

The UK voluntary sector in the 1990s: its human and financial resources

There are increasing demands on, and growing expectations of, the voluntary sector. But these have not been informed by a clear understanding of what the sector is, how it is resourced and how it relates to other economic and social sectors. A study by Jeremy Kendall and Martin Knapp, at the Personal Social Services Research Unit, University of Kent at Canterbury, aimed to provide a clear and comprehensive map of the UK voluntary sector's economic resources in the context of a wider study analysing the sector's social, historical and policy contributions. Their work was part of a 13-country comparison led by Lester Salamon and Helmut Anheier at the Johns Hopkins University, Baltimore, USA. Detailed statistical data were collected in the UK, US, Italy, Hungary, France, Germany and Japan.

- f** Full- and part-time jobs in the UK voluntary sector as broadly defined (including not only charities and small local bodies, but also universities, sports clubs and trade unions) accounted for about one in 25 full-time paid jobs and nearly one tenth of all service employment in 1990.
- f** A narrower definition of the sector, perhaps closer to the 'taken for granted' understanding of the term, gave a figure of slightly more than one in 60 of all paid jobs.
- f** In relation to employment, the UK voluntary sector is roughly comparable in size to the sector in France and Germany. The US sector is somewhat larger, while in Hungary, Italy and Japan it is rather smaller.
- f** Employment in the broad voluntary sector was concentrated in the field of education and research. Under the narrower definition, just under two-fifths of all voluntary sector paid employment was located in social service organisations, accounting for 146,000 full-time equivalent jobs.
- f** The total operating income of the broad voluntary sector stood at £29.5 billion in 1990. Like most of the other countries, private earned income (including sales, fees and income from investments) was the largest single source of revenue, followed by income from government and private giving, under both the broad and narrow definitions.

Background

Disillusionment with public sector services, government and business-dominated markets has encouraged the general public, the media and opinion-formers from across the political spectrum to examine how the voluntary sector can contribute to the meeting of social and cultural needs, and the general enhancement of pluralism, participation and 'community'. Consequently, many voluntary organisations are facing spiralling demands for their services and activities.

However, in comparison with government and business, relatively little is known about the voluntary sector's most basic characteristics, including its resources, activities and links with other sectors. As part of a wider study examining the sector's historical development, legal position and policy framework, this research aimed to provide the first comprehensive statistical map of the UK voluntary sector.

Definitions

The UK study adopted two concurrent definitions of the 'voluntary sector':

- The 'broad voluntary sector' included all groups which were formal organisations, non-sacramental and not party political, constitutionally independent of government and self-governing, non-profit-distributing and primarily non-business, and benefiting from a meaningful degree of voluntarism. This was deployed to achieve comparability and consistency of the UK findings within the international study.

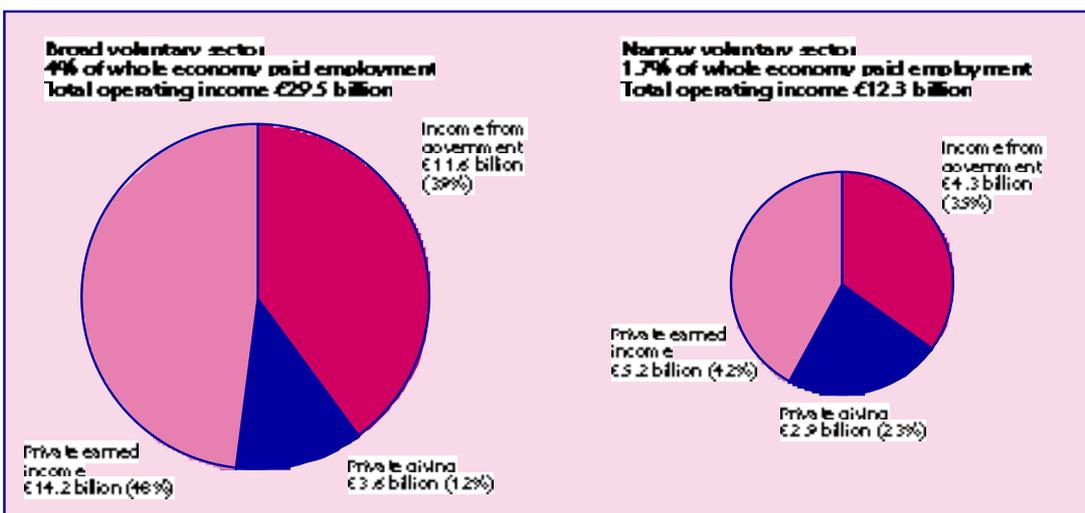
- The 'narrow voluntary sector' excluded subsectors of organisations within the broad definition which many people in the UK have, often implicitly, not regarded as 'true' voluntary organisations. This has been either because they are thought to lack real independence from the state despite their constitutional status, to be too 'exclusive' (through their charging policy or otherwise), or to contain an insufficient element of altruism or 'public benefit'. The most significant exclusions in moving from a broad to narrow definition were charitable independent and maintained voluntary schools, universities, sports and social clubs, and trade unions and business associations.

Overall scope and scale

Figure 1 illustrates the overall size of the voluntary sector in 1990 - in terms of total operating income and paid employment - under each of these definitions. The UK broad voluntary sector was similar in size to the sector in France and Germany, accounting for 3-4 per cent of all jobs and 9-10 per cent of all service sector jobs. The sector was significantly smaller in these countries than in the US (where it accounts for 7 per cent of total employment), but significantly larger than the sector in Japan, Hungary and Italy.

It is commonly thought that volunteers and private giving dominate the voluntary sector's resource base and these are indeed integral parts of the sector. For example, other research has shown that around half the UK adult population volunteer, and at least three out of four people regularly make donations.

Figure 1: UK voluntary sector income and full-time-equivalent paid employment, 1990



Source: See 'About the study', below

Yet in looking at voluntary *organisations*, our data show that the sector was a significant employer of paid labour - with one in 25 full-time-equivalent paid jobs in the economy located here, representing 9.4 per cent of all service sector employment.

Furthermore, the lion's share of income came from private earned sources (fees, sales, investments, at 48 per cent of the total) and from the various tiers of government (central, local and international government grants, contracts, and user subsidies). In having private earned income as its most important overall source of funding, the UK sector was similar to the US, Hungary, Japan and Italy. In France and Germany, income from government was the single most important source.

For the narrow voluntary sector, private giving was relatively more important, accounting for just under a quarter of all revenue. But even under this definition, private giving was still outweighed by state support and earned income.

Patterns of employment

Table 1 illustrates the distribution of paid employment by field of activity using a classification system specifically developed in the international study, the International Classification of Nonprofit Organisations (ICNPO). Education and research accounted for over a third of all employees. This included staff in the old and new universities, fee-funded charitable 'independent schools', special needs schools and voluntary schools largely controlled by the churches, but funded by local government.

Social services were the biggest employers in the narrow voluntary sector, accounting for just under two-fifths of all employment - just under 150,000 full-time-equivalent paid staff. This category embraced the full range of residential, day, domiciliary and respite care for children and adults, as well as community support programmes for users and carers, and a wide variety of advocacy services.

Under the broad definition, the culture and recreation sector actually employs more staff than social service providers, although jobs are often part-time and temporary. In the next largest category, development and housing, a significantly-sized sector is the direct result of central government policy. In particular, significant inputs of capital funding have facilitated the mushrooming of voluntary housing associations over the past twenty years.

Sources of revenue

The study found that the voluntary sector's income varied considerably both between and within fields of activity.

Private earned income was concentrated in the fields of culture and recreation, and education and research, although this was also an important source of funds in all other areas. Particularly significant were sports and social clubs' sales income, and fee payments to charitable independent schools. Investment and endowment income was also an important resource. Most prominently, this reflects the rich tradition of wealth accumulation in the grant-making trust or foundation sector, but many direct providers of social services and

Table 1 Full-time-equivalent employment in the voluntary sector

ICNPO group	Broad voluntary sector		Narrow voluntary sector	
	Number (000s)	Per cent	Number (000s)	Per cent
Culture and recreation	262	27.7	56	14.4 ¹
Education and research	330	34.9	16	4.0 ²
Health	43	4.6	43	11.1
Social services	146	15.4	146	37.4
Environment	17	1.8	17	4.3
Development and housing	74	7.8	74	18.8
Civic and advocacy organisations	9	0.9	9	2.3
Philanthropic intermediaries and voluntarism promotion	7	0.8	7	1.8
International activities	23	2.4	23	5.8
Business and professional associations, trade unions	35	3.7	- ³	- ³
Totals	946	100	390	100

Notes: 1 Excludes recreation (primarily sports and social clubs) but includes culture and arts, service clubs.

2 Excludes primary, secondary and higher education (all universities, most independent and maintained voluntary schools) but includes other education and research.

3 Excluded under narrow definition.
Source: See 'About the study', below.

education also rely extensively on this source.

As far as *income from government* was concerned, quasi-contractual grants to higher education by central government (including university funding) and by local government (including funding for maintained voluntary schools) accounted for 62 per cent of all direct public support for the broad voluntary sector. For the narrow voluntary sector, payments to the development and housing sector were the most significant input from central government; social security payments and housing benefit also supported the sector indirectly through subsidies to clients. Social service agencies were the largest single set of recipients of funds from local government under the narrow definition, including income from contracts and grants.

Private giving originated from individuals, grant-making trusts, companies and through collective fund-raising efforts (such as Children in Need). At £1.9 billion, individual donations were the most important single type of private giving (54 per cent) but were concentrated in a few areas - social services, international aid and development, philanthropic intermediaries and health. Company support was the second largest source, totalling £848 million (although this figure includes quasi-commercial sponsorship payments). This support was most significant in social services, culture and recreation, and education and research. Total trust funding of £725 million was channelled primarily into social services and education and research.

About the study

The UK research was located within a 13-country comparative study, with detailed statistical data collected on 8 of these. Other participating countries were: the US, Italy, Germany, France, Hungary, Japan, Egypt, India, Ghana, Brazil, Thailand and Sweden. Detailed statistical data were collected in the UK, US, Italy, Hungary, France, Germany, Japan and Sweden (although data on the latter have not yet been systematically included in the comparisons made). Data collection strategies varied by country, but in the UK estimates were built up separately for each ICNPO subgroup by combining original national and local surveys with government and umbrella body statistics. Aims, activities, definitions and timetables were consistent across countries. UK and international advisory groups contributed at every stage of the broader research study.

Further information

A 25-page monograph on the UK study by Jeremy Kendall and Martin Knapp, *Voluntary Means*, Social Ends, covering the statistical findings in a little more detail, and reporting on the policy context, is published by the Personal Social Services Research Unit, University of Kent, CT2 7NF, ISBN 0 90493861 1. This is available from Anne Walker at the PSSRU, price £5.00 including p&p (Tel: 01227 823873; Fax: 01227 764327). The full account of the UK study is given in Jeremy Kendall and Martin Knapp, *The Voluntary Sector in the UK*, to be published by Manchester University Press in spring 1996.

A 140-page book reporting on the statistical and policy findings of the international study, *The Emerging Sector*, ISBN 1 886333 00 9, has been published by the Institute for Policy Studies (IPS), Johns Hopkins University, Shriver Hall, Baltimore, Maryland 21218, US. This is available for \$21.95 plus \$4 p&p. This and other international project products can be obtained from Donna Schaub at the IPS (Tel: 00 1 41051 67174; Fax: 00 1 41051 68233). An 18-page summary of the book can be found in *Dimensions of the Voluntary Sector*, ISBN 1 85934 014 8, published by Charities Aid Foundation, Tonbridge, Kent TN9 2JD, Tel: 01732 771333; Fax: 01732 350570.

For further details on this study, please contact Jeremy Kendall on 01227 827637 or Martin Knapp on 01227 827552.

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For further information on these and other *Findings*, contact Sally Corrie on 01904 654328 (direct line for publications queries only; an answerphone may be operating).



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