CGAP
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Third Sector Research Centre Working Paper 38

This is a joint paper between the Centre for Charitable Giving and Philanthropy and the Third Sector Research Centre

Are big charities becoming increasingly dominant? Tracking charitable income growth 1997-2008 by initial size

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June 2010

Hosted by: University of Birmingham, University of Southampton

Funded by: Cabinet Office, Barrow Cadbury, ESRC Economic & Social Research Council

Working Paper 38 June 2010

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Abstract

There is a normative debate surrounding the increasing dominance of big charities in terms of total charitable income, but little empirical work assessing its substantive basis. We examine longitudinal data on charities' income in England and Wales between 1997 and 2008 to answer the question `have the initially big charities grown more than the initially small?' A series of local quantile regression models are used to describe the conditional distribution of relative income growth on initial income. We present findings for the charitable sector as a whole, then focus on social service organisations. For the latter, we find strong evidence for `professionalisation', the preferential growth of organisations initially of a certain size, but less evidence for `Tesco-isation', which would predict the highest median growth for the initially very largest charities.

Keywords

Charity, income concentration, income inequality, income mobility, industrial concentration, longitudinal, local quantile regression

Acknowledgements

Many thanks to John Mohan for overseeing this work, to Peter Smith for his advice on local regression, and to John Micklewright for valuable guidance on method and approach. We are also grateful to David Kane at the National Council of Voluntary Organisations (NCVO) for sharing his work on classifying charities according to the ICNPO and according to the general charities definition; to Eleanor Tew at the Charity Commission for providing new and old charity numbers for certain charities which transferred their funds on incorporation to a charitable company; to Steve Barnard for help with cleaning the 1997-2001 financial data; and to Sam Shave for help with linking charities' records over time. We acknowledge the provision of the 1997-2001 data by the NCVO, and of the 2002-2008 data by Guidestar.

1 Introduction

'There now seems to be an established trend towards the concentration of [total charitable] income in the very richest charities' (Duncan Smith, 2005). There is disagreement about the normative implications of this apparent trend. On the one hand, Duncan Smith (2005) argues that, since big charities are 'characterised by a uniformity of thought and action', their increasing dominance marginalises innovative methods adopted by smaller, unorthodox and flexible groups able to respond to local need. Others question the premise of this argument, point out that big charities are good at what they do, and regard the whole focus on charity size and the 'Tesco-isation' of the charitable sector as unhelpful (Bubb, 2008). However, there has been very little research examining the substantive, rather than normative, basis of this debate - are big charities indeed becoming increasingly dominant? This is the starting point of this paper.

There are two main reasons why we might expect big charities' income to have grown more than small ones': in terms of statutory income, the shift from grants-based to contract based funding, which is particularly relevant for voluntary organisations working in the social services field; in terms of private income, the ability of big charities to invest in fundraising. We discuss each in turn.

1.1 Statutory income: the shift to contract-based funding

After the Second World War, the welfare state dominated welfare provision. However, as voluntary organisations increasingly came to be seen as part of a 'voluntary *sector*', following the publication of a report on *The Future of Voluntary Organisations* by the Wolfenden Committee in 1978, so the potential for this 'sector' to play an important role in public service delivery was recognised (Harris et al, 2001). From the early 1980s onwards, there was a shift from 'welfare statism' to a more 'mixed economy of welfare', such that voluntary organisations might provide an alternative, as well as a complement, to State provision.

The 1990 National Health and Community Care Act (hereafter, the Act) reflected this trend. Under this legislation, rather than directly providing social services themselves, local authorities became purchasers of services from independent private or voluntary organisations. In thinking about the nature of this purchaser-provider relationship, it is helpful to keep in mind both the *continuum* and the *trend* (see Lewis 1993). First, there is a spectrum between completely unconditional grants on the one hand, and more formal relationships where money is explicitly linked to the provision of certain services on the other. This has a political, and therefore geographical, aspect: in different local authorities the relationship between purchaser and provider may tend to be at a different position along this continuum. Even within a given area, different providers may have different relationships with the local authority. Second, despite this variation, since the implementation of the Act in 1993 the trend has been towards greater formalisation.

Particularly from the mid-1990s, after an initial period of transition in which the newly established care market was not fully developed and many local authorities were not ready to implement the Act (Scott and Russell 2001), statutory funding has been increasingly delivered under contract rather than through unconditional grants. This is consistent with figures, calculated for the charitable sector as a whole, showing a marked increase in contract-based statutory income from 2001 to 2007 (Kane *et al*, 2009).

This has been a period of considerable change for social service voluntary organisations: their role in delivering public services has expanded - and increasingly in the context of a market-based environment in which, rather than receiving unconditional grant income, organisations bid for specific service delivery contracts. But has the effect of these changes been different for different social service organisations? As the changes were taking place, commentators predicted that, while the increased income from statutory sources would increase total aggregate income for these organisations as a whole, larger organisations would be better placed to benefit than those that were smaller. Smaller organisations, whose main activity may have been advocacy rather than service delivery, might not have either the 'desire', 'capacity' or 'skills' to enter into contracts (Lewis 1993, p.176,pp.186-87; Charlesworth *et al,* 1996, pp.71-72):

> *'Given the formality of contracts, they are more likely to be used with groups that have an established relationship with local authorities, are bureaucratically organised and employ paid staff. Such organisations will be preferred to smaller, community based, more informal groups, as they will be in a better position to subsidise contract prices, having a larger income from other sources, police the contracts and finance the costs of the contracting process'* (Waine, 1992, p.80).

Overall, therefore, the shift towards the formalisation of statutory income was predicted to encourage *'the growth of larger voluntary organisations at the expense of the smaller'* (Waine, 1992, pp.73-74).

1.2 Private income sources: ability to invest in fundraising

As Anheier and Toepler (1997) explain, for much of the post-war period charitable fundraising was dominated by 'established' methods, including door-to-door collections and the purchase of raffle tickets. More systematic techniques for raising funds from private sources (individual and corporate donors) only gained impetus from the late 1970s. By the mid-1990s, much of individual giving was still through the established channels, but other methods like direct mailing had also come to prominence. From the mid-1990s onwards, a distinct research stream on charitable fundraising emerged (see Helmig and Thaler, 2010, for a review), indicative of an increasingly businesslike approach to marketing.

Waine (1992), Lewis (1993) and Charlesworth *et al* (1996) argue that, when seeking to secure statutory income through contracts, there may be benefits to being of a certain size. Similar principles may apply to charities seeking to secure income from private sources. Larger charities may benefit from the ability to invest in the infrastructure and costs associated with fundraising, including the employment of dedicated marketing professionals

and the advice of fundraising consultants. They may be more able to make use of a range of fundraising strategies, including capital-intensive media and direct mailing campaigns, to maximise their exposure. Overall, they may be more able to devote resources to the three key tasks of donor identification, attraction and retention. In turn, as with the shift towards contract based statutory funding, this might be expected to encourage the growth of larger, rather than smaller, voluntary organisations.

1.3 Research focus

This introductory section has highlighted both the predictions made in the 1990s, that the formalisation of statutory charitable income would benefit big charities, and the more recent debate between figures discussing the normative implications of the apparently increasing dominance of the very biggest charities. Note the difference in emphasis between the two: in the 1990s predictions, 'big' is used to refer to the preferential growth of established organisations employing paid staff; in the normative debate, 'big' is used to refer specifically to the preferential growth of the smaller number of very large charities *'with a turnover in excess of £10 million'* (Duncan Smith, 2005). The former thesis refers to 'professionalisation', the latter thesis to 'Tesco-isation'. This is a distinction to which we will return.

Thus far, there has been very little research which has examined the extent to which the earlier predictions have been borne out - and, by the same token, little research examining the nature of the substantive underlying trend on which the recent normative debate rests. Specifically, while it is clear that aggregate income across the charitable sector has been increasing (for example, Kane *et al*, 2009), we do not know how this income growth has been distributed across the initial income distribution. Which charities have benefited most - have the smaller charities managed to grow more than the initially ‘big’, or have the initially larger charities become more dominant? This paper analyses longitudinal data on charities' incomes from 1997 to 2008 to answer this question for the first time.

2 Cross-sectional and longitudinal approaches

Methodologically, the paper draws on two different strands of literature. They have different normative concerns. While the literature on inequality in income and in health outcomes is concerned with individual welfare, the literature on industrial concentration is concerned with the impact on competitive forces. However, they share common methodological issues – particularly in terms of understanding the underlying dynamic changes behind cross-sectional trends. Note that the literature in both fields is vast, and we do not seek to provide a substantive review. Rather, the aim in this section is to introduce some of the approaches used, before summarising the implications for the analysis at hand.

2.1 Measuring trends in income inequality

There are two main approaches to analysing trends in income inequality. One takes a cross-sectional perspective, comparing income inequality at different points in time. Another takes a longitudinal perspective, relating income growth to initial income or income rank. From a cross-sectional perspective, 'local' changes in inequality can be described by comparing quantile income shares at different points in time - for example, comparing the share of the poorest 10% at t_1 with the share of the poorest 10% at t_2. Alternatively, they can be described by considering the income distribution in a particular year as a Pen's Parade (Pen, 1971), with individuals lined up in order according to income, and by comparing incomes at a series of common points along each parade - for example, comparing the income a third, half and four-fifths of the way along t_1's income parade with income at corresponding positions along t_2's income parade - before displaying the results graphically in a 'growth incidence curve'. However, this does not account for the reshuffling of individuals over the analysis period: an individual at a particular point in the parade at t_1 may be in a very different position at t_2.

Van Kerm (2009) provides a longitudinal approach which compares incomes for the same individual, rather than incomes at the same position along the income parade, at t_1 and t_2 - and which therefore accounts for the reshuffling of individuals in the income distribution. While the 'growth incidence curve' records changes in quantile values and only requires information on the marginal income distribution at two time points, Van Kerm's 'income mobility profile' tracks the income change of each individual, and requires information on the joint distribution of income at t_1 and t_2. In an empirical illustration investigating individual income growth in Great Britain, Jenkins and Van Kerm (2008) show that the longitudinal income mobility profile leads to different conclusions about the pattern of income growth than does the cross-sectional growth incidence curve. Indeed, as Jenkins and Van Kerm (2006) explain, it is possible both (from a cross-sectional perspective) for the poor to have fared relatively badly compared to the rich and (from a longitudinal perspective, which follows individuals through time) for income growth to be concentrated amongst the initially poor. The key to resolving this apparent paradox is recognising that membership of groups like the 'poor' and 'rich' can change over time (Jenkins and Van Kerm 2008, p. 532), while a purely cross-sectional perspective ignores this reshuffling of individuals in the income pecking order.

2.2 Measuring trends in industrial concentration

The industrial concentration literature is particularly concerned with measuring trends in income shares at the top of a firm income distribution. Conventionally, cross-sectional measures of market structure are compared at different points in time. These may be discrete, like the concentration ratio which measures the market share of a small number (typically four or eight) of the largest firms, or summary measures which use all points in the firm size distribution, like the Herfindahl index which measures the sum of the squared values of firm shares. It has been recognised for some time that these 'static'

indices are not sufficient for an evaluation of the strength of competition in an industry. Thus Curry and George (1983, p.213) acknowledge that *'if . . . the identity of the dominant firms were to change over time, then even persistently high levels of concentration would not imply the absence of competitive forces'.* However, dynamic analyses of concentration were hindered for many years by a lack of available panel data; as Baldwin (1995, p.vii) points out, it is only relatively recently that computing and administrative practice have improved to allow the necessary tracking of individual organisations through time.

In recent years, as panel datasets have become more widely available, the longitudinal approach to the study of industrial concentration has become increasingly prominent. These longitudinal studies are an important complement to the cross-sectional picture. For example, concentration ratios are typically fairly stable over time, such that the industrial system can come to be regarded as 'relatively rigid', while longitudinal analysis shows that 'there is a great deal of change in the relative position of firms in most industries' (Baldwin, 1995, p.viii; Davies and Geroski, 1997). Further, when comparing between industries, the degree of concentration in industry i at t_1 is not a good guide to the extent of change in underlying firm dynamics (as measured for example by an ordinary least squares regression of t_2 market share on t_1 market share), and the change in concentration is also a poor proxy for the extent of change in individual firms' shares (Davies and Geroski, 1997; Caves, 1998).

2.3 The importance of a longitudinal approach

Both the income inequality and the industrial concentration literature highlight the importance of a longitudinal approach, which follows individuals or organisations through time. It is not that a longitudinal perspective is more important than the cross-sectional, but that it provides a complementary picture. They ask different questions. While the cross-sectional picture illustrates overall trends, a longitudinal approach helps to shed light on the underlying dynamics behind these trends by describing the extent of growth for individuals or organisations based on their initial size.
Two lessons are particularly relevant from the discussions above. First, the longitudinal perspective provides insights that were not immediately obvious from the cross-sectional results. In the income inequality literature, inequality can be increasing (cross-sectional) - yet this can be the result of growth which favoured the initially poor (longitudinal). In the industrial concentration literature, concentration levels can be stable (cross-sectional) - yet this can be the result of a great deal of underlying change in individual firm shares (longitudinal). Second, the longitudinal perspective can alter the normative significance of a given cross-sectional trend. In the income inequality literature, the importance one attaches to a given increase in inequality may vary according to the pattern of 'differential growth' by initial size and the extent of reshuffling of individuals in the income distribution. In the industrial concentration literature, stable high levels of concentration may or may not imply the absence of competition, depending on the underlying firm dynamics. As Baldwin concludes, cross-sectional and longitudinal approaches *'provide*

separate information on aspects of competitiveness and need to be jointly employed in empirical analysis' (Baldwin 1995, p.387). Similarly, we argue that both perspectives are important in answering the general question posed at the beginning of the paper - are big charities becoming increasingly dominant? In a parallel paper (Backus and Clifford, 2010) answer the question from a *cross-sectional* perspective which redefines charity size on an annual basis. In this paper, we answer the question from a *longitudinal* perspective which defines charity size at the beginning of the analysis period and tracks individual charities' subsequent growth rates.

Here we briefly summarise the cross-sectional trends in charitable income concentration (see Backus and Clifford, 2010, for more details). From a cross-sectional perspective, the more specific question is - is there a tendency for the 'biggest' charities, as defined in a particular year, to account for a growing share of total charity income over the analysis period? There are a number of points to emphasize. First, total charitable income is very highly concentrated in a small number of charities: in 2007 the biggest 0.1%, 1% and 10% of charities accounted for 32.2%, 60.3%, and 88.3% of total charitable income respectively. Second, this is not new: in 1995 the biggest 0.1%, 1% and 10% of charities accounted for 33.6%, 62.1%, and 89.0% respectively. Third, overall these concentration ratios are fairly stable over the analysis period. In fact, in the context of both an increasing number of charities and increasing total aggregate income, there is evidence of a slight decline in each of the 0.1%, 1% and 10% concentration ratios between 1995 and 2007. Note that these figures refer to the complete population of charities in a given year (including those which formed after 1995 or dissolved before 2008).

Considering instead a balanced panel of only those charities that existed at both the beginning and the end of the analysis period, in general the above conclusions also apply. However, in the balanced panel, while the 0.1% and 1% concentration ratios declined over the period, the 10% concentration ratio increased: the biggest 10% of charities in 2007 had a higher share of total charitable income than the biggest 10% in 1995. For the balanced panel, therefore, there is no one answer to the question 'are big charities more dominant in 1995 or 2007?' since it depends on which part of the distribution you are looking at - how you define ‘big’. This reflects a crossing of Lorenz curves and a lack of Lorenz dominance.

The two lessons from the literature review have implications for how we understand these cross-sectional results. First, the cross-sectional picture cannot provide insight into the underlying dynamics: while the concentration ratios are stable, this need not imply dominance of the same big charities; while (for the balanced panel) there is a tendency for the top decile share to increase, this need not imply that those in the bottom 90% at the beginning of the analysis period grew proportionately less than the those initially in the top 10%. Second, a given cross-sectional trend in charitable income concentration could have different normative implications depending on the underlying dynamics. Indeed, much of the normative debate is implicitly adopting a longitudinal perspective. Thus

Duncan Smith (2005) argues that *'a small minority of large charities are becoming ever more dominant'*, and that big charities are *'increasing market share at the expense of smaller rivals'.* These are implicit claims about the dynamics of change: that the initially 'big' are growing more than the initially small ('differential growth'), such that 'mobility' is limited. In contrast, Bubb (2008) implicitly presents the possibility of a very different scenario, in which a small charity becomes big: *'Larger charities have got large and are often growing because they are good at what they do…If a small charity has a service people need and it grows because people want what they have to offer does it turn into a bad charity?'* Therefore, the cross-sectional results are part of an answer to the general question 'are big charities becoming increasingly dominant?' but are not sufficient. In this paper we adopt a longitudinal perspective, where the more specific question is 'have the initially big charities grown more than the initially small?'

3 Data

We have longitudinal data on charities' headline income and expenditure from 1997 to 2008 in England and Wales. This provides a valuable opportunity to track the growth of individual charities over the period, and relate growth to initial size. All data are originally from annual returns or annual updates completed by charities for the Charity Commission (CC). We obtain the records from two sources - data from 1997 to 2001 from the National Council of Voluntary Organisations (NCVO) and data from 2002 to 2008 from Guidestar - and link individual charity records across the period using the CC number identifier. Since we present a three-year moving average, we present trends for 1998-2007 based on data for 1997-2008.

3.1 Defining the panel and data preparation

These data contain financial information on charities only; non-charitable civil society organisations are not included in the analysis here. We restrict analysis to 'general charities', thus excluding independent schools, NHS administered charities or independent hospitals, central or local government quangos, places of worship, mutual organisations, trade associations, housing associations, benevolent institutions and grant-making trusts. Note too that only 'main charities' are included, since it is these that are required to prepare an annual return or update to the CC. Linked charities, such as subsidiary, group or constituent charities, are each linked to a main charity for administrative purposes but do not report financial results in their own right. Some charities are 'exempted' from the CC's jurisdiction, including for example further and higher education institutions, so are not included in our data. Others, while they fall within the CC's jurisdiction, are 'excepted' from registration. This includes smaller charities which are not required to register. The threshold for registration was an annual income of £1,000; this changed in 2007, when the threshold was increased to £5,000.

Therefore, we ensure consistency by including an organisation in our panel when it first reports an income of at least £5,000 for any of the years 1998-2007. Financial years before an organisation reaches this figure are excluded since we cannot be confident that we are capturing the population of charities below this point for the whole period. Note that, in many ways, this is simply an extension of a wider issue: many voluntary organisations, particularly those with negligible income, are 'below the regulatory radar' and do not appear on any official charity register in the first place. For the substantive purposes at hand, this is not a problem. Interest lies in the extent to which the bigger charities are increasingly dominant in terms of total charitable income, reflecting concern that charities with a significant but small income are facing obstacles to growth, rather than concern about those charities that exist on a negligible income from year-to-year. Once an organisation enters the panel, we follow them through time even if its income falls below £1,000. While charities below the £1,000/£5,000 threshold have not been required to register, registered charities will often continue to report their incomes annually even if they have dropped below the threshold.

The data have been collected for regulatory, rather than research purposes - so unsurprisingly required some preparation before use. This is described in Appendix A. The data were adjusted for inflation using the Retail Price Index so that, when examining growth rates in charitable income, we are examining real growth rates. Note, therefore, that when income in 1998 is used to describe charitable size at the beginning of the analysis period, this is expressed in 2008 prices.

3.2 Choosing an appropriate subpopulation

We adopt three stages in the analysis, according to the population being analysed. First, we examine all general charities on the register irrespective of the activity in which they are involved (number *N* in our panel = 41,732). This is a useful starting point. However, the body of organisations on the CC register is diverse. The trends for the sector as a whole are likely to conflate different trends in different charitable subsectors, providing limited insight into the processes underlying these trends. Therefore, in the second stage we present trends for social service organisations specifically (*N*=8,940). This is a field in which there is particular expectation that the initially large charities have grown more over the analysis period (Section 1.1). Third, we briefly present trends for charities related to early years provision (preschools, playgroups, nurseries) (*N*=2,630). This serves as a useful contrast to the pattern of income growth by initial size observed for social service charities. We use the International Classification of Non-profit Organisations (ICNPO) to identify subsectors (Salamon and Anheier 1992, 1996). This classifies non-profit organisations into groups based on their primary economic activity. The National Council of Voluntary Organisations (NCVO) have classified charities on the CC register according to this schema. More details, and examples of names of organisations which have been classified into a particular sector, are provided in Appendix B.

4 Method

We draw on the analytical ideas emerging from research on income inequality and industrial concentration. From the income inequality literature, we draw on the framework of the 'income mobility profile' (Van Kerm 2006, 2009; Jenkins and Van Kerm 2008). This is a helpful approach, using local regression techniques, for succinctly summarising an important aspect of the joint distribution of incomes at t_1 and t_2: the association between income growth and the initial rank in the income distribution. With the industrial concentration literature, we share an interest in the relationship between initial *size* and income growth - and in particular in examining the growth of the very biggest organisations. Therefore, we adapt the income mobility profile to examine the association between initial income (rather than initial income rank) and income growth, and we define neighbourhoods for the local regressions to ensure that there are fewer organisations in the bandwidths at the top of the initial income distribution than at the bottom.

Denoting the bivariate distribution of income as:

$$H_{t_1,t_2}(i,j) = \Pr[I \leq i, J \leq j]$$

where I and J are jointly distributed random variables that describe incomes at year t_1 and t_2 respectively, and consider income growth defined through an individual income growth function $\delta(i,j;H_{t_1,t_2})$ which summarises income change for a charity with income i at time t_1 and j at time t_2. As Jenkins and Van Kerm (2008, p.9) point out, estimators based on individual-level measures of income change are particularly sensitive to transitory variations in income. Therefore we follow them, and Jenkins and Van Kerm (2006), in smoothing charities' incomes over a three year period, so that income i is an average value of incomes at times $t_1 - 1$, t_1 and $t_1 + 1$. We then examine relative income growth:

$$\delta(i,j;H_{t_1,t_2}) = \frac{j}{i}$$

Thus, if there is no change in real income for a charity over the analysis period, $\delta(i,j;H_{t_1,t_2}) = 1$; for a real increase in income, $\delta(i,j;H_{t_1,t_2})>1$; for a real decrease in income, $\delta(i,j;H_{t_1,t_2})<1$. If all charities experienced the same relative growth, there would be no change in income concentration: each charity's share of total income would remain the same. Hereafter, all references to 'growth' or 'growth rate' refer to this measure of relative income growth. In our application, the income mobility profile graphically summarises differences in relative income growth according to initial size i. Like Van Kerm (2006, 2009) and Jenkins and Van Kerm (2008), we consider differences in the 'expected value' (mean) of $\delta(i,j;H_{t_1,t_2})$ at different points in the initial income distribution. However, we also consider differences

in the median value of $\delta(i, j; H_{t_1,t_2})$. This is because, where the 'mean' income growth is considered, statistics on the average income change are sensitive to the presence of a few large outlying observations (Van Kerm 2006). This is partly a reflection of the individual growth function: we choose to use j / i, whereas Jenkins and Van Kerm (2008) use the transformed log (j / i). Outlying values are a particular issue in the analysis at hand. First, the positively skewed distribution of $\delta(i, j; H_{t_1,t_2})$ shows a small number of very high relative growth rates where initially small charities have grown over the analysis period to many times their initial size. Second, while many charities' records before and after incorporation as a charitable company have been linked together (see Appendix A), it is possible that there are still cases where we compare a charity's total income in 1998 to the income of the 'shell' charity in 2007, instead of the charity in its new legal form, thus including in the analysis erroneously large drops in income for these charities. By considering the 'median' income change around a particular initial income position, the results are robust to these extreme cases, whether they are extreme through genuine income change or through measurement error. This represents a particular substantive focus on how a 'typical' (middle-performing) charity of a particular size in 1998 has grown over the period. Importantly, as well as estimating the median value of $\delta(i, j; H_{t_1,t_2})$ around an initial income size i, we also estimate a range of other quantiles of $\delta(i, j; H_{t_1,t_2})$. This provides a richer insight into how income growth varies according to initial size than would estimation of the conditional mean alone.

We implement the method using nonparametric estimation of a family of conditional quantile functions. We estimate the $\tau$the conditional quantile function of income growth $y = \delta(i, j; H_{t_1,t_2}) = j/i$ given initial rank i in the income distribution:

$$g(i) = Q_Y(\tau|i)$$

We use locally linear quantile regression (Yu and Jones 1998; Koenker 2005), which has good behaviour near the boundaries of support of the data, to estimate *g(i)* using observations i = 1,...,*n* falling within a local neighbourhood around a series of equally spaced points $p_1, p_2, p_3, p_4 \ldots$ along the log income axis $(5000 * 10^0, 5000 * 10^{0.25}, 5000 * 10^{0.5}, 5000 * 10^{0.75} \ldots)$ This leads to the estimation problem:

$$\min \sum_{i=1}^{n} w_i(i)\rho_\tau(y_i - \beta_0 - \beta_1(i_i - i))$$

where $w_i(x) = K((i_i - x)/h)/h$ and *K* is a Gaussian kernel function. The choice of the bandwidth parameter *h* is important: if is too large, too much smoothing obscures too much local structure; if it is too small, too little smoothing introduces too much variability (Koenker, 2005). We define overlapping bandwidths such that the neighbourhood *n* surrounding point p_n extends from the point within the preceding neighbourhood p_{n-1} to

the point within the following neighbourhood p_{n+1}. Since the points are equally spaced along a log income scale, this ensures that there is less (more) smoothing of the growth rates for organisations with bigger (smaller) initial income size i. We present local regression estimates for neighbourhoods of more than ten organisations: if a charity at the very top of the initial income distribution falls within a neighbourhood of less than ten organisations, and it does not also fall within a preceding neighbourhood of more than ten organisations, we plot the actual value of $\delta(i, j; H_{t_1,t_2})$ for that charity. The lower and upper bounds of neighbourhoods are presented in Table 1, together with the numbers of organisations in each neighbourhood for the different (sub) populations used in this paper. Where we estimate the income mobility profile for the conditional mean, rather than a conditional quantile, we smooth using local linear regression in a similar way using the same neighbourhoods.

Note that, since we are using a register of the population of charities, sampling variability is not an issue. Nevertheless, if we consider an observed income mobility profile to be the realisation of a stochastic process in which it is one of a family of possible profiles, confidence intervals are helpful to assess the significance of differences in income growth by initial size. For each local regression in neighbourhood *n*, we calculate a set of replicates for the estimate at point p_n using bootstrap resampling methods, and generate a bootstrap confidence interval by computing the 2.5 and 97.5 percentiles of these replicates.

The question 'which charity has grown more between t_1 and t_2?' only makes sense if we have values for income at both t_1 and t_2. Therefore, as with any analysis which considers income growth between two time points, the results here only apply to a 'balanced panel' of organisations which exist throughout the analysis period. The income mobility profile therefore should be interpreted in this light: they relate income growth to initial size, *conditional* on that organisation surviving till the end of the analysis period. Future work will examine the relationship between initial charity size and survival, but this is a significant analysis in itself and is not presented here. Note that the expected direction of any selection effect introduced by differential survival rates is known. Since small charities are likely to be more ephemeral than larger ones, results which show higher growth for the initially small would be subject to the proviso that this is conditional on organisational survival. Results which show higher growth for the initially big would be robust to this selection effect.

5 Results and discussion

5.1 All charities

We start by examining the median income mobility profile, illustrating differences in the median relative income growth around different points in the initial size distribution (Figure 1). Most clearly it shows, for organisations above an initial size of £50k, an increasing median growth rate between 1998 and 2007 with increasing initial size in

1998. This is consistent with the 'professionalisation' thesis - which would predict the preferential growth of established organisations of sufficient size to employ paid staff. The profile is also consistent with the Tesco-isation thesis, which would predict that it is the very biggest charities which have grown the most. However, note the less smooth nature of the profile, and the wide bootstrap confidence interval, at higher values of initial size reflect the much smaller number of organisations in these neighbourhoods and therefore the high variability of the estimate according to whether or not particular organisations are included in the analysis. In terms of assessing the Tesco-isation thesis, this places particular importance on the appropriate definition of a population of interest and of an appropriate analysis period - which particular organisations, and which particular years, are considered will have an important influence on the nature of the profile at the top of the initial size distribution.

Next we present a series of income mobility profiles - not only for the median, but for other quantiles and for the mean of the conditional income growth distribution (Figure 2). Note that the income mobility profile for the mean displays a strikingly different pattern than for the median, with a higher mean relative growth between 1998 and 2007 for the smaller organisations in 1998 and a lower mean relative growth for the biggest organisations. In part this reflects the influence of a small number of very large relative growth rates towards the bottom of the initial size distribution. Using a dataset trimmed of these outlying cases - with relative growth rates of more than twenty (or less than one-twentieth) removed - does change the mean income mobility profile such that, for example, charities with an initial income of around £500k have a higher mean growth rate than those that were smaller (Figure 3). Nevertheless, even for the trimmed dataset, the mean and median profiles are very different.

This underscores the importance of estimating a series of income mobility profiles, based on local quantile regression, to explore how the distribution of income growth varies according to initial size. On the one hand, the larger organisations are more robust: for organisations above an initial size of £50k, the 25th percentile of the growth rate tends to increase with initial size (Figure 2). (We are surprised that this tendency is not reflected as clearly in the 10th percentile profile. This may reflect measurement error introduced for some of the larger charities where we compare a charity's total income in 1998 to the income of a 'shell' charity in 2007, instead of the charity in its new legal form; see Appendix A). On the other, the smaller charities have a capacity for high relative growth, as illustrated in the income mobility profile for the 90th percentile of the growth rate, which exceeds that of the very biggest charities (Figure 2). These differences in the distribution of income growth according to initial size are summarised in Figure 4: with increasing initial size, there is a narrowing in the distribution, indicative of decreases in the p75/p25 and p90/p10 ratios; with increasing initial size, the distribution becomes less positively skewed and the values for the median and mean become more similar.

5.2 Social service charities

Next we restrict analysis specifically to social service charities (ICNPO categories 4100, 4200, 4300; see Appendix B for more details). The median income mobility profile (Figure 5) shows, for organisations above an initial size of £15k, an increasing median relative growth rate between 1998 and 2007 with increasing initial size in 1998. The median growth rate continues to increase as initial size increases to £500k. This is consistent with the 'professionalisation' thesis. However, beyond this point, there is no evidence that the median growth rate continues to increase with increasing initial size. Again, note the wide bootstrap confidence intervals at the higher values of initial size, highlighting the importance of appropriately defining the population of interest. Nevertheless, for this specific set of organisations, this profile provides no evidence to support the Tesco-isation thesis: the median income growth of the initially very large charities is higher than that of the initially small, but similar to those of initially intermediate size (for example, in the neighbourhood around £500k). In other words, there has been preferential growth of 'established' social service charities in general, of sufficient size to employ paid staff, but not of the very largest in particular.

Figure 6, presenting a series of income mobility profiles for different parts of the income growth distribution, provides a more nuanced picture. The larger charities do seem to be more robust. This is even more clear than when considering all charities, since both the 10th and 25th percentiles of the growth rate tend to increase as initial size increases from (the neighbourhood around) £28k. Importantly, both the 75th and 90th percentiles of the income growth distribution are higher for charities of intermediate initial size (£50k and upwards), so it is not the initially smallest which show the capacity for highest relative growth. This is further support for the 'professionalisation' thesis. These percentiles of the growth rate distribution are also higher for the intermediate charities than for the largest charities, which again indicates that Tesco-isation is not an accurate description of recent income growth among social service organisations. The differences in the distribution of income growth by initial size are summarised in Figure 8. The mean relative income growth exceeds the median for much of the initial size distribution, except for the very large charities.

5.3 Charities involved in early years provision

We briefly illustrate the nature of income growth amongst charities involved in early years provision (ICNPO code 2100; day care settings are not included - see Appendix B). The profiles are very different to those presented for all charities and for social service organisations. The median income mobility profile (Figure 9) shows a *decreasing* median relative growth rate between 1998 and 2007 with increasing initial size. Not only do smaller early years charities show a capacity for highest relative growth (reflected in the 75th and 90th percentile income mobility profiles; Figure 10), but also organisations in the initial size neighbourhood of £15k are robust compared to initially larger charities (reflected in the 25th and 10th percentile income mobility profiles) - conditional on

survival over the period. Both the mean and median income growth show decreasing trends with initial size (Figure 11). While this paper does not seek to describe the substantive context behind recent income growth for these charities, these profiles - when compared with those presented for social service organisations - do highlight the importance of recognising the heterogeneity of charities on the CC register. The overall trends presented in Section 5.1 conflate different patterns of income growth by initial size in different charitable subsectors.

6 Conclusions

6.1 Have the initially big charities grown more than the initially small?

The inflation-adjusted aggregate income of the 41,733 general charities in our panel increased from £13.3bn in 1998 to £19.6bn in 2007 - approaching a 50% real increase. The aggregate income of the 8,940 social service charities increased from £3.7bn to £5.7bn more than a 50% real increase, in part driven by an increase in statutory funding. Up to this point, we have not known which charities have benefited most from this increase - have the smaller charities managed to grow more than the initially 'big', or have the initially larger charities become more dominant?

Much of the substantive content of the paper has focused on social service organisations. Waine (1992), Lewis (1993) and Charlesworth *et al* (1996) predicted that larger, bureaucratic organisations with paid staff would be better placed to grow in an era in which statutory income would increasingly be delivered through contracts rather than grants. We find evidence which is consistent with this thesis of 'professionalisation': the median growth rate, reflecting the 'middle performing' charity, increases as initial size increases from the neighbourhood around £15k to the neighbourhood around £500k. Equally, we do not find evidence for 'Tesco-isation' amongst social service charities, since the very largest organisations show similar median growth rates to intermediate established organisations with initial income of (for example) £500k. Indeed, these intermediate organisations show a capacity for high relative growth, reflected in the 75th and 90th percentiles of the conditional growth rate distribution, which exceeds that of the very largest charities. Overall, it is clear that for this population of social service organisations the initially established organisations in general, but not the very largest in particular, have benefited most from the aggregate increase in income. These longitudinal results provide a useful complement to the cross-sectional picture (Backus and Clifford 2010), which do not provide any insight into how income growth is related to initial size.

6.2 Limitations and areas for further research

This analysis, inevitably, is limited in its temporal scope, and we are not able to offer insight into the dynamics of income growth before our analysis period. Therefore, it is difficult to assess whether or not the documented pattern of income growth by initial size in the social services subsector, for example, is also typical of earlier periods. Note that

the shift to managerialism and bureaucratic organisation for service providing charities has been happening for some time, and should not be solely equated with the growth of the contract culture from the 1990s onwards (Morrison 2000, p.109). While the income growth pattern is consistent with the benefits of large size in an era of formalisation of statutory funding, it is unclear the extent to which this formalisation merely served to reinforce existing patterns of income growth. More generally, we now know that social service charities above a certain size tended to grow more than smaller organisations, but this need not entail that the reason for their preferential growth was related to their size. There are a number of possible ways forward in terms of future research. First, the analysis of further charitable subsectors: since we are limited in our temporal scope, our understanding of the substantive reasons behind patterns of income growth by size would benefit from further comparison between different voluntary activity and policy contexts. Indeed, more generally, the identification of meaningful subpopulations of interest, and the appropriate classification of organisations into these subpopulations, is crucial in the analysis of differential growth by initial size. Second, analysis of geographical variation: in the social services context, this would provide further insight into the importance of contracting to the pattern of income growth - given Lewis (1993) and Charlesworth's *et al* (1996) discussions of the emerging funding picture, which highlight the importance of geographical variation in the type of providers of certain social services and in the way in which funding is organised. Third, analysis of specific income streams: this paper has focused on overall income growth since this information is most readily available. Data on specific income streams and sources are more limited in their coverage of organisations and in their temporal scope, but would provide a basis for research which would usefully complement this paper. Fourth, the analysis period of 1998-2007 (based on data from 1997-2008) for this paper represented a decade of a significant increase in aggregate income both across the charitable sector as a whole, and within the social service subsector specifically. Over the coming years this situation is likely to change. In particular, social service charities may be faced with a much tougher statutory funding environment. Future research could monitor not only the implications for aggregate income levels, but also how these changes in income relate to initial charity size.

6.3 Methodological reflections

This paper has built on analytical ideas emerging from the literature on income inequality - and in particular, the framework of the 'income mobility profile' (Van Kerm 2006, 2009, Jenkins and Van Kerm, 2008). This is a helpful approach, using local regression techniques, for succinctly summarising the relationship between income growth and initial rank in the income distribution. We adapt the approach to examine the relationship between income growth and initial charity size. In so doing, we hope to illustrate the potential utility of the approach not only for studies of individual income inequality, motivated by substantive concern over individual welfare, but also for studies of organisational growth and industrial concentration, motivated by concern over the impact on competitive forces.

This approach will continue to become more feasible as longitudinal data on organisations' incomes become more available.

In this paper we also highlight the importance of considering a range of quantiles of the conditional growth rate distribution, rather than the conditional mean alone. For example, when considering the population of all charities, the mean income mobility profile shows that the largest charities at the beginning of the period have the lowest mean subsequent growth rates. The median income mobility profile shows the opposite. We argue that, since the conditional income growth distribution is positively skewed for all but the initially largest charities, when comparing growth rates across different initial sizes it makes sense to use the median. This represents a particular focus on how a 'typical' (middle-performing) charity of a particular size in 1998 has grown over the period. Analysis of other quantiles - such as the 25th, 75th, 10th and 90th - of the conditional distribution provides further insights into how growth is related to initial size. In the income inequality literature, assessments of pro-poor growth are often based on summary measures obtained from integrating the conditional mean of (log) income growth across the initial rank distribution. Similarly, in the industrial concentration literature, longitudinal research often relates mean growth to initial size. In both fields, these analyses would usefully be complemented by consideration of various quantiles of the conditional growth distribution.

Appendix A: Data preparation

Note that we have data on charity incomes for 1995-2008. However, since we are able to include many more charities in a panel based on 1997-2008 data only, we choose to examine the latter period. This explains the difference in time span with the cross-sectional paper (Backus and Clifford, 2010), which examined annual data from 1995 onwards.

In a very small number of records, implausible dates and income values were corrected. The principle used was not to change a record unless it was very clear that it was erroneous. For example, one of the checks was for a 'multiple of 1000 error' in income values: only if both income and expenditure in a given year were 1000 times bigger/smaller than both the preceding and subsequent years were the figures adjusted. Sometimes, a change in financial year end means that a particular record does not refer to a 12 month period but an alternative duration, typically between six and 18 months. The incomes in these records were scaled appropriately so that, when calculating income growth for a given charity, these were based on consistent accounting periods at t_1 and t_2.

The major challenge in preparing the data was ensuring that we followed through time as many charities as possible. In theory, this is not difficult since each charity has a unique identifier which can be linked to financial records in a given year. In practice, if an organisation changes legal form - from a charitable trust or unincorporated association to a charitable company limited by guarantee - it drops off the register and re-emerges with a new charity number. While technically a new legal identity, it is effectively the same organisation. Failure to link together the two records for such organisations leads to a number of problems. First, it leads to an overestimate of the number of charity dissolutions and registrations. Second, while these organisations can be simply removed when examining income growth by initial size by only considering those charity records with non-missing income information at the beginning and end of the analysis period, this excludes an important part of the population - and one which is likely to be highly unrepresentative in terms of both initial size and subsequent growth. Third, even this 'solution' would not be adequate: many of the larger charities to change legal form retain their old registrations to ensure that income from legacies linked to this registration is received. Such organisations tend to have two records, with the old charity number a 'shell' charity which receives income from legacies and passes it on to the charity in its new legal form. In other words, even if we consider only those charities with non-missing information at the beginning and end of the period, we would incorporate into the analyses many erroneously large drops in income where a big charity's total income is compared to the income of the 'shell' charity instead of the charity in its new legal form. In such cases, the two records at the end of the period should be linked and their incomes summed to ensure a like-for-like comparison with income at the beginning of the period.

Therefore considerable effort was spent trying to link as many records together as possible. The main strategy was to match the current, former or working names of an

organisation to the current, former or working names of any other organisation. Where a match involved only two charities, one was an unincorporated charity and the other was a charitable company, and they were both in the same local authority, the records were linked. Since, under the third problem listed above, it is the big charities retaining 'shell' charities which would represent a particular problem if they remained unlinked, some of the other cases where there were an unusually sharp decline in income from a large initial income were followed up and linked individually. There is no way of knowing how many charities have changed legal form, so it is not possible to provide a simple measure of how many records remain unlinked. Nevertheless, through this linking we are able to add an extra 1,556 general charities with incomes in both 1998 and 2007 to our panel (representing around 4% of the total 41,733). These charities drew in £1.8bn of income in 2007 (or 9% of the total £19.6bn in our panel).

Appendix B: The International Classification of Non-profit Organisations (ICNPO)

The National Council of Voluntary Organisations (NCVO) have developed methods for classifying charities according to the ICNPO. They use a range of different classification methods, with a hierarchy running from a labour intensive manual classification based on information in charity reports and websites, used for the largest charities, to less labour intensive keyword searches using charity names and charity objects, used for the smaller charities (see Kane, 2009, for an overview). Unambiguously classifying thousands of charities is a challenging task, involves an element of subjectivity, and misclassifications are inevitable given the numbers involved. However, we consider it much preferable to use this classification than not to present disaggregated trends at all. For clarity, for the subsectors we examine we provide details of the original classification and a sample of names of organisations in our data which have been classified into these groups.

Social service charities: classification

GROUP 4: SOCIAL SERVICES (from Salamon and Anheier 1996)

Organisations and institutions providing human and social services to a community or target population.

4, 100 Social Services

- child welfare, child services, day care services to children, adoption services, child development centres, foster care; includes infant care centres and nurseries;
- youth services and youth welfare services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centres and clubs, job programs for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts, Big Brothers/Big Sisters;
- family services services to families, includes family life/parent education, single parent agencies and services, family violence shelters and services;
- services for the handicapped services for the handicapped; includes homes, other than nursing homes; transport facilities, recreation and other specialized services;
- services for the elderly organizations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens (does not include residential nursing homes);
- self-help and other personal social services programs and services for self-help and development; includes support groups, personal counselling, credit counselling/money management services.

4 200 Emergency and Relief

- disaster/emergency prevention and control organizations that work to prevent, predict, control, and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or provide relief to disaster victims; includes volunteer re departments, life boat services, etc;
- temporary shelters organizations providing temporary shelters to the homeless; includes travellers aid, and temporary housing;
- refugee assistance organizations providing food, clothing, shelter and services to refugees and immigrants.

4 300 Income Support and Maintenance

- income support and maintenance organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood;
- material assistance organizations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centres.

Table 4 provides a list of the biggest social service charities in 1998, and Table 5 provides a list of a random sample of social service charities.

Charities involved in early years provision: classification

GROUP 2: EDUCATION AND RESEARCH (from Salamon and Anheier 1996)
Organizations and activities administering, providing, promoting, conducting, supporting and servicing education and research.

2 100 Primary and Secondary Education

- elementary, primary and secondary education education at elementary, primary and secondary levels; includes pre-school organizations other than day care.

Since most of the organisations on the Charity Commission register classified as primary and secondary education (code 2100) relate to early years provision, we choose to examine this more specific subpopulation. Within the 2100 category, we search for keywords in the charity name (preschool, playgroup, playschool, nursery, toddler, under fives, and variations thereof) to identify relevant charities. Note that the 2100 category is intended to include pre-school organisations 'other than day care'; day care settings are classified as social service organisations according to the ICNPO.

Table 6 provides a list of the biggest early years charities in category 2100 in 1998; Table 7 provides a list of a random sample of these charities.

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Tables and figures

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Table 1: Neighbourhoods for local regression: points and windows (based on 1998 income); numbers in each neighbourhood for three different (sub) populations (all general charities, social service charities, early years charities)

Regression evaluated at	Neighbourhood	Window		*N All*	*N SS*	*N EY*
5,000	1	5,000	8,891	7,652	1,668	309
8,891	2	5,000	15,811	15,677	3,344	1,093
15,811	3	8,891	28,117	14,846	2,981	1,801
28,117	4	15,811	50,000	11,696	2,285	1,437
50,000	5	28,117	88,914	8,602	1,837	473
88,914	6	50,000	158,114	6,496	1,603	72
158,114	7	88,914	281,171	5,737	1,348	37
281,171	8	158,114	500,000	4,373	1,041	26
500,000	9	281,171	889,140	3,053	709	
889,140	10	500,000	1,581,139	1,956	433	
1,581,139	11	889,140	2,811,707	1,205	252	
2,811,707	12	1,581,139	5,000,000	735	141	
5,000,000	13	2,811,707	8,891,397	437	78	
8,891,397	14	5,000,000	15,811,388	242	60	
15,811,388	15	8,891,397	28,117,066	138	45	
28,117,066	16	15,811,388	50,000,000	79	20	
50,000,000	17	28,117,066	88,913,971	48	15	
88,913,971	18	50,000,000	158,113,883	27	13	
158,113,883	19	88,913,971	281,170,663	14		

Figure 1: All charities: median income mobility profile

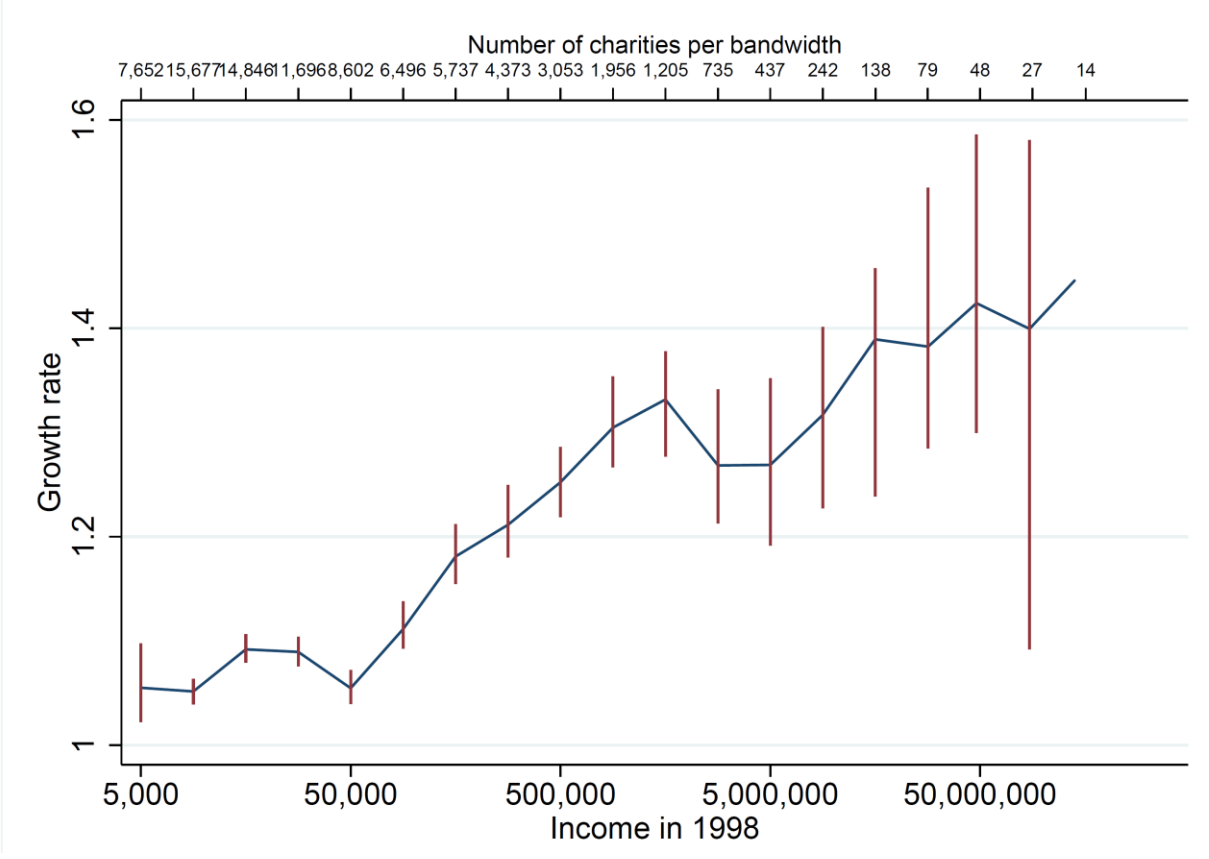

Figure 2: All charities: income mobility profiles for mean and various quantiles (different y-axis scales)

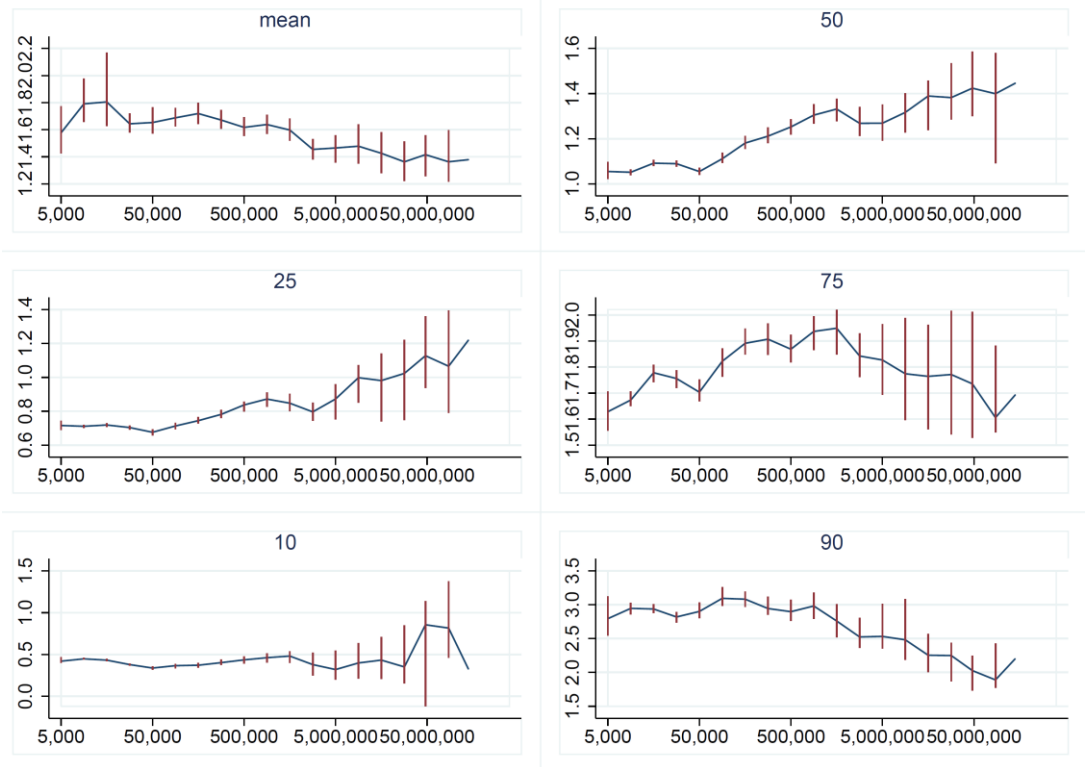

Figure 3: All charities: income mobility profiles for mean and various quantiles (different y-axis scales). Trimmed of outliers (relative growth rates>20 or <0.05)

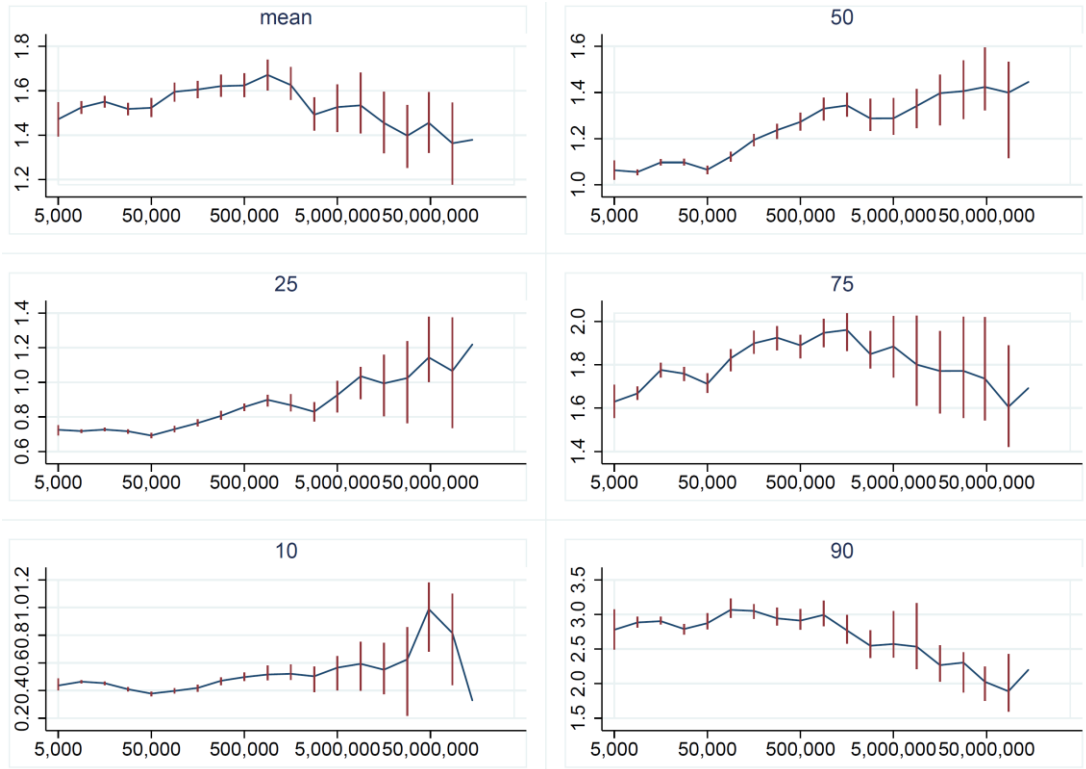

Figure 4: All charities: income mobility profiles for mean and various quantiles (same y-axis)

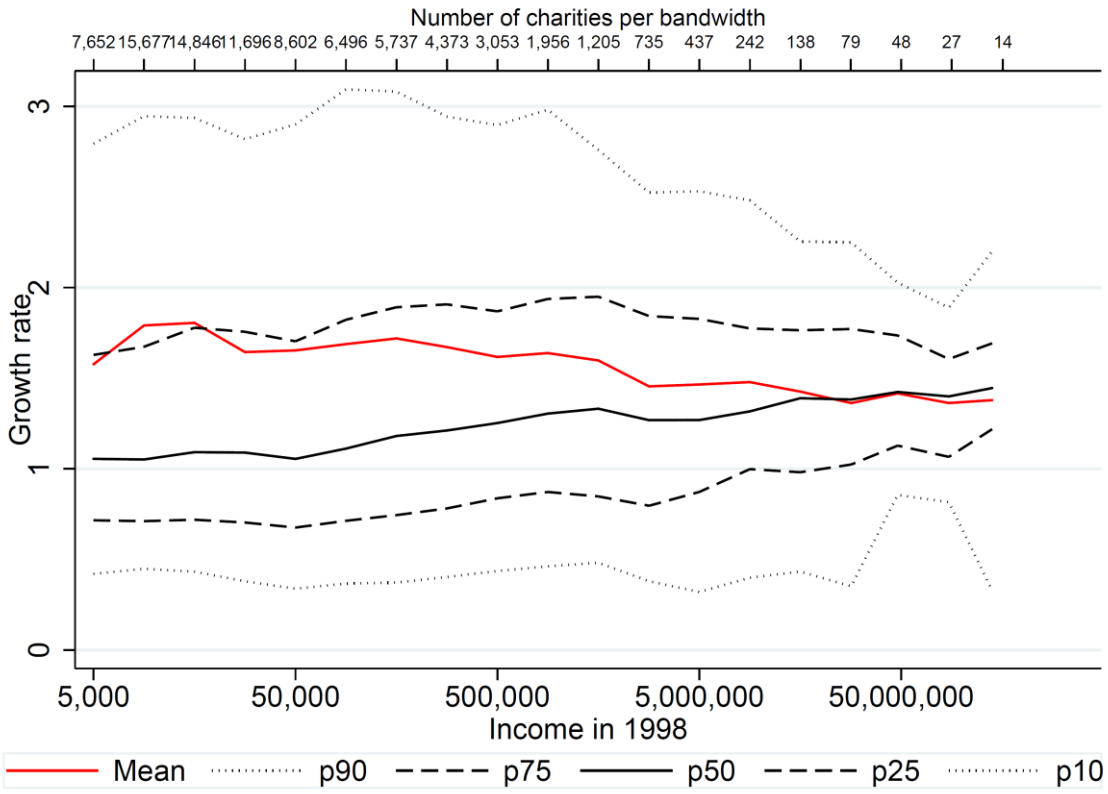

Figure 5: Social service: median income mobility profile

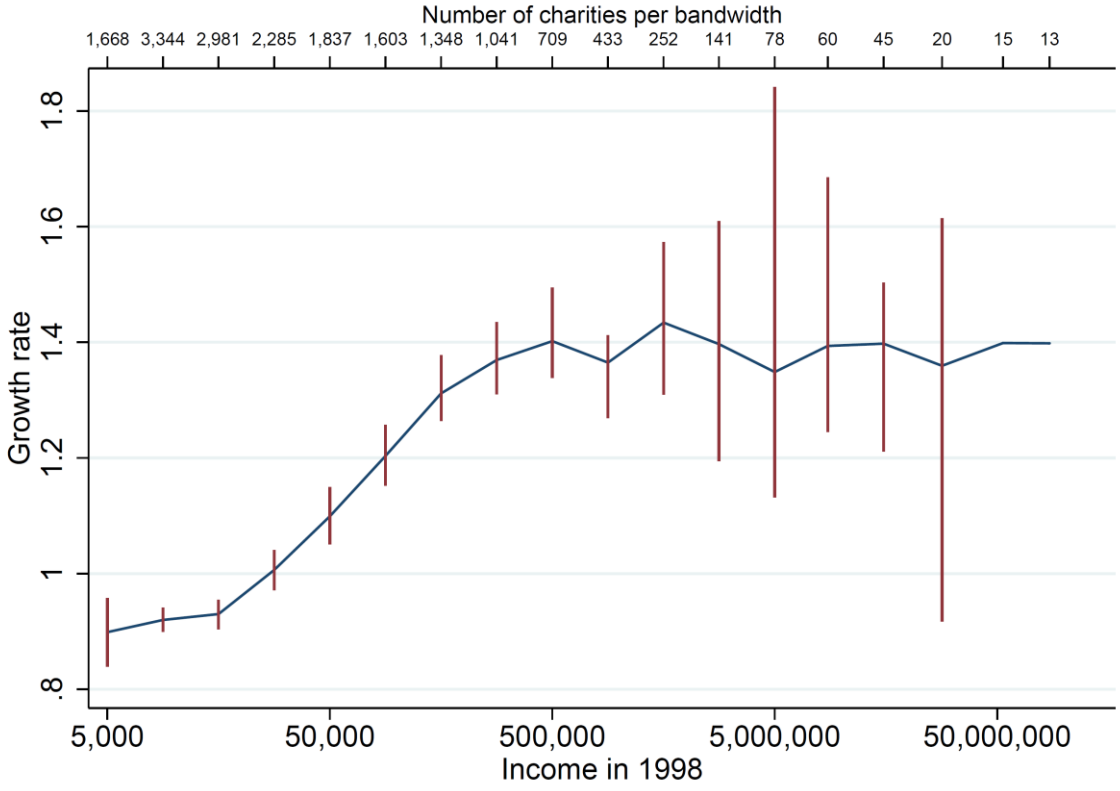

Figure 6: Social service charities: income mobility profiles for mean and various quantiles (different y-axis scales)

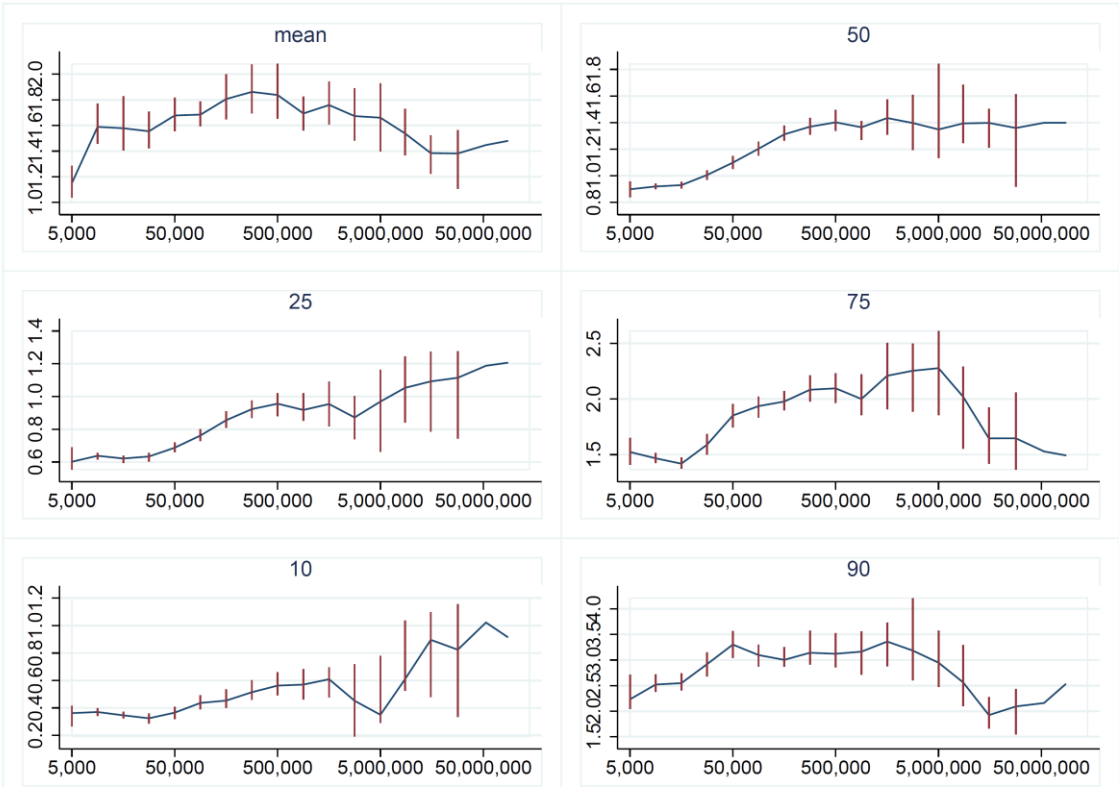

Figure 7: Social service charities: income mobility profiles for mean and various quantiles (different y-axis scales). Trimmed of outliers (relative growth rates>20 or <0.05)

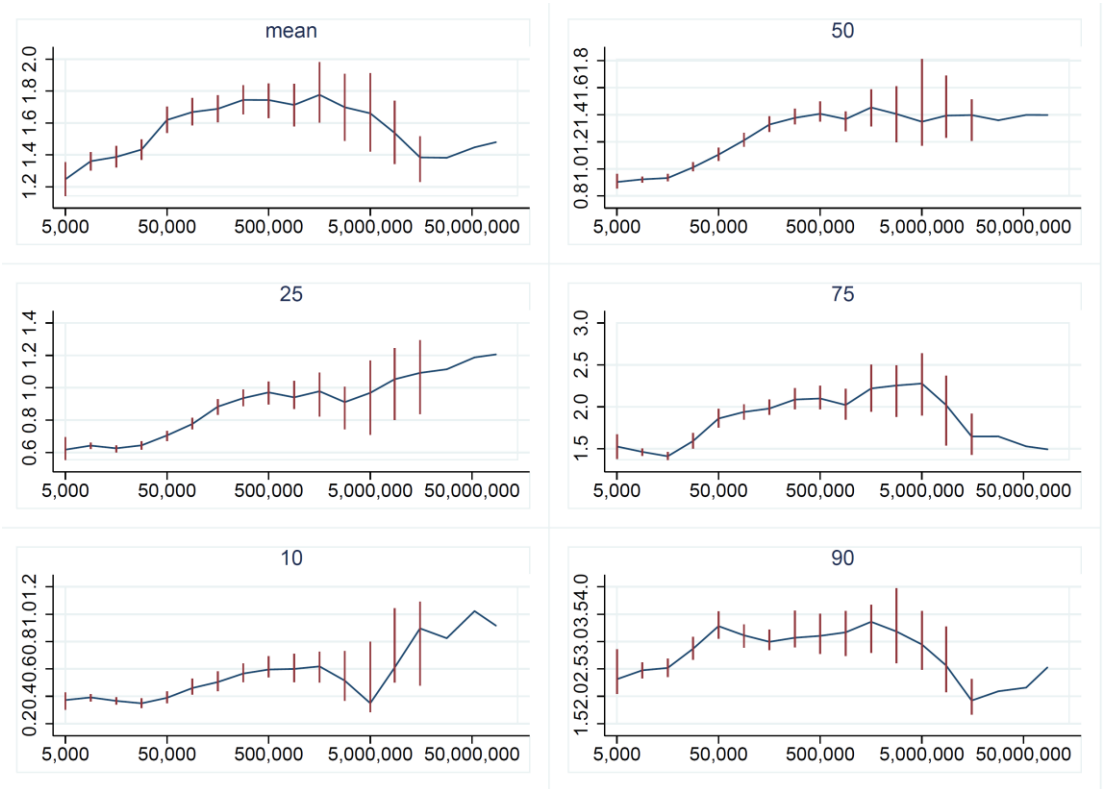

Figure 8: Social service charities: income mobility profiles for mean and various quantiles (same y-axis)

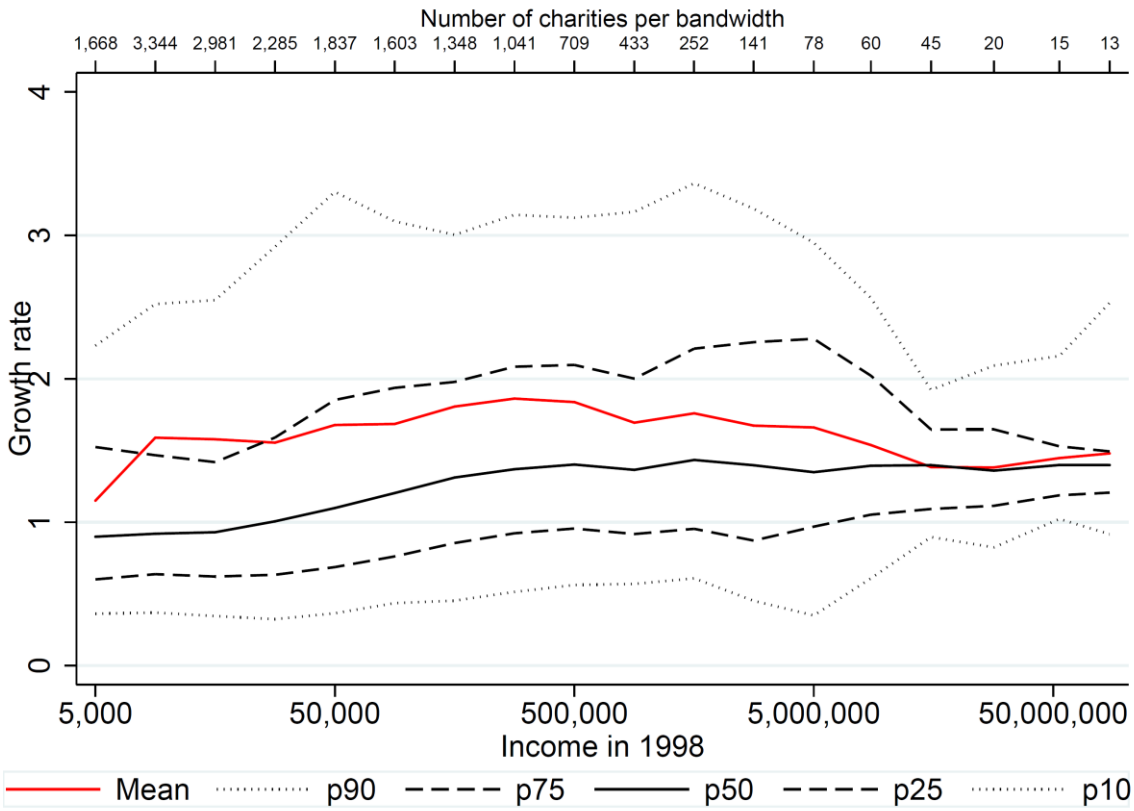

Figure 9: Early years charities: median income mobility profile

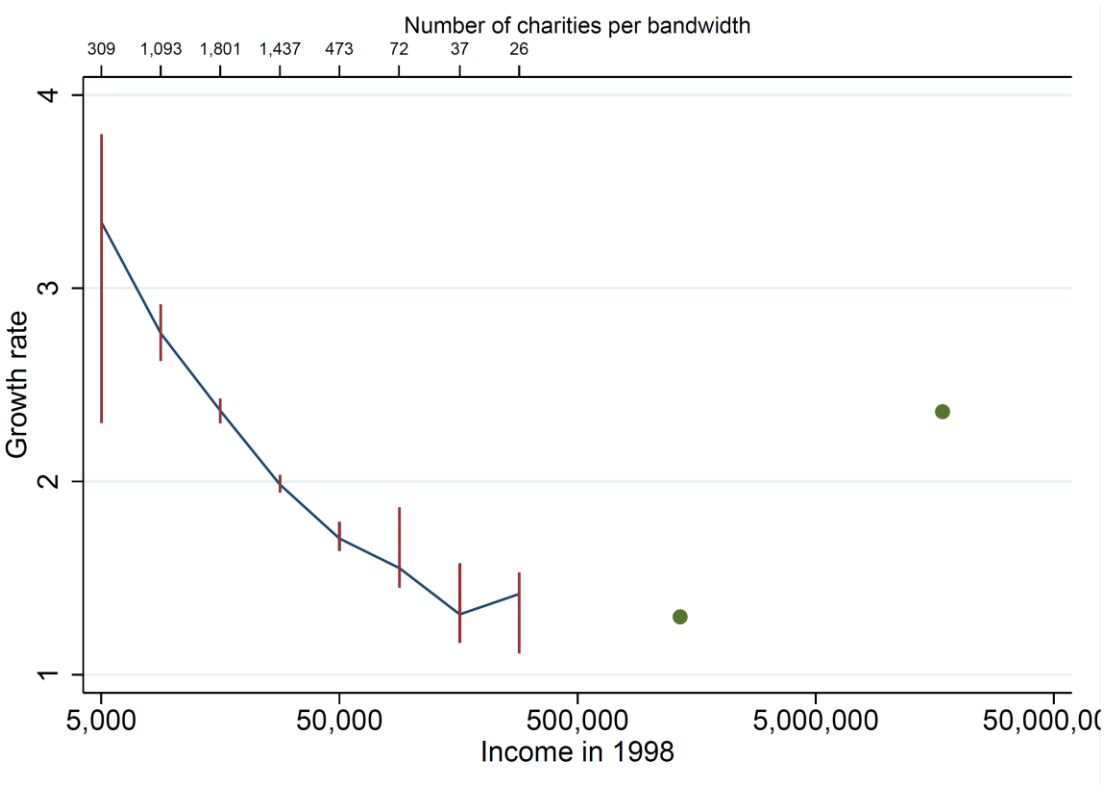

Figure 10: Early years charities: income mobility profiles for mean and various quantiles (different y-axis scales)

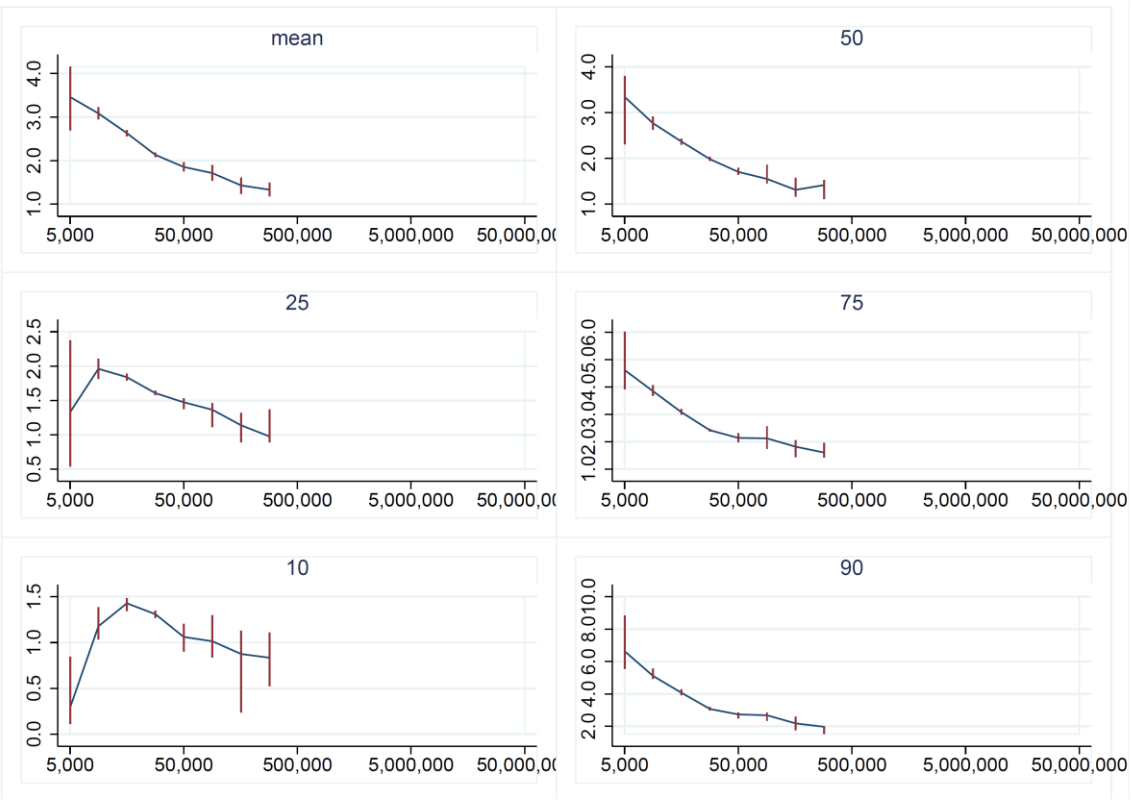

Figure 11: Early years charities: income mobility pro_less for mean and various quantiles (same y-axis)

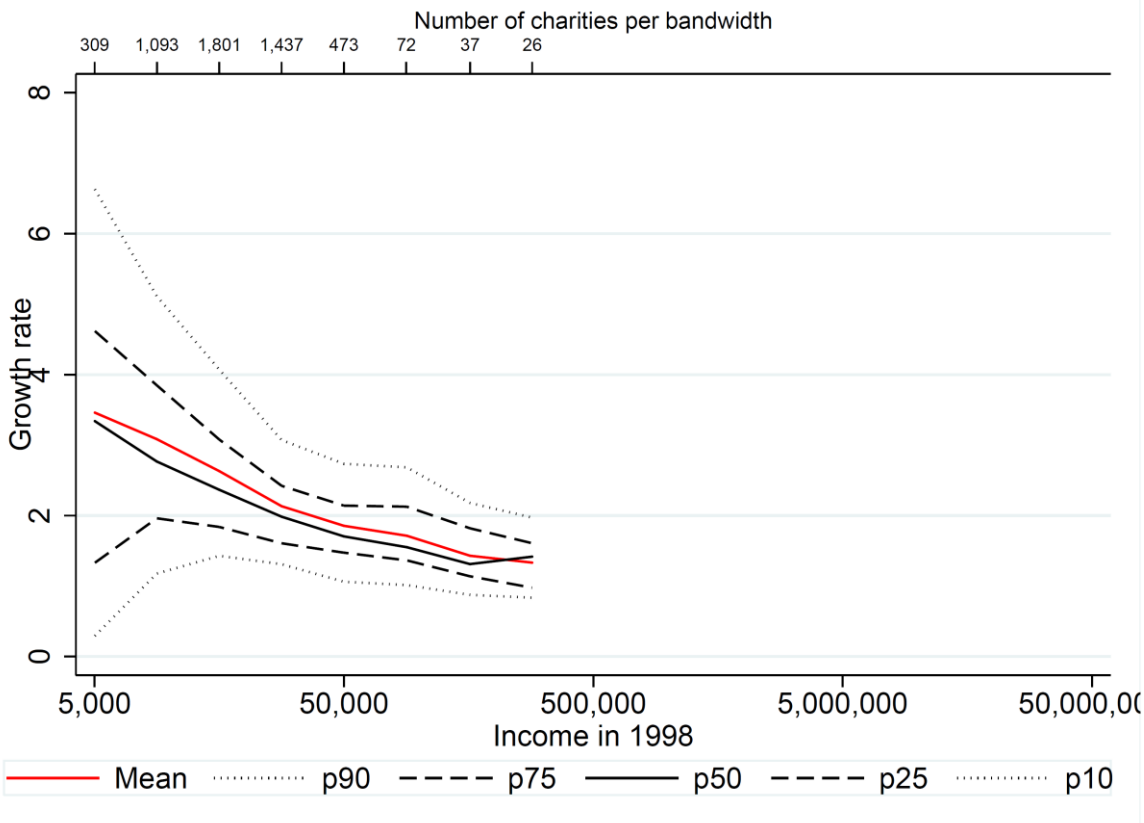

Table 2: All general charities: list of 50 biggest charities according to 1998 income

Income in 1998	Name
373,031,957	WELLCOME TRUST
212,381,637	THE NATIONAL TRUST FOR PLACES OF HISTORIC INTEREST OR NATURAL BEAU
159,358,091	THE BRITISH RED CROSS SOCIETY
152,845,526	LEONARD CHESHIRE DISABILITY
143,793,336	BARNARDOS
139,981,264	IMPERIAL CANCER RESEARCH FUND
129,271,594	OXFAM
124,603,750	ROYAL MENCAP SOCIETY
124,532,171	THE ROYAL NATIONAL LIFEBOAT INSTITUTION
123,451,243	THE DIANA PRINCESS OF WALES MEMORIAL FUND
118,985,870	ROYAL OPERA HOUSE COVENT GARDEN LIMITED
118,815,243	SCOPE
108,866,258	BRITISH HEART FOUNDATION
108,027,112	THE SAVE THE CHILDREN FUND
103,270,119	THE CANCER RESEARCH CAMPAIGN
96,402,850	THE SALVATION ARMY
88,863,095	ACTION FOR CHILDREN
85,525,718	THE ROYAL NATIONAL INSTITUTE OF BLIND PEOPLE
83,226,080	HELP THE AGED
78,421,122	MACMILLAN CANCER SUPPORT
77,502,037	MARIE CURIE CANCER CARE
72,185,390	INTERNATIONAL PLANNED PARENTHOOD FEDERATION
71,477,353	THE NATIONAL SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN
66,954,555	ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
65,364,272	THE SIGRID RAUSING TRUST
60,023,993	THE ROYAL BRITISH LEGION
59,268,435	ACTIONAID
58,498,373	THE SALVATION ARMY SOCIAL WORK TRUST
57,810,598	THE PEOPLES DISPENSARY FOR SICK ANIMALS
56,950,337	THE GUIDE DOGS FOR THE BLIND ASSOCIATION
53,491,028	THE PETER MOORES FOUNDATION
51,882,957	GARFIELD WESTON FOUNDATION
51,382,579	SUE RYDER CARE
50,323,844	WRVS
50,007,907	CHRISTIAN AID
48,268,674	BRIDGE HOUSE ESTATES
47,991,768	ROYAL SOCIETY FOR THE PROTECTION OF BIRDS
45,419,179	ST ANDREWS HOSPITAL
44,765,153	NACRO
43,577,095	JEWISH CARE
42,039,607	THE ROYAL NATIONAL INSTITUTE FOR DEAF PEOPLE
41,962,705	COMMUNITY INTEGRATED CARE
40,117,088	THE ROYAL NATIONAL THEATRE
38,434,555	CHURCH OF ENGLAND CHILDRENS SOCIETY
37,071,122	YHA ENGLAND AND WALES LIMITED
36,787,972	THE SOLDIERS SAILORS AIRMEN AND FAMILIES ASSOCIATION FORCES HELP
36,772,045	THE ROYAL SHAKESPEARE COMPANY STRATFORDUPONAVON
35,178,931	NATIONAL COUNCIL ON AGEING
35,174,975	ENGLISH NATIONAL OPERA

Note: 1998 income expressed in 2008 prices

Table 3: All general charities: list of 50 randomly selected charities

Income in 1998	Name
24,292,255	THE EXTRACARE CHARITABLE TRUST
1,091,809	WAR CHILD
671,691	MARY WARD LEGAL CENTRE
423,989	HILLINGDON CROSSROADS CARING FOR CARERS
320,544	LANCASTER TRAINING SERVICES LIMITED
247,758	TUNBRIDGE WELLS AGE CONCERN
232,245	THE COVENTRY MUSLIM COMMUNITY ASSOCIATION LIMITED
147,913	THE ROUGHLEY CHARITABLE TRUST
122,636	CONVENT OF THE SACRED HEART OF JESUS
78,529	MIDDLETON DAY CENTRE
73,425	MITCHEMP TRUST
60,317	1ST BURTONINWIRRAL SCOUT GROUP
58,393	WOMENS INDIA ASSOCIATION OF UNITED KINGDOM
49,888	AYLESTONE PARK BOYS CLUB
43,357	MIDDLE BARTON PRESCHOOL
41,694	ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS SURREY EAS
36,709	COMMUNITY MEMORIAL HALL
34,204	SAMARITANS OF PORTSMOUTH AND EAST HAMPSHIRE
30,664	ALFORD SPORTS HALL ASSOCIATION
29,415	CHELTENHAM FESTIVAL OF PERFORMING ARTS
27,093	THE DERBY SHAKESPEARE THEATRE COMPANY
24,786	1ST CHORLEYWOOD SCOUT GROUP
24,268	YOU AND ME
21,535	MELODIANS STEEL ORCHESTER UK
20,510	THE PHYTOCHEMICAL SOCIETY OF EUROPE
19,353	FISHBOURNE PRE SCHOOL LIMITED
17,623	HARRY FIELDSEND HAWLEY RESIDUARY FUND
16,324	1ST HARDWICK AND HIGHFIELDS SCOUT GROUP
15,817	THE MOSS AND JOY SPIRO CHARITABLE FOUNDATION
15,339	1ST FORTON SCOUT GROUP
14,917	UPPERMILL STAGE SOCIETY
14,487	SANDWELL HOSPITAL RADIO
14,200	THE RUFFIELD CHARITABLE TRUST
13,732	CLYST ST MARY COUNTY PRIMARY SCHOOL PARENT TEACHER ASSOCIATION
13,493	AGE CONCERN TODMORDEN
12,953	ROBERT ORPWOOD BLOTT SETTLEMENT
12,482	THE MARCH EDUCATIONAL FOUNDATION
11,469	PLUME EDUCATIONAL TRUST
10,263	QUINTRELL DOWNS PLAYGROUP
10,054	CROSSTOWN WOMENS INSTITUTE
8,579	HOWDEN EDUCATIONAL FOUNDATION
8,196	THE ISLE OF WIGHT CHARITABLE TRUST
8,079	LLANFAIR CAEREINION PUBLIC HALL
7,347	EXMOUTH AND DISTRICT MENCAP SOCIETY
6,834	THE DUDLEY STAMP[1]MEMORIAL FUND
6,478	HELES EXHIBITION FOUNDATION AT PLYMPTON
5,901	SOUTH EAST PSYCHOTHERAPY GROUP
5,443	THE CAROLINE HOUSE SUPPORT GROUP
5,288	HADDENHAM AND DISTRICT AGE CONCERN
5,032	5TH WINDSOR DEDWORTH SCOUT GROUP

Note: 1998 income expressed in 2008 prices

Table 4: 'Social service' charities (ICNPO 4100,4200,4300):

list of 50 biggest charities according to 1998 income

Income in 1998	Name
159,358,091	THE BRITISH RED CROSS SOCIETY
152,845,526	LEONARD CHESHIRE DISABILITY
143,793,336	BARNARDOS
124,603,750	ROYAL MENCAP SOCIETY
124,532,171	THE ROYAL NATIONAL LIFEBOAT INSTITUTION
118,815,243	SCOPE
108,027,112	THE SAVE THE CHILDREN FUND
88,863,095	ACTION FOR CHILDREN
85,525,718	THE ROYAL NATIONAL INSTITUTE OF BLIND PEOPLE
83,226,080	HELP THE AGED
71,477,353	THE NATIONAL SOCIETY FOR THE PREVENTION OF CRUELTY TO CHILDREN
60,023,993	THE ROYAL BRITISH LEGION
58,498,373	THE SALVATION ARMY SOCIAL WORK TRUST
56,950,337	THE GUIDE DOGS FOR THE BLIND ASSOCIATION
50,323,844	WRVS
43,577,095	JEWISH CARE
42,039,607	THE ROYAL NATIONAL INSTITUTE FOR DEAF PEOPLE
38,434,555	CHURCH OF ENGLAND CHILDRENS SOCIETY
36,787,972	THE SOLDIERS SAILORS AIRMEN AND FAMILIES ASSOCIATION FORCES HELP
33,785,171	UNITED RESPONSE
32,392,729	THE NATIONAL AUTISTIC SOCIETY
32,343,941	THE HENRY SMITH CHARITY
29,566,969	THE FAMILY FUND TRUST FOR FAMILIES WITH SEVERELY DISABLED CHILDREN
29,073,499	SENSE THE NATIONAL DEAFBLIND AND RUBELLA ASSOCIATION
28,965,687	MACINTYRE CARE
26,871,751	THE MULTIPLE SCLEROSIS SOCIETY OF GREAT BRITAIN AND NORTHERN IRELAN
25,532,053	THE SHAFTESBURY SOCIETY
23,928,635	HF TRUST LIMITED
21,722,172	THE FREMANTLE TRUST
21,670,717	THE LOWRY CENTRE TRUST
21,201,658	ALTERNATIVE FUTURES GROUP LIMITED
18,932,974	THE CAMPHILL VILLAGE TRUST LIMITED
17,996,130	ASPECTS AND MILESTONES TRUST
17,903,564	NUGENT CARE
17,687,772	MOTABILITY
16,605,397	THE DAVID LEWIS CENTRE
16,423,164	ST DUNSTANS
15,626,322	CARTREFI CYMRU LIMITED
15,374,877	TRELOAR TRUST
14,500,505	THE NATIONAL SOCIETY FOR EPILEPSY
14,346,369	THE SCOUT ASSOCIATION
14,272,986	ELIZABETH FINN CARE
14,157,189	THE GUIDE ASSOCIATION
13,964,807	CARE SOUTH
13,925,061	MANCHESTER CARE LIMITED
13,768,226	CORNWALL CARE LIMITED
12,824,704	ACTION FOR BLIND PEOPLE
12,647,781	THE NATIONAL CENTRE FOR YOUNG PEOPLE WITH EPILEPSY CHARITABLE TRU
12,129,802	JOHN GROOMS
11,901,758	CITY PAROCHIAL FOUNDATION

Note: 1998 income expressed in 2008 prices

Table 5: 'Social service' charities (ICNPO 4100,4200,4300): list of 50 randomly selected Charities

Income in 1998	Name
5,628,384	DERWEN COLLEGE
1,133,504	THE LEEDS SOCIETY FOR DEAF AND BLIND PEOPLE
620,296	MARTHA TRUST HEREFORD LIMITED
513,380	YOUNG MINDS TRUST
216,477	EASTBOURNE TALKING NEWSPAPER ASSOCIATION
174,494	HEART LINK EAST MIDLANDS CHILDRENS HEART CARE ASSOCIATION
115,650	EASTERN AIDS SUPPORT TRIANGLE
102,190	LLANELLI CENTRE PROJECT
76,712	YOUNG SOMERSET
68,682	NORTH EAST HELP LINK TRUST LIMITED
66,246	NEWFIELD CHARITABLE TRUST
65,126	SHERBORNE OLD GIRLS UNION BURSARY FUND
58,042	HOMESTART SOUTHWEST LINCOLNSHIRE
53,504	1ST SALTNEY ST MARKS SCOUT GROUP
38,771	2ND NAILSEA HOLY TRINITY SCOUT GROUP
35,462	CHORLEY AND SOUTH RIBBLE SHOPMOBILITY
33,594	HAYES AND HARLINGTON DISTRICT SCOUT COUNCIL
30,729	CENTRAL NOTTINGHAMSHIRE DISTRICT SCOUT COUNCIL
26,808	1ST MOLESEY SCOUT GROUP
25,030	EDMUND ARNOLDS CHARITY
24,639	SUSSEX COMMUNITY DAY CENTRE
23,947	THE ROYAL AIR FORCES ASSOCIATION BEDFORD BRANCH
22,644	5TH POTTERS BAR SCOUT GROUP
21,282	K2 YOUTH CLUB
19,845	6TH NEW FOREST NORTH NETLEY MARSH SCOUT GROUP
17,663	ROCHDALE AND DISTRICT COMMITTEE FOR THE WELFARE OF THE ELDERLY
17,159	1ST NORTHWOOD SCOUT GROUP
15,105	HILDA MARY MEMORIAL TRUST
14,924	RUNNYMEDE DISTRICT SCOUT COUNCIL
14,189	1ST CALLINGTON SCOUT GROUP
13,560	RYEDALE AND DISTRICT MENCAP
13,165	2ND THATCHAM GREENHAM COURT SCOUT GROUP
12,730	WEST ALLOTMENT BOYS CLUB
11,353	BRIDGNORTH SENIOR CITIZENS DAY CENTRE
11,000	IST SOUTHAMPTON ALDERMOOR SCOUTS GROUP
10,536	PATHFINDERS
9,382	THE FARNCOMBE SCOUTS AND BROWNIES
9,110	WHITTINGTON SENIOR CITIZENS CLUB
8,560	CRICKET SOCIETY TRUST
8,153	12TH BURTONUPONTRENT 1ST TUTBURY SCOUT GROUP
7,864	PRA AIDS FOR THE HANDICAPPED LIMITED
7,644	THE LEAGUE OF FRIENDS OF WENSLEY CLOSE
7,380	MAIDENHEAD FAMILY WELFARE ASSOCIATION
7,231	THE BARNET BOROUGH TALKING NEWSPAPER
7,115	ROAYL NAVAL ASSOCIATION DAGENHAM BRANCH
6,597	1ST TYLERS HILL SCOUT GROUP
6,503	WILSONBARKWORTH FUND
5,981	1ST ASCOT ALL SAINTS SCOUT GROUP
5,475	THE BARKWAY NONECCLESIASTICAL CHARITIES
5,332	IRCHESTER YOUTH CENTRE TRUST FUND

Note: 1998 income expressed in 2008 prices

Table 6: 'Education' charities (ICNPO 2100) relating to early years provision: list of 50 biggest charities according to 1998 income

Income in 1998	Name
16,756,770	PRESCHOOL LEARNING ALLIANCE
1,299,035	WALES PRE SCHOOL PLAYGROUPS ASSOCIATION
1,260,067	SHALDON PARENT TODDLER GROUP AND PRESCHOOL LEARNING ALLIANCE
659,772	THE HEBDEN BRIDGE NURSERY ACTION GROUP LIMITED
413,564	YESODEY HATORAH NURSERY
329,189	PRIORITY AREA PLAYGROUPS AND DAY CARE CENTRES
327,358	FIRE STATION NURSERY
315,099	POOL FARM AND PRIMROSE HILL COMMUNITY NURSERY LIMITED
290,894	PLAYHOUSE COMMUNITY NURSERY LTD
286,660	GUMBOOTS COMMUNITY NURSERY
278,126	THE CLOCKHOUSE PRESCHOOL CENTRE LIMITED
260,636	THE CANTERBURY DAY NURSERY HOLIDAY PLAYSCHEME AND AFTER SCHOOL C
256,714	THE MARKET NURSERY LTD
253,262	CRANK NURSERY LIMITED
240,961	AFRICAN CARIBBEAN DAY NURSERY LIMITED
226,292	BROADOAK CHILDRENS NURSERY
216,316	BERMONDSEY COMMUNITY NURSERY
206,101	ROCKINGHAM NURSERY ASSOCIATION
203,517	OSBORNE HOUSE COMMUNITY NURSERY LTD
202,691	CATTERICK GARRISON PRESCHOOL GROUP
198,473	EDITH CADBURY NURSERY SCHOOL
191,732	QUEEN MARYS NURSERY
187,442	THE HUNDRED OF HOO NURSERY
186,933	LEWISHAM OPPORTUNITY PRESCHOOL FOR CHILDREN WITH AND WITHOUT SPE
183,469	FIVEWAYS PRESCHOOL PLAYGROUP
181,943	MILDMAY COMMUNITY NURSERY
176,199	THE SELLY OAK NURSERY SCHOOL
175,551	MUTLU YUVA NURSERY
159,839	WINDMILL DAY NURSERY
157,748	SAFFRON WALDEN NURSERY SCHOOL
156,789	AUDEN PLACE NURSERY
152,231	EAST WEST COMMUNITY NURSERY
147,199	DARNALL COMMUNITY NURSERY PROJECT
140,714	COLLINGHAM GARDENS NURSERY
139,100	FULLERS HALL DAY NURSERY LTD
138,173	LATIN AMERICAN COMMUNITY NURSERY MAFALDA LIMITED
137,541	NAVAL UNDER FIVES EASTERN AREA
128,755	KENSAL GREEN UNDER FIVES GROUP
128,269	THE ROYAL NAVAL PRE SCHOOL LEARNING ORGANISATION [WESTERN AREA]
126,048	GILLSHILL PELICAN PRESCHOOL PLAYGROUP
125,717	MICKLEFIELD NURSERY SCHOOL SEAFORD
123,719	RAINBOW CORNER DAY NURSERY
123,690	ALDERSHOT GARRISON CRECHE AND PRESCHOOL GROUP FACILITY
121,953	CROYDON OPPORTUNITY PRESCHOOL GROUP FOR CHILDREN WITH SPECIAL NE
121,737	ACE NURSERY SCHOOL CAMBRIDGE LIMITED
121,313	HOPSCOTCH UNDER FIVES LIMITED
120,759	THE GROVE PRESCHOOL PLAYGROUP
117,715	TOWER HAMLETS OPPORTUNITY PLAYGROUP
113,760	SPRINGBOARD NORTH WILTSHIRE OPPORTUNITY GROUP FOR PRESCHOOL CHIL
109,349	LITTLE TREASURES SMALL HEATH NURSERY

Note: 1998 income expressed in 2008 prices

Table 7: 'Education' charities (ICNPO 2100) relating to early years provision: list of 50 randomly selected charities

Income in 1998	Name
5,628,384	DERWEN COLLEGE
1,133,504	THE LEEDS SOCIETY FOR DEAF AND BLIND PEOPLE
620,296	MARTHA TRUST HEREFORD LIMITED
513,380	YOUNG MINDS TRUST
216,477	EASTBOURNE TALKING NEWSPAPER ASSOCIATION
174,494	HEART LINK EAST MIDLANDS CHILDRENS HEART CARE ASSOCIATION
115,650	EASTERN AIDS SUPPORT TRIANGLE
102,190	LLANELLI CENTRE PROJECT
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17,663	ROCHDALE AND DISTRICT COMMITTEE FOR THE WELFARE OF THE ELDERLY
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15,105	HILDA MARY MEMORIAL TRUST
14,924	RUNNYMEDE DISTRICT SCOUT COUNCIL
14,189	1ST CALLINGTON SCOUT GROUP
13,560	RYEDALE AND DISTRICT MENCAP
13,165	2ND THATCHAM GREENHAM COURT SCOUT GROUP
12,730	WEST ALLOTMENT BOYS CLUB
11,353	BRIDGNORTH SENIOR CITIZENS DAY CENTRE
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10,536	PATHFINDERS
9,382	THE FARNCOMBE SCOUTS AND BROWNIES
9,110	WHITTINGTON SENIOR CITIZENS CLUB
8,560	CRICKET SOCIETY TRUST
8,153	12TH BURTONUPONTRENT 1ST TUTBURY SCOUT GROUP
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5,332	IRCHESTER YOUTH CENTRE TRUST FUND

Note: 1998 income expressed in 2008 prices

CGAP funders

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The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy. Three main research strands focus on individual and business giving, social redistribution and charitable activity, and the institutions of giving. CGAP is a consortium including the Universities of Strathclyde, Southampton and Kent, University of Edinburgh Business School, Cass Business School and NCVO. CGAP's coordinating 'hub' is based at Cass Business School. CGAP is funded by the ESRC; the Office for Civil Society, Cabinet Office; the Scottish Government and Carnegie UK Trust.

Visit www.cgap.org.uk for further information

About the Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The third sector research centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research.

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Quantitative Analysis

This research stream is designed to improve our understanding of the third sector through a large-scale programme of quantitative work. It is designed to help us better explain the distribution of third sector organisations, analyse their contribution to society and the economy and understand their dynamics. We are interested in data not just on third sector organisations and their resources, but also on both financial inputs to the sector (funding flows from various sources) and human inputs (e.g. the paid workforce and volunteers).

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The support of the Economic and Social Research Council (ESRC), the Office for Civil Society (OCS) and the Barrow Cadbury UK Trust is gratefully acknowledged. The work was part of the programme of the joint ESRC, OCS Barrow Cadbury Third Sector Research Centre.