

FAITH MATTERS: UNDERSTANDING THE SIZE, INCOME AND FOCUS OF FAITH-BASED CHARITIES



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Introduction

We have established a [programme of research on faith-based charities](#)¹ to better understand their role within the charity sector. In April 2016 we published [Understanding faith-based charities](#)² which presented our initial findings on faith-based charities in Great Britain. We found that 27% (49,881) of 187,495 registered charities in Great Britain are faith-based.³

This paper builds on our analysis as we continue to explore the role of these organisations within the sector. Here we take a closer look at the income of faith-based charities, the areas they work in, and how long established they are, putting this in the context of non faith-based charities and the sector as a whole.

While we do not claim that our data provides an absolute 'correct' answer, it is a significant improvement on what was available before and ensures our research programme is based on recent statistics and a [methodologically sound approach](#).⁴ We believe it is the most advanced and up-to-date analysis of faith-based charities in Great Britain. Additionally, we think this work also demonstrates the potential for data to improve our understanding of the charity sector.

We use the term 'faith-based charity' to mean a charity that embodies some form of religious belief—or cultural values arising from a religious belief—in its vision or mission, founding history or project content.

¹ <http://www.thinknpc.org/our-work/projects/faith-based-charities/>

² Bull, D. and Wharton, R. (2016) *Understanding faith-based charities*. New Philanthropy Capital.

³ Excludes charities based in England and Wales with an income below £5,000 and other excepted or exempt charities, see: <https://www.gov.uk/guidance/how-to-register-your-charity-cc21b>. Excludes subsidiaries registered with the Charity Commission. The Charity Commission register includes charities that have not filed accounts in previous years and may be inactive. Due to differences with data collection, we have only been able to include charities registered in England and Wales in our analysis.

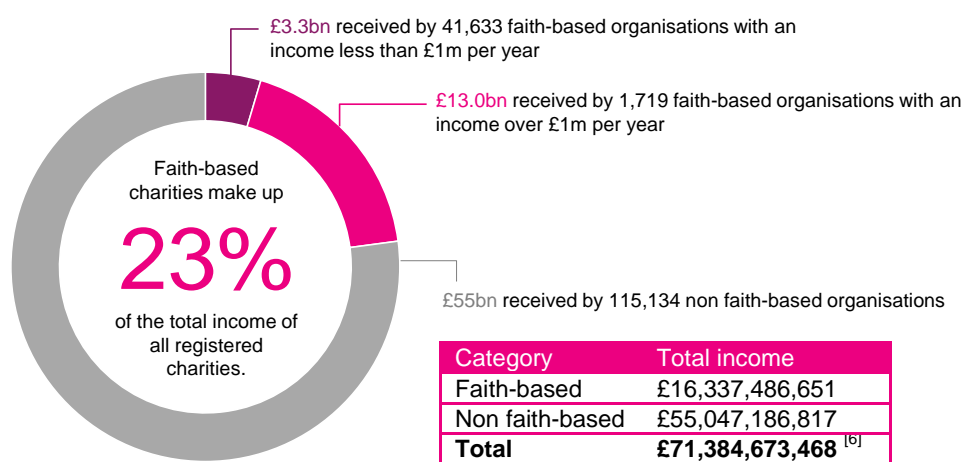
⁴ Bull, D. and Wharton, R. (2016) *Faith data: Methodology*. New Philanthropy Capital.

Size and income of faith-based charities

Key debates on the charity sector in England and Wales often revolve around income. Charities, the public and private sectors, as well as the general public and media are all interested in how much income charities receive. Recent research has shown that income in the sector is concentrated in a small number of very large charities.⁵ To gain a deeper understanding of faith-based charities we need to know more about the income they receive, how it is distributed across charities associated with different faiths, and how it might differ between the faith-based and non faith-based sector.

Our data shows that **23% (£16.3bn) of the charity sector's income⁶ in England and Wales is received by faith-based charities (Figure 1).**⁷ Much like trends in the charity sector as a whole, this income is concentrated in relatively few, large organisations. £13.0bn (80%) of the total income received by faith-based charities goes to 1,719 organisations with incomes over £1m per year. The remaining £3.3 billion is shared by over 41,000 charities.

Figure 1: Total income of faith-based organisations and non faith-based organisations



Non faith-based organisations also have a concentration of income in a small number of very large organisations—but to a greater degree than the faith-based sector. In comparison to Figure 1, £48.4bn (88%) of the non faith-based sector's income was received by 5,260 organisations with an annual income over £1m. And much of this income is at the top end of the income brackets. Income totalling £15.1bn is concentrated in just 61 non faith-based organisations with an annual income over £100m ('super major'⁹ charities).¹⁰

The existence of these extremely large organisations in the non faith-based sector means that income is disproportionately concentrated in a small number of very large non faith-based organisations. This helps explain why the proportion of faith-based organisations in England and Wales (27%) is larger than the proportion of income they receive (23%).

Though we know the most recent income of faith-based charities is £16.3 billion we cannot tell anything about expenditure from this data. We do not know if this money is going to funds or activities that solely benefit people of faith.

⁵ NCVO (2016) *The UK Civil Society Almanac 2016*

⁶ Income based on the most recent figures available. These figures cover the last three full tax years from 31 March 2013.

⁷ All income analysis excludes 6,740 'inactive' charities. We have classified a charity as 'inactive' if it has failed to submit financial information for the last three full tax years, from 31 March 2013.

⁸ Our analysis of the charity sectors income is different from the analysis presented in the NCVO Almanac and the numbers should not be directly compared. Our analysis takes place on a different population to the analysis in the NCVO Almanac. However for income analysis we have excluded 'inactive' charities in a similar manner to NCVO. For more information please see <http://www.thinknpc.org/publications/faith-data-methodology/>.

⁹ We have used NCVO Almanac definitions of charity size as determined by income eg, 'No income, Micro & small', 'Super major'

¹⁰ See Tables 4 and 5 for more information.

How is this income distributed across faiths?

By taking a closer look at how this income is distributed across charities associated with different faiths, we can get a better picture of the faith-based sector. Figure 2 compares the income of charities associated with different faiths, with Table 2 providing the income figures for each category and the total charities in each faith. The information splits the seven major faiths in Great Britain as well as generally faith-based charities.¹¹

Figure 2: Total income of all faith-based charities

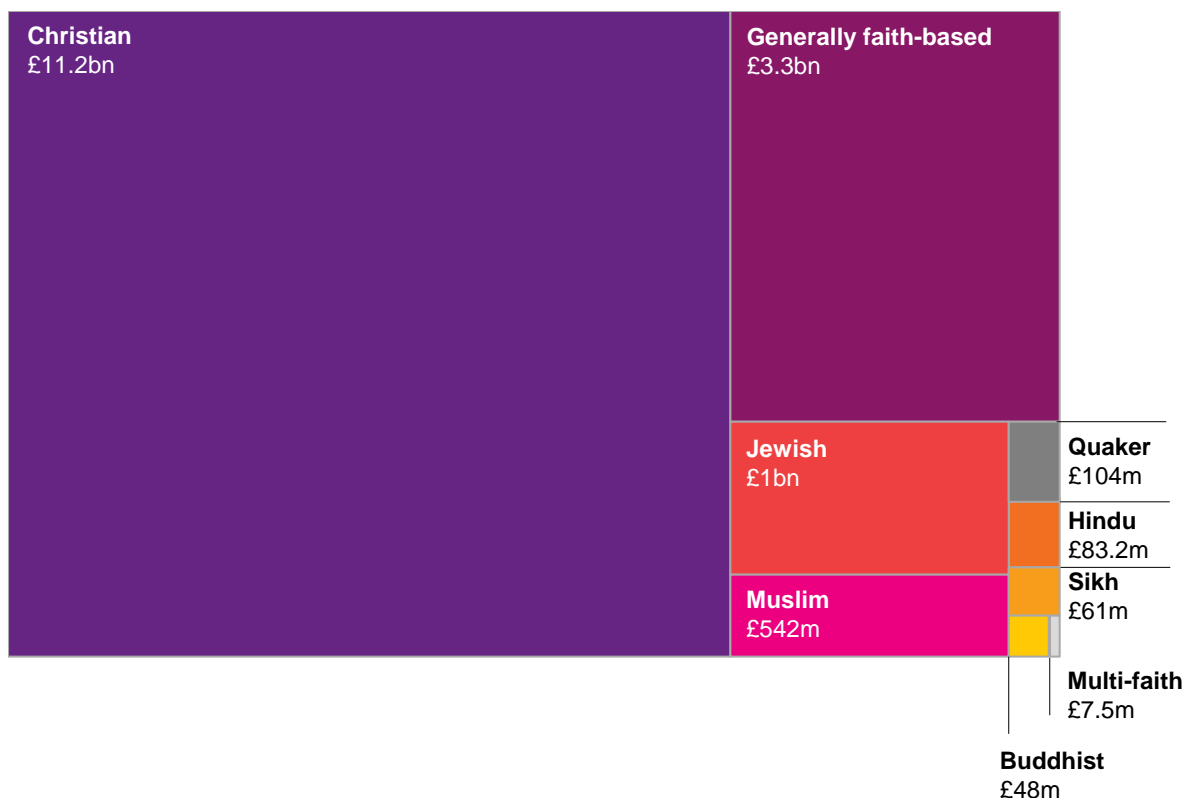


Table 2: Total income and total number of charities by faith¹²

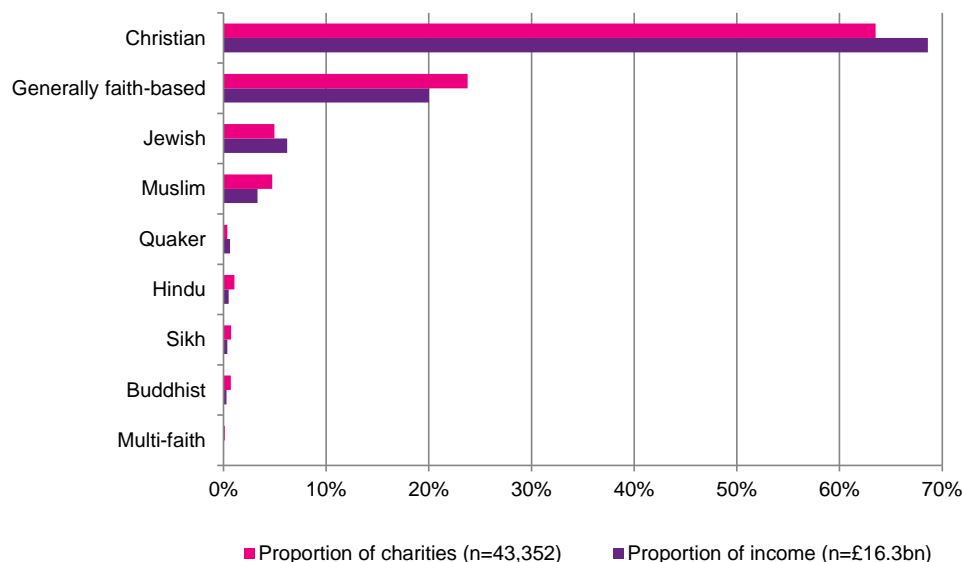
Faith group	Total income	Total charities
Multi-faith	£7,585,016	57
Buddhist	£48,340,974	312
Sikh	£61,361,068	320
Hindu	£83,274,709	459
Quaker	£104,061,455	158
Muslim	£542,290,982	2,054
Jewish	£1,012,042,429	2,147
Generally faith-based	£3,270,017,026	10,310
Christian	£11,208,512,992	27,535
Total	£16,337,486,651	43,352

¹¹ 'Generally faith-based' are organisations identifiable as faith-based but not able to be categorised as a specific faith (see [methodology](#) for more details). We acknowledge that there are other religions, as well as further denominations and traditions, but these are outside the scope and capacity of this research.

¹² The total number of faith-based charities excludes 1,633 'inactive' faith-based charities, bringing the total from 44,985 to 43,352.

With this data we can look at each faith as a proportion of the sector both in terms of number of charities, and in terms of income. It is interesting to see how the number of charities for each faith translates into income. Figure 3 and its corresponding data Table 3 compares these figures for each faith group.

Figure 3: Number of charities and their income as a proportion of all faith-based charities



Christian, Quaker and Jewish charities all receive a higher proportion of the income compared to their representation in the faith-based sector. For example, Christian charities have 68.6% of the faith sector's income but make up 63.5% of the total number of faith-based charities. Quaker charities make up 0.36% of the faith-based sector but the proportion of their income is higher at 0.64%. This is similar for Jewish charities, which make up 4.65% of the faith-based sector but the proportion of their income is 6.19%. In comparison Muslim charities receive a lower proportion of the income (3.3%) compared to their representation in the sector (4.7%).

Table 3: Number of charities and income by faith as a proportion of all faith-based charities

Faith group	Proportion of income (n=£16.3bn)	Proportion of charities (n=43,352)
Christian	68.61%	63.51%
Generally faith-based	20.02%	23.78%
Jewish	6.19%	4.95%
Muslim	3.32%	4.74%
Quaker	0.64%	0.36%
Hindu	0.51%	1.06%
Sikh	0.38%	0.74%
Buddhist	0.30%	0.72%
Multi-faith	0.05%	0.13%
Total	100.0%	100.0%

How big are the charities in these different faith groups?

As well as looking at how income distribution sits across these different faith groups, we can break this down to see the size of charities (as determined by their income) that make up these groups.

Figure 4 and its corresponding table shows, for each faith group including non-faith, the proportion of charities in five income bands. We can see that here, the majority of *all* charities are 'small' or 'micro'.

Figure 4: Charities by size and faith (including non faith-based charities)

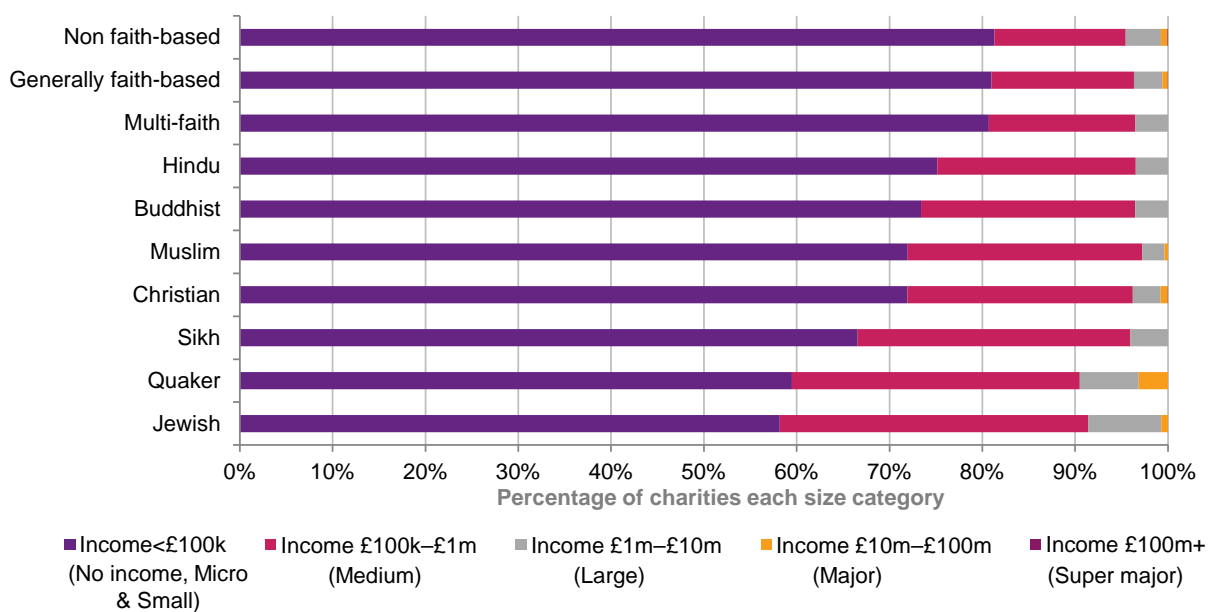


Table 4: Charities by size and faith (including non faith-based charities)

Faith group	Total number of organisations	No income, Micro & Small	Medium	Large	Major	Super major	Total
Non faith-based	115,134	81.32%	14.11%	3.82%	0.69%	0.05%	100%
Generally faith-based	10,310	80.99%	15.34%	3.06%	0.59%	0.02%	100%
Multi-faith	57	80.70%	15.79%	3.51%	-	-	100%
Hindu	459	75.16%	21.35%	3.49%	-	-	100%
Buddhist	312	73.40%	23.08%	3.53%	-	-	100%
Muslim	2,054	71.96%	25.27%	2.39%	0.39%	-	100%
Christian	27,535	71.91%	24.30%	2.99%	0.76%	0.03%	100%
Sikh	320	66.56%	29.38%	4.06%	-	-	100%
Quaker	158	59.49%	31.01%	6.33%	3.16%	-	100%
Jewish	2,147	58.17%	33.21%	7.87%	0.75%	-	100%

Figure 5 shows how income for each faith is distributed. **For Quaker, Christian, Jewish, Muslim, generally faith-based and non faith-based charities, income is disproportionately held in major and super major charities**—and for Christian, Quaker, generally faith-based and non faith-based charities, this is where the majority of income is held. As an example, 15% of all Christian charities’ income is held by Christian charities with an income over £100m yet these organisations account for only 0.03% of all Christian charities—just 9 charities out of a total 27,535. **In other words a small number of charities are receiving a large share of the income.**

Figure 5: Income by size and faith (including non faith-based charities)

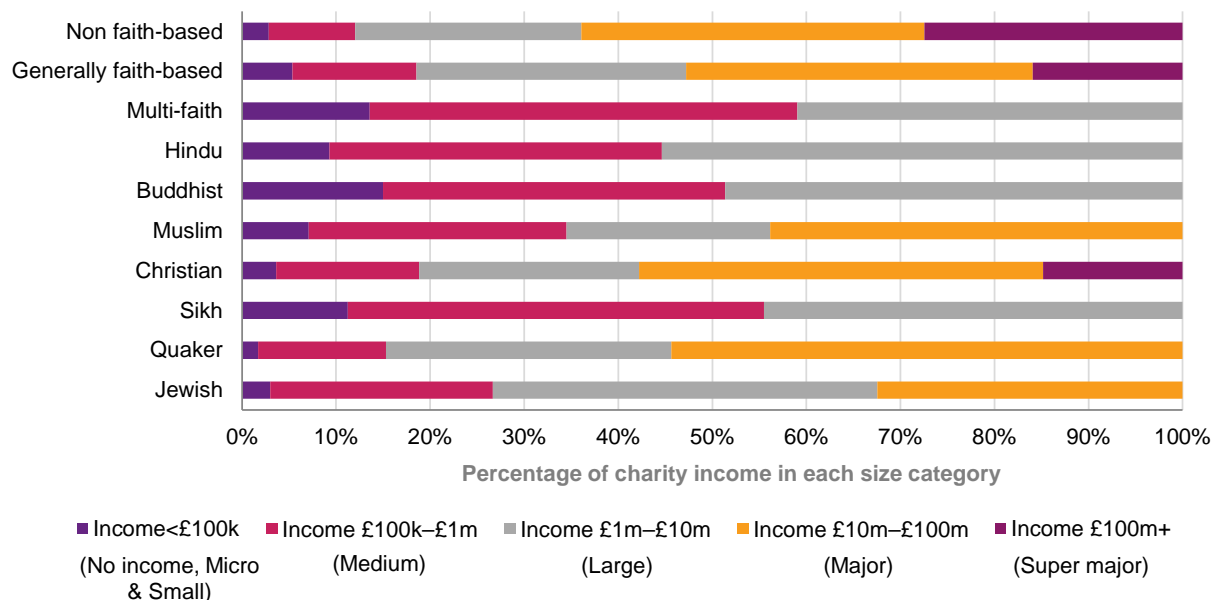


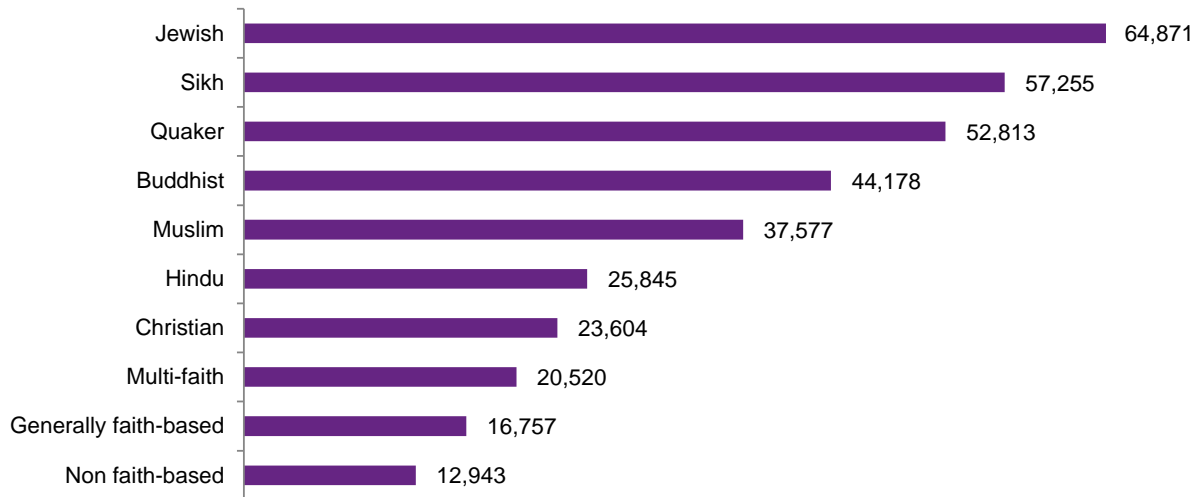
Table 5: Income by size and faith (including non faith-based charities)

Faith group	Total income	No income, Micro & Small	Medium	Large	Major	Super major	Total
Non-faith-based	£55,047,186,817	2.84%	9.19%	24.06%	36.46%	27.46%	100%
Generally faith-based	£3,270,017,026	5.37%	13.16%	28.68%	36.84%	15.94%	100%
Multi-faith	£7,585,016	13.56%	45.47%	40.97%	-	-	100%
Hindu	£83,274,709	9.30%	35.33%	55.36%	-	-	100%
Buddhist	£48,340,974	15.00%	36.38%	48.62%	-	-	100%
Muslim	£542,290,982	7.10%	27.39%	21.65%	43.86%	-	100%
Christian	£11,208,512,992	3.64%	15.20%	23.37%	42.95%	14.84%	100%
Sikh	£61,361,068	11.24%	44.24%	44.51%	-	-	100%
Quaker	£104,061,455	1.70%	13.60%	30.35%	54.35%	-	100%
Jewish	£1,012,042,429	3.00%	23.65%	40.91%	32.44%	-	100%

It is clear that a few faith groups are dominated by a small number of super major charities. So if we adjust for the effects of extremely high income on overall figures we can gain a different perspective on income.

In Figure 6 we have used the median average—instead of the mean—which is less affected by outliers. **Jewish, Sikh and Quaker charities have a high median income, and non faith-based charities have the lowest median income.** This is explained by the fact that a larger proportion (81%) of non faith-based charities are small or micro charities (Figure 4).

Figure 6: Median income (£) of faith-based and non faith-based charities



The areas in which faith-based charities work

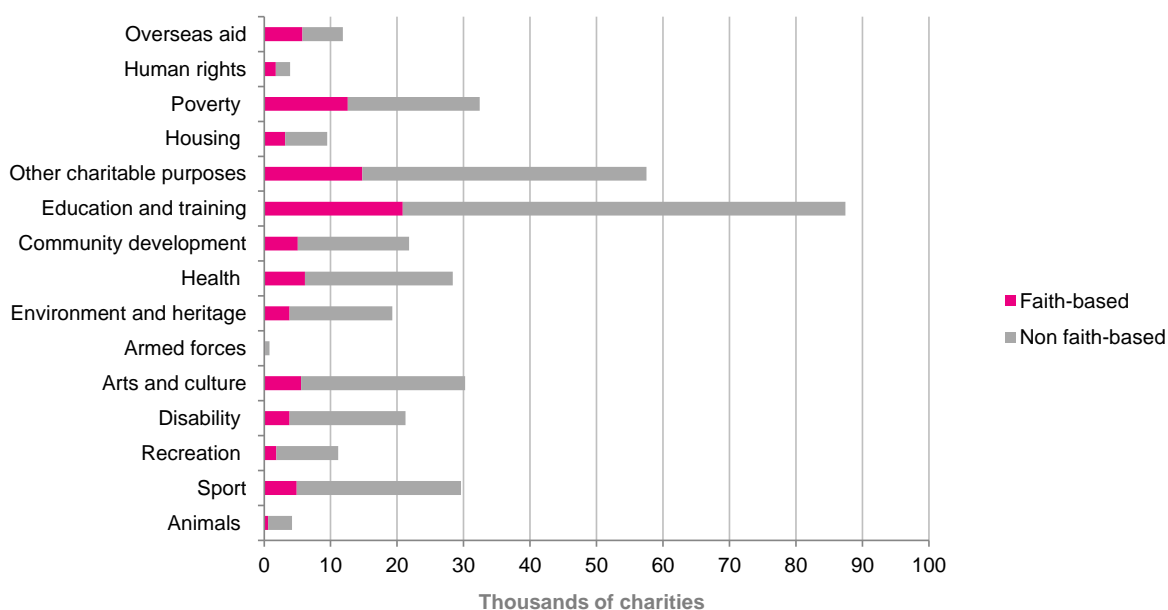
Faith-based charities in England and Wales are a significant part of the charity sector—27%—but we need to know more about their characteristics if we are to understand the sector better. We know the charity sector is large, varied and works in many different areas. Well known faith-based charities can be found working in areas ranging from overseas aid to homelessness. But does faith have an affect on the areas these charities work? Using the data available we can identify whether faith-based charities work in different areas to non faith-based, as well as whether areas of work differs across faith. If faith-based charities work heavily in certain areas we should think about how it affects the entire charity sector.

In Figure 7 we can see the number of charities that operate in different areas of work—split by faith-based and non faith-based charities—before taking a closer look at the proportion of faith-based charities working in each area in Figure 8. Table 6 provides the data for each graph.

This analysis is based on the Charity Commission classification of what charities do.¹³ A charity selects the areas it works in when it registers with the Charity Commission and there is no limit to the number of categories selected.¹⁴

As shown in Figure 7, **over 20,000 faith-based charities say they work in education and training**, which makes this the area in which the largest number of faith-based charities work. Other areas where a large number of faith-based charities indicate they work are ‘Other charitable purposes’¹⁵ (14,769 faith-based charities) and poverty (12,601 faith-based charities).

Figure 7: Number of faith-based and non faith-based charities in each area of work



¹³ For more information on the Charity Commission classifications see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/410515/Guidance_to_help_complete_the_annual_return_for_2015.pdf

¹⁴ The analysis on areas of work has included those charities categorised as inactive in the income analysis. These charities are included because despite not submitting financial statements to the Charity Commission these charities could still be working in some form.

¹⁵ For this paper the Charity Commission classifications ‘General charitable purposes’ and ‘Other charitable purposes’ have been combined into the category ‘Other charitable purposes’.

In education and training, **faith-based charities make up 24% of charities working in that area** (as shown in Figure 8).

By comparison, **of all the charities that indicate they work in overseas aid we classified 49% as faith-based**. That is the largest representation of faith-based charities working in any area.

Human rights is the sector with the second largest representation of faith-based charities: **45% of all charities that indicate they work in human rights are faith-based**.

While the actual numbers of faith-based charities working in these areas is relatively low compared to the high numbers in education and training (5763 in overseas aid, 1774 in human rights), it is interesting to reflect on whether the high proportion of faith-based charities in certain sectors has implications for work in that area.

Figure 8: Proportion of faith-based charities in each area of work

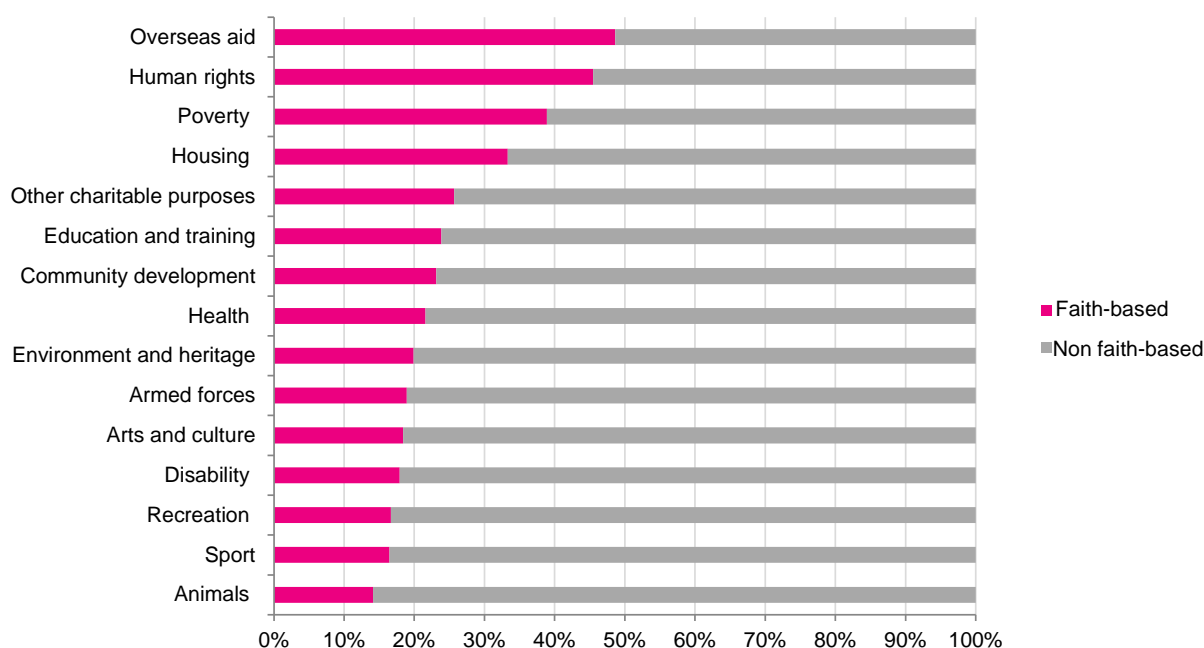


Table 6: Number and proportion of faith-based charities in each area of work

Focus area	Faith-based	Non faith-based	Total	Faith-based (%)	Non faith-based (%)
Overseas aid	5,763	6,082	11,845	49%	51%
Human rights	1,774	2,127	3,901	45%	55%
Poverty	12,601	19,810	32,411	39%	61%
Housing	3,168	6,337	9,505	33%	67%
Other charitable purposes	14,769	42,753	57,522	26%	74%
Education and training	20,858	66,567	87,425	24%	76%
Community development	5,046	16,754	21,800	23%	77%
Health	6,123	22,240	28,363	22%	78%
Environment and heritage	3,839	15,432	19,271	20%	80%
Armed forces	152	651	803	19%	81%
Arts and culture	5,571	24,673	30,244	18%	82%
Disability	3,812	17,460	21,272	18%	82%
Recreation	1,855	9,266	11,121	17%	83%
Sport	4,877	24,721	29,598	16%	84%
Animals	594	3,614	4,208	14%	86%

Do different faiths focus on specific areas?

It is possible to look in more detail at charities associated with different faiths working in each area. As an example we have broken down the faith-based charities working in overseas aid and human rights by faith.

Of the **5,763 faith-based charities working in overseas aid, 60% are Christian**, followed by generally faith-based charities at 24% and Muslim charities at 10%. The income held by faith-based charities that indicated that they work in overseas aid amounts to £2,864,634,248.¹⁶

Of the **1,774 faith-based charities working in human rights, 43% are Christian**, followed by generally faith-based charities at 28% and Muslim charities at 17%. The income held by faith-based charities that indicated they work in human rights amounts to £1,124,177,582.¹⁷

Table seven shows the breakdown of faiths working in overseas aid and human rights in more detail.

Table 7: Number and proportion of each faith working in overseas aid and human rights

Faith group	Proportion of overseas aid charities (%) n=5763	Proportion of human rights charities (%) n=1774	Proportion of all faith-based charities in England and Wales (%) n=165,226
Quaker	0.1%	0.4%	0.4%
Jewish	2.2%	3.0%	5.0%
Sikh	1.0%	2.3%	0.8%
Christian	59.3%	43.4%	63.0%
Generally faith-based	23.9%	28.2%	23.9%
Buddhist	0.7%	1.1%	0.7%
Multi-faith	0.2%	1.3%	0.1%
Hindu	2.7%	2.8%	1.1%
Muslim	9.8%	17.5%	5.1%

¹⁶ This income may not all go to work on overseas aid as it is possible for charities to work in multiple areas.

¹⁷ This income may not all go to work on human rights as it is possible for charities to work in multiple areas.

Age of faith-based charities

Faith and charity have long gone hand-in-hand. The origins of early charitable activity in Great Britain lie with the church and many of today’s significant charities and funders, for example, The Children’s Society and the Barrow Cadbury Foundation, were founded in a strong faith tradition. Looking in more detail at the registration date of charities can help us see whether the age of a charity has an affect on its income. We can also consider age in the context of trends around religious affiliation in society.

This final piece of analysis looks at the age of faith-based charities using date of registration.¹⁸ Historical Charity Commission records go back to 1961.

From Figure 9 we can see that a **higher proportion of faith-based charities (34%) were registered with the Charity Commission in the last ten years than non faith-based (25%)**. It is interesting to reflect on this in contrast to the view that religious affiliation and identification is declining in our society.

Figure 9: Age of faith-based and non faith-based charities

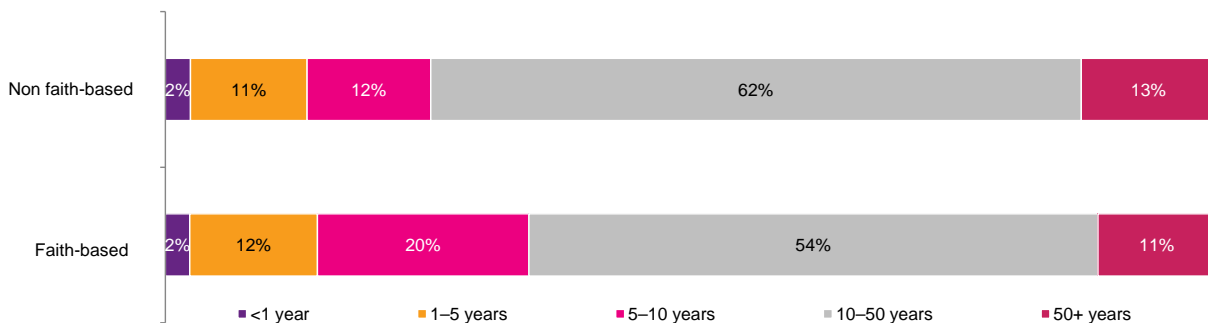


Figure 10: Age of charities by faith (including non faith-based charities)

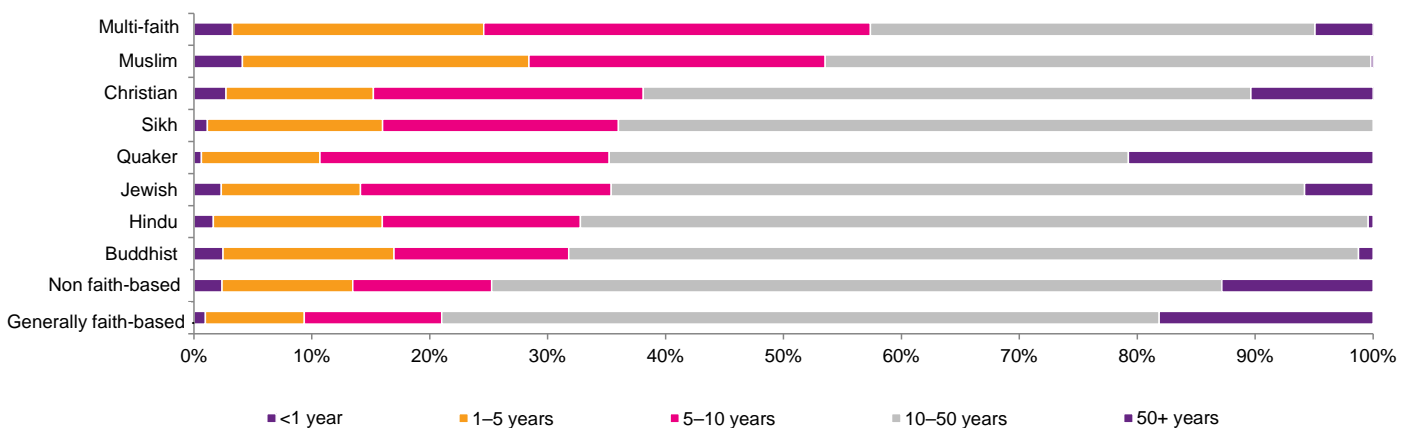


Figure 10 and Table 9 show the breakdown of faith-based charities by faith and date of registration. We can see that the Quaker, Christian, generally faith-based and non faith-based categories have the highest proportion of charities registered over 50 years ago. This is particularly high for Quakers, with 21% of Quaker charities registered

¹⁸ This analysis uses the date of registration for those charities which were still active at the start of February 2016. Analysis does not look at trends in registration and removals—this is because removals data in the Charity Commission database does not readily provide a clear picture of trends. Charities can be removed from the register for many reasons other than their closure, and charities may be assigned a new registration number where there is a change in their legal status. In many cases a single registered charity has many data points for registration and removal (sometimes in error). We take the earliest date recorded.

over 50 years ago. Another interesting find from the data is that 5% of multi-faith charities also registered over 50 years ago. The data also reveals that in some faith groups a higher proportion of charities have been registered in the last ten years than others. **The majority of Muslim and multi-faith charities in England and Wales have been established for 10 years or less.**

Table 9: Age of charities by faith (including non faith-based charities)

Faith group	Total number of organisations	<1 year	1–5 years	5–10 years	10–50 years	50+ years	Total
Multi-faith	61	3.3%	21.3%	32.8%	37.7%	4.9%	100%
Muslim	2,312	4.1%	24.3%	25.1%	46.3%	0.2%	100%
Christian	28,321	2.7%	12.5%	22.9%	51.5%	10.4%	100%
Sikh	350	1.1%	14.9%	20.0%	64.0%	0.0%	100%
Quaker	159	0.6%	10.1%	24.5%	44.0%	20.8%	100%
Jewish	2,238	2.3%	11.8%	21.3%	58.8%	5.8%	100%
Hindu	482	1.7%	14.3%	16.8%	66.8%	0.4%	100%
Buddhist	324	2.5%	14.5%	14.8%	67.0%	1.2%	100%
Non faith-based	120,241	2.4%	11.1%	11.8%	61.9%	12.8%	100%
Generally faith-based	10,738	1.0%	8.4%	11.7%	60.8%	18.1%	100%
Total	165,226	2.4%	11.4%	14.0%	59.8%	12.4%	100%

Next steps

This paper is part of a programme of work that includes a survey for both faith-based and non faith-based charities, qualitative research and ongoing engagement with the sector to help us further our understanding of faith and charity.

If you have any questions about our research, or would like to take part in our survey, please get in touch with Rachel Wharton via Rachel.Wharton@thinkNPC.org.

There is the potential to do much more with the data we now hold about faith-based and non faith-based charities—both generally and on specific issues. We would like to hear from anyone interested in working with us to use the data further.

With thanks to our funders and cross-faith reading group for their support of this work.
NPC worked with Jay Liu of Digital-Dandelion.com to develop the methodology and database.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy which occupies a unique position at the nexus between charities and funders, helping them achieve the greatest impact. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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