The Clore Social Leadership Programme

the work foundation

Mapping the Third Sector: A context for social leadership

A report prepared for Clore Social Leadership Programme

Prepared by Laurence Hopkins in March 2010

Contents

List of Figures and Tables

1. Introduction

This paper is part of a four year evaluation of the Clore Social Leadership Programme (CSLP) by The Work Foundation. It attempts to provide a quantitative and qualitative profile of the Third Sector to provide a baseline of the sector so that trends and changes within the sector can be monitored and mapped over the course of the evaluation of the programme. The secondary purpose of this document is to provide data against which to understand the representativeness of CSLP applicants and participants.

The paper is divided into five main sections:

- **Overview:** The first section provides an overview of the sector including the macro structure and the primary governing and advocacy bodies.
- **Profile:** The second section provides a demographic, organisational and geographic profile of the sector including some breakdowns of specific sectors where possible.
- **State of the sector:** The third section provides an overview of the 'state' of the sector including challenges, trends and trajectories.
- **Conclusions:** The paper concludes by outlining six key challenges for leaders in the Third Sector.
- **Appendix:** The appendix provides an assessment of the representativeness of CSLP applicants and participants with reference to the sector as a whole.

2. Summary

The Third Sector continues to attract attention in the UK as an integral driver of economic and social progress. Its organisations are the primary voices of social, economic and environmental justice, deliverers and sources of innovation in services to the vulnerable and vital contributors to the modernisation of public services in the UK. The sector is characterised not only by distinct legal formations, but by an ethos that puts social and environmental interests above economic imperatives. It is a sector that has historically addressed double 'market' failures, where the state and the private sector fail to produce or deliver much needed and valued goods and services, or do so in a way that is unjust or unfair.

However, this ethos is not mutually exclusive with professionalism, innovation and value for money. Indeed, the blossoming of social enterprise and the many charities who implement multifaceted fundraising strategies to deliver on their ambitious visions have demonstrated that the so called 'not for profit' sector is 'not for loss' either. Since the expansion of social action during the Victorian period, the sector has grown to employ well over half a million people and contribute billions to the UK economy. The Third Sector continues to change as a result of internal and external drivers. As it does, it faces significant challenges to its current and future success.

This report aims to provide a broad overview of the sector and outline some of the main challenges it is likely to face in the next decade. It also provides an evidence base to inform the ongoing development and delivery of the Clore Social Leadership Programme particularly in highlighting current issues for its future leaders.

The state of the sector in 2010

- **The Third Sector is a significant component of the UK's economy:** Civil society as a whole contributes £116 billion to the economy including £33 billion from general charities, £26 billion from co-operatives and £27 billion by social enterprises. The economic value of volunteering in the UK is estimated at £23 billion.

- **The ecology of the Third Sector is different to the public and private sector:** Almost a third of voluntary organisations have fewer than ten employees compared to only 8 per cent of public sector organisations. Only 4 per cent of organisations in the sector have over 500 employees compared to 13 per cent in the private sector and 31 per cent in the public sector.

- **The Third Sector workforce is growing and professionalising:** The workforce has grown by 24 per cent since 1997 compared to 9 per cent in the private sector and 16 per cent in the public sector. The number of people in the sector who have a degree (32 per cent) has increased by 43 per cent since 1995 and two-thirds of the sector workforce holds at least A-level qualifications.

- **Third Sector growth is influenced by its increasing role in the delivery of public services:** Year-on-year increases in the Third Sector's statutory income have increased at a faster rate than government's overall expenditure on public services. Charities received £7.8 billion in income from government contracts in 2006/07 compared to £4.2 billion from grant funding. However, despite enthusiasm from political parties across the spectrum about its potential to transform public service delivery, the sector receives only 2 per cent of the government's service delivery spend.

- **The Third Sector is diverse:** Third Sector organisations cover a range of interests and engage in multiple activities from educational and social services to healthcare, law and religious activities. One third of Third Sector organisations in England have a neighbourhood focus, while only one in ten have a national focus. This diversity of activity often makes it difficult to make broad statements when activity is sector specific and determined.

Challenges for the decade ahead

Although the three main political parties in the UK seem to believe that the sector is a panacea for its social problems and 'inefficient' public services, the sector's leaders face multiple challenges in the next ten years:

- **Recovering from recession:** Over three-quarters of charity leaders believe that negative financial conditions will have an impact on the sector in 2010. The recession creates a potential triple impact on the sector as a result of reduced funding and investment from both the public and private sector, an increased demand from service users and decreases in reserves. Smaller and less established organisations are particularly vulnerable as they are likely to have low reserves and a less specialised workforce to respond to and cope with a changing environment.

- **Retaining independence:** Income from statutory sources continues to stimulate growth in the sector, but the majority of this money comes through contracts which often allow less independence than grant funding relationships. There is also a split occurring in the sector between the three-quarters of charities who do not receive money from statutory sources and those organisations with an income of over £1 million who receive three-quarters of statutory funding. The challenge for the sector is to ensure that the increased contract funding does not erode the critical independence of the sector or create funding disparities where large organisations entrench their relationship with the state leaving smaller and, perhaps, more nimble and innovative Third Sector organisations out of the loop.

- **Remaining innovative and distinctive:** Despite the proclivity to see the sector as a leader in social innovation, the evidence for this assertion is murky at best. A House of Commons Public Affairs Select Committee concluded that there was little evidence that corroborated the perception that the Third Sector can deliver services in a distinctive way that improves outcomes for service users. Other research has suggested that voluntary organisations are 'better at believing they are innovative than being innovative'. Leaders in the sector may disagree, but they need to make the case for distinctiveness and innovation backed by robust evidence.

- **Recruiting, retaining and developing a skilled workforce:** One quarter of organisations in the sector report hard to fill vacancies particularly in marketing and fundraising. Leadership and management skills are particularly in demand – a striking four out of five chief executives in the sector coming from the private or public sector. Spending on training and development lags significantly behind the public and private sector. The lack of investment in staff training and development is perpetuating the skills gap in the sector resulting in reduced likelihood of career advancement, lower than average job tenure and a continuing drain to the private and public sector.

- **Renewing relationships with local authorities and the private sector:** The relationship between Third Sector organisations and local government is variable and needs to be improved for the benefit of both parties. The National Survey of Third Sector organisations in England found that only 16 per cent of organisations felt that local statutory bodies had a positive influence on their success. In the private sector, venture capital and private equity houses are increasingly turning their attention to corporate social responsibility and social investment as well as to the significance of social enterprises to future economic growth. Increased engagement and investment will be enhanced by leaders' understanding of new business models and developing a shared language with 'philanthrocapitalists'.

- **Reducing inequality and enhancing diversity:** Despite valuing social justice, there are significant gender and ethnic inequalities in the workforce. Female chief executives receive £11,000 less per year than their male counterparts and there are very few chief executives and board members from ethnic minority backgrounds, particularly in larger charities. The voluntary sector has been good at advancing social justice issues up the external agenda, but organisations need to reflect on these same issues internally.

The Clore Social Leadership Programme will play a vital role in developing the sector's future leaders. By understanding the issues, promoting leadership development in the sector and equipping its Fellows with the tools they need to succeed, the programme can play a catalytic role in enhancing the quantity and competency of social leaders and therefore ensure that the sector continues to be at the forefront of tackling social and environmental problems, helping the vulnerable and promoting social and environmental justice.

3. Overview of the Third Sector

Definition The 'Third Sector' is a relatively new title for activity that has a long tradition in the UK and at its most basic is a term for defining activity that falls outside of the public and private sector. It is often used as a synonym for the voluntary sector, a term which is less relevant due to rapid professionalisation.[1] The term attempts to provide a useful umbrella for policy makers referring to numerous spheres of activity that respond to terms such as social enterprise, the voluntary sector, co-operatives, charities, NGOs, civil society and community organisations.

---

[1] The 'voluntary sector' was largely used in the UK prior to the increasingly widespread adoption of the Third Sector to describe non-governmental organisations working to achieve social, cultural and economic objectives in the public or community interest. The use of the term 'voluntary', however, is misleading since volunteers work alongside a significant professional and salaried workforce.

Definitions of the Third Sector are necessarily porous. The National Audit Office describes the Third Sector as:

> *A range of institutions which occupy the space between the State and the private sector. These include small community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and cooperatives.[2]*

The Office for the Third Sector[3], established in 2006, defines Third Sector organisations as:

> *Non-governmental organisations that are value driven and which principally invest their surpluses to further social, environmental and cultural objectives.[4]*

Within the Third Sector there are a number of sub-divisions and groups. Some of these have specific legal definitions while others proliferated in the absence of a shared language of the Third Sector and have blurred boundaries. Nonetheless, these terms can be useful in providing a conceptual map of the sector and provide an indication of the diversity of organisations that exist within the sector as well as being necessarily understood in order to navigate past literature – see Table 1 below.

The Third Sector in the UK

Until very recently there was very little data on the size, scope and economic impact of the Third Sector across the UK. The data situation has improved, as a result of efforts by the Charities Commission and NCVO among others, and we now know something about the vastness and diversity of the sector, as well as being able to more accurately quantify its significant economic and social impact. Throughout this report we have endeavoured to provide a profile of the third sector in the UK as a whole, but at times this has proved impossible – on occasion, we have only been able to obtain data for one or two nations (England and Wales), but have tried to make it clear where this is the case.

According to the *2009 NCVO Almanac*, there are 870,000 civil society organisations including an estimated 600,000 informal community organisations which have no paid staff.[5] There are

---

[2] http://www.nao.org.uk/our_work_by_sector/third_sector.aspx
[3] As part of the Cabinet Office, the Office of the Third Sector (OTS) leads work across government to support the environment for a thriving Third Sector (voluntary and community groups, social enterprises, charities, cooperatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities
[4] http://www.cabinetoffice.gov.uk/third_sector.aspx. This definition assumes these organisations have an operating surplus. 50 per cent of organisations surveyed in the NSTSO reinvested their surpluses into their social objectives. 40 per cent did not make a profit (NSTSO, 2008)
[5] NCVO (2009a), *UK Civil Society Almanac 2009*. Figures are for 2006/07 unless noted

171,000 general charities in the UK (2006/07) and an estimated 61,800 social enterprises (estimate 2005-2007). Based on estimates from the Labour Force Survey, there were 634,000 people employed in voluntary and community organisations (508,000 full time equivalent paid staff) in the UK representing 2.2 per cent of the workforce.[6] Over ten million people formally volunteer at least once a month – the economic value of which is estimated at £23 billion.[7]

The sector is growing and changing. The voluntary sector workforce has grown by 24 per cent since 1997 compared to 9 per cent in the private sector and 16 per cent in the public sector. Income to the sector has also increased. While income from investment has stayed relatively constant since 2000, voluntary and earned income has increased steadily. The total income of civil society in the UK is now £116 billion. This includes £33 billion income by general charities, £26 billion from co-operatives and £27 billion by social enterprises.[8]

The Northern Ireland Third Sector economy
There are around 4,700 voluntary and community organisations in Northern Ireland generating £570 million in 2006/07 (down from £615 million in 2003/04).[9] £467m of this was spent on charitable activities and £20m on generating funds.

The Scottish Third Sector economy
There are around 45,000 formal voluntary organisations across Scotland and another 20,000 organisations regulated as charities by the Scottish Charity Regulator. Total income of the sector in 2007/08 was £4.1bn.[10]

The Welsh Third Sector economy
The Welsh voluntary sector is comprised of over 30,000 voluntary and community based organisations.[11] According to the Welsh Council for Voluntary Action, there are roughly 370 organisations per county. Together, these organisations have an income of £1.2bn of which 43 per cent is from government sources (up from 32 per cent in 2006).

---

[6] Ibid. Figure for 2007/08
[7] IPSOS MORI (2005), *2005 Citizenship Survey*, Communities and Local Government
[8] Ibid
[9] NIVCA (2009), State of the Sector V – Northern Ireland Voluntary and Community Sector Almanac
[10] Scottish Council for Voluntary Organisations website (Accessed 2010). http://www.scvo.org.uk
[11] Wales Council For Voluntary Action (2008), The Third Sector in Wales: A Statistical Resource Summary. http://www.wcva.org.uk

**The relationship
between the
Third Sector
and the
government in
the UK**

The relationship between the Third Sector and government has evolved significantly over the past century. There are three inter-related elements to this relationship. Firstly, the regulation and support provided by the government towards the sector; secondly, its involvement in public service delivery; and thirdly, the role of Third Sector organisations as interest groups in public policy development. This section primarily addresses the first two relationships.[12]

The relationship between the government and the Third Sector is conceptualised by Kuhnle and Selle[13] along two axes (see Table 1) – the financial and operational dependence or independence of the organisation and the nearness or distance between the statutory body and the organisation in terms of communication and contact.

Table 1: Relations between government and voluntary organisations

	Nearness (communication and contact)	Distance (communication and contact)
Dependence (finance and control)	**Integrated dependence** Organisation is largely dependent on central government financing and maintains close links with government officials	**Separate dependence** Organisation is largely dependent on central government financing and does not have close links with government officials
Independence (finance and control)	**Integrated autonomy** Organisation is not dependent on central government financing and maintains close links with government officials	**Separate autonomy** Organisation is not dependent on central government financing and does not maintain close links with government officials.

Source: Kuhnle and Selle (eds) 1992

It is thought by many in the sector that organisations are shifting towards either integrated dependence, particularly for large Third Sector organisations, or separate autonomy. Financial data supports this thesis to some extent showing a sector that has a non-uniform relationship with the government. Three-quarters of Third Sector organisations do not receive money from statutory sources but one-third of the sector's total income is from statutory sources.[14]

---

[12] For a more detailed assessment of Third Sector and Public Policy see Beardsley, Cavanagh and Butler-Wheelhouse (2006), *Third Sector and Public Policy – Options for Committee Scrutiny*, London: National Audit Office. http://www.nao.org.uk/idoc.ashx?docId=41477597-6271-4050-9396-7bee63457f7c&version=-1
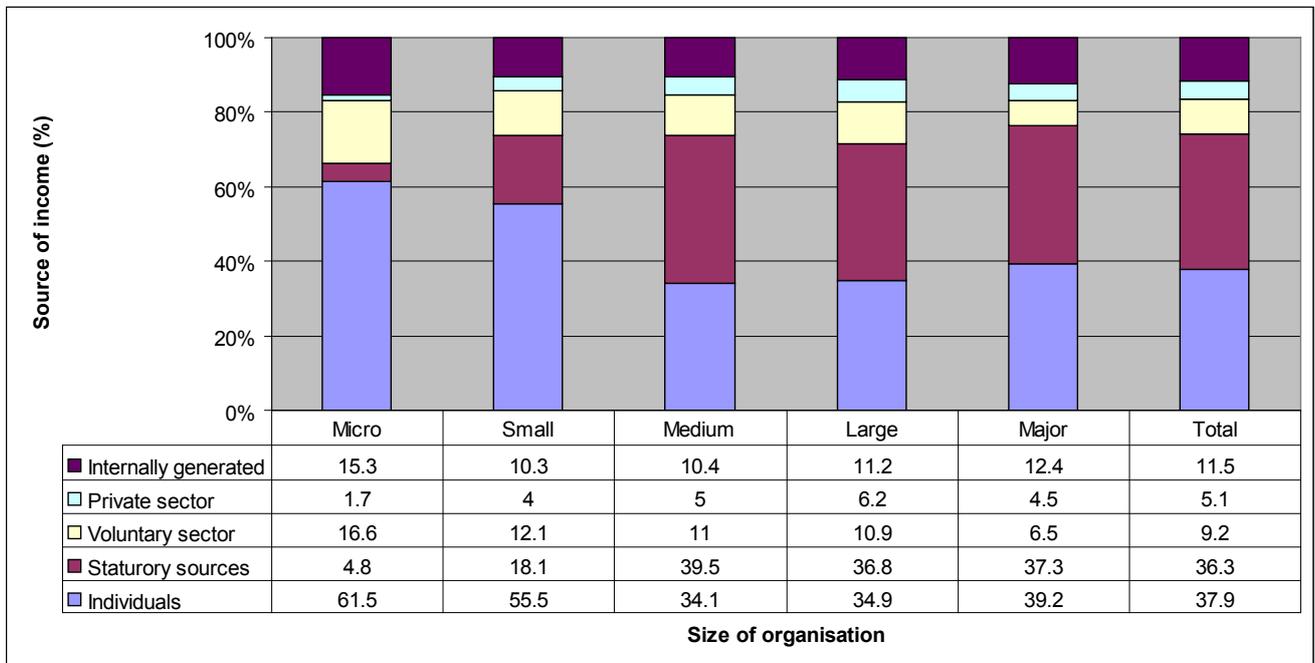
[13] Kuhnle, S. & Selle, P. (1992): 'Government and Voluntary Organizations: a relational perspective' in: Kuhnle & Selle (eds.): *Government and Voluntary Organizations: a relational perspective*. Avebury: Aldershot

[14] NCVO (2009b), The State and the Voluntary Sector: Recent trends in government funding and public service delivery, London: NCVO

Significantly, the quarter that do receive money are often larger organisations with three-quarters of statutory funding going to organisations with annual income over £1 million.[15] 27,000 organisations receive over three-quarters of their income from statutory sources.[16] According to the NSTSO statutory income represents over half of all income for 45 per cent of organisations in England that receive statutory income.[17]

Medium size organisations rely substantially on statutory funding which constitutes 40 per cent of their income.[18] Statutory funding also varies geographically and by local authority. Yorkshire and the Humber, East Midlands and Wales are the most dependent regions in the UK.[19]

Figure 1: Income sources of UK charities by size of organisation 2006/07 (per cent of total incoming resources)

Source of income (%)	Micro	Small	Medium	Large	Major	Total
■ Internally generated	15.3	10.3	10.4	11.2	12.4	11.5
□ Private sector	1.7	4	5	6.2	4.5	5.1
□ Voluntary sector	16.6	12.1	11	10.9	6.5	9.2
■ Statutory sources	4.8	18.1	39.5	36.8	37.3	36.3
■ Individuals	61.5	55.5	34.1	34.9	39.2	37.9

Size of organisation

Source: NCVO, 2009a[20]

---

[15] Ibid

[16] Ibid

[17] NSTSO, 2009

[18] NCVO, 2009b

[19] Ibid

[20] Definitions: Internally generated: gross turnover of trading subsidiaries and investment returns. Private sector: sponsorship, research or consultancy, patent royalties, corporate grants and gifts. Voluntary sector – services provided under contract, grants from charitable trusts and intermediaries. Statutory sources: public sector fees, payments for contracted services, funding grants (including national lottery distributors). Individuals: donations, covenants, legacies, subscriptions, goods and service fees

Figure 2: Income sources of UK charities by sub-sector, 2006/07 (per cent of income)
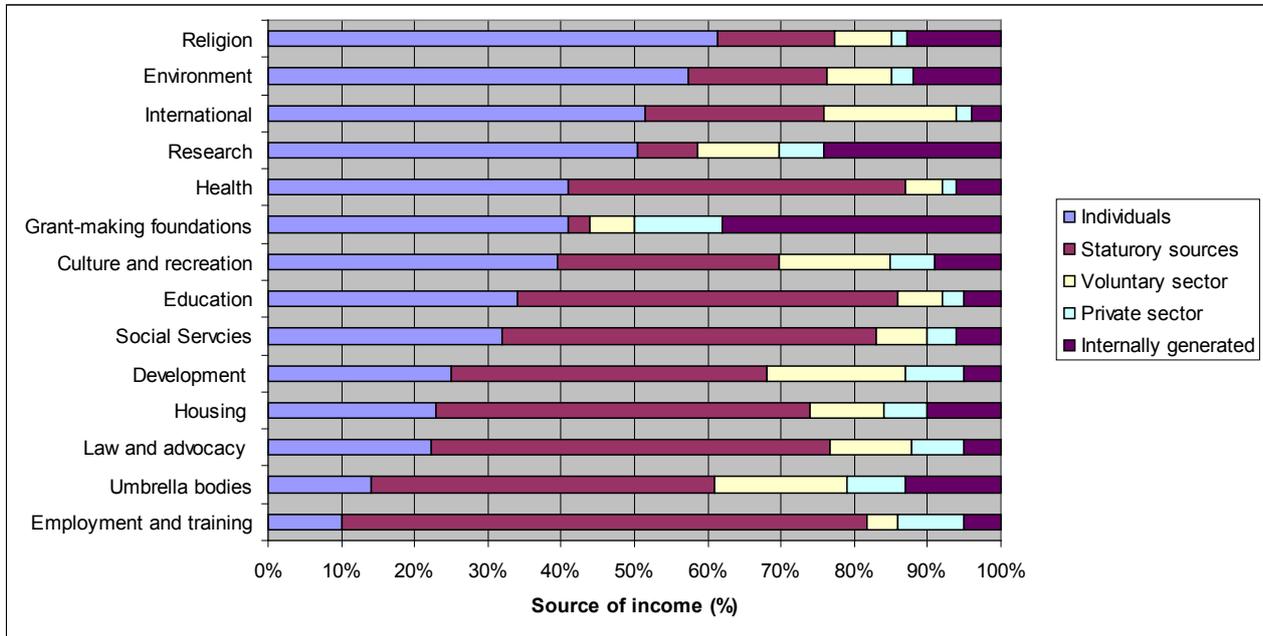
Public service delivery and reform

Year-on-year increases in the voluntary sector's statutory income have increased at a faster rate than government's overall expenditure on public services. Although statutory income is increasing, the balance between statutory grant and contract funding is changing as contracts become more important at the local and regional level. Income from contracts (£7.8 billion) is now almost double grant funding (£4.2 billion). The sources of funds are multiple, but some central government departments, particularly communities and local government, dominate statutory funding along with significant local government spending (£5.7 billion). Statutory funding is largely provided towards social care services with £4.2 billion spent in 2006/07.[21] There is also significant foreign and international funding to the sector (£615 million) half of which is from the European Union.[22]

There has been a marked increase in rhetoric by the government about harnessing the benefits of the sector to improve the delivery of public services in the UK. A Public Affairs Select Committee report (2009) believes that the catalyst for this interest was the *Independent*

---

[21] NCVO, 2009b. This has prompted a significant increase in the Third Sector social care workforce which grew by 58 per cent from 1997 - 2006
[22] Ibid

Commission on the Future of the Voluntary Sector in England[23]. The Public Affairs Select Committee noted:

> *Much of the subsequent course of government policy has derived from that blueprint including the launch of the Compact in 1998, which sought to agree a broad set of principles governing a better relationship between government and the Third Sector, and the adoption of a single inclusive definition of charity based on the concept of public benefit.[24]*

The sector's involvement in public service reform was formalised in England and Wales by the 2002 Spending Review with a target to increase the sector's contribution to public service delivery by 5 per cent by 2005-06. However, this commitment was short-lived. In 2004 the numerical target was shelved although it was still acknowledged that there would be an emphasis on increasing the capacity and contributions of the sector in the interests of public service reform. *Choice, Voice and Public Services* (2004-05), which addressed the principle and practice of opening up delivery of public services beyond public sector providers in England, was another important report in terms of defining the significance and benefits of Third Sector involvement in the delivery of services.[25]

The increasing government emphasis on the Third Sector culminated in the appointment of the first dedicated Minister for the Third Sector in 2006 alongside the creation of the Office for the Third Sector within the Cabinet Office. In 2007, the government initiated the Third Sector Review – the government's largest ever consultation of the sector.[26]

There is also a need to focus on improving relationships at the local level, which are currently variable. For example, in 2008, 16 per cent of English Third Sector organisations felt that local statutory bodies had a positive influence of their success, although the figure is 58 per cent for those organisations who have direct dealings with their local government.[27]

Third Sector distinctiveness
The involvement of the Third Sector in the delivery of public services in the UK is predicated on a belief that the sector operates differently and provides benefits that are distinctive from

---

[23] NCVO (1996), *Meeting the Challenge of Change: voluntary action into the 21st century*, NCVO
[24] House of Commons Public Affairs Select Committee – Public Services and the Third Sector – Rhetoric and Reality, 2008
[25] Ibid. *Choice, Voice and Public Services* can be accessed here: http://www.publications.parliament.uk/pa/cm200405/cmselect/cmpubadm/49/49i.pdf
[26] http://www.cabinetoffice.gov.uk/third_sector/third_sector_review.aspx
[27] NSTSO, 2009

the private and public sector. For example, at the Third Sector Review launch event the then Minister for the Third Sector Ed Miliband said:

The Third Sector can make a difference in ways government cannot: in the ways it reaches out to excluded communities, builds the confidence and abilities of those who volunteer, strengthens trust and provides innovative solutions to the new problems that society faces. And in that process, the Third Sector can build social capital and provide voice for its communities in ways government often cannot…I think we should be clear about the reasons for the use of the Third Sector in aspects of delivery: it is about helping improve the service and also spread good and innovative practice. There are many examples where the Third Sector's innovation, user engagement and ability to reach out has proved its worth.[28]

This language has changed little in the past three years. Gordon Brown said in a speech in December 2009 that civil society will play a vital role in the 'third generation' of public services:

Social enterprises and mutual not-for-profit providers so often ensure that public services meet people's needs, especially those of hard-to-reach communities.[29]

The Cabinet Office report on Public Service Reform (2007) noted that the Third Sector not only has an important role to play in opening up the supply side of public services, but has distinctive strengths in empowering citizens, innovation and accessing hard to reach groups.[30] In particular it notes that Third Sector organisations will have a transformative effect on public service delivery in correctional services, employment services and children's services, education and training, health and social care, and local public services.

Think tanks have also championed the role of the sector in delivering social justice, increasing innovation in service delivery and meeting the needs of disadvantaged groups. For example, a report by the Young Foundation states that the Third Sector is well placed to fill gaps in government social policy, particularly in addressing social isolation and support.[31]

However, there are concerns that there is little evidence, beyond the anecdotal, to support these claims. The most significant of these is the House of Commons Public Affairs Select

---

[28] Ed Miliband speech at the Third Sector Review launch event. 15.5.2006
[29] http://www.number10.gov.uk/Page21633
[30] Prime Minister's Strategy Unit (2007), *Building on progress: Public services*, Cabinet Office. http://www.cabinetoffice.gov.uk/media/cabinetoffice/strategy/assets/building.pdf
[31] http://www.youngfoundation.org/general-/-all/news/sinking-and-swimming-understanding-britains-unmet-needs

Committee Report *Rhetoric or Reality* (2009) which following calls for evidence on Third Sector distinctiveness and benefits concluded:

> *The central claim of government, and by advocates of a greater role for the sector in service delivery, is that Third Sector organisations can deliver services in distinctive ways which improve outcomes for service users. We were unable to corroborate that claim. Too much of the discussion is still hypothetical or anecdotal.[32]*

The report includes evidence from the Local Government Association (LGA) and the Audit Commission which casts doubt on the veracity of the distinctiveness claim. The LGA said to the committee that 'there is nothing intrinsic in the organisational structure of Third Sector organisations which mean they automatically deliver public services better than every other sector'.[33] This was backed up by LGA research which found that most people don't know who provides their services and don't care as long as it is of 'high quality, meets their needs, and is value for money'.[34]

The Audit Commission notes that they are 'not aware of any evidence that services transferred to the Third Sector show distinct improvement in quality after that transfer'.[35] The Audit Commission also noted that:

> *Innovation tends to come from those who are closest to the users of a service, and often emerges in partnerships. We found evidence of innovation among providers of all kinds, but no particular evidence of greater innovation in the voluntary sector compared with other service providers.[36]*

Research on innovation in the Third Sector has also failed to provide any corroborating evidence. A study by Osborne, Chew and McLaughlin (2008) found that innovation in the Third Sector was more closely related to government requirements for innovation in commissioning rather than being intrinsic to the sector.[37] The longitudinal study which looked at innovation in the Third Sector between 1994 and 2004, found that the recent shifts in local and central government policy have meant that innovation has reduced dramatically.[38] A report by Young

---

[32] House of Commons Public Affairs Select Committee, 2009
[33] Ibid
[34] Ibid
[35] Ibid
[36] Ibid
[37] Osborne, S., Chew, C, & McLaughlin, K. (2008). 'The innovative capacity of voluntary organizations and the provision of public services: A longitudinal approach' Public Management Review (Special Issue on Innovation in Public Services),10:1, 51-70
[38] Ibid

Foundation on social innovation concluded that most of the literature on social innovation in the voluntary sector points to a sector that is 'better at believing they are innovative than being innovative'.[39]

_____

[39] Mulgan, G. (2007), *Social Innovation: What it is, why it matters and how it can be accelerated*, Young Foundation.

4. Profile

This section provides an overview of available data on the size, scope and composition of the sector in the UK.

There is some difficulty in attaching numbers to the Third Sector in the UK. The most reliable and relevant data comes from the Charities Commission (England and Wales), Office of the Scottish Charity Regulator (OSCR), the Labour Force Survey (LFS) (UK wide) and the recent National Survey of Third Sector organisations (England only). This section uses data from these sources and others to try and present the 'best picture' of the Third Sector available.[40] Data on expenditure is primarily derived from the Charities Commission, OSCR and NICVA and refers to 'General Charities', while workforce data is derived from the LFS where individuals can identify themselves as working in the voluntary sector. Therefore the term 'voluntary sector' is used when referring to LFS numbers. The LFS and Charities Commission numbers are taken from the most recent NCVO Almanac and refer to the financial year 2006/07.

Employment profile

Geographical distribution

Almost a third (30 per cent) of the voluntary sector UK workforce works in London and the South East of England, although this has fallen from 38 per cent in 1997. Scotland and South West of England have 10 per cent apiece and 9 per cent work in the East of England and the North West. Northern Ireland has the lowest percentage of the workforce with 2 per cent.

Figure 3: Voluntary sector workforce by region and nation in 2006/07
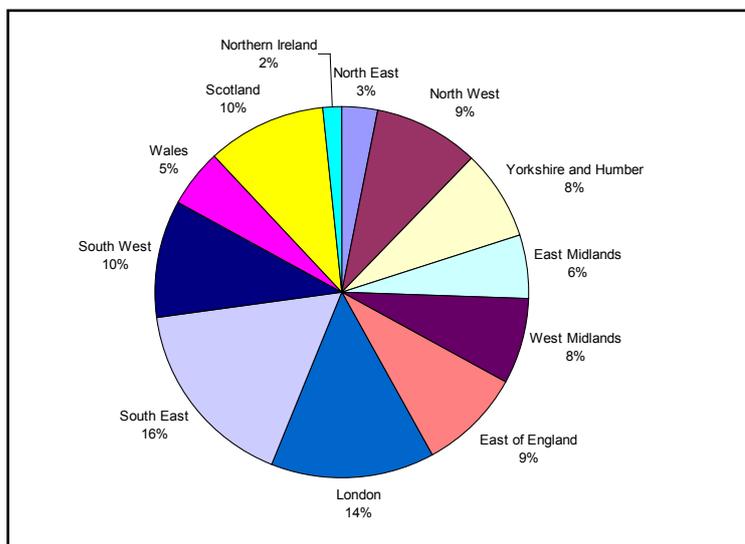
Source: Labour Force Survey

---

[40] For a comprehensive assessment and list of Third Sector data sources, refer to the NCVO Almanac. Latest edition 2009. www.ncvo-vol.org.uk/

Mapping the Third Sector: A context for social leadership

Type of employment

Only 63 per cent of the voluntary sector workforce is full-time with 37 per cent working part-time. This is significantly higher than both the private sector (23 per cent) and public sector (29 per cent). 82 per cent of people working part-time in the sector do not want a full time job. The average full-time voluntary sector worker is contracted to work 37.5 hours per week compared to 38 hours in the public sector and 41 hours in the private sector.

91 per cent of people in the sector are on permanent contracts, which is marginally lower than both the private sector (95 per cent) and the public sector (93 per cent). Of the 9 per cent who are temporary, 65 per cent are on fixed-term contracts. This is comparable to the public sector (66 per cent) but significantly different from the private sector (30 per cent).

Northern Ireland

The total paid workforce in 2008 was close to 27,000. There were over 87,000 volunteers in 2008, including an estimated 33,500 in governance positions.[41] 53 per cent of the community workforce is employed by organisations with an income of over £1 million.

Scotland

Through voluntary organisations, 130,000 are employed, encompassing over 5 per cent of the country's workforce population with over 1.3 million volunteers.[42]

Wales

There are over 46,000 paid employees working for 9,000 organisations within the Welsh third sector, making up 2.4 per cent of the workforce.[43]

Organisational profile

Third Sector organisations work across a range of traditional sectors, particularly those with an educational, health or social focus. Almost a third of all charities in the UK work in social services or education and another third working in culture and recreation, development and religion – see Figure 4.

Almost one-third of all organisations have fewer than ten employees. This is comparable to the private sector (25 per cent), but significantly different from the public sector (8 per cent). Only 4 per cent of organisations in the sector have over 500 employees, which differs from the private sector (13 per cent) and the public sector (31 per cent) – see Figure 5.

---

[41] NIVCA, 2009
[42] SCVO, 2010
[43] Wales Council for Voluntary Action, 2008

The geographical focus of Third Sector organisations also varies considerably. According to the NSTSO, close to one-third of Third Sector organisations in England were working in the interests of their local neighbourhood, one in five limited their action to a local authority area and one in ten had a national focus – Figure 6.

Figure 4: Distribution of charities by ICNPO[44] category 2006/07
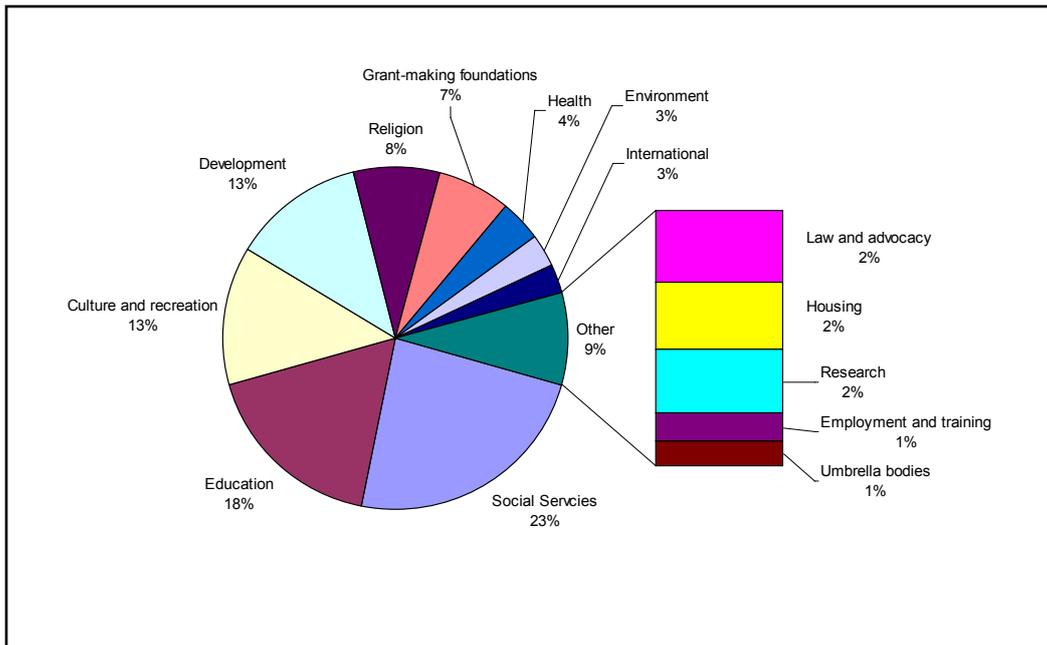
Source: NCVO, 2009a

Employee profile

The majority of employees in the sector are in the top three occupational categories – sometimes referred to as 'knowledge occupations'.[45] One quarter of the workforce is in professional or technical roles, 20 per cent in personal services, 18 per cent are managers or senior officials and 12 per cent are in professional occupations.

The educational profile of the sector is changing rapidly as the sector becomes increasingly professional. The workforce is highly qualified with 32 per cent holding a degree level qualification or higher – the number of people with a degree in the sector increased 43 per cent between 1996 and 2005.[46] 66 per cent have at least A-levels and only 5 per cent hold no qualifications.

---

44 The International Classification of Non-Profit Organisations (ICNPO) was developed for the United Nations System of National Accounts and aims to assist international comparisons. http://www.jhu.edu/~ccss/publications/pdf/icnpo.pdf
45 See Brinkley, I. (2006), *Defining the knowledge economy,* The Work Foundation
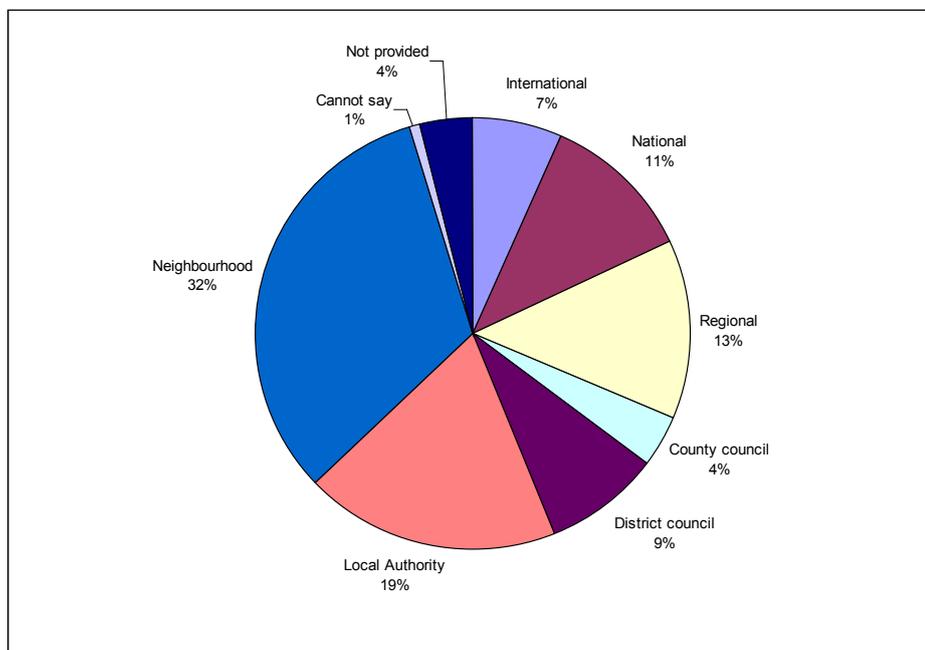46 Clark (2007a), *Voluntary Sector Skills Survey*, London: NCVO

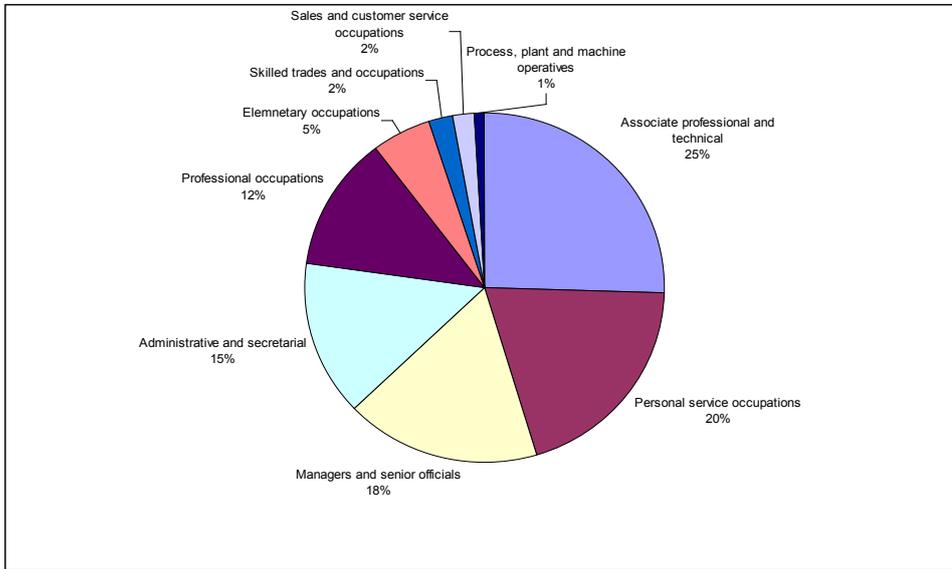**Figure 5: Organisations by number of employees**
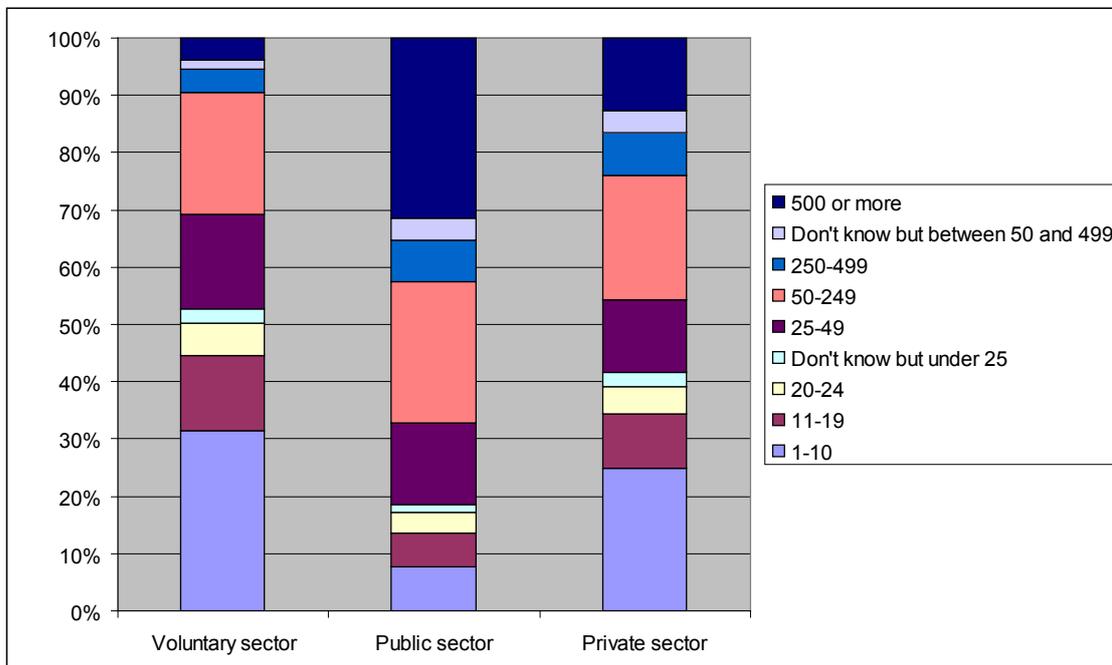
Source: NCVO, 2009a

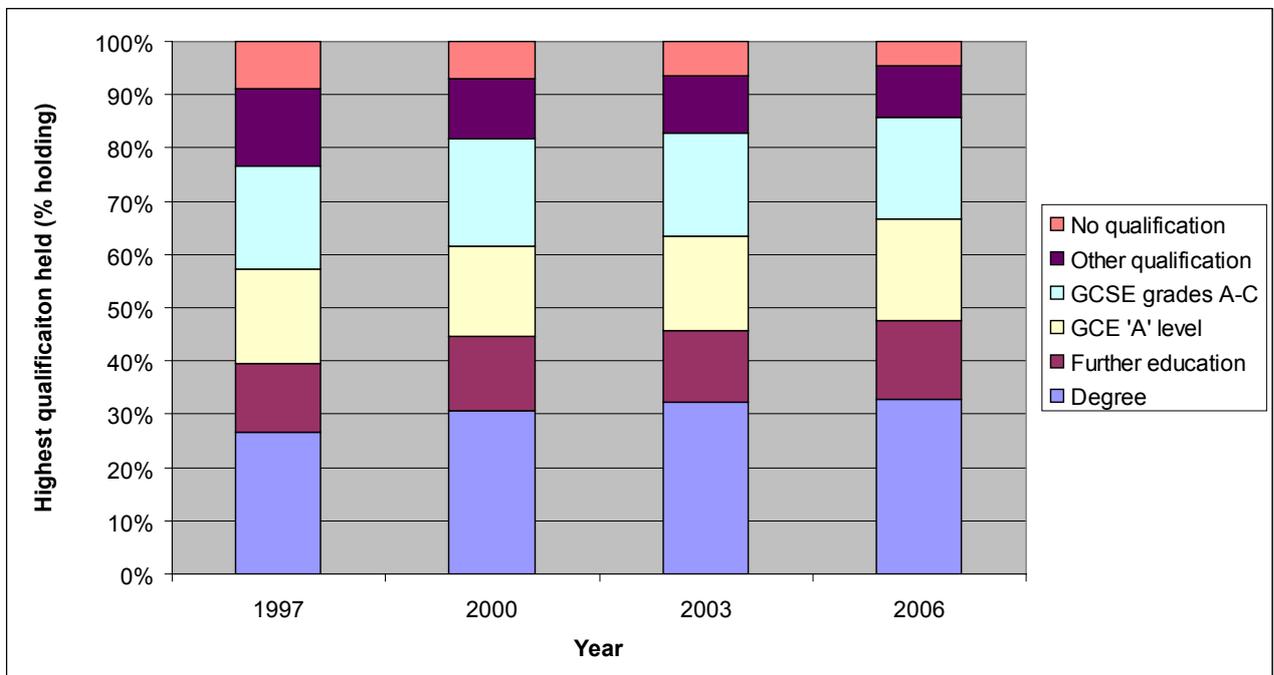**Figure 6: Geographical reach/focus of Third Sector organisations in England**

Source: NSTSO, 2009

Figure 7: Voluntary sector occupations in 2006

Source: NCVO, 2009

Figure 8: Highest qualification of voluntary sector employees 1997-2006

Source: NCVO, 2009

Diversity of the voluntary sector workforce

Despite the values of equality and social justice that are espoused by many voluntary sector organisations, data on the diversity of the voluntary sector workforce is limited and not routinely monitored or reported publicly at a sector level except for gender. This is particularly acute for leadership level data. What evidence is available suggests that there is limited ethnic diversity at the top of organisations in the sector, and pay inequalities. According to ACEVO, women in top positions earned £11,000 less per annum than their male counterparts in 2008 and the gap is widening.[47] Research by Third Sector Magazine in 2006 found that among the UK's top 50 charities only one chief executive was an ethnic minority and only one was disabled.[48] The ACVEO pay survey also showed that less than one in three charities have people from black and ethnic minority communities on their trustee boards.[49]

71 per cent of the voluntary sector workforce is female including 45 per cent of chief executives. This is comparable to the public sector (64 per cent) but significantly different from the private sector (39 per cent). 45 per cent of females in the sector work part-time compared to only 18 per cent of male workers, see Figure 9 on the next page.

Almost one in five people (18 per cent) in the sector workforce has a self-defined disability. This is a higher percentage than the public sector (14 per cent) and the private sector (13 per cent).[50] Data on the ethnicity of the workforce is limited. According to the Labour Force Survey (April - June 2009), 92 per cent of the workforce is white with 2.8 per cent from black or black British backgrounds and 2.6 per cent Asian or Asian British backgrounds.[51] In total 7.7 per cent of the workforce comes from black, Asian and minority ethnic backgrounds compared to 8.6 per cent of the total UK workforce.[52]

According to the Labour Force Survey (April-June 2009) 71 per cent of voluntary sector workers were Christian, 23 per cent had no religion at all, 2.1 per cent were Muslim and 1.1 per cent were Jewish.[53] There is limited public data on the sexual orientation of the Third Sector workforce.

---

[47] ACEVO (2010), ACEVO Pay Survey 2009/10
[48] http://www.personneltoday.com/articles/2006/03/22/34595/charities-fail-to-promote-diversity-at-the-top.html
[49] http://www.guardian.co.uk/society/2008/nov/12/acevo-pay-survey-charities
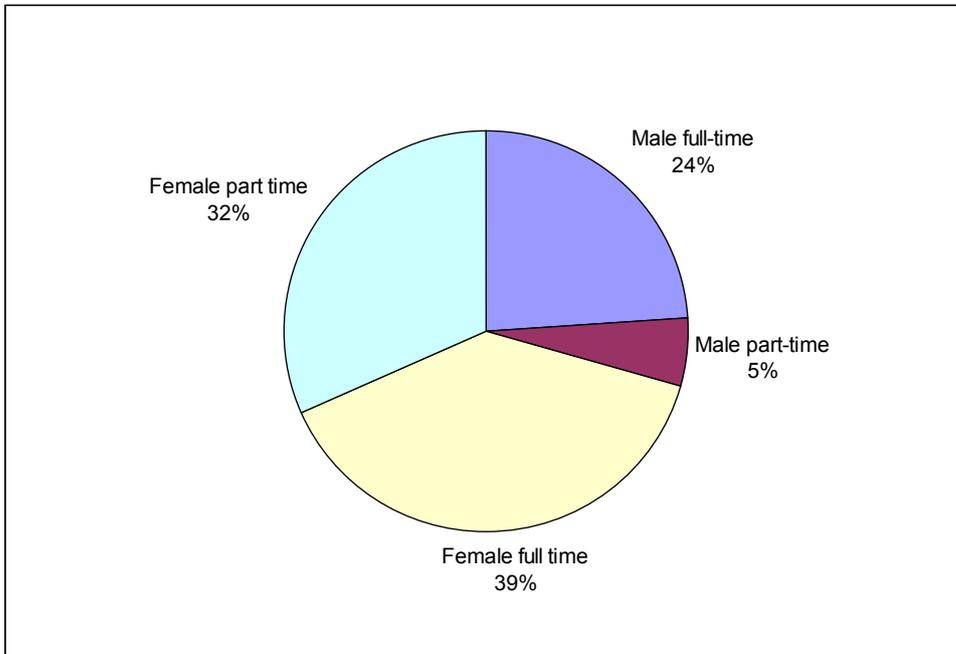[50] Clarke, 2007a
[51] Weighted results from the Quarterly Labour Force Survey, April - June 2009
[52] Ibid
[53] Ibid

Figure 9: Composition of voluntary sector workforce in the UK by sex and work status (2006/07)

Male full-time
24%

Male part-time
5%

Female full time
39%

Female part time
32%

Source: NCVO, 2009

Mapping the Third Sector: A context for social leadership

5. State of the sector – trends, challenges and trajectories

As with all sectors, the next ten years will continue to present organisations and leaders with complex challenges driven by a range of inter-related factors. Leaders and organisations will need to be robust and contextually aware to navigate through this environment. A visioning exercise conducted by ACEVO in 2007 identified a range of drivers and considerations that would challenge the sector for the next twenty years. The following points draw on some of these predictions as well as other possible trends and trajectories in light of the recession:

- **Economic:** Growing inequality is a concern among Third Sector leaders and, given that this has increased under a Labour government, it is likely that this trend will continue. Leaders also predict that spending on health and welfare could be shifted towards tackling climate change, although given that this exercise was conducted before the recession it is more likely that it will be affected by the national deficit. [54] The impact of the recession will continue to be felt by the sector as organisations are affected by public and private sector fiscal conservatism and demand from service users increases.

- **Societal change:** Demographic changes will have big impacts on the demands for services from the sector. The pension bubble could possibly burst meaning that the elderly population will be even more vulnerable and in need of social, economic and health support. Increasing migration has numerical, cultural, social, economical and political effects. There has also been a rise in nationalism and Islamophobia alongside the recession, which means that organisations involved in promoting cohesion and integration face additional challenges.[55] The Third Sector will continue to be an important agent in fostering inclusive and cohesive societies in the context of increasing diversity.

- **Technological change:** Technology will change and challenge the sector while providing opportunities for development and impact. For example social networking platforms provide a significant opportunity for advocacy, fundraising and awareness raising. Technological change will affect skill needs in the sector and the shifts in media production and consumption will pose opportunities and challenges for advocacy.

- **Environmental change:** The Third Sector will continue to play a leading role in putting green issues on the political agenda, raising awareness of the effects of climate change among the public and supplying solutions. Growth in green social enterprise is likely to continue while environmental change may affect migration patterns as well as the distribution of economic goods and assets.

---

[54] ACEVO (2007), Leadership 2027, London: ACEVO
[55] For example the British National Party gained seats for the first time in the European Parliament and the London Assembly. In addition to the continued prevalence of religiously and racially oriented hate crimes, there have also been organised anti-Muslim protests in Luton, Harrow and Birmingham

- **Political context:** The outcome of the 2010 election is unlikely to dramatically affect the role of the sector, as all three main parties champion the ability of the Third Sector to play a major role in addressing social and economic issues. However, the debate will continue about the extent to which the Third Sector will be co-opted into delivering public services and it is likely that more scrutiny will be applied to quality, outputs, outcomes and impact. Decentralisation and devolution will also continue to influence the shape and role of the sector. Services are also becoming more 'joined-up', increasing need for partnership working and the demand for skills in this area. There will be a continued and increased focus on personalisation, which will mean more co-production.

Leadership

Good leadership is vital given the complex and dynamic Third Sector environment. While many of the qualities required of leaders in the Third Sector are similar to those leading in other sectors, there are distinct skills and behaviours needed to be successful in the sector as a result of its multiple stakeholder relationships and general complexity that is qualitatively different from the public and private sectors. While Third Sector leaders have navigated intense periods of change and the sector has grown year-on-year, there is still a recognisable leadership deficit:

- After lack of funding, government policy and regulation, insecurity of funds and lack of volunteers, lack of leadership was identified by the State of the Sector Survey as one of the top five constraints facing the voluntary and community sector – see Figure 10.[56]
- The 2007 NCVO Voluntary Sector Skills Survey found that leadership skills and 'strategic and forward planning' were among the top ten skills gaps in voluntary sector organisations.[57]
- The 2003 ACEVO report *Leadership, Leadership, Leadership* found that the sector faced significant problems in attracting and retaining staff with leadership potential and its 2006/07 survey of CEOs found that only 19 per cent were 'home-grown' and 74 per cent do not have a succession plan[58].
- An Institute for Public Policy Research (2009) paper found that the Third Sector needs to improve its skills in key leadership competencies such as strategic thinking, influencing and negotiating and communication and interpersonal skills.[59]
- Hailey and James (2004) found increasing deficit in leadership abilities because of rapid turnover of managers in the sector.[60]

[56] Green, H. (2009), *State of the Sector Panel Survey*, Cabinet Office
[57] Clark, J. (2007b), *Voluntary Sector Skills Survey*, NCVO
[58] ACEVO (2006) Raising Our Game acevo 2006/07 pay survey. London: ACEVO
[59] Schmeuker (2009), *All Inclusive? Third Sector involvement in regional and sub-regional policy making*, IPPR
[60] Hailey, J. & James, R. (2004) *Trees die from the top*, International Perspectives on NGO Leadership Development, Voluntas: International Journal of Voluntary and Nonprofit Organisations, 15 (4) 343-353

- Although the State of Sector Survey Panel found that over 90 per cent of organisations reported clear financial procedures, budgeting and financial reporting and had an annual report, almost 30 per cent of organisations had no mission statement, strategic plan or operational plan.[61]

Although there is formal development available and organisations such as ACEVO provide networking and development opportunities for senior management and chief executives, a paper by the Clore Duffield Foundation concluded that there was a scattergun approach to leadership that lacks coherency.[62] A recent attempt to provide focus and impetus in the sector, the Third Sector Leadership Centre, was not sustainable due to conflicting priorities of its funders.[63] The Clore Duffield Foundation paper provided the impetus for the development of the Clore Social Leadership Programme which aims to fill a significant void in the sector by attending to one of the key recommendations of the 2007 Voluntary Sector Skills survey:

> *Special attention needs to be paid to leadership within the sector. How do we develop our future leaders; how do we utilise individuals who have gained skills in other sectors; and how do we demonstrate the many ways those skills that make a good leader can be developed.[64]*

The Clore Social Leadership Programme seeks to address this issue, primarily the need to develop and sustain a pipeline of Third Sector leaders equipped with the skills to lead Third Sector Organisations in the 21st century.

Funding Obtaining and sustaining funding is the number one challenge for Third Sector organisations by a significant margin (see Figure 10 on the next page). The recession in the UK economy means the funding challenge is likely to be amplified. According to an NCVO survey conducted in 2009, over three-quarters of charity leaders believe that negative financial conditions will have an impact on the sector in 2010.[65]
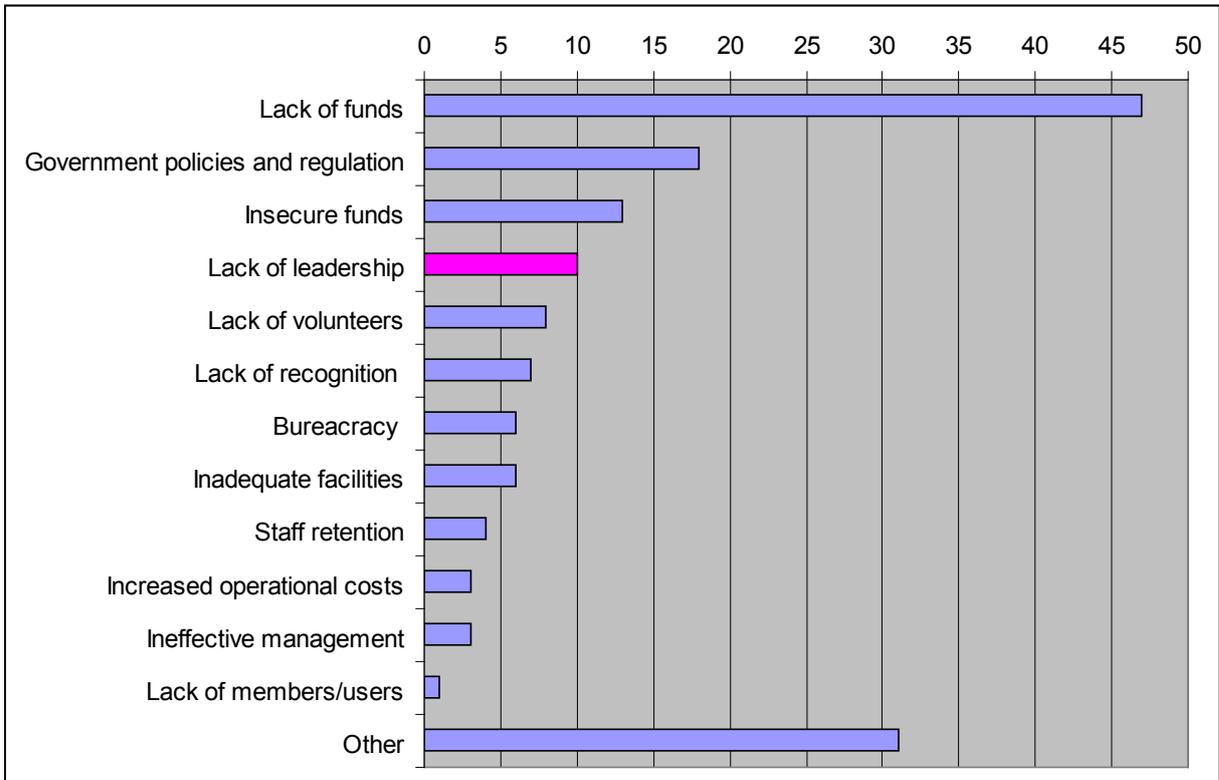
---

[61] Ibid

[62] Clore Duffield Foundation (2007), PROPOSAL TO CREATE A CLORE LEADERSHIP PROGRAMME FOR THE THIRD SECTOR: A Context Paper commissioned by the Clore Duffield Foundation in spring 2007: http://www.cloresocialleadership.org.uk/media/files/11/CSLP per cent20Context per cent20paper per cent20 per cent28July07 per cent29.pdf.pdf

[63] http://www.thirdsector.co.uk/news/Article/892705/how-infighting-sank-third-sector-leadership-centre/

[64] Clarke, 2007b

[65] http://www.ncvo-vol.org.uk/documents/press-releases/charities-lag-recession-recovery-full-impact-cuts-yet-hit

Figure 10: Main constraints facing voluntary and community sector in the future 2004/05

The recession creates a potential triple impact on the sector as a result of reduced funding from both the public and private sector coupled with an increased demand from service users[66] in addition to potentially significant losses in reserve investments. Smaller and less established organisations are particularly vulnerable as they are likely to have low reserves and a less specialised workforce to respond and cope with a changing environment.[67] Income volatility is also relatively higher for small and micro organisations. The NCVO also notes that foundations are limited in their ability to support the sector during the downturn due to their low levels of staffing and a tendency to focus on supporting organisations known to them.[68]

---

[66] Previous downturns in the 1980s and 1990s have shown that the young, the poor, the unqualified and ethnic minorities are particularly vulnerable. Berthoud, R., 'Patterns of non-employment, and of disadvantage, in a recession', *Economic & Labour Market Review*, Vol. 3, No. 12, December 2009
[67] NCVO, 2009a
[68] Ibid

Impact of the recession in the UK

The UK has suffered six successive quarters of negative growth for the first time since records began in 1955 and the next government faces the challenge of restoring a public deficit of close to £200 billion. In October 2009 the number of people claiming the unemployment benefit was the highest for 12 years. Young people aged 18-24 have been the most affected age group with the unemployment rate for that group peaking at 18 per cent, the highest rate since records began in 1992. In September 2009 there were almost one million 16-24 year olds out of work. Some ethnic minority groups have also been particularly affected by the downturn – the unemployment rate for black males increased five percentage points in twelve months to 18 per cent in October 2009.

It is difficult to know the extent of the impact that the recession will have on the sector. There is a range of anecdotal evidence indicating significant effects, such as the Prince's Trust reporting that calls from young people have increased 50 per cent since the start of the recession and a survey of 43 chief executives in the sector which found that almost a third had been forced to make redundancies as a result of the recession.[69] Surveys of the sector initially found that it was coping, but a survey carried out in October 2009 by Capacitybuilders found that 42 per cent of charities had seen a fall in their income over the past twelve months and over half of the 389 charities surveyed were considering mergers to cope with the recession.[70] 79 per cent of charities in the Capacitybuilders survey had also seen increases in demand for their services.[71]

However, there is some reason for optimism that the sector will withstand the downturn. In the last recession only one-third of charities reported a fall in their total income between 1991 and 1993 and there is no apparent link between the economy and the rate at which new charities are registered or removed. Contrary to popular concern, charitable giving does not fall during economic downturns; in fact recessions have punctuated long term increases in giving in the US and the UK.[72]

Skills, recruitment and retention

The Third Sector workforce comprises only 2 per cent of the total UK working-age population but is expanding at a greater rate than the public and private sectors. Not only has the sector increased in size absolutely, but the profile of those in the sector has changed dramatically. However, with lower average wages, fewer employee benefits and often greater job insecurity, the sector faces some difficult challenges. Despite an increased interest in the sector by prospective graduates and despite a 'highly qualified' workforce, the sector faces skills

---

[69] Ibid
[70] http://www.cafonline.org/Default.aspx?page=6922
[71] Ibid
[72] NCVO 2009a

shortages in funding, marketing and leadership, high levels of competition within the sector for a small supply of talented applicants, higher than average workforce turnover and difficulty retaining staff. Research has also found that the insecurity of funding means that most organisations have to make yearly redundancies and job insecurity is a constant.[73]

> *The voluntary sector workforce is continuing to grow with such a high proportion of skilled employees underlines the fact that the voluntary sector has become a significant attraction to employees keen to work in a sector where they can not only use their skills but also where they identify with the values of the organisation. A key threat to voluntary sector workforce development, however, will continue to be competition from other sectors for skilled employees. Increasingly, employees are switching between sectors due to the blurring of sector boundaries, increased professionalisation and overlapping skills sets.* NCVO, 2007.

As the sector has professionalised it has become more attractive for graduates. The Guardian Grad Facts survey has recorded a rise in interest in the sector among graduates with 16 per cent of graduates envisioning working in the sector in 2006 up from 8 per cent in 2002.[74] The survey found that this increase in attention is the desire for job satisfaction and challenge as well as equality of opportunity; however these are similar to other sectors.[75] The main difference behind the motivations is a focus on 'giving back to society'.

Despite this increased interest, failure to attract candidates with the relevant skills as well as skill shortages with existing employees is an increasing problem for many Third Sector organisations. For example:

- More than half of the organisations in the 2006 Annual Voluntary Sector Survey[76] reported that they had experienced problems with staff recruitment.
- The 2007 Voluntary Sector Skills Survey found that one quarter of Third Sector employers, particularly large and medium sized organisations, reported hard to fill vacancies in their organisation.[77]
- Over one-third of employers with hard to fill vacancies reported skills shortage in applicants.[78] According to the survey, the most common reasons for recruitment

---

[73] Ibid
[74] Clark, 2007b
[75] Ibid
[76] NCVO (2006), The 2006 Annual voluntary sector survey
[77] Clark, 2007b
[78] Ibid

difficulties were a lack of specialist skills (particularly marketing and fundraising) (53 per cent) and salary levels (44 per cent) – this is supported by other research.[79]

There is also a significant 'soft skill' deficit in the sector. Communication and team working skills are frequently cited in surveys as being deficient among the workforce and potential applicants.[80] Leadership skills are also among the most common specific skills to be thought deficient in the workforce by organisations.[81] This is also supported by findings from the 2007 skills survey which showed that leadership skills were more likely to be reported as deficient in medium and large sized organisations as well as highlighting some sectoral differences – see Figure 11. The survey concluded:

Many in the sector are worried that there are not enough prospective leaders in the labour market. More needs to be done to rectify this and encourage individuals at all levels of their career to increase their skills.[82]

Figure 11: Skills gaps in leadership and strategic thinking by sector and organisational size
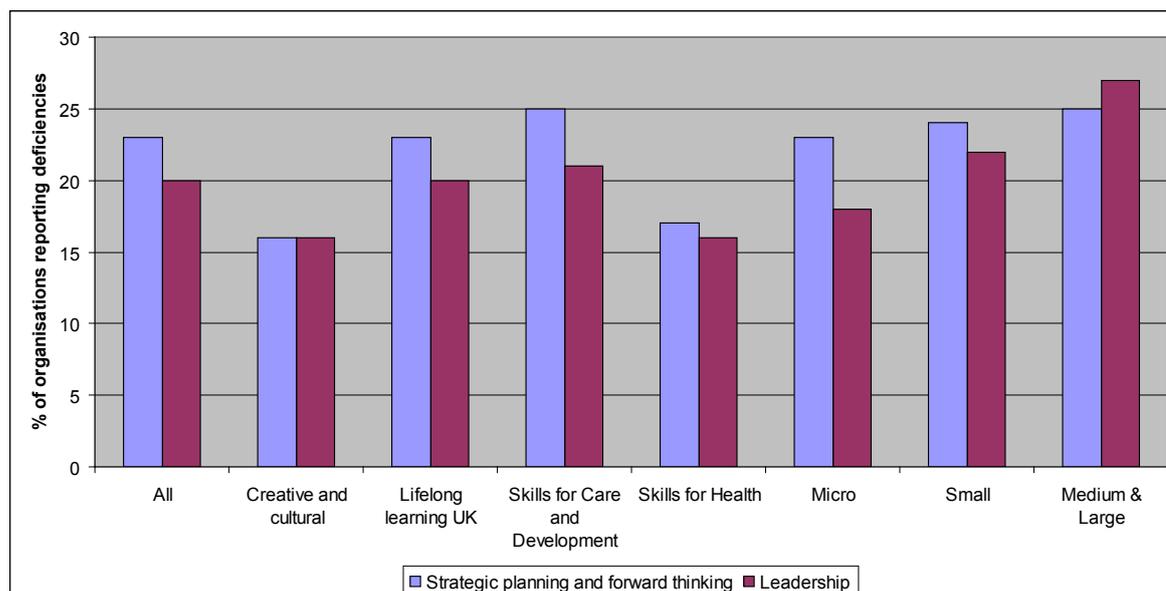
NCVO 2007 Sector Skills Survey

---

[79] Venter, K. & Sung, J. (2009), *Do Skills Matter? A Literature Review on Skills and Workforce Development in the Third Sector,* Skills – Third Sector
[80] Clarke, 2007b
[81] Sung & Venter, 2009
[82] Clarke, 2007b

Retention is also a problem for the sector. Average tenure of employment is lower than average at 2.9 years compared to 4.1 years on average in the UK.[83] Yearly turnover of staff in the sector varies between 15-22 per cent which is either higher or significantly higher than the UK average of 14 per cent.[84] Resignations accounted for three-quarters of workforce turnover.[85] According to data from the Labour Force Survey, less than one in twenty people working in the sector have been with their current employer for more than twenty years compared to 16 per cent of the total workforce – see Figure 12.

Figure 12: Length of time with current employer
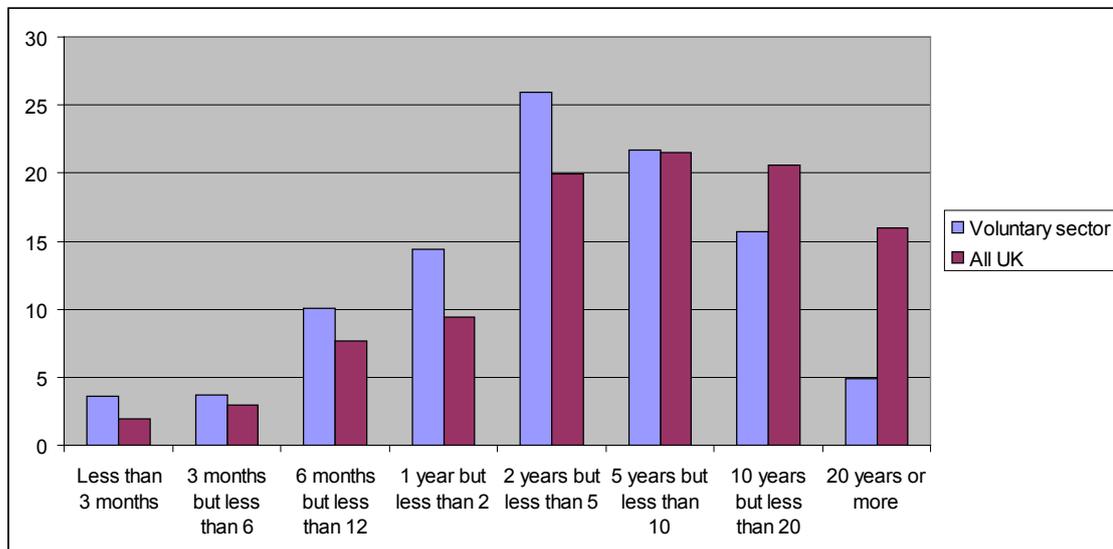
LFS, April-June 2009

Pay is a challenge in the sector as it increasingly competes with the public and private sector for skilled workers. Financially rewarding performance is rare and problematic for the sector as performance related pay is often thought to be alien to the ethos of the sector. The most common factors used in voluntary sector pay review systems are annual cost of living awards and job evaluation.[86] Performance related pay is relatively rare; only 5 per cent of the workforce received some sort of bonus payment in 2007, although 10 per cent were reported to have received some form of bonus the previous year.[87] While Venter and Sung found that the Third Sector workforce is more likely to be motivated by intrinsic rather than financial rewards,

83 Ibid

84 Clark, 2007b

85 Ibid

86 Clarke, 2007a

87 Clarke, 2007b

suggesting that motivation and reward is more complex than in the private and public sector[88], the unattractive salaries in the sector are thought to be the number one difficulty facing organisations in recruiting and retaining staff.[89]

Until 2009, there was no specific skills council or body for the Third Sector. Skills-Third Sector is the first 'pan-sector' skills body and fills a significant gap in the Third Sector to understand and respond to the skills needs and development of the sector.[90] Its literature review on skills and workforce development in the sector is a welcome starting point and provides a good overview of the challenges facing the sector.[91] One of the main findings of the skills review was that many skills gaps in the sector could be reduced through additional training. It highlights the fact that only 50 per cent of organisations had a training and development plan and the majority of employers thought that the skills gaps in their organisations were caused by a lack of time or funding for training.[92]

Without investing in the skills of the sector workforce there will continue to be a small pool of appropriately skilled applicants, a continued drain of talent to the public and private sector and a restricted pipeline of future leaders. In addition, leadership skills have been identified as a particular skills gap particularly in medium sized organisations. Increasing awareness of the issues among leaders in the sector and the creation of Skills-Third Sector should help improve this situation – its review recommends further research into specific skills gaps and shortages including leadership.

---

[88] Sung & Venter, 2009
[89] Green, 2009
[90] http://www.skills-thirdsector.org.uk.
[91] Venter, K. & Sung, J. (2009), *Do Skills Matter? A Literature Review on Skills and Workforce Development in the Third Sector,* Skills – Third Sector
[92] Green, 2007a

6. Conclusions

This report provides an overview of the shape of the sector, the environment it works in and the challenges it faces. It finds a sector that is sensitive to social, economic, technological and political change and is still in a state of flux as the workforce and sector services become more professional. This change places significant pressure on leaders in the sector who need to navigate the external environment while attending to internal organisational issues including recruiting and retaining appropriately skilled staff, ensuring a consistent pipeline of funding, retaining independence and avoiding mission creep. Based on the research conducted for this paper, we have identified six key challenges that currently face leaders in the sector:

- **Recovering from recession:** The recession creates a potential triple impact on the sector as a result of reduced funding from both the public and private sector coupled with an increased demand from service users. Smaller and less established organisations are particularly vulnerable as they are likely to have low reserves and a less specialised workforce to respond and cope with a changing environment. Given this context, it seems likely that most Third Sector leaders are going to have to do more with less, sustain staff motivation and morale in uncertain times, retain existing contracts and access grant funding in the face of increased competition and demonstrate value to investors and funders.

- **Retaining independence:** Income from statutory sources continues to stimulate growth in the sector but the majority of this money is coming through contracts which allow less independence than grant funding relationships. There are also fears that this can distort charitable missions. There is also a split occurring in the sector between the three-quarters of charities who do not receive money from statutory sources and those organisations with an income of over £1 million who receive three-quarters of statutory funding. The challenge for the sector is to ensure that the increased contract funding does not erode the critical independence of the sector or create funding disparities where large organisations entrench their relationship with the state while leaving smaller and, perhaps, more nimble and innovative voluntary sector organisations and social enterprises out of the loop.

- **Remaining innovative and distinctive:** Despite the proclivity to see the sector as a leader in social innovation, the evidence for this assertion is murky at best. A House of Commons Public Affairs Select Committee concluded that there was little evidence that corroborated the perception that the Third Sector can deliver services in a distinctive way that improves outcomes for service users. Other research has suggested that voluntary organisations are 'better at believing they are innovative than being innovative'. Leaders in the sector may disagree, but they need to make the case for distinctiveness and innovation backed by robust evidence.

Mapping the Third Sector: A context for social leadership

- **Recruiting, retaining and developing a skilled workforce:** One quarter of organisations in the sector report hard to fill vacancies particularly in marketing and fundraising and in the youth work, social care and health care sectors. Leadership and management skills are particularly in demand and four out of five chief executives in the sector are from the private or public sector. Spending on training and development lags significantly behind the public and private sector. The lack of investment in staff training and development is perpetuating the skills gap in the sector resulting in reduced likelihood of career advancement, lower than average job tenure and a continuing drain to the private and public sector.

- **Renewing relationships with local authorities and the private sector:** The relationship between Third Sector organisations and local government is variable and needs to be improved for the benefit of both parties. The National Survey of Third Sector Organisations in England found that only 16 per cent of organisations felt that local statutory bodies had a positive influence on their success, a figure that increases to 58 per cent for those organisations who had direct dealings. Venture capital and private equity houses are increasingly turning their attention to corporate social responsibility and social investment as well as to the significance of social enterprises to future economic growth. Increased engagement and investment will be enhanced by leaders understanding new business models and developing a shared language with 'philanthrocapitalists'.

- **Reducing inequality and enhancing diversity:** Despite valuing social justice, there are significant gender and ethnic inequalities in the workforce. Female chief executives receive £11,000 less per year than their male counterparts and there are very few chief executives from ethnic minority backgrounds, particularly in larger charities. The voluntary sector has been good at advancing social justice issues up the external agenda but organisations need to reflect on these same issues internally.

Despite the unique challenges and 'triple bottom line' that leaders in the sector face, very few leaders have gained the bulk of their experience in the sector. While there are benefits of drawing on the expertise of professionals and leaders in other sectors and this boundary crossing should be encouraged, the sector needs to create a pipeline for Third Sector talent that helps retain great people and help them progress to significant leadership roles and opportunities. The Clore Social Leadership Programme complements existing initiatives in this sector by focusing its efforts on emerging talent in the sector, one of the most under nurtured areas of the workforce.

The Clore Social Leadership Programme will play a vital role in developing the sector's future leaders. By understanding the issues, promoting leadership development in the sector and equipping its Fellows with the tools they need to succeed, the programme can play a catalytic role in enhancing the quantity and competency of social leaders and therefore ensure that the sector continues to be at the forefront of tackling social and environmental problems, helping the vulnerable and promoting social and environmental justice.

This section compares application data from the Clore Social Leadership Programme (CSLP) to the Third Sector as a whole to identify areas where applicants may be under-represented and may need additional targeting in future.

How applicants found out about CSLP

140 people applied to take part in the Clore Social Leadership Programme. They found out about the programme through a number of avenues. Figure 13 below depicts the most common routes through which applicants discovered the programme.

Figure 13: How applicants found out about the Clore Social Leadership Programme
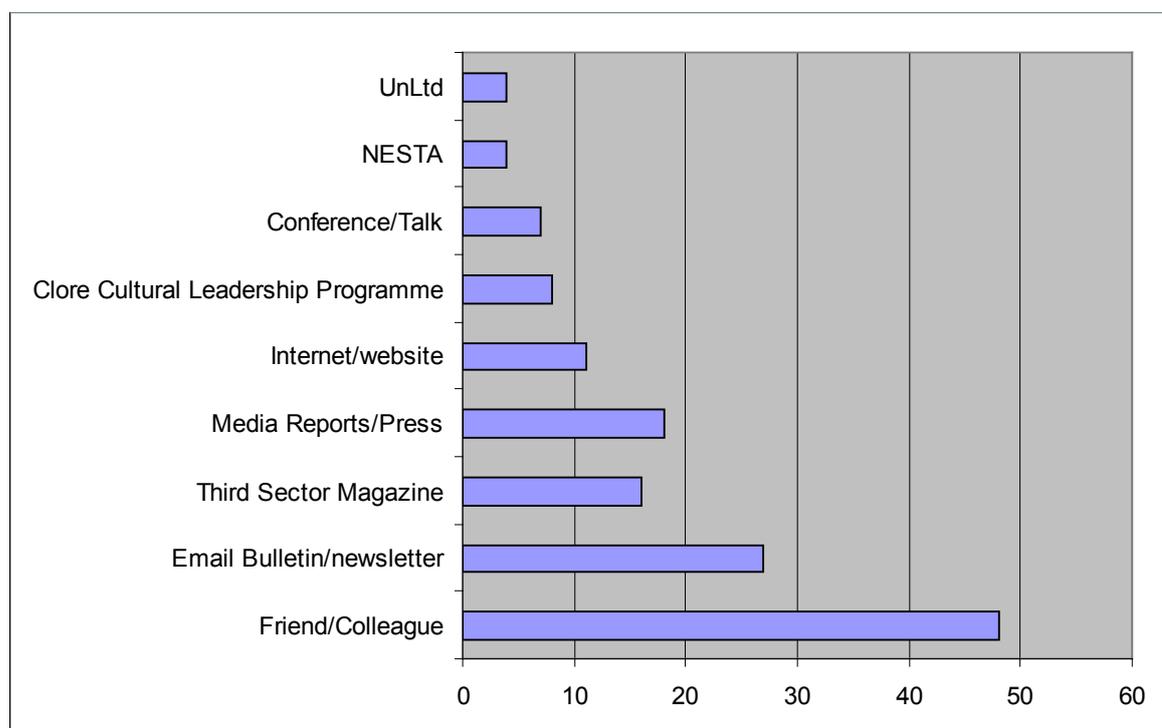
Source: CSLP monitoring data

Further clarifications

- The term 'Internet/website' encompasses specific websites as well as general internet searches.
- Although 'media/press' was cited by some as a generic term, a quarter of those who heard about the programme via this route specifically mentioned the Guardian newspaper.
- Many applicants cited e-bulletins/newsletters from various organisations. However, one publication which was repeatedly mentioned was Third Sector Magazine. For this reason it has been separated from the e-bulletin/newsletter category.

- Where the programme had been recommended by colleagues, it may be worth noting that a large number were line managers, directors or CEOs suggesting that the support and encouragement inherent in these recommendations has a strong influence on people applying.

Specialist Fellowships

As well as applying for a standard Fellowship place, applicants also had the option of applying for a 'specialist Fellowship' as long as they matched the specified criteria. All specialist Fellow applicants had to meet the criteria of the general Fellowships and were all considered for general Fellowships.

The Fellowships on offer were:

1. A Fellowship for an individual interested in developing practical solutions to gaps in the supply of, and demand for, social enterprise risk capital. This individual will demonstrate:
   - Awareness of, and commitment to, social change and social enterprise – particularly high growth, scalable models;
   - Awareness of commercial approaches and familiarity with business models;
   - Either knowledge of finance and interest in non-traditional financial solutions for social enterprises (eg patient investment, long term debt) or knowledge of, and interest in, providing the right support for social enterprises, eg investment readiness.

   (Funded by NESTA)

2. A Fellowship for an individual working in a role with direct contact with the NHS in England. This individual will need to demonstrate an awareness of current priorities in the NHS, following the Next Stage Review, and how these impact on the Third Sector. (Funded by NHS Institute of Innovation and Improvement)

3. A Fellowship for applicants from black, Asian and minority ethnic backgrounds (BAME). (Funded by Office for the Third Sector)

4. A Fellowship for a registered blind or partially sighted individual. (Funded by RNIB)

5. A Fellowship for an individual who has been working in or with the School Sport Partnership network and who has a proven track record of driving innovative and creative solutions to the challenges of getting more young people to take part in high quality physical education and sport. The applicant will be able to demonstrate evidence of impact of these solutions, particularly for young people who are disadvantaged, disengaged or have a disability. They will be passionate about the power of sport being used as a vehicle to promote better opportunities in life for young people. (Funded by Youth Sport Trust)

Twenty-seven per cent of applicants applied for one or more of these specialist Fellowships.

Figure 14: Percentage of applicants who applied for a specialist Fellowship
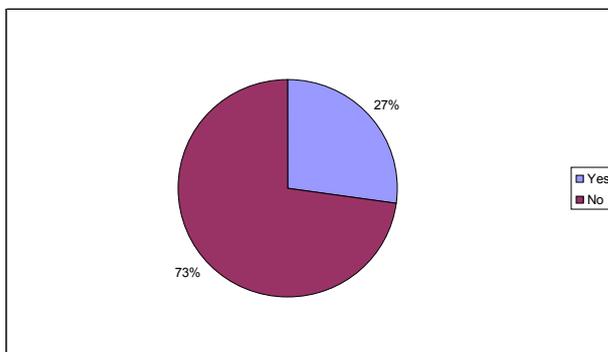
Source: CSLP monitoring data

Figure 15 on the next page shows how many applicants applied for each specialist Fellowship.

Seven applicants applied for more than one specialist Fellowship. All seven applied for SF3 plus one other. Five of the seven also applied for SF1; two applied for SF2.

A breakdown of ethnicity and disability of the applicants who applied for specialist Fellowships is contained within Section 3 Personal Information.

Representation
Given that the sample of applicants is only 140, caution should be exercised in making firm conclusions about the representativeness of 2010 CSLP applicants. There is also limited data available on those in managerial or senior positions in the sector so, for example, the figure for the percentage of females in the sector is not necessarily uniform at all levels. Despite these caveats, it is worthwhile to compare the applicant profile to the available data on the Third Sector workforce.

Figure 15: Breakdown of specialist Fellowships applied for
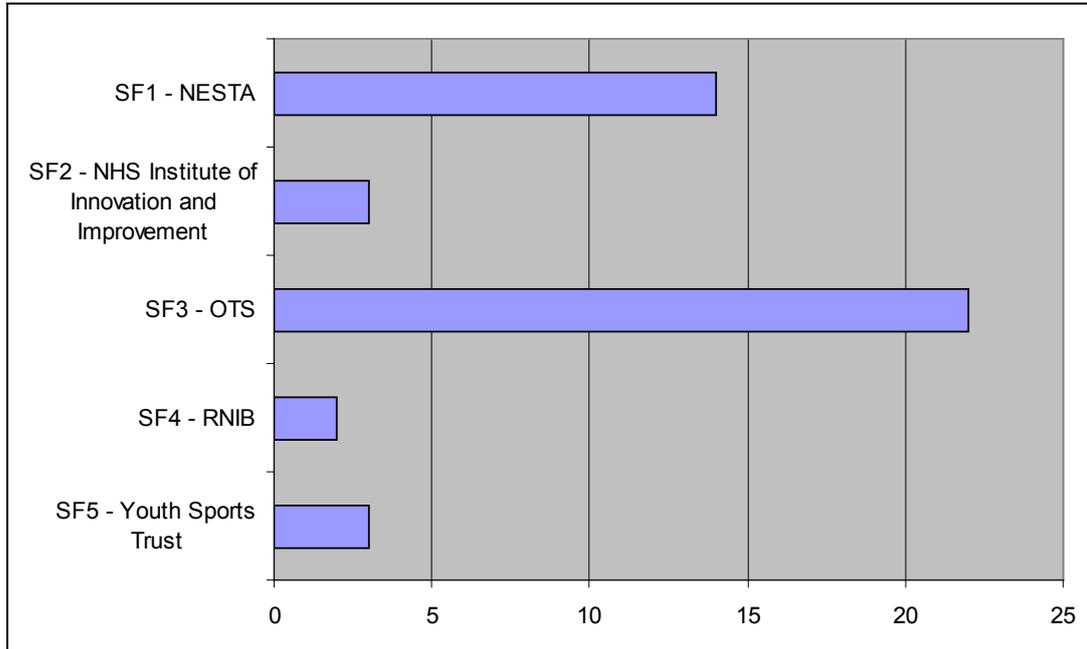
Table 2: Applicant profiles

Diversity	UK Third Sector Workforce	2010 CSLP Applicants
Gender	71 per cent female, 29 per cent male	55 per cent female, 44 per cent male
Ethnicity	7.7 per cent BAME	20 per cent BAME
Disability	18 per cent disabled	9 per cent disabled
Sexual orientation	6 per cent gay or lesbian (UK)[93]	7 per cent gay or lesbian
Education	31 per cent educated to degree level or above	80 per cent educated to degree level or above

Females are significantly over-represented in the sector. The majority of CSLP applicants were female and, while not as high as the overall workforce, there is anecdotal evidence that suggests that female representation is lower in senior positions in the sector.

---

[93] In 2005, the Department Of Trade and Industry, trying to assess the impact of the New Civil Partnership Act, and reviewing various surveys, produced an estimate that 6 per cent of the general population could reliably be identified as gay or lesbian

There is limited data on ethnicity in the workforce and the figure for 2010 CSLP applicants likely exceeds the 7.7 per cent figure due to the Office for the Third Sector Fellowship, available to applicants from BAME backgrounds, and the higher percentage of applicants from London.

The representation of disabled people among CSLP applicants is half of the representation of disabled people in the sector. However, it is likely that as with gender and ethnicity representation is lower among senior managers and leaders in the sector. Figure 16 shows a breakdown of disabilities among the CSLP applicants. Applicants could select more than one category to describe their disability.

Figure 16: Breakdown of disability
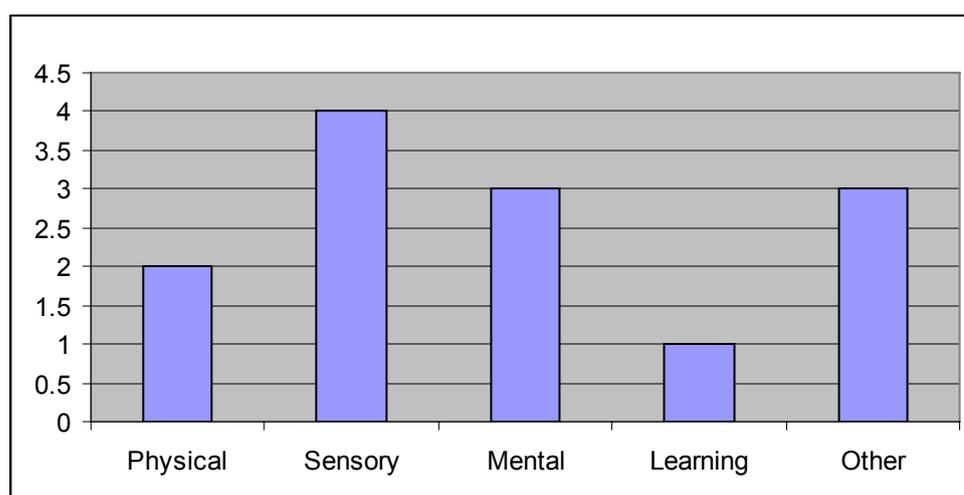
Source: CSLP monitoring data

The representation of gay and lesbian people among CSLP applicants is similar to the UK population.

Over three-quarters of 2010 CSLP applicants were educated to degree level or better. This is well over twice the percentage of the UK Third Sector Workforce. However, it is expected that there are a larger percentage of emerging leaders in the sector with degree level qualifications than across the entire workforce – having a degree was not a selection criteria for the CSLP.

There is no data on the religious orientation of the UK Third Sector workforce. The religious profile CSLP applicants is dissimilar to that of the UK population, most notably the number of people who have no religion and the significant under-representation of Christians. Muslims and Hindus were over-represented among CSLP applicants compared to 2001 UK census data.

**Figure 17: Religious profiles of CSLP applicants**
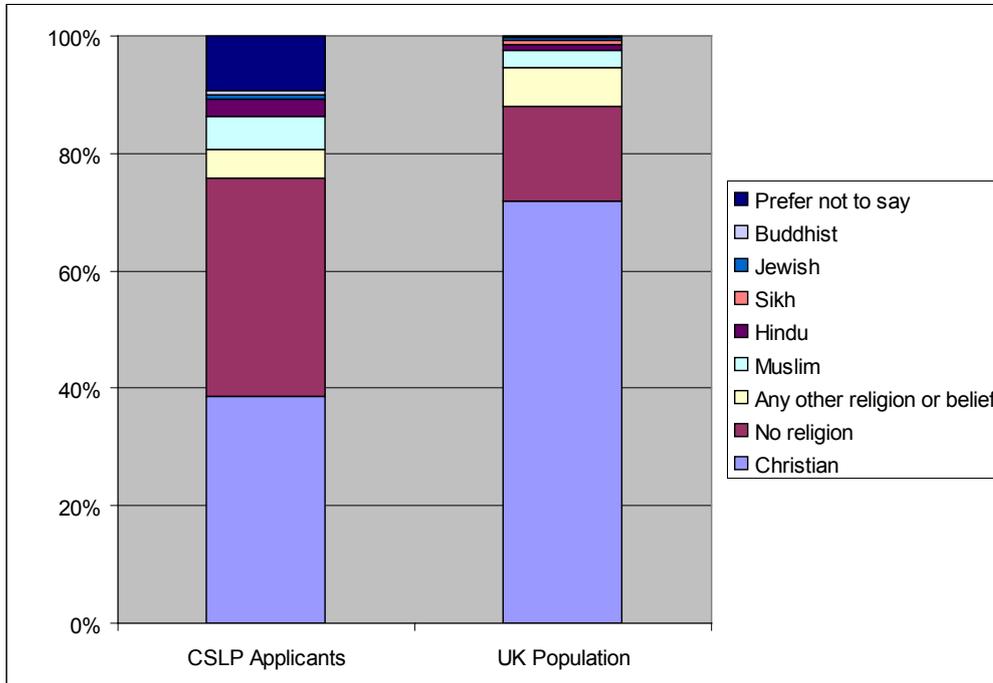
Source: CSLP monitoring data

Age

There is limited up to date data on the age profile of the Third Sector workforce, particularly those in senior positions. Applicants were from a wide age range, with the largest contingent from the 35-44 age bracket.

**Figure 18: Breakdown of applicant by age range**

Source: CSLP monitoring data

Mapping the Third Sector: A context for social leadership
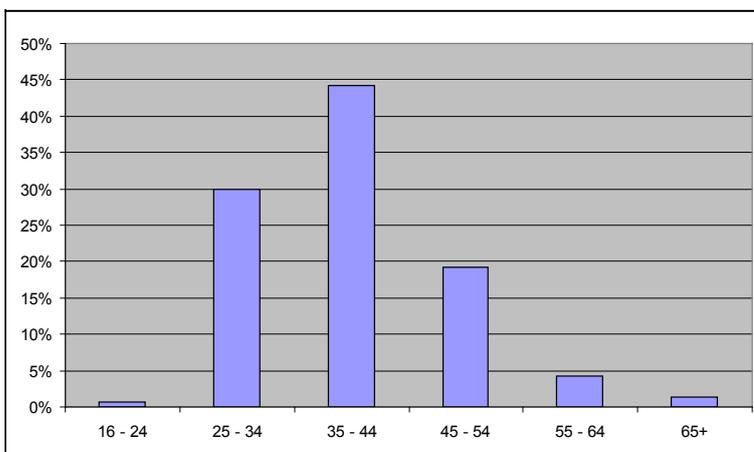
Geographical Distribution

Almost a third of the voluntary sector workforce is located in London and the South East. The geographical profile of CSLP applicants is plus or minus 3 per cent for seven out of the twelve regions. However, there is a large disparity (26 per cent) between the percentage of the voluntary sector who live in London and the percentage of CSLP applicants from London. The South East is under-represented among CSLP applicants with only 6 per cent of applicants from the region compared to 16 per cent of the UK voluntary sector workforce.

Figure 19: Geographical distribution of CSLP applicants
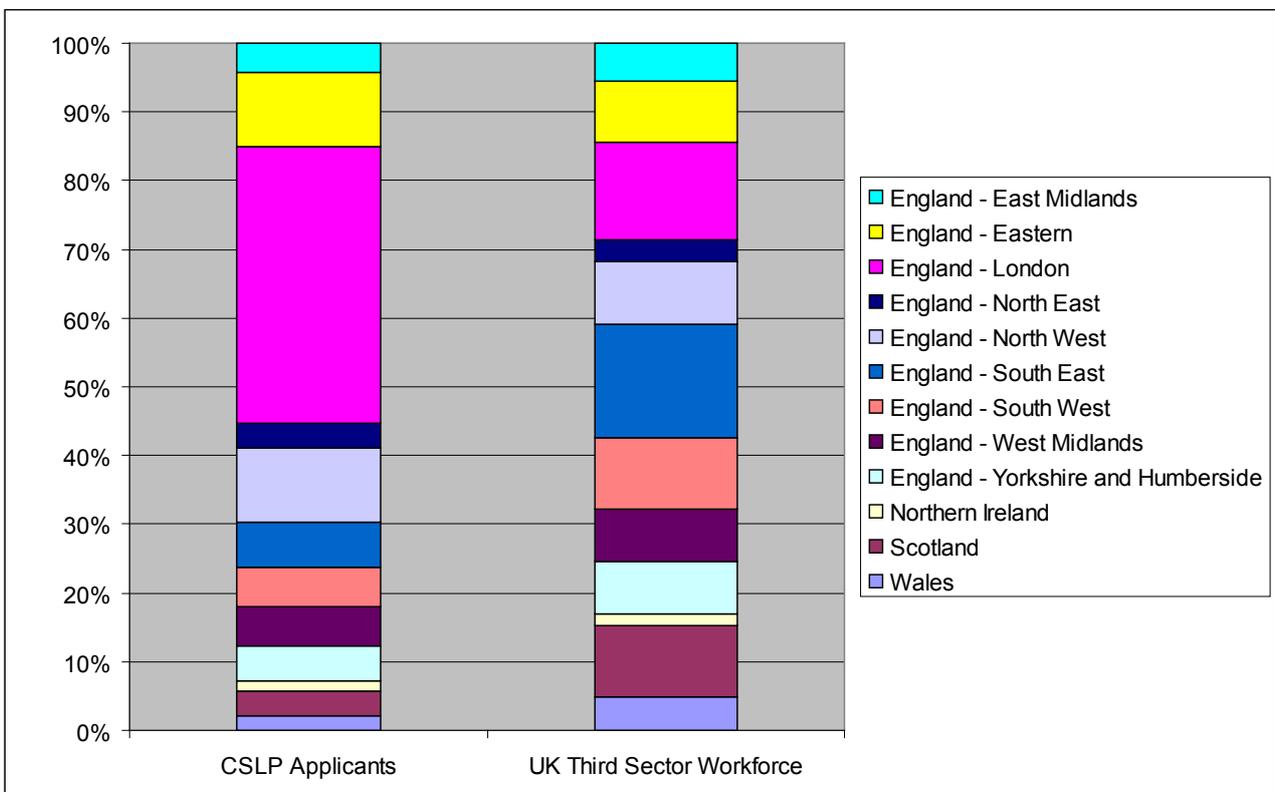
Source: CSLP monitoring data

Organisational size and sector distribution

Although the data is not completely comparable, the size of the organisations that applicants were employed by was similar in profile to the sector as a whole.[94]

---

[94] Note: The categories for CSLP applicants are slightly different because of the way in which the data was collected

Figure 20: Organisational size and sector distribution
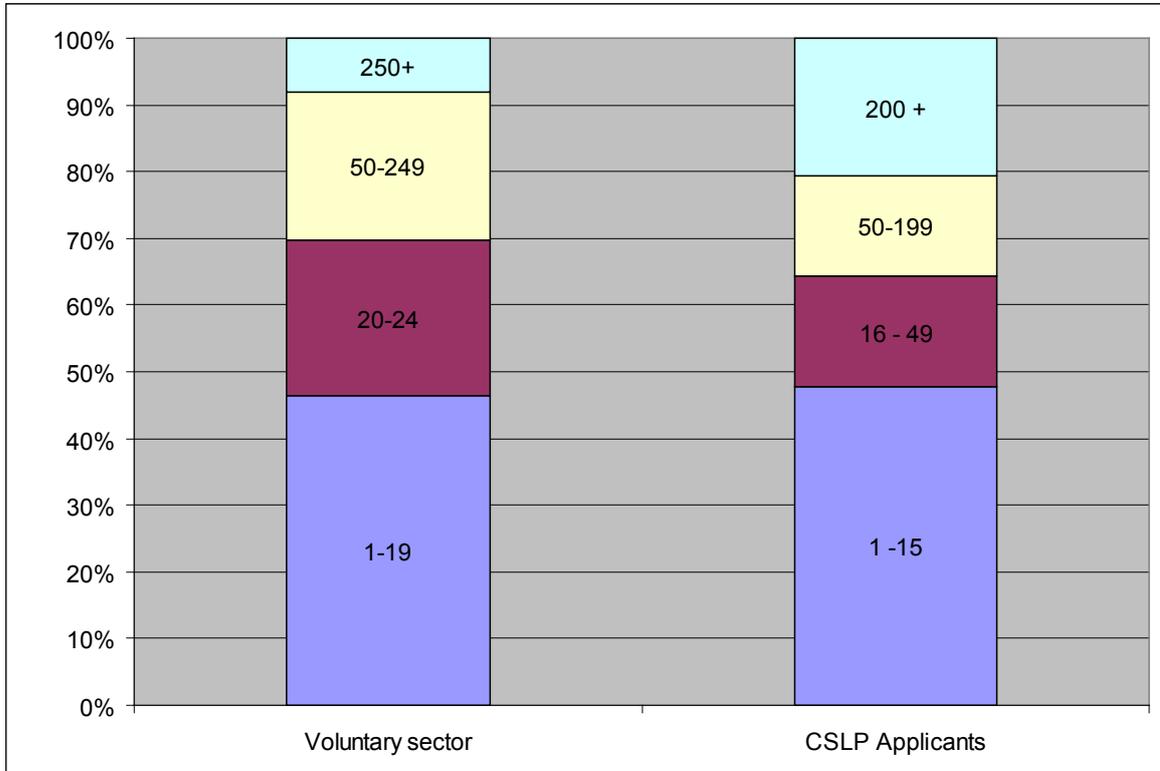
Source: CSLP monitoring data

There is some difficulty in comparing sectors because CSLP applicants were able to self define. Attempts to align the monitoring data to existing data categories is difficult – Figure 21 uses approximate figures based on categories and data from the NCVO almanac, but is only included as a guide. Next year's application form will ensure greater comparability.

Figure 21: Sectors that CSLP applicants came from
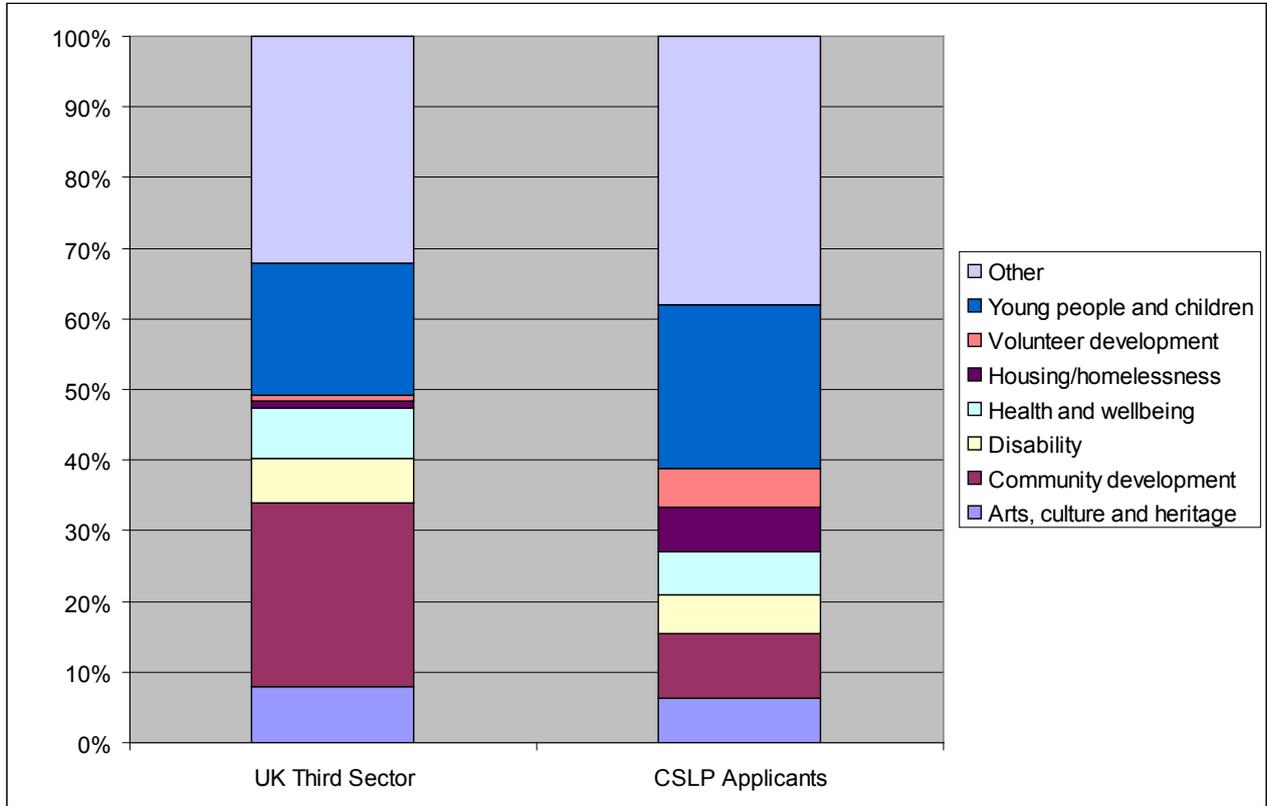
Source: CSLP monitoring data

Mapping the Third Sector: A context for social leadership

We provide:

Research
Advisory Consulting
Policy and Voice
Partnership

The Work Foundation is the leading independent authority on work and its future. It aims to improve the quality of working life and the effectiveness of organisations by equipping leaders, policymakers and opinion-formers with evidence, advice, new thinking and networks.