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Sir Stuart Etherington
Chief Executive, NCVO

The voluntary sector is a vital part of the fabric of a strong society in the UK. There are more than 160,000 organisations that make up the sector which are incredibly

diverse and represent a range of sizes, aims and activities. The value of the UK voluntary sector to the wider economy – its Gross Value Added (GVA), or the value of output – was estimated at £12.2bn in 2013/14.

Find out more

> [Economic value of the voluntary sector](#)

To give some idea of the scale of the sector's contribution, voluntary sector GVA is comparable to the nominal GDP of Iceland. The sector also employs some 827,000 people – more than two and a half times the number Tesco employs, and over half the number working for the NHS.

People's goodwill and generosity remains the lifeblood of the sector

Find out more

> [Overall finance](#)

During 2014/15, 14.2 million people in the UK reported having volunteered at least once a month, which is 27% of the population. Equally, income from individuals remains the largest source of income for the sector – in 2013/14 it amounted to £19.4bn, a figure that continues to grow. 2013/14 saw a rise in the income of the sector as a whole, to £43.8bn, which was mainly driven by the increase in income from individuals. Income from government also rose slightly, to £15.0bn, although this is still lower than its peak in 2008/09 and the longer-term trend is downwards. Levels of government grants to the sector – £2.8bn – are less than half the level they were ten years ago but have not declined further. [Most of the recent rise in government income is accounted for by the largest charities.](#)

The emergence of super-major organisations...

Indeed in 2013/14 we saw a notable increase in the number of organisations with an annual income over £100m. They make up only 0.02% of all charities by number, but have 18.4% of the total income of the sector, and between 2012/13 and 2013/14 saw their income rise by £1.7bn.

Find out more

> [How much and to whom](#)

We found that because these charities have a disproportionately large effect on the income of the whole sector, from both individuals and government, [they warranted a new 'super-major' income category in this year's Almanac.](#)

Smaller charities are more likely to be financially volatile

Just as the sector is diverse in its range and types of organisations, that diversity extends to the stability of organisations' incomes. Smaller charities did not fare as well as large. The three smaller income bands experienced decreases in overall income and were less financially secure, mirroring the findings of our recent research on behalf of Lloyds Bank Foundation for England and Wales.

Find out more

> [Assets and reserves](#)

Navigating Change found that organisations with incomes between £25,000 and £1m were more likely to experience volatility and instability in their income. This year's data shows that around [one-third of charities with an annual income of less than £1m report having no reserves at all](#), making them especially vulnerable to external shocks.

Charities are spending more money on generating funds

In 2013/14, the sector spent £30.1bn on charitable activities. Together with spending on grant-making (£5.3bn), 85% of the voluntary sector's total spending went towards achieving its charitable aims. Overall spending is once again highest from social service charities, but average spending per organisation is highest for research charities. In order to maximise the amount of money available for their charitable activities, charities need to spend money in order to generate further funds. [Voluntary organisations spent £5.4bn on generating funds in 2013/14](#) and for every £1 spent, £4.20 was generated in return.

Find out more

> [Spending trends](#)

More than nine in ten charities hold some form of assets – such as buildings, cash, investments – which they use to contribute towards their charitable activities or to help generate funds. In 2013/14, the sector's net assets were worth £105.1bn, [although half of this sum, £52bn, is held by only 100 organisations](#).

Room for optimism but no time for complacency

The data in this year's Almanac does give us some good reasons to be optimistic. For example, the [steady rise in income from individuals](#), the [continued high levels of volunteering](#), and the [sheer depth and breadth of services that are provided by charities](#). But as *The Road Ahead*, our annual publication examining the operating environment for the sector, shows, this is no time for complacency.

Discussions around fundraising, transparency and accountability will necessitate new – and sometimes challenging – ways of doing things. We are unsure what more recent cuts in public spending will mean for the sector but anticipate that charities will continue to feel the effect of the changes. Many charities will continue to experience unstable and insecure income, and operate with limited reserves. At such times it is incredibly important to not lose sight of why the voluntary sector exists, which is to support people and communities in need, something that it does so very well.

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