



Mapping Registered Third Sector Organisations in Cumbria

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



August 2010

www.nr-foundation.org.uk/thirdsectortrends

Third Sector Trends Study Mapping Registered Third Sector Organisations in Cumbria

Contents

	Page
i Table of figures	2
ii Acknowledgments	4
iii Background to the Third Sector Trends Study	5
1 Introduction	7
1.1 General charities definition	8
1.2 Geographic area covered by the report	9
2 Summary results	11
3 How many general charities are there in Cumbria?	12
3.1 Charities in Cumbria as a proportion of the UK	12
3.2 Distribution of general charities	14
3.3 Size of charities	17
3.4 What do charities do? Classifying the activities of registered charities	20
3.5 Data tables	23
4 General Charities: Income	24
4.1 Where do resources come from? Sources and types of income	24
4.2 Sources of income	25
4.3 Type of income	27
4.4 Income from government	28
4.5 Data table	30
5 General Charities: Expenditure	31
5.1 Data table	32
6 General Charities: Assets	33
6.1 Data table	35
7 Other third sector organisations	36
7.1 Population and finances	38
7.2 Activities	39
7.3 Financial history	41
7.4 Data tables	42
8 Conclusions	43

i Table of figures

	Page	
Figure 1	Map of the study region showing local authorities	10
Figure 2	Cumbria as a proportion of UK charitable activity, population and economy, 2007/08 (%)	12
Figure 3	Seven largest charities based in Cumbria which operate nationally (2007/08)	13
Figure 4	Distribution of the number and income of charities, Cumbria and UK, 2007/08	
	a. Percentage of charities	14
	b. Percentage of total income	14
Figure 5	Income of 50 largest charities in Cumbria, 2007/08 (£ millions)	16
Figure 6	Total expenditure of charitable organisations in Cumbria, 2007/08	16
Figure 7	Proportion of general charities by local authority, Cumbria, 2007/08 (% of charities)	17
Figure 8	Proportion of income accounted for by largest charity, by local authority, Cumbria, 2007/08 (% of income)	18
Figure 9	Expenditure of the largest charity in each local authority, 2007/08 (£ millions)	19
Figure 10	Expenditure of the largest general charity in each local authority, 2007/08 (£ millions)	19
Figure 11	General charities in Cumbria 2006/07 and 2007/08, by sector	21
Figure 12	Summary data for general charities in Cumbria, 2006/07, by local authority	23
Figure 13	Summary data for general charities in Cumbria, 2007/08, by local authority	23
Figure 14	Typology of income types and sources	25
Figure 15	Average income by source for general charities in Cumbria and the UK, 2006/07 and 2007/08 (% and £000s)	26
Figure 16	Income types for general charities in Cumbria, 2006/07 and 2007/08 (%)	27

	Page
Figure 17 Source of statutory income, Cumbria, 2006/07 (% of statutory income)	28
Figure 18 Type of statutory income, Cumbria, 2006/07 and 2007/08 (% of statutory income)	29
Figure 19 Income of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)	30
Figure 20 Type of expenditure for general charities in Cumbria, 2006/07 and 2007/08 (% of expenditure)	31
Figure 21 Average fundraising cost ratio of general charities in Cumbria, 2006/07 and 2007/08 (£)	32
Figure 22 Expenditure of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)	32
Figure 23 Net assets of general charities in Cumbria, 2006/07 and 2007/08 (years of expenditure)	33
Figure 24 Net assets as years of expenditure, Cumbria, 2007/08 (% of general charities)	34
Figure 25 Assets of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)	35
Figure 26 Summary of third sector organisations in Cumbria, 2007/08	38
Figure 27 Classification of third sector organisations in Cumbria, 2007/08 (number of organisations)	40
Figure 28 Financial history for a panel of companies limited by guarantee in Cumbria, 2003/04 to 2007/08 (£ millions – not adjusted for inflation)	41
Figure 29 Number of third sector organisations in Cumbria, 2007/08	42
Figure 30 Third sector organisations per 1,000 population in Cumbria, 2007/08	42

ii Acknowledgements

We would like to thank the following organisations and individuals who have contributed to the content and production of this report: Cathy Pharoah, Cass Business School; Mark Crowe, Yorkshire and the Humber Regional Forum; Peter Backus and David Clifford, Third Sector Research Centre; Jenny Clark, Karl Wilding, Joy Dobbs, Oliver Reichardt, Peter Bass, National Council for Voluntary Organisations; Richard Kerr, Diarra Smith, Les Hems, GuideStar UK and GuideStar Data Services; Rob Williamson, Community Foundation serving Tyne and Wear and Northumberland; Cullagh Warnock, Penny Wilkinson, Northern Rock Foundation.

iii Background to the Third Sector Trends Study

The Northern Rock Foundation's investment in the study of the third sector in North East England and Cumbria 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 has several different strands, and a phased inter-related programme of work. In the first phase, Teesside University's Third Sector Development Unit (TSDU) is undertaking a qualitative study of the sector. The research team is led by Tony Chapman (Teesside University) and Fred Robinson (Durham University), and researchers include: Robert Crow (Research Associate, TSDU), Peter van der Graaf (Research Fellow, TSDU), Victoria Bell (Research Associate, TSDU), Judith Brown (independent researcher and consultant), Chris Ford (independent researcher) and Sue Shaw (independent researcher and policy analyst).

Alongside this, in the first two years of the study, colleagues at the University of Southampton, the National Council for Voluntary Organisations and Guidestar UK are undertaking a comprehensive mapping exercise of third sector organisations (TSO) in the study region. Following this, and using information from this part of the work, TSDU will undertake a longitudinal panel study of TSOs, continuing through to 2012.

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 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 Cumbria, 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 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 detailed financial figures are extracted from the annual audited accounts of a sample of organisations in 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. Two companion reports are available with figures for the North East and for Yorkshire and the Humber.

Sections 3 to 6 concentrate on 'general charities' in the area (see section 1.1 below), as these organisations account for the bulk of third sector activity and have the most available data. Section 7 looks at other third sector organisations, including faith groups, housing associations, industrial and provident societies and companies limited by guarantee.

1

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).

1.2 Geographic area covered by the report

The report presents disaggregated statistics for the study area of Cumbria, based on a sample of organisations. 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.

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 the aggregate of all charities in the area.

The following map shows the local authorities covered by this study; headline statistics for each local authority are shown in Figures 12 and 13.

1

Figure 1 Map of the study region showing local authorities



2 Summary results

- The voluntary sector in Cumbria is a significant player in the county's economy. 2,216 general charities are based in Cumbria. In 2007/08 these charities had income of £164 million, spent £148 million and had assets worth £340 million.
- The size distribution of charities in the county is broadly similar to the national pattern – that is, of the charities based in Cumbria, the proportion in each size band is comparable. But the sector's share of overall resources is lower than on a population basis, because there are fewer very large charities. As a result, average incomes for charities in Cumbria are smaller than across the UK, with an average income of £73,800 compared to £207,500 nationally.
- Charities providing social services make up one in five of all charities in Cumbria. Compared to the UK as a whole, research and international charities are less likely to be based in Cumbria, while there are more likely to be development and education charities and village halls.
- Charities in Cumbria are less reliant on statutory funding than UK charities; 29% of the income of charities in Cumbria comes from statutory sources, compared to 36% for the UK.
- 35% of income is voluntary, less than the UK average of 42%. Earned income makes up 60% of income.
- Charities in Cumbria raised £10 for every £1 spent on fundraising – slightly more than the UK average of £9.
- Assets held by charities in Cumbria represent 2.3 years of expenditure, less than the UK average of 2.9 years.
- A variety of organisations make up the third sector in Cumbria. In addition to 2,216 general charities, 468 other third sector organisations operate in Cumbria, including 19 housing associations, 200 companies limited by guarantee, 23 community interest companies, 119 industrial and provident societies and 107 faith groups.
- Together, these 2,684 third sector organisations had an income of £322 million, spent £302 million and had assets of £455 million in 2007/08.

3 How many general charities are there in Cumbria?

3.1 Charities in Cumbria as a proportion of the UK

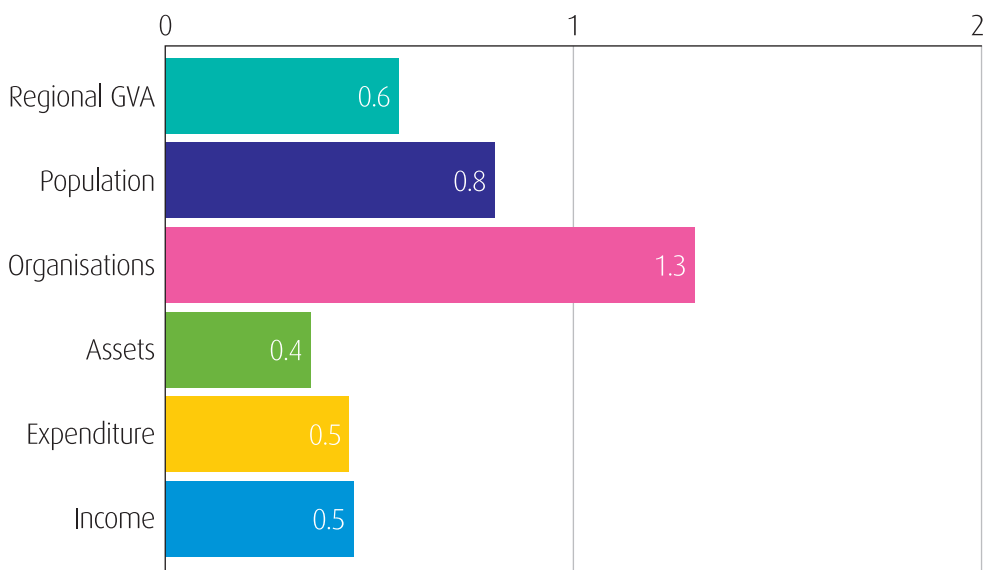
There are 2,216 general charities in Cumbria. These organisations make up 1.3% of all UK general charities; this is more than would be expected if charities followed the same distribution as population, as the county contains 0.8% of the population of the UK.

Turning to finances:

- charities in Cumbria spent £148 million in 2007/08, 0.5% of total UK charitable expenditure;
- they had assets worth £340 million, 0.4% of the UK asset base of charities;
- the income of organisations in the county was £164 million, 0.5% of total UK charitable income.

Figure 2 shows the proportion of UK charitable activity and population that Cumbria accounted for in 2007/08; while there are numerically more charities in Cumbria than its population would suggest, they are smaller on average and have lower levels of financial resources.

Figure 2 Cumbria 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.

As explained above, 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 these figures are likely to underestimate charitable activity in the region as they do not include the activities of these national charities. Figure 3 shows the seven largest charities (by income) based in Cumbria which operate at a national scale.

Figure 3 Seven largest charities based in Cumbria which operate nationally (2007/08)

Charity name	Local authority	Income (£m)
Outward Bound Global	Eden	16.6
Vitalise	South Lakeland	11.0
New Kadampa Tradition	South Lakeland	4.1
Brathay Hall Trust	South Lakeland	3.1
Freshwater Biological Association	South Lakeland	0.7
The National Equine Defence League	Carlisle	0.6
Om International	Carlisle	0.5

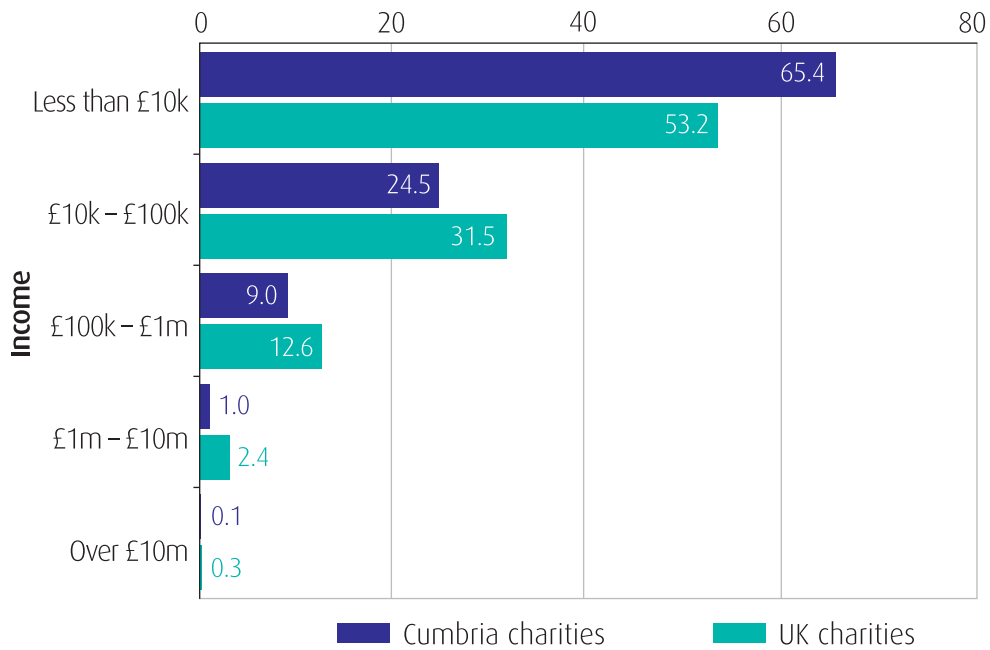
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

3

3.2 Distribution of general charities

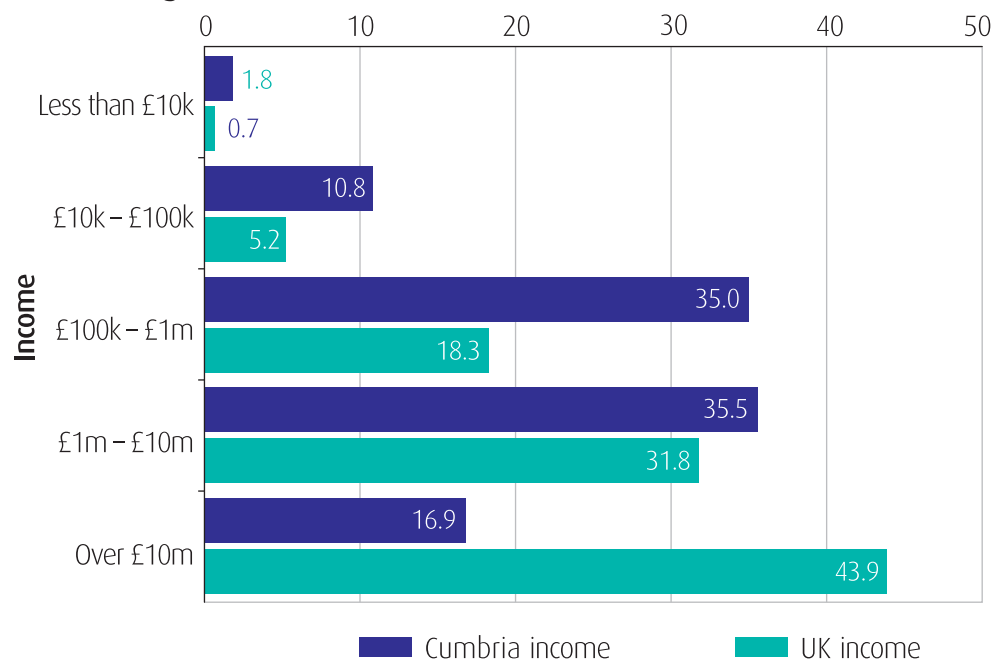
Figure 4 Distribution of the number and income of charities, Cumbria and UK, 2007/08

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 follows a similar pattern. Figure 4 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 Cumbria 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 country as a whole. This is reflected in the figure, since a higher share of resources are concentrated in the lower income bands.

Rural areas are characterised by a higher density of organisations compared to population, but 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 locate there – it is likely that their activities take place across a wide area.

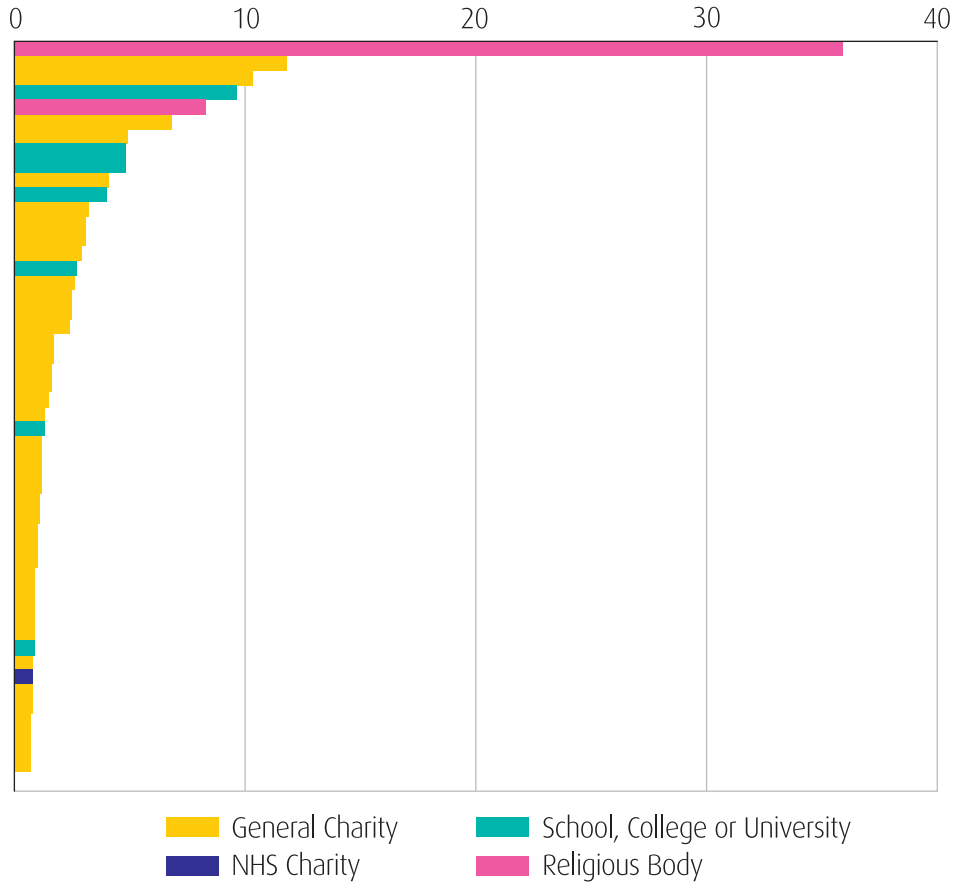
Figure 5 shows the expenditure of the 50 largest charities in the region, with expenditure ranging from £700,000 to £36 million. The largest organisation – IBS-STL UK – is a religious body which distributes Christian literature, whose registered office is in Carlisle. Now known as Biblica UK, it recently announced that it was selling its UK operations. Several independent schools feature in the list, as does one leisure trust which was formerly run directly by the local authority.

Putting these figures into context, no registered charities in Cumbria would feature in the top 100 registered charities in England and Wales by expenditure, and there is only one in the top 500. If we confine discussion to general charities as defined by NCVO, there are no charities from this region that feature in the top 100 nationally, and there are only two Cumbrian general charities in the top 500 nationally.

Note that there are other areas of charitable activity within the region that are not covered by organisations on the Charity Commission register. Examples would include exempted and excepted charities, although some of these are being brought within the scope of the Charity Commission.

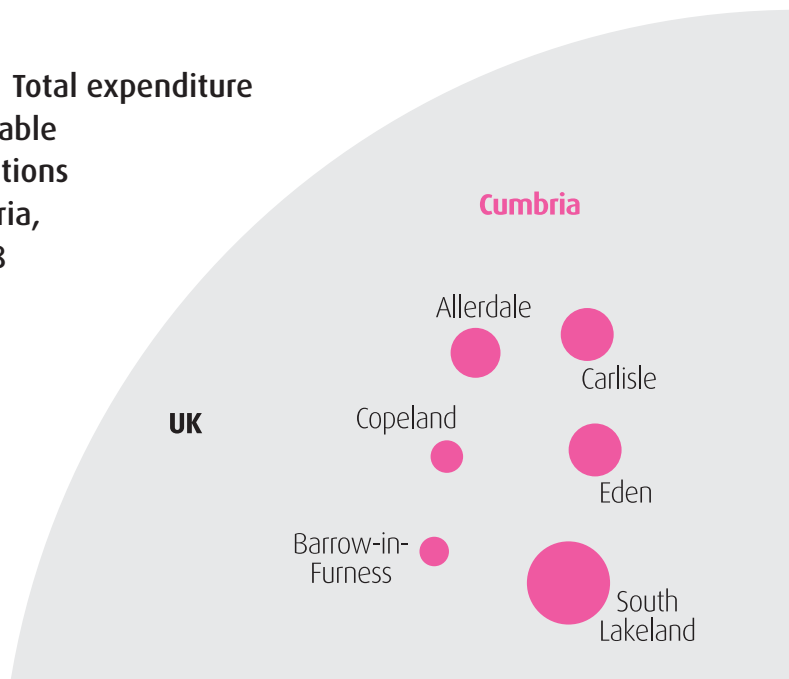
3

Figure 5 Income of 50 largest charities in Cumbria, 2007/08 (£ millions)



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

Figure 6 Total expenditure of charitable organisations in Cumbria, 2007/08

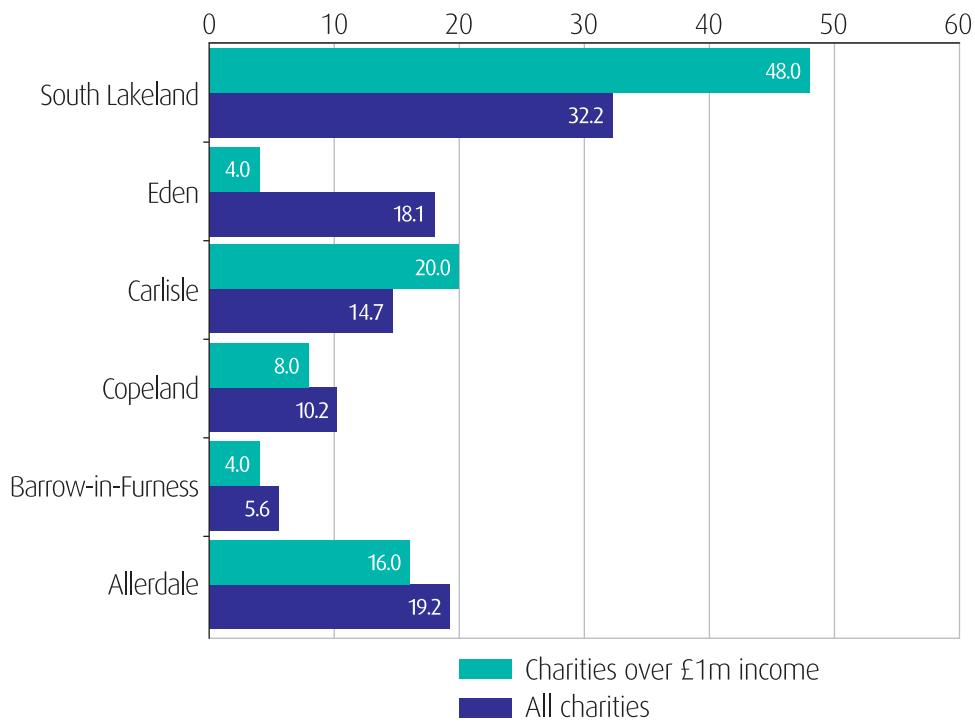


Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

The distribution of financial resources, in the form of total expenditure, is shown in Figure 6. The large circle behind the figure indicates the size of all charitable expenditure in the UK with each circle representing activity by charities based in each area.

3.3 Size of charities

Figure 7 Proportion of general charities by local authority, Cumbria, 2007/08 (% of charities)



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

The distribution of charities in the county 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 7 shows the proportion of all organisations and organisations with incomes greater than £1 million in each local authority. Eden has only one charity with income greater than £1 million, while more than average are based in South Lakeland.

3

However, this figure can hide areas where one charity accounts for a significant amount of the charitable activity in the area. Figure 8 shows the proportion of income accounted for by the largest charity in the area. Eden, in particular, stands out; here, the large charity (Outward Bound) will significantly influence the aggregate income figures produced and so these should be treated with caution. Figure 9 gives, for each local authority, the expenditure of its largest charity, and Figure 10 presents the same information but restricted to general charities. As can be seen, in rural districts the largest single charity may have relatively low expenditure.

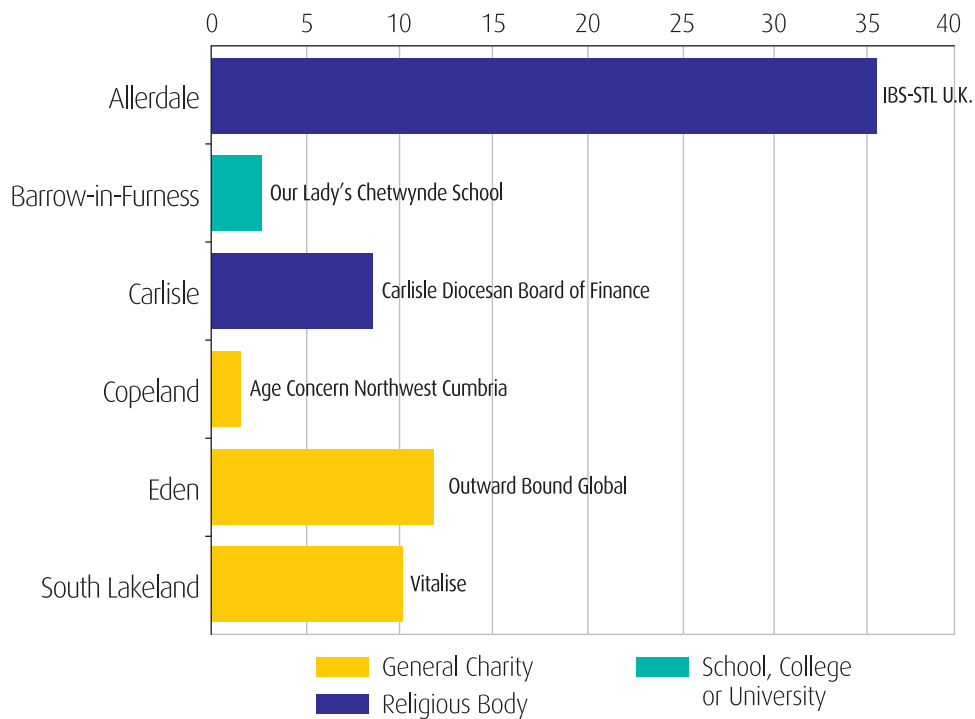
Charitable activity in Cumbria is not confined to charities located there but we have no straightforward way of quantifying, for example, the extent to which charities based outside Cumbria are active within the county. We have done this in our previous report for the North East, using the Interdepartmental Business Register (IDBR), but we are unable to do so for Cumbria because the data are not available below the regional level to preserve confidentiality.

Figure 8 Proportion of income accounted for by largest charity, by local authority, Cumbria, 2007/08 (% of income)



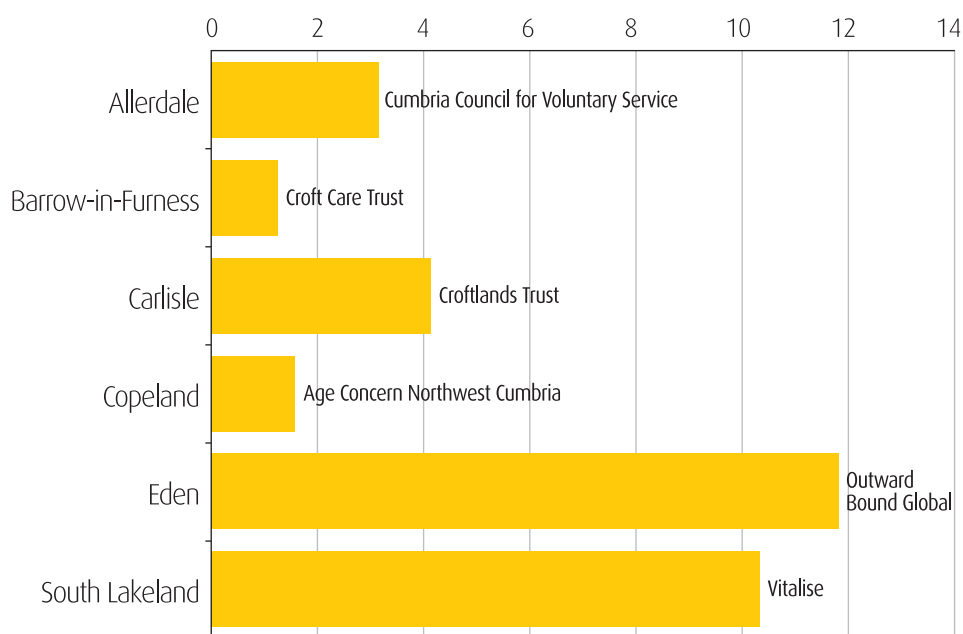
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

Figure 9 Expenditure of the largest charity in each local authority, 2007/08 (£ millions)



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

Figure 10 Expenditure of the largest general charity in each local authority, 2007/08 (£ millions)



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

3

3.4 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 nonprofits 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 "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 Cumbria. Figure 11 shows the number of organisations in each sector, and gives a brief description of what a typical organisation in this subsector 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 30% of the income of charities in Cumbria. Compared to the UK as a whole, there is some suggestion that the share of charities associated with development/regeneration, education, and village halls is greater in this region while there seem to be fewer research and international organisations.

Figure 11 General charities in Cumbria 2006/07 and 2007/08, by sector

ICNPO category	2006/07	2007/08	Income 2007/08 (£m)	Example organisations
Social services	428	444	47.4	Care services for the disabled, elderly, children, foundations providing income support, emergency and relief services.
Development	303	313	5.6	Organisations providing economic, social and community development, for example community transport, community associations to parent-teacher associations.
Culture and recreation	299	311	31.6	Sports clubs, arts groups, museums, galleries, heritage, leisure facilities, rotary clubs.
Education	163	165	11.5	Educational foundations, school funds, educational charities.
Religion	129	136	5.0	Organisations with religious goals.
Parent teacher associations	132	133	1.0	Parent teacher associations.
Village halls	124	126	1.0	Village halls, memorial halls.
Grant-making foundations	122	124	5.4	Private individual, family and corporate foundations.
Playgroups and nurseries	104	112	3.1	Nurseries, playgroups, early years centres, kindergartens, pre-school.
Environment	77	78	6.9	Recycling, sustainability, natural world protection, wildlife, veterinary services.
Scout groups and youth clubs	67	67	3.0	Scout groups, girl guides, youth clubs.
Health	58	65	20.2	Hospital services, hospital league of friends, hospices and nursing homes, mental health support, air ambulance services.

3

Figure 11 (continued)

ICNPO category	2006/07	2007/08	Income 2007/08 (£m)	Example organisations
Housing	40	41	5.5	Housing trusts, organisations providing housing support.
International	30	31	1.1	Aid and services provided in overseas countries, including disaster and famine relief, development assistance.
Law and advocacy	29	27	4.6	Advocacy, citizens advice, equality and diversity, credit and debt counselling, refugee and immigrant community support, prisoner rehabilitation, victim support, consumer safety and advocacy.
Umbrella bodies	14	12	6.2	Infrastructure bodies providing support to civil society groups, including councils for voluntary service, volunteer bureaux, national infrastructure bodies.
Employment and training	10	11	0.8	Training providers, re-employment, business partnerships.
Research	10	11	0.2	Foundations funding research, including medical research.
Other	9	9	3.6	Includes financial services organisations registered as charities.

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

3.5 Data tables

Figure 12 Summary data for general charities in Cumbria, 2006/07, by local authority

	Income (£m)	Expenditure (£m)	Assets (£m)	Number of general charities	Population (000s)
Allerdale	19.4	18.1	29.7	413	94.5
Barrow-in-Furness	7.4	7.1	15.5	125	71.8
Copeland	9.4	9.0	7.9	224	70.4
Carlisle	20.6	16.6	38.0	322	103.5
Eden	27.6	25.1	35.8	387	51.9
South Lakeland	59.3	55.8	236.6	679	104.9
Cumbria	143.7	131.7	363.6	2,150	497.0

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

Figure 13 Summary data for general charities in Cumbria, 2007/08, by local authority

	Income (£m)	Expenditure (£m)	Assets (£m)	Number of general charities	Population (000s)
Allerdale	24.3	21.7	38.8	426	94.5
Barrow-in-Furness	8.0	7.8	14.9	124	71.8
Copeland	10.7	9.5	10.4	227	70.3
Carlisle	25.3	24.3	44.1	326	103.7
Eden	29.4	24.3	33.1	400	51.9
South Lakeland	65.9	60.9	198.9	713	104.4
Cumbria	163.6	148.4	340.1	2,216	496.6

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

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 changing 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 14. 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 14 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

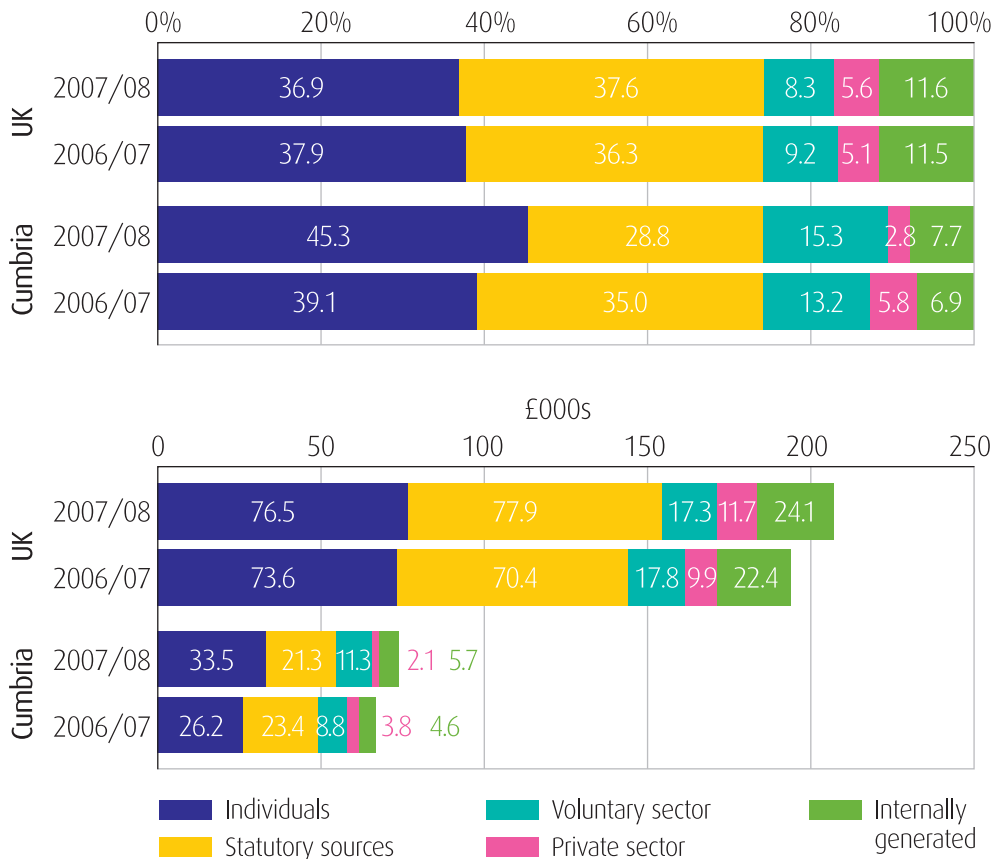
4.2 Sources of income

Figure 15 shows that charities in Cumbria are more reliant on the voluntary sector and individuals than in the UK as a whole. This finding needs to be seen in context: while the contribution of voluntary sector funds is larger than the UK average, it still makes up a small proportion of incoming resources for organisations in Cumbria, with 15% of incoming resources from this source.

4

While a few large charities can affect aggregate proportions, this pattern of income sources may reflect the type of charity that is likely to locate in Cumbria. The lower extent of internally generated funds (investment assets and trading subsidiaries) reflects the smaller asset base of organisations in this region which means less income is generated through investment funds. Income from individuals (whether donations, legacies, or fees for services) is the most important source of income for general charities in Cumbria, accounting for 45% of income compared to 37% for the UK as a whole. However, because charities in Cumbria are on average smaller than those in the rest of the country, the amounts received from individuals are also smaller compared to the rest of the country, as shown in the second part of the graph. It would be incorrect to conclude that residents of Cumbria give less to charities than in the rest of the country. The UK figures will reflect the fact that large national charities have many individual donors, drawn from across the country, not one particular region.

Figure 15 Average income by source for general charities in Cumbria and the UK, 2006/07 and 2007/08 (% and £000s)

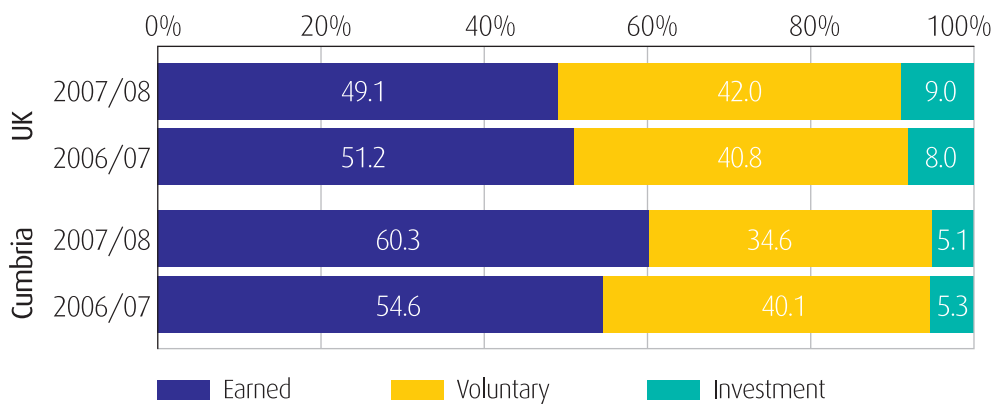


Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

4.3 Type of income

The pattern of types of income within Cumbria is shown in Figure 16. Income from investments is generally lower than the national average. Conversely, earned income contributes a greater share of charitable resources than for the UK as a whole.

Figure 16 Income types for general charities in Cumbria, 2006/07 and 2007/08 (%)



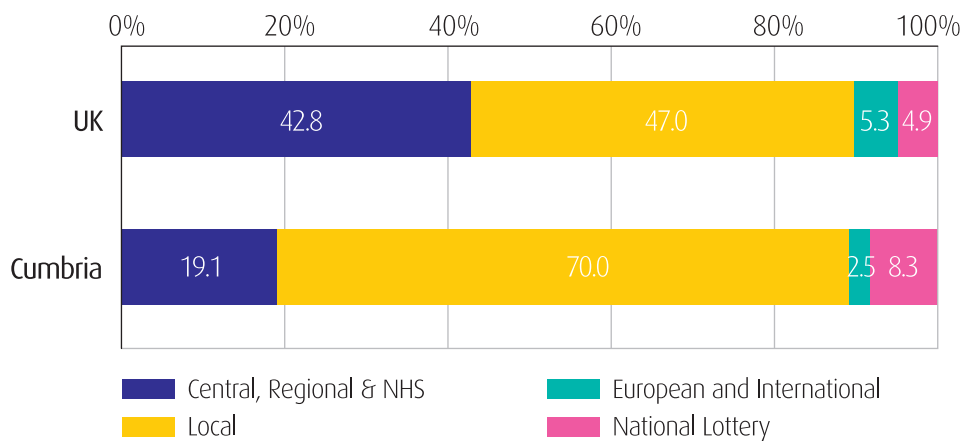
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

4

4.4 Income from government

Government income is less important to organisations in Cumbria as it is to UK charities in general. Charities in the region received £47 million from statutory sources in 2007/08; 29% of all income for the region, and 0.4% of the statutory income of all UK charities. Information on this breakdown of statutory funding is only available for 2006/07, when statutory funding was worth £50 million to charities in the area.

Figure 17 Source of statutory income, Cumbria, 2006/07
(% of statutory income)



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

We can see that funding from local government is much more important to Cumbrian organisations than central government, and on average more important than for UK charities. This may reflect a tendency for contracts and grants from central government to be larger and thus more likely to be awarded to large national charities. While central government makes up a smaller proportion than local government, with 19% of statutory income coming from this source, the UK Civil Society Almanac¹ 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.

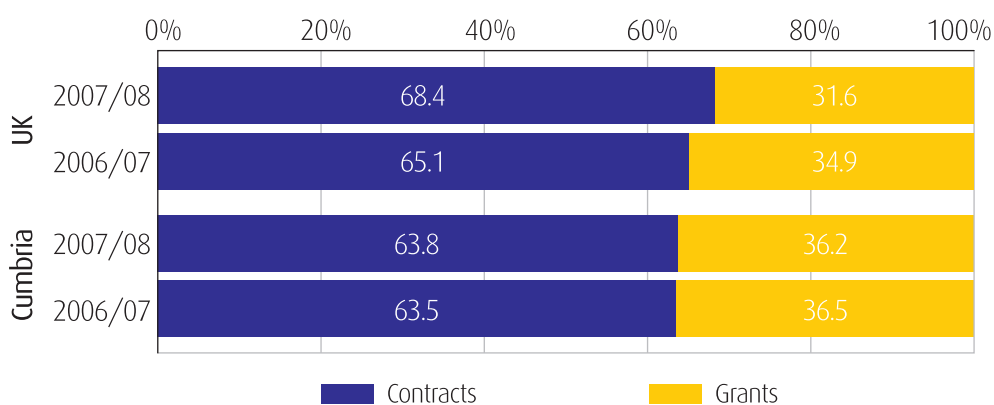
¹ NCVO (2009) UK Civil Society Almanac 2009, www.ncvo-vol.org.uk/almanac

European and international funding is, perhaps surprisingly, less prevalent than for UK charities. About 90% of this funding is from the EU itself (£1.1 million) – which seems low given the presence of many European Structural Fund Objective Two areas. 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.

The National Lottery makes up a larger proportion of income for charities in Cumbria than for the UK as a whole. National Lottery funding is weighted towards areas of greater deprivation, targeting many local authorities within the study area.

While government funding is more prevalent, this funding is more likely to arrive in the form of contracts than grants. Nationally, 68% of income from statutory sources is in the form of contracts, but for charities in Cumbria that figure is 64%. Figure 18 shows the split of income from statutory sources into contracts and grants.

Figure 18 Type of statutory income, Cumbria, 2006/07 and 2007/08 (% of statutory income)



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

4

4.5 Data table

Figure 19 Income of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)

	Cumbria		UK	
	2006/07	2007/08	2006/07	2007/08
Individuals	22.1	13.3	5,365.4	5,788.2
Statutory sources (including NLDs ²)	18.3	17.1	4,195.0	4,207.6
Voluntary sector	5.7	16.5	1,582.5	1,704.6
Private sector	7.0	2.7	662.8	1,197.6
Total voluntary income	53.2	49.6	11,805.8	12,898.1
Legacies	4.4	6.9	1,744.6	2,001.5
Individuals	29.7	53.9	5,474.2	5,295.4
Statutory sources	31.9	30.1	7,832.7	9,123.8
Voluntary sector	13.3	8.5	1,456.9	1,258.0
Private sector	1.2	1.8	1,031.8	804.9
Earned income	76.2	94.4	15,795.6	16,482.0
Investment income	7.6	8.4	2,639.6	3,184.7
Trading subsidiary	2.3	4.2	1,186.9	931.7
Total income	143.7	163.6	33,172.5	35,498.0

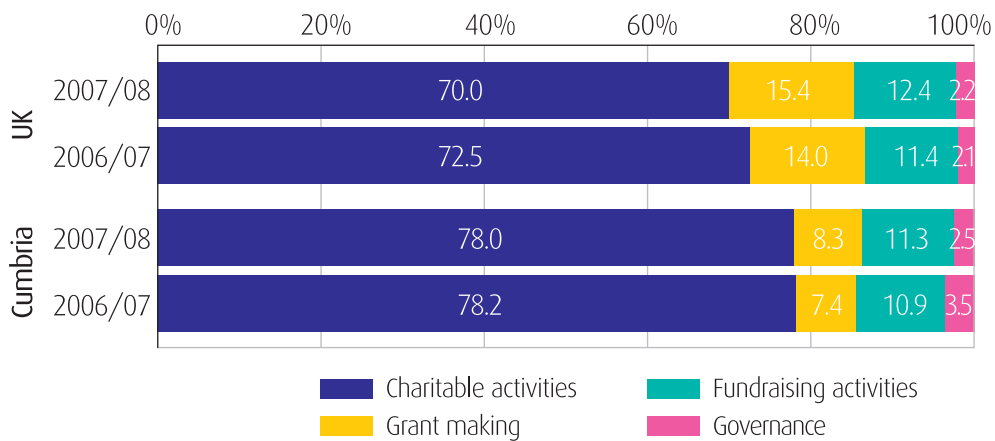
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

2 National Lottery Distributors

5 General Charities: Expenditure

Charities based in Cumbria spent £148 million in 2007/08, 0.5% of the expenditure of charities in the UK. This expenditure can be split into three categories: charitable expenditure, funds spent on pursuing the charities’ objects either through direct activities or through making grants; the cost of generating funds; and governance costs.

Figure 20 Type of expenditure for general charities in Cumbria, 2006/07 and 2007/08 (% of expenditure)



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

On average, 85% of expenditure of charities in the UK goes on pursuing charitable objects, including 15% on making grants. Charities in Cumbria spend 86% 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 the study region.

Figure 20 shows the breakdown of expenditure within Cumbria. Expenditure on fundraising costs is slightly lower than the national average, with governance costs a higher proportion. The fundraising cost could reflect the smaller average size of charities in the region; these smaller charities are less likely to mount large campaigns to attract donors. Higher governance costs also reflect this smaller average size; the costs of governance (including preparing and auditing accounts, arranging trustee meetings) are largely fixed and so account for a larger proportion of expenditure in smaller organisations.

5

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; Figure 21 shows that for an average charity in Cumbria the figure is slightly higher at £10.

Figure 21 Average fundraising cost ratio of general charities in Cumbria, 2006/07 and 2007/08 (£)



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

5.1 Data table

Figure 22 Expenditure of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)

	Cumbria		UK	
	2006/07	2007/08	2006/07	2007/08
Fundraising and publicity costs	9.6	13.5	2,225.0	2,573.7
Trading subsidiary costs	3.7	2.1	908.6	1,039.9
Investment management costs	1.1	1.1	411.8	459.1
Cost of generating funds	14.3	16.7	3,545.4	4,072.7
Grants	9.7	12.3	4,375.0	5,043.3
Charitable activities	103.0	115.8	22,622.6	22,995.2
Governance	4.7	3.7	650.9	734.9
Total expenditure	131.7	148.4	31,193.9	32,846.1

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

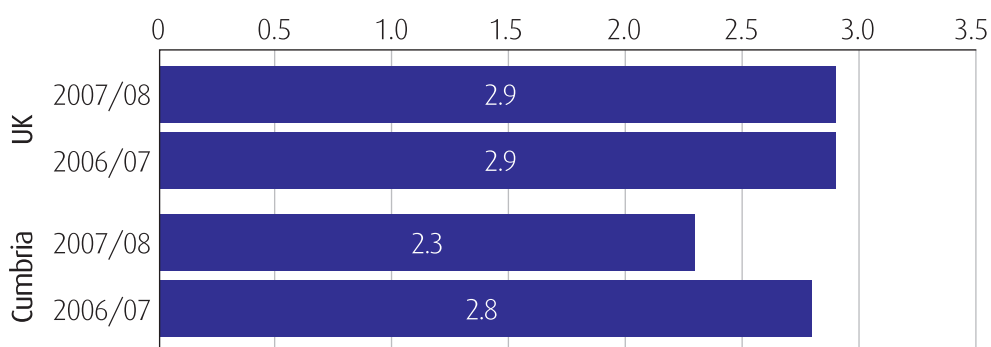
6 General Charities: Assets

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 Cumbria had net assets of £340 million, 0.4% 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 Cumbria the equivalent figure is 2.3. Figure 23 shows the assets of charities in Cumbria, expressed in terms of years of expenditure.

Figure 23 Net assets of general charities in Cumbria, 2006/07 and 2007/08 (years of expenditure)



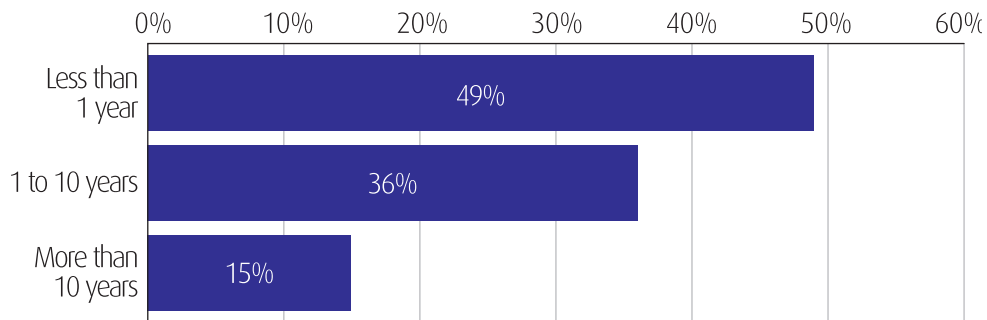
Source: NCVO, Southampton University, Northern Rock Foundation, GuideStar Data Services

6

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 2009 demonstrate that the large rise in asset values over the last few years (growth of 26% since 2003/04) has been due to a rise in the value and amount of investment assets held. Income generated from these assets, of which charities in Cumbria hold £140 million, is vulnerable to the falling value of investments in the wider economy. In 2007/08 general charities based in Cumbria generated £8.4 million from these assets.

However, this picture masks the unequal distribution of assets throughout charities in Cumbria; as Figure 24 shows, nearly half (49%) of general charities in Cumbria hold less than one year’s expenditure as assets, while around 330 organisations hold more than 10 years’ expenditure as assets. In the UK as a whole, 43% of general charities hold less than one year’s expenditure.

**Figure 24 Net assets as years of expenditure, Cumbria, 2007/08
(% of general charities)**



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

6.1 Data table

Figure 25 Assets of general charities in Cumbria, 2006/07 and 2007/08 (£ millions)

	Cumbria		UK	
	2006/07	2007/08	2006/07	2007/08
Intangible fixed assets	0.4	0.2	26.3	18.6
Tangible fixed assets	147.0	123.5	20,076.5	21,121.9
Investments	169.7	140.1	65,557.7	68,826.7
Fixed assets	317.1	263.8	85,660.6	89,967.3
Current assets	80.8	103.5	18,587.3	21,747.7
Creditors due within one year	22.8	19.6	6,812.3	7,195.8
Net current assets	58.0	83.9	11,775.0	14,551.9
Total assets less current liabilities	375.1	347.7	97,435.6	104,519.1
Creditors due after one year	11.5	7.1	5,881.8	7,679.6
Provisions	0.1	0.4	254.6	209.0
Net total assets	363.6	340.1	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 registered third sector landscape in Cumbria. We have used a definition of the third sector which matches the one used by the National Survey of Third Sector Organisations (NSTSO), run by the Office of the Third Sector 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.³

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.

³ National Survey of Third Sector Organisations (2008) www.nstso.com/faqs/#a2

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 or undertake activities through a contract (for example, when providing services for local authorities). Many 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 charity, CLG and IPS. 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 codes. Lists of CICs and Registered Social Landlords are available from the CIC regulator and the Tenants Services Authority.

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 underestimate the financial weight of each sector. More data was available for companies limited by guarantee than for CICs or IPSs, so estimates for the latter should be treated with caution.

Figure 26 Summary of third sector organisations in Cumbria, 2007/08

Cumbria	Population	Sample	Income (£m)⁴	Expenditure (£m)⁴	Net Assets (£m)⁴
Housing association	19	3	29.6	28.3	22.5
Company limited by guarantee (third sector)	200	134	64.1	61.7	34.0
Community interest company	23	4	0.4	0.5	0.0
Industrial and provident society (third sector)	119	2	16.9	17.0	2.2
Faith groups	107	–	47.1	46.4	55.9
Total	468	143	158.2	153.8	114.7
<i>General charities</i>	<i>2,216</i>	<i>–</i>	<i>163.6</i>	<i>148.4</i>	<i>340.1</i>
Total third sector	2,684	–	321.8	302.2	454.8
<i>CLGs (not third sector)</i>	<i>175</i>	<i>135</i>	<i>11.5</i>	<i>11.8</i>	<i>6.6</i>
<i>IPSs (not third sector)</i>	<i>23</i>	<i>4</i>	<i>22.0</i>	<i>21.5</i>	<i>6.4</i>
<i>Registered charities (not third sector)</i>	<i>76</i>	<i>–</i>	<i>29.7</i>	<i>30.5</i>	<i>32.9</i>

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

⁴ 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 underestimate the actual finances of these organisations.

Companies limited by guarantee make up the majority of other third sector organisations, accounting for 40% of income and assets. 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; two of these organisations are housing associations.

7.2 Activities

In addition to housing associations, other important activities carried out by other third sector organisations include community development, 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 27 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".

7

Figure 27 Classification of third sector organisations in Cumbria, 2007/08 (number of organisations)

	CIC	CLG	IPS	Faith	Total	Charities
Culture and recreation	1	81	75	0	157	311
Religion	0	2	0	107	109	136
Development	4	34	17	0	55	313
Housing	1	4	20	0	25	41
Employment and training	1	14	1	0	16	11
Environment	4	9	2	0	15	78
Social services	0	7	2	0	9	444
Education	3	5	1	0	9	165
Health	0	6	0	0	6	65
Playgroups and nurseries	0	5	0	0	5	112
Research	0	3	0	0	3	11
Law and advocacy	1	1	0	0	2	27
International	0	1	0	0	1	31
Other	0	0	0	0	0	471
<i>No ICNPO classification</i>	2	11	19	0	32	–
<i>Not classified</i>	6	18	0	0	24	–
Total	23	201	137	107	468	2,216

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 68 organisations (including one housing association) across five financial years. These organisations make up 64% of the financial weight of other third sector organisations in 2007/08, so provide a good guide to the fortunes of these organisations.

Figure 28 shows the income, expenditure and assets of these 158 organisations from 2003/04 to 2007/08. 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. Two organisations have shown particular growth over the period shown: the West Cumbria Development Fund and Cumbria Tourism.

Figure 28 Financial history for a panel of companies limited by guarantee in Cumbria, 2003/04 to 2007/08, (£ millions, not adjusted for inflation)

Year	Net assets	Income	Expenditure
2003/04	22.1	28.7	26.8
2004/05	23.8	38.2	37.4
2005/06	19.8	40.5	39.7
2006/07	21.8	42.9	42.8
2007/08	25.3	59.5	58.6

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

7

7.4 Data tables

Figure 29 Number of third sector organisations in Cumbria, 2007/08

	General charities	Housing associations	Companies limited by guarantee	Industrial and provident societies	Community interest companies	Faith groups	Total third sector	Population (000s)
Allerdale	426	4	39	30	3	22	524	94.5
Barrow-in-Furness	124	1	21	23	9	5	183	71.8
Copeland	227	1	27	19	2	11	287	70.3
Carlisle	326	2	32	13	1	14	388	103.7
Eden	400	4	37	12	4	20	477	51.9
South Lakeland	713	7	44	22	4	35	825	104.4
Cumbria	2,216	19	200	119	23	107	2,684	496.6

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

Figure 30 Third sector organisations per 1,000 population in Cumbria, 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
Allerdale	4.51	0.04	0.41	0.32	0.03	0.23	5.54	81%
Barrow-in-Furness	1.73	0.01	0.29	0.32	0.13	0.07	2.55	68%
Copeland	3.23	0.01	0.38	0.27	0.03	0.16	4.08	79%
Carlisle	3.14	0.02	0.31	0.13	0.01	0.14	3.74	84%
Eden	7.71	0.08	0.71	0.23	0.08	0.39	9.19	84%
South Lakeland	6.83	0.07	0.42	0.21	0.04	0.34	7.90	86%
Cumbria	4.46	0.04	0.40	0.24	0.05	0.22	5.40	83%

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: there appear to be rather more charities in the county than its share of the population might suggest; conversely, the county's share of charitable resources appears to be lower than its share of population; and there are relatively few large charitable organisations based in Cumbria. In many ways, though, we prefer to let the information presented here speak for itself. Furthermore, for noncharitable third sector organisations, small numbers limit the extent to which valid generalisations can be drawn.

There are several themes and questions not addressed by this statistical overview. Further analyses from this project will go into more detail about:

- the scale and characteristics of the workforce and volunteers in Cumbria, drawing together information from a number of data sources;
- a fuller analysis of our survey of "below-radar" organisations plus work on the classification of the below-radar population;
- dynamics in the sector – how has the level of resources in the sector grown over time, which organisations have grown most rapidly, and what is the pattern of the establishment and registration of new organisations?
- relationships between the distribution of third sector organisations and social need – for example, we have presented an analysis for Cumbria as a whole with some statistics for individual local authorities, but what does the pattern of resources and activity look like if we analyse it in different ways and at different scales?



northern rock
foundation

The Old Chapel, Woodbine Road
Gosforth, Newcastle upon Tyne NE3 1DD

Tel: 0191 284 8412

Fax: 0191 284 8413

Minicom: 0191 284 5411

Email: generaloffice@nr-foundation.org.uk

Website: www.nr-foundation.org.uk

Charity Commissioners' Reference Number
1063906