



Mapping registered Third Sector Organisations in Yorkshire and the Humber

Northern Rock Foundation Third Sector
Trends study

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David Kane (NCVO) and John Mohan
(Third Sector Research Centre,
University of Southampton)



www.nr-foundation.org.uk/thirdsectortrends



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iv Background to the Third Sector Trends Study

Involve Yorkshire and Humber has been leading on work with infrastructure organisations over several years to identify the size and scope of the voluntary and community sector. The Third Sector Trends Study arose out of discussions with the Northern Rock Foundation who had initiated similar research in the North East of England and Cumbria. The study is managed by the Involve Yorkshire and Humber and Northern Rock Foundation and funded by Capacity Builders. It is part of the wider Northern Rock Foundation Third Sector Trends Study which seeks to improve understanding of the scale and dynamics of the third sector in the UK.

The five infrastructure consortia in Yorkshire and the Humber used Capacitybuilders funding to build up a consistent picture of registered and unregistered organisations. We will report on the picture of unregistered organisations when data becomes available, later in 2011. The research has been led by Professor John Mohan of Southampton University and the research team at the National Council for Voluntary Organisations (NCVO). Previous small-scale studies used a variety of methodologies and definitions that invariably produced results which could neither be compared with each other nor aggregated to the regional level.

The study of the third sector in North East England, Cumbria, Yorkshire and the Humber is intended to have a significant impact on the way the sector is perceived by itself and its stakeholders. It is also hoped that it will influence how the sector works. Most importantly, the research should help future activity meet beneficiary needs more effectively, securing more positive outcomes.

The research programme as a whole aims to:

- produce robust data and independent analysis on the scale and scope of the third sector in the North East, Yorkshire and the Humber and Cumbria;
- provide an objective and thorough analysis of the dynamics of the sector through longitudinal study of stakeholder perceptions, organisational practice and local impact;
- develop a more complete understanding of sector impact and potential, and assess policy and practice implications;

- design and test innovative methodological approaches to the study of the sector which are compatible with national data sources and are replicable in other UK regions.

As a longitudinal study, research findings are being disseminated on a regular basis throughout the life of the project. The study should provide a clearer indication than has ever been attempted before in the UK of local trends over time. These will be interpreted in the light of detailed analysis of stakeholder views, network and organisational analysis, and comparison with other regions and countries if possible.

A key objective of the research is to gain a better understanding of the sector, but in so doing, to provide an evidence base upon which to develop policy and practice so that the sector may be enabled to provide the maximum benefit to its beneficiaries, to the economy and to society in general.

1 Introduction

This report provides statistics and analysis of general charities and other third sector organisations in Yorkshire and the Humber, as part of the Northern Rock Foundation *Third Sector Trends Study*. The intention is to provide a regional statistical portrait, in some ways paralleling that available for third sector organisations nationally through the NCVO UK Civil Society Almanac; where possible we draw comparisons with nationally-available statistics.

The majority of the figures are based on data obtained from GuideStar Data Services, and are extracted from the annual audited accounts of a sample of organisations from the study area. In addition, we have done extensive work to extract additional data to complement the information supplied by GuideStar, and we have also attempted to cross-reference it against other relevant sources, particularly for non-charitable third sector organisations. As well as this we have conducted exercises to classify non-charitable third sector organisations and to determine which of these are of most relevance for our purposes.

The majority of data represents figures for the financial year 2007/08, but some income data is only available for the year 2006/07. All figures are presented in cash terms – older figures have not been inflated to current prices. Two companion reports are available with figures for Cumbria and for the North East.

Sections 3 to 6 concentrate on 'general charities' (see section 1.1 below) in the area, as these organisations account for the bulk of third sector activity and have the most available data, but we have also occasionally presented information about charities which do not conform to the "general charities" definition. Section 7 looks at other third sector organisations, including faith groups, housing associations, industrial and provident societies and companies limited by guarantee.

1.1 General charities definition

Not all registered charities are included in the data; charities are selected for inclusion using the "general charities" definition. This definition was developed in the mid-1990s by the Office for National Statistics and is used in NCVO's annual "Civil Society Almanac" which provides UK-wide statistics. The clear limits to the definition enable the production of robust, clearly defined estimates for both numbers of organisations and their financial characteristics. Included in the 'general charities' definition are those registered charities that meet the following criteria:

- **Formality: people and their activities have a structured organisational form.** This may take the form of a constitution or a formal set of rules. Any definition using this attribute will exclude large numbers of informal, community-based activities and temporary forms of activity.
- **Independence: organisations are constitutionally and institutionally separate from the statutory and private sectors.** This would exclude registered charities which are also non-departmental public bodies (NDPBs) such as the British Council.
- **Non-profit distributing: organisations do not distribute profits to shareholders or owners.** While undertaking activities such as trading to generate a surplus is not excluded, proceeds should not be for the personal benefit of any individuals connected with the organisation and should be directed towards achieving the organisation's charitable objectives.
- **Self-governance: organisations are truly independent in determining their own course.** This would exclude, for example, organisations that are charities within the National Health Service, on the basis that they are ultimately controlled by a statutory body.
- **Voluntarism: there is a meaningful degree of voluntarism in terms of money or time.** The donation of time includes that given by trustees.
- **Private benefit versus public benefit: organisations do not exist solely for the benefit of their own members but have a wider public benefit.** This may, however, include certain organisations that mainly benefit a specific group of people or even just their members when the objectives of the organisation provide a function that would otherwise need to be provided from statutory sources (such as disability associations or community transport).

One example of the effects of the general charities definition can be seen in figures 10 and 11 -- the former includes several entities which are not categorised as general charities, such as housing associations or independent schools; in several cases these are the largest charitable organisations in the respective local authorities.

1.2 Geographic area covered by the report

The report presents disaggregated statistics for local authorities within the study area of Yorkshire and the Humber, based on a sample of organisations in the area. When producing disaggregated statistics, a compromise needs to be made between providing data at a meaningful geographic level whilst maintaining the statistical validity and relevance of the data. This is particularly the case for data on income sources, where a smaller sample is taken and it is more difficult to map income precisely to sources. Our sample contains data on the income sources of approximately 40% of general charities in this area; this is skewed towards the larger organisations.

With this in mind, headline data below is presented at the local authority level. Organisations are assigned to an area based on the postcode of their registered office. While this is appropriate for the majority of organisations, it does lead to two different effects. One is that if an organisation is active in more than one area (or nationally) this activity is recorded only in their “home” area (the area which contains their registered address).

Another result is that organisations may be registered in one area (for example, many organisations are registered at a solicitor’s office) but operate in another. Additionally, the presence of a large national or regional charity in one area can skew the financial results for that area, as the figures presented are an aggregate of all expenditure by charities based in the area, even though those expenditures may take place in other parts of the country or abroad. We discuss some of the issues arising from this in the course of the paper.

Figure 1 - Map of the study region showing local authorities



Yellow – North Yorkshire and York
Blue – West Yorkshire
Brown – South Yorkshire
Green – Humber

2 Summary results

- The voluntary sector in Yorkshire and the Humber is a significant player in the region's economy. A variety of organisations make up the third sector in Yorkshire and the Humber. In addition to 10,914 general charities, 3,304 other third sector organisations operate in Yorkshire and the Humber, including 114 housing associations, 1,462 companies limited by guarantee, 141 community interest companies, 895 industrial and provident societies and 692 faith groups.
- In 2007/08 10,914 general charities were based in Yorkshire and the Humber. These charities have an income of £1.60 billion, spent £1.51 billion and had assets worth £2.27 billion.
- The size distribution of charities in the region is broadly similar to the national pattern - that is, of the charities based in the region, the proportion in each size band is comparable. But the sector's share of overall resources in the region is lower than on a population basis, because there are fewer very large charities. As a result, if we compare average incomes, charities in Yorkshire and the Humber are smaller than across the UK, with an average income of £146,500 compared to £207,500 nationally, but this is because the region has relatively few very large charities.
- Charities based outside Yorkshire and the Humber make a significant contribution to charitable expenditure in the region; charities based outside the region spent £778 million in Yorkshire and the Humber in 2006/07. Charities based within the region spent £210 million in other regions and countries of the UK.
- Charities providing social services make up one in five (19%) of all charities in Yorkshire and the Humber. There is also a slight over-representation of charities in culture and recreation charities and parent teacher associations, compared to the distribution for the UK as a whole.
- Charities in Yorkshire and the Humber are more reliant on statutory funding than UK charities; 50% of the income of general charities in Yorkshire and the Humber comes from statutory sources (including National Lottery distributors), compared to 38% for the UK as a whole.

- Income from individuals (including legacies) is less important than for UK charities. Just over one-quarter (26%) of the income of general charities in Yorkshire and the Humber comes from individuals compared to over one-third (37%) for the UK as a whole.
- Over two-thirds (68%) of income is earned, more than the UK average of 49%. Voluntary income makes up 26% of income in the region compared to 42% for the UK overall.
- Charities in Yorkshire and the Humber raised £14 for every £1 spent on fundraising – slightly more than the UK average of £9.
- Assets held by charities in Yorkshire and the Humber represent 1.5 years of expenditure, less than the UK average of 2.9 years.
- Together, a total of 14,218 third sector organisations (housing associations, community interest companies, industrial and provident societies and companies limited by guarantee) had an income of £2.75 billion, spent £2.68 billion and assets of £3.73 billion in 2007/08.

3 How many general charities are there in Yorkshire and the Humber?

3.1 Charities in Yorkshire and the Humber as a proportion of the UK

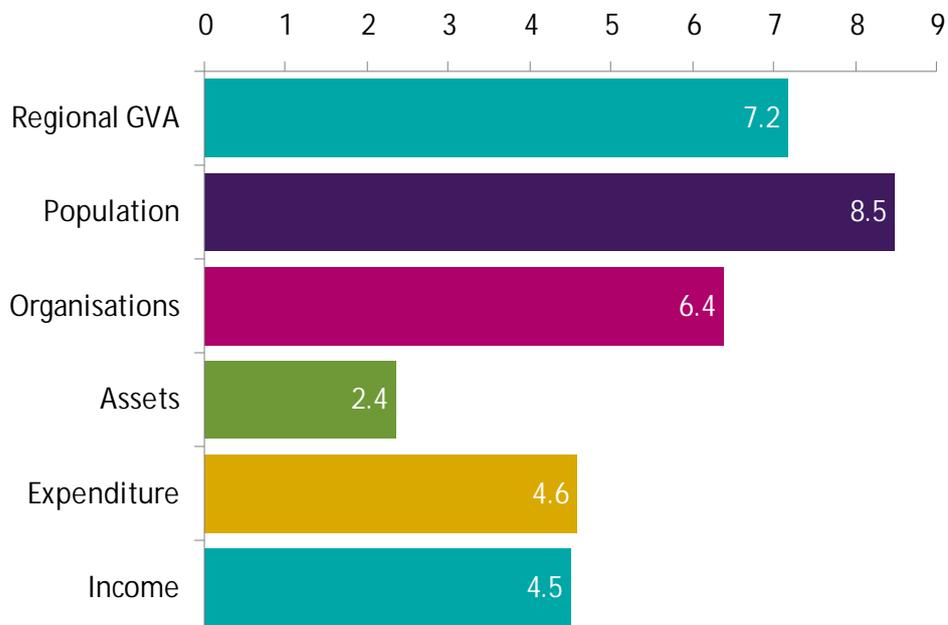
There are 10,914 charities in Yorkshire and the Humber. These organisations make up 6.4% of all UK general charities; this is slightly less than would be expected if charities followed the same distribution as population, as the region contains 8.5% of the population of the UK.

Turning to finances:

- charities in the region spent £1.51 billion in 2007/08, 4.6% of total UK charitable expenditure;
- they had assets worth £2.3 billion, 2.4% of the UK asset base of charities;
- the income of organisations in the region was £1.60 billion, 4.5% of total UK charitable income.

Figure 2 shows the proportion of UK charitable activity and population that Yorkshire and the Humber accounted for in 2007/08.

Figure 2 – Yorkshire and the Humber as a proportion of UK charitable activity, population and economy, 2007/08 (%)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services, Office for National Statistics

Note: Regional GVA is the region's proportion of Gross Value Added, a national accounting unit equivalent to gross domestic product.

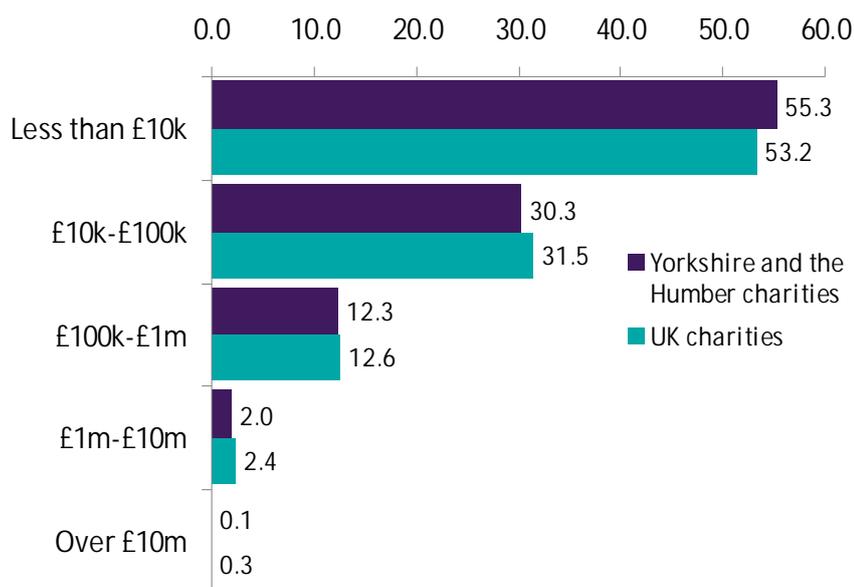
The region contains some of the more disadvantaged parts of the UK, as can be seen by comparing its share of the UK's population with its share of the UK's GVA. We might therefore expect a below-average level of charitable activity. We find that the region's share of charitable resources is indeed below what might be expected: proportionate to its population, the region has half its share of expenditure, and less than one third of assets. This, particularly the low share of charitable assets, is likely to reflect a long history of disadvantage.

To counterbalance this to a limited degree, it is important to remember that much of the expenditure and assets of charities in the UK is concentrated in a small proportion of major charities whose headquarters are in London and the South East. This means that headline figures are likely to under-estimate charitable activity in the region as they do not include the activities of these national charities. This is explored further in section 3.3.

3.2 Distribution of general charities

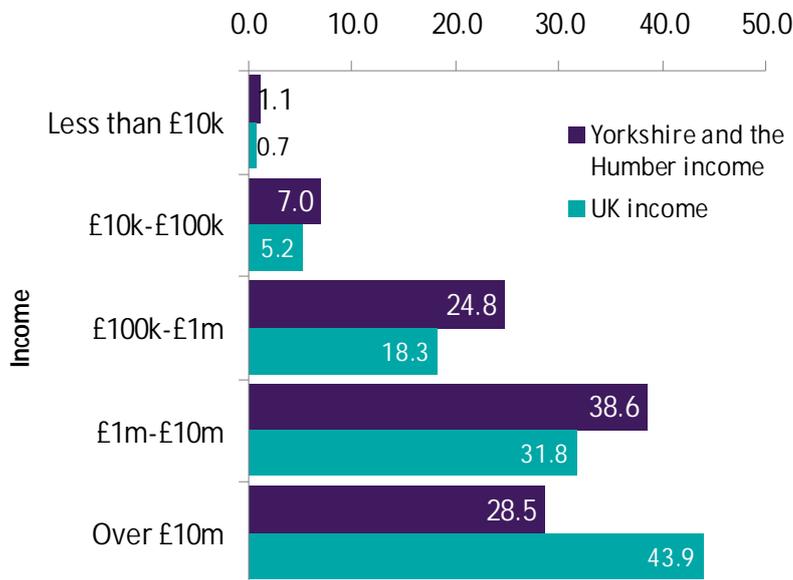
Figure 3 - Income of charities by size, Yorkshire and the Humber and UK (2007/08, % of total income)

a. Percentage of charities



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

b. Percentage of total income



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

The financial distribution of general charities within the region follows a similar pattern. Figure 3 shows the distribution of income by charity size. The income bands regularly used by NCVO in the UK Civil Society Almanac show that the size distribution of charities in Yorkshire and the Humber is broadly comparable with the national picture, but because the region has relatively few large national charities, the average income of charitable organisations is lower than for the UK as a whole.

A note on the UFI Charitable Trust

The UFI Charitable Trust is a large charity, based in Sheffield, with an income of £193 million in 2007/08 and expenditure of £191 million. UFI (also known as the University for Industry) runs the "learndirect" service, which provides online teaching for over-16s across the UK. UFI has been placed into the general charities category and as a significant national charity it accounts for a large part of the charitable activity assigned to Sheffield.

However, it is also an useful example of the porous borders of the general charities definition, and an indication of the changing nature of charitable status. UFI Charitable Trust is a registered charity, it has charitable aims and objectives, meets a public benefit test, is

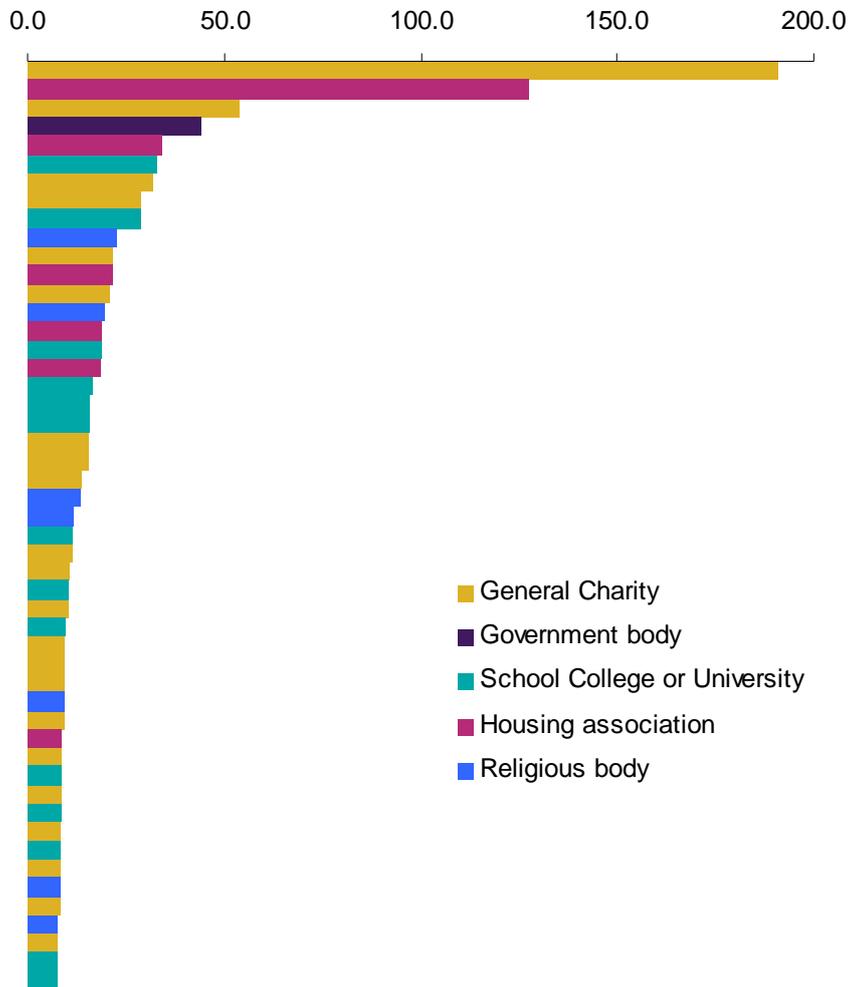
controlled by a board of trustees and is audited by independent auditors. But there is also significant government influence on the charity. It was set up as a government initiative in 1998, and receives almost all of its income from government. Five of the thirteen trustees on the board are appointed by the Secretary of State for Business.

Figure 4 shows the expenditure of the 50 largest charities in the region, with expenditure ranging from £8 million to £191 million. The largest organisation, with an expenditure of £191 million, is the UFI Charitable Trust (see box above). The second largest is Wakefield and District Housing (with an expenditure of £127 million), a charitable housing association, while the third largest is Sheffield City Trust, with an expenditure of £54 million, which manages leisure and entertainment venues in Sheffield that were formerly run by the local authority. Several independent schools feature in the list, as do recently-established academies.

Putting these figures into context, only three registered charities in the region would feature in the top 100 registered charities in England and Wales by expenditure, and another 19 in the top 500. If we confine discussion to general charities as defined by NCVO, only two charities whose administrative office is registered in this region feature in the top 100 general charities nationally, with another 20 general charities in the top 500 nationally.

Note that there are other areas of charitable activity within the region that are not covered by this source of data. Examples would include exempted and excepted charities, such as the Universities of Leeds and Sheffield, although the Charities Act 2006 now means that certain exempt charities are being brought within the scope of the Charity Commission.

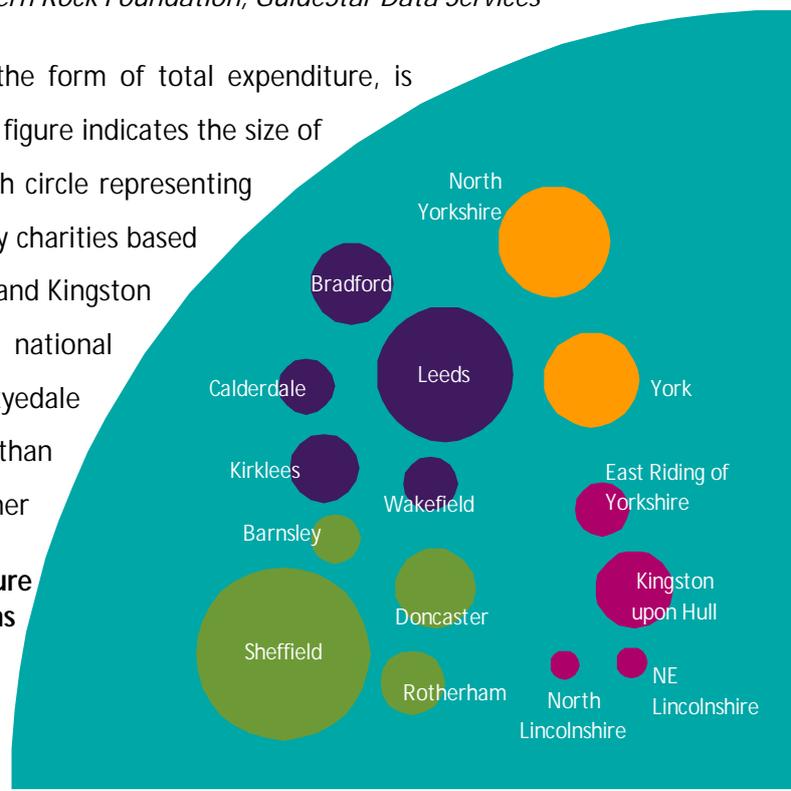
Figure 4 – Expenditure of 50 largest charities in Yorkshire and the Humber, 2007/08 (£ millions)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

The distribution of economic resources, in the form of total expenditure, is shown in Figure 5. The large circle behind the figure indicates the size of all charitable expenditure in the UK with each circle representing activity in each area. The area is dominated by charities based in major urban areas such as Sheffield, Leeds and Kingston upon Hull, where many major regional and national charities are located. With the exception of Ryedale in North Yorkshire, rural areas are more likely than urban areas to be characterised by a higher

Figure 5 – Total expenditure of charitable organisations in Yorkshire and the Humber, 2007/08



density of organisations compared to population and these organisations are more likely to be small. It is important to remember that while large charities are likely to be based in major urban centres – for the same reasons that large private companies do - it is likely that their activities take place on a wider scale.

3.3 Redistribution of regional charitable activity

What these figures do not tell us is the extent to which the activities of national charities add to the activities of charities which are based in the study region. To explore this, it is possible to use the Inter-Departmental Business Register (IDBR) a government database of organisations throughout the UK. If a charity operates a regional office, the IDBR records the number of employees at that location as a “local unit”. These local units can be used as a proxy to estimate where charities’ activities take place throughout the UK. Results relate to the 2005/06 financial year.

On the basis of these results, we estimate that £210 million of the expenditure of charities in Yorkshire and the Humber is spent outside the region. Confidentiality restrictions apply to the use of the IDBR data and so we cannot identify specific organisations involved. However, Figure 6 shows the fifteen largest charities (by income) based in Yorkshire and the Humber which operate at a national scale or internationally.

Figure 6 - Fifteen largest charities based in Yorkshire and the Humber which operate nationally (2007/08)

Charity Name	Local Authority	Income (£m)
UFI Charitable Trust	Sheffield	192.5
The Family Fund Trust	York	31.6
BTCV	Doncaster	28.9
The Camphill Village Trust	Ryedale	27.8
Foundation For Credit Counselling	Leeds	23.2
The Coalfields Regeneration Trust	Rotherham	12.7
The National Coaching Foundation	Leeds	9.0
School Food Trust	Sheffield	8.9
L'Arche	Bradford	6.8
Adult Placement Services	Harrogate	6.4
Deflog VQ Trust Limited	East Riding of Yorkshire	6.2
Relate	Doncaster	5.5

Charity Name	Local Authority	Income (£m)
The Joseph Rowntree Charitable Trust	York	5.0
Community Transport	Calderdale	4.1
National Coal Mining Museum For England	Wakefield	4.0

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

In contrast, resources spent by charities whose headquarters are outside Yorkshire and the Humber represent an additional £778 million expenditure for the region. Taking this redistribution into account gives the region a total expenditure of £2.1 billion, of which 37% is accounted for by charities based in other regions. Out of the nine English regions, only the East Midlands, the East of England and the North East have a higher proportion of their income from charities based elsewhere.

Figure 7 shows where the charities which conduct charitable activities in Yorkshire and the Humber are based, and in which regions charities based in Yorkshire and the Humber operate. As might be expected, charities based in London dominate, accounting for one quarter of all expenditure in the region. Charities based in the neighbouring regions of the North West and Yorkshire and the Humber accounted for 3% of expenditure.

Figure 7 - Expenditure of charities based in Yorkshire and the Humber, and Yorkshire and the Humber expenditure of all UK charities, by region and country, 2006/07

Region or country	Regional expenditure of charities based in Yorkshire and the Humber	Expenditure in Yorkshire and the Humber of charities based in other regions
North East	19.2	9.5
North West	15.2	23.6
<i>Yorkshire and the Humber</i>	<i>1,297.9</i>	<i>1,297.9</i>
East Midlands	16.5	35.1
West Midlands	22.6	14.8
East of England	11.5	41.9
London	20.6	524.6
South East	22.5	76.8
South West	18.5	48.4
England	146.6	774.8
Wales	8.5	2.6
Scotland	32.3	¹

¹ Comprehensive figures for expenditure of charities based in Scotland, Northern Ireland and the rest of the world are not available.

Region or country	Regional expenditure of charities based in Yorkshire and the Humber	Expenditure in Yorkshire and the Humber of charities based in other regions
Northern Ireland	7.8	¹
UK	195.2	777.5
Rest of the World	14.6	0.0 ¹
Total	209.8	777.5

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services, Office for National Statistics

The biggest single area of expenditure outside Yorkshire and the Humber for charities based there was Scotland, with £32 million spent there in 2006/07.

Figure 6 shows the fifteen largest charities (by income) based in Yorkshire and the Humber which operate at a national scale.

3.4 Size of charities

Figure 8 - Proportion of general charities by Local Authority, Yorkshire and the Humber, 2007/08 (% of charities)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

The distribution of charities in the region follows a similar pattern to that seen across the UK, with a small number of very large charities being responsible for a large proportion of

charitable expenditure in the area. Figure 8 shows the proportion of all organisations and organisations with incomes greater than £1million in each Local Authority. This figure shows that large organisations are disproportionately based in major urban areas, particularly Leeds and Sheffield. Charities with incomes over £1 million are less likely to be located in the more rural parts of the region.

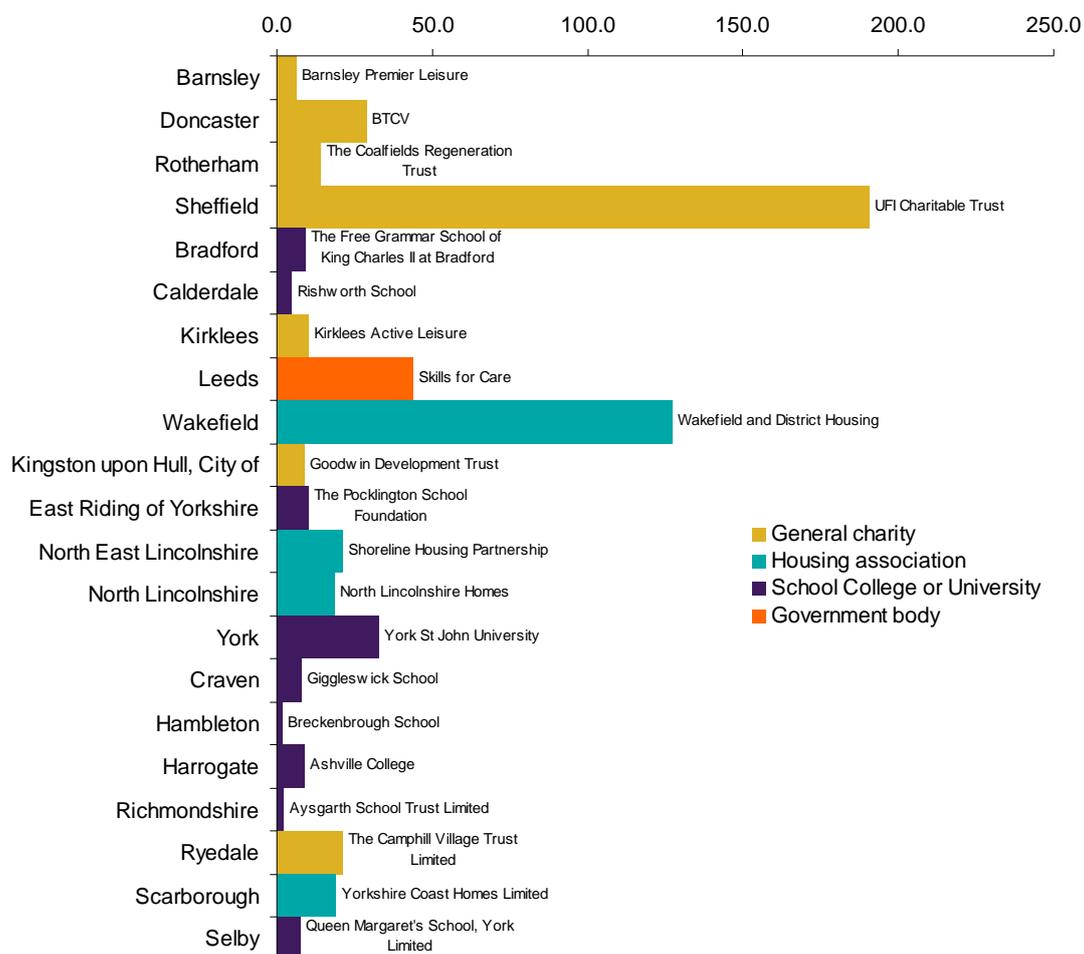
However, this figure can hide areas where one charity accounts for a significant amount of the charitable activity in the area. Figure 9 shows the proportion of income accounted for by the largest charity in the area. Two areas stand out: Ryedale and Sheffield. In these areas a large charity will significantly influence the income figures produced and so this should be taken into account when using the figures. Figure 10 gives, for each local authority, the expenditure of its largest charity, and Figure 11 presents the same information but restricted to general charities. From Figure 10 it can be seen that in 14 of the of the 21 local authority areas, the largest charitable entity does not fall within the "general charities" category. As can be seen, in some rural districts the largest single charity may have relatively low expenditure. An implication of this for our knowledge of the sector is that it is important to take account of the size distribution of charities as well as aggregate levels of expenditure.

Figure 9 - Proportion of income accounted for by largest charity, by local authority, Yorkshire and the Humber, 2006/07 and 2007/08 (% of income)



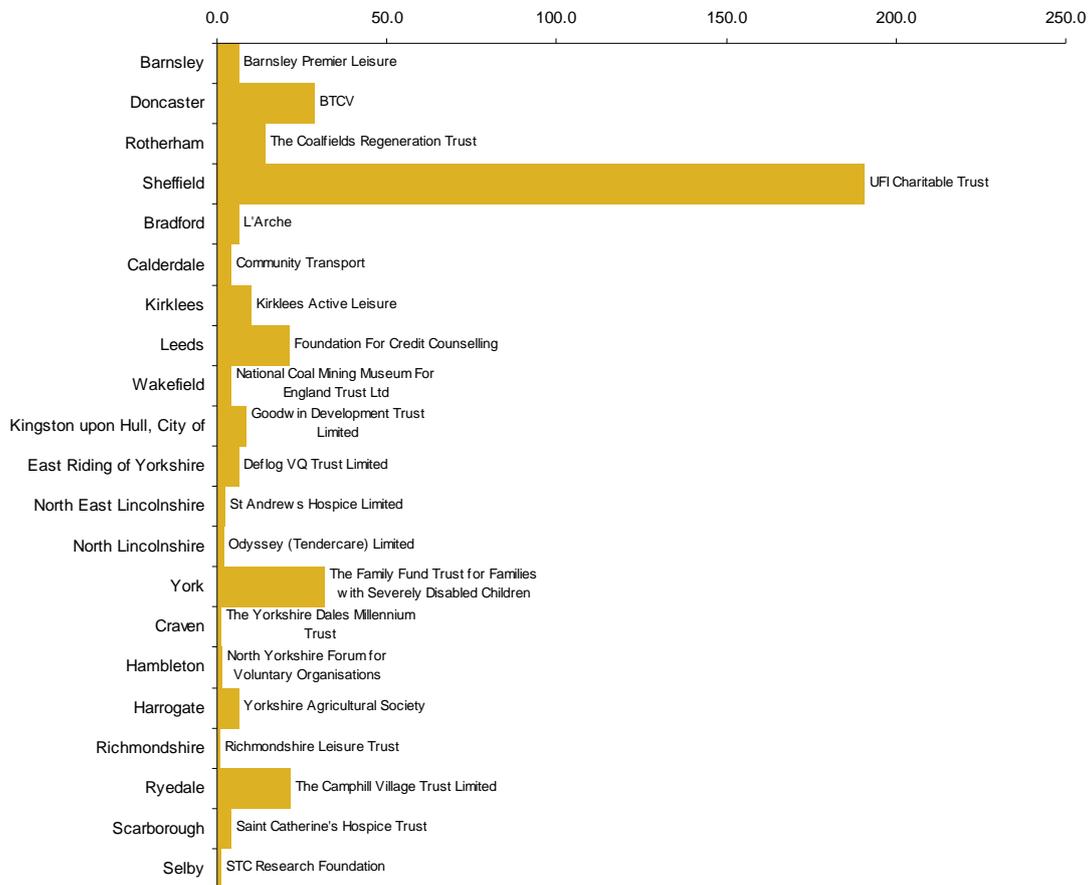
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

Figure 10 - Expenditure of the largest charity in each Local Authority (2007/08, £millions)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

Figure 11 - Expenditure of the largest general charity in each Local Authority (2007/08, £millions)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

3.5 What do charities do? Classifying the activities of registered charities

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

The ICNPO is a system for classifying charities' main areas of activity, or economic "sector". Each organisation in the region has been placed into one sectoral category, meaning that decisions have had to be made for charities on the boundary. This means that while the aggregate statistics are useful summaries, using the classification to look in detail at individual organisations may not produce meaningful results. Classification is based on a

number of fields which charities themselves complete when reporting to the Charity Commission, and on keyword searches.

Using the ICNPO classification system we can examine the distribution of charitable resources by sector, within Yorkshire and the Humber. Figure 12 shows the number of organisations in each sector, and gives a brief description of what a typical organisation in this sub-sector would do. As is the case for the UK as a whole, organisations providing social services dominate charitable activity, both in terms of number of organisations and their income, accounting for one-fifth (19%) of the income of charities in Yorkshire and the Humber. Compared to the UK as a whole there is some suggestion that the share of culture and recreation charities and parent teacher associations are over-represented in this region while there seem to be fewer religious organisations and grant-making foundations.

Figure 12 - General charities in Yorkshire and the Humber 2006/07 and 2007/08, by industry

Industry	Number of organisations		Example organisations
	2006/07	2007/08	
Social services	2,079	2,130	Care services for the disabled, elderly, children, foundations providing income support, emergency and relief services.
Culture and recreation	1,562	1,596	Sports clubs, arts groups, museums, galleries, heritage, leisure facilities, rotary clubs.
Parent teacher associations	1,045	1,072	Parent teacher associations.
Community development	940	957	Organisations providing economic, social and community development, for example community transport, community association .
Religion	657	675	Organisations with religious goals.
Education	584	589	Educational foundations, school funds, educational charities,
Playgroups and nurseries	561	584	Nurseries, playgroups, early years centres, kindergartens, pre-school.
Grant-making foundations	555	574	Private individual, family and corporate foundations.
Scout groups and youth clubs	403	415	Scout groups, girl guides, youth clubs.
Health	384	392	Hospital services, hospital league of friends, hospices and nursing homes, mental health support, air ambulance services.
Village halls	382	387	Village halls, memorial halls.

Industry	Number of organisations		Example organisations
	2006/07	2007/08	
Environment	367	369	Recycling, sustainability, natural world protection, wildlife, veterinary services.
Housing	299	304	Housing trusts, organisations providing housing support.
Law and advocacy	240	247	Advocacy, citizen's advice, equality and diversity, credit and debt counselling, refugee and immigrant community support, prisoner rehabilitation, victim support, consumer safety and advocacy.
International	189	197	Aid and services provided in overseas countries, including disaster and famine relief, development assistance.
Research	186	191	Foundations funding research, including medical research.
Employment and training	109	112	Training providers, re-employment, business partnerships.
Umbrella bodies	92	92	Infrastructure bodies providing support to civil society groups, including councils for voluntary service, volunteer bureaux, national infrastructure bodies.
Other	29	30	Includes financial services organisations registered as charities.

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

3.6 Groups that work with Black and Minority Ethnic (BME) communities

Using another classification system, based on data collected by the Charity Commission, it is also possible to identify those organisations that work with particular beneficiary groups, including people of a particular ethnic or racial origin. Figure 13 shows the proportion of charities in each local authority which selected this option when asked to name their beneficiaries, alongside the proportion of the general population whose ethnicity was not white in the 2001 Census.

This is based on self-reporting by charities and therefore must be interpreted with some caution. While a charity may say that it serves a particular beneficiary group, all this may tell us in practice is that the charity is open to serving that group; it doesn't give us an estimate of how much of that charity's activities relate to a particular group in the population. It is

therefore likely that, due to this reliance on self-reporting, these figures will over-estimate the extent to which charities in the region relate to the BME population.

Across Yorkshire and the Humber, 8% of charities work with BME communities. There is some correlation between the non-white population and BME charities; areas such as Bradford and Kirklees have a large proportion of BME charities (14% and 10%) and a large non-white population (22% and 14%). However, in some areas this is less clear; Kingston upon Hull and York had roughly the same proportion of non-white population (around 2%) but while 11% of charities in Kingston upon Hull work with BME communities, only 3% of charities in York do. While changes in ethnicity since the 2001 Census may explain some of this variation, other historical, cultural and geographical factors will play a part in the proportions shown.

Figure 13 – Charities working with BME communities and the non-white population in Yorkshire and the Humber, 2007/08, by Local Authority

Local Authority	Charities with BME beneficiaries	Non-white population (2001 Census)
Barnsley	8.2%	0.9%
Doncaster	11.4%	2.3%
Rotherham	10.2%	3.1%
Sheffield	13.0%	8.8%
Bradford	14.1%	21.7%
Calderdale	6.1%	7.0%
Kirklees	9.7%	14.4%
Leeds	11.1%	8.2%
Wakefield	8.4%	2.3%
Kingston upon Hull	10.6%	2.3%
East Riding of Yorkshire	5.1%	1.2%
North East Lincolnshire	8.5%	1.4%
North Lincolnshire	4.5%	2.5%
York	3.1%	2.2%
North Yorkshire	3.9%	1.1%
Yorkshire and the Humber	7.9%	9.4%

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

3.7 Data tables

Figure 14 - Summary data for general charities in Yorkshire and the Humber, 2006/07, by Local Authority

	Income (£m)	Expenditure (£m)	Assets (£m)	Number of general charities	Number of people (000s) ²
Barnsley	45.9	35.6	56.2	323	224.6
Doncaster	79.7	75.1	57.1	430	291.1
Rotherham	59.9	54.7	83.4	326	253.4
Sheffield	404.8	385.3	232.1	980	530.3
South Yorkshire	590.3	550.7	428.8	2,059	1,299.4
Calderdale	45.8	41.5	56.2	446	200.1
Kirklees	66.9	62.8	93.3	711	401.0
Wakefield	37.7	35.4	67.9	372	321.6
Bradford	88.7	81.7	116.9	798	497.4
Leeds	272.5	226.6	334.0	1,166	761.1
West Yorkshire	511.6	448.0	668.2	3,493	2,181.2
Kingston upon Hull	90.3	78.8	252.0	336	257.0
East Riding of Yorkshire	41.7	38.9	127.1	909	333.0
North East Lincolnshire	12.1	11.2	22.9	190	158.4
North Lincolnshire	11.2	9.1	32.1	351	159.4
Humber	155.4	138.0	434.0	1,786	907.8
York	130.7	122.4	379.7	632	193.3
Craven	9.4	8.0	15.2	323	56.0
Hambleton	15.1	13.5	44.5	494	86.9
Harrogate	57.7	46.9	148.1	695	158.8
Richmondshire	7.3	6.7	23.0	265	51.4
Ryedale	54.6	45.8	113.9	315	53.3
Scarborough	18.7	18.2	37.1	338	108.4
Selby	9.5	8.5	30.1	262	80.8
North Yorkshire	303.0	270.1	791.7	3,324	788.9
Yorkshire and the Humber	1,560.4	1,406.8	2,322.7	10,662	5,177.3

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

² Office for National Statistics, 2007 Mid Year population estimates

Figure 15 - Summary data for general charities in Yorkshire and the Humber, 2007/08, by Local Authority

	Income (£m)	Expenditure (£m)	Assets (£m)	Number of general charities	Number of people (000s) ³
Barnsley	39.5	33.9	55.2	338	225.9
Doncaster	92.0	86.2	70.1	441	291.6
Rotherham	56.1	55.1	92.6	340	253.9
Sheffield	419.2	411.9	226.2	974	534.5
South Yorkshire	606.8	587.0	444.1	2,093	1,305.9
Calderdale	47.2	43.8	60.2	453	201.8
Kirklees	70.0	65.7	127.6	739	403.9
Wakefield	43.7	39.5	79.7	383	322.3
Bradford	95.5	90.1	137.6	814	501.7
Leeds	267.7	245.1	291.6	1,170	770.8
West Yorkshire	524.1	484.1	696.6	3,559	2,200.5
Kingston upon Hull	91.1	81.9	254.1	333	258.7
East Riding of Yorkshire	39.7	40.1	111.7	936	335.0
North East Lincolnshire	13.5	12.5	28.3	193	158.2
North Lincolnshire	11.8	11.2	29.4	353	160.3
Humber	156.0	145.7	423.5	1,815	912.2
York	129.3	121.9	234.5	655	195.4
Craven	10.1	9.1	25.3	334	56.2
Hambleton	16.5	13.6	49.7	517	87.1
Harrogate	58.6	57.2	154.5	733	160.5
Richmondshire	8.5	7.0	28.9	268	51.5
Ryedale	56.9	49.3	134.1	312	53.5
Scarborough	22.3	21.8	39.9	355	108.5
Selby	9.8	8.7	40.3	273	82.0
North Yorkshire	312.0	288.6	707.2	3,447	794.7
Yorkshire and the Humber	1,598.9	1,505.4	2,271.5	10,914	5,213.3

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

³ Office for National Statistics, 2008 Mid Year population estimates

4 General Charities: Income

4.1 Where do resources come from? Sources and types of income

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

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

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

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

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

A typology of income sources and types is displayed in Figure 16. Implementing this approach in the analysis of income is not without problems. In particular, the distinction between earned and voluntary income is open to interpretation. In addition to data supplied by GuideStar, we have conducted extensive additional work on Trustees' annual reports to capture more detailed information.

Figure 16 - Typology of income types and sources

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

4.2 Sources of income

Figure 17 shows the average amount of each income source for charities based in Yorkshire and the Humber with that of UK charities. The figure shows that charities in Yorkshire and the Humber are more reliant on statutory sources, the private sector and the voluntary sector than charities in the UK as a whole. In particular, over 50% of the income of charities based in Yorkshire and the Humber is from statutory sources (including National Lottery distributors⁴), compared to 38% across the UK.

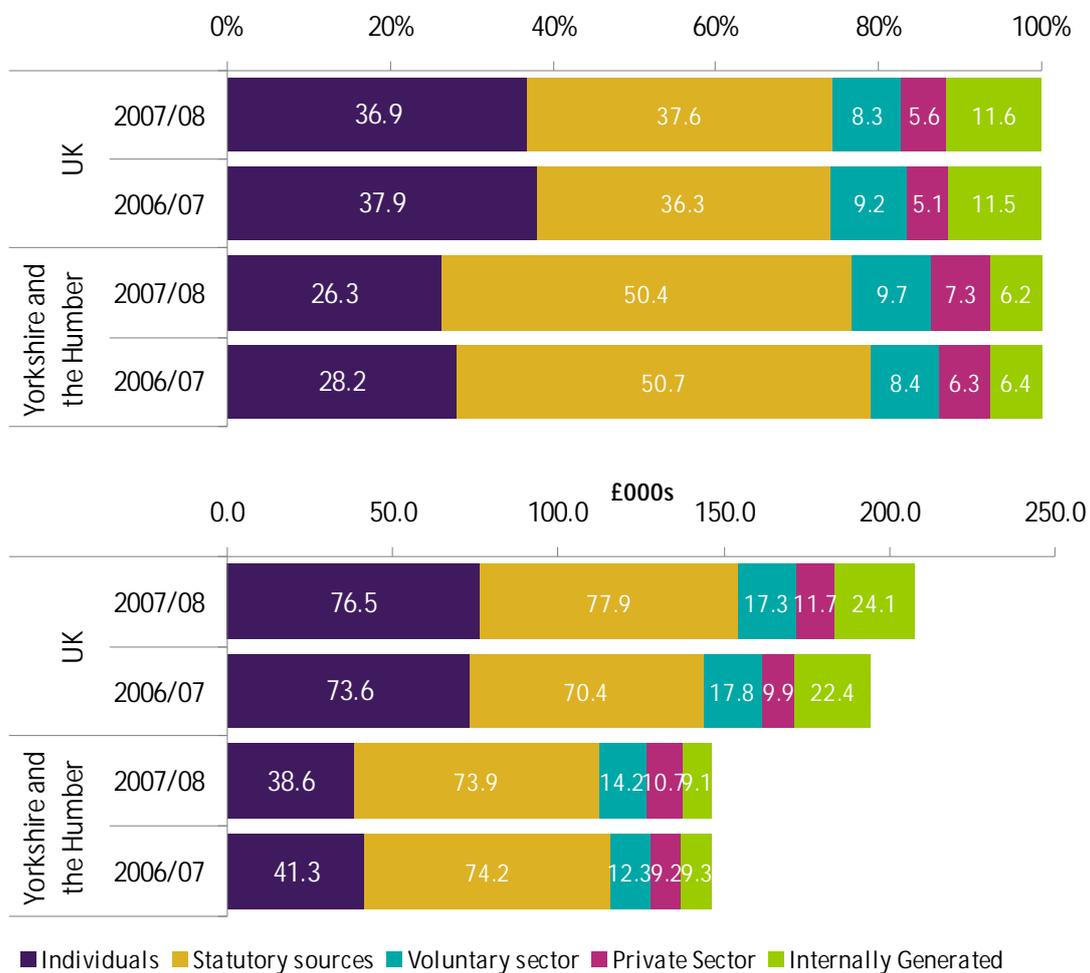
While a few large charities can affect aggregate proportions, this pattern of income sources may reflect the type of charity that is likely to be located in Yorkshire and the Humber. Income from individuals (including legacies) is less important to charities in this area. Just over one-quarter (26%) of the income of general charities in Yorkshire and the Humber comes from individuals compared to over one-third (37%) for the UK as a whole. This does not mean that individuals in the region are less likely to give to charity, but instead that

⁴ National Lottery Distributors make up around 9% of this total.

giving from individuals is to a large extent directed at the large national charities, for example those which support medical research, which are largely based in London and the South East.

There is a lower proportion of internally generated funds (investment assets and trading subsidiaries) in Yorkshire and the Humber in comparison to the UK (6.2% compared to 11.6%). This reflects the smaller asset base of organisations in this region which means less income is generated through investment funds.

Figure 17 – The average amount for each income source for general charities in Yorkshire and the Humber, 2006/07 and 2007/08 (% and £000s)



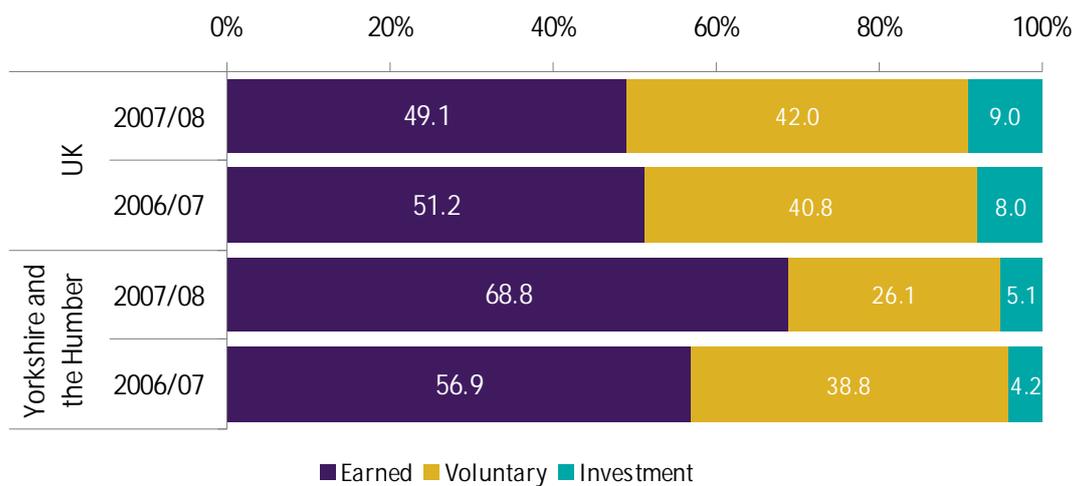
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

4.3 Type of income

The pattern of types of income for Yorkshire and the Humber is shown in Figure 18. Income from investments is generally lower than the national average, with more reliance on

income earned through contracts or fees for services provided. The importance of statutory funding to charities in the region means that the ratio of voluntary to earned income is greatly influenced by whether statutory income is in the form of grants or contracts –this is explored in more detail in section 4.4 below.

Figure 18 - Income types for general charities in Yorkshire and the Humber, 2006/07 and 2007/08, by sub-region (%)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

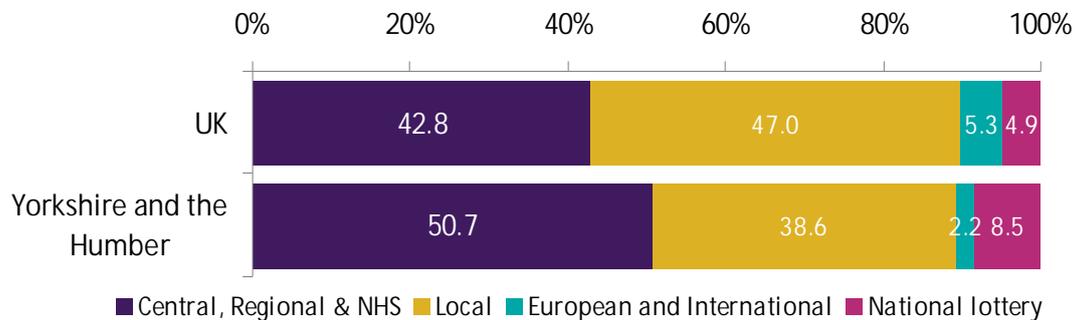
4.4 Income from statutory sources

We estimate that charities in the region received £806 million from statutory sources in 2007/08, accounting for half (50%) of all income to the voluntary sector in the region, and 6% of the statutory income of all UK charities. Further information on the region’s statutory funding is only available for 2006/07, when charities in Yorkshire and the Humber received £791 million from statutory sources.

While statutory income is a more important part of the funding mix to charities in Yorkshire and the Humber than for the UK as a whole (50% compared to 36% in 2006/07), the analysis suggests this may be due to difficulties in securing other sources of income rather than larger amounts of statutory income. Charities in Yorkshire and the Humber account for 2.1% of total government expenditure attributed to the region⁵; while across the UK as a whole statutory spending on charities accounts for 2.3% of government expenditure.

⁵ Public Expenditure Statistical Analysis (2008) HM Treasury

Figure 19 - Source of statutory income, Yorkshire and the Humber, 2006/07 (% of statutory income)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

We can see that funding from local government (£305.4 million in 2006/07) is less important to organisations in the region than central government, and on average less important than for UK charities. This may reflect a small number of contracts and grants from central government that are operated by large national charities based in the region. Just over half (51% - £400.9 million in 2006/07) of statutory income comes from central and regional government and the NHS, and the UK Civil Society Almanac⁶ has shown that for the UK as a whole over the past three years, central government funding has been increasing at a faster rate than local government funding.

European and International funding (£17.6 million in 2006/07) is, perhaps surprisingly, less prevalent in Yorkshire and the Humber than for UK charities (2.2% compared to 5.3%). About 87% of this funding category is from the EU itself (£15.3m) – which seems low compared to the presence of many European Social Fund (of the "structural" funds of the EU) Objective One and Two areas within the region. Two explanations for this unexpectedly low figure present themselves. Firstly, the first round of ESF came to an end in 2006, so would not have been included in most of the accounts analysed in this financial year. Secondly, as ESF funding is often provided by national, regional or local government bodies and sometimes match-funded by them, it can be difficult to pinpoint the ESF as a source of income within the charities' accounts.

⁶ NCVO (2009) UK Civil Society Almanac 2009, www.ncvo-vol.org.uk/almanac

The National Lottery (£67.5 million in 2006/07) makes up a larger proportion of income for charities in Yorkshire and the Humber than for the UK as a whole (8.5% compared to 4.9%). National Lottery funding is weighted towards areas of greater deprivation, targeting many local authorities within the study area. Income from the National Lottery is not statutory income as the lottery distribution funds are independent of government, but is included in the category for historical reasons.

While government funding is more prevalent in the region, this funding is more likely to arrive in the form of contracts rather than grants. Nationally, 68% of income from statutory sources is in the form of contracts, for charities in Yorkshire and the Humber that figure is 72%. Figure 20 shows the split of income from statutory sources into contracts and grants.

The large difference between the level of contracts for Yorkshire and the Humber in 2006/07 and 2007/08 is largely accounted for by the treatment of a small number of funding arrangements in those years. The difficulties of determining whether a funding arrangement is a "grant" or a "contract" mean that some large statutory funding streams were classified as a grant in 2006/07 and as a contract in 2007/08. Looking at these streams in detail shows that a contract is the more appropriate category – they include funding to Sheffield City Trust to provide leisure services – and thus that the 2007/08 probably better reflect the funding situation. But the difficulties give an indication that a binary grant/contract split may not fully describe the full range of funding arrangements in the sector.

Figure 20 –Types of statutory income, Yorkshire and the Humber, 2007/08 (% of statutory income)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

4.5 Data table

Figure 21 - Income of general charities in Yorkshire and the Humber, 2006/07 and 2007/08, (£million)

	Yorkshire and the Humber		UK	
	2006/07	2007/08	2006/07	2007/08
Individuals	141.2	98.3	5,365.4	5,788.2
Statutory sources (including NLDs ⁷)	320.4	222.5	4,195.0	4,207.6
Voluntary sector	79.7	35.6	1,582.5	1,704.6
Private sector	34.3	31.6	662.8	1,197.6
Total voluntary income	575.5	388.0	11,805.8	12,898.1
Legacies	30.6	29.9	1,744.6	2,001.5
Individuals	268.8	292.9	5,474.2	5,295.4
Statutory sources	471.0	584.0	7,832.7	9,123.8
Voluntary sector	51.2	118.9	1,456.9	1,258.0
Private sector	64.1	85.4	1,031.8	804.9
Earned income	855.1	1,081.2	15,795.6	16,482.0
Investment income	66.1	81.5	2,639.6	3,184.7
Trading subsidiary	33.0	18.2	1,186.9	931.7
Total income	1,560.4	1,598.9	33,172.5	35,498.0

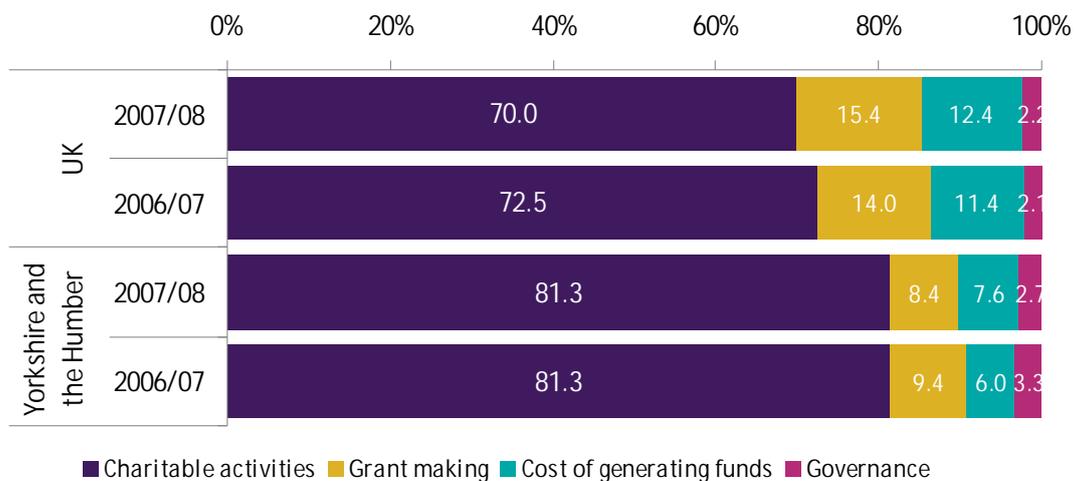
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

⁷ National Lottery Distributors

5 General Charities: Expenditure

Charities based in Yorkshire and the Humber spent £1.5 billion in 2007/08, 4.6% of the expenditure of charities in the UK. This expenditure can be split into three categories: funds spent on pursuing the charities' objects (either through direct activities or through making grants); the cost of generating funds; and governance costs.

Figure 22 - Type of expenditure for general charities in Yorkshire and the Humber, 2007/08 (% of expenditure)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

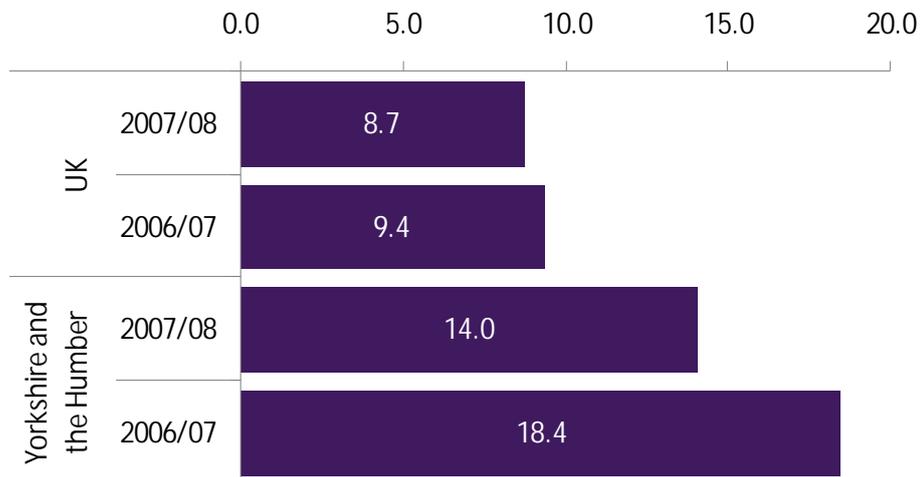
On average, in 2007/08, 85% of expenditure of charities in the UK went on pursuing charitable objects, including 15% on making grants. Charities in Yorkshire and the Humber spend 90% on pursuing charitable objects, including 8% on grant-making. As large foundations are more likely to be based elsewhere in the UK, grant-making is smaller in most areas in the study region and is concentrated in a few large grant-makers.

Figure 22 shows the breakdown of expenditure for general charities in Yorkshire and the Humber. Expenditure on generating funds are slightly lower than the national average, with governance costs a similar proportion. The cost of generating funds could reflect the smaller average size of charities in the region; these smaller charities are less likely to mount large campaigns to attract donors.

The fundraising cost ratio can be used to examine the efficiency of fundraising, and calculates the income generated for every pound spent on fundraising. Across the UK, every

one pound spent on fundraising is equivalent to nine pounds in income, for an average charity in Yorkshire and the Humber the figure is £14.

Figure 23 - Average fundraising cost ratio of general charities in Yorkshire and the Humber, 2007/08 (£ income per £ fundraising spent)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

5.1 Data table

Figure 24 - Expenditure of general charities in Yorkshire and the Humber, 2006/07 and 2007/08 (£million)

	Yorkshire and the Humber		UK	
	2006/07	2007/08	2006/07	2007/08
Fundraising and publicity costs	52.9	63.0	2,225.0	2,573.7
Trading subsidiary costs	26.2	41.5	908.6	1,039.9
Investment management costs	5.5	9.4	411.8	459.1
Cost of generating funds	84.6	113.9	3,545.4	4,072.7
Grants	132.6	125.7	4,375.0	5,043.3
Charitable activities	1,143.3	1,224.4	22,622.6	22,995.2
Governance	46.3	41.4	650.9	734.9
Total expenditure	1,406.8	1,505.4	31,193.9	32,846.1

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

6 General Charities: Assets

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

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

In 2007/08 charities based in Yorkshire and the Humber had net assets of £2.3 billion, 2.4% of the total for all charities in the UK. If the national picture shown in the Almanac holds true for this region, these assets are concentrated in a small proportion of charities in the area. One way of looking at the assets of charities is to compare with their expenditure, producing a figure which expresses assets in terms of the years of expenditure they represent. Nationally, charities have an average of 2.9 years worth of expenditure in assets, for Yorkshire and the Humber the equivalent figure is 1.5 years. Figure 25 shows the assets of general charities in Yorkshire and the Humber, expressed in terms of years of expenditure.

Figure 25 - Funds held by general charities in Yorkshire and the Humber, 2007/08 (years of expenditure)

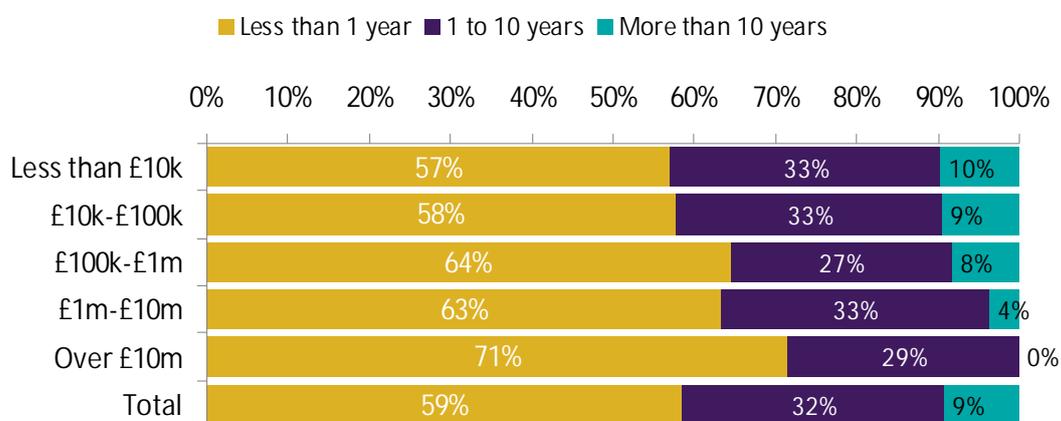


Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

In a recession the falling value of investments could be a particular concern for charities with significant assets. UK figures from the UK Civil Society Almanac 2010 demonstrate that the large rise in asset values over the last few years (growth of 28% between 2003/04 and 2007/8) has been due to a rise in the value and amount of investment assets held. Income generated from these assets, of which charities in Yorkshire and the Humber hold £952 million, is vulnerable to the falling value of investments in the wider economy. In 2007/08 general charities in Yorkshire and the Humber generated £81 million from these assets.

However, this picture masks the unequal distribution of assets throughout charities in Yorkshire and the Humber; as Figure 26 shows, over half (59%) of general charities in the Yorkshire and the Humber region hold less than 1 years expenditure as assets, while around 1,000 organisations (9%) hold more than 10 years expenditure as funds. In the UK as a whole 43% of general charities hold less than 1 year's expenditure. However, this distribution differs by size, with larger organisations – perhaps counter intuitively – appearing to be less likely to hold significant reserves. This may indicate that at least some of these organisations have grown without building up reserves, and that organisations with high .

Figure 26 - Funds held as years of expenditure, Yorkshire and the Humber 2007/08 (% of general charities)



Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

6.1 Data table

Figure 27 - Assets of general charities in Yorkshire and the Humber, 2006/07 and 2007/08 (£million)

	Yorkshire and the Humber		UK	
	2006/07	2007/08	2006/07	2007/08
Intangible fixed assets	0.6	0.4	26.3	18.6
Tangible fixed assets	1,084.2	1,109.9	20,076.5	21,121.9
Investments	1,166.1	952.1	65,557.7	68,826.7
Fixed assets	2,250.9	2,062.4	85,660.6	89,967.3
Current assets	745.8	772.8	18,587.3	21,747.7
Creditors due within one year	234.7	212.7	6,812.3	7,195.8
Net current assets	511.2	560.1	11,775.0	14,551.9
Total assets less current liabilities	2,762.0	2,622.5	97,435.6	104,519.1
Creditors due after one year	416.0	340.0	5,881.8	7,679.6
Provisions	23.4	11.0	254.6	209.0
Net total assets	2,322.7	2,271.5	91,299.2	96,630.6

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

7 Other third sector organisations

In addition to general charities, a number of other organisations are part of the third sector landscape in Yorkshire and the Humber. We have used a definition of the third sector which matches the one used by the National Survey of Third Sector Organisations⁸ (NSTSO), run by what was the Office of the Third Sector⁹ in 2008. The NSTSO defined the third sector as organisations that are:

- Non-governmental,
- value-driven,
- principally reinvest any financial surpluses to further social, environmental or cultural objectives.¹⁰

Not all organisations in each legal form meet the third sector definition; criteria are applied to these organisations to determine which would meet the third sector definition. For example, many Companies Limited by Guarantee (CLGs) would be regarded as providing largely private benefits (an example being property management companies -- entities organised for the purpose of providing maintenance services in leasehold blocks of flats) and so we have excluded such organisations wherever it has been possible to identify them.

There are many factors which decide the most appropriate form for a third sector organisation to take, including the aim of the organisation, historical context, the regulatory regime and what activities the organisation plans to undertake. In some cases it is appropriate for organisations to be dual-registered using two forms, and in certain circumstances organisations may change their form.

The organisations which meet the third sector definition and are included in this report are:

Companies Limited by Guarantee (CLG): a legal form for organisations which allows them to take on liabilities and employ staff without board members becoming personally liable. Charities would commonly use this form if they need to employ staff

⁸ Now known as the National Survey of Charities and Social Enterprises (NSCSE)
<http://www.nscsesurvey.com/>

⁹ Renamed as the Office for Civil Society in May 2010

¹⁰ National Survey of Third Sector Organisations (2008) <http://www.nstso.com/faqs/#a2>

or undertake activities through a contract (for example when providing services for local authorities). Most large charities are registered as a CLG (as a rule, charitable companies are larger than other charities and employ large numbers of people) but there are also a large number of non-charitable organisations which choose this form of registration.

Industrial and Provident Society (IPS): a legal form which is specifically designed for mutual organisations, many of which can be considered part of the third sector. Examples of organisations that take this form include working men's clubs, credit unions, friendly societies, agricultural co-operatives and building societies.

Community Interest Company (CIC): a recent legal form designed to ease the formation of "social enterprises". Its short existence means that concrete information on CICs is difficult to find, and it appears that some CICs are subsidiaries of other organisations (such as charities).

Housing Associations: Registered Social Landlords can take many legal forms, including charities, CLGs and IPSs. As these organisations make up a large part of the landscape of the sector, figures for these have been produced separately.

Faith Groups: these are the largest group of registered charities excluded from the general charities definition (see above), and includes registered charities that have purely religious aims, such as churches, mosques and diocesan finance boards.

Data on these organisations is provided by GuideStar Data Services, from records held by Companies House, the Financial Services Authority and the Charity Commission. IPSs and CLGs cover a large range of organisations but records are less comprehensive than those available for registered charities. We have therefore devoted much attention to classifying them using keywords and SIC codes¹¹. Lists of CICs and Registered Social Landlords are available from the CIC regulator and the Tenants Services Authority.

¹¹ The Standard Industrial Classification (SIC) is used to classify businesses in an economy. The SIC is maintained by the Office for National Statistics.

7.1 Population and Finances

Using the data sources above, it is possible to produce estimates of the turnover, expenditure and assets for the range of third sector organisations. Unlike charities, the population lists do not show basic financial variables for all organisations, so our estimates are based solely on a sample of organisations, without attempting to extrapolate to a population. Whilst this sample is likely to include the largest organisations in each form and therefore includes the bulk of financial activity, it is likely to under-estimate the financial weight of each sector. More data was available for CLGs than for CICs or IPS, so estimates for the latter should be treated with caution.

Figure 28 - Summary of third sector organisations in Yorkshire and the Humber, 2007/08

	Population	Sample	Income (£m) ¹²	Expenditure (£m) ¹²	Net assets (£m) ¹²
Housing association	114	28	521.5	552.7	472.8
Company limited by guarantee (third sector)	1,462	768	423.1	417.3	99.4
Community interest company	141	42	6.8	7.4	0.3
Industrial and provident society (third sector)	895	21	41.8	39.4	21.9
Faith groups	692	-	156.4	157.9	864.1
Total	3,304	859	1,149.6	1,174.7	1,458.6
<i>General charities</i>	<i>10,914</i>	<i>-</i>	<i>1,598.9</i>	<i>1,505.4</i>	<i>2,271.5</i>
Total third sector	14,218	-	2,748.5	2,680.1	3,730.1
<i>CLGs (not third sector)</i>	<i>1,357</i>	<i>967</i>	<i>539.3</i>	<i>593.5</i>	<i>150.8</i>
<i>IPs (not third sector)</i>	<i>95</i>	<i>8</i>	<i>111.0</i>	<i>108.9</i>	<i>11.3</i>
<i>Registered charities (not third sector)</i>	<i>359</i>	<i>-</i>	<i>667.5</i>	<i>657.5</i>	<i>1,372.6</i>

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

The figure shows that housing associations dominate the landscape, accounting for 45% of the income of non-charitable third sector organisations, and assets of £470 million (primarily housing stock). As with charities, the distribution of resources is skewed towards a few large organisations. Five organisations are responsible for 38% of the income of non-charitable third sector organisations. Four of these organisations are housing associations.

¹² For all third sector organisations (except faith groups and general charities) income, expenditure and assets represent only organisations in the sample. As the largest organisations are likely to be within the sample, it is not possible to extrapolate income and expenditure of sample organisations to the population. As such these results are likely to under-estimate the actual finances of these organisations.

Unlike other types of organisation, the accounts of housing associations show that they operate at a considerable deficit. In 2007/08 year they spent £31.2m more than they earned. The accounts of the Accent Group¹³, the largest Housing Association in the area, show that their deficit is run as part of a business plan to modernise and improve their housing stock.

Faith organisations also have considerable assets, £864.1 million, often church or other buildings or in the form of investments.

7.2 Activities

In addition to housing associations, other important activities carried out by other third sector organisations include community and development organisations, artistic and creative activities, employment and training providers and heritage and tourism facilities. These activities provide benefit not just for members of the organisations themselves, but also for the communities they are active in.

Figure 29 shows the number of third sector organisations by activity, using the International Classification of Non-profit Organisations (ICNPO). Some activities do not fit neatly into the ICNPO categories, particularly where an organisation operates a retail or wholesale business with social aims; these organisations operate at the blurred boundary between the private and third sectors. As housing associations are either registered as CLGs or IPSs they are included in the appropriate column under "Housing".

Industrial and provident societies are heavily concentrated in the "culture and recreation" sub-sector. Many of these organisations are clubs and societies of various kinds– either working men's clubs, Labour or Conservative clubs or other social clubs, but co-operatives and credit unions also frequently use this legal form as do a number of community organisations.

Figure 29 - Classification of third sector organisations in Yorkshire and the Humber, 2007/08 (number of organisations)

	CIC	CLG	IPS	Faith	Total	Charities
Culture and recreation	16	402	709	0	1,127	1,596
Religion	0	40	0	692	732	675
Development	7	275	92	0	374	957

¹³ <http://www.accentgroup.org/Publications/>

	CIC	CLG	IPS	Faith	Total	Charities
Housing	4	46	103	0	153	304
Employment and training	7	101	7	0	115	112
Environment	19	76	19	0	114	369
Social services	10	90	12	0	112	2,130
Health	3	43	2	0	48	392
Law and advocacy	5	36	6	0	47	247
Education	1	35	0	0	36	589
Playgroups and nurseries	1	34	1	0	36	584
Research	0	19	2	0	21	191
Umbrella bodies	0	7	0	0	7	92
Grant-making foundations	1	5	0	0	6	574
International	0	1	0	0	1	197
Other	0	0	0	0	0	1,905
<i>No ICNPO classification</i>	<i>14</i>	<i>116</i>	<i>36</i>	<i>0</i>	<i>166</i>	<i>-</i>
<i>Not classified</i>	<i>53</i>	<i>156</i>	<i>0</i>	<i>0</i>	<i>209</i>	<i>-</i>
Total	141	1,482	989	692	3,304	10,914

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

7.3 Financial History

The data coverage for companies limited by guarantee allows a comparison of the finances of a panel of 361 organisations (including six housing associations) across five financial years. These organisations make up 40% of the financial weight of other third sector organisations in 2007/08, so provide a good guide to the fortunes of these organisations.

Figure 30 shows the income, expenditure and assets of these 361 organisations from 2003/04 to 2007/08. As explained above, the finances of housing associations over this period mean that the expenditure of these organisations is higher than their income. The overall pattern from 2003/04 to 2007/08 is one of growth in income, expenditure and assets for these organisations, although this may not reflect the fortunes of individual organisations.

Figure 30 - Financial history for a panel of companies limited by guarantee in Yorkshire and the Humber, 2003/04 to 2007/08, (£million - not adjusted for inflation)

Year	Housing associations			Third sector		
	Net assets	Income	Expenditure	Net assets	Income	Expenditure
2003/04	5.4	93.5	93.2	80.9	247.7	244.1
2004/05	6.8	96.9	96.6	90.6	288.5	281.5
2005/06	3.3	84.0	99.8	66.3	296.3	285.7
2006/07	5.1	97.0	104.3	87.2	300.2	296.0
2007/08	-28.0	91.5	104.4	75.0	279.0	277.5

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

7.4 Data tables

Figure 31 - Third sector organisations in Yorkshire and the Humber, 2007/08

	General charities	Housing associations	Companies limited by guarantee	Industrial and provident societies	Community interest companies	Faith groups	Total third sector	Population (000s)
Barnsley	338	1	48	70	5	30	492	225.9
Doncaster	441	0	46	59	16	31	593	291.6
Rotherham	340	4	75	46	3	39	507	253.9
Sheffield	974	16	252	82	11	66	1,401	534.5
South Yorkshire	2,093	21	421	257	35	166	2,993	1,305.9
Calderdale	453	6	68	55	2	23	607	201.8
Kirklees	739	4	104	102	11	41	1,001	403.9
Wakefield	383	1	56	89	5	33	567	322.3
Bradford	814	16	187	76	11	67	1,171	501.7
Leeds	1,170	34	199	128	33	103	1,667	770.8
West Yorkshire	3,559	61	614	450	62	267	5,013	2,200.5
Kingston upon Hull	333	3	98	17	1	21	473	258.7
East Riding of Yorkshire	936	4	66	31	1	71	1,109	335.0
North East Lincolnshire	193	3	39	10	2	15	262	158.2
North Lincolnshire	353	0	42	21	7	20	443	160.3
Humber	1,815	10	245	79	11	127	2,287	912.2
York	655	8	40	29	9	36	777	195.4
Craven	334	5	17	17	6	14	393	56.2
Hambleton	517	2	13	7	3	9	551	87.1
Harrogate	733	5	32	23	2	27	822	160.5
Richmondshire	268	0	22	7	1	11	309	51.5
Ryedale	312	0	10	6	4	10	342	53.5
Scarborough	355	2	34	12	6	17	426	108.5
Selby	273	0	14	8	2	8	305	82.0
North Yorkshire	3,447	22	182	109	33	132	3,925	794.7
Yorkshire and the Humber	10,914	114	1,462	895	141	692	14,218	5,213.3

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

Figure 32 - Third sector organisations per 1,000 population in Yorkshire and the Humber, 2007/08

	General charities	Housing associations	Companies limited by guarantee	Industrial and provident societies	Community interest companies	Faith groups	Total third sector	General charities as % of third sector
Barnsley	1.50	0.00	0.21	0.31	0.02	0.13	2.18	69%
Doncaster	1.51	0.00	0.16	0.20	0.05	0.11	2.03	74%
Rotherham	1.34	0.02	0.30	0.18	0.01	0.15	2.00	67%
Sheffield	1.82	0.03	0.47	0.15	0.02	0.12	2.62	70%
South Yorkshire	1.60	0.02	0.32	0.20	0.03	0.13	2.29	70%
Calderdale	2.24	0.03	0.34	0.27	0.01	0.11	3.01	75%
Kirklees	1.83	0.01	0.26	0.25	0.03	0.10	2.48	74%
Wakefield	1.19	0.00	0.17	0.28	0.02	0.10	1.76	68%
Bradford	1.62	0.03	0.37	0.15	0.02	0.13	2.33	70%
Leeds	1.52	0.04	0.26	0.17	0.04	0.13	2.16	70%
West Yorkshire	1.62	0.03	0.28	0.20	0.03	0.12	2.28	71%
Kingston upon Hull	1.29	0.01	0.38	0.07	0.00	0.08	1.83	70%
East Riding of Yorkshire	2.79	0.01	0.20	0.09	0.00	0.21	3.31	84%
North East Lincolnshire	1.22	0.02	0.25	0.06	0.01	0.09	1.66	74%
North Lincolnshire	2.20	0.00	0.26	0.13	0.04	0.12	2.76	80%
Humber	1.99	0.01	0.27	0.09	0.01	0.14	2.51	79%
York	3.35	0.04	0.20	0.15	0.05	0.18	3.98	84%
Craven	5.94	0.09	0.30	0.30	0.11	0.25	6.99	85%
Hambleton	5.94	0.02	0.15	0.08	0.03	0.10	6.33	94%
Harrogate	4.57	0.03	0.20	0.14	0.01	0.17	5.12	89%
Richmondshire	5.20	0.00	0.43	0.14	0.02	0.21	6.00	87%
Ryedale	5.83	0.00	0.19	0.11	0.07	0.19	6.39	91%
Scarborough	3.27	0.02	0.31	0.11	0.06	0.16	3.93	83%
Selby	3.33	0.00	0.17	0.10	0.02	0.10	3.72	90%
North Yorkshire	4.34	0.03	0.23	0.14	0.04	0.17	4.94	88%
Yorkshire and the Humber	2.09	0.02	0.28	0.17	0.03	0.13	2.73	77%

Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

8 Conclusions

We see this report as a comprehensive regional statistical portrait of the third sector, in which we have provided a substantial volume of information in what we hope is an accessible format. In addition we have also sought to put findings for the region in context by comparing with national data wherever possible. The overall picture is of a sector which shares some characteristics with that of the charitable sector of the UK as a whole, but which nevertheless is different in important respects: the region's share of charitable resources appears to be lower than its share of population, for example, while there are relatively few large charitable organisations based in the region, though we do point out that there are large flows of resources into Yorkshire and the Humber from charities based elsewhere.

Further analyses from this project will go into more detail about the scale and characteristics of the workforce and volunteers in this region, drawing together information from a number of data sources, and we will also provide a fuller analysis of our work on data from local listings of third sector organisations, which we use to provide estimates of the extent and contribution of so-called "below-radar" organisations (those third sector entities which do not appear on the register of the Charity Commission or other regulatory bodies).

In many ways, though, we prefer to let the information presented here speak for itself, as a portrait of the resources and capacities of the sector. This is a challenging but interesting time for the sector, with a new government in office which is determined to promote the virtues of the "Big Society", albeit with policies significantly different from those of its predecessor. Research of this kind provides a benchmark against which progress towards that vision can be measured.

9 Implications for Policy and Practice

9.1 Defining the Third Sector

The definition of the Third Sector is fraught with problems. In particular the decision whether or not to include all categories of charities (“general”, “excepted”, “exempt” etc.) and whether or not to include certain groups such as independent schools. This report highlights the difficulty the third Sector has had in describing its considerable size and scope. The sector is not just made up of organisations that are connected to Third Sector infrastructure organisations or that see themselves as part of grassroots activism, but increasingly also includes part of mainstream service provision in terms of e.g. higher education or delivery of public services. The inclusion of these larger organisations can skew data for some local authority districts.

This has implications for organisations representing and supporting the sector and also for the public and policy makers’ understanding of the third sector.

9.2 The size of the sector

Yorkshire and Humber has roughly the number of charities expected as a proportion of the national average and these are broadly in line with the distribution by charities’ size that would also be expected. However, overall income is lower than expected and the average income is only 75% of that enjoyed by charities nationally. This is due to the fact that the national average is skewed by large national charities not being based in the region. However, charities in Yorkshire and the Humber are more efficient in terms of fundraising, generating £14 for every pound spent on fundraising compared to the national average of £9 generated for every pound spent.

9.3 Statutory funding

Funding from statutory sources accounts for 50% of all income to charities in Yorkshire and Humber. Within this figure there are wide disparities in the region – charities in South Yorkshire, Hull and York appear to be more vulnerable to public sector cuts than in North Yorkshire, East Riding and North and North East Lincolnshire where there are high proportions of individual giving to charities.

72% of the funding that does come into Yorkshire and Humber from statutory sources comes in the form of contracts (slightly higher than the national average).

The reliance on government funding and on contracts puts the third sector in Yorkshire and the Humber at a relative disadvantage in the current economic climate which will see reductions in government expenditure, especially unplanned reductions in expenditure into the Third Sector, particularly by local authorities. Combine this with the fact that 59% of charities in Yorkshire and Humber have less than one year's expenditure held as assets and the risk to the sector as a whole of gaps in funding appear over the next 12 months is significant. Of particular concern is the fact that it appears from the data that larger organisations employing more staff are less likely to hold significant reserves.

The reverse argument of the sector's reliance on public funding in Yorkshire and the Humber is the need to unlock the philanthropic potential that exists across society. In 2010, Yorkshire and the Humber's top ten entries in the Sunday Times Rich List were worth £6.9 billion. Figures at the other end of the social spectrum are hard to come by but the Citizenship Survey (2008-9) suggests that 74% of people give to charity. The Living Costs and Food Survey suggested 27.7% of households in Yorkshire and the Humber give to charity, fewer than the national average. It is unclear which charities are the recipients of this giving – local, national or international charities. What is apparent is that giving tends to follow patterns of income and volunteering which introduces further geographical differences in access to resources and requires new approaches to unlocking the potential for support through cash or time. Real new opportunities exist through social media for a lot of people to give a little and give more regularly to local charities.

9.4 Future changes to the composition of the sector

There is no "right size" of the sector that can be determined for a given place. Therefore, to work on the averages and ratios of organisations to population or organisational size as a benchmark would be misguided.

What is clear, is that the sector as a whole in Yorkshire and the Humber has significant assets and resources that it can bring to bear on the co-design and co-delivery of services to the public. It can do this in response to the continuing (and increasing) requirement to meet need in localities where there continues to be a failure of supply (such as remote rural areas) or in areas where there is excessive demand for services due to market failure (such as

former industrial areas). The challenge is to encourage the development of the appropriate services with the right partnerships and the necessary support to deliver them. However, the figures point to vulnerabilities in the sector in those parts of the region which are also most in need of support – Wakefield, Doncaster, Rotherham, Hull and North East Lincolnshire. In these areas it is possible that the sector will emerge as a public service delivery sector as opposed to North Yorkshire and East Riding which will have a “Big Society” third sector.