Charities achieve £5bn increase in impact spending amidst ongoing financial squeeze

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New insights from sector data suggests that charities directed £5 billion of additional resources to delivering their aims, despite ongoing financial pressures.

The Charity Commission, the regulator of charities in England and Wales, has analysed data drawn from annual returns for the financial year ending 2024 – the most comprehensive dataset available to the charity sector each year.

Charities in England and Wales spent £100 billion on delivering vital societal impact in 2024, 5.4% more than in 2023 and exceeding the 2.5% increase in the consumer price index for the same period. The majority of sector gross expenditure (90%) benefitted communities in the UK, while a tenth, £11 billion, was overseas.

Increased expenditure was matched by growth in income (5.6%), which rose to £102 billion. Of this, almost a third (32%) was down to the generosity of the public, with donations and legacies reaching £32 billion. Small charities, which are by far the greatest in number, largely rely on this income. Charitable activities generated £50 billion, around half of all charity income (49%), and a further £10 billion was generated by other trading activities (10%).

Alongside vital support from the public, organisations also made a considerable contribution to charity with half (51%) of charities with an income of £100,000 or more reporting donations from a corporate donor. Meanwhile an upward trend continued in the number of services provided by charities under contract to local or national government, up by 7% to 7,358, with a total value of £11 billion. Grant making charities awarded £17.84 billion in grants, up from £16.97 billion in 2023, which included £12 billion to other charities.

However, for a third year in a row, the analysis drew out some indicators underlining the ongoing financial squeeze in parts of the sector.

The margin between income and expenditure across the sector improved but is not yet recovered to pre-pandemic levels, with smaller charities operating on the narrowest margins. In 2024 the overall sector-level margin was £1 billion, up from a five-year low of £700 million in 2023. While more than half of charities (57%) had more income than expenditure, around 2 in 5 charities (41%) had expenditure that exceeded income with the remainder breaking even. One in four (25%) charities with an income of £10,000 or less reported only breaking even compared to less than 1% for each of the other income bands, pointing to the challenges faced by smaller charities.

Fewer jobs were reported in 2024 than in 2023, alongside a small rise in the number of volunteers. While the sector employs 1.6 million people across nearly 50,000 charities, most of whom work in the UK, there were 139,725 fewer jobs reported in 2024 than in the 2023 annual return including 9,870 working overseas. Volunteers, who are essential to delivering public good, outnumbered paid workers in charities by a factor of 3.8:1 in 2024, up from 3.5:1 in 2023. Around 70% of charities reported volunteers helped them deliver their charitable work in 2024, with more than 6 million volunteers reported.

Charity Commission Chief Executive, David Holdsworth, said:

> Charities across England and Wales continue to make a huge impact and this analysis of charities' annual returns underlines their significant social and economic contribution at a local, national and global level.
>
> But charity leaders up and down both countries continue to tell us they are under considerable financial pressures. This has an ongoing impact on their ability to deliver, which is felt keenly is by the communities they serve.
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> One of the most important things trustees can do is plan and act on any 'early warning indicators' to help manage their finances whilst they still have a range of options. We have guidance to help charities facing into challenging times.

To help trustees better understand and manage their financial responsibilities, the Commission is promoting its online finance toolkit which includes a financial health checker as well as straightforward guidance.

Each question asked of charities in the annual return is intended to enable the Commission to better identify risks and problems in the sector; to help the public make informed and confident choices about charities; and allow policymakers, researchers, the sector and the public to gain a richer understanding of the sector in England and Wales.

For financial years ending in 2024 some 110,756 charities were required to submit the Charity Annual Return. Compliance rose to 97% in 2024 up from 93% of eligible charities for financial years ending in 2023.

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Notes to editors

1. The annual return 2024 represents the most comprehensive data set available on the charity sector, as it is a statutory requirement for charities to provide this to the Commission. The Commission's analysis of the annual return 2024 is a factual presentation of the data charities have reported to the Commission for 12-month financial periods ending at any point in 2025. Annual Return data is a 'lagging indicator' as the information it captures has passed as each charity has up to 10 months to report it after the end of its financial year.

2. All registered charities must provide information annually to the Charity Commission ('the Commission'). The rules vary according to the charity's size and structure. Registered charities with:

- income up to £10,000 should complete the relevant sections (income and expenditure) of the annual return

- income above £10,000, and all Charitable Incorporated Organisations ('CIOs'), must prepare and file an annual return

- income above £25,000, and all CIOs, must also file copies of their trustees' annual report and accounts

For further information see the Commission's guidance on how to prepare a charity annual return.

- To help reduce unnecessary regulatory burdens on smaller charities, only larger charities, those with an income of £500,000 or more, are asked about the breakdown of their income and expenditure in the Annual Return.

- Figures have been rounded to the nearest whole number. Please see the report for more detailed values.

- The Commission's Trustee Finance Toolkit is available at: https://beingacharitytrustee.campaign.gov.uk/trustee-finance-toolkit