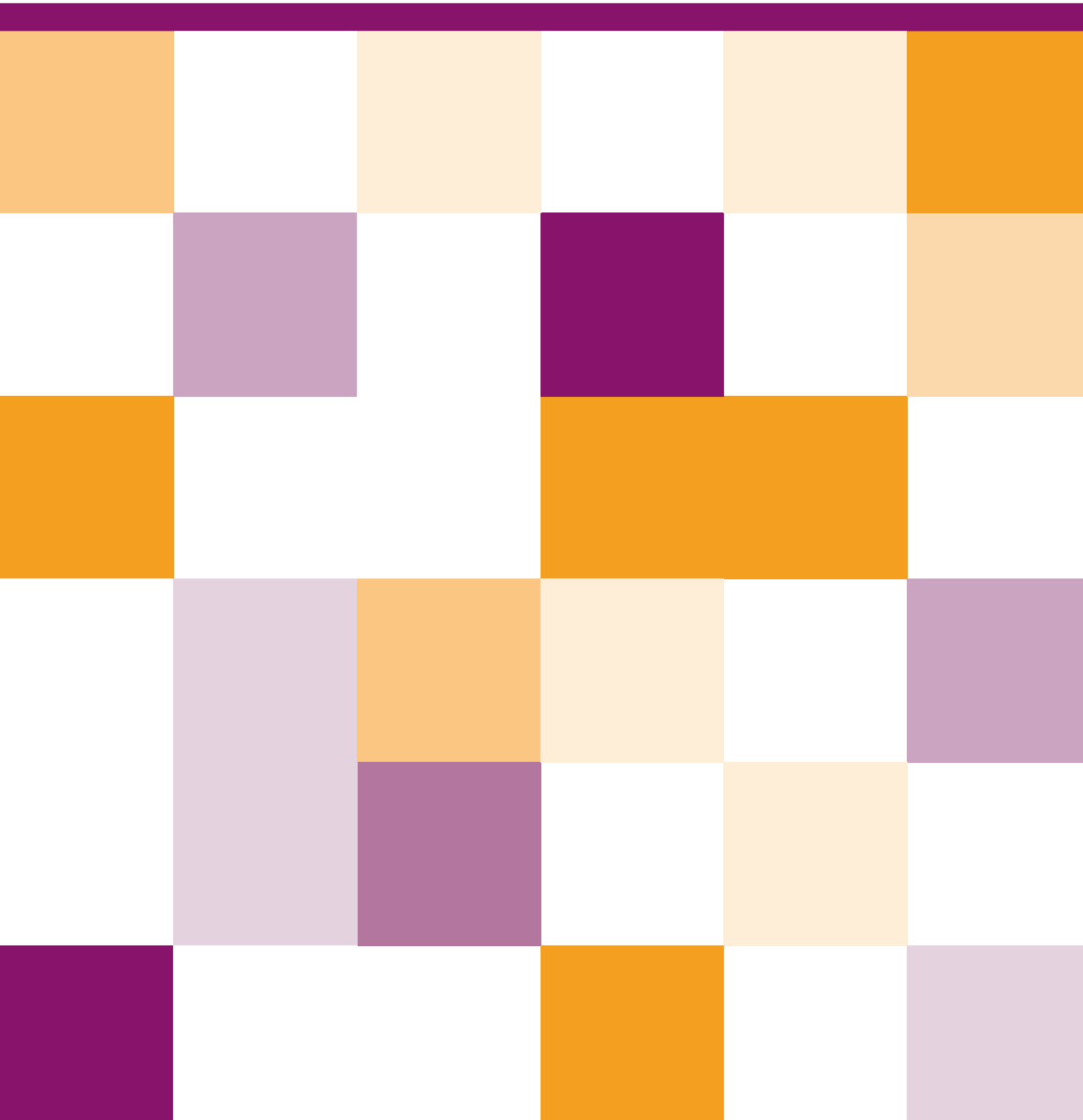




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# Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06



## Acknowledgements

The author would like to thank the many people in Central Government departments, together with their associated agencies and non-departmental public bodies, in England and in the National Assembly for Wales, the Scottish Executive and the Northern Ireland Executive, who gave their help so generously and patiently. The author would also like to thank Joe Cheung at Communities and Local Government, who supported and assisted the production of this report.



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## Principal findings

- This report summarises the findings of the survey of spending by Central Government departments and their agencies/non-departmental public bodies on voluntary and community organisations for the years 2004-05 and 2005-06. We have sought to ensure that the survey is as thorough and accurate as possible, but as this information is not generally held centrally, it may be under-reported in departments' responses. As such, the findings presented here are estimates of Central Government spending rather than precise amounts.
- The survey indicates that, in cash terms, Central Government spending on all voluntary and community organisations barely increased between 2003-04 and 2004-05, but increased substantially in 2005-06. At current prices (i.e. cash), the totals were £4,998 million in 2004-05 and £5,408 million in 2005-06. The cash total increased by 8 percentage points between 2004-05 and 2005-06. In real terms, when adjusted for inflation, it increased by 6 per cent between 2004-05 and 2005-06.
  - Central Government spending on voluntary and community organisations (excluding housing associations) increased in both 2004-05 and 2005-06. At current prices, Central Government spending on voluntary and community organisations increased by 12 per cent between 2004-05 and 2005-06. In real terms, voluntary and community organisations expenditure increased by 10 per cent between 2004-05 and 2005-06. This may reflect increases in departments that have traditionally spent large sums on the voluntary sector, such as, the Department for Education and Skills (Children's Fund Expenditure) and the Home Office. In addition, programmes such as New Deal for Communities may also have contributed to the increase.
  - In contrast, housing association funding, fell by 4 per cent in cash terms between 2003-04 and 2004-05, but recovered with an increase of 3 per cent between 2004-05 and 2005-06. In real terms, it registered a small, 0.4 per cent increase between 2004-05 and 2005-06. These changes follow very large increases in housing association funding in 2002-03 and 2003-04, and reflect changes in Housing Corporation expenditure on the Starter Home Initiative, a substantial proportion of which was spent in 2003-04.
- In both 2004-05 and 2005-06, there were differences in the distribution of reported spending per capita among the various nations of the UK. Spending per capita continues to be higher in Northern Ireland than in England, Scotland or Wales.
- In 2004-05 and 2005-06, there were also differences in the distribution of reported spending per capita between the English regions. In both years, spending per capita was greatest in London and lowest in the south west region.
- In 2004-05 and 2005-06, departments reported spending a relatively small proportion of their total expenditure on voluntary and community organisations (1.6 per cent in both years). The Office of the Deputy Prime Minister (now Communities and Local Government) spent the largest proportion (52 per cent in both years). This includes the amount spent on housing associations. Excluding housing, ODPM remained a proportionally-high spender (8 and 10 per cent in the two years respectively, together with the Department for Culture, Media and Sport (8 per cent in both years).
- In 2004-05 and 2005-06, the largest share of Government spending on the voluntary sector was aimed at housing associations (42 per cent in 2004-05 and 40 per cent in 2005-06), followed by economic, social and community development (10 per cent in 2004-05 and 11 per cent in 2005-06).

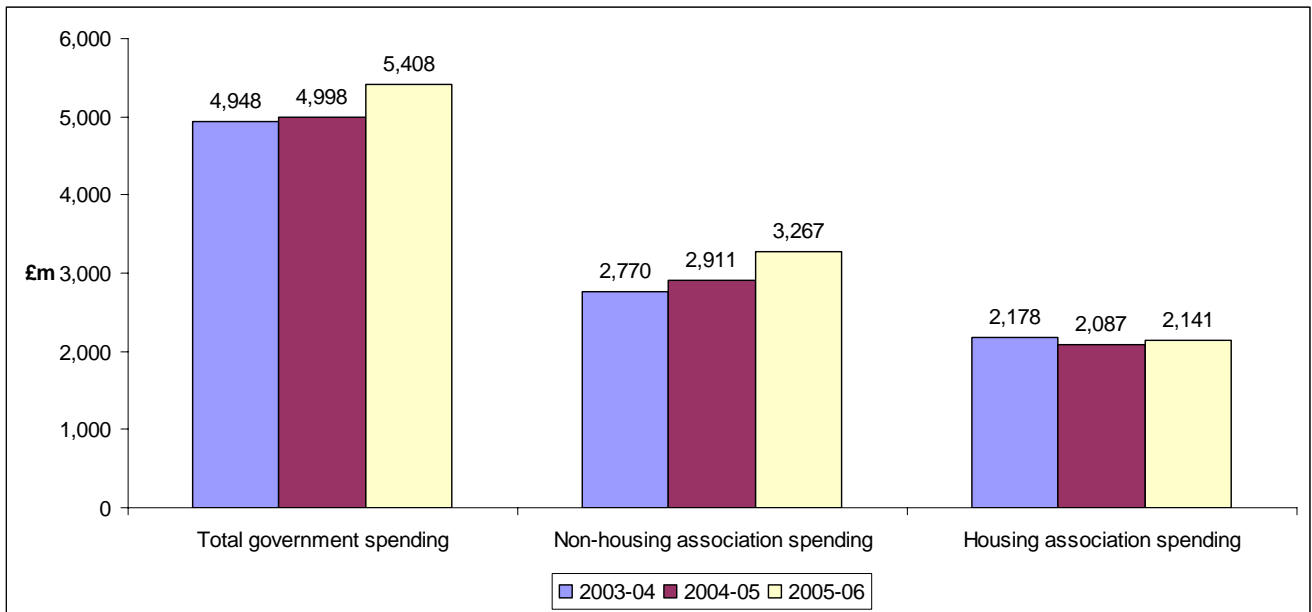
## Long-term trends

- Central Government spending on non-housing voluntary and community organisations reached its highest point, following an initial peak in 1987-88, and low points in 1992-93 and 1997-98. Since then, it has been on the rise.
- Spending on housing associations reached its highest level ever in 1992-93 (reflecting measures to combat homelessness and Housing Market package). It then fell back to a low point in 1998-99, but has recovered in recent years to pre-1990 levels, reaching a plateau in 2003-04, in part because of the Starter Home Initiative.
- Since 2000-01, spending on voluntary and community organisations has grown even faster than the Government's total expenditure, even though the total of Government expenditure has itself grown strongly in that period. However, throughout the period 1982-83 to 2005-06, spending on these organisations has accounted for only a small share of all Government expenditure. From the early 1980s until the mid-1990s, it accounted for between 1.5 and 2.0 per cent of Government expenditure, then declined to less than 1 per cent in the late 1990s. In 2005-06, the comparable proportion was 1.4 per cent.<sup>1</sup>

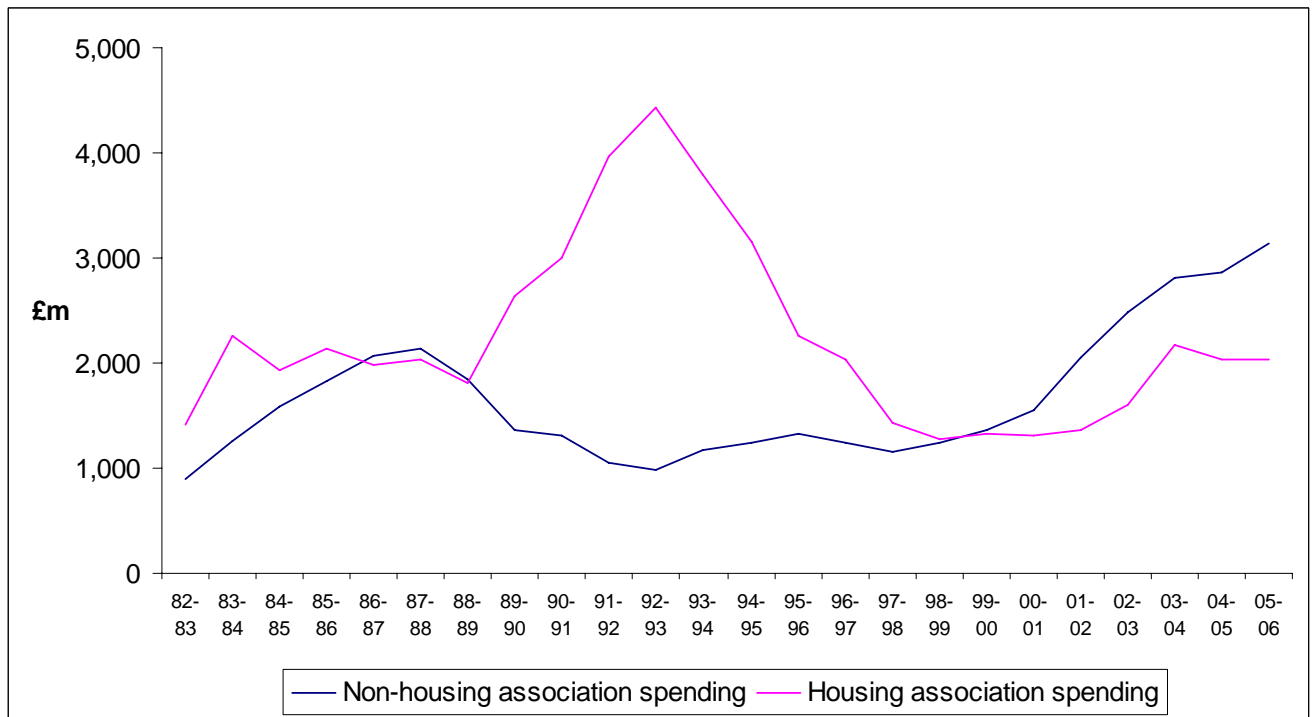
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<sup>1</sup>In looking at long-term trends, the spending totals from the annual surveys are adjusted to bring them on to comparable terms by correcting past omissions in reporting by departments; see p36. This adjusted series is compared with a long series of figures for Government expenditure going back to 1982-83; current totals in that series are not identical with totals given in Treasury Public Expenditure Statistics Analyses (PESA) reports for 2005-06. Comparison of the adjusted series for spending on the voluntary sector with the long series for Government expenditure in 2005-06 produces a figure of 1.4 per cent; comparison of the headline totals for expenditure on the voluntary sector with current PESA totals produces a figure of 1.6 per cent. Either method suggests that the proportion spent on the sector is not high.

**Figure 1: Central government spending on voluntary and community organisations, 2003-04 to 2005-06, at current prices**



**Figure 2: Central government spending on voluntary and community organisations, 1982-83 to 2005-06, at constant (2003) prices**



Figures for non-housing association spending are based on an adjusted series which takes account of omissions and improves comparability between years.

## Introduction

This report provides estimates of payments to voluntary and community organisations by Central Government departments and their associated agencies and non-departmental public bodies (NDPBs) in the UK, and builds on similar surveys undertaken since 1979-80. Here, “spending” means expenditure funded by the Exchequer; it excludes spending by local councils, the NHS (except in Scotland; see below), and European and Lottery monies.

This report follows the format of the previous report, which set out information for the years 2002-03 to 2003-04<sup>2</sup>. It provides new survey information for the years 2004-05 and 2005-06; and it updates information on trends in spending from 1982-83 onwards, so that previously published data is superseded.

The report provides the following information about Central Government spending on voluntary and community organisations:-

*for the years 2004-05 and 2005-06, it provides information on:*

- all spending
- funding of housing associations by the Housing Corporation in England (not including local authority-sponsored schemes); the Northern Ireland Executive’s Department for Social Development (Housing Division); Communities Scotland (formerly Scottish Homes); and the National Assembly for Wales’s Housing Division<sup>3</sup>.
- spending by nation (England, Wales, Scotland and Northern Ireland)
- spending analysed by English region
- spending by department
- direct and indirect spending
- spending by service
- spending on organisations which provide services to women, people from ethnic minorities, people with disabilities and sexual minorities (gay/lesbian, bisexual and transsexual people)

*for the years 1982-83 to 2005-06, it provides information on:*

- trends in spending on voluntary organisations in real terms
- trends in spending on voluntary organisations, as annualised growth rates
- trends in spending on voluntary organisations, as a proportion of Central Government’s total expenditure.

The Charities Aid Foundation (CAF) carried out the collection and analysis of information for the years 2004-05 and 2005-06 on behalf of the Office of the Third Sector, Cabinet Office

The Northern Ireland Executive, the Scottish Executive, and the National Assembly for Wales provided information for Northern Ireland, Scotland and Wales respectively (in some cases supplemented by research by CAF). The data on spending on the voluntary sector in England for these years has not been published hitherto. The data for Scotland is based on material gathered and made public by the Scottish Executive’s Social Inclusion & Voluntary Issues Unit; the data for Wales is based on material produced and made public by the National Assembly’s Voluntary Sector Partnership Council (NAW VSPC); and the data for Northern Ireland is drawn from a substantial data-base of material collected and published on the Northern Ireland Executive web-site. The three sets of figures have been re-analysed and supplemented so as to make them comparable with the England material.

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<sup>2</sup> *Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2002-03 to 2003-2004* (Office of the Third Sector, Cabinet Office, 2007).

<sup>3</sup> “Housing association funding” comprises the basic funding of housing associations by these four agencies or divisions in the four countries. It does not include the funding of housing associations for specialised purposes via other routes, for example, by the Home Office, for the accommodation of offenders. However, in some cases, the survey respondents may have been unable to separate some spending on housing-related matters such as homelessness from the funding of bricks and mortar, so the totals for the four agencies/divisions are not absolutely rigorously limited to housing alone.

The Wales, Scotland and Northern Ireland figures are broadly similar to the original data, but additions have been made to correct the omission of certain agencies' spending on the voluntary sector (e.g. Arts Council for Northern Ireland). A small number of other obvious inconsistencies have been corrected: these concern either the definition of voluntary or community organisations, or the definition of Government payment used in the survey over the years. An example of the first would be the removal of payments to the National Institute for Adult and Continuing Education (NIACE) from the raw data (NIACE has charitable status, but is a non-departmental public body, payments from which have already been counted by DfES in the England survey), or the removal of payments to universities; the survey does not count these as part of the voluntary sector, but part of the maintained education system. An example of the second would be spending by the Arts and Sports Councils in Wales which was supported by Lottery funds, rather than the Exchequer (removing these for the sake of consistency reduces some of the NAW VSPC-published figures for the Wales Arts and Sports Councils by about a half). For these reasons, the Wales, Scotland and Northern Ireland figures are not identical to the figures published by the devolved Governments.

Spending on the voluntary sector by NHS bodies in England, Wales and Northern Ireland is not covered by the survey, but the Scottish practice is to include spending by the Scottish NHS Health Boards (but not the provider trusts) as agencies in its published figures. Thus the estimates for Scotland presented here include spending by the Scottish NHS Health Boards.

All departmental names and responsibilities are those in use and current during the collection and analysis of the data, 2006 to 2007. Thus, many of the functions of the Office of the Deputy Prime Minister (ODPM) were transferred to Communities and Local Government (CLG) in May 2006. As the report refers to data collected before this date, reference is kept to ODPM except where necessary.

Figures in the text are rounded to whole numbers in most cases, in order to improve readability and to reflect that they are estimates rather than precise amounts. The tables of data retain more detailed figures reported by departments, though these have also been subjected to some degree of rounding and so may not add up exactly to the totals given.

Sources of information other than the CAF, NAW, Scottish Executive and Northern Ireland Executive survey exercises (e.g. population figures, departmental expenditure totals) are given on page 44.

# Section 1: Spending on voluntary and community organisations in the years 2004-05 and 2005-06

## All spending on voluntary and community organisations

Table 1 sets out the estimated totals of Central Government spending on voluntary and community organisations in the UK, as reported by departments and their associated agencies and NDPB's, at current (cash) and constant (2003) prices, subject to the corrections and estimation processes described below. The table provides separate totals, which include and exclude the funding of housing associations by the four housing agencies and divisions ("non-housing-association spending").

The survey indicates that Central Government spending on all voluntary and community organisations increased slightly between 2003-04 and 2004-05, but then increased substantially in 2005-06. At current prices (i.e. cash), the totals were £4,948 million in 2003-04, £4,998 million in 2004-05 and £5,408 million in 2005-06. The cash total increased by 1 per cent between 2003-04 and 2004-05, and by 8 per cent between 2004-05 and 2005-06. In real terms (i.e. corrected for inflation), it fell by 1.5 per cent between 2003-04 and 2004-05, but increased by 6 per cent between 2004-05 and 2005-06.

However, if we look at housing and non-housing separately, the picture changes substantially. At current prices, non-housing association spending increased by 5 per cent between 2003-04 and 2004-05, and 12 per cent between 2004-05 and 2005-06. At constant (2003) prices, non-housing association expenditure increased by just over 2 per cent between 2003-04 and 2004-05, and increased substantially by nearly 10 per cent between 2004-05 and 2005-06. This maintains the series of annual increases in this kind of spending since the late 90s.

In contrast, housing association funding, the largest single component of Government spending on the voluntary sector, fell by 4 per cent in cash terms between 2003-04 and 2004-05, and recovered slightly with an increase of nearly 3 per cent between 2004-05 and 2005-06. In real terms, it fell by 7 per cent between 2003-04 and 2004-05, and registered a small, 0.4 per cent increase between 2004-05 and 2005-06. These changes follow very large increases in housing association funding in 2002-03 and 2003-04 and reflects change in Housing Corporation expenditure on the Starter Home Initiative, a substantial proportion of which was spent in 2003-04 (at current prices, £172 million for this year, but only £7million in 2004-05)

Spending on housing associations appears to have reached a plateau in 2003-04 (and has not maintained the substantial increases registered since 2000). However, it is expected that the funding of housing associations will increase again in subsequent years.

As far as possible, the figures for 2004-05 and 2005-06 have been collected on comparable terms to those of previous years. However, the collection of the data presented in this report suffered from a number of additional difficulties compared with previous years' reports. It has been customary to carry out an annual survey which looks back at the previous full year's expenditure, and then to publish two consecutive years' expenditure in one report. The figures reported here were collected as part of a single exercise during 2006-07, covering the two years 2004-05 and 2005-06 expenditure. In 2005, following the collection of data on 2003-04 expenditure, a substantial project was commissioned to look at whether there was a better system for collecting this kind of data, following from the previous spending review's report on the voluntary and community sector. Although this work did not produce a radical change in the method of collecting and compiling these estimates, it delayed the collection of the next year's data, covering 2004-05.

Consequently, there was a break in the normal, annual survey process. There is always some lag in carrying out funding surveys of this kind of expenditure, because Central Government departments are asked to supply information after the financial-year expenditure audit. Most departments and agencies do not record expenditure on voluntary organisation separately in their accounts or on the Treasury public expenditure data-base; hence, any figures they provide are based on lengthy manual exercises done some

## Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

months after the expenditure having taken place. In this case, departments were being asked, in practice, to look back over figures referring to actions taken up to three years previously.

During the intervening period, some departments and agencies may have been subjected to re-organisation and changes in responsibilities; in some cases, this meant incompatible computer accountancy systems, and loss of access to old computer files. Even where departmental responsibilities remained the same, policies and personnel may have changed, and new staff responding to the survey may be unfamiliar with both the procedure for carrying out their internal surveys, and the former policy sections which the survey had to cover to obtain 2004-05 data.

These factors added to the additional work created by a request for two years' figures instead of one led to difficulties in the collection of data in some departments; in particular:-

- the Department for Education and Skills was unable to provide any figures for 2004-05. In such cases, where both the actual amounts spent in adjacent years and the difference between the two are substantial (nearly £481 million in 2003-04, and £621 million in 2005-06), then the customary practice in this survey is to produce an artificial estimate at the mid-point between the two figures, rather than leave a major gap. The DfES was credited with spending nearly £555 million in 2004-05, distributed across regions, purposes, etc. in the same proportions as in 2003-04.
- The Department for the Environment, Food and Rural Affairs was not able to carry out a full survey for 2005-06. However, the department was able to provide summary figures of departmental spending on voluntary organisations used as part of the 2007 Spending Review, though this lacked some detail such as classification by region, purpose, and spending on disadvantaged groups. The summary figures were used as the basis for estimates of direct spending by the department, distributed across regions, purposes, etc. in the same proportions as in 2004-05. There were no figures for DEFRA agencies in 2005-06; these were estimated from the 2004-05 returns by increasing that year's data on agencies' spending in line with the GDP deflator.
- The Department for Transport was not able to provide details for its agencies in 2004-05 and 2005-06; an earlier year's data was used, up-rated by using the GDP deflator. This was only a small amount.

These are the major difficulties encountered this year. As in previous years, detailed examination of all departments' returns suggested that some policy sections or agencies may have been omitted or their details wrongly quoted. As in the past, these have been corrected, where possible, by direct contact or the production of suitable estimates. Full details of these corrections for individual departments are given below on pp 45-50.

**Table 1: Central Government spending on voluntary and community organisations, 2004-05 and 2005-06: aggregate survey results**

Year	All spending, £m	Excluding four housing agencies/divisions, £m	Expenditure by four housing agencies/divisions, £m
<b>At current prices</b>			
2003-04	4,948	2,770	2,178
2004-05	4,998	2,911	2,087
% increase	1.0	5.1	-4.2
2005-06	5,408	3,267	2,141
% increase	8.2	12.2	2.6
<b>At constant (2003) prices</b>			
2003-04	4,948	2,770	2,178
2004-05	4,872	2,837	2,034
% increase	-1.5	2.4	-6.6
2005-06	5,156	3,114	2,041
% increase	5.8	9.8	0.4

## Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

In the previous report, we noted the rapid rise in spending on the voluntary sector by Central Government departments and agencies since the late nineties. This was followed by what appeared to be a slight fall in non-housing expenditure in 2003-04. Did this apparent fall signal an end to the growth in this kind of expenditure? It is clear that one year's figures were insufficient data from which to draw such a conclusion, and in fact, the figures reported in 2004-05 and 2005-06 suggest that, while expenditure on housing associations has fallen from its recent peak, Central Government departments have resumed their increases in spending on the (non-housing) voluntary sector.

There were major increases in important spending programmes by departments which have traditionally spent large sums on the voluntary sector, such as:-

- the DfES reported an increase in Children's Fund expenditure on the voluntary sector, rising from £81 m in 2003-04 to £145 m in 2005-06;
- the Home Office increased its spending on the sector through massive increases reported by the Active Communities Division (ACD, now the OTS): £44 m in 2003-04, £143 m in 2004-05 and £169 m in 2005-06, and by Drugs Strategy Division: £53 million in 2003-04, £169 million in 2004-05 and £143 million in 2005-06

At the same time, many departments reported steady increases, which are important in terms of increasing the total but appear modest when compared with, say, ACD's rate of increase, e.g. DfID: £230m in 2003-04, £239m in 2004-05 and £268m in 2005-06. Only two departments recorded substantial falls between 2003-04 and 2005-06 (Departments of Health and Trade and Industry; the DoH reported voluntary sector spending of £28 m in 2003-04, £23 m in 2004-05 and £22 m in 2005-06; the DTI £203 m in 2003-04, £91 m in 2004-05 and £108 m in 2005-06).

Hence, the 2003-04 figures may well have been a blip in the graph of this kind of expenditure. This tentativeness reflects the difficulties of this kind of survey, where each department carries out its own internal survey, departmental accounting systems do not provide the information sought automatically, and the scope for verification is limited.

However, the rise in spending since the late nineties may include an element of over-statement: it includes substantial amounts of money distributed through an increasing number of partnership schemes. The definition of voluntary or community organisation used in this research is broad, and includes any non-profit-making body which is not an agency of Government and which operates at arm's length from Government in its day-to-day working. However, arms can be of variable length, and some departments included hybrid organisations and partnerships of indeterminate status in their returns. These organisations may be accepted as voluntary under the broad definition, but it could be argued that they are a kind of agency, which should report on the distribution of their spending themselves. In practice, some of the spending by partnerships may be allocated to local statutory bodies in order to provide activities. The inclusion of the spending on these organisations may be an over-statement of the increase resulting from their inception, rather than a true increase. In future years, it may be possible to clarify their status and to adjust the returns. Some of the larger partnership schemes are as follows:-

- ODPM: New Deal for Communities (£260 million in 2003-04, £195 million in 2004-05 and £271 million in 2005-06)
- Home Office: Drugs Action Teams (£53 million in 2003-04, £169 million in 2004-05 and £143 million in 2005-06), Crime and Disorder Reduction Partnerships (£84 million in 2003-04, £86 million in 2004-05 and £84 million in 2005-06)
- DTI: Regional Development Agencies' Single Regeneration Budget schemes (£131 million in 2003-04; residual sums in 2004-05 and 2005-06 as the last round of projects awarded six years' funds in 2001-02 come to an end)
- Scottish Social Inclusion Partnerships (£48 million in 2003-04, £37 million in 2004-05 and £51 million in 2005-06; this is an estimate by the Scottish Executive based on the assumption that 60% of the total goes to voluntary bodies).

The inclusion of all spending on partnerships may have over-stated the rate of increase in spending on voluntary organisation since the late 1990s, but to some extent this is counter-balanced by the omission of spending on local Sure-Start Partnerships. Like many of the partnerships, they may be considered as independent, and therefore voluntary agencies in their own right. Their funds are held and distributed via

local councils as “responsible authorities” (for the most part), and have not been reported by the DfES as part of its returns to these surveys. Sure-Start Local Partnerships were estimated to have spent £489 million in 2005-06. (This does not include the expenditure under the General Sure-Start Grants scheme, totalling £686 million in 2005-06, which is paid to the 149 LEA councils, and not merely held by them on behalf of a separate partnership). Some of the expenditure under both headings may have been spent on the funding or commissioning of voluntary groups, but at present there is no way of gathering any detailed information on this.

### **Funding of housing associations by the four housing agencies and divisions**

Housing association funding is a somewhat anomalous, but nevertheless important part of Central Government spending on the voluntary sector. It is anomalous because it is for capital purposes, “bricks and mortar”, rather than for projects or programmes. It is important because spending by the four housing agencies and divisions forms the largest single component of Government spending on all voluntary organisations. The proportion of funding spent on housing associations had been as high as 70 per cent in earlier years; it has declined since the early 1990s, so that this kind of expenditure accounted for 44 per cent of all spending in 2003-04, 42 per cent in 2004-05, and 40 per cent in 2005-06. Nevertheless, housing policy remains one of the main determinants of the level of Central Government spending on voluntary organisations; and even relatively minor changes in policies by the departments responsible for the provision of public housing will affect the total spent on voluntary organisations substantially, and the effect of any minor changes in housing policy will mask relatively major changes in policies by other departments. For these reasons, this report presents figures, which distinguish a total for “non-housing-association spending” from spending by the Housing Corporation in England, Communities Scotland housing-association funding, and the NI and NAW housing divisions’ housing-association funding. These four agencies’ and divisions’ spending constitutes the bulk of spending on housing associations, though other departments or agencies may spend money on, for example, supported housing or hostels. This latter expenditure is for welfare purposes, and is treated as part of the “non-housing-association spending” totals. It is also possible that some officers reporting this type of expenditure are unable to separate items of spending on welfare purposes related to housing (e.g. homelessness) from bricks-and-mortar expenditure, so that the division between “housing” and “non-housing” is not a strict one.

The remainder of this section of the report analyses all reported Government spending on voluntary and community organisations for the years 2004-05 and 2005-06, at both current and constant (2003) prices. The second section of the report (p34-43), which reviews the long-term trend over the years 1982-83 to 2005-06, analyses “adjusted” spending. Adjusted spending takes account of known omissions from the published totals in earlier years; the omissions have been replaced with estimates, or in a few cases, corrections, so that the figures in the series may differ from previously published figures. These adjustments are designed to display the underlying trends more clearly. In previous reports, the adjusted totals for current years were reduced by the removal of SRB and certain kinds of New Deal/work-based learning expenditure, because data for these programmes was only made available relatively recently and not from their inception. This year, approximate estimates for SRB and New Deal/work-based learning have been calculated and added to the published totals for the earlier years of these programmes, so that the adjusted series of figures do not register a disjunction or leap (for more details of this process of adjustment, see p34).

### **Spending on voluntary and community organisations by nation**

Table 2 sets out Central Government spending on voluntary and community organisations in the UK by nation, as reported by the various departments in England, Wales, Scotland and Northern Ireland under the terms set out on p.6-7xx, at current prices. The totals for Wales and Scotland are not identical to the NAW and SE figures because of the corrections to ensure comparability, noted above, and the addition of money spent by England or UK-based departments (e.g. DWP, the Home Office) on voluntary organisations operating in Wales or Scotland. Spending on organisations which operate in more than one nation was divided among those nations in proportion to their population. Spending on organisations which operate in the UK, but where no national base was specified, was allocated to the category “UK-wide”; national plus UK spending make up all domestic spending. Spending on organisations based in the UK but which operate primarily overseas, and any spending on overseas-based bodies, was allocated to the category “Overseas”.

## Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

Table 3 sets out all reported Central Government spending on voluntary organisations by nation, and separates spending on housing associations by the four housing agencies and divisions from all other spending on voluntary organisations, showing the figures at constant prices (correcting for inflation). Table 4 converts the figures in Table 3 into spending per head of population. These figures should be regarded as a good, but not precise indication of the distribution of spending by nation.

After steady increases in all spending on voluntary and community organisations since 1998-89, the rate of increase has become more variable in recent years. Between 2002-03 and 2003-04, non-housing spending per capita fell slightly from £46 to £45 in the UK as a whole; the funding of housing associations increased substantially and kept the overall total buoyant. Per capita spending on non-housing organisations declined (in both cash and real terms) in all countries except Northern Ireland. In 2004-05, by contrast, non-housing association expenditure increased in all four nations, with further increases in 2005-06, except for Wales, which shows an apparent decline in non-housing expenditure. However, this may be a result of variation in the reliability of reporting Welsh expenditure in recent years: for example, Wales' per capita spending on non-housing organisations appears to have fallen from nearly £50 per head in 2002-03 to £32 or so in 2003-04, risen again in 2004-05 to £49, and fallen in 2005-06 to about £41 per head. Northern Ireland and Scotland continue to be consistently higher per capita spenders on the non-housing voluntary sector.

Turning to spending on housing associations and Registered Social Landlords (RSLs), the rates of growth in the four nations' spending have become similarly variable after some years of steady increase since 2000. Spending per capita on housing tends to be higher in Northern Ireland and Scotland, and lower in England and Wales. Major increases in England (Housing Corporation) expenditure in 2003-04 (partly a result of the Starter Home Initiative) have been followed by falls in 2004-05 and again in 2005-06, bringing the overall level of housing spending down, despite increases in Wales, Scotland and Northern Ireland.

**Table 2: Reported Central Government spending on voluntary and community organisations, including housing association funding, in the United Kingdom, 2004-05 and 2005-06, by nation (current prices)**

	2004-05			2005-06		
	Total, £m	Per cent of total	Per cent of domestic	Total, £m	Per cent of total	Per cent of domestic
England	3,560	71	75	3,719	69	72
Wales	218	4	5	228	4	4
Scotland	407	8	9	537	10	11
Northern Ireland	206	4	4	256	5	5
UK-wide	356	7	8	394	7	8
Sub-total domestic (non-overseas)	4,747	95	100	5,134	95	100
Overseas	251	5		275	5	
Total UK	4,998	100		5,408	100	

**Table 3: Reported central government spending on voluntary and community organisations in the United Kingdom, 2004-05 & 2005-06, by nation, including and excluding spending on housing associations, at constant (2003) prices**

	2004-05			2005-06		
	Non-housing association, £m	Four housing agencies/divisions, £m	Grand total including four housing agencies/divisions, £m	Non-housing association, £m	Four housing agencies/divisions, £m	Grand total including four housing agencies/divisions, £m
England	1,855	1,705	3,560	2,113	1,606	3,719
Wales	149	69	218	128	99	228
Scotland	192	215	407	235	302	537
Northern Ireland	107	99	206	122	134	256
UK-wide	356	-	356	394	-	394
Sub-total domestic (non-overseas)	2,660	2,087	4,747	2,992	2,141	5,134
Overseas	251		251	275		275
<b>Total UK</b>	<b>2,911</b>	<b>2,087</b>	<b>4,998</b>	<b>3,267</b>	<b>2,141</b>	<b>5,408</b>

**Table 4: Reported central government spending on voluntary and community organisations in the United Kingdom per capita, 2004-05 and 2005-06, by nation: including and excluding spending on housing associations, at constant (2003) prices**

	2004-05			2005-06		
	Total non-housing, £ per capita	Four housing agencies/divisions, £ per capita	Grand total including four housing agencies/divisions, £ per capita	Total non-housing, £ per capita	Four housing agencies/divisions, £ per capita	Grand total including four housing agencies/divisions, £ per capita
England	36	33	69	40	30	70
Wales	49	23	72	41	32	73
Scotland	37	41	78	44	56	100
Northern Ireland	61	56	117	67	74	140
UK-wide	6	-	6	6	-	6
Sub-total Domestic (non-overseas)	43	34	77	47	34	81
Overseas	4	-	4	4	-	4
<b>Total UK</b>	<b>47</b>	<b>34</b>	<b>81</b>	<b>51</b>	<b>34</b>	<b>85</b>

## Spending on voluntary and community organisations in England by region

Table 5 sets out reported central government spending on voluntary and community organisations in England analysed by standard (Government Office) region, and calculates regional spending as a proportion of the total. Tables 6 and 6a convert these figures into spending per head of population, separating spending on non-housing voluntary organisations from the funding of housing associations and registered social landlords by the Housing Corporation. Spending on organisations which were reported as operating in more than one region was divided equally between those regions (a very small number of cases); where more than three regions were specified, the spending was treated as “England-wide” (an insignificant number of cases). These figures should be regarded as a general indication of the distribution of spending nationally and by region, rather than a precise measure.

In the past, the largest single group of organisations in receipt of money has been national ones, or organisations with national (England-wide) coverage, though there may have been cases where the departments failed to specify a region for some local activity in receipt of money, leaving it with the appearance of “England-wide” spending. For the first time in recent years, this category has fallen to a quarter of the England total in both 2004-05 and 2005-06, to be replaced at the top by spending on organisations in London, which formed 27 per cent of the total in both years.

This year, per capita spending (table 6 and 6a) has been disaggregated so as to show housing and non-housing separately and thereby improve clarity. This separation of the two types of expenditure reveals patterns of per capita spending which, though they continue to be uneven, are more readily comprehensible than previous reports’ presentation.

- Spending on voluntary organisations other than housing associations: there is an approximate division between north and south, with London as an exceptional case. The four regions north of the line from the Wash to the Severn (North-East, North-West, Yorkshire/Humberside and West Midlands) received more spending per capita than the unweighted average for all English regions; spending in the East Midlands was about average, while spending in the East of England, South-West and the South-East was lower than the average.
- Despite the removal of (substantial) housing provision, spending on the voluntary sector remains highest in the London region. Spending per capita was greatest in London: in both years described here, non-housing expenditure on the voluntary sector was half as much again as the unweighted average per capita figure for all regional spending in England.
- Spending on housing associations: here the north-south pattern is reversed, with spending per capita lower in the northern regions, and higher in the southern regions for the most part. Again, London stands out as an exception, with three times the unweighted average per capita spent on housing associations in the Capital, though it is reasonable to point out that both pressure of demand on housing and housing costs are higher in the south, and particularly in London.

As we have noted in previous reports, the relatively generous spending allocated to London might reflect the concentration of headquarters of national voluntary organisations, or the prevalence of social problems which form the target for Central Government’s policies and programmes (and particularly housing). Lower spending per capita in some of the regions could be a result of lower prevalence of social problems; alternatively, it might suggest a less-robust local voluntary sector. However, it is probably still the case that the continuing differences in spending per capita among the regions suggest that Central Government spending on voluntary organisations is not evenly distributed.<sup>4</sup> It should also be admitted that the enormous range of social policies represented by the composite measure “spending on voluntary and community organisations” do not use a uniform scale of assessment of local need, or a single system of allocation, controlling not affecting the distribution.

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<sup>4</sup>This was also the conclusion of research carried out by the Centre for Urban and Regional Development Studies (CURDS) at the University of Newcastle-upon-Tyne, which analysed funding provided for the alleviation of deprivation by Central Government departments, SRB, National Lottery, European Union (European Social Fund) and grant-making trusts. Neil Alderman, Mike Coombes and Simon Raybould, *Mapping funding initiatives tackling poverty and deprivation in England: Supplementary report* (CURDS, University of Newcastle-upon-Tyne, 2000), S17-S18.

**Table 5: Reported Central Government spending on voluntary and community organisations by English regions and all England, including Housing Corporation, 2004-05 and 2005-06, at constant (2003) prices**

	2004-05		2005-06	
	£ m	Per cent of England total	£ m	Per cent of England total
North West	275	8	280	8
North East	115	3	125	4
Yorkshire & Humber	177	5	176	5
West Midlands	222	6	212	6
East Midlands	148	4	163	5
East	211	6	203	6
South West	162	5	173	5
South East	400	12	355	10
London	942	27	965	27
All-England/ unspecified	818	24	893	25
<b>Total England</b>	<b>3,470</b>	<b>100</b>	<b>3,545</b>	<b>100</b>

**Table 6: Central Government spending on voluntary and community organisations: English regions per capita, excluding Housing Corporation, 2004-05 and 2005-06, at constant (2003) prices**

Region	2004-05 £ per capita non-housing	2005-06 £ per capita non-housing
London	31	36
North-East	29	35
North-West	23	25
West Midlands	22	24
Yorks & Humber	22	23
East Midlands	19	22
South-West	14	16
East	13	13
South-East	11	11
All Regions	20	22
All-England/unspecified	16	18
<b>Total England</b>	<b>36</b>	<b>40</b>

**Table 6a: Housing Corporation spending on voluntary and community organisations, 2004-05 and 2005-06, at constant (2003) prices**

Region	2004-05 £ per capita Housing Corporation	2005-06 £ per capita Housing Corporation
London	96	92
South-East	38	32
East	26	23
South-West	19	18
North -West	18	16
East Midlands	15	16
West Midlands	20	15
North East	16	14
Yorks & Humber	13	11
All Regions	33	30
All-England/unspecified	0	0
<b>Total England</b>	<b>33</b>	<b>30</b>

Spending on voluntary and community organisations by department

Table 7 sets out Central Government spending on voluntary organisations by individual departments and by their principal agencies for 2004-05 and 2005-06. It distinguishes between direct spending and indirect spending, and between non-housing-association spending and housing-association funding. The names and responsibilities of the departments are those current in 2005-06.

**Table 7: Spending on voluntary and community organisations by all United Kingdom Government departments: reported out-turn 2004-05 and 2005-06 (current prices)**

	2004-05, £	2005-06, £
<b>Cabinet Office</b>		
Direct spending	<b>2,096,716</b>	<b>2,096,716</b>
<b>Attorney General: Crown Prosecution Service</b>		
Direct spending	<b>30,795</b>	<b>82,943</b>
<b>Department for Culture, Media and Sport (DCMS)</b>		
Direct Spending	<b>3,466,000</b>	<b>3,346,000</b>
Arts Council of England	277,760,195	297,004,102
Commission for Architecture and the Built Environment	1,397,179	1,198,897
English Heritage	17,145,618	13,953,269
Museums, Libraries and Archives Council	12,134,000	14,301,000
Sport England	24,412,019	17,614,728
Tourism for All	18,000	27,500
UK Film Council	22,047,892	24,499,468
UK Sport	18,159,155	16,304,000
<b>All Agencies and NDPBs</b>	<b>373,074,058</b>	<b>384,902,964</b>
<b>TOTAL</b>	<b>376,540,058</b>	<b>388,248,964</b>
<b>Ministry of Defence</b>		
Direct spending	<b>31,897,153</b>	<b>31,604,136</b>
Meteorological Office	598,426	894,958
Others	101,083	101,083
<b>All Agencies and NDPBs</b>	<b>699,509</b>	<b>996,041</b>
<b>TOTAL</b>	<b>32,596,662</b>	<b>32,600,177</b>

Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

<b>Department of Health</b>		
Direct spending	<b>23,462,777</b>	<b>22,385,515</b>
Health Care Commission	6,592	8,782
NHS Institute	528,600	540,449
<b>All Agencies and NDPBs</b>	<b>535,192</b>	<b>549,231</b>
<b>TOTAL</b>	<b>23,997,969</b>	<b>22,934,746</b>
<b>Home Office</b>		
Direct spending	<b>464,696,608</b>	<b>528,383,580</b>
Commission for Racial Equality	3,803,638	3,637,083
Probation Service	17,528,691	17,921,634
Youth Justice Board	5,553,892	1,063,589
<b>All Agencies and NDPBs</b>	<b>26,886,221</b>	<b>22,622,305</b>
<b>TOTAL</b>	<b>491,582,829</b>	<b>551,005,885</b>
<b>HMRC</b>		
Direct spending	<b>990,635</b>	<b>1,322,400</b>
<b>Department for International Development (DfID)</b>		
Direct spending	<b>239,085,736</b>	<b>268,786,076</b>
<b>Department of Constitutional Affairs</b>		
Direct spending	<b>527,364</b>	<b>1,381,135</b>
Legal Services Commission	<b>60,049,511</b>	<b>77,920,149</b>
<b>TOTAL</b>	<b>60,576,875</b>	<b>79,301,283</b>
<b>Department of Trade and Industry</b>		
Direct spending	<b>28,326,000</b>	<b>28,394,000</b>
Regional Development Agencies	<b>62,753,180</b>	<b>79,987,729</b>
<b>TOTAL</b>	<b>91,079,180</b>	<b>108,381,729</b>

<b>Department for Transport</b>		
Direct spending	<b>10,513,795</b>	<b>3,287,519</b>
Driving Standards Agency	-	-
Maritime and Coastguard Agency	-	-
Strategic Rail Authority	-	-
<b>All Agencies and NDPBs</b>	<b>50,079</b>	<b>51,202</b>
<b>TOTAL</b>	<b>10,563,874</b>	<b>3,338,721</b>
<b>Office of the Deputy Prime Minister</b>		
Direct spending	<b>281,422,249</b>	<b>361,387,110</b>
Coalfields Regeneration Trust	16,213,695	16,661,494
Housing Action Trusts	-	-
The Housing Corporation	1,704,976,503	1,605,742,112
Planning Inspectorate	33,500	1,528,500
<b>All Agencies and NDPBs</b>	<b>1,721,223,698</b>	<b>1,623,932,106</b>
<b>TOTAL</b>	<b>2,002,645,947</b>	<b>1,985,319,216</b>
<b>Department of Work, Families and Pensions</b>		
Direct spending	<b>20,960,940</b>	<b>22,329,940</b>
Job Centre Plus (New Deal, etc.)	<b>216,671,608</b>	<b>246,501,608</b>
<b>TOTAL</b>	<b>237,632,548</b>	<b>268,831,549</b>
<b>National Assembly for Wales/Cynulliad Cenedlaethol Cymru</b>		
<b>Direct excluding housing associations</b>	<b>86,155,079</b>	<b>62,915,170</b>
<b>Housing Directorate</b>	<b>68,769,268</b>	<b>99,493,332</b>
<b>Total of direct spending</b>	<b>154,924,347</b>	<b>162,408,502</b>
Arts Council for Wales	16,701,050	17,373,673
Countryside Council for Wales	2,234,000	3,015,000
<i>Education and Learning Wales</i>	<i>14,214,000</i>	<i>14,214,000</i>
Environment Agency for Wales	333,000	30,000
Sports Council for Wales	4,964,000	4,860,000
Wales Development Agency	8,620,000	8,644,000
Wales Tourist Board	300,000	356,000
Welsh Language Board	3,799,000	4,167,000
<b>All Agencies and ASPBs</b>	<b>51,165,050</b>	<b>52,659,673</b>
<b>TOTAL</b>	<b>206,089,397</b>	<b>215,068,175</b>

## Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

<b>Scottish Executive</b>		
<b>Direct spending excl. Communities Scotland funding of housing associations</b>		
	<b>103,632,663</b>	<b>85,464,113</b>
<b>Communities Scotland funding of housing associations</b>	<b>214,700,000</b>	<b>301,900,000</b>
<b>Total of direct spending</b>	<b>318,332,663</b>	<b>387,364,113</b>
AEA Technology: Momenta		2,500,000
Bòrd na Gàidhlig		1,688,667
Cairngorms National Park Authority (CNPA)	59,219	60,546
Comhairle Nan Eilean Siar	7,500	15,000
Communities Scotland: partnership funding	included in direct spending	54,051,432
Enterprise Agencies	9,218,987	4,910,965
Forward Scotland	-	1,680,000
Laidlaw Youth Trust	28,347	-
Scottish Arts Council	33,832,637	37,470,806
Scottish Health Boards, etc.,	24,956,325	28,930,757
Scottish Museums Council	70,289	71,863
Scottish Natural Heritage	6,887,630	4,970,396
Scottish Police Forces	394,311	403,144
Scottish Social Services Council	1,977,000	2,021,285
Shetland Amenity Trust	20,000	-
Sport Scotland	4,786,000	4,934,000
<b>All Agencies and NDPBs</b>	<b>82,238,245</b>	<b>143,708,861</b>
<b>TOTAL</b>	<b>400,570,908</b>	<b>531,072,974</b>
<b>Northern Ireland Executive and NIO</b>		
<b>Direct spending excluding housing associations</b>		
	<b>42,636,718</b>	<b>48,971,322</b>
<b>DSD Housing Directorate funding of housing associations</b>		
	<b>98,770,773</b>	<b>134,357,869</b>
<b>Total of direct spending</b>	<b>141,407,490</b>	<b>183,329,191</b>
Arts Council Northern Ireland	8,382,681	9,739,795
Community Relations Council	4,532,676	4,713,583
Environment & Heritage Service	1,719,681	2,038,136
Equality Commission for Northern Ireland	-	-
Foras na Gaeilge	-	-
Invest NI	4,000	4,000
Northern Ireland Events Company	-	-
Northern Ireland Film & Theatre Company	-	-
Northern Ireland Housing Executive	40,847,000	45,890,000
Northern Ireland Tourist Board	-	-
Planning Service	132,000	<i>none reported</i>

Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

Police Authority for Northern Ireland	-	-
Prison Service Northern Ireland	1,198,126	1,637,564
Probation Board for Northern Ireland	1,077,629	1,077,629
Social Security Agency	265,522	255,521
Social Services Inspectorate	308,202	308,202
Sports Council Northern Ireland	<i>1,537,000</i>	<i>1,537,000</i>
Ulster-Scots Agency	-	-
Youth Council for Northern Ireland	<i>2,594,640</i>	<i>2,715,050</i>
Youth Justice Agency	61,211	692,901
<b>All Agencies and NDPBs</b>	<b>62,660,369</b>	<b>70,609,381</b>
<b>TOTAL</b>	<b>204,067,859</b>	<b>253,938,572</b>
<b>TOTAL, UK DIRECT DEPARTMENTAL SPENDING</b>	<b>2,064,625,093</b>	<b>2,400,702,352</b>
<b>TOTAL, UK AGENCIES &amp; NDPBs</b>	<b>2,933,655,795</b>	<b>3,007,709,105</b>
<b>TOTAL, HOUSING-ASSOCIATION FUNDING</b>	<b>2,087,216,544</b>	<b>2,141,493,313</b>
<b>TOTAL, EXCLUDING HOUSING-ASSOCIATION FUNDING</b>	<b>2,911,064,344</b>	<b>3,266,918,143</b>
<b>ALL UK SPENDING</b>	<b>4,998,280,888</b>	<b>5,408,411,456</b>

(Figures in italics are estimates; for full explanation of these and any other omissions, see detailed notes on each department pp 47 et seq.)

### Direct and indirect spending on voluntary and community organisations

In both 2004-05 and 2005-06, the survey found that Central Government spending on voluntary organisations reported by agencies and NDPB's ("indirect spending") such as the Youth Justice Board, the Arts Council Northern Ireland, Sport Scotland and the Wales Development Agency exceeded that of "direct" spending by departments themselves. In 2004-05, departments reported that they spent £2,065 million in direct spending (41 per cent) and their agencies/non-departmental public bodies, £2,934 million (59 per cent). In 2005-06, departments spent £2,401 million (44 per cent) directly, while their agencies/non-departmental public bodies spent £3,008 million (56 per cent). In 2003-04, direct and indirect spending formed 37 and 63 per cent respectively. The movement in favour of direct spending since 2003-04 was primarily the result of the relative decline in the funding of housing associations by the Housing Corporation, and substantial increases in spending by a number of departments, and particularly the DfES.

Table 8 shows each department's (and its agencies') reported spending on voluntary organisations as a proportion of the UK total spent on voluntary organisations. The ODPM and its agencies provided the largest share of the total in both 2004-05 and 2005-06 (40 per cent and 37 per cent, respectively), because of its funding of housing associations via the Housing Corporation. The other departments which provided significant proportions of the total were (in rank order, both years, and also in 2002-03 and 2003-04) the Department for Education and Skills (DfES), the Home Office, the Scottish Executive and the Department for Culture, Media and Sport (DCMS). Together, these four departments continued to account for about three quarters of the total spent in the last four years.

**Table 8: Individual departments' reported spending on voluntary organisations as a percentage of all Central Governments spending on voluntary organisations, 2004-05 and 2005-06**

	2004-05 per cent	2005-06 per cent
Office of the Deputy Prime Minister	40	37
Department for Education and Skills	11	11
Home Office	10	10
Scottish Executive	8	10
Department for Culture, Media and Sport	8	7
Department of Work and Pensions	5	5
Department for International Development	5	5
Northern Ireland Executive and NIO	4	5
National Assembly for Wales/Cynulliad Cenedlaethol Cymru	4	4
Department of Trade and Industry	2	2
Department for Constitutional Affairs	1	1
Department for the Environment, Farming and Rural Affairs	1	1
Ministry of Defence	1	1
Department of Health	*	*
Foreign and Commonwealth Office	*	*
Department for Transport	*	*
Cabinet Office	*	*
HM Revenue & Customs	*	*
Crown Prosecution Service	*	*
<b>Total</b>	<b>100</b>	<b>100</b>

\* = less than 1 per cent; data ranked by 2005-06 order

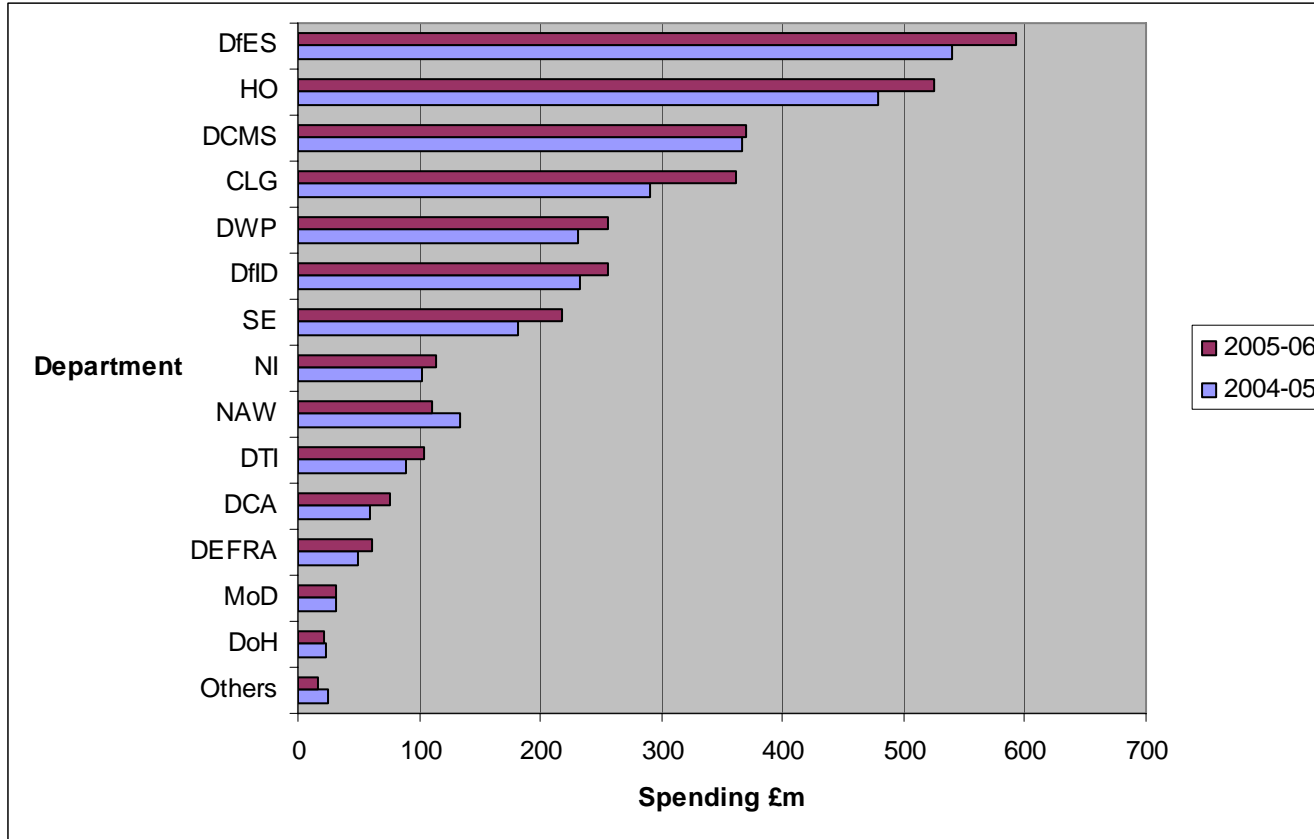
## Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

If we remove housing-association funding, the rank order becomes DfES (19 per cent of the total in both years), followed by the Home Office, DCMS, ODPM, DWP and DfID in both years. These six departments accounted for about three quarters of non-housing-association spending. In the previous report, the DTI was ranked among the top six, but its share of the total has declined with the decline in estimated SRB spending on the voluntary sector as this programme draws to its close. Whereas the DTI spent £203 m in 2003-4, its estimated spending fell to £91 m in 2004-05, recovering slightly to £108 m in 2005-06.

Figure 3 represents the distribution of non-housing-association spending graphically.

Table 9 shows the reported total spent on voluntary organisations as a proportion of departments' own total expenditure (resource budgets) in 2004-05 and 2005-06. As in previous years, UK departments together spent a relatively small proportion of their total expenditure on voluntary organisations: 1.6 per cent in both 2004-05 and 2005-06, maintaining the same level recorded in 2003-04. Individually, ODPM spent the largest proportion of its total on voluntary bodies, including Housing Corporation expenditure, over 50 per cent in both years (about 8-10 per cent of the total if we exclude the Corporation), followed by the DCMS and DfID. Only these three departments spent more than 5 per cent of their resource budgets on the voluntary sector. The ODPM's proportion is substantially above that recorded by the ODPM in 2003-04 (then 35 per cent with Housing Corporation spending), principally because of the continued growth of its programmes devoted to the voluntary sector (such as New Deal for Communities) while its overall budget barely changed in real terms.

Figure 3: Reported spending on voluntary and community organisations by principal departments 2004-05 and 2005-06, not including the four housing agencies/divisions, £m at constant (2003) prices



Estimates of Central Government Expenditure on Voluntary and Community Organisations, 2004-05 to 2005-06

**Table 9: Central Government departmental resource budgets and percentage reported spent on voluntary and community organisations, 2004-05 and 2005-06, at current prices**

	2004-05			2005-06		
	Departments' resource budgets, £m	Spending on voluntary and community organisations, £m	Spending on voluntary and community organisations as per cent of resource budgets	Departments' resource budgets, £m	Spending on voluntary and community organisations, £m	Spending on voluntary and community organisations as per cent of resource budgets
CLG Communities (not inc local government)	3,828	2,003	52.3	3,829	1,985	51.8
Culture, Media and Sport	4,471	377	8.4	4,801	388	8.1
International Development	3,832	239	6.2	4,254	269	6.3
Home Office	12,233	492	4.0	12,708	551	4.3
Scotland	21,082	401	1.9	22,873	531	2.3
Environment, Food and Rural Affairs	2,886	51	1.8	2,943	64	2.2
Constitutional Affairs	3,372	61	1.8	3,712	79	2.1
Trade and Industry	3,698	91	2.5	5,468	108	2.0
Wales	10,603	206	1.9	11,278	215	1.9
Education and Skills	29,357	555	1.9	33,303	621	1.9
Northern Ireland Executive and NIO	13,469	204	1.5	14,556	254	1.7
Foreign and Commonwealth Office	1,711	12	0.7	1,852	11	0.6
Work and Pensions	118,531	238	0.2	123,059	269	0.2
Health (DoH not inc NHS)	8,641	24	0.3	11,484	23	0.2
Defence	35,795	33	0.1	38,713	33	0.1
Transport	8,826	11	0.1	9,152	3	-
Cabinet Office	7,611	2	-	7,960	2	-
Law Officers' Departments	646	-	-	689	-	-
Chancellor's Departments	26,330	1	-	28,215	1	-
<b>Total all departments surveyed</b>	<b>316,922*</b>	<b>4,998</b>	<b>1.6</b>	<b>340,849*</b>	<b>5,408</b>	<b>1.6</b>

Public Expenditure Statistical Analyses 2007 (Cm 7091) Crown Copyright, April, 2007: Table 1.5: Resource Budgets 2001-02 to 2007-08: \* total not equal to bottom line of Table 1.5: NHS and Local Government removed from total for comparability. - = percentage less than 0.01. Data ranked by spending on voluntary and community organisations as per cent of resource budgets for 2005/06.

## Spending on voluntary and community organisations by service

The CAF survey asked departments in England to code payments by purpose. It should be noted that this is not a precise exercise, but simply gives an indication of the approximate division of spending by purpose. The various respondents in departments' internal sections may have interpreted the categories slightly differently; moreover, practice might vary from year to year, as a result of changes in personnel. In some cases, they failed to complete this data item on the survey form, so that the research team was obliged to code the purpose of the payment according to what appeared to be the aims of the department's policy division/section, simply by examining the division/section's title. The aim of the coding by service was to indicate the departments'/agencies' policy or intention in spending money, rather than reflecting the basic aim of the organisation.

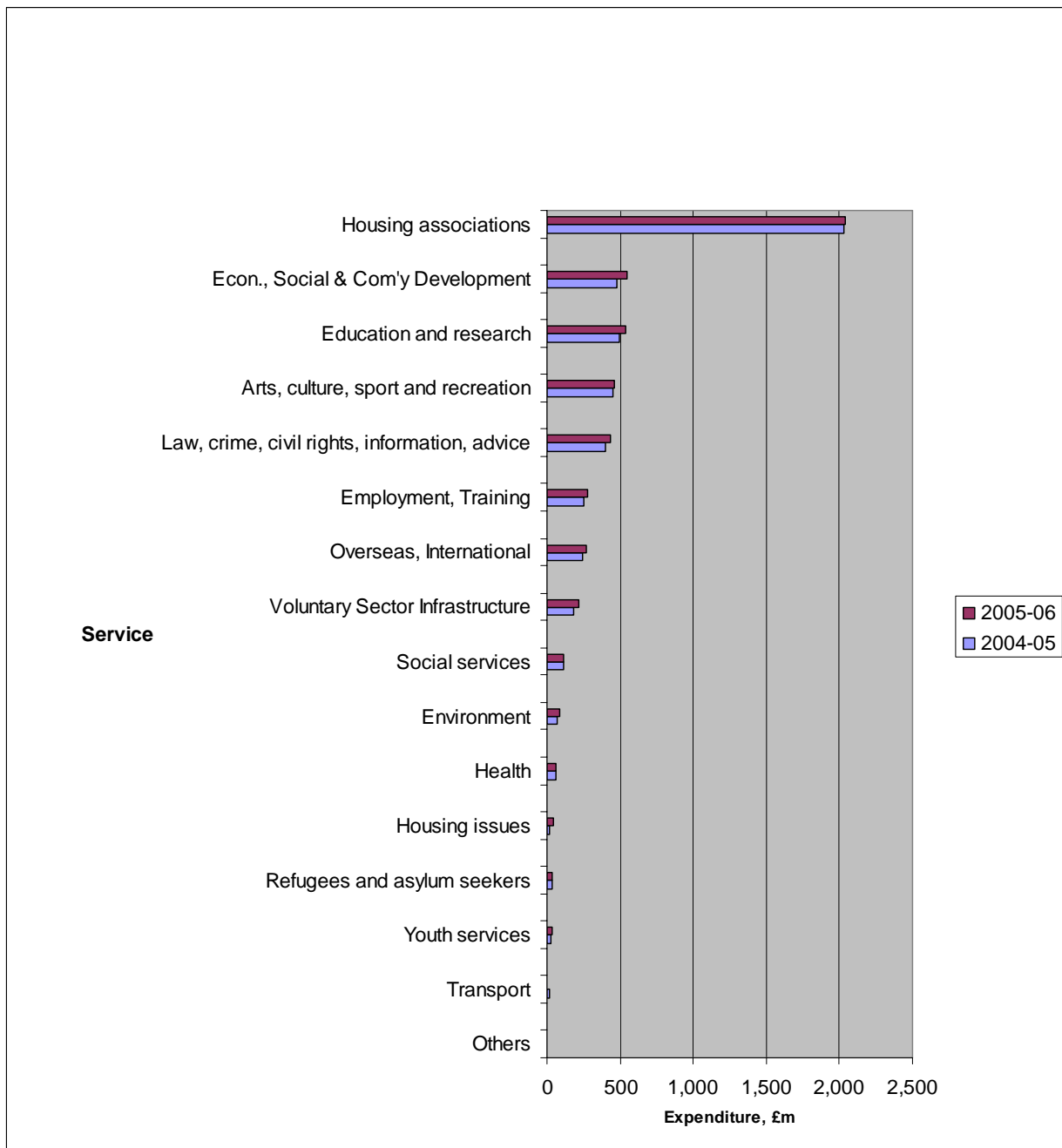
Similarly, the National Assembly for Wales's, Scottish Executive's and the Northern Ireland Executive's own surveys did not ask for coding by purpose, so the CAF researchers coded their data in the same way, by inferring the approximate purpose from the name of the sponsoring or purchasing division, section, etc. Again, this is not a precise analysis, but an approximate guide to the division of Government spending on the voluntary and community sector by purpose.

Table 10 sets out Central Government reported spending on voluntary organisations in the UK by service/purpose in 2004-05 and 2005-06 at constant (2003) prices, and shows the total for each service as a proportion of the grand total; Figure 4 represents this distribution in graphical form. In both years, the largest proportion of all spending on voluntary organisations was aimed at housing associations (42 per cent in 2004-05 and 40 per cent in 2005-06), followed by economic, social, and community development (10 per cent in 2004-05 and 11 per cent in 2005-06). Spending on education and research (10 per cent in both years) and arts, culture, sport and recreation (9 per cent in both years) were also important components. It might be thought surprising that health and social services were not higher on the list; however, statutory provision of these services is in the hands of local government and the NHS, and spending on these traditional concerns of the voluntary sector is concentrated at the local level, for the most part. Hence, health and social services do not show up strongly in these figures, which are dominated by centralised spending.

**Table 10: Reported Central Government spending on voluntary and community organisations in the United Kingdom, 2004-05 and 2005-06, by type of service, at constant (2003) prices**

Purpose	2004-05		2005-06	
	All spending including four housing agencies/divisions, £m	Per cent of total	All spending including four housing agencies/divisions, £m	Per cent of total
Housing associations	2,034	42	2,041	40
Economic, social & community development	477	10	549	11
Education and research	490	10	539	10
Arts, culture, sport and recreation	449	9	462	9
Law, crime, civil rights, information, advice	403	8	434	8
Employment, training	253	5	276	5
Overseas, international	245	5	268	5
Voluntary-sector infrastructure	179	4	215	4
Social services	117	2	110	2
Environment	74	2	84	2
Health	58	1	60	1
Housing issues	21	0	47	1
Refugees and asylum seekers	31	1	32	1
Youth services	25	1	31	1
Transport	14	*	8	*
Business/professional organisations, trades unions	0	*	0	*
Other/not possible to allocate	0	*	0	*
<b>Grand Total</b>	<b>4,872</b>	<b>100</b>	<b>5,156</b>	<b>100</b>

**Figure 4: Reported central government spending on voluntary and community organisations by service, 2004-05 and 2005-06, £ million at constant (2003) prices**



**Reported spending on voluntary and community organisations which provide services to women, people from ethnic minorities, people with disabilities and sexual minorities (England/UK only)**

Table 11 sets out the survey returns for English and UK-wide Central Government spending on voluntary organisations which provided services to women, people from ethnic minorities, people with disabilities and sexual minorities (gay/lesbian, bisexual and transsexual people) in 2004-05 and 2005-06. It also expresses these figures as a proportion, not of Government spending on voluntary and community organisations as a whole, but of the "relevant total". This figure encompasses only those survey returns which specified recipient organisations by name, as opposed to providing an aggregate figure for a policy or agency; it also excludes overseas spending. The relevant total was over 93 per cent of all England and UK departments' overall totals in both years, and included the details kindly provided by the Housing Corporation.

This data item was requested in the survey forms circulated to departments in England by CAF. For the most part, the information provided by departments was of variable quality; departments may have had policies which took account of disadvantaged groups' needs, but were unable to link this information to a sub-analysis of spending on voluntary organisations separate from the main direction of policy. Therefore, the lists of names of organisations were checked and re-coded on the evidence of organisations' names wherever possible e.g. Women's Aid, Black Training and Enterprise Group, Royal National Institute for Deaf People, Lesbian & Gay Foundation (n.b. all refugee and asylum-seekers' groups were deemed to be concerned with ethnic minorities by definition).

It should be made absolutely clear that this cannot be considered to be a wholly satisfactory method, and cannot ensure accuracy where organisations' names do not suggest their nature explicitly, but nevertheless the results are important and of interest. These figures should be regarded as an indication of the minimum spent on these groups, and should be used with caution.

The NAW, Scottish Executive and Northern Ireland Executive internal surveys did not request this item as part of their data-gathering. The previous report provided estimates for Wales, Scotland and Northern Ireland, based largely on the process of checking through individual recipient organisations' names. However, the Wales, Scotland and NI data for 2004-05 and 2005-06 contained a lower proportion of details of named recipients and more totals for divisions, agencies, etc., so that the name-checking procedure was not possible in all cases. Consequently, the analysis is limited to England and UK-wide departments.

**Table 11: Reported Central Government spending on voluntary organisations for disadvantaged groups, 2004-05 and 2005-06, at current prices**

	2004-05				2005-06			
	Excluding housing association funding		Including housing association funding		Excluding housing association funding		Including housing association funding	
	Total, £m	Per cent of total	Total, £m	Per cent of total	Total, £m	Per cent of total	Total, £m	Per cent of total
Women	6.6	0.3	6.6	0.2	5.2	0.2	9.1	0.2
Ethnic minorities	69.8	3.6	84.1	2.3	68.9	3.2	100.4	2.7
Disabled	156.1	8.1	156.1	4.3	169.0	7.8	169.0	4.5
Sexual minorities	0.5	*	0.5	*	0.4	*	0.4	*
<b>All Government spending on voluntary organisations: "relevant total"</b>	<b>1,921.3</b>	<b>100.0</b>	<b>3,626.3</b>	<b>100.0</b>	<b>2,168.5</b>	<b>100.0</b>	<b>3,774.3</b>	<b>100.0</b>

For England and UK-wide Central government spending only

## Section 2: Spending on voluntary and community organisations in the years 1982-83 to 2005-06

Research into Central Government spending on voluntary organisations has been conducted with varying degrees of consistency and rigour since it began in 1979-80. In the years 1979-80 to 1981-82, it covered only direct spending by departments. Before 1995-96, it did not distinguish policies or programmes with which spending was associated; before 1997-98, it did not collect information about payments to named organisations (without information on policies and programmes, and organisations' names, verification of the data is almost impossible).

### The adjusted series for long-term trends

The first proper analysis of these figures was published by the Home Office in 2001<sup>5</sup>. Before that, the figures for spending on voluntary organisations by each department and agencies were published in the form of answers to a written Parliamentary Question annually. The analysis plotted the totals reported in Hansard over a number of years, together with newly-gathered data, to produce a graph of historical trends in this kind of expenditure. This graph appeared to follow a somewhat jagged course. Most of the apparent jaggedness in the historical series can be explained by the random omissions of departments and agencies, and the sudden inclusion of major policies such as SRB. For these reasons, this section examines historical trends in the series for Government spending on voluntary organisations which has been adjusted to take account of these: the omissions have been replaced with estimates. The estimates are not intended to be absolutely accurate, but sufficient to allow underlying trends in the historical series to be observable without extraneous troughs and peaks. As a result, the underlying historical trend is revealed more clearly by this adjusted series, though the annual totals for each year from 1982-83 to 2005-06 may depart from the headline figures published.

The main omissions in the figures published before 2001, which were taken account of in producing the adjusted series, were as follows.

- *Spending in Northern Ireland.* There was no information available for spending in Northern Ireland in the years 1990-91, 1991-92, 1998-99 and 1999-2000. This has been estimated simply with reference to the amount spent in adjacent years, and on observed trends over time, and amounts to about £74 million in the earliest year, and about £142 million in the last year.
- *Spending by Arts Councils.* There was no information available for spending by the four national Arts Councils in the years 1985-86 to 1992-93, and by the Northern Ireland Arts Council in 1995-96 to 1999-2000. This has been estimated by extracting information on expenditure from published annual reports, and by assuming that all spending recorded went directly to voluntary or community organisations. It amounts to between £100 million and £170 million in each of the years 1985-86 to 1992-93.
- *Spending provided by the Sports Council for Great Britain.* There was no information collected on spending by this NDPB in 1992-93. This has been estimated approximately by reference to the amount spent in adjacent years, and amounts to about £15 million.
- *Spending by the Lord Chancellor's Department.* There was no information collected on spending by this department in the years 1985-86 to 1992-93. This has been estimated by the same method of

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<sup>5</sup> "Central Government Funding of Voluntary and Community Organisations, 1982-83 to 199-2000", Home Office Research, Development and Statistics Directorate, 2001

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approximation used for Northern Ireland and the Sports Council above, and amounts to between £0.7 million and £1 million in each of the missing years.

- *Spending by the Home Office's agencies:* There was no information collected on spending by these agencies in the years 1996-96 to 1997-98. This has been estimated using the method described above, and amounts to between £1 million and £3 million in each of the missing years.
- *Spending by the Department of Employment.* There was no information collected on direct spending by this department in the years 1989-90 and 1992-93. This has been estimated using the method described above, and amounts to between £38 million and £44 million in each of the missing years.
- *Spending by Learning and Skills Councils.* Although information on spending by the Manpower Services Commission as part of its work-creation schemes in the mid-1980s was included in earlier data-collection exercises, spending by its successor bodies, the Training and Enterprise Councils (TEC's), may not have been. However, spending by Training and Enterprise Councils' successor bodies, the Learning and Skills Councils, was included in 2001-02 and for successive years (£67 million in 2001-02, £100 million in 2002-03 and £81 million in 2003-04). In 2002-03, the Learning and Skills Councils respondents also identified the omission of information on provision of specialist college places for e.g. the disabled; these were voluntary and charitable establishments outside the maintained education system. Historical data on expenditure in the years from 1994-95 (£29 million) to 2000-01 (£51 million) was provided, which was added to the published totals.
- *Spending via Single Regeneration Budget partnerships.* Although spending on voluntary organisations from the Department of the Environment's Traditional Urban Programme was included in earlier data-collection exercises, spending through SRB, which was distributed regionally to local partnerships by agencies of the DTI (formerly agencies of DETR/DTLR) was not. However, estimates of this expenditure were included from 2000-01 onwards. This year, we have taken the opportunity to fill the gap by estimating the likely effect of SRB spending in the missing years. This is based on data on total SRB awards for successive rounds, kindly provided by Cambridge University Department of Land Economy. Estimates for the missing years were calculated by comparing awards with the reported out-turn (actual expenditure) in the four years for which we do have data, then projecting the resulting ratio backwards on to awards in the earlier years, and forwards to calculate the likely (minimal) sums spent in 2004-05 and 2005-06 as the last partnerships complete their course (see pxx below).
- *New Deal for people not in employment* New Deal for the Unemployed began in 1997-98, to be followed by New Deal for the Disabled, and others. No data on provision of elements of these schemes by voluntary organisations was obtained until 2002-03, when £195 million was identified and reported by the agency Job Centre Plus. Successive years' returns since then have included items for New Deal; estimates for the missing years have been added to the published totals by deflating the 2002-03 figure.

The remaining figures and tables are based on the series of published figures adjusted to take account of the following omissions, the "adjusted series". However, no adjustments were made to figures for spending on housing associations by the four agencies/divisions, so that figure 6 (Funding of housing associations by the four housing agencies and divisions, 1982-83 to 2005-06, at constant (2003) prices) is not affected by any adjustments to previously-published data.

## Trends in all Government spending on voluntary and community organisations, 1982-83 to 2005-06

Table 12 sets out Central Government spending on voluntary and community organisations in the years 1982-83 to 2005-06 at constant (2003) prices adjusted as described above for comparability over the years. Figure 5 represents the spending estimates in Table 12 at constant (2003) prices graphically, and shows two trend lines, one for all spending including housing-association funding by the four agencies/divisions (upper line) and the other excluding the housing-association funding (lower line). The four agencies/divisions funding of housing associations alone is displayed in Figure 6, while Table 13 sets out an index of spending at constant prices which has 1982-83 as its base.

Government spending on voluntary organisations rose from the base year of 1982-83 and reached an initial peak in 1987-88. It dipped slightly, then rose to a higher level in 1992-93, when it was almost double its original level in 1982-83. After a long decline to historically low levels at the end of the 1990s, spending has recovered substantially in recent years.

The two initial peaks can be explained as follows. Spending **excluding** the four housing agencies/divisions (lower line) rose from the base year of 1982-83 and reached its first peak in 1987-88. This surge reflects measures to regenerate inner cities and combat unemployment (which stood at 12 per cent in 1984). The Manpower Services Commission's spending via the Community Programme reached its maximum at £564 million in 1987-88, when it amounted to **almost half** the non-housing-association spending. Thereafter, non-housing-association spending declined to 1992-93, when it was at its lowest level since 1982-83. After minor variations at a historically low level, this form of spending began to increase substantially in 1999-2000. In 2005-06, it reached its highest level ever, as successive new policies have come into force (e.g. New Deal for Communities).

The funding of housing associations by the four agencies/divisions followed a different course: it increased substantially in the late 1980s and to reach its maximum in the early 1990s. This reflected measures to combat the deepening crisis of homelessness, particularly the unusual Housing Market Package (to permit the bulk purchase of public housing on the open market). Thereafter, their spending on housing associations declined to its lowest level in the years studied here in 1998-99. Since that time, it has risen steadily in response to demand for new dwellings from a rising population, reaching a plateau between 2003-04 and 2005-06. This is demonstrated clearly in Figure 6, which shows spending on housing associations by the four separately from other spending on voluntary organisations.

**Table 12: Adjusted series: estimates of Central Government spending on voluntary organisations, 1982-83 to 2005-06, at constant (2003) prices**

<b>Financial Year</b>	<b>Adjusted series including four housing agencies/ divisions, £m, at constant prices (2003)</b>	<b>Adjusted series excluding four housing agencies/ divisions, £m, at constant prices (2003)</b>
1982-83	2,303	897
1983-84	3,529	1,265
1984-85	3,522	1,593
1985-86	3,956	1,823
1986-87	4,057	2,075
1987-88	4,187	2,144
1988-89	3,664	1,848
1989-90	4,010	1,367
1990-91	4,318	1,314
1991-92	5,013	1,044
1992-93	5,420	991
1993-94	4,956	1,168
1994-95	4,397	1,245
1995-96	3,585	1,323
1996-97	3,282	1,249
1997-98	2,581	1,150
1998-99	2,513	1,242
1999-00	2,679	1,355
2000-01	2,874	1,555
2001-02	3,420	2,049
2002-03	4,077	2,481
2003-04	4,993	2,815
2004-05	4,905	2,870
2005-06	5,173	3,132

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Figure 5: Estimates of Central Government spending on voluntary and community organisations in the United Kingdom, 1982-83 to 2005-06: adjusted series at constant (2003) prices

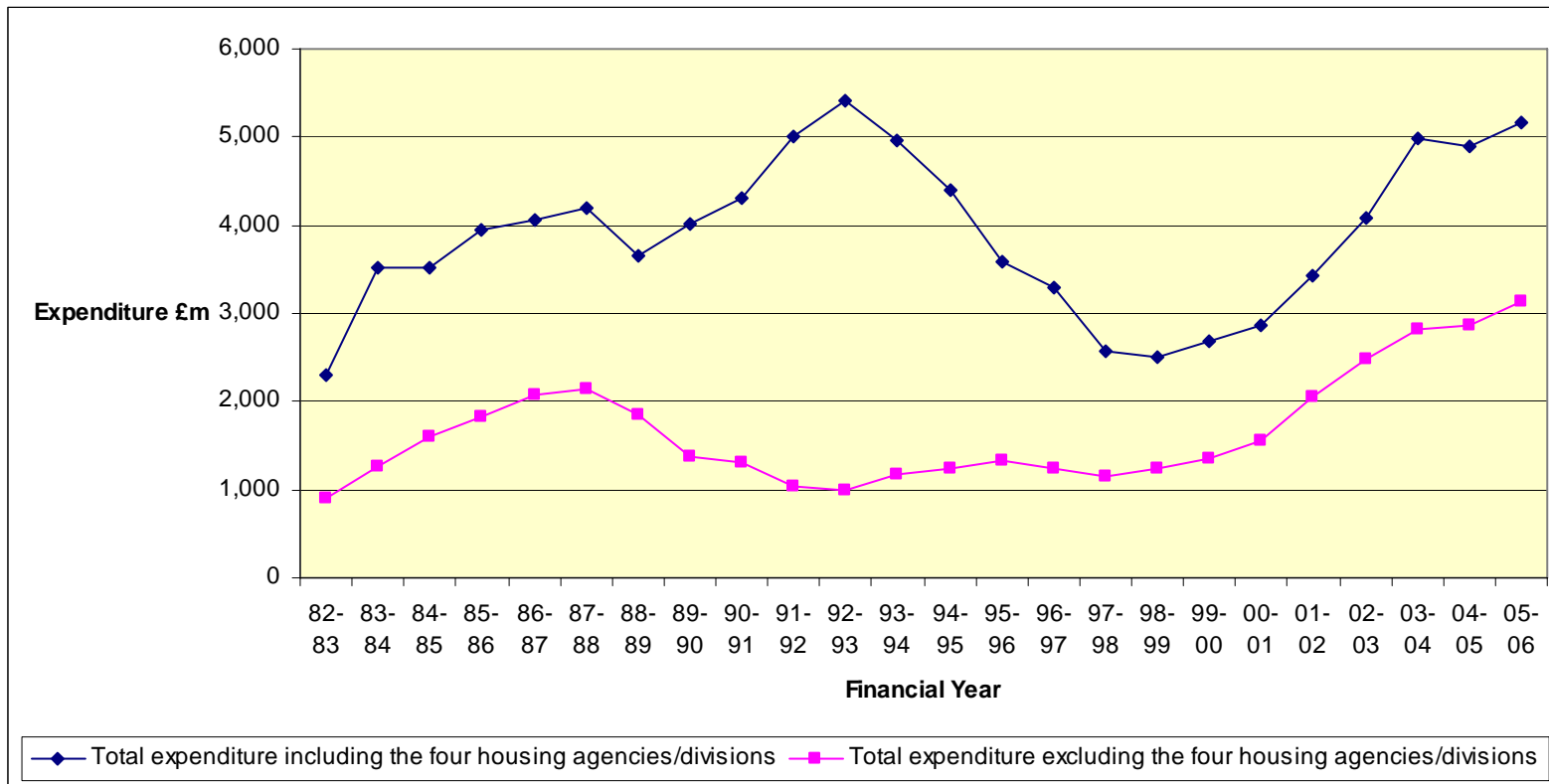
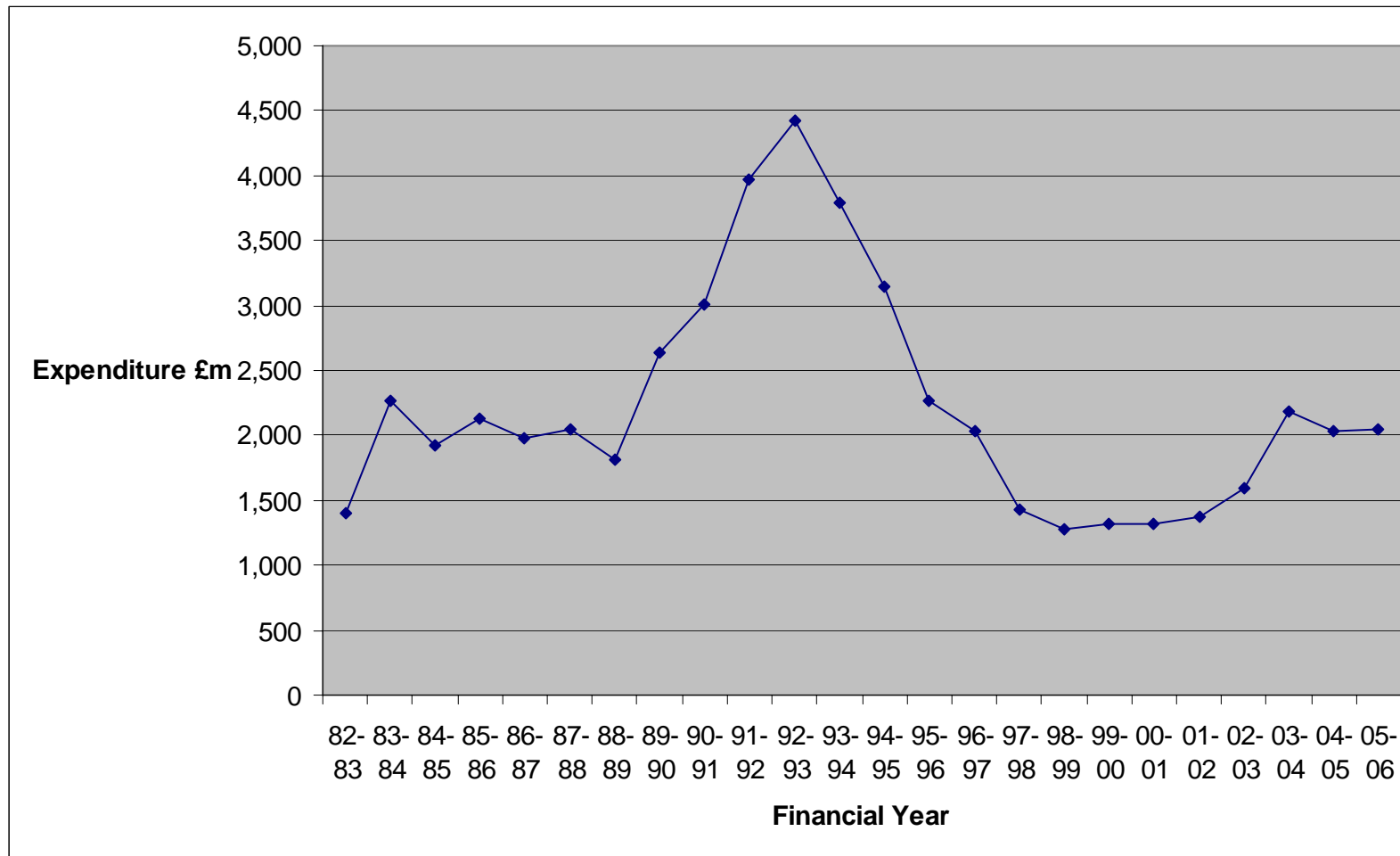


Figure 6: Funding of housing associations by the four housing agencies and divisions, 1982-83 to 2005-06, at constant (2003) prices



**Table 13: Indices of growth of all Central Government expenditure and estimates of spending on voluntary organisations, adjusted series 1982-83 to 2005-06, at constant (2003) prices**

<b>Financial year</b>	<b>All Central Government expenditure</b>  <b>index of growth in real terms</b> <b>Base year = 1982-83</b>	<b>Spending on voluntary organisations: adjusted series, including four housing agencies/divisions</b>  <b>index of growth in real terms</b> <b>Base year = 1982-83</b>	<b>Spending on voluntary organisations: adjusted series, excluding four housing agencies/divisions</b>  <b>index of growth in real terms</b> <b>Base year = 1982-83</b>	<b>Spending on voluntary organisations: housing only</b>  <b>index of growth in real terms</b> <b>Base year = 1982-83</b>
1982-83	100	100	100	100
1983-84	100	153	141	161
1984-85	104	153	178	137
1985-86	105	172	203	152
1986-87	105	176	231	141
1987-88	107	182	239	145
1988-89	105	159	206	129
1989-90	108	174	152	188
1990-91	110	187	146	214
1991-92	114	218	116	282
1992-93	119	235	111	315
1993-94	124	215	130	269
1994-95	128	191	139	224
1995-96	128	156	148	161
1996-97	128	143	139	145
1997-98	126	112	128	102
1998-99	125	109	138	90
1999-00	126	116	151	94
2000-01	129	125	173	94
2001-02	136	148	229	97
2002-03	142	177	277	113
2003-04	150	217	314	155
2004-05	156	213	320	145
2005-06	160	225	349	145

For 'spending on voluntary organisations: adjusted series, including four housing agencies/divisions', adjustments made to the non-housing components of spending only. This also applies to Tables 14 & 15.

### Trends in spending as annualised growth rates

Table 14 sets out annualised growth rates of the estimates of Central Government spending on voluntary and community organisations in the years 1982-83 to 2005-06 at constant (2003) prices. It shows that, in general, spending on these organisations expands and contracts more markedly than Government expenditure as a whole: since 1999-2000, for instance, spending on both housing and non-housing organisations has grown at a cumulatively faster rate than Government expenditure as a whole. In other words, Central Government departments appear to treat this kind of expenditure as a more flexible or discretionary element, to be increased or reduced in response to economic exigencies or policy responses to major concerns such as homelessness, unemployment or crime.

**Table 14: Annualised growth of all Central Government expenditure and estimated spending on voluntary organisations, adjusted series 1982-83 to 2005-06, at constant (2003) prices**

Financial Year	All Central Government expenditure  annualised growth	Spending on voluntary organisations: adjusted series, including four housing agencies/divisions annualised growth	Spending on voluntary organisations: adjusted series, excluding four housing agencies/divisions annualised growth	Spending on voluntary organisations housing only annualised growth
1982-83	-	-	-	-
1983-84	0.2	53.2	41.0	61.0
1984-85	4.1	-0.2	26.0	-14.8
1985-86	0.6	12.3	14.4	10.6
1986-87	0.3	2.5	13.8	-7.1
1987-88	1.3	3.2	3.4	3.1
1988-89	-2.0	-12.5	-13.8	-11.1
1989-90	3.7	9.4	-26.0	45.5
1990-91	1.4	7.7	-3.9	13.7
1991-92	4.0	16.1	-20.5	32.1
1992-93	4.1	8.1	-5.1	11.6
1993-94	3.9	-8.6	17.8	-14.5
1994-95	3.1	-11.3	6.6	-16.8
1995-96	0.7	-18.5	6.3	-28.2
1996-97	-0.8	-8.4	-5.6	-10.1
1997-98	-1.3	-21.4	-7.9	-29.7
1998-99	-0.7	-2.6	8.0	-11.1
1999-00	1.1	6.6	9.1	4.2
2000-01	2.2	7.3	14.8	-0.4
2001-02	5.3	19.0	31.8	3.9
2002-03	4.2	19.2	21.1	16.5
2003-04	5.5	22.5	13.4	36.5
2004-05	4.1	-1.8	2.0	-6.6
2005-06	3.1	5.5	9.1	0.4

Trends in spending on voluntary and community organisations as a proportion of Government total expenditure

Table 15 shows Central Government spending on voluntary and community organisations as a proportion of Government total expenditure.

From the early 1980s, Central Government spending on voluntary organisations accounted for between 1 and 2 per cent of Government total expenditure for about ten years. Thereafter, the proportion fell steadily until it reached its lowest level in 1997-98 (spending excluding housing-association funding) or 1998-99 (all spending). Since then, the proportion has climbed to levels comparable to earlier years, though it is clear that this kind of expenditure remains a very small proportion of the total, even when we include spending on housing by the four agencies and divisions.

**Table 15: Estimates of Central Government spending on voluntary organisations, adjusted series 1982-83 to 2005-06, at constant (2003) prices, as a proportion of all Central Government expenditure**

<b>Financial Year</b>	<b>Spending on voluntary organisations: adjusted series, including four housing agencies/divisions as a proportion of all Government expenditure</b>	<b>Spending on voluntary organisations: adjusted series, excluding four housing agencies/divisions as a proportion of all Government expenditure</b>	<b>Spending on voluntary organisations: housing only as a proportion of all Government expenditure</b>
1982-83	1.0	0.4	0.6
1983-84	1.6	0.6	1.0
1984-85	1.5	0.7	0.8
1985-86	1.7	0.8	0.9
1986-87	1.7	0.9	0.8
1987-88	1.8	0.9	0.9
1988-89	1.6	0.8	0.8
1989-90	1.7	0.6	1.1
1990-91	1.8	0.5	1.2
1991-92	2.0	0.4	1.6
1992-93	2.0	0.4	1.7
1993-94	1.8	0.4	1.4
1994-95	1.5	0.4	1.1
1995-96	1.3	0.5	0.8
1996-97	1.2	0.4	0.7
1997-98	0.9	0.4	0.5
1998-99	0.9	0.4	0.5
1999-00	1.0	0.5	0.5
2000-01	1.0	0.5	0.5
2001-02	1.1	0.7	0.5
2002-03	1.3	0.8	0.5
2003-04	1.5	0.8	0.7
2004-05	1.4	0.8	0.6
2005-06	1.4	0.9	0.6

## Appendix A: Technical Note

As noted on page 6, the Charities Aid Foundation (CAF) carried out the collection and analysis of information for the years 2004-05 and 2005-06 on behalf of the Office of the Third Sector, Cabinet Office. The research was managed by the Third Sector Research Team, Communities and Local Government. The Northern Ireland Executive, the Scottish Executive, and the National Assembly for Wales provided information for Northern Ireland, Scotland and Wales, respectively.

## Appendix B: Other sources of information

*Index for converting current prices to constant (2003) prices* Series YBGB: Gross Domestic Product (Expenditure) at Market Prices Deflator, Seasonally Adjusted, 2003 = 100; Monthly Digest of Statistics, as at October, 2007, supplied by the Office for National Statistics. The deflator is for calendar years, not standard financial years.

*Central Government expenditure* (Unpublished) table LGFS1.5F, ONS, which forms the data for Table 9.2 in "Local Government Financial Statistics", This table provides a series for "Total Managed Expenditure" (all statutory expenditure from 1982-83 to 2006-07) but permits removal of public corporations and local government from the total; supplied by the Office for National Statistics.

*Individual departments' expenditure for 2004-05 and 2005-06* Public Expenditure Statistical Analyses 2007 (Cm. 7091), April, 2007: Crown Copyright, HM Treasury/Office for National Statistics; Table 1.5: Resource Budgets 2001-02 to 2007-08. The total for all Government expenditure is not equal to the bottom line of Table 1.5 because the expenditure on the NHS and Local Government has been removed from the total for comparability

*Population figures* Population 2004: England and Wales: Table 9 Mid-2004 Population Estimates: Quinary age groups and sex for local authorities in England and Wales; estimated resident population, ONS Census web-site 31st Aug 2005; Scotland: 04 MYPE: Table 1 Estimated population by age and sex, Scotland: 30th June, 2004 General Register Office for Scotland, web site 2nd Sept 05; Northern Ireland TABLE A: RESIDENT POPULATION ESTIMATES MID-2004: QUINARY AGE GROUPS BY SEX, Demography and Methodology Branch, NISRA, web site 2nd Sept 05. Population 2006: Table 8 Mid-2006 Population Estimates: Selected age groups for local authorities in the United Kingdom; estimated resident population, ONS Census web-site, October, 2007.

*Historical information on Central Government funding of voluntary organisations* Hansard reports cited by Judith McQuillan (ed.), *Charity Statistics 1985-86* (Tonbridge, Kent, CAF, 1986); Susan Saxon-Harrod (ed.), *Dimensions of the Voluntary Sector: How is the Voluntary Sector Changing?* (London: CAF, 1995); and Cathy Pharoah (ed.), *Dimensions of the Voluntary Sector: Key facts, figures, analysis and trends* (West Malling, Kent: CAF, 1997). The information for 1995-96 to 1997-98 was collected by the Active Community Unit, Home Office. The information for 1998-99 to 2003-04 was collected for RDS by CAF; that for 2004-05 and 2005-06 was collected for the Office of the Third Sector by CAF.

## Appendix C: Notes on individual departments (where applicable), 2004-05 and 2005-06

*Department for Culture, Media and Sport* As far as possible, the figures do not include payments from the Lottery. Some agencies provided only a single total for their spending; in other cases, a detailed list of expenditure on all named organisations was provided. Prior to 2000-01, the Arts Council provided figures by region for local arts boards. Following re-organisation, in 2001-02, the Arts Council provided a single national figure only; necessarily, this was allocated to the category "England-wide". In the 2004-05 and 2005-06 returns, the Arts Council reverted to a full listing of recipients with regional details, etc.. Because the Arts Council is one of the largest-spending agencies, these changes may have given the appearance of (artificial) shifts in the balance of regional and England-wide spending in recent years.

*Ministry of Defence* There were no details given for Combined Cadet forces in 2004-05 or 2005-06; previous year's figures are used, up-rated for inflation.

*Department for Education and Skills* This department was unable to provide any figures for 2004-05. In such cases, where both the actual amounts spent in adjacent years and the difference between the two are substantial (the department reported spending of nearly £481 million in 2003-04, and £621 million in 2005-06), then the customary practice in this survey is to produce an artificial estimate at the mid-point between the two figures, rather than leave a major gap. It was not possible to use the GDP deflator to inflate 2003-04 figures or deflate those of 2005-06. The DfES was credited with spending nearly £555 million in 2004-05, distributed across regions, purposes, etc. in the same proportions as in 2003-04.

Figures do not include Local Sure-Start Partnerships (reported to be £502.8 million in 2004-05 and £488.5 million in 2005-06, audit not yet completed), or the funding of the Assisted Places Scheme (this was £20 million in 2003-04 but this scheme is being phased out), and funding of voluntary-aided and foundation schools. The figures *do* include funding of the University for Industry (£72 million in both years), although the status of this organisation is somewhat ambiguous.

In general, the DfES presents particular problems to the staff who carry out the internal survey, because of the large number of internal units, sections, etc. which might have expenditure on voluntary or community organisations, the prevalence of new initiatives related to education and the number of inter-departmental re-organisations in recent years. These re-organisations have resulted in the transfer of responsibilities: DfEE and DSS become DfES and DWP, followed by the acquisition of responsibilities for certain children's services from the DoH and DCA (formerly the Lord Chancellor's Department), and further change to a re-constituted Department for Children, Schools and Families (DCSF). It is possible that some spending may have been omitted or incorrectly included as a result of these changes.

*Department for the Environment, Food and Rural Affairs* This department was not able to carry out a full survey for 2005-06. However, the department was able to provide summary figures of departmental spending on voluntary organisations used as part of the Spending Review, 2007, which lacked some detail such as classification by region, purpose, and spending on disadvantaged groups. The summary figures were used as the basis for estimates of direct spending by the department, distributed across regions, purposes, etc. in the same proportions as in 2004-05. A small number of low-spending policy sections may have been omitted in the summary; estimates based on 2004-05 returns to the value of £400,000 were added to the total. There were no figures for DEFRA agencies in 2005-06; these were estimated from the 2004-05 returns by increasing that year's data on agencies' spending in line with the GDP deflator.

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Neither year's figures include payments under the various agricultural price-support mechanisms to voluntary organisations which constitute or own working farms. In 2000-01, DEFRA staff examined payments to four major land-owning charities (National Trust, RSPB, Wildfowl and Wetlands Trust and the Woodland Trust) and identified payments of nearly £4 million to these four from price-support schemes in that year; this gives some idea of the possible scale of any omissions. These sums have not been added to the DEFRA total.

*Home Office* This department, having undergone various re-organisations, found it difficult to complete a full set of returns, and some of its figures are based on 2006-07 data, suitably deflated. The Prison Service was unable to provide any figures for what is principally expenditure on drug treatment contracts; an earlier year's figures were used as the basis for estimates in both 2004-05 and 2005-06 (over £20 million in each year).

There was some discussion with the department's respondents over the status of partnerships dealing with crime and drugs. In the past, Home Office respondents have treated Drugs Action Teams (DATs) and Crime and Disorder Reduction Partnerships (CDRPs) as voluntary organisations, consistently, since their inception. This year, it was suggested that these should be omitted as they are not "true" voluntary bodies. This was rejected on the grounds of inconsistency, though the question is a fair one. Their spending was reported as follows:-

2001-02	CDRP £94 million DAT £21 million
2002-03	CDRP £105 million DAT £22 million
2003-04	CDRP £84 million DAT £53 million
2004-05	CDRP £86 million DAT £169 million
2005-06	CDRP £84 million DAT £143 million

Strictly speaking, like the other partnership schemes, their status needs clarification so that *either* they are confirmed as voluntary, *or* they are treated as NDPB's and asked to identify the named recipients of their expenditure.

*Department for International Development* Figures refer to spending on organisations based in the UK. Hence they may understate the actual amount of spending by the department, particularly for emergency aid. The figures include spending on both overseas aid and promotion of development awareness in the UK; however, the total for development awareness may differ from the DfID published totals, because they include spending on projects in certain universities, which has been excluded here.

*Department of Trade and Industry Single Regeneration Budget* This programme was reported to have begun in 1995 with the first round of projects with a maximum funding period of six years, to be followed by six successive rounds of awards to 2001-02; thereafter actual expenditure tailed off as each round of projects completed its period of funding. The DTI (and its predecessor departments) did not collect detailed information on spending through SRB partnerships. The DTI accounted for SRB spending at regional level, through regional development agencies (RDA's), and did not keep detailed accounts centrally. Further, the RDA's did not hold information about the distribution of spending on local bodies by partnerships. The Centre for Urban and Regional Development Studies (CURDS), University of Newcastle-upon-Tyne, provided estimates of actual spending on "voluntary and community bodies" for the years 2000-01 and 2001-02. This work used the methodology developed for research into the recipients of initiatives to tackle poverty and deprivation in 1998-99, which was sponsored by the Community Fund. It involved consulting SRB managers in RDA's, allocating partnerships to categories based on the level of involvement of voluntary sector organisations ("none", "some", "leading"), and then computing their spending accordingly (at 10%, 40% and 80% of the total, respectively); unpublished information provided by Mike Coombes. See Neil Alderman, Mike Coombes and Simon Raybould, *Mapping funding initiatives tackling poverty and deprivation in England: Final Report* (CURDS, 1999) and *Supplementary Report* (2000); see particularly, Annex 16 of the *Supplementary Report*, "Estimating 'in scope' SRB funding".

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The CAF research team obtained the CURDS figures for 2000-01 and 2001-02, followed by details of all SRB actual expenditure in each of the nine regions for the years 2002-03 and 2003-04, and applied the CURDS percentages to these total expenditure figures in order to produce estimates for SRB spending on voluntary organisations in the two further years. Altogether, these were:-

2000-01	£159.3 million
2001-02	£191.3 million
2002-03	£157.8 million
2003-04	£131.1 million

These estimates formed part of the headline figures for Central Government expenditure on voluntary organisations for those years. Because no expenditure data was available for earlier years going back to 1995-96, the estimated spending by SRB partnerships was removed from the long or "adjusted" series for 2000-01, 2001-02, 2002-03 and 2003-04, so as to avoid a disjunction or sudden leap in the series between 1999-2000 and 2000-01. This year, we have taken the opportunity to fill the gap by estimating the likely effect of SRB spending in the missing years. This is based on data on total SRB awards for successive rounds, kindly provided by Cambridge University Department of Land Economy. Estimates for the missing years were calculated by comparing awards with the reported out-turn (actual expenditure) in the years for which we do have data, then projecting the resulting ratio backwards on to awards in the earlier years, and forwards to calculate the likely (minimal) sums spent in 2004-05 and 2005-06 as the last partnerships complete their course. Hence the adjusted series has taken the headline figures and revised them upwards between 1995-96 and 1999-2000 and for 2004-05 and 2005-06 to allow for missing SRB data. These additions are:-

1995-96	£39.6 million
1996-97	£79.2 million
1997-98	£110.9 million
1998-99	£122.2 million
1999-00	£159.0 million

and

2004-05	£33.9 million
2005-06	£18.3 million

It should be emphasised that these estimates are only approximations, but are the most realistic ones in the circumstances.

*Department for Transport* This department was not able to provide details for its agencies in 2004-05 or 2005-06; earlier year's data used, up-rated for inflation. This is only a small amount (about £50,000) and does not affect the total adversely. The department's total for direct spending fell substantially in 2005-06 (£3.3 million) from that of 2004-05 (£10.5 million) because it reported that its payment to Sustrans had fallen from £10 million to £2 million.

*Department of Work and Pensions: New Deal for people not in employment* New Deal for the Unemployed began in 1997-98, to be followed by New Deal for the Disabled, and others. No data on provision of elements of these schemes by voluntary organisations was obtained until 2002-03, when £195 million was identified and reported by the agency Job Centre Plus. Successive years' returns since then have included items for New Deal; estimates for the missing years have been added to the published totals in the adjusted series by deflating the 2002-03 figure.

*Office of the Deputy Prime Minister* Comparison of 2003-04, 2004-05 and 2005-06 returns suggested that the department had omitted substantial sums from its 2003-04 return. These were for the Communities Programme, and amounted to £40 million. These figures have been added to the adjusted series; the headline

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figure for 2003-04, quoted in the previous report and in Table 1 remains unchanged. Addition of this sum removed some of the apparent dip in non-housing spending observed in the last report.

In past years, spending by the Housing Corporation has been reduced by the amount shown as "Local Authority (council)-Sponsored Social Housing Schemes", where the immediate recipient is a council. This may have reduced the total recorded by as much as a third, compared with HC published figures. This year's returns did not include council-sponsored schemes and have not been altered. From 2003-04, the Housing Corporation provided full details of named recipient associations, so that these could be checked for special associations serving disadvantaged groups, though this kind of checking is not guaranteed to be exhaustive.

No figures were received from the various Housing Action Trusts (HAT's) for 2004-05 and 2005-06. These agencies are working towards independence from the statutory sector, becoming endowed community development trusts in their own right; it is not clear whether their absence is a result of this or a simple omission. Reporting by the various Housing Action Trusts has been variable over a number of years, but the amounts involved are small and no effort is made to cover them with estimated figures.

*National Assembly for Wales* Wales's figures are obtained by an internal survey of the NAW departments carried out by the NAW Voluntary Sector Branch for the National Assembly's Voluntary Sector Partnership Council (NAW VSPC). Their figures have been re-analysed so as to make them comparable with the England and Northern Ireland material. As noted previously (p7), the figures for the NAW are slightly different from the VSPC material, because of the removal of any apparent differences in the application of the definition of voluntary and community organisation, or the definition of Government payment compared with the definitions used in the survey of departments in England and Northern Ireland. A number of other corrections were applied to the Wales data. Housing expenditure appeared to be heavily under-estimated in the NAW data for 2004-5; direct contact with the NAW Housing Division suggested a revision upwards from £39.1 million to £68.8 million. Adjustments were also made to Arts Council for Wales and Sports Council for Wales figures in order to remove Lottery-funded spending where necessary. Education and Learning Wales did not report its expenditure on the voluntary sector to the Assembly in both years; the 2003-04 figure of £14.2 million was added to Wales's 2004-05 and 2005-06 totals (without correction for inflation) in order to cover this.

It was not possible to test the validity of the Wales returns entirely satisfactorily because, apart from those of 2003-04, the figures collected by the NAW Voluntary Sector branch were predominantly in the form of totals for each policy division or agency; further, the NAW survey does not request all the items of data requested in the survey of England and UK departments, and some data items (e.g. type of service funded) have to be inferred from the title of the sponsoring division or agency. In 2003-04, a new reporting system was implemented in Wales, which provided details of payments to named organisations by the NAW divisions. The details for this year suggest a substantial fall in Assembly spending on voluntary organisations in cash, let alone real terms. Since then, Wales has reverted to the former method of quoting divisional totals, and the totals have risen in line with previous spending levels. Again, it is not possible to be confident that these figures have been collected on consistent and comparable terms over all the years under study.

### *NAW and its ASPB's: All Spending on Voluntary Organisations Reported, with corrections (current prices)*

2000-01	£106.7 million
2001-02	£140.1 million
2002-03	£188.9 million
2003-04	£136.0 million
2004-05	£206.1 million
2005-06	£215.1 million

*Scottish Executive* The data for Scotland is based on material gathered and made public by the Scottish Executive's Social Inclusion & Voluntary Issues Unit consistently and thoroughly over a number of years. As with NAW data, their figures have been re-analysed so as to make them comparable with the England and Northern Ireland material. However, the Scottish survey does not request all the items of data requested in the

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survey of England and UK departments, and some data items (e.g. type of service funded) have to be inferred from the title of the sponsoring division or agency. The amounts recorded refer to “offer” or “planned expenditure”, and are presumably **not** out-turn.

Examination of the Scottish figures revealed a small number of anomalies. Sport Scotland appeared to have been omitted in both years; figures from this agency (over £4 million Exchequer funding in both years) were obtained directly; figures for Scottish Police Forces, the Scottish Museums Council and a number of other agencies' spending in 2005-06 were also omitted and were estimated by up-rating 2004-05 data. These were not substantial sums.

The Scottish data is similar to other UK departments in that some of the agencies provide totals only. Also, the Scottish practice is to include NHS Health Boards (but not the provider trusts) as agencies; and the Scottish Social Inclusion Partnerships suffer from the common problem of all “hybrid” partnerships, i.e. that it is literally correct that they may count as voluntary organisations in themselves, but an unknown proportion of their expenditure may go to statutory bodies; the Executive quotes figures which are 60 per cent of the Partnerships' actual total, on the assumption that this is the realistic proportion going to the voluntary sector in Scotland. Partnership funding for social inclusion programmes appeared to be included in direct spending in 2003-04 and 2005-06, but formed part of the agencies' total in 2004-05.

*Northern Ireland* In previous surveys, data from Northern Ireland was collected in liaison with the Northern Ireland Executive Department of Social Development's Voluntary and Community Unit. Together, the CAF/Home Office team and the DSD VCU carried out a survey of Northern Ireland departments identical to that applied to England/UK departments. Since the last survey, the Northern Ireland Executive has instituted its own comprehensive internal survey which produced a published data-base listing awards and spending (out-turn) for all named organisations. The full contents of this data-base were made available to the CAF research team. However, the Northern Ireland survey does not collect all the items of information sought in previous years, so that, for example, the purpose of a payment has to be inferred from the title of the policy section or agency making the payment. Similarly, it was not possible to calculate the proportion of money spent on organisations for disadvantaged groups in Northern Ireland this year.

Comparison of the data for 2004-05 and 2005-06 with previous years' data revealed a number of omissions. The most important of these were: Community Relations Council for Northern Ireland; Arts Council Northern Ireland; Sports Council Northern Ireland; Northern Ireland Housing Executive (including “Supporting People” payments made to housing associations, similar to those reported in 2003-04); and the Youth Council for Northern Ireland.

Figures from these agencies' annual reports going back over a number of years were compared with previous VCU survey returns, and the 2004-05 and 2005-06 equivalents were added to these years' totals, increasing both by over £50 million.

In the past, the Northern Ireland data was more variable; there was a two-year gap (1998-99 and 1999-2000) during the establishment of devolved government; data for the earlier years 1990-91 and 1991-92 had also been omitted i.e. the entire province's expenditure. As noted above (p36), these omitted years' expenditure figures were variously estimated to be between £74 million and £142 million.

The province receives substantial support from the European Community (EC), with different programme titles from those in England, Wales and Scotland. It is not clear in all years as to whether the returns contain the total grant to organisations, including both the EC contribution and the Executive's contribution, or solely the latter. There may be some inconsistency of treatment.

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*Spending by nation:* it should be noted that not all Central Government spending on voluntary and community organisations in Wales, Scotland and Northern Ireland passes through the devolved assemblies; for example, the Probation Service operates in England and Wales, hence the Home Office's figures for the Probation Service include spending on organisations in Wales. In Northern Ireland, the counterpart of the Probation Service remains an agency of the Northern Ireland Office rather than the Northern Ireland Assembly; and in Scotland probation services are provided by local council Social Work Departments and are therefore not included in this survey. The analyses by nation (tables 2, 3 and 4) take account of spending by departments with England/Wales, GB and all-UK responsibilities. However, where totals are given by **department**, all such spending remains with its parent department and has not been re-allocated to the NAW, Scottish Executive or NI Executive/NIO.