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Fluctuations in GDP hit charities' average voluntary income - after 10 month lag

- UK economic fluctuations effect charity incomes, voluntary ones first – though not seen straight away, analysis shows
- Average charity income *growth* will slow or become static in downturn, though actual average incomes won't fall, experts predict
 - “Don't accept or expect defeat”; but be cautious and “ensure resilience against income volatility”, think tank urges

Growth in charities' average voluntary income rises or falls 10 months after any rise or fall in GDP growth, followed by peak impact on overall income growth a further 7 months later - according to a financial analysis out today (see attached summary slides).

Leading not for profit sector think tank and research consultancy nfpSynergy examined the financial history of 56 of the UK's leading fundraising charities to assess the relationship and timing of the impact of fluctuations in the UK's economic fortunes (qua growth in GDP) on third sector organisations' average growth in income, both voluntary and overall.

The survey of charities - most in the top 100 in terms of voluntary income - shows a direct correlation, albeit time-lagged, between GDP growth and charity income growth since 1980. The growth in individual voluntary donations rose or fell almost as soon as people's disposable income rose or fell: on average 10 months after any rise or fall in GDP growth. And there was a further average 7 month lag before the positive or negative impact on the growth of charities' overall average income - including government grants, investments and fee income – peaked.

nfpSynergy's researcher, Jonathan Baker, said:

“We predict that average charity income growth will slow or become static as donors respond to the economic downturn but we are *not* predicting drops in actual average income; and the voluntary sector as a whole should be robust enough to weather well, having continued to grow over the last 30 years - through thick and thin. In previous recessions of the early 1980s and early 1990s, the sector income growth slowed and almost stopped - but was never negative. Our message is: don't accept or expect defeat, but be cautious. Charities still have time to create a resilient action plan to protect themselves against income volatility before the onset of any possible recession.”

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MEDIA INTERVIEWS:

To interview nfpSynergy's Jonathan Baker about the significance of these latest findings, please contact Jonathan direct on 0207 426 8865:

Any problems and Adrian Gillan can be contacted any time on 0774 086 7215

Notes to editors:

• nfpSynergy

nfpSynergy (www.nfpsynergy.net) is the UK's *only* think-tank and research consultancy dedicated to the charity sector and not for profit issues. It provides ideas, insights and information to help voluntary and community organisations thrive in an ever-changing world. Regularly harvesting the social and charity-related views of public and parliament, media and business - not to mention not for profit organisations themselves - nfpSynergy has a vast and ever-growing knowledge pool from which to extract and deliver insights.