

Chapter 10

The paid workforce

Highlights

- The sector has a paid workforce of at least 608,000: an increase of 45,000 employees (8%) since 2000; this equates to an estimated 488,000 full-time equivalent (FTE) paid staff.
- The sector now employs 2.2% of the overall paid workforce in the UK.
- Part-time employees account for nearly two-fifths (38%) of the sector's workforce.
- Over two-thirds (68%) of the voluntary sector workforce are women.
- One-third (32%) of the sector's workforce is based in either London or the South East.

10

10.1 Introduction

This chapter illustrates the size, characteristics and diversity of the UK voluntary sector's paid workforce. The voluntary sector is now a major employer offering both employment opportunities and job satisfaction. The number of employees in the voluntary sector has increased by 45,000 since 2000 to 608,000 in 2004. This continuing growth in the sector is likely to present both challenges and opportunities for the sector. The notion of a VCS career path is now realisable. This, combined with the growth in the VCS, is likely to lead to a professionalisation of the sector. We are continuing to see an emergence of distinct professional groupings such as IT and finance specialists. Employment policies and practices are likely to be central to the continued successful growth of the sector. These issues will be discussed in more detail throughout this chapter.

10.2 Sources of data

The majority of data in this chapter are based on the UK Labour Force Survey (LFS) for the year 2004, the latest full year available at the time of analysis. At present, the LFS is the most comprehensive UK-wide survey of employment that can be analysed by sector (voluntary, private and public). Using the LFS, it is possible to examine the voluntary sector workforce including breakdowns by employment status, region and diversity⁶. The methodology used for this analysis is presented in Appendix 1.

⁶ In April 2004, the Office for National Statistics (ONS) re-weighted all LFS datasets from 1992 to 2003 to bring LFS data in line with the population estimates from the Census 2001 (see Labour Force Survey reweighting and seasonal adjustment review: www.statistics.gov.uk/articles/labour_market_trends/LFS_reweighting_and_SA_review.pdf for further details of the re-weighting exercise. This means that the figures are not directly comparable with those in previous Almanacs.

This chapter also includes a summary of the Annual Voluntary Sector Salary Survey, conducted by Remuneration Economics in partnership with NCVO. The survey provides detailed information on pay and conditions in 2005.

10.3 Recent trends

The sector’s role as an employer continues to grow, while competition in the labour market remains strong. The voluntary sector workforce has traditionally been categorised into paid staff and volunteers, with further sub-groups (full-time or part-time, trustees and volunteers). A large majority of voluntary organisations continue to rely solely upon volunteers, although a number of factors are driving the recruitment of paid employees. In particular, the increased demands of delivering public services, often through partnerships, have contributed to increases in the number of voluntary sector employees and employers. This basic workforce model is illustrated in Figure 25.

Figure 25: The voluntary sector workforce

No staff (trustees only)	Volunteers only	Mainly volunteers with some paid workers	Predominantly paid workers with some volunteers	Paid workers only
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Note: Trustees are a common feature in all of these categories.

Many voluntary sector organisations will progress from left to right during their life-cycle, as they formalise and attract resources. Typically, an organisation may start life with the involvement of trustees only. As the organisation gathers momentum it attracts volunteers, grows and becomes more formalised. Paid staff are then employed to supplement and co-ordinate volunteers, and then to do some of the work once carried out by volunteers. These distinct categories are, of course, overly simplistic. The boundary between paid and unpaid work is blurred, and the overlap between trustees, volunteers and beneficiaries is sometimes considerable.

Evidence suggests that paid staff in the voluntary sector are relatively well educated and motivated. However, skills deficiencies continue to limit the effectiveness of the sector, while anecdotal evidence suggests a lack of a training culture. Continuing professionalisation may lead to the development of a greater variety of career options in the voluntary sector, but the main threat to workforce development may be competition from other sectors for skilled employees.

10.4 The paid workforce: Labour Force Survey estimates

The Labour Force Survey (LFS) estimates that over 608,000 people were employed in the voluntary sector in 2004 (Table 18). This is an increase of 45,000 (8%) since 2000, meaning that, on average, the voluntary sector has been increasing by 10,000 people each year. Voluntary sector employees now account for 2.2% of the overall paid workforce.

During the same period the public sector grew at a similar rate, increasing from an estimated 6.2 million employees in 2000, to 6.8 million in 2004: an increase of 9.5%. In contrast, the number of private sector employees decreased slightly from 20.7 million to 20.3 million.

Table 18: Total UK workforce by sector 1995 - 2004 (headcount, thousands)

	1995	2000	2004
Private sector	19,095	20,711	20,270
Public sector	6,042	6,246	6,842
Voluntary sector	478	563	608
Total workforce	25,616	27,520	27,720

Source: Labour Force Survey

Base: All people aged 16 and over

Total employment can also be expressed as full-time equivalents (FTEs), a more accurate indicator of workforce capacity. The FTE measure reflects the paid human resource available to the sector by converting hours worked by part-time staff into the equivalent number of full-time staff. The sector now employs an estimated 488,000 FTE paid staff. This is an increase of approximately 37,000 since 2000 and over 100,000 since 1995. The increase in FTE is smaller than that for total headcount, a reflection of the significant role of part-time work in the sector.

Table 19: Total UK workforce by sector, 1995 - 2004 (FTEs, thousands)

	1995	2000	2004
Private sector	16,756	18,139	17,742
Public sector	5,193	5,290	5,828
Voluntary sector	380	451	488
Total workforce	22,329	23,880	24,058

Source: Labour Force Survey

Base: All people aged 16 and over

10.5 The paid workforce: nations and regions

Using the Labour Force Survey (LFS) it is possible to obtain national and regional breakdowns of voluntary sector employees throughout the UK. Table 20 shows the number of people employed in each region. London continues to be the hub of the voluntary sector with an estimated 98,000 sector employees based there. This equates to 16% of the voluntary sector workforce. The South East also accounts for a large number of voluntary sector employees, an estimated 93,000 people. Together, almost a third (32%) of UK voluntary sector workers are based in either London or the South East. The relative size of the voluntary sector in London is due to the tendency of many national and international voluntary organisations to establish headquarters in the capital. Both the public and the private sectors also have a large contingent of workers based in London and the South East, approximately a quarter of their total workforce.

Scotland has the third largest number of voluntary sector employees: approximately 64,000 people. This equates to just over 10% of the UK total. Wales has an estimated 25,000 voluntary sector employees whilst Northern Ireland has around 13,000. Of the English regions, the North East and the East Midlands have the least voluntary sector employees with 23,000 and 36,000 respectively.

Table 20: Private, public and voluntary sector workforce by nation and region, 2004 (headcount, thousands)

	Private sector	Public sector	Voluntary sector	Total
North East	735	315	23	1,072
North West	2,296	800	55	3,151
Yorkshire and the Humber	1,674	588	44	2,306
East Midlands	1,544	481	36	2,061
West Midlands	1,829	560	46	2,435
East England	1,990	615	56	2,662
London	2,456	778	98	3,332
South East	2,980	869	93	3,943
South West	1,724	558	54	2,336
Wales	946	373	25	1,344
Scotland	1,639	685	64	2,388
Northern Ireland	457	220	13	689
Total	20,270	6,842	608	27,720

Source: Labour Force Survey

Base: All people aged 16 and over

As the distribution of the workforce is in part a reflection of the size of each geographical area, it is useful to look at the number of voluntary sector workers as a proportion of the total number of employees in each region. Table 21 illustrates in detail the relationship between the public, private and voluntary sectors in each nation and region. Across the UK, the voluntary sector accounts for 2.2% of the workforce, but represents a higher proportion in London (2.9%) and Scotland (2.7%). The voluntary sector is a relatively less significant employer in the North West and the East Midlands (1.7% each).

Table 21: Private, public and voluntary sector workforce by nation and region, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
North East	68.5	29.4	2.1	100.0
North West	72.9	25.4	1.7	100.0
Yorkshire and the Humber	72.6	25.5	1.9	100.0
East Midlands	74.9	23.3	1.7	100.0
West Midlands	75.1	23	1.9	100.0
East England	74.8	23.1	2.1	100.0
London	73.7	23.4	2.9	100.0
South East	75.6	22	2.4	100.0
South West	73.8	23.9	2.3	100.0
Wales	70.4	27.8	1.9	100.0
Scotland	68.6	28.7	2.7	100.0
Northern Ireland	66.3	31.9	1.9	100.0
Total	73.1	24.7	2.2	100.0

Source: Labour Force Survey

Base: All people aged 16 and over

10.6 Voluntary sector industries

Analysis of the voluntary sector workforce using the 1992 Standard Industrial Classification (SIC(92)) helps to identify the relative economic weight of the voluntary sector's constituent activities (Table 22). The SIC was designed to classify industrial activities and is therefore far from ideal for the analysis of the voluntary sector. However, direct comparison with the public and private sectors provides an indication of the changing boundaries between the sectors. In 2004, social work accounted for over half of the UK voluntary sector workforce (51.6%): an estimated 313,000 people were employed in this activity. Since 2000, this has increased by an estimated 41,000 people and by 110,000 since 1995. There has also been a continued increase in the 'development and selling of real estate' (housing) in the voluntary sector, although this has slowed considerably in the last four years. The number of voluntary sector

employees in hospital activities has remained relatively constant over the last nine years at 29,000 employees. Whilst the number of people employed in primary education activities in the voluntary sector has increased by an estimated 7,000, the number employed in general secondary education has decreased by around 4,000 people since 2000. There has been a major growth in voluntary sector employment in museum activities with an increase from an estimated 7,000 in 1995 to 16,000 in 2004.

Table 22: Private, public and voluntary sector workforce by SIC(92) category, 2004 (headcount, thousands)

Code	SIC(92) Description	Private		Public		Voluntary	
		1995	2004	1995	2004	1995	2004
85.32	Social work (other)	155	295	308	334	143	262
85.31	Social work (residential)	228	292	166	128	60	52
91.31	Religious activities	7	7	0	32	39	32
70.11	Development and selling of real estate	44	80	85	62	19	34
85.11	Hospital activities	190	211	1,008	1,159	30	29
80.21	General, secondary education	46	70	446	610	34	23
80.1	Primary education	52	113	604	817	14	22
91.33	Other membership activities	50	33	22	28	22	18
	Special education, primary (not classified)	9	15	70	85	9	7
92.52	Museum activities	4	10	17	21	7	16
52.11-52.63	Retail general	2,603	2,947	3	11	6	9
	All other SIC(92)	15,707	16,184	3,313	3,555	96	103
	Total employment	19,095	20,258	6,042	6,842	478	608

Source: Labour Force Survey

Base: All people aged 16 and over

Table 23 shows an analysis of occupations within the voluntary sector using the nine categories in the Standard Occupational Classification (SOC). Nearly a quarter (23.3%) of voluntary sector employees are employed in 'associate professional and technical' occupations. This is higher than reported in the last Almanac. This group covers a range of occupations including welfare, community and youth workers. Another fifth of voluntary sector workers (20%) are employed in personal service occupations. This category also covers a wide variety of social care occupations.

Table 23: Private, public and voluntary sector workforce by standard occupational categories, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
Managers and senior officials	17.3	7.2	16.5	14.8
Professional occupations	8.2	25.0	13.1	12.5
Associate professional and technical	10.4	22.7	23.3	13.8
Administrative and secretarial	10.7	17.8	15.8	12.6
Skilled trades occupations	15.1	2.3	2.3	11.6
Personal service occupations	5.4	13.7	20	7.8
Sales and customer service occupations	10.5	0.7	2.4	7.9
Process, plant and machine operatives	9.9	1.4	1.1	7.6
Elementary occupations	12.5	9.2	5.4	11.6
Total	100.0	100.0	100.0	100.0

Source: Labour Force Survey

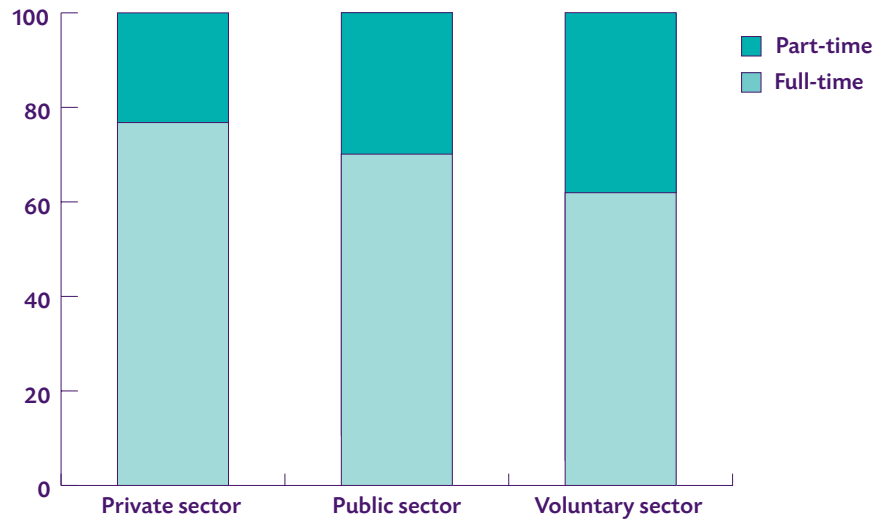
Base: All people aged 16 and over

10.7 Working status and hours worked

The sector's fastest employment growth has been in part-time working. Over the last two years, the number of people employed part-time in the voluntary sector has increased by nearly 30,000, from 203,000 in 2002 to 231,000 in 2004 – an increase of 13.8%. Now, almost two-fifths (38%) of the voluntary sector workforce are employed on a part-time basis.

Alongside this, the number of people employed full-time in the voluntary sector has increased steadily from 366,000 in 2002 to 377,000 in 2004. Whilst the number of part-time workers in the voluntary sector has continued to increase, the number of people working part-time in both the public and private sector has remained relatively static over the last two years at an estimated 30% and 23% respectively.

Figure 26: Total workforce by employment status, 2004 (%)



Source: Labour Force Survey

Base: All people aged 16 and over

Table 24: Voluntary sector workforce, by employment status, 1995-2004 (%)

	1995	2000	2004
Full-time	63.8	62.7	62.0
Part-time	36.2	37.3	38.0
Total	100.0	100.0	100.0

Source: Labour Force Survey

Base: All people aged 16 and over

It is possible that staff (over two-thirds of which are women) are attracted to the voluntary sector by the flexible hours that can contribute to a healthy work-life balance. However, evidence indicates that part-time employees are working longer hours, with an average of 18 hours per week in 2004 (excluding paid overtime) compared with 17.5 hours per week in 2000 and 16.5 hours in 1998. The 2004 figure of 18 hours a week is more than the equivalent figure for the private sector but less than that for the public sector. Full-time workers in the voluntary sector work slightly fewer paid hours than their equivalents in the private and public sectors.

Table 25: Average hours worked, excluding paid overtime, 2004 (hours)

	Full-time	Part-time
Private sector	41.0	17.6
Public sector	38.1	18.9
Voluntary sector	38.0	18.0
All workforce	40.3	17.9

Source: Labour Force Survey

Base: All people aged 16 and over

10.8 Permanent and temporary employees

The number of employees on temporary contracts was far higher in the voluntary sector than in both the public and private sectors. An estimated 12% of voluntary sector workers were employed on temporary contracts compared with 7.9% of public sector and only 4.7% of private sector workers. This figure of 12% is higher than was reported in both 2000 and 2002. This increase in temporary contracts is related to the issue of short-term funding. The implications of short-term funding of posts include issues of recruitment and retention of skilled workers within organisations. This issue is more worrying as it is possible that many people on fixed-term contracts may define themselves as permanent workers within the LFS.

Table 26: Permanent and temporary employment by sector, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
Permanent	95.3	92.1	88.0	94.3
Temporary	4.7	7.9	12.0	5.7
Total	100.0	100.0	100.0	100.0

Source: Labour Force Survey

Base: All people aged 16 and over

Just over one-fifth of temporary voluntary sector employees (22.5%) said that they didn't want a permanent position, whilst slightly less than one-fifth of respondents (17.8%) said that they couldn't find a permanent job. Table 27 shows the types of temporary employment held by respondents. Two-thirds of voluntary sector temporary employees (66.3%) said that they were on a fixed term or fixed task contract. This was similar to the public sector but much higher than the private sector (65.9% and 30.4% respectively). Only 4.4% of voluntary sector workers were agency temping compared to 8.7% of public sector workers and a fifth (20.9%) of private sector workers.

Table 27: Types of temporary work by sector, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
Seasonal work	9.4	2.4	5.3	6.5
Contract for fixed period, fixed task	30.4	65.9	66.3	45.8
Agency temping	20.9	8.7	4.4	15.4
Casual work	28.1	10.3	10.9	20.4
Other	11.2	12.7	13.1	11.9
Total	100	100	100	100

Source: Labour Force survey

Base: All people aged 16 and over

10.9 Qualifications

One-third of employees in the voluntary sector hold a degree or equivalent qualification (33.4%). This is similar to the public sector (32.7%) and over twice the number in the private sector (15.5%). Overall, two-thirds of voluntary sector employees have obtained GCE 'A' Levels or equivalent. The qualification structure of the voluntary sector is very similar to the public sector. Only 6% of voluntary sector employees have no qualifications, which again is similar to the public sector. This evidence confirms that the voluntary sector has a large number of skilled and qualified employees. Whilst this is the case, many employers are now beginning to realise the importance of life-long learning both for their employees' overall job satisfaction and career progression and also for the good of the organisation. Anecdotal evidence suggests, however, that there is a lack of a training culture within the voluntary sector.

Table 28: Highest qualification obtained by sector⁷

	Private sector	Public sector	Voluntary sector	Total
Degree or equivalent	15.5	32.7	33.4	20.2
Higher education	7.6	15.5	13.8	9.7
GCE A Level or equivalent	26.9	17.6	18.4	24.4
GCSE grades A-C or equivalent	23.5	18.3	18.6	22.1
Other qualifications	12.8	8.8	9.4	11.8
No qualification	12.8	6.5	6.2	11.1
Total	100	100	100	100

Source: Labour Force survey

Base: All people aged 16 and over

⁷The figures within the columns do not add up to 100 as there is a small number of people within each sector who do not know their highest qualification.

Valuing learning

Mark Freeman, Learning and Skills Manager, Workforce Development Hub

Do voluntary and community organisations value learning? The easy answer to this is, “if they don’t they should”. The reason for this can be found by examining two incontestable facts:

- The voluntary and community sector workforce is growing and the sector is being seen as a positive place to work.
- The environment in which the sector operates is changing rapidly and is becoming increasingly complex.

In order to continue the first and address the second, it is essential that learning becomes embedded in the culture of organisations and that learning becomes central to the activities of all staff (paid staff, volunteers and trustees).

By encouraging learning, organisations can demonstrate their commitment to staff which, among other things, helps in both recruitment and retention. The old adage “if we train them they will leave” needs to be forgotten. By training individuals and promoting career progression, people may leave an organisation but – with the correct support – they can be retained by the sector, therefore enriching the pool of skills available. At the same time, the organisation losing the staff member will hopefully benefit by being able to recruit an individual who has developed the necessary skills within another voluntary or community organisation.

New challenges require new skills to overcome them. By not investing in learning, organisations are liable to be left behind. An organisation with learning at its heart links its learning plans to its strategic plans; this ensures that there will always be qualified staff to take on the new challenges.

Finally, learning is our focus at the UK Workforce Hub – not simply training. Training is only one way in which you can develop your staff and ensure you have the skills to allow your organisation to prosper. We feel that it is important that other ways of learning are also promoted. Different skills and different individuals are best taught in different ways and the hub is keen to promote and develop these.

10.10 Measures of paid workforce diversity: gender, ethnicity and disability

10.10.1 Gender and employment status

Women continue to account for the majority of the voluntary sector workforce. In 2004, just over two-thirds of voluntary sector employees were female, accounting for an estimated 415,000 employees (68.3%). This has increased from 66.5% in 2002 and 65.8% in 2000. In comparison, 64.1% of public sector employees and 39.5% of private sector employees are female.

Figure 27: Employment sector by gender, 2004 (%)



In 2004, just over one-fifth (21.4%) of male voluntary sector employees were employed part-time. This has increased from 19.6% in 2000. Conversely, women employed in the voluntary sector were more likely to work full-time in 2004 than in 2000, increasing from 53.9% to 54.3%.

Table 29: Voluntary sector employment by gender and employment status, 2004 (%)

	Full-time	Part-time	Total
Male	78.6	21.4	100
Female	54.3	45.7	100
Total	62.0	38.0	100

Source: Labour Force Survey

Base: All people aged 16 and over

10.10.2 Ethnicity

In 2004, an estimated 93.3% of the voluntary sector workforce was white. This has decreased since 2002 (94.4%). There are now more employees from ethnic minorities employed in the voluntary sector than two years ago. Both the private and public sector have a similar proportion of white employees (93% and 92.9% respectively). The 2001 Census estimated that 92.1% of the UK population was white so these figures indicate a slightly higher proportion of white employees than the UK population.

The voluntary sector has a higher percentage of Black or Black British employees (2.9%) than both the public and private sectors (1.6% and 2.3% respectively). There is, however, a higher percentage of Asian or Asian British employees in both the private and public sectors (3.6% and 3.1%) than in the voluntary sector (1.6%).

Table 30: Private, public and voluntary sector workforce by ethnicity, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
White	93	92.9	93.3	93
Mixed	0.6	0.6	1.1	0.6
Asian or Asian British	3.6	3.1	1.6	3.4
Black or Black British	1.6	2.3	2.9	1.8
Chinese	0.4	0.3	0.3	0.3
Other	0.9	0.9	0.9	0.9
Total	100	100	100	100

Source: Labour Force survey

Base: All people aged 16 and over

10.10.3 Disability

Overall, 18% of employees in the voluntary sector are long-term disabled⁸. This is higher than both the private and public sector (13% each). It is likely that due to the work of many voluntary organisations, more disabled people feel affiliated with the voluntary sector than either the public or the private sector and therefore are keen to work in the sector. It could also be due to the employment and diversity practices in the voluntary sector, including the part-time hours and flexible working discussed earlier. This has implications for voluntary sector employers in relation to knowledge of employment law and reasonable adjustment policies.

⁸ 'Long-term disabled' includes people who meet the criteria for either the current Disability Discrimination Act (DDA) or work-limiting disability.

Table 31: Private, public and voluntary sector workforce by long-term disability, 2004 (%)

	Private sector	Public sector	Voluntary sector	Total
Long-term disabled	12.9	13.4	17.6	13.2
Not disabled	87.1	86.6	82.4	86.8
Total	100	100	100	100

Source: Labour Force survey

Base: All people aged 16 and over

10.11 Remuneration and benefits in the voluntary sector

The 17th Annual Voluntary Sector Salary Survey 2005 conducted by Remuneration Economics in conjunction with NCVO, identifies the latest remuneration trends in the UK voluntary sector. The survey findings show that both average earnings⁹ and average salaries¹⁰ increased at a higher rate (5.2% and 5.3% respectively) than both the Average Earnings Index (4.0%) and the Retail Price Index (2.9%). Increases in both earnings and salaries were much higher than the previous year when earnings increased by 4.2% and salaries by 4.1%.

Table 32: Earnings and salaries growth, 2001-2005 (%)

	2001	2002	2003	2004	2005
Increase in average earnings	6.1	4.4	6.3	4.2	5.2
Increase in average salaries	6.0	4.7	6.1	4.1	5.3
Average Earnings Index (AEI)	4.8	3.7	3.2	4.5	4.0
Retail Price Index (RPI)	1.6	1.5	3.1	3.0	2.9

Source: Remuneration Economics (2005)

Average salaries of female employees increased at a very similar rate to those of their male colleagues during the survey period. However, at the managerial level, women's salaries were much less than their male counterparts.

The table below shows the national average salary and the national average earnings. It is interesting to note that there is not a substantial difference between the two indicating that, unlike the private sector, the voluntary sector does not have the capacity for bonus schemes and London weighting.

⁹ Basic annual salary plus bonus and London allowance where applicable.

¹⁰ Basic annual salary before the deduction of tax, national insurance, pension contributions and so on.

Table 33: National average salary and national average earnings (£)

Level of responsibility	Basic annual salary	Total annual earnings
Chief executive	63,862	64,800
Director	54,059	54,759
Senior function head	43,528	44,288
Functional head	34,178	34,796
Departmental manager	29,120	29,593
Specialist/professional staff	24,676	25,291
Admin/care supervisor	18,736	19,222
Admin officer/care officer	15,471	15,757
PA/secretary	18,058	18,567
Junior/trainee staff	12,879	13,333

Source: Remuneration Economics (2005)

There has been a high degree of interest recently in pension provision, particularly in the move away from final salary pension schemes. The Annual Voluntary Sector Salary Survey 2005 estimates that 87.9% of respondents were offered an occupational/stakeholder pension scheme, the majority of which were contributory (78.4%). This is an increase of 11% since two years previously. In 2003, 50% of those organisations with an income of less than £1 million offered no pension scheme at all. However, by 2005, this had decreased to 34.9%.

Of those organisations offering pension schemes, organisations with incomes under £1 million were more likely to offer stakeholder pension schemes whereas organisations with an income of £1 million or more were more likely to offer money purchase schemes. It was also shown that the larger the organisation, the more chance there was that the organisation would offer a final salary scheme. Other benefits offered by voluntary sector organisations included flexitime (51.3%), compassionate leave (90.8%) and childcare vouchers (18.4%).

Table 34: Prevalence of occupational pension schemes in the voluntary sector by size of organisation (%)

Income	No scheme	Non-contributory	Contributory
Under £1m	34.9	32.1	67.9
£1m – £3m	6.5	34.9	65.1
£3m – £10m	8.3	12.1	87.9
Over £10m	0	10.2	89.8

Source: Remuneration Economics (2005)

10.12 Labour turnover

Total labour turnover in 2005 was 14.8%, up from 10.5% the previous year. Resignations accounted for an estimated two-thirds of turnover. Other causes such as redundancy and retirement were much less common accounting for an estimated 6.8% and 4.1% of turnover respectively. The voluntary and community sector is now experiencing one of the highest resignation rates compared to all previous salary survey results. This has significant implications for voluntary sector employers.

Turnover was highest among the lower grade employees. All of the four lower-graded responsibility levels had a turnover greater than 16%. The highest turnover (20%) was within the admin./care supervisor grade. Resignation was the main reason for these turnovers.

Retaining staff – the challenge for the sector

Roger Parry, Director, Agenda Consulting

Charities face an increasingly competitive labour market for their staff. The growth in the third and public sectors coupled with relatively low unemployment gives good staff many options these days. And it has never been easier to find a job: Wednesday's *Guardian* is now complemented by a number of recruitment websites that deliver information on target roles direct to your inbox. So, as the balance between supply and demand shifts, how are charities responding?

The answer appears mixed. Some organisations are clearly thriving and delivering an excellent employment offer, and reaping the benefits. For example, in the 2006 *Sunday Times 100 best companies to work for* there are three charities in the top 50.

However, our research – *People Count 2005*¹¹ – suggests that staff turnover in the sector (21%) is considerably higher than for the UK economy as a whole (15%). Furthermore,

¹¹ *People Count 2005* is a benchmarking study carried out by Agenda Consulting involving 136 voluntary and community organisations in the UK

the average length of stay (33 months) with the same employer is shorter than for the UK as a whole (55 months).

So why are so many charities failing to retain their talent? There would appear to be a number of reasons:

- Only a small minority (20%) of organisations operate a structured approach to career planning. It seems therefore that in the absence of clarity about what future roles may be available and how they can progress their careers, many employees are concluding that better opportunities lie elsewhere.
- Many organisations do not appear to have a good handle of what their staff need from their employer to create a fulfilling work experience. Only 50% of *People Count 2005* participants had undertaken an employee attitude survey in the previous three years. Without this information, it is much harder to create a compelling employment proposition that will provide a competitive edge in terms of recruitment, retention and engagement.
- Some three-quarters of voluntary organisations invest less in training and development than the UK average. Increasingly, people are seeking employers who will enable them to grow and develop their potential and they will defect if they feel that better opportunities exist elsewhere.

Overall, this points to a conclusion that too many charities take their people for granted. In an increasingly competitive labour market, charities that succeed will be those who create a compelling employment proposition that engages their people and provides the development and career opportunities that many are looking for. This is a big agenda and, in my experience, requires charities to adopt a much more strategic approach to how they manage their people. It poses major challenges for both leaders and HR professionals.

10.13 Skills deficiencies in the voluntary sector

The issue of skills deficiencies within the voluntary sector, characterised by skills gaps and skills shortages, has been examined and discussed in two previous research studies commissioned in 2000 and 2003 by the Voluntary Sector National Training Organisation (VSNTO)¹². These studies identified priority skills needs for the future including management skills such as planning and organising, project management and strategic planning. The UK Workforce Hub in conjunction with Skills for Health has recently commissioned a study looking to update this work at a national level and aims to explore and examine the nature, scope and impact of skills shortages and skills gaps in the sector's paid and unpaid workforce. This study will be the first

¹² Wilding, K., Collis, B., Lacey, M., McCullough, G. (2003) *Futureskills 2003*, VSNTO: London; and VSNTO, (2000) *Skills Matter*, VSNTO: London

of its kind to have a large enough sample to ensure reliable breakdowns by region and size of organisation. This research will be conducted during the Summer and will be reporting at the end of 2006.

10.14 Conclusion

As discussed above, the voluntary sector is now a major UK employer and is experiencing a high level of growth. The continued increase in part-time, female, disabled and ethnic minority employees shows that the sector is an important employer of people from a range of backgrounds and experiences. It is important that the employment and diversity policies and practices in the voluntary sector are able to support and develop these employees for the overall good of the sector, and society as a whole. There are still challenges that the sector has to face; recruitment and retention are key issues, as is the number of staff on short-term contracts. The sector is in an exciting and important stage in its development as an employer, and with planning and foresight the growth already experienced will lead to a more professional and competitive sector.

10.15 Resources and further reading

Agenda Consulting (2005) *Benchmarks for human resources in the UK voluntary and community sector*

www.agendaconsulting.co.uk/downloads/people-count-executive-summary.pdf

Clifton-Fearnside, A. Whitmarsh, A. (2004) *Labour Force Survey reweighting and seasonal adjustment review*. Technical Report, Labour Market Trends, April 2004, ONS

www.statistics.gov.uk/articles/labour_market_trends/LFS_reweighting_and_SA_review.pdf

Remuneration Economics (2005) *17th Annual voluntary sector salary survey*. Remuneration Economics, Surrey: www.celre.co.uk

VSNT0, (2000) *Skills matter*. VSNT0: London

Wainwright, S. (2004) *A stitch in time... the provision of human resources support by voluntary sector infrastructure organisations to their clients and members*. NCVO: London

Wilding, K., Collis, B., Lacey, M., McCullough, G., (2003) *Futureskills 2003*, VSNT0: London

The Workforce Hub: www.voluntarysectorskills.org.uk