoured data entry. David Hulme, Mark Waddington, Andrew Kingman and Milagre Nvunga provided numerous intellectual challenges and practical objections. Mike Wright at BOND, Jane Salmonson at the Scotland's International Development Alliance and Marc Lawson at the NCVO have also offered advice and support, variously contacting members, providing data and commenting on findings. Many other academics and NGO professionals have volunteered their time and wisdom in ways we cannot properly record.

We gratefully acknowledge the support of the University of Sheffield SPIKE team and the ESRC Future Leaders award to Nicola Banks (ES/K009729/1).

All mistakes are our own.

Methodological Annexes

1. NCVO Data

The Civil Society Almanac data is a stratified random sample of NGOs as shown in Table 16 below.

Table 16: The Constitution of the Civil Society Almanac

2014/15	Micro	Small	Medium	Large	Major	Super-major	Total
General Charities	67,803	48,674	19,250	4,141	551	41	140,460
Sample	57	1222	2816	3207	494	41	7,837
Sample (of general charities)	0.1	2.5	14.6	77.4	89.7	100	5.6

Source: This webpage

Each entry for each NGO each year contains the records of two financial years. The 'current year' ie the present financial year, and the 'previous year' that preceded it. If an organisation was present in the sampled in the financial years 2011-12 and 2013-14, but missing in the intervening year, then the absence can be rectified using the 'previous year' data for 2013-14.

In our calculations we have used 'previous year' data where no other data were available, and 'current year' data wherever possible.

NCVO data are presented in financial years which run from 1st May until 30th April. However few organisations actually present their data in this format. To cope with this the NCVO has simply allocated an organisation's data to its own predetermined financial years according to the last date of the organisation's own financial year. So if an organisation's financial year finished on May 31st 2014, then those data are attributed to the financial year May 1st 2014 – April 30th 2015. In other words, they are attributed to the wrong financial year.

With respect to the financial year problem, we have used each organisation's actual financial years to construct calendar years.

2. NCVO income categories

The NCVO collect income data from charities based on a complex series of categorisations of the different ways of raising money. We have reproduced the graphic which explains what these categorisations mean below. We have show below that in the table, the ways in which we have amalgamated NCVO data to produce our classifications.

Figure 12: The Meaning of NCVO classifications

Voluntary sector income sources and types, 2013/14

Trends are for 2008/09 to 2013/14, (£m)

Source: NCVO, TSRC, Charity Commission

	Voluntary **Donations and gifts** Income freely given, usually as a grant, donation or legacy, for which little or no benefit is received by the donor	Earned **Charitable activities** Gross fees for goods and services that are provided as part of the charity's mission	**Activities for generating funds** Gross fees for goods and services provided to generate funds	Total
Individuals The general public, excluding payments from charitable trusts set up by individuals	Individual donations (gross, including Gift Aid reclaimed); legacies; membership subscriptions without significant benefits **9,379.5**	Fees for services provided in pursuit of charitable objects; membership subscriptions with significant benefits; rent from property where providing accommodation is a charitable purpose **5,981.5**	Fundraising by charities where benefit is received in return; charity shop turnover; sales of merchandise; raffles and lotteries; fees for fundraising events **3,995.4**	**19,356.8**
Government Government and its agencies in the UK, the European Union and international governments.	Funding grants; grants to charitable intermediaries **2,825.5**	Public sector fees; payments for contracted services **12,085.1**	Trading with public sector to raise funds **91.4**	**15,002.0**
Voluntary sector Charities such as trusts and grant-making foundations.	Grants from charitable trusts; grants distributed by charitable intermediaries **2,881.2**	Services provided under contract that are in line with the recipient charity's mission **828.4**	Trading with other charities to raise funds **85.7**	**3,795.4**
Private sector Excluding payments from charitable foundations set up by businesses.	Corporate donations and gifts in kind **1,017.2**	Sub-contracting; research; other services provided under contract **748.7**	Corporate sponsorship **313.5**	**2,079.4**
National Lottery	Grants from National Lottery distributors. **488.7**			**488.7**
	Total – Voluntary **16,592.1**	Total – Earned (charitable activities) **19,644.2**	Total – Earned (activities for generating funds) **4,486.0**	
Investment The proceeds generated from investments and cash balances.				**3,039.4**
Total				**43,761.6**

Source: https://data.ncvo.org.uk/a/almanac16/income-sources/

Table 17: The Amalgamations of NCVO classifications

The bold headings represent those used in the analysis for this document. Underneath each are the NCVO headings and codings as presented in their data.

Business Sector
Generating Funds: Business Sector IG300
IR, charitiable activities: Business Sector IC300
Voluntary income: Business Sector IV300
Fundraising Expenditure
Expenditure: cost of voluntary income
Expenditure: fundraising and pub
Expenditure: investment management
Expenditure: trading subsidiary
Government
Generating Funds: Central Governmment IG110
Generating Funds: Devolved Government IG180
Generating funds: Government Sector IG100
Generating Funds: Local Government IG121
Generating funds: Regional Government IG125
Generating funds: Town and Parish Councils IG132
IR, charitiable activities: Central Government IC110
IR, charitiable activities: Devolved Governments IC180
IR, charitiable activities: Government Sector IC100
IR, charitiable activities: Local Government IC121
IR, charitiable activities: Regional Government IC125
IR, charitiable activities: Town and Parish Councils IC132
Voluntary income: Central Government IV110
Voluntary income: Devolved Governments IV180
Voluntary income: Government Sector IV100
Voluntary income: Local Government IV121
Voluntary income: Regional Government IV125
Voluntray income: Town & Parish Councils IV132
Independent Government Funded Bodies
Generating Funds: Arts Council IG175
Generating Funds: NHS Trusts IG140
Generating Funds: Public Corporations IG171
IR, charitiable activities: NHS Trusts IC140
IR, charitiable activities: Public Corporations IC171
IR, charitiable activities: Universities IC175
Voluntary income: Arts Council IV172
Voluntary income: Universities IV175
Voluntray income: NHS Trust IV140
Voluntray income: Public Corporations IV171
Investments
Investments IGI
National Lottery
Voluntray income: National Lottery IV200
Non Profit Sector

Generating Funds: Nonprofit Sector IG500
Generating Funds: Trading Subsidaries IG330
IR, charitiable activities: Nonprofit sector IC500
Voluntary income: Nonprofit Sector IV500

Overseas Governments

Generating Funds: European Government IG161
Generating Funds: Foreign Governments IG163
Generating Funds: International Government Agencies IG162
IR, charitiable activities: European Government IC161
IR, charitiable activities: Foreign Governments IC163
IR, charitiable activities: International Government Agencies IC162
Voluntary income: European Government IV161
Voluntary income: International Government Agencies IV162
Voluntray income: Foreign Government IV163

Public

Generating Funds: General Public IG600
IR, charitiable activities: General Public IC600
Voluntary income: General Public IV600
Voluntary income: Legacies IV620

unclassified

Incoming resources unclassified I-unclassified
Other income IO

3. Correction for Inflation

All the figures presented in this report, unless otherwise stated, have been corrected for inflation and report figures in pounds as valued in 2015. We have done so using the procedures described on this page.

Year	Constant
2004	1.236843082
2005	1.204790246
2006	1.170247624
2007	1.141200771
2008	1.109631602
2009	1.093075368
2010	1.076484203
2011	1.05525305
2012	1.039284972
2013	1.019856608
2014	1.003341126
2015	1
	1

4. Excluded Organisations

Note that, although data are available for them, we have excluded a number of organisations as they constitute outliers which distort underlying patterns either to the data as a whole or to their size classes.

These are:

1. The British Council, which is by far the largest organisation, appears to be raising extraordinary sums from the Public. Including those figures in the tables distorts the sector.
2. STC International has restructured its operations such that sums from different Save offices globally are now sent to its London operations. This appears to produce a massive leap in donations from the non-profit sector which again distorts the sectoral pattern.
3. Amnesty has done the opposite from STC, sending money to overseas based affiliates. This distorts data for organisations of its size class.
4. The Children's Investment Fund Foundation derives huge revenues from its investments, having received a large donation from the private sector, which would again have a distorting effect, particularly on organisations of its size class.
5. The Fia Foundation for the Automobile and Society, Salvation Army International Trust and Diana Princess of Wales Memorial Fund all demonstrate unusually high investment income for their size classes. The former two count for nearly 60 of all investment income in their size class. The Salvation Army also accounts for 17 of all non-profit sector income in its size class.

The relevant figures are presented in Table 18 below. Table 19 provides a complete breakdown by region and size class of the data available.

Table 18: Income details for excluded organisations

Org'n	Business Sector	Gov't	Ind Govt F'd Bodies	Investments	Nat Lot	Non Profit Sector	Overseas Govts	Public	unclassified	Total
Amnesty Int										
2009-10	-	917,724	-	99,800	-	25,174,484	-	18,930,492	-	45,122,500
2010-11	-	1,630,779	-	12,790	-	14,918,963	-	19,483,013	-	36,045,545
2011-12	-	1,659,921	-	6,284	-	2,470,508	-	17,063,154	-	21,199,867
2012-13	-	1,493,907	-	5,148	-	132,815	-	10,213,342	-	11,845,212
2013-14	-	716,212	-	3,035	-	160,844	-	3,307,928	-	4,188,019
STC Int										
2009-10	6,172,691	-	-	38,376	-	7,218,164	-	2,509	-	13,431,740
2010-11	14,925	-	-	4,931	-	12,214,589	-	8,338,842	-	20,573,288
2011-12	14,066,470	-	-	12,772	-	-	-	66,498,806	1	80,578,050
2012-13	22,916,187	-	-	99,275	-	257,726,985	-	197,122	34,227	280,973,795
2013-14	7,013,743	-	-	169,999	-	743,382,270	-	471,648	62,055	751,099,714
The Brit Coun'l										
2009-10	-	1,186,629,759	-	4,422,647	-	-	-	272,699,536	-	1,463,751,942
2010-11	-	1,185,072,176	-	4,238,960	-	-	-	299,751,036	2,647,618	1,491,709,789
2011-12	-	710,778,336	-	5,501,304	-	1,990,858	-	773,316,005	7,542,431	1,499,128,935
2012-13	-	693,064,843	-	5,994,161	-	3,440,826	-	852,239,576	9,993,014	1,564,732,421
2013-14	-	702,066,811	-	5,663,942	-	2,313,527	31,360	949,083,069	5,506,133	1,664,664,840
CIFF										
2009-10	557,895,523	3,710,330	-	40,572,484	-	-	-	-	-	602,178,337
2010-11	-	-	-	54,503,226	-	-	-	52,081,417	-	106,584,643
2011-12	-	-	-	55,519,919	-	-	-	49,399,679	-	104,919,599
2012-13	-	-	-	120,905,587	-	-	-	40,899,700	-	161,805,286
2013-14	-	-	-	180,646,591	-	-	-	25,215,529	-	205,862,121

Sal Arm IT										
2009-10	-	-	-	6,246,162	-	55,443,095	633,511	2,654,456	1,041,389	66,018,613
2010-11	-	-	374,120	3,650,600	-	57,793,529	-	7,311,859	1,620,120	70,750,228
2011-12	-	-	256,581	3,956,582	-	59,138,234	-	7,561,282	3,759,696	74,672,375
2012-13	-	-	82,366	5,738,828	-	57,500,499	-	6,057,995	3,572,611	72,952,297
2013-14	-	2,037,360	-	5,554,689	-	68,550,997	-	1,055,098	-	77,198,144
Fia FAST										
2009-10	34,834,644	-	-	16,625,020	-	-	-	452,458	(1)	51,912,121
2010-11	-	50,145	-	13,001,596	-	64,471	830,240	232,301	1	14,178,754
2011-12	-	366,568	19,393	11,444,554	-	161,722	1,387,521	325,803	(1)	13,705,561
2012-13	236,801	251,215	2,059	14,584,900	-	585,826	679,517	719,670	-	17,059,988
2013-14	488,787	691,152	-	12,827,646	-	73,178	143,914	241,832	1	14,466,510
DPWMF										
2009-10	536,966	-	-	2,552,487	-	-	-	374,249	-	3,463,702
2011-12	280,668	-	-	525,729	-	-	-	471,271	-	1,277,668

Table 19: A breakdown of available and unavailable NCVO data by size and region

Category	No NCVO Data	NCVO Data Available
London		
>100m		5
>40m		14
>10m		28
>3m	1	47
>1m	3	69
>500k	17	53
>100k	60	46
>10k	35	34
London Total	**116**	**296**
SE not London		
>100m		2
>40m		2
>10m		7
>3m	1	10
>1m	2	27
>500k	6	17
>100k	31	26
>10k	20	17
SE not London Total	**60**	**108**
South West		
>10m	1	2
>3m		5
>1m	3	7
>500k	1	7
>100k	18	21
>10k	19	15
South West Total	**42**	**57**
The North		
>40m		1
>10m	1	5
>3m	2	9
>1m	1	13
>500k	6	12
>100k	23	25
>10k	24	21
The North Total	**57**	**86**
Scotland		
>40m		1
>10m	2	2
>3m		2
>1m	1	4
>500k	4	1
>100k	16	12
>10k	18	11
Scotland Total	**41**	**33**
Total	**316**	**580**