Introduction and Overview

Fundratios is designed to help all charities, both large and small, to fundraise more effectively by producing a comprehensive analysis of all aspects of fundraising. This document summarises the key findings of the most recent project.

Seventeen charities with a total income of £1.30 billion participated in the 21st annual Fundratios study. The average year-end of those taking part was March 2014.

Net of trading costs, total income was £1.15 billion; £0.60 billion (52%) was derived from voluntary income; fees for services and grants provided 33% of total income. Trading income net of costs provided 3.7% of total income and investment income 2.3%.

Statistics published by the Charity Commission based on 164,000 charities indicate that voluntary income grew by 5% over the period covered by the year-ends of the 17 charities in the Fundratios report. The Fundratios group reported a slightly lower average growth rate of 4%.

The median return on investment for the 17 charities improved from £4.21 in the previous year to £4.50 per £1 invested. However, excluding legacies, the typical return on active fundraising fell from £2.99 per £1 invested in the previous year to £2.87.
Sources of Voluntary Income

Chart 1 below shows a simplified analysis of the main sources of voluntary income. For charities in the latest Fundratios report, Legacies provided 33.7% of total voluntary income in 2013/14 (31.6% for the same charities in 2012/13). The remaining 66.3% was actively fundraised.

Of the actively fundraised sources, committed giving including membership was the largest sector accounting for 18.1% of total voluntary income or 27.4% of actively fundraised income. Committed Giving received more investment (+16.9%) in 2013/14 but the growth rate was only a modest 3.0%.

Direct marketing income was down by almost 9% and generated 8.2% of total voluntary income compared to 9.4% in the previous year. Local fundraising fell by 3.0% but still generated 11.4% of total income.

Revenue growth

Fourteen of the 17 charities increased their total voluntary income in 2013/14 helped by rising legacy income. Excluding legacies, ten of the 17 charities showed positive growth in 2013/14.

The weighted average increase in total voluntary income for the 17 charities was 4.0%. Legacy income grew at a faster rate of +10.8%; actively fundraised income was only 0.9% higher.
Charity Commission figures for 164,000 charities showed aggregate voluntary income for financial years up to December 2013 of £19.8 billion, which was 8.7% higher than a year earlier, a marked increase from the previous year. However growth in the year to March 2014 slowed to 5.7% and slowed further to 1.3% for June 2014. Average growth for the Fundratios group was 4.0%; taking into account year-ends, the comparable figure for the whole sector was 5%. Chart 3 shows the growth in voluntary income over the previous year for the Fundratios group; the size of each “bubble” is relative to the sums raised.
On-line Fundraising

Fourteen of the Fundratios participants provided data about their on-line fundraising.

On-line fundraising continues to grow rapidly. Total income raised on-line for the 14 charities increased by 31.8% compared to the previous year and by 50.5% over the last 2 years. The median result was 14.4%. The number of donations rose by 11.4% over 1 year and 29.3% over 2 years.

On-line income accounted for 8.4% of Total Voluntary Income (excluding legacies and trust income) in 2013/14, which was up from 6.6% in 2012/13. Income from charities' own web-sites grew on average by 18% in the latest year following rises of over 20% pa in each of the two previous years.

Income from Just Giving increased by 16% in 2013/14 whilst Virgin Money Giving income was 19% higher but the latter was starting from a lower base. Clearly one has to treat figures from just 14 charities with a certain caution as different charities may be more closely associated with one on-line donation service rather than another.

Virgin Money Giving reported that their total donations to charities increased by 11% in 2013 and 10% in 2014. We do not have the corresponding figures for Just Giving.

In 2013/14 the average on-line donation was £24.1, which was 8% higher than the previous year. The average for charities' own web-sites was £30.3. For sponsored fundraising, the average amount received per donor was £312, with an average donation per sponsor of £23.6.

Not all charities were able to identify the percentage of on-line donors that were already on their supporter database; the average for those that had this figure was 49%.

The percentage of web-site users that visited charities' donation pages showed significant quarterly variations but averaged 6.6% over a 7 quarter period. 87% of visitors of charities' donation pages left without making a donation.

Based on the data available, it did appear that gift aid claim rates for Virgin Money Giving were perhaps higher than for Just Giving but lower than for charities' own web-sites.

Those charities that said that their web-site had an opt-in facility for donors to receive emails/newsletters reported an average take-up rate of 37%.

Total digital expenditure increased by 18% in 2013/14 (also 18% in 2012/13) but on-line income grew by 32% so that expenditure fell from 7.7% to 6.5% of income raised.
Fundraising Expenditure

Ten of the 17 charities (58%) increased their fundraising expenditure during the year but only four of the ten were able to grow their income at a faster rate than expenditure. Chart 4 compares the growth in expenditure and income for the 17 charities. Of course, for several types of fundraising, expenditure in one year may not generate income in the same year.

The charities in the study increased their (weighted) average expenditure by 2.2% whilst voluntary income improved by 4.0%. As a result there was some improvement in average cost effectiveness. At the individual charity level, improved returns on investment were reported by 58% of participants.

Looking at all 17 charities, investment increased modestly by between 2%-4% for local fundraising, trusts and major donors. Only two areas showed significant increases in investment: corporate and committed giving.

Chart 4 shows the increase in expenditure in each category. The size of the bubble indicates the relative share of the total fundraising budget.

Return on Investment

Fundratios has produced annual analyses of fundraising performance for 21 years. Over much of that period, the average return on fundraising investment declined from over £5 per £1 invested to only just about £4 in 2009. In recent years the rate of return has stabilised in a range between £4.10 and £4.50.
In the latest year total expenditure for all 17 charities increased by 2.2% whilst total income improved by 4.0%. The individual results showed a median return on investment of £4.50 per £1 of investment compared to £4.21 in the previous year for the same group of charities.

The overall return on investment is affected by the level of legacy income in a particular year. The rise in legacy income of 10.8% and an improvement in the return on legacy investment helped boost the overall return on investment. Excluding legacies, the median return fell slightly from £2.99 to £2.87 per £1 invested.

The median return on Active Fundraising (i.e. excluding legacies) has only moved in a narrow range of £2.90-£3.10 over the last 5 years.

As we saw on Chart 4 the programmes that benefitted from the largest increase in budgets were Committed Giving, Corporate, Local Fundraising and Special Events. With the exception of Special Events, those categories produced a higher return on investment than the previous year. That is a slightly surprising outcome as it is often the case that extra investment is only seen in subsequent years.

The returns on the main fundraising activities (excluding legacies) are shown on Chart 5. The average return for legacies was £35.98 per £1 invested (up from £33.30 in the previous year).

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**Chart 5**

Voluntary Income per £1 Invested

- **Trusts**: £7.88
- **Committed Giving/Membership**: £6.16
- **Corporate**: £5.16
- **Major Donor Programmes**: £3.52
- **Competitions/Lotteries**: £2.14
- **Special Events**: £1.91
- **Local fundraising**: £1.76
- **Direct Marketing**: £1.59
- **Total Voluntary Income**: £4.50

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**Fundratios 2015 is now underway.**
To participate, please download and complete the registration form.