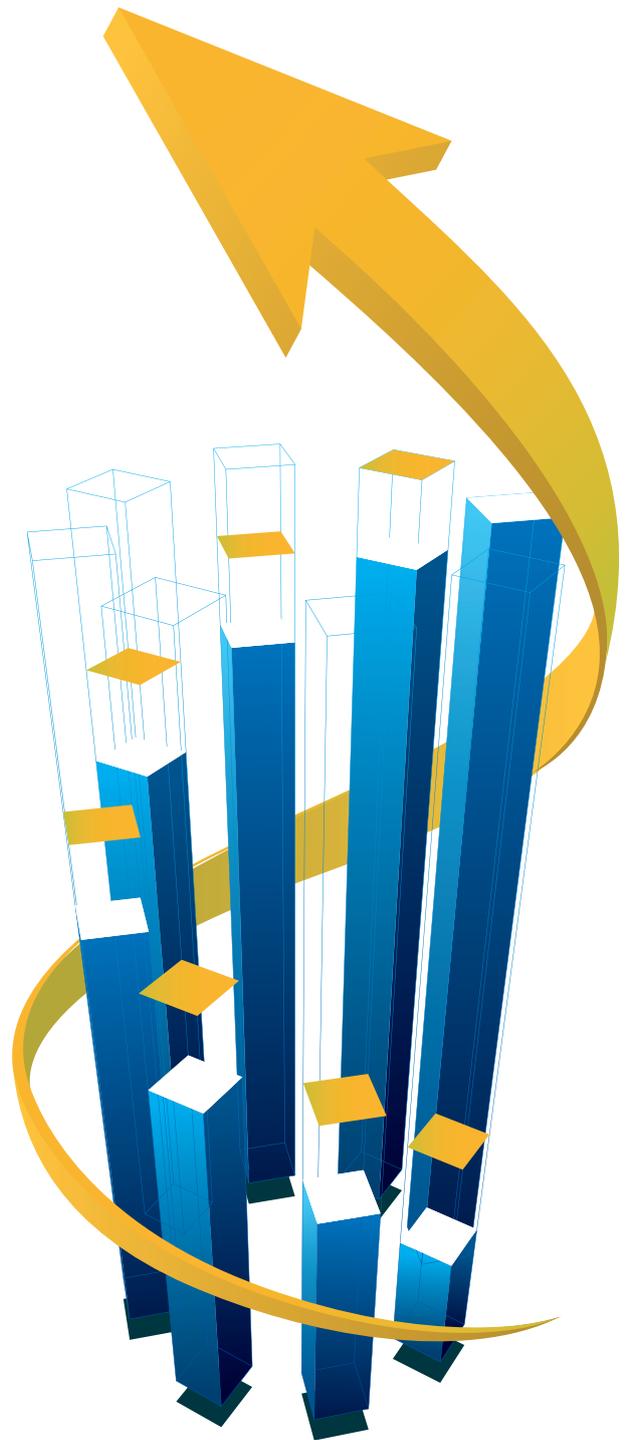


State of the Sector VI

Income and expenditure



5. Income and expenditure

The data presented in this chapter are taken from a range of sources including the State of the Sector survey and 512 sets of accounts sourced as part of the research. Data was also sourced from the Government Funding Database and sought directly from a number of funders, non-departmental public bodies and statutory bodies. Information related to giving by the general public derives from the Northern Ireland Giving Survey 2010 conducted in July 2010 which involved a total of 1,000 telephone interviews with a representative sample of the general public. Data are presented for 2008-2009 and 2009-2010, and where possible, direct comparisons have been made with previous reports.

Since the publication of *State of the Sector V*, government has moved to improve its gathering of data on funding to the voluntary and community sector and its efforts to make this more widely available. Given this fact, for *State of the Sector VI* it has not been necessary to estimate funding from as many governmental sources as was necessary in the past. Whilst this has improved the accuracy of the overall figures, it does make comparisons with previous reports difficult.

Income from all main sources in 2009-2010 is estimated to be £741.8 million and central government and the general public remain the largest contributors to the sector.

Through analysis of the accounts we can conclude that the general trend of earned income making up the majority of the income of the sector is continuing, with around 58% of the sector's income coming from the sale of goods and the delivery of services. The distribution of income throughout the sector has not changed significantly since 2008-2009.

The general public has remained extremely generous to the sector in their financial contribution, with the average donation rising to £16.75 from £14.22 reported in *State of the Sector V*, despite these being tough economic times.

Direct departmental expenditure in 2009-2010 in the voluntary and community sector accounted for almost £254 million. Non-departmental public bodies and statutory agencies within the health and education spheres, and a range of non-departmental bodies not reported in the Government Funding Database, together distribute a significant amount of resources to the voluntary and community sector, with a combined total of over £129.2 million in 2009-2010.

Whilst it remains a difficult task to identify funding to the voluntary and community sector from local government, there remain a number of ways in which a reasonable figure can be determined. Information on funding in each of the five years up to 2007-2008 was recently made available¹² and the data from the last two years allows us to generate a total figure for 2009-2010 in the region of £9 million.

¹² Research and Information Service, *Information Packs on Private Members' Motions*. September 2011

In terms of Big Lottery funding, the trend in the last two years has seen a fairly substantial reduction in overall funding in Northern Ireland from £39 million to £31 million in 2009-2010; figures which still are relatively high in comparison to previous figures. The proportion of funding to the voluntary and community sector has remained consistent at around 85%.

Analysis of voluntary and community sector accounts suggests that the total expenditure of the sector in 2009-2010 was in the region of £719.6 million, or 97% of the sector's total income.

Through an analysis of the accounts, we can estimate that the assets of the sector are £863.8 million. This figure breaks down as £475 million in fixed assets and £388.8 million in current assets. The overall figure compares with the figure of £735.5 million reported in *State of the Sector V*.

Income profile

Estimating the economic size of the voluntary and community sector in Northern Ireland is a complicated task and one that is determined by the availability and accessibility of data from a wide range of sources. However, the State of the Sector research programme has produced a body of evidence that allows an assessment of the sector's finances to be made over a significant period of time. The analysis presented in this chapter will examine the current funding environment (based on 2009-2010 accounts) and how the current situation compares to the findings from previous State of the Sector reports.

Analysis suggests that there has been a continuation of the trend towards increased earned income, with a rise from 51% in 2006-2007 to a current level of 58%.

Figure 5.1 Distribution of organisations by economic size for the period 2001-2002 to 2009-2010 (%)

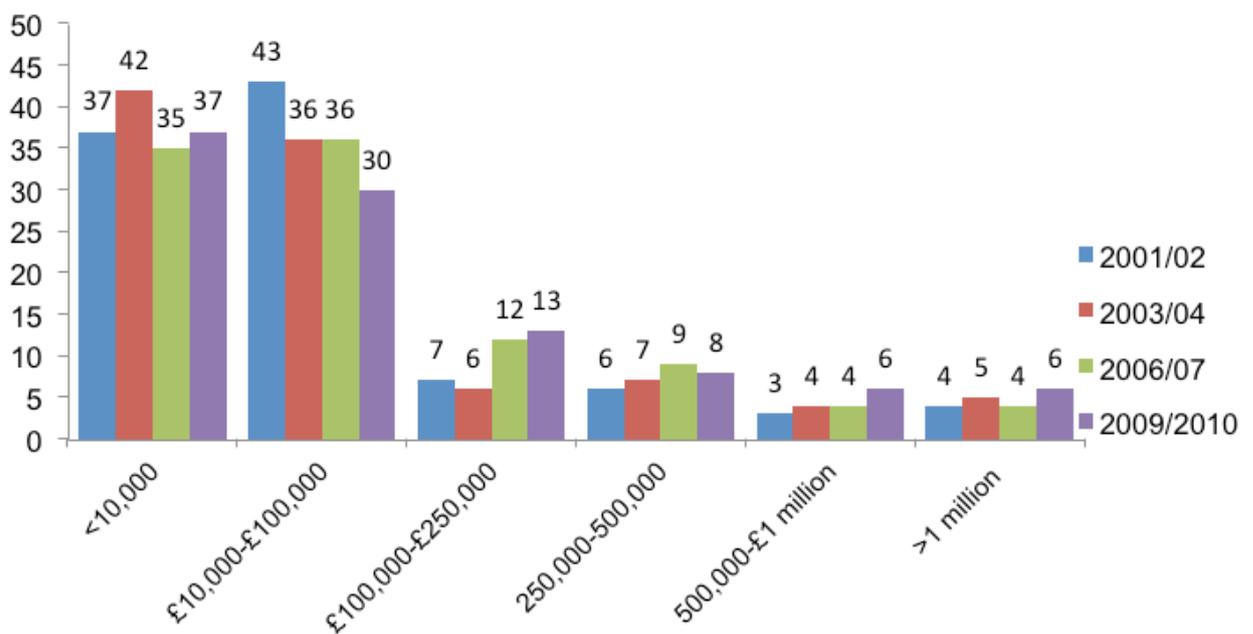


Figure 5.1 shows how the economic profile of the voluntary and community sector changed between 2001-2002 and 2009-2010. Some caution must be exercised as the data in Figure 5.1 are based on survey data and as such it is not possible to control the extent to which organisations respond. Equally it is impossible to track individual organisations in terms of increases or decreases in income. Therefore, any movement between income bands can only be viewed at a global level, allowing an analysis of trends over time.

The most striking feature of the 2009-2010 data is the steady decline in organisations within the £10,001 to £100,000 income bracket, with a fall of 6% since 2006-2007. In 2009-2010 the number of organisations in the £100,001 to £250,000 income strata has remained relatively stable, having doubled in 2006-2007. Whilst there had been a steady growth in the number of organisations in the £250,001 to £500,000 income band, there has been a small decrease in 2009-2010. In the higher income bands, over £500,000, there has been an increase on the 2006-2007 figures.

Table 5.1 Average annual income by income band

Income band	Average income 2009/10	% of total income 2009/10	% of sector 2009/10	% of total income 2006/07	% of sector 2006/07
<£10,000	£4,854	1	37	1	35
£10,001-£100,000	£41,905	7	30	9	36
£100,001 - £250,000	£151,963	11	13	12	12
£250,001 - £500,000	£336,737	15	8	20	9
£500,001 – £1 million	£697,087	14	6	8	4
Over £1,000,001	£2,990,605	52	6	51	4

From Table 5.1 it is clear that organisations with an income over £1 million continue to hold a dominant position in the voluntary and community sector, accounting for over half (52%) of the income of the sector; numerically representing an around 6% of the sector. Additionally, the £500,001 to £1 million income band has seen both an increase in its representation (+2%) and an increase in the percentage of income in the sector (+6%). Taken together the two largest income groups account for some two thirds of the sector's income.

The opposite trend is evident in the £250,001 to £500,000 income band which, despite remaining consistent at 8% in 2009-2010 from 9% of the sector in 2006-2007, shows a fall of 5% in its proportion of the sector's income. In addition, there has been a decrease in the proportion of the sector made up of organisations with an income between £10,001 and £100,000 and a small increase in the under £10,000 income band.

Government

The figures for 2008-2009 and 2009-2010 reported in Table 5.2 outline direct departmental expenditure over the period of the last two years. The majority of the data sourcing was facilitated by the Department for Social Development's Voluntary and Community Unit which manages the Government Funding Database. Some under-reporting of expenditure was identified in the database and where this was the case, additional data was also sought directly from a number of other government departments.

Table 5.2 Central government funding by department 2008-2009 and 2009-2010¹³

Northern Ireland Assembly: Direct Departmental Expenditure¹⁴	2008-2009 expenditure (£)	2009-2010 expenditure (£)
DARD*	1,432,000	513,000
DCAL	6,845,929	9,916,748
Department of Education	11,073,458	3,231,667
DEL	16,645,608	16,866,948
DETI	618,200	914,644
DHSSPS	12,549,738	9,779,885
DOE	1,894,440	1,106,552
DOJ	5,141,986	5,944,987
DRD*	4,250,000	5,500,000
DSD	185,376,624	198,527,310
OFMDFM	3,474,166	1,643,290
Northern Ireland Direct Total	249,302,149	253,945,031

(DARD and DRD data updated October 2011)

Over the last two years there has been some variation in the funding patterns in a number of government departments, with significant reductions from the Department of Education (-71%), the Department of Agriculture and Rural Development (-64%), the Office of the First Minister/Deputy First Minister (-53%), and the Department of Health, Social Services and Public Safety (-22%).

The reduction across these departments is, however, offset by increases in a number of departments including the Department for Social Development (+7%), the Department of Culture, Arts and Leisure (+45%), the Department for Regional Development (+29%) and the Department of Justice (+16%). Overall, between the two years there was a funding increase of 1.9%.

In the case of central government departments, the largest funder is clearly the Department for Social Development (DSD), a pattern which was identified in *State of the Sector V*. DSD funds the voluntary and community sector through a number of channels, some of which are outlined in Table 5.3 below.

¹³ Source: Government Funding Database and communications with DSD's Voluntary and Community Unit. Information excludes data relating to bodies outside the general charities definition, eg Housing Associations, District Councils etc. Ian Mcroft undertook much of the initial analysis.

¹⁴ Sum of Grant Award Amount.

Table 5.3 Department for Social Development funding 2008-2009 and 2009-2010¹⁵

DSD expenditure ¹⁶	2008-2009 expenditure (£)	2009-2010 expenditure (£)
VCU	12,746,391	9,716,139
Housing Executive	149,023,420	160,981,631
DSD other than VCU and Housing	23,606,812	27,829,539
Total	185,376,623	198,527,309

In *State of the Sector V* it was reported that central government expenditure was **£53.9 million**. By extracting DSD monies to the Housing Executive and the Voluntary and Community Unit, the comparable figures for the two years under consideration are **£87,532,342** for 2008-2009 whilst for 2009-2010 the figure is **£83,247,263**.

Non-departmental public bodies and statutory bodies

Health and education

In *State of the Sector V* it was reported that central government funding accounted for 20.8% of overall government funding, with local government, non-departmental local statutory agencies accounted for the remaining 79.2%.

With regard to non-departmental public bodies and statutory agencies, *State of the Sector V* reported that £188.2 million came from this source; health and social trusts and education and library boards accounting for £114.8 million, £56 million through the Supporting People programme and the remainder through various other sources. Additionally the local government figure was £17 million.

Using data sourced from the relevant funders, totals for health and education are presented in Table 5.4¹⁶. By sourcing the data directly from the Health Board, Health Trusts and Education and Library Boards, a reasonably accurate overall figure can be produced. However, this is a methodological change from the previous report which used an alternative approach to generate estimates. As a consequence, the data in this report are not directly comparable to those produced in *State of the Sector V*.

¹⁵ Source: Government Funding Database and communications with DSD's Voluntary and Community Unit. Information excludes data relating to bodies outside the general charities definition, eg Housing Associations, District Councils etc. Ian Mocroft undertook much of the initial analysis.

¹⁶ An estimate was employed where no data was available.

Table 5.4 Funding from the health and education sectors 2008 - 2010

Source of funding	2008-2009 £ million	2009-2010 £ million	Totals 2008-2010 £ million
Health sector	66,264,269	68,600,935	134,865,204
Education sector	14,403,627	16,131,026	30,534,653
Totals	80,667,896	84,731,961	165,399,857

Local government

Although it remains a difficult task to identify local government funding to the voluntary and community sector, there are a number of ways in which a reasonable estimate can be determined. Information on funding in each of the five years up to 2007-2008 was recently made available¹⁷ and the data from the last two years are presented in Table 5.5. The average annual figure over the five year period was £7,759,912.

Table 5.5 Local government: grant-aid for the voluntary and community sector 2006-2007-2007-2008

District Council	2006-2007 £	2007-2008 £
Antrim	236,371	211,724
Ards	143,825	145,473
Armagh	218,012	351,075
Ballymena	162,425	133,132
Ballymoney	41,750	44,173
Banbridge	277,543	298,716
Belfast	2,225,820	2,343,431
Carrickfergus	102,840	130,841
Castlereagh	13,611	4,664

¹⁷ Research and Information Service, *Information Packs on Private Members' Motions*, September 2011.

District Council	2006-2007 £	2007-2008 £
Coleraine	216,562	324,081
Cookstown	15,000	15,000
Craigavon	296,960	308,386
Derry	800,007	906,570
Down	240,682	277,346
Dungannon and South Tyrone	352,588	326,342
Fermanagh	222,782	208,093
Larne	136,590	190,329
Limavady	91,879	151,559
Lisburn	378,552	483,617
Magherafelt	128,788	146,831
Moyle	32,726	42,520
Newry and Mourne	671,000	986,000
Newtownabbey	377,369	497,429
North Down	185,608	183,857
Omagh	463,284	536,492
Strabane	323,113	391,294
Totals	8,355,687	9,638,975

Funding from local councils to the voluntary and community sector includes the Community Support programme, which incorporates additional monies from DSD and Councils. Through this programme funding is made available for resource centres, community centres and advice organisations.

In 2008-2009 this accounted for £7.5 million rising to £8.3 million in 2009-2010.

Table 5.6 Community Support Programme (CSP) 2008-2009 and 2009-2010

CSP – voluntary and community sector	2008-2009 £ million	2009-2010 £ million
Councils	4.3	3.6
DSD	3.2	4.7
Total	7.5	8.3

An absolute figure for local council funding is not available but the data above suggest the current figure is likely to be between £8 million and £10 million. This figure is considerably lower than the figure provided in *State of the Sector V*.

Additional sources of funding

Table 5.7 Non-departmental public bodies and statutory agencies¹⁸

Agencies	2008-2009	2009-2010 £ million
Total	37,848,046	44,469,880

To complete the identification of the main sources of funding within non-departmental agencies and statutory bodies, the research highlighted a number of sources which either do not appear, or are under-reported in the Government Funding Database. Although the Government Funding Database outlines the majority of funding in the voluntary and community sector, there are a number of organisations which either lie outside the current remit of the database or are significantly under-reported in the database. For example, information reported by the Arts Council is significantly higher than that reported in the Government Funding Database, as is the case with Sport Northern Ireland. The total funding represented by these bodies is outlined in Table 5.7.

Europe

Table 5.8 covers funding for the voluntary and community sector for three European programmes in the period 2008-2010. The information relating to Peace III and Interreg IIA is provided by SEUPB¹⁹.

¹⁸ Source: Government Funding Database and communications with DSD, Voluntary and Community Unit.

¹⁹ Data provided by the Northern Ireland Statistics and Research Agency following a request to the Special EU Programmes Body, September 2011

Table 5.8 European funding to the voluntary and community sector 2008-2010

European funding programme	2008-2010 (£)
Peace III	18,142,892
Interreg IVA	2,396,036
NI ESF*	59,829,962
Total²¹	£80,368,890

(* Total approved by December 2010 to voluntary and community sector)²⁰

The figures in Table 5.8 reflect only those projects or sub-projects for which the lead partner or organisation responsible for the delivery of the project was identified as a voluntary or community sector organisation when submitting the initial application for funding. Furthermore, it is possible that other voluntary or community organisations have been involved in projects in receipt of funding but worked with, for example, a public sector lead partner, in which case they would not have been included in the results of the search. These figures, therefore, cannot be used as an exact reflection of the contribution of the programmes to the voluntary and community sector.

The 2006-2007 total for Peace II and Interreg IIA reported in *State of the Sector V* was £10,619,599, which was a considerable reduction from the figure of £57.9 million reported in 2003-2004. The 2006-2007 figure, however, is consistent with the average figure over the 2008-2010 period, at approximately £10 million. In addition to the two programmes outlined, the Northern Ireland European Structural Fund (ESF) Programme 2007–2013 has delivered significant funding into the voluntary and community sector, with almost £60 million in total approved by December 2010.

Lottery

State of the Sector V reported a fairly consistent trend in Lottery funding over an extended period between 1996-1997 and 2006-2007, a period in which annual expenditure fluctuated between £29 million and £33 million.

²⁰ An Additional £7.5 million (approximately) was also identified through the Department of Agriculture and Rural Development EU funding line, the Rural Development Programme. The data was accessed too late to be included in the overall analysis but is presented to ensure clarity.

Table 5.9 Lottery funding 2008-2009 to 2009-2010

Year	Total Big Lottery Fund committed in Northern Ireland	% of total to voluntary and community sector
2008-2009	£39,231,451	84% (£32,981,333) ²²
2009-2010	£31,140,299	85% (£26,448,759)

The trend in the last two years has seen a fairly substantial reduction in overall funding in Northern Ireland from £39 million to £31 million, figures which are still relatively high in comparison to previous figures. Whilst the proportion of funding to the voluntary and community sector has remained consistent around 85%, in real terms there has been a £6.5 million reduction in Lottery funding over the period.

Trusts

Income from charitable trusts is another substantial source of income for the voluntary and community sector. However, there are significant challenges when trying to establish the levels of funding to Northern Ireland from charitable trusts. For example, not all trusts identify funding to specific geographical areas and no central database of charitable funding is available. From a review of both Charity Commission (England and Wales) information and the accounts of the main charitable trusts known to fund in Northern Ireland, a minimum figure of £28.5 million can be generated.

²¹ Big Lottery Fund has made a commitment that 80% of its funding will be distributed to the voluntary and community sector. The actual percentage will vary on a year to year basis depending on the nature of the funding programmes available. The remaining 20% is distributed to partnerships involving the voluntary and community sector.

Overall funding to the voluntary and community sector

Table 5.10 Overall main funding sources

Funding source	2009-2010	%
Central Government	253,945,031	34.2
Non-departmental public bodies / statutory bodies etc		
Health and Education	84,731,961	11.4
Other NDPBs etc	44,469,880	6
Local Government*	9,000,000	1.2
Europe**	70,099,426	9.4
Lottery	31,140,299	4.2
Trusts	28,500,000	3.8
General public ²³	220,000,000	29.7
Total	741,886,597	100

(*Estimate) (**Total averaged over two years for Peace III and Interreg IVA)²²

As can be seen from Table 5.10 the total income from the main sources of funding for the voluntary and community sector is £741.9 million; the main source of funding coming from central government (34%), followed by the general public through charitable giving (30%), and a range of non-departmental public bodies and statutory agencies (17%).

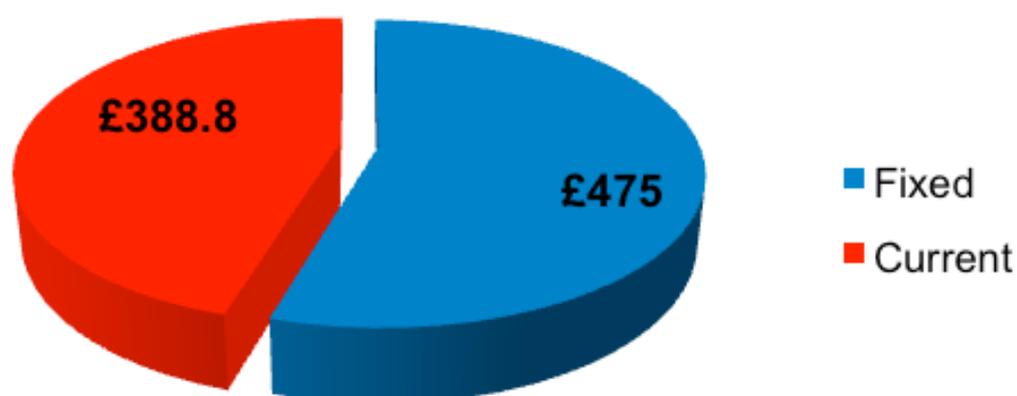
It should be noted, however, that as a result of methodological issues, direct comparisons with *State of the Sector V* figures should be limited. The data presented in this section are comprised of data generated on our behalf by the main funders. The *State of the Sector V* report generated these figures using an alternative method which focused on generating estimates from sets of accounts returned as part of the research programme.

Additionally, in this section we have not disaggregated the funding from the Department for Social Development and as a result DSD funding is reported within central government expenditure and not in the non-departmental public body figures.

²² Data source, Individual Giving report, NICVA 2010.

Assets and expenditure

Figure 5.2 Fixed and current assets (£ million)



Through an analysis of the accounts, we can estimate that the assets of the sector are approximately £863.8 million. This figure is made up of approximately £475 million in fixed assets and £388.7 million in current assets. The overall figure compares with the figure of £735.5 million reported in *State of the Sector V*. Much of the large rise in assets in the sector will be attributable to the fact that this State of the Sector research has identified many more organisations that have an income over £500,000. At a more general level, the qualitative trend of a rise in fixed assets and a highly variable movement of assets is supported by other research that suggests that voluntary and community organisations have had to be innovative in their use of income and assets to adapt to changing economic circumstances.

Reserves policy

Figure 5.3 Reserves policy by income band 2006-2007 and 2009-2010 (%)

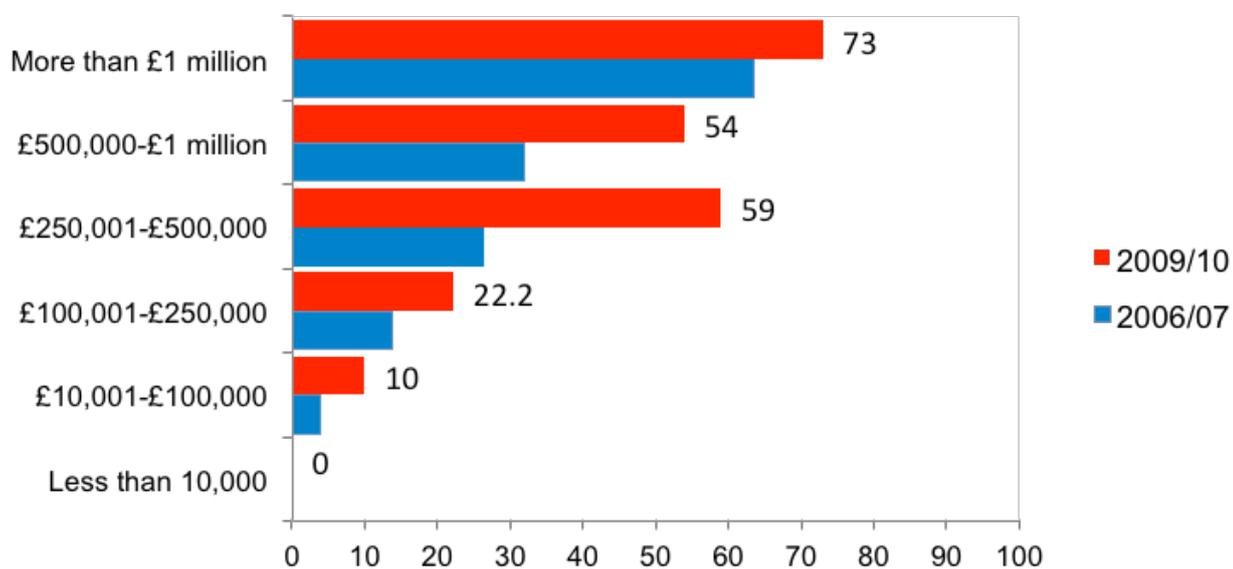
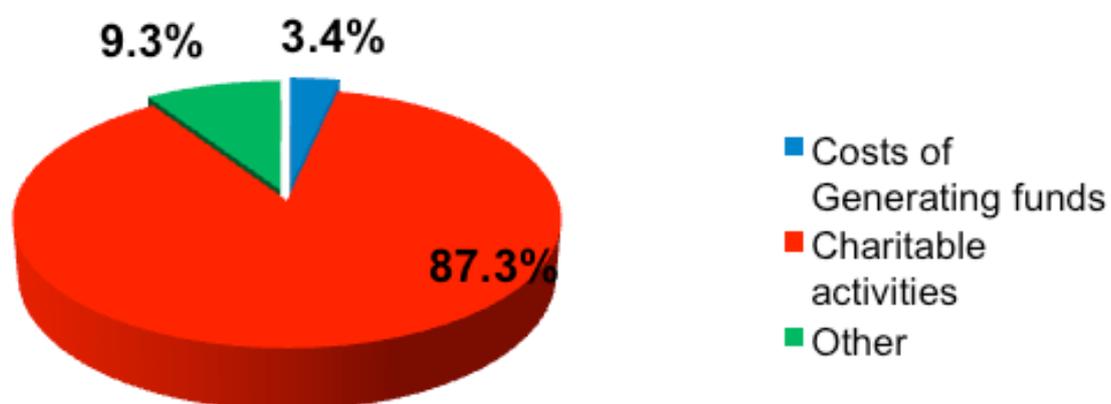


Figure 5.3 gives an overview of the organisational reserve policy broken down by income band. In *State of the Sector V* it was reported that as the income of the organisation increased there was also an increase in the likelihood that the organisation would have a reserves policy clearly set out in its accounts. The relationship between income and reserves policy still generally holds, however, in the 2009-2010 accounts there was a significant increase in reserves policy reporting in the £250,001 to £500,000 income band, up from 26.2% to 59%. Overall, there is a strong trend indicating a higher proportion of organisations, in their sets of accounts, reporting a reserves policy.

Expenditure

Figure 5.4 Main expenditure



Analysis of voluntary and community sector accounts suggests that the total expenditure of the sector in 2009-2010 was in the region of £719.6 million, or 97% of the sector's total income. As would be expected, this has risen from 95% in 2007-2009. Trends in how the sector expends its resources have changed relatively little since *State of the Sector V*, with 87.3% of expenditure being related to the charitable activities of voluntary and community sector organisations. As can be seen from Figure 5.4, organisations also continue to spend a large amount of resources on generating funds.

State of the Sector VI is the latest edition in the *State of the Sector* research programme. The previous *State of the Sector* reports have developed the only comprehensive picture of the scale and scope of the economic activities of the Northern Ireland voluntary and community sector. The publication of each *State of the Sector* report represents another step in the evolution of this type of statistical analysis and as such adds to the already broad and in depth knowledge of the sector, by examining many of the key issues currently affecting and shaping it.

State of the Sector VI provides high level statistics on the various types of resources available to the sector and the relationship between voluntary and community organisations, government, funders and the general public. *State of the Sector VI* is invaluable to all those who need an up-to-date and reliable source of statistics and commentary on the voluntary and community sector in Northern Ireland. People working in the sector – academics, decision-makers, social science students and journalists – will all find this publication useful.

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