

The UK Voluntary Sector Almanac 2002

[page 2: blank]

 NCVO Publications

The UK Voluntary Sector Almanac

2002

Pauline Jas, Karl Wilding
Susan Wainwright, Andrew Passey
and Les Hems

NCVO Publications • London

Published by NCVO Publications
(incorporating Bedford Square Press), imprint of the
National Council for Voluntary Organisations
Regent's Wharf, 8 All Saints Street, London N1 9RL

First published 1996
Second edition 1998
Third edition 2000
Fourth edition 2002

NCVO 1996, 1998, 2000, 2002

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior written permission of the publisher

ONS survey data is subject to Crown Copyright and should not be reproduced without the permission of the Contract and Copyright Officer, Office for National Statistics, Zone B1/4, 1 Drummond Gate, London SW1V 2QQ

Typeset by: Q3 Bookwork, Loughborough
Printed and bound by Bookcraft, Midsomer Norton

A catalogue record for this book is available from the British Library

ISBN 0 7199 1598 8

Contents

Foreword by Stuart Etherington	viii
The authors	ix
Acknowledgements	x
List of tables and figures	xi
Summary	xv
1 Introduction	
1.1 The UK Voluntary Sector Almanac 2002	1
1.2 Structure of the Almanac	1
1.3 How to read the tables and figures	4
2 The operating environment	7
2.1 Government and policy	7
2.2 The economy	10
2.3 Society	12
2.4 Technology	13
3 Definitions and classifications	15
3.1 Defining the voluntary sector	15
3.2 The general charities definition	20
3.3 Classifying the voluntary sector	21
3.4 The Charity Commission classification system	22
3.5 Conclusion	25
4 Income of UK voluntary organisations	27
4.1 Total income 1991–2001	27
4.2 Income matrix	28
4.3 The income matrix for 2001	28
4.4 Earned income	33
4.5 Voluntary income	35

4.6	Investment income	37
4.7	Income trends 1991–2001	39
4.8	Charity tax reliefs	42
5	Charitable giving by the general public	49
5.1	Introduction	49
5.2	Recent developments	49
5.3	NCVO/NOP charitable giving surveys	50
5.4	Understanding donor behaviour	55
5.5	Conclusion	56
6	Human resources of the UK voluntary sector	59
6.1	Introduction	59
6.2	Recent trends in the voluntary sector workforce	59
6.3	Overall size of the paid workforce	62
6.4	The paid workforce: nations and regions	64
6.5	Voluntary sector industries	65
6.6	Measures of paid workforce diversity: gender, ethnicity and disability	69
6.7	The voluntary sector as employer	72
6.8	Human resources issues	74
6.9	The unpaid workforce	78
6.10	Conclusion	79
7	Assets and liabilities	81
7.1	Introduction	81
7.2	Total assets, liabilities and funds	81
7.3	Assets	82
7.4	Liabilities	86
7.5	Total funds	87
8	Expenditure of UK voluntary organisations	91
8.1	Introduction	91

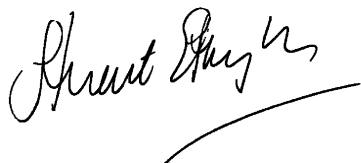
8.2	Overall expenditure patterns	91
8.3	Categories of current expenditure	92
8.4	Trends in expenditure 1991–2001	97
8.5	Capital expenditure and financial transactions	100
9	From outputs to impact	103
9.1	Introduction	103
9.2	Economic contribution of the voluntary sector	104
9.3	Outcome and impact measurement – definitions	106
9.4	Review of existing methods of outcome measurement	107
9.5	Systems approaches	111
9.6	Conclusion	115
10	Sub-sectors within the UK voluntary sector	117
10.1	Introduction	117
10.2	The black and minority ethnic voluntary sector	117
10.3	The voluntary sector in Wales	122
10.4	The voluntary sector in Northern Ireland	127
10.5	The voluntary sector in Scotland	134
11	Preparing for the future	143
11.1	Introduction	143
11.2	Environmental analysis	143
11.3	Third Sector Foresight: key issues	147
11.4	The 2002/3 Almanac research programme	149
11.5	Conclusion	152
	Appendix: Methodology	153
	List of abbreviations	157
	Bibliography	159
	Index	165

Foreword

It is six years since the publication of the first *UK Voluntary Sector Almanac* in 1996 – a period during which both the sector and the environment within which it operates have changed considerably. Two changes have been of particular significance. First, the financial and human-resource base of the sector has expanded, although not all organisations have benefited. Second, the Labour government’s awareness of the unique social and economic contribution of voluntary organisations has been accompanied by a more central role in the development and implementation of public policy. The information presented in this Almanac helps us to understand the implications of these changes. It also provides the basis for an understanding of the voluntary sector’s potential future role.

Looking ahead, there is likely to be further change. Government reviews of the regulatory environment and of the role of the sector in relation to the delivery of public services are under way. These could both result in significant changes in the scope and role of the sector. At the same time, a less benign economic environment will place pressure on the sector and its stakeholders.

As the sector enters a period characterised by increased uncertainty, NCVO is committed to long-term research that helps us to understand the impact of these changes upon the voluntary sector. With our partners in the UK Voluntary Sector Research Group, we welcome the continued support of the Community Fund for the Almanac and its associated research programme.

A handwritten signature in black ink, reading "Stuart Etherington". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

Stuart Etherington
Chief Executive, National Council for Voluntary Organisations

The authors

Les Hems is the director of the new Centre for Voluntary Sector Policy, at University College London. He held the position of head of research at NCVO from 1994 to 1998.

Pauline Jas is a research officer at NCVO. She has been responsible for co-ordinating the production of the 2002 Almanac. Her work also includes projects on charitable giving, and motivations for giving.

Andrew Passey is head of Analysis and Policy Integration at ONS, where he is involved in the harmonisation of social surveys across government. He held the post of head of research at NCVO until September 2001.

Susan Wainwright is a research officer at NCVO. She is involved in a two-year project, funded by the Community Fund, to develop methodology for the measurement of impact in the voluntary sector.

Karl Wilding is the current head of research at NCVO and is responsible for designing, developing and seeking funding for research projects, as well as having responsibility for NCVO's Third Sector Foresight research programme. Karl has been in post since October 2001, prior to which he held the position of regional research officer with NCVO.

Acknowledgements

The authors are greatly indebted to colleagues from NCVO and other members of the UK Voluntary Sector Research Group. We would like to thank the following people for their contributions:

NCVO: Paul Barasi, Jayne Blackborow, Ann Blackmore, Helen Bush, Sally Cooke, Janet Fleming, Jane Hatfield, Linda Mitchell and Nick Wilkie

NICVA: Caroline McAuley and Gordon McCullough

www.nicva.org

SCVO: Marion Lacey and Ruchir Shah

www.scvo.org.uk

WCVA: Lynda Garfield

www.wcva.org.uk

This edition of the Almanac has also benefited from many other contributions for which we are greatly indebted. They are:

Steve Almond for analysis of QLFS in Chapter 6

Paul Palmer, for comment on Chapter 9

Stephen Williams for data on charity tax reliefs in Chapter 4

Krishna Sarda, at CEMVO, for his contribution to Chapter 10

www.emf-cemvo.org.uk

numerous organisations that have supported our research and provided invaluable information which has helped our understanding of the voluntary sector economy.

Finally, this work has been done with the support of Roger Ward at the Office for National Statistics.

List of tables and figures

List of tables

- 1.1 Example 1: Total income by income band (£million)
- 1.2 Example 2: Components of expenditure by income band (£million)
- 3.1 Definitions and criteria
- 3.2 Definitions and their purpose
- 3.3 Definition of general charities
- 3.4 Charity Commission classification system
- 4.1 The income matrix for 2001
- 4.2 Breakdown of income by income band (£million)
- 4.3 Breakdown of income by income band (% of total)
- 4.4 Value of UK tax reliefs relating to charities (£million)
- 5.1 Percentage of population and share of total donations by method (%)
- 5.2 Percentage of population and share of total donations by cause (%)
- 6.1 Public, private and voluntary sector workforce headcounts 1995–2000 (000s)
- 6.2 Public, private and voluntary sector workforce FTEs 1995–2000 (000s)
- 6.3 Average number of hours worked a week by sector 1995–2000
- 6.4 Percentage of paid workers by income band (% total)
- 6.5 Private, public and voluntary sector workforce headcounts by nation and region 2000 (000s)
- 6.6 Private, public and voluntary sector workforce by nation and region (%)
- 6.7 Private, public and voluntary sector workforce headcounts by SIC92 category (000s)
- 6.8 Private, public and voluntary sector workforce by SIC92 category (%)
- 6.9 Voluntary sector employment headcounts by gender and full-time or part-time status (000s)
- 6.10 Voluntary sector employment by gender and full-time or part-time status (%)
- 6.11 Voluntary sector employment by self-defined ethnicity (%)
- 6.12 Voluntary sector employment by self-defined disability (%)
- 6.13 Voluntary sector employment by health problems lasting more than one year (%)
- 6.14 Estimates of the value of unpaid work to general charities by income band (£million)
- 7.1 Expenditure and funds across income bands (£million)
- 7.2 Breakdown of assets by income band (£million)
- 7.3 Breakdown of assets by income band (% of total)
- 7.4 Breakdown of liabilities by income band (£million)
- 7.5 Breakdown of liabilities by income band (% of total)
- 8.1 Total current expenditure by income band (£million)
- 8.2 Total current expenditure as % of total income

- 8.3 Breakdown of expenditure by income band (£million)
- 8.4 Breakdown of expenditure by income band (% of total)
- 10.1 Percentage of total organisations by primary activity (%)
- 10.2 Components of income and their contribution to total income (£million and %)
- 10.3 Results from local area studies
- 10.4 Total income, share of total income and percentage of organisations by income band (£000 and %)
- 10.5 Components of income and their contribution to total income (£000 and %)
- 10.6 Total expenditure and share of total expenditure by income (£000 and %)
- 10.7 Components of expenditure and their share of total expenditure (£000 and %)
- 10.8 Components of assets and their share of total assets (£000 and %)
- 10.9 Components of assets by income band (%)
- 10.10 Components of liabilities and their share of total liabilities (£000 and %)
- 10.11 Components of liabilities by income band (%)
- 10.12 Characteristics of the paid workforce 2000 (%)
- 10.13 Components of income and their contribution to total income (£million and %)
- 10.14 Individual donations by income band (£000)
- A1 Achieved sample and population
- A2 Giving methods

List of figures

- 1.1 Model of the voluntary sector economy
- 3.1 Percentage of organisations and share of total income by beneficiaries
- 3.2 Percentage of organisations and share of total income by function
- 3.3 Percentage of organisations and share of total income by industry
- 3.4 Percentage of organisations and share of total income by region
- 4.1 Total income 1991–2001 (£billion)
- 4.2 Percentage of organisations and share of total income by income band (%)
- 4.3 The income matrix
- 4.4 The income matrix for 2001
- 4.5 Relative contribution of income sources by income band (% of total income)
- 4.6 Relative contribution of transaction types by income band (% of total income)
- 4.7 Components of earned income (%)
- 4.8 SWOT analysis of earned income
- 4.9 Components of voluntary income (%)
- 4.10 SWOT analysis of voluntary income
- 4.11 Components of investment income (%)
- 4.12 SWOT analysis of investment income
- 4.13 Income trends 1991–2001 by source (£billion)
- 4.14 Income trends 1991–2001 by transaction (£billion)

-
- 4.15 Income trends 1991–2001 in income band under £100,000 (£billion)
 - 4.16 Income trends 1991–2001 in income band £100,000–£1 million (£billion)
 - 4.17 Income trends 1991–2001 in income band £1 million–£10 million (£billion)
 - 4.18 Income trends 1991–2001 in income band over £10 million (£billion)
 - 5.1 Average monthly donation (£)
 - 5.2 Percentage of population donating to charity (%)
 - 5.3 Percentage of population and share of total donations (%)
 - 6.1 The voluntary sector workforce
 - 6.2 SWOT analysis of the paid workforce
 - 6.3 SWOT analysis of the unpaid workforce
 - 6.4 Full-time and part-time workforce (%)
 - 6.5 Share of total UK workforce and share of voluntary sector workforce by region 2000 (%)
 - 6.6 Change in employment headcounts 1995–2000 by selected category (000s)
 - 6.7 Percentage of total UK workforce and voluntary sector workforce by SOC category (%)
 - 6.8 Minority ethnic groups in the voluntary sector workforce excluding whites 2000 (%)
 - 6.9 Self-defined disability in the voluntary sector workforce (%)
 - 6.10 Employment conditions in the voluntary sector 2001 (% of organisations)
 - 6.11 Proportion of workforce educated to degree level 1995–2000 (%)
 - 6.12 Proportion of organisations experiencing difficulty recruiting paid staff by number of employees in organisations (%)
 - 6.13 Managerial skills gaps in the voluntary sector (% of organisations)
 - 6.14 Other skills gaps in the voluntary sector (% of organisations)
 - 7.1 Share of total assets and liabilities compared with other financial data by income band (%)
 - 7.2 Share of key components of assets by income band (%)
 - 7.3 Components of investments (%)
 - 7.4 Components of investment 1999 and 2001 (£billion)
 - 7.5 Components of liabilities (%)
 - 8.1 Total income and total current expenditure 1991–2001 (£billion)
 - 8.2 Components of total current expenditure (%)
 - 8.3 Share of expenditure on grants and donations by income band (%)
 - 8.4 Share of grants and donations by recipient (% of total)
 - 8.5 Expenditure trends 1991–2001 (£billion)
 - 8.6 Expenditure trends 1991–2001 in income band under £100,000 (£billion)
 - 8.7 Expenditure trends 1991–2001 in income band £100,000–£1 million (£billion)
 - 8.8 Expenditure trends 1991–2001 in income band £1 million–£10 million (£billion)
 - 8.9 Expenditure trends 1991–2001 in income band over £10 million (£billion)
 - 9.1 The ONS method of calculating the sector's contribution to GDP
 - 9.2 Alternative method of calculating the sector's contribution to GDP

- 9.3 The ONS and alternative methods of calculating the sector's contribution to GDP 1991–2001 (current prices – £ billion)
- 9.4 The Excellence Model
- 9.5 The quality framework
- 10.1 BME voluntary organisations and BME population by region (%)
- 10.2 Percentage of organisations by ethnicity of beneficiary (%)
- 10.3 Number of organisations by year of establishment
- 10.4 Percentage of total organisations by income band (%)
- 10.5 Changes in income and expenditure 1996–2000 (£billion)
- 10.6 Changes in income and expenditure for sub-sectors 1996–2000 (%)
- 10.7 Trends in employment costs 1996–2000 (% of total income)
- 10.8 Percentage organisations and share of workforce by income band (%)
- 10.9 Increase in staff costs 1996–2000 in organisations with income over £500,000 (%)
- 10.10 Trends in components of income 1996-2000 (% of total income)
- 10.11 Percentage of population giving to charity by different methods (%)
- 10.12 SWOT analysis of devolved government policy in the Scottish voluntary sector
- 11.1 Economic indicators 2001

Summary

Policy context

- The evolution of UK public policy has led to a focus on partnership mechanisms, opening up more opportunities for the voluntary sector to be involved in delivery.
- The Compact between government and the voluntary sector has been furthered in the last two years with the publication of four of the five codes of practice and local Compact guidelines. With 70% of the sector operating at local level, the success of the Compact ultimately hangs on the development of effective local Compacts.

The UK voluntary sector

- There are 140,964 general charities in the UK.

Income

- The gross income for general charities in 2001 was £15.6 billion, representing a real increase of 4.2% since 1999.
- The largest single income category, at £3.3 billion, was income on investments (21.3%). Donations from the general public accounted for £3.1 billion (19.7%), and grants and donations from other voluntary organisations accounted for £1.2 billion (7.6%).
- Income from business comprised £755 million (4.9%). Although this represents an increase since 1999, in real terms this income source has reduced since 1991.
- The balance of different income streams in the funding mix has not changed considerably since 1999. There was a slight shift from voluntary income to earned income. The relative contribution from government, the general public and voluntary organisations all slightly reduced, whereas the share of internally generated income slightly increased.
- In 2000, 67.5% of the general public donated a total of £6.58 billion to charity. This translates as an average donation of £11.82 per month across the whole adult population of Great Britain.

Workforce

- The voluntary sector paid workforce numbered 563,000 in 2000, accounting for 2% of the total UK workforce. 63% of these worked full-time, 37% worked part-time. 65.8% of the work force was female, 34.2% male.
- In the last 5 years the voluntary sector created 85,000 jobs.
- The most important shortages of skills identified in the sector were management skills, strategic use of IT and strategic planning.

Assets

- Total assets of general charities were worth £74.4 billion in 2001. With liabilities of £6.2 billion, total funds stood at £68.2 billion. This accounted for 4.6 times the total operating costs of the sector.

Expenditure

- Total current expenditure of general charities was £14.9 billion, equivalent to 96% of total income.
- Staff costs accounted for £5.2 billion (35.2%) of expenditure; £4.8 billion (32.3%) was spent on goods and services; £3.5 billion (23.8%) was spent on grants and donations; £819 million (5.5%) was spent on fundraising and publicity.

Contribution

- The voluntary sector's contribution to GDP was £5.4 billion.
- It is estimated that the activities of volunteers contributed the equivalent of £15.4 billion to the sector.

The need for future research

- The black and minority ethnic voluntary sector remains relatively under-researched. The CEMVO database, which is still being developed, contains details of 10,000 BME voluntary organisations across the UK.
- Although the impact of devolution on the UK voluntary sector is still unclear, it is apparent that the forces shaping the sector in the regions and nations are diverging, necessitating continuing research to enable accurate comparisons between nations and other parts of the sector.

Measuring impact

- Traditionally, performance measurement has been associated with the private sector and has been primarily financial and quantitative. Recent developments in the voluntary sector have led to the demand for a new approach to measuring the sector's impact. The 'systems approach' takes account of interactions with other organisations and sectors, and the way in which organisations can work together to deliver collective impact.

Future change

- The main driver shaping change in the voluntary sector's operating environment in the medium term is the volatility of the economy. The two main agents for change in the short

term are the PIU review, examining the regulatory framework covering the wider voluntary sector, and the Treasury's Spending Review 2002, part of which will look at the role of the voluntary sector in providing public services.

