

## Appendix 1

# Methodology

This Almanac is based on data from a wide range of sources. The core general charities statistics continue to be based on data provided by GuideStar Data Services. Information on other parts of civil society has been supplemented by accounts-based data. Survey data on giving, workforce and volunteering continues to be the backbone of information in these areas.

Due to the number of areas of civil society covered and the variety of methods used, only a brief outline of the methodology can be given here. For further information on any of these areas visit [www.ncvo-vol.org.uk/almanac](http://www.ncvo-vol.org.uk/almanac).



## A1.1 GENERAL CHARITIES DEFINITION

As in previous Almanacs, the *general charities* definition is used in this edition. This is to enable comparisons over time for this core part of the sector. However we recognise its limitations as a definition and we now include a range of other civil society organisations within the Almanac as well. The clear limits to the definition enable the production of robust, clearly defined estimates for both numbers of organisations and their financial characteristics. Included in the 'general charity' definition are those registered charities that meet the following criteria:

### Formality

People and their activities have a structured organisational form. This may take the form of a constitution or a formal set of rules. Any definition using this attribute will exclude large numbers of informal, community-based activities and temporary forms of activity.

### Independence

Organisations are constitutionally and institutionally separate from the statutory and private sectors. This would exclude registered charities which are also non-departmental public bodies (NDPBs) or quasi non-governmental organisations (quangos) such as the British Council.

### Non-profit distributing

Organisations do not distribute profits to shareholders or owners. While undertaking activities such as trading to generate a surplus is not excluded, proceeds should not be for the personal benefit of any individuals connected with the organisation and should be directed towards achieving the organisation's charitable objectives.

### Self-governance

Organisations are truly independent in determining their own course. This would exclude, for example, organisations that are charities within the National Health Service, on the basis that they are ultimately controlled by a statutory body.

### Voluntarism

There is a meaningful degree of voluntarism in terms of money or time. The donation of time includes that given by trustees.

### Private benefit versus public benefit

Organisations do not exist solely for the benefit of their own members but have a wider public benefit. This may, however, include certain organisations that mainly benefit a specific group of people or even just their members when the objectives of the organisation provide a function that would otherwise need to be provided from statutory sources (such as disability associations or community transport).

### General charity methodology

Financial information on general charities is based on the Charity Commission register and accounts data collected by GuideStar Data Services. The general charities definition is applied to all charities on the register, producing a usable population for England and Wales. Financial data from GuideStar Data Services is available for a sample of these organisations. Figure A1.1 shows the sampling totals used.

Before use, the data is cleaned to remove significant errors, and undergoes a series of checks to ensure validity. These checks include:

- comparison of income, expenditure, balance sheet and workforce data between this year and last year to look for particularly large increases and decreases, and
- construction of various ratios between financial variables (for example between income and expenditure, and investments and dividend income) to look for anomalies.

Those few records that had financial returns other than one year in length were converted to one year and where accounts were submitted in a foreign currency they were converted to Pounds Sterling using an average of the exchange rate over the year. Organisations have a range of financial year ends, distributed throughout the year. To ensure consistency all values were converted to April 2007 prices using the retail price index.

**Figure A1.1**

General charities - population and sample, 2006/07

|                                    | Micro<br>(under £10k) | Small<br>(£10k - £100k) | Medium<br>(£100k - £1m) | Large<br>(£1m - £10m) | Major<br>(over £10m) | Total   |
|------------------------------------|-----------------------|-------------------------|-------------------------|-----------------------|----------------------|---------|
| Registered with Charity Commission | 96,634                | 50,205                  | 20,056                  | 5,006                 | 760                  | 172,661 |
| General charities                  | 79,702                | 44,903                  | 17,357                  | 3,342                 | 368                  | 145,672 |
| Sample                             | 392                   | 9,376                   | 6,142                   | 2,732                 | 341                  | 18,983  |
| Sample (% of general charities)    | 0.5                   | 20.9                    | 35.4                    | 81.7                  | 92.7                 | 13.0    |

Source: NCVO, GuideStar Data Services

Once cleaned, mean amounts are produced for all financial variables within each income band and are multiplied to the UK population size by income band. Supplementary data from the Scottish Council for Voluntary Organisations and the Northern Ireland Council for Voluntary Action is used to produce estimates of the UK population.

Due to rounding figures, some percentage totals may not sum to 100%.

### Grouping charities by income

Figures and tables presented in the Almanac usually divide general charities into five groups, based on their income. For the first time we have provided names for each of these groups (see figure A1.2). These names make it easier to discuss the findings and place them in context.

### Other organisations registered with the Charity Commission

Some organisations excluded from the general charities definition were included as other parts of civil society. For these organisations, a similar process was followed to that of general charities in order to produce figures for income, expenditure, assets and staff numbers. The parts of civil society this included are:

- Trade associations and professional bodies,
- Common investment funds
- Faith groups<sup>1</sup>
- Benevolent societies<sup>2</sup>.

The figures presented for charities that are government-owned or NHS-based and fall outside of civil society are also derived by the same method as for general charities.

## A1.2 WORKFORCE

The statistics presented in chapter 7 are based on the Labour Force Survey (LFS). The LFS surveys an estimated 60,000 private households every quarter. By pooling data for unique individuals from four quarters, appropriate sample sizes can be found in order to produce reliable estimates of the voluntary and community sector workforce. Weighting is used within the LFS to compensate for non-response rates in certain groups and produce population estimates. All of the LFS data presented within this chapter has been re-weighted using the population estimates from the 2001 Census and so are not directly comparable with those released previously.

To identify the employment sector of a respondent, a two-stage self-classification process is used. Respondents are first asked whether they work for 'a private firm, business or a limited company' or 'some other kind of organisation'. Those respondents who choose the second option are then asked, 'what kind of non-private organisation is it?' They are then presented with a range of options including 'charity, voluntary organisation or trust'. For the purposes of the analysis for the Almanac, responses to these questions were re-coded into a sector variable and defined as 'private', 'public' or 'voluntary'<sup>3</sup>.

### Figure A1.2

Charity income groups

| Income of charity         | Name             |
|---------------------------|------------------|
| Less than £10,000         | Micro charities  |
| £10,000 to £100,000       | Small charities  |
| £100,000 to £1 million    | Medium charities |
| £1 million to £10 million | Large charities  |
| More than £10 million     | Major charities  |

### A1.3 INDIVIDUAL GIVING

Chapter 6 is based on data collected in the CAF/NCVO Individual Giving Survey, which runs as a module in the ONS Omnibus Survey three times (February, June and October) per year. The ONS Omnibus Survey is carried out as a face-to-face survey using Computer Assisted Personal Interviewing (CAPI) in respondents' homes. Respondents are asked about their donations to charity over the previous four weeks, which causes they give to, and how much they have given to each cause. Adults in Northern Ireland are not surveyed, although annual population estimates are UK-wide, as results are extrapolated to cover Northern Ireland. The Omnibus Survey uses random probability sampling stratified by region, car ownership, socio-economic status and age. The sample is drawn from the Royal Mail's Postcode Address File (PAF) of 'small users'. Further detail on methodology can be found in the appendices of UK Giving 2008 (NCVO/CAF) or from [www.statistics.gov.uk/about/services/omnibus/](http://www.statistics.gov.uk/about/services/omnibus/).

### A1.4 VOLUNTEERING

The most recent statistics on volunteering at the time of print are available from the 'Citizenship Survey: 2007-08 (April 2007 - March 2008), England & Wales (Statistical Release 4)'. The section of the report which addresses volunteering, 'Active and Empowered Communities', covers England only. All extrapolated figures are based on Office for National Statistics 2006 mid-year estimates.

The Citizenship Survey is the fourth in a series of surveys, carried out previously in 2001, 2003 and 2005. It is undertaken by the Department for Communities and Local Government (DCLG). This survey was carried out in 2005 by DCLG, and in 2001 and 2003 by the Home Office under the title Home Office Citizenship Survey (HOCS).

All extrapolated figures are based on Office for National Statistics 2006 mid-year estimates.

## A1.5 OTHER PARTS OF CIVIL SOCIETY

### Co-operatives

Data on co-operatives was provided by Co-operatives<sup>UK</sup> and based on the accounts of member organisations from a variety of sources. In many cases, a figure was not available for income on the accounts and so an estimation of income was made based on the profit/loss of the smallest organisations. Where organisations appear in both the Housing Association and Co-operatives<sup>UK</sup> data they have been marked as duplicates for the purposes of calculating the total size of civil society.

For organisations registered with the Financial Services Authority (FSA) we also used a variety of sources to map as much of this part of the sector as possible. Whilst these organisations supply annual returns to the FSA, to obtain a complete set is prohibitively expensive. However it was possible to obtain the names of all organisations so they could be cross-referenced with other sources. The additional sources we used include Co-operatives<sup>UK</sup>, the National Housing Federation and the Inter-Departmental Business Register. Some of the figures provided will be an underestimate of the total size of these organisations, as not all organisations will have been matched for income data (e.g. benevolent societies, friendly societies).

### Housing associations

Detailed housing association data for England was provided by the National Housing Federation and is based on the audited accounts of Registered Social Landlords in England. The majority of the data is based on those organisations which manage 250 or more housing units, with extrapolation performed to estimate the incomes of the smaller associations. These organisations can take a wide variety of forms, including charities, co-operatives and industrial and provident societies. Duplicates have been removed when calculating the total size of civil society.

To produce figures for the whole of the UK, the numbers of organisations and housing units in nations other than England were sourced from the Scottish Housing Regulator, Local Government Data Unit Wales and Northern Ireland Federation of Housing Associations. The financial variables were then extrapolated to this population using the average income per housing unit for England.

### Independent schools

Estimates in this chapter for England are based on a population list of independent schools provided by the Department for Children, Schools and Families. As most independent schools have charitable status, schools were matched to their respective charities in order to obtain financial information. Approximately half of the schools were able to be matched back to their relevant charity and financial estimates are based on data provided by GuideStar Data Services. In order to obtain estimates for the rest of the UK, data was sourced from the Scottish Council of Independent Schools, the Department of Education Northern Ireland and the Independent Schools Council. Financial estimates for England were applied to these schools based on pupil numbers and type of school.

### Universities

Comprehensive financial data was sourced for all UK Universities from the Higher Education Statistics Agency (HESA) and aggregated to produce totals for the UK. HESA data is based on the annual accounts of universities.

### Trade unions

Comprehensive financial data was sourced for all trade unions in Great Britain from the Certification Office and aggregated by NCVO to produce totals for the UK. The Certification Office is the regulator of trade unions and uses returned annual accounts to compile data.

### Political parties

The accounts of registered political parties are available from the Electoral Commission. These accounts were inputted by NCVO, ensuring a 100% sample of the largest and most well-known parties, and a significant sample of the remaining parties. To be included in the population, a party had to return accounts for two of the past three years.

### Building societies

Building society data was provided from the Building Societies Association which collects data from the annual accounts of its members. The accounts of these organisations are largely based around the assets they hold but income and expenditure figures are reported. Building societies are regulated by the Financial Services Authority.

### Industrial and provident societies, friendly societies and working men's clubs

A register of industrial and provident societies, friendly societies and working men's clubs is kept by the Financial Services Authority. By comparing this data to the Inter-Departmental Business Register (IDBR) held by ONS, a sample of these organisations could be found. It is believed that those organisations matched to the IDBR will represent the larger industrial and provident societies. So based on this assumption the raw sample figures were used, rather than attempting to extrapolate. For this reason, the figures reported are an underestimate of the total value of these organisations.

The organisations provided by Co-operatives<sup>UK</sup> were compared to the FSA register to ensure duplicates were removed.

### Community interest companies

A list of community interest companies (CICs) is available from the CIC regulator, and the accounts of these organisations can be sourced from Companies House. The first CICs were registered in August 2005, and so only a small amount of activity will fall into the dates covered in this Almanac. For those organisations registered before May 2007, data was obtained from the Inter-Departmental Business Register provided by the Office for National Statistics (ONS). Total numbers of community interest companies include all those registered before October 2008.

### Companies limited by guarantee

A list of companies limited by guarantee (CLGs) was purchased from Companies House. This list was then matched with the Inter-Departmental Business Register (IDBR) and other registers (such as the Charity Commission register). Any duplicate organisations were removed, and the remaining organisations were grouped into Standard Industrial Classification (SIC) categories. Only those CLGs in appropriate categories were included in the final data; income data was found from the IDBR. Appropriate SIC categories included health and social care; excluded categories included mining, manufacturing and agriculture.

### Sports clubs

The number of sports organisations in the UK is based on survey data commissioned by Sport England in 2002<sup>4</sup>. The 2002 survey included results for 89 sports and the authors report an estimate of voluntary sports organisations in England. Using mid-year population figures for 2002 (obtained from the Office of National Statistics) we scaled this figure up to get the total number of voluntary sports organisations in the UK.

1 The numbers of faith groups were supplemented by also including an estimate of excepted charities which fall into this category. There are also many smaller faith groups which are neither registered or excepted charities; these are not currently included.

2 Fifty of the reported benevolent societies are registered with the FSA rather than the Charity Commission. The income of these organisations was estimated using the Inter-Departmental Business Register from ONS.

3 More information on the changes to the voluntary and community sector workforce over the last ten years and a detailed methodology can be found in the UK Workforce Almanac 2007 (NCVO/Workforce Hub).

4 Sport England (2003). Sports volunteering in England 2002.