Scottish Voluntary Sector Statistics 2007

An SCVO research publication

We, the Scottish voluntary sector, are the 1.2 million volunteers and 129,000 (83,500 FTE) professional paid staff who make the life pulse in Scotland's communities through an estimated 45,000 diverse organisations.

Collectively we raised £3.2 billion in 2006 and are the custodians of over £8.6 billion of community assets. In 2006, we created 410,000 management committee positions for members of Scotland's communities to direct our work. We employ 5% of Scotland's workforce, larger than the NHS in Scotland, and created 10,000 new jobs since 2004.

As voluntary organisations we are non-profit driven, non-statutory, autonomous and those individuals who run our organisations do not get paid for running the organisation.

Based on a variety of new surveys by local councils for voluntary service (CVSs), we now estimate there to be around 45,000 voluntary organisations in Scotland. A subset of these, 18,000, are regulated as charities or mutuals. This draws on new information from the Office of the Scottish Charity Regulator (OSCR) on organisations which are now known to be inactive. With this better information, the emerging picture is one of a much more lean, more streamlined sector than was known before.

Figure 1 shows that organisations working in the field of social care and development (i.e. social care, youth, older people, disability and children & families) comprise over half of the regulated sector. The wider unregulated sector however, is dominated by arts and sports organisations where voluntary, rather than financial support is more important.

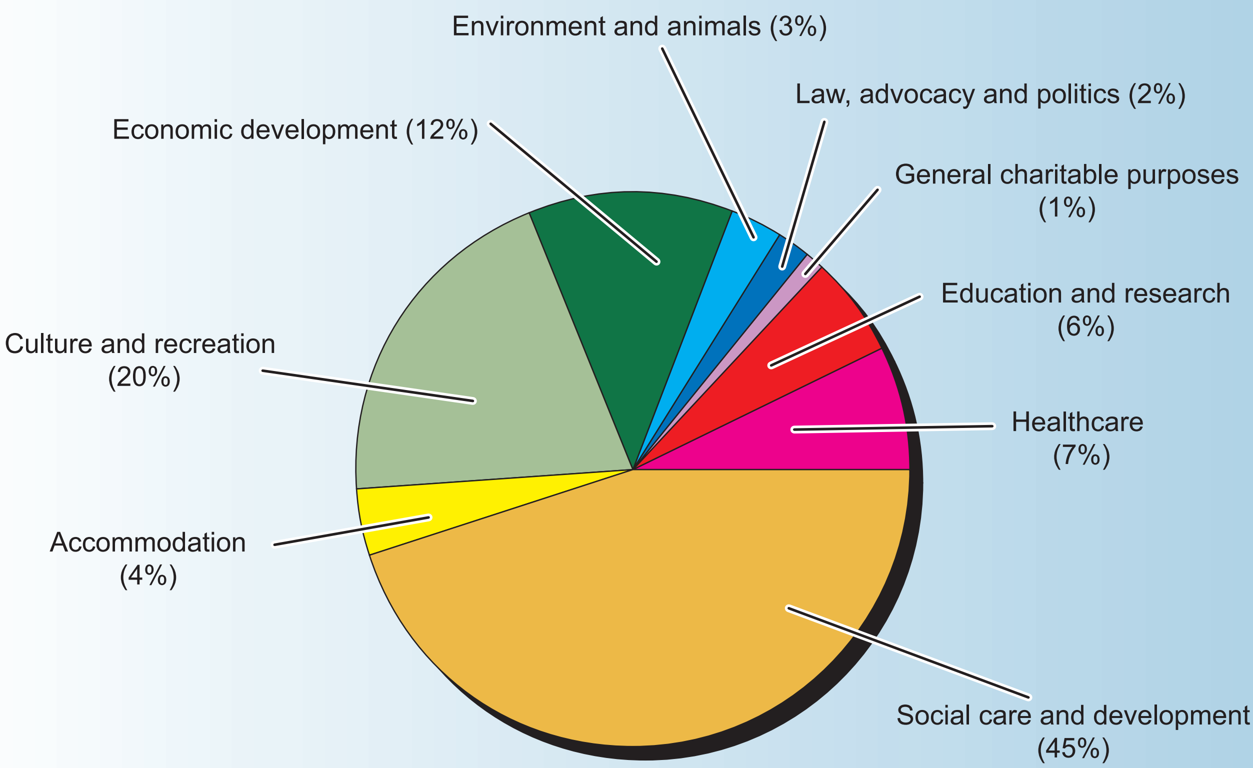


Figure 1: Size of the regulated voluntary sector 2007

The sector's financial size is accelerating. In 2006 its annual income was £3.21 billion, up from £2.63 billion in 2004, out of which it expended £3.18 billion. 47% of its expenditure went towards staffing costs. Of the balance, resources will have been allocated to other organisations, towards overheads required for delivering services, promotional costs, subcontracting work where necessary, and where possible to build up sufficient reserves to ensure the sustainability of the organisation.

Figure 2: Income growth of the regulated voluntary sector 1998 - 2006

A healthy gap between the income and expenditure is vital to ensure sustainability of voluntary sector services in the light of future funding uncertainties. Unfortunately, the gap between income and expenditure has narrowed to its smallest in years, just £24m or 0.7% of income. So while the annual income suggests that the volume of activity now carried out by voluntary organisations is at an all time high, the sector is on the wire. This tallies with the growing concern that in many cases voluntary organisations are only being given public money if they take on much more work than they are being paid to do and are therefore dipping substantially into assets in order to subsidise these activities. Drawing on data from research commissioned by the Scottish Executive, SCVO has calculated this subsidy at £180m for 2005.

Note that much of the sector's income goes to a small subset of very large organisations. Figure 3 shows that 2% of the sector by number receives 62% of the overall share of income, whereas 64% of the sector receives less than £25,000 a year each and collectively less than 2% of the overall share of income. SCVO surveys in recent years suggest this disparity is growing, driven by substantial growth in public service delivery and social enterprise.

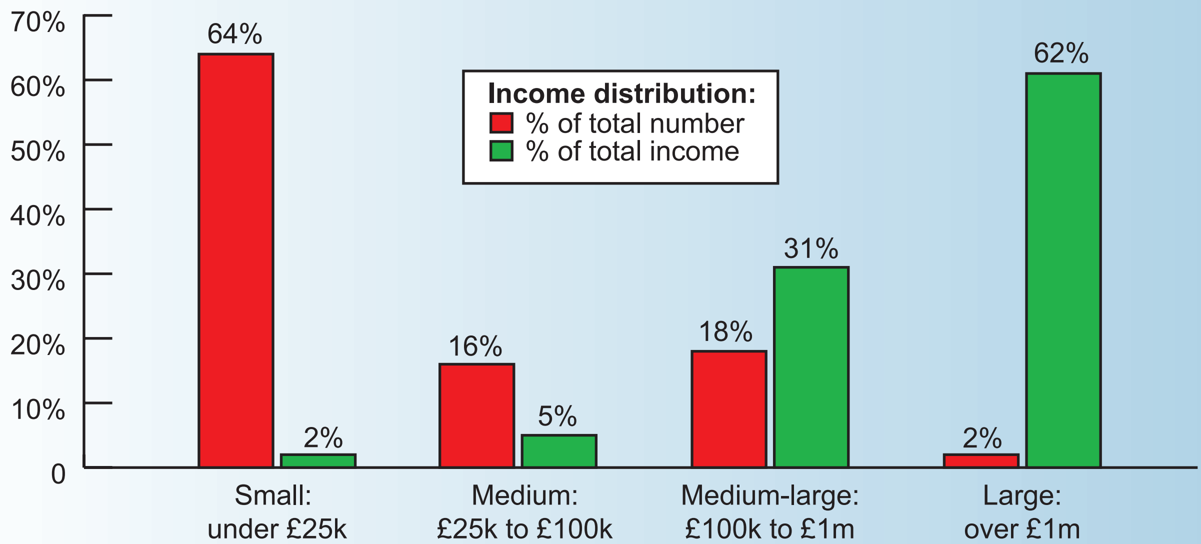


Figure 3: Income distribution of the regulated voluntary sector 2006

A breakdown of income for 2006 (Figure 4) shows that organisations working in the field of social care and development are in receipt of the largest share of income (32%). The highest concentration of income is generated by housing associations where around 173 organisations were responsible for 30% of total income in 2006, a much higher proportion than in previous years, and one of the main reasons the sector's overall income is so much higher than in 2004.

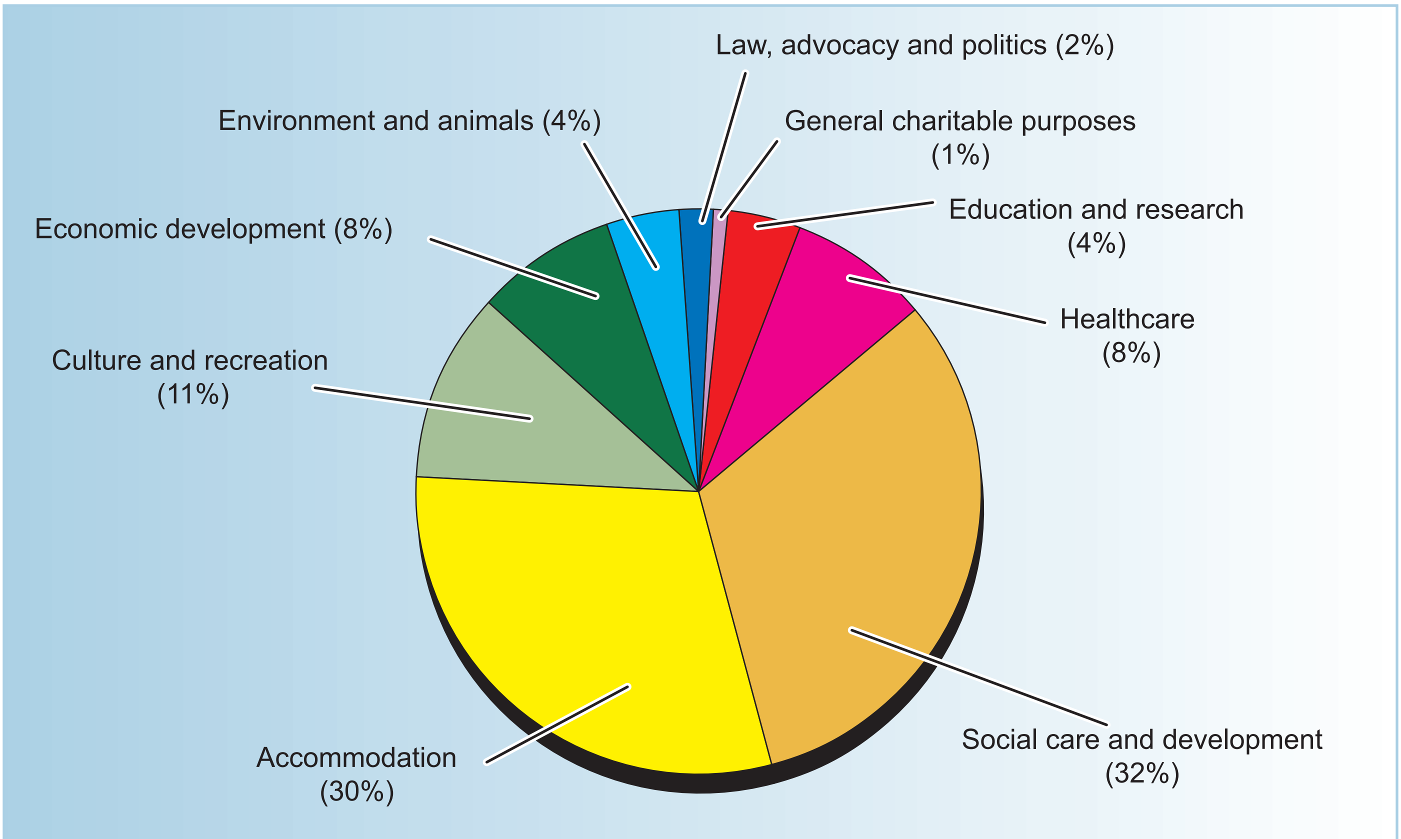


Figure 4: Subsector share of income

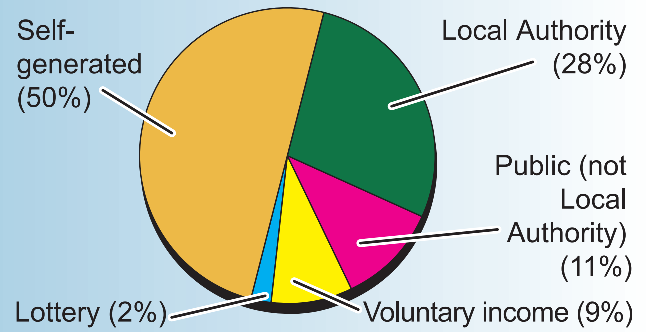
The source of voluntary sector funding is as varied as the range of organisations that transform it into real impact on Scotland's communities, but in 2006 the funding base has shifted away from grants, donations and voluntary income towards trading and public funding.

Public Sector funding e.g. Health Boards, Scottish Executive agencies, Local Authorities, Enterprise Companies, Scottish Natural Heritage, the Arts and Sports Councils and funds disbursed by the Voluntary Action Fund accounted for 39% of income in 2006. As in previous years local authority funding is the largest component of this (28%). However, the highest proportion of the sector's income is from self-generated sources (50%), such as trading, rents and investments and this has increased since 2004 (45%).

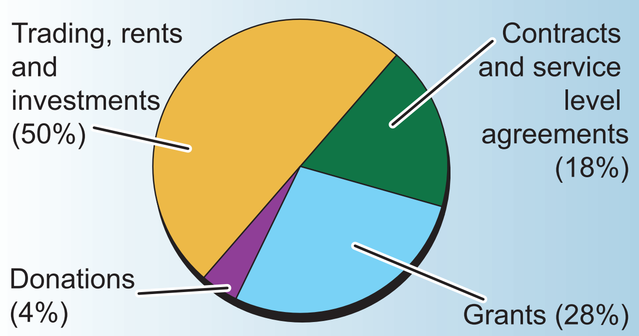
Voluntary income is an important independent source of income for the sector but its proportion of the sector's income mix is rapidly shrinking (just under 9% compared to 16% in 2004). It comprises donations from the general public (4.3%), grants from trusts (4.0%) and private sector sponsorship (0.3%). This has been the traditional source of funds that organisations have used to cross-subsidise contracts in the absence of full-cost recovery. Given the trends in voluntary income, this subsidy clearly cannot continue.

Grants are now 28% much lower than 39% (in 2004) of the sector's income. This appears to have been almost directly replaced by service delivery contracts which contribute 18% (8% in 2004). Loan finance to the sector is now estimated at £2.7bn. By contrast, the sector's investment assets are currently estimated at £2.6 billion, leaving around £3.3bn in cash or liquid assets, a proportion of which will be restricted funds.

Sources of income 2006



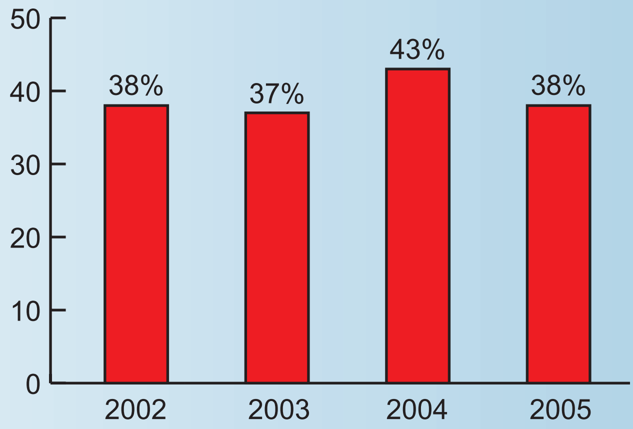
Type of income 2006



Volunteering

Statistics for 2005 from Volunteer Development Scotland indicate that 38% of the adult population volunteers in Scotland, below the surge for 2004, and in line with earlier years. The cost of replacing this donated time with paid staff has been calculated by VDS as £2.52 billion p.a. Around ¾ of volunteering is facilitated by voluntary organisations.

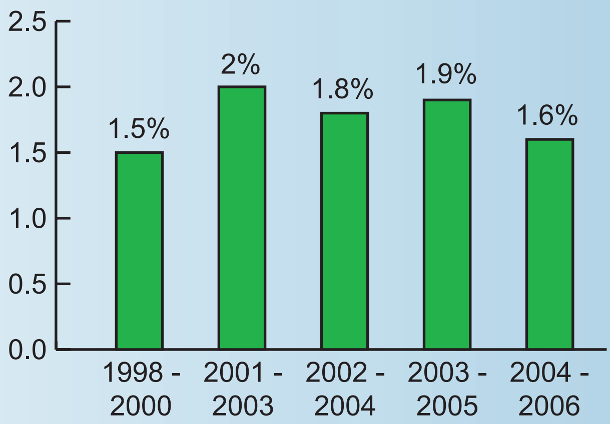
% of adults in Scotland who volunteer formally (Volunteer Development Scotland 2006)



Donations

Scottish households are spending less on good causes. On average, 1.6% of Scottish household expenditure (£6.30 per household per week) was donated during 2004-2006, down from 1.9% (£7.20) in 2003-2005. However, UK research shows that the average amount given per donor has increased slightly over 2005-2006 from £25 to £27 per month.

% of Scottish household expenditure on donations (Family Expenditure Survey)



Statistics on the size and shape of the voluntary sector is based on the Scottish voluntary sector database. This is by far the most comprehensive database of the Scottish voluntary sector available. It is the source for all major surveys of the Scottish voluntary sector, Scottish social economy and Scottish civil society at Scotland, UK and International level since 1996.

Financial and workforce statistics for the sector are derived from the SCVO Panel. This is the largest and most detailed cross-section of voluntary sector financial data available for Scotland and covers 5000 organisations with financial data going back to 1991. The data in the SCVO Panel comes from direct analysis of Scottish voluntary organisations' annual accounts.

For more information, please contact Ruchir Shah at Ruchir.shah@scvo.org.uk or visit www.scvo.org.uk/almanac for more intelligence on the Scottish voluntary sector.