

FAST FACTS ABOUT THE CHARITY SECTOR



There are about

163,000

charities in the UK that exist to support good causes at local, national and international levels.¹

Bottom line

UK charities have an annual income of **£43.8 billion** and spend **£41.7 billion** each year helping millions of people in the UK and across the world.



£41.7bn



Their money comes from a range of sources, including donations from the public, trading to raise funds, and selling their services.

Their total funds are worth

£105.1bn

Charities add

£12.2bn

to the UK economy



Staff

UK charities employ

827,000



people, that's **2.7%** of the UK workforce. But **91%** of charities rely solely on the work of volunteers

Public support

More than **21 million** volunteers help UK charities and the estimated value of their work is **£23.9 billion** per year.²

44%

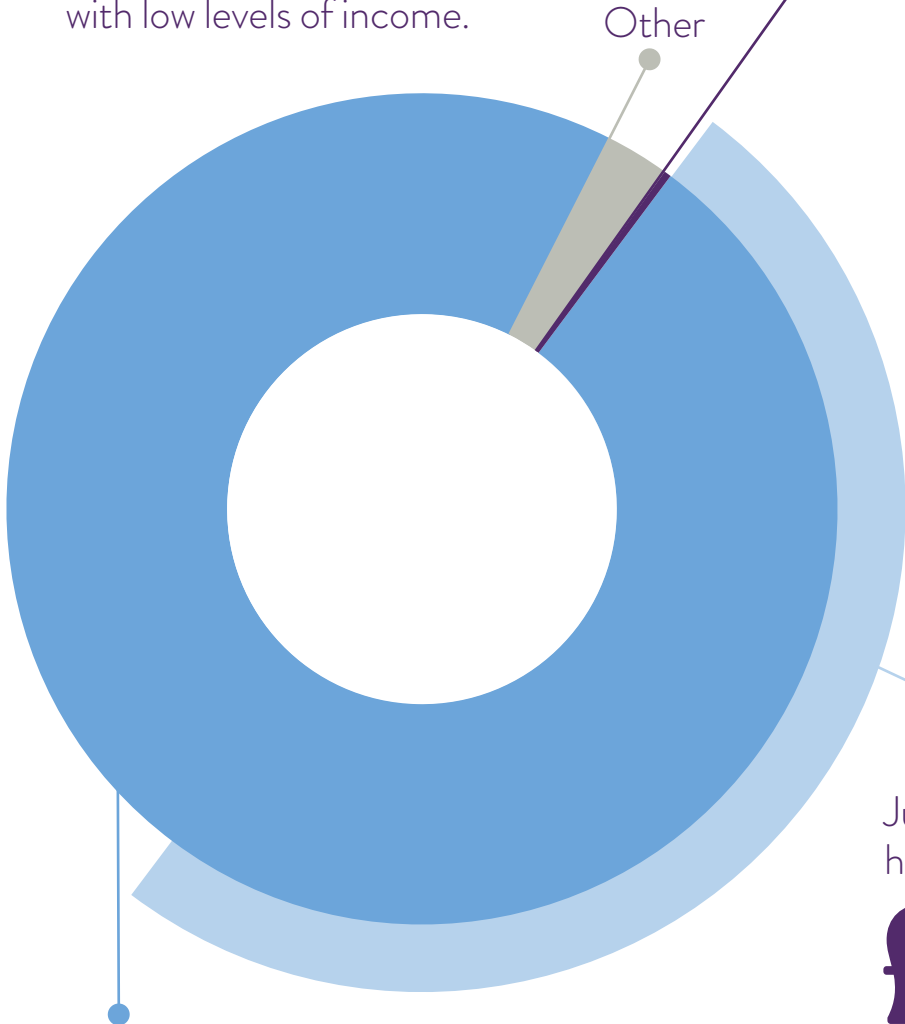
of the UK public donate to charity in a typical month.

21 million

² UK Giving report 2014, Charities Aid Foundation: www.cafonline.org/about-us/publications/2015-publications/uk-giving-2014.aspx

Size

Like businesses, there are a few very large charities. The vast majority are small with low levels of income.



Only a very small proportion of charities have an income of over

£100million

These 'super major' charities make up only

0.02%

of all charities by number, but receive **18.4%** of the total income for the sector

Just under half of all charities have an income of less than

£10,000

while nearly

97%

have an income of less than

£1 million

WHAT DOES IT MEAN TO BE A CHARITY NOW?

Definition: A charity is an organisation with specific purposes defined in law to be charitable – and is exclusively for public benefit.

This means a charity has to fall into one of a number of categories defined as charitable, such as the prevention or relief of poverty. Its sole purpose must be charitable. It can't, for example, also aim to make profit or do something that isn't defined as charitable, or provide 'private benefit' to anyone. The benefit must clearly be for the general public, or a sufficient section of them.

Money and property: A charity's assets – its money and any property it holds – can only be used to further its cause. A charity can't have owners or shareholders who benefit from it.

Paying for goods and staff: A charity can pay staff or purchase goods and services it needs. But only because employing those staff or purchasing those things helps to further its cause.

Profit: Charities can make a profit or surplus. But all the surplus funds have to go back to the charity. Similarly, charities can and do invest their money in order to generate a return. But that return can only go back to the charity to spend on its cause.

Legal obligations

- Charities have to state what their charitable objectives are in order to be registered with the Charity Commission, and explain how they are meeting them in their annual reports to the Commission, which are then made publicly available.
- Charities must not be party political and any trading activity must support their charitable purposes.
- Charities must be governed by a group of volunteers, their trustees. These are usually unpaid though in some special circumstances the Charity Commission allows trustees to be paid, but this is the exception rather than the rule.

Legal and financial privileges

As well as the greater public recognition and trust that charities receive, they also benefit from certain legal and financial privileges, including:

- tax exemptions including income or corporation tax, stamp duty, inheritance tax on gifts made in wills and some VAT
- large reductions if not complete exemptions from paying business rates
- Gift Aid on donations from individuals
- access to funding only available to organisations with charitable status.

Charity. But not as you know it.

The law on charitable status has developed over centuries, which means the picture is now fairly complicated.

Many organisations that operate for ‘public benefit’ but are not part of the state hold charitable status, such as universities, housing associations, and certain museums. A number of other organisations, while they are charities in law, don’t need to register with the Charity Commission.

We’ve outlined the main groups below. But the figures in our factsheets exclude these organisations so we can focus on organisations people generally consider when they think of charities.

Universities, housing associations, certain museums

Some charities, for example universities and housing associations, are known as ‘exempt charities’. While they are charities in law, they don’t have to register with the Charity Commission. They are regulated instead by other bodies such as the Higher Education Funding Council for England in the case of universities in England, or the Homes and Communities Agency in the case of housing associations in England.

A number of specific museums, set out in law, are regulated by the Department for Culture, Media & Sport.

Churches and Scout or Guide groups

Some charities are ‘excepted’ from charitable registration. They’re still charities, and are still regulated by the Charity Commission. But they’re not required to register with the Commission or to submit annual returns to it provided their income is below £100,000 a year. The main types are churches of specified denominations and Scout and Guide groups. The exception for churches is due to end in 2021, when they will need to register as charities.

Read more: [Charity Commission guidance on excepted charities \(GOV.UK\)](#)

Independent schools

Before 2006, independent schools were presumed to be charitable. Now, like all charities, they have to demonstrate they create public benefit.

Immediately after the removal of the presumption, the Charity Commission enforced a number of requirements on schools, such as defining what bursary schemes they must offer, in order for them to meet the public benefit requirement.

This approach was challenged by independent schools, and in 2011 the High Court decided the Charity Commission was being too prescriptive. The court said independent schools had to generate a meaningful amount of public benefit (i.e. benefits for the public, in addition to the benefits that fee-paying pupils received), but that it is up to the trustees how this can be achieved (eg. not only through bursaries but by sharing its facilities with the community, sharing its teachers with local state schools, etc.).

HOW ARE CHARITIES RUN AND HELD TO ACCOUNT?

Role of trustees

While businesses are run by executive boards of paid staff, responsible for ensuring strategic direction and performance, in charities this work is carried out by a group of volunteers, called a trustee board, who are almost always unpaid.

Trustees can also be referred to as directors, governors or committee members. They have, and must accept, ultimate responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and meeting the needs for which it has been set up.

It is possible for trustees to be paid. But the charity has to include this in its constitution and get the Charity Commission to agree.

Trustee numbers

An estimated 850,000 people in the UK volunteer for a total of 950,000 trustee board roles between them.³

Just over one in seven (15%) registered charities reported that they had an insufficient number of trustees and management committee members in 2010.⁴

More trustee facts

- In charities that employ staff, the most senior member staff typically reports to the chair of trustees.
- The Charity Commission has power to suspend or remove trustees or disqualify people from becoming trustees if they are found to have been responsible for, or aware of, any misconduct or mismanagement at a charity.
- You can find the names of the trustees for any charity using its entry on the Charity Commission register.

³NCVO, Charity Commission

⁴Office for Civil Society (2010) National survey of charities and social enterprises (NSCSE)

Who can be a Trustee?

Trustees must be 18 (or 16 for some types of charity) and they need to be formally appointed to the role.

There are some legal reasons why you can't be a trustee, including having certain unseparated criminal convictions, being disqualified as a company director, or if you've previously been removed from a trustee role by the Charity Commission, or a court, because of misconduct or mismanagement.

Those legal reasons aside, most people can become a trustee. It's a rewarding way to make a difference to a cause you care about, and can be a good way to develop your own skills.

ROLE OF THE CHARITY COMMISSION

The Charity Commission regulates and registers charities in England and Wales. It produces guidance for trustees on how they should meet their legal duties and responsibilities.

The Commission is part of the civil service and is a non-ministerial government department

The Commission runs an online register of charities, which provides full information – including financial – about all registered charities.

Charities with an income of more than £5,000 need to register. Charities with less income still need to abide by charity law (under the Charities Act 2011) and in almost all cases, the Commission still acts as regulator.

The Commission investigates accusations of wrongdoing. The vast majority of errors are simple mistakes, and help and advice from the Commission to trustees is enough to rectify things. However, in some rare cases, a statutory inquiry is necessary to find out what has gone wrong and how it can be fixed.

If a serious problem is uncovered, the Commission has powers to:

- restrict transactions a charity may enter into
- appoint additional trustees
- ‘freeze’ a charity’s bank account
- suspend or remove a trustee
- appoint an interim manager
- make a referral for investigation to the police and other law enforcement agencies.

Co-regulation

While the Charity Commission is the sector’s main regulator, other bodies exist to regulate specific types of charity, or charitable activity.

For example, universities in England are charities. But their main regulator is the Higher Education Funding Council for England (HEFCE).

For fundraising activity, a newly formed Fundraising Regulator is responsible for ensuring charities fundraise efficiently and ethically. For more information on the regulator's role, responsibility and powers, read our factsheet – Why do charities fundraise?

The Charity Commission is a good place to start if you are unsure which regulator you need to speak to.

Scotland and Northern Ireland

The Office of the Scottish Charity Regulator (OSCR) and The Charity Commission for Northern Ireland carry out the same roles and responsibilities in Scotland and Northern Ireland.

Useful press contacts

Charity Commission (England and Wales)

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Office of the Scottish Charity Regulator

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The Charity Commission for Northern Ireland

communications@
charitycommissionni.org.uk
Telephone 028 3832 0169
Out of hours 07827 338 978
@CharityCommissionNI

Fundraising Regulator

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Telephone 0203 327 4050
Out of hours 07971 784 224
@FundrRegulator

HOW TO READ CHARITY ACCOUNTS

What has to be reported? Says who?

By law charities (over a certain size) are required to publish their accounts and submit them to the Charity Commission (England and Wales), the Office of the Scottish Charity Regulator (OSCR) or The Charity Commission for Northern Ireland each year.

Don't charities report less than businesses?

No. The opposite is true. While the basic principles of what information is reported are the same as businesses, charities are required to provide much more information on a range of issues including the recruitment of trustees and the state of their financial reserves.

The extra information is set out in a Statement of Recommended Practice (SORP) which applies across the UK and Republic of Ireland. The Charity Commission for England and Wales and Office of the Scottish Charity Regulator (OSCR) are responsible for creating the statement and ensuring charities meet its requirements, including those in Northern Ireland and the Republic of Ireland.

Watch out for 'annual reviews' v 'annual reports and accounts'

Charities must provide an 'annual report and accounts' document outlining key activities from the last year as well as the financial figures.

Please note, charities can also produce a shorter 'annual review' with some but not all financial information. If you plan to challenge or criticise a charity's accounts, make sure you are reading the full 'annual report and accounts' document to ensure you have the full story.

Get comfy on the SoFA (Statement of Financial Activities)

This is the main table you'll want to read showing total income and expenditure as well as showing levels of essential reserves. But, make sure you read the accompanying report as this will explain and clarify figures that may look strange at first glance. If you're still not sure, call the charity directly for an explanation.

What to look for?

What does the annual report say about the charity's priorities? Do the figures show this is where the money has been spent?

Is the charity sustainable? Do income and expenditure amount to the same? Or is the charity spending more or less than it earns? Don't forget to check the written report on this as it may be spending more or less for good reason. For example, a medical research charity might be funding a major research programme from reserves if they know they have more income pending from grants or major donors.

Charitable expenditure should include grant making

Charity law means charities have to report on any grants they make separately from other charitable expenditure. But on a practical level, grants are simply one way of spending charity money e.g. providing a grant to scientists to research a medical condition, so when you look at how much a charity spends on its cause, you should include any grant-making activity too.

How to avoid common pitfalls

1. Charity shops

Charities with shops have to report how much it costs to run the shop (e.g. leasing the building and paying staff) as well as how much the goods they've been donated are worth. If a charity is lucky enough to receive £50,000 worth of donated goods, this appears as a 'cost' to the charity in their Statement of Financial Activities. This means the 'cost' of running the shop, or shops, can look very high but doesn't mean the charity is spending recklessly. It's just how they're required to show the figures.

2. Restricted v Unrestricted funds

Unrestricted funds are cash or assets a charity can easily get its hands on to spend on whatever it wants.

Restricted funds, quite simply, are funds with strings attached. They're monies or assets donated for specific purposes, or they exist in ways that equity cannot immediately be released, such as endowments or property. A charity may have a legitimate funding crisis even with apparent money in the bank – if the money is all restricted in some way.

3. Writing about tax reliefs and Gift Aid?

It can be a confusing topic.

The basic principle underpinning all charitable tax relief is that money given for public benefit shouldn't be taxed.

For example, charities are entitled to business rate reductions because of the charitable work they carry out.

However, Gift Aid is actually a tax relief for the people who donate their money. Charities benefit from this tax relief. But Gift Aid is not a subsidy for charities nor a tax relief directly for them.

If you're writing about 'public money' given to charities, Gift Aid shouldn't be included. But grants and tax relief that go directly to charities by virtue of their status, should be included.

4. Public money and payment for services

Some charities receive unrestricted grants – or subsidies – from public funds that are not for specific services and charities can use to support their general activities.

The vast majority of charities receiving public funds are paid to deliver a specific service on behalf of the public sector. These contracts are similar to the agreements with private companies, and the money isn't 'given' as a gift to the charity.

Some charities do receive grants – which are freely given by the donor, with the timing, amount and frequency at the donor's discretion. However in most cases grants are restricted and for a specific purpose.

In 2003/04 the sector received more in grants (£6.1bn) than it did in contracts (£5.8bn). The situation has now completely reversed. In 2013/14 charities received £12.2bn in contracts compared with £2.8bn in grants.

When reporting on 'public money' for charity, it's important to be aware of this distinction.

Useful press contacts

National Council for Voluntary Organisations (NCVO)
externalrelationsteam@ncvo.org.uk
Telephone 020 7520 2413
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Charity Finance Group
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HOW CAN I TELL HOW EFFECTIVE A CHARITY IS?

REPORTING ON CHARITIES

This is one of seven fact sheets in a series about reporting on charity issues. It provides context for accurate reporting and details of where to get more information.

Other topics in the series are:

1. How can I tell how effective a charity is?
 2. Why do charities have paid staff?
 3. Why much money goes on running costs?
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 5. Why do charities deliver public services?
 6. Why do charities campaign?
 7. Are there too many charities?
-

The figures only tell part of the story

There are things you can learn about a charity's performance from the balance sheet but they will fall far short of the full story. The annual report and accounts are designed to be read together and this should be kept in mind when reading the financial accounts.

You can look at where a charity's money has been spent and read about its priorities in the annual report to judge whether it's spending funds wisely.

You can also get a sense of whether the charity is sustainable by looking at the figures. But you may need to get a fuller picture by reading the annual report or speaking to the charity directly because of the very specific ways in which charities report on their finances.

The figures also show spending on fundraising and governance costs. Please see our factsheets [How much money goes on running costs?](#) and [Why do charities fundraise?](#) for more on this.

Impact reporting

No two charities are the same, which means there is no standard or universal measure of effectiveness.

However, charities understand people want to know how they are creating change, and charities are increasingly trying to report their impact.

For example, a charity for homeless people could report on housing and employment gained by beneficiaries because of its work, while a medical research charity could report on treatment breakthroughs for affected patients.

Ideally charities should report on the services they provide, what beneficiaries think about the services, and their impact – the change their services achieve.

When charities file their annual report and accounts, they are now required to reference the impact of their work (set out in the Statement of Recommended Practice SORP).

This is still a relatively new area for charities to report on. And because of the diversity of their work it's difficult to compare organisations.

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Why pay staff at all? Can't volunteers do the work?

The vast majority of all charities rely entirely upon the work of volunteers and do not employ any staff at all: it is estimated that only 9% of charities employ paid staff, while 91% are solely reliant on volunteers.⁵

However, like the private and public sectors, some charities will need paid staff – either due to the complexity of the work and the training and experience needed to deliver it, or the scale of the issue they are dealing with.

And while volunteering is popular in the UK with 21 million people volunteering at least once a year⁶, not everyone can afford to work for free. The vast majority

need to earn a living, restricting their time to volunteer and restricting the resource a charity has to deliver its services.

Part of effective trusteeship is weighing up where resource should be spent on employing staff or recruiting and training volunteers.

Senior salaries

Some charities need experienced staff to operate effectively. Many UK charities employ thousands of people and manage large budgets. Highly skilled and experienced managers who will spend hard-earned donations wisely are essential.

⁵ Report of the Inquiry into Charity Senior Executive Pay, NCVO, April 2014, <https://www.ncvo.org.uk/images/news/Executive-Pay-Report.pdf>

⁶ Community life survey 2015/16 <https://data.ncvo.org.uk/a/almanac16/volunteer-overview/>

Charities are legally required to publish the number of staff they employ that earn over £60,000 in their annual report (broken down into £10,000 pay bands).

Many go further and publish detailed information on their websites.

In addition, charity chief executives are accountable to an independent board of volunteers, who will decide what is fair based on skills, experience, and performance in the job.

Fewer than 1% of UK charities in 2011 were estimated to have employed a member of staff earning £60,000 or more.⁷

Many chief executives earn far less working for a charity that they would in equivalent roles in the private or public sector. Senior staff in charities tend to earn substantially less than their counterparts in equivalently sized private or public organisations, with a 'charity discount' of 25-45% at senior levels.⁸

It is vitally important charities are able to explain their pay and expenses policy in a very clear and transparent way.

The advice from an inquiry led by NCVO suggests that where trustees feel high salaries are necessary to attract the right people, they should explain their rationale openly.

The advice also includes publishing the ratio of the highest salary to the median salary across the organisation.

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HOW MUCH MONEY GOES ON RUNNING COSTS?

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Context

Charities are sometimes criticised for not spending every penny directly on their cause. A small proportion of their budget is often used to pay for admin support or activities to ensure the charity is run legally. Or, it's invested in fundraising activities to maximise available cash for the cause.

Here's a quick re-cap on where exactly this small proportion of their budget goes and why it all helps 'the cause' in the end.

Governance costs

Charities are required to show how much they spend on governance in their annual accounts. This is money used to ensure the charity is run legally.

For example, the cost of internal and external audits, legal advice for trustees, costs of holding trustee meetings and preparing statutory accounts. It also includes some employee costs where staff are providing administrative support to trustees. These costs are relatively fixed and charities are required to spend this money in order to fulfil their legal duties. Across the sector, £0.9 billion is spent on governance, that's just 2.1% of the sector's total budget.

Administrative or support costs

Some essentials – such as an office, desk space, computers, transport, insurance and proper accounting – are necessary to run any effective organisation, and charities spend as prudently as possible here so they can focus their income on furthering their issue or cause.

It can be a false economy to skimp on some of the ‘back office’ or infrastructure that charities need to get the job done properly. No charity wants to spend more than it has to on computers, for example, but if its IT systems aren’t up to the job, it could lead to inefficiencies and lost time.

Administrative costs also include spending on salaries for staff that aren’t deemed ‘legally’ necessary but play a crucial role in delivering the charity’s services, such as care workers, debt advisors, animal protection officers or medical researchers.

These essential costs are usually included proportionally in the charity’s accounts across all four spending areas (charitable activities, grants, generating funds and governance).

While charities are required to be transparent in their accounting of costs, there isn’t a standard way for charities to define administrative and support costs so it can be difficult to compare across organisations.

All charities aim to keep governance and administrative costs as low as possible. But it’s inevitable they will spend some money in these areas if they want to function effectively and legally.

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Context:

Charities spend an average of 12.9% of their budget on activities to raise more money. The UK is one of the most generous countries in the world and was most recently ranked as the most generous country in Europe.

For every pound a charity spends on fundraising on average it will receive £4.20. This allows charities to quadruple money available for the causes they work on, and maximise the good they are able to do with public donations. With this kind of return, it would be foolish for charities not to invest in fundraising activities.

Issues and changes to practice and regulation:

Issues uncovered in recent media coverage highlighted that, in some

cases, charities had fallen short of their own standards.

As a result, there has been a significant amount of change in the way that many charities fundraise. Some charities have moved to 'opt-in' only models of consent for contacting donors, others are reviewing their practices and processes to make sure they are in line with what donors expect, and charities are ensuring greater oversight of any organisations carrying out fundraising on their behalf.

In addition, the Code of Fundraising Practice for charities has been toughened up including the banning of selling data and new measures to protect more vulnerable individuals. A new regulator has been established with stronger powers to take action against charities that break the rules.

Why charities work with fundraising agencies

Charities are able to work in partnership with private companies on fundraising drives. This can benefit charities in two main ways;

Firstly, it can be cost effective for charities to have the flexibility of working with a fundraising agency – for example if a charity needs to rapidly increase their capacity to fundraise in response to an emergency or disaster they may want to partner with an agency to quickly scale up their work. This is cheaper and better value for the charity and donors, than setting up the fundraising services in-house.

Secondly, fundraising agency often have not only manpower, but skill sets and processes in place which would be difficult and costly for a charity to have ‘in-house’. So partnering with a fundraising agency can be beneficial and mean charities have more to spend on good causes as a result.

It is essential that when this is done charities ensure proper due diligence and oversight, and that the work being carried out on their behalf reflects the values and approach of the charity themselves.

Role of the Fundraising Regulator:

A newly created Fundraising Regulator became operational in 2016. It is independent and sets the Code of Fundraising Practice. This Code of Fundraising Practice sets the standards

all fundraising must adhere to from emails to phone calls, door-to-door and street fundraising. Previously, the Code of Fundraising Practice had been set and regulated by the charity sector itself.

The regulator investigates complaints and has the power to name and shame transgressors, stop organisations using certain types of fundraising for a time and order compulsory training.

Charities that spend above a certain level on fundraising activity are charged a levy by the regulator each year to cover its costs.

The Fundraising Regulator is also responsible for setting up and running a ‘Fundraising Preference Service’, which will provide the public with a way to stop unwanted fundraising requests.

Useful press contacts

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@FundrRegulator



WHY DO CHARITIES DELIVER PUBLIC SERVICES?

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Context

Voluntary organisations can be useful partners in not only delivering services but reducing demand for them in the first place.

Charities are uniquely placed to shape and deliver more effective services. Often developing in response to local needs, many involve service users as volunteers, staff or on their boards.

And they are well-used to operating within financial constraints. Their insight can result in quality, cost-efficient solutions including many early

intervention options that prevent expensive crises later on.

The sector is already a significant player in delivering public services. It receives more than £12bn a year from delivering Government contracts. That's more than a quarter of the sector's total income.

Charities also have to pay attention to Charity Commission guidance, known as CC37, when considering whether they should get involved in public service delivery.⁹ Essentially it should be clear how any activity supports the charity's mission and charitable objects.

⁹CC37 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/345602/cc37text.pdf

Current barriers for charities delivering public services include:

- Increasing contract sizes – smaller charities with expert local knowledge cannot deliver the scale sometimes required. Payment by results – can create perverse incentives for providers and smaller organisations, including charities, cannot sustain costs until payment is received
- Focus on price – commissioners often focus exclusively on price rather than quality or social value
- Too much bureaucracy – bidding process and reporting requirements are often disproportionate to the contract size, disadvantaging smaller organisations.

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Context

Campaigning is an activity that aims to create change.

It brings energy and passion to public debates and ensures that a wider range of voices are heard – including the voices of the disadvantaged.

One element of some charities' work is lobbying MPs and Government. This has been a thorny issue.

Since the 19th Century, charities have been engaged in campaigning on a number of issues and these have led to significant improvements through behaviours, changing public attitudes and government policies.

At its heart, the debate is about whether you think charities should only spend money on front line services. Or whether you think they should also be allowed to spend money campaigning for systematic changes that could solve, or at least lessen the problem their frontline services address.

The Charity Commission makes a number of distinctions in relation to this:

Campaigning – often to increase awareness or change behaviour – is a 'legitimate and valuable activity for charities to undertake.'

Political activity – engaging with government and parliament – can only be done in the context of supporting the delivery of a charity’s charitable purposes. Unlike other forms of campaigning, it must not be the continuing and sole activity of the charity.

Party political activity – it is against charity law to engage in party political campaigning and charities are not permitted to support a particular candidate or back a political party.

Useful press contacts

National Council for Voluntary Organisations (NCVO)

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Telephone 020 7520 2413

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@NCVO

Charity Finance Group

policy@cfg.org.uk

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ARE THERE TOO MANY CHARITIES?

REPORTING ON CHARITIES

This is one of seven fact sheets in a series about reporting on charity issues. It provides context for accurate reporting and details of where to get more information.

Other topics in the series are:

1. How can I tell how effective a charity is?
 2. Why do charities have paid staff?
 3. Why much money goes on running costs?
 4. Why do charities fundraise?
 5. Why do charities deliver public services?
 6. Why do charities campaign?
 7. Are there too many charities?
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Context

Some people think the sector would be more efficient if there were fewer charities. They believe it would be a good thing if donations weren't spread so thinly and that it could be easier to hold a smaller number of charities to account.

There are few 'facts' in this area. But here are some comments 'for' and 'against' the proposition that there are too many charities.

Arguments for there being too many charities

Duplication: There are hundreds of charities often working in the same area. For example, there are over one thousand five hundred charities working on issues to do with cancer in England and Wales.

Some would argue that we do need this many charities working on cancer issues.

Inefficient: There are a lot of average charities that are taking resources away from the best charities, creating needless competition for resources. This increases the cost of generating income and leads to less going to the frontline.

Impact: If charities were to pool their resources they could focus on those activities that have the biggest impact. This would lead to better outcomes for beneficiaries and the public.

Arguments against there being too many charities

Specialism: Many charities operate in niche areas where it is important to have organisations with expertise. One big

charity can't be as focused on these issues as lots of smaller organisations. For example, There may be one thousand five hundred charities working on issues to do with cancer, but cancer is a complex area with big differences between different types of cancer as well as between service delivery charities, research focused charities and awareness raising charities. Lots of charities working on the same issue will operate only in one local area. There is little to be gained from merging a local wildlife charity in Devon with one in Durham.

Mergers: The efficiencies to be gained from merging charities are often over-estimated. If charities are still doing all the same work, they will still have many of the costs, even if they merge. NB – lots of charities are very localised. You wouldn't gain much efficiency from merging a charity in Stockport with one in Southampton.

Setting up charities: It's already the case that if you want to register a new charity, the Charity Commission will ask you to consider alternative options, not least because running a charity is a major responsibility. But if you prevented people setting up a charity because there was already another similar one, you'd stifle potentially innovative and exciting new organisations. Some of Britain's best-known charities started out as kitchen-table endeavours created by a few committed people. If someone had told them they shouldn't start because there was already a charity working in that area, we wouldn't have Oxfam or Help for Heroes, for example.

Variety: Some variety is a good thing. It means you have some choice over which charity you donate to. Different organisations bring different strengths and perspectives. They focus on different areas.

Freedom of association: One of the core values of our country is the right for people to come together to solve issues which affect them and their communities. Placing a limit on the number of charities or putting barriers in the way of setting up charities infringes upon this right.

It is also important to remember that in practice, charities frequently collaborate on their work.

And charities often do merge when they think it would be the best thing to do for their cause. Recent examples include Help the Aged and Age Concern and Breast Cancer Campaign and Breakthrough Breast Cancer.

Useful press contacts

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GENERAL COMMENT ON CHARITY STORIES

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