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CGAP Occasional Paper

Comparisons between the characteristics of charities in Scotland and those of England and Wales

May 2013

John Mohan and Steve Barnard

UNIVERSITY OF
Southampton



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Contents

1	Introduction	3
2	Data sources and classification procedures	4
3	Results	6
3.1	Charities by classification	8
3.2	Discussion	14
4	Conclusions	21
	Acknowledgements	25
	References	25
	Appendix A: Classification process	26
	Appendix B: Additional tables of charity counts	29
	Appendix C: NCVO variations from standard ICNPO categories	35
	About the authors	36
	About CGAP	36

1 Introduction

Data from the Register of Charities in England and Wales have been available for research purposes for over 15 years, and as a result we know a great deal about the charitable landscape of those countries. Not only is it possible to present a portrait of the level of resources and of changes in the numbers of organisations, but furthermore, thanks to the efforts of the NCVO (National Council for Voluntary Organisations), we have a classification of English and Welsh charities according to the widely accepted International Classification of Non-Profit Organisations (ICNPO) typology. Our ability to describe the pattern and characteristics of charitable organisations for the entire UK is still incomplete, however, because previous analyses have not included information on charities in Scotland and Northern Ireland. This paper extends coverage to Scotland, and we believe it is the first attempt to use data from the Office of the Scottish Charity Regulator (OSCR) to draw comparisons between the characteristics of charitable organisations between two constituent parts of the UK.

The first question we explore is whether there are differences between different parts of the UK in terms of the numbers and characteristics of the population of registered charities. We might expect this to be the case, for two reasons. One is that the contemporary pattern of charitable organisations can be seen as the outcome of rounds of investment: the activities of individual philanthropists and the collective organisation of communities, over long periods of time, in responding to emerging needs and challenges. The diverging economic fortunes of the respective countries, and of communities within them, might also be expected to give rise to distinct patterns of need and of charitable responses to those needs.

The second relates to regulatory practices. Despite the existence of a common understanding of what charitable status means for tax purposes which dates back to the Act of Union, there are now three separate legal jurisdictions with associated regulatory bodies for charities in the UK, covering England and Wales, Scotland, and Northern Ireland respectively. There are differences between the first two of these in terms of regulatory practices. In Scotland, it could be argued that there is a very inclusive system in which any organisation wishing to claim the benefits of charitable status is required to register as a charity, in contrast to England where certain categories of organisations are not legally required to register (eg because they are deemed to be 'excepted' or 'exempt' charities). In Northern Ireland the process of charity registration is ongoing and it remains to be seen exactly what differences will emerge in practice.¹

As well as regulations regarding the exemption or exception of particular charities, there are also financial thresholds that determine whether or not organisations are required to register and file returns (Breen et al 2009). If we wish to compare the characteristics of charities across jurisdictions it is clearly important that we make allowances for the effect of regulatory practices on the number and composition of charities. We investigate this with respect to the size distribution of charities (measured by annual expenditure) and two classifications of charitable organisations – the broad 'general charities' definition widely used in England, and the classification of the activities of individual organisations into the ICNPO typology. In further work we will explore whether the 'capacity' of the charitable sector varies between places, and what sort of comparisons are appropriate (eg urban/rural, functional regionalisation, level of deprivation). We will also consider what other differences there are in terms of, for example, the size profile of organisations, their scale of operation or the likelihood that they are also registered as a charitable company.

2 Data sources and classification procedures

At the time we received a copy of the OSCR's Register (August 2011) it comprised 23,333 entries, identifying 23,323 unique organisations. Among the data for each organisation were name, contact details, latest reported income, a free-text field describing the object of the organisation, and a set of variables summarising the organisation's purpose(s), beneficiaries and activities. These summary variables take the form of yes/no responses to standard categories, based upon boxes ticked on each organisation's Annual Return to the Regulator. They are informally referred to as the 'checkbox' variables in this paper.

The objective was to parallel NCVO's (2010) classification of those organisations in England and Wales listed on the Charity Commission's Register (CCR); we referred to those classifications to ensure compatibility, as well as to various guidance documents and keyword lists provided by NCVO.² Reference was also made to a file provided by SCVO (Scottish Council for Voluntary Organisations), which contained details of their own, differently structured, classifications of Scottish Registered Charities.

We classified organisations on the Scottish Register under two schemes: a 'General charities' classification, and the ICNPO (International Classification of Non-Profit

¹ There is currently a list of organisations that are 'deemed' to be charitable for tax purposes, but this cannot be taken as a definitive list of charities in the province.

² For further details see <http://www.ncvo-vol.org.uk/networking-discussions/blogs/116/10/10/26/setting-ncvos-data-free>

Organisations). The General charities classification was introduced by the Office of National statistics (ONS) and is most widely used by NCVO in their annual *Almanac* (Clark et al 2012) to focus attention on organisations that fit the public perception of what a 'typical' charity is. For example, they exclude from the General charities definition organisations that are ultimately controlled by government or a government body (eg charities that are administered by NHS authorities or non-departmental public bodies) and other organisations such as independent schools, or trade and professional associations. Though there are relatively few such organisations, their economic weight is considerable (Clark et al 2012). In England and Wales, 87% of registered charities fit NCVO's definition of a General Charity; in Scotland the figure is a little lower, at 83%. The excluded classes are given in the following list of codes (although the time-dependent Inactive and Duplicate categories are typically not used)³:

Code Type of organisation

- 0 General charity
- 1 Independent school, college or university, academy
- 2 NHS administered charity or independent hospital
- 3 Religious body or place of worship
- 4 Mutual organisation, Masonic lodge
- 5 Trade association, professional body
- 6 Central or local government-administered and regulated body, quango, NDPB
- 7 Housing association
- 8 Benevolent institution
- 9 Inactive organisation
- 10 Charity investment fund
- 11 Duplicate

Although the great majority of organisations fall within the class of General charities, the remaining organisations, both in England and Wales, and in Scotland, account for nearly 50% of income in the sector (see the discussion of General charities in section 3.1, below).

The ICNPO, developed by Salamon and Anheier (1996), comprises twelve main groups, most of which are then divided into sub-groups. The main groups are:

Code Purpose

- 1 Culture and recreation
- 2 Education and research
- 3 Health
- 4 Social services

³ https://spreadsheets.google.com/pub?key=0AhPQWam6YvCcdFNpN0JxaUxpcWpMQ0VNbU5DXzRGWXc&hl=en_GB&single=true&gid=1&output=html

- 5 Environment
- 6 Development and housing
- 7 Law, advocacy and politics
- 8 Philanthropic intermediaries and voluntarism promotion
- 9 International
- 10 Religion
- 11 Business and professional associations, unions
- 12 Not elsewhere classified

An iterative approach was adopted for both the General charities and ICNPO classification processes. At each step the objective was to identify and classify some subset of the presently unclassified organisations, using whatever criteria were most appropriate, based upon data within the file, external references or a combination of both. The General charities classification was completed first, and its results were then used to initiate the ICNPO classification process. Although the two were developed for different purposes (the ICNPO was developed to allow international comparisons of the third sector, whereas the General charities definition was designed to focus on particular subsets of the charitable population in England and Wales) there are clearly links between the two. For example, any organisation with a General charities code of 2 (NHS-administered charity or independent hospital) is also likely to lie somewhere within ICNPO Group 3 (Health), although the converse is not necessarily true. More details of the classification process are available in Appendix A.

3 Results

This section will highlight and discuss characteristics of registered charities in Scotland, with particular emphasis on comparisons with those in England and Wales. However, registration rules and criteria in England and Wales differ from those in Scotland, and so before making comparisons it is necessary to understand how those differences could affect the findings.

Exception and exemption from registration

Some types of charitable organisation in England and Wales are 'exempt' or 'excepted' from registration with the Charity Commission. Exempt charities cannot register with and are not regulated by the Charity Commission: examples include most universities in England, many national museums and galleries, and the governing bodies of voluntary and foundation schools. Excepted charities are not required to register if income is below £100,000, but they are regulated by the Charity Commission. They include churches and chapels on a recognised list of Christian denominations, armed forces' charitable service funds, and scout and guide groups.⁴ In contrast, all charities that are active in Scotland must register: there are no exceptions or exemptions, and no income thresholds.⁵ Clearly, these differing registration criteria will affect the relative

⁴ See http://www.charity-commission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Excepted_charities_index.aspx

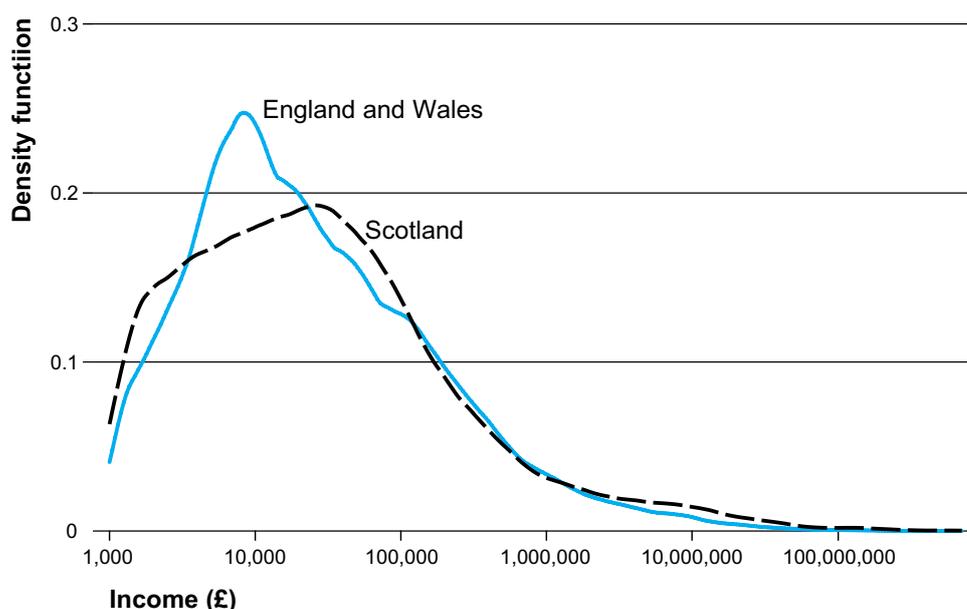
⁵ See Section 2 of <http://www.oscr.org.uk/media/1931/Seeking%20charitable%20status%20in%20Scotland%20B60526%20FINAL.pdf>

prevalence of charities in certain of the categories discussed below. Consequently, these criteria will also affect the overall number of charities.

Income threshold

Under Charity Commission rules for England and Wales there is a minimum income below which a charity is not required to register (currently £5,000, increased from £1,000 in April 2007),⁶ whereas OSCR has no equivalent lower limit.⁷ This does not mean that there are no English or Welsh charities on the register with incomes below £5,000 – far from it – but it does mean that they are relatively rarer than in Scotland, as shown in the kernel density plot (Figure 1).

Figure 1 Kernel density income profile for all organisations.



This is a more informative approach to profiling the income distribution of charities than histograms. Kernel density estimation provides an estimate of the probability density function of a variable (in effect, the probability that a variable will take a given value).⁸ As can be seen, the peak of the distribution from England and Wales is to the left of the Scottish one, indicating that a higher proportion of organisations have lower incomes in England and Wales. The figure shows a very different income profile on the two registers, but clearly the difference in registration rules will have an effect. Table 1 summarises the numbers of organisations on each register with incomes above and below the Charity Commission registration threshold.

⁶ Charities Act, 2011, section 30.

⁷ It is not clear whether reference should be made to 'annual' incomes or just to incomes. Not all charities have the same accounting period, nor do their financial years all end on the same date. Advice to charity accountants refers to the 'gross' income; see <http://www.legislation.gov.uk/ukxi/2008/629/contents/made>

⁸ For an explanation, see http://en.wikipedia.org/wiki/Kernel_density

Table 1 Numbers of organisations by income

	Scotland (OSCR)		England and Wales (CCR)	
	Number	%	Number	%
Income 'missing'	0	0.00	3,452	2.13
Income zero	2,105	9.03	7,090	4.37
Income £1..£4,999	7,188	30.82	44,785	27.59
Income £5,000+	14,030	60.16	106,998	65.92
Total registered	23,323	100.00	162,325	100.00

Although the effect of the £5,000 threshold in England and Wales may still be working through – for example, organisations below this size threshold may still remain on the register and file annual returns – for analytical purposes it seems sensible to concentrate on entities above the threshold. This is discussed further below.

Charities that operate both sides of the border in England and Scotland

Many of the larger UK-wide charities are registered in Scotland as well as in England and Wales, and so are some smaller charities. A few appear to be registered one side of the border but operate solely on the other side. The presence of such 'cross-border' charities on the registers can distort comparisons, especially in the case of UK-wide charities: any such group of charities will clearly form a larger proportion of the 23,323 charities on the Scottish register than it does of the 162,325 charities on the English and Welsh one (this is demonstrated particularly clearly by international charities, as described in section 3.2). There is no provision for the Charity Commission for England and Wales to register a body not established under the laws of England and Wales, but this does not prevent charities registered in Scotland from operating in England and Wales.

To be able to compare relative national prevalence rates fairly, these 'cross-border' organisations need to be excluded. OSCR maintains a list of charities that are registered in Scotland as well as in England and Wales, so we have excluded charities on that list from our comparisons. Additionally, we identified a number of charities that, although registered only on one side of the border, are based the other side. Because some of these at least are likely to operate also where they are based, these too are excluded from consideration. This reduces the number of charities under consideration in Scotland to 22,313, and in England and Wales to 161,338. The numbers of cross-border charities are summarised in Appendix B.

3.1 Charities by classification

Comparative tables of numbers of charities in each category of the General charities and ICNPO schemes are given below.

Each table presents, by category, three measures of charity prevalence on each register: a simple count of the number of charities; that count as a proportion of the registered total; and that count represented as a number of charities per 100,000 population (calculated using ONS 2010 mid-year population estimates for England, Wales and Scotland of 52,234,000; 3,006,000; and 5,222,000 respectively⁹). To

⁹ <http://www.ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk--england-and-wales--scotland-and-northern-ireland/mid-2010-population-estimates/annual-mid-year-population-estimates--2010.pdf>

negate the effects of one of the differences in registration criteria between Scotland and England and Wales, the tables present data for charities with a minimum income of £5,000.¹⁰ A second ICNPO table also shows the comparative median income of charities in each category.

General charities

Table 2 Registered organisations with incomes of at least £5,000, by General Charity classification

	Scotland			England and Wales		
	Number	%	Per 100,000	Number	%	Per 100,000
General Charity	9,950	75.13	190.5	90,662	85.44	164.1
Independent school/university	140	1.06	2.7	1,510	1.42	2.7
NHS/hospital	17	0.13	0.3	290	0.27	0.5
Religious	2,841	21.45	54.4	11,764	11.09	21.3
Mutual/masonic	2	0.02	0.0	125	0.12	0.2
Trade/professional	28	0.21	0.5	213	0.20	0.4
Government admin/quango	15	0.11	0.3	183	0.17	0.3
Housing association	164	1.24	3.1	638	0.60	1.2
Benevolent institution	84	0.63	1.6	683	0.64	1.2
COIF equivalent	2	0.02	0.0	46	0.04	0.1
Total	13,243	100.00	253.6	106,114	100.00	192.1

When considering these tables, it is worth bearing in mind that a primary reason why NCVO (in conjunction with the Office of National Statistics) developed this categorisation was to permit them to distinguish ‘general charities’ (in layman’s terms) from other organisations. This was desirable because the non-general charities tend to have rather different income profiles from General charities.

To illustrate this point, it may be noted that although the non-general charities comprise less than 13% of the England and Wales sample, they account for almost half (48.6%) of the income of registered charities in England and Wales. The equivalent numbers in Scotland are that non-general charities form 17% of the total sample in Scotland, and account for an even higher proportion of total income (62.9%).

ICNPO

The ICNPO classification comprises 12 groups (eg 1 Culture and recreation, 2 Education and research, and so on), each of which contains one or more sub-groups (eg, 1100 Culture and arts, 1200 Sports, 1300 Other recreation and social clubs; 2100 Primary and secondary education, 2200 Higher education, etc). The scheme was designed to be applicable anywhere in the world. Inevitably, that means that in any given territory it is likely that some of the groups and sub-groups will be more populous than others.

¹⁰ Equivalent tables for all charities, regardless of income, are presented in Appendix B.

In their classification of charities in England and Wales, NCVO found that some groups and sub-groups were so populous, and/or contained within them such distinct and well-defined organisation types, that a further degree of subdivision was of benefit. In the interests of maximising comparability between the classification of Scottish organisations with those of England and Wales, that same (adapted) classification scheme was adopted here. A further sub-group was also introduced for the Scottish classification (General or multiple charitable purposes: code 12200) to contain the not insignificant numbers of organisations that specifically indicated their purpose as being 'general', or split with equal priority across a number of the standard sub-groups. This allowed such general-purpose charities to be distinguished from those with specific but not otherwise classified purposes, for which the Not elsewhere classified sub-group (12100) already exists.

The table in Appendix C summarises NCVO's variations from the standard sub-groups, which were also adopted for the classification of Scottish organisations. No organisations on either register were found to lie in the ICNPO classes 7300 and 11300 (Political organisations, and Trades unions, respectively), which is unsurprising as these are not charitable purposes, so those classes are omitted from the ICNPO tables in this report. Furthermore, and again in consultation with NCVO, certain divisions between sub-groups were identified where categorisation can be particularly difficult, and where marginal decisions between two (or more) sub-groups might artificially inflate differences in the prevalence of types of organisation between the two registers. For that reason, four combined categories have also been included in each table:

2400+2410 All research	It can be much easier to identify a research organisation than it is to determine whether its research should be classified as medical.
2410+8100 Medical research and Grantmaking	Some of the larger medical research organisations primarily sponsor work by other organisations, rather than carrying it out themselves, leading again to classification uncertainty.
3100+3400 Hospitals and Other health	3100 is primarily inpatient care, and 3400 primarily outpatient; it can be unclear which predominates in some organisations.
3xxx+4xxx-4110 All care organisations	This pooled group covers all organisations that care for or treat the ill, disabled or disadvantaged, indicating the overall prevalence of care organisations, in the broadest sense.

In the tables these pooled groups do not of course contribute to the column totals.

Table 3 Registered organisations with incomes of at least £5,000, by ICNPO classification

	Scotland			England and Wales		
	Number	%	<i>per</i> <i>100,000</i>	Number	%	<i>per</i> <i>100,000</i>
1100 Culture and arts	1,492	11.27	28.6	8,322	7.84	15.1
1200 Sports	288	2.17	5.5	2,897	2.73	5.2
1300 Other recreation and social clubs	227	1.71	4.3	1,674	1.58	3.0
2100 Primary and secondary education	137	1.03	2.6	3,117	2.94	5.6
2110 Parent-teacher associations	74	0.56	1.4	7,046	6.64	12.8
2120 Educational foundations	76	0.57	1.5	727	0.69	1.3
2130 Playgroups and nurseries	519	3.92	9.9	5,997	5.65	10.9
2200 Higher education	86	0.65	1.6	221	0.21	0.4
2300 Other education	234	1.77	4.5	1,011	0.95	1.8
2400 Research	67	0.51	1.3	1,684	1.59	3.0
2410 Medical research	95	0.72	1.8	340	0.32	0.6
3100 Hospitals and rehabilitation	71	0.54	1.4	1,879	1.77	3.4
3200 Nursing homes	74	0.56	1.4	570	0.54	1.0
3300 Mental health and crisis intervention	134	1.01	2.6	1,052	0.99	1.9
3400 Other health services	276	2.08	5.3	866	0.82	1.6
4100 Social services	1,943	14.67	37.2	11,412	10.75	20.7
4110 Scouts, Guides etc	538	4.06	10.3	4,367	4.12	7.9
4200 Emergency and relief	84	0.63	1.6	675	0.64	1.2
4300 Income support and maintenance	338	2.55	6.5	2,901	2.73	5.3
5100 Environment	278	2.10	5.3	1,815	1.71	3.3
5200 Animal protection	138	1.04	2.6	1,297	1.22	2.3
6100 Economic, social and community development	948	7.16	18.2	6,230	5.87	11.3
6110 Village halls	375	2.83	7.2	3,887	3.66	7.0
6200 Housing	219	1.65	4.2	3,220	3.03	5.8
6300 Employment and training	130	0.98	2.5	1,191	1.12	2.2
7100 Civic and advocacy organisations	186	1.40	3.6	1,394	1.31	2.5
7200 Law and legal services	102	0.77	2.0	1,045	0.98	1.9
8100 Grantmaking foundations	262	1.98	5.0	6,184	5.83	11.2
8200 Voluntarism promotion, fundraising	132	1.00	2.5	885	0.83	1.6
9100 International activities	292	2.20	5.6	3,114	2.93	5.6

	Scotland			England and Wales		
	Number	%	per 100,000	Number	%	per 100,000
10100 Religious congregations and associations	3,101	23.42	59.4	18,530	17.46	33.5
11100 Business associations	62	0.47	1.2	286	0.27	0.5
11200 Professional associations	25	0.19	0.5	237	0.22	0.4
12100 Not elsewhere classified	4	0.03	0.1	41	0.04	0.1
12200 General or multiple charitable purposes	236	1.78	4.5	n/a	n/a	n/a
<i>2400+2410 All research</i>	<i>162</i>	<i>1.22</i>	<i>3.1</i>	<i>2,024</i>	<i>1.91</i>	<i>3.7</i>
<i>2410+8100 Medical research & Grantmaking</i>	<i>357</i>	<i>2.70</i>	<i>6.8</i>	<i>6,524</i>	<i>6.15</i>	<i>11.8</i>
<i>3100+3400 Hospitals & Other health</i>	<i>347</i>	<i>2.62</i>	<i>6.6</i>	<i>2,745</i>	<i>2.59</i>	<i>5.0</i>
<i>3xxx+4xxx-4110 All care organisations</i>	<i>2,920</i>	<i>22.05</i>	<i>55.9</i>	<i>19,355</i>	<i>18.24</i>	<i>35.0</i>
Total	13,243	100.00	253.6	106,114	100.00	192.1

Table 4 Median incomes of registered organisations, by ICNPO classification¹¹

	All organisations		Incomes >=£5,000	
	Scotland	England and Wales	Scotland	England and Wales
1100 Culture and arts	7,995	13,312	24,065	26,424
1200 Sports	5,928	5,461	24,554	23,455
1300 Other recreation and social clubs	7,274	9,639	17,522	13,643
2100 Primary and secondary education	9,915	20,236	125,456	122,964
2110 Parent-teacher associations	4,702	6,912	12,529	10,296
2120 Educational foundations	7,174	2,515	32,280	24,929
2130 Playgroups and nurseries	10,223	44,293	25,783	47,473
2200 Higher education	28,783	27,523	228,037	102,907
2300 Other education	10,359	18,954	63,066	50,930
2400 Research	17,572	15,842	49,580	49,105
2410 Medical research	20,593	39,359	35,844	122,443
3100 Hospitals and rehabilitation	9,203	18,587	29,437	49,083
3200 Nursing homes	254,060	191,619	589,967	392,460
3300 Mental health and crisis intervention	66,107	49,809	104,450	80,226
3400 Other health services	6,951	21,138	40,212	56,074

¹¹ The table uses the most recent income reported for each organisation at the time the relevant Register extract was made (March 2011 for England and Wales; August 2011 for Scotland).

	All organisations		Incomes >=£5,000	
	Scotland	England and Wales	Scotland	England and Wales
4100 Social services	18,998	15,543	62,481	48,587
4110 Scouts, Guides etc	1,809	10,729	10,475	14,564
4200 Emergency and relief	20,853	17,251	34,874	38,466
4300 Income support and maintenance	785	1,064	26,734	17,095
5100 Environment	6,832	10,000	38,169	41,697
5200 Animal protection	10,337	28,813	44,631	51,114
6100 Economic, social and community development	8,850	8,333	26,922	21,116
6110 Village halls	8,109	8,847	13,166	11,868
6200 Housing	913,722	27,244	1,899,696	49,156
6300 Employment and training	112,416	25,163	247,497	67,827
7100 Civic and advocacy organisations	13,851	24,067	68,154	79,680
7200 Law and legal services	134,984	167,446	219,546	234,960
8100 Grantmaking foundations	15,306	9,023	35,663	32,365
8200 Voluntarism promotion, fundraising	117,554	77,264	179,012	141,679
9100 International activities	7,079	14,330	28,327	32,046
10100 Religious congregations and associations	37,969	19,991	46,585	50,172
11100 Business associations	20,547	36,414	36,613	45,191
11200 Professional associations	26,213	598,157	66,003	760,237
12100 Not elsewhere classified	1,129	965,307	98,007	1,005,482
12200 General or multiple charitable purposes	5,503	n/a	32,146	n/a
<i>2400+2410 All research</i>	<i>18,821</i>	<i>17,887</i>	<i>40,436</i>	<i>53,265</i>
<i>2410+8100 Medical research & Grantmaking</i>	<i>15,975</i>	<i>9,487</i>	<i>35,793</i>	<i>34,305</i>
<i>3100+3400 Hospitals & Other health</i>	<i>7,543</i>	<i>19,490</i>	<i>38,258</i>	<i>50,607</i>
<i>3xxx+4xxx-4110 All care organisations</i>	<i>10,050</i>	<i>7,977</i>	<i>55,117</i>	<i>43,453</i>
All charities	9,707	11,545	36,768	30,543
Number	22,313	157,902	13,243	106,114

3.2 Discussion

In the discussions that follow, the comparisons consider relative prevalence rates per 100,000 population of charities with incomes of at least £5,000, since these are the measures least affected by differences in populations and registration criteria. A question that might be explored in future research is whether or not there are systematic differences in the likelihood that organisations in England and Wales, where the threshold applies, will seek registration compared to their counterparts in Scotland.

Just under 60% of all Scottish-registered charities have incomes above £5,000, a proportion that is reasonably consistent across most charity types. The categories in which the lowest proportions have incomes above that threshold (less than a third in both cases) are Scout/Guide organisations, and Income support and maintenance (ICNPO codes 4110 and 4300); at the other extreme, over 85% of Religious charities (code 10100) and Business associations (11100) have incomes of at least £5,000.

In England and Wales a slightly higher proportion of charities (67%) report incomes of £5,000 or more; and again that proportion is reasonably consistent across most charity types. The categories with the fewest above that level are Income support and maintenance again, and Educational foundations (codes 4300 and 2120). The former category in both registers contains many small bequests 'for the relief of the poor'; the latter shows significant variation between the registers, since in Scotland 55% of Educational foundations have incomes of £5,000+. In contrast to Scotland, 77% of Scout/Guide organisations in England and Wales have incomes over £5,000; but of course most Scout/Guide organisations are excepted from registration there (see the discussion of Health and social care organisations below). The highest above-threshold proportions occur among Professional associations (code 11200, 94%) and Playgroups and nurseries (code 2130), 92% of which report incomes of at least £5,000. A focus on organisations with incomes above £5,000 reduces the number of charities in Scotland being considered by some 9,000. Of those removed, nearly 25% are Scout or Guide groups, and a further 11% are in the Culture and arts and Social services sectors respectively.

We now discuss differences and similarities between organisations on the Scottish register and those on the English and Welsh one with regard to particular category types, followed by a consideration of income distributions. We generally do not discuss any ICNPO categories that make up less than 1% of the total number of organisations in either Scotland or England and Wales. Where we compare the median incomes of charities in Scotland with those in England and Wales by ICNPO category, we test whether differences between those medians are statistically significant. For clarity of exposition we do not report significance tests here, but where we identify differences in the text, it can be assumed that they are significantly different.¹²

Religious organisations

The predominant ICNPO sub-group, and the most common non-general charity type, is the Religious organisation. The precise definitions differ though: while the General charities category 3 covers places of worship and religious orders, the ICNPO sub-group (10100) also includes other organisations whose purpose is primarily religious, such as diocesan charitable trusts, numerous trusts and bequests to help with church upkeep, and groups whose aim is to promote religion or to raise money

¹² We use the K-sample equality of medians test. This tells us whether or not it is reasonable to assume that the samples are drawn from the same population.

for that purpose. Consequently, the ICNPO sub-group is 14% larger than the relevant General charities category in Scotland, but in England and Wales – where many Christian places of worship are excepted from registration – the number increases by over 70%. That difference in registration criteria is likely to account for much of the observed difference in prevalence rates: in Scotland, there are 59.4 organisations (with incomes of at least £5,000) in the Religion sub-group per 100,000 population, nearly twice the equivalent rate of 33.5 in England and Wales. In Scotland, this sub-group is in fact more prevalent alone than all the ‘care’ organisations in ICNPO Groups 3 and 4 added together.

A number of charitable bodies claim exception from registration in England and Wales. Many of these are religious bodies (principally Protestant organisations), and there are also charities established in relation to places of worship, which register with local authorities. It is not really possible to tell from information on the register whether there are differences between religions in the likelihood of seeking registration. However, with regard to non-Christian religions, of the 3101 ICNPO ‘Religious’ category organisations in Scotland with incomes of £5,000+, only 13 (less than 0.25 per 100,000 population, less than 0.5% of the total) are identified as mosques, synagogues, temples or gurdwaras; in England the ratio is more than doubled, at 0.65 per 100,000 population (357 organisations, 1.9% of the total). Despite the compositional differences, the median incomes of religious organisations on the two registers are broadly comparable (when incomes below the £5,000 threshold are disregarded), being just 8% higher in England and Wales than in Scotland, though the difference is statistically significant. It might seem odd that the tables show the proportion of religious organisations below that threshold in England and Wales to be higher than it is in Scotland, but it must be borne in mind that most of the ‘excepted’ organisations in England and Wales – Christian churches – would lie above this threshold; so those exceptions are skewing the income profile in this category. This will be explored more in the discussion of income below.

Health and social care organisations

All health and social care charities fall somewhere within ICNPO Groups 3 (Health) and 4 (Social services). Together these comprise about 22% of all charities on both the Scottish and the English and Welsh registers.

Although some of the distinctions between sub-groups within this large set can be a little hazy, its outer boundaries are fairly distinct, and so any overall differences between Scotland and England and Wales must be accepted as a true indication of the status quo, not an artifice of difficulties in the classification process. Neither is this set significantly affected by any of the purpose-specific exemption/exception criteria that apply in England and Wales.

Overall counts and prevalence rates for care organisations can be seen in the ICNPO tables above, in which an additional row shows the pooled total of all organisations in Groups 3 and 4 (except subdivision 4110: Scouts/Guides). That row, ‘3xxx+4xxx-4110 All care organisations’, shows that care organisations in general are about 55–60% more prevalent in Scotland than in England, whether or not account is taken of the income threshold. Furthermore, it is not the case that although there are more of these care organisations in Scotland, they are smaller: Table 4 shows that the median income of Scottish charities in this pooled group is more than 25% higher than that of the English and Welsh ones, too. Overall then, there are over 55% more ‘care’ charities

(whether social, health or welfare) per capita in Scotland than there are in England and Wales, and those Scottish charities have a generally higher income.

The Social services sub-group (ICNPO code 4100) is the second most populous ICNPO category of all after Religion. These Social services organisations are, in broad terms, nearly twice as common in Scotland per capita as they are in England and Wales, and that ratio is largely unaffected by the £5,000 income threshold: on both registers, about a third of the organisations in this sub-group have incomes below £5,000. As well as being more prevalent in Scotland, the organisations are larger too: the median of the over-£5,000 incomes for Scottish Social service charities is £62,481, while in England and Wales it is around three quarters of that, at £48,587. So, there are nearly twice as many Social services charities per head in Scotland, and their combined per capita income is well over twice as much.

Finally, within the Social services group but not regarded as comprising care organisations, is a UK-only subdivision, 4110 Scouts and Guides; which is also taken to include such similar organisations as Sea Scouts, Boys' Brigade and so on. These organisations are 'excepted' charities in England and Wales (not required to register if their income is below £100,000), but despite that, there are over 5,500 of them on the Charity Commission's Register, three quarters of which have incomes in excess of £5,000 (only 5% – 260 organisations – declared an income over the £100,000 threshold). In Scotland, where there are no exception or minimum income criteria, there are 2,673 of them (five times the England and Wales prevalence rate), of which only 20% have an income of £5,000+. Even then, there are still enough in Scotland for the per capita 'over £5,000' prevalence rate to exceed that of England and Wales, though only by about 30%. Either way, the comparison is misleading because of these organisations' exception from registration in England and Wales; but it provides an illuminating insight into how many of them there might be, given that one Scottish charity in eight falls into this subdivision.

Schools

Although the governing bodies of voluntary and foundation schools are exempt from registration in England and Wales, NCVO found that 15% of charities there (over 24,000 organisations) fell into ICNPO's 'schools' sub-group (formally, Primary and secondary education, code 2100). Of that number, less than one in five were actually schools, the others falling mainly into three distinct subsidiary categories that occurred frequently enough to justify having their own subdivisions: 2110 Parent-teacher associations (PTAs), 2120 Educational foundations, and 2130 Playgroups/nurseries. That lead was followed in the Scottish classification.

Despite the exemption effects there, charities in the schools sub-group and its subdivisions are still generally more common in England and Wales than they are in Scotland. Differences are most apparent in the Primary and secondary education sub-group itself, and among PTAs; it is informative to compare the numbers of schools and PTAs registered as charities with those quoted in each country's annual Schools Census.

Table 5 Numbers of schools and PTAs registered as charities

Country	Number of schools			Registered charities	
	State-funded	Independent	Total	Primary and secondary education	PTA
England	18,347	2,375	20,722	4,542	10,669
Wales	1,676	66	1,742	170	407
Scotland	2,606	104	2,710	236	162

It might appear surprising that in all three countries, the number of registered charities classified as Primary and secondary education exceeds the reported number of independent schools by a factor of 1.9 or more, but (in addition to schools themselves) this sub-group includes, for example, school prize and equipment appeal funds associated with state and independent schools in both registers.

Clearer comparisons can be made regarding numbers of PTAs. Among charities with incomes of at least £5,000, this subdivision (2110) outnumbers the 2100 sub-group in England and Wales by a factor of approximately two to one; but the opposite ratio applies in Scotland. It has already been noted that there are generally fewer school-related charities per head in Scotland than in England and Wales. That difference is most marked in the PTA subdivision, where the per capita rate in England and Wales exceeds that in Scotland by a factor of around eight, regardless of the income threshold. In England, there is about one charity-registered PTA for every two schools; in Wales the figure is one for every four schools; but in Scotland it is less than one for every 16. The reason for this is unclear and would merit further exploration. One possibility is that there are several different ways in which funds raised through voluntary means or parental donations can be channelled to schools, not all of which require separate charitable vehicles.¹³ It is not necessarily the case that PTAs are rarer in Scotland, but PTAs registered as charities certainly are. The more general challenge here is that there may be differences between communities in the likelihood that organisations seek charitable registration; again, this is an area where more work is necessary.

Economic, social and community development

Almost 10% of the charities on either register would fall into the ICNPO Economic, social and community development sub-group (6100). In England and Wales about a third of these are village halls, for which NCVO introduced a new subdivision code, 6110. Scottish village halls were classified the same way, revealing that although they form a slightly smaller proportion of the parent sub-group (about 25%), the per capita prevalence rate is very similar to that in England and Wales: there is about one village hall per 10,000 population overall, and about one per 14,000 with an income of at least £5,000. This makes an interesting contrast with Parent-teacher associations (subdivision 2110; see the discussion of Schools above), which are around eight times as common in England and Wales as in Scotland, since in many other ways the two types are similar: they tend to be relatively small charities (overall median incomes are broadly similar and below £10,000 in both registers), they tend not to be registered together as larger umbrella organisations, and they tend each to serve a similar-sized

¹³ Gareth Morgan, personal communication.

part of the community (the population of a village, or those whose children attend a particular school).

In England and Wales a quarter of the charities in the Economic, social and community development sub-group (and 9.5% of those with an income of £5,000+) are Women's Institutes. The WI does not operate in Scotland, and the equivalent Scottish Women's Rural Institutes (SWRI) make up a much smaller proportion of the sub-group there: 5.3% overall, and only 3.5% of those with incomes of £5,000+. These are equivalent to rates of 1.6 and 0.6 per 100,000 population, compared with 4.1 and 1.1 in England and Wales, respectively. Although both organisations began as a rural movement, it seems that the SWRI has stayed more true to those rural roots (as the name suggests), which would of course tend to restrict their prevalence compared to the now more widely spread WI in England and Wales.

Organisations in the parent Economic, social and community development sub-group (6100) are more prevalent in Scotland than in England and Wales by about 60%, though. The median income is also higher, although by a smaller margin; so in this case, as with Social services (code 4100), there are more registered charities per head in Scotland, and they have a higher income. Differences in registration criteria do not seem to explain these disparities.

Housing

In contrast with the majority of ICNPO categories, the Housing sub-group (6200) has a higher prevalence in England and Wales than in Scotland, by about 38% per capita (44% if organisations with incomes below £5,000 are also included); but much of that difference might in fact be no more than a matter of semantics. There are 750 almshouses registered as charities in England and Wales (over 600 with incomes over £5,000), but only two in the whole of Scotland. An almshouse charity provides more than just accommodation, however, so there is a commonality of purpose with many of the charities in the Income support and maintenance sub-group (4300). Among organisations with incomes of at least £5,000, if the almshouses registered in England and Wales were moved to the 4300 sub-group, the remaining prevalence of the Housing sub-group would drop to 4.7 per 100,000 population, much closer to the Scottish figure of 4.2; and the prevalence of Income support and maintenance charities would rise to 6.4, again closer to the Scottish figure of 6.5.

When the almshouses are excluded, the median of the £5,000-plus incomes for Housing sub-group charities in England and Wales rises from under £50,000 to almost £71,000;¹⁴ the equivalent figure in Scotland is almost £1,900,000. This disparity arises because in England and Wales most housing associations are registered social landlords, a form of industrial and provident society that is exempt from registration with the Charity Commission,¹⁵ whereas in Scotland all charitable housing associations are registered. So, in Scotland two thirds of the organisations in this sub-group (three quarters of those with incomes of £5,000+) are housing associations under the General charities classification scheme, but the equivalent proportions in England and Wales are only one sixth and one fifth, respectively (or a seventh and a sixth if almshouses are discounted). The effect of these differing proportions on median incomes is illustrated by calculating them separately. In Scotland, the median income of housing

¹⁴ Median income of these almshouses is £18,602, very close to the £17,095 for the Income support and maintenance with which they might be combined.

¹⁵ See Regulation section in http://en.wikipedia.org/wiki/Industrial_and_provident_society

associations in this sub-group is £3.5 million; the median of the others is only £131,000. In England and Wales, equivalent figures are £2.4 million and £54,000 (with almshouses excluded), restricting the group in all cases to organisations with incomes over the £5,000 threshold.

Taking all of that into account, an odd kind of balance results. In Scotland, housing charities that are not housing associations (or almshouses), with incomes over the £5,000 threshold, have a median income of £131,000, and there are 1.1 of them per 100,000 population. In England and Wales, the equivalent figures are £54,000, and 3.9 per 100,000 population. So although the median income of housing charities in England and Wales is little more than a third of the Scottish figure, they are three times as prevalent. That is, although such organisations are much more prevalent in England and Wales, they are also typically smaller by roughly the same proportion.

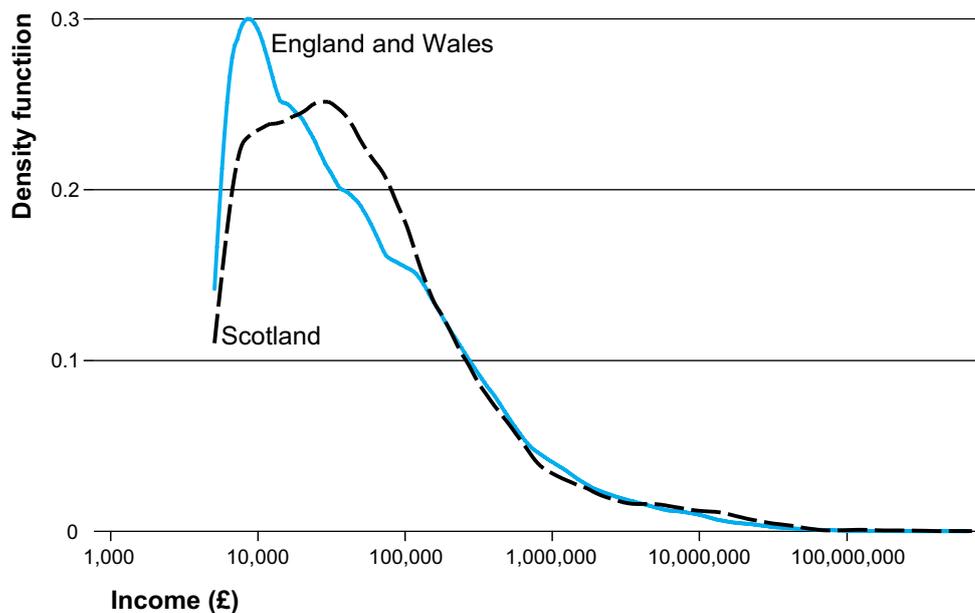
International organisations: the effects of cross-border organisations

The headline rates in Table 3 above show that the prevalence rate of International charities (ICNPO sub-group 9100) with incomes of at least £5,000 is identical in Scotland to that in England and Wales, at 5.6 per 100,000 population; and median incomes are similar too, at around £30,000. But cross-border charities are excluded from the calculations on which the tables are based, and the International category is one in which cross-border charities figure heavily. More than a quarter of OSCR-registered International charities with incomes of £5,000+ are 'cross-border' charities (see Appendix B), and their median income is almost 15 times that of the others; six have declared incomes over £100,000,000. So the median income of all International charities registered in Scotland is almost £40,000, and the overall prevalence rate is 7.5 charities per 100,000 population. The cross-border charities form a much smaller proportion (1.8%) of the total for England and Wales, so when they are included, prevalence rates and median incomes barely change, from 5.6 per 100,000 to 5.7, and from £32,046 to £32,869 respectively. This is not, statistically speaking, significantly different from the Scottish figure. The International charities provide a stark example of the disproportionate effect that cross-border charities can have on summary statistics.

Income

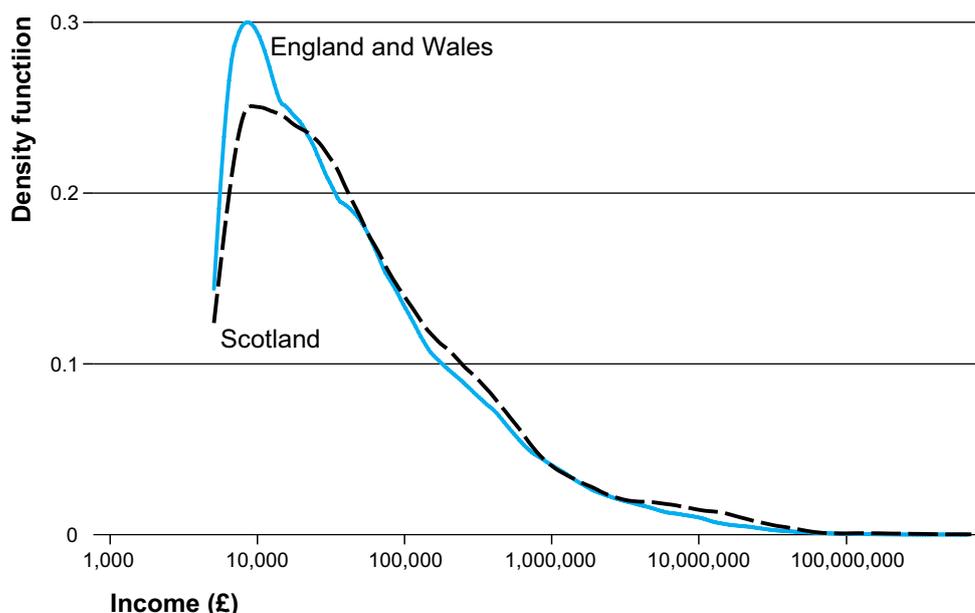
We have previously included a plot showing income kernel density profiles for Scotland and for England and Wales (Figure 1), and a brief table summarising numbers of charities above and below the £5,000 income threshold on each register. While it was clear that there were more charities below that threshold in Scotland, other differences were also apparent, some of which will be explored here.

Figure 2 Kernel density income profile for organisations with incomes of at least £5,000



Even when charities with incomes below £5,000 are excluded (Figure 2), the profiles remain very different,¹⁶ with incomes around the £75,000–£100,000 band much more prevalent in Scotland than they are in England and Wales. A little investigation reveals that almost 40% of Scottish charities with incomes in that range are religious organisations – and of course many religious organisations with incomes below £100,000 are excepted from registration in England and Wales (see the discussion of religious organisations in section 3.2). If religious organisations are also excluded from the data, the income profiles become much more similar, as shown in Figure 3.

Figure 3 Kernel Density income profile for non-religious organisations with incomes of at least £5000



¹⁶ Kolmogorov-Smirnoff tests confirm that in all three figures, the income profiles differ significantly, with $p < 0.001$.

It is noticeable that not only has the exclusion of religious organisations removed the large ‘hump’ in the £75,000–£100,000 range from the Scottish profile, but also that the small ‘step’ at £100,000 in the English and Welsh profile has been smoothed out too.

There is no such similarly simple explanation for the relatively greater prevalence of incomes around £10,000 in England and Wales. Over 14% of the Charity Commission-registered organisations with incomes around that value are Parent-teacher associations (PTAs), compared with 1% in Scotland. PTAs are much more prevalent generally in England and Wales than they are in Scotland (see the discussion of schools in section 3.2 above), but despite this, excluding them does not have the big equalising effect upon income profiles that excluding the religious organisations did.

Table 6 Breakdown of incomes above £5,000

Income band (£pa)	Numbers of organisations by income				
	Overall		Per 100,000 population		
	Scotland	England and Wales	Scotland	England and Wales	Ratio*
5k–10k	2,177	22,714	41.69	41.12	1.01
10k–20k	2,298	19,664	44.01	35.60	1.24
20k–50k	3,144	21,451	60.21	38.83	1.55
50k–100k	2,030	12,738	38.87	23.06	1.69
100k–200k	1,321	10,740	25.30	19.44	1.30
200k–500k	1,094	9,227	20.95	16.70	1.25
500k–1m	404	3,710	7.74	6.72	1.15
1m–2m	261	2,371	5.00	4.29	1.16
2m–5m	212	1,835	4.06	3.32	1.22
5m–10m	134	867	2.57	1.57	1.63
10m–20m	99	467	1.90	0.85	2.24
20m–50m	51	249	0.98	0.45	2.17
50m–100m	5	55	0.10	0.10	0.96
100m+	13	26	0.25	0.05	5.29
Total	13,243	106,114	253.60	192.10	1.32

*Ratio of Scottish to English and Welsh per-100,000 prevalence rates

4 Conclusions

There are some evident similarities between registered charities in England and Wales and Scotland, but on further investigation there are also substantial contrasts. The headline figures are that median incomes per charity are very similar, at £10,471 in Scotland and £11,699 in England and Wales, a difference that is statistically significant, but if we consider the ratio of charities to population there are 447 organisations per 100,000 people in Scotland and 294 per 100,000 in England and Wales. Possible reasons for that are: there is currently a minimum income threshold of £5,000 for registration in England and Wales whereas in Scotland all charities must register;

there are exemptions and exceptions from registration in England and Wales which do not apply in Scotland; and there are also organisations registered in both countries, and even some which are registered on one side of the Scottish border but operate on the other side of it.

We have explored the effects of these differences. If, as in the majority of our analysis, we exclude those last-mentioned cross-border organisations, the median income of Scottish charities is reduced to £9,707, and that of English and Welsh ones to £11,545, and the numbers of charities per 100,000 people reduce to 427 and 292 respectively. If we further restrict consideration only to organisations with incomes greater than £5,000, median incomes become more unequal (£36,768 in Scotland, £30,543 in England and Wales), but the gap in the ratio of charities to population shrinks (254 per 100,000 in Scotland, 192 in England and Wales; $n=13,243$ and $106,114$ respectively). We can also limit the effects of different exception or exemption regulations by excluding certain ICNPO categories such as 1100 (exemption for some national museums and galleries in England and Wales), 1300 (exception for Armed Forces charitable service funds in England and Wales), 2100 (some school governing bodies are exempt in England and Wales), 2200 (most universities are exempt in England), 4110 (most Scout and Guide groups are excepted in England and Wales), 6200 (registered social landlords in England are generally registered as industrial and provident societies, although some are registered with the Charity Commission) and 10100 (many Christian organisations are excepted in England and Wales). An illustration of the effect of these criteria is that if Scout and Guide groups were as prevalent (relative to population) in England and Wales as they are in Scotland, it would add over 20,000 organisations to the register of charities. Removal of those sub-groups affects median incomes (now £36,909 in Scotland, £29,345 in England and Wales), and the ratio of charities to population also changes, to 143 per 100,000 in Scotland and 121 in England and Wales.

But those figures still suggest a higher median income for charities in Scotland – and, in fact, higher than England and Wales by a greater proportion than before all the distortion-eliminating adjustments were made. It must be noted though that now barely a third of the organisations on either register survive in the analysis. Regardless of whatever steps are taken to try to adjust for different registration criteria and dual-registration effects, there still seem to be more charities per head in Scotland, and the median income is also higher. If the above analysis is repeated with consideration restricted to General charities only (after all, the purpose of that classification scheme is to permit exclusion of organisations that might distort financial analysis), it proceeds as follows:

Effect of exclusion and regulatory criteria on the numbers and median incomes of general charities: comparing Scotland with England and Wales

	General charities only					
	Scotland			England and Wales		
	Median Income (£)	Number of charities	Number per 100,000	Median Income (£)	Number of charities	Number per 100,000
All organisations	6,820	19,389	371	10,490	138,781	251
Exclude cross-border	6,345	18,568	356	10,364	137,993	250
Also exclude incomes <£5,000	31,222	9,950	191	27,265	90,662	164
Also exclude certain ICNPO	36,292	7,242	139	28,783	64,504	117

So even when consideration is restricted to General charities only, there are still more organisations per capita in Scotland and they have larger median incomes. The apparent disparity between Scotland and England and Wales barely changes.

There could be two reasons for modifying this conclusion, but the evidence is not available that would allow them to be properly investigated. Firstly, the Scottish system does not have the range of exclusion criteria present in England – particularly those organisations excepted by regulation. If this were the main reason for differences, then one would expect that to show up in the ICNPO analysis, since exclusions are typically related to subsectors of charitable activity. We attempted to make some allowances along these lines, and differences still remained – even within the population of general charities, which one might expect to be less influenced by exclusion criteria. However, it is possible that, if accurate information were ever available on charitable organisations not appearing on the register of charities for England, and in particular on the characteristics of those organisations, the gap in the ratio of organisations to population might shrink. In support of this, in a call for evidence to be submitted to a review of the Charities Act of 2006, the Charity Commission referred to an estimated figure of 100,000 organisations that were excepted from their purview,¹⁷ and if the assumption were made that their Scottish equivalents were all on the OSCR register, then the ratios of organisations to population would be almost identical. Since no list of excepted charities is available, however, this line of inquiry cannot be pursued.

Secondly, we do not have any reliable way of estimating the numbers of organisations that, though charitable and not excluded from the requirement to register, nevertheless do not do so. One possibility is that the English and Welsh system underestimates the ‘true’ charity population, since organisations are not required to register, but it is also possible that charitable organisations exist in Scotland that have not registered with OSCR. An estimate has recently been given that there are 80,000 charitable organisations not currently on the register that have an income of under £5,000 per annum in England and Wales.¹⁸ That would be the equivalent of increasing the number of registered charities by 50%, and it substantially outweighs any differences attributable to the absence of a financial threshold in Scotland. Equally, though, it suggests the possibility that the Scottish figures may also be an underestimate. It is

¹⁷ https://update.cabinetoffice.gov.uk/sites/default/files/resources/Call-for-Evidence-Registration-and-Excepted-Charities_P1_0.doc

¹⁸ Ibid.

worth recalling that the OSCR register was initially compiled from HMRC records of organisations that had actually sought tax relief, and it would seem plausible both that there would be many charitable entities that had not sought such relief, and that those that did so would have larger incomes than those that did not.

However, we are still left with strong evidence that, within the population of General charities, there are more organisations in Scotland, per capita, than there are in England and Wales. Furthermore, since the majority of the excepted organisations are small, differences in the relative size of organisations, measured in financial terms, are likely to remain. Further work is clearly necessary in order to understand the underlying reasons for the differences demonstrated in this paper. Undoubtedly some of the answers will be found in historical scholarship on the different organisational bases for charitable activity in the respective countries. It is possible that economic, social and political trends have operated in different ways, through successive rounds of investment, to produce patterns and profiles of organisations that have a degree of persistence. Another possibility could be that there are variations in the propensity to register organisations between countries – perhaps the more inclusive approach in Scotland, compared to the range of exclusion criteria in England and Wales, means that organisations are less likely to seek registration in England and Wales. Local qualitative research might provide an answer to this question – for example, identifying the population of organisations in comparable localities in Scotland, England and Wales and determining whether or not comparable entities are equally likely to be registered. A further possibility may be variations in charitable giving. McKenzie et al (2011) note the consistent evidence, over a 30-year period, that those living in Scotland are more likely to donate to charity and on average to give more money to charity than their counterparts in England and Wales. Depending on how these funds were allocated by individuals, they might support a larger range of organisations. Linkage of the data on Scotland to other large-scale datasets would allow an extension of the work of McKenzie and Backus (2011) on the relationship between charitable giving and the distribution of charitable organisations.

There are wider questions which might be considered concerning the reliability and validity of regulatory registers as measures of the level and distribution of charitable activity. Some commentators have argued that the distribution of non-profit organisations can be taken as a measure of ‘social capital’ (Rupasingha et al 2006; Scheffler et al 2008). However, if the numbers and characteristics of these organisations can vary so considerably between regulatory regimes located within the same nation state, this idea ought to be questioned. It also raises the question of whether it is ever really possible to capture the entire population of charitable organisations, and what the characteristics of the organisations in existence below the regulatory ‘radar’ might look like between these three countries.

Acknowledgements

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Appendix A

Classification process

The basic process used for making the General charities and ICNPO classifications was summarised in section 2 (Data Sources and Classification Procedures) above. The following paragraphs outline the main data sources used, and then describe the iterative classification process by way of an example.

Data Sources

In consultation with NCVO, an organisation's name and stated 'object' (objective) were identified as the primary source of classification data, along with the so-called 'checkbox' categorical variables which identified: up to 17 standard purposes such as 'the advancement of education', 'the relief of poverty' etc; up to seven standard classes of beneficiary, such as 'benefits older people'; and up to four standard classes of activity, such as 'makes grants to individuals'. Reference was also made to the stated area of operation, external sources such as the organisation's own website or directories of organisations, and even such things as income data;¹⁹ and of course the existing codings on the Charity Commission's Register for England and Wales, and the unique but ICNPO-based coding scheme used by SCVO (Scottish Council for Voluntary Organisations).

Keywords

The primary way in which an organisation's name and object were used was to seek keywords within them, although the name might also be used to cross-reference to an external source such as a register of housing associations. (A 'keyword' might actually be a phrase such as 'village hall', 'football club' or 'community education centre', as well as single words like 'school' or 'church'.) While an organisation's name is usually short and to the point, the stated object is a longer piece of text, within which there is more opportunity for misleading keywords to occur;²⁰ so although keywords within names could be used as primary classification criteria, charity objects were used more cautiously, mainly in the way of a tie-breaker, and towards the end of the process when the names of remaining organisations were generic and uninformative.

There were three main ways by which suitable keywords or phrases within a name were identified: some occur in the definition of a category ('school') or are commonly associated with it ('chapel' or 'kirk' with a Religious category, for example); some were provided in a reference document by NCVO; and others were found by interrogating the OSCR and CCR datasets themselves. For example, a word or phrase that occurred a number of times within presently unclassified names in the OSCR dataset could be 'looked up' in NCVO's coding of the CCR dataset to see if it was usually associated with a particular type of organisation there. Such cross-referencing, of course, also ensures maximum comparability between the final classifications in the two datasets. Such keywords and phrases were still subject to critical acceptance; they were only used as classification criteria if they appeared appropriate, and not simply a coincidental repetition of a certain word (perhaps a place name) within a particular category.

¹⁹ Income could, for example, help determine whether an ambiguously named school fund was the funding that paid for the school (large income value), or a PTA-like fundraising campaign associated with the school (small income).

²⁰ In fact, in about half the cases the 'object' was so long that not all of it was included in the data, meaning that critical keywords may have been lost.

Howsoever selected, all keywords were subject to careful assessment to ensure that they identified only organisations of the targeted type and no others, as described in the example under 'Utilisation' below.

Tickboxes

The other major source of information for classifying organisations was the 'checkbox' variables. Although on the face of it these should be ideal for classification purposes, they often indicate all of an organisation's purposes, not just the primary one(s); and so many of the 'checkbox' categories occur too widely within the dataset to be relied upon for the classification process. Having said that, there are also other organisations that seem not to have ticked the boxes they need to. For example, no less than 27% of the OSCR organisations (6,387) indicated that 'the advancement of health' was one of their purposes; but only 11% of those (697) eventually received an ICNPO classification in Group 3 (Health). However, a further 265 Group 3 organisations were identified that had not ticked 'advancement of health' as a purpose. Nonetheless, the tickboxes could be valuable if used in the right way: of the 97 Scottish organisations that indicated 'the advancement of animal welfare' as their only purpose, 92 were categorised in ICNPO sub-group 5200 (Animal protection); but of a further 588 that listed animal welfare alongside other purposes, only 109 (less than 20%) were classified 5200.

In summary, although the checkbox variables were used relatively rarely as primary classification criteria, they were frequently useful in conjunction with other criteria in narrowing down a group of organisations.

Other

NCVO's classification of organisations on the Charity Commission's Register for England and Wales was a frequent source of reference, not only for keywords to identify particular categories, but also for classifications of individual charities that operate and are registered both sides of the border, and as an additional arbiter in cases of ambiguity. For purposes of comparison it was desirable to classify OSCR organisations in a similar way to that in which NCVO had classified organisations in England and Wales, using similar classification schemes, keywords and procedural rules; but NCVO's precedent was not blindly followed, *prima facie* evidence taking precedence over conformity with NCVO when there was a clash. Nonetheless, the prior work by NCVO was a major contributor to the Scottish classification presented here.

Utilisation

As already outlined, both the General charities classification process and the more complex ICNPO one proceeded iteratively. In each case the basic approach was to try to work through the list of categories, seeking ways to identify sets of organisations in each in turn, but in a flexible and adaptable way. For many of the categories a basic starter set of keywords and/or checkbox criteria was used, derived from the category definition and a list provided by NCVO for that purpose, but it was often the case that the set of organisations identified by one of those keywords/tickboxes might still span several categories, and the criteria needed to be refined and extended to narrow the focus to one homogeneous set, which could then be allocated to a category and set aside from further consideration. It was not unusual that such a process might lead to the discovery of a good set of criteria for a different category entirely, and that those in

turn might lead to another, and so on. This meant that although the basic search was structured, a 'good lead' was not ignored.

So it was often the availability of classification criteria that determined the choice of the next step in the iterative classification process. An example will make this clearer. To start with, the word 'school' might seem a good keyword for identifying primary or secondary schools. However, a brief glance at the list of organisations with 'school' in their name soon reveals many other types too: music schools, arts schools, PTAs associated with schools, after-school clubs, and so on. So 'school' is not actually a very good keyword for identifying schools. Tickboxes do not help here either, because most of these categories are likely to regard the advancement of education as one of their purposes. 'Primary school' and 'secondary school' might seem more specific – but on the OSCR register there are only three of the latter, and while there are over 50 of the former, most of them are in fact PTAs associated with primary schools, and not primary schools themselves. But this has now turned attention to PTAs, for which there are some fairly reliable keywords or phrases (PTA itself, Parent-teacher association, parent council, and so on). If a check on each of those reveals that it does indeed identify organisations in the group it should, and no other, then those organisations can be classified, and set aside from further consideration. If that process is repeated for arts schools, music schools, riding schools, after-school clubs, 'schools' that are in fact university departments and so on, then finally all that are left with 'school' in the name are organisations that really are schools. But these schools still are not all schools in Scotland: some are schools in overseas countries, run by Scottish charities. Those, however, can be identified by reference to the organisation's area of operation, as recorded in the data file; so they can be classified as international organisations, and then they too can be set aside. Finally, everything that is left unclassified with 'school' in its name really is a primary or secondary school in Scotland – and can be classified as such.

This simplified example illustrates how a search that began by trying to identify schools in fact found some art schools and music schools (Culture and arts), some PTAs, some after-school clubs (Social services), some riding schools (sports), and even some international organisations, before finally achieving its objective and classifying primary and secondary schools themselves.

But however convoluted the path may become, the outcome is the desired one: the list of unclassified organisations is gradually whittled away until none remain, and every charity on the register has been categorised.

Appendix B

Additional tables of charity counts

This Appendix contains a number of tables additional to those in the main text: Cross-border charities, counts of charities across all incomes (main text tabulates those with incomes of £5,000+), and counts of General charities by ICNPO classification.

B1 Numbers of 'cross-border' organisations

For the majority of the analysis in this report, 'cross-border' charities are excluded from consideration. As outlined at the start of section 3, these are charities that are recorded by OSCR as being registered in Scotland as well as in England and Wales, or that are registered only on one side of the border but based the other side.

This Appendix summarises those cross-border charities by ICNPO classification. The most extremely affected category is professional associations (code 11200), in which more than half of those registered in Scotland with incomes of £5,000+ are also registered in England and Wales. (The percentages given in the table show the number of cross-border organisations as a percentage of the total in that ICNPO category.)

ICNPO classification	All organisations				Incomes >=£5,000			
	Scotland		England and Wales		Scotland		England and Wales	
	Number	%	Number	%	Number	%	Number	%
1100 Culture and arts	61	2.34	63	0.53	43	2.80	51	0.61
1200 Sports	11	2.02	13	0.23	7	2.37	12	0.41
1300 Other recreation and social clubs	2	0.51	0	0.00	1	0.44	0	0.00
2100 Primary and secondary education	7	2.88	7	0.15	3	2.14	5	0.16
2110 Parent-teacher associations	0	0.00	1	0.01	0	0.00	1	0.01
2120 Educational foundations	10	6.80	8	0.43	9	10.59	8	1.09
2130 Playgroups and nurseries	2	0.23	0	0.00	2	0.38	0	0.00
2200 Higher education	13	9.85	5	1.51	9	9.47	5	2.21
2300 Other education	25	5.88	19	1.39	17	6.77	18	1.75
2400 Research	22	17.32	54	2.06	15	18.29	48	2.77
2410 Medical research	55	29.26	46	9.27	48	33.57	44	11.46
3100 Hospitals and rehabilitation	5	4.31	16	0.60	5	6.58	14	0.74
3200 Nursing homes	6	5.94	9	1.27	4	5.13	8	1.38
3300 Mental health and crisis intervention	10	5.56	7	0.54	9	6.29	7	0.66
3400 Other health services	58	10.27	33	2.56	43	13.48	29	3.24
4100 Social services	141	4.55	135	0.80	126	6.09	130	1.13
4110 Scouts, Guides etc	10	0.37	4	0.07	7	1.28	4	0.09

ICNPO classification	All organisations				Incomes >=£5,000			
	Scotland		England and Wales		Scotland		England and Wales	
	Number	%	Number	%	Number	%	Number	%
4200 Emergency and relief	15	10.71	10	1.02	11	11.58	10	1.46
4300 Income support and maintenance	44	3.85	51	0.47	33	8.89	39	1.33
5100 Environment	29	5.47	33	1.08	24	7.95	30	1.63
5200 Animal protection	50	18.38	37	2.13	34	19.77	35	2.63
6100 Economic, social and community development	12	0.75	14	0.14	5	0.52	11	0.18
6110 Village halls	0	0.00	1	0.02	0	0.00	1	0.03
6200 Housing	5	1.89	20	0.50	3	1.35	18	0.56
6300 Employment and training	20	10.64	25	1.45	19	12.75	25	2.06
7100 Civic and advocacy organisations	16	4.80	30	1.45	14	7.00	27	1.90
7200 Law and legal services	4	2.94	6	0.46	4	3.77	6	0.57
8100 Grantmaking foundations	20	4.96	53	0.50	14	5.07	41	0.66
8200 Voluntarism promotion, fundraising	18	10.23	17	1.52	14	9.59	16	1.78
9100 International activities	142	20.79	65	1.37	100	25.51	56	1.77
10100 Religious congregations and associations	142	3.84	155	0.59	118	3.67	139	0.74
11100 Business associations	7	8.64	7	1.84	7	10.14	7	2.39
11200 Professional associations	34	49.28	40	13.65	29	53.70	39	14.13
12100 Not elsewhere classified	3	25.00	3	4.41	1	20.00	0	0.00
12200 General or multiple charitable purposes	11	2.36	n/a	n/a	9	3.67	n/a	n/a
2400+2410 All research	77	24.44	100	3.21	63	28.00	92	4.35
2410+8100 Medical research and Grantmaking	75	12.69	99	0.89	62	14.80	83	1.29
3100+3400 Hospitals and Other health	63	9.25	49	1.23	48	12.15	43	1.54
3xxx+4xxx-4110 All care organisations	279	5.22	261	0.75	231	7.33	237	1.21
Total	1,010	4.33	987	0.61	787	5.61	884	0.83

B2 General Charity classification of all registered charities (all incomes)

In contrast with Table 2, this table also includes charities with incomes below the £5,000 threshold.

<i>Registered organisations by General Charity classification</i>	All organisations					
	Scotland			England and Wales		
	<i>Number</i>	<i>%</i>	<i>per 100,000</i>	<i>Number</i>	<i>%</i>	<i>per 100,000</i>
0 General Charity	18,568	83.22	355.6	140,759	87.24	254.8
1 Independent school/university	153	0.69	2.9	1,882	1.17	3.4
2 NHS/hospital	18	0.08	0.3	301	0.19	0.5
3 Religious	3,107	13.92	59.5	15,097	9.36	27.3
4 Mutual/masonic	4	0.02	0.1	233	0.14	0.4
5 Trade/professional	30	0.13	0.6	230	0.14	0.4
6 Government admin/quango	17	0.08	0.3	263	0.16	0.5
7 Housing association	179	0.80	3.4	670	0.42	1.2
8 Benevolent institution	234	1.05	4.5	1,845	1.14	3.3
10 COIF equivalent	3	0.01	0.1	58	0.04	0.1
Total	22,313	100.00	427.3	161,338	100.00	292.1

B3 ICNPO classification of all registered charities (all incomes)

In contrast with Table 3, this table also includes charities with incomes below the £5,000 threshold.

	All organisations					
	Scotland			England and Wales		
	<i>Number</i>	<i>%</i>	<i>per 100,000</i>	<i>Number</i>	<i>%</i>	<i>per 100,000</i>
1100 Culture and arts	2,541	11.39	48.7	11,929	7.39	21.6
1200 Sports	534	2.39	10.2	5,723	3.55	10.4
1300 Other recreation and social clubs	394	1.77	7.5	2,278	1.41	4.1
2100 Primary and secondary education	236	1.06	4.5	4712	2.92	8.5
2110 Parent-teacher associations	162	0.73	3.1	11,076	6.87	20.1
2120 Educational foundations	137	0.61	2.6	1,866	1.16	3.4
2130 Playgroups and nurseries	859	3.85	16.4	6,603	4.09	12.0
2200 Higher education	119	0.53	2.3	327	0.20	0.6
2300 Other education	400	1.79	7.7	1,352	0.84	2.4
2400 Research	105	0.47	2.0	2,567	1.59	4.6
2410 Medical research	133	0.60	2.5	450	0.28	0.8
3100 Hospitals and rehabilitation	111	0.50	2.1	2,672	1.66	4.8
3200 Nursing homes	95	0.43	1.8	702	0.44	1.3

All organisations						
	Scotland			England and Wales		
	Number	%	per 100,000	Number	%	per 100,000
3300 Mental health & crisis intervention	170	0.76	3.3	1,293	0.80	2.3
3400 Other health services	507	2.27	9.7	1,258	0.78	2.3
4100 Social services	2,956	13.25	56.6	16,838	10.44	30.5
4110 Scouts, Guides etc	2,673	11.98	51.2	5,675	3.52	10.3
4200 Emergency and relief	125	0.56	2.4	974	0.60	1.8
4300 Income support and maintenance	1,100	4.93	21.1	10,839	6.72	19.6
5100 Environment	501	2.25	9.6	3,027	1.88	5.5
5200 Animal protection	222	0.99	4.3	1,698	1.05	3.1
6100 Economic, social and community development	1,587	7.11	30.4	9,997	6.20	18.1
6110 Village halls	560	2.51	10.7	5,309	3.29	9.6
6200 Housing	259	1.16	5.0	3,994	2.48	7.2
6300 Employment and training	168	0.75	3.2	1,699	1.05	3.1
7100 Civic and advocacy organisations	317	1.42	6.1	2,043	1.27	3.7
7200 Law and legal services	132	0.59	2.5	1,289	0.80	2.3
8100 Grantmaking foundations	383	1.72	7.3	10,599	6.57	19.2
8200 Voluntarism promotion, fundraising	158	0.71	3.0	1,100	0.68	2.0
9100 International activities	541	2.42	10.4	4,670	2.89	8.5
10100 Religious congregations and associations	3,554	15.93	68.1	26,087	16.17	47.2
11100 Business associations	74	0.33	1.4	374	0.23	0.7
11200 Professional associations	35	0.16	0.7	253	0.16	0.5
12100 Not elsewhere classified	9	0.04	0.2	65	0.04	0.1
12200 General or multiple charitable purposes	456	2.04	8.7	n/a	n/a	n/a
2400+2410 All research	238	1.07	4.6	3,017	1.87	5.5
2410+8100 Medical Research & Grantmaking	516	2.31	9.9	11,049	6.85	20.0
3100+3400 Hospitals & Other health	618	2.77	11.8	3,930	2.44	7.1
3xxx+4xxx-4110 All care organisations	5,064	22.70	97.0	34,576	21.43	62.6
Total	22,313	100.00	427.3	161,338	100.00	292.1

B4 Numbers of General charities per 100,000 population, by ICNPO

This table indicates the prevalence rate per 100,000 people of the General charities in each ICNPO category.

	All organisations		Incomes >=£5,000	
	<i>Scotland</i>	<i>England and Wales</i>	<i>Scotland</i>	<i>England and Wales</i>
1100 Culture and arts	48.3	21.4	28.3	15.0
1200 Sports	10.2	10.3	5.5	5.2
1300 Other recreation and social clubs	7.5	4.1	4.3	3.0
2100 Primary and secondary education	3.4	6.1	1.6	3.5
2110 Parent-teacher associations	3.1	19.8	1.4	12.6
2120 Educational foundations	2.5	3.2	1.4	1.2
2130 Playgroups and nurseries	16.4	11.9	9.9	10.8
2200 Higher education	1.9	0.5	1.3	0.3
2300 Other education	6.5	2.3	3.4	1.7
2400 Research	2.0	4.6	1.3	3.0
2410 Medical research	2.5	0.8	1.8	0.6
3100 Hospitals and rehabilitation	1.8	4.3	1.1	2.9
3200 Nursing homes	1.8	1.3	1.4	1.0
3300 Mental health & crisis intervention	3.2	2.3	2.5	1.9
3400 Other health services	9.7	2.2	5.3	1.5
4100 Social services	56.5	29.7	37.2	20.2
4110 Scouts, Guides etc	51.2	10.1	10.3	7.8
4200 Emergency and relief	2.4	1.7	1.6	1.2
4300 Income support and maintenance	16.6	16.5	4.8	4.1
5100 Environment	9.6	5.4	5.3	3.3
5200 Animal protection	4.3	3.1	2.6	2.3
6100 Economic, social and community development	30.4	18.0	18.2	11.2
6110 Village halls	10.7	9.5	7.2	6.9
6200 Housing	1.5	5.9	1.1	4.6
6300 Employment and training	3.2	3.0	2.5	2.1
7100 Civic and advocacy organisations	6.1	3.6	3.5	2.5
7200 Law and legal services	2.5	2.3	1.9	1.9
8100 Grantmaking foundations	7.3	18.8	5.0	11.0
8200 Voluntarism promotion, fundraising	3.0	1.9	2.5	1.6
9100 International activities	10.4	8.1	5.6	5.4

	<i>All organisations</i>		<i>Incomes >=£5,000</i>	
	<i>Scotland</i>	<i>England and Wales</i>	<i>Scotland</i>	<i>England and Wales</i>
10100 Religious congregations and associations	8.5	21.1	5.0	13.1
11100 Business associations	1.3	0.6	1.1	0.5
11200 Professional associations	0.3	0.1	0.2	0.1
12100 Not elsewhere classified	0.2	0.0	0.1	0.0
12200 General or multiple charitable purposes	8.7	n/a	4.5	n/a
<i>2400+2410 All research</i>	<i>4.5</i>	<i>5.4</i>	<i>3.0</i>	<i>3.6</i>
<i>2410+8100 Medical research & Grantmaking</i>	<i>9.8</i>	<i>19.6</i>	<i>6.8</i>	<i>11.6</i>
<i>3100+3400 Hospitals & Other health</i>	<i>11.5</i>	<i>6.6</i>	<i>6.3</i>	<i>4.5</i>
<i>3xxx+4xxx-4110 All care organisations</i>	<i>92.1</i>	<i>58.1</i>	<i>53.9</i>	<i>32.9</i>
Total	355.6	254.8	190.5	164.1
Number of charities	18,568	140,759	9,950	90,662

Appendix C

NCVO variations from standard ICNPO categories

ICNPO standard		NCVO variation
Group or Subgroup no.	Title	
1	Culture and recreation	Nil
2	Education and research	
2100	Primary and secondary education	<i>Three additional subdivisions:</i> 2110 Parent-teacher associations 2120 Educational foundations 2130 Playgroups/nurseries
2200	Higher education	Nil
2300	Other education	Nil
2400	Research	<i>One additional subdivision:</i> 2410 Medical research
3	Health	Nil
4	Social services	
4100	Social services	<i>One additional subdivision:</i> 4110 Scouts, Guides, etc
4200	Emergency and relief	Nil
4300	Income support and maintenance	Nil
5	Environment	Nil
6	Development and housing	
6100	Economic, social and community development	<i>One additional subdivision:</i> 6110 Village halls
6200	Housing	Nil
6300	Employment and training	Nil
7	Law, advocacy and politics	Nil
8	Philanthropic intermediaries and voluntarism promotion	
8100	Philanthropic intermediaries and voluntarism promotion	<i>Split into two sub-groups:</i> 8100 Grantmaking foundations 8200 Voluntarism promotion and support; fundraising organisations
9	International	Nil
10	Religion	Nil
11	Business and professional associations, unions	
11100	Business and professional associations, unions	<i>Split into three sub-groups:</i> 11100 Business associations 11200 Professional associations 11300 Trades unions
12	Not elsewhere classified	
12100	Not elsewhere classified	<i>Additional sub-group in Scotland:</i> 12200 General or multiple charitable purposes

About the authors

John Mohan is professor of social policy, University of Southampton, deputy director of the Third Sector Research Centre and director of Spoke 2 of the CGAP work programme. His current research focuses on the contemporary British voluntary sector, including the distribution of resources and the pattern of engagement in voluntary activity.

Steve Barnard is a researcher in the School of Social Sciences, University of Southampton, where he has worked on projects funded through the Centre for Charitable Giving and Philanthropy, the Northern Rock Foundation and the Third Sector Research Centre.

About CGAP

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 comprising Cass Business School, University of Edinburgh Business School, University of Kent, University of Southampton, University of Strathclyde 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, the Scottish Government and Carnegie UK Trust.

For further information on CGAP, visit www.cgap.org.uk



As devolution debates gather pace, there is a renewed focus on socioeconomic differences between the constituent parts of the UK. One area where good comparative information has hitherto been lacking has been on differences in the characteristics of charities in Scotland compared to those in England and Wales.

This is important because of the expectations that are held about voluntary effort and charitable activity. Knowledge about variations in the capacities and resources of organisations is important if we are to make a balanced assessment of what charity can and cannot do.

Drawing on substantial original research to classify and map the charity population in Scotland, this paper demonstrates important differences between the numbers and characteristics of charities in Scotland and those south of the border. Briefly, in Scotland there are more charities, there are more in certain parts of the size distribution than elsewhere, and there are interesting differences in the composition of the charity population. These differences persist after allowance is made for differences in criteria for charity registration.

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ABOUT THE AUTHORS

John Mohan is professor of social policy, University of Southampton, deputy director of the Third Sector Research Centre and director of Spoke 2 of the CGAP work programme.

Steve Barnard is a researcher in the School of Social Sciences, University of Southampton.