



Paid work and volunteering in the third sector in North East England

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Background to the Third Sector Trends study

The Northern Rock Foundation's investment in the study of the third sector in North East England and Cumbria is intended to have a significant impact on the way the sector is perceived by itself and its stakeholders. It is also hoped that it will influence how the sector works. Most importantly, the research should help future third sector activity meet beneficiary needs more effectively, securing more positive outcomes.

The research had several different strands, and a phased inter-related programme of work. In the first phase, Teesside University's Third Sector Development Unit (TSDU) led by Prof. Tony Chapman, has undertaken qualitative and other surveys of the sector.

Alongside this, colleagues at the University of Southampton, led by Prof. John Mohan, along with the National Council for Voluntary Organisations and Guidestar UK have undertaken a comprehensive mapping exercise of third sector organisations (TSO) in the study region. Following this, and using information from this part of the work, TSDU will undertake a longitudinal panel study of TSOs, continuing through to 2012.

The research programme as a whole aims to:

- produce robust data and independent analysis on the scale and scope of the third sector in the North East and Cumbria;
- provide an objective and thorough analysis of the dynamics of the sector through longitudinal study of stakeholder perceptions, organisational practice and local impact;
- develop a more complete understanding of sector impact and potential, and assess policy and practice implications;
- design and test innovative methodological approaches to the study of the sector which are compatible with national data sources and are replicable in other UK regions.

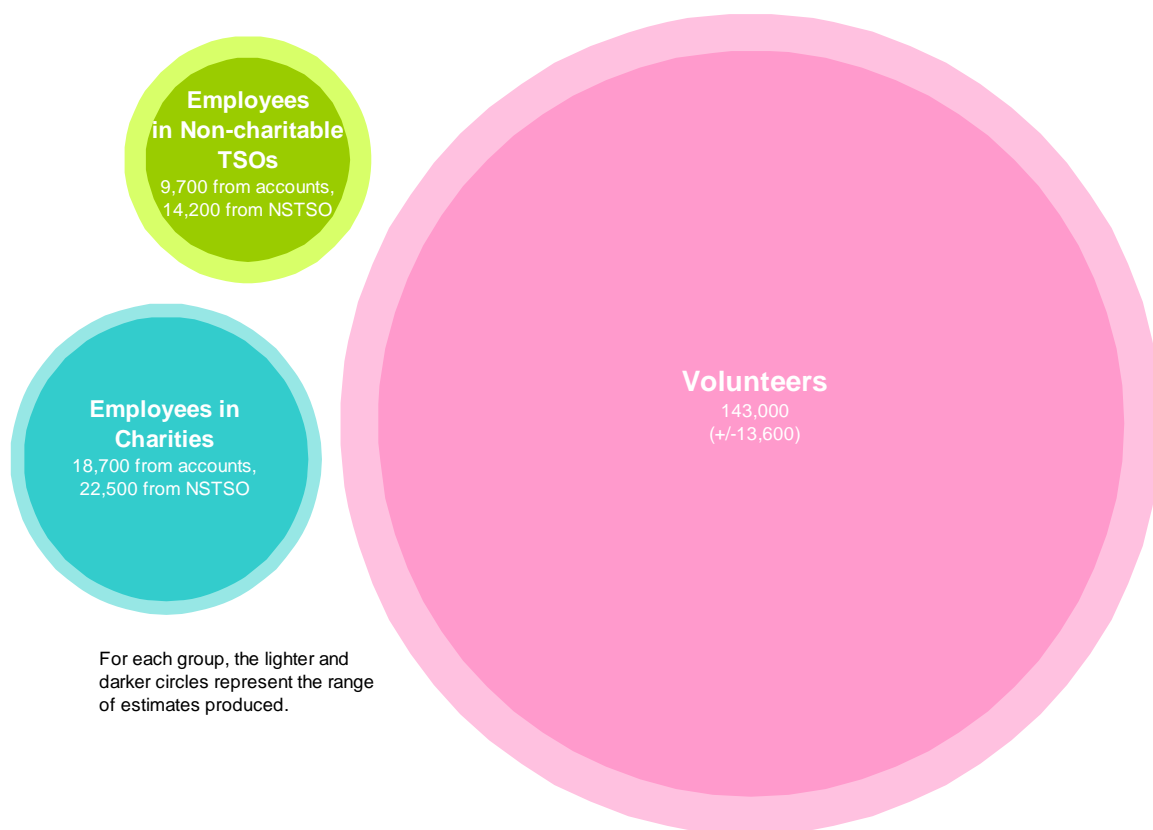
As a longitudinal study, research findings have been disseminated on a regular basis throughout the life of the project. The study should provide a clearer indication than has ever been attempted before in the UK of local trends over time. These will be interpreted in the light of detailed analysis of stakeholder views, network and organisational analysis, and comparison with other regions and countries if possible.

A key objective of the research is to gain a better understanding of the sector, but in so doing, to provide an evidence base upon which to develop policy and practice so that the sector may be enabled to provide the maximum benefit to its beneficiaries, to the economy and to society in general.

PRINCIPAL FINDINGS

Paid work and volunteering in the third sector in North East England

Figure 1: Employees and volunteers of the third sector in North East England



Key findings: work

- 31% of general charities based in the North East employ staff
- General charities based in the North East employ between 18,700 – 22,500 staff. Non charitable TSOs would add between 10,000-14,000 additional employees.
- Our total estimate of almost 37,000 employees is equivalent to 3.4% of the paid workforce in the North East
- An estimated 1,800 charities are employers, with an average of 11 employees.
- A further 1,400 non-charitable TSOs employ paid staff

Key Findings: volunteering

- 24% of the population give unpaid help at least once a month; this is lower than the national average but probably reflects the socioeconomic mix of the region’s population
- A median rate of 6 hours a month are typically volunteered, equivalent to 10.5 million hours each year across the region
- The NSTSO suggests that NE TSOs benefit from approximately 143,000 volunteers
- There are between 2.5 and 5.8 volunteers for every paid employee in the sector

1. Introduction

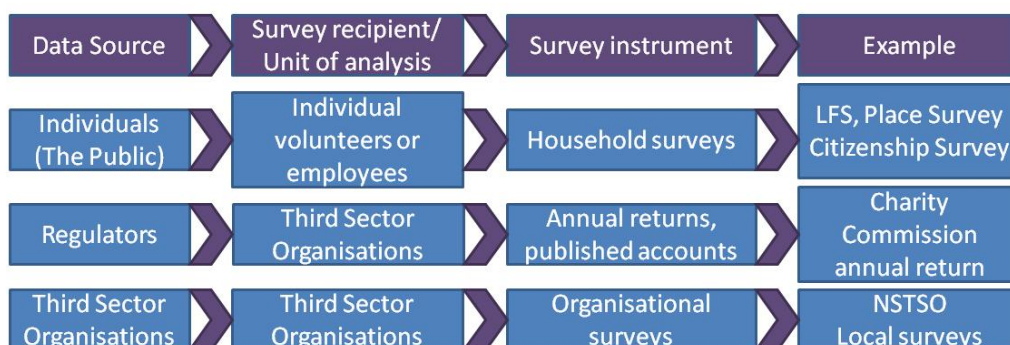
With concerns over rising levels of unemployment and impending reductions in public spending – with knock on effects for public sector employment levels – there is perhaps more interest than ever in labour markets and their future. Third sector organisations make a small, though arguably important contribution to employment and reducing worklessness.

This briefing paper provides context for a more detailed debate on these issues by providing estimated headline figures for the paid workforce and volunteers involved in the third sector in the North East. This includes:

- estimates of the total number of people employed by third sector organisations which are registered in or have headquarters in the region, for registered charities and non-charitable third sector organisations respectively;
- the third sector's share of regional employment and the region's share of England's total third sector employment, and comparisons with other regions;
- estimates of the number of third sector organisations which employ paid staff and a profile of the size distribution of employment, which is then compared with that of other sectors; and,
- headline figures of volunteering rates and the balance between paid staff and volunteers for different types of third sector organisation.

It remains necessary to set out such local and regional estimates, particularly as different data sources (Figure 2) - organisation reports; surveys of individuals; and surveys of organisations - tell different stories. We have provided an explanation of data sources in the appendix: this is an important part of our briefing, particularly as workforce and volunteering estimates are often contested. Moreover, we would suggest that some local estimates could be improved upon. The briefing concludes with some questions for public policy, in particular the implications of these statistics for future employment.

Figure 2: Data on employment and volunteering



2. Estimates of total employment: charities

- at least **31% of charities based in the North East employ staff**
- **general charities in the region employ between 18,700 and 22,500 staff**

Charities with a turnover of less than £500,000 are not required to report employment totals to the Charity Commission. Those above this threshold are requested to report the number of full-time equivalent staff; the majority do report this figure. In the NE region only 7% of all charities, and less than 5% of general charities, have a turnover greater than £500,000, though such organisations are likely to account for the bulk of employees given the expenditure implications of recruiting paid staff. Where there is not a reported figure for employment it is possible to estimate an employment figure from data on staff costs.

Figures reported in the accounts of general charities in the region suggest that at least **31% of charities based in the North East employ staff**, between them employing a total of **15,400 FTE staff**, expressed on a full-time equivalent (FTE) basis. The total for all charities is approximately 18,100.

However, not all charities report the number of employees, so we have to estimate employment from staff costs where reported, and from total expenditure where we have no other data on which to base an estimate. On average, charities in the North East spend 52% of their expenditure on staff and data on organisations that report both a staff cost and the numbers of employees suggest that the average cost per FTE employee is £17,600 (this figure includes both wages and other costs associated with employing staff, such as National Insurance Contributions). We can use these figures to estimate employment in organisations for which we have neither a staff total nor a staff cost.

There are approximately 3,250 charities in this area for which we have neither a reported staff number, nor an estimate of staff costs, but we do have expenditure for these, totalling £108 million. If we make the assumption that 52% of this is spent on staff costs, and divide the resulting figure by £17,600, the average staff costs, we arrive at a further 3,300 employees in the charitable sector on top of the 15,400 reported in annual accounts – a total of **18,700** full time equivalent employees. The actual number of employees may be larger – we know from the Labour Force Survey that a significant proportion of those who work in the third sector do so on a part-time basis. In the third sector nationally there are approximately 1.2 employees for each FTE position. If so, the figures are broadly compatible: 18,700 FTE employees would equate to approximately 22,400 employees in total.

A further alternative is to estimate employment from the National Survey of Third Sector Organisations. This survey has a large sample size¹ and a high response rate. It also has the advantage of collecting data from many small charities which do not report an employment total in the Guidestar Data Services/ Charity Commission returns. However, a complication here is that the survey, to protect

¹ 2,835 organisations responded in the North East, with a response rate consistently around 50%

anonymity, provides only banded data on employment numbers, so assumptions therefore have to be made in generating estimates from this source. We estimate that some **22,480** people (+/- 3000) are employed in charities in the region on the basis of this survey. We think this is broadly consistent with the estimate derived from reported staff totals and staff costs.

Our estimate, therefore, is that **general charities in the region employ between 18,700 and 22,500 staff**. The latter figure has a larger margin of error (+/- 3000) attached to it as it is based on a sample survey, but it is based on data from a more representative sample of organisations than reports to the Charity Commission and is therefore to be preferred.

3. Estimates of total employment: non-charitable third sector organisations

- We estimate that between 9700 and 14200 people are employed in other third sector organisations taking legal forms such as Companies Limited by Guarantee, Industrial and Provident Societies, and Community Interest Companies (CICs).
- The resulting total estimate of third sector employment in the region is therefore approximately 37 000.

The accounts of other third sector organisations, such as non-charitable companies limited by guarantee (CLGs), industrial and provident societies (IPs), community interest companies (CICs) and housing associations, provide evidence of employment in the wider third sector.

Together, reported employment totals from these organisations suggest that **we should add another 9,700 to the total number of staff employed** by the third sector, with around two-thirds of these working for the large housing associations in the region. Our minimum estimate for non-charitable third sector employment in this region is therefore 9,700. Again much of the employment in non-charitable third sector organisations is in large housing associations in the main urban centres of the region.

The National Survey of Third Sector Organisations has a high response rate from non-charitable third sector organisations. We estimate that **a further 14,200 people are employed by non-charitable third sector organisations** in the region, and that just under half of these – 6,900 – are employed by housing associations, which is consistent with the estimate given from reported figures for individual organisations.

Table 1 summarises these estimates. An absolute minimum estimate of third sector employment in the region would be 28,400 based on the combination of reported staff numbers and estimates based on reported staff costs for charities and non-charitable third sector organisations. However we think that the NSTSO estimate of 37,000 is more realistic as it captures estimates from organisations which have not been covered in Guidestar or other sources.

Table 1: Estimates of total employment (headcount)

	Reported from annual accounts (2007/08)	Estimated from staff costs (2007/08)	Staff numbers and staff costs combined (2007/08)	Estimated from NSTSO (2008)
General Charities	15,400	3300	18,700	22,500
Non-charitable TSOs	9,700	n/a	9,700	14,200
TOTAL	25,100	3,300	28,400	36,700

Source: NSTSO; GuideStar UK; NCVO; Southampton University. Staff cost figures not available from this source for non-charitable third sector organisations.

4. Contribution to regional employment

- With a total employment of up to 37 000 the sector accounted for approximately 3.4% of the working population of the North East in 2008
- Much of this employment (20%) is concentrated in Newcastle
- In North Tyneside the third sector accounts for 5% of employment although this is likely to reflect the presence of a small number of regional offices of housing associations there.

If our upper-band estimate of around 37,000 is correct, the sector would account for **3.4% of the working population** of the North East in 2008 (the year for which most of our data are available), although that figure does not include staff working for national charities based in the region that are employed in other regions. The figure for England and Wales is that the voluntary sector accounts for c. 2.5% of the workforce. However, previous studies have suggested that as much as 4.4% of employment in the North East was in the third sector, and that estimate was based on responses to a survey conducted in 2000², before much of the recent growth in the sector nationally as recorded in the Labour Force Survey³. These figures were based on unweighted data from samples which are now known to have been biased towards larger organisations. In contrast, because we have data on the whole population of third sector organisations, we can assess how representative our figures are and correct for bias.

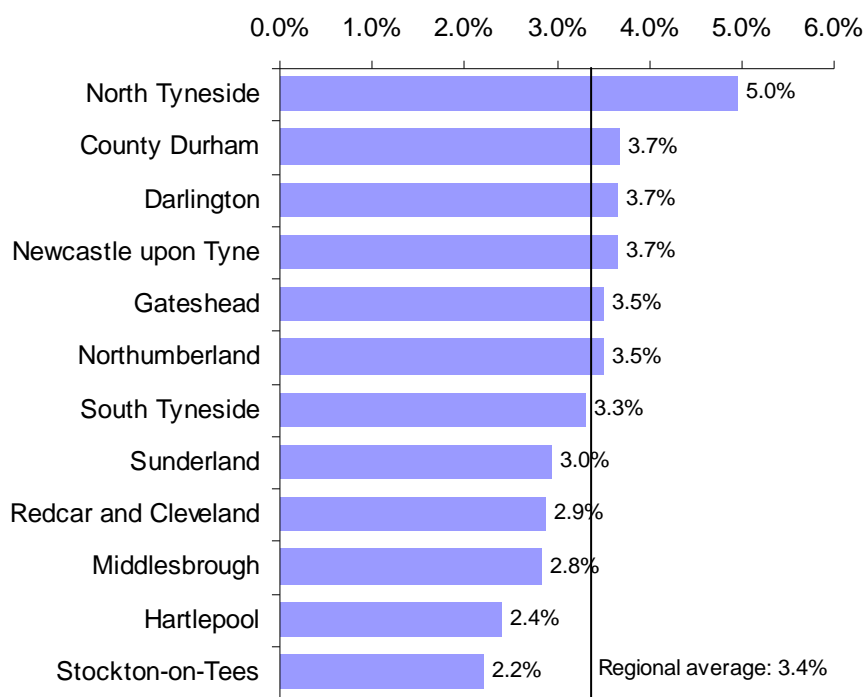
² Research Solutions (2000) *Research into the contribution of the voluntary and community sector to the economic life of the North East region* (Newcastle: VONNE, available online at <http://www.vonne.org.uk/resources/research/vonne/index.php?flink=501>)

³ Domenico Moro and Stephen McKay (2010) *The growing workforce in the voluntary and community sectors*, TSRC WP-28, available from www.tsrc.ac.uk

The implication is that the contribution of the charitable sector's workforce to the regional employment total is lower than some studies previously suggested, but larger than for the country as a whole. This may be a reflection not so much of the resources available to the sector but of the weakness of the private sector economy in the North East. As a consequence the third sector (as well as the public sector) contributes a slightly larger proportion to employment totals.

There are variations within the region in the contribution of the sector to total employment. Numerically the workforce within the region is concentrated in the urban area of Newcastle-upon-Tyne, with 20% of regional third sector employment. Note that some of these will work for national organisations and therefore be based in other regions and / or in other parts of the North East. Figure 3 shows the estimated proportion of the workforce employed by charities in each local authority in the region.

Figure 3 Third sector employment as a proportion of total employment by local authority



Source: NCVO; ONS; Southampton University

North Tyneside's high ratio - two thirds greater than the regional average of 3.1% - is explained by the presence of the offices of several housing associations in the local authority, though some of these are local offices of regional or national organisations.

The region has approximately 4% of the third sector workforce in England, which is actually less than its share of the population (5%), though larger than its share of third sector resources.

5. Numbers and characteristics of organisations with paid employees

- Approximately 1600-1800 charities (some 31-39% of the total) employ paid staff and a further 1900 noncharitable TSOs do so.
- The typical charitable sector workplace has fewer than 5 employees and 80% of charities employ less than 17 people.
- around 26% of employment in charities is in social care organisations of various kinds followed by 15% in education and 10% in religious organisations.

We have already suggested that 31% of charities have paid staff, but it is possible that these figures may not be entirely representative, since those reporting employment totals in their annual accounts are likely to be bigger than those which do not.⁴ This may explain why the proportion employing staff is lower than that reported in the 2008 NSTSO, in which approximately 39% of charities in the region claimed to be employing at least one member of staff.

For charities that employ staff the **mean number of employees is 11**, although workplace size can vary considerably from small to large organisations. The median number of staff for charities with staff is just five, with 80% of charities employing fewer than 17 staff. In contrast a relatively small number of charities – 33 of the “top 50” identified in our previous report⁵ – account for around 6,000 jobs in the charitable sector in this region. This survey would suggest that there are **approximately 1,800 charities in the region that employ paid staff**, but nearly 1,000 of them have a very small workforce. This is not surprising given what we know about the skewed distribution of resources in the sector, with a small number of large organisations, both nationally and regionally, having a dominant share of resources.⁶

If we compare the size distribution of the labour force in charities with that of non-charitable third sector organisations, some important differences are evident. There are around 1,860 non-charitable TSOs in the region (110 CICs, 960 CLGs, and 800 IPSs) and these are all more likely to employ paid staff than is the case for charities. Approximately two-thirds of CLGs and CICs have paid staff⁷ and 82% of IPSs have employees.

⁴ We have a reported figure for employment for typically 85% or more of charities with annual expenditure greater than £0.5 million

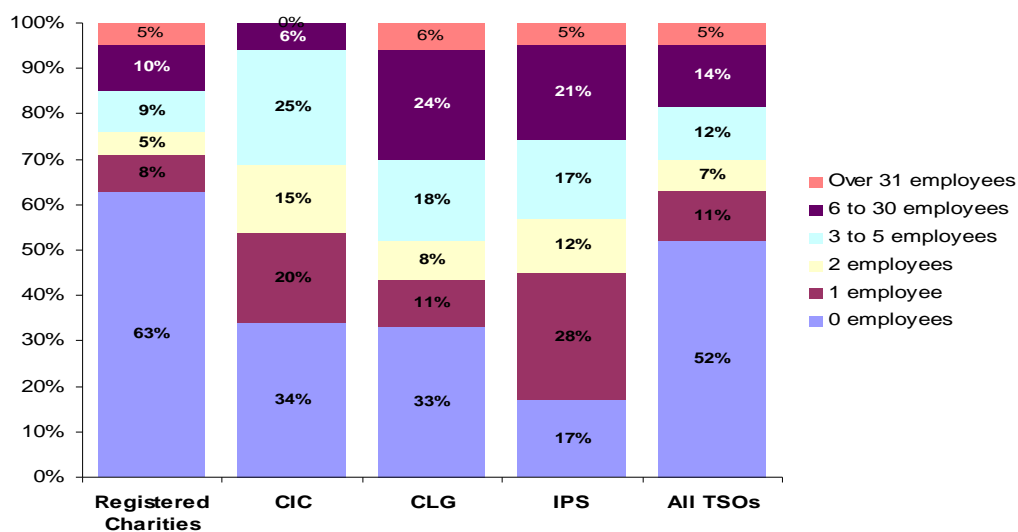
⁵ "Mapping Registered Third Sector Organisations in the North East" (2010) <http://www.nr-foundation.org.uk/thirdsectortrends/downloads/Mapping%20TSOs%20in%20NE.pdf>

⁶ P Backus and D Clifford (2010) *Trends in the concentration of income among charities*, TSRC WP – 39; D Clifford and P Backus (2010) *Are big charities becoming increasingly dominant?* TSRC WP-39, both available at www.tsrc.ac.uk

⁷ Note that the latter proportion is based on only 40 responses

However the differences between incorporated and unincorporated charities are also notable – 80% of incorporated charities have paid staff. This is likely to reflect the resources available to these different types of organisations and it will also reflect what they do. They are typically larger than charities – 70% of IPs and 37% of CLGs have annual incomes over £100K, compared to 22% of charities. Much of their activity is in e.g. sports and social clubs of various kinds, but also housing associations – that is, they have premises to maintain substantial levels of economic activity, all of which require paid personnel. In total we estimate there are around 1,900 non-charitable TSOs who employ paid staff in the region.

Figure 4 Number of employees by type of organisation



Source: NSTSO; Southampton University

In total there are some 3700 third sector organisations in this region which employ staff; the great majority of these are small employers with between 1 and 10 employees. It suggests that provision of training to third sector organisations – and charities in particular – has to be able to respond to a very large number of organisations most of which have small numbers of employees.

In terms of a subsectoral classification, we use the International Classification of Non Profit Organisations (ICNPO) to categorise charities and generate employment totals. Consistent with the classification of the sector in our earlier report⁸, around 26% of employment is in social care organisations of various kinds followed by 15% in education and 10% in religious organisations. The absence of satisfactory classification data for non-charitable third sector organisations renders a sectoral breakdown problematic but we have pointed out that a substantial proportion of employment in the non-charitable TSOs is in housing associations.

⁸ "Mapping Registered Third Sector Organisations in the North East" (2010) <http://www.nrfoundation.org.uk/thirdsectortrends/downloads/Mapping%20TSOs%20in%20NE.pdf>

6. Volunteering

- National survey data show that the **proportion of the region's adult population giving unpaid help at least once a month is 24%**. This is not significantly different from the national picture.
- Some local estimates from the Place Surveys are helpful only for general comparative purposes but they seem to show that volunteering rates for local authorities in the region are lower than elsewhere.
- The NSTSO data suggest that there are around 143,000 (+/- 13,600) volunteers associated with third sector organisations in North East England
- We estimate that around 10.5 million hours of voluntary effort is given by third sector volunteers in the region over the course of a year.

National survey datasets on volunteering give limited scope for analysis at the regional level and none for sub-regional analysis. Analyses of the Citizenship Survey do not reveal much that is statistically different about levels of volunteering in the region. The **proportion giving unpaid help at least once a month is 24%**, which is not statistically significantly different from the national picture. There is some suggestion from this survey that people with no qualifications are less likely to volunteer than their more educated counterparts.⁹ Since we first drafted this report, early findings from the 2010-11 Citizenship Survey appeared to show that volunteering rates in the region were falling, but these were based on very small numbers.¹⁰

For local estimates the most relevant other surveys are probably the Place Surveys which ask questions about unpaid help for the 150 upper tier local authorities. There are some reservations about these on methodological grounds, so they should only be used to provide a general picture of the comparative position of local authorities. Relatively speaking these show that **volunteering rates for local authorities in the region are low** with four local authorities being ranked in the bottom 10 in the country on the proportion of the population giving unpaid help at least once in the previous 12 months. The most that we can say with confidence from these results is that the rate for Northumberland is significantly higher than the five local authorities at the bottom of the rankings within the region. Elsewhere the confidence intervals for the estimates are often wide and in many cases overlap, so it is possible that the results might be the result of chance. For example, the rates for Hartlepool and Newcastle (both around 18%) could reflect an underlying rate of somewhere between 12 and 23 per cent.

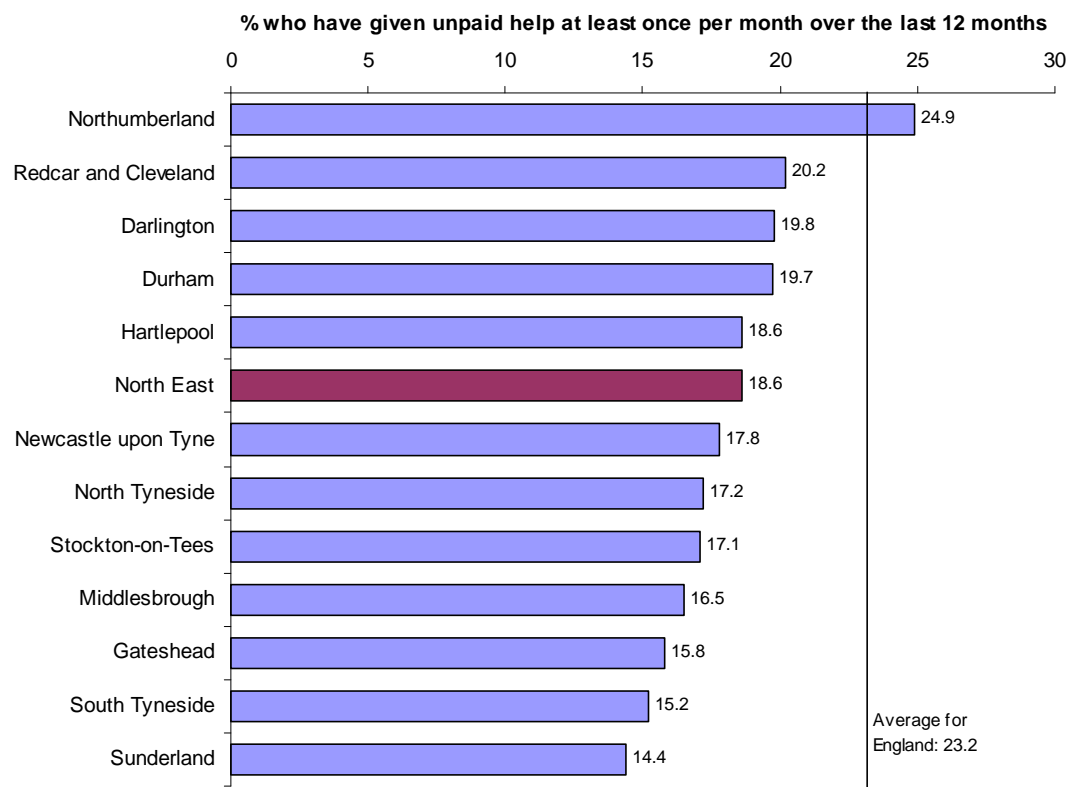
At least some of this variation will be explicable in terms of the mix of people in those local authorities - national surveys show that the likelihood of volunteering is influenced by factors such as educational qualifications and limiting long-term illness, some of which will undoubtedly reduce the likelihood of volunteering in

⁹ This should be treated with caution. In the case of men, this observation is based on fewer than 100 observations.

¹⁰ <http://www.communities.gov.uk/publications/corporate/statistics/citizenshipsurveyq2201011>

local authorities in this region. Regional variations in reported rates of volunteering can largely be explained in terms of the composition of the population – that is, the more the population is composed of those groups most likely to volunteer, the higher the local volunteering rate.

Figure 5 Proportion of the population who have given help at least once a month in the last year (2008)



Source: Place Survey (2008)

An alternative source of light on the question of how many people volunteer is provided by the NSTSO data. This offers information on the numbers of volunteers associated with particular types of TSO, the relationship between the numbers of employees and organisation and the numbers of volunteers, and whether there are variations associated with particular characteristics (e.g. reliance on specific income streams). This is probably the most significant study of its kind and allows more detailed local estimation of volunteering levels but, because it is organisation-based, *these will not constitute an estimate of levels of volunteering by area*. Instead they will provide an estimate of the extent to which third sector organisations provide opportunities to volunteers. As such, these data provide a valuable perspective on the wider contribution of the third sector, in the form of the volume of unpaid help provided by volunteers.

The survey data on volunteering are banded so that, rather than organisations reporting precisely how many volunteers they have, they select a category (1-10, 11-20, etc). These categories are not all the same width (otherwise the simplest

approach would be to select the midpoint of each range) and so we need to make assumptions about the distribution of responses.

We estimate that there are around 143,000 (+/- 13,600) volunteers associated with third sector organisations in North East England, representing some 3.2% of the national total. The great bulk of these volunteers are associated with registered charities – over 80%, with relatively small numbers associated with CLGs or IPSs. However, the region has over 5% of the national total of organisations, suggesting that the numbers of volunteers associated with the third sector is smaller than the region's share of organisations. It also raises the question of where else people are volunteering other than in the third sector, because these figures would represent approximately 6% of the adult population of the North East, which compares with 24% recorded in the Citizenship Survey for 2007-8. One reason for this may be the method and questions used.

Other survey data makes it possible to estimate the contribution of these volunteers in terms of total hours of voluntary effort. The Citizenship Survey asks people how many hours of unpaid help they have given in the previous four weeks. The mean response is 11.2 hours, but this is from a highly skewed distribution in which a small number of individuals influence the average greatly. It is better to use **the median number of hours given - six hours** - which is less influenced by outliers. On this basis we would estimate that around **10.5 million hours of voluntary effort is given by third sector volunteers in the region over the course of a year**. This does not capture national organisations with branches or projects in the region, who we think are likely to have reported volunteering totals separately, via their head offices.

We can also look at which types of organisation draw on voluntary input. Firstly, and perhaps surprisingly given that most definitions of third sector organisations include some element of voluntary input, it seems that at least 10% of CLGs and IPSs, and 4% of charities, have no volunteers at all. This conceivably implies they had misunderstood the question, which clearly makes mention of trustees as well as paid staff.

Secondly, in general, charities are much more likely to involve volunteers, and large numbers of volunteers in particular. 17% of charities have more than 30 volunteers compared to only 8% of IPSs. There are very small numbers of results for CICs, which means we regard these with caution, but a similar pattern applies.

7. Volunteers and paid staff

- **We estimate that there are between 2.5 and 5.8 volunteers for every paid employee in the sector.**

To our knowledge no other survey dataset provides the comprehensive information available in the NSTSO regarding numbers of volunteers and numbers of paid staff. If we cross-tabulate employees with volunteers for each legal form in turn, we find important differences between them. For example, very few IPSs and CLGs with substantial numbers of employees also have large numbers of

volunteers. Although precise comparisons are difficult because of the banded nature of the data, 15% of CLGs and IPSs have more staff than volunteers, compared to only 5% of charities. This seems to be associated with the size of organisation and their reliance on public sector funding, suggesting that the larger organisations in these legal forms are substituting paid for unpaid labour. This is consistent with national trends: while employment in the sector, and total resources available to it, have increased substantially in recent years, levels of volunteering have remained at more or less the same level in national survey datasets. Another way of expressing this is to generate estimates, by local authorities, the ratio between volunteers and paid staff. In this region, we estimate that **there are between 2.5 and 5.8 volunteers for every paid employee in the sector**. However, for charities the ratio of volunteers to paid staff is about 5 to 1, which is consistent with the national picture.

8. Conclusion

This paper draws on a range of sources of data to provide the most detailed picture of the third sector workforce yet available for this region. The estimates provided are lower than those in previous surveys, which we attribute to differences in methods used; we have been able to rely on extensive databases including data reported by organisations themselves on staff numbers and staff costs, and we have been able to make some allowances for the effects of missing data. In contrast, many previous studies (in this region and elsewhere) generate results which are inconsistent with the figures reported here - either underestimating the total by some margin or, more likely, producing a considerable overestimate.

The resulting revised estimates for levels of employment and volunteering will perhaps surprise and disappoint alike. For many, paid employment in the sector remains an unknown, and as such the notion that paid employment and career structures are widespread in the third sector will be a surprise. Nevertheless, the employment in the third sector remains a stubbornly small proportion of the overall workforce: national statistics suggest little change in the proportion of employment accounted for by the third sector over the last decade. For infrastructure organisations and policy makers who hope that the sector can provide a more significant role in providing employment these estimates may well be disappointing, whilst highlighting the potential for policy innovation that will change the third sector's share of total employment.

As with other sectors of the economy it is clear that London dominates the regional distribution of third sector employment, reflecting the prevalence of national headquarters there. This may well account for the North East's below-average share of the national total. Whilst such imbalances in regional shares of both organisations and employment are unsurprising, they potentially generate questions over the locational decisions of national third sector organisations already posed to government. To what extent might relocation of the "back office" functions of large national third sector organisations provide additional employment in regions such as the North East?

Our estimates of volunteering hint at a significant resource of community capacity frequently cited by advocates of policies loosely gathered under the banner of 'Big Society'. Moreover, the ratio of volunteers to paid staff serves to highlight the voluntarism that continues to characterise the charitable component of the third sector and, to a lower extent, the non-charitable component. However, they also counsel caution: these estimates are again lower than other studies have suggested. Our estimates in turn raise questions of what might we mean by 'significant' in the context of a debate where voluntary action is envisaged as a mainstream solution to reductions in public spending: 10.5 million volunteer hours equates to *approximately* 5,500 full time employees. We have estimated that the sector employs up to 37,000 paid staff, which might suggest that significant investment in volunteer recruitment and management will be required to shift this ratio. Yet there are substantial concerns that public expenditure reductions might adversely affect precisely the infrastructure through which volunteer recruitment and management takes place.

This paper has surveyed the field and established benchmarks against which future shifts in employment and volunteering can be measured. Changes in public expenditure and the labour market will inevitably move the dial in relation to these estimates. They should be monitored as policy makers and the sector alike begin to ask questions of the spending cuts and the Big Society agenda. These include, but are not exclusively:

- Will reductions in public sector employees crowd-in voluntary sector employment?
- If public spending cuts reduce voluntary sector employment, will this impact positively or negatively on volunteering levels?
- Given the small workplace size for many voluntary organisations, how does the sector infrastructure best support learning and development across a fragmented paid workforce?
- Will changes in the status of public sector service providers such as Primary Care Trusts lead to significant increases in the third sector paid workforce and if so, what will be the impact of such shifts on the sector?

Appendix: Data sources

In previous research on this topic, estimates have been based on local surveys conducted in the absence of comprehensive listings of third sector organisations. As a result there has been no way of correcting for bias in responses. Regional estimates of the third sector workforce cannot easily be derived from routine sources of labour market statistics since these do not identify third sector organisations.

Where possible, we provide figures for individual local authorities but there are occasions where it is not possible to do so because of small sample sizes.

Further information on the sources used is available from the authors, including a deeper discussion of their strengths and weaknesses, including questions of coverage, completeness, survey weighting, and steps taken to deal with missing data.

A1. Data based on reports from organisations

The principal source of labour market data is the *Annual Business Inquiry*, which gathers extensive data from a sample of establishments about their workforce. It is, however, not possible to identify third sector organisations uniquely since they operate across many Standard Industrial Classification (SIC¹¹) areas and each SIC will contain a mix of commercial, public and third sector entities.

Our main data source is third sector organisations' annual reports, as supplied to the Charity Commission and other regulatory bodies. The data are then enhanced by GuideStar Data Services who capture additional information from the organisations annual reports. Although reporting is incomplete (Charity Commission returns only require information on employees from organisations with a turnover of greater than £500,000) and skewed towards larger organisations (in the case of the GuideStar data) it is nevertheless the most reliable primary source of data on the sector. We cross-reference this against other databases where possible.

A2. Surveys of individuals

The *Labour Force Survey* (LFS) asks people whether they work for a charity, voluntary organisation or trust. The LFS has identified steady growth at the national level in voluntary sector employment (McKay and Moro, 2010). The sector now employs around 778,000 people in the UK or around 2% of the paid workforce. The figures generated from this source are broadly consistent at the national scale with estimates of the workforce provided in the NCVO UK Civil Society Almanac 2010. However, at the regional scale sample sizes are small and unreliable as a basis for estimation: small fluctuations from one quarter to the next in the number of people saying they work in the voluntary sector would have a significant effect on the weighted percentage figures reported.

¹¹ The Standard Industrial Classification is used to classify the activities of businesses, primarily for national accounts purposes. It is maintained by the Office for National Statistics.

The *British Household Panel Survey* also asks which sector people work in, but again numbers are too small for regional disaggregation (about 300 respondents say they work for “nonprofit organisations”).

Similar challenges affect regional estimates of volunteering rates derived from national surveys such as the *Citizenship Survey* or *Taking Part*: with between 6000 and 15,000 respondents, the numbers reporting in each region are small so we cannot be confident that apparent regional variations are not the result of chance.

The *Place Surveys* of local authorities were designed to capture a local measure of volunteering, but the methodology used is likely to over-estimate volunteering rates: those people who are more likely to take the trouble to respond to postal questionnaires are also those who are more likely to volunteer. For nearly one third of local authorities the reported proportions have confidence intervals of 3% or more. This means that we can only say with confidence that the “true” level of volunteering is somewhere in the range of +/- 6% of the figure reported in the surveys.

A3. Surveys of organisations

The recent National Survey of Third Sector Organisations (NSTSO) provides a reliable measure of both paid staff and unpaid volunteers/trustees. Although the respondents to the survey are anonymised in the public-use version of the dataset, considerable detail is provided in the bandings of the individual variables (such as income or employment) which makes matching to data provided by the Charity Commission and GuideStar Data Services feasible, to a degree. It is a particularly valuable feature of this survey that it gathers data on paid staff as well as on numbers of volunteers and trustees, and it also has rather better coverage of non-charitable third sector organisations than other sources. We have taken account of missing data in this survey (only 80% of responses were “complete cases”, ie the respondents filled in all the questions) and also imputed values using other sources of information (e.g. where figures on employment were missing).